



Fresenius US Finance II, Inc.

\$300 million 4.50% Senior Notes due 2023

guaranteed on a senior basis by Fresenius SE & Co. KGaA, Fresenius Kabi AG and Fresenius ProServe GmbH

Fresenius US Finance II, Inc. (the “**Issuer**”) will issue on September 25, 2015 (the “**Issue Date**”) up to \$300 million aggregate principal amount of its 4.50% fixed rate senior notes due 2023 (the “**Notes due 2023**” or the “**Notes**”) (the “**Offering**”). The Issuer will pay interest on the Notes semi-annually on January 15th and July 15th of each year, commencing January 15, 2016. The Notes due 2023 will mature on January 15, 2023.

The Notes will be senior unsecured obligations of the Issuer and will rank equally with all of its existing and future senior unsecured indebtedness. The Notes will be guaranteed on a senior unsecured basis (the “**Guarantees**”) by Fresenius SE & Co. KGaA (the “**Parent Guarantor**” or the “**Company**” and together with its subsidiaries, the “**Fresenius Group**” or the “**Group**”), as well as Fresenius Kabi AG and Fresenius ProServe GmbH (together the “**Subsidiary Guarantors**” and, together with the Parent Guarantor, the “**Guarantors**”). Other subsidiaries of the Parent Guarantor will not guarantee the Notes. The Notes and the Guarantees will be effectively subordinated to all secured indebtedness of the Issuer and the Guarantors to the extent of the value of the collateral securing such indebtedness and structurally subordinated to all liabilities of the Parent Guarantor’s subsidiaries that are not guaranteeing the Notes.

The Notes are subject to the redemption provisions as set out elsewhere in this listing prospectus (the “**prospectus**”).

This prospectus constitutes a prospectus within the meaning of Article 5 para. 3 of the Directive 2003/71/EC of the European Parliament and of the Council of November 4, 2003 (as amended, inter alia, by Directive 2010/73/EU of the European Parliament and of the Council of November 24, 2010) (the “**Prospectus Directive**”) and has been drafted in accordance with the Luxembourg law on prospectuses for securities of July 10, 2005, as amended, (*Loi relative aux prospectus pour valeurs mobilières*) (the “**Luxembourg Prospectus Law**”), which implements the Prospectus Directive into Luxembourg law.

This prospectus has been approved by the Commission de Surveillance du Secteur Financier (the “**CSSF**”), in its capacity as competent authority under the Luxembourg Prospectus Law, and will be published in electronic form on the website of the Luxembourg Stock Exchange (<http://www.bourse.lu>). By approving this prospectus, the CSSF gives no undertaking as to the economic or financial opportuneness of the transaction or the quality and solvency of the Issuer in line with the provisions of Article 7 (7) of the Luxembourg law dated 10 July 2005 on prospectuses for securities. Offers for the Notes were made only pursuant to an exception under Section 3 of the German Securities Prospectus Act (*Wertpapierprospektgesetz*, “**WpPG**”) or an applicable exception under the national legislation of the relevant member state of the EEA implementing the Prospectus Directive, as the case may be.

Application has been made to list the Notes on the official list of the Luxembourg Stock Exchange and to admit the Notes to trading on the regulated market of the Luxembourg Stock Exchange, a market appearing on the list of regulated markets issued by the European Commission pursuant to Directive 2014/65/EU of May 15, 2014 on markets in financial instruments.

Investing in the Notes involves risks. See “Risk Factors” beginning on page 1.

Notes due 2023 Issue Price: 100% plus accrued interest from the Issue date

Delivery of the Notes in book-entry form will be made through the Depository Trust Company, expected on September 25, 2015.

The Notes and the Guarantees have not been, and will not be, registered under the U.S. Securities Act of 1933, as amended (the “Securities Act”). The Notes may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons, except to qualified institutional buyers in reliance on the exemption from registration provided by Rule 144A under the Securities Act (“Rule 144A”) and to certain non-U.S. persons in offshore transactions in reliance on Regulation S under the Securities Act (“Regulation S”). You are hereby notified that sellers of the Notes may be relying on the exemption from the provisions of Section 5 of the Securities Act provided by Rule 144A. See “Notice to Investors” for additional information about eligible offerees and transfer restrictions.

Global Coordinator, Joint Lead Manager and Bookrunner

Goldman Sachs International

Joint Lead Managers and Bookrunners

Citigroup

HSBC

Mizuho Securities

Co-Lead Managers

Barclays

COMMERZBANK

Scotiabank

SMBC Nikko

The date of this prospectus is September 18, 2015.

You should rely only on the information contained in this prospectus. We have not authorized anyone to provide you with any information that is different or represent anything about us or this offering that is not contained in this prospectus. If given or made, any such other information or representation should not be relied upon as having been authorized by us or the Initial Purchasers. We are not, and the Initial Purchasers are not, making an offer to sell these Notes in any jurisdiction where an offer or sale is not permitted. You should not assume that the information contained in this prospectus is accurate as of any date other than the date hereof. The business, financial condition, results of operations and prospects of the Issuer or the Guarantors or any of their subsidiaries may have changed since that date.

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IN CONNECTION WITH THIS OFFERING, GOLDMAN SACHS INTERNATIONAL, (THE “STABILIZING MANAGER”), AND ANY PERSON ACTING FOR IT MAY OVER-ALLOT OR EFFECT TRANSACTIONS WITH A VIEW TO SUPPORTING THE MARKET PRICE OF THE APPLICABLE NOTES AT A LEVEL HIGHER THAN THAT WHICH MIGHT OTHERWISE PREVAIL FOR A LIMITED PERIOD AFTER THE ISSUE DATE. HOWEVER, THERE IS NO OBLIGATION ON THE STABILIZING MANAGER OR ANY AGENT FOR IT TO DO THIS. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME, AND MUST BE BROUGHT TO AN END AFTER A LIMITED PERIOD. SUCH STABILIZATION SHALL BE IN COMPLIANCE WITH ALL APPLICABLE LAWS, REGULATIONS AND RULES.

NOTICE TO NEW HAMPSHIRE RESIDENTS

NEITHER THE FACT THAT A REGISTRATION STATEMENT OR AN APPLICATION FOR A LICENSE HAS BEEN FILED UNDER CHAPTER 421-B OF THE NEW HAMPSHIRE REVISED STATUTES ANNOTATED, 1955, AS AMENDED (“RSA 421-B”), WITH THE STATE OF NEW HAMPSHIRE NOR THE FACT THAT A SECURITY IS EFFECTIVELY REGISTERED OR A PERSON IS LICENSED IN THE STATE OF NEW HAMPSHIRE CONSTITUTES A FINDING BY THE SECRETARY OF STATE OF THE STATE OF NEW HAMPSHIRE THAT ANY DOCUMENT FILED UNDER RSA 421-B IS TRUE, COMPLETE AND NOT MISLEADING. NEITHER ANY SUCH FACT NOR THE FACT THAT AN EXEMPTION OR EXCEPTION IS AVAILABLE FOR A SECURITY OR A TRANSACTION MEANS THAT THE SECRETARY OF STATE HAS PASSED IN ANY WAY UPON THE MERITS OR QUALIFICATIONS OF, OR RECOMMENDED OR GIVEN APPROVAL TO, ANY PERSON, SECURITY OR TRANSACTION. IT IS UNLAWFUL TO MAKE, OR CAUSE TO BE MADE, TO ANY PROSPECTIVE PURCHASER, CUSTOMER OR CLIENT ANY REPRESENTATION INCONSISTENT WITH THE PROVISIONS OF THIS PARAGRAPH.

IMPORTANT INFORMATION ABOUT AND DEFINITIONS USED IN THIS PROSPECTUS

You should not assume that the information contained in this prospectus is accurate as of any date other than the date hereof. The business, financial condition, results of operations and prospects of the Issuer, the Parent Guarantor or any of its other subsidiaries, or the Group may have changed since that date.

In this prospectus, unless otherwise indicated or the context so requires:

- “*Fresenius SE & Co. KGaA*”, the “*Parent Guarantor*” and the “*Company*” refer to Fresenius SE & Co. KGaA (until January 28, 2011, known as Fresenius SE and previously, until July 13, 2007, known as Fresenius AG) only and not to any of its subsidiaries;
- “*we*”, “*us*”, “*our*”, the “*Fresenius Group*”, the “*Group*” and “*Fresenius*” refer to Fresenius SE & Co. KGaA and its subsidiaries on a consolidated basis;
- “*2012 FMC Senior Credit Agreement*” refers to Fresenius Medical Care’s syndicated agreement which it entered into in order to refinance certain of its existing indebtedness.
- “*2013 Senior Credit Agreement*” refers to the syndicated credit agreement of the Guarantors and certain other Fresenius Group companies entered into in connection with the refinancing of the senior credit agreement made in 2008;
- “*Damp Group*” refers collectively to Damp Holding GmbH (formerly Damp Holding AG) and those of its affiliates that together constitute a group of companies acquired by HELIOS on March 19, 2012;
- “*euro*” or “*€*” refers to Euro, the currency of the European Union member states participating in the European Monetary Union;
- “*Fenwal*” refers to Fenwal Holdings, Inc., a U.S.-based company acquired by Fresenius Kabi;
- “*FMCH*” refers to Fresenius Medical Care Holdings, Inc., only;
- “*FMC Management AG*” refers to Fresenius Medical Care Management AG, only;
- “*Fresenius AG*” was the legal name of the Company until July 13, 2007;
- “*Fresenius Biotech*” refers to Fresenius Biotech GmbH;
- “*Fresenius Finance B.V.*” refers to Fresenius Finance B.V., only;
- “*Fresenius Helios*” and “*HELIOS*” refer to HELIOS Kliniken GmbH and Wittgensteiner Kliniken GmbH and their subsidiaries on a consolidated basis, including hospitals acquired from Rhön-Klinikum AG;
- “*Fresenius Kabi*” refers to Fresenius Kabi AG and its subsidiaries on a consolidated basis;

- “*Fresenius Kabi AG*” refers to Fresenius Kabi AG and not to any of its subsidiaries;
- “*Fresenius Kabi USA*” refers to Fresenius Kabi USA, Inc. (previously known as APP Pharmaceuticals, Inc.) and its subsidiaries on a consolidated basis;
- “*Fresenius Medical Care*” refers to Fresenius Medical Care AG & Co. KGaA and its subsidiaries on a consolidated basis, as a standalone company and/or as our consolidated subsidiary and business segment, as the context may require;
- “*FMC AG & Co. KGaA*” refers to Fresenius Medical Care AG & Co. KGaA only;
- “*FMC Germany*” refers to Fresenius Medical Care Deutschland GmbH;
- “*Fresenius ProServe*” refers to Fresenius ProServe GmbH and its subsidiaries on a consolidated basis;
- “*Fresenius ProServe GmbH*” refers to Fresenius ProServe GmbH and not to any of its subsidiaries;
- “*Fresenius SE*” was the legal name of the Company between July 13, 2007, until January 28, 2011;
- “*Fresenius US Finance I*” refers to Fresenius US Finance I, Inc.;
- “*Fresenius US Finance II*” refers to Fresenius US Finance II, Inc.;
- “*Fresenius Vamed*” and “*VAMED*” refer to VAMED AG and its subsidiaries on a consolidated basis;
- “*German GAAP*” refers to accounting principles generally accepted in Germany pursuant to the German Commercial Code (*Handelsgesetzbuch — HGB*);
- “*Guarantors*” refers to the Parent Guarantor and the Subsidiary Guarantors;
- “*IFRS*” refers to International Financial Reporting Standards of the International Accounting Standards Board, as adopted by the European Union;
- “*Initial Purchasers*” refers to Goldman Sachs International with address at Peterborough Court, 133 Fleet Street, London EC4A 2BB, United Kingdom, Citigroup Global Markets Inc. with address at 388 Greenwich Street, 17th Floor, New York, NY 10013, United States of America, HSBC Securities (USA) Inc. with address at 452 5th Avenue, New York, NY 10018, United States of America, Mizuho Securities USA Inc., with address at 320 Park Avenue, 12th Floor, New York, NY 10022, United States of America, Barclays Bank PLC, with address at 5 The North Colonnade, Canary Wharf, London E14 4BB, United Kingdom, Commerz Markets LLC, with address at 225 Liberty Street, New York, NY 10281, United States of America, Scotia Capital (USA) Inc., with address at 250 Vesey Street, New York, NY 10281, United States of America, and SMBC Nikko Capital Markets Limited with address at One New Change, London EC4M 9AF, United Kingdom, in their respective capacities as Initial Purchasers of Notes to be offered pursuant to private placements;
- “*Indenture*” refers to the indenture under which the Notes due 2023 will be issued;
- “*Leverage Ratio*” refers to the ratio of net debt to EBITDA for the consolidated Fresenius Group;
- “*Notes*” or “*Notes due 2023*” refers to the Issuer’s fixed rate senior notes due 2023 that are the subject of this prospectus;
- “*Outstanding Senior Notes*” refers to the various outstanding senior unsecured notes to which the Guarantors are parties as guarantors thereof;
- “*Principal Paying and Transfer Agent*” refers to The Bank of New York Mellon, London Branch, One Canada Square, London E14 5AL, United Kingdom;
- “*RCG*” refers to Renal Care Group, Inc. and its subsidiaries on a consolidated basis;
- “*Rhön-Klinikum*” and “*Rhön*” refer to Rhön-Klinikum AG and its subsidiaries on a consolidated basis;
- “*Subsidiary Guarantors*” refers to Fresenius Kabi AG and Fresenius ProServe GmbH;
- “*Trustee*” refers to The Bank of New York Mellon, London Branch, One Canada Square, London E14 5AL, United Kingdom;
- “*U.S. dollar*” or “*US\$*” refers to the U.S. dollar, the currency of the United States of America; and
- “*U.S. GAAP*” refers to accounting principles generally accepted in the United States of America.

Under the caption “Glossary” we have included the definitions of certain technical terms used in this prospectus.

RESPONSIBILITY STATEMENT

Fresenius US Finance II, Inc., 2711 Centerville Road, Suite 400, Wilmington, Delaware 19808, United States, along with Fresenius SE & Co. KGaA, Fresenius Kabi AG and Fresenius ProServe GmbH, all located at Else-Kröner-Strasse 1, 61352 Bad Homburg vor der Höhe, Germany, assume responsibility for the content of this prospectus and hereby declare that the information

contained in this prospectus is, to the best of their knowledge, in accordance with the facts and that no material circumstances are omitted, and that they have taken all reasonable care to ensure that the information contained in this prospectus is, to the best of their knowledge, in accordance with the facts and contains no omission likely to affect its import.

The information contained under the headings “*Exchange Rates*” and “*Business*” (which may also appear in a condensed form under the heading “*Summary*”) includes extracts from information and data publicly released by official and other sources. Although we accept responsibility for the accurate extraction and summarization of such information and data, we accept no further responsibility in respect of such information. In addition, the information set out in relation to sections of this prospectus describing clearing arrangements is subject to any change in or reinterpretation of the rules, regulations and procedures of the Depositary Trust Company (“**DTC**”), Euroclear Bank S.A./N.V., as operator of the Euroclear System (“**Euroclear**”), and Clearstream Banking Société Anonyme (“**Clearstream**”) currently in effect. While we accept responsibility for accurately summarizing the information concerning the DTC, Euroclear, and Clearstream, we accept no further responsibility in respect of such information.

Neither the Initial Purchasers nor any other person mentioned in this prospectus or the incorporated documents, except for the Issuer and the Guarantors, is responsible for the information contained in this prospectus, and accordingly, and to the extent permitted by the laws of any relevant jurisdiction, none of these persons accepts any responsibility for the accuracy and completeness of the information contained herein.

NOTICE TO INVESTORS

Neither we nor the Initial Purchasers nor any of our respective affiliates or representatives are making any representation to you regarding the legality of an investment in the Notes, and you should not construe anything in this prospectus as legal, business, tax or other advice. You should consult your own advisors as to the legal, tax, business, financial and related aspects of an investment in the Notes. Laws in certain jurisdictions may restrict the distribution of this prospectus and the offer and/or sale of the Notes. You must comply with all laws applicable in any jurisdiction in which you buy, offer or sell the Notes or possess or distribute this prospectus, and you must obtain all applicable consents and approvals; we shall not have any responsibility for any of the foregoing legal requirements.

The Initial Purchasers make no representation or warranty, express or implied, as to the accuracy or completeness of the information contained in this prospectus. Nothing contained in this prospectus is or should be relied upon as a promise or representation by any Initial Purchaser as to the past or the future. You agree to the foregoing by accepting this prospectus.

Neither the Notes nor the Guarantees have been registered under the Securities Act or the securities laws of any state of the United States, and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons (as defined in Regulation S under the Securities Act) except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. We have not registered, and do not intend to register, the Notes or the Guarantees under the Securities Act. Notwithstanding anything in this prospectus to the contrary, you (and each of your employees, representatives or other agents) may disclose to any and all persons, without limitation of any kind, the U.S. federal tax treatment and U.S. tax structure of the offering and all materials of any kind (including opinions or other tax analyses) that are provided to you relating to such U.S. federal tax treatment and U.S. tax structure. However, any such disclosure of the U.S. federal tax treatment or U.S. tax structure may be subject to restrictions reasonably necessary to comply with any applicable securities laws.

The Notes are being offered and sold outside the United States in reliance on Regulation S and within the United States to “qualified institutional buyers” in reliance on Rule 144A under the Securities Act. Prospective purchasers are hereby notified that the sellers of the Notes may be relying on the exemption from the provisions of Section 5 of the Securities Act provided by Rule 144A. For a description of these and certain other restrictions on offers, sales and transfers of the Notes and the distribution of this prospectus, see “*Notice to New Hampshire Residents*”, “*Notice to Investors in the European Economic Area*”, “*Notice to Investors in the United Kingdom*” and “*Notice to Investors*”. By purchasing any Notes, you will be deemed to have represented and agreed to all of the provisions contained in those sections of this prospectus. You may be required to bear the financial risks of this investment for an indefinite period of time.

Each person receiving this prospectus acknowledges that (1) we have afforded it an opportunity to request and to review, and it has received, all additional information considered by it to be necessary to verify the accuracy of or to supplement the information contained in this prospectus, (2) investing in the Notes involves risks, (3) it has not relied upon any Initial Purchaser or any person affiliated with any Initial Purchaser in connection with its investigation of the accuracy of such information or its investment decision, (4) this prospectus relates to offerings exempt from registration under the Securities Act and does not comply in important respects with Securities and Exchange Commission (“**SEC**”) rules that would apply to an offering document relating to a public offering of securities and (5) no person has been authorized to give information or to make any representation

concerning us, this offering or the Notes, other than as contained in this prospectus and the incorporated documents, in connection with an investor's examination of us and the terms of this offering.

Neither the U.S. Securities and Exchange Commission, nor any state securities commission, nor any non-U.S. securities authority has approved or disapproved of these securities or determined that this prospectus is accurate or complete. Any representation to the contrary is a criminal offense.

You may not use any information herein for any purpose other than considering an investment in the Notes. We reserve the right to withdraw this offering of the Notes at any time. We and the Initial Purchasers also reserve the right to reject any offer to purchase the Notes in whole or in part for any reason or no reason and to allot to any prospective purchaser less than the full amount of the Notes sought by it.

NOTICE TO INVESTORS IN THE EUROPEAN ECONOMIC AREA

In relation to each member state of the EEA which has implemented the Prospectus Directive (each, a **"Relevant Member State"**), the Initial Purchasers have represented and agreed that with effect from and including the date on which the Prospectus Directive is implemented in that Relevant Member State (the **"Relevant Implementation Date"**) it has not made and will not make an offer of the Notes to the public in that Relevant Member State, unless and until a prospectus has been approved by the competent regulatory authority and, as applicable, published and notified to the relevant competent authority in another Relevant Member State in accordance with the Prospectus Directive as implemented in such other Relevant Member State, except that it may make an offer of such Notes in such Relevant Member State:

- (a) to any legal entity which is a qualified investor as defined in the Prospectus Directive;
- (b) to fewer than 150 natural or legal persons (other than qualified investors as defined in the Prospectus Directive), as permitted under the Prospectus Directive, subject to obtaining the prior consent of the Initial Purchasers nominated by the relevant Issuer for any such offer; or
- (c) in any other circumstances falling within Article 3 para. (2) of the Prospectus Directive,

provided that no such offer of Notes shall require the Issuer or the Initial Purchasers to publish a prospectus pursuant to Article 3 of the Prospectus Directive.

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

NOTICE TO INVESTORS IN GERMANY

No public offer may be made in Germany. The Notes will only be available in Germany (i) to, and this prospectus and any other offering material in relation to the Notes are directed only at, persons who are qualified investors (*qualifizierte Anleger*) within the meaning of Section 2 No. 6 of the Securities Prospectus Act (*Wertpapierprospektgesetz*); or (ii) under any other circumstances that do not require the publication of a prospectus pursuant to Section 3 para. 2 of the Securities Prospectus Act. Any resale of the Notes in Germany may only be made in accordance with the Securities Prospectus Act and other applicable laws.

NOTICE TO INVESTORS IN THE UNITED KINGDOM

This prospectus is for distribution only to, and is only directed at, persons who (i) have professional experience in matters relating to investments falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005, as amended, (the **"Financial Promotion Order"**), (ii) are persons falling within Article 49(2)(a) to (d) (high net worth companies, unincorporated associations, etc.) of the Financial Promotion Order or (iii) are persons to whom an invitation or inducement to engage in investment activity (within the meaning of section 21 of the Financial Services and Markets Act 2000) in connection with the issue or sale of any Notes may otherwise lawfully be communicated or caused to be communicated (all such persons together being referred to as "relevant persons"). This prospectus is directed only at relevant persons and must not be acted on or relied on by persons who are not relevant persons. Any investment or investment activity to which this document relates is available only to relevant persons and will be engaged in only with relevant persons. The Notes are being offered solely to "qualified investors" as defined in the Prospectus Directive and accordingly the offer of Notes is not subject to the obligation to publish a prospectus within the meaning of the Prospectus Directive.

NOTICE TO INVESTORS IN CANADA

The Notes may be sold only to purchasers purchasing, or deemed to be purchasing, as principal that are accredited investors, as defined in National Instrument 45-106 Prospectus Exemptions or subsection 73.3(1) of the Securities Act (Ontario), and are permitted clients, as defined in National Instrument 31-103 Registration Requirements, Exemptions and Ongoing Registrant Obligations. Any resale of the Notes must be made in accordance with an exemption from, or in a transaction not subject to, the prospectus requirements of applicable securities laws.

Securities legislation in certain provinces or territories of Canada may provide a purchaser with remedies for rescission or damages if this prospectus (including any amendment thereto) contains a misrepresentation, provided that the remedies for rescission or damages are exercised by the purchaser within the time limit prescribed by the securities legislation of the purchaser's province or territory. The purchaser should refer to any applicable provisions of the securities legislation of the purchaser's province or territory for particulars of these rights or consult with a legal advisor.

Pursuant to section 3A.3 of National Instrument 33-105 Underwriting Conflicts ("**NI 33-105**"), the Initial Purchasers are not required to comply with the disclosure requirements of NI 33-105 regarding underwriter conflicts of interest in connection with this offering.

DISCLOSURE REGARDING FORWARD-LOOKING STATEMENTS

This prospectus contains forward-looking statements. Any statements about our expectations, beliefs, plans, objectives, assumptions or future events or performance are not historical facts and may be forward-looking. These statements are often, but not always, made through the use of words or phrases such as "believes", "anticipates", "estimates", "intends", "expects", "predicts", "plans", "seeks", "projects", "could" or "will" and similar formulations. These statements involve estimates, assumptions and uncertainties which could cause actual results, performance or events to differ materially from those expressed in them. Although we believe that the expectations reflected in such forward-looking statements are reasonable, forward-looking statements are inherently subject to risks and uncertainties, many of which cannot be predicted with accuracy and some of which might not even be anticipated, and future events and actual results, financial and otherwise, could differ materially from those set forth in or contemplated by the forward-looking statements contained elsewhere in this prospectus. We have based these forward-looking statements on current estimates and assumptions made to the best of our knowledge. By their nature, such forward-looking statements involve risks, uncertainties, assumptions and other factors which could cause actual results, including our financial condition and profitability, to differ materially and be more negative than the results expressly or implicitly described in or suggested by these statements. Moreover, forward-looking estimates or predictions derived from third parties' studies or information may prove to be inaccurate. Consequently, we cannot give any assurance regarding the future accuracy of the opinions set forth in this prospectus or the actual occurrence of the developments described herein. In addition, even if our future results meet the expectations expressed here, those results may not be indicative of our performance in future periods. These risks, uncertainties, assumptions, and other factors that could cause actual results to differ from our projected results include, among others, the following:

- changes in general economic conditions, particularly economic conditions in our core markets;
- changes in the markets in which we operate;
- changes affecting interest rates;
- changes affecting currency exchange rates;
- changes in levels of competition;
- changes in governmental and commercial insurer reimbursement for our complete products and services portfolio, including the new Medicare reimbursement system for dialysis services;
- changes in utilization patterns for pharmaceuticals and in our costs of purchasing pharmaceuticals;
- the outcome of ongoing government investigations;
- the influence of private insurers and managed care organizations;
- the impact of recently enacted and possible future health care reforms;
- product liability risks;
- the outcome of ongoing potentially material litigation;
- risks relating to the integration of acquisitions and our dependence on additional acquisitions;

- risks relating to compliance with the myriad government regulations applicable to our business including anti-corruption acts and other comparable regulatory regimes in many of the countries in which we supply services or products;
- introduction of generic or new pharmaceuticals that compete with our pharmaceutical products;
- changes in supply costs; and
- the financial stability and liquidity of our governmental and commercial payers.

Important factors that could contribute to such differences are noted in this prospectus in the sections entitled “*Risk Factors*”, “*Management’s Discussion and Analysis of Financial Condition and Results of Operations*”, “*Business*” and “*Business — Legal Proceedings*”.

Our business is also subject to other risks and uncertainties that we describe from time to time in our public filings. Developments in any of these areas could cause our results to differ materially from the results that we or others have projected or may project. Our reported financial condition and results of operations are sensitive to accounting methods, assumptions and estimates that are the basis of our financial statements. The actual accounting policies, the judgments made in the selection and application of these policies, and the sensitivities of reported results to changes in accounting policies, assumptions and estimates, are factors to be considered along with our financial statements and the discussion below under “*Results of Operations*”. For a discussion of our critical accounting policies, see “*Management’s Discussion and Analysis of Financial Condition and Results of Operations — Critical Accounting Policies*”.

Any forward-looking statements are qualified in their entirety by reference to the factors discussed throughout this prospectus. Key factors that have a direct bearing on our results of operations include, but are not limited to, those factors indicated in this prospectus under the caption “*Risk Factors*”.

Because the risk factors referred to in this prospectus could cause actual results or outcomes to differ materially from those expressed in any forward-looking statements made in this prospectus by us or on our behalf, you should not place undue reliance on any forward-looking statements. Further, any forward-looking statement speaks only as of the date on which it is made, and we undertake no obligation to update any forward-looking statement to reflect events or circumstances after the date on which the statement is made or to reflect the occurrence of unanticipated events. New factors will emerge in the future that could cause our actual development, results of operations or performance to be materially different from what may be expressly or implicitly assumed in forward-looking statements. It is not possible for us to predict what these new factors will be.

INDUSTRY INFORMATION

This prospectus contains or refers to numerical data, market data, analyst reports and other publicly available information about our industry, or our estimates based largely on published market data or on numerical data derived from publicly accessible sources. We believe that the estimates based on information that is not available from publicly accessible sources are accurate and impartial, including data collected internally from market and competitor surveys. We have accurately reproduced and indicated the respective source of the information in this prospectus from publicly accessible sources or otherwise acquired from third parties. Where information in this prospectus has been specifically identified as having been extracted from third party documents, each of the Issuer and the Guarantors confirms that this information has been accurately reproduced and that as far as the Issuer and the Guarantors are aware and are able to ascertain from information published by that third party, no facts have been omitted which would render the reproduced information inaccurate or misleading. You should bear in mind that we have not verified and assume no liability for the numerical data, market data and other information from public sources. None of the Issuer, the Guarantors or the Initial Purchasers makes any representation as to the accuracy of such information. In addition, you should bear in mind that market studies are based on information and assumptions that may not be accurate or factually correct, and may be forward-looking or speculative in nature.

SUMMARY

Summaries are made up of disclosure requirements known as “Elements”. These Elements are numbered in Sections A — E (A.1 — E.7).

This Summary contains all the Elements required to be included in a summary for this type of securities and issuer. Because some Elements are not required to be addressed, there may be gaps in the numbering sequence of the Elements.

Even though an Element may be required to be inserted in the summary because of the type of securities and issuer, it is possible that no relevant information can be given regarding the Element. In this case a short description of the Element is included in the summary with the mention of “not applicable”.

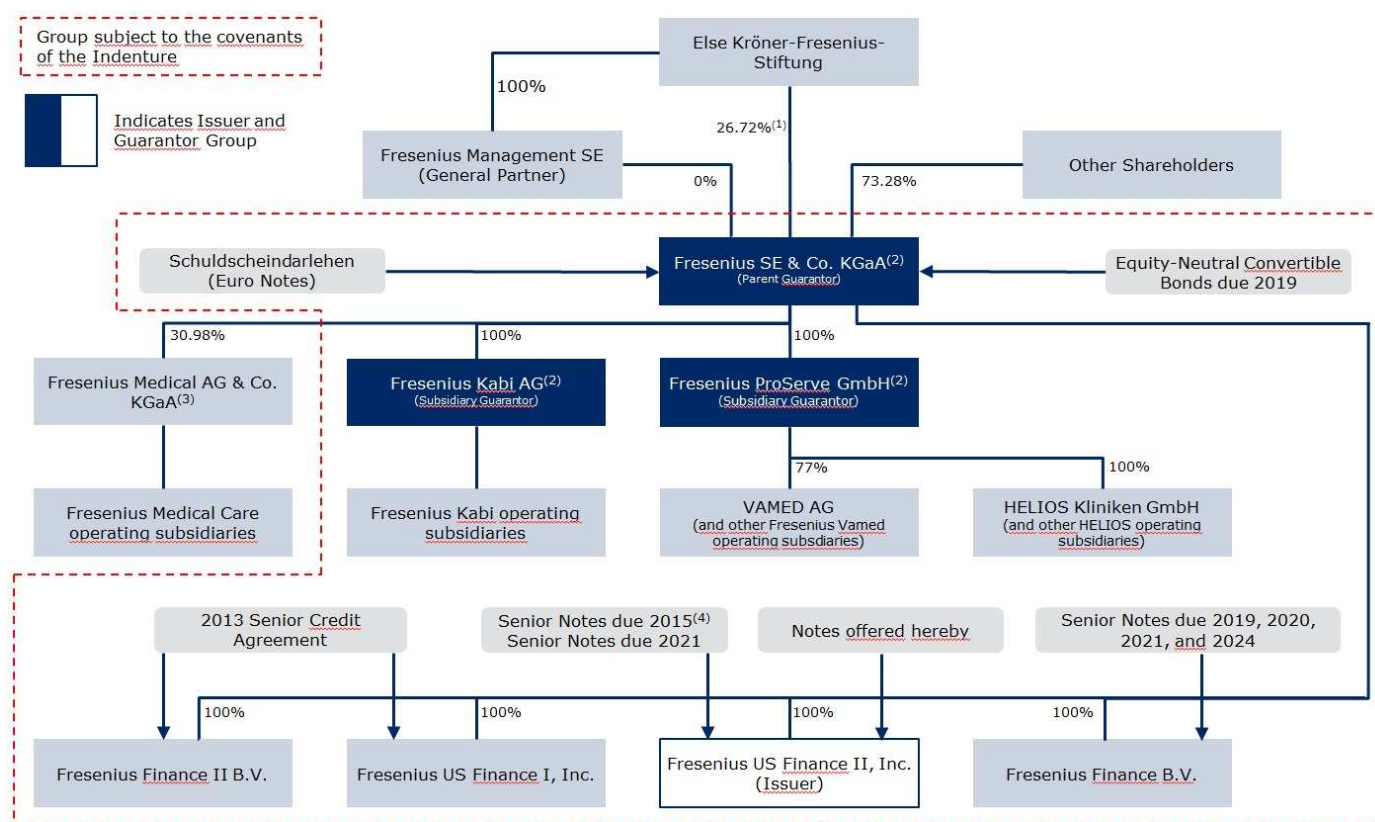
A — INTRODUCTION AND WARNINGS

A.1	Introduction and warnings	Warning that: • this summary should be read as introduction to the prospectus; • any decision to invest in the Notes should be based on consideration of the prospectus as a whole by the investor; • where a claim relating to the information contained in this prospectus is brought before a court, the plaintiff investor might, under the national legislation of the Member States, have to bear the costs of translating the prospectus before the legal proceedings are initiated; and • civil liability attaches only to those persons who have tabled the summary including any translation thereof, but only if the summary is misleading, inaccurate or inconsistent when read together with the other parts of the prospectus or it does not provide, when read together with the other parts of the prospectus, key information in order to aid investors when considering whether to invest in the Notes.
A.2	Consent of the Issuer to subsequent resale or final placement	Not applicable. The Notes have already been sold to Goldman Sachs International, Citigroup Global Markets Inc., HSBC Securities (USA) Inc., Mizuho Securities USA Inc., Barclays Bank PLC, Commerz Markets LLC, Scotia Capital (USA) Inc., and SMBC Nikko Capital Markets Limited (the “ Initial Purchasers ”) and allocated to institutional investors.

B — ISSUER AND GUARANTORS

B.1	Legal and commercial name of the Issuer	The legal and commercial name of the issuer is Fresenius US Finance II, Inc. (the “ Issuer ”).
B.2	Domicile, legal form, legislation, country of incorporation	Fresenius US Finance II, Inc. is a United States stock corporation incorporated under and governed by the laws of Delaware with its executive offices in Wilmington, Delaware in the United States.
B.4b	Description of any known trends affecting the Issuer and the industries in which it operates	Not applicable; there are no known trends which affect the Issuer.
B.5	Description of the Group and the Issuer’s position within the Group	The Fresenius Group is headed by Fresenius SE & Co. KGaA which acts as holding company for the Group. Fresenius US Finance II, Inc. is a wholly-owned subsidiary of Fresenius SE & Co. KGaA. The following diagram depicts, in abbreviated form, the corporate structure and certain debt

obligations of Fresenius Group as of June 30, 2015 immediately after giving effect to the offering of the Notes. The Guarantors and certain of their respective subsidiaries will be subject to the (restrictive) covenants in the Indenture.



(1) Our corporate structure as of the date of this prospectus did not materially change compared with our corporate structure as of June 30, 2015. The Else Kröner-Fresenius-Stiftung as major shareholder informed the Company in December 2014, that it held 144,695,094 ordinary shares of Fresenius SE & Co. KGaA which represents 26.72% of the subscribed capital on December 31, 2014. On August 19, 2015, the Else Kröner-Fresenius-Stiftung informed the Company that, as of that date, its interest in the subscribed capital of Fresenius SE & Co. KGaA was 25.1%.

(2) Each of the Guarantors has given senior guarantees for the Outstanding Senior Notes and the Notes offered hereby. Other than as marked, the Notes will not be guaranteed by any of the other subsidiaries of the Parent Guarantor.

(3) As of June 30, 2015, Fresenius SE & Co. KGaA owned 30.98% of the outstanding ordinary voting shares of FMC AG & Co. KGaA. FMC AG & Co. KGaA is a German partnership limited by shares. Fresenius Medical Care Management AG, the general partner of FMC AG & Co. KGaA, is a wholly-owned subsidiary of Fresenius SE & Co. KGaA. Because corporate decisions are taken by the general partner for German partnerships limited by shares, Fresenius SE & Co. KGaA has and, as long as it maintains ownership of more than 25% of the share capital of FMC AG & Co. KGaA, will retain a factual controlling position (*faktische Kontrolle*) in FMC AG & Co. KGaA under the articles of association of FMC AG & Co. KGaA. Since this factual controlling position (*faktische Kontrolle*) meets the control test for purposes of consolidation, Fresenius SE & Co. KGaA fully consolidates Fresenius Medical Care in its consolidated financial statements.

Although Fresenius SE & Co. KGaA fully consolidates Fresenius Medical Care in its consolidated financial statements, in line with the Group's structure, financing for Fresenius Medical Care and for the rest of our Group is conducted separately. There are no external joint financing facilities and no mutual guarantees. Fresenius Kabi, Fresenius Helios and Fresenius Vamed business segments are financed primarily through Fresenius SE & Co. KGaA and finance subsidiaries in order to minimize any structural subordination. Fresenius Medical Care is not a guarantor in respect of the 2013 Senior Credit Agreement or the senior notes issued by Fresenius SE & Co. KGaA's financing subsidiaries, including the Notes offered hereby. As such, Fresenius Medical Care will not be bound by the terms of the Notes issued hereunder, and neither it nor its subsidiaries will be subject to the covenants of the Indenture or the terms of the Outstanding Senior Notes.

(4) Fresenius US Finance II, Inc. issued US\$500 million aggregate principal amount of 9.00% senior notes and €275 million aggregate principal amount of 8.75% senior notes, both of which matured on July 15, 2015. These notes have been repaid using available short-term financing sources. The proceeds of this offering will be used to refinance these short-term financing sources.

B.9 Profit forecast or estimate Not applicable; no profit forecast or estimate is made.

B.10 Qualifications in the audit report on the historical financial Not applicable; KPMG LLP issued an unqualified auditor's report on the unconsolidated financial statements of the Issuer for the fiscal years ended December 31, 2013 and 2014.

information

B.12 Selected historical key financial information

Selected unconsolidated key financial information of the Issuer

Under U.S. GAAP, at June 30, 2015, the Issuer had total assets of US\$1,210 million, mainly consisting of financial fixed assets of US\$1,182 million, cash and cash equivalents of US\$405 thousand and shareholders' equity of US\$64 million.

	Six months ended June 30,		Year ended December 31,	
	2015	2014	2014	2013
	(unaudited)			
	(million US\$)			
Sales	0	0	0	0
Profit from operations.....	2	2	5	5
Cash provided by operating activities.....	1	1	3	3
	At June 30,		At December 31,	
	2015		2014	2013
	(unaudited)			
	(million US\$)			
Total assets.....	1,210		1,236	967
Equity.....	(64)		(62)	(52)

Statement that there has been no material adverse change in the prospects of the Issuer since the date of its last published audited financial statements or a description of any material adverse change

There has been no material adverse change in the prospects of the Issuer since December 31, 2014.

Description of significant changes in the financial or trading position subsequent to the period covered by the historical financial information

The Issuer repaid its senior notes due 2015 upon maturity in July 2015.

B.13 Description of any recent events particular to the Issuer which are to a material extent relevant to the evaluation of the Issuer's solvency

Not applicable; there are no recent events particular to the Issuer which are to a material extent relevant to the evaluation of the Issuer's solvency.

B.14 If the Issuer is part of a group, a description of the group and the Issuer's position with-

Please see Element B.5.

in the group

If the Issuer is dependent upon other entities within the group, this must be clearly stated

The Issuer is a wholly owned finance subsidiary of the Parent Guarantor and will on-lend the proceeds from the sale of the Notes under intercompany loans. The Issuer intends to service and repay the Notes out of the payments it receives under these intercompany loans. The Issuer has no other material assets or sources of revenue except for its claims under various intercompany receivables. Accordingly, the Issuer's ability to service and repay the Notes depends on the ability of the counterparties to the intercompany loans to service such indebtedness. Therefore, in meeting its payment obligations under the Notes, the Issuer is wholly dependent on the profitability and cash flow of the counterparties to the intercompany loans to which it is a party.

B.15 Description of the Issuer's principal activities

The main purpose of the Issuer is to finance the Fresenius Group (other than Fresenius Medical Care) by issuing debt securities and taking on other borrowings under credit agreements, the proceeds of which it on-lends to the Guarantors or their subsidiaries to fund business activities of the Fresenius Group (other than Fresenius Medical Care). Beside these operations, the Issuer has no further material activities.

B.16 To the extent known to the Issuer, state whether the Issuer is directly or indirectly owned or controlled and by whom and describe the nature of such control

The Issuer is directly owned and controlled by the Parent Guarantor.

B.17 Credit ratings assigned to an Issuer or its debt securities at the request or with the cooperation of the Issuer in the rating process

Not applicable; as of the date of this prospectus, the Issuer has not been assigned any credit rating with its cooperation or at its request.

The following credit ratings have been issued for senior notes of the Issuer: ^{(1) (2)}

	<u>Standard</u> <u>Poor's⁽³⁾</u>	<u>&</u> <u>Moody's⁽⁴⁾</u>
Fresenius US Finance II, Inc.		
US\$300 million 4.250% senior notes due 2021	BB+	Ba1

- (1) The European Securities and Markets Authority publishes on its website (<http://www.esma.europa.eu/page/List-registered-and-certified-CRAs>) a list of credit rating agencies registered in accordance with the Regulation (EC) No 1060/2009 of the European Parliament and of the Council of 16 September 2009 on credit rating agencies, as amended (the "CRA Regulation"). That list is updated within five working days following the adoption of a decision under Article 16, 17 or 20 CRA Regulation. The European Commission shall publish that update list in the Official Journal of the European Union within 30 days following such update.
- (2) A credit rating assesses the creditworthiness of an entity and informs an investor therefore about the probability of the entity being able to redeem invested capital. It is not a recommendation to buy, sell or hold securities and may be revised or withdrawn by the rating agency at any time.
- (3) Standard & Poor's Credit Market Services Europe Limited (German Branch) is established in the European Community and is registered under the CRA Regulation. According to Standard & Poor's: "BB+ is considered the highest speculative grade by market participants." "An obligation rated 'BB' is less vulnerable to nonpayment than other speculative issues. However, it faces major ongoing uncertainties or exposure to adverse business, financial, or economic conditions which could lead to the obligor's inadequate capacity to meet its financial commitment on the obligation. The ratings ... may be modified by the addition of a plus (+) or minus (-) sign to show relative standing within the major rating categories."
- (4) Moody's Deutschland GmbH is established in the European Community and is registered under the CRA Regulation. According to Moody's: "Obligations rated Ba are judged to have speculative elements and are subject to substantial credit risk. Moody's appends numerical modifiers 1, 2, and 3 to each generic rating classification from Aa through Caa. The modifier 1 indicates that the obligation ranks in the higher end of its generic rating category."

B.18 Description of the nature and scope of the guarantee

The Notes will be irrevocably guaranteed on a senior unsecured basis by the Parent Guarantor and the Subsidiary Guarantors. Other subsidiaries of the Parent Guarantor will not guarantee the Notes. The Notes and the Guarantees will be effectively subordinated to all secured indebtedness of the Issuer and the Guarantors to the extent of the value of the collateral securing such indebtedness and structurally subordinated to all liabilities of the Parent Guarantor's subsidiaries that are not guaranteeing the Notes. The enforcement of the Guarantees will be limited to the extent that the granting of such Guarantees is not in the corporate interest of the relevant Guarantor, would be in breach of capital maintenance or thin

capitalization rules or any other general statutory laws, or that the burden of such Guarantees securing the Notes exceed the benefit to the relevant Guarantor.

B.19	Section B information about the guarantor as if it were the issuer of the same type of security that is the subject of the guarantee. Therefore provide such information as required for a summary for the relevant annex.	
B.19 B.1	Legal and commercial name of the Parent Guarantor	The legal and commercial name of the Parent Guarantor is Fresenius SE & Co. KGaA.
B.19 B.2	Domicile, legal form, legislation, country of incorporation	Fresenius SE & Co. KGaA is a partnership limited by shares (<i>Kommanditgesellschaft auf Aktien</i>) incorporated under and governed by the laws of Germany with its registered seat (<i>Sitz</i>) at Else-Kröner-Strasse 1, 61352 Bad Homburg vor der Höhe, Germany.
B.19 B.4b	Description of any known trends affecting the Guarantor and the industries in which it operates	Fresenius is a global health care group with products and services for dialysis, hospitals and outpatient medical care. The health care sector is one of the world's largest industries. It is relatively insensitive to economic fluctuations compared to other sectors and has posted above-average growth over the past years. The major trends affecting the health care sector are: • rising medical needs deriving from aging populations; • the growing number of chronically ill or multimorbid patients; • stronger demand for innovative products and therapies; • advances in medical technology; • growing health consciousness, increasing the demand for health care services and facilities; and • ongoing cost-containment efforts and price pressure in the public health care sector. In the emerging markets additional trends are: • expanding availability and correspondingly greater demand for basic health care; and • increasing national incomes and hence higher spending on health care.
B.19 B.5	Description of the Group and the Guarantor's position within the Group	The Fresenius Group is headed by Fresenius SE & Co. KGaA which acts as holding company for the Group. Fresenius US Finance II, Inc., Fresenius Kabi AG and Fresenius ProServe GmbH are wholly-owned subsidiaries of Fresenius SE & Co. KGaA; as of June 30, 2015, the stake in FMC AG & Co. KGaA amounts to 30.98% (excluding FMC AG & Co. KGaA treasury shares). Fresenius Kabi AG acts as the holding company for our business segment Fresenius Kabi. Fresenius ProServe GmbH acts as the holding company for our business segments Fresenius Helios and Fresenius Vamed. FMC AG & Co. KGaA acts as holding company for the fully consolidated Fresenius Medical Care which is again controlled by its general partner Fresenius Medical Care Management AG, a wholly-owned subsidiary of Fresenius SE & Co. KGaA. Please see Element B.5 above.

B.19 B.9	Profit forecast or estimate	Not applicable; no profit forecast or estimate is made.
B.19 B.10	Qualifications in the audit report on the historical financial information	Not applicable; KPMG AG Wirtschaftsprüfungsgesellschaft issued respective unqualified auditor's reports, in accordance with U.S. GAAP and with IFRS, on the consolidated financial statements of Fresenius SE & Co. KGaA for the fiscal years ended on December 31, 2014 and 2013.
B.19 B.12	Selected historical key financial information	<i>The selected consolidated financial information below (including ratios) reflects the full consolidation of Fresenius Medical Care's financial statements in our financial statements. Dividends are received by the Company only in proportion to its economic interest in Fresenius Medical Care and are also limited by the terms of certain of Fresenius Medical Care's debt instruments. At June 30, 2015, the Company owned 30.98% of the outstanding ordinary voting shares of FMC AG & Co. KGaA.</i>

Selected Consolidated Financial Data ***Selected Consolidated Statement of Income Data***

	Twelve months ended June 30, 2015	Six months ended June 30,		Year ended December 31,		
	(unaudited)	2015	2014	2014	2013	2012
		(unaudited)		(million €)		
Sales.....	25,927	13,429	10,733	23,231	20,331	19,290
Cost of sales.....	(18,200)	(9,380)	(7,569)	(16,389)	(13,948)	(13,002)
Gross profit	7,727	4,049	3,164	6,842	6,383	6,288
Selling, general and administrative expenses	(3,832)	(2,018)	(1,545)	(3,359)	(3,044)	(3,000)
Research and development expenses	(422)	(223)	(170)	(369)	(348)	(305)
Operating income (EBIT)	3,473	1,808	1,449	3,114	2,991	2,983
Net interest expense	(649)	(330)	(283)	(602)	(584)	(666)
Other financial result ⁽¹⁾	0	0	0	0	0	(35)
Investment gain ⁽²⁾	0	0	0	0	0	109
Income taxes	(796)	(427)	(331)	(700)	(669)	(659)
Noncontrolling interest ⁽³⁾	(853)	(409)	(301)	(745)	(727)	(806)
Net income attributable to Fresenius SE & Co. KGaA	1,175	642	534	1,067	1,011	926
Operating income (EBIT), adjusted ⁽⁴⁾	3,577	1,822	1,403	3,158	3,045	3,075
Net income attributable to Fresenius SE & Co. KGaA, adjusted ⁽⁵⁾	1,241	642	487	1,086	1,051	938

Selected Consolidated Statement of Financial Position Data

	At June 30, 2015	At December 31,		
	(unaudited)	2014	2013	2012
		(million €)		
Total assets.....	42,271	39,897	32,758	30,664
Total of Fresenius SE & Co. KGaA shareholders' equity	(10,164)	(9,335)	(8,195)	(7,633)
Total liabilities and shareholders' equity.....	(42,271)	(39,897)	(32,758)	(30,664)

Selected Consolidated Cash Flow Statement Data

	Twelve months ended June 30, 2015	Six months ended June 30,		Year ended December 31,		
		2015	2014	2014	2013	2012
	(unaudited)	(unaudited)				
		(million €)				
Cash provided by operating activities.....	3,086	1,251	750	2,585	2,320	2,43
Cash used in investing activities	(2,404)	(621)	(1,568)	(3,351)	(3,603)	(3,251)
Cash provided by (used in) financing activities	(896)	(928)	1,011	1,043	1,305	1,07

Selected Other Consolidated Financial Information

	Twelve months ended June 30, 2015	Six months ended June 30,		Year ended December 31,		
		2015	2014	2014	2013	2012
	(unaudited)	(unaudited)				
		(million €, except ratios)				
EBITDA ⁽⁶⁾⁽⁷⁾⁽⁸⁾	4,501	2,350	1,900	4,051	3,834	3,759
EBITDA, adjusted ⁽⁶⁾⁽⁷⁾⁽⁸⁾	4,605	2,364	1,854	4,095	3,888	3,851
Net debt (as of June 30 or December 31) ⁽⁹⁾	14,744	14,744	13,457	14,279	11,940 ⁽¹⁰⁾	10,143
Net interest expense	(649)	(330)	(283)	(602)	(584)	(666)
Capital expenditure	(1,434)	(611)	(522)	(1,345)	(1,073)	(1,007)
Acquisitions	(1,428)	(194)	(1,216)	(2,450)	(2,754)	(3,172)
Ratio of EBITDA, adjusted to net interest expense ⁽⁶⁾⁽⁷⁾⁽⁸⁾	7.1	7.2	6.6	6.8	6.7	5.8
Ratio of net debt to EBITDA ⁽¹¹⁾	3.3	3.3	3.4	3.5	2.5	2.7
Ratio of net debt to EBITDA, adjusted ⁽¹¹⁾⁽¹²⁾	3.2	3.2	3.4	3.5	2.5	2.6

Selected Consolidated Business Segment Data

Fresenius Medical Care

	Twelve months ended June 30, 2015	Six months ended June 30,		Year ended December 31,		
		2015	2014	2014	2013	2012
	(unaudited)	(unaudited)				
		(million €)				
Sales	13,830	7,312	5,399	11,917	11,000	10,741
EBITDA ⁽⁶⁾⁽⁷⁾⁽¹³⁾	2,509	1,262	976	2,223	2,187	2,282
EBIT ⁽¹³⁾	1,908	942	731	1,697	1,699	1,813

Fresenius Kabi

	Twelve months ended June 30, 2015	Six months ended June 30,		Year ended December 31,		
		2015	2014	2014	2013	2012
	(unaudited)	(unaudited)				
		(million €)				
Sales	5,612	2,932	2,466	5,146	4,996	4,539
EBITDA ⁽⁶⁾⁽⁷⁾⁽¹⁴⁾	1,262	691	513	1,084	1,143	1,101
EBIT ⁽¹⁴⁾	1,033	571	411	873	926	934

Fresenius Helios

	Twelve months ended June 30, 2015	Six months ended June 30,		Year ended December 31,		
		2015	2014	2014	2013	2012
(unaudited)	(unaudited)	(million €)				
Sales	5,497	2,774	2,521	5,244	3,393	3,200
EBITDA ⁽⁶⁾⁽⁷⁾⁽¹⁵⁾	787	399	344	732	508	432
EBIT ⁽¹⁵⁾	610	307	250	553	390	322

Fresenius Vamed

	Twelve months ended June 30, 2015	Six months ended June 30,		Year ended December 31,		
		2015	2014	2014	2013	2012
(unaudited)	(unaudited)	(million €)				
Sales	1,107	463	398	1,042	1,020	846
EBITDA ⁽⁶⁾⁽⁷⁾	72	21	20	71	65	59
EBIT	60	16	15	59	55	51

- (1) For 2012 the other financial result includes one-time costs related to the takeover offer to the shareholders of Rhön-Klinikum AG.
- (2) Investment gain of €109 million (thereof €75 million attributable to noncontrolling interest) includes non-cash fair valuation gain of Fresenius Medical Care's investment at the time of the acquisition of Liberty.
- (3) Noncontrolling interest represents net income attributable to third parties. In the six months ended June 30, 2015 95% of noncontrolling interest was attributable to the noncontrolling interest in Fresenius Medical Care.
- (4) The following table shows the adjustments to operating income (EBIT) made in respect of the costs regarding Fresenius Kabi's cost efficiency program and integration costs for the acquired Rhön hospitals, disposal gain from two HELIOS hospitals, disposal gain from Rhön stake, one-time integration costs of Fenwal, the non-taxable investment gain of Fresenius Medical Care's investment at the time of the Liberty acquisition, the takeover offer to the shareholders of Rhön-Klinikum AG and other one-time costs at Fresenius Medical Care regarding the renegotiation of the Venofer[®] contract and the donation to the American Society of Nephrology.

	Twelve months ended June 30, 2015	Six months ended June 30,		Year ended December 31,		
		2015	2014	2014	2013	2012
(unaudited)	(unaudited)	(million €)				
Operating Income (EBIT)	3,473	1,808	1,449	3,114	2,991	2,983
Renegotiation of the Venofer [®] contract.....	—	—	—	—	—	78
Donation to the American Society of Nephrology	—	—	—	—	—	8
One-time costs related to the takeover offer to the shareholders of Rhön-Klinikum AG	—	—	—	—	—	6
Fenwal integration costs.....	47	0	3	50	54	—
Integration costs for acquired Rhön hospitals.....	51	8	8	51	—	—
Disposal gain from divestment of two HELIOS hospitals.....	(34)	(34)	(22)	(22)	—	—
Disposal gain from Rhön-stake	—	—	(35)	(35)	—	—
Fresenius Kabi's cost efficiency program	40	40	—	—	—	—
EBIT, adjusted	3,577	1,822	1,403	3,158	3,045	3,075

- (5) The following table shows the adjustments to net income attributable to shareholders of Fresenius SE & Co. KGaA made in respect of the costs regarding Fresenius Kabi's cost efficiency program and integration costs for the acquired Rhön hospitals, disposal gain from two HELIOS hospitals, disposal gain from Rhön stake, one-time integration costs of Fenwal, the non-taxable investment gain of Fresenius Medical Care's investment at the time of the Liberty acquisition, the takeover offer to the shareholders of Rhön-Klinikum AG and other one-time costs at Fresenius Medical Care regarding the renegotiation of the Venofer[®] contract and the donation to the American Society of Nephrology.

	Twelve months ended June 30, 2015	Six months ended June 30,		Year ended December 31,		
	2015	2015	2014	2014	2013	2012
	(unaudited)	(unaudited)		(audited)		
		(million €)				
Net income attributable to Fresenius SE & Co. KGaA.....	1,175	642	534	1,067	1,011	926
Non-taxable investment gain at Fresenius Medical Care	—	—	—	—	—	(34)
Renegotiation of the Venofer® contract.....	—	—	—	—	—	15
Donation to the American Society of Nephrology.....	—	—	—	—	—	2
One-time costs related to the takeover offer to the shareholders of Rhön-Klinikum AG	—	—	—	—	—	29
Fenwal integration costs.....	31	0	2	33	40	—
Integration costs for acquired Rhön hospitals.....	41	6	6	41	—	—
Disposal gain from divestment of two HELIOS hospitals.....	(34)	(34)	(21)	(21)	—	—
Disposal gain from Rhön-stake.....	—	—	(34)	(34)	—	—
Fresenius Kabi's cost efficiency program	28	28	—	—	—	—
Net income attributable to Fresenius SE & Co. KGaA, adjusted.....	1,241	642	487	1,086	1,051	938

- (6) EBITDA means operating income plus depreciation and amortization and is derived from our operating income determined in accordance with U.S. GAAP.
- (7) We are presenting this figure on the basis that investors may find it helpful as a measure of our performance. This figure is not recognized as a measure under U.S. GAAP and should not be construed as a substitute for income statement or cash flow data, as determined in accordance with U.S. GAAP, or as a measure of profitability or liquidity. It does not necessarily indicate whether cash flow will be sufficient or available for our cash requirements, nor is it necessarily indicative of our historical or future operating results. Because not all companies define this measure in the same way, our presentation of it is not necessarily comparable to similarly-titled measures used by other companies.
- (8) You should not consider EBITDA to be an alternative to net earnings determined in accordance with U.S. GAAP or to cash flow from operations, investing activities or financing activities.

Group EBITDA can be reconciled to operating income as follows for the six months ended June 30, 2015, June 30, 2014 as well as 2014, 2013 and 2012:

	Twelve months ended June 30, 2015	Six months ended June 30,		Year ended December 31,		
		2015	2014	2014	2013	2012
	(unaudited)	(unaudited)		(audited)		
		(million €)				
Operating income (EBIT)	3,473	1,808	1,449	3,114	2,991	2,983
Depreciation and amortization	1,028	542	451	937	843	776
EBITDA	4,501	2,350	1,900	4,051	3,834	3,759
Renegotiation of the Venofer® contract.....	—	—	—	—	—	78
Donation to the American Society of Nephrology	—	—	—	—	—	8
One-time costs related to the takeover offer to the shareholders of Rhön-Klinikum AG	—	—	—	—	—	6
Fenwal integration costs.....	47	0	3	50	54	—
Integration costs for acquired Rhön hospitals..	51	8	8	51	—	—
Disposal gain from divestment of two HELIOS hospitals	(34)	(34)	(22)	(22)	—	—
Disposal gain from Rhön-stake	—	—	(35)	(35)	—	—
Fresenius Kabi's cost efficiency program	40	40	—	—	—	—
EBITDA, adjusted	4,605	3,364	1,854	4,095	3,888	3,851

The EBITDA measure used in determining compliance with certain covenants contained in our 2013 Senior Credit Agreement and other financing arrangements is subject to a number of adjustments according to the terms of these agreements and therefore differs from the EBITDA figures presented here.

Since we fully consolidate FMC AG & Co. KGaA, EBITDA includes EBITDA of Fresenius Medical Care.

- (9) Net debt (including Fresenius Medical Care's accounts receivable facility) includes short-term borrowings, short-term borrowings from related parties, long term debt (including current portion) less cash, cash equivalents and current investment of capital increase.

The net debt measure used in determining compliance with certain covenants contained in our 2013 Senior Credit

Agreement and other financing arrangements is subject to a number of adjustments according to the terms of these agreements and therefore differs from the net debt figures presented here.

Since we fully consolidate FMC AG & Co. KGaA, net debt includes net debt of Fresenius Medical Care.

- (10) Including advances made in the amount of 2.18 billion under a fiduciary arrangement for the acquisition of hospitals and outpatient facilities of Rhön-Klinikum AG.
- (11) One of the measures used in determining compliance with certain covenants contained in our 2013 Senior Credit Agreement and other financing arrangements is a leverage ratio. This ratio differs from the net debt to EBITDA ratio presented here due to certain contractual adjustments that are prescribed by the respective governing agreements.
- For the twelve months ended June 30, 2014, Fresenius Group EBITDA amounted to €3,901 million.
- For reasons of comparability, our Leverage Ratio as of December 31, 2013 has been adjusted to exclude advances made for the acquisition of hospitals of Rhön-Klinikum AG in the amount of €2.18 billion.
- (12) For reasons of comparability, our Leverage Ratio as of June 30, 2015 has been adjusted. EBITDA was adjusted for disposal gain from the divestment of two HELIOS hospitals and proforma acquired hospitals of Rhön-Klinikum AG. Fresenius Group EBITDA (adjusted) for the twelve months ended June 30, 2015 amounted to €4,624 million.
- For reasons of comparability, our Leverage Ratio as of December 31, 2014 has been adjusted. EBITDA was adjusted for disposal gain from two HELIOS hospitals, proforma acquired hospitals of Rhön-Klinikum AG and proforma acquisitions made at Fresenius Medical Care. Fresenius Group EBITDA (adjusted) for the twelve months ended December 31, 2014 amounted to €4,183 million.
- For reasons of comparability, our Leverage Ratio as of December 31, 2013 has been adjusted to exclude advances made for the acquisition of hospitals of Rhön-Klinikum AG. Fresenius Group EBITDA (adjusted) for the twelve months ended December 31, 2013 amounted to €3,888 million.
- For reasons of comparability, our Leverage Ratio as of December 31, 2012 has been adjusted to include the historical EBITDA of Liberty, Damp Group and Fenwal for the full twelve months because the net debt figures of the Fresenius Group as of December 31, 2012 include the net debt acquired in the acquisitions of, or incurred in acquiring, Liberty, Damp Group and Fenwal. Furthermore EBITDA was adjusted for one-time costs (non-financing expenses) related to the offer to Rhön-Klinikum AG shareholders and certain one-time costs at Fresenius Medical Care. For the twelve months ended December 31, 2012, Fresenius Group EBITDA (adjusted) amounted to €3,960 million.
- (13) Excluding €86 million special items from and other one-time costs at Fresenius Medical Care in 2012 that are included in the corporate/other segment.
- (14) Twelve months ended June 30, 2015 figures adjusted for Fenwal integration costs €47 million and Fresenius Kabi's efficiency program €40 million. Six months ended June 30, 2015 figures adjusted for costs for Fresenius Kabi's efficiency program €40 million.
- Excluding Fenwal integration costs of €50 million in 2014 and €54 million in 2013, respectively, that are included in the corporate/other segment.
- (15) Twelve months ended June 30, 2015 figures adjusted for integration costs for acquired Rhön hospitals €41 million and disposal gain from two HELIOS hospitals €34 million. Six months ended June 30, 2015 figures adjusted for integration costs for acquired Rhön hospitals €6 million and disposal gain from two HELIOS hospitals €34 million.
- Excluding integration costs of acquired Rhön hospitals €41 million and disposal gain from two HELIOS hospitals €21 million and Rhön stake €34 million in 2014 that are included in the corporate/other segment.

Statement that there has been no material adverse change in the prospects of the Guarantor since the date of its last published audited financial statements or a description of any material adverse change

There has been no material adverse change in the prospects of the Guarantor since December 31, 2014.

Description of significant changes in the financial or trading position subsequent to the period covered by the historical financial information

Not applicable; there has been no significant change in the financial or trading position of the Guarantor since June 30, 2015.

B.19 Description of any recent events particular to the Guarantor which are to a mate-

Not applicable; there are no recent events particular to the Guarantor which are to a material extent relevant to the evaluation of the Guarantor's solvency.

rial extent relevant to the evaluation of the Guarantor's solvency

B.19 If the Guarantor is
B.14 part of a group, a description of the group and the Guarantor's position within the group

The Fresenius Group is headed by Fresenius SE & Co. KGaA which acts as holding company for the Group. The Parent Guarantor operates its business through four segments providing dialysis services, operating hospitals, supplying intravenously administered generic drugs, clinical nutrition, infusion therapies and transfusion technology products, and hospital and health care facility engineering, construction and maintenance services.

Please see Element B.5.

If the Guarantor is dependent upon other entities within the group, this must be clearly stated

The Parent Guarantor functions as a holding company for our Group, has no material amount of independent operations and derives substantially all of its consolidated sales from its operating subsidiaries. Consequently, the Parent Guarantor's cash flow and its ability to meet its cash requirements, including its obligations under its Guarantee, is dependent upon the profitability and cash flow of its subsidiaries and payments by such subsidiaries to the Parent Guarantor in the form of loans, dividends, fees, rental payments, or otherwise, as well as the Parent Guarantor's own credit arrangements.

B.19 Description of the
B.15 Guarantor's principal activities

Overview of the Fresenius Group and its Business

Fresenius is a global health care group providing products and services for dialysis, hospitals and outpatient medical care. In addition, Fresenius focuses on hospital operations. We also manage projects and services for hospitals and other health care facilities. Our Group has four business segments: Fresenius Medical Care, Fresenius Kabi, Fresenius Helios and Fresenius Vamed. In the twelve months ended June 30, 2015 we generated sales of €25,927 million and EBITDA of €4,605⁽¹⁾ million.

Fresenius Medical Care. Fresenius Medical Care is the world's largest provider of dialysis care and dialysis products for patients with chronic kidney failure according to publicly reported sales and number of patients treated. In the twelve months ended June 30, 2015, Fresenius Medical Care's sales and EBITDA were US\$16,593 million (€13,830 million) and US\$3,025 million (€2,509 million), respectively, and represented approximately 53% of our Group's sales and 54% of our Group's EBITDA.

Fresenius Kabi. Fresenius Kabi is a leading international supplier of intravenously administered generic drugs (I.V. drugs), clinical nutrition, infusion therapies for critically and chronically ill people in hospitals and outpatient care in addition to medical devices, and products of transfusion technology. In the twelve months ended June 30, 2015, Fresenius Kabi's sales and EBITDA were €5,612 million and €1,262⁽²⁾ million, respectively, and represented approximately 22% of our Group's sales and 27% of our Group's EBITDA.

Fresenius Helios. Fresenius Helios is the largest hospital operator in Germany. The HELIOS Group operates 111 hospitals (as of June 30, 2015) including seven maximum care hospitals. In the twelve months ended June 30, 2015, Fresenius Helios's sales and EBITDA were €5,497 million and €787⁽³⁾ million, respectively, and represented approximately 21% of our Group's sales and 17% of our Group's EBITDA.

Fresenius Vamed. Fresenius Vamed is one of the leading international providers of engineering, construction, and maintenance services to hospitals and other health care facilities worldwide. In the twelve months ended June 30, 2015, Fresenius Vamed's sales and EBITDA were €1,107 million and €72 million, respectively, and represented approximately 4% of our Group's sales and 2% of our Group's EBITDA.

(1) Figures for the twelve months ended June 30, 2015 have been adjusted for costs regarding Fresenius Kabi's cost efficiency program, integration costs for the acquired Rhön hospitals, the disposal gain from two HELIOS hospitals and one-time integration costs of Fenwal.

(2) Figures for the twelve months ended June 30, 2015 have been adjusted for costs regarding Fresenius Kabi's cost

efficiency program and one-time integration costs of Fenwal.

(3) Figures for the twelve months ended June 30, 2015 have been adjusted for integration costs for the acquired Rhön hospitals and the disposal gain from two HELIOS hospitals.

Summary of Our Key Strengths

Our business benefits from a number of key strengths, including:

- Leading market positions.
- Globally diversified presence in growing non-cyclical markets.
- Comprehensive product range.
- High barriers to entry.
- Vertically-integrated businesses.
- Strong and stable cash flow and proven deleveraging track record.
- Experienced management team.

Summary of Our Strategy

Following the key elements of our business strategy we plan to:

- Expand our market position.
- Extend our global presence.
- Strengthen innovation.
- Enhance profitability.

B.19 To the extent known
B.16 to the Guarantor,
state whether the
Guarantor is directly
or indirectly owned or
controlled and by
whom and describe
the nature of such
control

The Parent Guarantor is a listed company which is directly owned by the Else Kröner-Fresenius-Stiftung and other shareholders. The Else Kröner-Fresenius-Stiftung is the Parent Guarantor's major shareholder with a stake of 26.72% as of December 31, 2014 (25.1% as of August 19, 2015). The Parent Guarantor is controlled by its sole general partner, Fresenius Management SE, a wholly-owned subsidiary of the Else Kröner-Fresenius-Stiftung.

For more information on the corporate structure of the Group, please see Element B.5

B.19 Credit ratings as-
B.17 signed to the Guarantor or its debt securities at the request or with the cooperation of the Guarantor in the rating process

As of the date of this prospectus, the following credit ratings have been issued for the Parent Guarantor:⁽¹⁾⁽²⁾

	Standard & Poor's ⁽³⁾	Moody's ⁽⁴⁾	Fitch ⁽⁵⁾
Rating	BBB-	Ba1	BB+
Outlook	stable	stable	stable
(1) The European Securities and Markets Authority publishes on its website (http://www.esma.europa.eu/page/List-registered-and-certified-CRAs) a list of credit rating agencies registered in accordance with the CRA Regulation. That list is updated within five working days following the adoption of a decision under Article 16, 17 or 20 CRA Regulation. The European Commission shall publish that update list in the Official Journal of the European Union within 30 days following such update.			
(2) A credit rating assesses the creditworthiness of an entity and informs an investor therefore about the probability of the entity being able to redeem invested capital. It is not a recommendation to buy, sell or hold securities and may be revised or withdrawn by the rating agency at any time.			
(3) Standard & Poor's Credit Market Services Europe Limited (German Branch) is established in the European Community and is registered under the CRA Regulation. According to Standard & Poor's: "BBB- is considered lowest investment grade by market participants." "An obligor rated 'BBB' has adequate capacity to meet its financial commitments. However, adverse economic conditions or changing circumstances are more likely to lead to a weakened capacity of the obligor to meet its financial commitments. The ratings ... may be modified by the addition of a plus (+) or minus (-) sign to show relative standing within the major rating categories."			
(4) Moody's Deutschland GmbH is established in the European Community and is registered under the CRA Regulation. According to Moody's: "Obligations rated Ba are judged to have speculative elements and are subject to substantial credit risk. Moody's appends numerical modifiers 1, 2, and 3 to the respective rating classification ... The modifier 1 indicates that the obligation ranks in the higher end of its generic rating category."			
(5) Fitch Ratings Limited is established in the European Community and is registered under the CRA Regulation. According to Fitch: "'BB' ratings indicate an elevated vulnerability to default risk, particularly in the event of adverse changes in business or economic conditions over time; however, business or financial flexibility exists which supports the servicing of financial commitments. The modifiers '+' or '-' may be appended to a rating to denote relative status within major rating categories."			

B.19 B.1	Legal and commercial name of the Subsidiary Guarantor, Fresenius Kabi AG	The legal and commercial name of the Subsidiary Guarantor is Fresenius Kabi AG.
B.19 B.2	Domicile, legal form, legislation, country of incorporation	Fresenius Kabi AG is a stock corporation (<i>Aktiengesellschaft</i>) incorporated under and governed by the laws of Germany with its registered seat (<i>Sitz</i>) at Else-Kröner-Strasse 1, 61352 Bad Homburg vor der Höhe, Germany.
B.19 B.4b	Description of any known trends affecting the Subsidiary Guarantor and the industries in which it operates	Fresenius Kabi AG specializes in the therapy and care of chronically and critically ill patients in hospitals and in the out-patient setting. The health care sector is one of the world's largest industries. It is relatively insensitive to economic fluctuations compared to other sectors and has posted above-average growth over the past years. The major trends affecting the health care sector are: • rising medical needs deriving from aging populations; • the growing number of chronically ill or multimorbid patients; • stronger demand for innovative products and therapies; • advances in medical technology; • growing health consciousness, increasing the demand for health care services; and • ongoing cost-containment efforts and price pressure in the public health care sector. In the emerging markets additional trends are: • expanding availability and correspondingly greater demand for basic health care; and • increasing national incomes and hence higher spending on health care.
B.19 B.5	Description of the Group and the Subsidiary Guarantor's position within the Group	The Fresenius Group is headed by Fresenius SE & Co. KGaA which acts as holding company for the Group. Fresenius Kabi AG is a wholly-owned subsidiary of Fresenius SE & Co. KGaA. Fresenius Kabi AG acts as the holding company for our business segment Fresenius Kabi. Please see Element B.5.
B.19 B.9	Profit forecast or estimate	Not applicable; no profit forecast or estimate is made.
B.19 B.10	Qualifications in the audit report on the historical financial information	Not applicable; KPMG AG Wirtschaftsprüfungsgesellschaft issued respective unqualified auditor's reports on the unconsolidated financial statements of Fresenius Kabi AG for the fiscal years ended on December 31, 2014 and 2013.

B.19 Selected historical key financial information *Selected Unconsolidated Financial Data of Fresenius Kabi AG*

In accordance with German GAAP as of June 30, 2015, Fresenius Kabi AG had total assets of €3,262 million, total liabilities of €1,586 million, and, for the six months ended June 30, 2015, net income of €154 million (including income from participations).

	<u>Six months ended</u> <u>June 30,</u>	<u>2014</u>	<u>Year ended December 31,</u> <u>2014</u>	<u>2013</u>
	<u>2015</u>	<u>2014</u>	<u>2014</u>	<u>2013</u>
		(unaudited)		
		(million €)		
Sales	0	0	0	0
Profit from operations	154	182	206	149
Cash provided by operating activities	129	174	206	166
		<u>As at June 30,</u>	<u>At December 31,</u>	
		<u>2015</u>	<u>2014</u>	<u>2013</u>
		(unaudited)		
		(million €)		
Total assets		3,262	3,172	2,632
Equity		(1,657)	(1,657)	(1,657)

Statement that there has been no material adverse change in the prospects of the Guarantor since the date of its last published audited financial statements or a description of any material adverse change

There has been no material adverse change in the prospects of the Guarantor since December 31, 2014.

Description of significant changes in the financial or trading position subsequent to the period covered by the historical financial information

Not applicable; there has been no significant change in the financial or trading position of the Guarantor since June 30, 2015.

B.19 Description of any recent events particular to the Guarantor which are to a material extent relevant to the evaluation of the Guarantor's solvency

Not applicable; there are no recent events particular to the Guarantor which are to a material extent relevant to the evaluation of the Guarantor's solvency.

B.19 B.14 If any Guarantor is part of a group, a description of the group and the Guarantor's position within the group

Please see Element B.19.B.5.

If any Guarantor is dependent upon other entities within the group, this must be

The Subsidiary Guarantor functions exclusively as a holding company for our business segment Fresenius Kabi and has no independent operations and derives substantially all of its revenue and cash from its operating subsidiaries. The Subsidiary Guarantor's ability to meet its obligations on its Guarantee is dependent upon the profitability and cash flow of its subsidiaries

	clearly stated	and payments by such subsidiaries to them in the form of loans, dividends, fees or otherwise.
B.19 B.15	Description of the Guarantor's principal activities	Fresenius Kabi holds leading positions in intravenously administered generic drugs, clinical nutrition and infusion therapies for seriously and chronically ill patients in the hospital and out-patient settings. The company is also a leading supplier of medical devices for the administration of these therapies, and transfusion technology products.
B.19 B.16	To the extent known to the Guarantor, state whether the Guarantor is directly or indirectly owned or controlled and by whom and describe the nature of such control	The Subsidiary Guarantor is directly owned and controlled by the Parent Guarantor. For more information on the corporate structure of the Group, please see Element B.5.
B.19 B.17	Credit ratings assigned to any Guarantor or its debt securities at the request or with the cooperation of any Guarantor in the rating process	Not applicable; the Subsidiary Guarantor has not been assigned any credit rating with their cooperation or at its request.
B.19 B.1	Legal and commercial name of the Subsidiary Guarantor, Fresenius Proserve GmbH	The legal and commercial name of the Subsidiary Guarantor is Fresenius Proserve GmbH.
B.19 B.2	Domicile, legal form, legislation, country of incorporation	Fresenius ProServe GmbH is a private limited company (Gesellschaft mit beschränkter Haftung) incorporated under and governed by the laws of Germany with its registered seat (Sitz) at Else-Kröner-Strasse 1, 61352 Bad Homburg vor der Höhe, Germany.
B.19 B.4b	Description of any known trends affecting the Subsidiary Guarantor and the industries in which it operates	Fresenius Proserve GmbH is a holding company for our Fresenius Vamed and Fresenius Helios business segments. Fresenius Helios is the largest hospital operator in Germany and owned 111 hospitals as of June 30, 2015. Fresenius Vamed is one of the leading international providers of engineering, construction and maintenance services to hospitals and other health care facilities worldwide. The health care sector is one of the world's largest industries. It is relatively insensitive to economic fluctuations compared to other sectors and has posted above-average growth over the past years. The major trends affecting the health care sector are: • rising medical needs deriving from aging populations; • the growing number of chronically ill or multimorbid patients; • stronger demand for innovative products and therapies; • advances in medical technology; • growing health consciousness, increasing the demand for health care services and facilities; and • ongoing cost-containment efforts and price pressure in the public health care sector. In the emerging markets additional trends are: • expanding availability and correspondingly greater demand for basic health care; and

- increasing national incomes and hence higher spending on health care.

B.19 B.5 Description of the Group and the Subsidiary Guarantor's position within the Group The Fresenius Group is headed by Fresenius SE & Co. KGaA which acts as holding company for the Group. Fresenius ProServe GmbH is a wholly-owned subsidiary of Fresenius SE & Co. KGaA. Fresenius ProServe GmbH acts as the holding company for our business segments Fresenius Helios and Fresenius Vamed.

Please see Element B.5.

B.19 B.9 Profit forecast or estimate Not applicable; no profit forecast or estimate is made.

B.19 B.10 Qualifications in the audit report on the historical financial information Not applicable; KPMG AG Wirtschaftsprüfungsgesellschaft issued respective unqualified auditor's reports on the unconsolidated financial statements of Fresenius Proserve GmbH for the fiscal years ended on December 31, 2014 and 2013.

B.19 B.12 Selected historical key financial information *Selected Unconsolidated Financial Data of Fresenius ProServe GmbH*

In accordance with German GAAP as of June 30, 2015, Fresenius ProServe GmbH had total assets of €5,737 million, total liabilities of €610 million and, for the six months ended June 30, 2015, a net income of €183 million (including income from participations).

	Six months ended		Year ended December 31,	
	<u>June 30,</u>		<u>2014</u>	<u>2013</u>
	<u>2015</u>	<u>2014</u>	(unaudited)	
			(million €)	
Sales	0	0	0	0
Profit from operations	183	217	335	263
Cash provided by operating activities	182	218	338	264
	<u>As at June 30,</u>		<u>At December 31,</u>	
	<u>2015</u>		<u>2014</u>	<u>2013</u>
			(unaudited)	
			(million €)	
Total assets		5,737	5,887	2,795
Equity		(5,115)	(5,115)	(2,105)

Statement that there has been no material adverse change in the prospects of the Guarantor since the date of its last published audited financial statements or a description of any material adverse change There has been no material adverse change in the prospects of the Guarantor since December 31, 2014.

Description of significant changes in the financial or trading position subsequent to the period covered by the historical financial information Not applicable; there has been no significant change in the financial or trading position of the Guarantor since June 30, 2015.

B.19 Description of any recent events particu- Not applicable; there are no recent events particular to the Guarantor which are to a material

B.13	lar to the Guarantor which are to a material extent relevant to the evaluation of the Guarantor's solvency	extent relevant to the evaluation of the Guarantor's solvency.
B.19 B.14	If any Guarantor is part of a group, a description of the group and the Guarantor's position within the group	Please see Element B.19.B.5.
	If any Guarantor is dependent upon other entities within the group, this must be clearly stated	The Subsidiary Guarantor functions exclusively as a holding company for our business segments Fresenius Helios and Fresenius Vamed and has no independent operations and derives substantially all of its revenue and cash from its operating subsidiaries. The Subsidiary Guarantor's ability to meet its obligations on its Guarantee is dependent upon the profitability and cash flow of its subsidiaries and payments by such subsidiaries to them in the form of loans, dividends, fees or otherwise.
B.19 B.15	Description of the Guarantor's principal activities	Fresenius ProServe GmbH is a holding company for our business segments Fresenius Helios and Fresenius Vamed. Fresenius Helios is the largest hospital operator in Germany and owned 111 hospitals (as of June 30, 2015), including seven maximum care hospitals, with more than 34,000 beds with a focus on providing acute treatment and post-acute care (medical rehabilitation) and treats more than 4.5 million patients per year, thereof 1.2 million inpatients. Fresenius Vamed is one of the leading international providers of engineering, construction and maintenance services to hospitals and other health care facilities worldwide and is focused on the therapy and care of chronically and critically ill patients in hospitals and in the outpatient setting.
B.19 B.16	To the extent known to the Guarantor, state whether the Guarantor is directly or indirectly owned or controlled and by whom and describe the nature of such control	The Subsidiary Guarantor is directly owned and controlled by the Parent Guarantor. For more information on the corporate structure of the Group, please see Element B.5.
B.19 B.17	Credit ratings assigned to any Guarantor or its debt securities at the request or with the cooperation of any Guarantor in the rating process	Not applicable; the Subsidiary Guarantor has not been assigned any credit rating with their cooperation or at its request.

C — SECURITIES

C.1	Type and class of securities offered and to be admitted to

trading, including any securities identification numbers

Type \$ 4.50% senior notes due 2023.

Class The Notes will be senior unsecured obligations of the Issuer. The Notes will be guaranteed on a senior unsecured basis by the Parent Guarantor and the Subsidiary Guarantors.

Securities Identification Number	ISIN:	CUSIP:
	USU31436AH86 (Reg S)	U31436 AH8 (Reg S)
	US35804GAK40 (144A)	35804G AK8 (144A)

C.2 Currency of the Notes The Notes will be denominated in U.S. dollar.

C.5 Restrictions on the free transferability of the Notes

Transfer Restrictions Not applicable. The Notes are freely transferable.

C.8 Rights attached to the Notes, Ranking, Limitation of the Rights

Optional Redemption At any time, the Issuer may redeem all or part of the Notes at a redemption price equal to 100% of the principal amount thereof, together with accrued and unpaid interest, if any, to the date of redemption and plus a “make-whole” premium as set forth in this prospectus. No “make-whole” premium will be payable in connection with a redemption of the relevant issue of Notes during the 90 days prior to the maturity date.

Change of Control Upon the occurrence of a “Change of Control” and a “Ratings Decline” (each as defined herein), noteholders have the right to require us to redeem all or any part of your Notes at a redemption price in cash equal to 101% of their principal amount, together with accrued and unpaid interest, if any.

Ranking of the Notes The Notes will be senior unsecured obligations of the Issuer and will:

- rank equally in right of payment with all of the Issuer’s existing and future indebtedness that is not subordinated in right of payment to the Notes, including the Outstanding Senior Notes of which it is the issuer;
- rank senior in right of payment to all of the Issuer’s existing and future indebtedness that is subordinated in right of payment to the Notes;
- be effectively subordinated in right of payment to all of the Issuer’s existing and future indebtedness that is secured by liens on assets to the extent of the value of the assets securing such indebtedness; and
- be structurally subordinated in right of payment to any obligations of the Parent Guarantor’s subsidiaries (other than the Subsidiary Guarantors).

Ranking of the Guar- The Guarantees will:

antees	• rank equally in right of payment with each of the Guarantors' existing and future indebtedness that is not subordinated in right of payment to the Guarantees (including obligations in respect of the 2013 Senior Credit Agreement and the Outstanding Senior Notes), subject to legal limitations on their enforceability; • rank senior in right of payment to all of the Guarantors' existing and future indebtedness that is subordinated in right of payment to the Guarantees; and • be effectively subordinated in right of payment to all of the Guarantors' existing and future indebtedness that is secured by liens on assets (including obligations in respect of the 2013 Senior Credit Agreement) to the extent of the value of the assets securing such indebtedness.

Limitation of the Rights (Tax Redemption)	No "make-whole" premium must be paid if the Notes are redeemed after certain changes in the law of any relevant taxing jurisdiction become effective that would impose withholding taxes or other deductions on the payments on the Notes.

C.9 Interest rate; Interest payment dates; Maturity date; Yield

Rights Attached to the Notes, Ranking, Limitation of the Rights	See C.8

Interest Rate	The Notes will bear interest from and including September 25, 2015 to, but excluding, January 15, 2023 at a rate of 4.50% per annum, payable semi-annually in arrears on January 15th and July 15th of each year, commencing January 15, 2023.

Maturity Date	January 15, 2023

Indication of yield	The yield of the Notes will be determined on the pricing date which is expected to be on or prior to the Issue Date of the Notes.

Trustee (Debt-holder representative)	The Bank of New York Mellon, London Branch

C.10 Derivative component in interest on Notes	Please see C.9. Not applicable; there is no derivate component in the interest to be paid in respect of the Notes.

C.11 Listing and admission to trading of the Notes

Admission to Trading	Application has been made to admit the Notes to trading on the regulated market of the Luxembourg Stock Exchange.

D — RISKS

D.2 Key information on the key risks that are specific to the Issuer	The Issuer will on-lend the proceeds from the sale of the Notes under intercompany loans. The Issuer intends to service and repay the Notes out of the payments it receives under these intercompany loans. The Issuer has no other material assets or sources of revenue except for its claims under various intercompany receivables. Accordingly, the Issuer's ability to service and repay the Notes depends on the ability of the counterparties to the intercompany loans to

service such indebtedness. Therefore, in meeting its payment obligations under the Notes, the Issuer is wholly dependent on the profitability and cash flow of the counterparties to the intercompany loans to which it is a party.

D.3 Key information on the key risks that are specific to the Guarantors and the Notes

An investment in the Notes is subject to risks. Therefore, investors should carefully consider the following risks and the other information contained in this prospectus when deciding whether to invest in the Notes. The key risks we face relate to the ability of investors to seek payment under or enforcement of the Guarantees, the regulation and legal structures affecting our business, competition, economic conditions, markets, litigation, acquisitions and growth, indebtedness levels and financing, and product and technology developments. In addition, the Notes entail risks specific to them.

The market price of the Notes could fall if any of these risks were to materialize, in which case investors could lose some or all of their investment. Below is a list of the headlines for the risk factors we have identified in preparing this prospectus. These risks, alone or together with additional risks and uncertainties not currently known to the Company, or that the Company might currently deem immaterial, could materially adversely affect our business, financial condition, and results of operations.

Risks Relating to the Guarantors

- German insolvency laws may preclude the recovery of payments due under the guarantees.
- The Parent Guarantor relies on distributions from its subsidiaries to meet its payment obligations.
- Enforcement of the Guarantees against the Subsidiary Guarantors may be limited, and the Subsidiary Guarantors derive substantially all of their revenue and cash from their operating subsidiaries.

Risks Relating to Our Business

- If we do not comply with the health care or other governmental regulations applicable to our businesses, we could be subject to civil or criminal penalties and excluded from government health care reimbursement programs in the United States and other countries, or our authorization to conduct business could be terminated, either of which could result in a material decrease in our sales and operating profit.
- If our joint ventures violate the law, our business could be adversely affected.
- A change in government reimbursement for our products or services, including dialysis care, could materially decrease our sales and operating profit.
- We could be adversely affected if we experience shortages of components or material price increases from our suppliers.
- A change in the utilization of erythropoietin stimulating agents could materially impact our revenues and operating profit. An interruption of supply or our inability to obtain satisfactory terms for erythropoietin stimulating agents could reduce our revenues and operating profit.
- Proposals for health care reform, or relating to regulatory approvals, or changes to legal practice, could decrease our revenues and operating profit.
- A significant portion of Fresenius Medical Care's North American profits are dependent on the services it provides to a minority of its patients who are covered by private insurance.
- Significant competition could adversely affect our sales in our business segments and our ability to grow.
- If physicians and other referral sources cease referring patients to Fresenius Medical Care's clinics or cease prescribing Fresenius Medical Care's products, our sales could decrease.
- Global economic conditions as well as further disruptions in financial markets could

have an adverse effect on our businesses.

- Market developments and government actions regarding the sovereign debt crisis in Europe could adversely affect our business, financial condition, results of operations and liquidity.
- We operate in many different jurisdictions and we could be adversely affected by violations of the U.S. Foreign Corrupt Practices Act and similar worldwide anti-corruption laws.
- We face specific risks from international operations.
- We face risks and uncertainties from emerging markets.
- Changes in foreign exchange rates could have adverse effects on our financial results and on our ability to repay debt; our hedging efforts may be unsuccessful.
- Our indebtedness imposes restrictions.
- Despite our substantial indebtedness, we may still be able to incur significantly more debt; this could intensify the risks described above.
- Our leverage could adversely affect our financial condition, prevent us from fulfilling our debt-service obligations, or prevent us from pursuing certain aspects of our business strategy.
- Acquisitions may place a financial burden on us. We face competition from other companies for suitable acquisition targets. Our growth depends, in part, on our ability to continue to make acquisitions.
- The integration of past and future acquisitions, and the successful completion and integration of planned or proposed acquisitions, involves inherent uncertainties and risks.
- Our efforts to develop successful new products and therapies may fail to achieve the desired results or may fail to generate substantial revenue streams.
- Fresenius Helios's planned growth presents us with certain risks. In addition, we are dependent on contracts with German public health insurance funds and government social security insurance authorities.
- If we are unable to attract and retain skilled medical, technical and engineering personnel, we may be unable to manage our growth or continue our technological development.
- Our in-licensing of rights to, or acquisition and commercialization of, proprietary or other specialty injectable products might not be successful, and we may never receive any return on our investment in these product candidates.
- We are exposed to product liability, patent infringement, and other claims, which could result in significant costs and liability that we may not be able to insure on acceptable terms in the future.
- Fresenius Medical Care's pharmaceutical product business could lose sales to generic drug manufacturers or new branded drugs.
- A failure of products to meet the quality standards expected by our customers could materially adversely affect our business and reputation.
- The tax authorities could take positions that require us to make additional tax payments.

Risk factors specific to an investment in the Notes

- The Notes are structurally subordinated to other creditors of non-guarantors or to secured creditors to the extent of the value of the collateral.
- We may not have the ability to raise the funds necessary to finance a change of control offer as required by the Indenture.
- There can be no guarantee regarding the development of the trading market for the Notes.
- Credit ratings may not reflect all risks of an investment in the Notes; they are not

recommendations to buy or hold securities, and are subject to revision, suspension, or withdrawal at any time.

- Holders of Additional Notes may not have independent rights to give notice under the Indenture.
- An investment in the Notes inherently involves substantial risks, including the potential for default.
- The Notes will be subject to FATCA and payments to or beneficially owned by certain non-US financial institutions may be subject to withholding tax for which no gross-up will be paid.

E — OFFER

E.2b	Reasons for the Offer and use of proceeds	The net proceeds of this offering will be used to refinance short term debt and to extend our maturity profile.
E.3	Terms and conditions of the Offer	
	Offer of the Notes	Not applicable; the Notes have already been sold.
	Simultaneous offering	The Notes were sold to the Initial Purchasers and allocated in private placements of the securities to qualified institutional buyers and institutional investors in certain jurisdictions. No securities were reserved for any particular category of investor or for investors of any particular country or jurisdiction.
	Delivery of the Notes to investors	Delivery and payment of the Notes is expected to occur on September 25, 2015.
E.4	Description of any interest that is material to the issue/offer including conflicting interests	Not applicable; there are no interests of natural and legal persons other than the Issuers, the Guarantors and the Initial Purchasers involved in the issue, including conflicting ones, that are material to the issue. The Notes will be subordinated to any of the Issuer's and the Guarantors' secured debt to the extent of the value of the assets securing such debt. As a result, the Notes will be subordinated to the debt under the 2013 Senior Credit Agreement, to the extent of the collateral granted to secure such debt. Certain Initial Purchasers or their affiliates are agents and/or lenders under the 2013 Senior Credit Agreement.
E.7	Estimated expenses charged to the investor by the Issuer or the Offeror	Not applicable; neither the Issuer nor any of its affiliates will charge any expense to investors in the Notes offered hereby.

GERMAN TRANSLATION OF THE SUMMARY OF THE PROSPECTUS ZUSAMMENFASSUNG

Zusammenfassungen bestehen aus geforderten Angaben, die als „Elemente“ bezeichnet sind. Diese Elemente sind in den Abschnitten A — E (A.1 — E.7) fortlaufend nummeriert.

Diese Zusammenfassung enthält alle Elemente, die für die vorliegende Art von Wertpapieren und Emittenten in eine Zusammenfassung aufzunehmen sind. Da einige Elemente nicht behandelt werden müssen, können in der Nummerierungsreihenfolge der Elemente Lücken auftreten.

Selbst wenn ein Element wegen der Art der Wertpapiere und des Emittenten in die Zusammenfassung aufgenommen werden muss, ist es möglich, dass in Bezug auf dieses Element keine relevanten Informationen offengelegt werden können. In diesem Fall enthält die Zusammenfassung eine kurze Beschreibung des Elements mit dem Hinweis „Entfällt“.

A — EINLEITUNG UND WARNHINWEISE

A.1	Einleitung und Warnhinweise	Warnhinweis, dass • diese Zusammenfassung als Einleitung zu diesem Prospekt verstanden werden sollte, • sich der Anleger bei jeder Entscheidung, in die Schuldverschreibungen zu investieren, auf diesen Prospekt als Ganzen stützen sollte, • ein Anleger, der wegen der in diesem Prospekt enthaltenen Angaben Klage einreichen will, nach den nationalen Rechtsvorschriften seines Mitgliedstaats möglicherweise für die Übersetzung dieses Prospekts aufkommen muss, bevor das Verfahren eingeleitet werden kann, und • zivilrechtlich nur diejenigen Personen haften, die die Zusammenfassung samt etwaiger Übersetzungen vorgelegt und übermittelt haben, und dies auch nur für den Fall, dass die Zusammenfassung verglichen mit den anderen Teilen dieses Prospekts irreführend, unrichtig oder inkohärent ist oder verglichen mit den anderen Teilen dieses Prospekts wesentliche Angaben, die in Bezug auf Anlagen in die betreffenden Schuldverschreibungen für die Anleger eine Entscheidungshilfe darstellen, vermissen lassen.
A.2	Zustimmung des Emittenten zur Weiterveräußerung oder endgültigen Platzierung	Nicht Anwendbar. Die Schuldverschreibungen wurden schon an Goldman Sachs International, Citigroup Global Markets Inc., HSBC Securities (USA) Inc., Mizuho Securities USA Inc., Barclays Bank PLC, Commerz Markets LLC, Scotia Capital (USA) Inc., and SMBC Nikko Capital Markets Limited (die „ Ersterwerber “) verkauft und an institutionelle Anleger platziert.

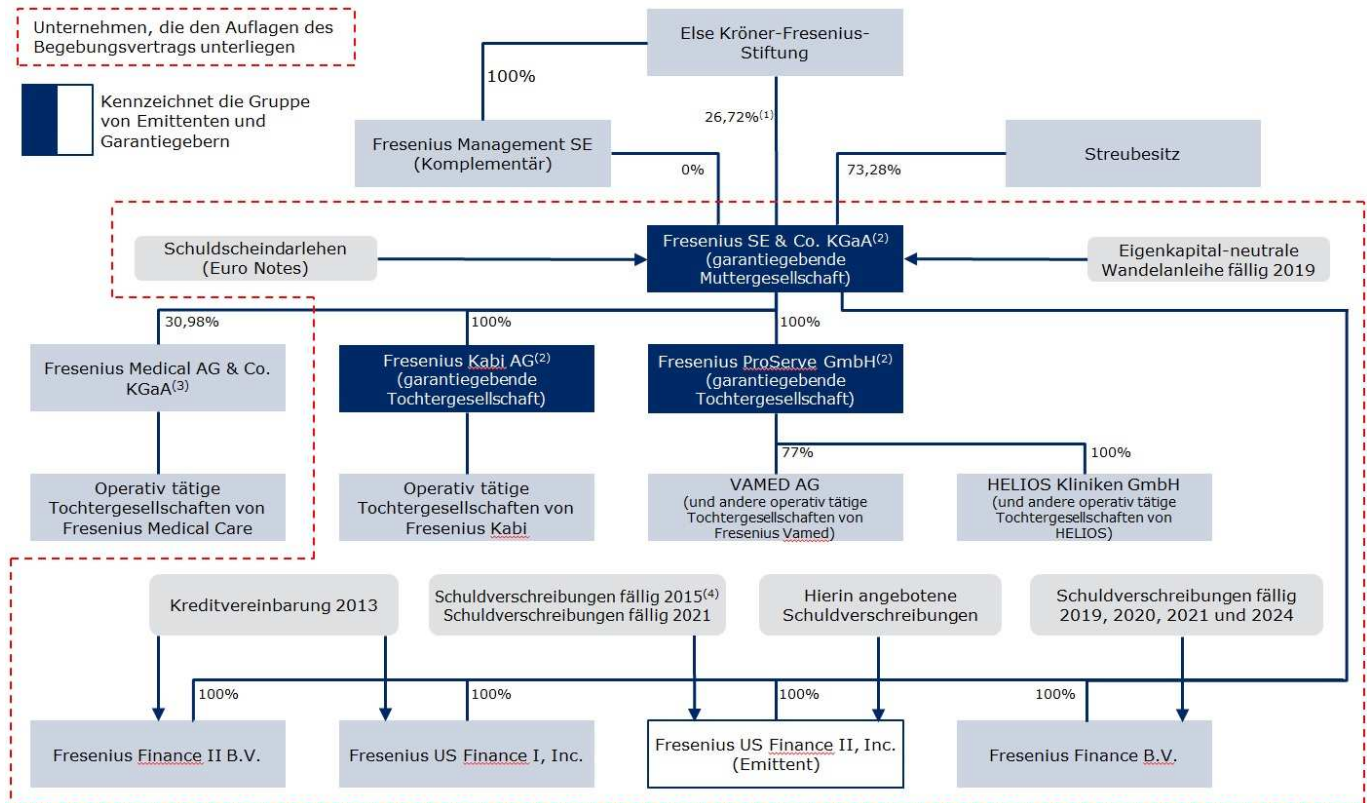
B — EMITTENT UND GARANTIEGEBER

B.1	Juristischer und kommerzieller Name des Emittenten	Die gesetzliche und kommerzielle Bezeichnung des Emittenten ist Fresenius US Finance II, Inc. (der „ Emittent “)
B.2	Sitz, Rechtsform, geltendes Recht, Land der Gründung	Die Fresenius Finance US Finance II, Inc. ist eine nach amerikanischem Recht errichtete Aktiengesellschaft (Delaware stock corporation) mit eingetragenem Sitz in Wilmington, Delaware, United States.
B.4b	Beschreibung von bekannten Trends, die sich auf den Emittenten und die Branchen, in denen er tätig ist, auswirken	Entfällt. Es existieren keine bekannten Trends, die sich auf den Emittenten auswirken.

B.5 Beschreibung des Konzerns und der Stellung des Emittenten innerhalb des Konzerns

Die Konzernobergesellschaft des Fresenius-Konzerns ist die Fresenius SE & Co. KGaA, die als Holdinggesellschaft für den Konzern agiert. Fresenius US Finance II, Inc. ist eine 100%ige Tochtergesellschaft der Fresenius SE & Co. KGaA

Das nachfolgende Schaubild stellt, in verkürzter Form, die Gesellschaftsstruktur und verschiedene Darlehensverpflichtungen des Fresenius-Konzerns zum 30. Juni 2015, unmittelbar nach der Emission der Schuldverschreibungen, dar. Die Garantiegeber und einige ihrer Tochtergesellschaften unterliegen verschiedenen Auflagen aus dem Begebungsvertrag (*Indenture*).



- (1) Unsere Konzernstruktur zum Zeitpunkt der Veröffentlichung dieses Prospekts unterscheidet sich nicht wesentlich von unserer Konzernstruktur am 30. Juni 2015. Die Else Kröner-Fresenius-Stiftung als größter Anteilseigner hat der Gesellschaft im Dezember 2014 mitgeteilt, dass sie 144.695.094 Stammaktien der Fresenius SE & Co. KGaA hält. Dies entsprach am 31. Dezember 2014 einem Anteil von 26,72 % des gezeichneten Kapitals. Die Else Kröner-Fresenius-Stiftung hat der Gesellschaft am 19. August 2015 mitgeteilt, dass ihr Anteil am gezeichneten Kapital der Fresenius SE & Co. KGaA zu diesem Tag 25,1 % betragen hat.
- (2) Die Garantiegeber haben jeweils Garantien für die ausstehenden Schuldverschreibungen sowie die in diesem Prospekt angebotenen Schuldverschreibungen abgegeben. Anders als angegeben werden die Schuldverschreibungen von keiner anderen Tochtergesellschaft der garantiegebenden Muttergesellschaft garantiert.
- (3) Die Fresenius SE & Co. KGaA hielt am 30. Juni 2015 einen Anteil von 30,98 % der ausstehenden stimmberechtigten Stammaktien der FMC AG & Co. KGaA. Die FMC AG & Co. KGaA ist eine deutsche Kommanditgesellschaft auf Aktien. Die Fresenius Medical Care Management AG, der voll haftende Komplementär der FMC AG & Co. KGaA, ist eine 100%ige Tochtergesellschaft der Fresenius SE & Co. KGaA. Da bei deutschen Kommanditgesellschaften auf Aktien die Unternehmensentscheidungen durch den Komplementär getroffen werden, übt die Fresenius SE & Co. KGaA gemäß der Satzung der FMC AG & Co. KGaA die faktische Kontrolle über die FMC AG & Co. KGaA aus, solange ihr Anteil am Aktienkapital der FMC AG & Co. KGaA über 25 % beträgt. Da durch diese faktische Kontrolle die Konsolidierungsvoraussetzungen erfüllt sind, wird Fresenius Medical Care in den Konzernabschlüssen der Fresenius SE & Co. KGaA voll konsolidiert. Obwohl Fresenius Medical Care aufgrund der Konzernstruktur in den Konzernabschlüssen der Fresenius SE & Co. KGaA vollkonsolidiert wird, ist die Finanzierung von Fresenius Medical Care vom restlichen Konzern getrennt. Es gibt weder gemeinsam genutzte externe Finanzierungsfazilitäten noch gegenseitige Garantien. Die Unternehmensbereiche Fresenius Kabi, Fresenius Helios und Fresenius Vamed werden vorwiegend durch die Fresenius SE & Co. KGaA und Finanzierungsgesellschaften finanziert, um strukturelle Nachrangigkeit zu vermeiden. Fresenius Medical Care hat keine Garantien in Bezug auf die Kreditvereinbarung 2013 oder die von den Finanzierungsgesellschaften der Fresenius SE & Co. KGaA ausgegebenen Schuldverschreibungen, einschließlich der in diesem Prospekt angebotenen Schuldverschreibungen, abgegeben. Daher wird weder Fresenius Medical Care an die Bedingungen der gemäß diesem Prospekt ausgegebenen Schuldverschreibungen gebunden sein, noch wird sie selbst oder ihre Tochtergesellschaften den Auflagen des Begebungsvertrags oder den Bedingungen der noch ausstehenden Schuldverschreibungen unterliegen.
- (4) Die Fresenius US Finance II, Inc. emittierte 9,00 % Schuldverschreibungen (Senior Notes) mit einem Nennbetrag von insgesamt 500 Mio. US\$ und 8,75 % Schuldverschreibungen mit einem Nennbetrag von insgesamt 275 Mio. €, jeweils mit Fälligkeit am 15. Juli 2015. Diese Schuldverschreibungen wurden durch Nutzung kurzfristig verfügbarer Finanzquellen zurückbezahlt. Erlöse aus dem Angebot werden genutzt werden, um diese kurzfristigen Finanzquellen zu refinanzieren.

B.9	Gewinnprognosen oder Gewinnsschätzungen	Entfällt. Es wurden keine Gewinnprognosen oder Gewinnsschätzungen getätigt.																																																												
B.10	Einschränkungen in dem Prüfungsbericht bezüglich der historischen Finanzinformationen	Entfällt. Die KPMG LLP hat einen uneingeschränkten Bestätigungsvermerk bezüglich der unkonsolidierten Abschlüsse des Emittenten für die zum 31. Dezember 2013 und 2014 endenden Geschäftsjahre erteilt.																																																												
B.12	Ausgewählte wesentliche historische Finanzinformationen	Ausgewählte unkonsolidierte wesentliche Finanzinformationen des Emittenten Am 30. Juni 2015 verfügte der Emittent gemäß U.S. GAAP über Vermögenswerte in Höhe von insgesamt 1.210 Mio. US\$, die hauptsächlich aus Finanzanlagevermögen in Höhe von 1.182 Mio. US\$, flüssigen Mitteln in Höhe von 405 Tausend US\$ und einem Eigenkapital in Höhe von 64 Mio. US\$ bestanden. <table><tr><td></td><td>1. Januar bis 30. Juni</td><td></td><td colspan="2">Geschäftsjahr zum 31. Dezember</td></tr><tr><td></td><td>2015</td><td>2014</td><td>2014</td><td>2013</td></tr><tr><td></td><td colspan="2">(ungeprüft)</td><td></td><td></td></tr><tr><td></td><td></td><td>(in Mio. US\$)</td><td></td><td></td></tr><tr><td>Umsatz.....</td><td>0</td><td>0</td><td>0</td><td>0</td></tr><tr><td>Ergebnis der gewöhnlichen Geschäftstätigkeit</td><td>2</td><td>2</td><td>5</td><td>5</td></tr><tr><td>Operativer Cashflow</td><td>1</td><td>1</td><td>3</td><td>3</td></tr><tr><td></td><td>Zum 30. Juni 2015</td><td></td><td colspan="2">Zum 31. Dezember</td></tr><tr><td></td><td>(ungeprüft)</td><td></td><td>2014</td><td>2013</td></tr><tr><td></td><td></td><td>(in Mio. US\$)</td><td></td><td></td></tr><tr><td>Bilanzsumme Aktiva.....</td><td>1.210</td><td></td><td>1.236</td><td>967</td></tr><tr><td>Eigenkapital</td><td>(64)</td><td></td><td>(62)</td><td>(52)</td></tr></table>		1. Januar bis 30. Juni		Geschäftsjahr zum 31. Dezember			2015	2014	2014	2013		(ungeprüft)						(in Mio. US\$)			Umsatz.....	0	0	0	0	Ergebnis der gewöhnlichen Geschäftstätigkeit	2	2	5	5	Operativer Cashflow	1	1	3	3		Zum 30. Juni 2015		Zum 31. Dezember			(ungeprüft)		2014	2013			(in Mio. US\$)			Bilanzsumme Aktiva.....	1.210		1.236	967	Eigenkapital	(64)		(62)	(52)
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Eigenkapital	(64)		(62)	(52)																																																										
	Erklärung, dass keine wesentlichen nachteiligen Veränderungen in den Geschäftsaussichten des Emittenten seit dem Veröffentlichungsdatum der letzten geprüften Abschlüsse eingetreten sind	Es sind keine wesentlichen nachteiligen Veränderungen in den Geschäftsaussichten des Emittenten seit dem 31. Dezember 2014 eingetreten.																																																												
	Beschreibung von wesentlichen Veränderungen in der Finanzlage oder der Handelsposition des Emittenten, die nach dem von den historischen Finanzinformationen abgedeckten Zeitraum eingetreten sind	Der Emittent hat im Juli 2015 seine Schuldverschreibungen (Senior Notes) bei Fälligkeit im Juli 2015 zurückgezahlt.																																																												

B.13	Beschreibung aller Ereignisse aus der jüngsten Zeit der Geschäftstätigkeit des Emittenten, die für die Bewertung seiner Zahlungsfähigkeit in hohem Maße relevant sind	Entfällt. Es sind in der jüngsten Zeit der Geschäftstätigkeit des Emittenten keine Ereignisse aufgetreten, die für die Bewertung der Zahlungsfähigkeit des Emittenten in hohem Maße relevant sind.
B.14	Falls der Emittent Teil eines Konzerns ist, eine Beschreibung des Konzerns sowie der Stellung des Emittenten innerhalb des Konzerns	Siehe Element B.5.
	Falls der Emittent von anderen Unternehmen des Konzerns abhängig ist, muss dies angegeben werden	Der Emittent ist eine 100%ige Finanzierungstochtergesellschaft der garantierenden Muttergesellschaft und wird die Erlöse aus dem Verkauf der Schuldverschreibungen in Form von konzerninternen Darlehen weiterleiten. Der Emittent beabsichtigt, unter den Schuldverschreibungen zu leistende Zahlungen aus den Einnahmen aus den konzerninternen Darlehen zu tätigen. Der Emittent hat außer den Rückzahlungsansprüchen aus den konzerninternen Darlehen keine anderen wesentlichen Vermögenswerte oder Einnahmequellen. Dementsprechend hängt die Fähigkeit des Emittenten, Zahlungen unter den Schuldverschreibungen tätigen zu können, von der Fähigkeit der Schuldner unter den konzerninternen Darlehen ab, entsprechende Zahlungen leisten zu können. Deswegen ist der Emittent hinsichtlich der Erfüllung seiner Zahlungsverpflichtungen unter den Schuldverschreibungen vollumfänglich von der Profitabilität und den Zahlungsmittelzuflüssen der Schuldner der konzerninternen Darlehen, bei denen er Vertragspartei ist, abhängig.
B.15	Beschreibung der wesentlichen Geschäftstätigkeiten des Emittenten	Der Hauptgeschäftszweck des Emittenten ist die Finanzierung des Fresenius-Konzerns (außer der Fresenius Medical Care) durch die Emission von Schuldverschreibungen und durch die Aufnahme von anderen Darlehensmitteln durch Darlehensverträge, wobei die Einnahmen an die Garantiegeber bzw. deren jeweilige Tochtergesellschaften weitergeleitet werden, um Geschäftsaktivitäten des Fresenius-Konzerns (außer der Fresenius Medical Care) zu finanzieren. Neben diesen Geschäftstätigkeiten betreibt der Emittent keine weiteren wesentlichen geschäftlichen Aktivitäten.
B.16	Soweit dem Emittenten bekannt, ist darzulegen, ob an ihm unmittelbare oder mittelbare Beteiligungen oder Beherrschungsverhältnisse bestehen, wer diese Beteiligungen hält bzw. die Beherrschung ausübt und welcher Art die Beherrschung ist	Der Emittent steht in unmittelbarem Eigentum der garantierenden Muttergesellschaft und wird auch von dieser kontrolliert.
B.17	Ratings, die im Auftrag des Emittenten oder in Zusammenarbeit mit ihm beim	Entfällt. Zum Zeitpunkt dieses Prospekts sind für den Emittenten selbst keine Ratings in seinem Auftrag oder in Zusammenarbeit mit ihm vergeben worden.

Ratingverfahren für den Emittenten oder seine Schuldtitel erstellt wurden

Für Schuldverschreibungen des Emittenten sind folgende Ratings erstellt worden:⁽¹⁾⁽²⁾

Fresenius US Finance II, Inc.	Standard & Poor's⁽³⁾	Moody's⁽⁴⁾
US\$ 300 Mio. 4,250 % Schuldverschreibungen (Senior Notes) fällig 2021	BB+	Ba1

- (1) Die Europäische Wertpapier- und Marktaufsichtsbehörde veröffentlicht auf ihrer Webseite (<http://www.esma.europa.eu/page/List-registered-and-certified-CRAS>) ein Verzeichnis der nach der Verordnung (EG) Nr. 1060/2009 des Europäischen Parlaments und des Rates vom 16. September 2009 über Ratingagenturen in ihrer jeweils geltenden Fassung (die **„Ratingverordnung“**) registrierten Ratingagenturen. Dieses Verzeichnis wird innerhalb von fünf Werktagen nach Annahme eines Beschlusses gemäß Artikel 16, 17 oder 20 der Ratingverordnung aktualisiert. Die Europäische Kommission veröffentlicht das aktualisierte Verzeichnis im Amtsblatt der Europäischen Union innerhalb von 30 Tagen nach der Aktualisierung.
- (2) Ein Rating beurteilt die Bonität eines Unternehmens und informiert einen Anleger somit über die Wahrscheinlichkeit, mit der das Unternehmen zur Rückzahlung des investierten Kapitals in der Lage ist. Es ist keine Empfehlung zum Kauf, Verkauf oder Halten von Wertpapieren und kann von der Ratingagentur jederzeit geändert oder widerrufen werden.
- (3) Standard & Poor's Credit Market Services Europe Limited (Zweigniederlassung Deutschland) ist eine in der Europäischen Gemeinschaft ansässige und gemäß der Ratingverordnung registrierte Ratingagentur. Nach Standard & Poor's wird BB+ von Marktteilnehmern als beste Bewertung für spekulative Anlagen angesehen. Nach Standard & Poor's ist bei einer mit „BB“ bewerteten Verbindlichkeit ein Zahlungsausfall weniger wahrscheinlich als bei anderen spekulativen Emissionen. Dennoch ist die Verbindlichkeit größeren fortlaufenden Unwägbarkeiten und nachteiligen Geschäfts-, Finanz-, und Wirtschaftsbedingungen ausgesetzt, welche dazu führen könnten, dass der Schuldner nicht in der Lage ist, seine finanziellen Verpflichtungen aus der Verbindlichkeit zu bedienen. Die Bewertungen ... können durch das Hinzufügen eines Plus- (+) oder eines Minuszeichens (-) ergänzt werden, die die relative Einordnung innerhalb der wesentlichen Ratingkategorien anzeigen.
- (4) Moody's Deutschland GmbH ist eine in der Europäischen Gemeinschaft ansässige und gemäß der Ratingverordnung registrierte Ratingagentur. Nach Moody's sind mit „Ba“ bewertete Verbindlichkeiten als solche zu werten, die spekulative Bestandteile besitzen und ein substantielles Kreditrisiko beinhalten. Moody's ergänzt seine jeweilige Ratingeinschätzung von Aa bis Caa um die numerischen Modifikationen 1, 2 und 3... Die Modifikation 1 zeigt an, dass sich die Verbindlichkeit am oberen Ende seiner jeweiligen Ratingkategorie befindet.

B.18 Beschreibung von Art und des Umfangs der Garantie

Die Verpflichtungen unter den Schuldverschreibungen werden unwiderruflich auf vorrangiger unbesicherter Basis durch die garantiegebende Muttergesellschaft und die garantiegebenden Tochtergesellschaften garantiert. Andere Tochtergesellschaften der garantiegebenden Muttergesellschaft werden keine Garantien in Bezug auf die Schuldverschreibungen übernehmen. Die Zahlungsverpflichtungen unter den Schuldverschreibungen und den Garantien werden nachrangig gegenüber allen besicherten Schulden des Emittenten bzw. der Garantiegeber sein, und zwar bis zum Höchstbetrag des Wertes der jeweils für diese Schulden bestellten Sicherheiten. Zudem werden die Zahlungsverpflichtungen unter den Schuldverschreibungen strukturell nachrangig sein gegenüber allen Verbindlichkeiten derjenigen Tochtergesellschaften der garantiegebenden Muttergesellschaft, die nicht die Verpflichtungen unter den Schuldverschreibungen garantiert haben. Die Durchsetzung der Garantien wird in dem Maße beschränkt sein, soweit die Gewährung dieser Garantien nicht im unternehmerischen Interesse des jeweiligen Garantiegebers ist, eine Verletzung der Vorschriften zur Kapitalaufbringung und -erhaltung oder sonstiger allgemeiner Rechtsvorschriften darstellen würde oder wenn die Belastung aus den Garantien zur Besicherung der Schuldverschreibungen den Nutzen für den jeweiligen Garantiegeber übersteigt.

B.19 Die in Abschnitt B vorgesehenen Angaben sind auch bezüglich Garantiegebern zu machen, als wären diese der Emittent der gleichen Art von Wertpapieren, die Gegenstand der Garantie sind. Deswegen sind Informationen in dem Umfang, wie sie die Zusammenfassung

des relevanten Abschnitts erfordert, offenzulegen.

B.19 B.1	Juristischer und kommerzieller Name der garantierenden Muttergesellschaft	Der juristische und kommerzielle Name der garantierenden Muttergesellschaft ist Fresenius SE & Co. KGaA.
B.19 B.2	Sitz, Rechtsform, geltendes Recht, Land der Gründung	Fresenius SE & Co. KGaA ist eine nach deutschem Recht errichtete und deutschem Recht unterliegende Kommanditgesellschaft auf Aktien mit eingetragenem Sitz in Else-Kröner-Straße 1, 61352 Bad Homburg vor der Höhe, Deutschland.
B.19 B.4b	Beschreibung von bekannten Trends, die sich auf den Garantiegeber und die Branchen, in denen er tätig ist, auswirken	Fresenius ist ein global agierender Gesundheitskonzern, der Produkte und Dienstleistungen für die Dialyse, Krankenhäuser und die ambulante medizinische Versorgung von Patienten anbietet. Der Gesundheitssektor zählt zu den weltweit bedeutendsten Wirtschaftszweigen. Verglichen mit anderen Branchen ist er weitgehend unabhängig von konjunkturellen Schwankungen und konnte in den zurückliegenden Jahren überdurchschnittlich wachsen. Wesentliche den Gesundheitssektor beeinflussende Trends sind: • der zunehmende Bedarf an medizinischer Behandlung, den eine alternde Gesellschaft mit sich bringt, • die wachsende Zahl chronisch kranker und multimorbider Patienten, • die steigende Nachfrage nach innovativen Produkten und Therapien, • der medizintechnische Fortschritt, • das zunehmende Gesundheitsbewusstsein, das zu einem steigenden Bedarf an Gesundheitsleistungen und Einrichtungen führt, und • anhaltende Kostensenkungsmaßnahmen und Kostendruck im öffentlichen Gesundheitswesen. Zusätzliche Trends in den Wachstumsmärkten sind: • stetig zunehmende Zugangsmöglichkeiten und steigende Nachfrage nach medizinischer Basisversorgung sowie • steigendes Volkseinkommen und damit höhere Ausgaben im Gesundheitssektor.
B.19 B.5	Beschreibung des Konzerns und der Stellung des Garantiegebers innerhalb des Konzerns	Die Konzernobergesellschaft des Fresenius-Konzerns ist die Fresenius SE & Co. KGaA, die als Holdinggesellschaft für den Konzern agiert. Fresenius US Finance II, Inc., Fresenius Kabi AG und Fresenius ProServe GmbH sind jeweils 100%ige Tochtergesellschaften der Fresenius SE & Co. KGaA; der Anteil an der FMC AG & Co. KGaA betrug zum 30. Juni 2015 30,98 %. Fresenius Kabi AG ist die Holdinggesellschaft für das operative Segment Fresenius Kabi. Fresenius ProServe GmbH ist die Holdinggesellschaft für die operativen Segmente Fresenius Helios und Fresenius Vamed. FMC AG & Co. KGaA ist die Holdinggesellschaft für die vollkonsolidierte Fresenius Medical Care, die wiederum von ihrem Komplementär Fresenius Medical Care Management AG, einer 100%igen Tochtergesellschaft der Fresenius SE & Co. KGaA, beherrscht wird. Siehe Element B.5 oben.
B.19 B.9	Gewinnprognosen oder Gewinnsschätzungen	Entfällt. Es wurden keine Gewinnprognosen oder Gewinnsschätzungen getätigt.
B.19	Einschränkungen in dem Prüfungsbericht	Entfällt. Die KPMG AG Wirtschaftsprüfungsgesellschaft hat jeweils einen uneingeschränkten Bestätigungsvermerk nach U.S. GAAP und IFRS bezüglich der Konzernabschlüsse der

B.10 **bezüglich der historischen Finanzinformationen** Fresenius SE & Co. KGaA für die zum 31. Dezember 2014 und 2013 endenden Geschäftsjahre erteilt.

B.19 **Ausgewählte wesentliche historische Finanzinformationen** *Die folgende Zusammenfassung ausgewählter Konzernfinanzinformationen (einschließlich der Kennzahlen) spiegelt die Vollkonsolidierung der Fresenius Medical Care in unseren Abschlüssen wider. Die Gesellschaft erhält Dividenden nur in dem ihrem wirtschaftlichen Anteil an der Fresenius Medical Care entsprechenden Verhältnis und ist beschränkt durch die Auflagen bestimmter Finanzierungsinstrumente der Fresenius Medical Care. Am 30. Juni 2015 hielt die Gesellschaft 30,98 % der ausstehenden stimmberechtigten Stammaktien der FMC AG & Co. KGaA.*

Zusammenfassung ausgewählter Konzernfinanzdaten

Zusammenfassung ausgewählter Daten der konsolidierten Gewinn- und Verlustrechnung

	1. Juli 2014 bis 30. Juni 2015 (ungeprüft)	1. Januar bis 30. September 2015 (ungeprüft)	2014 (ungeprüft)	Geschäftsjahr zum 31. Dezember		
				2014	2013	2012
			(Mio €)			
Umsatz.....	25.927	13.429	10.733	23.231	20.331	19.290
Umsatzkosten.....	(18.200)	(9.380)	(7.569)	(16.389)	(13.948)	(13.002)
Bruttoergebnis vom Umsatz	7.727	4.049	3.164	6.842	6.383	6.288
Vertriebs- und allgemeine Verwaltungskosten	3.832	(2.018)	(1.545)	(3.359)	(3.044)	(3.000)
Forschungs- und Entwicklungsaufwendungen.....	(422)	(223)	(170)	(369)	(348)	(305)
EBIT (Operatives Ergebnis)	3.473	1.808	1.449	3.114	2.991	2.983
Zinsergebnis.....	(649)	(330)	(283)	(602)	(584)	(666)
Sonstiges Finanzergebnis ⁽¹⁾	0	0	0	0	0	(35)
Beteiligungsertrag ⁽²⁾	0	0	0	0	0	109
Steuern vom Einkommen und vom Ertrag.....	(796)	(427)	(331)	(700)	(669)	(659)
Auf andere Gesellschafter entfallender Gewinn ⁽³⁾	(853)	(409)	(301)	(745)	(727)	(806)
Ergebnis, das auf die Anteilseigner der Fresenius SE & Co. KGaA entfällt	1.175	642	534	1.067	1.011	926
EBIT (Operatives Ergebnis), bereinigt ⁽⁴⁾	3.577	1.822	1.403	3.158	3.045	3.075
Ergebnis, das auf die Anteilseigner der Fresenius SE & Co. KGaA entfällt, bereinigt ⁽⁵⁾	1.241	642	487	1.086	1.051	938

Zusammenfassung ausgewählter Daten der Konzernbilanz

	Zum 30. Juni 2015 (ungeprüft)	Zum 31. Dezember	2014	2013	2012
		(in Mio. €)			
Bilanzsumme Aktiva	42.271	39.897	32.758	30.664	
Eigenkapital der Anteilseigner der Fresenius SE & Co. KGaA	(10.164)	(9.335)	(8.195)	(7.633)	
Bilanzsumme Passiva	(42.271)	(39.897)	(32.758)	(30.664)	

Zusammenfassung ausgewählter Daten der Konzernkapitalflussrechnung

	1. Juli 2014 bis 30. Juni 2015 (ungeprüft)	1. Januar bis 30. September 2015 (ungeprüft)	2014 (ungeprüft)	Geschäftsjahr zum 31. Dezember		
				2014	2013	2012
			(Mio €)			
Operativer Cashflow	3.086	1.251	750	2.585	2.320	2.438
Mittelabfluss aus Investitionstätigkeit	(2.404)	(621)	(1.568)	(3.351)	(3.603)	(3.251)
Mittelabfluss/-zufluss aus Finanzierungstätigkeit.....	(896)	(928)	1.011	1.043	1.305	1.075

Zusammenfassung ausgewählter sonstiger Konzernfinanzinformationen

	1. Juli 2014 bis 30. Juni 2015 (ungeprüft)	1. Januar bis 30. September 2015 (ungeprüft)	2014 (ungeprüft)	Geschäftsjahr zum 31. Dezember		
				2014	2013	2012
			(Mio €, außer Verhältniszahlen)			
EBITDA ⁽⁶⁾⁽⁷⁾⁽⁸⁾	4.501	2.350	1.900	4.051	3.834	3.759
EBITDA, bereinigt ⁽⁶⁾⁽⁷⁾⁽⁸⁾	4.605	2.364	1.854	4.095	3.888	3.851
Netto-Finanzverbindlichkeiten (zum 30. September oder 31. Dezember) ⁽⁹⁾	14.744	14.744	13.457	14.279	11.940 ⁽¹⁰⁾	10.143
Zinsergebnis.....	(649)	(330)	(283)	(602)	(584)	(666)
Erwerb von Sachanlagen	(1.434)	(611)	(522)	(1.345)	(1.073)	(1.007)
Akquisitionen.....	(1.428)	(194)	(1.216)	(2.450)	(2.754)	(3.172)
EBITDA, bereinigt/Zinsergebnis ⁽⁶⁾⁽⁷⁾⁽⁸⁾ ...	7,1	7,2	6,6	6,8	6,7	5,8
Netto- Finanzverbindlichkeiten/EBITDA ⁽¹¹⁾	3,3	3,3	3,4	3,5	2,5	2,7
Netto- Finanzverbindlichkeiten/EBITDA, bereinigt ⁽¹¹⁾⁽¹²⁾	3,2	3,2	3,4	3,5	2,5	2,6

Zusammenfassung ausgewählter konsolidierter Daten aus den Geschäftssegmenten

Fresenius Medical Care

	1. Juli 2014 bis 30. Juni 2015 (ungeprüft)	1. Januar bis 30. September 2015 (ungeprüft)	2014 (ungeprüft)	Geschäftsjahr zum 31. Dezember		
				2014	2013	2012
			(Mio €, außer Mitarbeiter)			
Umsatz.....	13.830	7.312	5.399	11.917	11.000	10.741
EBITDA ⁽⁶⁾⁽⁷⁾⁽¹³⁾	2.509	1.262	976	2.223	2.187	2.282
EBIT ⁽¹³⁾	1.908	942	731	1.697	1.699	1.813

Fresenius Kabi

	1. Juli 2014 bis 30. Juni 2015 (ungeprüft)	1. Januar bis 30. September 2015 (ungeprüft)	2014 (ungeprüft)	Geschäftsjahr zum 31. Dezember		
				2014	2013	2012
			(Mio €, außer Mitarbeiter)			
Umsatz.....	5.612	2.932	2.466	5.146	4.996	4.539
EBITDA ⁽⁶⁾⁽⁷⁾⁽¹⁴⁾	1.262	691	513	1.084	1.143	1.101
EBIT ⁽¹⁴⁾	1.033	571	411	873	926	934

Fresenius Helios

	1. Juli 2014 bis 30. Juni 2015 (ungeprüft)	1. Januar bis 30. September 2015 (ungeprüft)	1. Januar 2014 (ungeprüft)	Geschäftsjahr zum 31. Dezember		
		2015 (ungeprüft)	2014 (ungeprüft)	2014	2013	2012
		(Mio €, außer Mitarbeiter)				
Umsatz.....	5.497	2.774	2.521	5.244	3.393	3.200
EBITDA ⁽⁶⁾⁽⁷⁾⁽¹⁵⁾	787	399	344	732	508	432
EBIT ⁽¹⁵⁾	610	307	250	553	390	322

Fresenius Vamed

	1. Juli 2014 bis 30. Juni 2015 (ungeprüft)	1. Januar bis 30. September 2015 (ungeprüft)	1. Januar 2014 (ungeprüft)	Geschäftsjahr zum 31. Dezember		
		2015 (ungeprüft)	2014 (ungeprüft)	2014	2013	2012
		(Mio €, außer Mitarbeiter)				
Umsatz.....	1.107	463	398	1.042	1.020	846
EBITDA ⁽⁶⁾⁽⁷⁾	72	21	20	71	65	59
EBIT.....	60	16	15	59	55	51

- (1) In 2012 beinhaltete das sonstige Finanzergebnis die einmaligen Kosten im Zusammenhang mit dem Übernahmeangebot an die Gesellschafter der Rhön-Klinikum AG.
- (2) Der Beteiligungsertrag über € 109 Mio. (hiervon € 75 Mio. auf andere Gesellschafter entfallender Gewinn) beinhaltet angemessen bewertete Sachleistungen durch die Investition der Fresenius Medical Care zur Zeit der Übernahme von Liberty.
- (3) Der auf andere Gesellschafter entfallende Gewinn entspricht dem Ergebnis das Dritten zuschreibbar ist. Zum 30. Juni 2015 entfielen 95% des auf andere Gesellschafter entfallenden Gewinns auf Fresenius Medical Care.
- (4) Die folgende Tabelle zeigt die Änderungen des Operativen Ergebnisses (EBIT) mit Hinblick auf die Kosten bezüglich des Kosteneffizienzprogramms der Fresenius Kabi und Integrationskosten der übernommenen Rhönklinik, dem Verkaufsgewinn von zwei HELIOS Kliniken, dem Verkaufsgewinn der Rhönanteile, der einmaligen Integrationskosten von Fenwal, der steuerfreie Kapitalgewinn durch die Investition der Fresenius Medical Care zur Zeit der Liberty Übernahme, das Übernahmeangebot an die Gesellschafter der Rhön-Klinikum AG und andere einmalige Kosten bei Fresenius Medical Care bezüglich der Neuverhandlung des Venofer® Vertrags und der Spende an die American Society of Nephrology.

	1. Juli 2014 bis 30. Juni 2015	1. Januar bis 30. September 2015	1. Januar 2014	Geschäftsjahr zum 31. Dezember		
	(ungeprüft)	(ungeprüft)	(Mio €)	2014	2013	2012
Operatives Ergebnis (EBIT)	3,473	1,808	1.449	3.114	2.991	2.983
Neuverhandlung des Venofer® Vertrags	—	—	—	—	—	78
Spende an die American Society of Neph- rology	—	—	—	—	—	8
Einmalige Kosten in Zusammenhang mit dem Übernahmeangebot an die Gesell- schafter der Rhön-Klinikum AG	—	—	—	—	—	6
Fenwal Integrationskosten	47	0	3	50	54	—
Integrationskosten der Übernahme der Rhön Kliniken	51	8	8	51	—	—
Verkaufsgewinn durch die Veräußerung der zwei HELIOS Kliniken	(34)	(34)	(22)	(22)	—	—
Verkaufsgewinn der Rhönanteile	—	—	(35)	(35)	—	—
Fresenius Kabis Kosteneffizienzprogramm	40	40	—	—	—	—
EBIT, bereinigt	3.577	1.822	1.403	3.158	3.045	3.075

- (5) Die folgende Tabelle zeigt die Änderungen des Ergebnisses, das auf die Anteilseigner der Fresenius SE & Co. KGaA entfällt, im Hinblick auf die Kosten bezüglich des Kosteneffizienzprogramms der Fresenius Kabi und Integrationskosten der übernommenen Rhönklinik, dem Verkaufsgewinn von zwei HELIOS Kliniken, dem Verkaufsgewinn der Rhönanteile, der einmaligen Integrationskosten von Fenwal, der steuerfreie Kapitalgewinn durch die Investition der Fresenius Medical Care zur Zeit der Liberty Übernahme, das Übernahmeangebot an die Gesellschafter der Rhön-Klinikum AG und andere einmalige Kosten bei Fresenius Medical Care bezüglich der Neuverhandlung des Venofer® Vertrags und der Spende an die American Society of Nephrology.

	1. Juli 2014 bis 30. Juni 2015 (ungeprüft)	1. Januar bis 30. September 2015 (ungeprüft)	2014 (ungeprüft)	Geschäftsjahr zum 31. Dezember		
				2014	2013	2012
	(Mio €)					
Ergebnis, das auf die Anteilseigner der Fresenius SE & Co. KGaA entfällt	1.175	642	534	1.067	1.011	926
Steuerfreier Kapitalgewinn durch die Investition der Fresenius Medical Care	—	—	—	—	—	(34)
Neuverhandlung des Venofer® Vertrags	—	—	—	—	—	15
Spende an die American Society of Nephrology	—	—	—	—	—	2
Einmalige Kosten in Zusammenhang mit dem Übernahmeangebot an die Gesellschafter der Rhön-Klinikum AG	—	—	—	—	—	29
Fenwal Integrationskosten	31	0	2	33	40	—
Integrationskosten der Übernahme der Rhön Kliniken	41	6	6	41	—	—
Verkaufsgewinn durch die Veräußerung der zwei HELIOS Kliniken	(34)	(34)	(21)	(21)	—	—
Verkaufsgewinn der Rhönanteile	—	—	(34)	(34)	—	—
Fresenius Kabis Kosteneffizienzprogramm	28	28	—	—	—	—
Ergebnis, das auf die Anteilseigner der Fresenius SE & Co. KGaA entfällt, bereinigt	1.241	642	487	1.086	1.051	938

- (6) EBITDA entspricht dem Operativen Ergebnis zuzüglich Abschreibungen und wird von unserem gemäß U.S. GAAP ermittelten Operativen Ergebnis (EBIT) abgeleitet.
- (7) Wir geben diese Kennzahl an, weil sie von den Anlegern möglicherweise als hilfreiche Kennzahl für unsere Leistungsfähigkeit betrachtet wird. Diese Zahl wird nach U.S. GAAP nicht als Kennzahl anerkannt und sollte weder als Ersatz für die nach U.S. GAAP erstellte Gewinn- und Verlustrechnung oder Kapitalflussrechnung noch als Kennzahl für die Wirtschaftlichkeit oder Liquidität herangezogen werden. Sie gibt weder an, ob der Cashflow unseren Liquiditätsbedarf deckt oder für diesen frei verfügbar ist, noch lässt sie Rückschlüsse auf unser Betriebsergebnis in der Vergangenheit oder Zukunft zu. Da nicht alle Unternehmen diese Kennzahl auf dieselbe Art und Weise bestimmen, ist unsere Darstellung nur bedingt mit ähnlich bezeichneten Kennzahlen, die von anderen Unternehmen verwendet werden, vergleichbar.
- (8) EBITDA sollte nicht als eine Alternative für den nach U.S. GAAP ermittelten Bilanzgewinn oder den Cashflow aus laufender Geschäftstätigkeit, Investitionstätigkeit oder Finanzierungstätigkeit betrachtet werden.
- Der EBITDA des Konzerns kann für den zum 30. Juni 2015 und zum 30. Juni 2014 endenden Sechsmonatszeitraum sowie für die Geschäftsjahre 2014, 2013 und 2012 wie folgt auf das Betriebsergebnis übergeleitet werden:

	1. Juli 2014 bis 30. Juni 2015 (un- geprüft)	1. Januar bis 30. September 2015 (ungeprüft)	2014 (ungeprüft)	Geschäftsjahr zum 31. Dezember		
				2014	2013	2012
	(Mio. €)					
Operatives Ergebnis (EBIT)	3.473	1.808	1.449	3.114	2.991	2.983
Abschreibungen	1.028	542	451	937	843	776
EBITDA	4.501	2.350	1.900	4.051	3.834	3.759
Neuverhandlung des Venofer® Vertrags	—	—	—	—	—	78
Spende an die American Society of Nephrology	—	—	—	—	—	8
Einmalige Kosten in Zusammenhang mit dem Übernahmeangebot an die Gesellschafter der Rhön-Klinikum AG	—	—	—	—	—	6
Fenwal Integrationskosten	47	0	3	50	54	—
Integrationskosten der Übernahme der Rhön Kliniken	51	8	8	51	—	—
Verkaufsgewinn durch die Veräußerung der zwei HELIOS Kliniken	(34)	(34)	(22)	(22)	—	—
Verkaufsgewinn der Rhönanteile	—	—	(35)	(35)	—	—
Fresenius Kabis Kosteneffizienzprogramm	40	40	—	—	—	—
EBITDA, bereinigt	4.605	2.364	1.854	4.095	3.888	3.851

Der EBITDA, der verwendet wird, um die Einhaltung bestimmter Auflagen aus unserer Kreditvereinbarung 2013 und unseren anderen Finanzierungsvereinbarungen zu bestimmen, unterliegt einer Reihe von Anpassungen im Einklang mit den Bestimmungen dieser Verträge und unterscheidet sich daher von den hier dargelegten Zahlen für den EBITDA. Da wir die FMC AG & Co. KGaA voll konsolidieren, ist im EBITDA der EBITDA der Fresenius Medical Care enthalten.

- (9) Die Netto-Finanzverbindlichkeiten umfassen kurzfristige Kreditaufnahmen (einschließlich des Forderungsverkaufsprogramms von Fresenius Medical Care), kurzfristige Kreditaufnahmen von verbundenen Unternehmen, langfristige Verbindlichkeiten (einschließlich des kurzfristig fälligen Anteils), abzüglich flüssiger Mittel und kurzfristiger Anlagen aus Kapitalerhöhung.

Die Kennzahl zum Nettoverschuldungsgrad, die verwendet wird, um die Einhaltung bestimmter Auflagen aus unserer Kreditvereinbarung 2013 und unseren anderen Finanzierungsvereinbarungen zu bestimmen, unterliegt einer Reihe von Anpassungen im Einklang mit den Bestimmungen dieser Verträge und unterscheidet sich daher von den hier dargestellten Kennzahlen für die Netto-Finanzverbindlichkeiten.

Da wir die FMC AG & Co. KGaA voll konsolidieren, umfassen die Netto-Finanzverbindlichkeiten auch die Netto-Finanzverbindlichkeiten der Fresenius Medical Care.

- (10) Inklusive einer im Rahmen einer Treuhandvereinbarung geleisteten Anzahlung in Höhe von 2,18 Mrd. € im Zusammenhang mit der Übernahme von Krankenhäusern und ambulanter Einrichtungen der Rhön-Klinikum AG.
- (11) Eine der Kennzahlen, die verwendet wird, um die Einhaltung bestimmter Auflagen aus unserer Kreditvereinbarung 2013 und unseren anderen Finanzierungsvereinbarungen zu bestimmen, ist unser Verschuldungsgrad. Diese Kennziffer unterscheidet sich aufgrund von bestimmten Anpassungen, die durch die jeweilig geltenden Verträge vorgeschrieben sind, von dem hier dargestellten Verhältnis der Netto-Finanzverbindlichkeiten zum EBITDA.

Für den zum 30. Juni 2014 endenden Zwölfmonatszeitraum belief sich der EBITDA des Fresenius-Konzerns auf €3.901 Millionen.

Zu Zwecken der Vergleichbarkeit wurde der Verschuldungsgrad zum 31. Dezember 2013 um einen Betrag in Höhe von €2,18 Milliarden bereinigt, um Anzahlungen für die Übernahme der Rhön-Klinikum AG zu berücksichtigen.

- (12) Zu Zwecken der Vergleichbarkeit wurde unser Verschuldungsgrad zum 30. Juni 2015 angepasst. EBITDA wurde um den Veräußerungsgewinn aus dem Verkauf von zwei HELIOS Kliniken und proforma erworbenen Rhön-Klinikum AG Krankenhäuser bereinigt. Der EBITDA des Fresenius-Konzerns (bereinigt) für den zum 30. Juni 2015 endenden Zwölfmonatszeitraum belief sich auf 4.624 Mio. €.

Zu Zwecken der Vergleichbarkeit wurde unser Verschuldungsgrad zum 31. Dezember 2014 bereinigt. EBITDA wurde bereinigt, um den Veräußerungsgewinn des Verkaufs von zwei HELIOS Kliniken, proforma erworbenen Rhön-Klinikum AG Krankenhäuser und proforma Fresenius Medical Care Akquisitionen zu berücksichtigen. Die EBITDA des Fresenius Konzerns (bereinigt) für das Geschäftsjahr zum 31. Dezember 2014 belief sich auf 4.183 Mio. €.

Zu Zwecken der Vergleichbarkeit wurde unser Verschuldungsgrad zum 31. Dezember 2013 bereinigt, um Anzahlungen für die Übernahme der von Rhön-Klinikum AG erworbenen Krankenhäuser zu berücksichtigen. Der EBITDA des Fresenius-Konzerns (bereinigt) für das zum 31. Dezember 2013 endende Geschäftsjahr belief sich auf 3.888 Mio. €.

Zu Zwecken der Vergleichbarkeit wurde unser Verschuldungsgrad zum 31. Dezember 2012 bereinigt, um den historischen EBITDA von Liberty, des Damp-Konzerns und von Fenwal für volle zwölf Monate zu berücksichtigen, da die Nettoschulden des Fresenius-Konzerns zum 31. Dezember 2012 die Nettoschulden enthalten, die in den Akquisitionen von Liberty, des Damp-Konzerns und von Fenwal übernommen oder durch diese Akquisitionen eingegangen wurden. Ferner wurde der EBITDA um Einmalkosten (nicht finanzierungsbezogene Aufwendungen) im Zusammenhang mit dem Angebot an die Aktionäre der Rhön-Klinikum AG und bestimmte Einmalkosten bei Fresenius Medical Care bereinigt. Die EBITDA des Fresenius-Konzerns (bereinigt) für das Geschäftsjahr zum 31. Dezember 2012 belief sich auf 3.960 Mio. €.

- (13) Nicht berücksichtigt werden 86 Mio. € Sondereinflüsse und andere Einmalkosten der Fresenius Medical Care im Jahr 2012, die in dem Segment Konzern/Sonstiges enthalten sind.
- (14) Zahlen für den zum 30. Juni 2015 endenden Zwölfmonatszeitraum wurden um Integrationskosten von Fenwal in Höhe von 47 Mio. € und um die Kosten des Fresenius Kabi Effizienzprogramms in Höhe von 40 Mio. € bereinigt. Zahlen für den zum 30. Juni 2015 endenden Sechsmonatszeitraum wurden um die Kosten des Fresenius Kabi Effizienzprogramms in Höhe von 40 Mio. € angepasst.
- Fenwal Integrationskosten in Höhe von 50 Mio. € im Jahr 2014 und 54 Mio. € im Jahr 2013 bzw. die im Segment Konzern/Sonstiges enthalten sind, sind nicht berücksichtigt.
- (15) Zahlen für den zum 30. Juni 2015 endenden Zwölfmonatszeitraum wurden um Integrationskosten der von Rhön erworbenen Krankenhäuser in Höhe von 41 Mio. € und Veräußerungsgewinn in Höhe von 34 Mio. € aus dem Verkauf von zwei HELIOS Kliniken bereinigt. Zahlen für den zum 30. Juni 2015 endenden Sechsmonatszeitraum wurden um Integrationskosten in Höhe von 8 Mio. € für von Rhön erworbene Krankenhäuser und Veräußerungsgewinn in Höhe von 34 Mio. € aus dem Verkauf von zwei HELIOS Kliniken bereinigt.
- Integrationskosten für von Rhön erworbene Krankenhäuser in Höhe von € 41 Mio. und Veräußerungsgewinn in Höhe von € 21 Mio. aus zwei HELIOS Kliniken und Rhön Anteile in Höhe von 34 Mio. € im Jahr 2014, die im Segment Konzern/Sonstiges enthalten sind, sind nicht berücksichtigt.

Erklärung, dass keine wesentlichen nachteiligen Veränderungen in den Geschäftsaussichten des Garantiegebers seit dem Veröffentlichungsdatum der letzten geprüften Abschlüsse eingetre-

Es sind keine wesentlichen nachteiligen Veränderungen in den Geschäftsaussichten von Garantiegebern seit dem 31. Dezember 2014 eingetreten.

ten sind

Beschreibung von wesentlichen Veränderungen in der Finanzlage oder der Handelsposition des Garantiegebers, die nach dem von den historischen Finanzinformationen abgedeckten Zeitraum eingetreten sind

Entfällt. Es sind keine wesentlichen Veränderungen in der Finanzlage oder der Handelsposition eines Garantiegebers seit dem 30. Juni 2015 eingetreten.

B.19 Beschreibung aller Ereignisse aus der jüngsten Zeit der Geschäftstätigkeit des Garantiegebers, die für die Bewertung seiner Zahlungsfähigkeit in hohem Maße relevant sind

Entfällt. Es sind in der jüngsten Zeit der Geschäftstätigkeit des Garantiegebers keine Ereignisse aufgetreten, die für die Bewertung der Zahlungsfähigkeit des Garantiegebers in hohem Maße relevant sind.

B.19 Falls ein Garantiegeber Teil eines Konzerns ist, eine Beschreibung des Konzerns sowie der Stellung des Garantiegebers innerhalb des Konzerns

Die garantierende Muttergesellschaft agiert als Holdinggesellschaft für den Konzern. Die garantierende Muttergesellschaft unterteilt ihr Geschäft in vier Geschäftsfelder, in denen sie Dialyseleistungen anbietet, Krankenhäuser betreibt, intravenös zu verabreichende generische Arzneimittel, klinische Ernährung, Infusionstherapien und transfusionstechnologische Produkte vertreibt, sowie Engineering- und andere Dienstleistungen für die Projektentwicklung, die Planung, den Bau und den technischen Betrieb von Krankenhäusern anbietet.

Siehe Element B.5.

Falls ein Garantiegeber von anderen Unternehmen des Konzerns abhängig ist, muss dies angegeben werden

Die garantierende Muttergesellschaft agiert als Holdinggesellschaft für den Konzern. Sie übt keine wesentlichen eigenständigen Geschäftstätigkeiten aus und generiert im Wesentlichen alle ihre konsolidierten Umsatzerlöse durch ihre operativen Tochtergesellschaften. Dementsprechend hängt der Umfang der Zahlungsmittelzuflüsse der garantierenden Muttergesellschaft und ihre Fähigkeit, ihre Zahlungsverpflichtungen, einschließlich der Verpflichtungen unter ihrer Garantie, erfüllen zu können, von der Profitabilität und dem Umfang der Zahlungsmittelzuflüsse ihrer Tochtergesellschaften sowie dem Umfang von Zahlungen der Tochtergesellschaften an die garantierende Muttergesellschaft in Form von Darlehen, Dividenden, Gebühren, Mietzahlungen oder anderen Zahlungen, wie auch den eigenen Kreditvereinbarungen der garantierenden Muttergesellschaft, ab.

B.19 Beschreibung der wesentlichen Geschäftsaktivitäten der Garantiegeber

Überblick über den Fresenius-Konzern und seine Geschäftsfelder

Fresenius ist ein globaler Gesundheitskonzern mit Produkten und Dienstleistungen für die Dialyse, das Krankenhaus und die ambulante medizinische Versorgung von Patienten. Weitere Geschäftsfelder sind das Krankenhausmanagement sowie Engineering- und Dienstleistungen für Krankenhäuser und andere Gesundheitseinrichtungen. Unsere vier Unternehmensbereiche sind Fresenius Medical Care, Fresenius Kabi, Fresenius Helios und Fresenius Vamed. In den zum 30. Juni 2015 endenden zwölf Monaten erzielten wir einen Umsatz von 25.927Mio. € und ein EBITDA von 4.605⁽¹⁾ Mio. €.

Fresenius Medical Care. Fresenius Medical Care ist auf dem Gebiet der Dialyseprodukte und -dienstleistungen tätig. Auf Basis der veröffentlichten Umsatzzahlen und Zahlen behandelter Patienten ist Fresenius Medical Care der weltweit größte Anbieter von Dialyseprodukten

und -dienstleistungen für Patienten mit chronischem Nierenversagen. Umsatz und EBITDA von Fresenius Medical Care beliefen sich in den zum 30. Juni 2015 endenden zwölf Monaten auf 16.593 Mio. US\$ (13.830 Mio. €) bzw. 3.025 Mio. US\$ (2.509 Mio. €) und machten etwa 53 % des Konzernumsatzes bzw. 54 % des Konzern-EBITDA aus.

Fresenius Kabi. Fresenius Kabi nimmt eine führende Marktstellung ein bei intravenös zu verabreichenden generischen Arzneimitteln (I.V.-Arzneimittel), klinischer Ernährung sowie Infusionstherapien für schwer und chronisch kranke Menschen im Krankenhaus und im ambulanten Bereich. Außerdem zählt Fresenius Kabi zu den führenden Anbietern im Markt für medizintechnische Produkte und der Transfusionstechnologie. Fresenius Kabi verfügt über vier Geschäftssegmente: Infusionstherapien, IV-Arzneimittel, klinische Ernährung und medizintechnische Produkte/Transfusionstechnologie. In den zum 30. Juni 2015 endenden zwölf Monaten beliefen sich Umsatz und EBITDA von Fresenius Kabi auf 5.612 Mio. € bzw. 1.262⁽²⁾ Mio. € und machten etwa 22 % des Konzernumsatzes bzw. 27 % des Konzern-EBITDA aus.

Fresenius Helios. Fresenius Helios ist der größte Krankenhausbetreiber in Deutschland. Die HELIOS-Gruppe betreibt 111 eigene Kliniken (Stand: 30. Juni 2015), und zwar ausschließlich in Deutschland, darunter sieben Maximalversorger. In den zum 30. Juni 2015 endenden zwölf Monaten beliefen sich Umsatz und EBITDA von Fresenius Helios auf 5.497 Mio. € bzw. 787⁽³⁾ Mio. € und machten etwa 21 % des Konzernumsatzes bzw. 17 % des Konzern-EBITDA aus.

Fresenius Vamed. Fresenius Vamed gehört zu den führenden Unternehmen im Markt für Engineering- und andere Dienstleistungen für die Projektentwicklung, die Planung, den Bau und den technischen Betrieb von Krankenhäusern und anderen Gesundheitseinrichtungen weltweit sowie das allgemeine Management von Gesundheitseinrichtungen in ausgewählten Schlüsselmärkten. In den zum 30. Juni 2015 endenden zwölf Monaten beliefen sich Umsatz und EBITDA von Fresenius Vamed auf 1.107 Mio. € bzw. 72 Mio. € und machten etwa 4 % des Konzernumsatzes bzw. 2 % des Konzern-EBITDA aus.

- (1) In den zum 30. Juni 2015 endenden zwölf Monaten wurden die Zahlen im Hinblick auf die Kosten bezüglich des Kosteneffizienzprogramms der Fresenius Kabi, die Integrationskosten in Zusammenhang mit den übernommenen Rhön Kliniken, den Verkaufsgewinn von zwei HELIOS Kliniken und die einmaligen Integrationskosten von Fenwal angepasst.
- (2) In den zum 30. Juni 2015 endenden zwölf Monaten wurden die Zahlen im Hinblick auf die Kosten bezüglich des Kosteneffizienzprogramms der Fresenius Kabi und die einmaligen Integrationskosten von Fenwal angepasst.
- (3) In den zum 30. Juni 2015 endenden zwölf Monaten wurden die Zahlen im Hinblick auf die Integrationskosten in Zusammenhang mit den übernommenen Rhön Kliniken und den Verkaufsgewinn von zwei HELIOS Kliniken angepasst.

Überblick unserer wichtigsten Stärken

Unser Unternehmen profitiert von einer Vielzahl von wichtigsten Stärken, unter anderem:

- Führende Positionen in unseren Märkten.
- Lokale Präsenz in wachsenden, nicht-zyklischen Märkten weltweit.
- Umfassendes Produktportfolio.
- Hohe Markteintrittsbarrieren.
- Vertikal integrierte Unternehmensbereiche.
- Starker und stabiler Cashflow sowie eine nachgewiesene Erfolgsbilanz bei der Rückführung der Fremdfinanzierung.
- Erfahrenes Managementteam.

Überblick unserer Strategie

Die wichtigsten Bestandteile unserer Geschäftsstrategie sind folgende:

- Ausbau unserer Marktposition.

- Ausbau der weltweiten Präsenz.
- Stärkung der Innovationskraft.
- Steigerung der Profitabilität.

B.19 B.16 **Soweit dem Garantiegeber bekannt, ist darzulegen, ob an ihm unmittelbare oder mittelbare Beteiligungen oder Beherrschungsverhältnisse bestehen, wer diese Beteiligungen hält bzw. die Beherrschung ausübt und welcher Art die Beherrschung ist**

Die garantierende Muttergesellschaft ist eine an der Börse gelistete Gesellschaft, die in unmittelbarem Eigentum der Else Kröner-Fresenius-Stiftung und anderer Gesellschafter steht. Die Else Kröner-Fresenius-Stiftung ist der größte Gesellschafter der garantierenden Muttergesellschaft mit einem Gesellschaftsanteil von 26,72 % zum 31. Dezember 2014 (25,1 % zum 19. August 2015). Die garantierende Muttergesellschaft wird durch ihren einzigen Komplementär, die Fresenius Management SE, eine 100%ige Tochtergesellschaft der Else Kröner-Fresenius-Stiftung, kontrolliert.

Für weitere Informationen bezüglich der gesellschaftsrechtlichen Struktur des Konzerns siehe Element B.5.

B.19 B.17 **Ratings, die im Auftrag des Garantiegebers oder in Zusammenarbeit mit ihm beim Ratingverfahren für den Garantiegeber oder seine Schuld titel erstellt wurden**

Zum Datum dieses Prospektes wurden die nachfolgenden Ratings für die garantierende Muttergesellschaft erstellt:⁽¹⁾⁽²⁾

	Standard & Poor's⁽³⁾	Moody's⁽⁴⁾	Fitch⁽⁵⁾
Rating	BBB-	Ba1	BB+
Ausblick	stabil	stabil	stabil

- (1) Die Europäische Wertpapier- und Marktaufsichtsbehörde veröffentlicht auf ihrer Webseite (<http://www.esma.europa.eu/page/List-registered-and-certified-CRAs>) ein Verzeichnis der nach der Ratingverordnung registrierten Ratingagenturen. Dieses Verzeichnis wird innerhalb von fünf Werktagen nach Annahme eines Beschlusses gemäß Artikel 16, 17 oder 20 der Ratingverordnung aktualisiert. Die Europäische Kommission veröffentlicht das aktualisierte Verzeichnis im Amtsblatt der Europäischen Union innerhalb von 30 Tagen nach der Aktualisierung.
- (2) Ein Rating beurteilt die Bonität eines Unternehmens und informiert einen Anleger somit über die Wahrscheinlichkeit, mit der das Unternehmen zur Rückzahlung des investierten Kapitals in der Lage ist. Es ist keine Empfehlung zum Kauf, Verkauf oder Halten von Wertpapieren und kann von der Ratingagentur jederzeit geändert oder widerrufen werden.
- (3) Standard & Poor's Credit Market Services Europe Limited (Zweigniederlassung Deutschland) ist eine in der Europäischen Gemeinschaft ansässige und gemäß der Ratingverordnung registrierte Ratingagentur. Nach Standard & Poor's wird BBB- als niedrigste Investment Grade Stufe von den Marktteilnehmern angesehen. „Ein Schuldner mit dem Rating „BBB“ verfügt über ausreichende Kapazitäten, um seine finanziellen Verpflichtungen zu erfüllen. Nachteilige wirtschaftliche Bedingungen oder sich ändernde Umstände führen jedoch mit einer höheren Wahrscheinlichkeit zu einer geschwächten Fähigkeit des Schuldners, seine finanziellen Verpflichtungen erfüllen zu können. Die Bewertungen ... können durch das Hinzufügen eines Plus- (+) oder eines Minuszeichens (-) ergänzt werden, die die relative Einordnung innerhalb der wesentlichen Ratingkategorien anzeigen.“
- (4) Moody's Deutschland GmbH ist eine in der Europäischen Gemeinschaft ansässige und gemäß der Ratingverordnung registrierte Ratingagentur. Nach Moody's sind mit „Ba“ bewertete Verbindlichkeiten als solche zu werten, die spekulative Bestandteile besitzen und ein substantielles Kreditrisiko beinhalten. Moody's ergänzt seine jeweilige Ratingeinschätzung um die numerischen Modifikationen 1, 2 und 3... Die Modifikation 1 zeigt an, dass die Verbindlichkeit am oberen Ende seiner jeweiligen Ratingkategorie befindet.
- (5) Fitch Ratings Limited ist eine in der Europäischen Gemeinschaft ansässige und gemäß der Ratingverordnung registrierte Ratingagentur. Nach Fitch bezeichnet ein „BB“-Rating ein gehobenes Ausfallrisiko, insbesondere im Falle von nachteiligen Veränderungen der Geschäfts- und Wirtschaftsbedingungen, obwohl eine wirtschaftliche und finanzielle Flexibilität besteht, die das Bedienen der finanziellen Verpflichtungen begünstigt. Das Rating kann um die Modifikationen „+“ oder „-“ ergänzt werden, die die relative Einordnung innerhalb der wesentlichen Ratingkategorien deutlich machen.

B.19 B.1 **Juristischer und kommerzieller Name der garantierenden Tochtergesellschaft Fresenius Kabi AG**

Der juristische und kommerzielle Name der garantierenden Tochtergesellschaft ist Fresenius Kabi AG.

B.19 B.2 **Sitz, Rechtsform, geltendes Recht, Land der Gründung**

Fresenius Kabi AG ist eine nach deutschem Recht errichtete und deutschem Recht unterliegende Aktiengesellschaft mit eingetragenem Sitz in Else-Kröner-Straße 1, 61352 Bad Homburg vor der Höhe, Deutschland.

B.19 B.4b Beschreibung von bekannten Trends, die sich auf die garantiegebende Tochtergesellschaft und die Branchen, in denen sie tätig ist, auswirken

Fresenius Kabi ist auf die Behandlung und Versorgung schwer und chronisch kranker Patienten im Krankenhaus und im ambulanten Bereich spezialisiert. Der Gesundheitssektor ist einer der weltweit größten Industriebereiche. Der Gesundheitssektor ist relativ unabhängig von wirtschaftlichen Schwankungen verglichen mit anderen Industriesektoren und hat in den vergangenen Jahren ein überdurchschnittliches Wachstum erzielt.

Wesentliche den Gesundheitssektor beeinflussende Trends sind:

- der zunehmende Bedarf an medizinischer Behandlung, den eine alternde Gesellschaft mit sich bringt,
- die wachsende Zahl chronisch kranker und multimorbider Patienten,
- die steigende Nachfrage nach innovativen Produkten und Therapien,
- der medizintechnische Fortschritt,
- das zunehmende Gesundheitsbewusstsein, das zu einem steigenden Bedarf an Gesundheitsleistungen und –einrichtungen führt, und
- anhaltende Kostensenkungsmaßnahmen und Kostendruck im öffentlichen Gesundheitswesen.

Zusätzliche Trends in den Wachstumsmärkten sind:

- stetig zunehmende Zugangsmöglichkeiten und steigende Nachfrage nach medizinischer Basisversorgung sowie
- steigendes Volkseinkommen und damit höhere Ausgaben im Gesundheitssektor.

B.19 B.5 Beschreibung des Konzerns und der Stellung der Garantiegeber innerhalb des Konzerns

Die Konzernobergesellschaft des Fresenius-Konzerns ist die Fresenius SE & Co. KGaA, die als Holdinggesellschaft für den Konzern agiert. Fresenius Kabi AG ist eine 100%ige Tochtergesellschaft der Fresenius SE & Co. KGaA. Fresenius Kabi AG ist die Holdinggesellschaft für das operative Segment Fresenius Kabi.

Siehe Element B.5.

B.19 B.9 Gewinnprognosen oder Gewinnschätzungen

Entfällt. Es wurden keine Gewinnprognosen oder Gewinnschätzungen getätigt.

B.19 B.10 Einschränkungen in dem Prüfungsbericht bezüglich der historischen Finanzabschlüsse

Entfällt. Die KPMG AG Wirtschaftsprüfungsgesellschaft hat jeweils einen uneingeschränkten Bestätigungsvermerk bezüglich der unkonsolidierten Jahresabschlüsse des Garantiegebers für die zum 31. Dezember 2014 und 2013 endenden Geschäftsjahre erteilt.

B.19 B.12 Ausgewählte wesentliche historische Finanzinformationen

Ausgewählte unkonsolidierte Finanzinformationen der Fresenius Kabi AG

Am 30. Juni 2015 verfügte die Fresenius Kabi AG nach den Vorschriften des HGB über Vermögenswerte in Höhe von insgesamt 3.262 Mio. €, Verbindlichkeiten in Höhe von insgesamt 1.586 Mio. € und, für die zum 30. Juni 2015 endenden sechs Monate, über ein Ergebnis von 154 Mio. € (einschließlich des Beteiligungsertrags).

	1. Januar bis 30. Juni		Geschäftsjahr zum 31. Dezember	
	2015	2014	2014	2013
	(ungeprüft)			
	(Mio. €)			
Umsatz.....	0	0	0	0
Ergebnis der gewöhnlichen Geschäftstätigkeit	154	183	206	149
Operativer Cashflow	129	174	206	166

	Zum 30. Juni 2015 (ungeprüft)	Zum 31. Dezember	
		2014	2013
		(Mio. €)	
Bilanzsumme Aktiva.....	3.262	3.172	2.632
Eigenkapital	(1.657)	(1.657)	(1.657)

Erklärung, dass keine wesentlichen nachteiligen Veränderungen in den Geschäftsaussichten des Garantiegebers seit dem Veröffentlichungsdatum der letzten geprüften Abschlüsse eingetreten sind

Es sind keine wesentlichen nachteiligen Veränderungen in den Geschäftsaussichten des Garantiegebers seit dem 31. Dezember 2014 eingetreten.

Beschreibung von wesentlichen Veränderungen in der Finanzlage oder den Handelspositionen des Garantiegebers, die nach dem von den historischen Finanzabschlüssen abgedeckten Zeitraum eingetreten sind

Entfällt. Es sind keine wesentlichen Veränderungen in der Finanzlage oder der Handelsposition des Garantiegebers seit dem 30. Juni 2014 eingetreten.

B.19 B.13 Beschreibung aller Ereignisse aus der jüngsten Zeit der Geschäftstätigkeit des Garantiegebers, die für die Bewertung seiner Zahlungsfähigkeit in hohem Maße relevant sind

Entfällt. Es sind in der jüngsten Zeit der Geschäftstätigkeit des Garantiegebers keine Ereignisse aufgetreten, die für die Bewertung der Zahlungsfähigkeit des Garantiegebers in hohem Maße relevant sind.

B.19 B.14 Falls der Garantiegeber Teil eines Konzerns ist, eine Beschreibung des Konzerns sowie der Stellung des Garantiegebers innerhalb des Konzerns

Siehe Element B.19.B.5.

Falls der Garantiegeber von anderen Unternehmen des Konzerns abhängig ist, muss dies angegeben werden

Die garantiegebende Tochtergesellschaft agiert ausschließlich als Holdinggesellschaft für das Geschäftssegment Fresenius Kabi. Sie übt keine eigenständigen Geschäftstätigkeiten aus und generiert grundsätzlich alle ihre Umsatzerlöse und Zahlungsmittelzuflüsse durch ihre operativen Tochtergesellschaften. Die Fähigkeit der garantiegebenden Tochtergesellschaft, ihre Verpflichtungen unter ihrer Garantie erfüllen zu können, ist damit von der Profitabilität und dem Umfang der Zahlungsmittelzuflüsse ihrer Tochtergesellschaften sowie dem Umfang von Zahlungen der Tochtergesellschaften an die garantiegebende Tochtergesellschaft in Form von

Darlehen, Dividenden, Gebühren oder anderen Zahlungen abhängig.

B.19 B.15	Beschreibung der wesentlichen Geschäftsaktivitäten der Garantiegeber	Fresenius Kabi hält marktführende Positionen auf dem Gebiet intravenös verabreichter generischer Arzneimittel, klinischer Ernährung und Infusionstherapien für schwer und chronisch kranke Menschen im Krankenhaus und im ambulanten Bereich. Das Unternehmen ist auch führender Anbieter für medizintechnische Geräte für diese Therapien sowie Produkte der Transfusionstechnologie.
B.19 B.16	Soweit dem Garantiegeber bekannt, ist darzulegen, ob an ihm unmittelbare oder mittelbare Beteiligungen oder Beherrschungsverhältnisse bestehen, wer diese Beteiligungen hält bzw. die Beherrschung ausübt und welcher Art die Beherrschung ist	Die garantiegebende Tochtergesellschaft steht in unmittelbarem Eigentum der garantiegebenden Muttergesellschaft und wird auch von dieser kontrolliert. Für weitere Informationen bezüglich der gesellschaftsrechtlichen Struktur des Konzerns siehe Element B.5.
B.19 B.17	Ratings, die im Auftrag des Garantiegebers oder in Zusammenarbeit mit ihm beim Ratingverfahren für den Garantiegeber oder seine Schuldtitel erstellt wurden	Entfällt. Für die garantiegebende Tochtergesellschaft wurde in ihrem Auftrag oder in Zusammenarbeit mit ihr kein Rating erstellt.
B.19 B.1	Juristischer und kommerzieller Name der garantiegebenden Tochtergesellschaft Fresenius ProServe GmbH	Der juristische und kommerzielle Name der garantiegebenden Tochtergesellschaft ist Fresenius ProServe GmbH.
B.19 B.2	Sitz, Rechtsform, geltendes Recht, Land der Gründung	Fresenius ProServe GmbH ist eine nach deutschem Recht errichtete und deutschem Recht unterliegende Gesellschaft mit beschränkter Haftung mit eingetragenem Sitz in Else-Kröner-Straße 1, 61352 Bad Homburg vor der Höhe, Deutschland.
B.19 B.4b	Beschreibung von bekannten Trends, die sich auf die garantiegebende Tochtergesellschaft und die Branchen, in denen sie tätig ist, auswirken	Fresenius ProServe GmbH agiert als Holdinggesellschaft für die Geschäftssegmente Fresenius Vamed und Fresenius Helios. Fresenius Helios ist der größte private Krankenhausbetreiber in Deutschland. Die HELIOS-Gruppe betreibt 111 eigene Kliniken (Stand: 30. Juni 2015). Fresenius Vamed gehört zu den führenden Unternehmen im Markt für Engineering- und andere Dienstleistungen für die Projektentwicklung, die Planung, den Bau und den technischen Betrieb von Krankenhäusern und anderen Gesundheitseinrichtungen weltweit sowie das allgemeine Management von Gesundheitseinrichtungen in ausgewählten Schlüsselmärkten. Der Gesundheitssektor ist einer der weltweit größten Industriebereiche. Der Gesundheitssektor ist relativ unabhängig von wirtschaftlichen Schwankungen verglichen mit anderen Industriesektoren und hat in den vergangenen Jahren ein überdurchschnittliches Wachstum erzielt. Wesentliche den Gesundheitssektor beeinflussende Trends sind: • der zunehmende Bedarf an medizinischer Behandlung, den eine alternde Gesellschaft

mit sich bringt,

- die wachsende Zahl chronisch kranker und multimorbider Patienten,
- die steigende Nachfrage nach innovativen Produkten und Therapien,
- der medizintechnische Fortschritt,
- das zunehmende Gesundheitsbewusstsein, das zu einem steigenden Bedarf an Gesundheitsleistungen und –einrichtungen führt, und
- anhaltende Kostensenkungsmaßnahmen und Kostendruck im öffentlichen Gesundheitswesen.

Zusätzliche Trends in den Wachstumsmärkten sind:

- stetig zunehmende Zugangsmöglichkeiten und steigende Nachfrage nach medizinischer Basisversorgung sowie
- steigendes Volkseinkommen und damit höhere Ausgaben im Gesundheitssektor.

B.19 B.5 Beschreibung des Konzerns und der Stellung der Garantiegeber innerhalb des Konzerns Die Konzernobergesellschaft des Fresenius-Konzerns ist die Fresenius SE & Co. KGaA, die als Holdinggesellschaft für den Konzern agiert. Fresenius ProServe GmbH ist eine 100%ige Tochtergesellschaft der Fresenius SE & Co. KGaA. Fresenius ProServe GmbH ist die Holdinggesellschaft für die operativen Segmente Fresenius Helios und Fresenius Vamed.

Siehe Element B.5.

B.19 B.9 Gewinnprognosen oder Gewinnsschätzungen Entfällt. Es wurden keine Gewinnprognosen oder Gewinnsschätzungen getätigt.

B.19 B.10 Einschränkungen in dem Prüfungsbericht bezüglich der historischen Finanzinformationen Entfällt. Die KPMG AG Wirtschaftsprüfungsgesellschaft hat jeweils einen uneingeschränkten Bestätigungsvermerk bezüglich der unkonsolidierte Jahresabschlüsse des Garantiegebers für die zum 31. Dezember 2014 und 2013 endenden Geschäftsjahre erteilt.

B.19 B.12 Ausgewählte wesentliche historische Finanzinformationen *Ausgewählte unkonsolidierte Finanzinformationen der Fresenius ProServe GmbH*

Am 30. Juni 2015 verfügte die Fresenius ProServe GmbH nach den Vorschriften des HGB über Vermögenswerte in Höhe von insgesamt 5.737 Mio. €, Verbindlichkeiten in Höhe von insgesamt 610 Mio. € und, für die zum 30. Juni 2015 endenden sechs Monate, über ein Ergebnis von 183 Mio. € (einschließlich des Beteiligungsertrags).

	1. Januar bis 30. Juni		Geschäftsjahr zum 31. Dezember	
	2015	2014	2014	2013
	(ungeprüft)			
		(Mio. €)		
Umsatz.....	0	0	0	0
Ergebnis der gewöhnlichen Geschäftstätigkeit.....	183	217	335	263
Operativer Cashflow	182	218	338	264
		Zum 30. Juni 2015 (un- geprüft) (Mio. €)	Zum 31. Dezember 2014	2013
Bilanzsumme Aktiva.....		5.737	5.887	2.795
Eigenkapital		(5.115)	(5.115)	(2.105)

	Erklärung, dass keine wesentlichen nachteiligen Veränderungen in den Geschäftsaussichten des Garantiegebers seit dem Veröffentlichungsdatum der letzten geprüften Abschlüsse eingetreten sind	Es sind keine wesentlichen nachteiligen Veränderungen in den Geschäftsaussichten des Garantiegebers seit dem 31. Dezember 2014 eingetreten.
	Beschreibung von wesentlichen Veränderungen in der Finanzlage oder den Handelspositionen des Garantiegebers, die nach dem von den historischen Finanzinformationen abgedeckten Zeitraum eingetreten sind	Entfällt. Es sind keine wesentlichen Veränderungen in der Finanzlage oder der Handelsposition des Garantiegebers seit dem 30. Juni 2015 eingetreten.
B.19 B.13	Beschreibung aller Ereignisse aus der jüngsten Zeit der Geschäftstätigkeit des Garantiegebers, die für die Bewertung seiner Zahlungsfähigkeit in hohem Maße relevant sind	Entfällt. Es sind in der jüngsten Zeit der Geschäftstätigkeit des Garantiegebers keine Ereignisse aufgetreten, die für die Bewertung der Zahlungsfähigkeit des Garantiegebers in hohem Maße relevant sind.
B.19 B.14	Falls ein Garantiegeber Teil eines Konzerns ist, eine Beschreibung des Konzerns sowie der Stellung des Garantiegebers innerhalb des Konzerns	Siehe Element B.19.B.5.
	Falls ein Garantiegeber von anderen Unternehmen des Konzerns abhängig ist, muss dies angegeben werden	Die garantiegebende Tochtergesellschaft agiert ausschließlich als Holdinggesellschaft für die Geschäftssegmente Fresenius Helios und Fresenius Vamed. Sie übt keine eigenständigen Geschäftstätigkeiten aus und generiert grundsätzlich alle ihre Umsatzerlöse und Zahlungsmittelzuflüsse durch ihre operativen Tochtergesellschaften. Die Fähigkeit der garantiegebenden Tochtergesellschaft, ihre Verpflichtungen unter ihren Garantien erfüllen zu können, ist damit von der Profitabilität und dem Umfang der Zahlungsmittelzuflüsse ihrer Tochtergesellschaften sowie dem Umfang von Zahlungen der Tochtergesellschaften an die garantiegebende Tochtergesellschaft in Form von Darlehen, Dividenden, Gebühren oder anderen Zahlungen abhängig.
B.19 B.15	Beschreibung der wesentlichen Geschäftsaktivitäten des Garantiegebers	Die Hauptaktivität der Fresenius ProServe GmbH besteht aus dem Halten der Anteile an der Fresenius Helios und der Fresenius Vamed. Fresenius Helios ist der größte Krankenhausbetreiber in Deutschland. Die HELIOS-Gruppe betreibt 111 eigene Kliniken (Stand: 30. Juni 2015) mit mehr als 34,000 Betten, und zwar

ausschließlich in Deutschland, darunter sieben Maximalversorger mit einem Schwerpunkt auf akut und post akut Behandlung (Rehabilitationskliniken) und behandelt mehr als 4,5 Millionen Patienten pro Jahr, davon 1,2 Millionen stationär.

Fresenius Vamed gehört zu den führenden Unternehmen im Markt für Engineering- und andere Dienstleistungen für die Projektentwicklung, die Planung, den Bau und den technischen Betrieb von Krankenhäusern und anderen Gesundheitseinrichtungen weltweit und ist spezialisiert auf die Therapie und Versorgung chronisch und schwer kranker Patienten im Krankenhaus und im ambulanten Rahmen.

B.19 B.16	Soweit dem Garantiegeber bekannt, ist darzulegen, ob an ihm unmittelbare oder mittelbare Beteiligungen oder Beherrschungsverhältnisse bestehen, wer diese Beteiligungen hält bzw. die Beherrschung ausübt und welcher Art die Beherrschung ist	Die garantiegebende Tochtergesellschaft steht in unmittelbarem Eigentum der garantiegebenden Muttergesellschaft und wird auch von dieser kontrolliert. Für weitere Informationen bezüglich der gesellschaftsrechtlichen Struktur des Konzerns siehe Element B.5.
B.19 B.17	Ratings, die im Auftrag des Garantiegebers oder in Zusammenarbeit mit ihm beim Ratingverfahren für den Garantiegeber oder seine Schuldtitel erstellt wurden	Entfällt. Für die garantiegebende Tochtergesellschaft wurde in ihrem Auftrag oder in Zusammenarbeit mit ihr kein Rating erstellt.

C — WERTPAPIERE

C.1	Art und Gattung der angebotenen und zum Handel zuzulassenden Wertpapiere einschließlich der jeweiligen Wertpapieridentifikationsnummern	
Art der angebotenen Schuldverschreibungen	US\$ 4,50 % Schuldverschreibungen (Senior Notes) fällig 2023 (die "Schuldverschreibungen").	
Gattung der Schuldverschreibungen	Bei den Schuldverschreibungen wird es sich um nicht besicherte, nicht nachrangige Verbindlichkeiten des Emittenten handeln. Die Schuldverschreibungen werden von der garantiegebenden Muttergesellschaft und den garantiegebenden Tochtergesellschaften auf nicht nachrangiger und nicht besicherter Basis garantiert werden.	
Wertpapierkennnummern	ISIN: USU31436AH86 (Reg S) US35804GAK40 (144A)	CUSIP: U31436 AH8 (Reg S) 35804G AK8 (144A)

C.2	Währung der Schuldverschreibungen	Die Schuldverschreibungen werden in US-Dollar begeben.
C.5	Beschränkungen hinsichtlich der freien Übertragbarkeit der Schuldverschreibungen	
	Verkaufsbeschränkungen	Entfällt. Die Schuldverschreibungen sind frei übertragbar.
C.8	Mit den Schuldverschreibungen verbundene Rechte, Rangordnung, Beschränkungen dieser Rechte	
	Optionale Rückzahlung	Der Emittent kann die Schuldverschreibungen jederzeit vollständig oder teilweise zu einem Rückzahlungspreis in Höhe von 100 % des Nennbetrags der Schuldverschreibungen zurückzahlen, gegebenenfalls zuzüglich der bis zum Rückzahlungstag aufgelaufenen und nicht gezahlten Zinsen sowie einer „make whole“-Prämie nach Maßgabe dieses Prospekts. Es muss keine „make whole“-Prämie gezahlt werden, wenn die Schuldverschreibungen innerhalb von 90 Tagen vor ihrer Fälligkeit zurückgezahlt werden.
	Kontrollwechsel	Bei einem „Kontrollwechsel“ (<i>Change of Control</i>) und einer „Herabstufung des Ratings“ (<i>Ratings Decline</i>) (beide wie in diesem Prospekt definiert) haben die Inhaber der Schuldverschreibungen das Recht, die vollständige oder teilweise Rückzahlung der Schuldverschreibungen zu einem Rückzahlungspreis in Höhe von 101 % ihres Nennwerts in bar zu fordern, zuzüglich gegebenenfalls aufgelaufener und nicht gezahlter Zinsen.
	Rangordnung der Schuldverschreibungen	Bei den Schuldverschreibungen wird es sich um nicht nachrangige und nicht besicherte Verbindlichkeiten des Emittenten handeln, die: • hinsichtlich der Zahlungsverpflichtung gleichrangig mit sämtlichen bestehenden und zukünftigen Verbindlichkeiten des Emittenten sind, die gegenüber den Schuldverschreibungen hinsichtlich der Zahlungsverpflichtung nicht nachrangig sind, einschließlich der ausstehenden nicht nachrangigen Schuldverschreibungen, die vom Emittenten ausgegeben wurden; • hinsichtlich der Zahlungsverpflichtung vorrangig gegenüber allen bestehenden und zukünftigen Verbindlichkeiten des Emittenten sind, die gegenüber diesen Schuldverschreibungen nachrangig sind; • faktisch gegenüber allen bestehenden und zukünftigen Verbindlichkeiten des Emittenten, die durch Sicherungsrechte an Vermögenswerten besichert wurden, hinsichtlich der Zahlungsverpflichtung nachrangig sind, und zwar bis zum Höchstbetrag des Wertes der Vermögenswerte, die diese Verbindlichkeiten besichern; und • strukturell hinsichtlich der Zahlungsverpflichtung nachrangig gegenüber sämtlichen Verpflichtungen der Tochtergesellschaften der garantiegebenden Muttergesellschaft sind (sofern diese Tochtergesellschaften keine garantiegebenden Tochtergesellschaften sind).
	Rangordnung der	Die Garantien werden:

Garantien	• gegenüber allen bestehenden und zukünftigen Verbindlichkeiten jedes Garantiegebers (einschließlich der Verpflichtungen aus der Kreditvereinbarung 2013 und den ausstehenden vorrangigen Schuldverschreibungen) gleichrangig sein, die gegenüber den Garantien nicht nachrangig sind, vorbehaltlich der gesetzlichen Einschränkungen in Bezug auf ihre Vollstreckbarkeit; • gegenüber denjenigen bestehenden und zukünftigen Verbindlichkeiten der Garantiegeber Vorrang haben, die gegenüber den Garantien nachrangig sind; und • faktisch nachrangig gegenüber allen bestehenden und zukünftigen Verbindlichkeiten der Garantiegeber sein, die durch Sicherungsrechte an Vermögenswerten besichert werden (einschließlich der Verbindlichkeiten aus der Kreditvereinbarung 2013), in dem Ausmaß wie diese Verbindlichkeiten durch Vermögenswerte besichert sind.
Beschränkungen dieser Rechte (Rückzahlung aufgrund von Steueränderungen)	Es muss keine „make-whole“-Prämie gezahlt werden, wenn die Schuldverschreibungen zurückgezahlt werden, nachdem bestimmte Änderungen im Recht einer steuerlich relevanten Rechtsordnung in Kraft getreten sind, die zur Erhebung einer Quellensteuer oder anderen Abzügen von den Zahlungen unter den Schuldverschreibungen führen würden.
C.9 Zinssatz; Fälligkeit der Zinszahlungen; Fälligkeitstermin; Rendite	
Mit den Schuldverschreibungen verbundene Rechte, Rangordnung, Beschränkungen dieser Rechte	Siehe C.8
Zinssatz	Die Schuldverschreibungen werden vom 25. September 2015 (einschließlich) bis zum 15. Januar 2023 (ausschließlich), mit einem jährlichen Zinssatz von 4,50 % verzinst. Die Zinsen sind halbjährlich nachträglich am 15. Januar und 15. Juli eines jeden Jahres, erstmals am 15. Januar 2016 zahlbar.
Fälligkeitstermin	15. Januar 2023
Rückzahlungsrendite	Die Rendite der Emission wird am Preisfestsetzungstag festgesetzt, voraussichtlich am oder vor dem Tag der Begebung der Schuldverschreibungen.
Treuhänderin (Gläubigervertreter)	The Bank of New York Mellon, London Branch
C.10 Derivative Komponente für die auf die Schuldverschreibungen zu zahlenden Zinsen	Siehe Element C.9. Entfällt; es existiert keine derivative Komponente für die auf die Schuldverschreibungen zu zahlenden Zinsen.
C.11 Zulassung der Schuldverschreibungen zum Handel an einem geregelten Markt	

Börsenzulassung

Für die Schuldverschreibungen wurde ein Antrag auf die Zulassung zum Handel am regulierten Markt der Luxemburger Börse gestellt.

D — RISIKEN

D.2 Zentrale Angaben zu den zentralen Risiken, die dem Emittenten eigen sind

Der Emittent wird die Erträge aus dem Vertrieb der Schuldverschreibungen im Rahmen von konzerninternen Darlehen an andere Konzerngesellschaften weiterleiten. Der Emittent beabsichtigt, die Schuldverschreibungen mit Geldern zurückzahlen, die er unter diesen konzerninternen Darlehensvereinbarungen erhält. Der Emittent verfügt, abgesehen von konzerninternen Forderungen gegen andere Konzerngesellschaften, über keine wesentlichen Vermögenswerte oder Einnahmequellen. Daher hängt die Fähigkeit des Emittenten zur Rückzahlung der Schuldverschreibungen von der Fähigkeit der anderen Konzerngesellschaften ab, die konzerninternen Darlehen zurückzuzahlen. Daher ist der Emittent für die Rückzahlung der Schuldverschreibungen vollständig von den Erträgen und der Liquidität der anderen Konzerngesellschaften, die Zahlungen unter den konzerninternen Darlehensvereinbarungen zu leisten haben, abhängig.

D.3 Zentrale Angaben zu den zentralen Risiken, die den Garantiegebern und den Schuldverschreibungen eigen sind

Eine Investition in die Schuldverschreibungen ist mit Risiken verbunden. Daher sollten Anleger vor der Entscheidung über eine Anlage in die Schuldverschreibungen die folgenden Risiken und die sonstigen in diesem Prospekt enthaltenen Informationen sorgfältig prüfen. Die wesentlichen Risiken, denen wir ausgesetzt sind, beziehen sich auf die Möglichkeit der Investoren, Zahlungen unter der Garantie zu erhalten oder durchzusetzen, das rechtliche Umfeld unseres Geschäfts, die Wettbewerbsbedingungen, weltwirtschaftlichen Rahmenbedingungen, Märkte, Rechtsstreitigkeiten, Übernahmen und Wachstum, Verschuldungsgrad und Finanzierung, sowie Produkt- und Technologieentwicklung. Außerdem bestehen bestimmte zusätzliche Risiken in Bezug auf die Schuldverschreibungen.

Der Marktpreis der Schuldverschreibungen könnte bei Eintritt jedes einzelnen dieser Risiken sinken; in diesem Fall könnten Anleger ihren investierten Betrag ganz oder teilweise verlieren. Nachstehend findet sich eine schlagwortartige Übersicht derjenigen Risiken, die bei Erstellung dieses Prospekts identifiziert wurden. Diese Risiken, allein oder in Zusammenschau mit zusätzlichen der Gesellschaft derzeit nicht bekannten Risiken oder Unsicherheiten, können unser Geschäft sowie unsere Finanz- und Ertragslage wesentlich nachteilig beeinflussen.

Risiken in Bezug auf die Garantiegeber

- Das deutsche Insolvenzrecht könnte Zahlungen unter den Garantien ausschließen.
- Die garantiegebende Muttergesellschaft ist auf Ausschüttungen ihrer Tochtergesellschaften angewiesen, um ihren Zahlungsverpflichtungen nachkommen zu können.
- Die Vollstreckbarkeit der Garantien gegenüber den garantiegebenden Tochtergesellschaften könnte begrenzt sein, und die garantiegebenden Tochtergesellschaften erzielen grundsätzlich ihren gesamten Umsatz und generieren ihre gesamte Liquidität durch ihre operativ tätigen Tochtergesellschaften.

Risiken im Zusammenhang mit der Geschäftstätigkeit

- Sollten wir den Vorschriften für das Gesundheitswesen oder anderen gesetzlichen Vorschriften, die auf unsere Geschäftstätigkeit anwendbar sind, nicht Folge leisten, könnten wir u. U. zivil- oder strafrechtlichen Strafmaßnahmen ausgesetzt sein und von den Erstattungsprogrammen des öffentlichen Gesundheitswesens in den USA und anderen Ländern ausgeschlossen werden. Zudem könnte uns möglicherweise die Erlaubnis zum Geschäftsbetrieb entzogen werden. In jedem dieser Fälle könnte ein erhebliches Einbrechen unserer Umsatzerlöse und unseres operativen Gewinns die Folge sein.
- Bestimmte Rechtsverstöße durch unsere Joint Ventures könnten erhebliche nachteilige Auswirkungen auf unsere Geschäftstätigkeit haben.

- Eine Senkung der staatlichen Erstattungsbeträge für unsere Produkte oder Dienstleistungen, einschließlich der Dialysebehandlungen könnte zu einem erheblichen Rückgang unserer Umsatzerlöse und unseres operativen Gewinns führen.
- Lieferausfälle von unseren Zulieferern und steigende Materialkosten können sich negativ auf unsere Geschäftstätigkeit auswirken.
- Wandel im Gebrauch von Erythropoese-Stimulanzen könnten zu einem erheblichen Rückgang unserer Umsatzerlöse und unseres operativen Gewinns führen. Lieferunterbrechungen oder unsere Unfähigkeit, Erythropoese-Stimulanzen zu angemessenen Bedingungen zu beschaffen, könnte zu einem erheblichen Rückgang unserer Umsatzerlöse und unseres operativen Gewinns führen.
- Vorschläge für eine Gesundheitsreform oder in Bezug auf behördliche Genehmigungen oder Änderungen der Rechtspraxis könnten zu einem Rückgang unserer Umsatzerlöse und unseres operativen Gewinns führen.
- Ein bedeutender Anteil der Gewinne von Fresenius Medical Care in Nordamerika hängt von Dienstleistungen ab, die für die Minderheit der privat versicherten Patienten erbracht werden.
- Ein verschärfter Wettbewerb könnte nachteilige Auswirkungen auf unsere Umsatzerlöse in unseren Unternehmensbereichen und unser Wachstumspotential haben.
- Sollten Ärzte und andere Dienstleister keine Patienten mehr an die Dialysekliniken von Fresenius Medical Care überweisen oder keine Erzeugnisse von Fresenius Medical Care mehr verschreiben, könnte dies einen Rückgang der Umsatzerlöse zur Folge haben.
- Die weltwirtschaftlichen Rahmenbedingungen sowie weitere Turbulenzen auf den Finanzmärkten könnten sich nachteilig auf unsere Geschäftstätigkeit auswirken.
- Marktentwicklungen und staatliche Maßnahmen in Bezug auf die staatliche Schuldenkrise in Europa könnten sich nachteilig auf unsere Vermögens-, Finanz- und Ertragslage sowie unsere Liquidität auswirken.
- Wir sind in vielen verschiedenen Rechtsordnungen tätig. Ein Verstoß gegen den U.S. Foreign Corrupt Practices Act und vergleichbare weltweit bestehende Anti-Korruptions-Gesetze könnte sich nachteilig auf unsere Geschäftstätigkeit auswirken.
- Wir sind besonderen Risiken durch internationale Geschäftstätigkeiten ausgesetzt.
- Wir sind in Bezug auf Schwellenländer Risiken und Unsicherheiten ausgesetzt.
- Schwankungen von Währungskursen könnten nachteilige Auswirkungen auf unser Finanzergebnis und unsere Fähigkeit haben, Verbindlichkeiten zu bedienen; unsere Versuche, uns durch Sicherungsgeschäfte (Hedging) abzusichern, könnten fehlschlagen.
- Wir unterliegen Beschränkungen durch unsere Verschuldung.
- Trotz unserer erheblichen Verschuldung könnten wir weiterhin in der Lage sein, uns in erheblichem Maße weiter zu verschulden; dies könnte zu einer Verschärfung der vorstehend beschriebenen Risiken führen.
- Unser Verschuldungsgrad könnte sich nachteilig auf unsere Finanzlage auswirken und uns an der Erfüllung unserer Finanzverbindlichkeiten oder an der Umsetzung bestimmter Elemente unserer Geschäftsstrategie hindern.
- Wir könnten durch Akquisitionen finanziellen Belastungen ausgesetzt werden. In Bezug auf geeignete Akquisitionsziele stehen wir im Wettbewerb mit anderen Unternehmen. Unser Wachstum hängt zum Teil von unserer Fähigkeit ab, auch weiterhin Akquisitionen durchführen zu können.
- Die Integration abgeschlossener und künftiger Akquisitionen, und der erfolgreiche Abschluss und die erfolgreiche Integration unserer geplanten oder beabsichtigten Akquisitionen, sind mit Ungewissheiten und Risiken behaftet.
- Unsere Bemühungen, erfolgreiche neue Produkte und Therapien zu entwickeln, könnten nicht die gewünschten Ergebnisse bringen oder verfehlen, nennenswerte Erträge zu generieren.

- Das geplante Wachstum von Fresenius Helios birgt gewisse Risiken. Außerdem sind wir von den Verträgen mit den gesetzlichen Krankenkassen und den Sozialversicherungsbehörden in Deutschland abhängig.
- Sollte es uns nicht gelingen, medizinisches, technisches und Entwicklungspersonal anzuwerben und zu halten, könnte dies unsere technologische Entwicklung und unser Wachstum beeinträchtigen.
- Die Lizenzierung, der Ankauf und die Vermarktung rechtlich geschützter oder sonstiger spezieller Produkte zur Injektion könnte möglicherweise erfolglos sein und wir könnten bei diesen Produktarten u. U. nie einen Gegenwert für unsere Investitionen erhalten.
- Wir sind Ansprüchen aus Produkthaftung und Patentverletzung sowie sonstigen Ansprüchen ausgesetzt, die erhebliche Haftungsfolgen haben könnten, die wir möglicherweise nicht zu angemessenen Bedingungen versichern können.
- Fresenius Medical Care könnte im Geschäft mit pharmazeutischen Erzeugnissen Umsatzanteile an Hersteller von Generika oder neuer Markenmedikamente verlieren.
- Sollte Produktqualität nicht die Erwartungen unserer Kunden erfüllen, könnte dies erhebliche nachteilige Auswirkungen auf unsere Geschäftstätigkeit und unsere Reputation haben.
- Die Haltung der Steuerbehörden könnte dazu führen, dass wir zusätzliche Steuern zahlen müssen.

Risiken, die den Schuldverschreibungen eigen sind

- Die Zahlungsverpflichtungen unter den Schuldverschreibungen sind gegenüber den Verbindlichkeiten gegenüber Nicht-Garantiegebern oder besicherten Gläubigern im Umfang des Werts der Sicherheiten strukturell nachrangig.
- Wir sind möglicherweise nicht in der Lage, die erforderlichen Mittel aufzubringen, um im Fall eines Kontrollwechsels (Change of Control) ein Angebot zu machen, wie es der Begebungsvertrag vorsieht.
- Es gibt keine Gewährleistung für die Entwicklung eines Markts für den Handel mit den Schuldverschreibungen.
- Die Kreditratings könnten nicht alle Risiken einer Anlage in die Schuldverschreibungen reflektieren; sie stellen keine Empfehlungen zum Kauf oder Halten der Schuldverschreibungen dar und können jederzeit überprüft, aufgehoben oder zurückgenommen werden.
- Inhaber von weiteren, später zu begebenden Schuldverschreibungen haben möglicherweise keine eigenständigen Kündigungsrechte unter dem Begebungsvertrag.
- Eine Anlage in die Schuldverschreibungen ist naturgemäß mit erheblichen Risiken, einschließlich des Risikos eines potentiellen Zahlungsausfalls, behaftet.
- Die Schuldverschreibungen werden FATCA unterliegen. Es werden für Zahlungen an oder im Namen für bestimmte nicht U.S. Finanzgesellschaften keine zusätzlichen Beträge geleistet werden, falls Steuer einbehalten wird.

E — ANGEBOT

E.2b Gründe für das Angebot und Verwendung der Emissionserlöse

Der Nettoerlös aus diesem Angebot soll zur Refinanzierung kurzfristiger Verschuldung verwendet werden, und um unser Fälligkeitsprofil zu verlängern.

E.3 Bedingungen und Konditionen des Angebotes

	Angebot der Schuldverschreibungen	Nicht anwendbar. Die Schuldverschreibungen wurden schon verkauft.
	Zeitgleiches Angebot	Die Schuldverschreibungen wurden in Privatplatzierungen der Wertpapiere in bestimmten Jurisdiktionen verkauft und an qualifizierte institutionelle Anleger zugeteilt. Keine Wertpapiere wurden reserviert, weder für eine besondere Anlegerkategorie noch für Anleger eines besonderen Landes oder einer Jurisdiktion.
	Lieferung der Schuldverschreibungen	Die Lieferung und Zahlung der Schuldverschreibungen erfolgt am 25. September 2015.
E.4	Beschreibung von Interessen, die wesentlich für die Emission/das Angebot sind, einschließlich Interessenkonflikte	Nicht anwendbar. Außer den Interessen des Emittenten, der garantiegebenden Gesellschaften und der Ersterwerber bestehen keinerlei Interessen von natürlichen oder juristischen Personen an der Begebung, auch nicht solche Interessen, die im Widerspruch stehen und die wesentlich für die Begebung der Schuldverschreibungen sein würden. Die Schuldverschreibungen werden gegenüber allen besicherten Verbindlichkeiten des Emittenten und der Garantiegeber faktisch nachrangig sein, und zwar bis zur Höhe des Wertes der Vermögenswerte, die diese Verbindlichkeiten besichern. Im Ergebnis werden damit die Schuldverschreibungen nachrangig zu den Verbindlichkeiten gemäß der Kreditvereinbarung 2013 sein, und zwar bis zur Höhe des Wertes der bestellten Sicherheiten, die diese Verbindlichkeiten besichern. Einige der Ersterwerber oder die mit ihnen verbundenen Unternehmen sind Agenten oder Darlehensgeber im Rahmen der Kreditvereinbarung 2013.
E.7	Schätzung der Ausgaben, die dem Anleger von Emittenten in Rechnung gestellt werden	Entfällt. Weder der Emittent noch ein mit ihm verbundenes Unternehmen werden Anlegern angebotsbezogene Auslagen in Rechnung stellen.

RISK FACTORS

Before making an investment decision with respect to the Notes, you should carefully consider the risks relating to our businesses and the Notes described below, in addition to the other information in this prospectus. These risks are not the only ones we face; additional risks and uncertainties not presently known to us, or that we now believe are immaterial, could also impair our businesses or our ability to fulfill our obligations under the Notes. The order of presentation of the risk factors below does not indicate the likelihood of these risks actually occurring or the scope of any potential impairment these risks might cause to our business. The risks could be realized individually or cumulatively.

Risks Relating to the Issuer

The Issuer has no material assets or sources of revenue except for claims against other Group companies resulting from intercompany receivables.

The Issuer is a wholly owned finance subsidiary of the Parent Guarantor and will on-lend the proceeds from the sale of the Notes under intercompany loans. The Issuer intends to service and repay the Notes out of the payments it receives under these intercompany loans. The Issuer has no other material assets or sources of revenue except for its claims under various intercompany receivables. Accordingly, the Issuer's ability to service and repay the Notes depends on the ability of the counterparties to the intercompany loans to service such indebtedness. Therefore, in meeting its payment obligations under the Notes, the Issuer is wholly dependent on the profitability and cash flow of the counterparties to the intercompany loans to which it is a party.

Risks Relating to the Guarantors

German insolvency laws may preclude the recovery of payments due under the guarantees.

Insolvency proceedings with regard to the Company or the Subsidiary Guarantors would most likely be based on and governed by the insolvency laws of Germany, the jurisdiction under which they are organized and in which all of their assets are located. The provisions of such insolvency laws differ substantially from U.S. bankruptcy laws and may in many instances be less favorable to holders of the Notes than comparable provisions of U.S. law.

In particular, an insolvency administrator (*Insolvenzverwalter*) of the Company or the Subsidiary Guarantors may avoid (*anfechten*) transactions which are detrimental to insolvency creditors and which were effected prior to the commencement of insolvency proceedings. Such transactions can include the payment of any amounts to the holders of the Notes, as well as provision of security for their benefit. The administrator's right to avoid transactions under the German Insolvency Code (*Insolvenzordnung*) can, depending on the circumstances, extend to transactions during a period of up to ten-years prior to the petition for commencement of insolvency proceedings. In the event such transactions were successfully avoided, the holders of the Notes would be under an obligation to repay the amounts received plus interest or to waive the security provided (as the case may be). In addition, before the opening of insolvency proceedings, a creditor who has obtained an enforcement order has the right to avoid certain transactions, such as the payment of debt and the granting of security pursuant to the German Code on Avoidance (*Anfechtungsgesetz*). In particular, a transaction (which term includes the provision of security or the payment of debt) may be avoided in the following cases:

- the transaction was entered into by the debtor (i.e., the Company or the Subsidiary Guarantors) and is directly detrimental to its insolvency creditors if the transaction was effected (i) during the three-month period prior to the petition for commencement of insolvency proceedings over the assets of the debtor and the debtor was unable to make payments when due at the time of the transaction and the beneficiary of the transaction (i.e., the holders of the Notes) had positive knowledge thereof at such time, or (ii) after a petition for the commencement of insolvency proceedings and the beneficiary of the transaction had knowledge of either the debtor's inability to make payments when due or of the petition for commencement of insolvency proceedings at the time of the transaction;
- the transaction was entered into during the ten-year period prior to the petition for the commencement of insolvency proceedings with the debtor's actual intent to disadvantage creditors, provided that the beneficiary of such transaction had positive knowledge of the debtor's intent at the time of the transaction (such knowledge is presumed under German insolvency laws if the beneficiary knew of the debtor's imminent insolvency and that the transaction constituted a disadvantage for the creditors);
- the transaction granting an insolvency creditor security (including a guarantor) or satisfaction to which such creditor had no right or no right to claim in such manner or at such time it was entered into and such transaction took place (i) within the month prior to the petition for commencement of insolvency proceedings; (ii) within the second or third month preceding such petition and the debtor was unable to make payments when due at the time of such

transaction; or (iii) within the second and third month prior to the petition for commencement of insolvency proceedings and the creditor had positive knowledge at the time of the transaction that it was detrimental to the creditors of the debtor; or

- the transaction granting an insolvency creditor security or satisfaction to which such creditor had a right and such transaction took place (i) within the three-month period prior to the petition for the commencement of insolvency proceedings and the debtor was unable to make payments when due at the time of the transaction and the beneficiary of the transaction had positive knowledge thereof at such time, or (ii) following a petition for the commencement of insolvency proceedings and the creditor had positive knowledge of either the debtor's inability to make payments when due or of the petition for commencement of insolvency proceedings at the time of the transaction.

Generally, the Company or the Subsidiary Guarantors would be considered unable to make payments when due if they are not able to meet at least 90% of their due financial obligations within a period of three weeks. If their security were avoided or held unenforceable for any other reason, the holders of the Notes would cease to have any claim in respect of such security. Any amounts obtained from a transaction that has been avoided would have to be repaid plus interest. In addition, the guarantees entered into by the Company and the Subsidiary Guarantors will contain provisions intended to limit the maximum amount payable thereunder in circumstances that could otherwise give rise to the personal liability of the management board members or managing directors of the Guarantors under German law, including German Federal Supreme Court decisions, and be effectively subordinated to the claims of the guarantor's third-party creditors as a result of limitations applicable to the guarantee subordinated to the claims of the guarantor's third-party creditors as a result of limitations applicable to the guarantee.

Where the voidability of a transaction depends on the beneficiary's knowledge of certain circumstances, it is possible that the beneficiary (i.e., the holders of the Notes) will be deemed to have knowledge of aspects that are known to a third party. For example, it is likely that noteholders will be deemed to have knowledge of these circumstances that are known to the Trustee.

The Parent Guarantor relies on distributions from its subsidiaries to meet its payment obligations.

The Parent Guarantor functions as a holding company for our Group, has no material amount of independent operations, and derives substantially all of its consolidated sales from its operating subsidiaries. Consequently, the Parent Guarantor's cash flow and its ability to meet its cash requirements, including its obligations under its Guarantee, is dependent upon the profitability and cash flow of its subsidiaries and payments by such subsidiaries to the Parent Guarantor in the form of loans, dividends, fees, rental payments, or otherwise, as well as the Parent Guarantor's own credit arrangements.

The ability of our subsidiaries to make payments to the Parent Guarantor may be restricted by, among other things, applicable corporate and other laws and regulations and by the terms of covenants and restrictions contained in financing agreements to which our subsidiaries are or will be a party. See "*Description of Other Financing Arrangements*" for a description of such agreements. In addition to any limitations on payment to the Parent Guarantor contained in such agreements, any failure to comply with the covenants and restrictions contained in such agreements could trigger defaults under those agreements which could delay or preclude the distribution of dividend payments or any other similar payments to the Parent Guarantor.

For example, our subsidiary Fresenius Medical Care generated approximately 54%, or €1,401 million, of our cash flow from operations in the year ended December 31, 2014. However, the Parent Guarantor has access to such cash flow only to the extent it is distributed to it as dividends. Such dividends are received in proportion to its economic interest (excluding FMC AG & Co. KGaA treasury shares), which was 30.98% as of June 30, 2015, and are limited by the financing agreements referred to above. See "*Management's Discussion and Analysis of Financial Condition and Results of Operation — Key Factors Affecting Our Results of Operations and Financial Condition*". The Notes will not be guaranteed by Fresenius Medical Care and will be structurally subordinated in right of payment to all existing and future indebtedness of Fresenius Medical Care. As of June 30, 2015, Fresenius Medical Care had €8,285 million of debt.

See "*— Risks Relating to the Subsidiary Guarantors — Enforcement of the Guarantees against the Subsidiary Guarantors may be limited, and the Subsidiary Guarantors derive substantially all of their revenue and cash from their operating subsidiaries*", "*— Risks Relating to the Guarantors — German insolvency laws may preclude the recovery of payments due under the Guarantees*" and "*— Risks Relating to the Notes — The Notes are structurally subordinated to other creditors of non-guarantors or to secured creditors to the extent of the value of the collateral*".

Enforcement of the Guarantees against the Subsidiary Guarantors may be limited, and the Subsidiary Guarantors derive substantially all of their revenue and cash from their operating subsidiaries.

Enforcement of the guarantees of the Notes issued by the Subsidiary Guarantors is limited in certain circumstances. Such limitations would, if applicable, effectively subordinate the Notes in right of payment to all indebtedness and other payment obligations of the relevant Subsidiary Guarantor then existing irrespective of the granting of the guarantee.

The terms of the guarantee of the Notes granted by Fresenius Kabi AG limit enforcement to the amount calculated in accordance with Section 291 paragraph 3 and Section 301 of the German Stock Corporation Act (*Aktiengesetz*), i.e., the amount available to Fresenius Kabi AG from time to time for profit distribution to the Parent Guarantor under any existing profit-and-loss pooling agreement (*Ergebnisabführungsvertrag*) between the Parent Guarantor and Fresenius Kabi AG. See “*Description of the Notes — Description of the Guarantees*”.

The terms of the guarantee of the Notes granted by Fresenius ProServe GmbH limits enforcement if and to the extent payment under the guarantee or the application of enforcement proceeds would cause Fresenius ProServe GmbH’s net assets to fall below its registered share capital, or (if the net assets are already an amount less than the registered share capital) cause such amount to be further reduced, calculated as described under “*Description of the Notes — Description of the Guarantees*”.

In addition, the Subsidiary Guarantors function exclusively as holding companies, have no independent operations, and derive substantially all of their revenue and cash from their operating subsidiaries. The Subsidiary Guarantor’s ability to meet their obligations on their respective Guarantees are dependent upon the profitability and cash flow of their respective subsidiaries and payments by such subsidiaries to them in the form of loans, dividends, fees, or otherwise.

Risks Relating to our Business

If we do not comply with the health care or other governmental regulations applicable to our businesses, we could be subject to civil or criminal penalties and excluded from government health care reimbursement programs in the United States and other countries, or our authorization to conduct business could be terminated, either of which could result in a material decrease in our sales and operating profit.

Our business and operations around the world are subject to extensive regulations in many jurisdictions and covering a broad range of areas, including but not limited to:

- the quality, safety, and efficacy of medical and pharmaceutical products, supplies, and therapies;
- the operation of manufacturing facilities and laboratories;
- product labelling, advertisement and other promotions;
- the planning, equipment, construction, and management of pharmaceutical and medical-technical production plants;
- the construction and management of health care facilities, especially the operation of hospitals, dialysis clinics, and other health care facilities;
- the rate of, and accurate reporting and billing for, government and third-party reimbursement; and
- compensation of medical directors and other financial arrangements with physicians and other referral sources.

If we fail to comply with one or more of these laws or regulations, this may give rise to a number of legal consequences, including monetary and administrative penalties, increased compliance costs, complete or partial exclusion from governmental reimbursement programs, or a complete or partial curtailment of our authorization to conduct business. Any of these consequences could have a material adverse impact on our business, financial condition or results of operations.

Our Group’s medical devices and pharmaceutical products are subject to detailed, rigorous and frequently changing regulation by the U.S. Food and Drug Administration (“**FDA**”), and numerous other national, supranational, federal and state authorities. These regulations include, among other things, regulations regarding product approvals, manufacturing practices, product labeling and promotion, quality control, quality assurance, and post-marketing safety reporting, including adverse event reporting and reporting of certain field actions. We cannot assure that all necessary regulatory approvals for new products or product improvements will be granted on a timely basis or at all. In addition, our Group’s facilities and procedures and those of its suppliers are subject to periodic inspection by the FDA and other regulatory authorities. If deficiencies are detected and complaints are filed, we are required to address these issues immediately, as for example during the inspections of our U.S. production facilities in Grand Island, New York (related to procedures, processes, operating environment in non-aseptic areas and documentation practices) and our active pharmaceutical ingredient (“**API**”) production facility in Kalyani, India (related to good manufacturing practices (“**GMP**”) non-conformities regarding manufacturing, documentation practices and data integrity). We have received several warning letters, in response to which we have been taking corrective action and are subject to re-inspections by the FDA. In any re-inspection the FDA is not limited to reviewing only the processes and procedures that triggered the reinspection. We are engaged in ongoing dialogue with the FDA regarding remediation. The FDA and comparable regulatory authorities outside the U.S. may suspend, revoke, or adversely amend the authority necessary for manufacture, marketing, or sale of our products and those of our suppliers. Our Group and its suppliers must incur expense and spend time and effort to ensure compliance with these complex regulations, and if such compliance is not maintained, they could be subject to significant adverse administrative and judicial enforcement actions in the future. These possible enforcement actions could include warning letters, injunctions, civil penalties, seizures of our Group’s products, and criminal prosecutions as well as dissemination of information to the public about such enforcement actions. These actions could result in, among other things, substantial modifications to our

Group's business practices and operations; refunds; a total or partial shutdown of production while the alleged violation is remedied; and withdrawals or suspensions of current products from the market. Any of these events, in combination or alone, could disrupt our Group's business and have a material adverse effect on our Group's business, financial condition and results of operations.

We rely upon our Group's management structure, regulatory and legal resources, and the effective operation of our compliance programs to direct, manage, and monitor our operations to comply with government regulations. If employees were to deliberately, recklessly, or inadvertently fail to adhere to these regulations, then our authority to conduct business could be terminated and our operations could be significantly curtailed. Any such terminations or reductions could materially reduce our sales. If we fail to identify in our diligence process and promptly remediate any non-compliant business practices in companies that we acquire, we could be subject to penalties, claims for repayment, or other sanctions. Any such terminations or reductions could materially reduce our sales, with a resulting material adverse effect on our business, financial condition, and results of operations.

By virtue of this regulatory environment, our business activities and practices are subject to extensive review by regulatory authorities and private parties, and continuing audits, investigative demands, subpoenas, other inquiries, claims and litigation relating to our or our subsidiaries' compliance with applicable laws and regulations. We may not always be aware that an inquiry or action has begun, particularly in the case of "qui tam" or "whistle blower" actions brought by private plaintiffs under the False Claims Act, which are initially filed under seal. Our Group companies are the subject of a number of ongoing actions, including governmental inquiries and civil suits by the U.S. federal government and private plaintiffs. Adverse results in one or more pending actions could have a material adverse effect on our business, financial condition, or results of operations.

If our joint ventures violate the law, our business could be adversely affected.

A number of the dialysis clinics and health care centers Fresenius Medical Care operates are owned or managed by joint ventures in which one or more hospitals, physicians, or physician practice groups hold interest. Physician owners, who are usually nephrologists, may also provide medical director services and physician owners may refer patients to those centers or other centers Fresenius Medical Care owns and operates or to other physicians who refer patients to those centers or other centers Fresenius Medical Care owns and operates. While Fresenius Medical Care has structured the joint ventures to comply with many of the criteria for safe harbor protection under the U.S. Federal Anti-Kickback Statute, our investments in these joint venture arrangements do not satisfy all elements of such safe harbor. While Fresenius Medical Care has established comprehensive compliance policies, procedures and programs to ensure ethical and compliant joint venture business operations, if one or more of Fresenius Medical Care's joint ventures were found to be in violation of the Anti-Kickback Statute, the Stark Law, or other similar laws worldwide, Fresenius Medical Care could be required to restructure or terminate them. Fresenius Medical Care also could be required to repay to Medicare amounts received by the joint ventures pursuant to any prohibited referrals, and Fresenius Medical Care could be subject to criminal and monetary penalties and exclusion from Medicare, Medicaid, and other U.S. federal and state health care programs. Imposition of any of these penalties could have a material adverse effect on our business, financial condition and results of operations.

A change in government reimbursement for our products or services, including dialysis care, could materially decrease our sales and operating profit.

For the year ended December 31, 2014, approximately 31% of Fresenius Medical Care's consolidated revenues resulted from Medicare and Medicaid reimbursement. Legislative changes or changes in government reimbursement practice may affect the reimbursement rates for the services Fresenius Medical Care provides, as well as the scope of Medicare and Medicaid coverage. Any decrease in Medicare or Medicaid reimbursement rates or covered services could have a material adverse effect on Fresenius Medical Care's business, financial condition, and results of operations.

In addition, Fresenius Helios derives significant portions of its revenues from government reimbursement programs, primarily in Germany. A case-based reimbursement system for hospitals (based on diagnosis related groups or "DRG") was introduced in Germany in 2003 for inpatients. This scheme, which phased in and was fully implemented in 2010, replaced the former composite scheme of mostly departmental per diem payments and a small share of case-based payments. Under the case-based reimbursement system, hospitals receive a flat fee per patient (more exactly for an inpatient case of the patient). The fee takes into account the individual conditions of each patient by evaluating the patient's principal and secondary diagnoses, age, the procedures undertaken on the patient, and the patient's discharge status. Hospitals receive additional payments for some specific services provided based on the procedure. Essentially, the DRG system is aimed at improving hospital efficiency and reducing health care spending. We will closely follow the further regulatory developments relating to the DRG system, as well as discussions regarding the end of dual financing in the hospital sector. Starting 2013, a new flat rate reimbursement scheme was introduced for psychiatric and psychosomatic clinics in Germany. It will be introduced in several stages and is expected to be fully implemented by 2023. The implementation is optional for the introductory phase from 2013 to 2016 and will be mandatory

thereafter. Changes to reimbursement schemes could also have a material adverse effect on our business, financial condition, and results of operations.

We could be adversely affected if we experience shortages of components or material price increases from our suppliers.

The Group's purchasing strategy is aimed at developing partnerships with strategic suppliers through long-term contracts and at the same time ensuring, where reasonably practicable, that it has at least two sources for all supply and price-critical primary products (dual sourcing, multiple sourcing). To prevent loss of suppliers, we monitor our supplier relationships on a regular basis. Suppliers which are integral to our procurement functions are subject to performance and risk analyses. Through constant market analyses, a demands-based design of supplier relationships and contracts, as well as the use of financial instruments, we seek to mitigate disruptive component shortages and potential price increases. If the Group is unable to counteract the risk of bottleneck situations at times of limited availability of components and other materials in spite of its purchasing strategy in combination with ongoing monitoring of market developments, this could result in delays in production and hence have an adverse effect on the Group's results of operations. Similarly, material price increases by suppliers could also adversely affect the Group's result of operations.

A change in the utilization of erythropoietin stimulating agents could materially impact our revenues and operating profit. An interruption of supply or our inability to obtain satisfactory terms for erythropoietin stimulating agents could reduce our revenues and operating profit.

Erythropoietin stimulating agents ("ESAs") are sold in the U.S. by Amgen Inc., under the brand names Epogen[®] (epoetin alfa) and Aranesp[®] (darbepoetin alfa). Fresenius Medical Care's current non-exclusive ESA sourcing and supply contract with Amgen covers the period from January 1, 2015 to December 31, 2018. In addition, limited quantities of Mircera[®] (epoetin beta) are available to Fresenius Medical Care for the purpose of performing a commercial pilot of this FDA-approved ESA manufactured by Hoffmann-La Roche. Under the end stage renal disease ("ESRD") prospective payment system ("ESRD PPS") effective January 1, 2011, payment for ESAs is generally included in the bundled rate; previously, it was reimbursed separately. Any of the following developments could materially adversely affect Fresenius Medical Care's and, indirectly, our business, financial condition, and results of operations: (i) a reduction of the current overfill amount in vials of ESAs that we currently use (liquid medications, such as ESAs, typically include a small overfill amount to ensure that the fill volume can be extracted from the vial as administered to the patient), (ii) an interruption of supply of ESAs or inability to obtain ESAs on satisfactory terms, or (iii) material increases in the utilization of or acquisition costs for ESAs.

Proposals for health care reform, or relating to regulatory approvals, or changes to legal practice, could decrease our revenues and operating profit.

Many of the countries in which we operate have been considering proposals to modify their current health care systems to improve access to health care and to control costs. Policymakers in the U.S. and elsewhere are also considering reforms that could change the methodology used to reimburse providers of health care services, including dialysis. We cannot predict whether and when these reform proposals will be adopted in countries in which we operate or what impact they might have on us. Any decrease in spending or other significant changes in state funding in countries in which we operate, particularly significant changes in the U.S. Medicare and Medicaid programs, could reduce our sales and profitability and have a material adverse effect on our business, financial condition, and results of operations.

In addition, there may be legislative or regulatory proposals that could affect regulatory procedures or decision-making for approving medical device or drug products. Any such legislation or regulations, if enacted or promulgated, could result in a delay or denial of regulatory approval for our products. If any of our products do not receive regulatory approval, or there is a delay in obtaining approval, this also could have a material adverse effect on our business, financial condition, and results of operations.

In the United States, the Patient Protection and Affordable Care Act, as amended by the Health Care and Education Reconciliation Act of 2011 (collectively, "ACA") authorized state and federal health care exchanges to provide greater access to private health insurance coverage. These exchanges went into effect in 2014, and it is not yet known how the insurance coverage available through the exchanges will impact reimbursement for health care services, if at all. There can be no assurance that we can achieve future price increases from private insurers and managed care organizations offering coverage through the federal and state health care exchanges that are comparable to those we have historically received. Any reductions in reimbursement from private insurers and managed care organizations could materially and adversely impact our operating results.

Moreover, further changes in the U.S. health care reforms may be debated by Congress. Whether significant changes in policy will result is unknown. Changes, if any, that may result from these events could, depending on the details, have positive or adverse effects, possibly material, on our businesses and results of operations. Any significant health care reforms that

substantially change the financing and regulation of the health care industry in countries in which we operate could reduce our sales and profitability and have a material adverse effect on our business, financial condition and results of operations.

A significant portion of Fresenius Medical Care's North American profits are dependent on the services it provides to a minority of its patients who are covered by private insurance.

Government reimbursement programs generally pay less than private insurance. Medicare only pays Fresenius Medical Care 80% of the Medicare allowable amount (the patient, Medicaid, or secondary insurance being responsible for the remaining 20%), and Medicaid rates are comparable. As a result, the payments Fresenius Medical Care receives from private payors generate a substantial portion of the profits Fresenius Medical Care reports. Fresenius Medical Care estimates that Medicare and Medicaid are the primary payers for approximately 77% of the patients to whom Fresenius Medical Care provides care in North America but that for 2014, Fresenius Medical Care derived only 51% of the North America Dialysis Care net revenues from Medicare and Medicaid (representing 31% of Fresenius Medical Care's worldwide revenue). Therefore, if the private payers who pay for the care of the other 23% of Fresenius Medical Care's patients in North America reduce their payments for Fresenius Medical Care's services, or if Fresenius Medical Care experiences a material shift in the revenue mix toward Medicare or Medicaid reimbursement, then our revenue, cash flow, and earnings would materially decrease.

Over the last few years, Fresenius Medical Care has generally been able to implement modest annual price increases for private insurers and managed care organizations, but government reimbursement has remained flat or has been increased at rates below typical consumer price index ("CPI") increases. On November 6, 2014, the Centers for Medicare and Medicaid Service ("CMS") issued the final rule updating the ESRD PPS for 2015, pursuant to which the base rate was revised from US\$239.02 for 2014 to US\$239.43 for 2015. On June 26, 2015, CMS issued a proposed ruling regarding the ESRD PPS rate for 2016. Based upon the current proposal, CMS expects that large dialysis organizations will experience a 0.3% increase in payments. The proposal for the base rate per treatment is \$230.20, which represents an approximate reduction of 4%, net, from the 2015 base rate. There can be no assurance that Fresenius Medical Care can achieve future price increases from private insurers and managed care organizations comparable to those Fresenius Medical Care has received historically. With increased governmental reform and regulatory activity, reimbursement from private insurers may be subject to downward pressure in the coming years. The advent of the federal and state health care exchanges may also negatively impact reimbursement from private insurance. Any reductions in reimbursement from private insurers and managed care organizations could materially and adversely impact our operating results. Any reduction in our ability to attract private pay patients to utilize Fresenius Medical Care's health care services relative to historical levels could adversely impact our operating results. Any of the following events, among others, could have a material adverse effect on our operating results:

- a portion of Fresenius Medical Care's business that is currently reimbursed by private insurers or hospitals may become reimbursed by managed care organizations, which generally have lower rates for our services; or
- a portion of Fresenius Medical Care's business that is currently reimbursed by private insurers at rates based on our billed charges may become reimbursed under a contract at lower rates.

Significant competition could adversely affect our sales in our business segments and our ability to grow.

We face numerous competitors in each of our four business segments. Some of these competitors possess substantially greater financial, marketing, or research and development resources. Increased competition could have a material adverse effect on the pricing and sales of our products and services. In particular, technological innovation has historically been a significant competitive factor in the health care sector. The introduction of new products and services by competitors could render one or more of our products or services less competitive or even obsolete.

Our Fresenius Medical Care business segment generated 51% of our consolidated sales in the year ended December 31, 2014. Fresenius Medical Care is one of the world's leading providers of dialysis services and dialysis products to patients with chronic kidney failure. We face a number of competitors in both our dialysis services business and our dialysis products business, some of which may possess substantial financial, marketing, or research and development resources. Competition and especially new competitive developments could materially adversely affect the future pricing and sale of our products and services. In particular, technological innovation has historically been a significant competitive factor in the dialysis products business. The introduction of new products by competitors could render one or more of our products or services less competitive or even obsolete.

Our Fresenius Kabi business segment generated 22% of our consolidated sales in the year ended December 31, 2014 with its four product segments: I.V. drugs, clinical nutrition, infusion therapy, and medical devices/transfusion technology. The markets in which Fresenius Kabi operates are characterized by price pressure, intense competition, and cost-saving measures in the health care sector.

In the United States, almost all Fresenius Kabi injectable pharmaceutical products are sold to customers through arrangements with group purchasing organizations (“GPOs”) and distributors. The majority of hospitals undertake contracts with the GPO of their choice for their purchasing needs. Currently, fewer than five GPOs control a large majority of sales in the United States to hospital customers. Fresenius Kabi currently derives a large percentage of its revenue in the United States through a small number of GPOs, and expects to continue to do so in the future. Fresenius Kabi has purchasing agreements with the major GPOs. To maintain these business relationships, Fresenius Kabi believes it needs to be a reliable supplier, offer a comprehensive high-quality product line, remain price-competitive, and comply with the regulations of the FDA. The GPOs also have purchasing agreements with other manufacturers and the bidding process for products is highly competitive. Most of the agreements Fresenius Kabi has with GPOs in the United States can be terminated at short- or mid-term notice. The main customers in the area of transfusion technology are plasma companies and blood centers. There are four major plasma companies serving the United States. Blood centers in the United States are consolidating in response to blood-conservation efforts at hospitals, which is having an effect on pricing. These market conditions could lead to a reduction in Fresenius Kabi’s sales, which could have a material adverse effect on our business, financial condition, and results of operations.

Our Fresenius Helios business segment generated 23% of our consolidated sales in the year ended December 31, 2014. Fresenius Helios is the largest private hospital operator in Germany. In the course of its further expansion, Fresenius Helios may compete with other hospital operators for suitable expansion targets. If consolidation in the private hospital market results in material restraints on Fresenius Helios’s future growth, it could have a material adverse effect on our business, financial condition, and results of operations.

If physicians and other referral sources cease referring patients to Fresenius Medical Care’s clinics or cease prescribing Fresenius Medical Care’s products, our sales could decrease.

In providing dialysis services within its health care business, Fresenius Medical Care is dependent upon patients choosing Fresenius Medical Care clinics as the location for their treatment. Patients may select a clinic based, in whole or in part, on the recommendation of their physician. We believe that physicians and other clinicians typically consider a number of factors when recommending a particular facility or vascular access center to a patient, including, but not limited to, the quality of care at a clinic, the competency of a clinic’s staff, convenient scheduling, and a clinic’s location and physical condition. Physicians may change their facility recommendations at any time, which may result in the movement of new or existing patients to competing clinics, including clinics established by the physicians themselves. At most of Fresenius Medical Care’s clinics, a relatively small number of physicians often account for the referral of all or a significant portion of the patient base. Fresenius Medical Care’s dialysis business also depends on recommendations by hospitals, managed care plans, and other health care institutions. If a significant number of physicians, hospitals, or other health care institutions ceased referring their patients to Fresenius Medical Care clinics, this would reduce our health care revenue and could have a material adverse effect on our overall operations.

The decision to purchase or prescribe Fresenius Medical Care’s products and other services or competing products and other services will be made in some instances by medical directors and other referring physicians at Fresenius Medical Care’s clinics and by the managing medical personnel and referring physicians at other dialysis clinics, subject to applicable regulatory requirements. A decline in physician recommendations or recommendations from other sources for purchases of the products or ancillary services would reduce Fresenius Medical Care’s product and other services revenue, and would materially adversely affect our business, financial condition, and results of operations.

Global economic conditions as well as further disruptions in financial markets could have an adverse effect on our businesses.

Although there has been some improvement in the global economy and financial markets since the market deterioration of the global economy and tightening of the financial markets in 2008 and 2009, the overall global economic outlook remains uncertain and current economic conditions could adversely affect our business and our profitability. Among other things, the potential decline in federal and state revenues that may result from such conditions may create additional pressures to contain or reduce reimbursements for our services from public payors around the world, including Medicare, Medicaid in the United States, and other government sponsored programs in the United States and other countries around the world. Job losses or slow improvement in the unemployment rate in the United States may result in a smaller percentage of our patients being covered by an employer group health plan and a larger percentage being covered by lower paying Medicare and Medicaid programs. Employers and individuals who obtain insurance through exchanges established under the ACA might also begin to select more restrictive commercial plans with lower reimbursement rates. To the extent that payors are negatively impacted by a decline in the economy, we may experience further pressure on commercial rates, a further slowdown in collections, and a reduction in the amounts we expect to collect. We depend on the financial markets for access to capital, as do our customers and commercial health care insurers. Limited or expensive access to capital could make it more difficult for these customers to do business with us, or to do business generally, which could adversely affect our businesses. In addition, uncertainty in the financial markets could adversely affect the variable interest rates payable under our credit facilities or could make it more difficult to obtain or renew such facilities or to obtain other forms of financing in the future. Any or all of these factors, or other consequences of the continuation, or

worsening, of domestic and global economic conditions, which cannot currently be predicted, could continue to adversely affect our businesses and results of operations.

Market developments and government actions regarding the sovereign debt crisis in Europe could adversely affect our business, financial condition, results of operations, and liquidity.

Global markets and economic conditions have been negatively impacted by concern regarding the ability of certain European Union member states and other countries to service their sovereign debt obligations and Greece's potential exit from the Eurozone. If the fiscal obligations of these countries continue to exceed their fiscal revenue, taking into account the reactions of the credit and swap markets, the ability of such countries to service their debt in a cost efficient manner or to meet their other obligations could be impaired. The continued uncertainty over the outcome of various international financial support programs and the possibility that other countries may experience similar financial pressures could further disrupt global markets. In addition, current or worsening economic conditions could adversely affect the ability of our customers, including governments, to pay for our services, products, and amount spent on health care generally. We have exposure to government obligations, principally for accounts receivable from public health care organizations in such countries. Continued adverse conditions in these countries for an extended period of time could adversely affect collection of our accounts receivable in these countries and require us to re-evaluate the collectability and valuation of our receivables, which could result in credit losses and have a material adverse effect on our business, financial condition, results of operations, and liquidity.

We operate in many different jurisdictions and we could be adversely affected by violations of the U.S. Foreign Corrupt Practices Act and similar worldwide anti-corruption laws.

The U.S. Foreign Corrupt Practices Act ("FCPA") and similar worldwide anti-corruption laws generally prohibit companies and their intermediaries from making improper payments to public officials for the purpose of obtaining or retaining business. Our internal policies mandate compliance with these anti-corruption laws. We operate many facilities throughout the United States and other parts of the world. Our decentralized system has thousands of persons employed by many affiliated companies, and we rely on our management structure, regulatory and legal resources, and effective operation of our compliance program to direct, manage, and monitor the activities of these employees. Despite our training, oversight and compliance programs, we cannot assure you that our internal control policies and procedures always will protect us from deliberate, reckless, or inadvertent acts of our employees or agents that contravene our Group's compliance policies or violate applicable laws. Our continued expansion, including in developing countries, could increase the risk of such violations in the future. Violations of these laws, or allegations of such violations, could disrupt our business and result in a material adverse effect on our results of operations or financial condition.

Fresenius Medical Care has received communications alleging conduct in countries outside the U.S. and Germany that may violate the FCPA or other anti-bribery laws. The Audit and Corporate Governance Committee of Fresenius Medical Care's Supervisory Board is conducting an investigation with the assistance of independent counsel. Fresenius Medical Care voluntarily advised the U.S. Securities and Exchange Commission ("SEC") and the U.S. Department of Justice ("DOJ"). Fresenius Medical Care's investigation and dialogue with the SEC and DOJ are ongoing. Fresenius Medical Care has received a subpoena from the SEC requesting additional documents and a request from the DOJ for copies of the documents provided to the SEC. Fresenius Medical Care is cooperating with the requests.

We face specific risks from international operations.

Our international operations are subject to a number of risks, including but not limited to the following:

- the economic situation in developing or other countries could deteriorate;
- fluctuations in exchange rates could adversely affect profitability;
- we could face difficulties in enforcing and collecting accounts receivable under some countries' legal systems;
- we could be negatively impacted by the ability of certain European Union member states and other countries to service their sovereign debt obligations;
- local regulations could restrict our ability to obtain a direct ownership interest in health care clinics or other operations;
- political, social, or economic instability, especially in developing and newly industrializing countries, could disrupt our operations;
- some customers and governments could increase their payment cycles, with resulting adverse effects on our cash flow;

- some countries could impose additional or higher taxes or restrict the import or export of our products;
- we could fail to receive or could lose required licenses, certifications, or other regulatory approvals for the operation of subsidiaries or dialysis clinics, sale of equipment, products, or services or acquisitions;
- civil unrest, turmoil or outbreak of disease in one or more countries in which we have material operations or material product revenue;
- differing labor regulations and difficulty in staffing and managing geographically widespread operations;
- different or less robust regulatory regimes controlling the protection of our intellectual property; and
- transportation delays or interruptions.

International growth and expansion into emerging markets, such as China, Eastern Europe, the Middle East, and Africa, could cause us difficulty due to greater regulatory barriers than in the United States or Western Europe, the necessity of adapting to new regulatory systems, and problems related to entering new markets with different economic, social, and political systems and conditions. For example, unstable political conditions or civil unrest could negatively impact our operations and sales in a region or our ability to collect receivables or reimbursements or operate or execute projects in a region. Our Group has, on occasion in the past, been forced to postpone or discontinue certain projects due to the occurrence of events that resulted in an unacceptable level of risk to our personnel, and no assurance can be given that such events will not occur in the future.

Any one or more of these or other factors could increase our costs, reduce our sales, or disrupt our operations, with possible material adverse effects on our business, financial condition, and results of operations.

We face risks and uncertainties from emerging markets.

We intend to expand further in emerging markets. We expect that sales from countries outside of Europe and North America will account for an increasing portion of our sales in the future. Sales from these countries accounted for 16% of our Group sales in 2014. Emerging market economies can entail risks not commonly encountered in developed countries. These risks include, but are not limited to, underdeveloped or unstable political, legal and regulatory regimes, inconsistent enforcement of laws and regulations, limited or unreliable infrastructure, and a higher risk of conflict. Any one of these or other factors relating to our operations in emerging markets could increase our costs, reduce our sales, or disrupt our operations, with possible material adverse effects on our business, financial condition, and results of operations.

Changes in foreign exchange rates could have adverse effects on our financial results and on our ability to repay debt; our hedging efforts may be unsuccessful.

The reporting currency of Fresenius is the euro. For the year ended December 31, 2014, 44% of our consolidated sales came from our business segments in Europe, whose sales are mostly denominated in euro; and 40% of our consolidated sales came from our business in North America, whose sales are mostly denominated in U.S. dollars. Fluctuations in exchange rates between the euro and other non-euro currencies, primarily the U.S. dollar, will affect the translation of our consolidated financial results into euro and will also affect the value of any distributions that our business segments make to us. Exchange rate changes may also affect our consolidated balance sheet. Changes in the euro values of our consolidated assets and liabilities resulting from exchange rate movements may cause us to record foreign currency gains and losses. In addition, as of June 30, 2015, 51% of our consolidated debt was denominated in U.S. dollars. Our ability to use cash received in currencies other than the euro or U.S. dollar to service that debt could be adversely affected by changes in exchange rates against the euro or the U.S. dollar.

While we enter into hedging transactions to minimize the effects of certain changes in exchange rates, we cannot assure that such measures will be successful or that our hedging strategy will be effective. If these measures are unsuccessful or our hedging strategy is ineffective, this could increase our costs, reduce our sales or disrupt our operations, with possible material adverse effects on our business, financial condition and results of operations.

Our indebtedness imposes restrictions.

The various debt instruments, including the 2013 Senior Credit Agreement, and the indentures for the various outstanding senior unsecured notes to which Fresenius SE & Co. KGaA is a party as Guarantor (the “**Outstanding Senior Notes**”) contain covenants restricting or limiting our ability to, among other things:

- incur additional indebtedness;
- create liens;
- impose limitations on the ability of our subsidiaries to pay dividends or make other payments to us;

- transfer or sell assets;
- engage in sale and leaseback transactions;
- merge or consolidate with other entities; and
- enter into transactions with affiliates.

All of these limitations are subject to a number of important exceptions and qualifications.

In addition, the 2013 Senior Credit Agreement as well as our outstanding tranches of Euro Notes (*Schuldscheindarlehen*) include covenants that require us to maintain certain financial ratios. Under our 2013 Senior Credit Agreement, we are obligated to maintain a maximum leverage ratio and a minimum interest coverage ratio.

If we breach the covenants of any financing arrangements and are unable to cure the breach (to the extent the breach is capable of being cured) or to obtain a waiver from the lenders (to the extent the covenant is capable of being waived), we would be in default under the terms of such arrangement. A default under any financing arrangements could result in a default under other financing arrangements, including the indentures for our Outstanding Senior Notes and the Indenture, could cause lenders under other arrangements to accelerate such financing arrangements, in which case the amounts under those arrangements would become due as well, and could result in the inability to draw amounts under the 2013 Senior Credit Agreement. If the indebtedness under the Notes or certain other financing arrangements were to be accelerated, there can be no assurance that our assets would be sufficient to repay in full that indebtedness and the other indebtedness of the Issuer.

In addition, Fresenius Medical Care's senior credit facilities entered into in 2012 (the "**2012 FMC Senior Credit Agreement**") and its senior notes include covenants that require Fresenius Medical Care to maintain certain financial ratios or to meet other financial tests in order to incur indebtedness. Under the 2012 FMC Senior Credit Agreement, Fresenius Medical Care is obligated to maintain a maximum consolidated leverage ratio. Other covenants in one or more of each of these agreements restrict or have the effect of restricting Fresenius Medical Care's ability to dispose of assets, incur debt, pay dividends to the Parent Guarantor and make other restricted payments, create liens, or engage in sale-and-leaseback transactions. A breach of any of the covenants or conditions of Fresenius Medical Care's financing arrangement could result in a default and acceleration of the debt under the respective arrangement, which could, in turn, lead to additional defaults and acceleration of the debt under other financing arrangements of Fresenius Medical Care and, in some circumstances, of the Company.

Despite our substantial indebtedness, we may still be able to incur significantly more debt; this could intensify the risks described above.

Despite our significant indebtedness, we may incur additional indebtedness in the future, provided that such indebtedness does not exceed the limit on senior indebtedness imposed by, or is subordinate to the indebtedness under, our 2013 Senior Credit Agreement or other financing arrangements, and such indebtedness is permitted to be incurred under the indentures governing our Outstanding Senior Notes and the Notes. If additional debt is added to our current substantial debt levels, the related risks that we now face could intensify.

Our leverage could adversely affect our financial condition, prevent us from fulfilling our debt-service obligations, or prevent us from pursuing certain aspects of our business strategy.

We have incurred substantial indebtedness. As of June 30, 2015, our total consolidated debt amounted to €15,661 million, while our total consolidated assets amounted to €42,271 million and our consolidated shareholders' equity amounted to €16,909 million, including noncontrolling interest. We had EBITDA for the twelve months ended June 30, 2015 of €4,501 million and net interest expense of €649 million.

Our substantial indebtedness could adversely affect our financial condition which could, as a result, have important consequences to our ability to service the Notes. For example, it could:

- jeopardize the success of our business strategy;
- increase our vulnerability to general adverse economic conditions;
- limit our ability to obtain necessary financing to fund future working capital needs, capital expenditures, and other general corporate requirements;
- require us to dedicate a substantial portion of our cash flow from operations, as well as the proceeds of certain financings and asset dispositions, to payments on our indebtedness, thereby reducing the availability of our cash flow and such proceeds to fund other purposes;

- limit our flexibility in planning for, or reacting to, changes in our business and the industry in which we operate;
- place us at a competitive disadvantage compared to our competitors that have less debt;
- limit our ability to pursue possible future acquisitions and sell assets;
- make it more difficult for us to satisfy our obligations under our debt securities, including the Notes; and
- limit our ability to borrow additional funds.

As a result, our leverage makes us vulnerable to:

- a downturn in the operating performance of our subsidiaries;
- larger than normal fluctuations or volatility in our cash flow; or
- a downturn in economic conditions.

In addition, Fresenius Medical Care is subject to covenants under an amended credit agreement and under indentures related to Fresenius Medical Care's senior notes which, among other things, may have the effect of limiting Fresenius Medical Care's ability to pay dividends. Our ability to make payments on and to refinance our indebtedness, including the Notes, will depend on our ability to generate cash in the future, which is dependent on various factors. These factors include governmental and private insurer reimbursement rates for medical treatment and general economic, financial, competitive, legislative, regulatory, and other factors that are beyond our control. If our cash flow is not sufficient to meet our debt service and principal payment requirements, we could be required to refinance our obligations or to dispose of assets in order to meet such requirements. In addition, from time to time we need to refinance our existing debt as and when it matures. In either case, there is no guarantee that we will be able to refinance our existing indebtedness on terms comparable to those governing our existing indebtedness. If our cash flow is not sufficient to meet our debt service and principal payment requirements, or if we are unable to refinance our existing indebtedness on acceptable terms, it could have a material adverse effect on our business, financial condition, or results of operations.

Acquisitions may place a financial burden on us. We face competition from other companies for suitable acquisition targets. Our growth depends, in part, on our ability to continue to make acquisitions.

The health care industry has experienced significant consolidation in recent years. Our ability to make future acquisitions depends, in part, on our available financial resources and could be limited by restrictions imposed by the United States or other countries' competition laws or under our credit documents. For example, we financed the acquisition of 41 hospitals and related companies from Rhön-Klinikum AG with debt. For our future acquisitions in our business segments, we may need to borrow additional debt or assume significant liabilities, either of which might increase our financial leverage and cause the prices of our debt securities to decline. In addition, any financing that we might need for future acquisitions might be available to us only on terms that restrict our business. Acquisitions that we complete are also subject to risks relating to, among other matters, integration of the acquired businesses (including combining the acquired company's infrastructure and management information systems with ours, harmonization of its marketing, patient service, and logistical procedures with ours, and, potentially, reconciling divergent corporate and management cultures), possible non-realization of anticipated synergies from the combination, potential loss of key personnel or customers of the acquired companies, and the risk of assuming unknown liabilities not disclosed by the seller or not uncovered during due diligence. If we are not able to effect acquisitions on reasonable terms, there could be an adverse effect on our business, financial condition, and results of operations.

We also compete with other companies in seeking suitable acquisition targets, and the continuing consolidation of competitors could affect future growth of our product sales. If we are not able to continue to effect acquisitions on reasonable terms, this could have an adverse effect on our business, financial condition, and results of operations.

The integration of past and future acquisitions, and the successful completion and integration of planned or proposed acquisitions, involves inherent uncertainties and risks.

The integration of acquisitions or potential acquisitions, such as the recent acquisition of hospitals from Rhön-Klinikum AG by Fresenius Helios, carries risks that can adversely affect Fresenius' assets and liabilities, our financial position, and results of operations. Following an acquisition, the infrastructure of the acquired company must be integrated while legal questions and contractual obligations are being clarified. Marketing, patient services, quality standards, and logistics must also be unified. During the integration phase, key managers may leave the acquired company and thereby the course of ongoing business, relationships with customers, and employees may be adversely affected. In addition, change of control clauses may be triggered in certain contracts, some of which may be material to the acquired company. The integration process may prove to be more difficult and cost-intensive or last longer than expected. Risks can arise from the operations of the newly acquired company that Fresenius regarded as insignificant or was unaware of. An acquisition may also prove to be less beneficial than initially expected. Future

acquisitions may be a strain on the finances and management of our business. Moreover, as a consequence of an acquisition Fresenius may become directly or indirectly liable toward third parties or claims against third parties may turn out to be nonassertible.

Our efforts to develop successful new products and therapies may fail to achieve the desired results or may fail to generate substantial revenue streams.

The development of new products and therapies always carries the risk that the goal of commercialization is not achieved. Regulatory approval of new products requires comprehensive, cost-intensive preclinical and clinical studies. Our Group spreads its risk widely by conducting development activities in various product segments. We also counteract risks from research and development projects by regularly analyzing and assessing development trends and examining the progress of research projects. We also strictly comply with the legal regulations for clinical and chemical-pharmaceutical research and development. With generic I.V. drugs, it is also crucial that new products are brought to the market continually and at the right time.

Fresenius Helios's planned growth presents us with certain risks. In addition, we are dependent on contracts with German public health insurance funds and government social security insurance authorities.

Our growth strategy involves acquiring hospitals in suitable locations. Fresenius Helios's competitors pursue similar strategies. Some of these competitors may have greater financial resources than we have. If our competitors are more successful in making acquisitions than we are, this could curtail our growth plans and hinder the development of our regional clinic network, which could have a material adverse effect on our business, financial condition, and results of operations.

In 2014, approximately 90% of Fresenius Helios's patients were insured by German public health insurance and social security insurance authorities. Therefore, we are highly dependent on the accreditation of our acute care hospitals which allows for the provision of services to these patients on behalf of, and in return for payment from the statutory health insurers. Hospitals are accredited for such treatment of statutorily insured patients if (i) they have been admitted to the respective state hospital supply plan (*Krankenhausplan*), or (ii) if they have entered into a medical care contract (*Versorgungsvertrag*) with the relevant state associations of statutory health insurers. Should a Fresenius Helios acute care hospital lose the accreditation for the provision of services to statutorily insured patients, or should the hospitals be unable to compensate for lower reimbursement levels, this could have a material adverse effect on our business, financial condition, and results of operations.

If we are unable to attract and retain skilled medical, technical, and engineering personnel, we may be unable to manage our growth or continue our technological development.

Our continued growth will depend upon our ability to attract and retain skilled employees, such as highly skilled nurses and other medical personnel. Competition for those employees is intense, for example in the hiring of medical, technical, and scientific staff, and could lead to increases in our personnel and recruiting costs. Moreover, we believe that future success in the service businesses (dialysis clinics and HELIOS hospitals) will be significantly dependent on our ability to attract and retain qualified physicians to serve as employees of or consultants to our services businesses. If we are unable to achieve that goal or if doing so requires us to bear increased costs this could adversely impact our growth and results of operations.

Our products business depends on the development of new products, technologies, and treatment concepts to be competitive. Competition is also intense for skilled engineers and other technical research and development personnel. If we are unable to obtain and retain the services of key personnel, the ability of our officers and key employees to manage our growth would suffer and our operations could suffer in other respects. These factors could preclude us from integrating acquired companies into our operations, which could increase our costs and prevent us from realizing synergies from acquisitions. A lack of skilled research and development personnel could impair our technological development, increase our costs, and impair our reputation for production of technologically advanced products, and could have a material adverse effect on our business, financial condition, and results of operations.

Our in-licensing of rights to, or acquisition and commercialization of, proprietary or other specialty injectable products might not be successful, and we may never receive any return on our investment in these product candidates.

We may in-license rights to or acquire or commercialize proprietary or other specialty injectable products or technologies. Other companies, including those with substantially greater financial and sales and marketing resources, will compete with us to license rights to or acquire or commercialize these products. We may not be able to license rights to or acquire these proprietary or other products or technologies on acceptable terms, if at all. Even if we obtain rights to a pharmaceutical product and commit to payment terms, including, in some cases, up-front license payments, we may not be able to generate product sales sufficient to create a profit or otherwise avoid a loss.

A product candidate may fail to result in a commercially successful drug for other reasons, including the possibility that the product candidate may:

- fail to receive necessary regulatory approvals;
- be difficult or uneconomical to produce in commercial quantities;
- be precluded from commercialization by proprietary rights of third parties; or
- fail to achieve market acceptance.

The marketing strategy, distribution channels, and levels of competition with respect to any licensed or acquired product may be different from those of our current products, and we may not be able to compete favorably in any new product category.

We are exposed to product liability, patent infringement, and other claims, which could result in significant costs and liability that we may not be able to insure on acceptable terms in the future.

Health care companies, including the Fresenius Group, are typically subject to claims alleging negligence, product liability, breach of warranty, malpractice, and other legal theories that may involve large claims and significant defense costs, whether or not liability is ultimately imposed on the defendant. The products of Fresenius Medical Care and Fresenius Kabi could also be subject to recalls and patent infringement, which, in addition to monetary penalties, may restrict our ability to sell or use our products. In addition, Fresenius Helios could be exposed to claims for negligence in the operation of its hospitals or patient treatment, for example claims relating to hospital-based infectious diseases. Fresenius Vamed could be exposed to claims arising from errors in the planning, construction and equipping of hospitals or other health care facilities or to claims arising from negligence regarding the facility management or the operational management and logistics of hospitals and other health care facilities. We cannot ensure that such significant claims will not be asserted against us, that significant adverse verdicts will not be reached against us for patent infringements or that large scale recalls of our products will not become necessary. In addition, the laws of some of the countries in which we operate have legal rights to users of pharmaceutical products that could increase the risk of product liability claims. Product liability and patent infringement claims, other actions for negligence or breach of contract, and product recalls or related sanctions could result in significant costs. These costs could have a material adverse effect on our business, financial condition, and results of operations.

Fresenius Medical Care is vigorously defending a patent infringement lawsuit and certain wrongful death and personal injury lawsuits alleging inadequate labeling and warnings for certain of its dialysate concentrate products. While we believe Fresenius Medical Care has valid defenses to these claims, an adverse determination in any litigation we or our subsidiaries face could have a material adverse effect on our business, financial condition and results of operations.

While we have been able to obtain liability insurance in the past to partially cover our business risks, we cannot assure that such insurance will be available in the future either on acceptable terms or at all. In addition, we and our subsidiaries are partially self-insured for professional, product, and general liability; auto liability; and worker's compensation claims, up to pre-determined levels above which our third-party insurance applies. A successful claim in excess of the limits of our insurance coverage could have a material adverse effect on our business, results of operations, and financial condition. Liability claims, regardless of their merit or eventual outcome, also could adversely affect our sales and reputation, which could in turn have a material adverse effect on our business, financial condition, and results of operations.

Fresenius Medical Care's pharmaceutical product business could lose sales to generic drug manufacturers or new branded drugs.

Fresenius Medical Care's branded pharmaceutical product business is subject to significant risk as a result of competition from manufacturers of generic drugs and other new competing medicines or therapies. Through the end of 2013, Fresenius Medical Care was obligated to make certain minimum annual royalty payments under certain of its pharmaceutical product license agreements, regardless of its annual sales of the licensed products. Thereafter, the Company is required to determine their minimum purchase requirements for the subsequent year on a yearly basis. Any of the expiration or loss of patent protection for one of its products, the "at-risk" launch by a generic manufacturer of a generic version of one of its branded pharmaceutical products, or the launch of new branded drugs that compete with one or more of its products, could result in the loss of a major portion of sales of that branded pharmaceutical product in a very short time period, which could have a material adverse effect on our business, financial condition, and results of operations.

A failure of products we manufacture or purchase to meet the quality standards expected by our customers could materially adversely affect our business and reputation.

Our reputation for quality is a key component of our success, and our customers expect our products to meet high standards for quality. Failure of one or more of the products we manufacture or of products we purchase for use in our hospital operations to meet these quality standards could result in decreased sales and a negative impact on our reputation in the markets in which we operate, which could have a material adverse effect on our business, financial condition, and results of operations.

The tax authorities could take positions that require us to make additional tax payments.

We are subject to ongoing tax audits in the United States, Germany, and other jurisdictions. We could potentially receive notices of unfavorable adjustments and disallowances in connection with certain of these audits. If we are unsuccessful in contesting unfavorable determinations, we could be required to make additional tax payments, which could have a material adverse impact on our results of operations and operating cash flow in the relevant reporting period.

Risks Relating to the Notes

The Notes are structurally subordinated to other creditors of non-guarantors or to secured creditors to the extent of the value of the collateral.

Generally, claims of creditors of a subsidiary, including trade creditors, secured creditors, and creditors holding indebtedness and guarantees issued by the subsidiary, will have priority with respect to the assets and earnings of the subsidiary over the claims of creditors of its parent company. However, holders of the Notes will have direct claims against the Subsidiary Guarantors and the Parent Guarantor itself under the guarantees issued by the Parent Guarantor and the Subsidiary Guarantors guaranteeing the Notes on a senior unsecured basis.

Accordingly, the Notes will be structurally subordinated to all creditors, including trade creditors, of the Parent Guarantor's subsidiaries (including Fresenius Medical Care) other than the Subsidiary Guarantors and the Group's financing subsidiaries (including the Issuer). As of June 30, 2015, our subsidiaries which are not Subsidiary Guarantors (including Fresenius Medical Care) or our financing subsidiaries had €8,721 million of debt. Any right of the Parent Guarantor or any of the Subsidiary Guarantors to receive assets of any subsidiary upon the insolvency or liquidation of the subsidiary (and the consequent rights of the holders of the Notes to participate in those assets) will be structurally subordinated to the claims of these subsidiary's creditors, except to the extent the Parent Guarantor's or the Subsidiary Guarantor's claims do not result from (i) their respective shareholdings, (ii) shareholder loans (or their economic equivalent) subordinated by law, or (iii) contractually subordinated claims, in which case their claims would still be subordinated with respect to any assets of the subsidiary pledged to secure other indebtedness, and any indebtedness of the subsidiary senior to that held by the Parent Guarantor or the Subsidiary Guarantors. In addition, holders of secured indebtedness of the Parent Guarantor or the Subsidiary Guarantors would have a claim on the assets securing such indebtedness that is prior to the holders of the Notes and would have a claim that is *pari passu* with the holders of the Notes to the extent the security did not satisfy such indebtedness. As of June 30, 2015, our Group (other than Fresenius Medical Care) had €2,396 million of secured indebtedness.

The Notes will be subordinated to any secured debt of the Issuer or the Guarantors to the extent of the value of the assets securing such debt. As a result, the Notes will be subordinated to the debt under the 2013 Senior Credit Agreement, to the extent of the collateral granted to secure such debt. Certain Initial Purchasers or their affiliates are agents and/or lenders under the 2013 Senior Credit Agreement. See "Description of Other Financing Arrangements" and "Underwriting, Sale and Offer of the Notes".

We may not have the ability to raise the funds necessary to finance a change of control offer as required by the Indenture.

If specific kinds of change of control events occur, the Issuer would be required to make an offer to repurchase all of the outstanding Notes at a purchase price equal to 101% of their principal amount plus any accrued and unpaid interest, if any, and additional amounts, if any. If a change of control occurs, we cannot assure you that we will have sufficient funds to pay the purchase price for any Notes tendered. Some events involving a change of control may also cause an event of default under our credit facilities, our Outstanding Senior Notes, or the Indenture or other debt that we may incur in the future. If a change of control occurs at a time when we are prohibited from purchasing the Notes under our other debt agreements, we could seek the consent of our lenders to purchase the Notes or could attempt to refinance the borrowings that prohibit our repurchase of the Notes. If we do not obtain that consent or repay those borrowings, we would remain prohibited from purchasing the Notes. In that case, our failure to purchase any of the tendered Notes would constitute an event of default under the Indenture governing the Notes, which would likely cause a default under other debt obligations. In that event we would be required to repay all our senior debt, including debt under our credit facilities or indentures before we could repurchase the Notes. You should read the discussions under the headings

“Description of Other Financing Arrangements”, and “Description of the Notes — Change of Control” for further information about these restrictions.

There can be no guarantee regarding the development of the trading market for the Notes.

Although we have applied to admit the Notes to listing on the official list of the Luxembourg Stock Exchange and to admit the Notes to trading on the regulated market of the Luxembourg Stock Exchange, there can be no assurance regarding the future development of a market for the Notes or the ability of holders of the Notes to sell their Notes or the price at which such holders may be able to sell their Notes. If such a market were to develop, the Notes could trade at prices that may be higher or lower than the initial offering price depending on many factors, including:

- prevailing interest rates;
- our operating results; and
- the market for similar securities.

The Initial Purchasers have advised the Issuer that they currently intend to make a market in the Notes as permitted by applicable laws and regulations; however, the Initial Purchasers are not obligated to do so, and any such market-making activities with respect to the Notes may be discontinued at any time without notice. Therefore, there can be no assurance as to the liquidity of any trading market for the Notes or that an active trading market for the Notes will develop.

Credit ratings may not reflect all risks of an investment in the Notes; they are not recommendations to buy or hold securities, and are subject to revision, suspension, or withdrawal at any time.

One or more independent credit rating agencies may assign credit ratings to the Notes. The ratings may not reflect the potential impact of all risks related to the structure, market, additional risk factors discussed herein, and other factors that may affect the value of the Notes. A credit rating is not a recommendation to buy, sell, or hold securities and may be subject to revision, suspension, or withdrawal by the rating agency at any time. No assurance can be given that a credit rating will remain constant for any given period of time or that a credit rating will not be reduced or withdrawn entirely by the credit rating agency if, in its judgment, circumstances so warrant. Any suspension, reduction, or withdrawal of the credit rating assigned to the relevant Notes by one or more of the credit rating agencies may adversely affect the cost and terms and conditions of our financings and could adversely affect the value and trading of such Notes.

Holders of Additional Notes may not have independent rights to give notice under the indenture.

The Issuer in a supplemental indenture may issue additional notes (“**Additional Notes**”) from time to time after this offering subject to the provisions of the Indenture described below under “— *Certain Covenants*”, including, without limitation, the covenant set forth under “— *Certain Covenants — Limitation on Incurrence of Indebtedness*”. The Notes offered hereby and, if issued, any Additional Notes subsequently issued under the Indenture will be treated as a single class for all purposes under the Indenture, including, without limitation, waivers, amendments, redemptions and offers to purchase (*provided that, if any Additional Notes are not fungible with existing notes of the same class for U.S. federal income tax purposes, such Additional Notes shall have a separate ISIN number, if any*). As a result, among other things, holders of each series of Notes will not have separate and independent rights to give notice of a Default or to direct the Trustee to exercise remedies in the event of a Default with respect to the Notes or otherwise. The term “Notes” shall, except where otherwise expressly stated, include the Additional Notes.

An investment in the Notes inherently involves substantial risks, including the potential for default.

Notes offerings have historically involved substantial risks. While certain larger or institutional investors may be able to hedge against default risk by diversifying their investments across a wide variety of securities, smaller and retail investors may not have sufficient capital to do so, and may also be more severely affected than a larger or more diversified investor in the event of a substantial or total loss of value in one particular investment. Each investor of the notes should therefore be comfortable that he or she can afford to bear the loss of a substantial portion or all of the investment before deciding to invest in the Notes.

FATCA withholding tax may decrease the amount received with respect to the Notes.

Sections 1471 through 1474 of the U.S. Internal Revenue Code of 1986, as amended (the “**Code**”), the regulations thereunder and official interpretations thereof, agreements entered into pursuant to Section 1471(b) of the Code, or any fiscal or regulatory legislation, rules or practices adopted pursuant to any intergovernmental agreement (“**IGA**”) implementing such Sections of the Code (collectively, “**FATCA**”) impose a reporting regime and potentially a 30 percent withholding tax with

respect to payments from U.S. sources, including interest paid by a U.S. corporation, to any non-U.S. financial institution (a “foreign financial institution”, or “FFI” (as defined by FATCA)) that (i) does not comply with certain due diligence, information reporting and registration requirements under U.S. law or non-U.S. laws implementing an IGA between the United States and the jurisdiction in which the FFI is resident, and (ii) is not otherwise exempt from or in deemed compliance with FATCA. Non-FFIs may also be subject to withholding under FATCA if they do not provide required information about themselves or their owners to counterparties. FATCA may apply whether the FFI or Non-FFI is the beneficial owner of a Note or an intermediary. After December 31, 2016, a 30 percent withholding tax may also apply to gross proceeds from the sale or exchange of securities that could pay U.S.-source interest or dividends.

Because we are a U.S. corporation for U.S. tax purposes, and will make payments treated as payments from U.S. sources, financial institutions through which payments on the Notes are made may be required to withhold under FATCA if either the ultimate beneficial owner of the Notes or any agent, nominee or custodian receiving payments on behalf of such beneficial owner does not meet the FATCA requirements described above. After December 31, 2016, gross proceeds from the sale or exchange of the Notes may also be subject to FATCA withholding tax if the foregoing requirements are not satisfied.

Prospective investors should consult their tax advisers on how these rules may apply to the Issuer and to payments they may receive in connection with the Notes. We will not pay any additional amounts in respect of FATCA withholding.

PRESENTATION OF FINANCIAL INFORMATION

GENERAL INFORMATION

Our consolidated financial statements and other financial information contained herein have been prepared in accordance with accounting principles generally accepted in the United States of America (“**U.S. GAAP**”), unless it is expressly indicated herein that financial statements or other financial information have been prepared in accordance with the International Financial Reporting Standards of the International Accounting Standards Board (IASB) as adopted by the European Union (“**IFRS**”). We use IFRS to comply with the reporting requirements of the German Commercial Code (*Handelsgesetzbuch*) and other German laws. In addition, we voluntarily prepare and publish our consolidated financial statements in accordance with U.S. GAAP. The unconsolidated financial statements of the Issuer included in this prospectus have been prepared in accordance with U.S. GAAP. The unconsolidated financial statements of both Subsidiary Guarantors included in this prospectus have been prepared in accordance with accounting principles generally accepted in Germany (“**German GAAP**”). References to “2014”, “2013” and “2012” (unless otherwise specified) shall refer to the fiscal years ended December 31, 2014, 2013 and 2012, respectively.

Financial statements and other financial information prepared in accordance with IFRS or national GAAP are not necessarily comparable to, and could differ from, financial statements and other financial information prepared in accordance with U.S. GAAP. For a discussion of some of the significant differences between IFRS and U.S. GAAP that affect us, see “*Selected Consolidated Financial Information*”.

The Company owned 30.98% of the outstanding ordinary voting shares of Fresenius Medical Care AG & Co. KGaA (“**FMC AG & Co. KGaA**”) as at June 30, 2015. FMC AG & Co. KGaA is a German partnership limited by shares. Fresenius Medical Care Management AG, the general partner of FMC AG & Co. KGaA, is a wholly owned subsidiary of the Company. Because corporate decisions are taken by the general partner for German partnerships limited by shares, the Company has and, as long as it maintains ownership of more than 25% of the share capital of FMC AG & Co. KGaA, will retain a factual controlling position (*faktische Kontrolle*) in FMC AG & Co. KGaA under the articles of association of FMC AG & Co. KGaA. Since this factual controlling position (*faktische Kontrolle*) meets the control test for purposes of consolidation, the Company fully consolidates Fresenius Medical Care in its consolidated financial statements. As of August 3, 2015, the Company had a market capitalization of €35.5 billion, and FMC AG & Co. KGaA had a market capitalization of €23.9 billion.

Certain numerical data, financial information and market data in this prospectus are subject to rounding adjustments that were carried out according to customary commercial standards. As a result, the aggregate amounts herein may not correspond in all cases to the data contained in the underlying sources.

NON-U.S.-GAAP AND NON-IFRS FINANCIAL MEASURES

Constant currency

Changes in our revenue include the impact of changes in foreign currency exchange rates. We use the non-GAAP financial measure “at constant exchange rates” in this prospectus to show changes in our revenue without giving effect to period-to-period currency fluctuations. Under U.S. GAAP, sales received in local (non-euro) currency are translated into euro at the average exchange rate for the period presented. In calculating constant currency comparisons, we apply the relevant exchange rates used in our financial statements for the previous period — end-of-period exchange rates in the case of balance sheet data and period average exchange rates in the case of profit and loss statement data — to generate numbers for the current period as if the exchange rates for the current period had been the same as those in the previous period, then compare the resulting “constant currency” data with the corresponding actual data from the previous period in order to measure the increase or decrease on a constant currency basis. This resulting percentage is a non-GAAP measure referring to a change as a percentage “at constant exchange rates”.

We believe that revenue growth is a key indication of how a company is progressing from period to period and that the non-GAAP financial measure constant currency is useful to investors, lenders, and other creditors, because such information enables them to gauge the impact of currency fluctuations on a company’s revenue from period to period. However, we also believe that data on constant currency period-over-period changes have limitations, particularly since the currency effects that are eliminated could constitute a significant element of our revenue and could significantly impact our performance. We therefore limit our use of constant currency period-over-period changes. Unless otherwise indicated, our financial information in this prospectus complies with U.S. GAAP applicable at the relevant date (i.e., the reporting date of the respective annual or interim financial statements).

EBITDA

“EBIT” refers to earnings before interest, income taxes and noncontrolling interest.

In this prospectus, we present EBITDA. “EBITDA” refers to operating income (including noncontrolling interests) plus depreciation and amortization. We do not present EBITDA as a measure of our operating results. Our management believes that the presentation of EBITDA is helpful to investors as a measure of our ability to service debt. However, you should not construe EBITDA as an alternative expression of net income determined in accordance with U.S. GAAP or cash flows from operations, investing activities or financing activities as a measure of cash flows. It should be noted that the definition of EBITDA described above differs from the definition of EBITDA in certain provisions of the Indenture, our 2013 Senior Credit Agreement and certain other financing arrangements.

We show EBITDA for each of our business segments before giving effect to the segment Corporate/Other, to which certain sales and costs are allocated. For this reason, the EBITDA contributions of each of our business segments when added together may add up to more than 100% of our total EBITDA.

EXCHANGE RATES

The table below shows for the period from January 1, 2009 through May 31, 2015, the period end, average, high, and low buying rates for euro expressed as U.S. dollars per €1.00, referred to here as the “dollar-euro exchange rate”. These rates may differ from actual rates used in the preparation of the consolidated financial statements and other financial information appearing in this prospectus. We make no representation that the euro or U.S. dollar amounts referred to in this prospectus have been, could have been or could, in the future, be converted into U.S. dollars or euro, as the case may be, at any particular rate, if at all. On September 11, 2015, the dollar-euro exchange rate was 1.13.

Period	Period end	Average ⁽¹⁾	High	Low
2010	1.33	1.32	1.45	1.20
2011	1.30	1.39	1.49	1.29
2012	1.32	1.29	1.35	1.21
2013	1.37	1.33	1.38	1.28
2014	1.21	1.32	1.38	1.21
January 2015	1.13	1.16	1.19	1.13
February 2015	1.12	1.14	1.15	1.12
March 2015	1.07	1.08	1.12	1.05
April 2015	1.12	1.08	1.12	1.06
May 2015	1.10	1.12	1.14	1.09
June 2015	1.11	1.12	1.14	1.09
July 2015	1.10	1.10	1.11	1.08
August 2015	1.12	1.11	1.16	1.09

(1) With respect to each year, the average of the dollar-euro exchange rates of the U.S. federal reserve on the last day of each month during such year.

In preparing our consolidated financial statements and in converting certain U.S. dollar amounts in this prospectus, we have used the following exchange rates, expressed as U.S. dollars per €1.00, which are based on the euro foreign exchange rates of the European Central Bank:

	January 1 to June 30, 2015	January 1 to December 31,		
		2014	2013	2012
Period-end	1.1189	1.2141	1.3791	1.3194
Period average	1.1158	1.3285	1.3281	1.2848

We have also converted certain U.S. dollar amounts in this prospectus at the rates set forth in the table above for the relevant period-end or period to which the amount being converted relates.

USE OF PROCEEDS

In connection with the offering of the Notes, the Issuer will receive net proceeds of up to approximately US\$296 million. Using current exchange rates, the net proceeds of this offering are expected to be approximately €264 million. The net proceeds will be used to refinance short-term financing, extending our maturity profile.

The fees and expenses to be paid in connection with the issue and offer of the Notes are expected to amount to up to €4 million.

CAPITALIZATION

The table below sets out our consolidated capitalization as of June 30, 2015 and as adjusted to reflect the issuance of the Notes, the repayment of Fresenius US Finance II, Inc.'s senior notes due 2015 and application of the net proceeds to repay short term debt used to repay those senior notes due 2015.

You should read this table together with our interim consolidated financial statements and the notes to those interim consolidated financial statements, and the information under “General Information on Group Structure, Issuer and Guarantors — Overview Corporate and Finance Structure”, “Management’s Discussion and Analysis of Financial Condition and Results of Operations — Liquidity and Capital Resources” and “Description of Other Financing Arrangements”.

	June 30, 2015	As Adjusted
	in € million	
Cash and cash equivalents⁽¹⁾	917	917
Short term debt⁽²⁾	357	811
<i>thereof Fresenius Medical Care</i>	104	104
Fresenius Medical Care 2012 Senior Credit Agreement	2,478	2,478
Fresenius SE 2013 Senior Credit Agreement⁽³⁾	2,297	2,297
Senior Notes⁽⁴⁾	7,998	7,544
<i>Fresenius Finance B.V. 2012/2019</i>	500	500
<i>Fresenius Finance B.V. 2013/2020</i>	500	500
<i>Fresenius Finance B.V. 2014/2019</i>	299	299
<i>Fresenius Finance B.V. 2014/2021</i>	445	445
<i>Fresenius Finance B.V. 2014/2024</i>	453	453
<i>Fresenius US Finance II, Inc. 2009/2015⁽²⁾</i>	275	—
<i>Fresenius US Finance II, Inc. 2009/2015⁽²⁾</i>	447	—
<i>Fresenius US Finance II, Inc. 2014/2021</i>	268	268
<i>Notes offered hereby⁽⁴⁾</i>	—	268
<i>FMC Finance VI S.A. 2010/2016</i>	249	249
<i>FMC Finance VII S.A. 2011/2021</i>	297	297
<i>FMC Finance VIII S.A. 2011/2016</i>	100	100
<i>FMC Finance VIII S.A. 2011/2018</i>	397	397
<i>FMC Finance VIII S.A. 2012/2019</i>	245	245
<i>Fresenius Medical Care US Finance, Inc. 2007/2017</i>	445	445
<i>Fresenius Medical Care US Finance, Inc. 2011/2021</i>	578	578
<i>Fresenius Medical Care US Finance II, Inc. 2011/2018</i>	355	355
<i>Fresenius Medical Care US Finance II, Inc. 2012/2019</i>	715	715
<i>Fresenius Medical Care US Finance II, Inc. 2012/2022</i>	626	626
<i>Fresenius Medical Care US Finance II, Inc. 2014/2020</i>	447	447
<i>Fresenius Medical Care US Finance II, Inc. 2014/2024</i>	357	357
Euro Notes (Schuldscheindarlehen)	917	917
Equity-Neutral Convertible Bonds	839	839
<i>thereof Fresenius SE & Co. KGaA</i>	464	464
<i>thereof FMC AG & Co. KGaA</i>	375	375
Other Debt	775	775
Total Debt⁽⁴⁾	15,661	15,661
<i>thereof Fresenius Medical Care</i>	8,285	8,285
Fresenius SE & Co. KGaA shareholders’ equity	10,164	10,164
Noncontrolling interest subject to put provisions	771	771
Noncontrolling interest not subject to put provisions	6,745	6,745
Total Capitalization⁽⁴⁾	33,341	33,341

(1) Of the amounts set forth in this line item, €520 million represent cash and cash equivalents held by Fresenius Medical Care.

(2) Short term debt as of June 30, 2015 does not include €722 million in short term debt used to repay Fresenius US Finance II, Inc.'s senior notes that matured on July 15, 2015. The adjusted figure for short term debt shows the net change in short term debt after taking into account €722 million of short term debt incurred to repay Fresenius US Finance II, Inc.'s senior notes due 2015 and repayment of short term debt in the amount of €268 million from gross proceeds. The adjusted column for Fresenius US Finance II, Inc.'s senior notes due 2015 reflects repayment of these notes in full.

(3) The adjusted figure does not reflect undrawn amounts under the 2013 Senior Credit Agreement.

(4) The adjusted figure reflects the gross proceeds of the Notes offered hereby (excluding estimated fees and expenses of €4 million).

Other than as indicated above (which includes the repayment of Fresenius US Finance II, Inc.'s senior notes due 2015 through new short term debt), there has been no material change in our Group's consolidated capitalization or indebtedness since June 30, 2015. Please see "*Management's Discussion and Analysis of Financial Condition and Results of Operations — Recent Developments*".

SELECTED CONSOLIDATED FINANCIAL INFORMATION

The selected consolidated financial information below (including ratios) reflects the full consolidation of Fresenius Medical Care's financial statements in our financial statements. Fresenius Medical Care Management AG, a wholly owned subsidiary of the Company in the legal form of a stock corporation under German law (Aktiengesellschaft), is the general partner of FMC AG & Co. KGaA. Fresenius Medical Care Management AG, acting through its management board, is responsible for the management of FMC AG & Co. KGaA. Because corporate decisions are taken by the general partner for German partnerships limited by shares, the Company has, and as long as it maintains ownership of Fresenius Medical Care Management AG and more than 25% of the share capital of FMC AG & Co. KGaA will retain, a controlling position in FMC AG & Co. KGaA under the articles of association of FMC AG & Co. KGaA. Since this controlling position meets the control test for purposes of consolidation under U.S. GAAP, the Company fully consolidates Fresenius Medical Care in its consolidated financial statements under U.S. GAAP. Net income and net assets attributable to other shareholders of FMC AG & Co. KGaA are eliminated and recorded under noncontrolling interest in our consolidated statement of income and balance sheet. However, the Company receives cash flows generated by Fresenius Medical Care only to the extent they are distributed to the Company as dividends or payments under existing agreements, such as rental and service agreements. Dividends are received by the Company only in proportion to its economic interest in Fresenius Medical Care and are also limited by the terms of certain of Fresenius Medical Care's debt instruments. At June 30, 2015, the Company owned 30.98% of the outstanding ordinary voting shares of FMC AG & Co. KGaA. See also "Management's Discussion and Analysis of Financial Condition and Results of Operations — Key Factors Affecting Our Results of Operations and Financial Condition" and "General Information on Group Structure, Issuer and Guarantors — Interest of the Company in FMC AG & Co. KGaA".

You should regard the selected financial and business data below only as an introduction and should base your investment decision on a review of the entire prospectus.

U.S. GAAP

The following tables present selected consolidated financial information and business segment data for our Group for the six months ended June 30, 2015 and 2014, for the twelve months ended June 30, 2015 and each of the financial years ended December 31, 2014, 2013 and 2012. We derived the selected financial data from our consolidated financial statements prepared in accordance with U.S. GAAP. Business segment data is clearly identified as such in the tables. KPMG AG Wirtschaftsprüfungsgesellschaft, The Squaire, Am Flughafen, 60549 Frankfurt am Main, Germany, audited and issued an auditors' report with respect to each of the consolidated financial statements of the financial years ended December 31, 2014, 2013 and 2012. These auditors' reports are included elsewhere in this prospectus. The interim consolidated financial statements for the periods ended June 30, 2015 and 2014 are unaudited.

The historical financial information for the twelve months ended June 30, 2015 set forth below was derived by adding the Group's consolidated financial data for the six months ended June 30, 2015 to the Group's consolidated financial data for the twelve months ended December 31, 2014 and subtracting the Group's consolidated financial data for the six months ended June 30, 2014. The financial information for the twelve months ended June 30, 2015 has been prepared for illustrative purposes only and is not necessarily representative of our results of operations for any future period or our financial condition at any future date. For information regarding the exchange rate between the U.S. dollar and the euro for selected time periods preceding the date of this prospectus, see "Presentation of Financial Information—Exchange Rates".

Selected Consolidated Financial Data

Selected Consolidated Statement of Income Data

	Twelve months ended June 30, 2015 (unaudited)	Six months ended June 30, (unaudited)		Year ended December 31, (unaudited)		
		2015	2014	2014	2013	2012
		(million €)				
Sales	25,927	13,429	10,733	23,231	20,331	19,290
Cost of sales	(18,200)	(9,380)	(7,569)	(16,389)	(13,948)	(13,002)
Gross profit	7,727	4,049	3,164	6,842	6,383	6,288
Selling, general and administrative expenses	(3,832)	(2,018)	(1,545)	(3,359)	(3,044)	(3,000)
Research and development expenses	(422)	(223)	(170)	(369)	(348)	(305)
Operating income (EBIT)	3,473	1,808	1,449	3,114	2,991	2,983
Net interest expense	(649)	(330)	(283)	(602)	(584)	(666)
Other financial result ⁽¹⁾	0	0	0	0	0	(35)
Investment gain ⁽²⁾	0	0	0	0	0	109
Income taxes	(796)	(427)	(331)	(700)	(669)	(659)
Noncontrolling interest ⁽³⁾	(853)	(409)	(301)	(745)	(727)	(806)
Net income attributable to Fresenius SE & Co. KGaA	1,175	642	534	1,067	1,011	926
Operating income (EBIT), adjusted ⁽⁴⁾	3,577	1,822	1,403	3,158	3,045	3,075
Net income attributable to Fresenius SE & Co. KGaA, adjusted ⁽⁵⁾	1,241	642	487	1,086	1,051	938

Selected Consolidated Statement of Financial Position Data

	At June 30, 2015 (unaudited)	At December 31, (unaudited)		
		2014	2013	2012
		(million €)		
Total assets	42,271	39,897	32,758	30,664
Total of Fresenius SE & Co. KGaA shareholders' equity	(10,164)	(9,335)	(8,195)	(7,633)
Total liabilities and shareholders' equity	(42,271)	(39,897)	(32,758)	(30,664)

Selected Consolidated Cash Flow Statement Data

	Twelve months ended June 30, 2015 (unaudited)	Six months ended June 30, (unaudited)		Year ended December 31, (unaudited)		
		2015	2014	2014	2013	2012
		(million €)				
Cash provided by operating activities	3,086	1,251	750	2,585	2,320	2,438
Cash used in investing activities	(2,404)	(621)	(1,568)	(3,351)	(3,603)	(3,251)
Cash provided by (used in) financing activities	(896)	(928)	1,011	1,043	1,305	1,075

Selected Other Consolidated Financial Information

	Twelve months ended June 30, 2015	Six months ended June 30,		Year ended December 31,		
		2015	2014	2014	2013	2012
	(unaudited)	(unaudited)				
		(million €, except ratios)				
EBITDA ⁽⁶⁾⁽⁷⁾⁽⁸⁾	4,501	2,350	1,900	4,051	3,834	3,759
EBITDA, adjusted ⁽⁶⁾⁽⁷⁾⁽⁸⁾	4,605	2,364	1,854	4,095	3,888	3,851
Net debt (as of June 30 or December 31) ⁽⁹⁾	14,744	14,744	13,457	14,279	11,940 ⁽¹⁹⁾	10,143
Net interest expense.....	(649)	(330)	(283)	(602)	(584)	(666)
Capital expenditure.....	(1,434)	(611)	(522)	(1,345)	(1,073)	(1,007)
Acquisitions.....	(1,428)	(194)	(1,216)	(2,450)	(2,754)	(3,172)
Ratio of EBITDA, adjusted to net interest expense ⁽⁶⁾⁽⁷⁾⁽⁸⁾	7.1	7.2	6.6	6.8	6.7	5.8
Ratio of net debt to EBITDA ⁽¹⁰⁾	3.3	3.3	3.4	3.5	2.5	2.7
Ratio of net debt to EBITDA, adjusted ⁽¹⁰⁾⁽¹¹⁾	3.2	3.2	3.4	3.4	2.5	2.6

Selected Consolidated Business Segment Data

Fresenius Medical Care

	Twelve months ended June 30, 2015	Six months ended June 30,		Year ended December 31,		
		2015	2014	2014	2013	2012
	(unaudited)	(unaudited)				
		(million €, except employees)				
Sales	13,830	7,312	5,399	11,917	11,000	10,741
EBITDA ⁽⁶⁾⁽⁷⁾⁽¹²⁾	2,509	1,262	976	2,223	2,187	2,282
EBIT ⁽¹²⁾	1,908	942	731	1,697	1,699	1,813
Net interest expense	(351)	(183)	(142)	(310)	(308)	(332)
Net income attributable to Fresenius Medical Care AG & Co. KGaA ⁽¹³⁾	870	404	320	786	836	870
Operating cash flow	1,737	746	410	1,401	1,532	1,587
Capital expenditure	(769)	(374)	(306)	(701)	(563)	(526)
Acquisitions.....	(1,192)	(137)	(440)	(1,495)	(424)	(1,408)
Research and development expenses.....	(107)	(59)	(44)	(92)	(95)	(87)
Employees (headcount as of respective period end date) ...	109,113	109,113	100,374	105,917	95,637	90,866
Dividends paid	238	238	232	232	230	210
thereof to Fresenius SE & Co. KGaA	74	74	73	73	71	65

Fresenius Kabi

	Twelve months ended June 30, 2015	Six months ended June 30,		Year ended December 31,		
	(unaudited)	2015	2014	2014	2013	2012
	(unaudited)	(unaudited)		(million €, except employees)		
Sales	5,612	2,932	2,466	5,146	4,996	4,539
EBITDA ⁽⁶⁾⁽⁷⁾⁽¹⁴⁾	1,262	691	513	1,084	1,143	1,101
EBIT ⁽¹⁴⁾	1,033	571	411	873	926	934
Net interest expense	(203)	(102)	(95)	(196)	(236)	(286)
Net income attributable to Fresenius Kabi AG ⁽¹⁵⁾	560	309	217	468	487	444
Operating cash flow	780	354	215	641	488	596
Capital expenditure	(374)	(141)	(128)	(361)	(317)	(276)
Acquisitions	(135)	(36)	(19)	(118)	(131)	(877)
Research and development expenses ⁽¹⁶⁾	(313)	(161)	(125)	(276)	(250)	(194)
Employees (headcount as of respective period end date).....	33,125	33,125	32,676	32,899	31,961	30,214

Fresenius Helios

	Twelve months ended June 30, 2015	Six months ended June 30,		Year ended December 31,		
	(unaudited)	2015	2014	2014	2013	2012
	(unaudited)	(unaudited)		(million €, except employees)		
Sales	5,497	2,774	2,521	5,244	3,393	3,200
EBITDA ⁽⁶⁾⁽⁷⁾⁽¹⁷⁾	787	399	344	732	508	432
EBIT ⁽¹⁷⁾	610	307	250	553	390	322
Net interest expense	(54)	(25)	(27)	(56)	(48)	(67)
Net income attributable to HELIOS Kliniken GmbH ⁽¹⁸⁾	447	226	179	400	275	203
Operating cash flow	584	231	205	558	258	240
Capital expenditure	(267)	(84)	(83)	(266)	(172)	(180)
Acquisitions	(95)	(28)	(757)	(824)	(2,185) ⁽¹⁹⁾	(579)
Research and development expenses	—	—	—	—	—	—
Employees (headcount as of respective period end date).....	69,283	69,283	68,731	68,852	42,913	42,881

Fresenius Vamed

	Twelve months ended June 30, 2015	Six months ended June 30,		Year ended December 31,		
	(unaudited)	2015	2014	2014	2013	2012
	(unaudited)	(unaudited)		(million €, except employees)		
Sales	1,107	463	398	1,042	1,020	846
EBITDA ⁽⁶⁾⁽⁷⁾	72	21	20	71	65	59
EBIT	60	16	15	59	55	51
Net interest income	(3)	(2)	0	(1)	(3)	(1)
Net income attributable to VAMED AG	41	10	10	41	37	35
Operating cash flow	9	(44)	(62)	(9)	31	35
Capital expenditure	(14)	(7)	(3)	(10)	(11)	(11)
Acquisitions	(11)	0	(1)	(12)	(16)	(44)
Research and development expenses	0	0	0	0	0	0
Employees (headcount as of respective period end date)....	7,960	7,960	7,333	7,746	7,010	4,432

(1) For 2012 the other financial result includes one-time costs related to the takeover offer to the shareholders of Rhön-Klinikum AG.

(2) Investment gain of €109 million (thereof €75 million attributable to noncontrolling interest) includes non-cash fair valuation gain of Fresenius Medical Care's investment at the time of the acquisition of Liberty.

(3) Noncontrolling interest represents net income attributable to third parties. In the six months ended June 30, 2015 95% of noncontrolling interest was attributable to the noncontrolling interest in Fresenius Medical Care.

- (4) The following table shows the adjustments to operating income (EBIT) made in respect of the costs regarding Fresenius Kabi's cost efficiency program and integration costs for the acquired Rhön hospitals, disposal gain from two HELIOS hospitals, disposal gain from Rhön stake, one-time integration costs of Fenwal, the non-taxable investment gain of Fresenius Medical Care's investment at the time of the Liberty acquisition, the takeover offer to the shareholders of Rhön-Klinikum AG and other one-time costs at Fresenius Medical Care regarding the renegotiation of the Venofer[®] contract and the donation to the American Society of Nephrology.

	Twelve months ended June 30, 2015	Six months ended June 30,		Year ended December 31,		
	(unaudited)	2015	2014	2014	2013	2012
		(unaudited)		(million €)		
Operating Income (EBIT)	3,473	1,808	1,449	3,114	2,991	2,983
Renegotiation of the Venofer [®] contract	—	—	—	—	—	78
Donation to the American Society of Nephrology	—	—	—	—	—	8
One-time costs related to the takeover offer to the shareholders of Rhön-Klinikum AG	—	—	—	—	—	6
Fenwal integration costs	47	0	3	50	54	—
Integration costs for acquired Rhön hospitals	51	8	8	51	—	—
Disposal gain from divestment of two HELIOS hospitals	(34)	(34)	(22)	(22)	—	—
Disposal gain from Rhön-stake	—	—	(35)	(35)	—	—
Fresenius Kabi's cost efficiency program	40	40	—	—	—	—
EBIT, adjusted	3,577	1,822	1,403	3,158	3,045	3,075

- (5) The following table shows the adjustments to net income attributable to shareholders of Fresenius SE & Co. KGaA made in respect of the costs regarding Fresenius Kabi's cost efficiency program and integration costs for the acquired Rhön hospitals, disposal gain from two HELIOS hospitals, disposal gain from Rhön stake, one-time integration costs of Fenwal, the non-taxable investment gain of Fresenius Medical Care's investment at the time of the Liberty acquisition, the takeover offer to the shareholders of Rhön-Klinikum AG and other one-time costs at Fresenius Medical Care regarding the renegotiation of the Venofer[®] contract and the donation to the American Society of Nephrology.

	Twelve months ended June 30, 2015	Six months ended June 30,		Year ended December 31,		
	(unaudited)	2015	2014	2014	2013	2012
		(unaudited)		(million €)		
Net income attributable to Fresenius SE & Co. KGaA	1,175	642	534	1,067	1,011	926
Non-taxable investment gain at Fresenius Medical Care	—	—	—	—	—	(34)
Renegotiation of the Venofer [®] contract	—	—	—	—	—	15
Donation to the American Society of Nephrology	—	—	—	—	—	2
One-time costs related to the takeover offer to the shareholders of Rhön-Klinikum AG	—	—	—	—	—	29
Fenwal integration costs	31	0	2	33	40	—
Integration costs for acquired Rhön hospitals	41	6	6	41	—	—
Disposal gain from divestment of two HELIOS hospitals	(34)	(34)	(21)	(21)	—	—
Disposal gain from Rhön-stake	—	—	(34)	(34)	—	—
Fresenius Kabi's cost efficiency program	28	28	—	—	—	—
Net income attributable to Fresenius SE & Co. KGaA, adjusted	1,241	642	487	1,086	1,051	938

- (6) EBITDA means operating income plus depreciation and amortization and is derived from our operating income determined in accordance with U.S. GAAP.
- (7) We are presenting this figure on the basis that investors may find it helpful as a measure of our performance. This figure is not recognized as a measure under U.S. GAAP and should not be construed as a substitute for income statement or cash flow data, as determined in accordance with U.S. GAAP, or as a measure of profitability or liquidity. It does not necessarily indicate whether cash flow will be sufficient or available for our cash requirements, nor is it necessarily indicative of our historical or future operating results. Because not all companies define this measure in the same way, our presentation of it is not necessarily comparable to similarly-titled measures used by other companies.
- (8) You should not consider EBITDA to be an alternative to net earnings determined in accordance with U.S. GAAP or to cash flow from operations, investing activities or financing activities.

Group EBITDA can be reconciled to operating income as follows for the six months ended June 30, 2015, June 30, 2014 as well as 2014, 2013 and 2012:

	Twelve months ended June 30, 2015	Six months ended June 30,		Year ended December 31,		
	(unaudited)	2015	2014	2014	2013	2012
		(unaudited)		(audited)		
		(million €)				
Operating income (EBIT)	3,473	1,808	1,449	3,114	2,991	2,983
Depreciation and amortization	1,028	542	451	937	843	776
EBITDA	4,501	2,350	1,900	4,051	3,834	3,759
Renegotiation of the Venofer [®] contract	—	—	—	—	—	78
Donation to the American Society of Nephrology	—	—	—	—	—	8
One-time costs related to the takeover offer to the shareholders of Rhön-Klinikum AG	—	—	—	—	—	6
Fenwal integration costs	47	0	3	50	54	—
Integration costs for acquired Rhön hospitals	51	8	8	51	—	—
Disposal gain from divestment of two HELIOS hospitals	(34)	(34)	(22)	(22)	—	—

	Twelve months ended June 30, 2015	Six months ended June 30,	Year ended December 31,			
		2015	2014	2014	2013	2012
	(unaudited)	(unaudited)	(unaudited)	(audited)		
		(million €)				
Disposal gain from Rhön-stake	—	—	(35)	(35)	—	—
Fresenius Kabi's cost efficiency program	40	40	—	—	—	—
EBITDA, adjusted	4,605	2,364	1,854	4,095	3,888	3,851

The EBITDA measure used in determining compliance with certain covenants contained in our 2013 Senior Credit Agreement and other financing arrangements is subject to a number of adjustments according to the terms of these agreements and therefore differs from the EBITDA figures presented here.

Since we fully consolidate FMC AG & Co. KGaA, EBITDA includes EBITDA of Fresenius Medical Care.

- (9) Net debt (including Fresenius Medical Care's accounts receivable facility) includes short-term borrowings, short-term borrowings from related parties, long term debt (including current portion) less cash, cash equivalents and current investment of capital increase.

The net debt measure used in determining compliance with certain covenants contained in our 2013 Senior Credit Agreement and other financing arrangements is subject to a number of adjustments according to the terms of these agreements and therefore differs from the net debt figures presented here.

Since we fully consolidate FMC AG & Co. KGaA, net debt includes net debt of Fresenius Medical Care.

- (10) One of the measures used in determining compliance with certain covenants contained in our 2013 Senior Credit Agreement and other financing arrangements is a leverage ratio. This ratio differs from the net debt to EBITDA ratio presented here due to certain contractual adjustments that are prescribed by the respective governing agreements.

For the twelve months ended June 30, 2014, Fresenius Group EBITDA amounted to €3,901 million.

For reasons of comparability, our Leverage Ratio as of December 31, 2013 has been adjusted to exclude advances made for the acquisition of hospitals of Rhön-Klinikum AG in the amount of €2.18 bn.

- (11) For reasons of comparability, our Leverage Ratio as of June 30, 2015 has been adjusted. EBITDA was adjusted for disposal gain from the divestment of two HELIOS hospitals and proforma acquired hospitals of Rhön-Klinikum AG. Fresenius Group EBITDA (adjusted) for the twelve months ended June 30, 2015 amounted to €4,624 million.

For reasons of comparability, our Leverage Ratio as of December 31, 2014 has been adjusted. EBITDA was adjusted for disposal gain from two HELIOS hospitals, proforma acquired hospitals of Rhön-Klinikum AG and proforma acquisitions made at Fresenius Medical Care. Fresenius Group EBITDA (adjusted) for the twelve months ended December 31, 2014 amounted to €4,183 million.

For reasons of comparability, our Leverage Ratio as of December 31, 2013 has been adjusted to exclude advances made for the acquisition of hospitals of Rhön-Klinikum AG. Fresenius Group EBITDA (adjusted) for the twelve months ended December 31, 2013 amounted to €3,888 million.

For reasons of comparability, our Leverage Ratio as of December 31, 2012 has been adjusted to include the historical EBITDA of Liberty, Damp Group and Fenwal for the full twelve months because the net debt figures of the Fresenius Group as of December 31, 2012 include the net debt acquired in the acquisitions of, or incurred in acquiring, Liberty, Damp Group and Fenwal. Furthermore EBITDA was adjusted for one-time costs (non-financing expenses) related to the offer to Rhön-Klinikum AG shareholders and certain one-time costs at Fresenius Medical Care. For the twelve months ended December 31, 2012, Fresenius Group EBITDA (adjusted) amounted to €3,960 million.

- (12) Excluding €86 million special items from and other one-time costs at Fresenius Medical Care in 2012 that are included in the corporate/other segment.
- (13) Excluding the non-taxable investment gain of Fresenius Medical Care's investment at the time of the Liberty acquisition and other one-time costs at Fresenius Medical Care regarding the renegotiation of the Venofer® contract and the donation to the American Society of Nephrology in 2012 that are included in the corporate/other segment.
- (14) Twelve months ended June 30, 2015 figures adjusted for Fenwal integration costs €47 million and Fresenius Kabi's efficiency program €40 million. Six months ended June 30, 2015 figures adjusted for costs for Fresenius Kabi's efficiency program €40 million.
Excluding Fenwal integration costs of €50 million in 2014 and €54 million in 2013, respectively, that are included in the corporate/other segment.
- (15) Twelve months ended June 30, 2015 figures adjusted for Fenwal integration costs €31 million and Fresenius Kabi's efficiency program €28 million. Six months ended June 30, 2015 figures adjusted for costs for Fresenius Kabi's efficiency program €28 million.
Excluding Fenwal integration costs of €33 million in 2014 and €40 million in 2013, respectively, that are included in the corporate/other segment.
- (16) Twelve months ended June 30, 2015 figures adjusted for Fresenius Kabi's efficiency program €3 million. Six months ended June 30, 2015 figures adjusted for costs for Fresenius Kabi's efficiency program €3 million.
Excluding Fenwal integration costs of €1 million in 2014 and €1 million in 2013, respectively, that are included in the corporate/other segment.
- (17) Twelve months ended June 30, 2015 figures adjusted for integration costs for acquired Rhön hospitals €51 million and disposal gain from two HELIOS hospitals €34 million. Six months ended June 30, 2015 figures adjusted for integration costs for acquired Rhön hospitals €8 million and disposal gain from two HELIOS hospitals €34 million.
Excluding integration costs of acquired Rhön hospitals €51 million and disposal gain from two HELIOS hospitals €22 million and Rhön stake €35 million in 2014 that are included in the corporate/other segment.
- (18) Twelve months ended June 30, 2015 figures adjusted for integration costs for acquired Rhön hospitals €41 million and disposal gain from two HELIOS hospitals €34 million. Six months ended June 30, 2015 figures adjusted for integration costs for acquired Rhön hospitals €6 million and disposal gain from two HELIOS hospitals €34 million.
Excluding integration costs of acquired Rhön hospitals €41 million and disposal gain from two HELIOS hospitals €21 million and Rhön stake €34 million in 2014 that are included in the corporate/other segment.
- (19) Including advances made in the amount of €2.18 billion under a fiduciary arrangement for the acquisition of hospitals and outpatient facilities of Rhön-Klinikum AG.

IFRS

The Company uses the International Financial Reporting Standards of the International Accounting Standards Board (IASB) as adopted by the European Union ("IFRS") to comply with the reporting requirements of the German Commercial Code (Handelsgesetzbuch) and other German laws. The following tables present selected consolidated financial information for our Group prepared in accordance with IFRS for six months ended June 30, 2015 and 2014, and each of the financial years ended

December 31, 2014, December 31, 2013 and December 31, 2012. We derived the selected financial information from our consolidated financial statements prepared in accordance with IFRS. KPMG AG Wirtschaftsprüfungsgesellschaft, The Squire, Am Flughafen, 60549 Frankfurt am Main, Germany, audited and issued an auditors' report with respect to each of the consolidated financial statements of the three years ended December 31, 2014, 2013 and 2012. The interim consolidated financial statements for the periods ended June 30, 2015 and 2014 are unaudited. For information regarding the exchange rate between the U.S. dollar and the euro for selected time periods preceding the date of this prospectus, see "Exchange Rates".

Selected Statement of Operations Data

	Six months ended June 30,		Year ended December 31,		
	2015	2014	2014	2013	2012 ⁽⁷⁾
	(unaudited)		(million €)		
Sales	13,622	10,826	23,459	20,545	19,508
Operating income (EBIT) ⁽¹⁾	1,812	1,435	3,117	2,946	2,996
Net income attributable to Fresenius SE & Co. KGaA	634	526	1,070	988	932
Net income attributable to Fresenius SE & Co. KGaA, adjusted ⁽³⁾	629	479	1,088	1,028	944

Selected Other Financial Data

	Six months ended June 30,		Year ended December 31,		
	2015	2014	2014	2013	2012 ⁽⁷⁾
	(unaudited)		(million €, except ratios)		
Operating income (EBIT), adjusted ⁽²⁾	1,819	1,389 ⁽²⁾	3,159	3,000	3,088
EBITDA, adjusted ⁽²⁾⁽⁴⁾⁽⁵⁾	2,369	1,847 ⁽²⁾	4,114	3,902	3,880
Depreciation and amortization	(550)	(458)	(955)	(902)	(792)
Net interest expense	(330)	(283)	(602)	(584)	(666)
Net debt ⁽⁶⁾	14,645	13,360	14,173	11,852	10,038
Capital expenditure	(617)	(527)	(1,366)	(1,090)	(1,022)
Acquisitions	(194)	(1,170)	(2,404)	(2,753)	(3,171)

Selected Balance Sheet Data

	At June 30, 2015	At December 31,		
	(unaudited)	2014	2013	2012 ⁽⁷⁾
		(million €)		
Total assets	42,370	39,955	32,859	30,899
Total shareholders' equity	(17,301)	(15,860)	(13,595)	(13,149)

(1) Operating income (EBIT) has not been adjusted.

(2) The following table shows the adjustments to operating income (EBIT) made in respect of the costs regarding Fresenius Kabi's cost efficiency program and the acquired Rhön hospitals, disposal gain from two HELIOS hospitals, disposal gain from Rhön stake, one-time integration costs of Fenwal, the non-taxable investment gain of Fresenius Medical Care's investment at the time of the Liberty acquisition, the takeover offer to the shareholders of Rhön-Klinikum AG and other one-time costs at Fresenius Medical Care regarding the renegotiation of the Venofer® contract and the donation to the American Society of Nephrology.

	Six months ended June 30,		Year ended December 31,		
	2015	2014	2014	2013	2012
	(unaudited)		(million €)		
Operating Income (EBIT)	1,812	1,435	3,117	2,946	2,996
Renegotiation of the Venofer® contract	—	—	—	—	78
Donation to the American Society of Nephrology	—	—	—	—	8
One-time costs related to the takeover offer to the shareholders of Rhön-Klinikum AG	—	—	—	—	6
Fenwal integration costs	0	3	48	54	—
Integration costs for acquired Rhön hospitals	8	8	51	—	—
Disposal gain from divestment of two HELIOS hospitals	(34)	(22)	(22)	—	—
Disposal gain from Rhön-stake	—	(35)	(35)	—	—
Fresenius Kabi's cost efficiency program	33	—	—	—	—
EBIT, adjusted	1,819	1,389	3,159	3,000	3,088

- (3) The following table shows the adjustments to net income attributable to shareholders of Fresenius SE & Co. KGaA made in respect of the costs regarding Fresenius Kabi's cost efficiency program and the acquired Rhön hospitals, disposal gain from two HELIOS hospitals, disposal gain from Rhön stake, one-time integration costs of Fenwal, the non-taxable investment gain of Fresenius Medical Care's investment at the time of the Liberty acquisition, the takeover offer to the shareholders of Rhön-Klinikum AG and other one-time costs at Fresenius Medical Care regarding the renegotiation of the Venofer[®] contract and the donation to the American Society of Nephrology.

	Six months ended June 30,		Year ended December 31,		
	2015	2014	2014	2013	2012
	(unaudited)				
	(million €)				
Net income attributable to Fresenius SE & Co. KGaA	634	526	1,070	988	932
Non-taxable investment gain at Fresenius Medical Care.....	—	—	—	—	(34)
Renegotiation of the Venofer [®] contract	—	—	—	—	15
Donation to the American Society of Nephrology	—	—	—	—	2
One-time costs related to the takeover offer to the shareholders of Rhön-Klinikum AG.....	—	—	—	—	29
Fenwal integration costs	0	2	32	40	—
Integration costs for acquired Rhön hospitals	6	6	41	—	—
Disposal gain from two HELIOS hospitals	(34)	(21)	(21)	—	—
Disposal gain from Rhön-stake.....	—	(34)	(34)	—	—
Fresenius Kabi's cost efficiency program	23	—	—	—	—
Net income attributable to Fresenius SE & Co. KGaA, adjusted	629	479	1,088	1,028	944

- (4) We are presenting this figure for comparison with EBITDA calculated on the basis of our IFRS financial information. You should not consider EBITDA to be an alternative to net earnings determined in accordance with U.S. GAAP or IFRS or to cash flow from operations, investing activities or financing activities. Since we fully consolidate FMC AG & Co. KGaA, EBITDA includes EBITDA of Fresenius Medical Care.
- (5) We are presenting this figure on the basis that investors may find it helpful as a measure of our performance. This figure is not recognized as a measure under U.S. GAAP or IFRS and should not be construed as a substitute for income statement or cash flow data, as determined in accordance with U.S. GAAP or IFRS, or as a measure of profitability or liquidity. It does not necessarily indicate whether cash flow will be sufficient or available for our cash requirements, nor is it necessarily indicative of our historical or future operating results. Because not all companies define this measure in the same way, our presentation of it is not necessarily comparable to similarly-titled measures used by other companies.
- (6) Net debt (including Fresenius Medical Care's accounts receivable facility) includes short-term borrowings, short-term borrowings from related parties, long term debt (including current portion) less cash and cash equivalents. Since we fully consolidate FMC AG & Co. KGaA, net debt includes net debt of Fresenius Medical Care.
- (7) 2012 figures have been adjusted as a result of the first time adoption of IAS 19R regarding Employee Benefits at January 1, 2013. For further information please see IFRS consolidated financial statements of Fresenius SE & Co. KGaA for 2013 and 2012 note1. III, "Summary of significant accounting policies, classifications".

Selected Exchange Rate Information

The selected historical consolidated financial data set forth above under "Selected Consolidated Financial Information — U.S. GAAP" are partially derived from the financial statements of Fresenius Medical Care, prepared in accordance with U.S. GAAP, and for which the reporting currency is the U.S. Dollar. For more information, see "Management's Discussion and Analysis of Financial Condition and Results of Operations — Quantitative and Qualitative Disclosures about Market Risk — Management of Foreign Exchange and Interest Rate Risks — Foreign Exchange Risk Management".

Differences between U.S. GAAP and IFRS Financial Information

Financial statements and other financial information prepared in accordance with U.S. GAAP are not necessarily comparable to, and could differ from, financial statements and other financial information prepared in accordance with IFRS. See "Selected Consolidated Financial Information — Differences between U.S. GAAP and IFRS Financial Information".

DIFFERENCES BETWEEN U.S. GAAP AND IFRS FINANCIAL INFORMATION

Financial statements and other financial information prepared in accordance with U.S. GAAP are not comparable to, and could differ from, financial statements and other financial information prepared in accordance with IFRS. The following represents an overview of certain of the significant differences between U.S. GAAP and IFRS as they affect determination of our consolidated net income attributable to shareholders of Fresenius SE & Co. KGaA. The overview has been prepared to assist a reader in understanding the nature of the differences between U.S. GAAP and IFRS as they relate to our Company. This overview does not provide a description of all of the significant differences between U.S. GAAP and IFRS.

Differences between U.S. GAAP and IFRS that could impact our financial statements will most likely result from differences in the accounting treatment under U.S. GAAP and IFRS relating to (1) recognition of the gains resulting from operating sale and leaseback transactions, (2) accounting requirements for deferred taxes related to stock options and (3) capitalization of development cost and the subsequent amortization of these costs. Each of these items is discussed below. This list is not intended as a complete discussion of the differences between U.S. GAAP and IFRS; it addresses only the differences that could have an impact on our financial statements.

1. *Recognition of gains resulting from operating sale and leaseback transactions.* We sell assets to leasing companies and lease them back under operating lease agreements. Under U.S. GAAP, the gain from the sale is deferred over the

term of the lease whereas IFRS requires an immediate recognition of the gain. If the selling price is higher than the fair value, this difference is also deferred under IFRS.

2. *Different accounting requirements for deferred taxes on stock options.* Under U.S. GAAP, deferred taxes on compensation expense for stock options are based on the fair value of stock options. Under IFRS, deferred taxes on stock options are based on the intrinsic value of stock options. The resulting difference between deferred tax expense, deferred tax assets and additional paid in capital under IFRS and U.S. GAAP is usually completely offset at the date of the exercise of stock options and the associated receipt of tax benefits.
3. *Capitalization of development costs if specific requirements are fulfilled.* Costs for the development of new products or technologies are capitalized in accordance with IFRS whereas U.S. GAAP does not allow capitalization. Subsequent to initial measurement under IFRS, the costs for development of successful products or technologies are amortized over the useful life while the costs for development of unsuccessful products or technologies are written off.

Effective January 2012, U.S. GAAP required for health care industries that debt provisions be reclassified from selling, general and administrative expenses to sales, for interim and final periods. Fresenius Medical Care reclassified their debt provision accordingly. There is no impact on EBIT. The bad debt accounting change is only relevant under U.S. GAAP and does not affect our reporting under IFRS.

We consider the differences between our net income attributable to shareholders of Fresenius SE & Co. KGaA determined in accordance with U.S. GAAP and our net income attributable to shareholders of Fresenius SE & Co. KGaA determined in accordance with IFRS to be largely immaterial for each of the six-month periods ended June 30, 2015 and June 30, 2014, as well as for each of the years ended December 31, 2014, 2013 and 2012.

SELECTED UNCONSOLIDATED FINANCIAL DATA FOR THE ISSUER

Under U.S. GAAP, at June 30, 2015, the Fresenius US Finance II, Inc. had total assets of US\$1,210 million, mainly consisting of financial fixed assets of US\$1,182 million, cash and cash equivalents of US\$405 thousand and shareholders' equity of US\$64 million.

	Six months ended June 30,		Year ended December 31,	
	2015	2014	2014	2013
	(unaudited)			
	(million US\$)			
Sales	0	0	0	0
Profit from operations	2	2	5	5
Cash provided by operating activities	1	1	3	3
	At June 30, 2015		At December 31,	
			2014	2013
	(unaudited)			
	(million US\$)			
Total assets		1,210	1,236	967
Equity		(64)	(62)	(52)

At December 31, 2014, Fresenius US Finance II, Inc. had total assets of US\$1,236 million, mainly consisting of financial fixed assets of US\$1,207 million, cash and cash equivalents of US\$266 thousand, and shareholders' equity of US\$62 million.

At December 31, 2013, Fresenius US Finance II, Inc. had total assets of US\$967 million, mainly consisting of financial fixed assets of US\$944 million, cash and cash equivalents of US\$993 thousand, and shareholders' equity of US\$52 million. The financial statements of the Issuer for the six months ended June 30, 2015 and the financial years ending December 31, 2014 and 2013 are included in this prospectus on pages F-298 et seq.

SELECTED UNCONSOLIDATED FINANCIAL DATA OF SUBSIDIARY GUARANTORS, FRESENIUS KABI AG AND FRESENIUS PROSERVE GMBH

Fresenius Kabi AG

In accordance with German GAAP as of June 30, 2015, Fresenius Kabi AG had total assets of €3,262 million, total liabilities of €1,586 million and, for the six months ended June 30, 2015, a net income of €154 million (including income from participations).

	Six months ended June 30,		Year ended December 31,	
	2015	2014	2014	2013
	(unaudited)			
		(million €)		
Sales	0	0	0	0
Profit from operations	154	183	206	149
Cash provided by operating activities	129	174	206	166
	At June 30, 2015		At December 31, 2014	2013
	(unaudited)			
		(million €)		
Total assets		3,262	3,172	2,632
Equity		(1,657)	(1,657)	(1,657)

At December 31, 2014, Fresenius Kabi AG had total assets of €3,172 million, mainly consisting of financial fixed assets of €2,350 million and accounts receivable from related parties of €810 million, cash and cash equivalents of €0 million, and shareholders' equity €1,657 million.

At December 31, 2013, Fresenius Kabi AG had total assets of €2,632 million, mainly consisting of financial fixed assets of €2,039 million and accounts receivable from related parties of €578 million, cash and cash equivalents of €0 million, and shareholders' equity €1,657 million. The financial statements of Fresenius Kabi AG for the six months ended June 30, 2015 and for the financial years ending December 31, 2014 and 2013 are included in this prospectus on pages F-338 et seq.

Fresenius ProServe GmbH

In accordance with German GAAP as of June 30, 2015, Fresenius ProServe GmbH had total assets of €5,737 million, total liabilities of €610 million and, for the six months ended June 30, 2015, a net income of €183 million (including income from participations).

	Six months ended June 30,		Year ended December 31,	
	2015	2014	2014	2013
	(unaudited)			
		(million €)		
Sales	0	0	0	0
Profit from operations	183	217	335	263
Cash provided by operating activities	182	218	338	264
	At June 30, 2015		At December 31, 2014	2013
	(unaudited)			
		(million €)		
Total assets		5,737	5,887	2,795
Equity		(5,115)	(5,115)	(2,105)

At December 31, 2014, Fresenius ProServe GmbH had total assets of €5,887 million, mainly consisting of financial fixed assets of €5,547 million, and accounts receivable due from related parties of €330 million, and shareholders' equity of €5,115 million.

At December 31, 2013, Fresenius ProServe GmbH had total assets of €2,795 million, mainly consisting of financial fixed assets of €2,526 million, and accounts receivable due from related parties of €258 million, and shareholders' equity of €2,105 million. The financial statements of Fresenius ProServe GmbH for the financial years ending December 31, 2014 and 2013 are included in this prospectus on pages F-356 et seq.

The financial statements of the Subsidiary Guarantors for the six months ended June 30, 2015 and for the financial years ending December 31, 2014 and 2013 are included in this prospectus on pages F-338 et seq. Our consolidated financial statements also contain financial information for our group of companies on a consolidated basis which includes the Guarantors as our principal subsidiaries.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

You should read the following discussion of our financial condition and results of operations in conjunction with our consolidated financial statements and the related notes to those financial statements. Some of the statements contained below, including those concerning future sales, costs, capital expenditures, acquisitions and financial condition, include forward looking statements. Because such statements involve risks and uncertainties, actual results may differ materially from the results that the forward-looking statements express or imply. For a discussion of these risks and uncertainties see "Disclosure Regarding Forward-Looking Statements" and "Risk Factors". Fresenius Medical Care presents its stand-alone consolidated financial statements in U.S. dollars. Certain items of Fresenius Medical Care's financial data, such as geographical financial data, have not been translated into euro amounts and are therefore stated in U.S. dollar amounts in accordance with U.S. GAAP in the discussion below.

Our consolidated financial statements are included on pages F-3 et seq. in this prospectus.

OVERVIEW

Fresenius is an international health care group with products and services for dialysis, hospitals and outpatient medical care. In addition, Fresenius focuses on hospital operations, as well as on engineering and services for hospitals and other health care facilities. Our Group includes the following business segments:

- **Fresenius Medical Care** is the world's largest provider of dialysis products and dialysis care for patients with chronic kidney failure according to publicly reported sales and number of patients treated;
- **Fresenius Kabi** is a leading supplier of infusion therapies, intravenously administered generic drugs (I.V. drugs), and clinical nutrition for critically and chronically ill people in hospitals and outpatient care in addition to medical devices and products in the area of transfusion technology;
- **Fresenius Helios** is the largest hospital operator in Germany based on publicly available information on sales and beds and, following its successful acquisition of 41 hospitals from Rhön-Klinikum AG, owned 111 hospitals (as of June 30, 2015), including seven maximum care hospitals, with more than 34,000 beds with a focus on providing acute treatment and post-acute care (medical rehabilitation) and treats more than 4.5 million patients per year, of which 1.2 million were inpatients in 2014; and
- **Fresenius Vamed** is one of the leading international providers of engineering, construction, and maintenance services to hospitals and other health care facilities worldwide.

Fresenius operates in about 80 countries through its subsidiaries and maintains approximately 90 production sites. In the six months ended June 30, 2015, our Group generated sales of €13,429 million and EBIT of €1,808 million. Fresenius Medical Care is fully consolidated into the financial statements of our Group.

The following table shows key data of our business segments and our Corporate/Other segment:

	Six months ended June 30, 2015 (unaudited)					
	Fresenius Medical Care	Fresenius Kabi	Fresenius Helios	Fresenius Vamed	Corporate/ Other ⁽¹⁾	Total
	(million €, except employees and percentages)					
Sales	7,312	2,932	2,774	463	(52)	13,429
EBITDA adjusted ⁽²⁾	1,262	691	399	21	(9)	2,364
Operating income (EBIT), adjusted ⁽²⁾	942	571	307	16	(14)	1,822
Net income attributable to Fresenius SE & Co. KGaA, adjusted ⁽³⁾	404	309	226	10	(307)	642
Operating cash flow	746	354	231	(44)	(36)	1,251
Capital expenditures	(374)	(141)	(84)	(7)	(5)	(611)
Acquisitions	(137)	(36)	(28)	—	7	(194)
Research and development	(59)	(161)	—	0	(3)	(223)
Employees (as of June 30)	109,113	33,125	69,283	7,960	858	220,339
Equity participation	31%	100%	100%	77%	—	—

- (1) The segment Corporate / Other is mainly comprised of the holding functions of Fresenius SE & Co. KGaA as well as Fresenius Netcare GmbH, which provides services in the field of information technology. In addition, the segment Corporate / Other includes intersegment consolidation adjustments as well as special items.
- (2) EBITDA, adjusted and operating income (EBIT), adjusted, for the six months ended June 30, 2015 adjusted for costs for Fresenius Kabi's efficiency program €40 million, integration costs for the acquired Rhön hospitals €8 million and disposal gains from the divestment of two HELIOS hospitals €34 million.
- (3) June 30, 2015 adjusted for costs for Fresenius Kabi's efficiency program €28 million, integration costs for the acquired Rhön hospitals €6 million and disposal gain from the divestment of two HELIOS hospitals €34 million.

The following table shows key data of our business segments and our Corporate/Other segment:

Year ended December 31, 2014						
	Fresenius Medical Care	Fresenius Kabi	Fresenius Helios	Fresenius Vamed	Corporate/ Other ⁽¹⁾	Total
	(million €, except employees and percentages)					
Sales	11,917	5,146	5,244	1,042	(118)	23,231
EBITDA adjusted ⁽²⁾	2,223	1,084	732	71	(15)	4,095
Operating income (EBIT), adjusted ⁽²⁾	1,697	873	553	59	(24)	3,158
Net income attributable to Fresenius SE & Co. KGaA, adjusted ⁽³⁾	786	468	400	41	(609)	1,086
Operating cash flow	1,401	641	558	(9)	(6)	2,585
Capital expenditures	(701)	(361)	(266)	(10)	(7)	(1,345)
Acquisitions	(1,495)	(118)	(824)	(12)	(1)	(2,450)
Research and development	(92)	(276)	—	0	(1)	(369)
Employees (as of December 31)	105,917	32,899	68,852	7,746	861	216,275
Equity participation	31%	100%	100%	77%	—	—

- (1) The segment Corporate / Other is mainly comprised of the holding functions of Fresenius SE & Co. KGaA as well as Fresenius Netcare GmbH, which provides services in the field of information technology. In addition, the segment Corporate / Other includes intersegment consolidation adjustments as well as special items.
- (2) Adjusted for Fenwal integration costs of €50 million, acquired Rhön hospitals €51 million and disposal gains from two HELIOS hospitals €22 million and Rhön stake €35 million.
- (3) Adjusted for Fenwal integration costs of €33 million, acquired Rhön hospitals €41 million and disposal gains from two HELIOS hospitals €21 million and Rhön stake €34 million.

For additional information about our business segments, see “Business”.

Our consolidated financial statements also include the segment Corporate/Other, to which certain corporate sales and costs are allocated. The costs relate to Group overhead. The segment is mainly comprised of Fresenius SE & Co. KGaA, our Group's holding company, and Fresenius Netcare GmbH, which provides services in the field of information technology. In addition, Corporate/Other also reflects consolidation adjustments between our business segments.

KEY FACTORS AFFECTING OUR RESULTS OF OPERATIONS AND FINANCIAL CONDITION

Factors affecting our results of operations include the following:

- **Ownership of Fresenius Medical Care.** We owned 30.98% of the outstanding ordinary voting shares of FMC AG & Co. KGaA as at June 30, 2015. Fresenius Medical Care Management AG, a wholly owned subsidiary of Fresenius SE & Co. KGaA in the legal form of a stock corporation under German law (*Aktiengesellschaft*), is the general partner of FMC AG & Co. KGaA. The management board of Fresenius Medical Care Management AG is responsible for the management of FMC AG & Co. KGaA. Because corporate decisions are taken by the general partner for German partnerships limited by shares, Fresenius SE & Co. KGaA has, and as long as it maintains ownership of more than 25% of the share capital of FMC AG & Co. KGaA will retain, a controlling position in FMC AG & Co. KGaA under the articles of association of FMC AG & Co. KGaA. Since this controlling position meets the control test for purposes of consolidation under U.S. GAAP, we fully consolidate Fresenius Medical Care in our consolidated financial statements under U.S. GAAP. Net income and net assets attributable to other shareholders of FMC AG & Co. KGaA are eliminated and recorded under noncontrolling interest in our consolidated statement of income and balance sheet.

Although we fully consolidate the financial statements of Fresenius Medical Care in our financial statements, we receive the cash flows generated by the Fresenius Medical Care business segment only to the extent they are distributed to us as dividends. Such dividends are received in proportion to our ownership of the ordinary voting

shares of FMC AG & Co. KGaA. We received dividend distributions from FMC AG & Co. KGaA in the amounts of €74 million in the second quarter of 2015, €73 million in 2014, €71 million in 2013 and €65 million in 2012. Our economic interest in FMC AG & Co. KGaA in the first six months ended June 30, 2015 (the average over the period) was 31.05%. Our economic interest in FMC AG & Co. KGaA in 2014, 2013 and 2012 (in each case, the average for the year) was 31.22%, 31.07% and 30.85%, respectively. Covenants contained in Fresenius Medical Care's 2012 senior credit agreement (amended 2014) impose limitations on the amount of total annual dividends that Fresenius Medical Care may distribute in any one year. Under Fresenius Medical Care's 2012 FMC Senior Credit Agreement, dividends and other restricted payments were subject to a limitation of €300 million in 2013, which amount increases in subsequent years and which amounted to €360 million in 2015. For additional information about Fresenius Medical Care's indebtedness, see "*Description of Other Financing Arrangements — Fresenius Medical Care*".

In addition to cash dividends, we receive cash payments, primarily in the form of service fees and rental payments from Fresenius Medical Care under certain intercompany agreements. We received payments of €88.8 million in 2014, €98.3 million in 2013 and €82.5 million in 2012 under these agreements. These payments were partially offset by payments that we made to Fresenius Medical Care pursuant to other intercompany agreements in the amounts of €6.3 million in 2014, €5.7 million in 2013 and €4.5 million in 2012.

For more information about ownership of Fresenius Medical Care, see "*General Information on Group Structure, Issuer and Guarantors — Interest of the Company in Fresenius Medical Care AG & Co. KGaA*".

- **Acquisitions/Divestments.** We completed a number of acquisitions during the periods under review. These acquisitions include:
 - Fresenius Medical Care's acquisitions in the six months ended June 30, 2015 totaled €137 million and were primarily related to dialysis care services. In 2014, acquisitions totaled €1,495 million, mainly comprising the purchase of dialysis clinics primarily through the acquisition of a majority stake of Sound Inpatient Physicians, Inc. in the United States. In 2013, acquisitions totaled €424 million, particularly related to the acquisitions of dialysis clinics and the expansion in the laboratory services business. In 2012, acquisitions totaled €1,408 million, which mainly related to the acquisition of Liberty Dialysis Holdings, Inc. in the United States.
 - Fresenius Kabi's acquisitions totaled €36 million in the six months ended June 30, 2015 and were mainly related to the purchase of 100% of the shares in medi1one medical gmbh, Germany, and the purchase of further shares in Fresenius Kabi Bidiphar JSC, Vietnam. Fresenius Kabi made acquisitions totaling €118 million in 2014, primarily relating to the acquisition of the pharmaceutical company Novafarma Indústria Farmacêutica Ltda. in Brazil. Fresenius Kabi spent €131 million in 2013. The largest single project at Fresenius Kabi in 2013 was the acquisition of 51% of shares in PT Ethica Industri Farmasi in Indonesia. Fresenius Kabi made acquisitions totaling €877 million in 2012, primarily relating to the acquisition of the U.S. company Fenwal, a leading supplier of transfusion technology products.
 - Fresenius Helios spent €28 million for acquisitions in the six months ended June 30, 2015, mainly for subsequent purchase price payments, the acquisition of outpatient facilities and the purchase of 94% of the shares in Lungenklinik Dieckholzen gGmbH, Germany. In 2014, acquisitions totaled €824 million, related mainly to the acquisition of 41 hospitals from Rhön-Klinikum AG. In 2013 acquisitions totaled €2,185 million, mainly for advances made in the amount of €2,178 million under a fiduciary agreement for the acquisition of hospitals and outpatient facilities of Rhön-Klinikum AG. In addition, Fresenius Helios acquired a hospital in North Rhine-Westphalia. In 2012, acquisitions totaled €579 million, mainly relating to the acquisition of the Damp Group. Prior to its acquisition, Damp Group was one of the ten largest private hospital operators in Germany.
 - Fresenius Vamed made no acquisitions in the six months ended June 30, 2015. In 2014, acquisitions totaled €12 million. In 2013, its spending on acquisitions totaled €16 million. In 2012, acquisitions totaled €44 million, which mainly related to the acquisitions of the Italian H.C. Hospital Consulting S.p.A. and the intercompany acquisition of the Zihlschlacht rehabilitation clinic in Switzerland from Fresenius Helios.
 - In the Corporate/Other segment, acquisitions/investments totaled minus €7 million in the six months ended June 30, 2015. In the first half of 2015, the consolidation of an intercompany transaction was shown under the Corporate/Other segment. In 2014, acquisitions/investments totaled €1 million. In 2014, the 5% stake in Rhön-Klinikum AG was sold. The corresponding book gain is included in selling, general and

administrative expenses in the consolidated statement of income. In 2013 acquisitions totaled negative €2 million. In 2012, acquisitions/investments totaled €264 million mainly relating to the takeover offer to the shareholders of Rhön-Klinikum AG and the purchase of approximately 2.1 million ordinary shares of FMC AG & Co. KGaA..

- **Currency Translation.** We conduct our business on a global basis in several major international currencies, although our operations are primarily in Europe and the United States. Our reporting currency is the euro. In 2014, 44% of our consolidated sales came from our business segments in Europe, whose sales are mostly denominated in euro, and 40% of our consolidated sales came from our business in North America, whose sales are mostly denominated in U.S. dollars. Fluctuations in exchange rates between the euro and other, non-euro currencies, primarily the U.S. dollar, affect the translation of our consolidated financial results into euro and also affect the value of any distributions that our business segments contribute to our consolidated financial statements. Exchange rate changes also affect our consolidated balance sheet. Changes in the euro values of our consolidated assets and liabilities resulting from exchange rate movements may cause us to record foreign currency gains and losses which are recorded directly in equity.

In 2012, 2013, 2014 and in the first half of 2015, the average exchange rate of the U.S. dollar against the euro had a strong impact on our reported sales mainly due to the large percentage of our sales that are generated in the United States. On average, the exchange rate of the U.S. dollar against the euro was 19% higher in the first half of 2015 as compared with 2014. The average exchange rate of the U.S. dollar against the euro over the year in 2014 was approximately equal to that for 2013, which was in turn 3% lower as compared with 2012. In translating the financial statements for 2014 of our consolidated subsidiaries that are stated in U.S. dollars, each US\$0.01 increase in the value of the U.S. dollar against the euro increased our sales by approximately €90 million and increased our net income by approximately €3 million.

In the discussion below, we refer to the currency translation effects on certain items in our financial statements. We use the term “at constant exchange rates” to refer to comparisons of financial data that have been computed to exclude currency translation effects. We believe comparisons at constant exchange rates are useful in explaining changes in our historical results of operations and in permitting a comparison of our underlying performance excluding currency translation effects. In calculating constant currency comparisons, we apply the relevant exchange rates used in our financial statements for the previous period — prior period average exchange rates in the case of profit and loss statement data — to generate numbers for the current period as if the exchange rates for the current period had been the same as those in the previous period, then compare the resulting “constant currency” data with the corresponding actual data from the previous period in order to measure the increase or decrease on a constant currency basis.

For additional information on the accounting treatment of currency translation effects see Note 1.III.bb to our consolidated financial statements for the year ended December 31, 2014, included elsewhere in this prospectus. Please also see “*Risk Factors — Risks Relating to Our Business — Changes in foreign exchange rates could have adverse effects on our financial results and on our ability to repay debt; our hedging efforts may be unsuccessful*”.

SEGMENT RESULTS

Management evaluates each segment using a measure that reflects all of the segment’s sales and expenses. Management believes the most appropriate measure in this regard is earnings before interest and taxes, or “EBIT”. In addition to EBIT, management believes that earnings before interest, taxes, depreciation and amortization, or “EBITDA”, is helpful for investors as a measurement of the segment’s ability to generate cash and to service financing obligations. You should not, however, consider EBITDA to be an alternative to net income attributable to Fresenius SE & Co. KGaA determined in accordance with U.S. GAAP, to cash flow from operations, investing activities or financing activities or as a measure of cash flows generally. Because all companies do not calculate EBIT and EBITDA consistently, the presentation herein may not be comparable to other similarly titled measures of other companies.

The EBITDA margin is calculated by dividing EBITDA by sales. The EBIT margin is calculated by dividing EBIT by sales. The following table shows the sales, EBITDA, EBITDA margins, EBIT and EBIT margins of each of our segments for the periods indicated

	Six months ended June 30,				Year ended December 31,					
	2015		2014		2014		2013		2012	
	(unaudited)									
	(million €)	(margin in %)	(million €)	(margin in %)	(million €)	(margin in %)	(million €)	(margin in %)	(million €)	(margin in %)
Fresenius Medical Care										
Sales.....	7,312	100.0	5,399	100.0	11,917	100.0	11,000	100.0	10,741	100.0
EBITDA.....	1,262	17.3	976	18.1	2,223	18.7	2,187	19.9	2,282	21.2
EBIT	942	12.9	731	13.5	1,697	14.2	1,699	15.4	1,813	16.9
Fresenius Kabi										
Sales.....	2,932	100.0	2,466	100.0	5,146	100.0	4,996	100.0	4,539	100.0
EBITDA.....	691	23.6	513	20.8	1,084	21.1	1,143	22.9	1,101	24.3
EBIT	571	19.5	411	16.7	873	17.0	926	18.5	934	20.6
Fresenius Helios										
Sales.....	2,774	100.0	2,521	100.0	5,244	100.0	3,393	100.0	3,200	100.0
EBITDA.....	399	14.4	344	13.6	732	14.0	508	15.0	432	13.5
EBIT	307	11.1	250	9.9	553	10.5	390	11.5	322	10.1
Fresenius Vamed										
Sales.....	463	100.0	398	100.0	1,042	100.0	1,020	100.0	846	100.0
EBITDA.....	21	4.5	20	5.0	71	6.8	65	6.4	59	7.0
EBIT	16	3.5	15	3.8	59	5.7	55	5.4	51	6.0
Fresenius Corporate/Other⁽¹⁾										
Sales.....	(52)	100.0	(51)	100.0	(118)	100.0	(78)	100.0	(36)	100.0
EBITDA.....	(23)	—	47	—	(59)	—	(69)	—	(115)	—
EBIT	(28)	—	42	—	(68)	—	(79)	—	(137)	—
Fresenius Group										
Sales.....	13,429	100.0	10,733	100.0	23,231	100.0	20,331	100.0	19,290	100.0
EBITDA.....	2,350	17.5	1,900	17.7	4,051	17.4	3,834	18.9	3,759	19.5
EBITDA, adjusted ⁽²⁾	2,364	17.6	1,854	17.3	4,095	17.6	3,888	19.1	3,851	20.0
EBIT	1,808	13.5	1,449	13.5	3,114	13.4	2,991	14.7	2,983	15.5
EBIT, adjusted ⁽²⁾	1,822	13.6	1,403	13.1	3,158	13.6	3,045	15.0	3,075	15.9

(1) EBIT and EBITDA margins are not shown in periods in which EBIT and EBITDA are negative for that segment.

(2) EBITDA, adjusted and operating income (EBIT), adjusted, for the six months ended June 30, 2015 adjusted for costs for Fresenius Kabi's efficiency program €40 million, integration costs for the acquired Rhön hospitals €8 million and disposal gains from the divestment of two HELIOS hospitals €34 million. 2014 adjusted for Fenwal integration costs of €50 million, integration costs for acquired Rhön hospitals €51 million and disposal gains from two HELIOS hospitals €22 million and Rhön stake €35 million. 2013 is adjusted for the one-time integration costs of Fenwal of €54 million. 2012 adjusted for one-time costs related to the takeover offer to the shareholders of Rhön-Klinikum AG and other one-time costs at Fresenius Medical Care regarding the renegotiation of the Venofer contract and the donation to the American Society of Nephrology. These adjustments are included in the corporate/other segment.

For additional information on the financial performance of our segments, see Note 23 to our quarterly financial report for the six months ended June 30, 2015, and Note 34 to our consolidated financial statements for the financial year ended December 31, 2014, each included elsewhere in this prospectus.

SALES BY GEOGRAPHICAL REGION

We operate in five major geographical regions: North America, Europe, Asia-Pacific, Latin America and Africa. The following tables set forth our sales by region for the periods indicated, the period-to-period changes in our sales, as well as the contribution of organic growth, growth from acquisitions net of divestitures and currency translation effects on these changes:

	Six months ended June 30,		Change 2015/2014	Organic growth	Currency translation effects	Acquisitions/ divestitures	Percentage of total sales in 2015
	2015	2014					
	(million €)		(%)	(%)	(%)	(%)	(%)
Europe	5,184	4,852	7	4	0	3	39
North America.....	6,085	4,272	42	8	26	8	45
Asia-Pacific	1,324	945	40	10	18	12	10
Latin America	664	517	28	16	6	6	5
Africa	172	147	17	12	5	0	1
Total Sales.....	13,429	10,733	25	7	12	6	100

	Year ended December 31,		Change 2014/2013	Organic growth	Currency translation effects	Acquisitions/ divestitures	Percentage of total sales in 2014
	2014	2013					
	(million €)		(%)	(%)	(%)	(%)	(%)
Europe	10,162	8,216	24	3	0	21	44
North America.....	9,307	8,620	8	4	0	4	40
Asia-Pacific	2,205	1,945	13	6	(3)	10	9
Latin America	1,186	1,174	1	10	(14)	5	5
Africa	371	376	(1)	2	(3)	0	2
Total Sales.....	23,231	20,331	14	4	(2)	12	100

	Year ended December 31,		Change 2013/2012	Organic growth	Currency translation effects	Acquisitions/ divestitures	Percentage of total sales in 2013
	2013	2012					
	(million €)		(%)	(%)	(%)	(%)	(%)
Europe	8,216	7,797	5	3	(1)	3	40
North America.....	8,620	8,144	6	4	(3)	5	42
Asia-Pacific	1,945	1,899	2	4	(5)	3	10
Latin America	1,174	1,126	4	13	(12)	3	6
Africa	376	324	16	23	(8)	1	2
Total Sales.....	20,331	19,290	5	4	(3)	4	100

For further information concerning the individual contributions of these geographic regions to our financial results, see the table entitled “Segment Reporting by Region” in the financial statements included in this prospectus.

RESULTS OF OPERATIONS

The following table summarizes our financial performance and certain operating results for the periods indicated, both in absolute terms and as a percentage of sales:

	Six months ended June 30,				Year ended December 31,					
	2015		2014		2014		2013		2012	
	(million €)	(% of sales)	(million €)	(% of sales)	(million €)	(% of sales)	(million €)	(% of sales)	(million €)	(% of sales)
Sales	13,429	100.0	10,733	100.0	23,231	100.0	20,331	100.0	19,290	100.0
Cost of sales.....	(9,380)	(69.8)	(7,569)	(70.5)	(16,389)	(70.5)	(13,948)	(68.6)	(13,002)	(67.4)
Gross profit.....	4,049	30.2	3,164	29.5	6,842	29.5	6,383	31.4	6,288	32.6
Selling, general and administrative expenses	(2,018)	(15.0)	(1,545)	(14.4)	(3,359)	(14.5)	(3,044)	(15.0)	(3,000)	(15.6)
Research and development expenses	(223)	(1.7)	(170)	(1.6)	(369)	(1.6)	(348)	(1.7)	(305)	(1.6)
Operating income (EBIT) ⁽¹⁾	1,808	13.5	1,449	13.5	3,114	13.4	2,991	14.7	2,983	15.5
Net interest expense	(330)	(2.5)	(283)	(2.6)	(602)	(2.6)	(584)	(2.9)	(666)	(3.5)
Investment gain ⁽²⁾	0	0	0	0	0	0	0	0	109	0.6
Other financial result ⁽³⁾	0	0	0	0	0	0	0	0	(35)	(0.2)
Earnings before income taxes and noncontrolling interest	1,478	11.0	1,166	10.9	2,512	10.8	2,407	11.8	2,391	12.4
Income taxes	(427)	(3.2)	(331)	(3.1)	(700)	(3.0)	(669)	(3.3)	(659)	(3.4)
Noncontrolling interest ⁽⁴⁾	(409)	(3.0)	(301)	(2.8)	(745)	(3.2)	(727)	(3.6)	(806)	(4.2)
Net income attributable to Fresenius SE & Co. KGaA	642	4.8	534	5.0	1,067	4.6	1,011	5.0	926	4.8
Operating income (EBIT), adjusted ⁽⁵⁾	1,822	13.6	1,403	13.1	3,158	13.6	3,045	15.0	3,075	15.9
Net income attributable to Fresenius SE & Co. KGaA, adjusted ⁽⁶⁾	642	4.8	487	4.5	1,086	4.7	1,051	5.2	938	4.9

(1) Operating income (EBIT) has not been adjusted.

(2) Investment gain includes a non-cash fair valuation gain of Fresenius Medical Care's investment at the time of the acquisition of Liberty in the year ended December 31, 2012.

(3) For 2012 the other financial result includes one-time costs related to the takeover offer to the shareholders of Rhön-Klinikum AG. See "Selected Consolidated Financial Information — U.S. GAAP — Selected Consolidated Financial Data — Selected Consolidated Statement of Income Data".

(4) Noncontrolling interest represents net income attributable to third parties. In the six months ended June 30, 2015, 95% of noncontrolling interest was attributable to the noncontrolling interest in Fresenius Medical Care.

(5) Operating income (EBIT), adjusted, for the six months ended June 30, 2015 adjusted for costs for Fresenius Kabi's efficiency program €40 million, integration costs for the acquired Rhön hospitals €8 million and disposal gains from the divestment of two HELIOS hospitals €34 million. 2014 adjusted for Fenwal integration costs of €50 million, integration costs for acquired Rhön hospitals €51 million and disposal gains from two HELIOS hospitals €22 million and Rhön stake €35 million. 2013 is adjusted for the one-time integration costs of Fenwal of €54 million. 2012 adjusted for one-time costs related to the takeover offer to the shareholders of Rhön-Klinikum AG and other one-time costs at Fresenius Medical Care (€86 million) regarding the renegotiation of the Venofer contract and the donation to the American Society of Nephrology. These adjustments are included in the corporate/other segment.

(6) Six months ended June 30, 2015 adjusted for costs for Fresenius Kabi's efficiency program €28 million, integration costs for the acquired Rhön hospitals €6 million and disposal gains from the divestment of two HELIOS hospitals €34 million. 2014 adjusted for Fenwal integration costs of €33 million, integration costs for acquired Rhön hospitals €41 million and disposal gains from two HELIOS hospitals €21 million and Rhön stake €34 million. 2013 adjusted for the one-time integration costs of Fenwal of €40 million. 2012 is adjusted for the non-cash fair valuation gain of Fresenius Medical Care's investment at the time of the Liberty acquisition, one-time costs related to the takeover offer to the shareholders of Rhön-Klinikum AG and other one-time costs at Fresenius Medical Care (€86 million) regarding the renegotiation of the Venofer contract and the donation to the American Society of Nephrology.

Six months ended June 30, 2015, compared with Six months ended June 30, 2014

Sales

Our total sales increased 25% to €13,429 million for six months ended June 30, 2015, from €10,733 million for the six months ended June 30, 2014. The 25% increase represents 7% organic growth and 7% growth from acquisitions and positive effect of 12% from currency translation. Divestitures reduced sales growth by 1%. The average strengthening of the U.S. dollar against the euro for the six months ended June 30, 2015 (1.12 U.S. dollar per euro) compared with the six months ended June 30, 2014 (1.37 U.S. dollar per euro) had a slightly negative impact on our sales.

- Fresenius Medical Care's sales increased 35% to €7,312 million for the six months ended June 30, 2015 from €5,399 million for the six months ended June 30, 2014 and, as a percentage of Fresenius Group total sales, increased from 50% to 54%. The 35% increase in sales represents 8% organic growth, 9% growth from acquisitions combined with a positive effect of 19% from currency translation, partially offset by the effect of closed or sold clinics of 1%. In U.S. dollar terms, sales increased 10% to US\$8,159 million for the six months ended June 30, 2015 from US\$7,398 million for the six months ended June 30, 2014.

At June 30, 2015, Fresenius Medical Care owned, operated or managed 3,421 clinics compared to 3,335 clinics at June 30, 2014. During the first half of 2015, it acquired 9 clinics, opened 29 clinics and combined or closed 13 clinics. Fresenius Medical Care treated 289,610 patients at June 30, 2015 (excluding patients of clinics managed but not consolidated in the United States), an increase of 3% from 280,942 patients at June 30, 2014. In the six months ended June 30, 2015, 21.91 million treatments were provided, an increase of 6% from 20.63 million treatments in six months ended June 30, 2014.

During 2015 Fresenius Medical Care reclassified its two segments “North America” and “International” to the four new segments “North America”, “EMEA”, “Asia-Pacific” and “Latin America”. The last three combined are “outside North America”.

The following table sets forth information regarding Fresenius Medical Care’s sales (“FMC Sales”) derived from dialysis care and from dialysis products in its North America segment and outside North America in the six months ended June 30, 2015 and 2014:

	Dialysis care sales			Dialysis product sales		
	Six months ended June 30,		Change	Six months ended June 30,		Change
	(unaudited)			(unaudited)		
	2015	2014	2015/2014	2015	2014	2015/2014
	(million US\$)		(%)	(million US\$)		(%)
North America sales	5,293	4,517	17	424	397	7
Outside North America sales.....	1,234	1,214	2	1,193	1,244	(4)
Total FMC Sales.....	6,527	5,731	14	1,632⁽¹⁾	1,667⁽¹⁾	(2)

(1) Six months ended June 30, 2015 include €15 million that are shown in the Corporate/Other segment. Six months ended June 30, 2014 include €26 million that are shown in the Corporate/Other segment.

Accounting for 70% of sales, North America remained Fresenius Medical Care’s largest business region. In the six months ended June 30, 2015 sales in North America grew 16% to US\$5,717 million compared to sales of US\$4,914 million for the six months ended June 30, 2014. Dialysis services were by far the largest contributor to sales, with a share of 93%. Dialysis services sales grew by 17% to US\$5,293 million in the first six months of 2015 compared to US\$4,517 million in the first six months of 2014. Dialysis product sales were US\$424 million in the six months ended June 30, 2015 compared to US\$397 million in the six months ended June 30, 2014.

Sales outside North America comprising the business regions Europe/Middle East/Africa, Asia-Pacific, and Latin America decreased by 1%. Approximately 30% of Fresenius Medical Care’s total sales were derived from these regions. Sales outside North America decreased by 1% to US\$2,427 million in the six months ended June 30, 2015, compared with sales of US\$2,458 million in the six months ended June 30, 2014. Sales in dialysis services increased by 2% to US\$1,234 million compared to US\$1,214 million in the six months ended June 30, 2014. Dialysis product sales decreased by 4% to US\$1,193 million in the six months ended June 30, 2015, compared to US\$1,244 million in the six months ended June 30, 2014.

- Fresenius Kabi’s sales increased 19% to €2,932 million for the six months ended June 30, 2015 from €2,466 million for the six months ended June 30, 2014 and, as a percentage of our total sales decreased to 21% from 23% for the six months ended June 30, 2014. The 19% increase in sales represents 8% organic growth. Acquisitions contributed 1% for the six months ended June 30, 2015, while divestitures reduced sales by 1%. Currency translation had a positive effect of 11% compared with the six months ended June 30, 2014.

Fresenius Kabi’s sales in the six months ended June 30, 2015 grew by 3% in Europe, compared with the six months ended June 30, 2014. Sales in North America increased by 37%, driven by persisting IV drug shortages and new product launches. Fresenius Kabi achieved a growth rate of 22% in Asia-Pacific and a growth rate of 25% in Latin America/Africa. For the six months ended June 30, 2015, Europe, North America, Asia-Pacific, and Latin America/Africa achieved organic sales growth of 5%, 13%, 4% and 11%, respectively.

Fresenius Kabi’s sales growth in the six months ended June 30, 2015 was driven by three product segments: I.V. drugs, clinical nutrition, and medical devices/transfusion technology. I.V. drugs sales increased 37% to €1,191 million for the six months ended June 30, 2015 from €868 million for the six months ended June 30, 2014. Clinical nutrition’s sales increased 17% to €772 million for the six months ended June 30, 2015 from €662 million for the six months ended June 30, 2014. Infusion therapy’s sales decreased 2% to €468 million for the six months ended June 30, 2015 from €476 million for the six months ended June 30, 2014. For the six months ended June 30, 2015, I.V. drugs, clinical nutrition and infusion therapy achieved organic growth rates of 17%, 8% and 0%, respectively. Sales in Fresenius Kabi’s medical devices/transfusion technology product business increased by 9% to €501 million for the six months ended June 30, 2015 compared with €460 million for the six months ended June 30, 2014.

- Sales by Fresenius Helios increased 10% to €2,774 million for the six months ended June 30, 2015 compared to €2,521 million for the six months ended June 30, 2014. Sales of the established hospitals, including the former Rhön-Klinikum facilities consolidated for more than one year, increased 3% to €2,583 million for the six months ended June 30, 2015 compared to €2,504 million for the six months ended June 30, 2014. Organic sales growth of 3% was due to a 1% organic increase in inpatient admissions to acute care clinics.
- Fresenius Vamed's sales increased 16% to €463 million for six months ended June 30, 2015 from €398 million for the six months ended June 30, 2014. Sales in Fresenius Vamed's project business increased by 17% to €202 million for the six months ended June 30, 2015 from €173 million for the six months ended June 30, 2014. Order intake for the project business decreased to €284 million, compared with €300 million for the six months ended June 30, 2014. Order backlog for the project business of Fresenius Vamed increased by 6% to €1,479 million at June 30, 2015 compared with €1,398 million at December 31, 2014. Fresenius Vamed's service business increased by 16% to €261 million for the six months ended June 30, 2015 from €225 million for the six months ended June 30, 2014.

Cost of Sales

Cost of sales consists primarily of material costs, labor costs, and depreciation. Cost of sales increased 24% to €9,380 million for the six months ended June 30, 2015 from €7,569 million for the six months ended June 30, 2014 and, as a percentage of our total sales, decreased to 70% for the six months ended June 30, 2015 compared to 71% for the six months ended June 30, 2014. At constant currency, cost of sales increased to €8,494 million for the six months ended June 30, 2015 from €7,569 million for the six months ended June 30, 2014, and as a percentage of our total sales, decreased to 70% for the six months ended June 30, 2015 compared to 71% for the six months ended June 30, 2014.

Adjusted for costs for Fresenius Kabi's efficiency program €25 million and integration costs for the acquired Rhön hospitals €8 million, cost of sales increased 24% to €9,347 million for the six months ended June 30, 2015 from €7,568 million (adjusted for Fenwal integration costs of €1 million) for the six months ended June 30, 2014.

Gross Profit

Our gross profit increased 28% to €4,049 million for the six months ended June 30, 2015 from €3,164 million for the six months ended June 30, 2014. At constant currency, gross profit increased 14%. The gross margin increased to 30% for the six months ended June 30, 2015 from 29% for the six months ended June 30, 2014.

Selling, General and Administrative Expenses

Selling, general and administrative expenses increased 31% to €2,018 million for the six months ended June 30, 2015 from €1,545 million for the six months ended June 30, 2014 and, as a percentage of sales, increased to 15.0% for the six months ended June 30, 2015 from 14.4% for the six months ended June 30, 2014.

Adjusted for costs for Fresenius Kabi's efficiency program €12 million and disposal gains from the divestment of two HELIOS hospitals €34 million, the selling, general and administrative expenses increased 28% to €2,040 million for the six months ended June 30, 2015 from €1,592 million (adjusted for Fenwal integration costs of €2 million, integration costs for acquired Rhön hospitals €8 million and disposal gains from the divestment of two HELIOS hospitals €22 million and Rhön stake €35 million) for the six months ended June 30, 2014.

Research and Development Expenses

Research and development expenses were €223 million for the six months ended June 30, 2015, compared with €170 million for the six months ended June 30, 2014. Fresenius Medical Care spent €59 million on research and development for the six months ended June 30, 2015, compared with €44 million for the six months ended June 30, 2014. Fresenius Kabi spent €161 million on research and development for the six months ended June 30, 2015, compared with €125 million for the six months ended June 30, 2014. Fresenius Helios had no significant and Fresenius Vamed had no research and development expenses for the six months ended June 30, 2015 and for the six months ended June 30, 2014. The segment Corporate/Other spend €3 million on research and development for the six months ended June 30, 2015, compared to €1 million spent for the six months ended June 30, 2014.

Adjusted for Fresenius Kabi's efficiency program for the six months ended June 30, 2015 the research and development expenses increased 29% to €220 million in the six months ended June 30, 2015 compared to €170 million in the six months ended June 30, 2014.

Operating Income (EBIT)

Group EBIT increased 25% to €1,808 million for the six months ended June 30, 2015 from €1,449 million for the six months ended June 30, 2014. EBIT margin remained constant at 13.5% for the six months ended June 30, 2015 compared with the six months ended June 30, 2014. At constant exchange rates, Group EBIT slightly increased to €1,598 million for the six months

ended June 30, 2015 from €1,449 million for the six months ended June 30, 2014, and Group EBIT margin decreased to 13.2% in the six months ended June 30, 2015 from 13.5% in the six months ended June 30, 2014.

Adjusted for costs for Fresenius Kabi's efficiency program €40 million, integration costs for the acquired Rhön hospitals €8 million and disposal gains from the divestment of two HELIOS hospitals €34 million, EBIT margin increased to 13.6% in the six months ended June 30, 2015 from 13.1% (adjusted for Fenwal integration costs of €3 million, integration costs for acquired Rhön hospitals €8 million and disposal gains from the divestment of two HELIOS hospitals €22 million and Rhön stake €35 million) in the six months ended June 30, 2014.

- Fresenius Medical Care's EBIT increased 29% to €942 million for the six months ended June 30, 2015 from €731 million for the six months ended June 30, 2014. Its EBIT margin decreased to 12.9% in the six months ended June 30, 2015 from 13.5% in the six months ended June 30, 2014. In U.S. dollar terms, Fresenius Medical Care's EBIT increased 5% to US\$1,051 million in the first half of 2015 from US\$1,001 million in the first half of 2014.

In North America, EBIT increased 4% to US\$768 million for the six months ended June 30, 2015 from US\$736 million for the six months ended June 30, 2014, and EBIT margin decreased to 13.4% in the six months ended June 30, 2015 from 15.0% in the six months ended June 30, 2014.

Outside North America, EBIT increased 9% to US\$461 million for the six months ended June 30, 2015 from US\$423 million for the six months ended June 30, 2014, while EBIT margin increased to 19.0% in the six months ended June 30, 2015 from 17.2% in the six months ended June 30, 2014.

- Fresenius Kabi's EBIT increased 39% to €571 million for the six months ended June 30, 2015 from €411 million for the six months ended June 30, 2014. EBIT margin increased to 19.5% in the six months ended June 30, 2015 from 16.7% in the six months ended June 30, 2014.

Fresenius Kabi's EBIT in Europe increased to €174 million for the six months ended June 30, 2015 compared with €150 million for the six months ended June 30, 2014. Its EBIT margin in Europe increased to 16.5% from 14.6%.

Fresenius Kabi's EBIT in North America increased to €403 million for the six months ended June 30, 2015 compared with €286 million for the six months ended June 30, 2014. Its EBIT margin in North America increased to 39.3% compared with 38.3% for six months ended June 30, 2014.

Fresenius Kabi's EBIT in Asia-Pacific/Latin America/Africa increased to €133 million for the six months ended June 30, 2015 compared with €108 million for the six months ended June 30, 2014. Its EBIT margin in Asia-Pacific/Latin America/Africa increased slightly to 15.6% compared with 15.5% for the six months ended June 30, 2014.

The costs for Fresenius Kabi's efficiency program of €40 million pre-tax in the six months ended June 30, 2015 and the integration costs of Fenwal of €3 million pre-tax in the six months ended June 30, 2014 are included in the corporate/other segment.

- Fresenius Helios achieved an excellent EBIT performance with an EBIT increase of 23% for the six months ended June 30, 2015. The business segment reported EBIT of €307 million compared with €250 million for the six months ended June 30, 2014 thanks to the very good business progress at the established clinics and the continued targeted progress at the clinics covered by development plans. EBIT margin increased to 11.1% in the six months ended June 30, 2015 from 9.9% in the six months ended June 30, 2014. Established hospitals' EBIT margin increased to 11.5% for the six months ended June 30, 2015 from 9.9% for the six months ended June 30, 2014.

The integration costs for acquired Rhön hospitals of €8 million and the disposal gains from the divestment of two HELIOS hospitals of €34 million in the six months ended June 30, 2015 and the integration costs for acquired Rhön hospitals of €8 million and the disposal gains from the divestment of two HELIOS hospitals of €22 million and Rhön stake of €35 million in the six months ended June 30, 2014 are included in the corporate/others segment.

- The EBIT of Fresenius Vamed increased 7% to €16 million for the six months ended June 30, 2015 from €15 million for the six months ended June 30, 2014. Its EBIT margin decreased to 3.5% for the six months ended June 30, 2015 from 3.8% for the six months ended June 30, 2014.

Net Interest Expense

Net interest expense increased 17% to €330 million for the six months ended June 30, 2015 from €283 million for the six months ended June 30, 2014.

Income Taxes

Income taxes increased 29% to €427 million for the six months ended June 30, 2015 from €331 million for the six months ended June 30, 2014. The effective income tax rate for the six months ended June 30, 2015 (as a percentage of earnings before income taxes and noncontrolling interests) increased to 28.9% compared with 28.4% for the six months ended June 30, 2014.

Adjusted for costs for Fresenius Kabi's efficiency program, integration costs for the acquired Rhön hospitals and disposal gains from the divestment of two HELIOS hospitals, income taxes increased to €441 million for the six months ended June 30, 2015 from €332 million (adjusted for Fenwal integration costs, integration costs for acquired Rhön hospitals and disposal gains from the divestment of two HELIOS hospitals and Rhön stake) in the six months ended June 30, 2014. The adjusted group tax rate for the six months ended June 30, 2015 remained constant at 29.6% compared with the six months ended June 30, 2014.

Noncontrolling Interests

Profits allocated to noncontrolling interests increased 36% to €409 million for the six months ended June 30, 2015 from €301 million for the six months ended June 30, 2014. Of this, 95% was attributable to the noncontrolling interest in Fresenius Medical Care.

Net Income attributable to shareholders of Fresenius SE & Co. KGaA

Net income attributable to shareholders of Fresenius SE & Co. KGaA increased 20% to €642 million for the six months ended June 30, 2015 from €534 million for the six months ended June 30, 2014. At constant exchange rates, net income attributable to shareholders of Fresenius SE & Co. KGaA increased by 9% to €581 million.

Adjusted for costs for Fresenius Kabi's efficiency program €28 million, integration costs for the acquired Rhön hospitals €6 million and disposal gains from the divestment of two HELIOS hospitals €34 million, net income attributable to shareholders of Fresenius SE & Co. KGaA increased 32% to €642 million for the six months ended June 30, 2015 compared to €487 million (adjusted for Fenwal integration costs of €2 million, integration costs for acquired Rhön hospitals €6 million and disposal gains from the divestment of two HELIOS hospitals €21 million and Rhön stake €34 million) in the six months ended June 30, 2014. Net income attributable to shareholders of Fresenius SE & Co. KGaA increased in constant currency by 19% to €581 million for the six months ended June 30, 2015.

Year Ended December 31, 2014, compared with Year Ended December 31, 2013

Sales

Our total sales increased 14% to €23,231 million in 2014 from €20,331 million in 2013. The 14% increase represents 4% organic growth and 12% growth from acquisitions and negative effect of 2% from currency translation. On average over the year, the U.S. dollar in 2014 was on previous year's level (1.33 U.S. dollar per euro) and had no significant impact on our sales.

- Fresenius Medical Care's sales increased 8% to €11,917 million in 2014 from €11,000 million in 2013 and, as a percentage of Fresenius Group total sales, decreased from 54% to 51%. The 8% increase in sales represents 5% organic growth combined with 5% growth from acquisitions and minus 2% from currency translation. Closed or sold clinics had no significant effect. In U.S. dollar terms, sales increased 8% to US\$15,832 million in 2014 from US\$14,610 million in 2013. At year-end 2014, Fresenius Medical Care owned, operated or managed 3,361 clinics (excluding patients of clinics managed but not consolidated in the United States) compared to 3,250 clinics at year-end 2013. During 2014, it acquired 95 clinics, opened 79 new clinics and sold or closed 63 clinics. Fresenius Medical Care treated 286,312 patients at December 31, 2014, an increase of 6% from 270,122 patients at December 31, 2013. In 2014, 42.74 million treatments were provided, an increase of 5% from 40.46 million treatments in 2013.

The following table sets forth information regarding FMC Sales derived from dialysis care and from dialysis products in its North America segment and in its International segment (markets outside of North America) in 2014 and 2013:

	Dialysis care sales			Dialysis product sales		
	Year ended December 31,		Change	Year ended December 31,		Change
	2014	2013		2014	2013	
	(million US\$)		(%)	(million US\$)		(%)
North America sales.....	9,655	8,772	10	845	834	1
International sales.....	2,595	2,358	10	2,670	2,612	2
Total FMC Sales	12,250	11,130	10	3,582⁽¹⁾	3,480⁽¹⁾	2

(1) 2014 includes €67 million and 2013 includes €34 million that are shown in the Corporate/Other segment.

Accounting for 66% of sales, North America remained Fresenius Medical Care's largest business region. 2014 sales in North America grew by 9% to US\$10,500 million compared to US\$9,606 million for 2013. In 2014 dialysis services was by far the largest contributor to sales, with a share of 92%. Sales in dialysis services grew by 10% to US\$9,655 million in 2014, compared to US\$8,772 million in 2013. In 2014, the average revenue per treatment in the United States increased to US\$368 compared to US\$359 in 2013. Dialysis product sales were US\$845 million in 2014 (2013: US\$834 million).

In 2014, the International segment, comprising the business regions Europe/Middle East/Africa, Asia-Pacific, and Latin America, achieved excellent results. About 33% of Fresenius Medical Care's total sales were derived from these regions. Sales in the International segment increased by 6% to US\$5,265 million in 2014 compared to sales of US\$4,970 million in 2013. Sales from dialysis services increased by 10% to US\$2,595 million compared to US\$2,358 million in 2013. Sales from dialysis products grew by 2% to US\$2,670 million in 2014 compared to US\$2,612 million in 2013.

- Fresenius Kabi's sales increased by 3% to €5,146 million in 2014 from €4,996 million in 2013 and as a percentage of our total sales decreased to 22% from 25% in 2013. The 3% increase in sales represents 4% organic growth. Acquisitions contributed 1%. Currency translation had a negative effect of 2%.

Fresenius Kabi's sales in 2014 grew by 2% in Europe, compared to 2013. In North America sales growth was 1%. Fresenius Kabi achieved a growth rate of 6% in Asia-Pacific and a growth rate of 6% in Latin America/Africa. In 2014, Europe, North America, Asia-Pacific, and Latin America/Africa achieved organic sales growth of 3%, 1%, 7% and 14%, respectively.

Fresenius Kabi's sales growth in 2014 was driven by all four product segments: I.V. drugs, clinical nutrition, infusion therapy and medical devices/transfusion technology. I.V. drugs sales increased 5% to €1,813 million in 2014 from €1,733 million in 2013. Clinical nutrition's sales increased 4% to €1,384 million in 2014 from €1,332 million in 2013. Infusion therapy's sales are slightly below prior year's level with €977 million in 2014, compared with €980 million in 2013. In 2014, I.V. drugs, clinical nutrition and infusion therapy, achieved organic growth rates of 4%, 7% and 3%, respectively. Sales in Fresenius Kabi's medical devices/transfusion technology product business increased by 2% (organic growth 3%) to €972 million in 2014 compared with €951 million in 2013.

- Sales by Fresenius Helios increased 55% to €5,244 million in 2014 compared to €3,393 million in 2013. Organic sales growth was 4% and acquisitions contributed 53%. Divestitures reduced sales growth by 2%. The sales growth of 55% was largely attributable to the acquisition of hospitals from Rhön-Klinikum AG and with a 52% increase in inpatient admissions to acute care clinics to 1,148,473 in 2014 compared with 754,703 in 2013.
- Fresenius Vamed's sales increased by 2% to €1,042 million in 2014 compared to €1,020 million in 2013. Sales in Fresenius Vamed's project business decreased by 4% to €558 million in 2014 from €583 million in 2013. Order intake for the project business increased by 13% to €840 million, compared with €744 million in 2013. Order backlog for the project business of Fresenius Vamed increased by 23% to €1,398 million at December 31, 2014 compared with €1,139 million at December 31, 2013. Fresenius Vamed's service business increased by 11% to €484 million in 2014 from €437 million in 2013.

Cost of Sales

Cost of sales consists primarily of material costs, labor costs, and depreciation. Cost of sales increased 17% to €16,389 million in 2014 from €13,948 million in 2013 and, as a percentage of our total sales, increased to 71% from 69% in 2013. At constant currency, cost of sales increased to €16,615 million in 2014 from €13,948 million in 2013, and as a percentage of our total sales, increased to 71% in 2014 from 69% 2013.

Adjusted for special items in 2014 and 2013 cost of sales increased 17% to €16,347 million in 2014 compared to €13,940 million in 2013.

Gross Profit

Our gross profit increased 7% to €6,842 million in 2014 from €6,383 million in 2013. At constant currency, gross profit increased 8%. The gross margin decreased slightly to 29% from 31% in 2013.

Adjusted for special items in 2014 and 2013, gross profit increased 8% to €6,884 million in 2014 compared to €6,391 million in 2013.

Selling, General and Administrative Expenses

Selling, general and administrative expenses increased 10% to €3,359 million in 2014 from €3,044 million in 2013 and, as a percentage of sales, decreased to 14.5% in 2014 from 14.9% in 2013.

Adjusted for Fenwal integration costs, integration costs for acquired Rhön hospitals, disposal gain from two HELIOS hospitals and disposal gain from Rhön-stake in 2014 and for Fenwal integration costs in 2013, the selling, general and administrative expenses increased 12% to €3,358 million in 2014 (14.5% of sales) from €2,999 million in 2013 (14.8% of sales).

Research and Development Expenses

Research and development expenses were €369 million in 2014, compared with €348 million in 2013. We therefore invested 4.8% of our product sales in research and development in 2014 and 4.6% in 2013. Fresenius Medical Care spent €92 million on research and development for 2014, compared with €95 million for 2013, focusing on developing optimized or completely new therapies, treatment methods and services. Fresenius Kabi spent €277 million on research and development for 2014, compared with €251 million 2013, primarily on the development of new products and product enhancements in its core areas of clinical nutrition, infusion therapy, I.V. drugs and medical devices. Fresenius Helios had no significant and Fresenius Vamed had no research and development expenses for 2014 and 2013. In the segment Corporate/Other, €1 million was spent in 2014, compared with €3 million in 2013.

Adjusted for Fenwal integration costs in 2014 and 2013 the research and development expenses increased 6% to €368 million in 2014 compared to €347 million in 2013.

Operating Income (EBIT)

Group EBIT increased 4% to €3,114 million in 2014 from €2,991 million in 2013. EBIT margin decreased to 13.4% in 2014 from 14.7% in 2013. At constant exchange rates, Group EBIT increased 5% to €3,135 million in 2014 from €2,991 million in 2013, and Group EBIT margin decreased to 13.3% from 14.7% in 2013. Adjusted for Fenwal integration costs of €50 million, integration costs for acquired Rhön hospitals of €51 million, disposal gain from two HELIOS hospitals of €22 million, and disposal gain from Rhön-stake of €35 million in 2014 and for Fenwal integration costs of €54 million in 2013, EBIT margin decreased to 13.6% in 2014 from 15.0% in 2013.

- Fresenius Medical Care's EBIT was on prior year's level with €1,697 million for the year ended December 31, 2014, compared with €1,699 million for the year ended December 31, 2013. Its EBIT margin decreased to 14.2% in the year ended December 31, 2014 from 15.4% in the year ended December 31, 2013. The decrease in the margin is mainly due to the rebasing of Medicare's reimbursement rate in the United States. In U.S. dollar terms, Fresenius Medical Care's EBIT was on prior year's level with US\$2,255 million in the year ended December 31, 2014 from US\$2,256 million in the year ended December 31, 2013.

In North America, EBIT increased 1% to US\$1,643 million for the year ended December 31, 2014 from US\$1,623 million for the year ended December 31, 2013, and EBIT margin decreased to 15.6% in the year ended December 31, 2014 from 16.9% in the year ended December 31, 2013, mainly due to the rebasing of Medicare's reimbursement rate in the United States.

In Fresenius Medical Care's International segment, EBIT increased 8% to US\$970 million for the year ended December 31, 2014 from US\$897 million for the year ended December 31, 2013. EBIT margin increased to 18.4% in the year ended December 31, 2014 from 18.1% in the year ended December 31, 2013.

- Fresenius Kabi's EBIT decreased 6% to €873 million for the year ended December 31, 2014 from €926 million for the year ended December 31, 2013. Its EBIT margin decreased to 17.0% in the year ended December 31, 2014 from 18.5% in the year ended December 31, 2013. Lower sales of HES blood volume substitutes and the easing of IV drug shortages in the United States had an adverse effect. Currency translation had a negative effect of 2%.

Fenwal integration costs of €50 million in 2014 and €54 million in 2013 are included in the corporate/other segment.

Fresenius Kabi's EBIT in Europe decreased 3% to €345 million for the year ended December 31, 2014 from €357 million for the year ended December 31, 2013. Its EBIT margin in Europe decreased to 16.4% from 17.4%.

Fresenius Kabi's EBIT in North America increased 2% to €557 million for the year ended December 31, 2014 compared with €547 million for the year ended December 31, 2013. Its EBIT margin in North America improved to 36.4% compared with 35.9% for year ended December 31, 2013.

Fresenius Kabi's EBIT in Asia-Pacific/Latin America/Africa increased 2% to €239 million for the year ended December 31, 2014 compared with €235 million for the year ended December 31, 2013. Its EBIT margin in Asia-Pacific/Latin America/Africa decreased to 15.8% compared with 16.5% for the year ended December 31, 2013.

- Fresenius Helios achieved an EBIT increase of 42% for the year ended December 31, 2014. The business segment reported EBIT of €553 million compared with €390 million for the year ended December 31, 2013. The EBIT margin decreased to 10.5% compared with 11.5% in 2013 due to the consolidation of hospitals of Rhön-Klinikum AG. Established hospitals' EBIT margin remained constant at 11.4% compared with 2013.

Integration costs for acquired Rhön hospitals of €51 million, disposal gain from two HELIOS hospitals of €22 million, and disposal gain from Rhön-stake of €35 million in 2014 are included in the corporate/others segment.

- The EBIT of Fresenius Vamed increased 7% to €59 million for the year ended December 31, 2014 from €55 million for the year ended December 31, 2013. The EBIT margin increased to 5.7% for the year ended December 31, 2014 from 5.4% for the year ended December 31, 2013. In the project business the EBIT remained at the previous year's level of €27 million. In the service business the EBIT increased 14% to €32 million compared with €28 million for the year ended December 31, 2013.

Net Interest Expense

Net interest expense increased 3% to €602 million in 2014 from €584 million in 2013. Lower average interest rates were offset by higher incremental debt due to acquisition financing and currency translation effects.

Income Taxes

Income taxes increased 5% to €700 million in 2014 from €669 million in 2013. The effective income tax rate for 2014 (as a percentage of earnings before income taxes and noncontrolling interests) increased slightly to 27.9% compared with 27.8% for 2013.

Adjusted for Fenwal integration costs, integration costs for acquired Rhön hospitals, disposal gain from two HELIOS hospitals and disposal gain from Rhön-stake in 2014 and for Fenwal integration costs in 2013, income taxes increased 6% to €725 million in 2014 from €683 million in 2013. The effective income tax rate for 2014 (as a percentage of earnings before income taxes and noncontrolling interests) increased to 28.4% compared with 27.8% for 2013.

Noncontrolling Interests

Profits allocated to noncontrolling interests increased 2% to €745 million in 2014 from €727 million in 2013. Of this, 94% was attributable to the noncontrolling interest in Fresenius Medical Care.

Net Income attributable to shareholders of Fresenius SE & Co. KGaA

Net income attributable to shareholders of Fresenius SE & Co. KGaA increased 6% to €1,067 million in 2014 from €1,011 million in 2013. At constant exchange rates, net income attributable to shareholders of Fresenius SE & Co. KGaA increased by 6% to €1,073 million.

Adjusted for Fenwal integration costs, integration costs for acquired Rhön hospitals, disposal gain from two HELIOS hospitals and disposal gain from Rhön-stake in 2014 and for Fenwal integration costs in 2013, net income attributable to shareholders of Fresenius SE & Co. KGaA increased 3% to €1,086 million in 2014 compared to €1,051 million in 2013. Net income attributable to shareholders of Fresenius SE & Co. KGaA increased in constant currency by 4% in 2014.

Year Ended December 31, 2013, compared with Year Ended December 31, 2012

Sales

Our total sales increased 5% to €20,331 million in 2013 from €19,290 million in 2012. The 5% increase represents 4% organic growth and 5% growth from acquisitions, offset by 3% for currency translation effects and 1% for divestitures. The average 3% weakening of the U.S. dollar against the euro in 2013 compared with 2012 had a significant negative impact on our sales, since a large portion of our business is generated in North America.

- Fresenius Medical Care's sales increased 2% to €11,000 million in 2013 from €10,741 million in 2012 and, as a percentage of Fresenius Group total sales, decreased slightly from 56% to 54%. The 2% increase in sales represents 5% organic growth combined with 2% growth from acquisitions, offset by 4% for currency translation effects and by 1% for divestitures. In U.S. dollar terms, sales increased 6% to US\$14,610 million in 2013 from US\$13,800 million in 2012.

At year-end 2013, Fresenius Medical Care owned, operated or managed 3,250 clinics compared with 3,160 clinics at year-end 2012. During 2013, it acquired 50 clinics, opened 80 new clinics and combined or closed 40 clinics. Fresenius Medical Care treated 270,122 patients at December 31, 2013 (excluding patients of clinics managed but not consolidated in the United States) an increase of 5% from 257,916 patients at December 31, 2012. In 2013, 40.46 million treatments were provided, an increase of 5% from 38.59 million treatments in 2012.

The following table sets forth information regarding FMC Sales derived from dialysis care and from dialysis products in its North America segment and in its International segment (markets outside of North America) in 2013 and 2012:

	Dialysis care sales			Dialysis product sales		
	Year ended December 31,		Change	Year ended December 31,		Change
	2013	2012		2013	2012	
	(million US\$)		2013/2012	(million US\$)		2013/2012
			(%)			(%)
North America sales.....	8,772	8,230	7	834	801	4
International sales.....	2,358	2,262	4	2,612	2,478	5
Total FMC Sales.....	11,130	10,492	6	3,480⁽¹⁾	3,309⁽¹⁾	5

(1) 2013 includes €34 million and 2012 includes €30 million that are shown in the Corporate/Other segment.

Accounting for 66% of sales, North America remained Fresenius Medical Care's largest business region. 2013 sales of US\$9,606 million were 6% higher compared with sales in North America in 2012 of US\$9,031 million. Dialysis services was by far the largest contributor to sales, with a share of 91%. Sales in dialysis services in 2013 were US\$8,772 million, compared with US\$8,230 million in 2012. In 2013, the average revenue per treatment in the United States increased to US\$359, compared with US\$355 in 2012. This increase was primarily the result of the development of expanded services and the updated Medicare reimbursement rate effective in 2013, partially offset by the effects of the 2012 increase in revenue from special collection efforts, unfavorable impact from U.S. Sequestration, and an unfavorable commercial payor mix coupled with price reductions from commercial contracting. Dialysis product sales increased by 4% to US\$834 million from US\$801 million in 2012.

In 2013, the International segment comprising the business regions Europe/Middle East/Africa, Asia-Pacific, and Latin America achieved positive results. Approximately 34% of Fresenius Medical Care's total sales were derived from these regions. Sales in the International segment increased by 5% to US\$4,970 million in 2013, compared with 2012 sales of US\$4,740 million. Sales from dialysis services increased by 4% to US\$2,358 million, compared with US\$2,262 million in 2012. Sales from dialysis products increased by 5% to US\$2,612 million in 2013, compared with US\$2,478 million in 2012.

- Fresenius Kabi's sales increased 10% to €4,996 million in 2013 from €4,539 million in 2012 and, as a percentage of our total sales increased to 25% from 24% in 2012. The 10% increase in sales represents 5% organic growth combined with 10% growth from acquisitions, offset by 1% for divestitures. Currency translation had a negative effect of 4%, which was mainly attributable to the U.S. dollar decreasing in value against the euro. Ongoing supply constraints at competitors and product launches again had a positive effect in the United States. Significant price cuts in China and restrictions in the use of blood volume substitutes had an adverse effect.

Fresenius Kabi's sales were 5% higher in Europe, compared with 2012. In North America sales growth was 23%, of which organic sales growth was 5%. Fresenius Kabi achieved a growth rate of 5% in Asia-Pacific/Latin America/Africa.

Fresenius Kabi's sales growth in 2013 was driven by all four product segments: I.V. drugs, clinical nutrition, infusion therapy and medical devices/transfusion technology. I.V. drugs sales increased 2% to €1,733 million in 2013 from €1,701 million in 2012. Clinical nutrition's sales increased 1% to €1,332 million in 2013 from €1,314 million in 2012. Infusion therapy's sales decreased 3% to €980 million in 2013 from €1,010 million in 2012. In 2013, I.V. drugs, clinical nutrition and infusion therapy achieved organic growth rates of 5%, 5% and 2%, respectively. Sales in Fresenius Kabi's medical devices/transfusion technology product business grew organically by 7% to €951 million in 2013 compared with €514 million in 2012.

- Sales by Fresenius Helios increased 6% to €3,393 million in 2013 compared with €3,200 million in 2012. Organic sales growth accounted for 3% and acquisitions accounted for 4% of this growth, offset by 1% for divestitures. The sales growth of 6% was largely attributable to a 3% increase in inpatient admissions in acute care clinics to 754,703 in 2013 compared with 729,673 in 2012.
- Fresenius Vamed's sales increased 21% to €1,020 million in 2013 from €846 million in 2012. Sales in Fresenius Vamed's project business increased by 15% to €583 million in 2013 from €506 million in 2012. Order intake in the project business increased 13% during 2013 to €744 million from €657 million in 2012. Order backlog in the project business of Fresenius Vamed increased by 15% to €1,139 million at year-end 2013 compared with €987 million at year-end 2012. Fresenius Vamed's service business grew by 29% to €437 million in 2013 from €340 million in 2012. In 2012, Fresenius Vamed acquired the Italian H.C. Hospital Consulting S.p.A. and took over the Zihlschlacht rehabilitation clinic in Switzerland from Fresenius Helios.

Cost of Sales

Cost of sales consists primarily of material costs, labor costs, and depreciation. Cost of sales increased 7% to €13,948 million in 2013 from €13,002 million in 2012 and, as a percentage of our total sales, increased to 68.6% in 2013 from 67.4% in 2012. At constant currency, cost of sales increased to €14,354 million in 2013 from €13,002 million in 2012, and as a percentage of our total sales, decreased to 68.7% in 2013 from 67.4% in 2012.

Adjusted for Fenwal integration costs in 2013, the cost of sales increased 7% to €13,940 million in 2013 from €13,002 million in 2012.

Gross Profit

Our gross profit increased 2% to €6,383 million in 2013 from €6,288 million in 2012. At constant currency, gross profit increased 4%. Our gross margin declined to 31.4% in 2013 from 32.6% in 2012.

Adjusted for Fenwal integration costs in 2013, the gross profit increased 2% to €6,391 million in 2013 from €6,288 million in 2012.

Selling, General and Administrative Expenses

Selling, general and administrative expenses increased 1% to €3,044 million in 2013 from €3,000 million in 2012 and, as a percentage of sales, increased to 15.0% from 15.6%.

Adjusted for Fenwal integration costs in 2013, and for other one-time costs at Fresenius Medical Care regarding the renegotiation of the Venofer contract and the donation to the American Society of Nephrology and one-time costs related to the takeover offer to the shareholders of Rhön-Klinikum AG in 2012, the selling, general and administrative expenses increased 3% to €2,999 million in 2013 from €2,908 million in 2012.

Research and Development Expenses

Research and development expenses were €348 million in 2013, compared with €305 million in 2012. We therefore invested approximately 4.6% of our product sales in research and development, compared with 4.4% in 2012. Fresenius Medical Care spent €95 million on research and development in 2013, compared with €87 million in 2012, primarily in the area of hemodialysis and home therapies, for example peritoneal dialysis. Fresenius Kabi spent €251 million on research and development in 2013, compared with €194 million in 2012, primarily on the development of new products and product enhancements in its core areas of clinical nutrition, infusion therapy, I.V. drugs and medical devices. Neither Fresenius Helios nor Fresenius Vamed had significant research and development expenses in 2013 or 2012. In the segment Corporate/Other, €3 million were spent in 2013, compared with €24 million in 2012 mostly spent at Fresenius Biotech, on clinical development of trifunctional antibodies.

Adjusted for Fenwal integration costs in 2013, the research and development expenses were €347 million in 2013, compared with €305 million in 2012.

Operating Income (EBIT)

Group EBIT remained constant at €2,991 million in 2013, compared with €2,983 million in 2012. EBIT margin decreased to 14.7% in 2013 from 15.5% in 2012. At constant exchange rates, Group EBIT increased 3% in 2013, from €2,983 million to €3,064 million, and Group EBIT margin decreased from 15.5% to 14.7%.

Adjusted for Fenwal integration costs of €54 million in 2013, and for other one-time costs at Fresenius Medical Care regarding the renegotiation of the Venofer contract and the donation to the American Society of Nephrology of €86 million and one-time costs related to the takeover offer to the shareholders of Rhön-Klinikum AG of €6 million in 2012, the Group EBIT decreased 1% to €3,045 million in 2013 from €3,075 million in 2012.

- Fresenius Medical Care's EBIT decreased 6% to €1,699 million in 2013 from €1,813 million in 2012. Its EBIT margin declined to 15.4% compared with 16.9% in 2012. In U.S. dollar terms, Fresenius Medical Care's EBIT increased 2% to US\$2,256 million in 2013 from US\$2,329 million in 2012 primarily due to the lower reimbursement rates for Medicare dialysis patients based on budget cuts in the United States (sequestration).

Other one-time costs of €86 million at Fresenius Medical Care regarding the renegotiation of the Venofer contract and the donation to the American Society of Nephrology are included in the corporate/other segment.

In North America, EBIT increased 1% to US\$1,624 million in 2013 from US\$1,615 million in 2012, and EBIT margin increased to 16.9% in 2013 from 15.0% in 2012.

In Fresenius Medical Care's International segment, EBIT increased 6% to US\$858 million in 2013 from US\$809 million in 2012, while EBIT margin improved to 17.3 % in 2013 from 17.1% in 2012. This development is mainly due to strong growth in the Asia-Pacific region.

- Fresenius Kabi's EBIT decreased 1% to €926 million in 2013 from €934 million in 2012. EBIT margin decreased to 18.5% from 20.6%.

Fenwal integration costs of €54 million in 2013 are included in the corporate/other segment.

Fresenius Kabi's EBIT in Europe increased to €357 million in 2013 compared with €390 million in 2012. Its EBIT margin in Europe declined to 17.4% compared with 20.0% in 2012.

Fresenius Kabi's EBIT in North America increased to €547 million in 2013 compared with €500 million in 2012. Its EBIT margin in North America declined to 35.9% compared with 40.5% in 2012.

Fresenius Kabi's EBIT in Asia-Pacific/Latin America/Africa decreased 18% to €235 million in 2013 compared with €286 million in 2012. Its EBIT margin in Asia-Pacific/Latin America/Africa decreased to 16.5% compared with 21.2% in 2012.

- Fresenius Helios achieved an excellent EBIT performance with an EBIT increase of 21%. In 2013, this business segment reported EBIT of €390 million in 2013 compared with €322 million in 2012 thanks to the very good business progress at the established clinics and the continued targeted progress at the clinics covered by the restructuring plan. The latter are clinics which have been in the Fresenius Helios portfolio for less than five years. The EBIT margin improved to 11.5% compared with 10.1% in 2012.
- The EBIT of Fresenius Vamed increased to €55 million in 2013 compared with €51 million in 2012. Its EBIT margin declined to 5.4% compared with 6.0% in 2012.

Net Interest Expense

Net interest expense decreased 1% to €584 million in 2013 from €592 million in 2012. Adjusted for and one-time costs related to the takeover offer to the shareholders of Rhön-Klinikum AG of €35 million in 2012, the net interest expenses were €584 million in 2013, compared with €666 million in 2012.

Not included in net interest expense for the year ended December 31, 2012 was the other financial result, consisting of the non-cash fair valuation gain of Fresenius Medical Care's investment at the time of the acquisition of Liberty of €109 million and the one-time costs related to the takeover offer to the shareholders of Rhön-Klinikum AG of €35 million.

Income Taxes

Income taxes increased 2% to €669 million in 2013 from €659 million in 2012. The effective income tax rate for 2013 (as a percentage of operating income) decreased to 27.8% compared with 27.6% in 2012.

Adjusted for Fenwal integration costs in 2013, and for other one-time costs at Fresenius Medical Care regarding the renegotiation of the Venofer contract and the donation to the American Society of Nephrology and one-time costs related to the

takeover offer to the shareholders of Rhön-Klinikum AG in 2012, income taxes decreased 3% to €683 million in 2013 from €702 million in 2012. The adjusted group tax rate decreased to 27.8% in 2013, compared with 29.1% in 2012.

Noncontrolling Interests

Profits allocated to noncontrolling interests decreased 10% to €727 million in 2013 from €806 million in 2012. Of this, 94% was attributable to the noncontrolling interest in Fresenius Medical Care. In constant currency, profits allocated to noncontrolling interests decreased by 7% in 2013.

Adjusted for other one-time costs at Fresenius Medical Care regarding the renegotiation of the Venofer contract and the donation to the American Society of Nephrology of €38 million and the non-taxable investment gain at Fresenius Medical Care's investment at the time of the acquisition of Liberty of €75 million in 2012, the noncontrolling interest decreased 5% to €727 million in 2013 from €769 million in 2012.

Net Income attributable to shareholders of Fresenius SE & Co. KGaA

Net income attributable to shareholders of Fresenius SE & Co. KGaA increased 9% to €1,011 million in 2013 from €926 million in 2012. Net income attributable to shareholders of Fresenius SE & Co. KGaA increased in constant currency by 11% in 2013.

Adjusted for Fenwal integration costs in 2013, and for other one-time costs at Fresenius Medical Care regarding the renegotiation of the Venofer contract and the donation to the American Society of Nephrology and one-time costs related to the takeover offer to the shareholders of Rhön-Klinikum AG and the non-taxable investment gain at Fresenius Medical Care in 2012, the net income attributable to shareholders of Fresenius SE & Co. KGaA increased 12% to €1,051 million in 2013 from €938 million in 2012.

LIQUIDITY AND CAPITAL RESOURCES

Overview

We have historically financed our capital and working capital requirements through a combination of cash flows from our segments' operating activities, short- and long-term bank borrowings and the issuance of bonds, trust preferred securities and commercial paper.

Cash flows from our segments' operating activities are impacted by their operating results and the development of their working capital, which consists principally of receivables and inventories, less payables, accruals and other liabilities. The level of receivables is significantly dependent on reimbursement rates. As discussed under "— *Quantitative and Qualitative Disclosures About Market Risk — Reimbursement Rates*" below, the majority of our consolidated sales are generated from providing dialysis treatments, a major portion of which are reimbursed by either public health care organizations or private insurers.

Historical Consolidated Cash Flow

The following table gives an overview of our cash flow activity for the periods indicated:

	Six months ended June 30,		Year ended December 31,		
	2015	2014	2014	2013	2012
	(unaudited)		(million €)		
	(million €)				
Net cash provided by operating activities	1,251	750	2,585	2,320	2,438
Net cash used in investing activities	(621)	(1,568)	(3,351)	(3,603)	(3,251)
Net cash provided by (used in) financing activities	(928)	1,011	1,043	1,305	1,075
Net increase (decrease) in cash and cash equivalents	40	13	311	(21)	250
Cash and cash equivalents at beginning of period	1,175	864	864	885	635
Cash and cash equivalents at period-end	917	1,070	1,175	864	885

The discussion of our cash flows below is on a consolidated basis including Fresenius Medical Care. We receive the cash flows generated by Fresenius Medical Care only to the extent they are distributed to us as dividends in proportion to our interest of 30.98% in the total subscribed capital of FMC AG & Co. KGaA as at June 30, 2015 (excluding FMC AG & Co. KGaA treasury shares), as payments under existing agreements, such as rental and service agreements, or as reimbursement of the general partner's expenses. The Company received dividend distributions from FMC AG & Co. KGaA in the amount of €73 million in 2014, €71 million in 2013 and €65 million in 2012. The majority of our subsidiaries place most of their excess liquidity in the form of short-term intercompany deposits or in cash pooling arrangements with Fresenius SE & Co. KGaA.

Six months Ended June 30, 2015, compared with Six months Ended June 30, 2014

Operating Activities. Our operating cash flow was €1,251 million for the six months ended June 30, 2015, compared with €750 million for the six months ended June 30, 2014. The primary movements in our operating cash flow for the six months ended June 30, 2015, compared with for the six months ended June 30, 2014 were the following:

- our net income attributable to shareholders of Fresenius SE & Co. KGaA for the period was €108 million higher for the six months ended June 30, 2015 than for the six months ended June 30, 2014. Excluding the costs for Fresenius Kabi's efficiency program €28 million, integration costs for the acquired Rhön hospitals €6 million and disposal gains from the divestment of two HELIOS hospitals €34 million in the six months ended June 30, 2015 and the Fenwal integration costs of €2 million, integration costs for acquired Rhön hospitals €6 million and disposal gains from the divestment of two HELIOS hospitals €21 million and Rhön stake €34 million in the six months ended June 30, 2014, our net income attributable to shareholders of Fresenius SE & Co. KGaA was €155 million higher for the six months ended June 30, 2015 than for the six months ended June 30, 2014;
- noncontrolling interest was €108 million lower for the six months ended June 30, 2015 than for the six months ended June 30, 2014;
- deferred taxes were €64 million lower at June 30, 2015 than at December 31, 2014;
- loss on sale of fixed assets was €1 million at June 30, 2015;
- net working capital was €244 million lower at June 30, 2015 than at December 31, 2014; net working capital consists of trade accounts receivable, net inventories, other current and non-current assets, accounts receivable from/payable to related parties, trade accounts payable, accrued expenses and other short-term and long-term liabilities, and accruals for income taxes;
- trade accounts receivable, inventories and other current and non-current assets, and accounts receivable from related parties were €437 million higher at June 30, 2015 than December 31, 2014. This increase reflects a €264 million increase in net trade accounts receivable primarily due to business expansion, a €215 million increase in inventories, a €14 million increase in other current and non-current asset, and a €56 million decrease in accounts receivable from/payable to related parties. Scope of inventories was 52 days at June 30, 2015 and at December 31, 2014 respectively. Average number of days of sales outstanding was 63 days at June 30, 2015, compared with 65 days at December 31, 2014;
- trade accounts payable, accruals and other short and long-term liabilities were €226 million higher at June 30, 2015 than at December 31, 2014; and
- accruals for income taxes were €33 million lower at June 30, 2015 than at December 31, 2014.

Investing Activities. Net cash used in investing activities decreased to €621 million for the six months ended June 30, 2015 from €1,568 million for the six months ended June 30, 2014. We made acquisitions/investments (including acquisitions and investments financed with cash, equity and the assumption of debt) totaling €194 million for the six months ended June 30, 2015 compared to €1,216 million for the six months ended June 30, 2014. The investments mainly relate to the purchase of dialysis clinics. We paid €16 million for acquisitions/divestitures for the six months ended June 30, 2015 (net of cash acquired and proceeds from investments and divestitures and including net purchases of intangible assets) compared with €1,036 million for the six months ended June 30, 2014 that we used. Net cash used for capital expenditures on property, plant and equipment was €605 million for the six months ended June 30, 2015, compared with €532 million for the six months ended June 30, 2014. For more information about our acquisitions and capital expenditures, see “— *Acquisitions and Capital Expenditures*”.

Financing Activities. Our financing activities used net cash in the amount of €928 million for the six months ended June 30, 2015, and provided net cash in the amount of €1,011 million for the six months ended June 30, 2014. The cash outflow from financing activities (without dividend payments) for the six months ended June 30, 2015 was predominantly characterized by the repayment of long-term debt. Our free cash flow after investing activities and the payment of dividends was positive €107 million for the six months ended June 30, 2015, compared with negative €1,275 million for the six months ended June 30, 2014.

For the payment of dividends, we used cash of €523 million for the six months ended June 30, 2015 and €457 million for the six months ended June 30, 2014. These dividend payments relate to dividends paid to outside shareholders of certain Fresenius Group companies.

Total debt at June 30, 2015 was €15,661 million compared with €15,454 million at December 31, 2014. Short-term borrowings were €1,564 million at June 30, 2015, compared with €1,668 million at December 31, 2014. Long-term borrowings at June 30, 2015 were €14,097 million, compared with €13,786 million at December 31, 2014.

Cash and cash equivalents were €917 million at June 30, 2015, compared with €1,175 million at December 31, 2014.

Year Ended December 31, 2014, compared with Year Ended December 31, 2013

Operating Activities. Our operating cash flow was €2,585 million in 2014, compared with €2,320 million in 2013. The primary movements in our operating cash flow in 2014, compared with 2013 were the following:

- our net income attributable to shareholders of Fresenius SE & Co. KGaA for the year was €56 million higher in 2014 than in 2013. Excluding integration costs (hospitals of Rhön-Klinikum AG €41 million; Fenwal €33 million) and disposal gains (two HELIOS hospitals €21 million; Rhön stake €34 million) in the year ended December 31, 2014 and integration costs for Fenwal (€40 million) for 2013, our net income attributable to shareholders of Fresenius SE & Co. KGaA was €35 million higher for the year ended December 31, 2014 than for the year ended December 31, 2013;
- noncontrolling interest was €18 million higher in 2014 than in 2013;
- deferred taxes were €60 million higher at December 31, 2014 than at December 31, 2013;
- gain on sale of investments and divestitures was €66 million in 2014;
- gain on sale of fixed assets was €7 million in 2014;
- net working capital was €165 million lower at December 31, 2014 than at December 31, 2013; net working capital consists of trade accounts receivable, net; inventories; other current and non-current assets; accounts receivable from/payable to related parties; trade accounts payable, accrued expenses and other short-term and long-term liabilities; and accruals for income taxes:
 - trade accounts receivable (net), inventories and other current and non-current assets, and accounts receivable from related parties were €351 million higher at December 31, 2014 than at December 31, 2013. This increase reflects a €204 million increase in net trade accounts receivable primarily due to business expansion, a €134 million increase in inventories, a €8 million increase in accounts receivable from/payable to related parties, and a €5 million increase in other current and non-current assets. Scope of inventories decreased to 52 days at December 31, 2014, from 53 days at December 31, 2013. Average number of days of sales outstanding was 65 days at December 31, 2014, compared with 63 days at December 31, 2013.
 - trade accounts payable, accruals and other short and long-term liabilities were €246 million higher at December 31, 2014 than at December 31, 2013; and
 - accruals for income taxes were €60 million lower at December 31, 2014 than at December 31, 2013.

Investing Activities. Net cash used in investing activities increased to €3,351 million in 2014 from €3,603 million in 2013. We made acquisitions (including acquisitions financed with cash, equity and the assumption of debt) totaling €2,450 million in 2014 compared to €2,754 million in 2013. We used €2,028 million for acquisitions in 2014 (net of cash acquired and proceeds from investments and divestitures and including net purchases of intangible assets) compared with €2,556 million in 2013. Net cash used for capital expenditures on property, plant and equipment was €1,323 million in 2014, compared with €1,047 million in 2013. For more information about our acquisitions and capital expenditures, see “— *Acquisitions and Capital Expenditures*”.

Financing Activities. Our financing activities provided net cash in the amount of €1,043 million in 2014 and €1,305 million in 2013. The cash inflow from financing activities (without dividend payments) in 2014 was predominantly characterized by the acquisition of hospitals from Rhön-Klinikum AG and acquisitions at Fresenius Medical Care. In addition, financing measures were implemented to increase our financial flexibility, to further improve terms and conditions as well as to extend the Company’s maturity profile. Our free cash flow after investing activities and the payment of dividends was negative €1,348 million in 2014, compared with negative €1,774 million in 2013.

For the payment of dividends, we used cash of €582 million in 2014 and €491 million in 2013, of which €225 million and €196 million, respectively, related to dividends paid by Fresenius SE & Co. KGaA. The remainder consisted of dividend payments of €232 million by Fresenius Medical Care to its shareholders, and dividends paid to third parties of €198 million. These payments were offset by the dividend of €73 million which Fresenius SE & Co. KGaA received as a shareholder of Fresenius Medical Care.

Our dividend policy aims to align dividends with earnings per share growth (before special items) and thus broadly maintains a pay-out ratio of 20% to 25%. Based on our positive earnings forecast, we expect to offer our shareholders an earnings-linked dividend. On May 16, 2014, the Annual General Meeting approved a capital increase from Company funds by issuing new shares. The conversion of capital reserves tripled the subscribed capital. Each shareholder received two additional shares for every Fresenius share held with no additional payment required (share split). Based on this earnings-linked dividend, for 2014, a dividend of €0.44 per share was distributed to our shareholders. This represents an increase of about 6% compared to 2013. Total dividend distribution increased by 6% to €238.3 million, compared with €224.6 million in 2013.

Total debt at December 31, 2014 was €15,454 million compared with €12,804 million at December 31, 2013. Short-term borrowings were €1,668 million at December 31, 2014, compared with €1,820 million at December 31, 2013. Long-term borrowings at December 31, 2014 were €13,786 million, compared with €10,984 million at December 31, 2013.

Cash and cash equivalents were €1,175 million at year-end 2014, compared with €864 million at year-end 2013.

Year Ended December 31, 2013, compared with Year Ended December 31, 2012

Operating Activities. Our operating cash flow was €2,320 million in 2013, compared with €2,438 million in 2012. The primary movements in our operating cash flow in 2013, compared with 2012 were the following:

- our net income attributable to shareholders of Fresenius SE & Co. KGaA for the year was €85 million higher in 2013 than in 2012. Excluding integration costs for Fenwal (€40 million) in the year ended December 31, 2013 and a non-taxable investment gain at Fresenius Medical Care (€34 million), other one-time costs (€17 million) at Fresenius Medical Care regarding the renegotiation of the Venofer contract and the donation to the American Society of Nephrology as well as one-time costs (€29 million) related to the offer to the shareholders of Rhön-Klinikum AG for 2012, our net income attributable to shareholders of Fresenius SE & Co. KGaA was €113 million higher in 2013 than in 2012;
- noncontrolling interest was €79 million lower in 2013 than in 2012. Excluding a non-taxable investment gain (€75 million) and other one-time costs (€38 million) at Fresenius Medical Care regarding the renegotiation of the Venofer contract and the donation to the American Society of Nephrology for 2012, our noncontrolling interest was €42 million lower in 2013 than in 2012;
- deferred taxes were €2 million higher at December 31, 2013 than at December 31, 2012;
- loss on sale of fixed assets was €14 million in 2013;
- net working capital was €194 million lower at December 31, 2013 than at December 31, 2012; net working capital consists of trade accounts receivable, net; inventories; other current and non-current assets; accounts receivable from/payable to related parties; trade accounts payable, accrued expenses and other short-term and long-term liabilities; and accruals for income taxes:
- trade accounts receivable (net), inventories, prepaid expenses and other current and non-current assets, and accounts receivable from related parties were €180 million higher at December 31, 2013 than at December 31, 2012. This increase reflects a €268 million increase in inventories, a €18 million decrease in net trade accounts receivable, a €78 million decrease in prepaid expenses and other current and non-current assets, and a €8 million increase in accounts receivable from/payable to related parties. Scope of inventories increased to 53 days at December 31, 2013, from 50 days at December 31, 2012. Average number of days of sales outstanding was 63 days at December 31, 2013, compared with 67 days at December 31, 2012. Through strict accounts receivable management, we were able to decrease average days sales outstanding.
- trade accounts payable, accruals and other short and long-term liabilities were €48 million higher at December 31, 2013 than at December 31, 2012; and
- accruals for income taxes were €62 million lower at December 31, 2013 than at December 31, 2012.

Investing Activities. Net cash used in investing activities increased to €3,603 million in 2013 from €3,251 million in 2012. We made acquisitions (including acquisitions financed with cash, equity and the assumption of debt) totaling €2,754 million in 2013 compared to €3,172 million in 2012. We used €2,556 million for acquisitions in 2013 (net of cash acquired and proceeds from investments and divestitures and including net purchases of intangible assets) compared with €2,299 million in 2012. Net cash used for capital expenditures on property, plant and equipment was €1,047 million in 2013, compared with €952 million in 2012. For more information about our acquisitions and capital expenditures, see “— *Acquisitions and Capital Expenditures*”.

Financing Activities. Our financing activities provided net cash in the amount of €1,305 million in 2013, whereas in 2012 €1,075 million were used. The cash inflow from financing activities (without dividend payments) in 2013 was predominantly characterized by the partial debt financing of acquisitions. Our free cash flow after investing activities and the payment of dividends was negative €1,774 million in 2013, compared with negative €1,259 million in 2012.

For the payment of dividends, we used cash of €491 million in 2013 and €446 million in 2012, of which €196 million and €155 million, respectively, related to dividends paid by Fresenius SE & Co. KGaA. The remainder consisted of dividend payments of €230 million by Fresenius Medical Care to its shareholders, and dividends paid to third parties of €136 million. These payments were offset by the dividend of €71 million which Fresenius SE & Co. KGaA received as a shareholder of Fresenius Medical Care.

Our dividend policy aims to align dividends with earnings per share growth (before special items) and thus broadly maintains a pay-out ratio of 20% to 25%. Based on our positive earnings forecast, we expect to offer our shareholders an earnings-

linked dividend. For 2013, a dividend of €1.25 per share was distributed to our shareholders. This represents an increase of about 14% compared to 2012. Total dividend distribution increased by 15% to €224.6 million, compared with €196.0 million in 2012.

Total debt at December 31, 2013 was €12,804 million compared with €11,028 million at December 31, 2012. Short-term borrowings were €1,820 million at December 31, 2013, compared with €728 million at December 31, 2012. Long-term borrowings at December 31, 2013 were €10,984 million, compared with €10,300 million at December 31, 2012.

Cash and cash equivalents were €864 million at year-end 2013, compared with €885 million at year-end 2012.

Acquisitions and Capital Expenditures

The following table shows the geographic distribution of our acquisitions expenditures for the six months ended June 30, 2015 and the six months ended June 30, 2014:

	Six months ended June 30,	
	2015	2014
	(unaudited) (million €)	
Europe	69	798
North America.....	69	211
Asia-Pacific	47	194
Latin America	9	13
Africa	0	0
Total	194	1,216

- Fresenius Medical Care made acquisitions totaling €137 million in the six months ended June 30, 2015, compared with €440 million in the six months ended June 30, 2014. The acquisitions in the six months ended June 30, 2015 primarily related to dialysis care services.
- Fresenius Kabi made acquisitions totaling €36 million in the six months ended June 30, 2015, compared with €19 million in the six months ended June 30, 2014, mainly related to the purchase of 100% of the shares in medi1one medical gmbh, Germany, and the purchase of further shares in Fresenius Kabi Bidiphar JSC, Vietnam.
- Fresenius Helios made acquisitions totaling €28 million in the six months ended June 30, 2015, compared with €757 million in the six months ended June 30, 2014. The acquisitions in the six months ended June 30, 2015 mainly related to the subsequent purchase price payments, the acquisition of outpatient facilities and the purchase of 94% of the shares in Lungenklinik Dieckholzen gGmbH, Germany.
- Fresenius Vamed made no acquisitions in the six months ended June 30, 2015, compared with €1 million in the six months ended June 30, 2014.
- In the Corporate/Other segment, acquisitions totaled minus €7 million in the six months ended June 30, 2015, compared with minus €1 million in the six months ended June 30, 2014. In the first half of 2015, the consolidation of an intercompany transaction was shown under the Corporate/Other segment.

The following table shows the geographic distribution of our gross capital expenditures for the six months ended June 30, 2015 and the six months ended June 30, 2014:

	Six months ended June 30,	
	2015	2014
	(unaudited)) (million €)	
Europe	248	240
North America.....	275	198
Asia-Pacific	47	48
Latin America	38	32
Africa	3	4
Total	611	522

- Fresenius Medical Care's capital expenditures for property, plant and equipment totaled €374 million in the six months ended June 30, 2015, compared with €306 million in the six months ended June 30, 2014.
- Fresenius Kabi's capital expenditures for property, plant and equipment were €141 million in the six months ended June 30, 2015, compared with €128 million in the six months ended June 30, 2014.
- Fresenius Helios' capital expenditures for property, plant and equipment were €84 million in the six months ended June 30, 2015, compared with €83 million in the six months ended June 30, 2014.
- Fresenius Vamed capital expenditures for property, plant and equipment were €7 million in the six months ended June 30, 2015, compared with €3 million in the six months ended June 30, 2014.
- In the Corporate/Other segment capital expenditures for property, plant and equipment were €5 million in the six months ended June 30, 2015, compared with €2 million in the six months ended June 30, 2014.

Year Ended December 31, 2014, compared with Year Ended December 31, 2013

The following table shows the geographic distribution of our acquisitions expenditures for 2014 and 2013:

	Year ended December 31,	
	2014	2013
	(million €)	
Europe	879	2,257
North America.....	1,233	347
Asia-Pacific	208	126
Latin America	130	21
Africa	0	3
Total	2,450	2,754

- Fresenius Medical Care made acquisitions totaling €1,495 million in 2014, compared with €424 million in 2013. The acquisitions in 2014 mainly comprise the acquisition of dialysis clinics primarily through the acquisition of a majority stake of Sound Inpatient Physicians, Inc. in the United States.
- Fresenius Kabi made acquisitions totaling €118 million in 2014, compared with €131 million in 2013. The acquisitions in 2014 are mainly related to the acquisition of the pharmaceutical company Novafarma Indústria Farmacêutica Ltda. in Brazil.
- Fresenius Helios made acquisitions totaling €824 million in 2014, compared with €2,185 million in 2013. Expenditures for acquisitions in 2014 related mainly to the acquisition of 41 hospitals from Rhön-Klinikum AG. In 2013 advances were made in the amount of €2.18 billion under the fiduciary agreement for the acquisition of hospitals and outpatient facilities of Rhön-Klinikum AG.
- Fresenius Vamed made acquisitions totaling €12 million in 2014, compared with €16 million in 2013. Fresenius Vamed acquired the Swiss company kneipp-hof Dussnang AG in 2014.
- In the Corporate/Other segment, acquisitions totaled €1 million in 2014, compared with minus €2 million in 2013. There were no major acquisitions in this segment.

The following table shows the geographic distribution of our gross capital expenditures for 2014 and 2013:

	Year ended December 31,	
	2014	2013
	(million €)	
Europe	670	519
North America.....	451	372
Asia-Pacific	124	111
Latin America	92	62
Africa	8	9
Total	1,345	1,073

- Fresenius Medical Care's capital expenditures for property, plant and equipment totaled €701 million in 2014, compared with €563 million in 2013. Capital expenditures for property, plant and equipment in 2014 related primarily to the modernization of existing, and equipping of new, dialysis clinics and the expansion and optimization of production facilities and distribution companies, especially for dialysis products in Europe and North America.
- Fresenius Kabi's capital expenditures for property, plant and equipment were €361 million in 2014, compared with €317 million in 2013. Capital expenditures for property, plant and equipment in 2014 related primarily to the expansion and optimization of production facilities in Europe, the United States and Asia.
- Fresenius Helios's capital expenditures for property, plant and equipment in 2014 related primarily to hospital modernization. Capital expenditures for property, plant and equipment were €266 million in 2014, compared with €172 million in 2013. The largest expenditures were for new buildings and the modernization of the hospitals in Northeim, Schleswig, and Krefeld.
- Fresenius Vamed's capital expenditures for property, plant and equipment were €10 million in 2014, compared with €11 million in 2013.
- In the Corporate/Other segment capital expenditures for property, plant and equipment were €7 million in 2014, compared with €10 million in 2013.

Year Ended December 31, 2013, compared with Year Ended December 31, 2012

The following table shows the geographic distribution of our acquisitions expenditures for 2013 and 2012:

	Year ended December 31,	
	2013	2012
	(million €)	
Europe	2,257	914
North America.....	347	2,238
Asia-Pacific	126	11
Latin America	21	9
Africa	3	0
Total	2,754	3,172

- Fresenius Medical Care made acquisitions totaling €424 million in 2013, compared with €1,408 million in 2012. The acquisitions in 2013 particularly related to the acquisitions of dialysis clinics and the expansion in the laboratory services business mainly through the acquisitions of Shiel Medical Laboratory and US Renal Care in the United States.
- Fresenius Kabi made acquisitions totaling €131 million in 2013, compared with €877 million in 2012. The largest single project at Fresenius Kabi was the acquisition of 51% of shares in PT Ethica Industri Farmasi in Indonesia. In China, we acquired Jian Yuan Medical Technology Co., Ltd., a manufacturer of infusion and nutrition pumps.

- Fresenius Helios made acquisitions totaling €2,185 million in 2013, compared with €579 million in 2012. Expenditures for acquisitions in 2013 related mainly to advances made for the acquisition of hospitals and outpatient facilities of Rhön-Klinikum AG. In addition, Fresenius Helios acquired a hospital in North Rhine-Westphalia.
- Fresenius Vamed made acquisitions totaling €16 million in 2013, compared with €44 million in 2012. Expenditures for acquisitions in 2014 related mainly to the acquisition of three hospitals in the Czech Republic.
- In the Corporate/Other segment, acquisitions totaled minus €2 million in 2013. In 2012, acquisitions/investments totaled €264 million mainly relating to the takeover offer to the shareholders of Rhön-Klinikum AG and the purchase of approximately 2.1 million ordinary shares of FMC AG & Co. KGaA.

The following table shows the geographic distribution of our gross capital expenditures for 2013 and 2012:

	Year ended December 31,	
	2013	2012
	(million €)	
Europe	519	532
North America	372	326
Asia-Pacific	111	83
Latin America	62	59
Africa	9	7
Total	1,073	1,007

- Fresenius Medical Care's capital expenditures for property, plant and equipment totaled €563 million in 2013, compared with €526 million in 2012. Capital expenditures for property, plant and equipment in 2013 related primarily to the maintenance, expansion and modernization of existing clinics and expansion and optimization of production facilities and distribution companies, especially for dialysis products in Germany, North America, France, and China.
- Fresenius Kabi's capital expenditures for property, plant and equipment were €317 million in 2013, compared with €276 million in 2012. Capital expenditures for property, plant and equipment in 2013 related primarily to the expansion and optimization of production facilities and expansion of warehouse capacity primarily in Europe, the United States, and Asia.
- Fresenius Helios's capital expenditures for property, plant and equipment in 2013 related primarily to hospital modernization. Capital expenditures for property, plant and equipment were €172 million in 2013, compared with €180 million in 2012. The most significant individual capital expenditure projects were the hospitals in Hamburg, Damp, and Krefeld.
- Fresenius Vamed's capital expenditures for property, plant and equipment were €11 million in 2013, compared with €11 million in 2012.
- In the Corporate/Other segment capital expenditures for property, plant and equipment were €10 million in 2013, compared with €14 million in 2012.

Historical Debt

The following table sets forth our financial liabilities as of the dates indicated:

	June 30, 2015 (unaudited) (million €)	As of December 31,		
		2014	2013	2012
			(million €)	
Short term debt	357	233	965	209
thereof Fresenius Medical Care	104	110	70	89
Fresenius Medical Care 2012 Senior Credit Agreement	2,478	2,389	1,963	2,016
Fresenius SE 2008 Senior Credit Agreement	—	—	—	1,170
Fresenius SE 2013 Senior Credit Agreement	2,297	2,561	1,709	—
Senior Notes	7,998	7,659	5,113	5,864
<i>Fresenius Finance B.V. 2006/2013</i>	—	—	—	500
<i>Fresenius Finance B.V. 2006/2016</i>	—	—	—	645
<i>Fresenius Finance B.V. 2012/2019</i>	500	500	500	500
<i>Fresenius Finance B.V. 2013/2020</i>	500	500	500	—
<i>Fresenius Finance B.V. 2014/2019</i>	299	299	—	—
<i>Fresenius Finance B.V. 2014/2021</i>	445	445	—	—
<i>Fresenius Finance B.V. 2014/2024</i>	453	453	—	—
<i>Fresenius US Finance II, Inc. 2009/2015</i>	275	273	270	267
<i>Fresenius US Finance II, Inc. 2009/2015</i>	447	409	357	369
<i>Fresenius US Finance II, Inc. 2014/2021</i>	268	247	—	—
<i>FMC Finance VI S.A. 2010/2016</i>	249	249	249	248
<i>FMC Finance VII S.A. 2011/2021</i>	297	297	295	294
<i>FMC Finance VIII S.A. 2011/2016</i>	100	100	100	100
<i>FMC Finance VIII S.A. 2011/2018</i>	397	397	396	396
<i>FMC Finance VIII S.A. 2012/2019</i>	245	245	243	243
<i>Fresenius Medical Care US Finance, Inc. 2007/2017</i>	445	410	360	376
<i>Fresenius Medical Care US Finance, Inc. 2011/2021</i>	578	532	468	489
<i>Fresenius Medical Care US Finance II, Inc. 2011/2018</i>	355	327	287	300
<i>Fresenius Medical Care US Finance II, Inc. 2012/2019</i>	715	659	580	606
<i>Fresenius Medical Care US Finance II, Inc. 2012/2022</i>	626	577	508	531
<i>Fresenius Medical Care US Finance II, Inc. 2014/2020</i>	447	411	—	—
<i>Fresenius Medical Care US Finance II, Inc. 2014/2024</i>	357	329	—	—
Euro Notes (Schuldscheindarlehen)	917	1,025	859	739
thereof Fresenius SE & Co. KGaA	917	1,025	525	400
thereof Fresenius Finance B.V.	—	—	300	300
thereof FMC AG & Co. KGaA	—	—	34	39
Equity-Neutral Convertible Bonds	839	832	—	—
thereof Fresenius SE & Co. KGaA	464	460	—	—
thereof Fresenius Finance B.V.	375	372	—	—
Other Debt⁽¹⁾	775	755	2,195	1,030
Total Debt	15,661	15,454	12,804	11,028
thereof Fresenius Medical Care	8,285	7,851	6,103	6,290
Fresenius SE & CO. KGaA shareholders' equity	10,164	9,335	8,195	7,633
Noncontrolling interest subject to put provisions	771	681	472	398
Noncontrolling interest not subject to put provisions	6,745	6,148	5,065	5,125
Total Capitalization	33,341	31,618	26,536	24,184

(1) Other debt includes Capital lease obligations and drawings under our accounts receivable facility. Other Debt as of December 31, 2013 includes Bridge Financing Facility.

For additional information about the financial liabilities listed in the table above, see “Description of Other Financing Arrangements” and Notes 12, 13 and 14 to our consolidated financial statements for the six months ended June 30, 2015, appearing on pages F-16 et seq. in this prospectus.

The ratio of net debt to shareholders' equity was 87% at June 30, 2015 compared with 92% at year-end, 2014, 90% at year-end 2013 and 80% at year-end 2012.

Available Sources of Liquidity

We expect that our principal sources of liquidity in the medium term will be cash provided by operations, cash from short- and long-term borrowings and cash dividends from FMC AG & Co. KGaA.

FMC AG & Co. KGaA and its subsidiaries provide their own liquidity and have their own financing arrangements. Except for certain short-term financing provided by Fresenius SE & Co. KGaA, they are not dependent on Fresenius SE & Co. KGaA, Fresenius Kabi, Fresenius Helios, Fresenius Vamed or the Issuer for any of their financing needs or to provide credit support for their financing facilities.

The following table summarizes the available sources of liquidity for FMC AG & Co. KGaA and its subsidiaries at December 31, 2014:

Available Sources of Liquidity	(million US\$)
Fresenius Medical Care A/R Facility ⁽¹⁾	392
Revolving Credit Facility of the Amended 2012 Credit Agreement	1,443
Other Unused Lines of Credit	248
Total	2,083

(1) Subject to availability of sufficient accounts receivable meeting funding criteria. At the December 31, 2014, FMC AG & Co. KGaA had letters of credit outstanding in the amount of US\$67 million which reduces the availability under the Accounts Receivable Facility to the amount shown in this table.

The following table summarizes the available sources of liquidity for Fresenius SE & Co. KGaA and its subsidiaries other than FMC AG & Co. KGaA and its subsidiaries at December 31, 2014:

Available Sources of Liquidity	(million €)
2013 Senior Credit Agreement	1,147
Commercial Paper Program	1,000
Other Unused Lines of Credit	761
Total	2,908

The Issuer expects that the proceeds of any future indebtedness incurred by it will be lent to Fresenius SE & Co. KGaA, its subsidiaries (other than FMC AG & Co. KGaA and its subsidiaries) or to both.

For additional information about the financing arrangements discussed above, see "Description of Other Financing Arrangements" and Notes 22 to our consolidated financial statements for the year ended December 31, 2014.

We believe the proceeds of this offering and our existing credit facilities, cash generated from our operations and other current sources of financing will be adequate to meet our foreseeable needs, including our 2015 budget for acquisitions and capital expenditures.

Overview of Commitments and Contingent Liabilities

The table below gives an overview of our obligations and commitments to make future payments under our operating leases and rental payments, as of December 31, 2014.

For the fiscal years	(million €) ⁽¹⁾
2015	619
2016	534
2017	451
2018	369
2019	310
Thereafter	1,273
Total⁽²⁾	3,556

(1) All amounts exclude future interest payments.

(2) Our Group's subsidiaries lease office and manufacturing buildings, as well as machinery and equipment under various lease agreements expiring on dates through 2101. Rental expenses recorded for operating leases were €661 million in 2014, €621 million in 2013 and €565 million in 2012.

As of December 31, 2014, future investment commitments existed up to the year 2018 from acquisition contracts for hospitals at projected costs of up to €356 million. Thereof, €75 million relates to the year 2015.

Other than the above-mentioned contingent liabilities, the amount of other commitments is immaterial.

The table below gives an overview of our obligations and commitments to make future payments under our long-term debt and capital lease obligations, as of December 31, 2014.

	Payments due by period of			
	Total	Up to 1 year	1 to 5 years	Over 5 years
		(million €) ⁽¹⁾		
2013 Senior Credit Agreement	2,561	451	1,202	908
Fresenius Medical Care 2012 Senior Credit Agreement.....	2,389	189	2,200	0
Outstanding Senior Notes ⁽²⁾	3,134	687	800	1,647
Fresenius Medical Care Senior Notes ⁽³⁾	4,553	0	2,400	2,153
Euro notes (<i>Schuldscheindarlehen</i>)	1,025	0	763	262
Equity Neutral Convertible Bonds.....	900	0	500	400
European Investment Bank Agreements	40	8	32	0
Fresenius Medical Care A/R Facility	281	0	281	0
Capital lease obligations	151	13	41	97
Other	283	92	142	49
Total⁽⁴⁾	15,317	1,440	8,361	5,516

(1) All amounts exclude future interest payments.

(2) The various outstanding senior unsecured notes issued by our financing subsidiaries (excluding the financing subsidiaries of FMC AG & Co. KGaA) are collectively referred to as the “**Outstanding Senior Notes**”. Amounts based on principal amounts due for repayment.

(3) The various outstanding senior unsecured notes issued by the financing subsidiaries of FMC AG & Co. KGaA are collectively referred to as the “**Fresenius Medical Care Senior Notes**”. Amounts based on principal amounts due for repayment.

(4) For additional information about our long-term debt obligations, see “— *Liquidity and Capital Resources — Historical Debt*”, “*Description of Other Financing Arrangements*” and Notes 21, 22, 23 and 24 to our consolidated financial statements for the year ended December 31, 2014.

The amount of guarantees and other commercial commitments as at December 31, 2014 was not significant.

Fresenius Group is subject to ongoing tax audits in the United States, Germany and other jurisdictions. Fresenius Group has received notices of unfavorable adjustments and disallowances in connection with certain of the audits. It is contesting these unfavorable adjustments and disallowances, including, if necessary, by way of appeal of these unfavorable determinations. Fresenius Group may be subject to additional unfavorable adjustments and disallowances in connection with ongoing audits. If its objections and any final audit appeals are unsuccessful, Fresenius Group could be required to make additional tax payments. With respect to adjustments and disallowances currently on appeal, we do not anticipate that an unfavorable ruling would have a material impact on our results of operations. We currently are not able to determine the timing of these potential additional tax payments.

If all potential additional tax payments were to occur contemporaneously, there could be a material adverse impact on Fresenius Medical Care's operating cash flow in the relevant reporting period. Fresenius Medical Care anticipates that other cash from operations and, if required, its available liquidity will be sufficient to satisfy all such obligations if and when they come due.

Off-Balance Sheet Arrangements

We are not a party to any off-balance sheet arrangements that have, or are reasonably likely to have, a current or future material effect on our financial condition, sales or expenses, results of operations, liquidity, capital expenditures or capital resources.

No Qualifications in the Audited Historical Financial Information

No qualifications are made in the audited reports of the historical financial information contained in or incorporated by reference into this prospectus.

QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Market Risk

Our segments operate in highly competitive markets and are subject to changes in business, economic and competitive conditions. Our business is subject to risks relating to:

- changes in reimbursement rates;
- intense competition;
- interest rate fluctuations;
- foreign exchange rate fluctuations;
- varying degrees of acceptance of new product introductions;
- technological developments in our industry;
- uncertainties in litigation or investigative proceedings and regulatory developments in the health care sector; and
- the availability of financing.

Developments in any of these risk areas could cause our results to differ materially from the results that we or others have projected or may project.

Below, please find additional information on various market risks we may face.

Reimbursement Rates

The profitability of Fresenius Medical Care's business depends significantly on reimbursement rates. Approximately 80% of Fresenius Medical Care's revenues are generated by providing dialysis services, a major portion of which is reimbursed by either public health care organizations or private insurers. For the six months ended June 30, 2015, approximately 32% of Fresenius Medical Care's consolidated revenues were attributable to U.S. federal health care benefit programs, such as Medicare and Medicaid reimbursement. Legislative changes could affect Medicare reimbursement rates for a significant portion of the services we provide, as well as the scope of Medicare coverage. A decrease in reimbursement rates or the scope of coverage could have a material adverse effect on our business, financial condition and results of operations and thus on our capacity to generate cash flow. While we have generally experienced stable reimbursement globally, including the balancing of unfavorable reimbursement changes in certain countries with favorable changes in other countries the stability in the U.S. has been affected by (i) the implementation of the ESRD PPS in the U.S. in January 2011, (ii) the U.S. federal government Sequestration cuts, (iii) commencing January 1, 2014, the reductions to the ESRD PPS rate to account for the decline in utilization of certain drugs and biologicals associated with dialysis and (iv) the enactment of Protecting Access to Medicare Act of 2014 ("**PAMA**"). In the future, we expect to experience generally stable reimbursement for dialysis services globally. This includes the balancing of unfavorable reimbursement changes in certain countries with favorable changes in other countries. For more information see "*Business — Regulatory Matters*".

Fresenius Medical Care also obtains a significant portion of sales from reimbursement by non-government payers. Historically, these payers' reimbursement rates have generally been higher than government program rates in their respective countries. However, non-governmental payers are imposing cost containment measures that are creating significant downward pressure on reimbursement levels that Fresenius Medical Care receives for its services and products.

Inflation

The effects of inflation during the periods covered by our consolidated financial statements have not been significant to our results of operations. However, most of our service sales from dialysis care are subject to reimbursement rates regulated by governmental authorities, and a significant portion of other revenues, especially revenues from the United States, is received from customers whose revenues are also subject to regulation. Non-governmental payers are also exerting downward pressure on reimbursement rates. Increased operating costs that are subject to inflation, such as labor and supply costs, may not be recoverable through price increases in the absence of a compensating increase in reimbursement rates payable to us and our customers and could materially adversely affect our business, financial condition and results of operations.

Management of Foreign Exchange and Interest Rate Risks

General

The Fresenius Group is exposed to effects related to foreign exchange fluctuations in connection with its international business activities that are denominated in various currencies. In order to finance its business operations, the Fresenius Group issues senior notes and commercial papers and enters into mainly long-term credit agreements and euro notes (*Schuldscheindarlehen*) with banks. Due to these financing activities, the Fresenius Group is exposed to interest risk caused by changes in variable interest rates and the risk of changes in the fair value of statement of financial position items bearing fixed interest rates. In order to manage the risk of interest rate and foreign exchange rate fluctuations, the Fresenius Group enters into certain hedging transactions with highly rated financial institutions as authorized by the Management Board. Derivative financial instruments are not entered into for trading purposes.

In general, the Fresenius Group conducts its derivative financial instrument activities under the control of a single centralized department. The Fresenius Group has established guidelines derived from best practice standards in the banking industry for risk assessment procedures and supervision concerning the use of financial derivatives. These guidelines require amongst other things a clear segregation of duties in the areas of execution, administration, accounting and controlling. Risk limits are continuously monitored and, where appropriate, the use of hedging instruments is adjusted to that extent.

The Fresenius Group defines benchmarks for individual exposures in order to quantify interest and foreign exchange risks. The benchmarks are derived from achievable and sustainable market rates. Depending on the individual benchmarks, hedging strategies are determined and generally implemented by means of micro hedges. Earnings of the Fresenius Group were not materially affected by hedge ineffectiveness in the reporting period since the critical terms of the interest and foreign exchange derivatives mainly matched the critical terms of the underlying exposures.

Foreign Exchange Risk Management

The Fresenius Group has determined the euro as its financial reporting currency. Therefore, foreign exchange translation risks resulting from the fluctuation of exchange rates between the euro and the local currencies, in which the financial statements of the foreign subsidiaries are prepared, have an impact on results of operations and financial positions reported in the consolidated financial statements.

Besides translation risks, foreign exchange transaction risks exist, which mainly relate to transactions such as purchases and sales as well as projects and services provided by the Fresenius Group which are denominated in foreign currencies. A major part of transaction risks arise from products manufactured in Fresenius Group's worldwide production sites which are usually denominated in the local currency of the respective manufacturer and are delivered worldwide to various Fresenius Group entities. These intragroup sales are mainly denominated in euros and U.S. dollars. Therefore, Group companies are exposed to changes of the foreign exchange rates between the invoicing currencies and the local currencies in which they conduct their businesses. Solely for the purpose of hedging existing and foreseeable foreign exchange transaction exposures, the Fresenius Group enters into foreign exchange forward contracts and, on a small scale, foreign exchange options. To ensure that no foreign exchange risks result from loans in foreign currencies, the Fresenius Group enters into foreign exchange swap contracts. As of December 31, 2014, the notional amounts of foreign exchange contracts totaled €2,061 million. These foreign exchange contracts have been entered into to hedge risks from operational business and in connection with loans in foreign currency. The predominant part of the foreign exchange forward contracts to hedge risks from operational business was recognized as cash flow hedge, while foreign exchange contracts in connection with loans in foreign currencies are partly recognized as fair value hedges. The fair values of cash flow hedges and fair value hedges were - €34 million and €54 thousand, respectively.

The hedge-effective portion of changes in the fair value of foreign exchange forward contracts that are designated and qualified as cash flow hedges of forecasted product purchases and sales is reported in accumulated other comprehensive income (loss). These amounts are subsequently reclassified into earnings as a component of cost of sales or as selling, general and administrative expenses in the same period in which the hedged transaction affects earnings.

As of December 31, 2014, the Fresenius Group was party to foreign exchange contracts with a maximum maturity of 17 months. The Fresenius Group uses a Cash-Flow-at-Risk (CFaR) model in order to estimate and quantify such transaction risks from foreign currencies. The basis for the analysis of the currency risks are the foreign currency cash flows that are reasonably expected to arise within the following 12 months, less any hedges. Under the CFaR approach, the potential currency fluctuations of these net exposures are shown as probability distributions based on historical volatilities and correlations of the preceding 250 business days. The calculation is made assuming a confidence level of 95% and a holding period of up to one year. The aggregation of currency risks has risk mitigating effects due to correlations between the transactions concerned, i. e. the overall portfolio's risk exposure is generally less than the sum total of the underlying individual risks. As of December 31, 2014, the Fresenius

Group's cash flow at risk amounts to €50 million, this means, with a probability of 95%, a potential loss in relation to the forecasted foreign exchange cash flows of the next 12 months will be not higher than €50 million.

Interest Rate Risk Management

Fresenius Group's interest rate risks mainly arise from money market and capital market transactions of the Group for financing its business activities. The Fresenius Group enters into interest rate swaps and, on a small scale, into interest rate options in order to protect against the risk of rising interest rates. These interest rate derivatives are mainly designated as cash flow hedges and have been entered into in order to convert payments based on variable interest rates into payments at a fixed interest rate and in anticipation of future debt issuances (pre-hedges). The U.S. dollar interest rate swaps with a notional volume of US\$100 million (€82 million) and a fair value of US\$1 million (€1 million) expire in 2022. The euro interest rate swaps have a notional volume of €608 million and a fair value of - €7 million. These include interest rate swaps of €294 million which became effective in January 2015. The euro interest rate swaps expire in the years 2016 to 2022. The U.S. dollar interest rate swaps bear an average interest rate of 2.142% and the euro interest rate swaps bear an average interest rate of 0.678%.

The pre-hedges are used to hedge interest rate exposures with regard to interest rates which are relevant for the future debt issuance and which could rise until the debt is actually issued. These pre-hedges are settled at the issuance date of the corresponding debt with the settlement amount recorded in accumulated other comprehensive income (loss) amortized to interest expense over the life of the pre-hedges. At December 31, 2014 and December 31, 2013, the Fresenius Group had €89 million and €113 million, respectively, related to such settlements of pre-hedges deferred in accumulated other comprehensive income (loss), net of tax.

Interest payables and interest receivables in connection with the swap agreements are accrued and recorded as an adjustment to the interest expense at each reporting date. Concerning interest rate contracts, unscheduled repayments or the renegotiation of hedged items may in some cases lead to the de-designation of the hedging instrument, which existed up to that point. From that date, the respective hedging transactions are recognized in the consolidated statement of income.

For purposes of analyzing the impact of changes in the relevant reference interest rates on Fresenius Group's results of operations, the Group calculates the portion of financial debt which bears variable interest rates and which has not been hedged by means of interest rate swaps or options against rising interest rates. For this particular part of its liabilities, the Fresenius Group assumes an increase in the reference rates of 0.5% compared to the actual rates as of the date of the statement of financial position. The corresponding additional annual interest expense is then compared to the net income attributable to shareholders of Fresenius SE & Co. KGaA. This analysis shows that an increase of 0.5% in the relevant reference rates would have an effect of less than 1.5% on the consolidated net income attributable to shareholders of Fresenius SE & Co. KGaA and Fresenius SE & Co. KGaA shareholders' equity.

Credit Risk

The Fresenius Group is exposed to potential losses regarding financial instruments in the event of non-performance by counterparties. With respect to derivative financial instruments, it is not expected that any counterparty fails to meet its obligations as the counterparties are highly rated financial institutions. The maximum credit exposure of derivatives is represented by the fair value of those contracts with a positive fair value amounting to €30 million for foreign exchange derivatives and €1 million for interest rate derivatives at December 31, 2014. The maximum credit risk resulting from the use of non-derivative financial instruments is defined as the total amount of all receivables. In order to control this credit risk, the Management of the Fresenius Group performs an aging analysis of trade accounts receivable. For details on the aging analysis and on the allowance for doubtful accounts, please see note 14, Trade accounts receivable.

Liquidity Risk

The liquidity risk is defined as the risk that a company is potentially unable to meet its financial obligations. The Management of the Fresenius Group manages the liquidity of the Group by means of effective working capital and cash management as well as an anticipatory evaluation of refinancing alternatives. The Management of the Fresenius Group believes that existing credit facilities as well as the cash generated by operating activities and additional short-term borrowings are sufficient to meet the Company's foreseeable demand for liquidity (see note 21, Debt and capital lease obligations).

CRITICAL ACCOUNTING POLICIES

In the opinion of the Management of the Fresenius Group, the following accounting policies and topics are critical for the consolidated financial statements in the present economic environment. The influences and judgments as well as the uncertainties

which affect them are also important factors to be considered when looking at present and future operating earnings of the Fresenius Group.

Recoverability of Goodwill and Intangible Assets

The amount of intangible assets, including goodwill, product rights, tradenames and management contracts, represents a considerable part of the total assets of the Fresenius Group. At December 31, 2014 and December 31, 2013, the carrying amount of goodwill and non-amortizable intangible assets with indefinite useful lives was €20,076 million and €15,013 million, respectively. This represented 50% and 46%, respectively, of total assets.

An impairment test of goodwill and non-amortizable intangible assets with indefinite useful lives is performed at least once a year, or if events occur or circumstances change that would indicate the carrying amount might be impaired (Impairment test).

To determine possible impairments of these assets, the fair value of the reporting units is compared to their carrying amount. The fair value of each reporting unit is determined using estimated future cash flows for the unit discounted by a weighted-average cost of capital (WACC) specific to that reporting unit. Estimating the discounted future cash flows involves significant assumptions, especially regarding future reimbursement rates and sales prices, number of treatments, sales volumes and costs. In determining discounted cash flows, the Fresenius Group utilizes for every reporting unit its approved three-year budget, projections for years 4 to 10 and a corresponding growth rate for all remaining years. These growth rates are 0% to 4% for Fresenius Medical Care, 3% for Fresenius Kabi and 1% for Fresenius Helios and Fresenius Vamed. Projections for up to 10 years are possible due to historical experience and the stability of Fresenius Group's business, which is largely independent from the economic cycle. The discount factor is determined by the WACC of the respective reporting unit. Fresenius Medical Care's WACC consisted of a basic rate of 6.01% and the WACC in the business segment Fresenius Kabi consisted of a basic rate of 4.86% for 2014, respectively. This basic rate is then adjusted by a country-specific risk rate and, if appropriate, by a factor to reflect higher risks associated with the cash flow from recent material acquisitions, until they are appropriately integrated, within each reporting unit. In 2014, WACCs (after tax) for the reporting units of Fresenius Medical Care ranged from 5.96% to 15.73% and WACCs (after tax) for the reporting units of Fresenius Kabi ranged from 4.86% to 13.36%. In the business segments Fresenius Helios and Fresenius Vamed, the WACC (after tax) was 4.86%, country-specific adjustments did not occur. If the fair value of the reporting unit is less than its carrying amount, the difference is recorded as an impairment of the fair value of the goodwill at first. An increase of the WACC (after tax) by 0.5% would not have resulted in the recognition of an impairment loss in 2014.

A prolonged downturn in the health care industry with lower than expected increases in reimbursement rates and / or higher than expected costs for providing health care services could adversely affect the estimated future cash flows of certain countries or segments. Future adverse changes in a reporting unit's economic environment could affect the discount rate. A decrease in the estimated future cash flows and / or a decline in the reporting unit's economic environment could result in impairment charges to goodwill and other intangible assets with indefinite useful lives which could materially and adversely affect Fresenius Group's future operating results.

Legal Contingencies

The Fresenius Group is involved in several legal matters arising from the ordinary course of its business. The outcome of these matters may have a material effect on the financial position, results of operations or cash flows of the Fresenius Group. For details, please see note 28, Commitments and contingent liabilities.

The Fresenius Group regularly analyzes current information about such claims for probable losses and provides accruals for such matters, including estimated expenses for legal services, as appropriate. The Fresenius Group utilizes its internal legal department as well as external resources for these assessments. In making the decision regarding the need for a loss accrual, the Fresenius Group considers the degree of probability of an unfavorable outcome and its ability to make a reasonable estimate of the amount of loss.

The filing of a suit or formal assertion of a claim, or the disclosure of any such suit or assertion, does not necessarily indicate that an accrual of a loss is appropriate.

Allowance for Doubtful Accounts

Trade accounts receivable are a significant asset and the allowance for doubtful accounts is a significant estimate made by the Management. Trade accounts receivable were €4,235 million and €3,474 million in 2014 and 2013, respectively, net of allowance. Approximately 62% of receivables derive from the business segment Fresenius Medical Care and mainly relate to the dialysis care business in North America.

The major debtors or debtor groups of trade accounts receivable were U.S. Medicare and Medicaid health care programs with 17% and private insurers in the United States with 10% at December 31, 2014. Other than that, the Fresenius Group has no significant risk concentration, due to its international and heterogeneous customer structure. The allowance for doubtful accounts was €545 million and €487 million as of December 31, 2014 and December 31, 2013, respectively.

The allowances are estimates comprised of customer-specific evaluations regarding their payment history, current financial stability, and applicable country-specific risks for overdue receivables. In the Fresenius Group's opinion, these analyses result in a well-founded estimate of allowances for doubtful accounts. From time to time, the Fresenius Group reviews changes in collection experience to ensure the appropriateness of the allowances.

A valuation allowance is calculated if specific circumstances indicate that amounts will not be collectible. When all efforts to collect a receivable, including the use of outside sources where required and allowed, have been exhausted, and after appropriate management review, a receivable deemed to be uncollectible is considered a bad debt and written off.

Deterioration in the aging of receivables and collection difficulties could require that the Fresenius Group increases the estimates of allowances for doubtful accounts. Additional expenses for uncollectible receivables could have a significant negative impact on future operating results.

Self-Insurance Programs

Under the insurance programs for professional, product and general liability, auto liability and worker's compensation claims, the largest subsidiary of Fresenius Medical Care AG & Co. KGaA, located in North America, is partially self-insured for professional liability claims. For further details regarding the accounting policies for self-insurance programs, please see note 1. III. aa, Self-insurance programs.

Trend Information

Neither the Issuer nor any Guarantor is aware of any trends that would materially affect them or the respective industries in which they operate, other than as described under "Risk Factors" in this prospectus.

RECENT DEVELOPMENTS

On July 15, 2015, Fresenius US Finance II, Inc. repaid US\$500 million aggregate principal amount of 9.00% senior notes and €275 million aggregate principal amount of 8.75% senior notes upon maturity. These notes were repaid using available short-term financing sources. The proceeds of this offering are intended to refinance these short-term financing sources.

Fresenius Medical Care anticipates partially offsetting effects from two transactions in the second half of 2015: (i) Fresenius Medical Care expects to incur a non-tax deductible loss of around US\$30 million from the divestiture of the dialysis service business in Venezuela, given the difficult economic environment within the country; and (ii) Fresenius Medical Care will transfer the European marketing rights for certain renal pharmaceuticals to Vifor Fresenius Medical Care Renal Pharma which will generate a gain, cutting the Venezuela loss by approximately half on an after-tax basis.

Fresenius SE & Co KGaA expects to be included in the EURO STOXX 50 blue-chip index on September 21, 2015.

BUSINESS

OVERVIEW

Fresenius is a global health care group providing products and services for dialysis, hospitals, and outpatient medical care. In addition, Fresenius focuses on hospital operations. We also manage projects and services for hospitals and other health care facilities. Our Group includes the following business segments:

- **Fresenius Medical Care** is the world's largest provider of dialysis care and dialysis products for patients with chronic kidney failure according to publicly reported sales and number of patients treated;

- **Fresenius Kabi** is a leading international supplier of intravenously administered generic drugs (I.V. drugs), clinical nutrition, infusion therapies for critically and chronically ill people in hospitals and outpatient care in addition to medical devices and products of transfusion technology;

- **Fresenius Helios** is the largest hospital operator in Germany according to publicly reported sales and number of beds. Fresenius Helios owns 111 hospitals (as of June 30, 2015), including seven maximum care hospitals, and provides acute care and post-acute care treatment (medical rehabilitation). It has more than 34,000 beds and treats over 4.5 million patients per year, thereof 1.2 million inpatients; and

- **Fresenius Vamed** is one of the leading international providers of engineering, construction, and maintenance services to hospitals and other health care facilities worldwide.

Fresenius operates in about 80 countries through its subsidiaries and has an international marketing and production network of approximately 90 production sites worldwide. In the year ended December 31, 2014, our Group generated sales of €23,231 million and adjusted EBIT of €3,158 million. Fresenius Medical Care is fully consolidated into the financial statements of our Group.

The following table shows key data of our business segments and our segment Corporate/Other:

	Year ended December 31, 2014					
	Fresenius Medical Care	Fresenius Kabi	Fresenius Helios	Fresenius Vamed	Corporate/ Other ⁽¹⁾	Total
	(million €, except employees and percentages)					
Sales	11,917	5,146	5,244	1,042	(118)	23,231
EBITA, adjusted ⁽²⁾	2,223	1,084	732	71	(15)	4,095
Operating income (EBIT), adjusted ⁽²⁾	1,697	873	553	59	(24)	3,158
Net income attributable to Fresenius SE & Co. KGaA, adjusted ⁽³⁾	786	468	400	41	(609)	1,086
Operating cash flow	1,401	641	558	(9)	(6)	2,585
Capital expenditures	(701)	(361)	(266)	(10)	(7)	(1,345)
Acquisitions	(1,495)	(118)	(824)	(12)	(1)	(2,450)
Research and development	(92)	(276)	—	0	(1)	(369)
Employees (as of December 31)	105,917	32,899	68,852	7,746	861	216,275
Equity participation	31%	100%	100%	77%	—	—

(1) The segment Corporate / Other is mainly comprised of the holding functions of Fresenius SE & Co. KGaA as well as Fresenius Netcare GmbH, which provides services in the field of information technology. In addition, the segment Corporate / Other includes intersegment consolidation adjustments as well as special items.

(2) Adjusted for Fenwal integration costs of €50 million, acquired Rhön hospitals €51 million and disposal gains from two HELIOS hospitals €22 million and Rhön stake €35 million.

(3) Adjusted for Fenwal integration costs of €33 million, acquired Rhön hospitals €41 million and disposal gains from two HELIOS hospitals €21 million and Rhön stake €34 million.

Unless otherwise indicated, the market data information set forth below is based on our internal estimates. See “Industry Information”.

HISTORY AND DEVELOPMENT

Corporate History

Our company marked its 100th anniversary in 2012, but the Fresenius family has an even longer history in the medical industry. Fresenius AG (now Fresenius SE & Co. KGaA) became a listed company in December 1986. In 1996, we completed a series of transactions pursuant to which we combined the Fresenius dialysis product business with National Medical Care, Inc., W.R. Grace & Co.'s dialysis services business, to create Fresenius Medical Care. In the course of the initial public offering of Fresenius Medical Care in the National Medical Care acquisition, its ordinary shares were first traded on October 1, 1996 in New York and on October 2, 1996 in Frankfurt am Main, Germany. Its non-voting preference shares were admitted to trading on November 25, 1996 in New York and on November 27, 1996 in Frankfurt am Main, Germany. Fresenius Medical Care's American Depositary Shares evidencing its ordinary shares and its preference shares were also admitted to the New York Stock Exchange. In 1998, Fresenius acquired the international infusion and nutrition business of Pharmacia & Upjohn and created Fresenius Kabi by combining this business with its Fresenius Pharma Division. In 2008, Fresenius Kabi acquired APP Pharmaceuticals, Inc. and achieved a leading position in the U.S. I.V. generics market. In 1999, Fresenius AG became an operating holding company with legally independent business segments. In 2001, Fresenius acquired Wittgensteiner Kliniken AG, a German hospital operator that today is part of Fresenius Helios. In December 2005, HELIOS Kliniken GmbH, now the largest hospital operator in Germany, was acquired. Fresenius Medical Care expanded significantly in 2006 with the acquisition of Renal Care Group (RCG), which at the time of acquisition provided dialysis and ancillary services at more than 450 owned outpatient dialysis centers and to more than 200 hospitals in the United States. In February 2006, Fresenius Medical Care initiated a share conversion in which most preference shares were converted into ordinary shares in conjunction with its change in the legal form of the Company from a stock corporation (*Aktiengesellschaft*) into a partnership limited by shares (*Kommanditgesellschaft auf Aktien* — KGaA). As of June 28, 2013, the residual preference shares were converted into ordinary shares.

Fresenius AG was converted into a European company (*SE* — *Societas Europaea*) effective on July 13, 2007. With effect as of January 28, 2011, the company's legal form was changed into a SE & Co. KGaA. As a result of this conversion, all non-voting preference shares in the company were mandatorily converted into voting ordinary shares at a 1:1 exchange ratio. Accordingly, the listing of the two classes of shares in Fresenius SE was discontinued on January 28, 2011. The voting ordinary shares of Fresenius SE & Co. KGaA commenced trading on January 31, 2011. The legal form SE & Co. KGaA combines the elements of a stock corporation with those of a limited partnership. For more details, see "*General Information on Group Structure, Issuer and Guarantors — Overview of Corporate and Finance Structure*" and "*— Guarantors — Fresenius SE & Co. KGaA*".

Recent Acquisitions

We have made a number of important acquisitions of complementary businesses and technologies in past years. Important recent acquisitions in our Fresenius Medical Care segment include:

- In July 2014, Fresenius Medical Care made an investment for a majority interest in Sound Inpatient Physicians, Inc. ("**Sound**"), a physician services organization focused on hospitalist and post-acute care services, furthering its strategic investments and expanding the health care services it offers. In November 2014, Sound acquired Cogent Health care ("**Cogent**"), expanding Sound to serve over 180 hospitals in 35 states in the United States with more than 1,750 providers. In October 2014, Fresenius Medical Care acquired Laurus Health care L.P., which does business under the trade name National Cardiovascular Partners ("**NCP**"). NCP is the leading operator of outpatient cardiac catheterization and vascular laboratories in the U.S.
- In February 2012, Fresenius Medical Care acquired 100% of the equity of Liberty Dialysis Holdings, Inc. ("**Liberty Dialysis**"), a Delaware corporation with principal offices in Mercer Island, Washington and the owner of all of the business of Liberty Dialysis, Inc. and 51% of Renal Advantage, Inc., for total cash consideration of US\$2,182 million consisting of US\$1,697 million cash, net of cash acquired and US\$485 million non-cash consideration. Prior to entering into the merger agreement for the Liberty Acquisition, Fresenius Medical Care owned 49% of Renal Advantage, Inc.

Important acquisitions in our Fresenius Kabi segment include:

- In December 2012, Fresenius Kabi acquired Fenwal, a leading U.S.-based provider of transfusion technology products for blood collection, separation, and processing, from TPG and Maverick Capital. In 2011, Fenwal had sales of US\$614 million and adjusted EBITDA of US\$90 million. The acquisition has enhanced Fresenius Kabi's geographical presence as Fenwal generated more than half of its sales in the United States.

Important recent acquisitions in our Fresenius Helios business segment include:

- In February 2014, Fresenius Helios completed the acquisition of 38 hospitals and 11 outpatient facilities from Rhön-Klinikum AG. For two hospitals, Klinikum Salzgitter and HSK Dr. Horst Schmidt Kliniken (Wiesbaden), the acquisition was concluded in March and June 2014, respectively. In July, HELIOS also took over the hospital in Cuxhaven from Rhön-Klinikum AG. The acquisition made Fresenius Helios the largest hospital operator in Germany, with 111 hospitals (as of June 30, 2015) and over €5.2 billion in sales in 2014. The purchase price was €3.0 billion.
- In March 2012, HELIOS completed the acquisition of Damp Group (sales of €487 million and operating profit (EBIT) of €21 million in 2010). The acquisition of Damp Group was an excellent geographic fit with the Fresenius Helios hospital network in the north and northeast of Germany. Due to the geographic proximity of the HELIOS hospital, Schwerin, Fresenius Helios was required to divest Damp hospital Wismar to secure regulatory clearance and complete the transaction.

KEY STRENGTHS

Our business benefits from a number of key strengths, including:

Leading market positions. We are among the market leaders in each of the key markets in which our business segments operate. Based on publicly reported sales and number of patients treated, Fresenius Medical Care is the world's largest provider of dialysis products and dialysis care for patients with chronic kidney failure. We believe Fresenius Kabi is the market leader in Europe in clinical nutrition and infusion therapy and has strong market positions in the growth regions of Asia-Pacific, Latin America and South Africa, as well as being one of the leading suppliers of generic I.V. drugs in the United States. Fresenius Kabi is also one of the world's leading suppliers of medical devices/transfusion technology products. Based on publicly available information on sales and beds, Fresenius Helios is the largest hospital operator in Germany. Fresenius Vamed is one of the world's leading companies specializing in engineering and services for hospitals and other health care facilities. We believe our leading positions and the scale and spread of our operations provide us with negotiating power with suppliers and with a cost-competitive advantage compared with our smaller competitors.

Globally diversified presence in growing non-cyclical markets. Our markets are relatively independent of economic cycles due to the intrinsic importance of the life-saving and life-sustaining products and treatments that we provide. These markets are also expanding due to demographic trends, the growing demand for innovative therapies in industrialized countries and the increasing availability of high-quality health care in developing and newly industrializing countries. We are one of the few globally active companies in our business areas and have subsidiaries in about 80 countries, providing us with the local presence needed to respond to differing national health care systems. Fresenius Medical Care sells its dialysis products to its own clinics, as well as to external dialysis providers. Fresenius Medical Care sells its products in over 120 countries, and Fresenius Kabi sells its products to hospitals and other purchasers in approximately 160 countries. We operate a marketing and production network of approximately 90 production sites worldwide. Our key production facilities are in the United States, Germany, Sweden, China, and Japan. We also have production facilities in other European and Asia-Pacific countries, Latin America and South Africa.

Comprehensive product range. With a comprehensive product portfolio, we believe we are one of a few companies able to meet our customers' needs for a broad range of therapies. Fresenius Medical Care offers a comprehensive range of products for both hemodialysis (i.e., the removal of impurities and waste products from the bloodstream through a dialyzer before returning the blood to the patient's body) and peritoneal dialysis (i.e., the removal of toxins from the blood using the peritoneum). Fresenius Kabi offers a comprehensive portfolio of I.V. drugs and has a strong registration pipeline. The company is one of the few health care suppliers that offer a complete range of both enteral and parenteral nutrition therapies. In addition, Fresenius Kabi has a broad range of products for infusion therapy, medical devices/transfusion technology.

High barriers to entry. Most of our health care products and service businesses are characterized by high barriers to entry. High regulatory standards and quality requirements, as well as the need for an international production and distribution network and established relationships with suppliers and customers make it difficult for companies to enter and be competitive in our markets. An existing platform of hospitals, in-depth experience and a proven track record are needed to participate successfully in the privatization of the German hospital market and to successfully manage the economic turnaround of acquired hospitals.

Vertically-integrated businesses. Within the framework of our vertically-integrated business model, each of our business segments operates at various stages of the value chain. Fresenius Medical Care provides its customers and patients with products and services for dialysis as well as other health care services. By combining the development and manufacture of dialysis products with dialysis services for patients, Fresenius Medical Care gains valuable medical insights that it uses to improve both treatments and product quality. In addition, Fresenius Medical Care offers other health care services, e. g., laboratory and vascular care services, in the field of Care Coordination to address a growing need for integrated patient care.

Fresenius Kabi also pursues an integrated product strategy in the areas of infusion therapy and clinical nutrition. In addition to infusion solutions, I.V. drugs and clinical nutrition, Fresenius Kabi also offers the corresponding application systems for the administration of these products to patients. We believe Fresenius Kabi has a strong market position as a vertically integrated supplier of generic I.V. drugs, with active pharmaceutical ingredients for the manufacture of a wide range of antibiotics and oncology drugs.

Strong and stable cash flow and proven deleveraging track record. Our business has strong, recurring cash flow streams generated by sales of life-saving and life-sustaining products and services. Our operating cash flow in the year ended December 31, 2014 amounted to €2,585 million, compared with €2,320 million in 2013 and €2,438 million in 2012. Group Leverage Ratio was 3.41 and thus above the targeted range of 3.00 to 3.25, mainly due to the acquisitions at Fresenius Medical Care in the fourth quarter of 2014. The Leverage Ratio is expected to be approximately 3.0 at the end of 2015.

Experienced management team. Fresenius has one of the most experienced management teams in the industry with a proven track record for organic growth, as well as completing and successfully integrating acquisitions, including the €3.0 billion acquisition of hospitals from Rhön-Klinikum AG in 2014, the US\$2.2 billion acquisition of Liberty Dialysis Holdings in 2012, the US\$4.7 billion acquisition of Fresenius Kabi USA in 2008, the US\$4.2 billion acquisition of RCG in 2006, and the €1.5 billion acquisition of HELIOS Kliniken GmbH in 2005.

STRATEGY

The following is an overview of the key elements of our business strategy:

Expand our market position. Fresenius seeks to ensure and expand its long-term position as a leading international provider of products and services in the health care industry. To this end, and to geographically expand its business, Fresenius plans to grow organically as well as through selective small and medium-sized acquisitions, complementing its existing portfolio. Future opportunities for Fresenius Medical Care will arise from further international expansion in dialysis care and products and in renal pharmaceuticals, as well as the expansion in the field of Care Coordination (as defined before). In 2014, Fresenius Medical Care has significantly strengthened this area through several acquisitions. By expanding its business, Fresenius Medical Care addresses a growing need for integrated patient care. Fresenius Kabi plans to roll out products from its existing portfolio to growth markets and to launch existing products in the United States. Market share is to be expanded further through the launch of new products in the field of IV drugs and medical devices for infusion therapy and clinical nutrition, as well as in transfusion technology. Fresenius Helios is in a strong position to develop new patient care models and to take advantage of further growth opportunities arising from the privatization process in the German hospital market. Fresenius Vamed will further expand its position as a global specialist for projects and services for hospitals and other health care facilities.

Extend our global presence. In addition to sustained organic growth in markets where Fresenius is already established, our strategy is to diversify into markets that offer attractive growth potential, especially in the Asia-Pacific region and in Latin America. Apart from organic growth, Fresenius also plans to make further small to mid-sized selective acquisitions to improve the Group's market position and to diversify its business geographically.

Strengthen innovation. Fresenius' strategy is to continue building on its strength in technology, its competence and quality in patient care, and its ability to manufacture cost-effectively. We want to develop products and systems that provide a high level of safety and user-friendliness and enable tailoring to individual patient needs. We intend to continue to meet the requirements of best-in-class medical standards by developing and offering more effective products and treatment methods for the critically and chronically ill. The goal of Fresenius Helios is to systematically foster interdisciplinary knowledge sharing and to use innovation to develop the best health care services and innovative therapies for our patients. Fresenius Vamed's goal is to realize further projects in integrated health care services and to support patient-oriented health care systems more efficiently.

Enhance profitability. Our goal is to continue to improve Group profitability. To contain costs, we are concentrating particularly on making our production plants more efficient, exploiting economies of scale, leveraging the existing marketing and distribution infrastructure more intensively, and practicing strict cost control. By focusing on our operating cash flow and employing efficient working capital management, we will increase our investment flexibility and improve our balance sheet ratios. Another goal is to optimize our weighted average cost of capital (WACC) by deliberately employing a balanced mix of equity and debt funding. In the present capital market conditions, we believe we optimize our cost of capital if we hold our Leverage Ratio in a range between 2.5 and 3.0.

OUR BUSINESS

Fresenius Medical Care

Based on publicly reported sales and number of patients treated, Fresenius Medical Care is the world's largest dialysis company. It provides dialysis care services related to the dialysis treatment a patient with end-stage renal disease receives as well as other health care services (Care Coordination). Care Coordination services include coordinated delivery of pharmacy services, vascular, cardiovascular and endovascular specialty services, non-dialysis laboratory testing services, physician services, hospitalist and intensivist services, health plan services and urgent care services, which, together with dialysis care services represent Fresenius Medical Care's health care services. Fresenius Medical Care's dialysis business is vertically integrated, providing dialysis treatment at its own dialysis clinics and supplying these clinics with a broad range of products. Fresenius Medical Care also develops and manufactures a full range of dialysis machines, systems and disposable products, which it sells to customers in more than 120 countries.

In 2014, Fresenius Medical Care generated approximately 66% of its sales in North America and 33% from its international operations, encompassing operations in Europe/Middle East/Africa (19%), Latin America (5%) and Asia-Pacific (9%). Fresenius Medical Care's sales represented 51% of our consolidated Group sales in 2014. As described under "Management's Discussion and Analysis of Financial Condition and Results of Operations — Key Factors Affecting Our Results of Operations and Financial Condition", although Fresenius Medical Care is fully consolidated in our financial statements, we had a 31.22% economic interest in Fresenius Medical Care in 2014 (the average for the year), and we receive cash flows from it only to the extent that dividends are paid to us and from existing agreements such as rental and service agreements. The economic interest (excluding FMC AG & Co. KGaA treasury shares) in Fresenius Medical Care as of June 30, 2015 was 30.98%.

Health care services accounted for approximately 92% of Fresenius Medical Care's total sales in North America in 2014. Dialysis products accounted for 51% of Fresenius Medical Care's total sales in the "International" segment in 2014, down from 53% in 2013. The following tables summarize Fresenius Medical Care's sales ("FMC Sales") and Fresenius Medical Care's EBIT ("FMC EBIT") in its North America and International segments:

	Year ended December 31,					
	2014		2013		2012	
	(US\$ million) (audited)	% of total FMC sales	(US\$ million) (audited)	% of total FMC sales	(US\$ million) (audited)	% of total FMC sales
North America sales	10,500	66	9,606	66	9,031	65
International sales	5,265	33	4,970	34	4,740	34
Total FMC Sales⁽¹⁾	15,832	100	14,610	100	13,800	100

	Year ended December 31,					
	2014		2013		2012	
	(US\$ million) (audited)	% of total FMC sales	(US\$ million) (audited)	% of total FMC sales	(US\$ million) (audited)	% of total FMC sales
North America operating profit (EBIT)	1,643	73	1,623	72	1,615	73
International operating profit (EBIT)	970	43	897	40	809	36
Total FMC EBIT⁽²⁾	2,255	100	2,256	100	2,219⁽³⁾	100

(1) This figure includes Fresenius Medical Care's sales internal to the Fresenius Group generated by corporate functions in the amounts of US\$67 million for 2014, US\$34 million for 2013 and US\$29 million for 2012.

(2) This figure includes Fresenius Medical Care's corporate costs relating primarily to certain Fresenius Medical Care headquarters overhead charges (including but not limited to accounting, finance, global research and development) of US\$358 million for 2014, US\$264 million for 2013, and US\$205 million for 2012.

(3) The operating income includes special charges in the amount of US\$110 million, thereof US\$100 million relating to North America.

Dialysis Overview

End-Stage Renal Disease (ESRD)

ESRD is the stage of advanced chronic kidney disease that is characterized by the irreversible loss of kidney function and requires regular dialysis treatment or kidney transplantation to sustain life. A normally functioning human kidney removes waste

products and excess water from the blood, which prevents toxin buildup, water overload and the eventual poisoning of the body. A number of conditions — diabetes, hypertension, glomerulonephritis and inherited diseases — can cause chronic kidney disease. The majority of people with ESRD acquire the disease as a complication of one or more of these primary conditions.

There are two major dialysis methods commonly used today: hemodialysis (“**HD**”) and peritoneal dialysis (“**PD**”). With HD, the patient’s blood is cleansed with a dialyzer, or “artificial kidney”, a process that is controlled by a hemodialysis machine. In contrast, PD removes toxins from the blood using the peritoneum, the membrane lining covering the internal organs located in the abdominal area, as a filter. In 2014, hemodialysis patients comprised more than 89% of all dialysis patients worldwide; the remaining approximately 11% received peritoneal dialysis treatments.

Hemodialysis

Hemodialysis removes toxins and excess fluids from the blood in a process in which the blood flows outside the body through plastic tubes known as bloodlines into a specially designed filter, called a dialyzer. The dialyzer separates waste products and excess water from the blood. Dialysis solution flowing through the dialyzer carries away the waste products and excess water, and supplements the blood with solutes, which must be added due to renal failure. The treated blood is returned to the patient. The hemodialysis machine pumps blood, adds anti-coagulants, regulates the purification process and controls the mixing of dialysis solution and the rate of its flow through the system. This machine can also monitor and record the patient’s vital signs. Hemodialysis patients generally receive treatment three times per week, typically for three to five hours per treatment. The majority of hemodialysis patients receive treatment at outpatient dialysis clinics, such as those of Fresenius Medical Care.

Peritoneal Dialysis

Peritoneal dialysis removes toxins from the blood using the peritoneum, the membrane lining covering the internal organs located in the abdominal area, as a filter. Most peritoneal dialysis patients administer their own treatments in their homes or workplaces, either by a treatment known as continuous ambulatory peritoneal dialysis (“**CAPD**”), or automated peritoneal dialysis (“**APD**”), or by a treatment known as continuous cycling peritoneal dialysis (“**CCPD**”). In both of these treatments, a surgically implanted catheter provides access to the peritoneal cavity. Using this catheter, the patient introduces a sterile dialysis solution from a solution bag through a tube into the peritoneal cavity. The peritoneum operates as the filtering membrane and, after a specified dwell time, the solution is drained and disposed. A typical CAPD peritoneal dialysis program involves the introduction and disposal of dialysis solution four times a day. With CCPD, a machine pumps or “cycles” dialysis solution to and from the patient’s peritoneal cavity while the patient sleeps. The human peritoneum can be used as a dialyzer only over a limited period of time, ideally only if the kidneys are still functioning to some extent.

Health care Services

Dialysis Services

Fresenius Medical Care provides dialysis treatment and related laboratory and diagnostic services through its network of 3,361 outpatient dialysis clinics, 2,162 of which are in North America (including Mexico) and 1,199 of which are in other countries around the globe. In 2014, Fresenius Medical Care acquired a total of 95 clinics, opened 79 new clinics and sold or consolidated 63 clinics. The number of patients treated in Fresenius Medical Care’s clinics worldwide increased by about 6% to 286,312 at December 31, 2014 from 270,122 at December 31, 2013. In 2014, health care services accounted for 77% of Fresenius Medical Care’s total sales.

The following table sets forth the number of treatments, patients and dialysis clinics in 2014, 2013 and 2012:

	Year ended December 31,		
	2014	2013	2012
Treatments (in millions).....	42.7	40.5	38.6
Patients (at December 31).....	286,312	270,122	257,916
Dialysis clinics (at December 31).....	3,361	3,250	3,160

At June 30, 2015, Fresenius Medical Care owned, operated or managed 3,421 (excluding those managed but not consolidated in the U.S.) clinics. During the first six months of 2015, Fresenius Medical Care acquired 13 clinics, opened 71 clinics and combined or closed 29 clinics. The number of patients treated in Fresenius Medical Care’s clinics was 289,610 at June 30, 2015, excluding patients of clinics managed but not consolidated in the U.S.

At its clinics, Fresenius Medical Care provides hemodialysis treatments at individual stations through the use of dialysis machines and disposable products. A nurse attaches the necessary tubing to the patient and the dialysis machine and monitors the dialysis equipment and the patient's vital signs. Each of our dialysis clinics is under the general supervision of a physician medical director.

As part of the dialysis therapy, Fresenius Medical Care provides a variety of services to ESRD patients at its dialysis clinics in the United States. These services include administering erythropoietin, a synthetic engineered hormone to treat anemia. Fresenius Medical Care also provides dialysis services under contract to hospitals in the United States on an "as needed" basis for hospitalized ESRD patients and for patients suffering from acute kidney failure. Fresenius Medical Care services these patients either at their bedside, using portable dialysis equipment, or at the hospital's dialysis site.

Fresenius Medical Care's clinics also offer services for home dialysis patients, the majority of whom receive peritoneal dialysis treatment. For those patients, Fresenius Medical Care provides materials, training and patient support services, including clinical monitoring, follow-up assistance and arranging for delivery of supplies to the patient's residence.

The manner in which each clinic conducts its business depends, in large part, upon applicable laws, rules and regulations of the jurisdiction in which the clinic is located, as well as our clinical policies. However, a patient's attending physician, who may be the clinic's medical director or an unaffiliated physician with staff privileges at the clinic, has medical discretion to prescribe the particular treatment modality and medications for that patient. Similarly, the attending physician has discretion in prescribing particular medical products, although the clinic typically purchases equipment, regardless of brand, in consultation with the medical director.

Laboratory Services

Through Spectra Laboratories ("Spectra") and Shiel Laboratories ("Shiel"), Fresenius Medical Care provides full service laboratories that support the needs of its patients in the United States, and also provides laboratory testing for others in the United States. Spectra provides blood, urine and other bodily fluid testing services to determine the appropriate individual dialysis therapy for a patient and to assist physicians in determining whether a dialysis patient's therapy regimen, diet and medicines remain optimal. Shiel expanded Fresenius Medical Care's laboratory services to include general testing, clinical anatomic pathology and molecular testing for health care providers in the New York region.

Pharmacy Services

Fresenius Medical Care offers pharmacy services, mainly in the U.S. These services include delivering renal medications and supplies to the homes of patients or to their dialysis clinic directly from renal pharmacists who are specially trained in treating and counseling patients living with kidney disease. The company also actively supports education and compliance with phosphate binders and other medications for bone and mineral metabolism.

Vascular, Cardiovascular and Endovascular Specialty Services

Fresenius Medical Care has vascular access centers mainly in the U.S. but also operates clinics in Portugal and Taiwan. Dialysis requires access to the bloodstream, which is accomplished by catheters, grafts, or arteriovenous fistulas. Patients receiving hemodialysis need to have a vascular access site put in before their dialysis starts in order for the dialysis machines to filter their blood and return the newly cleaned blood into their bodies. Vascular access is necessary because human veins are too small; the surgery usually joins together an artery and a vein to create a vein strong enough to receive the hemodialysis needles. In addition, the vascular access centers provide services to address peripheral artery disease, which is common in dialysis patients. As a result of an acquisition in 2014, Fresenius Medical Care expanded its vascular access services to both cardiovascular and endovascular specialty services. Cardiovascular procedures are similar to the vascular access procedures discussed above with a focus on treatment for heart disease, while endovascular surgical procedures are minimally invasive and designed to access many regions of the body via major blood vessels and assist in both the maintenance of hemodialysis accesses and other non-dialysis medical operations.

Hospitalist and Intensivist Services

Fresenius Medical Care provides hospitalist and intensivist services in the U.S. through acquisitions made in 2014, including its acquisition of a controlling interest in Sound. Sound works with physician partners providing care in hospitals and post-acute care centers across the United States. It has pioneered a consistent, patient-centered approach that relies on experienced physician leadership and a web-based workflow platform. On November 21, 2014, Sound acquired Cogent. This acquisition expands Fresenius Medical Care's hospitalist services and further positions the company to leverage its network of health care cen-

ters, renal pharmacy and full service and specialty laboratories to help it better address the full spectrum of its patients' health care needs. The expanded Sound Physicians organization serves over 180 hospitals in 35 states with more than 1,750 providers including physicians and advanced care practitioners focusing on the general medical care of hospitalized patients and the care of critically ill patients, usually in the intensive care unit (ICU) and the care of patients in post-acute centers.

Dialysis Products

Fresenius Medical Care manufactures dialysis equipment and related products, including hemodialysis machines, and peritoneal dialysis cyclers, dialyzers, peritoneal solutions in flexible bags, hemodialysis concentrates, solutions and granulates, bloodlines, and systems for water treatment. Fresenius Medical Care is the world's largest manufacturer and distributor of equipment and related products for hemodialysis and the second largest manufacturer and distributor of peritoneal dialysis products. The company sells its products directly or through subsidiaries in over 120 countries. The majority of Fresenius Medical Care's customers are dialysis clinics. In 2014, dialysis products sales accounted for 23% of Fresenius Medical Care's total sales.

Hemodialysis Products

Fresenius Medical Care offers a comprehensive hemodialysis product line and continually strives to expand and improve the capabilities of its hemodialysis systems to offer an advanced treatment at reasonable cost.

In North America, Fresenius Medical Care sells its 2008 series machines, which are modeled on the 4008 series. The 4008/2008 series is the most widely sold machine for hemodialysis treatment. The series 2008k@home, introduced in North America in 2011, is a dialysis machine specifically developed for in home use with an intuitively designed user interface and the addition of the wetness detector for increased safety. The use of this advanced technology and adaptability for in-home use makes this machine highly accessible for patients who would like more flexibility and control throughout their dialysis process.

Outside North America, Fresenius Medical Care sells its 4008, 5008, and 5008S series HD dialysis. The 4008S classic machine is a basic dialysis machine for performing conventional HD treatments with limited therapy options for budget-focused customers. Following the successful launch of the 5008 series, Fresenius Medical Care concentrated on the continued improvement of the reliable operation of its model 5008 dialysis machine in clinical use and under increasingly varied conditions in international applications. The 5008 series is intended to gradually replace most of the 4008 series in the coming years. The successor 5008 contains a number of newly developed technical components for revised and improved dialysis processes and offers the most efficient therapy modality, ONLINE Hemodiafiltration ("**ONLINE HDF**"), as a standard feature. Fresenius Medical Care's latest machine software upgrades the Therapy System product line of the 5008 machines to the CorDiox product line for use with its FX CorDiox dialyzers. Significant advances in the field of electronics enable highly complex treatment procedures to be controlled and monitored safely and clearly through dedicated interfaces.

Fresenius Medical Care manufactures dialyzers using hollow fiber Fresenius Polysulfone and Helixone[®] membranes from synthetic materials. According to its estimates, Fresenius Medical Care is the leading worldwide producer of polysulfone dialyzers. In 2011, Fresenius Medical Care introduced the new FX CorDiox dialyzer which contains the Helixone[®] plus high performance membrane. The Helixone[®] plus membrane selectively filters out toxins such as phosphates to reduce the risk of cardiovascular disease.

In addition, Fresenius Medical Care manufactures and/or distributes numerous other hemodialysis disposables and other hemodialysis products.

Peritoneal Dialysis Equipment and Products

Fresenius Medical Care offers a full line of peritoneal dialysis systems and solutions which include both CAPD (also called APD) and CCPD. A typical CAPD peritoneal dialysis program involves the manual introduction and disposal of dialysis solution four times a day. CCPD, a machine-supported type of peritoneal dialysis is used mostly at night. APD therapy differs from CAPD in that fluid is infused into the patient's peritoneal cavity while the patient sleeps.

Renal Pharmaceuticals

Excess serum phosphorus levels, which are ordinarily controlled by healthy kidneys, can cause bone and heart problems. Through various mechanisms of action, phosphate binders reduce phosphate absorption in chronic kidney disease ("**CKD**") patients on dialysis. Fresenius Medical Care acquired the rights to PhosLo[®] phosphate binder, in November 2006. It received approval of PhosLo[®] in selected European countries. In October 2008, a competitive generic phosphate binder was introduced in the United States market, which reduced our PhosLo[®] sales in 2009. In October 2009, Fresenius Medical Care launched an authorized

generic version of PhosLo® to compete in the generic calcium acetate market. In April 2014, the FDA approved the New Drug Application (“**ND**A”) for Phoslyra®, a liquid formulation of PhosLo®, and Fresenius Medical Care continues to commercialize this product in the U.S. market.

In 2008, Fresenius Medical Care entered into two separate and independent license and distribution agreements, one for certain countries in Europe and the Middle East (with Galenica AG and Vifor (International) AG), and one for the U.S. (with Luitpold Pharmaceuticals Inc. and American Regent, Inc.) to market and distribute intravenous iron products, such as Venofer® (iron sucrose) and Ferinject® (ferric carboxymaltose) (outside the U.S.). Both drugs are used to treat iron deficiency anemia experienced by non-dialysis CKD patients as well as dialysis patients. Venofer® is the leading intravenous iron product worldwide. The first agreement concerns all commercialization activities for these intravenous iron products in the field of dialysis and became effective on January 1, 2009. In North America, a separate license agreement effective November 1, 2008 provides Fresenius Medical Care’s subsidiary Fresenius USA Manufacturing Inc. (“**FUSA**”) with exclusive rights to manufacture and distribute Venofer® to freestanding (non-hospital based) U.S. dialysis facilities and, in addition, grants FUSA similar rights for certain new formulations of the drug. The United States license agreement has a term of ten years and includes FUSA extension options. The international agreement has a term of 20 years. In 2012, FUSA renegotiated and further amended the contract originally signed in 2008 with Luitpold Pharmaceuticals, Inc. The original term length of the agreement remained the same.

In 2009, Fresenius Medical Care entered into separate agreements with AMGEN International to purchase Aranesp and Mimpara and to jointly communicate selected scientific and promotional topics to the physician community. The company’s current non-exclusive ESA sourcing and supply contract with Amgen covers the period from January 1, 2015 to December 31, 2018. Together with Amgen, Fresenius Medical Care is working to foster new scientific understanding of CKD through the evaluation of its research database with the help of renowned academic advisory committees.

In December 2010, Fresenius Medical Care announced the expansion of its agreements with Galenica by forming a new renal pharmaceutical company, Vifor Fresenius Medical Care Renal Pharma (“**VFMC**RP”) with the intention to develop and distribute products to treat iron deficiency anemia and bone mineral metabolism for pre-dialysis and dialysis patients. FMC-AG & Co. KGaA owns 45% of the company which is headquartered in Switzerland. Galenica contributed licenses (or the commercial benefit in the U.S.) to its Venofer® and Ferinject® products for use in the dialysis and pre-dialysis market (CKD stages III to V). Commercialization of both of these products outside the renal field will remain fully the responsibility of Vifor Pharma, the pharmaceutical division of Galenica and its existing key affiliates or partners. Galenica also contributed to the new company exclusive worldwide rights (excluding Japan) for Velphoro®, a novel iron-based phosphate binder. Fresenius Medical Care North America (“**FMC**NA”) markets the product on behalf of VFMCRP in the U.S. and commercial sales of Velphoro® commenced in the first quarter of 2014 in the US market. The product for the U.S. market is supplied by an FDA approved, Vifor manufacturing facility in Switzerland and an FDA approved contract manufacturer also located in Switzerland. The expansion of Fresenius Medical Care’s agreement in December 2010 allowed Galenica and the company to work together in the development and commercialization of renal pharmaceuticals CKD stages III to V in the U.S. and to continue their collaboration in CKD stage V in selected other countries. European antitrust authorities granted approval in October 2011, which allowed VFMCRP to proceed with the targeted expansion of its global operations on November 1, 2011. This approval brought to fruition an agreement that superseded an earlier agreement for certain countries in Europe and the Middle East.

Customers, Marketing, Distribution and Service

Fresenius Medical Care sells most of its products to clinics, hospitals and specialized treatment clinics. With its comprehensive product line and years of experience in dialysis, it believes that it has been able to establish and maintain very close relationships with its global clinic customer base. Close interaction between the company’s sales and marketing and research and development (“**R&D**”) personnel enables it to integrate concepts and ideas that originate in the field into product development. Fresenius Medical Care maintains a direct sales force of trained salespersons engaged in the sale of both hemodialysis and peritoneal dialysis products. Sales and marketing engages in direct promotional efforts, including visits to physicians, clinical specialists, hospitals, clinics and dialysis clinics, and is represented at industry trade shows. It also sponsors medical conferences and scientific symposia in accordance with company guidelines and compliance policies as a means for disseminating scientific or technical information. Fresenius Medical Care’s clinical nurses provide clinical support, training and assistance to customers and assist the sales force. Fresenius Medical Care also uses outside distributors to provide sales coverage in countries that its internal sales force does not service.

In its basic distribution system, Fresenius Medical Care ships products from factories to central warehouses which are frequently located near the production facilities. From these central warehouses, dialysis products are shipped to regional warehouses. Fresenius Medical Care then distributes home hemodialysis and peritoneal dialysis products to the patient at home, and ships hemodialysis products directly to dialysis clinics and other customers. Local sales forces, independent distributors, dealers and sales agents sell all our products.

Fresenius Medical Care offers customer service, training and education in the applicable local language, and technical support such as field service, repair shops, maintenance, and warranty regulation for each country in which it sells dialysis products. Fresenius Medical Care provides training sessions on its equipment at selected facilities in Germany, the United States and the Philippines and it also maintains regional service centers that are responsible for day-to-day international service support.

Customers

Sources of U.S. Patient Services Net Revenue

The following table provides information for the years ended December 31, 2014, 2013 and 2012 regarding the percentage of Fresenius Medical Care's U.S. patient services net revenues from (a) the Medicare ESRD program; (b) private/alternative payers, such as commercial insurance and private funds; (c) Medicaid and other government sources; and (d) hospitals.

	Year ended December 31,		
	2014	2013	2012
	(% of net sales)		
Medicare program	47.5	49.4	48.0
Private/alternative payers	43.1	42.6	42.6
Medicaid and other government sources	3.5	3.3	4.5
Hospitals	5.9	4.7	4.9
Total	100	100	100

Under the Medicare ESRD program, Medicare reimburses dialysis providers for the treatment of certain individuals who are diagnosed as having ESRD, regardless of age or financial circumstances. See “— Regulatory Matters — Regulations Relating to Reimbursement”.

Patient, Physician and Other Relationships

We believe that Fresenius Medical Care's success in establishing and maintaining health care centers, both in the United States and in other countries, depends significantly on its ability to obtain the acceptance of and referrals from local physicians, hospitals and managed care plans. In nearly all Fresenius Medical Care dialysis clinics, local doctors, who specialize in the treatment of renal patients (nephrologists), act as practitioners. A dialysis patient generally seeks treatment at a conveniently located clinic at which the patient's nephrologist has staff privileges. The company's ability to provide high-quality dialysis care and to fulfill the requirements of patients and doctors depends significantly on its ability to enlist nephrologists for its dialysis clinics and receive referrals from nephrologists, hospitals, and general practitioners.

Medicare ESRD program reimbursement regulations require that a medical director generally supervises treatment at a dialysis clinic. Generally, the medical director must be board certified or board eligible in internal medicine or pediatrics, have completed a board-approved training program in nephrology, and have at least twelve months of experience providing care to patients undergoing dialysis. Fresenius Medical Care's medical directors also generally maintain their own private practices. The company has entered into written agreements with physicians who serve as medical directors in our clinics. In the North America segment, these agreements generally have an initial term between five and ten years. The compensation of our medical directors and other contracted physicians is negotiated individually and depends in general on local factors such as competition, the professional qualification of the physicians, the physicians' experience and tasks as well as the size and the offered services of the clinic. The total annual compensation of the medical directors and the other contracted physicians is stipulated at least one year in advance and the medical directors agree to seek to continue to improve efficiency and quality. We believe that the compensation of our medical directors is in line with the market.

Almost all contracts we enter into with our medical directors in the United States, as well as the typical contracts which we obtain when acquiring existing clinics, contain non-competition clauses concerning certain activities in defined areas for a defined period to time. These clauses do not enjoin the physicians from performing patient services directly at other locations/areas or referring patients to other facilities. We do not require physicians to send patients to us or to specific clinics.

Production Facilities

Fresenius Medical Care operates production facilities to meet the demand for machines, cyclers, dialyzers, solutions, concentrates, blood lines, and disposable tubing assemblies and equipment for water treatment in dialysis clinics. The company has invested significantly in developing proprietary processes, technologies and manufacturing equipment which it believes provide a competitive advantage in manufacturing its products. Its strategically located production and distribution centers help to reduce

transport costs. Fresenius Medical Care is using its facilities in St. Wendel, Germany and Ogden, Utah as centers of competence for development and manufacturing.

Fresenius Medical Care produces and assembles hemodialysis machines and CCPD cyclers in its Schweinfurt, Germany and in its Concord, California facilities. They also maintain facilities at their service and local distribution centers in Argentina, Egypt, France, The Netherlands, China, Brazil, and Russia for testing and calibrating dialysis machines manufactured or assembled elsewhere, to meet local end user market needs. Fresenius Medical Care manufactures and assembles dialyzers and polysulfone membranes in its St. Wendel, Germany, L'Arbresle, France, Vrsac, Serbia, Buzen, Japan and Jiangsu, China facilities and at production facilities of its joint ventures in Belarus and Japan. At its Ogden, Utah facilities, it manufactures and assembles dialyzers and polysulfone membranes and manufactures PD solutions. Hemodialysis concentrate is manufactured at various facilities worldwide, including France, Italy, Great Britain, Spain, Turkey, Serbia, Morocco, Argentina, Brazil, Columbia, Australia, Malaysia, Germany, Canada, Mexico and the U.S. Fresenius Medical Care manufactures PD products in North America, Europe, Latin America, and Asia, with two of its largest plants for production of PD products in Germany and the U.S. In 2013, operations for two new PD production lines in Germany and the U.S. started. It is also pursuing the approval process for the manufacturing of PD solutions as well as hemodialysis concentrates in Jiangsu, China. Additionally, it produces bloodlines in Mexico, China, Italy, Turkey and Serbia. Its plant in Reynosa, Mexico is the world's largest (by volume) bloodline manufacturing facility.

Market Information

Based on Fresenius Medical Care's market and competitor survey, Fresenius Medical Care estimates that there were approximately 3.37 million ESRD patients worldwide at the end of 2014, of which approximately 706,000 were living with a transplanted kidney. Of the approximately 2.67 million dialysis patients treated in 2014, approximately 2.38 million received hemodialysis and approximately 289,000 received peritoneal dialysis. The majority of hemodialysis patients are treated in dialysis clinics.

The number of dialysis patients grew by approximately 6% worldwide in 2014, but the growth in patient numbers has not been uniform across all regions. Dialysis patient growth rates vary significantly from region to region. A below average increase in the number of patients is experienced in the United States, Japan, as well as Western and Central Europe, where patients with terminal kidney failure have had readily available access to treatment, usually dialysis. In contrast, growth rates in the economically weaker regions were above average. This indicates that accessibility to treatment is still limited in these countries, but is gradually improving.

At the end of 2014, there were approximately 596,000 patients in North America (including Mexico), approximately 666,000 dialysis patients in Europe, the Middle East and Africa, approximately 265,000 patients in Latin America (excluding Mexico), and approximately 1,138,000 patients in Asia-Pacific

Fresenius Medical Care expects the worldwide number of dialysis patients to rise by approximately 6% in 2015, although significant regional differences will remain: For the United States, Japan, and the countries of Central and Western Europe, it forecasts patient growth in the region of 1% to 4%. In economically weaker regions, the growth rates are expected even higher with values of up to 10%, and in some countries even more.

Sources: Fresenius Medical Care's Market and Competitor Survey; Company data and estimates; publicly available information.

Competition

Health care Services

In the United States, the majority of the market for dialysis care is already highly consolidated. Taken together, Fresenius Medical Care and the second largest provider of dialysis care, DaVita, treated over 70% of all U.S. dialysis patients in 2014. Ownership of dialysis clinics in the U.S. consists of a small number of larger company-owned, multi-clinic providers who own the majority of U.S. clinics, of which Fresenius Medical Care and DaVita Health care Partners are the largest and a large number of company-owned clinic providers, each owning ten or fewer clinics. Over the last decade the dialysis industry has been characterized by ongoing consolidations. In 2014, Fresenius Medical Care maintained its market-leading position of approximately 37%.

Outside the United States, the markets for dialysis care are much more fragmented, with a higher degree of public ownership in many countries. Competitors include Diaverum and Kuratorium für Heimdialyse, Baxter International Inc., B. Braun Melsungen AG, Showai-Kai and Tokushu-Kai as well as independent clinics, and clinics that are affiliated with hospitals. As of December 31, 2014, Fresenius Medical Care operated 3,361 dialysis clinics in over 45 countries treating 286,312 patients.

Since government programs are the primary source of reimbursement for services to the majority of dialysis patients in the United States, competition is based primarily on quality and accessibility of service and the ability to obtain admissions from

physicians with privileges at the facilities. However, the extension of periods during which commercial insurers are primarily responsible for reimbursement and the growth of managed care programs have placed greater emphasis on service costs for privately insured patients.

In most countries outside the United States, Fresenius Medical Care competes primarily against individual free-standing clinics and hospital-based clinics. In many of these countries, especially developed countries, governments directly or indirectly regulate prices and the opening of new clinics. Providers compete in all countries primarily on the basis of quality and availability of service and the development and maintenance of relationships with referring physicians.

Dialysis Products

Based on internal estimates prepared using our Market and Competitor Survey (“MCS”), publicly available market data and our data of significant competitors, Fresenius Medical Care is the world’s largest manufacturer and distributor of equipment and related products for hemodialysis and the second largest manufacturer and distributor of peritoneal dialysis products, measured by publicly reported revenues. In the dialysis products market, the most important products are dialyzers, hemodialysis machines, concentrates and dialysis solutions, along with products for peritoneal dialysis. Fresenius Medical Care estimates that it held a market share of approximately 34%, followed by Baxter with approximately 29% in 2014. In terms of revenue, these top two manufacturers serve approximately 63% of the market demand. Each of the other competitors, mainly from Japan, has a single-digit percentage market share.

Fresenius Medical Care estimates that in 2014, it supplied approximately 44% of global dialyzer production and approximately 50% of all HD machines sold worldwide. In 2014, its market share for PD products sold worldwide was 21%. Fresenius Medical Care’s biggest sales market for dialysis machines is the U.S. In 2014, approximately 93% of the dialysis machines sold there were made by Fresenius Medical Care.

Laboratory Services

Spectra competes in the United States with large nationwide laboratories, dedicated dialysis laboratories and numerous local and regional laboratories, including hospital laboratories. In the laboratory services market, companies compete on the basis of service performance, including quality of laboratory testing, timeliness of reporting test results and cost-effectiveness. We believe that Spectra’s laboratory services are competitive in these areas.

Fresenius Kabi

Fresenius Kabi specializes in the therapy and care of chronically and critically ill patients in the hospital and out-patient environments. Representing approximately 22% of our consolidated Group sales in 2014, Fresenius Kabi has four product segments: I.V. drugs, clinical nutrition, infusion therapy, and medical devices/transfusion technology. Fresenius Kabi’s products cover the full range of patient care: emergency cases, surgery, intensive care, hospital wards, and outpatient care.

Fresenius Kabi’s portfolio of I.V. drugs includes anesthetics, analgesics, anti-infectives, and drugs for the treatment of oncological and other critical diseases. For infusion therapy, Fresenius Kabi provides infusion solutions and blood volume substitution products. In the area of clinical nutrition, Fresenius Kabi is one of the few companies worldwide that offers both parenteral and enteral nutrition products. For the administration of its products, Fresenius Kabi supplies infusion pumps, infusion management systems, nutrition pumps, and disposables. For transfusion technology, Fresenius Kabi offers a range of products used by blood banks and blood donation units to produce blood products.

Fresenius Kabi’s total sales in 2014 were €5,146 million, with I.V. drugs accounting for €1,813 million, clinical nutrition for €1,384 million, infusion therapy accounting for €977 million, and medical devices/transfusion technology for €972 million.

The following table shows Fresenius Kabi's sales in 2014, 2013 and 2012 by region:

	Year ended December 31,						2012	
	2014			2013				
	(million €)	(change 2014/2013 %)	(% of total sales)	(million €)	(change 2013/2012 %)	(% of total sales)	(million €)	(% of total sales)
Europe	2,102	2	41	2,053	5	41	1,953	43
North America	1,531	1	30	1,522	23	30	1,236	27
Asia-Pacific	987	6	19	927	7	19	863	19
Latin America/Africa	526	6	10	494	1	10	487	11
Total	5,146	3	100	4,996	10	100	4,539	100

I.V. Drugs

Fresenius Kabi is a leading global supplier of generic I.V. drugs. It has a comprehensive product portfolio for the therapy areas of anesthetics, pain-therapy products (analgesics), infectious diseases, oncology, and critical diseases. The portfolio is geared towards the treatment of and care for chronically and critically ill patients. Fresenius Kabi not only manufactures the drug, but also produces some of the active pharmaceutical ingredients (API), and thus has expertise to cover the entire pharmaceutical value chain — a factor of particular relevance to quality and cost competitiveness.

As an essential part of the acute, surgical and therapeutic treatment of patients, I.V. drugs are commonly used in today's medical routine. They are applied in emergency cases, during surgeries and for intensive care since in this way the drug reaches the entire human body directly through the bloodstream and can be effective within a few seconds.

In the United States, Fresenius Kabi offers a broad portfolio of anesthetics, anti-infectives, oncology drugs, and products for critical diseases. An I.V. drug shortage situation persisted in the United States in the first half of 2015. The FDA selectively granted regulatory discretion to allow Fresenius Kabi to import certain European-approved drugs until FDA-approved products become more widely available. FDA has extended this regulatory discretion on sodium chloride infusion solutions until September 30, 2015.

In 2014, we expanded our generic IV drugs product portfolio to additional regional markets. We continuously work on offering our products in packaging that is especially user-friendly and safe. We now offer Propofol in a prefilled syringe for immediate injection, and have successfully launched this new product in a number of European countries.

Clinical Nutrition

Clinical nutrition serves to supply patients who are unable to eat any (or sufficient) normal food. There are two types of clinical nutrition therapy: parenteral nutrition and enteral nutrition. Parenteral nutrition is administered intravenously when the intestinal function is impaired. Enteral nutrition is administered in the form of sip and tube feeds using the gastro-intestinal tract. Clinical nutrition products are administered predominantly to intensive care, trauma or cancer patients, patients who have undergone surgery and patients suffering from malnutrition. Clinical nutrition therapy is essential to maintaining or restoring normal body tissue and function during convalescence. Weight loss and deficiencies in essential nutrients can result in higher complication rates, longer recovery periods, a diminished quality of life, and elevated mortality rates. Fresenius Kabi is one of the few companies worldwide to offer both forms of clinical nutrition: parenteral and enteral.

Clinical Nutrition therapy meets a variety of nutritional needs, including the need for:

- protein or amino acids, the building blocks of the body's proteins to maintain protein synthesis and to preserve body muscle mass;
- fat for energy supply;
- glucose for immediate energy supply; and
- micronutrients: vitamins, minerals, trace elements, micronutrients and organic phosphates, which are essential to a number of complex functions within the body, such as the enzyme and hormone system.

Parenteral Nutrition

Parenteral nutrition is administered to patients intravenously. Fresenius Kabi has a comprehensive range of products, including:

- amino acid solutions, including formulations for pediatric use, standard adult use, organ specific amino acids for patients with conditions such as renal insufficiency or hepatic insufficiency (liver disease) and specific amino acids for intensive care;
- lipid emulsions;

- glucose products;
- water and fat soluble vitamins and trace elements; and
- medical-technical products and disposables for administering parenteral nutrition.

Enteral Nutrition

Enteral nutrition products are given as sip and tube feeds using the gastro-intestinal tract. Fresenius Kabi's enteral products that are taken orally (oral nutritional supplements) come in a variety of flavors and textures.

Fresenius Kabi's enteral nutrition products include:

- a range of standard tube and sip feeds with different energy and protein levels with and without fiber for patients with or at risk of malnutrition and other nutrition deficiencies;
- enteral products for intensive care patients to fulfill increased requirements of certain key nutrients such as glutamine and antioxidants;
- pediatric enteral nutrition products;
- disease specific products for the nutritional treatment of patients with, for example, renal insufficiency, hepatic insufficiency, diabetes, critical illness, dysphagia and cancer; and
- pumps and disposables for administering enteral nutrition.

Infusion Therapy

For infusion therapy, Fresenius Kabi offers products for treating fluid loss or electrolyte deficiencies, and blood volume replacement products. For the administration of these therapies, Fresenius Kabi provides infusion technologies and disposables. Infusion therapy products are used in general hospital wards, in intensive care units and in emergency medicine. Whether for treating fluid or electrolyte deficiencies or as a carrier solution for I.V. drugs, infusion therapy products are used every day in the medical field.

If the necessary care is not taken to replace the fluid and blood losses in time, patients may go into a state of shock, which acutely restricts blood and fluid supply to vital organs. Impaired organ perfusion may lead to an oxygen supply deficiency and inadequate provision of nutrients to the organs, which may result in tissue damage, organ failure, or even death. Infusion therapy aims to restore a fluid homeostasis and to counteract a low blood pressure.

Fresenius Kabi provides a wide range of infusion therapy products, including the following:

- Infusion solutions consist primarily of salts (electrolytes), carbohydrates and water. They are infused when the body's water content or electrolyte balance has been impaired, in acute need of energy supply and a lack of salt or lack of specific minerals in the blood. They also serve as carrier solutions for intravenously administered drugs. Fresenius Kabi offers a comprehensive range of products in infusion bags and bottles, such as freeflex PVC-free infusion bags and KabiPac plastic bottles.
- Blood volume replacement products (artificial colloids) are used in treating patients suffering from blood losses, e.g. resulting from an accident or during surgery. Fresenius Kabi develops and manufactures blood volume replacement solutions, which are manufactured with hydroxyethyl starch derived from waxy maize starch.
- Fresenius Kabi also provides medical-technical equipment and disposables, cannulae, tubes and pumps used for administering infusion therapies, as well as infusion management systems.

Medical Devices/Transfusion Technology

Medical devices are used for the safe and precise administration of pharmaceuticals and include infusion and nutrition pumps, infusion management systems, as well as disposables. In transfusion technology, Fresenius Kabi offers products used by blood banks and blood-donation centers to manufacture blood products such as red cell concentrates, platelet concentrates and plasma. These are essential to clinical therapy and are derived from the patient's own blood (autologously) or from donor blood (homologously).

Fresenius Kabi's portfolio of medical devices and transfusion technology products includes the following:

- infusion technologies such as infusion systems (e.g., Orchestra, infusion workstations for critical care), syringe and volumetric pumps, and respective I.V. disposables;
- nutrition pumps and disposables to transfer clinical nutrition from a feed container to the patient;
- the disposables, including infusion sets, extension lines, valves, filters and transfer devices;
- a range of products for blood transfusion, including products for blood collection, processing, storage and transfusion;
- aphaeresis systems that allow the collection of specific blood components from a donor or patient;
- the Continuous Auto Transfusion System (“**C.A.T.S.**”), for blood salvage during or after an operation. C.A.T.S. collects and processes shed blood from surgical wounds or drainage to produce quality packed red blood cells for re-infusion;
- blood filters that remove leukocytes from donor blood; and
- a comprehensive range of standardized blood bags.

Production Facilities

Fresenius Kabi operates an international production network. Its most important production sites include plants in Austria, Germany, Sweden, the United States, China and India. In addition, Fresenius Kabi has production sites in other European countries, South and Central America, Asia and South Africa.

Customers

Fresenius Kabi has a broadly diversified customer base. This includes hospitals, wholesalers, purchasing associations, medical and similar institutions, hospital operators, and home care patients. Fresenius Kabi has no significant dependence on one source of revenue.

In the United States, almost all Fresenius Kabi’s injectable pharmaceutical products are sold to customers through contracts with Group Purchasing Organizations (“**GPOs**”). The majority of hospitals affiliate with the GPO of their choice for their purchasing needs. Currently, GPOs manage contracts covering a large majority of sales in the United States to hospitals and clinics. Fresenius Kabi currently derives a large percentage of its revenue in the United States from health care members of GPOs, and expects to continue to do so in the future. Fresenius Kabi has purchasing agreements with the major GPOs, and the company has received national recognition from GPOs for exceptional service. Most of the agreements Fresenius has with GPOs in the United States can be terminated at short- or mid-term notice. Particularly in the international business, there is a growing tendency for government entities to award contracts by public tender processes, in which Fresenius Kabi also participates.

Market Information

The global market for generic IV drugs was worth about €13 billion in 2014. In Europe and the United States, the market grew by about 5% to 6%. Growth is mainly achieved through new generics that are brought to market when the original drug goes off-patent. The market is characterized by moderate volume growth, steady price erosion, and fierce competition.

The global market for clinical nutrition was worth about €6 billion in 2014. In Europe, the market for clinical nutrition grew by about 3%. In the emerging markets of Asia-Pacific, Latin America, and Africa, the clinical nutrition market saw growth of up to 10%. Growth potential is offered by the often insufficient administration of nutrition therapies within patient care – although studies have demonstrated the medical and economical benefit. In cases of health or age-induced nutritional deficiencies, for example, the administration of clinical nutrition can reduce hospital costs through shorter stays and less nursing care. Estimates regarding the European Union situation indicate that as many as 20 million individuals are at risk for malnutrition.

Fresenius Kabi considers its global market for infusion therapy to have been worth about €5 billion in 2014. In Europe, the market remained at the prior year’s level in 2014. Growth in the standard solutions business could not fully offset the sales decline in blood volume substitutes. In the regions Asia-Pacific, Latin America, and Africa, the market grew by 4%. Infusion therapies, such as electrolytes, are standard medical products to hospitals worldwide. Market growth is mainly driven by increasing product demand in the emerging markets.

We estimate that the global market for medical devices / transfusion technology to have been worth about €5 billion in 2014, including about €3 billion for medical devices and about €2 billion for transfusion technology. The market for medical devices worldwide grew by about 4% in 2014, while the market for transfusion technology showed growth of about 1% to 2%. In the medical devices market, the main growth drivers are technical innovations that focus on application safety and therapy efficiency. In the transfusion technology market, growth is driven by increased demand in emerging markets. Moreover, growth is driven by the growing demand for plasma collection devices. Reduced demand for blood bags and related price reductions have a negative effect on growth.

Sources: Company research; Market data refer to Fresenius Kabi's potential relevant and addressable markets. Those are subject to annual volatility due to currency fluctuations and patent expiries of original drugs in the I.V. drug market, among others; German Society for Nutritional Medicine (DGEM) 2009; IMS; Ljungqvist O., Clinical Nutrition 2010, 29: 149-150.

Competition

Fresenius Kabi operates in highly competitive markets. In recent years, many smaller companies have withdrawn from the business, sparking a consolidation in some of the markets in which we operate. At the same time, a small number of new competitors have entered the market.

In the United States, the most important market for generic IV drugs for Fresenius Kabi, the company is one of the leading suppliers based on publicly available information, company research and market data from Fresenius Kabi's potential relevant and addressable markets. Competitors include Hospira, Sandoz, and Teva Pharmaceutical Industries. Revenue and gross profit derived from sales of generic pharmaceutical products tend to follow a pattern based on regulatory and competitive factors. As patents for brand name products and related exclusivity periods expire, the first generic pharmaceutical manufacturer to receive regulatory approval for generic versions of these products is generally able to achieve significant market penetration and higher margins. As competing generic manufacturers receive regulatory approvals on similar products, market share, revenue and gross profit typically decline. The level of market share, revenue and gross profit attributable to a particular generic pharmaceutical product is normally related to the number of competitors in that product's market and the timing of that product's regulatory approval and launch in relation to competing approvals and launches. Fresenius Kabi continues to develop and introduce new products in a timely and cost-effective manner and identifies niche products in order to maintain its revenue and gross margins. In the market for clinical nutrition, Fresenius Kabi is one of the leading companies worldwide. In parenteral nutrition, the company is the leading supplier worldwide. In the market for enteral nutrition, Fresenius Kabi is one of the leading suppliers in Europe. In parenteral nutrition, competitors include Baxter and B. Braun. In the market for enteral nutrition, Fresenius Kabi competes with, among others, Abbott, Danone, and Nestlé. Fresenius Kabi is the market leader in infusion therapy in Europe. Competitors include Baxter and B. Braun. In the medical devices segment, Fresenius Kabi ranks among the leading suppliers worldwide. International competitors include Baxter, B. Braun, CareFusion, and Hospira. In transfusion technology, Fresenius Kabi is one of the world's leading companies. Competitors include Haemonetics and Terumo. In all product segments, Fresenius Kabi also competes with smaller local providers.

Fresenius Helios

Fresenius Helios is the largest German hospital operator according to publicly reported sales and number of beds. The HELIOS Group operates 111 proprietary clinics (as of June 30, 2015) exclusively in Germany. In addition to 87 acute care hospitals, including seven maximum care clinics in the German cities of Berlin-Buch, Duisburg, Erfurt, Krefeld, Schwerin, Wiesbaden, and Wuppertal, the HELIOS Group has 24 post-acute care clinics. 52 medical care centers, five out-patient post-acute care centers, 12 prevention centers, and 15 nursing homes are also affiliated with the HELIOS Group. Fresenius Helios provides expertise in all areas and at all levels of clinical care. Fresenius Helios has more than 34,000 beds, and treats more than 4.5 million patients per year, thereof 1.2 million inpatients.

Fresenius Helios has a proven track record of turning around hospitals and running complex maximum care hospitals. Fresenius Helios' business model is based on both organic growth and on growth through acquisitions, particularly in the privatization of public hospitals. Public hospitals typically operate at lower margins or are even loss making, offering Fresenius Helios the opportunity to create value through a combination of more efficient staff management, procurement synergies, general management best practices, and implementing Fresenius Helios' quality standards. One key element in HELIOS' acquisition strategy is the regional proximity of hospitals — sufficiently close to one another to form networks (clusters). Regional clustering enables cost savings, especially by concentrating non-medical services (for example, laundry or catering) in one site. Moreover, patients benefit from the bundling of medical expertise and offerings from the HELIOS clinics in, and also outside, the region.

HELIOS has established a development plan for acute care and post-acute care hospitals acquired. The aim is to improve the EBIT margin by two percentage points each year to an EBIT margin target of 12 - 15% within six years after acquisition.

In 2014, Fresenius Helios generated 23% of our total Group sales. Fresenius Helios' total sales in 2014 were €5,244 million, up 55% from €3,393 million in 2013. The strong increase is mainly due to the first-time consolidation of the acquired hospitals from Rhön-Klinikum AG. Fresenius Helios achieved organic growth of 4% in 2014 and 3% in 2013, and acquisitions contributed 53%. Divestitures reduced sales growth by 2%.

The following table sets forth certain data regarding Fresenius Helios' facilities and the number of patients treated:

	Year ended December 31,		
	2014	2013	2012
Acute care hospitals.....	86	51	50
Therefor beds	29,068	18,885	18,701
Therefor length of stay (days)	6.6	6.6	6.7
Post-acute care clinics	24	23	22
Therefor beds	5,120	4,617	4,585
Therefor length of stay (days)	26.5	26.5	27.0
Therefor occupancy.....	83%	83%	85%
Inpatient admissions	1,207,195	807,178	778,817
Thereof at acute care hospitals	1,148,473	754,703	729,673
Thereof at post-acute care clinics	58,722	52,475	49,144
Outpatient admissions.....	3,362,292	2,373,781	2,118,112

Customers

The customers of Fresenius Helios include social security institutions, health insurers, and private patients.

Market Information

The market of acute care hospitals in Germany (excluding research and teaching) was about €87 billion⁽¹⁾ in 2013. Personnel costs account for about 61% of hospital costs, and material costs for about 38%. Personnel and material costs rose by approximately 4% each in 2013.

(1) Total costs, gross of the German hospitals less academic research and teaching; most recent data available on the German hospital market from German Federal Statistical Office

The following table shows key figures for inpatient care in Germany in 2013, 2012 and 2011:

	Year ended December 31,		
	2013	2012	2011
Hospitals	1,996	2,017	2,045
Available beds.....	500,671	501,475	502,029
Number of admissions (in million).....	18.8	18.6	18.3
Length of stay (days).....	7.5	7.6	7.7

Source: German Federal Statistics Office 2014.

Through the increase in admissions, the organic growth of the acute care hospital market is around 1%. In addition, potential for growth for private hospital operators arises from hospital acquisitions or privatization.

The financial situation at hospitals in Germany remained difficult in 2013, despite a slight easing. 42% of all hospitals reported a loss at year-end (2012: 51%). The difficult economic and financial situation is often accompanied by significant investment needs. This is due, in large part, to an investment backlog that has accumulated because, in the past, the federal states failed to meet their statutory obligation to finance necessary investments and major maintenance measures sufficiently due to budget constraints. At the same time, investment needs are driven by technological advances, higher quality requirements, and necessary modernizations. The Rheinisch-Westfälisches Institut für Wirtschaftsforschung (RWI) estimates that the investment gap at German hospitals is about €37 billion. According to the Krankenhaus-Barometer 2014 survey by the German Hospital Institute (DKI), almost 40% of the hospitals expect their economic situation to worsen. Specifically personnel costs will be a burden due to tariff increases. Moreover, investment needs are growing while government support is declining. The Rheinisch-Westfälisches Institut für Wirtschaftsforschung (RWI) forecasts that more hospitals will respond to economic pressures by joining together into networks and bundling their services. Networks offer opportunities for individual hospitals to reduce costs, for example in purchasing.

The following table shows the breakdown of the German hospital market by type of operator in 2013:

	Market share by beds
Private hospitals	18%
Public hospitals	48%
Independent non-profit hospitals.....	34%

Source: German Federal Statistics Office 2014.

For the increase in reimbursements of hospital treatments the so-called change in value figure is relevant. It is used to compensate for rising costs in the hospital market, particularly with regard to personnel and material costs. The change in value figure is determined each year for the following year. For the year 2014 it was set at 2.81% and for 2015 at 2.53%. In addition, the hospital funding system provides for various increases and reductions for acute care hospitals.

In December 2014, a benchmark paper for a hospital reform was presented. It stipulates that in the future, planning and compensation in the hospital sector should be geared more toward the quality of medicine, among other factors. Thanks to its clear focus on the quality and transparency of medical results, the HELIOS Group is well prepared for such a development.

In 2013, the post-acute care market in Germany comprised of 1,187 clinics with a total of 166,889 beds. Of these, nearly two-thirds (65.2%) were in private preventive or postacute care clinics, 16.3% were in independent non-profit clinics, and 18.5% in public clinics. The number of treated patients decreased nationwide by about 11,000 to 1.95 million. The average length of stay declined slightly and was 25.3 days (2012: 25.5 days).

Sources: German Federal Statistical Office 2014; German Hospital Institute (DKI), Krankenhaus Barometer 2014; Rheinisch-Westfälisches Institut für Wirtschaftsforschung (RWI), Krankenhaus Rating Reports 2013/2014.

Competition

Fresenius Helios is the leading hospital operator in Germany, with a market share of about 6%. The hospitals of Fresenius Helios compete mainly with individual hospitals or local and regional hospital associations. Among private hospital chains, our main competitors are Asklepios, Rhön-Klinikum, and Sana Kliniken.

Fresenius Vamed

Headquartered in Vienna, Austria, Fresenius Vamed manages projects and provides services for hospitals and other health care facilities worldwide. Founded in 1982, Fresenius Vamed has successfully completed more than 710 projects in 77 countries in Europe, Africa, the Middle East, Asia and Latin America including hospitals and university clinics, health and rehabilitation centers, thermal spa and medical wellness resorts, laboratories and research facilities and other health care facilities.

Fresenius Vamed's portfolio ranges along the entire value chain in the health care area: from project development, planning, and turnkey construction, via maintenance and technical management, to total operational management. This entire competency enables us to support complex health care facilities efficiently and successfully at each level of their life cycle, as Fresenius Vamed offers everything from one source. Fresenius Vamed is also a pioneer in public-private partnership ("PPP") models for hospitals in Central Europe.

Its range of competencies enables Fresenius Vamed to support complex health care facilities efficiently and successfully at each stage of their life cycle. As a specialist provider of a full spectrum of services and being active worldwide, the company holds a unique position.

Fresenius Vamed generated 4% of our total Group sales in 2014. Fresenius Vamed's total sales in 2014 were €1,042 million, with its project business accounting for €558 million and its service business accounting for €484 million.

The following table sets forth Fresenius Vamed's sales in 2014, 2013 and 2012:

	Year ended December 31,					
	2014		2013		2012	
	(million €)	(% of total sales)	(million €)	(% of total sales)	(million €)	(% of total sales)
Project business	558	54	583	57	506	60
Service business	484	46	437	43	340	40
Total	1,042	100	1,020	100	846	100

Project Business

The project business comprises the consulting, project development, planning, turnkey construction, and financing management for projects. Fresenius Vamed responds flexibly to clients' local needs, providing custom-tailored solutions, all from one source. Fresenius Vamed also carries out projects in cooperation with partners. Among public clients in particular there is growing interest in PPP models. With these business models, hospitals or other health care facilities are planned, constructed, financed, and operated by public and private partners together through a joint project company. Up to the end of 2014, 23 of these models had been or are currently being implemented.

Service Business

Fresenius Vamed offers a full range of facility management services for health care facilities. Modular in design, Fresenius Vamed's service offering encompasses every aspect of technical, commercial, and infrastructural facility management. This ranges from building and equipment maintenance, medical technology management, and technical management through to the operational management. Its integrated portfolio of services is aimed at the optimal operation of a health care facility.

Customers

Fresenius Vamed's customers are public institutions, e.g., ministries and authorities, public and private hospitals and other health care facilities.

Market Information

The market for projects and services for hospitals and other health care facilities is very fragmented. Therefore, an overall market size cannot be determined. The market is country specific and depends, to a large extent, on factors such as public health care policies, government regulation, levels of privatization, economic conditions, and demographics. In markets with established health care systems and mounting cost pressure, the challenge for hospitals and other health care facilities is to increase their efficiency. Here, demand is especially high for sustainable planning and energy-efficient construction, optimized hospital processes, and the outsourcing of medical-technical support services to external specialists. This enables hospitals to concentrate on their core competency – treating patients. In emerging markets, the focus is on building and developing infrastructure and improving the level of health care.

Competition

Fresenius Vamed is one of the world's leading companies in this market. The company has no competitors that cover its comprehensive portfolio of services across the entire life cycle worldwide. Competitors offer only parts of Fresenius Vamed's service portfolio. Depending on the service, the company competes with international companies and consortia as well as with smaller local providers. In the service business, competitors are, for instance, Siemens Health care, Dräger, Hochtief FM or HSG Zander. In total management of health care facilities, Fresenius Vamed competes in Austria, for instance, with Vinzenz Group, Humanomed, PremiQaMed and in the international markets with John Hopkins Medicine, Cleveland Clinic or Bumrungrad International. For turnkey or general contractor services, Fresenius Vamed competes, for instance, with STRABAG, PORR, Hochtief or Bilfinger.

Procurement

In 2014, the cost of raw materials and supplies and of purchased components and services was €7,053 million (2013: €6,385 million). The cost of raw materials and supplies were 10% above the previous year's level. The increase was mainly due to higher sales volume. An efficient value chain is important for our profitability. In an environment characterized by ongoing cost-containment pressure from health insurers as well as price pressure, security and quality of supply play a crucial role. Within each business segment of the Fresenius Group, procurement processes are coordinated centrally, enabling us to bundle similar requirements and negotiate global framework agreements.

Investments

For information on the most important investments undertaken in 2014, 2013, 2012, as well as planned investments in "Management's Discussion and Analysis of Financial Condition and Results of Operations — Liquidity and Capital Resources — Acquisitions and Capital Expenditures".

RESEARCH AND DEVELOPMENT

Product and process development as well as the improvement of therapies are at the core of our growth strategy. Fresenius focuses its R&D efforts on its core competencies in the following areas:

- Dialysis;
- Infusion and nutrition therapies;
- Generic I.V. drugs; and
- Medical devices.

Apart from new products, we are concentrating on developing optimized or completely new therapies, treatment methods, and services. Research and development expenses were €369 million (2013: €348 million), constituting 4.8% of our product sales (2013: 4.6%). Fresenius Medical Care decreased its R&D spending by 3%, Fresenius Kabi increased its R&D spending by 10%.

As of December 31, 2014, there were 2,107 employees in research and development (2013: 1,969). Of that number, 628 were employed at Fresenius Medical Care (2013: 583) and 1,479 at Fresenius Kabi (2013: 1,386).

Our main research sites are in Europe, the United States, and India. Product-related development activities are also carried out in China. Our research and development projects are mainly conducted in-house; external research is commissioned only on a limited scale.

Dialysis

Overview

Fresenius Medical Care's research and development strategy has three essential objectives: first, to continuously enhance the quality of life of patients with chronic kidney disease using innovative products and treatment concepts; second, to offer the patients and purchasers of its products high-quality services while keeping prices as low as possible; and third, to continue to expand its position as the dialysis market leader. Due to Fresenius Medical Care's vertical integration, its research and development department can apply its experience as the world's largest provider of dialysis treatments to product development, and its technical department benefits from Fresenius Medical Care's daily practical experience as a provider of dialysis treatment and being directly in-touch with doctors, nurses and patients to keep track of and meet customer and patient needs. In addition, Fresenius Medical Care's research and development units are located at key production sites, enabling direct exchange of ideas with its production staff. Fresenius Medical Care also maintains close contacts with universities and research institutions.

Six trends for Fresenius Medical Care's continued strategic development:

- **Market Leadership** – The company believes utilizing continuous research of new technical possibilities and the enhancement of therapies will maintain its position of leadership into the future.
- **Vertical Integration** – to develop high-quality innovations that are affordable to its patients. By leveraging the expertise of its various departments, it can further optimize and automate its products while simplifying and streamlining the work steps required.
- **Global Portfolio Management** – which standardizes basic functions and individual components of its therapy systems internationally. The aim is to reduce development times, achieve economies of scale in purchasing and bundle its development resources. The company's portfolio management also includes the standardization of process and control structures and supports quality initiatives within Fresenius Medical Care.
- **New Technologies and Applications** – to improve and enhance its products to offer safer and better treatments for its patients. In 2014, Fresenius Medical Care introduced two new products, sleep.safe harmony and Liberty PDx, simplifying and expanding therapy options in PD. In hemodialysis, it has launched a new version of the Critline system to monitor blood volume and regulate fluid removal from patients. It has also launched a system for its 5008-series dialysis machines which allows the machine to independently automate sodium balances during dialysis treatment.

- Home Therapies – Fresenius Medical Care’s aim is continued integration of these systems for home hemodialysis, while maintaining treatment quality. It expects to launch its new Portable Artificial Kidney (“**PAK**”) in 2015. PAK minimizes the size of the dialysis machine allowing for increased transportability while also significantly reducing the required water usage per treatment from 120 liters to between 6-10 liters.
- Emerging Markets – with increased growth by gearing our operations towards attractive markets, it plans to offer therapy systems and increase its presence.

Clinical Research

During 2014, Fresenius Medical Care performed clinical studies to examine the automatic regulation of the electrolyte balance of the human body, which is important to the functioning of the entire body. In addition it is focusing on PD and overhydration, proving that active fluid management can increase a patient’s survival rate, reduce the number and duration of hospital stays, and improve the maintenance of the residual renal function. In hemodialysis, where dialysis solution is continuously being produced by a dialysis machine, it is possible to influence these processes favorably by adapting the dialysis solution accordingly. Its Body Composition Monitor (“**BCM**”) analysis system enables the company to determine the fluid status and body composition of each patient. Based upon its studies, BCM can also be used to improve fluid management in PD patients, increasing life expectancy.

Fresenius Medical Care intends to continue investing in developing and improving life-sustaining products and treatment concepts in the years to come, thus improving the quality of life for as many patients as possible with financially viable, environmentally-friendly innovations based on strategic technology platforms. It plans to spend approximately US\$140 million on research and development in 2015.

I.V. Drugs, Clinical Nutrition, Infusion Therapy, and Medical Devices/ Transfusion Technology

Fresenius Kabi’s research and development activities concentrate on products for the treatment and care of critically and chronically ill patients. Fresenius Kabi develops products that help to support medical advancements in acute and post-acute care and improve the patients’ quality of life. Its development expertise includes all the related components, such as the drug raw material, the pharmaceutical formulation, the primary packaging, the medical device needed for application, and the production technology.

Generic I.V. drugs

In the area of IV drugs, we are developing an extensive portfolio of active drugs that are expected to come on the market in the next few years. In 2014, we worked on more than 120 development projects for generic drugs. Worldwide, many of its drugs were approved in 2014. The company develops generic drug formulations ready to launch at the time of market formation as well as new formulations for non-patented drugs. In an ongoing development effort, it aims to provide ready-to-use solutions for IV drugs, which currently exist only in lyophilized or powder form. In addition, Fresenius Kabi is working on offering its IV drugs in its innovative primary packaging options, which are especially user-friendly and safe, e. g., freeflex infusion bags.

Clinical Nutrition

In clinical nutrition, Fresenius Kabi’s focus is on nutrition products that improve the therapy of patients in hospitals and innovative containers, e. g., multi-chamber bags that allow maximum application safety and convenience in everyday use. Among other things, its efforts have focused on the early and correct use of parenteral nutrition in order to avoid malnutrition and its consequences. One focus is on the clinical benefits of individual nutrients. For example, a cooperative research effort conclusively established that a supplementation of omega-3 fatty acids is associated with a significant reduction in infection rate and length of hospital stay for critically ill patients. In enteral nutrition, Fresenius Kabi focusses on products for malnourished – often geriatric – patients and on therapeutic products for dysphagia (difficulties in swallowing), diabetes, oncology, and critical illness.

Medical Devices/Transfusion technology

In the development of its medical devices / transfusion technology, Fresenius Kabi focusses on the application of IV drugs and infusion therapies as well as enteral and parenteral nutrition products. Its medical devices significantly contribute to the safe and effective application of infusion solutions and clinical nutrition. In 2014, the company worked on the technical enhancement of its Agilia infusion pumps and plans to introduce the latest generation in 2015. In addition, Fresenius Kabi has been working on the development of a new infusion pump, specifically designed for the demands of hospitals and health care facilities in emerging markets, which it plans to introduce during 2015. In transfusion technology its R&D focus is on medical devices and disposables to support the secure, user-friendly, and efficient production of blood products.

INTELLECTUAL PROPERTY

We believe that our success will continue to depend significantly on our technology. As a standard practice, we obtain the legal protections we believe are appropriate for our intellectual property. Nevertheless, we are in a position to successfully market a material number of products for which patent protection has lapsed or where only particular features are patented. We believe that even after expiration of some of our patents, our proprietary know-how for the manufacturing of our products and our continuous efforts in obtaining targeted patent protection for newly developed upgrade products will continue to provide us with a competitive advantage. From time to time our patents may be infringed by third parties and in such case we will assert our rights. Initially registered patents may also be subject to invalidation or infringement claims made by competitors in formal proceedings (oppositions, trials, re-examinations, etc.) either in part or in whole. For information regarding patent-related legal proceedings, see “— *Legal Proceedings*”. In addition, technological developments could suddenly and unexpectedly reduce the value of our existing intellectual property.

Patents

As the owner, directly or indirectly through our group companies, of or licensee under patents, patent applications, utility models and designs throughout the world, we hold a large number of industrial property rights in major markets through national and regional filings. However, we are not materially dependent on patents.

Fresenius Medical Care

As the owner of patents or licensee under patents throughout the world, Fresenius Medical Care currently holds rights in a large number of patents and patent applications in major markets. Patented technologies that relate to dialyzers include Fresenius Medical Care’s generation of DiaSafeplus[®] filters and FX[®] dialyzers which are the subject of patents and pending patent applications.

The 5008 biBag connector, a substantial part of the connector container system, is covered by a number of patents and pending patent applications with expiry dates beyond 2020.

More patents and pending patent applications relate to components of the more recent 5008 dialysis equipment series, including, for example, the pump technology, extracorporeal blood pressure measurement and connector system for a modified biBag bicarbonate concentrate container. A number of applications are pending for the North American 2008T HD machine including, for example, the CDX system for the display of medical information directly on the 2008T screen, a wireless wet detector for sensing line disconnect and a U. S. version of the biBag filling system. Applications are also pending relating to Fresenius Medical Care’s new Liberty[®] peritoneal dialysis cyclor which has a number of innovative attributes such as its multi-channel disposable cassette, dual piston pump and pneumatically locking door. Finally, a large number of new patent applications have been filed related to Fresenius Medical Care’s new table top portable HD machine and wearable kidney devices in development.

In 2011 Fresenius Medical Care acquired Hema Metrics LLC’s assets related to noninvasive optical measurement of absolute blood parameters (the CRIT-LINE system). Fresenius Medical Care filed several new patent applications for improved blood chambers and related software developed since the acquisition.

For peritoneal dialysis, Fresenius Medical Care holds protective rights for the polyolefine film, Biofine[®], which is suitable for packaging intravenous and peritoneal dialysis fluids. Patents have been granted in Australia, Brazil, Canada, Germany, Europe, South Korea, Belarus and the United States. A further patent family describes and claims a special film for peelable, non-PVC, multi chamber bags for peritoneal dialysis solutions. These patents have been granted in Brazil, Europe, Germany, Japan, South Korea and the United States. However, oppositions against the patents in Europe are still pending.

Fresenius Kabi

Fresenius Kabi holds a comprehensive patent portfolio on packaging including specific port systems and multi chamber bags. These patents have been granted in many countries including Brazil, China, Mexico, Russia, Canada, Australia, the United States and the countries of the European Union.

Several patents have been granted on infusion pump technology. The focus of these patents is directed to safety features for the benefit of the patient.

Through the acquisition of Fenwal, Fresenius Kabi has broadened its patent portfolio in the field of transfusion technology.

Expiring originator patents provide significant business opportunities in the generics market for pharmaceutical products in which Fresenius Kabi is active. In light of the competitive situation, patent disputes are occasionally occurring whereby originator companies seek to prevent generics manufacturers from entering the market. From time to time Fresenius Kabi is involved in such patent litigation.

Trademarks

We hold a broad trademark portfolio, which includes, among many other trademarks, our company names “Fresenius”, “Fresenius Medical Care”, “Fresenius Kabi”, “Fresenius Helios” and “Fresenius Vamed”, as well as the “F” logos. The trademarks are owned by Fresenius SE & Co. KGaA or its relevant affiliates. The trademark portfolio is administered and protected by our trademark department in cooperation with our professional lawyers of correspondence throughout the world.

EMPLOYEES

Overview

We had 216,275 employees at the end of 2014, an increase of 37,938 or 21% (December 31, 2013:178,337) compared to the previous year, the vast majority being attributable to acquisitions (alone representing an increase of 19%). We actively promote diversity amongst our employees and are convinced that we are best able to tap our potential for success through different perspectives, opinions, cultures, and backgrounds. As of June 30, 2015, Fresenius Group had 220,339 employees.

We are a member of the Chemical Industry Employers Association (*Bundesarbeitgeberverband Chemie*) in Germany. For Fresenius Medical Care and Fresenius Kabi we are bound by the collective bargaining agreements (*Tarifverträge*) this association negotiates with union representatives. As for the hospital business, Helios is directly negotiating with the unions Ver.di and Marburger Bund collective bargaining agreements. We are also party to shop agreements (*Betriebsvereinbarungen*) negotiated with works councils for certain parts or countries of the Group and at individual facilities. During the last three financial years, we have not suffered any major labor related work disruptions.

We believe we have, overall and in essence over all our global business, a good relationship with our employees, and with the trade unions, works councils, and other bodies representing our employees in the various countries in which we operate. Where this may temporarily not be the case in individual countries or situations, the potential impact on the business is usually immaterial. There is a shortage of specialized employees in many fields in which we operate.

Headcount by Business Segment

The following tables show the number of our employees (headcount) by business segment, region and function for the last three financial years:

	At December 31,		
	2014	2013	2012
Fresenius Medical Care	105,917	95,637	90,866
Fresenius Kabi.....	32,899	31,961	30,214
Fresenius Helios	68,852	42,913	42,881
Fresenius Vamed.....	7,746	7,010	4,432
Corporate/Other	861	816	931
Total	216,275	178,337	169,324

	At December 31,		
	2014	2013	2012
Europe	112,829	85,706	90,866
North America.....	65,817	60,600	30,214
Asia Pacific	19,690	15,859	42,881
Latin America	16,136	14,474	4,432
Africa	1,803	1,698	931
Total	216,275	178,337	169,324

	Year ended December 31,		
	2014	2013	2012
Production and Service.....	177,476	143,733	137,332
Administration	26,807	22,450	20,974
Sales and Marketing.....	9,885	10,185	9,115
Research and Development.....	2,107	1,969	1,903
Total	216,275	178,337	169,324

FACILITIES

Fresenius, through various property companies, owns the Group's headquarters in Bad Homburg vor der Höhe, Germany, as well as the major production facilities in Germany that are located in Friedberg, Schweinfurt and St. Wendel.

Fresenius Medical Care operates state-of-the-art production facilities worldwide and has invested significantly in developing proprietary processes, technologies and manufacturing equipment which Fresenius Medical Care believes provide a competitive advantage in manufacturing its products. Fresenius Medical Care is using its facilities in St. Wendel, Germany and Ogden, Utah for development and manufacturing.

Fresenius Medical Care produces and assembles hemodialysis machines and CCPD cyclers in its Schweinfurt, Germany and its Concord, California facilities. It also maintains facilities at its service and local distribution centers in Argentina, Egypt, France, The Netherlands, China, Brazil and Russia for testing and calibrating dialysis machines manufactured or assembled elsewhere, to meet local end user market needs. Fresenius Medical Care manufactures and assembles dialyzers and polysulfone membranes in its St. Wendel, Germany, L'Arbresle, France, Vrsac, Serbia, Buzen, Japan, and Jiangsu, China facilities and at production facilities of our joint ventures in Belarus and Japan. At its Ogden, Utah facilities, it manufactures and assembles dialyzers and polysulfone membranes and manufactures PD solutions. Fresenius Medical Care manufactures hemodialysis concentrate at various facilities worldwide, including France, Italy, Great Britain, Spain, Turkey, Serbia, Morocco, Argentina, Brazil, Columbia, Australia, Malaysia, Germany, Canada, Mexico and the U.S. PD products are manufactured in North America, Europe, Latin America, and Asia, with two of its largest plants for production of PD products in Germany and the U.S. In 2013, operations for two new PD production lines in Germany and the U.S. started. Fresenius Medical Care is pursuing the approval process for the manufacturing of PD solutions as well as hemodialysis concentrates in Jiangsu, China. Additionally, the company produces bloodlines in Mexico, China, Italy, Turkey and Serbia. Its plant in Reynosa, Mexico is the world's largest (by volume) bloodline manufacturing facility.

Fresenius Kabi has over 60 sales and marketing organizations worldwide, more than 70 production sites (including compounding centers) and over 15 research and development centers. Fresenius Kabi's most important production facilities include factories in Austria, Germany, Sweden, the United States, China and India. Fresenius Kabi operates other production facilities in Europe, South and Central America, Asia and South Africa.

Fresenius Helios owned the majority and leased the remainder of the facilities for its 111 clinics. These facilities include hospitals, specialist clinics, health facilities and offices. Fresenius Helios' most important properties are the facilities for its clinics. Fresenius Helios owns and operates the clinic and hospital businesses.

Generally, Fresenius Vamed does not own facilities (with the exception of five hospitals it owns in the Czech Republic and two in Switzerland) and has some leased facilities within its network.

QUALITY MANAGEMENT

The quality of our products, services, and therapies is the basis for optimal medical care. All processes are subject to the highest quality and safety standards for the benefit of the patients and to protect our employees. Our quality management has the following three objectives:

- to identify value-enhancing processes oriented toward efficiency and the needs of our customers,
- to monitor and steer these processes on the basis of performance indicators, and
- to improve procedures.

Fresenius Medical Care

Fresenius Medical Care operates a comprehensive quality management system in its production facilities. Raw materials delivered for the production of solutions are subjected to infra-red and ultra-violet testing as well as physical and chemical analysis to ensure their quality and consistency. During the production cycle, sampling and testing take place in accordance with applicable quality control measures to assure sterility, safety and effectiveness of the finished products. All process parameters e.g., pressure, temperature and time, required for the various processes are monitored to ensure consistency of unfinished products during the production process. Through monitoring of environmental conditions, particle and bacterial content are kept below permitted limits.

Fresenius Medical Care provides regular ongoing training for its employees in the areas of quality control and proper production practice. All production sites follow the Lean Manufacturing approach which in North America and in the Schweinfurt plant includes the “Lean Six Sigma” management system. The focus of Lean Manufacturing and Six Sigma is continuous improvement of all manufacturing processes to achieve a very low error rate resulting in better quality production while shortening manufacturing time. Fresenius Medical Care’s IMS fulfils ISO 9001:2008 requirements for quality control systems in combination with the ISO norm 14001:2009 for environmental control systems. At the same time, its integrated management system (“**IMS**”) conforms to the requirements for medical devices of ISO norm 13485:2001 and of the Medical Device Directive 93/42/EEC. Fresenius Medical Care has implemented its IMS in all its European production sites. All of its production facilities have undergone annual ISO 13485:2012 Quality Systems inspections, maintaining all certifications, with no major non-conformances to the standard being noted.

Fresenius Kabi

The global quality management system at Fresenius Kabi is based on the internationally recognized ISO 9001 standard, which takes into account many national and international regulations governing product and services development, manufacturing, and marketing. These include, for example, Good Clinical Practice, Good Manufacturing Practice (“**GMP**”), Good Distribution Practice, the Code of Federal Regulations of the FDA, as well as the ISO 13485 quality management standard for medical devices. The global quality management system is certified by TÜV Süd and annually audited on an international basis. Our quality management comprises:

- Global processes and standards: Specialist teams develop enterprise-wide standards and guidelines. Those apply to all production sites of Fresenius Kabi.
- Early warning system: We have established reporting processes for standard procedures and unforeseen events, which are evaluated against key performance indicators, e. g., complaint rates.
- Integrated global crisis management: Safety officers respond immediately when we are informed of a problem with quality of patient safety. They manage product recalls centrally.

At Fresenius Kabi, inspections by regulatory authorities and audits by independent organizations and customers are performed along the entire value chain. However, our quality management system does not just extend to internal processes. It also covers the application of our products and services by customers. In order to be able to receive information about their problems in a timely manner and deal with them appropriately, Fresenius Kabi has set up a global monitoring and reporting system (vigilance system). The responsible regulatory authorities monitor this system and keep an increasingly close eye on it in the interests of patient safety.

In 2014, we migrated the customer complaint management process to new web-based technology. In addition, we have strengthened our quality management organization with new employees.

Fresenius Helios

The HELIOS quality management system has been further expanded and implemented at all hospitals acquired from Rhön-Klinikum AG. HELIOS has developed a method that combines the use of quality indicators with internal quality management measures. The quality of medical outcomes resulting from the different treatments is measured using key indicators compiled from administrative data and then made transparent on the basis of G-IQI quality indicators (German Inpatient Quality Indicators). The results are continuously monitored, and should statistical abnormalities arise, HELIOS examines these in a peer review process using patient data.

We have defined specific targets for 46 of the G-IQI quality indicators. These targets are set at a level above the national average for Germany. In 2014, we achieved this target for 42* quality indicators, a success rate of 91%* (2013: 91%). If targets are not met, HELIOS analyzes the cases in the hospitals concerned in order to identify opportunities for improvement and to implement appropriate measures for all HELIOS hospitals.

In addition, HELIOS is involved in the Initiative of Quality Medicine (“IQM”). The members of this initiative have a share of approximately 19% for acute care in Germany. The 250 IQM members are committed to observing three principles: quality measurement with administrative data, publication of results, and peer review processes. HELIOS provides full transparency for all quality data. For each acute care hospital, the results for medical treatment quality as well as the occurrence of the 17 most common infectious agents are published on the website www.helioskliniken.de. Helios exceeds mandatory legal requirements. A new national quality institute is intended to further increase the focus on quality of care in German hospitals. With its own quality management system, HELIOS is well prepared.

(*) excluding acquired Rhön Hospitals

Fresenius Vamed

In the planning and construction of hospitals, Fresenius Vamed sets high quality standards. In particular, these are aimed at optimizing processes by care level, and ensuring maximum flexibility in the use of buildings and wards. Internally, Fresenius Vamed designs its processes for efficiency and sustainability, using interdisciplinary quality standards. These standards are mostly based on ISO 9001:2008 and ISO 13485:2003 standards, as well as the standards of the European Foundation for Quality Management.

In the hospital area, VAMED uses the certification model JCI (Joint Commission International). In 2014, this certification was awarded to a facility in Austria for the fourth time. In total, four facilities managed by VAMED in the Czech Republic and Austria received this certification. These hospitals were certified to have the highest level of quality, firstly regarding patient care, secondly regarding hygiene and safety, and thirdly regarding patient and employee satisfaction.

ENVIRONMENTAL MATTERS

We orient our activities within the Fresenius Group to long-term goals, and thus ensure that our work is aligned to the needs of patients, employees, as well as shareholders and business partners in a sustainable manner. Our responsibility as a health care group goes beyond our business operations. We are committed to protecting nature as the basis of life and using its resources responsibly. It is our mission to constantly improve our performance in the areas of environmental protection, occupational health and technical safety, and product responsibility and logistics and to comply with legal requirements. The international ISO Standard 14001:2004 is the most important benchmark for environmental management in the corporate sector. Among other things, it stresses the need for continuous assessment of a production site's impact on the environment, for instance with respect to emissions and waste. These international standards are implemented at our various production plants and most of our dialysis clinics. Key environmental performance indicators are, for instance, not only energy and water consumption but also the volumes of waste and recycling rates at our locations. In Europe, our production sites are subject to the EU regulation REACH (Registration, Evaluation and Authorization of Chemicals). The aim of REACH is to protect human health and the environment against hazards and risks from chemical substances.

Fresenius Medical Care

Fresenius Medical Care has integrated environmental protection targets into its operations. To reach these goals, its IMS has been in use at its production facilities as well as at a number of dialysis clinics. IMS fulfils the requirements of quality management systems as well as environmental management. Environmental goals are set, adhered to and monitored during all stages of the lives of our products, from their development to their disposal.

Fresenius Medical Care continually seeks to improve its production processes for environmental compatibility, which frequently generates cost savings. Its environmentally certified production plants, dialysis clinics and research and development in the European region participate in the Corporate Environment Program, the purpose of which is to improve environmental

awareness and ecological efficiency, comply with new environmental regulations and expand the number of units certified under the environmental management standard ISO 14001:2004.

In some of its dialysis facilities, Fresenius Medical Care establishes, depending on the particular facility and circumstance, a priority environmental protection target on which its dialysis clinics concentrate for at least one year. Environmental performance in other dialysis facilities is used as the basis for comparisons and targets. Improvements are implemented on a site-by-site basis after evaluation of the site's performance.

In its European clinics, Fresenius Medical Care continues to introduce its environmental management system in dialysis clinics and continues to monitor and assess the management system performance in clinics where it was previously implemented. Currently, dialysis clinics in 13 countries in its European region are certified according to the environmental management standard ISO 14001:2004. Fresenius Medical Care achieved ISO 14001:2004 certification for its first dialysis clinic and manufacturing location in North America at the end of 2013.

Fresenius Medical Care also conducts EHS regulatory audits of its manufacturing, distribution and laboratories annually and as needed. The company continues to roll out the integrated software solution e-con 5 for the management of eco-controlling data in over 700 clinics. This software is intended to reduce environmental management working time while increasing the eco-controlling data quality and possibilities for data analysis at the place of origin.

In its North America segment dialysis clinics, Fresenius Medical Care implemented recycling programs for corrugated materials and hemodialysis machines. Use of heat exchangers enables it to obtain residual heat from water used for industrial purposes, which it uses to heat fresh water for dialysis treatment. Targeted environmental performance criteria in other locations include fresh water consumption and improved separation of waste.

Fresenius Kabi

An integral component of the quality management of Fresenius Kabi is an environmental management system that complies with the international standard ISO 14001. Fresenius Kabi is also pursuing the implementation of the occupational health and safety assessment system OHSAS 18001.

At its German production sites Fresenius Kabi continues to implement measures to reduce energy consumption, CO₂ emissions, and the consumption of raw materials and has also expanded its environmental activities outside of Europe. Additional recycling and the implementation of technical measures, such as the reuse of cooling water, minimizes waste and waste water volumes, and will continue to do so in the future even with rising production volumes.

Fresenius Kabi also integrates standardized requirements for health, safety, and environmental protection into its quality management system. In the manufacturing of pharmaceuticals, the employees of Fresenius Kabi sometimes have to work with toxic substances. Consequently, protecting the environment and ensuring the health and safety of our employees is of utmost importance. New requirements relating to occupational health and safety are integrated into our quality management.

Fresenius Helios

Hospitals require a great deal of energy and water. In order to create awareness for the economical use of resources, HELIOS intensified its environmental campaign and extended it to the new HELIOS hospitals. The majority of all water in the HELIOS hospitals is consumed for sterilization processes, process cooling, and water recycling plants. To reduce consumption, some hospitals are using well water, for instance for the cooling towers of air-conditioning systems.

Proper waste disposal is of great importance to hospitals. HELIOS views waste disposal management as a process. It starts with avoiding any future waste, and ends with the consistent recycling or environmentally friendly disposal of the same. Requirements pertaining to environmental protection, occupational health and safety, as well as infection protection and hospital hygiene are taken into account. That relates particularly to major waste groups such as clinical waste, i. e., from the diagnosis and treatment of human diseases.

Fresenius Vamed

In its project business, VAMED already integrates national environmental standards and regulations into the planning and construction of a hospital or other health care facility.

INSURANCE

We are covered by comprehensive general liability insurance, liability insurance for pharmaceutical and health care operations, as well as property insurance and other types of insurance policies that are standard within the industry. We believe that our insurance coverage is sufficient and in line with industry practice.

For additional information on risks relating to product liability and other claims, see “— *Legal Proceedings*” and “*Risk Factors — Risks Relating to Our Business — We are exposed to product liability, patent infringement and other claims, which could result in significant liability that we may not be able to insure on acceptable terms in the future*”.

MATERIAL CONTRACTS

Settlement Agreement

On February 6, 2003, Fresenius Medical Care entered into a settlement agreement with the asbestos creditors’ committees for the final settlement of fraudulent conveyance claims and other legal matters resulting from the reorganization proceedings of W.R. Grace & Co. under Chapter 11 of the U.S. Bankruptcy Code. See “— *Legal Proceedings — Commercial Litigation*”.

Other Agreements

For a description of certain intercompany agreements and arrangements between Fresenius SE & Co. KGaA and its subsidiaries (other than Fresenius Medical Care) and Fresenius Medical Care and its subsidiaries, see “*Certain Relationships and Related-Party Transactions*”. For a description of material credit agreements and other financing documents, see “*Description of Other Financing Arrangements*”.

LEGAL PROCEEDINGS

Legal Proceedings

Our Group is routinely involved in numerous claims, lawsuits, regulatory and tax audits, investigations and other legal matters arising, for the most part, in the ordinary course of its business of providing health care services and products. Legal matters that we currently deem to be material are described below. For the matters described below in which we believe a loss is both reasonably possible and estimable, an estimate of the loss or range of loss exposure is provided. For the other matters described below, we believe that the loss probability is remote and/or the loss or range of possible losses cannot be reasonably estimated at this time. The outcome of litigation and other legal matters is always difficult to predict accurately and outcomes that are not consistent with our view of the merits can occur. We believe that we have valid defenses to the legal matters pending against us and are defending ourselves vigorously. Nevertheless, it is possible that the resolution of one or more of the legal matters currently pending or threatened could have a material adverse effect on our business, results of operations and financial condition.

Commercial Litigation

On April 5, 2013, the U.S. Judicial Panel on Multidistrict Litigation ordered that the numerous lawsuits filed and anticipated to be filed in various federal courts alleging wrongful death and personal injury claims against FMCH and certain of its affiliates relating to FMCH’s acid concentrate products NaturaLyte[®] and Granuflo[®] be transferred and consolidated for pretrial management purposes into a consolidated multidistrict litigation in the United States District Court for the District of Massachusetts, styled *In Re: Fresenius Granuflo/Naturalyte Dialysate Products Liability Litigation*, Case No. 2013-md-02428. The Massachusetts state courts subsequently established a similar consolidated litigation for such cases filed in Massachusetts county courts, styling *In Re: Consolidated Fresenius Cases*, Case No. MICV-2013-03400-O (Massachusetts Superior Court, Middlesex County). These lawsuits allege generally that inadequate labeling and warnings for these products caused harm to patients. In addition, similar cases have been filed in several state courts outside Massachusetts, in some of which the judicial authorities have established consolidated proceedings for their disposition. The attorneys general of Louisiana and Mississippi have also filed complaints under their state deceptive practice statutes and in their state courts based on allegations similar to those advanced in the personal injury litigation. FMCH believes that these lawsuits are without merit, and will defend them vigorously.

In a number of cases with the same subject matter in dispute, the Company and Fresenius Management SE have become formally involved in the litigation. Also for these cases, both companies believe the lawsuits to be without merit and intend to defend them vigorously.

Other Litigation and Other Potential Exposure

On February 15, 2011, a whistleblower (relator) action under the False Claims Act against FMCH was unsealed by order of the United States District Court for the District of Massachusetts and served by the relator. The United States has not intervened in the case *United States ex rel. Chris Drennen v. Fresenius Medical Care Holdings, Inc.*, 2009 Civ. 10179 (D. Mass.). The relator's complaint, which was first filed under seal in February 2009, alleges that Fresenius Medical Care seeks and receives reimbursement from government payors for serum ferritin and hepatitis B laboratory tests that are medically unnecessary or not properly ordered by a physician. On March 6, 2011, the United States Attorney for the District of Massachusetts issued a subpoena seeking the production of documents related to the same laboratory tests that are the subject of the relator's complaint. FMCH has cooperated fully in responding to the subpoena, and will vigorously contest the relator's complaint.

Subpoenas or search warrants have been issued by federal and state law enforcement authorities under the supervision of the United States Attorneys for the Districts of Connecticut, Southern Florida, Eastern Virginia and Rhode Island to American Access Care LLC ("AAC"), which Fresenius Medical Care acquired in October 2011, and to Fresenius Medical Care's subsidiary, Fresenius Vascular Care, Inc., which now operates former AAC centers as well as its own original facilities. Subpoenas have also been issued to certain of Fresenius Medical Care's outpatient hemodialysis facilities for records relating to vascular access treatment and monitoring. Fresenius Medical Care is cooperating fully in these investigations. Communications with the investigating United States Attorney Offices indicate that the inquiry encompasses invoicing and coding for procedures commonly performed in vascular access centers and the documentary support for the medical necessity of such procedures. The AAC acquisition agreement contains customary indemnification obligations with respect to breaches of representations, warranties or covenants and certain other specified matters. As of October 18, 2013, a group of the prior owners of AAC exercised their right pursuant to the terms of the acquisition agreement to assume responsibility for responding to certain of the subpoenas. Pursuant to the AAC acquisition agreement the prior owners are obligated to indemnify Fresenius Medical Care for certain liabilities that might arise from those subpoenas. On June 29, 2015, the United States District Court for the Southern District of Florida overruled a whistleblower's objections and approved a settlement agreed with the United States Attorney under which Fresenius Medical Care has paid \$1.2 million in exchange for a release of claims arising in that District. Fresenius Medical Care and the United States have agreed in principle to a settlement, on a similar basis, encompassing claims arising in the Connecticut and Rhode Island Districts, under which Fresenius Medical Care would pay approximately \$6.7 million in exchange for a release of claims arising in those Districts. Both settlements implicate only actions prior to Fresenius Medical Care's acquisition of AAC.

Fresenius Medical Care has received communications alleging conduct in countries outside the United States and Germany that may violate the FCPA or other anti-bribery laws. The Audit and Corporate Governance Committee of Fresenius Medical Care's supervisory board is conducting investigations with the assistance of independent counsel. Fresenius Medical Care voluntarily advised the SEC and the DOJ. Fresenius Medical Care's investigations and dialogue with the SEC and DOJ are ongoing. Fresenius Medical Care has received a subpoena from the SEC requesting additional documents and a request from the DOJ for copies of the documents provided to the SEC. Fresenius Medical Care is cooperating with the requests.

Conduct has been identified that may result in monetary penalties or other sanctions under the FCPA or other anti-bribery laws. In addition, Fresenius Medical Care's ability to conduct business in certain jurisdictions could be negatively impacted. Fresenius Medical Care previously recorded a non-material accrual for an identified matter. Given the current status of the investigations and remediation activities, Fresenius Medical Care cannot reasonably estimate the range of possible loss that may result from identified matters or from the final outcome of the investigations or remediation activities. Fresenius Medical Care's independent counsel, in conjunction with Fresenius Medical Care's Compliance Department, has reviewed Fresenius Medical Care's anti-corruption compliance program, including internal controls related to compliance with international anti-bribery laws, and appropriate enhancements are being implemented. Fresenius Medical Care continues to be fully committed to FCPA and other anti-bribery law compliance.

In December 2012, FMCH received a subpoena from the United States Attorney for the District of Massachusetts requesting production of a broad range of documents related to two products manufactured by FMCH, electron-beam sterilization of dialyzers and the Liberty peritoneal dialysis cyclor. FMCH has cooperated fully in the government's investigation. In December 2014, FMCH was advised that the government's investigation was precipitated by a whistleblower, who first filed a complaint under seal in June 2013. In September 2014, the government declined to intervene in the whistleblower's actions. On March 31, 2015, the relator served his complaint styled *Reihanifam v. Fresenius USA, Inc.*, 2013 Civ. 11486 (D. Mass.). On May 14, 2015, the Court dismissed without prejudice the relator's False Claims Act allegations after receiving the United States' confirmation that it would not intervene as to those allegations. The Court has allowed the relator to pursue allegations of wrongful termination from employment, and Fresenius Medical Care has moved to dismiss those allegations.

In January 2013 and April 2015, respectively, FMCH received subpoenas from the United States Attorney for the Western District of Louisiana and the Attorney General for the Commonwealth of Massachusetts requesting discovery responses relating to

the Granuflo[®] and Naturalyte[®] acid concentrate products that are also the subject of personal injury litigation described above. FMCH has cooperated fully in the government's investigations.

In August 2014, FMCH received a subpoena from the United States Attorney for the District of Maryland inquiring into FMCH's contractual arrangements with hospitals and physicians, including contracts relating to the management of in-patient acute dialysis services. FMCH is cooperating in the investigation.

In November 2014, Fresenius Kabi Oncology Limited ("FKOL") received a subpoena from the DOJ, U.S. Attorney for the District of Nevada. The subpoena requests documents in connection with the January 2013 inspection by the FDA of FKOL's plant for active pharmaceutical ingredients in Kalyani, India. That inspection resulted in a warning letter from the FDA in July 2013. The subpoena now begins the DOJ's criminal and/or civil investigation in this connection and seeks information from throughout the Fresenius Kabi group. Fresenius Kabi is fully cooperating with the governmental investigation.

In July 2015, the Attorney General for Hawaii issued a civil complaint under the Hawaii False Claims Act styled *Hawaii v. Liberty Dialysis – Hawaii, LLC et al.*, Case No. 15-1-1357-07 (Hawaii 1st Circuit) alleging that Xerox State Healthcare, LLC, M Group Consulting LLC and certain Liberty Healthcare subsidiaries of FMCH conspired to over bill Hawaii Medicaid for Liberty's Epogen administrations to Hawaii Medicaid patients during the period from 2006 through 2010, prior to the time of FMCH's acquisition of Liberty. The complaint alleges that Xerox State Healthcare LLC which acted as Hawaii's contracted administrator for its Medicaid program reimbursement operations during 2006-2010, provided incorrect and unauthorized billing guidance to Liberty and its consultant, M Group Consulting LLC, which Liberty relied on for purposes of its Epogen billing to the Hawaii Medicaid program. The complaint seeks civil damages authorized under the Hawaii False Claims Act. FMCH will vigorously contest the complaint.

From time to time, our Group is a party to or may be threatened with other litigation or arbitration, claims or assessments arising in the ordinary course of its business. Our Management regularly analyzes current information, including, as applicable, the Group's defenses and insurance coverage and, as necessary, provides accruals for probable liabilities for the eventual disposition of these matters.

Like other health care providers, we conduct our operations under intense government regulation and scrutiny. We and our subsidiaries must comply with regulations which relate to or govern the safety and efficacy of medical products and supplies, the marketing and distribution of such products, the operation of manufacturing facilities, laboratories and dialysis clinics, and environmental and occupational health and safety. With respect to the development, manufacture, marketing and distribution of medical products, if such compliance is not maintained, we or our subsidiaries could be subject to significant adverse regulatory actions by the FDA and comparable regulatory authorities outside the U.S. These regulatory actions could include warning letters or other enforcement notices from the FDA, and/or comparable foreign regulatory authority which may require us to expend significant time and resources in order to implement appropriate corrective actions. If we do not address matters raised in warning letters or other enforcement notices to the satisfaction of the FDA and/or comparable regulatory authorities outside the U.S., these regulatory authorities could take additional actions, including product recalls, injunctions against the distribution of products or operation of manufacturing plants, civil penalties, seizures of products and/or criminal prosecution. FMCH is currently engaged in remediation efforts with respect to three pending FDA warning letters and Fresenius Kabi with respect to two pending FDA warning letters. We (and, in particular, the U.S.-based operations of Fresenius Medical Care and Fresenius Kabi) must also comply with laws of the United States, such as the U.S. federal Medicare and Medicaid Fraud and Abuse Amendments of 1977, as amended (the "**Anti-Kickback Statute**"), the False Claims Act, the Ethics in Patient Referrals Act of 1989 (the "**Stark Law**") and other U.S. federal and state fraud and abuse laws. See "**Regulatory Matters**". Applicable laws or regulations may be amended, or enforcement agencies or courts may make interpretations that differ from our interpretations or the manner in which we conduct our business. Enforcement has become a high priority for the U.S. federal government and some states of the United States.

In addition, the provisions of the False Claims Act authorizing payment of a portion of any recovery to the party bringing the suit encourage private plaintiffs to commence whistleblower actions. By virtue of this regulatory environment, our business activities and practices are subject to extensive review by regulatory authorities and private parties, and continuing audits, investigative demands, subpoenas, other inquiries, claims and litigation relating to our compliance with applicable laws and regulations. We may not always be aware that an inquiry or action has begun, particularly in the case of whistleblower actions, which are initially filed under court seal.

We operate many facilities throughout the United States and other parts of the world. In such a decentralized system, it is often difficult to maintain the desired level of oversight and control over the thousands of individuals employed by many affiliated companies. We rely upon our management structure, regulatory and legal resources, and the effective operation of our compliance program to direct, manage and monitor the activities of these employees. On occasion, we may identify instances where employees or other agents deliberately, recklessly or inadvertently contravene our policies or violate applicable law. The actions

of such persons may subject us and our subsidiaries, particularly those in the United States, to liability under the Anti-Kickback Statute, the Stark Law, the False Claims Act and the FCPA, among other laws and comparable laws of other countries.

Physicians, hospitals and other participants in the health care industry are also subject to a large number of lawsuits alleging professional negligence, malpractice, product liability, worker's compensation or related claims, many of which involve large claims and significant defense costs. We and our subsidiaries have been and are currently subject to these suits due to the nature of our business and expect that these types of lawsuits may continue. Although we maintain insurance at a level that we believe to be prudent, we cannot assure that the coverage limits will be adequate or that insurance will cover all asserted claims. A successful claim against us or any of our subsidiaries, including Fresenius Medical Care, for an amount exceeding our applicable insurance coverage could have a material adverse effect upon our business and results of its operations. Any claim, regardless of its merit or eventual outcome, could have a material adverse effect on our reputation and business.

We and our subsidiaries also have had claims asserted against us and have had lawsuits filed against us relating to alleged patent infringements or businesses that we have acquired or divested. These claims and suits relate both to operation of the businesses and to the acquisition and divestiture transactions. We have, when appropriate, asserted our own claims, and claims for indemnification. A successful claim against us or any of our subsidiaries could have a material adverse effect on our business, financial condition, and results of operations. Any claim, regardless of its merit or eventual outcome, could have a material adverse effect on our reputation and business.

REGULATORY MATTERS

Overview United States and other countries

Our operations are subject to extensive governmental regulation by virtually every country in which we operate, including, most notably, in the United States, at the federal, state and local levels. Although these regulations differ from country to country, in general, non-U.S. regulations are designed to accomplish the same objectives as U.S. regulations governing the operation of dialysis clinics and other health care centers, laboratories and manufacturing facilities, the provision of high quality health care for patients, compliance with labor and employment laws, the maintenance of occupational, health, safety and environmental standards and the provision of accurate reporting and billing for governmental payments and/or reimbursement. In the United States, some states establish regulatory processes that must be satisfied prior to the establishment of new health care centers. Outside the United States, each country has its own payment and reimbursement rules and procedures, and some countries prohibit ownership of health care providers or establish other regulatory barriers to direct ownership by foreign companies. In such jurisdictions, we may work within the framework of applicable laws to establish alternative contractual arrangements to provide services to those facilities.

Any of the following matters could have a material adverse effect on our business, financial condition and results of operations:

- failure to receive required licenses, certifications, clearances or other approvals for new facilities or products or significant delays in such receipt;
- complete or partial loss of various federal certifications, licenses, or other permits required under the laws of any state or other governmental authority by withdrawal, revocation, suspension, or termination or restrictions of such certificates and licenses by the imposition of additional requirements or conditions, or the initiation of proceedings possibly leading to such restrictions or the partial or complete loss of the required certificates, licenses or permits;
- a non-appealable finding of material violations of U.S. health care laws; and
- changes resulting from health care reform or other government actions that restrict our operations, reduce reimbursement or reduce or eliminate coverage for particular products or services we provide.

We must comply with all U.S., German and other legal and regulatory requirements under which we operate, including the Anti-Kickback Statute, the federal False Claims Act, the Stark Law, the U.S. Civil Monetary Penalties Law, including the prohibition on inducements to patients to select a particular health care provider, U.S. federal rules protecting the privacy and security of patient medical information, as promulgated under the Health Insurance Portability and Accountability Act of 1996 ("HIPAA") and as amended by the Health Information Technology for Economic and Clinical Health ("HITECH") Act (enacted as part of the American Recovery and Reinvestment Act of 2009), and other fraud and abuse laws and similar state statutes, as well as similar laws in other countries. The ACA, enacted in the U.S. in 2010, and other recent laws expanded the reach of many of these laws and expanded federal enforcement authority. Moreover, there can be no assurance that applicable laws, or the regulations thereunder, will not be amended, or that enforcement agencies or the courts will not make interpretations inconsistent

with our own, any one of which could have a material adverse effect on our business, reputation, financial condition and operating results. Sanctions for violations of these statutes may include criminal or civil penalties, such as imprisonment, fines or forfeitures, denial of payments, and suspension or exclusion from the Medicare and Medicaid programs. In the U.S., some of these laws have been broadly interpreted by a number of courts, and significant government funds and personnel have been devoted to their enforcement because such enforcement has become a high priority for the federal government and some states. Our Company, and the health care industry in general, will continue to be subject to extensive federal, state and foreign regulation, the full scope of which cannot be predicted. In addition, the U.S. Congress and federal and state regulatory agencies continue to consider modifications to health care laws that may create further restrictions.

We maintain a comprehensive worldwide compliance program under the overall supervision of our chief compliance officer. The program includes a compliance staff, a written code of conduct applicable worldwide, training programs, regulatory compliance policies and procedures including corrective action for failure to follow policies, provisions for anonymous reporting of suspected violations of applicable laws or Company policies, and periodic internal audits of our compliance procedures. Nevertheless, we operate many facilities throughout the United States and other countries. In such a decentralized system, it is often difficult to maintain the desired level of oversight and control over the thousands of individuals employed by many affiliated companies. We rely on our management structure, regulatory and legal resources, and the effective operation of our compliance program to direct, manage and monitor the activities of these employees. If our employees, deliberately or inadvertently, were to submit inadequate or incorrect billings to any federally funded health care program, or engage in impermissible conduct with physicians or other referral sources or vendors with which we do business, the actions of such persons could subject us and our subsidiaries to liability under the Anti-Kickback Statute, the Stark Law, the False Claims Act or the FCPA, among other laws.

Product Regulation

United States Product Regulation

In the United States numerous regulatory bodies, including the FDA and comparable state regulatory agencies impose requirements on certain of our subsidiaries as a manufacturer and a seller of medical devices and drug products under their jurisdiction.

Pharmaceuticals. Some of the products our Group manufactures and/or distributes are subject to regulation under the Federal Food, Drug, and Cosmetic Act of 1938, as amended (“**FDCA**”) and FDA’s implementing regulations. Many of these requirements are similar to those for devices, as described below. We are required to register as an establishment with the FDA, submit listings for drug products in commercial distribution, comply with regulatory requirements governing product approvals, drug manufacturing, labeling, promotion, distribution, post market safety reporting and recordkeeping, and we are subject to periodic inspections by the FDA for compliance with these requirements. Our pharmaceutical products must be manufactured in accordance with current Good Manufacturing Practices (“**cGMP**”). We are required to provide information to the FDA whenever we become aware of a report of an adverse drug experience associated with the use of one of our drug products that is both serious and unexpected, as defined in FDA regulations and guidance. In addition, as with the marketing of our medical devices, in order to obtain marketing approval of our drug products, we must satisfy mandatory procedures and safety and efficacy requirements. Furthermore, the FDA prohibits our products division from promoting our pharmaceutical products in a false or misleading manner or for unapproved indications and from otherwise misbranding or adulterating them. Finally, if the FDA believes that a company is not in compliance with applicable drug regulations, it has similar enforcement authorities as those discussed below with respect to medical devices.

Medical Devices. Our subsidiaries engaged in the manufacture of medical devices are required to register with the FDA as device manufacturers, and submit listing information for devices in commercial distribution. As a manufacturer of medical devices, we are subject to requirements governing premarket approval and clearance, labeling, promotion, medical device adverse event reporting, manufacturing practices, reporting of corrections and removals, and recordkeeping, and we are subject to periodic inspection by the FDA for compliance with these requirements. With respect to manufacturing, we are subject to FDA’s Quality System Regulation (21 C.F.R. Part 820), which requires us to manufacture products in accordance with cGMP, including standards governing product design. The medical device reporting regulations require that we report to the FDA whenever we receive or become aware of information that reasonably suggests that a device may have caused or contributed to a death or serious injury, or that a device has malfunctioned and a device or similar device would be likely to cause or contribute to a death or serious injury if the malfunction were to recur. In addition, the FDA prohibits our products division from promoting our manufactured products for unapproved or uncleared indications or in an otherwise false or misleading manner.

In order to clinically test, produce and market certain medical products and other disposables (including hemodialysis and peritoneal dialysis equipment, dialyzers, bloodlines and other disposables) for human use, we must also satisfy mandatory procedures and safety and efficacy requirements established by the FDA or comparable foreign governmental agencies. In the U.S., unless 510(k)-exempt, medical devices generally require approval of a Premarket Approval Application (“**PMA**”) or

clearance of a Section 510(k) Premarket Notification (“**510(k)**”) prior to commercial marketing. After approval or clearance to market is given, the FDA, upon the occurrence of certain events, has the authority to withdraw the approval or clearance or require changes to a device, its manufacturing process, or its labelling or may require additional proof that regulatory requirements have been met. Such rules generally require that products be approved or cleared by the FDA as safe and effective for their intended use prior to being marketed.

PMA approval is based on a determination by FDA that the PMA contains sufficient valid scientific evidence to assure that the device is safe and effective for its intended use(s). Many medical devices do not require PMA approval by the FDA, but rather require 510(k) premarket clearance. For these devices, which are usually deemed to pose a moderate risk to patients, in order to obtain marketing clearance, the applicant must demonstrate that the device is as safe and effective or “substantially equivalent” to a legally marketed “predicate” device. Moreover, FDA regulations also require prior approval or clearance for certain modifications to a legally marketed device. In recent years, concerns have been raised that the 510(k) process cannot adequately ensure that medical devices cleared for marketing are safe and effective. At the same time, others have raised concerns that the 510(k) process and the FDA’s device premarket review programs generally, are inefficient and unpredictable, and are stifling innovation. Since 2010, the FDA has been evaluating and making improvements to its device premarket review programs, in particular the 510(k) clearance process. The stated goal of these improvements is to achieve regulation that promotes both safety/effectiveness and innovation. Substantially, all of the dialysis products that we manufacture or distribute in the U.S., other than peritoneal dialysis solutions and renal pharmaceuticals, are marketed on the basis of 510(k) clearances. At the present time, regulatory and legislative changes to the 510(k) clearance process continue to be proposed, and we cannot predict whether or to what extent the 510(k) process will be significantly modified or what the effects, if any, of a modified review process for medical devices would be on Fresenius Medical Care’s dialysis products business.

If the FDA believes that a company is not in compliance with applicable laws and regulations, it can pursue various regulatory and enforcement actions, including, for example, issuing a warning letter mandating a recall, initiating a seizure, or seeking an injunction or consent decree. We are responding to four open FDA warning letters, including taking corrective action, and are subject to re-inspections by the FDA. In any re-inspection, the FDA is not limited to reviewing only the processes and procedures that triggered the reinspection. We are engaged in ongoing dialogue with the FDA regarding remediation.

On September 15, 2010, the FDA issued a warning letter to Fresenius Medical Care citing several cGMP deficiencies, in response to which Fresenius Medical Care has been taking corrective action and is subject to re-inspections by the FDA. In any re-inspection the FDA is not limited to reviewing only the processes and procedures that triggered the re-inspection. Fresenius Medical Care is engaged in ongoing remediation efforts and continued dialogue with the FDA regarding remediation.

On April 6, 2011, the FDA issued to Fresenius Medical Care a warning letter alleging that Fresenius Medical Care marketed certain blood tubing sets without required premarket 510(k) clearance, in response to which Fresenius Medical Care ceased marketing and distributing those blood tubing sets that were the subject of a January 2011 recall. Fresenius Medical Care received 510(k) clearance of the blood tubing set product from the FDA on June 15, 2012 and subsequently recommenced marketing and distribution of these products. In addition, Fresenius Medical Care has completed a comprehensive review of its 510(k) filings and submitted its findings to the FDA, and it continues to work with the FDA regarding effective submission strategies for certain product lines.

On February 22, 2012, the FDA issued a warning letter to APP Pharmaceuticals (renamed Fresenius Kabi USA), a subsidiary of Fresenius Kabi regarding the Company’s Grand Island plant. The warning letter follows an inspection at the facility which concluded in July 2011. The Company responded on July 27, 2011 detailing the corrective and preventative actions planned to address the Agency’s concerns. In January 2015, Fresenius Kabi was informed by the FDA that its pharmaceutical manufacturing facility in Grand Island, N.Y., has achieved the upgraded status of voluntary action indicated (“**VAI**”) following an October 2014 inspection. The status change is an improvement from the “official action indicated” status the facility had been operating under. The new VAI classification permits FDA approval of new Fresenius Kabi products at the plant.

On March 29, 2012, Fresenius Medical Care issued a product notification regarding its NaturaLyte[®] Liquid and Granuflo[®] acid concentrate products that are used as one component of dialysate. The notification, which was also incorporated into revised product labels, reflected a memorandum issued by the Fresenius Medical Services Chief Medical Office in November 2011 and cautioned clinicians about possible risks for acid-base management in patients associated with inappropriate prescription of these products. The FDA subsequently issued its own Safety Communication warning physicians about the need to prescribe all acid concentrate products currently available on the market appropriately. In May 2014, the FDA permitted Fresenius Medical Care to withdraw its March 29, 2012 notification and to revise its product labels consistently with that withdrawal. The FDA has not requested any change in the composition of Fresenius Medical Care’s acid concentrate products, nor has it requested any return or removal of products related to the November 2011 memorandum. The FDA’s Safety Communication directed at all dialysate products remains in effect. Fresenius Medical Care is still litigating wrongful death and personal injury matters predicated on the November 2011 memorandum.

On July 1, 2013, the FDA issued a warning letter to Fresenius Kabi related to an inspection of its oncolytic API plant in Kalyani, India in January 2013. The warning letter observations were related to GMP non-conformities regarding manufacturing, documentation practices and data integrity. Many of the data integrity items cited in the warning letter were self-identified by Fresenius Kabi post-inspection and shared with the FDA. As a precautionary measure, production at the plant had been put on hold in January 2013. The company has made significant progress in remedying the issues cited in the warning letter. Fresenius Kabi has restarted manufacturing at the facility based on a detailed remediation action plan submitted to the FDA.

We cannot assure that all necessary regulatory clearances or approvals, including those for new products or product improvements, will be granted on a timely basis, if at all. Delays in or failure to receive FDA clearance or approval for new products, delays in or failures to carry out product recalls or corrective actions under warning letters or being subject to other regulatory enforcement actions may materially adversely affect operating results.

International Product Regulation (Including Germany and Other Non-U.S.)

The Company sells its products in over 120 countries. Most countries maintain different regulatory regimes for medicinal products and for medical devices. In almost every country, there are rules regarding the quality, effectiveness, and safety of products and regulating their testing, production, and distribution. Treaties or other international law and standards and guidelines under treaties or laws may supplement or supersede individual country regulations.

Medicinal products. Many of our products are considered medicinal products and are, therefore, subject to the specific drug law provisions in the various countries. The European Union has issued a directive on medicinal products, No. 65/65/EEC (January 26, 1965), which was replaced by Directive 2001/83/EC of November 6, 2001 on the Community Code relating to medicinal products for human use. In addition, the EU has adopted Regulation No. 726/2004 (replacing Regulation No. 2209/93/EC), which sets out community procedures for the centralized authorization and supervision of medicinal products as amended. In Germany the German Drug Act (*Arzneimittelgesetz*) (“**AMG**”), which implements European Union requirements, is the primary regulation applicable to medicinal products.

The provisions of the AMG are in principle comparable with the legal standards in other European countries. As in many other countries, the AMG provides that a medicinal product may only be placed on the market if it has been granted a corresponding marketing authorization. Such marketing authorization is granted by the licensing authorities only if the quality, efficacy and safety of the medicinal product have been scientifically proven. Medicinal products marketed on the basis of a corresponding marketing authorization are subject to ongoing control by the competent authorities. The marketing authorization may also be subsequently restricted or made subject to specific requirements. It may be withdrawn or revoked if there was a reason for the refusal of the marketing authorization upon its grant or such reason arises subsequently, or if the medicinal product is not an effective therapy or its therapeutic effect has been insufficiently proven according to the relevant state of scientific knowledge. Such a reason for refusal is, inter alia, found to exist if there is a well-founded suspicion that the medicinal product has not been sufficiently examined in accordance with the current state of scientific knowledge, that the medicinal product does not show the appropriate quality, or that the medicinal product, when properly used as intended, produces detrimental effects going beyond the extent justifiable according to the current state of knowledge of medicinal science. The marketing authorization can also be withdrawn or revoked in the case of incorrect or incomplete information supplied in the authorization documents, if the quality checks prescribed for the medicinal product were insufficient or have not been sufficiently carried out, or if the withdrawal or revocation is required to comply with a decision made by the European Community or the European Union. Instead of a withdrawal or revocation, the suspension of the marketing authorization may be ordered for a limited period.

The provisions of the AMG and a statutory order, the Ordinance on the Production of Pharmaceuticals and Active Pharmaceutical Ingredients (*Arzneimittel- und Wirkstoffherstellungsverordnung*, “**AMWHV**”), also contain special requirements for the manufacture of medicinal products. The production of medicinal products requires a corresponding manufacturing license which is granted for a specific manufacturing facility and for specific medicinal products and forms of medicinal products. A manufacturer of medicinal products must, inter alia, employ pharmacists, chemists, biologists, or physicians responsible for the quality, safety and efficacy of the medicinal products. The manufacturer must name several responsible persons: a Qualified Person (“**QP**”) for the release of the medicinal product into the market possessing the expert knowledge specified by the AMG, a head of production, a head of quality control, and, if the manufacturer markets the medicinal products itself, a commissioner for the so-called graduated plan (“*Stufenplanbeauftragter*” for Germany, a Qualified Person for Pharmacovigilance (“**QPPV**”) for the European Union) and an information officer. It is the responsibility of the QP to ensure that each batch of the medicinal products is produced and examined in compliance with the statutory provisions of the AMG. The QPPV must, among other things, collect and assess any reported risks associated with the medicinal products and coordinate any necessary measures according to AMG. The QPPV, residing within the European Economic Area, is responsible for pharmacovigilance and the establishment of a system for handling of all suspected adverse reactions that need to be reported. The information officer is in charge of the scientific information relating to the medicinal products. All these persons may be held personally liable under German criminal law for any breach of the AMG.

International guidelines also govern the manufacture of medicinal products and, in many cases, overlap with national requirements. Material regulations concerning manufacture and registration related to medicinal products have been issued by the European Commission and the International Conference on Harmonization of Technical Requirements for Human Use (“**ICH**”) and Pharmaceutical Inspection Co-operation Scheme (“**PIC/S**”). Among other things, the European Commission, PIC/S and ICH establish requirements for GMP which are then adopted at the national level. Another international standard, which is non-binding for medicinal products, is the ISO9001:2008 system for assuring quality management system requirements. This system has a broader platform than EU-GMP, which is more detailed and is primarily acknowledged outside the field of medicinal products, e.g., with respect to medical devices. The ISO9001:2008 system is expected to be replaced in September 2015 by ISO9001:2015 systems which will contain advanced duties for the business entity’s management.

Medical Devices. In the past, medical devices were subject to less stringent regulation than medicinal products in some countries. In recent decades, however, statutory requirements have been increased. In the EU, the requirements to be satisfied by medical devices are laid down in three European directives to be observed by all Member States and all Member States of the European Economic Area (“**EEA**”), as well as all future accession states: (1) Directive 90/385/EEC of June 20, 1990 relating to active implantable medical devices (“**AIMDs**”), as last amended (“**AIMD Directive**”), (2) Directive 93/42/EEC of June 14, 1993 relating to medical devices, as last amended (“**MD Directive**”), and (3) Directive 98/79/EC of October 27, 1998 relating to in vitro diagnostic medical devices as last amended (“**IVD Directive**”). In addition, Directive 2001/95/EC of December 3, 2001, as last amended, concerning product safety should be noted. The AIMD and MD Directives were amended, inter alia, by Directive 2007/47/EC, intended to achieve improvements, for instance in the following areas: clinical assessment by specification of the requirements in more detail; monitoring of the devices after their placing on the market; and decision making by enabling the Commission to make binding decisions in case of contradictory opinions of states regarding the classification of a product as a medical device. Member States had to incorporate the new Directive into national law by December 21, 2008 and all manufacturers had to come into compliance by March 21, 2010. In the future, the industry will face increasing regulatory requirements for medical devices. In September 2012, the first draft of two new regulations on medical devices to replace the three existing medical devices directives were published by the European Commission. In October 2013, this draft, supplemented by additional amendments, was voted on by the European Parliament and subsequently published. It provided for further tightening of regulations for the manufacture of medical devices, as it applies to both manufacturers and accredited organizations within the EU (“**Notified Bodies**”) for assessing product standards. In April 2014, the European Parliament adopted its legislative resolutions on the two proposals. The final regulation has not come into force, but is expected to replace the MD Directive by approximately 2016/2017.

According to the directives relating to medical devices, the CE mark (the abbreviation of *Conformité Européenne* signifying that the device complies with the essential EU law requirements) shall serve as a general product passport for all Member States of the EU and the EEA. Upon receipt of a CE certificate for a product according to the applicable conformity assessment procedure, e.g., a certified full quality management system for medical devices according to ISO13485:2012, and the documented declaration and proof of conformity of our products to the harmonized European norms (Declaration of Conformity), we as the legal manufacturer are able to mark products as being in compliance with the European Union (“**EU**”) requirements. If able to do so, the manufacturer must place a “CE” mark on the products. Medical devices that do not bear the “CE” mark cannot be imported, sold or distributed within the EU.

The right to affix the CE mark is granted to any manufacturer who has observed the conformity assessment procedure prescribed for the relevant medical device and submitted the EC declaration of conformity before placing the medical device on the market. The conformity assessment procedures were standardized by Council Decision 93/465/EEC of July 22, 1993, which established modules for the various phases of the conformity assessment procedures intended to be used in the technical harmonization norms and the rules for the affixing and use of the CE mark. It was replaced by Decision 768/2008/EC of the European Parliament and of the Council of 9 July 2008. The conformity assessment modules to be used differ depending on the risk class of the medical device to be placed on the market. The classification rules for medical devices are, as a general rule, based upon the potential risk of causing harm to the human body. Annex IX to the MD Directive (making a distinction between four product classes I, IIa, IIb, and III) and Annex II to the IVD Directive (including a list of the products from lists A and B) contain classification criteria for products and product lists that are, in turn, assigned to specific conformity assessment modules. AIMDs represent a product class of their own and are subject to the separate AIMD Directive. Special rules apply, for example, to custom-made medical devices, medical devices manufactured in-house, medical devices intended for clinical investigation or in vitro diagnostic medical devices intended for performance evaluation, as well as for diagnostic medical devices for in-house use (“lay use”), combination devices and accessories to medical devices.

Under the MD Directive, the conformity assessment procedures for Class I devices with a low degree of invasiveness in the human body (e.g., devices without a measuring function that are not subject to any sterilization requirements), can, as a general rule, be made under the sole responsibility of the manufacturer by submitting an EC declaration of conformity (a self-certification or self-declaration). For Class IIa devices, the participation of a body designated by an EU Member State to carry out specific tasks pertaining to conformity assessment procedures (a “**Notified Body**”) is mandatory for the production phase. Devices of

classes IIb and III involving a high risk potential are subject to inspection by the Notified Body not only in relation to their manufacture (as for class IIa devices), but also in relation to their specifications and design. Class III is reserved for the most critical devices the marketing of which is subject to an explicit prior authorization with regard to their conformity. In risk categories IIa, IIb and III, the manufacturer can make use of several different conformity assessment modules.

Environmental Regulation

Our Company is subject to a broad range of laws and regulations in a number of countries throughout the world relating to pollution and the protection of the environment. These laws regulate, among other things, the discharge of materials into the environment, the handling and disposal of wastes, remediation of contaminated sites and other matters relating to worker and consumer health, and safety and to the protection of the environment. Noncompliance with these regulations can result in significant fines or penalties or limitations on our operations. The applicable environmental, health and safety laws and regulations, and any changes to them or their enforcement, may require us to make material expenditures with respect to ongoing compliance with or remediation under these laws and regulations or require that we modify our products or processes in a manner that increases our costs or reduces revenues.

In addition, we use substances regulated under U.S. and European environmental laws, primarily in manufacturing and sterilization processes. We believe the ongoing impact of compliance with environmental protection laws, rules and regulations will not have a material impact on our financial position or results of operations. An Environmental Management System (“EMS”) based on ISO 14001:2004 has been established in our main European production plants and in a high number of dialysis clinics in the European region. Compliance with environmental laws and regulations is a core objective of our EMS. Internal and external audits are organized and performed to verify compliance with the EMS and applicable environmental laws and regulations.

Facilities and Operational Regulation

United States

Federal, state and local regulations (implemented by CMS, FDA, the Occupational Health and Safety Administration (“OSHA”), the Drug Enforcement Administration, and state departments or boards of public health, public welfare, medicine, nursing, pharmacy, and medical assistance, among others) require us to meet various standards relating to, among other things, the management, licensing, safety, security and operation of facilities (including, e.g., laboratories, pharmacies, and clinics), personnel qualifications and licensing, the maintenance of proper records, equipment, and quality assurance programs, and the dispensing, storage, and administration of controlled substances. All of our operations in the United States are subject to periodic inspection by federal, state and local agencies to determine if the operations, premises, equipment, personnel and patient care meet applicable standards. To receive Medicare/Medicaid reimbursement, our health care centers, renal diagnostic support business and laboratories must be certified by CMS. While all of our entities that furnish Medicare or Medicaid services maintain and renew the required certifications, it is possible that any such entity could lose or be delayed in renewing a certification, which could have a material adverse effect on our business, financial condition, and results of operations.

Certain of our facilities and certain employees are also subject to state licensing statutes and regulations. These statutes and regulations are in addition to federal and state rules and standards that must be met to qualify for payments under Medicare, Medicaid and other government reimbursement programs. Licenses and approvals to operate these centers and conduct certain professional activities are customarily subject to periodic renewal and to revocation upon failure to comply with the conditions under which they were granted.

The Clinical Laboratory Improvement Amendments of 1988 (“CLIA”) subjects virtually all clinical laboratory testing facilities, including ours, to the jurisdiction of the Department of Health and Human Services (“HHS”). CLIA establishes national standards for assuring the quality of laboratories based upon the complexity of testing performed by a laboratory. Certain of our operations are also subject to federal laws governing the repackaging and dispensing of drugs and the maintenance and tracking of certain life sustaining and life-supporting equipment.

Our operations are subject to various U.S. Department of Transportation, Nuclear Regulatory Commission, Environmental Protection Agency, and OSHA requirements and other federal, state and local hazardous and medical waste disposal laws. As currently in effect, laws governing the disposal of hazardous waste do not classify most of the waste produced in connection with the provision of our health care services as hazardous, although disposal of non-hazardous medical waste is subject to specific state regulation. Our operations are also subject to various air emission and wastewater discharge regulations.

OSHA regulations require employers to provide employees who work with blood or other potentially infectious materials with prescribed protections against blood-borne and airborne pathogens. These regulatory requirements apply to all health care

facilities, including dialysis clinics and other health care centers and laboratories, and require employers to make a determination as to which employees may be exposed to blood or other potentially infectious materials and to have in effect a written exposure control plan. In addition, employers are required to provide hepatitis B vaccinations, personal protective equipment, blood-borne pathogens training, post-exposure evaluation and follow-up, waste disposal techniques and procedures, engineering and work practice controls and other OSHA-mandated programs for blood-borne and air-borne pathogens.

Some states in which we operate have certificate of need (“CON”) laws that require any person or entity seeking to establish a new health care service or to expand an existing service to apply for and receive an administrative determination that the service is needed. Several states in which we operate, as well as the District of Columbia and Puerto Rico, have CON laws applicable to our health care centers. These requirements could, as a result of a state’s internal determination of its dialysis service needs, prevent entry to new companies seeking to provide services in these states, and could constrain our ability to expand our operations in these states.

International (Including Germany and Other Non-U.S.)

Most countries outside of the United States regulate operating conditions of dialysis clinics and hospitals and the manufacturing of dialysis products, medicinal products and medical devices.

We are subject to a broad spectrum of regulation in almost all countries. Our operations must comply with various environmental and transportation regulations in the various countries in which we operate. Our manufacturing facilities and dialysis clinics are also subject to various standards relating to, among other things, facilities, management, personnel qualifications and licensing, maintenance of proper records, equipment, quality assurance programs, the operation of pharmacies, the protection of workers from blood-borne diseases and the dispensing of controlled substances. All of our operations may be subject to periodic inspection by various governmental authorities to determine if the operations, premises, equipment, personnel and patient care meet applicable standards. Our dialysis clinic operations and our related activities generally require licenses, which may be subject to periodic renewal and may be revoked for violation of applicable regulatory requirements.

In addition, many countries impose various investment restrictions on foreign companies. For instance, government approval may be required to enter into a joint venture with a local partner. Some countries do not permit foreign investors to own a majority interest in local companies or require that companies organized under their laws have at least one local shareholder. Investment restrictions therefore affect the corporate structure, operating procedures and other characteristics of our subsidiaries and joint ventures in these and other countries.

We believe our facilities are currently in compliance in all material respects with the applicable national and local requirements in the jurisdictions in which they operate.

Reimbursement

As a global company delivering health care and dialysis products worldwide, we face the challenge of addressing the needs of a wide variety of stakeholders, such as patients, customers, payors and legislators in very different economic environments and health care systems. In general, government-funded programs (in some countries in coordination with private insurers) pay for certain health care items and services provided to their citizens. Not all healthcare systems provide for dialysis treatment. Therefore, the reimbursement and ancillary services utilization environment significantly influences our business.

In some developing countries, only limited subsidies from government, social insurances or charitable institutions are available, and typically dialysis patients must personally finance all or a substantial share of the treatment cost. Irrespective of the funding structure, in some countries patients in need of dialysis do not receive treatment on a regular basis but rather when the financial resources allow it.

United States

Health Care Services. Fresenius Medical Care’s dialysis clinics provide outpatient hemodialysis treatment and related services for ESRD patients. In addition, some of Fresenius Medical Care’s clinics offer services for the provision of peritoneal dialysis and hemodialysis treatment at home, and dialysis for hospitalized patients.

The majority of treatments Fresenius Medical Care provides are paid for by governmental institutions. These include U.S. federally-funded health care benefit programs, such as Medicare and Medicaid, under which reimbursement rates are set by CMS. Legislative changes could affect Medicare reimbursement rates for a significant portion of the services Fresenius Medical Care provides. To date, while Fresenius Medical Care has generally experienced stable reimbursement globally, the stability of reimbursement in the United States has been affected by (i) the implementation of ESRD PPS in January 2011, (ii) the United

States federal government across-the-board spending cuts in payments to Medicare providers commonly referred to as “U.S. Sequestration”, (iii) the reduction to the ESRD PPS rate to account for the decline in utilization of certain drugs and biologicals associated with dialysis pursuant to the American Taxpayer Relief Act of 2012 (“**ATRA**”), and (iv) the enactment of PAMA. The Medicare program is the largest single source of health care services revenues from dialysis treatment. Approximately 51% of Fresenius Medical Care’s North America Segment health care services revenues for 2014 were for services rendered patients covered by Medicare’s ESRD program. In order to be eligible for reimbursement by Medicare, ESRD facilities must meet conditions for coverage established by CMS.

Medicare pays as the primary insurer for Medicare-eligible individuals under some circumstances. For details, see “—*Coordination of Benefits*” below. For Medicare-primary patients, Medicare pays 80% of the prospective payment amount for the ESRD PPS items and services. The beneficiary or third-party insurance payors (including employer-sponsored health insurance plans, commercial insurance carriers and the Medicaid program) on behalf of the beneficiary are responsible for paying the beneficiary’s cost-sharing obligations (typically the annual deductible and 20% co-insurance), subject to the specific coverage policies of such payors. Each third-party payor, including Medicaid, makes payment under contractual or regulatory reimbursement provisions that may or may not cover the full 20% co-payment or annual deductible. Where the beneficiary has no third-party insurance or the third-party insurance does not fully cover the co-payment or deductible, the beneficiary is responsible for paying the co-payments or the deductible, which Fresenius Medical Care frequently cannot fully collect despite collection efforts. In some states, Medicaid does not fully cover the cost-sharing obligations of Medicare-Medicaid dually eligible individuals, and Fresenius Medical Care is precluded from collecting directly from these beneficiaries. Under an advisory opinion from the Office of the Inspector General of the Department of Health and Human Services, subject to specified conditions, Fresenius Medical Care and other similarly situated providers may make contributions to a non-profit organization that has created a program to subsidize premium payments for supplemental medical insurance and/or “Medigap” insurance on behalf of indigent ESRD patients, including some of our patients.

Vascular Care. Dialysis requires access to the bloodstream, which is accomplished by catheters, grafts or arteriovenous fistulas. Fresenius Medical Care’s subsidiaries, Fresenius Vascular Care, Inc. (“**FVC**”) and NCP, own and/or manage a number of outpatient vascular access centers located in the U.S., which provide interventional services for the maintenance of ESRD patients’ vascular access. Maintaining the patency of a patient’s vascular access is an ongoing challenge and may occasionally require arthroplasty or other interventional services. In addition, the vascular access centers provide services to address peripheral artery disease, which is common in dialysis patients. For Medicare patients, who comprise the largest patient group served by FVC, these services are paid under Medicare’s physician fee schedule. CMS, usually acting in response to recommendations from the American Medical Association’s Relative Value Scale Update Committee, may revise the relative value units (a measure of the cost, complexity and risk of providing a specific health care service) and hence the payment rates of services paid under this fee schedule. In addition, all payment amounts under this fee schedule are subject to updates determined in part by the Medicare program sustainable growth rate (“**SGR**”) provision. The SGR seeks to limit annual increases in Medicare program costs to no more than the annual increase in the nation’s gross domestic product.

Medicaid Rebate Program and Other Government Drug Pricing Program Requirements. Manufacturers of certain drugs that are covered by the Medicaid program or that are reimbursed by the Medicare program are subject to various price determination and reporting requirements under federal statutes, including the Medicaid and Medicare statutes as well as the Public Health Service Act (“**PHSA**”) and the Veterans Health Care Act (“**VHCA**”). Compliance with the Medicaid rebate statute, the VHCA, the Medicare statute, and Section 340B of the PHSA requires Fresenius Medical Care to calculate and/or report a number of different pricing metrics (e.g., Average Manufacturer Price (“**AMP**”), Best Price (“**BP**”), Average Sales Price (“**ASP**”), Federal Ceiling Price (“**FCEP**”), non-federal average manufacturer price (“**Non-FAMP**”), and 340B ceiling price) to federal authorities responsible for monitoring and enforcing drug manufacturer compliance with federal law and policy.

Fresenius Medical Care participates in the federal Medicaid rebate program established by the Omnibus Budget Reconciliation Act of 1990, as well as several state supplemental rebate programs. Fresenius Medical Care makes its pharmaceutical products available to authorized users of the Federal Supply Schedule (“**FSS**”) of the General Services Administration under an FSS contract negotiated by the department of Veterans Affairs (“**VA**”). Under Fresenius Medical Care’s license to market and distribute the I.V. Iron medication Venofer[®] to freestanding dialysis clinics, Fresenius Medical Care also is considered, for statutory price reporting purposes, to be the manufacturer of Venofer[®] (when sold by Fresenius Medical Care under one of Fresenius Medical Care’s national drug codes (“**NDCs**”)), which is reimbursed under Part B of the Medicare program. Fresenius Medical Care’s products also are subject to a federal requirement that any company participating in the Medicaid rebate or Medicare program extend discounts comparable to the rebates paid to State Medicaid agencies to qualified purchasers under the Public Health Services (“**PHS**”) pharmaceutical pricing program managed by HHS (also known as the “**340B program**” by virtue of the section of the PHSA that created the program). The PHS pricing program extends these deep discounts on drugs to a variety of community health clinics and other entities that receive health services grants from the PHS, as well as hospitals that serve a disproportionate share of poor Medicare and Medicaid beneficiaries. ACA expanded the 340B program to include additional providers.

Under the Medicaid rebate program, Fresenius Medical Care pays a rebate to each state Medicaid program based upon sales of Fresenius Medical Care's covered outpatient drugs that are separately reimbursed by those programs. The ACA increased the minimum federal Medicare rebate percentages, effective January 1, 2010. Rebate calculations are complex and, in certain respects, subject to interpretations of law, regulation, or policy guidance by us, government or regulatory agencies and the courts. The Medicaid rebate amount is computed each quarter based on Fresenius Medical Care's submission to CMS of Fresenius Medical Care's current AMP and BP for Fresenius Medical Care's pharmaceutical products. The VHCA imposes a requirement that the prices Fresenius Medical Care charges to certain federal entities under the FSS must be no greater than the FCP, which is determined by applying a statutory discount to the non-FAMP charged to non-federal customers. Because the amount the government pays to reimburse the cost of a drug under Part B of the Medicare program is ordinarily based on the drug's ASP additional price calculation and reporting obligations are imposed on the manufacturers of Part B drugs under that program. Since Venofer[®] is a Part B drug (i.e., one ordinarily administered incident to a physician service), Fresenius Medical Care is responsible for compiling and utilizing a wide range of sales data elements to determine the ASP of Venofer[®] marketed under Fresenius Medical Care's NDC, and reporting it to CMS. Fresenius Medical Care is subject to specific ASP reporting obligations with respect to Fresenius Medical Care's Venofer[®] sales under a consent order issued by the Federal Trade Commission in October 2008 in connection with establishment of Fresenius Medical Care's licensing and distribution arrangements with Galenica and Luitpold (File No. 081-0146) described under "*Business Overview — Dialysis Products — Renal Pharmaceuticals.*" The Medicare ESRD PPS system incorporated payment for Venofer[®] at most dialysis facilities starting January 1, 2011.

Government agencies may make changes in program interpretations, requirements or conditions of participation, and retain the right to audit the accuracy of Fresenius Medical Care's computations of rebates and pricing, some of which may result in implications (such as recoupment) for amounts previously estimated or paid which may have a material adverse effect on Fresenius Medical Care's revenues, profitability and financial condition.

Laboratory Tests. Spectra obtains a portion of its net revenue from Medicare, which pays for clinical laboratory services provided to dialysis patients in two ways.

First, payment for most tests is included in the ESRD PPS bundled rate paid to dialysis clinics. The centers obtain the laboratory services from laboratories and pay the laboratories for the services. In accordance with industry practice, Spectra usually provides such testing services under capitation agreements with its customers pursuant to which it bills a fixed amount per patient per month to cover the laboratory tests included in the ESRD PPS rate at the frequencies designated in the capitation agreement.

Second, the few laboratory tests performed by Spectra for Medicare beneficiaries that are not included in the ESRD PPS bundled rate are billed separately to Medicare. Such tests are paid at 100% of the Medicare clinical laboratory fee schedule amounts, which vary across different geographic areas but which cannot exceed national ceilings on payment rates, called national limitation amounts ("NLAs"). Medicare updates the payment rates to reflect inflation by the change in consumer price index, subject to certain reductions. The ACA imposed a 1.75 percentage point reduction from the rate of change in the consumer price index for calendar years 2011 to 2015 together with a "productivity adjustment," expected to be slightly above 1 percentage point, applicable (with some restrictions) for years starting with 2011. In addition, the Middle Class Tax Relief and Job Creation Act of 2012 rebased payment amounts under the clinical laboratory fee schedule, reducing them by two percent effective January 1, 2013, and the sequester resulting from the Budget Control Act of 2011 produced an additional cut of two percent effective April 1, 2013.

Erythropoietin stimulating agents (ESAs). ESAs, including Epogen[®] and Aranesp[®], are used for management of anemia in patients with renal disease. ESAs are included in the bundled payment under the ESRD PPS.

The amount of ESA that is appropriate for a patient varies by several factors, including the severity of the patient's anemia and the patient's clinical response to the ESA. Anemia severity is commonly monitored by measuring a patient's hematocrit, an indicator of the proportion of red blood cells in a patient's whole blood, or by evaluating a patient's hemoglobin level. The FDA recommends initiating ESA treatment when the patient's hemoglobin level is less than 10 g/dcl and to reduce or interrupt the dose of ESA if the patient's hemoglobin level approaches or exceeds 11 g/dcl. The recommendation, which was added to the "black-box" warning on ESA packages and the package insert, states that for each patient, therapy should be individualized, using the lowest ESA dose possible to reduce the need for red blood cell transfusions.

Any of the following changes relating to ESAs could adversely affect Fresenius Medical Care's business, and results of operations, possibly materially:

- an interruption in the supply of ESAs;

- material increases in the utilization or cost of ESAs without offsetting increases in the ESRD PPS reimbursement rate; or
- reduction by the manufacturer of ESAs of the amount of overfill in the ESA vials.

Medicare's ESRD Prospective Payment System. Under the ESRD PPS, CMS reimburses dialysis facilities with a single payment for each dialysis treatment, inclusive of (i) all items and services included in the former composite rate, (ii) oral vitamin D analogues, oral levocarnitine (an amino acid derivative) and all ESAs and other pharmaceuticals (other than vaccines) furnished to ESRD patients that were previously reimbursed separately under Part B of the Medicare program, (iii) most diagnostic laboratory tests and (iv) certain other items and services furnished to individuals for the treatment of ESRD. On April 1, 2014, PAMA was signed into law. The law mandated that ESRD-related drugs with only an oral form, including PhosLo[®], are expected to be reimbursed under the ESRD PPS in the future with adjusted payment amounts to be determined by the Secretary of HHS to reflect the additional cost to dialysis facilities of providing these medications. Subsequently, the Achieving a Better Life Experience Act of 2014 delayed inclusion of such drugs in the ESRD PPS until January 1, 2025. The base ESRD PPS payment is subject to case mix adjustments that take into account individual patient characteristics (e.g., age, body surface area, body mass, time on dialysis) and certain co-morbidities. The base payment is also adjusted for (i) certain high cost patient outliers due to unusual variations in medically necessary care, (ii) disparately high costs incurred by low volume facilities relative to other facilities, (iii) provision of home dialysis training and (iv) wage-related costs in the geographic area in which the provider is located.

Significant Legislative Impacts on U.S. Reimbursement

- Under Medicare Improvements for Patients and Providers Act of 2008 ("**MIPPA**"), for patients with Medicare coverage, all ESRD payments for dialysis treatments are made under a single bundled payment rate which provides a fixed payment rate, ESRD PPS, to encompass all goods and services provided during the dialysis treatment. MIPPA further created the ESRD quality incentive program ("**QIP**") which dictates that dialysis facilities that fail to achieve quality standards established by CMS could have payments reduced by up to 2 percent.
- MIPPA also includes a provision for an annual adjustment to the ESRD PPS base rate based on changes in the costs of a "market basket" of certain healthcare items and services, less a productivity adjustment.
- Additionally, as a result of the Budget Control Act of 2011 ("**Budget Control Act**") and subsequent activity in Congress, a \$1.2 trillion sequester (across-the-board spending cuts) in discretionary programs took effect on March 1, 2013 and is expected to continue through mid-2024. In particular, a 2% reduction to Medicare payments took effect on April 1, 2013 which continues in force. The across-the-board spending cuts pursuant to U.S. Sequestration have adversely affected and will continue to adversely affect our revenues, earnings and cash flows.

CMS ESRD PPS Payment Rates. The ESRD PPS payment amounts are subject to annual adjustment based on increases in the costs of a "market basket" of certain health care items and services less a productivity adjustment. On November 6, 2014, CMS issued the final rule updating the ESRD PPS for 2015, pursuant to which the base rate was revised from US\$239.02 for 2014 to US\$239.43 for 2015. This change reflects a wage index budget neutrality adjustment factor of 1.001729. On June 26, 2015, CMS issued a proposed ruling regarding the ESRD PPS rate for 2016. Based upon the current proposal, CMS expects that large dialysis organizations will experience a 0.3% increase in payments. The proposal for the base rate per treatment is \$230.20, which represents an approximate reduction of 4%, net, from the 2015 base rate. The 2016 proposal reflects a net market basket increase of 0.15% (2% less 1.25% PAMA reduction and 0.6% productivity adjustment), application of a wage index budget-neutrality adjustment factor of 1.000332 and application of a refinement budget-neutrality adjustment factor of 0.959703. However, the approximate 4% reduction is almost completely offset with CMS proposed case mix adjustments based upon their analysis of the fiscal years 2012 and 2013.

Reimbursement Expectation. As a consequence of the pressure to decrease health care costs, government reimbursement rate increases have historically been limited and are expected to remain stable in the future. Fresenius Medical Care has generally experienced stable reimbursement globally, including the balancing of unfavorable reimbursement changes in certain countries with favorable changes in other countries. However, significant decreases in Medicare reimbursement rates could have material adverse effects on Fresenius Medical Care's business and, consequently, on our business. To the extent that increases in operating costs that are affected by inflation, such as labor and supply costs, are not fully reflected in a compensating increase in reimbursement rates, Fresenius Medical Care's business and results of operations may be adversely affected.

New or Developing Revenue Streams. Fresenius Medical Care has applied to participate in CMS' new Comprehensive ESRD Care Model, also known as ESRD Seamless Care Organizations ("**ESCOs**"), for payment and care delivery that seeks to deliver better health outcomes for ESRD patients while lowering CMS's costs. ESCOs that achieve the program's minimum

quality thresholds and generate reductions in CMS's cost of care above certain thresholds for the ESRD patients covered by the ESCO will receive a share of the cost savings. ESCOs that include dialysis chains with more than 200 facilities are required to share in the risk of cost increases and reimburse CMS a share of any such increases. CMS had hoped to launch the ESCO program in January 2015, but has recently informed applicants that they hope to commence the program in the second half of 2015.

The Bundled Payments for Care Improvement initiative ("**BPCI**") is a CMS three year pilot initiative with bundled payments for the individual services furnished to Medicare beneficiaries during a single episode of illness or course of treatment, including acute inpatient hospital services, physician services, and post-acute services. Fresenius Medical Care's majority-owned subsidiary, Sound Inpatient Physicians, Inc., commenced participation under BPCI in April 2015 in several markets. Under the BPCI, Fresenius Medical Care has the ability to receive additional payments if Fresenius Medical Care is able to deliver quality care at a cost that is lower than certain established benchmarks, but also has the risk of incurring financial penalties if it is not successful in doing so. Should Fresenius Medical Care fail to perform as required under the BPCI initiative and our agreement with CMS, CMS may, among other remedies, terminate Fresenius Medical Care's right to participate in the BPCI program, in whole or in part.

Fresenius Medical Care has entered and is proposing to enter into various arrangements which involve taking risk for the complete care of certain ESRD patients in exchange for set payments. Fresenius Medical Care has submitted an application to CMS to obtain approval to offer a Medicare Advantage ESRD Chronic Special Needs Plan ("**MA-CSNP**") as of January 1, 2016. MA-CSNPs are Medicare health plans offered by private companies that contract with Medicare to provide patients with Medicare benefits. Membership is limited to special needs individuals with specific severe or disabling chronic conditions such as ESRD. MA-CSNPs focus on improving the coordination of care by monitoring health status, managing chronic diseases, avoiding inappropriate hospitalizations and helping beneficiaries manage their condition more effectively on the care continuum. As a MA-CSNP, Fresenius Medical Care will provide services, including Care Coordination services, and receive set payments from CMS for the complete care of ESRD patients who have enrolled in Fresenius Medical Care's MA-CSNP. In furtherance of the goal of offering a MA-CSNP, Fresenius Medical Care is acquiring state Health Maintenance Organization and Preferred Provider Organization licenses that will permit it to assume the risk under state law for the complete care of enrolled ESRD patients.

Fresenius Medical Care has also entered into sub-capitation and other shared savings arrangements with certain payors to provide care to Medicare Advantage ESRD patients. Under these arrangements, a baseline per patient per month amount is established. If Fresenius Medical Care provides complete care for less than the baseline, Fresenius Medical Care retains the difference. If the cost of complete care exceeds the baseline, Fresenius Medical Care owes the payor the difference.

Coordination of Benefits. Medicare entitlement begins for most patients at least three months after the initiation of chronic dialysis treatment at a dialysis center. During the first three months, considered to be a waiting period, the patient or patient's insurance, Medicaid or a state renal program is generally responsible for payment.

Patients who are covered by Medicare and are also covered by an employer group health plan ("**EGHP**") are subject to a 30-month coordination period during which the EGHP is the primary payor and Medicare the secondary payor. During this coordination period the EGHP pays a negotiated rate or in the absence of such a rate, Fresenius Medical Care's standard rate or a rate defined by its plan documents. The EGHP payments are generally higher than the Medicare payment. EGHP insurance, when available, will therefore generally cover as the primary payor a total of 33 months, the 3-month waiting period plus the 30-month coordination period. Any significant decreases in EGHP reimbursement rates could have material adverse effects on Fresenius Medical Care's provider business and, because the demand for products is affected by provider reimbursement, on Fresenius Medical Care's products business.

Possible Future Legislation. In the current legislative environment, increases in government spending may need to be accompanied by corresponding offsets. In recent years, Congress has reduced Medicare spending to help offset increases in spending in other areas, including trade promotion and assistance for Americans with disabilities. In addition, budget and debt ceiling deliberations may result in further reductions in spending. We cannot predict whether reductions in Medicare or Medicaid spending would be required for future legislation, whether related to health care or otherwise. Material reductions in payments to dialysis facilities and to physicians in general could materially and adversely affect our revenues and profitability in our dialysis, vascular, cardiovascular and endovascular specialty services and hospitalist businesses.

Possible Changes in Statutes or Regulations. Further legislation or regulations may be enacted in the future that could substantially modify or reduce the amounts paid for services and products offered by us and our subsidiaries. It is also possible that statutes may be adopted or regulations may be promulgated in the future that impose additional eligibility requirements for participation in the federal and state health care programs. In particular, CMS and the Department of Health and Human Services are continuing to implement various provisions of ACA. As a result, further regulations may be promulgated in the future that could substantially change the Medicare and Medicaid reimbursement systems, or that could impose additional eligibility requirements for participation in the federal and state health care programs. Moreover, such regulations could alter the current

responsibilities of third-party insurance payors (including employer-sponsored health insurance plans, commercial insurance carriers and the Medicaid program) including, without limitation, with respect to cost-sharing obligations. Such new legislation or regulations could, depending upon the detail of the provisions, have positive or adverse effects, possibly material, on our businesses and results of operations.

International (Including Germany and Other Non-U.S.)

As a global health care company, we face the challenge of addressing the needs of patients and customers in widely varying economic and health care environments. In the major European and British Commonwealth countries, health care systems are generally based on one of two funding models. The “Bismarck system”, is based on mandatory employer and employee contributions dedicated to health care financing. The “Beveridge system”, provides a national health care system financed by taxes. The health care systems of countries such as Germany, France, Belgium, Austria, Czech Republic, Poland, Hungary, Turkey and the Netherlands are based on the Bismarck-type system. Countries such as the United Kingdom, Canada, Denmark, Finland, Portugal, Sweden and Italy established their national health services using the Beveridge-type system. However, during the last decade, health care financing under many social security systems has also been significantly subsidized with tax money.

In Asia-Pacific, tax-based funding is available in Australia, New Zealand, Hong Kong, Macau, Malaysia, South Korea, Taiwan and Thailand. Japan and the Philippines run a Bismarck-style system, while Indonesia has announced its intention to establish universal coverage in such a system by 2019. Singaporeans contribute to a mandatory medical savings plan that can be used to cover hospital costs and may receive a limited amount of tax-based subsidies to cover catastrophic illnesses. China aims for universal coverage by 2020 by enrolling patients in various mixed social insurance and taxation-based schemes. Most other countries provide little or no funding for ESRD patients.

Remuneration for ESRD treatment widely differs between countries. There are three main types of reimbursement modalities: national budget allocation, reimbursement based on fee-for-service and a flat periodic rate. In some cases, the reimbursement modalities also vary within the same country depending on the type of health care provider (public or private). Budget allocation is a reimbursement modality used mainly for public providers in most of the European countries where the funding is based on taxation and in some of the countries where it is based on social security. Fee for service is the most common reimbursement modality for private providers in all European and Asia-Pacific countries (with exceptions, such as Germany, where reimbursement to private providers within the statutory health insurance system is based on a weekly flat rate subject to annual review) and for public providers in countries where the funding system is based on social security payments.

Regarding Fresenius Medical Care, treatment components included in the base reimbursement rate may vary from country-to-country or even within countries, depending on the structure and cost allocation principles. In the highly integrated reimbursement models for dialysis, also often referred to as “bundled” reimbursement, (applicable e.g., in Portugal, Ukraine, Taiwan, and South Korea) the dialysis reimbursement rate covers all — or almost all — treatment related components, including the dialysis session, laboratory services and ESAs. Under such reimbursement models, the amount of reimbursement can depend on the fulfillment of specified treatment results and quality control parameters. In such systems, the therapeutic goals include, among others, the adequacy of dialysis, targets for hemoglobin levels, bone metabolism status, water quality as well as outcome measures such as mortality rate and hospitalization days. Countries with a relatively low integration of the treatment components in the base reimbursement (such as the Czech Republic, the United Kingdom and Germany) dedicate correspondently diverse additional payments for other services rendered to dialysis patients arising from different budgets (or payment streams), depending on the national health care regulations.

Where treatment is reimbursed on a fee-for-service basis, reimbursement rates are sometimes allocated in accordance with the type of treatment performed. We believe that it is difficult to judge reimbursement based on an average global reimbursement amount because the services and costs for which reimbursement is provided in any such average global amount would likely bear little relation to the actual reimbursement system in any one country. Generally, in European countries with established dialysis programs, reimbursements range from US\$100 to more than US\$400 per treatment. In Asia Pacific, reimbursement rates can be significantly lower. However, a comparison from country to country would not be meaningful if made in the absence of a detailed analysis of the cost components reimbursed, services rendered and the structure of the dialysis clinic in each country being compared.

Health care expenditures are consuming an ever-increasing portion of gross domestic product worldwide. In the developed economies of Europe, Asia and Latin America, health care spending is in the range of 5%-15% of gross domestic product. In many countries, dialysis costs consume a disproportionately high portion of the health care budget. In South Korea and Japan, patients contribute co-payments of up to 10% of the treatment costs unless they live below the poverty line. Other countries, such as Hong Kong and Thailand, have adopted “Peritoneal Dialysis First” policies to reduce dialysis treatment costs. In times of increasing financial constraints, e.g., the Eurozone financial crisis, these costs among others may be considered a target for implementation of cost containment measures.

However, past experiences have shown that legislators are often willing to combine austerity measures with reforms of health care regulation. This offers significant chances for industrialized integrated medical service providers to take up more responsibilities in the care cycle towards coordinated care services and outcome-based reimbursement models.

Today, there is increasing legislator/payor awareness of the correlation between the quality of care delivered in the dialysis unit (including coordination with other health care specialists) and the total health care expenses incurred by the dialysis patient. Accordingly, developments in reimbursement policies might include higher reimbursement rates for practices and holistic treatment pathways which are believed to improve the overall state of health of the ESRD patient and reduce the need for additional medical treatment—thereby reducing overall health care costs for dialysis patients. There can be no assurance, however, that any such value-based reimbursement models will be readily adopted.

Anti-Kickback Statutes, False Claims Act, Health Insurance Portability and Accountability Act of 1996, Civil Monetary Penalties Law, Stark Law and Other Fraud and Abuse Laws in the United States

Some of our operations are subject to federal and state statutes and regulations governing financial relationships between health care providers and potential referral sources and reimbursement for services and items provided to Medicare and Medicaid patients. Such laws include the Anti-Kickback Statute, the False Claims Act, the Stark Law, and other federal health care fraud and abuse laws and similar state laws.

The U.S. Government, many individual states and private third-party risk insurers have devoted increasing resources to combat fraud, waste, and abuse in the health care sector. The Office of the Inspector General of HHS (“OIG”), state Medicaid fraud control units, and other enforcement agencies have dedicated substantial resources to their efforts to detect agreements between physicians and service providers that may violate fraud and abuse laws.

Recent health reform legislation has also enhanced the government’s ability to pursue actions against potential violators, by expanding the government’s investigative authority, expanding criminal and administrative penalties, by increasing funding for enforcement, and providing the government with expanded opportunities to pursue actions under the federal Anti-Kickback Statute, the False Claims Act, and the Stark Law. For example, ACA narrowed the public disclosure bar under the False Claims Act, allowing increased opportunities for whistleblower litigation. In addition, the legislation modified the intent standard under the federal Anti-Kickback Statute, making it easier for prosecutors to prove that alleged violators had met the requisite knowledge requirement. ACA also requires providers and suppliers to report any Medicare or Medicaid overpayment and return the overpayment on the later of 60 days of identification of the overpayment or the date the cost report is due (if applicable), or all claims associated with the overpayment will become false claims. The ACA also provides that any claim submitted from an arrangement that violates the Anti-Kickback Statute is a false claim.

Anti-Kickback Statutes

We are subject to the federal Anti-Kickback Statute, which establishes criminal prohibitions against and civil penalties for the knowing and willful solicitation, receipt, offer or payment of any remuneration, whether direct or indirect, in return for or to induce the referral of patients or the ordering or purchasing of items or services payable in whole or in part under Medicare, Medicaid or other federal health care programs. Sanctions for violations of the Anti-Kickback Statute include criminal and civil penalties, such as imprisonment and/or criminal fines of up to US\$25,000 per violation, and civil penalties of up to US\$50,000 per violation and up to three times the amount received from the health care program, and exclusion from the Medicare or Medicaid programs and other federal programs.

The OIG has the authority to promulgate regulations referred to as “safe harbors” that define certain business relationships and arrangements that would not be subject to civil sanction or criminal enforcement under the Anti-Kickback Statute. Failure to comply with a safe harbor provision does not make the activity illegal. Rather, the safe harbors set forth specific criteria that, if fully met, will assure the entities involved of not being prosecuted criminally or civilly for the arrangement under the Anti-Kickback Statute.

Many states also have enacted statutes similar to the Anti-Kickback Statute, which may include criminal penalties, applicable to referrals of patients regardless of payor source, and may contain exceptions different from state to state and from those contained in the federal Anti-Kickback Statute.

In Germany, legislative procedures for the implementation of criminal penalties for health care professionals for the knowing and willful solicitation, receipt, offer or payment of any remuneration, whether direct or indirect, in return for or to induce the referral of patients or ordering, purchasing, or prescription of items or services are under way. The new regulation on criminal offence (“Corruption and Bribery in the Health Care Sector”, sec. 299a *German Criminal Code*) is expected to come into force before the end of 2015. Additionally, three German state level acts governing the operation of hospitals contain provisions which

explicitly ban kickbacks (In North Rhine-Westphalia, Thuringia and Bremen). In case of serious infringements the hospital's accreditation can be revoked.

False Claims Act and Related Provisions

The federal False Claims Act (the “**False Claims Act**”) imposes treble damages and civil penalties for knowingly making or causing to be made false claims with respect to governmental programs, such as Medicare and Medicaid, for services billed but not rendered, or for misrepresenting actual services rendered, in order to obtain higher reimbursement. In addition, ACA requires that overpayments be reported and returned within 60 days after the overpayment is identified or the corresponding cost report was due. Failure to report and return the overpayment creates the basis for Federal False Claims Act liability. The ACA makes clear that a claim that includes items or services resulting from a violation of the Anti-Kickback Statute constitutes a false claim or fraudulent claim for purposes of the False Claims Act. Under the interpretation of certain courts, and now ratified by legislation, claims submitted for services furnished in violation of the Stark Law could also violate the False Claims Act. Moreover, private individuals may bring whistleblower suits against providers under the False Claims Act, which authorizes the payment of 15-30% of any recovery to the individual bringing suit. Such actions are initially required to be filed under seal pending their review by the Department of Justice. The False Claims Act generally provides for the imposition of civil penalties of US\$5,500 to US\$11,000 per claim and for treble damages, resulting in the possibility of substantial financial penalties for small billing errors that are replicated in a large number of claims, as each individual claim could be deemed to be a separate violation of the False Claims Act. Some states also have enacted statutes similar to the False Claims Act which may include criminal penalties, substantial fines, and treble damages.

The Health Insurance Portability and Accountability Act of 1996 (“HIPAA”)

HIPAA, which was enacted in August 1996, expanded federal fraud and abuse laws by increasing their reach to all federal health care programs, establishing new bases for exclusions and mandating minimum exclusion terms, creating an additional statutory exception to the Anti-Kickback Statute for risk-sharing arrangements, requiring the HHS to issue advisory opinions, increasing civil money penalties to US\$10,000 per item or service and assessments to three times the amount claimed, creating a specific health care fraud offense and related health fraud crimes, and expanding investigative authority and sanctions applicable to health care fraud. HIPAA also prohibits a provider from offering anything of value which the provider knows or should know would be likely to induce a federal health care program beneficiary to select or continue with the provider.

HIPAA includes a health care fraud provision prohibiting knowingly and willfully executing a scheme or artifice to defraud any “health care benefit program”, which includes any public or private plan or contract affecting commerce under which any medical benefit, item, or service is provided to any individual, and includes any individual or entity who is providing a medical benefit, item, or service for which payment may be made under the plan or contract. Penalties for violating this statute include criminal penalties, exclusion from the Medicare and Medicaid programs, freezing of assets and forfeiture of property traceable to commission of a health care fraud.

Pursuant to HIPAA, HHS has promulgated regulations that (1) establish national standards for certain electronic health care transactions, (2) restrict the use and disclosure of certain individually identifiable patient health information, termed “protected health information” (“**PHI**”), and (3) regulate the security of the electronic systems maintaining such information (collectively, the “**HIPAA Regulations**”). Health insurance payers and health care providers like us must comply with the HIPAA Regulations. Violations of the HIPAA Regulations may result in civil monetary penalties and criminal sanctions. Penalties are tiered and range from US\$100 to US\$50,000 per violation with an annual cap for the same violation of US\$25,000 to US\$1,500,000.

The Health Information Technology for Economic and Clinical Health Act (“**HITECH Act**”), enacted as part of the American Recovery and Reinvestment Act of 2009 (“**ARRA**”), required changes to the HIPAA Regulations, and HHS promulgated a revised version of the HIPAA Regulations in early 2013. Under the HIPAA Regulations as so revised, we are additionally required, among other things, to (i) provide patients (as well as HHS and in some cases the media) with notifications in the event of a breach in the security of their “unsecured” PHI; (ii) more strictly limit uses of PHI for marketing purposes; (iii) decline payment in exchange for PHI except in limited circumstances; (iv) grant individual requests to restrict disclosures of PHI relating to medical care to insurers when a patient has paid out-of-pocket for that care in full; and (v) provide individuals, upon request, with electronic versions of their PHI that we hold in electronic form (dating back six years).

The HITECH Act also provides that HHS shall issue regulations that would require us to provide patients with an accounting of all of our disclosures (within the past 3 years) of PHI for purposes of payment, treatment and health care operations; (currently we are required to provide accountings of disclosures made for other purposes, but not for these three most common purposes). HHS has delayed issuing those regulations, but may issue them in proposed form in the coming year.

The HHS Office for Civil Rights (“OCR”) has increased enforcement activities and has recently levied large penalties for violations. In addition, as mandated by the HITECH Act, OCR has been conducting audits to assess compliance by covered entities and their business associates with the HIPAA Privacy and Security Rules and the security breach notification standards.

Many U.S. states also have enacted health care privacy and data security breach laws governing patient information, medical records and personal information, including sensitive information such as financial and identity data. The HIPAA Regulations pre-empt conflicting U.S. state laws, but they do not pre-empt U.S. state laws that are more protective of individual privacy or the security of PHI. Thus, where such more protective state laws exist, we must comply with both the HIPAA Regulations and U.S. state privacy law. In addition, almost all U.S. states now require notification to affected individuals and state authorities, as well as the media in certain cases, in the event of a breach of the security of personal information (including personal health information in a few states), often with significant financial penalties for noncompliance. In general, the body of regulation of personal information, including but not limited to personal health information, is growing and merits close monitoring.

Civil Monetary Penalties Law

Individuals or entities who have, among other things, (1) directly submitted, or caused to be submitted, claims which are improper or false; (2) arranged or contracted with an individual or entity that the person knows or should know is excluded from participation in federal health care programs; (3) offered or transferred remuneration to an individual to influence such individual in order to receive health care services from a particular health care provider or (4) offered or received kickbacks may be subject to monetary penalties or exclusion under the Civil Monetary Penalties Law (“CMPL”) at the discretion of the OIG. Penalties are generally not more than US\$10,000 for each item or service. However, under the CMPL, violators of the federal Anti-Kickback Statute provisions may also be subject to additional civil money penalties of US\$50,000 per violation. Violators are also subject to an assessment of up to three times the amount claimed for each item or service in lieu of damages sustained by the United States or a state agency because of such claim, or damages of up to three times the total amount of remuneration offered, paid, solicited, or received. In addition, any person or entity who violates this section may be excluded from participation in the federal or state health care programs.

Stark Law

Our contractual arrangements with physicians may implicate the federal physician self-referral statute commonly known as the Stark Law (defined above). The Stark Law prohibits the referral of Medicare and Medicaid beneficiaries for any “designated health services” to an entity if the physician or a member of such physician's immediate family has a “financial relationship” with the entity, unless an exception in the Stark Law or regulations applies. The term “Designated Health Services” includes clinical laboratory services, physical therapy, occupational therapy and speech language pathology services; radiology and certain other imaging services; radiation therapy services and supplies; durable medical equipment and supplies; parenteral and enteral nutrients, equipment and supplies; prosthetics, orthotics, and prosthetic devices and supplies; home health services; outpatient prescription drugs; and inpatient and outpatient hospital services. Services reimbursed by Medicare to a dialysis facility under the ESRD composite rate are excluded from the definition of Designated Health Services and an exception for Epogen[®] and certain other dialysis-related outpatient prescription drugs furnished in or by an ESRD facility under many circumstances.

The Stark Law provides that the entity that renders the “designated health services” may not present or cause to be presented a claim for “designated health services” furnished pursuant to a prohibited referral. Sanctions for violations of the Stark Law may include denial of payment, refund obligations, civil monetary penalties and exclusion of the provider from the Medicare and Medicaid programs. Certain of our health care facilities bill for Designated Health Services and those providers' financial arrangements with referring physicians are subject to the Stark Law.

In addition, the term “financial relationship” is broadly defined to include any direct or indirect ownership or investment interest or compensation arrangement. There are a number of exceptions to the Stark Law including exceptions for employment contracts, professional services agreements, indirect compensation arrangements, and other arrangements customary between physicians and health care entities.

Since the Stark Law was enacted, there has been an evolving body of regulations. CMS continues to address the Stark Law as part of its annual rulemaking process for reimbursement under the Medicare Part B Physician Fee Schedule or under the Inpatient Prospective Payment System. Many states in which we operate have enacted self-referral statutes similar to the Stark Law. Such state self-referral laws may apply to referrals of patients regardless of payor source and may contain exceptions different from each other and from those contained in the Stark Law.

Physician Payment Sunshine Act

ACA contains Physician Payment Sunshine Act (section 6002) (“**PPSA**”). On February 8, 2013, CMS issued final regulations under the PPSA that require applicable pharmaceutical, medical device, biological, and medical supply manufacturers, including the Company, to record and report annually to HHS certain “payments or other transfers of value” to physicians and teaching hospitals. The PPSA also requires applicable manufacturers to report certain information regarding the ownership or investment interests held by physicians or the immediate family members of physicians in such entities.

Other Fraud and Abuse Laws

Our operations are also subject to a variety of other federal and state fraud and abuse laws, principally designed to ensure that claims for payment to be made with public funds are complete, accurate and fully comply with all applicable program rules, and to prevent remuneration in exchange for referrals or purchases of items which may be reimbursed by the government or which may lead to overutilization, corruption of health care provider judgment, or a lack of transparency in costs or charges. In addition, our hospitalist business performs services at hospitals, and other health care facilities, we and our affiliated providers may be subject to the laws that are applicable to those entities. For example, our operations are impacted by the Emergency Medical Treatment and Labor Act that prohibits “patient dumping” by requiring Medicare-participating hospitals and hospital emergency room physicians or hospital urgent care center physicians to provide a medical screening examination to any patient presented to the hospital’s emergency department or urgent care center, regardless of the patient’s ability to pay, legal status or citizenship. In addition, if it is determined that the individual has an emergency medical condition, the facility must provide stabilizing treatment within its capabilities or provide for an appropriate transfer of the individual. Many states in which we operate have similar state law provisions concerning patient dumping. Failure to remain in compliance with any of these rules by any of our subject businesses could result in a material adverse effect on our business, financial condition or results of operations.

Health Care Reform

In response to increases in health care costs in recent years, there have been, and continue to be, proposals by the federal government, state governments, regulators and third-party payors to control these costs and reform the U.S. health care system. For example, the ACA contained broad health care system reforms, including (i) provisions to facilitate access to affordable health insurance for all Americans, (ii) expansion of the Medicaid program, (iii) an industry fee on pharmaceutical companies starting in 2011 based on sales of brand name pharmaceuticals to government health care programs, (iv) a 2.3% excise tax on manufacturers’ medical device sales starting in 2013, (v) increases in Medicaid prescription drug rebates effective January 1, 2010, (vi) commercial insurance market reforms that protect consumers, such as bans on lifetime and annual limits, coverage of pre-existing conditions, and limits on waiting periods, (vii) provisions encouraging integrated care, efficiency and coordination among providers and (viii) provisions for reduction of health care program waste and fraud. Any health care reform could, depending upon the implementation and detail of the provisions, have positive or adverse effects, possibly material, on our businesses and results of operations.

German Regulations Relating to Hospital Management

General

The health care provision sector is subject to intense regulation. The German lawmaker defines the structure and organization of the health care sector, responds to supply needs within the sector and plans how they can best be met, awards permits, decides the scope of the services provided and fixes the tariff system. The operation of acute care hospitals, post-acute care clinics, nursing homes, medical care centers and other out-patient facilities is highly regulated with regard to permit requirements, accreditation and remuneration for provision of health care services on behalf of statutory cost bearers.

Accreditation and remuneration for service provision in the context of the German statutory social insurance system

The German health care sector is dominated by a statutory insurance system which provides a basic protection against most serious hazards. Statutory cost bearers bear the costs that result from a realized risk. The cost bearers in the German health care sector are, inter alia, statutory health insurers, statutory pension funds, statutory accident funds, statutory nursing care insurers and social security and welfare authorities. From an economic perspective, statutory health care insurers are the most important cost bearers in Germany. As of June 30, 2015, there were 124 health care insurers insuring about 70 million patients. Health care providers, like acute care hospitals, post-acute care clinics (medical rehabilitation), nursing homes or medical care centers (*Medizinische Versorgungszentren*) require an accreditation to provide services to statutorily insured patients on behalf of, and in return for, payment from the statutory cost bearers. The relations between statutory cost bearers, health care providers and policyholders are governed by the German Social Security Code Books (*Sozialgesetzbuch* – “**SGB**”).

Acute care hospitals

Acute care hospitals may provide services to statutorily insured patients on behalf of, and in return for payment, from the statutory health insurers, provided (i) they have been admitted to the respective state hospital supply plan (*Krankenhausplan*), or (ii) they have entered into a (medical) care agreement (*Versorgungsvertrag*) with the relevant state association(s) of health insurers. There is no strict obligation on the competent authority to admit acute care clinics to the hospital supply plan or on state associations of health care insurers to enter into a contract with all acute care hospitals. Only the most suitable (efficient and economic) hospitals have to be selected. Accredited hospitals are obliged to supply acute care treatment to statutorily insured patients under the terms of their health care mandate. However, there is no referral guarantee.

The hospital supply plan (*Krankenhausplan*) is the result of a governmental planning process designed to ensure that the supply of acute care hospital services available meets public demand. The admission to the hospital supply plan is an administrative act issued to the operator of the hospital according to the German Federal Hospital Financing Act (*Krankenhausfinanzierungsgesetz*, “**KHG**”) specifying the accredited departments/number of beds. Status as “plan hospital” can be granted if the acute care hospital (i) guarantees the effective and economic provision of health care services and (ii) is required to fulfill public demand for health care services. This status can be withdrawn only if the aforementioned requirements are no longer met. The withdrawal of the status as plan hospital can be restricted to specific parts of the hospital, such as individual beds or departments.

Alternatively, an acute care hospital can be accredited by way of a written medical care contract (*Versorgungsvertrag*) with the relevant state association(s) of health insurers. The care contract defines the scope of the services provided, particularly in relation to the accommodation capacity, the number and function of departments and the general principles underlying the treatment offered. The state associations of health insurers may (partially) terminate a contract with one year’s notice only if the relevant hospital either cannot guarantee the effective and economic provision of health care services or if the hospital is no longer required for the provision of health care services to statutorily insured patients. The conclusion as well as the termination is only effective upon approval from the competent authority.

Remuneration is subject to the regulation of the KHG and the Hospitals Remuneration Act (*Krankenhausentgeltgesetz*, “**KHEntG**”) and requires written budget agreements for each hospital. Such budget agreements are negotiated individually for each hospital with the statutory health insurers and the negotiated budget and rates are subject to the approval of the competent regulatory authority. Budget agreements generally have a duration of one year. If renegotiation of the budget agreement is delayed, the old remuneration continues to apply. For acute care general hospitals, the yearly budget is based on lump sums for diagnosis-related groups (“**DRG**”) and additional fees for certain other services (e.g., for emergency treatment).

2013 was the first year in which the price increase for hospital services in DRG acute care hospitals was limited to the so-called change in value figure (*Veränderungswert*) instead of the so-called rate of change (*Veränderungsrate*). The change in value figure shall be negotiated by the competent association(s) of health insurers and the German Hospital Society (*Deutsche Krankenhausgesellschaft*) between the rate of change and the so-called orientation value (*Orientierungswert*) in order to achieve better compensation of increasing costs. The orientation value represents the average percentage change in hospital costs per year whereas the rate of change expresses the change in the income assessable for contributions received by all insured members of the statutory health insurers. In fact, the orientation value was 2.0% for 2013, and therefore slightly lower than the rate of change in the same year (2.03%) so that the change in value rate is equivalent to the orientation value without any scope left for negotiations on the federal level. After the amendment of the relevant provision of the KHEntG in August 2013, if the orientation value is lower than the rate of change, the change in value figure shall be equivalent to the rate of change. As a result, the applicable change in value rate for 2014 is 2.81% (orientation value: 2.02%; rate of change: 2.81%) and for 2015 is 2.53% (orientation value: 1.44%; rate of change: 2.53%).

In respect of acute care psychiatric hospitals remuneration a new flat-rate reimbursement system based on diagnosis- and procedure-related daily lump sums was introduced in 2013 for psychiatric and psychosomatic facilities. The new compensation catalogue (*PEPP-Entgeltsystem 2015*) is broken down into many more categories than the former remuneration system. The aim is to improve transparency concerning the services provided at psychiatric and psychosomatic facilities. From 2013 through 2016, psychiatric and psychosomatic facilities will be free to choose whether they wish to use the new reimbursement system. Its application becomes mandatory for all such facilities in 2017. After an introductory phase from 2013 through 2018, the system provides for a transition phase from 2019 through 2023.

Post-acute care clinics

For post-acute care services (medical rehabilitation) the following institutions are, *inter alia*, possible statutory cost bearers: statutory health insurers, statutory pension funds, statutory accident funds and social security and welfare authorities. The main cost bearers in this sector are statutory pension funds and statutory health insurers. Operators of post-acute care services (in-

patient and ambulant) may provide medical rehabilitation services to statutorily insured patients on behalf of, and in return for, payment from the cost bearers, provided they have entered into a written medical care contract (with the state associations of health insurers) or a so-called occupancy contract (with other statutory cost bearers). The contracts do not contain referral guarantees. Since the service provision is based on demand, the operator cannot force a cost bearer to enter into a contract with them. Care contracts can only be concluded with clinics that (i) are medically managed by a physician, have required diagnostic and therapeutic facilities available and operate according to scientifically accepted concepts, and (ii) ensure an adequate, effective and economic provision of medical rehabilitation services to statutorily insured patients. Care contracts can be terminated if the services are no longer needed or are inadequate, with a one year notice period by the state associations of health insurers. Occupancy contracts' termination rights can be agreed individually.

Remuneration for rehabilitation services is agreed individually in additional agreements between the operator and the relevant cost bearer (mainly statutory health insurer/pension funds) and is fixed either as lump sum or daily rates. There are neither consent requirements of any governmental authority nor legal requirements concerning the level of payment agreed. However, the cost bearers generally only accept an increase of remuneration limited to the rate of change (2014: 2.81% and 2015: 2.53%).

Nursing homes

A nursing home is entitled to provide care services to statutorily insured patients on behalf of, and in return for, payment from the statutory care insurers or the social security and welfare authority, provided it has entered into a written care provision agreement with the state associations of statutory care insurers with consent of the competent social security and welfare authority. Service provision in the nursing care sector is not demand-based. The operator is entitled to demand that statutory care insurers contract if the home (i) is led by a qualified nurse, (ii) guarantees a reliable, effective and economic provision of nursing care services, (iii) pays its employees a customary loan, (iv) establishes and maintains an internal quality management, and (v) applies certain expert standards. The state associations of care insurers may terminate a contract with one year's notice only if, in particular, the relevant nursing home no longer fulfils the statutory criteria for approval. However, the statutory care insurer may terminate without notice if the nursing home commits a major violation of its obligations towards its residents or the statutory care insurer. The termination requires the consent of the competent social security and welfare authority.

Remuneration for in-patient care in nursing homes is provided by a written agreement detailing the applicable care rates and board and lodging. The contracting parties are the operator of the nursing home, the statutory care insurers and the competent social security and welfare authority. A nursing home is entitled to invoice the social security and welfare authority for specific investment costs (e.g. maintenance, rent) or for services provided to residents/patients who cannot claim services paid by the statutory care insurers on the basis of separate agreements.

Medical care centers (Medizinische Versorgungszentren)

Medical care centers need an accreditation from the regional admissions committee of the competent association of statutory health care insurance physicians in order to take part in statutory health care. The employment of physicians in a medical care center also needs to be permitted by the admissions committee and one qualified physician employed in the medical care center needs to be appointed as medical director. Furthermore, it needs to comprise multiple medical disciplines, i.e. employ physicians with different medical specializations. Furthermore, since January 1, 2012 the following restrictions apply to medical care centers: Only physicians in private practice, acute care hospitals, providers of renal care services and non-profit operators who have been accredited for the provision of health care services on behalf of the statutory health care insurers are eligible to operate a medical care center. With regard to the legal entity of the medical care center only a company with limited liability, a partnership or an association is permitted. However, pre-existing medical care centers remain unaffected from those regulations with regard to the eligible operators and the legal entity and are still subject to the former regulations. According to new regulations, single disciplinary medical care centers will be admissible and municipalities are allowed to operate outpatient facilities also as public law entities.

Quality and Efficiency

Compliance with legal quality requirements is of vital importance. Health care providers have to comply with specific quality requirements regarding e.g. hygienic standards, quality management, infection protection, staff, facilities and equipment. If a health care provider fails to comply with the relevant quality requirements the accreditation as acute care hospital, post-acute care clinic or nursing home or/and the operating permit can, in the worst case, be terminated.

Inspections by public authorities

Public authorities regularly inspect acute care and rehabilitation clinics as well as nursing homes in order to make sure that they comply with hygienic and medical standards. According to German administrative law, continuation of operation can ultimately be prohibited should the public authority detect severe insufficiencies.

Internal and external quality requirements

Acute care hospitals and post-acute care clinics (medical rehabilitation) as well as nursing homes and medical care centers are required to ensure internal quality management within their facilities (inter alia the implementation of quality management systems; the internal quality management systems of in-patient post-acute care clinics also have to be certified by an independent institution) and participate in external quality assessment programs (inter alia the performance of a clinic is evaluated and compliance with quality standards is assessed, e.g. cost bearers will regularly inspect rehabilitation clinics). In case of non-compliance, remuneration can be reduced and, in the worst cases, the medical care contract and (in the case of post-acute care clinics) the occupancy contract can be terminated by the statutory cost bearers.

Evaluations by the MDK

Especially acute care hospitals, but also post-acute care clinics and medical care centers are furthermore subject to evaluations by the Medical Service for the Health care Insurers (*Medizinischer Dienst für die Krankenkassen*, “MDK”). Health care insurers have to obtain advice from the MDK if the nature, severity, duration or frequency of a disease or treatment requires a second expert opinion. The MDK will check diagnosis and treatment and issue a report about the necessity and efficiency of the nature and duration of the in-patient treatment. Health care insurers can, inter alia, reclaim remuneration from acute care hospitals if the MDK found that the duration of the in-patient stay had been too long or otherwise inefficient.

Public Subsidies

Acute care hospitals admitted to the hospital supply plan can be granted investment subsidies for specific investment projects and lump sum subsidies for the replacement of assets with a short economic lifetime and for minor construction measures by state authorities. Grant orders or grant contracts are usually subject to several terms and conditions. In case of investment subsidies the beneficiary, to whom the subsidies are granted, is typically obliged under the grant order/contract to operate the subsidized facility in compliance with the designated purpose for a certain fixed obligation term (e.g. operating an acute care hospital for 30 years). If the beneficiary does not comply with the terms and conditions, e.g. subsidies are used for a purpose other than the designated purpose, the grant can be revoked with both retroactive and future effect and the subsidies can be reclaimed along with interest. The same applies if the beneficiary has obtained the subsidy on the basis of materially false information or if a hospital is released from the hospital supply plan. Furthermore, hospital subsidies usually provide that the beneficiary shall not dispose of assets that have been acquired with the subsidy during the fixed obligation term without approval of the granting authority.

In respect of nursing homes, investment subsidies can be granted in most of the Federal States.

Operating permits

Commercially-operated acute care hospitals and post-acute care clinics that provide in-patient treatment require an operating permit according to the German Industrial Code (*Gewerbeordnung*). The permit is to be granted upon request if the relevant statutory criteria are met, in particular with regard to the reliability of the operator and the service/quality standards. The permit is intrinsically tied to the person (natural or legal) it is issued for, the respective premises and the business exercised. In case a hospital/clinic is operated without a valid permit, the relevant public authority can prohibit the continuation of operation and impose a fine of up to €5,000.

Legal requirements for operating a residential facility are provided by the relevant State Act on Homes. The purpose of operating a residential facility (e.g. a nursing home providing in-patient care) has to be notified to the competent authority three months prior to the planned start of operations. An operating permit is not required. In case a nursing home is operated without prior notice, the relevant public authority can prohibit continuation of operation and impose a fine.

Health care compliance

Under German law, interactions with health care professionals (“HCPs”) are subject to specific health care compliance and anti-bribery and corruption requirements. In essence, all of these requirements aim to prevent any undue influence on the doctor’s practice of prescribing medicinal products or other procurement decisions by prohibiting the provision of improper economic

benefits to HCPs. It is accepted that all of these requirements are essentially based on the following four key principles: (i) the principle of separation: Interactions between the health care industry and HCPs should be completely separate from purchasing/procurement decisions; (ii) the principle of equivalence: Consideration on both sides should be commensurate; (iii) the principle of transparency: Payments and payment systems should be transparent. Payment arrangements should be in writing and disclosed to the institution/employer; and (iv) the principle of documentation: All services performed, whether paid or unpaid, should be the subject of a written agreement. The compliance principles set out above reflect various compliance-related requirements under German law that are set out at various levels. These range from provisions under criminal, social and drug advertising law to rules under the law on the medical profession and codes of conduct of industry associations.

For example, the anti-bribery provisions relating to public officials (*Amtsträger*) pursuant to § 331 et seq. of the German Criminal Code (“**StGB**”) also apply to public sector HCPs, who include, for example, doctors and other personnel employed by a university clinic or by any other public sector health care institution. Moreover, section 299 StGB covers so-called bribery of agents. According to this provision, benefits to non-public officials are criminally punishable under certain circumstances. In the health care sector this could include, in particular, benefits to employees of privately operated or church-run hospitals. The German Federal Government is currently preparing a piece of draft legislation specifically targeting bribery in the health care sector. The new law will probably enter into force in 2015. According to the new legislation, bribing of doctors in private practice and bribery of certain other health care professionals will become a criminal offence (sec. 299a StGB). Apart from criminal law, health care compliance requirements regarding the provision of undue benefits to HCPs are set out, for example, in § 128 SGB V (inappropriate forms of cooperation with statutory health insurance doctors and hospitals), § 7 of the German Drug Advertising Act (*HWG*) and in three state level Hospital Acts (North Rhine-Westphalia, Thuringia and Bremen). Also, the Model Professional Code of Practice for Physicians (“**MBOÄ**”), together with the corresponding professional rules of conduct issued by the regional professional associations, provides for rules on “maintaining medical independence when cooperating with third parties” (including a prohibition that physicians must not accept payments for the referral of patients, under § 31(1) MBOÄ). Member companies of the Association of Voluntary Self-Control of the Pharmaceutical Industry (*Verein Freiwillige Selbstkontrolle für die Arzneimittelindustrie – FSA*) are under the Code of Transparency for interaction with Health care Professionals and Health care Organisations obliged to disclose interactions with health care professionals and organizations and must document and publish all transfers of value which they provide either directly or indirectly to the recipients in favor of such recipients.

MANAGEMENT

OVERVIEW

General

Fresenius SE & Co. KGaA is the ultimate holding company of our Group. The Issuer and the Subsidiary Guarantors are all wholly owned subsidiaries of the Parent Guarantor. As a partnership limited by shares (*Kommanditgesellschaft auf Aktien*) with a European Company (*Societas Europaea* — SE) as general partner, the corporate bodies of the Company are the general partner, the supervisory board and the general shareholders' meeting.

Fresenius Management SE

The sole general partner of the Company is Fresenius Management SE (the “**Management SE**”), a wholly-owned subsidiary of the Else Kröner-Fresenius-Stiftung. The corporate bodies of the Management SE are the management board, the supervisory board and the general shareholders' meeting. The Management SE has a two-tier management and control system consisting of the management board and the supervisory board. The powers of these bodies are governed by the Regulation (EC) No. 2157/2001, the German Law on Implementation of the Regulation (EC) No. 2157/2001 (*SE-Ausführungsgesetz*), the German Stock Corporation Act (*Aktiengesetz*), the Articles of Association and the rules of procedure of the management board and the supervisory board. The two boards work independently of each other. No one is allowed to be a member of both bodies simultaneously.

The management board of the Management SE is responsible for managing Management SE's day-to-day business. The supervisory board of the Management SE advises and supervises the management board, in particular the managing of the Company by the Management SE, and is responsible for appointing and removing members of the management board. The supervisory board generally may not exercise any management functions. However, according to the rules of procedure of the management board, certain types of transactions may not be carried out by the management board without the consent of the supervisory board.

Fresenius SE & Co. KGaA

As general partner of the Company, the Management SE is solely responsible for the management of the Company, including all exceptional management measures, and solely represents the Company in its dealings with third parties. Members of the management board of the Management SE are not permitted to simultaneously be members of the supervisory boards of the Management SE or the Company. When acting in its capacity as general partner for the Company, the Management SE is always acting through its management board. Therefore, any reference to “**Management Board**” below refers to the management board of the Management SE, which has replaced the respective management boards of Fresenius AG and Fresenius SE as legal predecessors of the Company (the “Management Board”). The supervisory board of Fresenius SE & Co. KGaA oversees and advises Management SE in its acting as general partner of Fresenius SE & Co. KGaA. In addition, the supervisory board represents Fresenius SE & Co. KGaA in transactions between Management SE and Fresenius SE & Co. KGaA. A member of the supervisory board of Management SE can simultaneously be a member of the supervisory board of Fresenius SE & Co. KGaA.

MANAGEMENT BOARD OF THE MANAGEMENT SE

As of the date of this prospectus, the Management Board consists of seven members. The members of the Management Board are appointed and dismissed by the supervisory board of the Management SE.

The rules of procedures of the Management Board assign each member of the board a specific area of responsibility. The members of the Management Board are nevertheless jointly responsible for managing our Group.

The table below lists the members of the Management Board as of the date of this prospectus and includes their ages (as of July 1, 2015), principal areas of responsibility, the year in which each member was first appointed (such date, if before 2011, indicating the date of appointment to the management board of Fresenius SE or Fresenius AG, as applicable) and all companies in which the members held seats on an administrative, management or supervisory body as of June 30, 2015. This table also indicates the principal activities performed by the members of the Management Board where these are significant with respect to the Company.

Name	Age	Area of responsibility activity	Year first appointed	Year term expires	Memberships on other supervisory or administrative boards or boards of directors
Dr. Ulf M. Schneider	49	Chairman of the management board of the Management SE, as such Chief Executive Officer (“CEO”) of Fresenius SE & Co. KGaA	2003	2018	Supervisory Board: FPS Beteiligungs AG (Chairman) Fresenius Kabi AG (Chairman) Fresenius Medical Care Management AG (Chairman) HELIOS Kliniken GmbH (Chairman) Board of Directors: Fresenius Kabi USA, Inc., USA E.I. Du Pont de Nemours and Company, USA
Mats Henriksson	48	CEO of Fresenius Kabi	2013	2017	Supervisory Board: Fresenius Kabi Austria GmbH, Austria (Chairman) Fresenius Kabi España S.A.U., Spain Fresenius Kabi Japan K.K., Japan Labesfal — Laboratórios Almiro, S.A., Portugal Administrative Board: Fresenius Kabi Groupe France S.A., France (Chairman) Fresenius Kabi Italia S.p.A., Italy (Chairman) Board of Directors: Fenwal, Inc., USA FHC (Holdings) Ltd., United Kingdom Fresenius Kabi Asia Pacific Ltd., Hong Kong Fresenius Kabi Oncology Ltd., India Fresenius Kabi Pharmaceuticals Holding, Inc., USA Fresenius Kabi (Singapore) Pte Ltd., Singapore Fresenius Kabi USA, Inc., USA Sino-Swed Pharmaceutical Corp. Ltd., Beijing, China
Dr. Francesco De Meo	51	CEO of Fresenius Helios	2008	2016	Supervisory Board: HELIOS Beteiligungs AG (Chairman) HELIOS Kliniken Schwerin GmbH (Chairman)
Dr. Jürgen Götz	51	Chief Legal and Compliance Officer, Labor Relations Director of Fresenius SE & Co. KGaA	2007	2020	Supervisory Board: FPS Beteiligungs AG (Deputy Chairman) HELIOS Kliniken GmbH Wittgensteiner Kliniken GmbH (Chairman)
Rice Powell	60	CEO of Fresenius Medical Care	2013	2017	Management Board: Fresenius Medical Care Management AG (Chairman) Administrative Board: Vifor Fresenius Medical Care Renal Pharma Ltd., Switzerland (Deputy Chairman) Board of Directors: Fresenius Medical Care Holdings, Inc., USA (Chairman)
Stephan Sturm	52	Chief Financial Officer of Fresenius SE & Co. KGaA	2005	2017	Supervisory Board: FPS Beteiligungs AG Fresenius Kabi AG (Deputy Chairman) HELIOS Kliniken GmbH VAMED AG, Austria (Deputy Chairman) Wittgensteiner Kliniken GmbH Lufthansa AG
Dr. Ernst Wastler	57	CEO of Fresenius Vamed	2008	2020	Supervisory Board: Charité CFM Facility Management GmbH (Deputy

Name	Age	Area of responsibility activity	Year first appointed	Year term expires	Memberships on other supervisory or administrative boards or boards of directors
					Chairman) VAMED-KMB Krankenhausmanagement und Betriebsführungsges. m.b.H, Austria (Chairman)

Dr. Ulf M. Schneider is the Chairman of the Management Board. He joined the Company in November 2001 and served as Chief Financial Officer of Fresenius Medical Care before assuming his current position on May 28, 2003. Previously, he was Group Finance Director for Gehe UK plc., a pharmaceutical wholesale and retail distributor, in Coventry, United Kingdom. Dr. Ulf M. Schneider held several senior executive positions since 1989 with Gehe's majority shareholder, Franz Haniel & Cie. GmbH, a diversified German multinational company. Dr. Ulf M. Schneider holds a Lic. oec. degree in Finance and Accounting, a Ph.D. in Economics from the University of St. Gallen and an MBA from Harvard University.

Mats Henriksson joined the Management Board of Fresenius Kabi AG on September 1, 1999 and served as President of the region Asia Pacific from 2001 until February 2012. Since March 1, 2012 he had been Deputy Chairman of the Management Board of Fresenius Kabi AG and was appointed as CEO effective as of January 1, 2013. Prior to joining the Fresenius Group, Mats Henriksson held several management positions in controlling and finance at Pharmacia. Mats Henriksson holds a Bachelor of Science degree in Business Administration and Economics from Gothenburg School of Economics in Sweden.

Dr. Francesco De Meo joined the Management Board on January 1, 2008 as the CEO of Fresenius Helios. In 2000, Dr. Francesco De Meo became head of the legal and human resources departments of HELIOS Kliniken GmbH. On January 1, 2001, he was appointed to the HELIOS Kliniken Management Board with responsibilities for human resources, legal affairs, research and science. At the same time, he was also appointed Labor Relations Director. Before joining HELIOS, Dr. Francesco De Meo was director of Rauser AG, a management consultancy in Reutlingen, as well as a practicing attorney. He studied law and earned a doctorate at Tübingen University.

Dr. Jürgen Götz has been Chief Legal and Compliance Officer and the Labor Relations Director of the Company since July 1, 2007. From April 1, 2005 until his appointment to the Management Board, Jürgen Götz led the Legal and Insurance Department of the Company as Senior Vice President and General Counsel. He began his career in 1993 at Hoechst AG, where he held several senior management positions. In 1997, he became head of the Legal Department of Hoechst Marion Roussel AG. In 1999, Jürgen Götz took over the Legal — Global Corporate department of Aventis Pharma AG, the successor company to Hoechst Marion Roussel. Jürgen Götz studied law in Bonn, Munich and Frankfurt am Main, where he also earned his doctorate.

Rice Powell has been CEO of Fresenius Medical Care since January 1, 2013. He joined Fresenius Medical Care in 1997 and was appointed to that company's Management Board and Co-CEO of Fresenius Medical Care North America in January 2004. In 2010, he assumed the position of Vice Chairman of the Management Board and Member of the Management Board responsible for the region North America. He has over 30 years of experience in the health care industry. From 1978 to 1996 he held various positions, among others at Baxter International Inc. and Biogen Inc. in the United States.

Stephan Sturm has been Chief Financial Officer of the Company since January 1, 2005. Prior to that, he was a Managing Director of Credit Suisse First Boston ("CSFB"), from 2000 as Head of Investment Banking for Germany and Austria, and also served on CSFB's European Management Committee. During his more than thirteen years in investment banking, Stephan Sturm held various executive positions with BHF-Bank, Union Bank of Switzerland and CSFB in Frankfurt and London. Prior to entering investment banking in 1991, he was a management consultant at McKinsey & Co in Duesseldorf and Frankfurt. Stephan Sturm holds a degree in Business from Mannheim University.

Dr. Ernst Wastler has served as CEO of VAMED AG since July 1, 2001, and joined the Fresenius Management Board on January 1, 2008. Ernst Wastler became a member of the VAMED AG Management Board in 1998 and was responsible for projects and services central Europe. Prior to that, he held several management positions at international business segments of the VAMED Group. His career began in 1981 in international consulting, engineering and project management at Austroplan GmbH in Vienna. Ernst Wastler studied international business at the Vienna University of Economics and Business Administration and earned a doctorate there in 1983.

Members of the Management Board can be contacted under the business address of the Company.

Compensation

In 2014, the members of the Management Board received compensation totaling €18,759 thousand for their services to the Management SE. Of this amount, €4,466 thousand was non-performance related compensation, €6,446 thousand performance-

related compensation and €550 thousand of other benefits (such as insurance premiums, private use of company cars, contributions to pension and health insurance) and €7,297 thousand in long-term incentive components, including stock options based on the Company's Stock Option Plan 2008 (as defined below) and the 2011 stock option plan of FMC AG & Co. KGaA as well as a share-based compensation with cash settlement (performance shares) introduced in 2011. The components with long-term incentive effect can be exercised only after the expiry of the specified vesting period. In particular, the performance shares are subject to a four-year vesting period although a shorter period may apply in special cases (e.g., professional incapacity, retirement, non-renewal of expired service agreements by the Company). The amount of cash payment corresponds to the share price of the Company's ordinary shares upon exercise at the end of the four-year vesting period. The payment is subject to the achievement of the performance target of an 8% increase of the consolidated net income attributable to the Company on a constant currency basis (adjusted for extraordinary effects) year over year during the four-year vesting period. For each year in which the success target has not been met, one-fourth of the entitlement shall forfeit. Apart from that, the total entitlement for payment is earned if an average increase of the consolidated net income attributable to the Company of 8% is achieved over the four-year vesting period. For more information, see the notes to our consolidated financial statements for the year ended December 31, 2014 found on pages F-42 et seq. in this prospectus. According to the articles of association of the Company, the Management SE shall be reimbursed by the Company for its management expenses, including the compensation of the Management Board.

Additional accruals totalling €8,418 thousand for the Group were recognized in 2014 for pension commitments for the active members of the Management Board. With regard to these pension commitments, our Group had pension obligations of €24,381 thousand as of December 31, 2014.

Compensation for retired members of the management board of Fresenius SE & Co. KGaA and its predecessor companies (Fresenius SE and Fresenius AG) and their surviving dependents amounted to €1,049 thousand in 2014. Provisions for pension obligations for these individuals amounted to €18,465 thousand.

The contracts of the members of the management board of the Management SE do not provide for any payments if their employment is terminated.

The Company has concluded a consequential loss liability insurance policy (D&O insurance), on an excess amount basis, for the members of the management board and supervisory board of the Management SE and the supervisory board of the Company and for all representative bodies of affiliates in Germany and elsewhere. The D&O policy applies throughout the world and runs until the middle of each year. The policy covers the legal defense costs of a member of a representative body when a claim is made and, where relevant, any damages to be paid which are covered by the policy.

No Loans or Family Relationships

Neither the Management SE nor the Company have made any loans to the members of the Management Board. The members of the Management Board have not completed any transactions with the Management SE or the Company outside the course of any normal business activities.

There are no family relationships between any members of the Management Board. There are no family relationships between any members of the Management Board and any members of the supervisory board of the Management SE or of the Company.

SUPERVISORY BOARD OF THE MANAGEMENT SE

As of the date of this prospectus, the supervisory board of the Management SE consists of six members. All six members of the supervisory board of the Management SE are appointed by the general shareholders' meeting of the Management SE.

Resolutions of the supervisory board of the Management SE require a majority of the votes cast, unless otherwise required by mandatory law, the articles of association of the Management SE or the rules of procedures of the supervisory board of the Management SE. In the case of a parity of votes, the vote of the Chairman shall be decisive.

The supervisory board must meet at least twice during each six-month calendar period.

The table below lists the members of and their positions on the supervisory board of the Management SE. This table also indicates the principal activities performed by the members of the supervisory board of the Management SE where these are significant with respect to the Management SE, by listing, in particular, not all, but relevant memberships on an administrative, management or supervisory body (as of December 31, 2014).

Name (Principal occupation)	Position	Member since	Memberships on other supervisory or administrative boards or boards of directors
Dr. Gerd Krick Former CEO of Fresenius AG	Chairman	2010	Supervisory Board: Fresenius SE & Co. KGaA (Chairman) Fresenius Medical Care AG & Co. KGaA (Chairman) Fresenius Medical Care Management AG VAMED AG, Austria (Chairman)
Prof. Dr. h. c. Roland Berger Management consultant		2010	Supervisory Board: Fresenius SE & Co. KGaA Schuler AG Deutsche Oppenheim Family Office AG (Deputy Chairman) WMP EuroCom AG (Chairman) Rocket Internet AG Board of Directors: Geox S.p.A., Italy RSC Mediagroup S.p.A.
Michael Diekmann Former Chairman of the Management Board of Allianz SE		2015	Supervisory Board: Fresenius SE & Co. KGaA (Deputy Chairman)
Klaus-Peter Müller Chairman of the supervisory board of Commerzbank AG		2010	Supervisory Board: Commerzbank AG (Chairman) Fresenius SE & Co. KGaA Linde AG Board of Directors: Parker Hannifin Corporation, USA
Dr. Dieter Schenk Lawyer and tax consultant	Deputy Chairman	2010	Supervisory Board: Fresenius Medical Care AG & Co. KGaA (Deputy Chairman) Fresenius Medical Care Management AG (Deputy Chairman) Gabor Shoes AG (Chairman) Greiffenberger AG (Deputy Chairman) TOPTICA Photonics AG (Chairman) Administrative Board: Else Kröner-Fresenius-Stiftung (Chairman)
Dr. Karl Schneider Former spokesman of Südzucker AG		2010	Administrative Board: Else Kröner-Fresenius-Stiftung (Deputy Chairman)

The term of appointment of all members expires upon completion of the ordinary shareholders' meeting of the Management SE in 2016. Members of the supervisory board of the Management SE can be contacted under the business address of the Company.

No Loans or Family Relationships

Neither the Management SE nor the Company have made any loans to the members of the supervisory board of the Management SE. The members of the supervisory board of the Management SE have not completed any transactions with the Management SE or the Company outside the course of any normal business activities.

There are no family relationships between any members of the supervisory board of the Management SE or between them and any other members of the supervisory board of the Company. There are no family relationships between any members of the supervisory board of the Management SE and any members of the management board of the Management SE.

SUPERVISORY BOARD OF FRESENIUS SE & CO. KGAA

The supervisory board of the Company is composed of six shareholder representatives and six employee representatives. Six members who represent the shareholders are appointed by the general shareholders' meeting, whereby the Else Kröner-Fresenius-Stiftung has no vote in such appointment. Six employee representatives are elected by the Company's European Works Council.

Unless other majorities are mandatory by law, the supervisory board of the Company passes its resolutions by a simple majority of the votes submitted in the voting. If a vote is tied, the Chairman has the casting vote or, if he does not take part in the voting, the matter is decided by the vote of the Deputy Chairman, who is a shareholder representative.

The supervisory board of the Company should convene once each calendar quarter, and must convene twice each calendar half-year.

The table below lists the members of and their positions on the supervisory board of the Company and includes the year in which each member was first appointed (such date, if before 2011, indicating the date of appointment to the supervisory board of Fresenius SE or Fresenius AG, as applicable). For those members of the supervisory board of the Company who are not simultaneous members of the supervisory board of the Management SE this table also indicates the principal activities performed by the members of the supervisory board of the Company where these are significant with respect to the Company, by listing, in particular, not all, but relevant memberships on an administrative, management or supervisory body (as at December 31, 2014).

Name (Principal occupation)	Position	Member since	Memberships on other supervisory or administrative boards or boards of directors
Dr. Gerd Krick	Chairman	2003	Supervisory Board: Fresenius Management SE For others, please see “— <i>Supervisory Board of the Management SE</i> ”.
Prof. Dr. med. D. Michael Albrecht Medical director and spokesman of the management board of the Universitätsklinikum Carl Gustav Carus Dresden		2011	Supervisory Board: GÖK Consulting AG Universitätsklinikum Aachen
Prof. Dr. h. c. Roland Berger		2008	Supervisory Board: Fresenius Management SE For others, please see “— <i>Supervisory Board of the Management SE</i> ”.
Dario Ilossi Trade union officer FEMCA Cisl — Energy, Fashion and Chemicals		2007	
Michael Diekmann Former Chairman of the Management Board of Allianz SE	Deputy Chairman	2015	Supervisory Board: Fresenius Management SE

Konrad Kölbl Full-time works council member Member of the Manual Workers' Works Council VAMED-KMB Krankenhausmanagement und Betriebsführungsges. m.b.H. Chairman of the group works council of VAMED AG Deputy chairman of the European works council of Fresenius SE & Co. KGaA	2007	Supervisory Board: VAMED-KMB Krankenhausmanagement und Betriebsführungsges. m.b.H., Austria
Klaus-Peter Müller	2008	Supervisory Board: Fresenius Management SE For others, please see “— Supervisory Board of the Management SE”.
Dieter Reuß Full-time works council member Chairman of the joint works council of Fresenius SE & Co. KGaA, Bad Homburg site Member of the general works council of Fresenius SE & Co. KGaA	2011	
Gerhard Roggemann Senior Advisor, Edmont de Rothschild Private Merchant Banking LLP, London	2011	Supervisory Board: Deutsche Beteiligungs AG (Deputy Chairman) Deutsche Börse AG (Deputy Chairman) GP Günter Papenburg AG (Chairman) WAVE Management AG (Chairman)
Stefan Schubert Hospital nurse and full-time Works Council member Chairman of the Works council of HELIOS Klinik Bad Schwalbach and of HELIOS Klinik Idstein Chairman of the Group Works Council of Wittgensteiner Kliniken GmbH Member of the European Works Council of Fresenius SE & Co. KGaA	2007	Supervisory Board: Wittgensteiner Kliniken GmbH
Rainer Stein Full-time works council member Chairman of the group works council of HELIOS Kliniken GmbH Chairman of the European works council of Fresenius SE & Co. KGaA	2007	Supervisory Board: HELIOS Kliniken GmbH
Niko Stumpfögger Secretary of the trade union ver.di, head of Betriebs-und Branchenpolitik im Bereich Gesundheit und Soziales	2007	Supervisory Board: HELIOS Kliniken GmbH (Deputy Chairman)

The term of the current members of the supervisory board of the Company representing the shareholders expires upon completion of the ordinary general shareholders' meeting of the Company in 2016. The term of the employee representatives expires upon new election of these representatives in the same year.

Members of the supervisory board of the Company may be contacted at the business address of the Company.

Audit and Nomination Committee

The supervisory board of the Company has set up two committees: the Audit Committee (*Prüfungsausschuss*) and the Nomination Committee (*Nominierungsausschuss*). The main responsibility of the Audit Committee, whose five members are Prof. Dr. h. c. Roland Berger (Chairman), Konrad Kölbl, Dr. Gerd Krick, Gerhard Roggemann and Rainer Stein, is to prepare the review by the supervisory board of the Company to approve the annual financial statements and the consolidated financial statements; to review the interim reports and, following consultation with Management SE, to engage the auditors (including agreement on fees). The Nomination Committee, whose three members are Dr. Gerd Krick, Prof. Dr. Roland Berger and Michael Diekmann, deliberates on the proposal of the supervisory board of the Company to the ordinary general shareholders' meeting regarding the nomination of the supervisory board members of the Company.

Compensation

The compensation paid to the supervisory board of the Company is determined by Section 13 of the articles of association of the Company as duly approved by the ordinary general shareholders' meeting. The members of the supervisory board of the Company (including the Management SE) received a total compensation of approximately €2,961 thousand in 2014, approximately €206 thousand of which related to fixed compensation, €2,655 thousand variable compensation and €100 thousand compensation for committee services. Each member of the supervisory board of the Company shall receive a fixed compensation of €13 thousand. The Chairman of the supervisory board of the Company receives twice this amount and the Deputy Chairmen one and a half times the amount of a regular member of the supervisory board of the Company. For each full fiscal year, the remuneration increases by 10% per percentage point by which that year's dividend paid on each ordinary bearer share (calculated based on the gross dividend according to the resolution of the annual general shareholders' meeting of the Company) exceeds 3.6% of the amount equal to the subscribed capital of the Company divided by the number of non-par value voting ordinary shares; residual amounts are interpolated. The members of the Audit Committee and the Nomination Committee receive an additional €10 thousand each and the Chairman of the committee a further €10 thousand. All members of the supervisory board of the Company receive appropriate reimbursement for costs of travel and accommodation incurred in connection with their duties as members of the supervisory board. The Company provides to the members of its supervisory board insurance coverage in an adequate amount (relating to their function) and on an adequate excess amount basis.

The Company has concluded a consequential loss liability insurance policy (D&O insurance), on an excess amount basis, for the members of the management board and supervisory board of the Management SE and the supervisory board of the Company and for all representative bodies of affiliates in Germany and elsewhere. The D&O insurance policy applies throughout the world and runs until middle of each year. The policy covers the legal defense costs of a member of a representative body when a claim is made and, where relevant, any damages to be paid which are covered by the policy.

No Loans or Family Relationships

Neither the Management SE nor Fresenius SE & Co. KG have made any loans to the members of the supervisory board of the Company. The members of the supervisory board of the Company have not completed any transactions with the Management SE or Fresenius SE & Co. KGaA outside the course of any normal business activities.

There are no family relationships between any members of the supervisory board of the Company or between them and any other members of the supervisory board of the Management SE. There are no family relationships between any members of the supervisory board of the Company and any members of the management board of the Management SE.

MANAGEMENT AND EMPLOYEE PARTICIPATION PLANS

The Company has established three long-term incentive programs for members of the Management Board and employees in management positions: the 2003 stock option plan (the "**2003 SOP**"), the 2008 stock option plan (the "**2008 SOP**") and the 2013 long-term incentive program (the "**2013 LTIP**"). The 2013 LTIP is the only program under which options can be granted.

In August 2014, the Company effected a share split with a ratio 1:3, i.e. for each existing ordinary bearer share two new ordinary bearer shares were issued from the Company's funds (the "**2014 Share Split**").

2013 LTIP

The 2013 LTIP comprises the Fresenius SE & Co. KGaA Stock Option Plan 2013 (the “**2013 SOP**”) and the Fresenius SE & Co. KGaA Phantom Stock Plan 2013 (2013 PSP). It combines the granting of stock options with the granting of phantom stock awards which entitle the holder to receive cash payments upon exercising the phantom stock. Each of the 2013 SOP and 2013 PSP making up the 2013 LTIP have been established under stand-alone legal documentation.

2013 SOP

Under the 2013 SOP, which was approved by the annual general shareholders’ meeting of the Company on May 17, 2013, the Management SE has been authorized to issue up to 8.4 million subscription rights for an amount of 8.4 million non-par value ordinary bearer shares until May 16, 2018.

Of the up to 8.4 million options, up to 1.6 million options are designated for members of the Management Board of the Management SE; up to 4.4 million options are designated for members of the management of directly or indirectly affiliated companies (except for Fresenius Medical Care) and up to 2.4 million options are designated for executive employees of Fresenius SE & Co. KGaA and its affiliated companies (except for Fresenius Medical Care).

The granting of the options shall occur in five annual tranches, each on the last Monday in July or the first Monday in December. With respect to new options, the supervisory board of the Management SE determines the stock options granted to members of the Management SE’s Management Board, whereas the Management Board of the Management SE determines the other participants in the 2013 Stock Option Plan and the stock options granted to them.

The exercise price of an option shall equal the volume-weighted average stock market price (closing price) of the non-par value ordinary bearer share of the Company in the electronic XETRA trading of Deutsche Börse AG in Frankfurt am Main, or a comparable successor system, on the last 30 calendar days prior to the respective grant date.

The exercise of options is subject to the condition precedent, in each case, that the annual success target within a four-year waiting period is achieved. The success target is considered achieved in each case if, after the granting of the options to the respective entitled person, either (i) the consolidated net income attributable to shareholders of the Company, adjusted for extraordinary effects and on a constant currency basis, has increased by at least 8% per annum in comparison to the previous year in each case within the waiting period, or (ii) — if this is not the case — the compounded annual growth rate of the consolidated net income attributable to shareholders of the Company, adjusted for extraordinary effects and on a constant currency basis, during the four years of the waiting period amounts to at least 8%. In the event that the success target within the four-year waiting period is not achieved for the individual years or for the compounded annual growth rate, the options issued in each case are forfeited in proportion to the non-achievement of the success target within the waiting period, i. e. by one quarter, two quarters, three quarters, or completely.

The adjusted net income attributable to shareholders of the Company (currency adjusted) and changes thereto compared to the adjusted net income (without currency adjustment) of the relevant comparison year shall be verified with binding effect in each case by the auditors of the Company on the basis of the audited consolidated financial statements. Upon exercise of vested options, the Company has the right to grant treasury shares or a cash payment in lieu of increasing capital by the issuance of new shares.

After the expiration of the waiting period, all options in respect of which the success target has been achieved may be exercised at any time outside the designated black-out periods.

As a result of the Share Split 2014, as far as options have not yet been granted under the 2013 SOP, the total volume of not yet granted subscription rights increases in the same proportion as the subscribed capital (factor 3). The same applies to the subsets of the subscription rights that are attributable to individual groups of participants. For stock options that were granted before the Share Split 2014 came into effect, the entitlement of the participants to receive new shares through the exercise of stock options increases in the same proportion as the subscribed capital (factor 3). The participants are now entitled to receive three ordinary bearer shares of the Company. The exercise price is reduced proportionally.

2013 PSP

The Company’s 2013 PSP was established in May 2013, together with the 2013 SOP. Awards of phantom stock can be granted on each stock option grant date. Phantom stock awarded under the 2013 PSP may be granted to the members of the Management SE’s Management Board, the members of the management of directly or indirectly affiliated companies (except for

Fresenius Medical Care) and for executive employees of the Company and its affiliated companies (except for Fresenius Medical Care).

As under the 2013 SOP, the supervisory board of the Management SE determines the phantom stock granted to members of the Management SE's Management Board, whereas the Management Board of the Management SE determines the other participants in the 2013 PSP and the phantom stock granted to them.

Phantom stock awards under the 2013 PSP entitle the holder to receive a cash payment. Each phantom stock award shall entitle the holder to receive the volume-weighted average stock market price (closing price) of the non-par value ordinary bearer share of the Company in the electronic XETRA trading of Deutsche Börse AG in Frankfurt am Main, or a comparable successor system, during the last three months prior to the date the phantom stock is exercised.

The exercise of phantom stock is subject to the condition precedent, in each case, that the annual success target within a four-year waiting period is achieved. The success target is considered achieved in each case if, after the granting of the subscription rights to the respective entitled person, either (i) the consolidated net income of the Company attributable to shareholders, adjusted for extraordinary effects and on a constant currency basis, has increased by at least 8% per annum in comparison to the previous year in each case within the waiting period, or (ii) — if this is not the case — the compounded annual growth rate of the consolidated net income attributable to shareholders of Fresenius SE & Co. KGaA, adjusted for extraordinary effects and on a constant currency basis, during the four years of the waiting period amounts to at least 8%. In the event that the success target within the four-year waiting period is not achieved for the individual years or for the compounded annual growth rate, the phantom stock awards issued in each case are forfeited in proportion to the non-achievement of the success target within the waiting-period, i.e. by one quarter, two quarters, three quarters, or completely.

The adjusted net income attributable to shareholders of the Company (currency adjusted) and changes thereto compared to the adjusted net income (without currency adjustment) of the relevant comparison year shall be verified with binding effect in each case by the auditors of Fresenius SE & Co. KGaA on the basis of the audited consolidated financial statements.

After the expiration of the waiting period, all exercisable phantom stock will be deemed to be exercised and cashed out on March 1 following the end of the waiting period (or the following banking day).

As a result of the Share Split 2014, the holders of phantom stocks that were issued before the Share Split 2014 came into effect will be granted an economic compensation through retroactively tripling the number of phantom stocks granted before the Share Split 2014 came into effect.

2008 SOP

During 2008 the Company adopted the 2008 SOP to grant subscription rights to members of the Management Board and executive employees of the Company and affiliated companies. Under this plan up to 6.2 million options could be issued which carried the entitlement to exclusively obtain up to 6.2 million ordinary bearer shares. The options granted have a seven year term but can only be exercised after a 3-year vesting period. The vesting of options granted is mandatorily subject to the condition, in each case, that the annual success target within the three-year vesting period is achieved. For each such year, the success target is achieved if the consolidated net income attributable to shareholders of the Company, adjusted for extraordinary effects, has increased by at least 8% compared to the respective adjusted net income attributable to shareholders of the Company of the previous year. For each year in which the success target has not been met one third of the options granted shall forfeit. The adjusted net income attributable to shareholders of the Company shall be calculated on the basis of the calculation method of the accounting principles according to U.S. GAAP. For purposes of the 2008 SOP, the adjusted net income attributable to shareholders of the Company is determined and will be verified with binding effect by the Company's auditor during the audit of the consolidated financial statements. The performance target were met in all years. If all conditions are fulfilled, stock options may be exercised throughout the year with the exception of certain pre-determined black-out periods. This plan was replaced by the 2013 SOP. The last options were granted in 2012.

As a result of the Share Split 2014, for stock options that were granted before the Share Split 2014 came into effect, the entitlement of the participants to receive new shares through the exercise of stock options increases in the same proportion as the subscribed capital (factor 3). The participants are now entitled to receive three bearer ordinary shares of the Company. The maximum number of ordinary bearer shares to be issued increases accordingly. The exercise price is reduced proportionally.

As of June 30, 2015, out of 5,947,749 outstanding stock options issued under the 2008 SOP, 2,713,239 were exercisable and 1,144,820 were held by the members of the Fresenius Management SE Management Board. For details on all stock options outstanding and the prices at which they may be exercised, please see “— *Transactions Relating to and Outstanding Stock Options*”.

2003 SOP

During 2003, Fresenius AG adopted the 2003 SOP for members of the Management Board and executive employees. This incentive plan which is based on convertible bonds was replaced by the 2008 SOP and no convertible bonds have been granted since 2008. Under the 2003 SOP, eligible employees have the right to acquire ordinary bearer shares of the Company. The bonds have a term of 10 years, and one third of them can be exercised beginning after two, three and four years after the grant date, respectively. Upon issuance of the bond the participants had the right to choose bonds with or without a stock price target. In the case of bonds not subject to a stock price target, the number of bonds awarded to the eligible employee was 15% lower than if the employee elected bonds subject to the stock price target.

As a result of the Share Split 2014, convertible bonds granted prior to the registration of the share split 2006 but converted after the Share Split 2014 came into effect now entitle participants to receive nine ordinary bearer shares of the Company per convertible bond. The conversion price is reduced proportionately. Convertible bonds granted after the share split 2006 but converted after the Share Split 2014 came into effect, now entitle participants to receive three ordinary bearer shares of the Company per convertible bond. The maximum number of ordinary bear shares to be issued increased accordingly. The conversion price is reduced proportionately.

As of June 30, 2015, 658,568 convertible bonds were outstanding and exercisable under the 2003 SOP. The members of the Fresenius Management SE Management Board held 40,434 convertible bonds. For details on all stock options outstanding and the prices at which they may be exercised, please see “— Transactions Relating to and Outstanding Stock Options”.

Transactions Relating to and Outstanding Stock Options

The transactions relating to stock options are summarized as follows:

Ordinary shares at December 31,	Number of options	Weighted-average exercise price in €	Number of exercisable options
Balance in 2012	16,154,256	19.57	6,183,987
Granted	2,160,618	32.26	
Exercised.....	4,519,707	15.16	
Forfeited.....	305,664	21.91	
Balance in 2013	13,489,503	23.06	4,657,382
Granted	2,233,812	36.92	
Exercised.....	2,448,113	18.29	
Forfeited.....	371,436	27.42	
Balance in 2014	12,903,766	26.27	5,325,004

The following tables set forth the outstanding and exercisable stock options as of December 31, 2014:

Ordinary shares at December 31,	Number of outstanding options	Weighted-average remaining contractual life in years	Weighted-average exercise price in €	Number of exercisable options	Weighted-average remaining contractual life in years	Weighted-average exercise price in €
5.01 – 10.00	97,407	0.50	9.83	97,407	0.50	9.83
10.01 – 15.00	716,360	1.45	12.14	716,360	1.45	12.14
15.01 – 20.00	2,249,066	2.29	18.22	2,249,066	2.29	18.22
20.01 – 25.00	2,262,171	3.48	23.73	2,262,171	3.48	23.73
25.01 – 30.00	3,318,135	4.51	26.18	0		
30.01 – 35.00	2,032,815	6.63	32.27	0		
35.01 – 40.00	2,227,812	7.58	36.92	0		
Total	12,903,766	4.61	26.27	5,325,004	2.65	19.59

CONFLICTS OF INTEREST

Some members of Management Board and other members of the Company’s management are also members of the management board and/or members of the management of subsidiaries of the Company. Members of the Management Board also

serve on the managing bodies of FMC AG & Co. KGaA, Fresenius Kabi AG, HELIOS Kliniken GmbH and VAMED AG, as well as of the subsidiaries of these companies. Furthermore, some members of supervisory board of the Management SE are also members of the supervisory board and/or members of supervisory boards of subsidiaries of the Company.

Although the interests of the Company and its subsidiaries are generally in line with each other, there can be no assurance that conflicts of interests will not arise in certain instances. These potential conflicts of interests could be particularly important in light of the minority ownership of the Company in FMC AG & Co. KGaA. The German Stock Corporation Act and the German Corporate Governance Code contain provisions that aim to protect affected companies from the negative effects of potential conflicts of interest.

Beyond this, there are no potential conflicts of interests between the obligations of the members of the Management Board and the supervisory board of Management SE towards the Company and their private interests or other obligations. As far as the Company is aware, there are no other potential conflicts of interests between the supervisory board members' obligations towards the Company and their private interests or other obligations other than those transactions set forth under "*Certain Relationships and Related-Party Transactions*".

None of the members of the Management Board and the supervisory boards were appointed or hired on the basis of an obligation contained in an agreement between the relevant company and a third party.

CORPORATE GOVERNANCE

The German Corporate Governance Code (the "**Code**") contains recommendations and suggestions for managing and monitoring listed companies in Germany. It is based on internationally and nationally recognized standards for good and responsible corporate governance. The purpose of the Code is to make the German corporate governance system transparent for investors. The Code was passed by the Government Commission of the German Corporate Governance Code on February 26, 2002 and was last amended on June 12, 2015.

There is no legal obligation to comply with the recommendations or suggestions of the Code. However, the German Stock Corporation Act requires that the management board and the supervisory board of a German listed company either declare on an annual basis that the recommendations of the Code were and will be adhered to or state which recommendations were or will not be followed. This declaration must be available to shareholders on a constant basis. No disclosure is required when companies deviate from the suggestions in the Code.

The supervisory board of the Company and the Management Board have adopted the following declaration of conformity (*Entsprechenserklärung*) in December 2014, and have made it available to shareholders. In accordance with clause 3.10 of the Code, this declaration, as well as past declarations, is available on the Company's website, at www.fresenius.com, under the heading "Who we are/Corporate Governance":

"The management board of the general partner of Fresenius SE & Co. KGaA, Fresenius Management SE, (hereafter the Management Board) and the supervisory board of Fresenius SE & Co. KGaA declare that since issuance of the previous declaration of conformity in December 2013, the recommendations of the "Government Commission on the German Corporate Governance Code" published by the Federal Ministry of Justice (*Justizministerium*) in the official section of the Federal Gazette (*Bundesanzeiger*) (hereafter the Code) in the version of May 13, 2013 as well as in the version of June 24, 2014 since its publication in the Federal Gazette have been met and that the recommendations of the Code in the version of June 24, 2014 will be met in the future. Only the following recommendations of the code in the versions of May 13, 2013 and of June 24, 2014 have not been and will not be met:

- Code number 4.2.3 paragraph 2 sentence 6: Caps regarding specific compensation amounts

Pursuant to Code number 4.2.3 paragraph 2 sentence 6, the amount of compensation for Management Board members shall be capped, both overall and for variable compensation components.

This recommendation is not met. The service agreements with members of the Management Board do not provide for caps regarding specific amounts for all compensation components and accordingly not for caps regarding specific amounts for the overall compensation. The performance-oriented short-term compensation (the variable bonus) is capped. As regards stock options and phantom stocks as compensation components with long-term incentives, the service agreements with members of the Management Board do provide for a possibility of limitation but not for caps regarding specific amounts. Introducing caps regarding specific amounts in relation to such stock-based compensation components would contradict the basic idea of the members of the Management Board participating appropriately in the economic risks and opportunities of the company. Instead of that, Fresenius pursues a flexible concept considering each individual case. In situations of extraordinary developments in relation

to the stock-based compensation which are not related to the performance of the Management Board, the Supervisory Board may cap the stock-based compensation.

- Code number 4.2.3 paragraph 4: Severance payment cap

Pursuant to code number 4.2.3 paragraph 4, in concluding Management Board contracts, care shall be taken to ensure that payments made to a Management Board member on premature termination of his/her contract, including fringe benefits, do not exceed the value of two years' compensation (severance payment cap) and compensate no more than the remaining term of the service agreement. The severance payment cap shall be calculated on the basis of the total compensation for the past full financial year and if appropriate also the expected total compensation for the current financial year.

These recommendations are not met insofar as the service agreements of the members of the Management Board do not contain severance payment arrangements for the case of premature termination of the contract and consequentially do not contain a limitation of any severance payment amount to this extent. Uniform severance payment arrangements of this kind would contradict the concept practiced by Fresenius in accordance with the German Stock Corporation Act (*Aktiengesetz*) according to which service agreements of the members of the Management Board are, in principle, concluded for the period of their appointment. They would also not allow for a well-balanced assessment of the individual case.

- Code number 4.2.5 paragraph 3: Presentation in the compensation report

Pursuant to Code number 4.2.5 paragraph 3, the presentation of the compensation for each individual member of the Management Board in the compensation report shall present the maximum and minimum achievable compensation for variable compensation components by using corresponding model tables. The presentation of the compensation granted pursuant to the description for model table 1 shall also specify the target value or a comparable value of an "average probability scenario" for the one-year variable compensation and for the deferrable portions from one-year variable compensations (deferrals).

Fresenius, in deviation from Code number 4.2.3 paragraph 2 sentence 6, does not provide for caps regarding specific amounts for all variable compensation components and, therefore, does not provide for caps regarding specific amounts for the overall compensation. There are no target values or comparable values for the one-year variable compensation and for the deferrable portions from one-year variable compensations (deferrals). The one-year variable compensation is determined on the basis of bonus curves applicable to several years. In this respect, the compensation report cannot meet the recommendations of the Code. Irrespective thereof, Fresenius will continue to present its compensation system and the amounts paid to members of the Management Board in its compensation report in a comprehensive and transparent manner. The compensation report will include tables relating to the value of the benefits granted as well as to the allocation in the year under review which follow the structure and largely also the specifications of the model tables.

- Code number 5.1.2 paragraph 2 sentence 3: Age limit for members of the Management Board

Pursuant to code number 5.1.2 paragraph 2 sentence 3, an age limit shall be specified for members of the Management Board. As in the past, Fresenius will refrain from determining an age limit for members of the Management Board in the future. Complying with this recommendation would unduly limit the selection of qualified candidates.

- Code number 5.3.2 sentence 3: Independence of the Chairman of the Audit Committee

Pursuant to code number 5.3.2 sentence 3, the Chairman of the Audit Committee shall be independent. Pursuant to code number 5.4.2 sentence 2, a Supervisory Board member is not to be considered independent in particular if he/she has personal or business relations with the company, its executive bodies, a controlling shareholder or an enterprise associated with the latter which may cause a substantial and not merely temporary conflict of interests. The Chairman of the Audit Committee of Fresenius SE & Co. KGaA, Prof. Dr. h.c. Roland Berger, is at the same time a shareholder of Roland Berger Strategy Consultants Holding GmbH and the honorary chairman of the Supervisory Board of Roland Berger Strategy Consultants Holding GmbH. During the course of the 2014 financial year (as in previous years), the Fresenius Group has made use of consultancy services provided by Roland Berger Strategy Consultants GmbH, an affiliated enterprise of the management consultancy Roland Berger Strategy Consultants Holding GmbH. The Management Board and Supervisory Board believe that these business relations neither constitute a substantial or long-term conflict of interest, nor do they interfere with the tasks of the Chairman of the Audit Committee. As a precaution, however, a deviation from Code number 5.3.2 sentence 3 is being declared, given the legal views taken with regards to the question of independence.

- Code number 5.4.1 paragraph 2 and paragraph 3: Specification of concrete objectives regarding the composition of the Supervisory Board and their consideration when making recommendations to the competent election bodies

Pursuant to code number 5.4.1 paragraph 2 and paragraph 3, the Supervisory Board shall specify concrete objectives regarding its composition and, when making recommendations to the competent election bodies, take these objectives into account. The objectives specified by the Supervisory Board and the status of the implementation shall be published in the Corporate Governance Report. These recommendations are not met.

The composition of the Supervisory Board needs to be aligned to the enterprise's interest and has to ensure the effective supervision and consultation of the Management Board. Hence, it is a matter of principle and of prime importance that each member is suitably qualified. When discussing its recommendations to the competent election bodies, the Supervisory Board will take into account the international activities of the enterprise, potential conflicts of interest, the number of independent Supervisory Board members within the meaning of Code number 5.4.2, and diversity. This includes the aim to establish an appropriate female representation on a long-term basis.

In the enterprise's interest not to limit the selection of qualified candidates in a general way, the Supervisory Board, however, confines itself to a general declaration of intent and particularly refrains from an age limit.

- Code number 5.4.6 paragraph 2 sentence 2: A performance-related compensation of the members of the Supervisory Board oriented toward sustainable growth of the enterprise

Pursuant to code number 5.4.6 paragraph 2 sentence 2, a performance-related compensation, if promised to the members of the Supervisory Board, shall be oriented toward sustainable growth of the enterprise. The variable compensation of the Supervisory Board members of Fresenius SE & Co. KGaA does not have a calculation basis of several years and is, therefore, not oriented, in this sense, toward the sustainable growth of the enterprise. Instead, the Supervisory Board receives a performance-related compensation which depends on the dividend pursuant to section 13 paragraph 1 of the articles of association of Fresenius SE & Co. KGaA. This compensation model has been in existence since the year 1995. It continues to bring forth an adequate compensation of the Supervisory Board in line with the law and with the interests of the shareholders."

In addition, the following recommendation of the Code in the version of June 24, 2014 has also not been and will not be met in a single incident:

- Code number 5.3.3 paragraph 2 sentence 6: Obtaining a proposal from the Nomination Committee

Pursuant to code number 5.3.3, the Supervisory Board shall form a nomination committee which proposes suitable candidates to the Supervisory Board for recommendation to the General Meeting.

Supervisory Board member Dr. Gerhard Rupprecht died in a fatal accident on August 8, 2014. On May 20, 2015, the Annual General Meeting of Fresenius SE & Co. KGaA has adopted a resolution on the election of Mr. Michael Diekmann as the successor. The Supervisory Board has recommended to the General Meeting that Mr. Michael Diekmann, who was the CEO of Allianz SE and resides in Munich, be elected to the Supervisory Board. The Supervisory Board had adopted this nomination without previously obtaining a proposal from its Nomination Committee.

In this one case, the handling of this matter by the Nomination Committee was waived: On the one hand, the Nomination Committee did not have a quorum at the time because the deceased Dr. Rupprecht himself belonged to this committee. The Supervisory Board will only appoint a new member to the Nomination Committee once it again has a full complement of members after the 2015 Annual General Meeting. On the other hand, there was a consensus in the Supervisory Board that Mr. Diekmann be recommended for election as Dr. Rupprecht's successor. Against this background, an interim appointment to and action by the Nomination Committee appeared to be a pointless formality.

To this extent, the corresponding recommendation pursuant to code number 5.3.3 was not met. With regard to future cases, the intention is to once again fully comply with the recommendation of code number 5.3.3.

PRINCIPAL SHAREHOLDERS

The Issuer is a wholly-owned subsidiary of Fresenius SE & Co. KGaA. The share capital of Fresenius SE & Co. KGaA consists of no-par value voting ordinary shares in bearer form. The Company's shares are admitted to trading on the regulated market segment (*regulierter Markt*) and the sub-segment of the regulated market with further post-admission obligations (Prime Standard) of the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*) and on the stock exchanges in Dusseldorf and Munich, and are included in the DAX30 performance index (*Deutscher Aktienindex*) of Deutsche Börse AG. In addition, the Company set up a sponsored Level I American Depositary Receipt Program (the “**ADR-Program**”) in October 2011 to allow U.S. investors to acquire, hold and trade indirect participations in the Company (the “**Fresenius ADRs**”). In this program, four Fresenius ADRs correspond to one Fresenius share (before the share split in August 2014 the ratio was 8:1). The ADRs are traded in the OTCQX International Premier market segment.

Unless Fresenius SE & Co. KGaA receives information regarding acquisitions of its shares pursuant to German statutory notification requirements, it has no way of determining who its shareholders are or how many shares any particular shareholder owns. Under the German Securities Trading Act (*Wertpapierhandelsgesetz*), holders of voting securities of a German company listed on the regulated market (*regulierter Markt*) of a German stock exchange or a corresponding trading segment of a stock exchange within the European Union are required to notify the issuer of the level of their holding whenever such holding reaches, exceeds or falls below certain thresholds, which are set at 3%, 5%, 10%, 15%, 20%, 25%, 30%, 50% and 75% of an issuer's outstanding voting rights.

The following notification(s) disclosed in accordance with Sections 21 et seq. of the German Securities Trading Act (*WpHG*) reflect the level of investments held in Fresenius SE & Co. KGaA at the date of the statement of financial position:

- BlackRock, Inc., Wilmington, USA, held, directly or indirectly, 27,112,484 ordinary shares of Fresenius SE & Co. KGaA representing 4.99% of the voting rights on July 30, 2015 and
- Henderson Group plc, London, United Kingdom, held, directly or indirectly, 16,292,484 ordinary shares of Fresenius SE & Co. KGaA representing 3.006% of the voting rights on February 25, 2015.

All notifications made by shareholders in accordance with the German Securities Trading Act (*Wertpapierhandelsgesetz*) are published on the website of the Company www.fresenius.com under Investor Relations — Fresenius Share / ADR — Shareholder Structure. The Else Kröner-Fresenius-Foundation as major shareholder informed Fresenius SE & Co. KGaA on December 16, 2014, that it held 144,695,094 ordinary shares of Fresenius SE & Co. KGaA which represents 26.72% of the subscribed capital on December 31, 2014. On August 19, 2015, the Else Kröner-Fresenius-Stiftung informed the Company that, as of that date, its interest in the subscribed capital of Fresenius SE & Co. KGaA was 25.1%.

The remaining shares of Fresenius SE & Co. KGaA are in free float. All shares of Fresenius SE & Co. KGaA have identical voting rights, with the exception of certain voting restrictions that apply only to shares held by the Else Kröner-Fresenius-Stiftung. There are no multiple voting rights.

CERTAIN RELATIONSHIPS AND RELATED-PARTY TRANSACTIONS

In connection with the formation of FMC AG, now FMC AG & Co. KGaA, which resulted from the combination of Fresenius Worldwide Dialysis (the dialysis business of Fresenius) and the dialysis business of W.R. Grace, Fresenius SE, now Fresenius SE & Co. KGaA, and its affiliates and Fresenius Medical Care AG, now FMC AG & Co. KGaA, and its affiliates entered into several agreements for the purpose of giving effect to the merger and defining their ongoing relationship. Fresenius SE, now Fresenius SE & Co. KGaA, and W.R. Grace negotiated these agreements. The information below gives an overview of the material aspects of certain agreements, arrangements and transactions between the Company, FMC AG & Co. KGaA and their affiliates. The Company believes that the leases, the supply agreements and the service agreements are no less favorable to it and no more favorable to FMC AG & Co. KGaA than would have been obtained in arm's length bargaining between independent parties. The trademark and other intellectual property agreements summarized below were negotiated by the Company and W.R. Grace, and, taken independently, are not necessarily indicative of market terms.

REAL PROPERTY LEASE

Fresenius Medical Care AG, now FMC AG & Co. KGaA, did not acquire the land and buildings in Germany that Fresenius Worldwide Dialysis used when it was formed in September 1996. The legal predecessors of the Company or its affiliates have leased part of the real property to Fresenius Medical Care AG (now FMC AG & Co. KGaA) directly, and transferred the remainder of that real property to two limited partnerships. The Company is the sole limited partner of each partnership and the sole shareholder of the general partner of each partnership. These limited partnerships, as landlords, have leased the properties to FMC AG & Co. KGaA and other subsidiaries of the Company, as applicable, for use in their respective businesses. The aggregate annual rent payable by Fresenius Medical Care under these leases was approximately €21.0 million, which was approximately US\$27.9 million as of December 31, 2014, exclusive of maintenance and other costs, and is subject to escalation, based upon the German consumer-price-index determined by the Federal Statistical Office, a specified German cost of living index. The leases for manufacturing facilities have a ten-year term, followed by two successive optional renewal terms of ten years each at the election of Fresenius Medical Care. In December 2006, Fresenius Medical Care exercised its option to renew the leases for manufacturing facilities and the other leases were amended to extend their terms and add renewal options. The leases for the other facilities have a term of ten years. In December 2007, Fresenius SE, now Fresenius SE & Co. KGaA, amended the lease for the Schweinfurt, Germany facility to add additional manufacturing capacity. Based upon an appraisal, we and Fresenius Medical Care believe that the rents under the leases represent fair market value for such properties.

INTELLECTUAL PROPERTY

Trademarks

The Company continues to own the name and mark "Fresenius" and its "F" logo. The Company and FMC Germany, the principal German subsidiary of Fresenius Medical Care, have entered into agreements containing the following provisions. The Company has granted to FMC Germany, for the benefit of Fresenius Medical Care and its affiliates, an exclusive, worldwide, royalty-free, perpetual license to use "Fresenius Medical Care" in its company names, and to use the Fresenius marks, including some combination marks containing the Fresenius name that were used by the Company's dialysis business, and the Fresenius Medical Care name as a trade name, in all aspects of the renal business. FMC Germany, for the benefit of Fresenius Medical Care and its affiliates, has also been granted a worldwide, royalty-free, perpetual license:

- to use the "Fresenius Medical Care" mark in the then current National Medical Care non-renal business if it is used as part of "Fresenius Medical Care" together with one or more descriptive words, such as "Fresenius Medical Care Home Care" or "Fresenius Medical Care Diagnostics";
- to use the "F" logo mark in the National Medical Care non-renal business, with the consent of the Company. That consent will not be unreasonably withheld if the mark using the logo includes one or more additional descriptive words or symbols; and
- to use "Fresenius Medical Care" as a trade name in both the renal business and the National Medical Care non-renal business.

Fresenius Medical Care and its affiliates have the right to use "Fresenius Medical Care" as a trade name in other medical businesses only with the consent of the Company. The Company may not unreasonably withhold its consent. In the United States and Canada, the Company will not use "Fresenius" or the "F" logo as a trademark or service mark, except that it is permitted to use "Fresenius" in combination with one or more additional words such as "Pharma Home Care" as a service mark in connection with its home care business and may use the "F" logo as a service mark with the consent of FMC Germany. FMC Germany will not unreasonably withhold its consent if the service mark includes one or more additional descriptive words or symbols. Similarly, in the United States and Canada, the Company has the right to use "Fresenius" as a trade name, but not as a mark, only in

connection with its home care and other medical businesses other than the renal business and only in combination with one or more other descriptive words, provided that the name used by the Company is not confusingly similar to Fresenius Medical Care's marks and trade names. After the expiration of the Company's ten-year covenant not to compete with Fresenius Medical Care, which has occurred, the Company may use "Fresenius" in its corporate names if it is used in combination with one or more additional descriptive word or words, provided that the name used by the Company is not confusingly similar to the Fresenius Medical Care marks or corporate or trade names.

Other Intellectual Property

Some of the patents, patent applications, inventions, know-how and trade secrets that Fresenius Worldwide Dialysis used prior to the formation of Fresenius Medical Care AG, now FMC AG & Co. KGaA were also used by other divisions of the Company. For Biofine, the polyvinyl chloride-free packaging material, the Company has granted to FMC Germany, for the benefit of Fresenius Medical Care and its affiliates, an exclusive license for the renal business and a non-exclusive license for all other fields except other non-renal medical businesses. FMC Germany and the Company will share equally any royalties from licenses of the Biofine intellectual property by either FMC Germany or by the Company to third parties outside the renal business and the other non-renal medical businesses. In addition, the Company transferred to FMC Germany the other patents, patent applications, inventions, know-how and trade secrets that were used predominantly in the Company's dialysis business prior to the formation of Fresenius Medical Care AG, now FMC AG & Co. KGaA. In certain cases Fresenius Worldwide Dialysis and the other the Company divisions as a whole each paid a significant part of the development costs for patents, patent applications, inventions, know-how and trade secrets that were used by both prior to the merger. Where FMC Germany acquired those jointly funded patents, patent applications, inventions, know-how and trade secrets, FMC Germany licensed them back to the Company exclusively in the other non-renal medical businesses and non-exclusively in all other fields. Where Fresenius Medical Care retained the jointly funded patents, patent applications, inventions, know-how and trade secrets, Fresenius Medical Care licensed them to FMC Germany exclusively in the renal business and non-exclusively in all other fields.

Supply Agreements

Fresenius Kabi manufactures some products, principally dialysis concentrates and other solutions, for FMC AG & Co. KGaA at facilities located in Germany, Brazil, South Africa and France.

Fresenius Medical Care manufactures and supplies products for Fresenius Kabi AG at its facilities in Germany and Italy.

Our local subsidiaries and those of FMC AG & Co. KGaA have entered into supply agreements for the purchase and sale of products from the above facilities. Prices under the supply agreements are determined by good-faith negotiation. During 2014, Fresenius Medical Care sold products to our Group in the amount of US\$63.9 million. In 2014, Fresenius Medical Care purchased from our Group in the amount of US\$25.2 million.

The parties may modify existing, or enter into additional, supply agreements, arrangements and transactions. Any future modifications, agreements, arrangements and transactions will be negotiated between the parties and will be subject to the approval provisions of the pooling agreements and the regulatory provisions of German law regarding dominating enterprises.

FMCH currently purchases heparin supplied by Fresenius Kabi USA, Inc. through MedAssets, Inc. MedAssets Inc. is a publicly-traded U.S. corporation that provides inventory purchasing services to health care providers through a group purchasing organization ("GPO") structure. A GPO is an organization that endeavors to manage supply and service costs for hospitals and health care providers by negotiating discounted prices with manufacturers, distributors and other vendors. Vendors discount their prices and pay administrative fees to GPOs because GPOs provide access to a large customer base, thus reducing vendors' sales and marketing costs and overhead. FMCH is one of many U.S. health care providers that participate in the MedAssets GPO. FMCH purchases pharmaceuticals and supplies used in its dialysis services business through the MedAssets GPO contract. During 2014, Fresenius Medical Care acquired US\$19.5 million of heparin from Fresenius Kabi USA, Inc. through the GPO.

Services Agreement

The Company and certain of its subsidiaries carry out administrative and other services for FMC AG & Co. KGaA at their Bad Homburg headquarters. These services relate to, among other things, administrative services, management information services, employee benefit administration, insurance, IT services, tax services and treasury services. For 2014, the Company and its subsidiaries charged FMC AG & Co. KGaA approximately US\$90.0 million for these services. Conversely, the Company and its subsidiaries have obtained certain services from FMC AG & Co. KGaA, in particular services relating to research and development, central purchasing, patent administration and warehousing. For 2014, FMC AG & Co. KGaA charged approximately US\$8.3 million to the Company and its subsidiaries for services rendered to them. FMC AG & Co. KGaA and the Company may modify existing or enter into additional services agreements, arrangements and transactions. Any such future

modifications, agreements, arrangements and transactions will be negotiated between the parties and will be subject to the approval provisions of the pooling agreement and the regulatory provisions of German law regarding dominating enterprises.

Loans to Fresenius Medical Care

At June 30, 2015, a loan of €48.9 million from the Company to FMC AG & Co. KGaA was outstanding, which mainly related to cash management arrangements.

Other Interests

Prof. Dr. med. D. Michael Albrecht, a member of the supervisory board of the Company, is medical director and spokesman of the management board of the Universitätsklinikum Carl Gustav Carus Dresden and a member of the supervisory boards of the Universitätsklinikum Aachen. Our Group maintains business relations with these clinics in the ordinary course and under customary conditions.

Prof. Dr. h. c. Roland Berger, a member of the supervisory board of the Management SE and the Company, is a partner of Roland Berger Strategy Consultants Holding GmbH. In 2014, after discussion and approval by the supervisory board of the Company and the Management SE, our Group paid €3.1 million to the Roland Berger group for consulting services rendered (2013: €2.9 million; 2012: €0.6 million).

Klaus-Peter Müller, a member of the supervisory board of the Management SE and the Company, is the chairman of the supervisory board of Commerzbank AG. Our Group maintains business relations with Commerzbank under customary conditions. In 2014, our Group paid €1.1 million in total to Commerzbank for financing commitments, in connection with senior notes issuances and a capital increase from the Company's funds (2013: €1.4 million; 2012: €1.9 million).

Michael Diekmann, a member of the supervisory board of Fresenius SE & Co. KGaA, is a former chairman of Allianz SE, which provides insurance coverage for our Group. In 2014, our Group paid €11.6 million (2013: €5.3 million) for insurance premiums to the Allianz group under customary conditions.

Dr. Dieter Schenk, Deputy Chairman of the supervisory board of Fresenius SE, is a partner in the international law firm Noerr LLP, which provides legal services to our Group. In 2014, after discussion and approval of each mandate by the supervisory board of the Management SE, our Group paid, or processed for payment, in December 2014 €1.8 million to this law firm for services rendered (2013: €1.5 million; 2012: €1.8 million).

In 2014, €11 million (2013: €9 million; 2012: €8 million) were paid to the Management SE as compensation for the Management Board and the Supervisory Board, general partner's fees and other reimbursements of out-of-pocket expenses. At December 31, 2014, there were outstanding liabilities payable to the Management SE in the amount of €22 million (December 31, 2013: €21 million; December 31, 2012: €16 million).

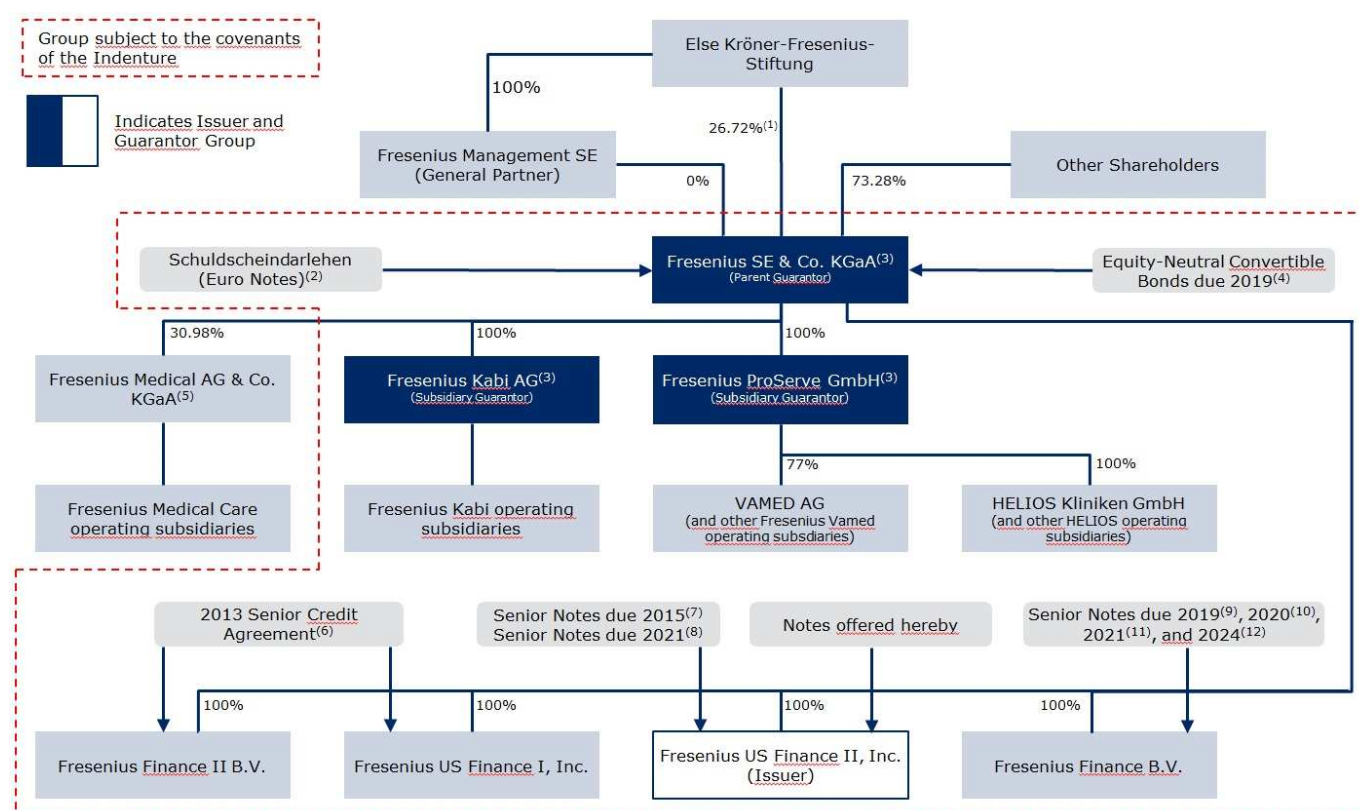
The payments mentioned in this subsection are net amounts. In addition, VAT and insurance tax were paid as applicable.

GENERAL INFORMATION ON GROUP STRUCTURE, ISSUER AND GUARANTORS

Overview Corporate and Finance Structure

The Fresenius Group is headed by Fresenius SE & Co. KGaA which acts as holding company for the Group. The Issuer, Fresenius Kabi AG and Fresenius ProServe GmbH are wholly-owned subsidiaries of Fresenius SE & Co. KGaA; as of June 30, 2015, the stake in FMC AG & Co. KGaA (excluding FMC AG & Co. KGaA treasury shares) amounts to 30.98%. Fresenius Kabi AG acts as the holding company for our business segment Fresenius Kabi. Fresenius ProServe GmbH acts as the holding company for our business segments Fresenius Helios and Fresenius Vamed. FMC AG & Co. KGaA acts as holding company for the fully consolidated Fresenius Medical Care which is again controlled by its general partner Fresenius Medical Care Management AG, a wholly-owned subsidiary of Fresenius SE & Co. KGaA.

The following diagram depicts, in abbreviated form, the corporate structure and certain debt obligations of Fresenius Group as of June 30, 2015 immediately after giving effect to the offering of the Notes. The Guarantors and certain of their respective subsidiaries will be subject to the (restrictive) covenants in the Indenture, e.g., limitation on incurrence of indebtedness, limitation on sale and leaseback transactions, existence, payment of taxes and other claims, payment of additional amounts, additional guarantors, quarterly and annual reports and compliance certificate. See “Description of the Notes”.



- (1) Our corporate structure as of the date of this prospectus did not materially change compared with our corporate structure as of June 30, 2015. The Else Kröner-Fresenius-Stiftung as major shareholder informed the Company in December 2014, that it held 144,695,094 ordinary shares of Fresenius SE & Co. KGaA which represents 26.72% of the subscribed capital on December 31, 2014. On August 19, 2015, the Else Kröner-Fresenius-Stiftung informed the Company that, as of that date, its interest in the subscribed capital of Fresenius SE & Co. KGaA was 25.1%.
- (2) As of June 30, 2015 Fresenius SE & Co. KGaA's outstanding Euro Notes (*Schuldscheindarlehen*) amounted to €916.5 million. The Euro Notes are guaranteed by Fresenius Kabi AG and Fresenius Proserve GmbH and mature on various dates between 2016 and 2022.
- (3) Each of the Guarantors has given senior guarantees for the Outstanding Senior Notes and the Notes offered hereby. Except as provided under “Description of the Notes — Certain Covenants”, the Notes will not be guaranteed by any of the other subsidiaries of the Parent Guarantor. See “Risk Factors — Risks Relating to the Subsidiary Guarantors — Enforcement of the Guarantees against the Subsidiary Guarantors may be limited, and the Subsidiary Guarantors derive substantially all of their revenue and cash from their operating subsidiaries”, “Risk Factors — Risks Relating to the Guarantors — German insolvency laws may preclude the recovery of payments due under the Guarantees” and “Risk Factors — Risks Relating to the Notes — The Notes are subordinate to other creditors of non-guarantors” and “Description of the Notes”.
- (4) On March 24, 2014, Fresenius SE & Co. KGaA issued €500 million aggregate principal amount of equity-neutral convertible bonds due 2019, which are guaranteed by Fresenius Kabi AG and Fresenius Proserve GmbH. Concurrently with the bond issuance, the Company purchased cash-settled call options on its shares to fully hedge its exposure under the bonds’ conversion rights, as a result of which the bonds will not result in the issuance of new shares at maturity.
- (5) As of June 30, 2015, Fresenius SE & Co. KGaA owned 30.98% of the outstanding ordinary voting shares of FMC AG & Co. KGaA. FMC AG & Co. KGaA is a German partnership limited by shares. Fresenius Medical Care Management AG, the general partner of FMC AG & Co. KGaA, is a wholly-

owned subsidiary of Fresenius SE & Co. KGaA. Because corporate decisions are taken by the general partner for German partnerships limited by shares, Fresenius SE & Co. KGaA has and, as long as it maintains ownership of more than 25% of the share capital of FMC AG & Co. KGaA, will retain a factual controlling position (*faktische Kontrolle*) in FMC AG & Co. KGaA under the articles of association of FMC AG & Co. KGaA. Since this factual controlling position (*faktische Kontrolle*) meets the control test for purposes of consolidation, Fresenius SE & Co. KGaA fully consolidates Fresenius Medical Care in its consolidated financial statements. See “General Information on Group Structure, Issuer and Guarantors — Interest of the Company in FMC AG & Co. KGaA”.

Although Fresenius SE & Co. KGaA fully consolidates Fresenius Medical Care in its consolidated financial statements, in line with the Group’s structure, financing for Fresenius Medical Care and for the rest of our Group is conducted separately. There are no external joint financing facilities and no mutual guarantees. Fresenius Kabi, Fresenius Helios and Fresenius Vamed business segments are financed primarily through Fresenius SE & Co. KGaA and finance subsidiaries in order to minimize any structural subordination. Fresenius Medical Care is not a guarantor in respect of the 2013 Senior Credit Agreement or the senior notes issued by Fresenius SE & Co. KGaA’s financing subsidiaries, including the Notes offered hereby. As such, Fresenius Medical Care will not be bound by the terms of the Notes issued hereunder, and neither it nor its subsidiaries will be subject to the covenants of the Indenture or the terms of the Outstanding Senior Notes.

- (6) As of June 30, 2015, an aggregate amount of €2,297 million was outstanding under the 2013 Senior Credit Agreement. The Guarantors and certain US subsidiaries of Fresenius Kabi AG have each given senior guarantees under the 2013 Senior Credit Agreement. The 2013 Senior Credit Agreement is secured by pledges of capital stock of certain material subsidiaries of Fresenius Kabi AG and by pledges on capital stock of HELIOS Kliniken GmbH in favor of the lenders. See “Description of Other Financing Arrangements”.
- (7) Fresenius US Finance II, Inc. issued US\$500 million aggregate principal amount of 9.00% senior notes and €275 million aggregate principal amount of 8.75% senior notes, both of which matured on July 15, 2015. These notes have been repaid using available short-term financing sources. The proceeds of this offering will be used to refinance these short-term financing sources. See “Description of Other Financing Arrangements”.
- (8) Fresenius US Finance II, Inc. issued US\$300 million aggregate principal amount of 4.25% senior notes maturing on February 1, 2021. See “Description of Other Financing Arrangements”.
- (9) Fresenius Finance B.V. issued €500 million aggregate principal amount of 4.25% senior notes maturing April 15, 2019 and €300 million aggregate principal amount of 2.375% senior notes maturing February 1, 2019. See “Description of Other Financing Arrangements”.
- (10) Fresenius Finance B.V. issued €500 million aggregate principal amount of 2.875% senior notes maturing July 15, 2020. See “Description of Other Financing Arrangements”.
- (11) Fresenius Finance B.V. issued €450 million aggregate principal amount 3.000% senior notes maturing February 1, 2021. See “Description of Other Financing Arrangements”.
- (12) Fresenius Finance B.V. issued €450 million aggregate principal amount 4.000% senior notes maturing February 1, 2024. See “Description of Other Financing Arrangements”.

THE ISSUER

Foundation, Name, Registered Office, Duration, and Business Name

The Issuer is a wholly owned subsidiary of Fresenius SE & Co. KGaA. Fresenius US Finance II, Inc. was incorporated under the General Corporation Law of the State of Delaware on September 2, 2008, with the identification number 6825610. It conducts its business under its legal name. The nature of Fresenius US Finance II, Inc.’s business or purposes to be conducted by it is to “engage in any lawful financing act or activity, and any other acts related thereto or in furtherance thereof, for which corporations may be organized and incorporated under the General Corporation Law of the State of Delaware”.

The principal activities of the Issuer are borrowing and lending money. Upon the closing of the offering of the Notes hereby, the principle assets of the Issuer will be intercompany loans made from the proceeds of this offering and the offering of the Issuer’s senior notes due 2021. The Issuer has previously issued senior dollar- and euro-dominated notes due 2015 which were repaid in July. The Issuer has not issued any convertible debt securities, exchangeable debt securities or securities with warrants attached. The Issuer does not currently own any interest in real estate.

Corporate Purpose

Pursuant to Article III of the Articles of Incorporation of the Issuer, the purpose of the Issuer is to engage in any lawful financing act or activity, or any other acts related thereto or in furtherance thereof.

The Issuer is a wholly owned finance subsidiary of the Parent Guarantor and will on-lend the proceeds from the sale of the Notes under intercompany loans. The Issuer intends to service and repay the Notes out of the payments it receives under these intercompany loans. The Issuer has no other material assets or sources of revenue except for its claims under various intercompany receivables. Accordingly, the Issuer’s ability to service and repay the Notes depends on the ability of the counterparties to the intercompany loans to service such indebtedness. Therefore, in meeting its payment obligations under the Notes, the Issuer is wholly dependent on the profitability and cash flow of the counterparties to the intercompany loans to which it is a party.

Share Capital, Major Shareholder and Assets

As of the date of this prospectus, the Issuer had a registered capital of 1500 shares. Of the 1,500 shares, 1,000 shares are voting common stock granting one vote in election for directors and all other purposes, and 500 shares are preferred stock granting voting rights only if fixed by the board of directors. All shares have been fully paid in. The Issuer is a wholly-owned subsidiary of the Company.

As of the date of this prospectus, there has been no change to share capital.

Under U.S. GAAP, at June 30, 2015, the Issuer had total assets of US\$1,210 million, mainly consisting of financial fixed assets of US\$1,182 million, cash and cash equivalents of US\$405 thousand and shareholders' equity of US\$64 million.

Management, Corporate Governance

The Issuer's registered office is 2711 Centerville Road, Suite 400, Wilmington, Delaware 19808, United States. The Issuer's business address is 2711 Centerville Road, Suite 400, Wilmington, Delaware 19808, United States, and its telephone number is +1 (847) 550-2760. The Issuer's current directors are Mr. John Ducker (CEO), Mr. Steven Adams (CFO) and Ms. Mary Stawikey (independent director). The Issuer's secretary and officer is Jack Silhavy. Outside the Issuer, the principal activities of the directors are as follows: Mr. John Ducker also works for Fresenius Kabi AG as North America region president, Mr. Steven Adams works for Fresenius Kabi-USA as chief financial officer. Ms. Mary Stawikey has no outside principal activities related to the Issuer. There are no potential conflicts between any of the directors' duties to the Issuer and their private interests and or other of their duties.

The Issuer adheres to Delaware law on issues of corporate governance. The Issuer does not have an audit committee.

Financial Year, Financial Statements and Auditor

The Issuer's financial year is the calendar year. The Issuer has appointed KPMG LLP, Aon Center, Suite 5500, 200 East Randolph Drive, Chicago, Illinois 60601, United States, as independent auditor of its financial statements. KPMG LLP is a Delaware limited liability partnership, the U.S. member of KPMG International Cooperative, a Swiss entity.

GUARANTORS

The guarantors of the Notes are Fresenius SE & Co. KGaA, Fresenius Kabi AG and Fresenius ProServe GmbH, whereby the Company acts as Parent Guarantor and Fresenius Kabi AG and Fresenius ProServe GmbH act as Subsidiary Guarantors. The Company directly owns all of the capital stock in Fresenius Kabi AG and Fresenius ProServe GmbH with Fresenius Kabi AG acting as the holding company for its business segment Fresenius Kabi, and Fresenius ProServe GmbH acting as the holding company for its business segments Fresenius Helios and Fresenius Vamed. For a description of the guarantees granted, please see section "*Description of the Notes — Description of the Guarantees*".

Fresenius SE & Co. KGaA

Foundation, Name, Registered Office, Duration, Business Name

The Company was originally incorporated on August 20, 1966 as Chemisch-pharmazeutische Verwaltungsgesellschaft mbH, a limited liability company organized under German law. This company was registered with the commercial register of the local court (*Amtsgericht*) of Bad Homburg vor der Höhe, Germany, under registration number HRB 1152. On October 30, 1981, the shareholders' meeting of Chemisch-pharmazeutische Verwaltungsgesellschaft mbH resolved to change the legal form of the Company into a stock corporation (*Aktiengesellschaft*) organized under German law and the Company's name to Fresenius Verwaltungs-Aktiengesellschaft. These changes became effective upon registration of Fresenius Verwaltungs-Aktiengesellschaft with the commercial register of Bad Homburg vor der Höhe, Germany, under registration number HRB 2617, on December 9, 1981.

On December 23, 1981, the general shareholders' meeting of Fresenius Verwaltungs-Aktiengesellschaft resolved to change the name of the Company to Fresenius AG. This change became effective upon entry into the commercial register on December 28, 1981. On December 4, 2006, the general shareholders' meeting of Fresenius AG resolved to change the Company's legal form into a European Company (*Societas Europaea — SE*) organized under German and European law and the Company's name to Fresenius SE. These changes became effective upon registration of Fresenius SE with the commercial register of Bad Homburg vor der Höhe, Germany, under registration number HRB 10660, on July 13, 2007.

On May 12, 2010, the general shareholders' meeting of Fresenius SE resolved to change the legal form of the Company into a partnership limited by shares (*Kommanditgesellschaft auf Aktien*) with an SE as general partner, organized under German and European law, the Company's name to Fresenius SE & Co. KGaA; and, so as to simplify the company's share structure by creating one share class while maintaining the control position of the Else Kröner-Fresenius-Stiftung, to convert the at that time also existing non-voting no-par value preference bearer shares into voting ordinary shares at a 1:1 exchange ratio. These changes became effective upon registration of the Company with the commercial register of Bad Homburg vor der Höhe, Germany, under registration number HRB 11852, on January 28, 2011.

The Company has its registered office in Bad Homburg vor der Höhe, Germany. Its business address is Else-Kröner-Strasse 1, 61352 Bad Homburg vor der Höhe, Germany, and its telephone number is +49 (0) 6 172-608-0. The duration of the Company is indefinite. The Company conducts its business under its legal name.

Corporate Purpose

Pursuant to section 2 of its articles of association, the corporate purpose of the Company is:

- the development, manufacture, and distribution of, as well as trading in, products, systems, and processes in the health care sector;
- the construction, development, and operation of medical and curative facilities, as well as of hospitals; and
- consulting in the medical and pharmaceutical fields, as well as scientific information and documentation.

The Company will operate directly or through associated companies (*Beteiligungsgesellschaften*) in Germany and abroad.

The Company is entitled to enter into any and all business transactions and to take any and all measures that are deemed necessary or useful in accomplishing the corporate purpose of the Company and may, in particular, participate in other undertakings of the same or a related kind, take over the management and/or the representation of such undertakings, transfer company divisions, including major company divisions, to undertakings in which the Company holds at least a majority of the voting capital and/or a controlling interest, and establish branch offices in Germany and abroad."

The Company's principal activity is to act as a holding company for its subsidiaries, which develop, manufacture, and distribute health care products and services and which are involved in the construction, development, operation of medical facilities.

Share Capital, Admission to Trading, Major Shareholders and Assets

As of the date of this prospectus, the Company had issued a share capital of €541,532,600.00 represented by 541,532,600 voting ordinary shares, each of which grants one vote in the general shareholders' meeting of the Company. All shares have been fully paid up. As to the principal characteristics of the shares, please see section "Management". The major shareholders of the Company are listed in section "Principal Shareholders".

In accordance with U.S. GAAP as of June 30, 2015, the Company had total assets of €42,271 million, total liabilities and equity of €42,271 million and, for the six months ended June 30, 2015, a net income of €642 million (including income from participations).

General Partner, Management and Corporate Governance

The sole general partner of the Company is Fresenius Management SE ("**Management SE**"). Management SE is a wholly-owned subsidiary of the Else Kröner-Fresenius-Stiftung. Management SE is registered with the commercial register of the local court (*Amtsgericht*) of Bad Homburg vor der Höhe under the registration number HRB 11673 and has issued a share capital of €1,500,000 as of June 30, 2015. The registered office of the Management SE is Bad Homburg vor der Höhe, Germany. Its business address is Else-Kröner-Strasse 1, 61352 Bad Homburg vor der Höhe, Germany, and its telephone number is +49 (0) 6 172-608-0. Management SE has not made a contribution to and, therefore, has no share in the Company, and does neither participate in any profit or loss nor in any assets of the Company. The sole corporate purpose of the Management SE is its being general partner of the Company.

For further information on the management of the Company, please see section "Management". For information on the compliance of the Company with the German Corporate Governance Code (*Deutscher Corporate Governance Kodex*), please see section "Management — Corporate Governance".

Financial Year, Auditor of the Financial Statements

The financial year of the Company is the calendar year.

KPMG AG Wirtschaftsprüfungsgesellschaft, The Square, Am Flughafen, 60549 Frankfurt am Main, Germany, a member of the German Chamber of Public Accountants (*Wirtschaftsprüferkammer*), Berlin, is the auditor of the consolidated and unconsolidated financial statements of the Company.

KPMG AG Wirtschaftsprüfungsgesellschaft audited the consolidated financial statements of the Company as of and for the years ended December 31, 2014, 2013 and 2012, prepared in accordance with U.S. GAAP, which have been included in this prospectus and the consolidated financial statements of the Company as of and for the years ended December 31, 2014, 2013 and 2012 prepared in accordance with IFRS, and in each case issued an auditors' report (*Bestätigungsvermerk*).

Fresenius Kabi AG

Foundation, Name, Registered Office, Duration, Business Name

Fresenius Kabi AG was incorporated as a stock corporation (*Aktiengesellschaft*) organized under German law on August 21, 1998. It was originally registered with the commercial register of the local court (*Amtsgericht*) of Frankfurt am Main, Germany, under registration number HRB 45881. On May 10, 2010, the general shareholders' meeting of Fresenius Kabi AG resolved to move Fresenius Kabi AG's registered office to Bad Homburg vor der Höhe. The change became effective upon registration of Fresenius Kabi AG with the commercial register of the local court (*Amtsgericht*) of Bad Homburg vor der Höhe, Germany, under registration number HRB 11654, on June 22, 2010.

Fresenius Kabi AG has its registered office in Bad Homburg vor der Höhe, Germany. Its business address is Else-Kröner-Strasse 1, 61352 Bad Homburg vor der Höhe, Germany, and its telephone number is +49 (0) 6 172-686-0. The duration of the Company is indefinite. The Company conducts its business under its legal name.

Corporate Purpose

Pursuant to section 2 of its articles of association of Fresenius Kabi AG, the corporate purpose of Fresenius Kabi AG is the participation in German and foreign companies engaged in the development, production and/or distribution of pharmaceutical and dietary products, in particular for enteral and parenteral nutrition, and infusion solutions; furthermore the development, production and distribution of medical devices and IT software for hospitals.

The principal activities of Fresenius Kabi AG are the development, production and distribution of pharmaceutical and dietary products.

Share Capital, Major Shareholder and Assets

As of the date of this prospectus, Fresenius Kabi AG had issued a share capital of €66,000,000.00 represented by 25,781,250 voting ordinary shares, each of which grants one vote in the general shareholders' meeting of Fresenius Kabi AG. All shares have been fully paid in. Fresenius Kabi AG is a wholly-owned subsidiary of the Company.

In accordance with German GAAP as of June 30, 2015, Fresenius Kabi AG had total assets of €3,262 million, total liabilities of €1,586 million and, for the six months ended June 30, 2015, a net income of €154 million (including income from participations).

Management and Corporate Governance

Fresenius Kabi AG has a management board and a supervisory board which has no audit committee.

The management board of Fresenius Kabi AG consists of seven members: Mats Henriksson (Chairman), Marc Crouton, John Ducker, Dr. Christian Hauer, Dr. Michael Schönhofen, Philipp Schulte-Noelle and Gerrit Steen. The supervisory board of Fresenius Kabi AG consists of three members: Dr. Ulf. M. Schneider (Chairman), Stephan Sturm (Deputy Chairman) and Christian Fischer. There are no potential conflicts between any duties to Fresenius Kabi AG of the members of the management board and supervisory board of Fresenius Kabi AG and their private interests and or other of their duties. For the principal activities of Mats Henriksson, Dr. Ulf M. Schneider and Stephan Sturm outside Fresenius Kabi AG, see "*Management — Management Board of the Management SE*". Christian Fischer is also Senior Vice President Group Controlling of Fresenius SE & Co. KGaA.

Members of the management board and the supervisory board of Fresenius Kabi AG can be contacted under the business address of the Company.

The German Corporate Governance Code does not apply to Fresenius Kabi AG as Fresenius Kabi AG is a stock corporation the shares in which are not admitted to trading on a regulated market.

Fresenius Kabi AG is controlled under a domination agreement (*Beherrschungsvertrag*) with the Company as controlling entity. Fresenius Kabi AG is also party to a profit and loss transfer agreement (*Ergebnisabführungsvertrag*) with the Company as dominating entity.

Financial Year, Financial Statements and Auditor

The financial year of Fresenius Kabi AG is the calendar year. Fresenius Kabi AG has appointed KPMG AG Wirtschaftsprüfungsgesellschaft, The Squire, Am Flughafen, 60549 Frankfurt am Main, Germany, as independent auditor. KPMG AG Wirtschaftsprüfungsgesellschaft is a member of the German Chamber of Public Accountants (*Wirtschaftsprüferkammer*), Berlin, Germany.

Fresenius ProServe GmbH

Foundation, Name, Registered Office, Duration, Business Name

Fresenius ProServe GmbH was incorporated as a company with limited liability (*Gesellschaft mit beschränkter Haftung*) organized under the laws of Germany on February 24, 1999. It was originally registered with the commercial register of the local court (*Amtsgericht*) of Frankfurt am Main, Germany, under registration number HRB 46909. On May 10, 2010, the shareholders' meeting of Fresenius ProServe GmbH resolved to move the company's registered office to Bad Homburg vor der Höhe. The change became effective upon registration of Fresenius ProServe GmbH with the commercial register of the local court (*Amtsgericht*) of Bad Homburg vor der Höhe, Germany, under registration number HRB 7302.

Fresenius ProServe GmbH has its registered office in Bad Homburg vor der Höhe, Germany. Its business address is Else-Kröner-Strasse 1, 61352 Bad Homburg vor der Höhe, Germany, and its telephone number is +49 (0) 6 172-608-0. The duration of Fresenius ProServe GmbH is indefinite. Fresenius ProServe GmbH conducts its business under its legal name.

Corporate Purpose

Pursuant to section 2 of its articles of association, the corporate purpose of Fresenius ProServe GmbH is the acquisition, holding and management of participations in German and foreign companies engaged in the following activities: the planning and construction of production facilities, in particular for pharmaceutical and dietary products and medical devices; the planning, construction and operation of curative facilities and hospitals; and project services.

The principal activity of Fresenius ProServe GmbH is to act as a holding company for the Company's HELIOS and VAMED segments. Fresenius Helios operates hospitals and Fresenius Vamed constructs and operates such facilities.

Registered Capital, Major Shareholder and Assets

As of the date of this prospectus, Fresenius ProServe GmbH had a registered capital of €40,000,000. All shares have been fully paid in. Fresenius ProServe GmbH is a wholly-owned subsidiary of the Company.

In accordance with German GAAP as of June 30, 2015, Fresenius ProServe GmbH had total assets of €5,737 million, total liabilities of €610 million and, for the six months ended June 30, 2015, a net income of €183 million (including income from participations).

Management and Corporate Governance

Fresenius ProServe GmbH has a management board which consists of three Managing Directors. The Managing Directors of Fresenius ProServe GmbH are Dr. Francesco De Meo, Dr. Jürgen Götz and Joachim Weith. There are no potential conflicts between any duties to Fresenius ProServe GmbH of the members of the management board of Fresenius ProServe GmbH and their private interests and or other of their duties. Fresenius ProServe GmbH does not have a supervisory board and, therefore, has no audit committee. For the principal activities of Dr. Francesco De Meo and Dr. Jürgen Götz outside Fresenius ProServe GmbH, see "*Management — Management Board of the Management SE*". Joachim Weith is also the Senior Vice President Corporate Communications and Public Affairs of Fresenius SE & Co. KGaA.

Members of the management board of Fresenius ProServe GmbH can be contacted at the registered office of Fresenius SE & Co. KGaA.

The German Corporate Governance Code does not apply to Fresenius ProServe GmbH as Fresenius ProServe GmbH is a company with limited liability the shares in which are not admitted to trading on a regulated market.

Fresenius ProServe GmbH is party to a profit and loss transfer agreement (*Ergebnisabführungsvertrag*) with the Company as dominating entity.

Financial Year, Financial Statements and Auditor

The financial year of Fresenius ProServe GmbH is the calendar year. Fresenius ProServe GmbH has appointed KPMG AG Wirtschaftsprüfungsgesellschaft, The Squaire, Am Flughafen, 60549 Frankfurt am Main, Germany, as independent auditor. KPMG AG Wirtschaftsprüfungsgesellschaft is a member of the German Chamber of Public Accountants (*Wirtschaftsprüferkammer*), Berlin, Germany.

DOCUMENTS AVAILABLE FOR INSPECTION

For as long as this prospectus is valid, the following documents, or copies thereof, may be inspected during regular business hours at the offices of the Company at Else-Kröner-Strasse 1, 61352 Bad Homburg vor der Höhe, Germany:

- the certificate of incorporation and articles of association of the Issuer and the Guarantors;
- the unaudited interim consolidated financial statements of the Company as of and for the six months ended June 30, 2015, prepared in accordance with U.S. GAAP;
- the audited consolidated financial statements of the Company as of and for the years ended December 31, 2014, 2013 and 2012, prepared in accordance with U.S. GAAP;
- the unaudited interim consolidated financial statements of the Company as of and for the six months ended June 30, 2015, prepared in accordance with IFRS;
- the audited consolidated financial statements of the Company as of and for the years ended December 31, 2014, 2013 and 2012, prepared in accordance with IFRS;
- unconsolidated financial statements of the Issuer for the financial years ending December 31, 2014 and 2013;
- unconsolidated financial statements of Fresenius Kabi AG for the financial years ending December 31, 2014 and 2013; and
- unconsolidated financial statements of Fresenius ProServe GmbH for the financial years ending December 31, 2014 and 2013.

INTEREST OF THE COMPANY IN FMC AG & CO. KGAA

FMC AG & Co. KGaA is a partnership limited by shares (*Kommanditgesellschaft auf Aktien*) organized under German law with its registered office in Hof an der Saale, Germany and registered with the commercial register of the local court (*Amtsgericht*) of Hof an der Saale, Germany, under registration number HRB 4019. As of June 30, 2015, the Company owned 30.98% of FMC AG & Co. KGaA's 304,603,200 outstanding ordinary voting shares. FMC AG & Co. KGaA's general partner is Fresenius Medical Care Management AG, a wholly-owned subsidiary of the Company in the legal form of a stock corporation (*Aktiengesellschaft*) organized under German law ("**FMC Management AG**") with its registered office in Hof an der Saale, Germany and registered with the commercial register of the local court (*Amtsgericht*) of Hof an der Saale, Germany, under registration number HRB 3894. FMC Management AG, represented by its management board, is responsible for the management of FMC AG & Co. KGaA. Because corporate decisions are taken by the general partner for German partnerships limited by shares, the Company has, and as long as it maintains ownership of FMC Management AG and more than 25% of the share capital of FMC AG & Co. KGaA will retain, a controlling position in FMC AG & Co. KGaA under the articles of association of FMC AG & Co. KGaA. Since this controlling position meets the control test for purposes of consolidation under U.S. GAAP, the Company fully consolidates Fresenius Medical Care in its consolidated financial statements under U.S. GAAP.

The Company receives the cash flows generated by Fresenius Medical Care only to the extent they are distributed to the Company as dividends. The Company receives such dividends in proportion to its economic interest in FMC AG & Co. KGaA. The Company received dividend distributions from FMC AG & Co. KGaA in the amount of €74 million through the second quarter in 2015, €73 million in 2014, €71 million in 2013 and €65 million in 2012. In addition, covenants that are contained in the 2012 FMC Senior Credit Agreement (as defined below) impose limitations on the amount of total annual dividends that Fresenius Medical Care may distribute in any one year, with total dividend distributions capped at €360 million for dividends paid in 2015. For more information about Fresenius Medical Care's senior credit facility, see "*Description of Other Financing Arrangements — Fresenius Medical Care*".

In addition to cash dividends, the Company receives cash payments, primarily in the form of service fees and rental payments, from Fresenius Medical Care under certain intercompany agreements. See "*Certain Relationships and Related Party Transactions*". The Company received payments of €88.8 million in 2014, €98.3 million in 2013 and €82.5 million in 2012.

These payments were partially offset by payments that the Company made to Fresenius Medical Care pursuant to other intercompany agreements in the amount of €6.3 million in 2014, €5.7 million in 2013 and €4.5 million in 2012.

The Company does not possess a majority of the outstanding voting ordinary shares of FMC AG & Co. KGaA and is precluded from voting on certain matters that are submitted to the shareholders of FMC AG & Co. KGaA. However, through its ownership of 100% of the outstanding shares of the general partner of FMC AG & Co. KGaA, the Company has the sole right to elect the supervisory board of the general partner, which, in turn, elects the management board of the general partner. The management board of the general partner is responsible for the management of FMC AG & Co. KGaA, but the actions and decisions of the general partner's management board are fully reviewable by the supervisory board of the general partner and by the supervisory board of FMC AG & Co. KGaA. Actions of the management board require only the approval of the supervisory board of the general partner. However, a pooling agreement for the benefit of minority ordinary shareholders and preference shareholders of FMC AG & Co. KGaA provides that at least one-third of the supervisory board members be independent, that a majority of such independent members approve certain related party transactions involving the Company and its affiliates and that certain extraordinary transactions involving the Company and its affiliates comply with all provisions of German law regarding such transactions.

The articles of association of FMC AG & Co. KGaA can be amended only through a resolution of the general meeting adopted by a qualified 75% majority of shareholders and with the consent of the general partner. Accordingly, neither group of owners (i.e., the shareholders or the general partner) can unilaterally amend the articles of association without the consent of the other group. The Company, however, is able to exert significant influence over amendments to the articles of association of FMC AG & Co. KGaA through its ownership of a significant percentage of FMC AG & Co. KGaA's ordinary shares, since such amendments require a 75% vote of the shares present at the meeting rather than three quarters of the outstanding shares.

Under the articles of association, FMC Management AG is required to withdraw as general partner of FMC AG & Co. KGaA if the Company's holdings decrease to (i) 25% or less of FMC AG & Co. KGaA's share capital or (ii) less than 100% of FMC Management AG's share capital. Alternatively, the Company may sell its interests in the general partner to a third party if the sale also includes more than 25% of FMC AG & Co. KGaA's share capital.

DESCRIPTION OF OTHER FINANCING ARRANGEMENTS

The following table shows our indebtedness outstanding at June 30, 2015 and December 2014, 2013 and 2012.

	As of June 30, 2015	As of December 31, 2014	As of December 31, 2013	As of December 31, 2012
(million €)				
Short-term borrowings and other financial liabilities.....	357	230	959	205
Short term debt from related parties	0	3	6	4
Fresenius 2008 Senior Credit Agreement ⁽¹⁾	—	—	—	1,170
Fresenius 2013 Senior Credit Agreement ⁽¹⁾	2,297	2,561	1,709	—
Fresenius Medical Care 2012 Senior Credit Agreement	2,478	2,389	1,963	2,016
Outstanding Senior Notes	3,187	3,126	1,627	2,281
Fresenius Medical Care Senior Notes	4,811	4,533	3,486	3,583
Euro notes (Schuldscheindarlehen)	917	1,025	859	739
Equity-Neutral Convertible Bonds.....	839	832	—	—
Other	775	755	2,195	1,030
Total debt	15,661	15,454	12,804	11,028

(1) We refinanced the 2008 Senior Credit Agreement by drawing on the 2013 Senior Credit Agreement on June 28, 2013.

For information on maturities of our long-term debt and capital lease obligations, see “*Management’s Discussion and Analysis of Financial Condition and Results of Operations — Liquidity and Capital Resources — Historical Debt*”, “*Management’s Discussion and Analysis of Financial Condition and Results of Operations — Liquidity and Capital Resources — Historical Consolidated Cash Flow — Six Months Ended June 30, 2015, compared with Six Months Ended June 30, 2014 — Financing Activities*”, “*Management’s Discussion and Analysis of Financial Condition and Results of Operations — Liquidity and Capital Resources — Historical Consolidated Cash Flow — Year Ended December 31, 2014, compared with Year Ended December 31, 2013 — Financing Activities*” and “*Management’s Discussion and Analysis of Financial Condition and Results of Operations — Liquidity and Capital Resources — Historical Consolidated Cash Flow — Year Ended December 31, 2013, compared with Year Ended December 31, 2012 — Financing Activities*”.

FRESENIUS SE & CO. KGAA AND ITS SUBSIDIARIES OTHER THAN FRESENIUS MEDICAL CARE

2013 Senior Credit Agreement

On December 20, 2012, Fresenius SE & Co. KGaA and various subsidiaries entered into a delayed draw syndicated credit agreement (the “**2013 Senior Credit Agreement**”) in the original amount of US\$1,300 million and €1,250 million. Since the initial funding of the 2013 Senior Credit Agreement in June 2013, incremental tranches were added and scheduled amortization payments have been made. Furthermore, on January 29, 2015, a term loan B tranche of €297 million was voluntarily prepaid.

On February 12, 2015, the revolving credit facilities and the term loan A tranches were extended by two years to a new maturity date on June 28, 2020. These tranches would have otherwise matured in June 2018.

The following table shows the available and outstanding amounts under the 2013 Senior Credit Agreement on June 30, 2015.

	Maximum Amount Avail- able		Balance Outstanding	
	in million	in million €	in million	in million €
Revolving Credit Facilities €	€900	900	€0	0
Revolving Credit Facility US-\$	US\$300	268	US\$0	0
Term Loan A €.....	€1,119	1,119	€1,119	1,119
Term Loan A US-\$	US\$827	739	US\$827	739
Term Loan B US-\$	US\$491	439	US\$491	439
Total		3,465		2,297

The revolving credit facilities are available until June 28, 2020. The term loans A tranches require quarterly payments of €31 million and US\$23 million, respectively, with the remaining balance due on June 28, 2020. While the Term Loan B also requires quarterly installments, the majority of Term Loan B, however, is due on June 28, 2019.

The interest rate on each borrowing under the 2013 Senior Credit Agreement is a rate equal to either (i) LIBOR or EURIBOR (as applicable) plus an applicable margin or (ii) the Base Rate as defined in the 2013 Senior Credit Agreement plus an applicable margin. The applicable margin is variable and depends on the leverage ratio as defined in the 2013 Senior Credit Agreement. In addition to scheduled principal payments, indebtedness outstanding under the 2013 Senior Credit Agreement would be reduced by mandatory prepayments in the case of certain sales of assets and the incurrence of certain additional indebtedness, with the amount to be prepaid depending on the proceeds which are generated by the respective transaction.

The 2013 Senior Credit Agreement is guaranteed by Fresenius SE & Co. KGaA, Fresenius ProServe GmbH, Fresenius Kabi AG and certain US subsidiaries of Fresenius Kabi AG. Obligations under the 2013 Senior Credit Agreement are secured by pledges of capital stock of certain material subsidiaries of Fresenius Kabi AG, and following the funding of incremental facilities in February 2014 are additionally secured by a pledge of the capital stock of Helios Kliniken GmbH owned by Fresenius ProServe GmbH, in favor of the lenders.

The 2013 Senior Credit Agreement contains affirmative and negative covenants with respect to Fresenius SE & Co. KGaA and its subsidiaries (other than Fresenius Medical Care and its subsidiaries). Under certain circumstances these covenants limit indebtedness, investments, dividend payments, and restrict the creation of liens. The 2013 Senior Credit Agreement also includes financial covenants that require Fresenius SE & Co. KGaA and its subsidiaries (other than Fresenius Medical Care and its subsidiaries) to maintain a maximum leverage ratio and a minimum interest coverage ratio.

Other Bank Facilities

As of June 30, 2015, subsidiaries of Fresenius SE & Co. KGaA (other than Fresenius Medical Care) had approximately €320 million in indebtedness outstanding under bilateral bank facilities. We had additional borrowing capacity of approximately €330 million under committed bilateral facilities available and approximately €400 million of uncommitted short-term lines available. Borrowings under these facilities are generally used to finance our working capital needs and are generally unsecured.

Fresenius Euro Notes (*Schuldscheindarlehen*)

As of June 30, 2015, our outstanding tranches of euro-denominated notes (*Schuldscheindarlehen*) issued by Fresenius SE & Co. KGaA (the “Euro Notes”) consist of:

Tranche	Maturity	Interest rate	Notional amounts in € million
Fresenius SE & Co. KGaA 2012/2016	April 4, 2016	3.36%	108
Fresenius SE & Co. KGaA 2013/2017	Aug 22, 2017	2.65%	51
Fresenius SE & Co. KGaA 2013/2017	Aug 22, 2017	floating	74
Fresenius SE & Co. KGaA 2014/2018	April 2, 2018	2.09%	97
Fresenius SE & Co. KGaA 2014/2018	April 2, 2018	floating	76
Fresenius SE & Co. KGaA 2014/2018	April 2, 2018	floating	65
Fresenius SE & Co. KGaA 2012/2018	April 4, 2018	4.09%	72
Fresenius SE & Co. KGaA 2015/2018	Oct 8, 2018	1.069%	36
Fresenius SE & Co. KGaA 2015/2018	Oct 8, 2018	floating	55
Fresenius SE & Co. KGaA 2014/2020	April 2, 2020	2.67%	106
Fresenius SE & Co. KGaA 2014/2020	April 2, 2020	floating	55
Fresenius SE & Co. KGaA 2014/2020	April 2, 2020	floating	101
Fresenius SE & Co. KGaA 2015/2022	April 7, 2022	1.606%	21
Total			917

The Euro Notes are guaranteed by Fresenius Kabi AG and Fresenius ProServe GmbH.

Commercial Paper Program

Fresenius SE & Co. KGaA has a commercial paper program for the issuance of a maximum of €1 billion of short-term notes. Notes issued under this program may be denominated in euros or in any other freely convertible currency of an OECD

member state. The maturity may not exceed two years less one day. The obligations represented by the notes rank pari passu with all other senior unsecured obligations of Fresenius SE & Co. KGaA. As of June 30, 2015, an amount of €130 million was outstanding under the commercial paper program. This figure does not include amounts of commercial paper used to repay Fresenius US Finance II, Inc.'s senior notes due 2015 which matured on July 15th.

Outstanding Senior Notes

The following table sets forth information regarding our Outstanding Senior Notes as of June 30, 2015.

Issuer/Tranche	Notional amount in million	Maturity	Coupon
Fresenius Finance B.V. 2014/2019	€300	February 1, 2019	2.375%
Fresenius Finance B.V. 2012/2019	€500	April 15, 2019	4.25%
Fresenius Finance B.V. 2013/2020	€500	July 15, 2020	2.875%
Fresenius Finance B.V. 2014/2021	€450	February 1, 2021	3.00%
Fresenius Finance B.V. 2014/2024	€450	February 1, 2024	4.00%
Fresenius US Finance II, Inc. 2009/2015*	€275	July 15, 2015	8.75%
Fresenius US Finance II, Inc. 2009/2015*	US\$500	July 15, 2015	9.00%
Fresenius US Finance II, Inc. 2014/2021	US\$300	February 1, 2021	4.25%

* The Senior Notes issued by Fresenius US Finance II, Inc. which were due on July 15, 2015 have been repaid using available short-term financing sources.

All Outstanding Senior Notes are unsecured and guaranteed by Fresenius SE & Co. KGaA, Fresenius Kabi AG and Fresenius ProServe GmbH. The holders have the right to request that the respective issuers repurchase the applicable issue of notes at 101% of principal amount plus accrued interest upon the occurrence of a change of control of Fresenius SE & Co. KGaA followed by a decline in the rating of the respective senior notes. The issuers of the respective notes may redeem the senior notes at any time at a price of 100% of principal plus accrued interest and a premium calculated pursuant to the terms of the indentures. The indentures governing the Outstanding Senior Notes contain covenants that are customary for senior notes issued in the European market or by companies with a European parent guarantor.

Equity-neutral Convertible Bonds

On March 24, 2014, Fresenius SE & Co. KGaA issued €500 million aggregate principal amount of equity-neutral convertible bonds which are due on September 24, 2019. The bonds were issued at par and have a zero coupon. The current conversion price is €49.6611. Beginning in March 2017, bond holders can exercise the conversion rights embedded in the bonds. In order to fully offset the economic exposure from the conversion feature, Fresenius SE & Co. KGaA purchased call options on its shares. Any increase of the share price above the conversion price will be fully offset by a corresponding value increase of the call options. The equity-neutral convertible bonds are jointly and severally guaranteed by Fresenius Kabi AG and Fresenius ProServe GmbH.

FRESENIUS MEDICAL CARE

2012 Senior Credit Agreement

FMC AG & Co. KGaA originally entered into a syndicated credit facility of US\$3,850 million and a 5 tenor (the “2012 FMC Senior Credit Agreement”) with a large group of banks and institutional investors on October 30, 2012. On November 26, 2014, the 2012 FMC Senior Credit Agreement was amended to increase the total credit facility to approximately US\$4,400 million and extend the term for an additional two years until October 30, 2019.

The following table shows the available and outstanding amounts under the 2012 FMC Senior Credit Agreement at June 30, 2015:

	Maximum amount available		Balance outstanding	
	(million)	(million €)	(million)	(million €)
Revolving Credit (in US\$)	US\$1,000	894	US\$51	45
Revolving Credit (in €)	€400	400	€0	0
US\$ Term Loan	US\$2,400	2,145	US\$2,400	2,145
€ Term Loan	€288	288	€288	288
Total		3,727		2,478

The revolving credit facilities are available until October 30, 2019. The term loans require quarterly payments of US\$50 million and €6 million, respectively, with the remaining balance also due on October 30, 2019.

Interest on the credit facilities is, at Fresenius Medical Care's option, at a rate equal to either (i) LIBOR or EURIBOR (as applicable) plus an applicable margin or (ii) the Base Rate as defined in the 2012 FMC Credit Agreement plus an applicable margin.

The applicable margin is variable and depends on Fresenius Medical Care's consolidated leverage ratio which is a ratio of its consolidated funded debt less cash and cash equivalents to consolidated EBITDA (as these terms are defined in the 2012 FMC Senior Credit Agreement).

In addition to scheduled principal payments, indebtedness outstanding under the 2012 FMC Senior Credit Agreement would be reduced by portions of the net cash proceeds received from certain sales of assets.

Obligations under the 2012 FMC Senior Credit Agreement are secured by pledges of capital stock of certain material subsidiaries in favor of the lenders.

The 2012 FMC Senior Credit Agreement contains affirmative and negative covenants with respect to the company and its subsidiaries. Under certain circumstances these covenants limit indebtedness, investments, and restrict the creation of liens. Under the 2012 FMC Senior Credit Agreement, Fresenius Medical Care is required to comply with a maximum consolidated leverage ratio. Additionally, the 2012 FMC Senior Credit Agreement provides for a limitation on dividends, share buy-backs and similar payments. Dividends to be paid are subject to an annual basket, which is €360 million for 2015, and will increase in subsequent years. Additional dividends and other restricted payments may be made subject to the maintenance of a maximum leverage ratio.

In default, the outstanding balance under the 2012 FMC Senior Credit Agreement becomes immediately due and payable at the option of the lenders.

Fresenius Medical Care's Senior Notes

In 2007, 2010, 2011, 2012 and 2014 Fresenius Medical Care issued various senior unsecured notes through its wholly owned subsidiaries FMC Finance VI S.A., FMC, Finance VII S.A., FMC Finance VIII S.A., Fresenius Medical Care US Finance, Inc. and Fresenius Medical Care US Finance II, Inc.

The table below lists the currently outstanding senior notes of Fresenius Medical Care:

Tranche	Notional amount in million	Maturity	Coupon
Fresenius Medical Care Finance VI S.A. 2010/2016.....	€250	July 15, 2016	5.50%
Fresenius Medical Care Finance VIII S.A. 2011/2016	€100	October 15, 2016	floating
Fresenius Medical Care US Finance, Inc. 2007/2017	US\$500	July 15, 2017	6.875%
Fresenius Medical Care Finance VIII S.A. 2011/2018	€400	September 15, 2018	6.50%
Fresenius Medical Care US Finance II, Inc. 2011/2018	US\$400	September 15, 2018	6.50%
Fresenius Medical Care Finance VIII S.A. 2012/2019	€250	July 31, 2019	5.25%
Fresenius Medical Care US Finance II, Inc. 2012/2019	US\$800	July 31, 2019	5.625%
Fresenius Medical Care US Finance II, Inc. 2014/2020	US\$500	October 15, 2020	4.125%
Fresenius Medical Care US Finance, Inc. 2011/2021	US\$650	February 15, 2021	5.75%
Fresenius Medical Care Finance VII S.A. 2011/2021	€300	February 15, 2021	5.25%
Fresenius Medical Care US Finance II, Inc. 2012/2022	US\$700	January 31, 2022	5.875%
Fresenius Medical Care US Finance II, Inc. 2014/2024	US\$400	October 15, 2024	4.75%

All of Fresenius Medical Care's existing senior notes are unsecured and guaranteed on a senior basis jointly and severally by FMC AG & Co. KGaA and by its subsidiaries, FMCH and FMC Germany. The issuers of the respective notes may redeem the senior notes (except the floating rate notes issued by FMC Finance VIII S.A.) at any time at 100% of principal plus accrued interest and a premium calculated pursuant to the terms of the indenture. The holders have the right to request that the respective issuers repurchase the applicable issue of notes at 101% of principal plus accrued interest upon the occurrence of a change of control of FMC AG & Co. KGaA followed by a decline in the rating of the respective senior notes.

The indentures governing Fresenius Medical Care's senior notes contain various negative covenants that restrict the ability of Fresenius Medical Care to incur debt, incur liens, engage in sale-leaseback transactions and merge or consolidate with other companies or sell assets.

For additional information regarding Fresenius Medical Care's senior notes, see Note 22, "Senior Notes" in the notes to our 2014 audited consolidated financial statements.

Accounts Receivable Facility

On November 24, 2014, the asset securitization facility (the "**Fresenius Medical Care A/R Facility**") of Fresenius Medical Care was refinanced for a term expiring on November 24, 2017 with available borrowings of US\$800 million. Under the Fresenius Medical Care A/R Facility, certain receivables are sold to NMC Funding Corporation ("**NMC Funding**"), a wholly-owned subsidiary of Fresenius Medical Care. NMC Funding then assigns percentage ownership interests in the accounts receivable to certain bank investors. Under the terms of the Fresenius Medical Care A/R Facility, NMC Funding retains the right, at any time, to recall all the then outstanding transferred interests in the accounts receivable. Consequently, the receivables remain on Fresenius Medical Care's consolidated balance sheet and the proceeds from the transfer of percentage ownership interests are recorded as debt.

As of June 30, 2015, Fresenius Medical Care had outstanding borrowings of US\$356 million under the Fresenius Medical Care A/R Facility and additionally used letters of credit of US\$67 million under this facility.

Fresenius Medical Care's Equity-neutral Convertible Bonds

On September 19, 2014, FMC AG & Co. KGaA issued €400 million aggregate principal amount of equity-neutral convertible bonds which have a coupon of 1.125% and are due on January 31, 2020. The bonds were issued at par. The current conversion price is €73.6354. Beginning November 2017, bond holders can exercise the conversion rights embedded in the bonds at certain dates. In order to fully offset the economic exposure from the conversion feature, FMC AG & Co. KGaA purchased call options on its shares. Any increase of the share price above the conversion price will be fully offset by a corresponding value increase of the call options. These equity-neutral convertible bonds are jointly and severally guaranteed by FMCH and FMC Germany.

DESCRIPTION OF THE NOTES

The Issuer will issue up to \$300 million aggregate principal amount of its % fixed rate senior notes due 2023 (the “Notes”). The Issuer will pay interest on the Notes semi-annually on January 15 and July 15 of each year, commencing January 15, 2016. The Notes will mature on January 15, 2023.

The Notes will be issued under an indenture (the “**Indenture**”) expected to be dated September 25, 2015, among the Issuer, the Guarantors and The Bank of New York Mellon, London Branch, as Trustee. Copies of the forms of the Indenture are available upon request to the Issuer.

You will find the definitions of capitalized terms used in this description either in the body of this section or at the end of this section under “— *Certain Definitions*”. For purposes of this description, references to the “Company” refer only to Fresenius SE & Co. KGaA and not to its subsidiaries.

We have applied to list the Notes on the Official List of the Luxembourg Stock Exchange and for admission for trading on the regulated market of the Luxembourg Stock Exchange.

This Description of the Notes is intended to be a useful overview of the material provisions of the Notes and the Indenture. Since this description is only an overview, you should refer to the Indenture for a complete description of the obligations of the Issuer and your rights. The Indenture will not be qualified under the U.S. Trust Indenture Act of 1939 (the “**Trust Indenture Act**”), as amended. The terms of the Notes will include those stated in the Indenture and those made part of the Indenture by reference to the Trust Indenture Act.

The Notes

The Notes:

- mature on January 15, 2023;
- have a yield-to-maturity of % based on issuance at % and an interest coupon of % per annum;
- are being offered in an aggregate principal amount of up to \$300 million;
- are general unsecured, senior obligations of the Issuer;
- will be represented by one or more registered Notes in global form, but in certain circumstances may be represented by registered Notes in definitive form. See “Book-Entry, Delivery, and Form”;
- rank equally in right of payment to any existing and future senior Indebtedness of the Issuer;
- will be issued in minimum denominations of \$2,000 and integral multiples of \$1,000 in excess thereof; and
- will be repaid at par in U.S. dollars at maturity and will not be subject to any sinking fund provision.

The yield calculated at issuance of the Notes is calculated in accordance with the ICMA (International Capital Market Association) method, which determines the effective interest rate of notes taking into account accrued interest on a daily basis. Your yield will depend on the price at which you purchase the Notes.

Additional Notes

The Issuer in a supplemental indenture may issue additional notes (“**Additional Notes**”) from time to time after this offering subject to the provisions of the Indenture described below under “— *Certain Covenants*”, including, without limitation, the covenant set forth under “— *Certain Covenants — Limitation on Incurrence of Indebtedness*”. The Notes offered hereby and, if issued, any Additional Notes subsequently issued under the Indenture will be treated as a single class for all purposes under the Indenture, including, without limitation, waivers, amendments, redemptions and offers to purchase (*provided* that, if any Additional Notes are not fungible with existing notes of the same class for U.S. federal income tax purposes, such Additional Notes shall have a separate ISIN number, if any). As a result, among other things, holders of each series of Notes will not have separate and independent rights to give notice of a Default or to direct the Trustee to exercise remedies in the event of a Default with respect to the Notes or otherwise. The term “Notes” shall, except where otherwise expressly stated, include the Additional Notes.

Interest

Interest on the Notes will accrue at % per annum.

Interest on the Notes will compound semi-annually and will:

- accrue from the date of issuance or the most recent interest payment date;
- be payable in cash semi-annually in arrears on January 15 and July 15, commencing on January 15, 2016, with the first interest payment covering the period from the Issue Date to January 15, 2016;
- be payable to the holders of record on the date that is one business day in New York, Brussels and Luxembourg immediately preceding the related interest payment dates; and
- be computed on the basis of a 360-day year comprised of twelve 30-day months.

Description of the Guarantees

The obligations of the Issuer under the Notes, including the repurchase obligation of the Issuer resulting from a Change of Control, will be unconditionally and irrevocably guaranteed, on a joint and several basis, by the Guarantors. At a time when a Guarantor (other than the Company) is no longer an obligor under the 2013 Senior Credit Agreement, such Guarantor will no longer be a Guarantor of the Notes. Each Note Guarantee by a Subsidiary will not exceed the maximum amount that can be guaranteed by the applicable Subsidiary Guarantor without rendering the Subsidiary's Guarantee, as it relates to the Subsidiary Guarantor, voidable or unenforceable under applicable laws affecting the rights of creditors generally. In the case of each Subsidiary Guarantor, the maximum amount of its Note Guarantee and its enforcement may be limited in circumstances that could otherwise give rise to personal liability of the management board members or managing directors of the Subsidiary Guarantors under applicable laws of Germany, including German Federal Supreme Court decisions. In this description, we refer to the guarantee of each of the Guarantors as the **"Note Guarantees"**.

Under the Indenture, a Guarantor may consolidate with, merge with or into, or transfer all or substantially all of its assets to any other Person as described below under *"— Certain Covenants — Limitation on Mergers and Sales of Assets"*. However, if the other Person is not the Issuer or a Guarantor, such Guarantor's obligations under its Note Guarantees must be expressly assumed by such other Person. Upon the sale or other disposition (including by way of consolidation or merger) of a Guarantor, or the sale or disposition of all or substantially all the assets of a Guarantor (in each case other than to the Issuer), such Guarantor will be released and relieved from all of its obligations under its Note Guarantees, subject to the limitations below under *"— Certain Covenants — Limitation on Mergers and Sales of Assets"*.

Ranking

The Notes will be general unsecured obligations of the Issuer that rank senior in right of payment to all of the Issuer's existing and future Indebtedness that is expressly subordinated in right of payment to the Notes. The Notes will rank equally in right of payment with all existing and future Indebtedness of the Issuer that is not so subordinated. The Notes will be effectively subordinated in right of payment to all of the Issuer's existing and future Indebtedness that is secured by liens on assets to the extent of the value of the collateral securing such Indebtedness, and will be structurally subordinated in right of payment to any obligations of the Parent Guarantor's subsidiaries, other than Subsidiary Guarantors and Finance Subsidiaries (as defined below).

The Notes will be equal in right of payment with each other and Fresenius Finance B.V.'s 4.25% senior notes due 2019, 2.875% senior notes due 2020, the 2.375% senior notes due 2019, 3% senior notes due 2021 and 4% senior notes due 2024, as well as Fresenius US Finance II, Inc.'s 4.25% senior dollar notes due 2021.

The guarantees of the Notes granted by the Subsidiary Guarantors will rank equal in right of payment with the guarantees of the previously issued notes. For more information, see *"Risk Factors — Risks Relating to the Notes — The Notes are subordinate to other creditors of non-guarantors"*.

Form of Notes

The Notes will be represented initially by global notes in registered form. Notes sold to qualified institutional buyers in reliance on Rule 144A (the **"Rule 144A Notes"**) under the Securities Act (as defined below) will be represented by one or more global notes without interest coupons attached (collectively, the **"Rule 144A Global Notes"**). The Rule 144A Global Notes representing the Notes will be deposited with a custodian for The Depository Trust Company (**"DTC"**) and registered in the name of Cede & Co., as nominee of DTC.

Notes initially offered and sold in reliance on Regulation S (the **"Reg S Notes"**) under the Securities Act will be represented by one or more global notes without interest coupons attached (collectively, the **"Reg S Global Notes"** and, together with the Rule 144A Global Notes, the **"Global Notes"**). The Reg S Global Notes representing the Notes will be registered in the name of Cede & Co., as nominee of DTC, and deposited with a custodian for DTC for credit to Euroclear and Clearstream.

The combined principal amounts of the Rule 144A Global Notes and the Reg S Global Notes will at all times represent the total outstanding principal amount of the Notes represented thereby.

Ownership of interests in the Rule 144A Global Notes (“**Restricted Book-Entry Interests**”) and in the Reg S Global Notes (the “**Reg S Book-Entry Interests**” and, together with the Restricted Book-Entry Interests, the “**Book-Entry Interests**”) will be limited to persons that have accounts with DTC, Euroclear and/or Clearstream, or persons that hold interests through such participants. Prior to the 40th day after the later of the commencement of this offering and the date the Notes were originally issued (the “**Distribution Compliance Period**”), interests in the Reg S Global Notes may only be held through Euroclear or Clearstream. DTC, Euroclear and Clearstream will hold interests in the Global Notes on behalf of their participants through customers’ securities accounts in their respective names on the books of their respective depositories. Except under the limited circumstances described below, owners of beneficial interests in the Global Notes will not be entitled to receive physical delivery of certificated notes. Book-Entry Interests will be shown on, and transfers thereof will be done only through, records maintained in book-entry form by DTC, Euroclear and Clearstream and their participants. The foregoing limitations may impair your ability to own, transfer or pledge Book-Entry Interests. In addition, while the Notes are in global form, holders of Book-Entry Interests will not be considered the owners or “holders” of notes for any purpose.

So long as the Notes are held in global form, DTC, Euroclear and/or Clearstream, as applicable (or their respective nominees), will be considered the sole holders of Global Notes for all purposes under the Indenture. In addition, participants in DTC, Euroclear and/or Clearstream must rely on the procedures of DTC, Euroclear and/or Clearstream, as the case may be, and indirect participants must rely on the procedures of DTC, Euroclear, Clearstream and the participants through which they own Book-Entry Interests, to transfer their interests or to exercise any rights of holders under the Indenture.

Neither the Issuer nor the Trustee will have any responsibility or be liable for any aspect of the records relating to the Book-Entry Interests.

Holders of beneficial interest in the Notes will be entitled to receive definitive Notes in registered form (“**Definitive Registered Notes**”) in exchange for their holdings of beneficial interest in the Notes only in the limited circumstances set forth in “*Book Entry, Delivery, and Form — Issuance of Definitive Registered Notes.*” Title to the Definitive Registered Notes will pass upon registration of transfer in accordance with the provisions of the Indenture. In no event will definitive Notes in bearer form be issued. Ownership of registered Notes shall be established by an entry in the holders’ register maintained under the Indenture.

Payment of the Notes

Principal of, premium, if any, interest and Additional Amounts (as defined below), if any, on the Global Notes will be payable at the office of the Paying Agent and the Global Notes may be exchanged or transferred at the corporate trust office or agency of the Trustee. Payment of principal of, premium, if any, interest and Additional Amounts, if any, on the Notes in global form registered in the name of or held by DTC or its nominee will be made in immediately available funds to DTC or its nominee, as the case may be, as the registered holder of the Global Notes; *provided* that at the option of the Issuer, payment of interest on the Notes may be made by check mailed to the holders of such Notes as such addresses appear in the applicable Note register. Upon the issuance of Definitive Registered Notes, holders of the Notes will be able to receive principal and interest on the Notes at the office of the Paying and Transfer Agent, subject to the right of the Issuer to mail payments in accordance with the terms of the Indenture. The Issuer will pay interest on the Notes to Persons who are registered holders at the close of business on the record date immediately preceding the interest payment date for such interest. Such holders must surrender the Notes to the Paying Agent to collect principal payments.

Paying Agent and Registrar

The Bank of New York Mellon, London Branch will initially act as paying agent (the “**Paying Agent**”) and The Bank of New York Mellon (Luxembourg) S.A. will initially act as registrar (the “**Registrar**”) for the Notes. The Issuer may change the Paying Agent or Registrar for the Notes, and the Issuer may act as Registrar for the Notes.

Transfer and Exchange

A holder of Notes may transfer or exchange Notes in accordance with the Indenture. The Registrar and the Trustee for the Notes may require a holder of a Note, among other things, to furnish appropriate endorsements and transfer documents, and the Issuer may require such holder to pay any taxes and fees required by law or permitted by the Indenture. The Issuer is not required to transfer or exchange any Note selected for redemption. Also, the Issuer is not required to transfer or exchange any Note for a period of 15 days before a selection of Notes to be redeemed. The registered holder of a Note will be treated as the owner of it for all purposes. No service charge will be made for any registration of transfer or exchange of Notes, but the Issuer may require payment of a sum to cover any transfer tax or other similar governmental charge payable in connection therewith.

Optional Redemption

The Issuer may redeem all or, from time to time, a part of the Notes issued by it, at its option, at redemption prices equal to 100% of the principal amount of such Notes being redeemed plus accrued interest, if any, to the redemption date, plus the excess of:

- as determined by the calculation agent (which shall initially be the Trustee), the sum of the present values of the remaining scheduled payments of principal and interest on the Notes being redeemed not including any portion of such payment of interest accrued on the date of redemption, from the redemption date to the maturity date, discounted to the redemption date on a semi-annual basis (assuming a 360-day year consisting of twelve 30-day months) at the relevant Treasury Rate plus 50 basis points; over
- 100% of the principal amount of the Notes being redeemed.

In addition, the Notes may be redeemed, in whole or in part, by the Issuer on or after the 90th day prior to the Stated Maturity of the Notes, upon not less than 10 nor more than 60 days' prior notice, at a redemption price of 100% of the principal amount thereof, plus accrued and unpaid interest, if any, to the date of redemption.

If the optional redemption date is on or after an interest record date and on or before the related interest payment date, the accrued and unpaid interest, if any, will be paid to the Person in whose name the Note is registered at the close of business on such record date, and no additional interest will be payable to beneficial holders whose Notes will be subject to redemption by the Issuer.

In the case of any partial redemption, the Trustee will select the Notes for redemption in compliance with the requirements of the principal securities exchange, if any, on which the respective Notes are listed or, if the respective Notes are not listed, then on a pro rata basis, by lot or by such other method as the Trustee in its sole discretion will deem to be fair and appropriate, although no Note of \$2,000 in original principal amount or less, will be redeemed in part. If any Note is to be redeemed in part only, the notice redemption relating to that Note will state the portion of the principal amount thereof to be redeemed. A new Note in principal amount equal to the unredeemed portion thereof will be issued and delivered to the Trustee, or in the case of Definitive Registered Notes, issued in the name of the holder thereof upon cancellation of the original Note.

Redemption for Changes in Withholding Taxes

The Issuer is entitled to redeem the Notes at its option, in whole but not in part, upon not less than 30 nor more than 60 days' notice, at 100% of the principal amount of the Notes, plus accrued and unpaid interest (if any) to the date of redemption (subject to the right of holders of record on the relevant record date to receive interest due on the relevant interest payment date), in the event the Issuer has become or would become obligated to pay, on the next date on which any amount would be payable with respect to the Notes, any Additional Amounts as a result of:

- (a) any change in or amendment to the laws, treaties or regulations of any Relevant Taxing Jurisdiction (as defined below); or
- (b) any change in or amendment to any official position regarding the application, administration or interpretation of such laws, treaties, regulations or rulings (including by virtue of a holding, judgment or order by a court of competent jurisdiction);

which change or amendment to such laws, treaties, regulations or official position is announced and becomes effective on or after the date of issuance of the Notes (or, if the applicable Relevant Taxing Jurisdiction did not become a Relevant Taxing Jurisdiction until a later date, after such later date); *provided* that the Issuer determines, in its reasonable judgment, that the obligation to pay such additional amounts cannot be avoided by the use of reasonable measures available to it; *provided, further*, that at the time such notice is given, such obligation to pay Additional Amounts remains in effect.

Notice of any such redemption must be given within 270 days of the earlier of the announcement or effectiveness of any such change or amendment.

Additional Amounts

All payments made under or with respect to the Notes under the Indenture or pursuant to any Note Guarantee must be made free and clear of and without withholding or deduction for or on account of any present or future tax, duty, levy, impost, assessment or other governmental charge (including penalties, interest and other liabilities related thereto) imposed or levied by or on behalf of (1) the United States, Germany, Luxembourg, the Netherlands, the United Kingdom or in each case any political

subdivision or governmental authority thereof or therein having the power to tax, (2) any jurisdiction from or through which payment on the Notes or any Note Guarantee is made, or any political subdivision or governmental authority thereof or therein having the power to tax or (3) any other jurisdiction in which the payor is organized or otherwise considered to be resident or doing business for tax purposes, or any political subdivision or governmental authority thereof or therein having the power to tax (each a “**Relevant Taxing Jurisdiction**”), collectively, “**Taxes**”, unless the Issuer, Guarantor or other applicable withholding agent is required to withhold or deduct Taxes by law or by the interpretation or administration thereof by the relevant government authority or agency. If the Issuer, any Guarantor or other applicable withholding agent is so required to withhold or deduct any amount for or on account of Taxes from any payment made under or with respect to the Notes or any Note Guarantee, the Issuer or such Guarantor, as the case may be, will be required to pay such amount — “**Additional Amounts**” — as may be necessary so that the net amount received by each holder after such withholding or deduction (including any withholding or deduction on such Additional Amounts) will not be less than the amount such holder would have received if such Taxes had not been withheld or deducted; *provided, however*, that no Additional Amounts will be payable for or on account of:

- (a) any Taxes that would not have been so imposed but for the existence of any present or former connection between such holder (or between a fiduciary, settlor, beneficiary, member or shareholder of, or a person having a power over, such holder) and any Relevant Taxing Jurisdiction including, without limitation, such holder (or such fiduciary, settlor, beneficiary, member, shareholder or person having such a power) being or having been a citizen or resident or treated as a resident of, being or having been engaged in a trade or business in, or having or having had a permanent establishment in, a Relevant Taxing Jurisdiction other than any connections arising solely from a holder acquiring, holding or disposing of, receiving any payment under or with respect to or enforcing a Note or any Note Guarantee;
- (b) any Taxes that would not have been so imposed but for the presentation by the holder of such Note for payment on a date more than 30 days after the date on which such payment became due and payable or the date on which payment thereof is duly provided for, whichever occurs later;
- (c) any estate, inheritance, gift, sales, transfer, personal property, wealth or any similar Taxes;
- (d) any Taxes that are payable otherwise than by withholding from payments under or with respect to the Notes or any Note Guarantee;
- (e) any Taxes that would not have been imposed but for the failure to comply with certification, information, documentation or other reporting requirements concerning the nationality, residence, identity or connection with a Relevant Taxing Jurisdiction of the holder or beneficial owner of such Note or coupon, if such holder is legally eligible to comply with such requirement and such compliance is required by statute or by regulation or pursuant to an applicable tax treaty as a precondition to relief or exemption from such Taxes, assessment or other governmental charge (including, without limitation, providing prior to the receipt of any payment under or with respect to a Note a complete, correct and executed IRS Form W-8 or W-9 or successor form, as applicable, with all appropriate attachments);
- (f) any Taxes that are payable by a holder that is not the beneficial owner of such Note but only to the extent that a beneficial owner would not have been entitled to the payment of any additional amounts had the beneficial owner owned such Note directly;
- (g) any withholding or deduction that is imposed on a payment pursuant to (i) European Council Directive 2003/48/EC or any other Directive implementing the conclusions of the ECOFIN Council meeting of November 26-27, 2000 on the taxation of savings or any law implementing or complying with, or introduced in order to conform to, such Directive, or (ii) FATCA;
- (h) any U.S. federal withholding Taxes imposed as a result of (i) a person’s past or present actual or constructive ownership of 10% or more of the total combined voting power of all classes of stock of the Issuer entitled to vote, (ii) such holder being a bank described in section 881(c)(3)(A) of the Code or (iii) such holder being a “controlled foreign corporation” within the meaning of section 957 of the Code that is related to the Issuer by stock ownership; or
- (i) any combination of items (a) through (h) above.

The Issuer or applicable Guarantor, if it is the applicable withholding agent, will make any required withholding or deduction and remit the full amount deducted or withheld to the relevant authority as and when required in accordance with applicable law. The Issuer will furnish to the Trustee, within 30 days after the date the payment of any Taxes is due under applicable law, certified copies of tax receipts evidencing such payment by the Issuer or any Guarantor.

Wherever in the Indenture or the Notes or any Note Guarantee there are mentioned, in any context, (1) the payment of principal, (2) purchase prices in connection with a purchase of Notes under the Indenture or the Notes, (3) interest or (4) any other amount payable under or with respect to any of the Notes, such reference shall be deemed to include payment of Additional

Amounts as described under this heading to the extent that, in such context, Additional Amounts are, were or would be payable in respect thereof.

The Issuer will pay any present stamp, court or documentary taxes, or any other excise, property or similar taxes, charges or levies (including any penalties, interest or other liabilities related thereto) which arise in the United States (or any political subdivision thereof or therein having the power to tax) from (i) the execution, delivery and registration of Notes upon original issuance and initial resale of the Notes (in connection with their underwriting) or (ii) any Note Guarantee or any other document or instrument referred to within the original issuance and initial resale of the Notes (in connection with their underwriting). If at any time the Issuer changes its place of organization to outside of the United States or there is a new issuer organized outside of the United States, the Issuer or new issuer, as applicable, will pay any stamp, court or documentary taxes, or any other excise, property or similar taxes, charges or levies (including any penalties, interest or other liabilities related thereto) which arise in the jurisdiction in which the Issuer or new issuer is organized (or any political subdivision thereof or therein having the power to tax) and are payable by the holders of the Notes in respect of the Notes or any Note Guarantee or any other document or instrument referred to therein under any law, rule or regulation in effect at the time of such change, or in connection with, the enforcement of the Notes or any Note Guarantee or any such other document or instrument.

The foregoing obligations in this section will survive any termination, defeasance or discharge of the Indenture. References in this section (“— *Additional Amounts*”) to the Issuer or any Guarantor shall apply to any successor(s) thereto.

Change of Control

Each holder of the Notes, upon the occurrence of a Change of Control Triggering Event, will have the right to require that the Issuer repurchase such holder’s Notes, at a purchase price in cash equal to 101% of the principal amount thereof plus accrued and unpaid interest, if any, to the date of purchase (subject to the right of holders of record on the relevant record date to receive interest due on the relevant interest payment date).

Within 30 days following a Change of Control Triggering Event, the Issuer will mail a notice to each holder with a copy to the Trustee stating:

- (a) that a Change of Control Triggering Event has occurred and that such holder has the right to require the Issuer to purchase such holder’s Notes, at a purchase price in cash equal to 101% of the principal amount thereof plus accrued and unpaid interest, if any, to the date of purchase (subject to the right of holders of record on the relevant record date to receive interest on the relevant interest payment date);
- (b) the circumstances and relevant facts regarding such Change of Control Triggering Event;
- (c) the repurchase date (which shall be no earlier than 30 days nor later than 60 days from the date such notice is mailed);
- (d) that each Note will be subject to repurchase only in integral multiples of \$1,000; and
- (e) the instructions determined by the Issuer, consistent with the covenant described hereunder, that a holder must follow in order to have its Notes purchased.

The Issuer will comply, to the extent applicable, with the requirements of Section 14(e) of the Exchange Act and any other securities laws or regulations in connection with the repurchase of Notes pursuant to this covenant. To the extent that the provisions of any securities laws or regulations or applicable listing requirements conflict with the provisions of this covenant, the Issuer will comply with the applicable securities laws and regulations and will not be deemed to have breached its obligations under this covenant by virtue thereof.

The Change of Control Triggering Event repurchase feature is a result of negotiations between the Company and the Initial Purchasers. We have no present intention to engage in a transaction involving a Change of Control, although it is possible that we would decide to do so in the future. Subject to the limitations discussed below, we could, in the future, enter into certain transactions, including acquisitions, refinancings or other recapitalizations, that would not constitute a Change of Control under the Indenture, but that could increase the amount of Indebtedness outstanding at such time or otherwise affect our capital structure or credit ratings. Restrictions on our ability to Incur additional Indebtedness are contained in the covenant described under “— *Certain Covenants —Limitation on Incurrence of Indebtedness*”. These restrictions can only be waived with the consent of the holders of a majority in principal amount of the Notes then outstanding under the Indenture. Except for the limitations contained in such covenant (for so long as such covenant is effective), the Indenture will not contain any covenants or provisions that may afford holders of the Notes protection in the event of a highly leveraged transaction.

The Issuer's ability to repurchase Notes upon a Change of Control Triggering Event may be limited by a number of factors. The occurrence of certain events that constitute a Change of Control would constitute a default under the 2013 Senior Credit Agreement and could constitute a default under certain other Indebtedness of the Company or its Subsidiaries which, in the event of a Change of Control, could make it difficult for the Issuer to repurchase the Notes. Our future indebtedness may contain prohibitions on the occurrence of certain events that would constitute a Change of Control Triggering Event or require such indebtedness to be repurchased upon a Change of Control Triggering Event. Moreover, the exercise by the holders of their right to require the Issuer to repurchase the Notes could cause a default under such Indebtedness, even if the Change of Control Triggering Event itself does not, due to the financial effect of such repurchase on us. Finally, the Issuer's ability to pay cash to the holders of Notes following the occurrence of a Change of Control Triggering Event may be limited by our then existing financial resources. We cannot assure you that sufficient funds will be available when necessary to make any required repurchases. The provisions under the Indenture relating to the Issuer's obligation to make an offer to repurchase Notes as a result of a Change of Control Triggering Event may be waived or modified with the written consent of the holders of a majority in principal amount of the Notes issued under the Indenture.

Certain Covenants

For purposes of the Indenture, FMC AG & Co. KGaA and its Subsidiaries are not treated as Subsidiaries of the Company. As a result, these covenants will not apply to FMC AG & Co. KGaA and its Subsidiaries and the term "Subsidiary" in these covenants, the events of default and the related definitions do not include FMC AG & Co. KGaA and its Subsidiaries.

Limitation on Incurrence of Indebtedness

- (a) The Company shall not, and shall not permit any of its Subsidiaries to, Incur, directly or indirectly, any Indebtedness; *provided, however*, that the Company and any Subsidiary may Incur Indebtedness (including Acquired Indebtedness) if on the date thereof:
 - (1) the Consolidated Coverage Ratio of the Company is at least 2.0 to 1.0; and
 - (2) no Default or Event of Default will have occurred and be continuing or would occur as a consequence of Incurring the Indebtedness.
- (b) The foregoing limitations contained in paragraph (a) do not apply to the Incurrence of any of the following Indebtedness:
 - (1) Indebtedness incurred pursuant to the 2013 Senior Credit Agreement and the guarantees thereof in an aggregate amount not to exceed €5,500 million principal amount outstanding at any time;
 - (2) Indebtedness Incurred to fund working capital requirements and other general corporate purposes under bank agreements, commercial paper programs or other agreements, facilities or programs, outstanding from time to time in an aggregate amount of €1,450 million;
 - (3) Indebtedness of the Company owed to and held by a Subsidiary or Indebtedness of a Subsidiary owing to and held by the Company or another Subsidiary; provided, however, that any subsequent issuance or transfer of any Capital Stock that results in any such Indebtedness being held by a Person other than the Company or another Subsidiary or any subsequent transfer of such Indebtedness (other than to the Company or another Subsidiary) shall be deemed, in each case, to constitute the Incurrence of such Indebtedness by the Company or the Subsidiary, as the case may be;
 - (4) Indebtedness in respect of the Notes issued on the Issue Date, and the related Note Guarantees by the Company and the Subsidiary Guarantors;
 - (5) Capital Lease Obligations and Indebtedness Incurred, in each case, to provide all or a portion of the purchase price or cost of construction of an asset or, in the case of a Sale and Leaseback Transaction to finance the value of such asset owned by the Company or a Subsidiary;
 - (6) Indebtedness (other than Indebtedness described in clause (1)) outstanding on the Issue Date after giving effect to the application of proceeds from the Notes;
 - (7) Refinancing Indebtedness in respect of Indebtedness Incurred pursuant to paragraph (a) or pursuant to clause (4) or (6) of this paragraph (b);
 - (8) Hedging Obligations entered into in the ordinary course of business and not for speculative purposes as determined in good faith by the Company;
 - (9) customer deposits and advance payments received from customers for goods purchased in the ordinary course of business;
 - (10) Indebtedness of the Company owed to FMC AG & Co. KGaA or the Subsidiaries of FMC AG & Co. KGaA;

- (11) Indebtedness of a Finance Subsidiary arising from such Finance Subsidiary guaranteeing the Indebtedness of the Company or any other Subsidiary;
 - (12) Indebtedness arising under Cash Management Arrangements; and
 - (13) Indebtedness Incurred by the Company or a Subsidiary of the Company in an aggregate principal amount which, together with all other Indebtedness of the Company and its Subsidiaries outstanding on the date of such Incurrence (other than Indebtedness permitted by paragraph (a) or clauses (1) through (12) of this paragraph (b)), does not exceed €1,300 million.
- (c) For purposes of determining compliance with the foregoing covenant:
- (1) in the event that an item of Indebtedness meets the criteria of more than one of the types of Indebtedness described above, the Company, in its sole discretion, will classify and from time to time may reclassify such item of Indebtedness and only be required to include the amount and type of such Indebtedness in one of the above clauses;
 - (2) an item of Indebtedness may be divided and classified, or reclassified, in more than one of the types of Indebtedness described above; and
 - (3) in the event Indebtedness relates to Guarantees of Indebtedness otherwise permitted by this covenant by Kabi or ProServe (or any Subsidiary that is required to guarantee the Issuer's obligations under the Notes pursuant to the terms of the Indenture), such Guarantees shall not be treated as an additional Incurrence of Indebtedness, provided that the respective Note Guarantees of such Guarantors remain in full force and effect.
- (d) If during any period the Notes have achieved and continue to maintain Investment Grade Status and no Event of Default has occurred and is continuing (such period is referred to herein as an "Investment Grade Status Period"), then upon notice by the Company to the Trustee by the delivery of an Officers' Certificate that it has achieved Investment Grade Status, this covenant will be suspended and will not during such period be applicable to the Company and its Subsidiaries and shall only be applicable if such Investment Grade Status Period ends.

As a result, during any such period, the Notes will lose the protection initially provided under this covenant. No action taken during an Investment Grade Status Period or prior to an Investment Grade Status Period in compliance with this covenant will require reversal or constitute a default under the Notes in the event that this covenant is subsequently reinstated or suspended, as the case may be. An Investment Grade Status Period will not commence until the Company has delivered the Officers' Certificate referred to above and will terminate immediately upon the failure of the Notes to maintain Investment Grade Status or an Event of Default.

Limitation on Liens

At any time other than during an Investment Grade Status Period, the Company will not, and will not permit any of its Subsidiaries to directly, or indirectly, create, incur or suffer to exist any Lien (other than Permitted Liens) upon any of its property or assets (including Capital Stock), whether owned on the date of the Indenture or acquired after that date, securing any Indebtedness, unless contemporaneously with (or prior to) the Incurrences of the Liens effective provision is made to secure the Indebtedness due under the Indenture and the Notes, equally and ratably with (or prior to in the case of Liens with respect to Subordinated Obligations) the Indebtedness secured by such Lien for so long as such Indebtedness is so secured.

During an Investment Grade Status Period, the Company will not, and will not permit any of its Subsidiaries to directly, or indirectly, create, incur or suffer to exist any Lien upon any of its property or assets (including Capital Stock), whether owned on the date of the Indenture or acquired after that date, securing any Capital Markets Indebtedness, unless contemporaneously with (or prior to) the Incurrences of the Liens effective provision is made to secure the Capital Markets Indebtedness due under the Indenture and the Notes, equally and ratably with (or prior to in the case of Liens with respect to Subordinated Obligations) the Indebtedness secured by such Lien for so long as such Capital Markets Indebtedness is so secured.

No action taken during an Investment Grade Status Period or prior to an Investment Grade Status Period in compliance with this covenant will require reversal or constitute a default under the Notes in a subsequent period, as the case may be. An Investment Grade Status Period will not commence until the Company has delivered the Officers' Certificate referred to above and will terminate immediately upon the failure of the Notes to maintain Investment Grade Status or an Event of Default.

Limitation on Mergers and Sales of Assets

The Indenture provides that the Issuer and the Company may not, and may not permit any Guarantor to, consolidate or merge with or into (whether or not the Issuer or such Guarantor is the Surviving Person), or sell, assign, transfer, lease, convey or

otherwise dispose of all or substantially all of its properties and assets in one or more related transactions, to another Person unless:

- (1) the Surviving Person is an entity organized and existing under the laws of Germany, the United Kingdom, any other member state of the European Union (as of December 31, 2003), Luxembourg, Switzerland, the United States of America, or any State thereof or the District of Columbia, or the jurisdiction of formation of the Issuer or any Guarantor; or, if the Surviving Person is an entity organized and existing under the laws of any other jurisdiction, the Issuer delivers to the Trustee an Opinion of Counsel to the effect that the rights of the holders of the Notes, would not be affected adversely as a result of the law of the jurisdiction of organization of the Surviving Person, insofar as such law affects the ability of the Surviving Person to pay and perform its obligations and undertakings in connection with the Notes (in a transaction involving the Issuer) or its Note Guarantee or the ability of the Surviving Person to obligate itself to pay and perform such obligations and undertakings or the ability of the holders to enforce such obligations and undertakings;
- (2) the Surviving Person (if other than the Issuer or a Guarantor) shall expressly assume, (A) in a transaction or series of transactions involving the Issuer, by a supplemental indenture in a form satisfactory to the Trustee, all of the obligations of the Issuer under the Indenture, or (B) in a transaction or series of transactions not involving the Issuer, by a Guarantee Agreement, in a form satisfactory to the Trustee, all of the obligations of such Guarantor under its Note Guarantee;
- (3) at the time of and immediately after such transaction, no Default or Event of Default shall have occurred and be continuing; and
- (4) the Issuer or such Guarantor delivers to the Trustee an Officers' Certificate and an Opinion of Counsel, each stating that such consolidation, merger, transfer, assignment, sale, lease or other disposition and such supplemental indenture and Guarantee Agreement, if any, comply with the Indenture.

Reports

For so long as any Notes are outstanding, the Company will provide the Trustee (in physical form or electronic form as the Company and the Trustee may agree) with:

- (1) its consolidated annual financial statements and related notes thereto for the most recent two fiscal years prepared in accordance with U.S. GAAP (or IFRS or any other internationally generally acceptable accounting standard in the event the Company is required by applicable law to prepare its financial statements in accordance with IFRS or such other standard or is permitted and elects to do so) and including segment data, together with an audit report thereon, together with a discussion of the "Results of Operations and Liquidity" for such fiscal years prepared in a manner substantially consistent with the "*Management's Discussion and Analysis of Financial Conditions and Results of Operations*" appearing herein and a "Summary of the Fiscal Year" and a discussion of "Business Segments" provided in a manner consistent with its annual report, a description of "Related Party Transactions" and a description of Indebtedness, within 90 days of the end of each fiscal year; and
- (2) consolidated quarterly financial information as of and for the period from the beginning of each year to the close of each quarterly period (other than the fourth quarter), together with comparable information for the corresponding period of the preceding year, and a summary "Management's Discussion and Analysis of Financial Conditions and Results of Operations" providing a brief discussion of the results of operations for the period within 45 days following the end of the fiscal quarter.

Contemporaneously with the provision of each report discussed above, the Company will also file a press release with the appropriate internationally recognized wire services with respect to such report and (i) post copies of such reports on such website as may be then maintained by the Company or (ii) otherwise provide substantially comparable public availability of such reports.

In addition, so long as the Notes remain outstanding and during any period when the Issuer or the Company is not subject to Section 13 or 15(d) of the U.S. Securities Exchange Act of 1934, as amended (the "**Exchange Act**"), nor exempt therefrom pursuant to Rule 12g3-2(b) under the Exchange Act, the Company will furnish to any holder or beneficial owner of Notes initially offered and sold in the United States to "qualified institutional buyers" as defined in Rule 144A under the U.S. Securities Act of 1933, as amended (the "**Securities Act**"), pursuant to such rule and any prospective purchaser in the United States designated by such holder or beneficial owner, upon request, any information required to be delivered pursuant to Rule 144A(d)(4) under the Securities Act.

Ownership of the Issuer

The Indenture provides that the Company will continue to directly or indirectly maintain 100% ownership of the Capital Stock of the Issuer or any permitted successor of the Issuer, *provided* that any permitted successor of the Company under the Indenture may succeed to the Company's ownership of such Capital Stock.

The Company will cause the Issuer or its successor to engage in those activities that are necessary, convenient or incidental to (i) issuing and selling the Notes and any additional Indebtedness permitted by the Indenture, and advancing or distributing the proceeds thereof to the Company and its Subsidiaries and performing its obligations relating to the Notes and any such additional Indebtedness, pursuant to the terms thereof and of the Indenture and any other applicable indenture, and/or (ii) engaging in intercompany financing transactions with the Company or any of its Subsidiaries, which transactions would include the acquisition, disposition or other receipt or transfer of financial instruments to or from the Company or any of its Subsidiaries and guaranteeing the Indebtedness of the Company or any of its Subsidiaries in accordance with the Indenture.

Substitution of the Issuer

The Company, any other Guarantor or a Finance Subsidiary (a "**Successor**") may assume the obligations of the Issuer under the Notes by executing and delivering to the Trustee (a) a supplemental indenture which subjects such Person to all of the provisions of the Indenture and (b) an opinion of counsel to the effect that such supplemental indenture has been duly authorized and executed by such Person, and constitutes the legal, valid, binding and enforceable obligation of such Person, subject to customary exceptions; *provided that* (i) the Successor is formed under the laws of the United States of America, or any State thereof or the District of Columbia, Germany, the Netherlands, the United Kingdom or any other member state of the European Union (as of December 31, 2003) and (ii) no Additional Amounts would be or become payable with respect to the Notes at the time of such assumption, or as a result of any change in the laws of the jurisdiction of formation of such Successor that was reasonably foreseeable at such time. The Successor shall succeed to, and be substituted for, and may exercise every right and power of, the Issuer under the Indenture with the same effect as if it were the Issuer thereunder, and the former Issuer shall be discharged from all obligations and covenants under the Indenture and Notes.

Events of Default

The Indenture provides that any one or more of the following described events, which has occurred and is continuing, constitutes an "Event of Default" with respect to the Notes:

- (1) failure for 30 days to pay interest on the Notes, including any Additional Amounts in respect thereof, when due; or
- (2) failure to pay principal of or premium, if any, on the Notes when due, whether at maturity, upon redemption, by declaration or otherwise; or
- (3) failure to observe or perform any other covenant contained in the Indenture for 60 days after notice as provided in the Indenture; or
- (4) default under any mortgage, indenture or instrument under which there may be issued or by which there may be secured or evidenced any indebtedness for money borrowed by us or any of our Subsidiaries (or the payment of which is guaranteed by the Company), whether such Indebtedness or Guarantee now exists or is Incurred after the Issue Date, if (A) such default results in the acceleration of such Indebtedness prior to its express maturity or will constitute a default in the payment of such Indebtedness and (B) the principal amount of any such Indebtedness that has been accelerated or not paid at maturity, when added to the aggregate principal amount of all other such Indebtedness, at such time, that has been accelerated or not paid at maturity, exceeds €75 million; or
- (5) any final judgment or judgments (not covered by insurance) which can no longer be appealed for the payment of money in excess of €75 million shall be rendered against the Company or any of its Subsidiaries and shall not be discharged for any period of 60 consecutive days during which a stay of enforcement shall not be in effect; or
- (6) any Note Guarantee shall cease to be in full force and effect in accordance with its terms for any reason except pursuant to the terms of the Indenture governing the release of Note Guarantees or the satisfaction in full of all the obligations thereunder or shall be declared invalid or unenforceable other than as contemplated by its terms, or any Guarantor shall repudiate, deny or disaffirm any of its obligations thereunder or under the Indenture; or
- (7) certain events in bankruptcy, insolvency or reorganization of the Company, the Issuer or any of the Company's Significant Subsidiaries.

A default under clause (3) of this paragraph will not constitute an Event of Default under the Indenture unless the Trustee or holders of 25% in principal amount of the outstanding Notes under the Indenture notify the Issuer and the Company of such default and such default is not cured within the time specified in clause (3).

The Trustee or the holders of not less than 25% in aggregate outstanding principal amount of the Notes may declare the principal of and interest (including any Additional Amounts) on the Notes due and payable immediately on the occurrence of an Event of Default under the Indenture; *provided, however*, that, after such acceleration, the holders of a majority in aggregate principal amount of the outstanding Notes may, under certain circumstances, rescind and annul such acceleration if the rescission would not conflict with any judgment or decree of a court of competent jurisdiction and all Events of Default under the Indenture, other than the nonpayment of accelerated principal, have been cured or waived as provided under the Indenture.

Subject to the provisions of the Indenture relating to the duties of the Trustee, in case an Event of Default shall occur and be continuing, the Trustee will be under no obligation to exercise any of its rights or powers under the Indenture at the request or direction of any holders of Notes issued thereunder unless such holders shall have agreed in writing to fully indemnify the Trustee. Subject to the provisions for the indemnification of the Trustee, the holders of a majority in aggregate principal amount of the Notes issued thereunder, then outstanding, will have the right to direct the time, method and place of conducting any proceeding for any remedy available to the Trustee, or exercising any trust or power conferred on the Trustee.

No holder of any Note will have any right to institute any proceeding with respect to the Indenture or for any remedy thereunder, unless written notice of a continuing Event of Default shall have previously been given in accordance with the terms of the Indenture and full indemnity shall have been offered, to the Trustee to institute such proceeding as Trustee, and the Trustee will not have received from the holders of a majority in aggregate principal amount of the outstanding Notes issued thereunder a direction inconsistent with such request and shall have failed to institute such proceeding within 60 days. However, such limitations do not apply to a suit instituted by a holder of a Note for enforcement of payment of the principal of and premium, if any, or interest on such Note on or after the respective due dates expressed in such Note.

The holders of a majority in aggregate outstanding principal amount of the Notes may, on behalf of the holders of all the Notes, waive any existing default, except a default in the payment of principal, premium, if any, or interest or a default in respect of a covenant or provision that cannot be modified or amended without consent of the holder of each Note affected. The Issuer is required to file annually with the Trustee a certificate as to whether or not the Issuer is in compliance with all the conditions and covenants under the Indenture.

Amendments and Waivers

Subject to certain exceptions, the Indenture may be amended or supplemented with the consent of the holders of a majority in principal amount of the Notes then outstanding (including without limitation, consents obtained in connection with a purchase of, or tender offer or exchange offer for Notes) and, subject to certain exceptions, any existing default or compliance with any provisions may be waived with the consent of the holders of a majority in principal amount of the Notes then outstanding (including, without limitation, consents obtained in connection with a purchase of, or tender offer or exchange offer for Notes).

However, without the consent of each holder of an outstanding Note affected, an amendment may not (with respect to any Notes held by a non-consenting holder), among other things:

- (1) reduce the percentage of principal amount of Notes whose holders must consent to an amendment;
- (2) reduce the stated rate of or extend the stated time for payment of interest on any Note;
- (3) reduce the principal of or extend the Stated Maturity of any Note;
- (4) change the time at which any Note may be redeemed as described above under “— *Optional Redemption*”;
- (5) reduce the premium payable upon the repurchase of any Note, change the time at which any Note may be repurchased or change any of the associated definitions related to the provisions of “*Change of Control*” once the obligation to repurchase the Notes has arisen;
- (6) make any Note payable in money other than that stated in the Note;
- (7) impair the right of any holder to receive payment of premium, if any, principal of and interest on such holder’s Notes on or after the due dates therefor or to institute suit for the enforcement of any payment on or with respect to such holder’s Notes; or
- (8) make any change in the amendment provisions which require each holder’s consent or in the waiver provisions.

Without the consent of any holder, the Issuer and the Trustee may amend the Indenture to:

- (1) cure any ambiguity, omission, defect or inconsistency;
- (2) provide for the assumption by an entity of the obligations of the Issuer under the Indenture or of a Guarantor (other than the Company) under the Note Guarantees;

- (3) provide for uncertificated Notes in addition to or in place of certificated Notes;
- (4) add Note Guarantees with respect to the Notes;
- (5) secure the Notes;
- (6) add to the covenants of the Issuer and the Guarantors for the benefit of the holders or surrender any right or power conferred upon the Issuer;
- (7) provide for the issuance of Additional Notes in accordance with the Indenture;
- (8) make any change that does not adversely affect the rights of any holder;
- (9) evidence and provide for the acceptance and appointment under the Indenture by any successor Trustee;
- (10) conform the text of the Indenture, the Notes or the Note Guarantees to any provision of this “*Description of the Notes*” to the extent such provision in this “*Description of the Notes*” was intended to be a verbatim recitation of a provision of the Indenture, the Notes or the Note Guarantees; or
- (11) comply with the rules of any applicable securities depository.

The consent of the holders is not necessary under the Indenture to approve the particular form of any proposed amendment to, or waiver of, the Indenture. It is sufficient if such consent approves the substance of the proposed amendment or waiver. After an amendment, supplement or waiver under the Indenture becomes effective, the Issuer is required to mail to the holders a notice briefly describing such amendment, supplement or waiver. However, the failure to give such notice to all the holders, or any defect in the notice, will not impair or affect the validity of the amendment, supplement or waiver.

Defeasance

The Issuer at any time may terminate all its obligations under the Notes and the Indenture (“*legal defeasance*”), except for certain obligations, including those respecting the defeasance trust and obligations to register the transfer or exchange of the Notes, to replace mutilated, destroyed, lost or stolen Notes and to maintain a registrar and paying agent in respect of the relevant Notes.

The Issuer at any time may terminate its obligations under covenants described under “*Certain Covenants*” (other than “— *Limitation on Mergers and Sales of Assets*”), the operation of the cross-default upon a payment default, cross-acceleration provisions, the bankruptcy provisions with respect to Subsidiaries, the judgment default provision described under “*Events of Default*” above and the limitations contained in clause (4) under “*Certain Covenants — Limitation on Mergers and Sales of Assets*” above (“*covenant defeasance*”).

The Issuer may exercise its legal defeasance option notwithstanding its prior exercise of its covenant defeasance option. If the Issuer exercises its legal defeasance option, payment of the Notes may not be accelerated because of an Event of Default with respect to the Notes. If the Issuer exercises its covenant defeasance option, payment of the Notes may not be accelerated because of an Event of Default specified in clause (3), (4), or (5) (with respect only to Subsidiaries other than the Issuer) under “— *Events of Default*” above or because of the failure of the Issuer to comply with clause (4) under “— *Certain Covenants — Limitation on Mergers and Sales of Assets*” above.

In order to exercise either defeasance option, the Issuer must irrevocably deposit in trust (the “*defeasance trust*”) with the Trustee for the benefit of the holders U.S. dollars or U.S. dollar-denominated designated government obligations for the payment of principal, premium, if any, and interest on the Notes to redemption or maturity, as the case may be, and must comply with certain other conditions, including delivery to the relevant Trustee of

- (1) an Opinion of Counsel (subject to customary exceptions and exclusions) to the effect that holders of the Notes will not recognize income, gain or loss for U.S. federal income tax purposes as a result of such deposit and defeasance and will be subject to U.S. federal income tax on the same amount and in the same manner and at the same times as would have been the case if such deposit and defeasance had not occurred. In the case of legal defeasance only, such Opinion of Counsel must be based on a ruling of the Internal Revenue Service or other change in applicable U.S. federal income tax law; and
- (2) an Opinion of Counsel in the Federal Republic of Germany (subject to customary exceptions and exclusions) to the effect that holders of the Notes will not recognize income, gain or loss for income tax purposes of the Federal Republic of Germany as a result of such deposit and defeasance and will be subject to income tax in the Federal Republic of Germany on the same amount and in the same manner and at the same times as would have been the case if such deposit and defeasance had not occurred.

No Personal Liability of Directors, Officers, Employees and Stockholders

No member of the Board of Directors, director, officer, employee, incorporator or stockholder of the Issuer, the Company, the General Partner of the Company, or the other Guarantors, as such, shall have any liability for any obligations of the Issuer or any Guarantor under the Notes, the Indenture or the Note Guarantees or for any claim based on, in respect of, or by reason of, such obligations or their creation. Each holder by accepting a Note waives and releases all such liability and agrees not to enforce any claim in respect of the Notes, the Indenture or the Note Guarantees to the extent it would give rise to such personal liability. The waiver and release are part of the consideration for issuance of the Notes and Note Guarantees. Such waiver and release may not be effective to waive liabilities under the U.S. federal securities laws and it is the view of the SEC that such a waiver is against public policy. In addition, such waiver and release may not be effective under the laws of the Federal Republic of Germany.

Consent to Jurisdiction and Service of Process

The Indenture provides that the Issuer irrevocably agrees to accept notice and service of process in any suit, action or proceeding with respect to the Indenture and the Notes, as the case may be, brought in any federal or state court located in the Borough of Manhattan in the City of New York and that the Issuer submit to the jurisdiction thereof.

Concerning the Trustee (Holders' Representative)

The Bank of New York Mellon, London Branch is the Trustee under the Indenture. The Trustee's principal office is located at One Canada Square, London E14 5AL, United Kingdom. Until an Event of Default occurs and is continuing, the Trustee shall have only its express duties under the Indenture, and no other duties may be implied. Following an Event of Default that is continuing, the Trustee shall perform its duties as a prudent person would conduct its affairs. An affiliate of the Trustee has been appointed as Paying Agent with regard to the Notes. The Trustee authenticates each Global Note and each Definitive Registered Note in accordance with the Indenture. Following the occurrence of an Event of Default as defined under the Indenture, the Trustee shall notify the holders of the Notes of such Event of Default in accordance with the terms and exceptions in the Indenture and thereafter the Trustee may pursue various actions and remedies on behalf of the holders of the Notes as set out in the Indenture and directed and indemnified by the holders of the Notes. In its capacity as Trustee, the Trustee may bring an action in its own name on behalf of the holders of the Notes. The Trustee will not be liable for any action it takes or omits to take in good faith which it reasonably believes to be authorized under the Indenture. The Trustee is further entitled to require and rely conclusively on an Officers' Certificate or Opinion of Counsel before taking action. The Trustee is indemnified by the Issuer under the Indenture for any and all losses, damages, claims, proceedings, demands, costs, expenses or liability including taxes incurred by the Trustee without negligence or willful misconduct on its part in connection with the acceptance of administration of the trust under the Indenture. The Trustee may resign at any time by notifying the Issuer in writing. The Trustee may be removed by the holders of a majority in principal amount of the Notes by notifying the Issuer and the Trustee in writing, and such majority holders may appoint a successor trustee with the Issuer's consent. In addition, the Issuer may remove the Trustee upon certain bankruptcy and similar events relating to the Trustee or if the Trustee becomes incapable of acting with respect to its duties under the Indenture.

Validity of Claims

The time of validity for a payment of interest, principal, the redemption price or another amount payable under the Indenture is six years from the date on which such payment is due.

Governing Law

The Indenture and the Notes will be governed by, and construed in accordance with, the laws of the State of New York. The Note Guarantees will be governed by, and construed in accordance with, the laws of the State of New York, except that certain matters concerning the limitations thereof will be construed in accordance with the laws of the Federal Republic of Germany.

Certain Definitions

In the discussion below, the "Company" refers to Fresenius SE & Co. KGaA. As used in the Indenture:

"2013 Senior Credit Agreement" means the syndicated credit agreement, dated as of December 20, 2012, as amended, restated, modified, extended, renewed and/or supplemented or as refinanced or replaced from time to time, among the Company, Deutsche Bank AG New York Branch, as administrative agent, and the other borrowers, guarantors and lenders identified therein.

“*Accounting Principles*” means U.S. GAAP, or, upon adoption thereof by the Company and notice to the Trustee, IFRS or any other accounting standards which are generally acceptable in the jurisdiction of organization of the Company, approved by the relevant regulatory or other accounting bodies in that jurisdiction and internationally generally acceptable and, in the case of IFRS or such other accounting standards, as in effect from time to time.

“*Acquired Indebtedness*” means Indebtedness of a Person existing at the time such Person becomes a Subsidiary or is merged into or consolidated with any other Person or that is assumed in connection with the acquisition of assets from such Person and, in each case, not Incurred by such Person in connection with, or in anticipation or contemplation of, such Person becoming a Subsidiary or such merger, consolidation or acquisition.

“*Affiliate*” of any specified Person means:

- (1) any other Person, directly or indirectly, controlling or controlled by, or
- (2) under direct or indirect common control with such specified Person.

For the purposes of this definition, “control” when used with respect to any Person means the power to direct the management and policies of such Person, directly or indirectly, whether through the ownership of voting securities, by contract or otherwise; and the terms “controlling” and “controlled” have meanings correlative to the foregoing.

“*Asset Disposition*” means any direct or indirect sale, issuance, conveyance, transfer, lease (other than operating leases entered into in the ordinary course of business), assignment or other transfer for value by the Company or any of its Subsidiaries (including any Sale and Leaseback Transaction) to any Person other than the Company or a Subsidiary of the Company, including any disposition by means of a merger, consolidation or similar transaction (each referred to for the purposes of this definition as a “disposition”), of:

- (1) any shares of Capital Stock of any Subsidiary (other than directors qualifying shares or shares required by applicable law to be held by a Person other than the Company or a Subsidiary),
- (2) all or substantially all the assets of any division or line of business of the Company or any Subsidiary, or
- (3) any other assets of the Company or any Subsidiary outside of the ordinary course of business of the Company or such Subsidiary,

other than, in the case of (1), (2) and (3) above,

- (a) a disposition of assets or issuance of Capital Stock by a Subsidiary to the Company or by the Company or a Subsidiary to a Person that becomes a Subsidiary at the time of such disposition or issue,
- (b) transactions permitted under “Certain Covenants — Limitation on Mergers and Sales of Assets”, and
- (c) dispositions in connection with Permitted Liens, foreclosures on assets and any release of claims which have been written down or written off.

“*Attributable Debt*” means, in respect of any Sale and Leaseback Transaction, as of the time of determination, the total obligation (discounted to present value at the rate per annum equal to the discount rate which would be applicable to a Capital Lease Obligation with the like term in accordance with Accounting Principles) of the lessee for rental payments (other than amounts required to be paid on account of property taxes, maintenance, repairs, insurance, water rates and other items which do not constitute payments for property rights) during the remaining portion of the initial term of the lease included in such Sale and Leaseback Transaction.

“*Average Life*” means, as of the date of determination, with respect to any Indebtedness or Preferred Stock, the quotient obtained by dividing:

- (1) the sum of the products of numbers of years from the date of determination to the dates of each successive scheduled principal payment of such Indebtedness or redemption or similar payment with respect to such Preferred Stock multiplied by the amount of such payment by
- (2) the sum of all such payments.

“*Board of Directors*” means, with respect to the Issuer, the Company or a Subsidiary, as the case may be, the Board of Directors (or other body performing functions similar to any of those performed by a Board of Directors including those performed, in the case of a German stock corporation, by the Management Board, or in the case of a KGaA, by the general partner) of such person or any committee thereof duly authorized to act on behalf of such Board (or other body).

“*Business Day*” means any day other than:

- (1) a Saturday or Sunday,
- (2) a day on which banking institutions in New York or the jurisdiction of organization of the Issuer or of the office of the Paying Agent for the Notes (other than the Trustee) are authorized or required by law or executive order to remain closed,
- (3) except for purposes of payments made on or in respect of the Notes by a Paying Agent other than the Trustee, a day on which the corporate trust office of the Trustee is closed for business.

“*Capital Lease Obligation*” means an obligation that is required to be classified and accounted for as a capital lease for financial reporting purposes in accordance with Accounting Principles, and the amount of Indebtedness represented by such obligation shall be the capitalized amount of such obligation determined in accordance with Accounting Principles; and the Stated Maturity thereof shall be the date of the last payment of rent or any other amount due under such lease prior to the first date upon which such lease may be terminated by the lessee without payment of a penalty.

“*Capital Markets Indebtedness*” means any present or future obligation for the payment or repayment of money that is borrowed through the issuance of bonds, debentures, notes or other similar debt securities which are, or are capable of being, admitted to trading on, or included in, a securities exchange, a regulated market or unregulated market or which are, or are capable of being, traded on an over-the-counter market. The term “Capital Markets Indebtedness” shall not, for the avoidance of doubt, be construed to include any indebtedness issued to institutional investors in a direct placement of such indebtedness that is not resold by an intermediary (it being understood that, without limiting the foregoing, a financing that is distributed to not more than ten persons (provided that multiple managed accounts and affiliates of any such persons shall be treated as one person for the purposes of this definition) shall be deemed not to be so underwritten or resold), or any indebtedness under the 2013 Senior Credit Agreement (as amended or refinanced from time to time), capitalized lease obligation or transfer of any financial asset or any other type of indebtedness incurred in a manner not customarily viewed as a “securities offering.”

“*Capital Stock*” of any Person means any and all shares, interests, rights to purchase, warrants, options, participations or other equivalents of or interests in (however designated) equity of such Person, including any Preferred Stock, but excluding any debt securities convertible into such equity.

“*Cash Management Arrangements*” means any cash management arrangement (including cash pool, virtual cash pool, treasury, depository, overdraft, credit or debit card, electronic funds transfer or other arrangements in respect of cash (including restricted cash) and cash equivalents or similar assets) of the Company and its Affiliates (including any Indebtedness arising thereunder) which arrangement is (i) in the ordinary course of business consistent with past practice, (ii) designed to provide cash management services, designed to enhance the rate of return on available cash and cash equivalents and entered into for investment and not speculative purposes as determined in good faith by the Company, or (iii) designed to reduce the overall tax liability of the Company and its Affiliates and for which the Company determines in good faith to be in compliance with tax laws applicable to it.

“*Change of Control*” means the occurrence of one or more of the following events:

- (1) so long as the Company is organized as a KGaA, if the General Partner of the Company charged with the management of the Company shall at any time fail to be a Subsidiary of Else Kröner-Fresenius-Stiftung, or if Else Kröner-Fresenius-Stiftung shall fail at any time to own or control more than 10% of the capital stock with ordinary voting power in the Company;
- (2) if the Company is no longer organized as a KGaA, any event the result of which is that (A) any “person” or “group” (as such terms are used in Section 13(d) and 14(d) of the Exchange Act), other than the Permitted Holder, is or becomes the beneficial owner (as defined in Rule 13d-3 and 13d-5 under the Exchange Act, except that such Person or group shall be deemed to have “beneficial ownership” of all shares that any such Person or group has the right to acquire, whether such right is exercisable immediately or only after the passage of time), directly or indirectly, of more than 35% of the total voting power of the Voting Stock of the Company, and (B) the Permitted Holder does not “beneficially own” (as defined in Rules 13d-3 and 13d-5 of the Exchange Act), directly or indirectly, in the aggregate a greater percentage of the total voting power of the Voting Stock of the Company; or
- (3) any sale, lease, exchange or other transfer (in one transaction or a series of related transactions) of all or substantially all of the assets of the Company to any Person or group of related Persons for purposes of Section 13(d) of the Exchange Act (a “Group”), together with any Affiliates thereof (whether or not otherwise in compliance with the provisions of the Indenture).

“*Change of Control Triggering Event*” means the occurrence of any of the events specified in clause (1), (2) or (3) of the definition of “Change of Control” and a Ratings Decline.

“*Code*” means the U.S. Internal Revenue Code of 1986, as amended.

“*Consolidated Coverage Ratio*” of any Person as of any date of determination means the ratio of (x) the aggregate amount of EBITDA, or in the case of the Company, FSE EBITDA, for such Person’s most recently ended four full fiscal quarters for which internal financial statements are available immediately preceding the date of such determination to (y) Consolidated Interest Expense for such four fiscal quarters; *provided, however*, that:

- (1) if such Person or any of its Subsidiaries has Incurred or repaid, repurchased, defeased or otherwise discharged (in each case other than Indebtedness under any revolving credit facility unless such Indebtedness has been permanently repaid and any related commitment has been terminated) any Indebtedness since the beginning of such period that remains outstanding or discharged or if the transaction giving rise to the need to calculate the Consolidated Coverage Ratio is an Incurrence or discharge of Indebtedness, or both, EBITDA and Consolidated Interest Expense for such period shall be calculated after giving effect on a pro forma basis to such Indebtedness as if such Indebtedness had been Incurred or discharged on the first day of such period and the Incurrence or discharge of any other Indebtedness as if such Incurrence or discharge had occurred on the first day of such period,
- (2) if since the beginning of such period such Person or any of its Subsidiaries shall have made any Asset Disposition, the EBITDA for such period shall be reduced by an amount equal to the EBITDA (if positive) directly attributable to the assets which are the subject of such Asset Disposition for such period, or increased by an amount equal to the EBITDA (if negative) directly attributable thereto for such period, and Consolidated Interest Expense for such period shall be reduced by an amount equal to the Consolidated Interest Expense directly attributable to any Indebtedness of such Person or any of its Subsidiaries repaid, repurchased, defeased or otherwise discharged with respect to such Person and its continuing Subsidiaries in connection with such Asset Disposition for such period (or, if the Capital Stock of any Subsidiary is sold, the Consolidated Interest Expense for such period of credit and directly attributable to the Indebtedness of such Subsidiary to the extent such Person and its continuing Subsidiaries are no longer liable for such Indebtedness after such Asset Disposition),
- (3) if since the beginning of such period such Person or any of its Subsidiaries (by merger or otherwise) shall have made an Investment in any Subsidiary (or any Person which becomes a Subsidiary) or an acquisition of assets, which constitutes all or substantially all of an operating unit of a business, EBITDA and Consolidated Interest Expense for such period shall be calculated after giving pro forma effect thereto (including the Incurrence of any Indebtedness) as if such Investment or acquisition occurred on the first day of such period, and
- (4) if since the beginning of such period any Person (that subsequently became a Subsidiary or was merged with or into such Person or any of its Subsidiaries since the beginning of such period) shall have made any Asset Disposition, any Investment or acquisition of assets that would have required an adjustment pursuant to clause (2) or (3) above if made by such Person or a Subsidiary of such Person during such period, EBITDA and Consolidated Interest Expense for such period shall be calculated after giving pro forma effect thereto as if such Asset Disposition, Investment or acquisition occurred on the first day of such period.

For purposes of this definition (but not, for the avoidance of doubt, for the purpose of any other defined terms used in this definition), whenever pro forma effect is to be given to an acquisition of assets, the amount of income or earnings relating thereto and the amount of Consolidated Interest Expense associated with any Indebtedness Incurred in connection therewith, the pro forma calculations shall be determined in good faith by a responsible financial or accounting officer of the Company, as applicable. If any Indebtedness bears a floating rate of interest and is being given pro forma effect, the interest on such Indebtedness shall be calculated as if the rate in effect on the date of determination had been the applicable rate for the entire period (taking into account any Interest Rate Agreement applicable to such Indebtedness if such Interest Rate Agreement has a remaining term in excess of 12 months).

“*Consolidated Interest Expense*” means, with respect to any Person for any period, the total interest expense of such Person (the “Relevant Person”) and its consolidated Subsidiaries, plus, to the extent not included in such total interest expense, and to the extent Incurred by such Relevant Person or its Subsidiaries,

- (1) interest expense attributable to capital leases,
- (2) amortization of debt discount and debt issuance cost,
- (3) capitalized interest,
- (4) non-cash interest expenses,

- (5) commissions, discounts and other fees and charges owed with respect to letters of credit and bankers' acceptance financing,
- (6) net costs associated with Hedging Obligations (including amortization of fees),
- (7) Preferred Stock dividends in respect of all Preferred Stock held by Persons other than the Relevant Person or a Subsidiary of the Relevant Person,
- (8) interest Incurred in connection with Investments in discontinued operations,
- (9) interest accruing on any Indebtedness of any other Person to the extent such Indebtedness is Guaranteed by the Relevant Person or any of its Subsidiaries, and
- (10) the cash contributions to any employee stock ownership plan or similar trust to the extent such contributions are used by such plan or trust to pay interest or fees to any Person (other than the Relevant Person) in connection with Indebtedness Incurred by such plan or trust,

in each case on a consolidated basis determined in accordance with Accounting Principles.

Notwithstanding the above, for purposes of calculating Consolidated Interest Expense of the Company and its Subsidiaries, the Consolidated Interest Expense of FMC AG & Co. KGaA and its Subsidiaries shall be excluded.

"Consolidated Net Income" means, with respect to any Person for any period, the net income of such Person (the "Relevant Person") and its consolidated Subsidiaries, in each case on a consolidated basis determined in accordance with Accounting Principles; *provided, however*, that there shall not be included in such Consolidated Net Income:

- (1) any net income of any Person if such Person is not a Subsidiary, except that (A) subject to the exclusion contained in clause (4) below, the Relevant Person's equity in the net income of any such Person for such period shall be included in such Consolidated Net Income up to the aggregate amount of cash actually distributed by such Person during such period to the Relevant Person or a Subsidiary of the Relevant Person as a dividend or other distribution (subject, in the case of a dividend or other distribution paid to a Subsidiary, to the limitations contained in clause (3) below) and (B) the Relevant Person's equity in a net loss of any such Person for such period shall be included in determining such Consolidated Net Income,
- (2) any net income (or loss) of any Person acquired by the Relevant Person or a Subsidiary in a pooling of interests transaction for any period prior to the date of such acquisition,
- (3) any net income of any Subsidiary of the Relevant Person if such Subsidiary is subject to contractual, governmental or regulatory restrictions, directly or indirectly, on the payment of dividends or the making of distributions by such Subsidiary, directly or indirectly, to the Relevant Person, except that (A) subject to the exclusion contained in clause (4) below, the Relevant Person's equity in the net income of any such Subsidiary for such period shall be included in such Consolidated Net Income up to the aggregate amount of cash actually distributed by such Subsidiary during such period to the Relevant Person or another of its Subsidiaries as a dividend or other distribution (subject, in the case of a dividend or other distribution paid to another Subsidiary, to the limitation contained in this clause) and (B) the Relevant Person's equity in a net loss of any such Subsidiary for such period shall be included in determining such Consolidated Net Income,
- (4) any gain or loss realized upon the sale or other disposition of any assets of the Relevant Person or its consolidated Subsidiaries (including pursuant to any sale and leaseback arrangement) that is not sold or otherwise disposed of in the ordinary course of business and any gain or loss realized upon the sale or other disposition of any Capital Stock of any Person,
- (5) extraordinary gains or losses, and
- (6) the cumulative effect of a change in accounting principles,

in each case on a consolidated basis determined in accordance with Accounting Principles.

"Currency Agreement" means any foreign currency exchange contract, currency swap agreement or other similar agreement or arrangement.

"Default" means any event that is, or after notice or passage of time or both would be, an Event of Default (as defined herein).

"Disqualified Stock" means, with respect to any Person, any Capital Stock that by its terms (or by the terms of any security into which it is convertible or for which it is exchangeable) or upon the happening of any event:

- (1) matures or is mandatorily redeemable pursuant to a sinking fund obligation or otherwise;
- (2) is convertible or exchangeable for Indebtedness or Disqualified Stock; or
- (3) is redeemable at the option of the holder thereof, in whole or in part,

in each case on or prior to the first anniversary of the Stated Maturity of the Notes; *provided, however*, that any Capital Stock that would not constitute Disqualified Stock but for provisions thereof giving holders thereof the right to require such Person to repurchase or redeem such Capital Stock upon the occurrence of an “asset sale” or “change of control” occurring prior to the first anniversary of the Stated Maturity of the Notes shall not constitute Disqualified Stock if the “asset sale” or “change of control” provisions applicable to such Capital Stock are not more favorable to the holders of such Capital Stock than the provisions described under “— *Change of Control*”.

“*EBITDA*” for any Person for any period means the sum of Consolidated Net Income of such Person, plus Consolidated Interest Expense of such Person plus the following to the extent deducted in calculating such Consolidated Net Income:

- (1) all income tax expense of such Person and its Subsidiaries;
- (2) depreciation expense;
- (3) amortization expense, in each case for such period; and
- (4) other non-cash charges (excluding (1) restructuring charges which do not initially involve a cash payment but as for which there will be a subsequent cash payment and (2) charges resulting from accruals of costs incurred in the ordinary course of business, other than those relating to pension liabilities),

in each case on a consolidated basis determined in accordance with Accounting Principles.

Notwithstanding the foregoing, the provision for taxes based on the income or profits of, and the depreciation and amortization and other non-cash charges of, a Subsidiary shall be added to Consolidated Net Income to compute EBITDA only to the extent (and in the same proportion) that the net income of such Subsidiary was included in calculating Consolidated Net Income and only if a corresponding amount would be permitted at the date of determination to be dividended to such Person by such Subsidiary without prior approval (that has not been obtained), pursuant to the terms of its charter and all agreements, instruments, judgments, decrees, orders, statutes, rules and governmental regulations applicable to such Subsidiary or its stockholders.

“€” or “euro” means the single currency of the Participating Member States.

“*Exchange Act*” means the U.S. Securities Exchange Act of 1934, as amended.

“*FATCA*” means sections 1471 through 1474 of the Code, the regulations thereunder and official interpretations thereof, agreements entered into pursuant to Section 1471(b) of the Code, or any fiscal or regulatory legislation, rules or practices adopted pursuant to any intergovernmental agreement implementing such Sections of the Code.

“*Finance Subsidiary*” means the Issuer and any other Wholly Owned Subsidiary of the Company created for the purpose of issuing evidences of Indebtedness or guaranteeing Indebtedness and which is subject to similar restrictions on its activities as the Issuer.

“*Fitch*” means Fitch, Inc. and its successors.

“*FMC AG & Co. KGaA*” means Fresenius Medical Care AG & Co. KGaA (or any successor thereto) but not any of its subsidiaries.

“*FSE EBITDA*” means EBITDA for the Company but, for purposes of this definition, excluding the results of operations of FMC AG & Co. KGaA and its Subsidiaries in calculating Consolidated Interest Expense, Consolidated Net Income and EBITDA (but, for the avoidance of doubt, including any distributions actually paid to the Company or one of its Subsidiaries (other than FMC AG & Co. KGaA and its Subsidiaries) by FMC AG & Co. KGaA in the relevant period); *provided, however*, that:

- (1) if since the beginning of such period the Company or any of its Subsidiaries (other than FMC AG & Co. KGaA and its Subsidiaries) shall have made any Asset Disposition, the EBITDA for such period shall be reduced by an amount equal to the EBITDA (if positive) directly attributable to the assets which are the subject of such Asset Disposition for such period, or increased by an amount equal to the EBITDA (if negative) directly attributable thereto for such period,

- (2) if since the beginning of such period the Company or any of its Subsidiaries (other than FMC AG & Co. KGaA and its Subsidiaries) (by merger or otherwise) shall have made an Investment in any Subsidiary (or any Person which becomes a Subsidiary) or an acquisition of assets, including any acquisition of assets occurring in connection with a transaction requiring a calculation to be made hereunder, which constitutes all or substantially all of an operating unit of a business, EBITDA for such period shall be calculated after giving pro forma effect thereto as if such Investment or acquisition occurred on the first day of such period, and
- (3) if since the beginning of such period the Company or any of its Subsidiaries (other than FMC AG & Co. KGaA and its Subsidiaries) (that subsequently became a Subsidiary or was merged with or into the Company or such Subsidiary since the beginning of such period) shall have made any Asset Disposition, any Investment or acquisition of assets that would have required an adjustment pursuant to clause (1) or (2) above if made by the Company or such Subsidiary during such period, EBITDA for such period shall be calculated after giving pro forma effect thereto as if such Asset Disposition, Investment or acquisition occurred on the first day of such period.

For purposes of this definition (but not, for the avoidance of doubt, for the purpose of any other defined terms used in this definition): whenever pro forma effect is to be given to an acquisition of assets, or the amount of income or earnings relating thereto, the pro forma calculations shall be determined in good faith by a responsible financial or accounting officer of the Company, as applicable.

“*General Partner*” means Fresenius Management SE, a *societas europaea* organized under the laws of Germany, including its successors and assigns and other Persons, in each case who serve as the general partner (*persönlich haftender Gesellschafter*) of the Company from time to time.

“*Guarantee*” means any obligation, contingent or otherwise, of any Person directly or indirectly guaranteeing any Indebtedness or other obligation of any Person (other than, in the case of subsidiaries, obligations which would not constitute Indebtedness) and any obligation, direct or indirect, contingent or otherwise, of such Person:

- (1) to purchase or pay (or advance or supply funds for the purchase or payment of) such Indebtedness or other obligation of such Person (whether arising by virtue of partnership arrangements, or by agreements to keep-well, to purchase assets, goods, securities or services, to take-or-pay or to maintain financial statement conditions or otherwise); or
- (2) entered into for the purpose of assuring in any other manner the obligee of such Indebtedness or other obligation of the payment thereof or to protect such obligee against loss in respect thereof (in whole or in part);

provided, however, that the term “Guarantee” shall not include endorsements for collection or deposit in the ordinary course of business. The term “Guarantee” used as a verb has a corresponding meaning. The term “Guarantor” shall mean any Person Guaranteeing any obligation.

“*Guarantee Agreement*” means, in the context of a consolidation, merger or sale of all or substantially all of the assets of a Guarantor, an agreement by which the Surviving Person from such a transaction expressly assumes all of the obligations of such Guarantor under its Note Guarantee.

“*Guarantor*” means each of the Company, Fresenius Kabi AG and Fresenius ProServe GmbH unless released from all obligations under their Note Guarantee in accordance with the terms of the Indenture.

“*Hedging Obligations*” of any Person means the obligations of such Person pursuant to any Interest Rate Agreement, Currency Agreement or Securities Hedging Agreement.

“*HELIOS Group*” means HELIOS Kliniken GmbH and its Subsidiaries.

“*IFRS*” means international financial reporting standards and interpretations issued by the International Accounting Standards Board and adopted by the European Commission, as in effect from time to time.

“*Incur*” means issue, assume, Guarantee, incur or otherwise become liable for; *provided, however*, that any Indebtedness or Capital Stock of a Person existing at the time such Person becomes a Subsidiary (whether by merger, consolidation, acquisition or otherwise) shall be deemed to be Incurred by such Subsidiary at the time it becomes a Subsidiary. The term “Incurrence” when used as a noun shall have a correlative meaning. The accretion of principal of a non-interest bearing or other discount security shall be deemed the Incurrence of Indebtedness.

“*Indebtedness*” means, with respect to any Person on any date of determination (without duplication):

- (1) the principal of and premium (if any) in respect of (A) indebtedness of such Person for money borrowed and (B) indebtedness evidenced by notes, debentures, bonds or other similar instruments for the payment of which such Person is responsible or liable,
- (2) all Capital Lease Obligations of such Person,
- (3) all obligations of such Person issued or assumed as the deferred purchase price of property or services, all conditional sale obligations of such Person and all obligations of such Person under any title retention agreement (other than (x) customary reservations or retentions of title under agreements with suppliers entered into in the ordinary course of business, (y) trade debt Incurred in the ordinary course of business and not overdue by 90 days or more and (z) obligations Incurred under a pension, retirement or deferred compensation program or arrangement regulated under the Employee Retirement Income Security Act of 1974, as amended, or the laws of a foreign government, or referred to in clause (1) below),
- (4) all obligations of such Person for the reimbursement of any obligor on any letter of credit, bank guarantee, banker's acceptance or similar credit transaction (except to the extent such reimbursement obligation relates to trade debt in the ordinary course of business and such reimbursement obligation is paid within 30 days after payment of the trade debt or is referred to in clause (1) below),
- (5) the amount of all obligations of such Person with respect to the redemption, repayment or other repurchase of any Disqualified Stock or, with respect to any subsidiary of such Person, any Preferred Stock (but excluding, in each case, any accrued dividends),
- (6) all obligations of the type referred to in clauses (1) through (5) of other Persons and all dividends of other Persons for the payment of which, in either case, such Person is responsible or liable, directly or indirectly, as obligor, guarantor or otherwise, including by means of any Guarantee,
- (7) all obligations of the type referred to in clauses (1) through (6) of other Persons secured by any Lien on any property or asset of such Person (whether or not such obligation is assumed by such Person), the amount of such obligation being deemed to be the lesser of the value of such property or assets or the amount of the obligation so secured, and
- (8) to the extent not otherwise included in this definition, Hedging Obligations of such Person.

The amount of Indebtedness of any Person at any date shall be the outstanding balance at such date of all unconditional obligations as described above and the maximum liability, upon the occurrence of the contingency giving rise to the obligation, of any contingent obligations at such date. For the avoidance of doubt, the following will not be treated as Indebtedness:

- (1) Indebtedness incurred in respect of workers' compensation claims, self insurance obligations, performance, surety and similar bonds and completion guarantees provided in the ordinary course of business;
- (2) Indebtedness arising from agreements providing for indemnification, adjustment of purchase price or similar obligations, in each case, incurred or assumed in connection with the disposition or acquisition of any business, assets or Capital Stock of a Subsidiary, provided, that the maximum aggregate liability in respect of all such Indebtedness (other than in respect of tax and environmental indemnities) shall at no time exceed, in the case of a disposition, the gross proceeds actually received by the Company and its Subsidiaries in connection with such disposition and, in the case of an acquisition, the fair market value of any business assets or Capital Stock acquired; and
- (3) Indebtedness arising from the honoring by a bank or other financial institution of a check, draft or similar instrument (except in the case of daylight overdrafts) drawn against insufficient funds in the ordinary course of business, provided that such Indebtedness is extinguished within five business days of the Incurrence.

"Interest Rate Agreement" means any interest rate swap agreement, interest rate cap agreement or other financial agreement or arrangement.

"Investment" in any Person means any direct or indirect advance, loan (other than advances to customers in the ordinary course of business that are recorded as accounts receivable on the balance sheet of such Person) or other extensions of credit (including by way of Guarantee or similar arrangement) or capital contribution to (by means of any transfer of cash or other property to others or any payment for property or services for the account or use of others), or any purchase or acquisition of Capital Stock, Indebtedness or other similar instruments issued by such Person; *provided, however*, that advances, loans or other extensions of credit arising under the Cash Management Arrangements shall not be deemed Investments.

"Investment Grade" means a rating of (i) BBB- or higher by S&P, (ii) Baa3 or higher by Moody's and (iii) BBB- or higher by Fitch, or the equivalent of such ratings by S&P, Moody's or Fitch and the equivalent in respect of rating categories of any Rating Agencies substituted for S&P, Moody's or Fitch.

“*Investment Grade Status*” exists as of any time if at such time any two of the following three are satisfied: (i) the rating assigned to the Notes by Moody’s is at least Baa3 (or the equivalent) or higher, (ii) the rating assigned to the Notes by S&P is at least BBB- (or the equivalent) or higher or (iii) the rating assigned to the Notes by Fitch is at least BBB- (or the equivalent) or higher, or in each case, the equivalent in respect of rating categories of any Rating Agencies substituted for S&P, Moody’s or Fitch.

“*Issue Date*” means the first date on which any Notes are issued.

“*KGaA*” means a German partnership limited by shares (*Kommanditgesellschaft auf Aktien*).

“*Lien*” means any mortgage, pledge, security interest, encumbrance, lien or charge of any kind (including any conditional sale or other title retention agreement or lease in the nature thereof).

“*Moody’s*” means Moody’s Investors Service, Inc. and its successors.

“*Note Guarantee*” means the Guarantee by a Guarantor of the Issuer’s obligations under the Notes.

“*Officers’ Certificate*” means a certificate signed by two Responsible Officers of the Issuer, the Company or any of the Guarantors, as applicable.

“*Opinion of Counsel*” means a written opinion from legal counsel, which opinion is acceptable to the Trustee. The counsel may be an employee of or counsel to the Issuer.

“*Participating Member State*” means a member state of the European Union which has adopted or adopts the single currency in accordance with the treaty establishing the European Community (as that treaty is amended from time to time).

“*Permitted Holder*” means Else Kröner-Fresenius-Stiftung and any of its Affiliates.

“*Permitted Liens*” means, with respect to any Person:

- (1) Liens on assets of the Company or any of its Subsidiaries securing Indebtedness permitted under paragraph (a) and clause (1), (7) and (13) of paragraph (b) set forth under “— *Limitation on Incurrence of Indebtedness*” above; *provided, however*, that the aggregate principal amount of indebtedness secured thereby does not exceed the greater of (i) €5,500 million and (ii) the multiple of 2.5 times FSE EBITDA;
- (2) pledges or deposits by such Person under workmen’s compensation laws, unemployment insurance laws or similar legislation, or good faith deposits in connection with bids, tenders, contracts (other than for the payment of Indebtedness) or leases to which such Person is a party, or deposits to secure public or statutory obligations of such Person or deposits or cash or designated government obligations to secure surety or appeal bonds to which such Person is a party, or deposits as security for contested taxes or import or customs duties or for the payment of rent, in each case Incurred in the ordinary course of business;
- (3) Liens imposed by law, including carriers’, warehousemen’s and mechanics’ Liens, in each case for sums not yet due or being contested in good faith if a reserve or other appropriate provisions, if any, as are required by Accounting Principles have been made in respect thereof;
- (4) Liens for taxes, assessments or other governmental charges not yet subject to penalties for nonpayment or which are being contested in good faith provided appropriate reserves, if any, as are required by Accounting Principles have been made in respect thereof;
- (5) Liens in favor of issuers of surety or performance bonds or letters of credit or bankers’ acceptances issued pursuant to the request of and for the account of such Person in the ordinary course of its business;
- (6) encumbrances, easements or reservations of, or rights of others for, licenses, rights of way, sewers, electric lines, telegraph and telephone lines and other similar purposes, or zoning or other restrictions as to the use of real properties or liens incidental to the conduct of the business of such Person or to the ownership of its properties which do not in the aggregate materially adversely affect the value of said properties or materially impair their use in the operation of the business of such Person;
- (7) Liens securing Hedging Obligations entered into in the ordinary course of business and not for speculation purposes as determined in good faith by the Company;
- (8) Liens securing any Cash Management Arrangement;

- (9) leases, subleases and licenses of real property which do not materially interfere with the ordinary conduct of the business of the Company or any of its Subsidiaries and leases, subleases and licenses of other assets in the ordinary course of business;
- (10) judgment Liens not giving rise to an Event of Default so long as such Lien is adequately bonded and any appropriate legal proceedings which may have been duly initiated for the review of such judgment have not been finally terminated or the period within which such proceedings may be initiated has not expired;
- (11) Liens for the purpose of securing the payment (or the refinancing of the payment) of all or a part of the purchase price of, or Capital Lease Obligations with respect to, assets or property acquired or constructed for use in a Related Business; *provided that*:
 - (a) the aggregate principal amount secured by such Liens does not exceed the cost of the assets or property so acquired or constructed; and
 - (b) such Liens are created within 180 days of construction or acquisition of such assets or property (or, upon a refinancing, replace Liens created within such period) and do not encumber any other assets or property of the Company or any Subsidiary other than such assets or property and assets affixed or appurtenant thereto;
- (12) Liens arising solely by virtue of any statutory or common law provisions relating to banker's Liens, rights of set-off or similar rights and remedies as to deposit accounts or other funds maintained with a depository institution; *provided that* such deposit account is not intended by the Company or any Subsidiary to provide collateral to the depository institution;
- (13) Liens arising from United States Uniform Commercial Code financing statement filings (or similar filings in other applicable jurisdictions) regarding operating leases entered into by the Company and its Subsidiaries in the ordinary course of business;
- (14) Liens existing on the Issue Date, other than Liens described in clause (1) above and clause (21) below;
- (15) Liens on property or shares of stock of a Person at the time such Person becomes a Subsidiary; *provided, however*, that such Liens are not created, Incurred or assumed in connection with, or in contemplation of, such other Person becoming a Subsidiary; *provided further, however*, that any such Lien may not extend to any other property owned by the Company or any Subsidiary;
- (16) Liens on property at the time the Company or a Subsidiary acquired the property, including any acquisition by means of a merger or consolidation with or into the Company or any Subsidiary; *provided, however*, that such Liens are not created, Incurred or assumed in connection with, or in contemplation of, such acquisition; *provided further, however*, that such Liens may not extend to any other property owned by the Company or any Subsidiary (except in the case of an acquisition by the Helios Group, in which case the Liens may be granted in connection with, or in contemplation of, such acquisition on assets of any member of the Helios Group);
- (17) Liens securing the Notes and all other Indebtedness which by its terms must be secured if the Notes are secured;
- (18) Liens securing Indebtedness or other obligations of the Company to a Subsidiary or of a Subsidiary owing to the Company or a Subsidiary;
- (19) Liens securing Refinancing Indebtedness Incurred to refinance Indebtedness that was previously secured; *provided*, that such Lien is limited to all or part of the same property or assets that secured the Indebtedness refinanced;
- (20) Liens arising by operation of law or by agreement to the same effect in the ordinary course of business; and
- (21) Liens on assets of any Subsidiary of the Company securing Indebtedness of such Subsidiary permitted under clauses (a), (b)(2) and (b)(13) set forth under "*Limitation on Incurrence of Indebtedness*", which Indebtedness shall not exceed €1,300 million.

"Person" means any individual, corporation, partnership, joint venture, association, joint-stock company, trust, unincorporated organization, government or any agency, instrumentality or political subdivision thereof, or any other entity.

"Preferred Stock", as applied to the Capital Stock of any corporation, means Capital Stock of any class or classes (however designated) which is preferred as to the payment of dividends, or as to the distribution of assets upon any voluntary or involuntary liquidation or dissolution of such corporation, over shares of Capital Stock of any other class of such corporation.

"Rating Agencies" means:

- (1) S&P,
- (2) Moody's, and
- (3) Fitch, or

- (4) if S&P, Moody's or Fitch, or all three shall not make rating of the Notes publicly available, a European-wide reputable securities rating agency or agencies, as the case may be, selected by the Company, which shall be substituted for S&P, Moody's or Fitch or all three, as the case may be.

"Rating Category" means:

- (1) with respect to S&P, any of the following categories: BB, B, CCC, CC, C and D (or equivalent successor categories),
- (2) with respect to Moody's, any of the following categories: Ba, B, Caa, Ca, C and D (or equivalent successor categories),
- (3) with respect to Fitch, any of the following categories: BB, B, CCC, CC, C and D (or equivalent successor categories), and
- (4) the equivalent of any such category of S&P, Moody's or Fitch used by another rating agency in determining whether the rating of the Notes has decreased by one or more gradations, gradations within rating categories (+ and — for S&P, 1, 2 and 3 for Moody's, + and — for Fitch; or the equivalent gradations for another rating agency) shall be taken into account (e.g., with respect to S&P, a decline in a rating from BB+ to BB, as well as from BB- to B+, will constitute a decrease of one gradation).

"Rating Date" means the date which is 90 days prior to the earlier of (1) a Change of Control and (2) public notice of the occurrence of a Change of Control or of the intention by the Company or any Person to effect a Change of Control.

"Ratings Decline" means the occurrence on or within 90 days after the date of the first public notice of either the occurrence of a Change of Control or of a transaction which will effect a Change of Control, whichever is earlier (which period shall be extended so long as any of the Rating Agencies have publicly announced that it is considering a possible downgrade of the Notes) of: (1) in the event the Notes are rated by each of (i) Moody's, (ii) S&P and (iii) Fitch on the Rating Date as Investment Grade, a decrease in the rating of the Notes by two of the three Rating Agencies to a rating that is below Investment Grade, or (2) in the event the Notes are rated below Investment Grade by two of the three Rating Agencies on the Rating Date, a decrease in the rating of the Notes by either such Rating Agency by one or more gradations (including gradations within Rating Categories as well as between Rating Categories).

"Refinance" means, in respect of any Indebtedness, to refinance, extend, renew, refund, repay, prepay, redeem, defease or retire, or to issue other Indebtedness in exchange or replacement for, such Indebtedness. "Refinanced" and "Refinancing" shall have correlative meanings.

"Refinancing Indebtedness" means Indebtedness that Refinances any Indebtedness of the Company or any Subsidiary existing on the Issue Date or Incurred in compliance with the Indenture, including Indebtedness that Refinances Refinancing Indebtedness; *provided, however*, that:

- (1) such Refinancing Indebtedness has a Stated Maturity no earlier than the Stated Maturity of the Indebtedness being Refinanced,
- (2) such Refinancing Indebtedness has an Average Life at the time such Refinancing Indebtedness is Incurred that is equal to or greater than the Average Life of the Indebtedness being Refinanced, and
- (3) such Refinancing Indebtedness has an aggregate principal amount (or if Incurred with original issue discount, an aggregate issue price) that is equal to or less than the aggregate principal amount (or if Incurred with original issue discount, the aggregate accreted value) then outstanding or committed (plus fees and expenses, including any premium and defeasance costs) under the Indebtedness being Refinanced; *provided further, however*, that Refinancing Indebtedness shall not include Indebtedness of a Subsidiary which is not a Guarantor or a Finance Subsidiary that Refinances Indebtedness of the Issuer or any Guarantor.

"Related Business" means the businesses of the Company and its Subsidiaries on the Issue Date and any business related, ancillary or complementary to such businesses.

"Responsible Officer" means with respect to the Issuer, the Company or any Guarantor, the chief executive officer, president, chief financial officer, senior vice president-finance, treasurer, assistant treasurer, managing director, management board member, other authorized signatory (*Prokurist*) or director of a company (or in the case of the Company, a Responsible Officer of its General Partner, other managing entity or other Person authorized to act on its behalf, and if such Person is also a partnership, limited liability company or similarly organized entity, a Responsible Officer of the entity that may be authorized to act on behalf of such Person).

“*Sale and Leaseback Transaction*” means any direct or indirect arrangement with any Person or to which any such Person is a party, providing for the leasing to the Company or a Subsidiary of any property, whether owned by the Company or any Subsidiary at the Issue Date or later acquired, which has been or is to be sold or transferred by the Company or such Subsidiary to such Person or to any other Person from whom funds have been or are to be advanced by such Person on the security of such property.

“*SEC*” means the U.S. Securities and Exchange Commission.

“*Securities Hedging Agreement*” means any swap transaction, forward transaction, equity or equity swap or option, forward equity or forward equity price or forward equity index transaction, bond or bond price or bond index swap or option or forward bond or forward bond price or forward bond index transaction, interest rate option, forward foreign exchange transaction, cap transaction, floor transaction, collar transaction, currency swap transaction, cross-currency rate swap transaction, currency option, spot contract or any other similar transaction or any combination of any of the foregoing (including any option or agreement to enter into any of the foregoing) entered into in connection with a Cash Management Arrangement.

“*Significant Subsidiary*”, with respect to any Person, means any Subsidiary of such Person that satisfies the criteria for a “significant subsidiary” set forth in Rule 1.02 of Regulation S-X under the Exchange Act.

“*S&P*” means Standard & Poor’s Corporation and its successors.

“*Stated Maturity*” means, with respect to any security, the date specified in such security as the fixed date on which the final payment of principal of such security is due and payable, including pursuant to any mandatory redemption provision (but excluding any provision providing for the repurchase of such security at the option of the holder thereof upon the happening of any contingency unless such contingency has occurred).

“*Subordinated Obligation*” means any Indebtedness of the Issuer or the Company (whether outstanding on the Issue Date or thereafter Incurred) that is subordinate or junior in right of payment to the Notes pursuant to a written agreement to that effect.

“*Subsidiary*” means, with respect to any Person, any corporation, limited liability company, association, partnership or other business entity whose results of operations are consolidated in accordance with Accounting Principles with those of:

- (1) such Person;
- (2) such Person and one or more Subsidiaries of such Person; or
- (3) one or more Subsidiaries of such Person;

provided, however, that for purposes of the covenants described under “— *Certain Covenants*” above and the related definitions, and the events described under “— *Events of Default*” above and the related definitions, Subsidiaries of the Company shall not include FMC AG & Co. KGaA and its Subsidiaries unless otherwise specified.

“*Subsidiary Guarantor*” means any person that executes the Indenture or who in the future executes a supplemental indenture in which such person agrees to be bound by the terms of the Indenture as a Subsidiary Guarantor.

“*Surviving Person*” means, with respect to any Person involved in any merger, consolidation or other business combination or the sale, assignment, transfer, lease, conveyance or other disposition of all or substantially all of such Person’s assets, the Person formed by or surviving such transaction or the Person to which such disposition is made.

“*Treasury Rate*” means the yield to maturity at the time of computation of United States Treasury securities with a constant maturity (as compiled and published in the most recent Federal Reserve Statistical Release H.15 (519) which has become publicly available at least two Business Days (but not more than five Business Days) prior to the redemption date (or, if such statistical release is not so published or available, any publicly available source of similar market data selected by the Issuer in good faith)) most nearly equal to the period from the redemption date to January 15, 2023; *provided, however*, that if the period from the redemption date to January 15, 2023 is not equal to the constant maturity of a United States Treasury security for which a weekly average yield is given, the Treasury Rate shall be obtained by linear interpolation (calculated to the nearest one-twelfth of a year) from the weekly average yields of United States Treasury securities for which such yields are given, except that if the period from the redemption date to January 15, 2023 is less than one year, the weekly average yield on actually traded United States Treasury securities adjusted to a constant maturity of one year shall be used.

“*U.S. dollar*” or “*US\$*” or “*\$*” means the lawful currency of the United States.

“U.S. GAAP” means generally accepted accounting principles in the United States of America as in effect as of the Issue Date, including those set forth in:

- (1) the opinions and pronouncements of the Accounting Principles Board of the American Institute of Certified Public Accountants,
- (2) statements and pronouncements of the Financial Accounting Standards Board,
- (3) such other statements by such other entity as approved by a significant segment of the accounting profession, and
- (4) the rules and regulations of the SEC governing the inclusion of financial statements (including pro forma financial statements) in periodic reports required to be filed pursuant to Section 13 of the Exchange Act, including opinions and pronouncements in staff accounting bulletins and similar written statements from the accounting staff of the SEC.

“Voting Stock” of a Person means all classes of Capital Stock or other interests (including partnership interests) of such Person then outstanding and normally entitled (without regard to the occurrence of any contingency) to vote in the election of directors, managers or trustees thereof.

“Wholly Owned Subsidiary” means a Subsidiary all the Capital Stock of which (other than directors’ qualifying shares and shares held by other Persons to the extent such shares are required by applicable law to be held by a Person other than its parent or a Subsidiary of its parent) is owned by the relevant Person or by one or more Wholly Owned Subsidiaries of the relevant Person, or by the relevant Person and one or more of its Wholly Owned Subsidiaries.

BOOK-ENTRY, DELIVERY AND FORM

GENERAL

The Notes sold to qualified institutional buyers in reliance on Rule 144A (the “**Rule 144A Notes**”) under the Securities Act will be represented by one or more global notes in registered form without interest coupons attached (collectively, the “**144A Global Notes**”). The 144A Global Notes representing the Notes will be deposited with a custodian for The Depository Trust Company (“**DTC**”) and registered in the name of Cede & Co., as nominee of DTC.

Each issue of Notes sold in reliance on Regulation S (the “**Reg S Notes**”) under the Securities Act will be represented by one or more global notes in registered form without interest coupons attached (collectively, the “**Reg S Global Notes**” and, together with the Rule 144A Global Notes, the “**Global Notes**”). The Reg S Global Notes representing the Notes will be registered in the name of Cede & Co., as nominee of DTC and deposited with a custodian for DTC, for credit to Euroclear and Clearstream.

Ownership of interests in the 144A Global Notes (“**Restricted Book-Entry Interests**”) and in the Reg S Global Notes (the “**Reg S Book-Entry Interests**” and, together with the Restricted Book-Entry Interests, the “**Book-Entry Interests**”) will be limited to persons that have accounts with DTC, Euroclear and/or Clearstream, or persons that hold interests through such participants. Prior to the 40th day after the later of the commencement of this offering and the date the Notes were originally issued (the “**Distribution Compliance Period**”), interests in the Reg S Global Notes may only be held through Euroclear or Clearstream. DTC, Euroclear and Clearstream will hold interests in the Global Notes on behalf of their participants through customers’ securities accounts in their respective names on the books of their respective depositories. Except under the limited circumstances described below, owners of beneficial interests in the Global Notes will not be entitled to receive physical delivery of certificated notes.

Book-Entry Interests will be shown on, and transfers thereof will be done only through, records maintained in book-entry form by DTC, Euroclear and Clearstream and their participants. The foregoing limitations may impair your ability to own, transfer or pledge Book-Entry Interests. In addition, while the Notes are in global form, holders of Book-Entry Interests will not be considered the owners or “holders” of notes for any purpose.

So long as the Notes are held in global form, DTC, Euroclear and/or Clearstream, as applicable (or their respective nominees), will be considered the sole holders of Global Notes for all purposes under the Indenture. In addition, participants in DTC, Euroclear and/or Clearstream must rely on the procedures of DTC, Euroclear and/or Clearstream, as the case may be, and indirect participants must rely on the procedures of DTC, Euroclear, Clearstream and the participants through which they own Book-Entry Interests, to transfer their interests or to exercise any rights of holders under the Indenture.

Neither the Issuer nor the Trustee will have any responsibility or be liable for any aspect of the records relating to the Book-Entry Interests.

REDEMPTION OF THE GLOBAL NOTES

In the event any Global Note (or any portion thereof) is redeemed, DTC, Euroclear and/or Clearstream (or their respective nominees), as applicable, will redeem an equal amount of the Book-Entry Interests in such Global Note from the amount received by it in respect of the redemption of such Global Note. The redemption price payable in connection with the redemption of such Book-Entry Interests will be equal to the amount received by DTC, Euroclear and Clearstream, as applicable, in connection with the redemption of such Global Note (or any portion thereof). The Issuer understands that, under existing practices of DTC, Euroclear and Clearstream, if fewer than all of the Notes are to be redeemed at any time, DTC, Euroclear and Clearstream will credit their respective participants’ accounts on a proportionate basis (with adjustments to prevent fractions) or by lot or on such other basis as they deem fair and appropriate; *provided, however*, that no Book-Entry Interest of US\$2,000, as applicable, principal amount or less may be redeemed in part.

PAYMENTS ON GLOBAL NOTES

The Issuer will make payments of any amounts owing in respect of the Global Notes (including principal, premium, if any, interest, Additional Amounts, if any) to DTC or its nominee (in the case of the Global Notes), which will distribute such payments to participants in accordance with their procedures; *provided* that, at the option of the Issuer, payment of interest may be made by check mailed to the address of the holders of the Notes as such address appears in the note register. The Issuer will make payments of all such amounts without deduction or withholding for or on account of any present or future taxes, duties, assessments or governmental charges of whatever nature except as may be required by law. The Issuer expects that standing

customer instructions and customary practices will govern payments by participants to owners of Book-Entry Interests held through such participants.

Under the terms of the Indenture, the Issuer and the Trustee will treat the registered holders of the Global Notes (e.g., DTC or its respective nominee) as the owners thereof for the purpose of receiving payments and for all other purposes. Consequently, none of the Issuer, the Trustee or any of their respective agents has or will have any responsibility or liability for:

- any aspect of the records of DTC, Euroclear, Clearstream or any participant or indirect participant relating to payments made on account of a Book-Entry Interest or for maintaining, supervising or reviewing the records of DTC, Euroclear, Clearstream or any participant or indirect participant relating to or payments made on account of a Book-Entry Interest; or
- DTC, Euroclear, Clearstream or any participant or indirect participant.

Payments by participants to owners of Book-Entry Interests held through participants are the responsibility of such participants.

CURRENCY OF PAYMENT FOR THE GLOBAL NOTES

Except as may otherwise be agreed between DTC and any holder, the principal of, premium, if any, and interest on, and all other amounts payable in respect of, the Global Notes will be paid to holders of interests in such Notes (the “**DTC Holders**”) through DTC in U.S. dollars.

Payments will be subject in all cases to any fiscal or other laws and regulations (including any regulations of the applicable clearing system) applicable thereto. None of the Issuer, the Trustee, the Initial Purchasers or any of their respective agents will be liable to any holder of a Global Note or any other person for any commissions, costs, losses or expenses in relation to or resulting from any currency conversion or rounding effected in connection with any such payment.

ACTION BY OWNERS OF BOOK-ENTRY INTERESTS

DTC, Euroclear and Clearstream have advised the Issuer that they will take any action permitted to be taken by a holder of Notes (including the presentation of Notes for exchange as described below) only at the direction of one or more participants to whose account the Book-Entry Interests in the Global Notes are credited and only in respect of such portion of the aggregate principal amount of Notes as to which such participant or participants has or have given such direction. DTC, Euroclear and Clearstream will not exercise any discretion in the granting of consents, waivers or the taking of any other action in respect of the Global Notes. However, if there is an event of default under the Notes, each of DTC, Euroclear and Clearstream reserves the right to exchange the Global Notes for definitive registered notes in certificated form (the “**Definitive Registered Notes**”), and to distribute Definitive Registered Notes to its participants.

TRANSFERS

Transfers of beneficial interests in the Global Notes will be subject to the applicable rules and procedures of DTC, Euroclear and Clearstream and their respective direct or indirect participants, which rules and procedures may change from time to time.

The Global Notes will bear a legend to the effect set forth in “*Notice to Investors*.” Book-Entry Interests in the Global Notes will be subject to the restrictions on transfers as discussed in “*Notice to Investors*”.

During the Distribution Compliance Period, any sale or transfer of ownership of a Reg S Book-Entry Interest to a U.S. person shall not be permitted unless such resale or transfer is made pursuant to Rule 144A. Subject to the foregoing, a Reg S Book-Entry Interest may be transferred to a person who takes delivery in the form of a Restricted Book-Entry Interest in a Global Note of the same series only upon delivery by the transferor of a written certification (in the form provided in the Indenture) to the effect that such transfer is being made to a person who the transferor reasonably believes is a “qualified institutional buyer” within the meaning of Rule 144A in a transaction meeting the requirements of Rule 144A or otherwise in accordance with the transfer restrictions described under “*Notice to Investors*”, and in accordance with any applicable securities laws of any state of the United States or any other jurisdiction.

Transfers of Restricted Book-Entry Interests to persons wishing to take delivery of Restricted Book-Entry Interests will at all times be subject to the transfer restrictions contained in the legend appearing on the face of the 144A Global Note, as set forth in “*Notice to Investors*”.

Restricted Book-Entry Interests may be transferred to a person who takes delivery in the form of a Reg S Book-Entry Interest in a Global Note of the same series upon delivery by the transferor of a written certification (in the form provided in the Indenture) to the effect that such transfer is being made in accordance with Regulation S and that, if such transfer occurs prior to the expiration of the Distribution Compliance Period, the interest transferred will be held immediately thereafter through Euroclear or Clearstream. See “*Notice to Investors*”.

Any Book-Entry Interest in one of the Global Notes that is transferred to a person who takes delivery in the form of a Book-Entry Interest in any other Global Note of the same series will, upon transfer, cease to be a Book-Entry Interest in the first-mentioned Global Note and become a Book-Entry Interest in such other Global Note, and accordingly will thereafter be subject to all transfer restrictions, if any, and other procedures applicable to Book-Entry Interests in such other Global Note for as long as it remains such a Book-Entry Interest. In connection with such transfer, appropriate adjustments will be made to reflect a decrease in the principal amount of the first mentioned Global Note and a corresponding increase in the principal amount of the other Global Note, as applicable.

DEFINITIVE REGISTERED NOTES

Under the terms of the Indenture, owners of the Book-Entry Interests will receive Definitive Registered Notes:

- if DTC notifies the Issuer that it is unwilling or unable to continue as depository for the Global Note, or DTC ceases to be a clearing agency registered under the Exchange Act and, in either case, a qualified successor depository is not appointed by the Issuer within

120 days;

- if DTC, Euroclear or Clearstream so requests following an event of default under the Indenture; or
- if the owner of a Book-Entry Interest requests such exchange in writing delivered through either DTC, Euroclear or Clearstream following an event of default under the Indenture.

For so long as any of the Notes are listed on the Luxembourg Stock Exchange and its rules so require, if Definitive Registered Notes are issued, the Issuer will provide the Luxembourg Stock Exchange with a notice for publication on the exchange’s website. In the case of the issuance of Definitive Registered Notes, the holder of a Definitive Registered Note may transfer such Note by surrendering it at the offices of the transfer agent or the Registrar. In the event of a partial transfer or a partial redemption of a holding of Definitive Registered Notes represented by one Definitive Registered Note, a Definitive Registered Note shall be issued to the transferee in respect of the part transferred, and a new Definitive Registered Note in respect of the balance of the holding not transferred or redeemed shall be issued to the transferor or the holder, as applicable; *provided* that no Definitive Registered Note in a denomination less than US\$2,000 shall be issued. The Issuer will bear the cost of preparing, printing, packaging and delivering the Definitive Registered Notes. The Issuer shall not be required to register the transfer or exchange of Definitive Registered Notes for a period of 15 calendar days preceding (a) the record date for any payment of interest on the Notes, (b) any date fixed for redemption of the Notes or (c) the date fixed for selection of the notes to be redeemed in part. Also, the Issuer is not required to register the transfer or exchange of any Notes selected for redemption or that the registered holder of Notes has tendered (and not withdrawn) for repurchase in connection with a Change of Control or an Asset Disposition Offer. In the event of the transfer of any Definitive Registered Note, the transfer agent may require a holder, among other things, to furnish appropriate endorsements and transfer documents as described in the Indenture. The Issuer may require a holder to pay any taxes and fees required by law or permitted by the Indenture and the Notes.

Upon the issuance of Definitive Registered Notes, and for so long as the Notes are listed on the Luxembourg Stock Exchange and the rules of such stock exchange so require, holders of the Notes will be able to receive principal and interest on the Notes at the Luxembourg office of the Paying Agent, subject to the right of the Issuer to mail payments in accordance with the terms of the Indenture. The Issuer will pay interest on the Notes to Persons who are registered holders at the close of business on the record date immediately preceding the interest payment date for such interest. Such holders must surrender the Notes to a Paying Agent to collect principal payments.

If Definitive Registered Notes are issued and a holder thereof claims that such Definitive Registered Notes have been lost, destroyed or wrongfully taken or if such Definitive Registered Notes are mutilated and are surrendered to the Registrar or at the office of a transfer agent, the Issuer shall issue and the Trustee shall authenticate a replacement Definitive Registered Note if the Trustee’s and the Issuer’s requirements are met. The Trustee or the Issuer may require a holder requesting replacement of a Definitive Registered Note to furnish an indemnity bond sufficient in the judgment of both the Trustee and the Issuer to protect the Issuer, the Trustee or any Paying Agent appointed pursuant to the Indenture from any loss which any of them may suffer if a Definitive Registered Note is replaced. The Issuer may charge for its expenses in replacing a Definitive Registered Note.

In case any such mutilated, destroyed, lost or stolen Definitive Registered Note has become or is about to become due and payable, or is about to be redeemed or purchased by the Issuer pursuant to the provisions of the Indenture, the Issuer in its discretion may, instead of issuing a new Definitive Registered Note, pay, redeem or purchase such Definitive Registered Note, as the case may be.

Definitive Registered Notes may be transferred and exchanged for Book-Entry Interests in a Global Note only in accordance with the Indenture and, if required, only after the transferor first delivers to the transfer agent a written certification (in the form provided in the Indenture) to the effect that such transfer will comply with the transfer restrictions applicable to such Notes and the Issuer may require a holder to pay any taxes and fees required by law or permitted by the Indenture and the Notes. See “*Notice to Investors*”.

INFORMATION CONCERNING DTC, EUROCLEAR AND CLEARSTREAM

The following description of the operations and procedures of DTC, Euroclear and Clearstream are provided solely as a matter of convenience. These operations and procedures are solely within the control of the relevant settlement systems and are subject to changes by them. The Issuer takes no responsibility for these operations and procedures and investors should contact the systems or their participants directly to discuss these matters.

The Issuer understands as follows with respect to DTC, Euroclear and Clearstream: **DTC**. DTC is:

- a limited purpose trust company organized under the New York Banking Law;
- a “banking organization” under New York Banking Law;
- a member of the Federal Reserve System;
- a “clearing corporation” within the meaning of the New York Uniform Commercial Code; and
- a “clearing agency” registered under Section 17A of the U.S. Securities Exchange Act of 1934, as amended.

DTC was created to hold securities for its participants and to facilitate the clearance and settlement of transactions among its participants. It does this through electronic book-entry changes in the accounts of securities participants, eliminating the need for physical movement of securities certificates. DTC participants include securities brokers and dealers, banks, trust companies, clearing corporations and certain other organizations. DTC’s owners are the New York Stock Exchange, Inc., the American Stock Exchange, Inc. and the National Association of Securities Dealers, Inc. and a number of its direct participants. Others, such as banks, brokers, dealers and trust companies that clear through or maintain a custodial relationship with a direct participant also have access to the DTC system and are known as indirect participants.

Because DTC can only act on behalf of participants, who in turn act on behalf of indirect participants and certain banks, the ability of an owner of a beneficial interest to pledge such interest to persons or entities that do not participate in the DTC system, or otherwise take actions in respect of such interest, may be limited by the lack of a definitive certificate for that interest. To the extent that certain persons require delivery in definitive form, the ability to transfer beneficial interests to such persons may be limited. In addition, owners of beneficial interests through the DTC system will receive distributions attributable to the Global Notes only through DTC participants.

Euroclear and Clearstream. Like DTC, Euroclear and Clearstream hold securities for participating organizations. They also facilitate the clearance and settlement of securities transactions between their respective participants through electronic book-entry changes in the accounts of such participants. Euroclear and Clearstream provide various services to their participants, including the safekeeping, administration, clearance, settlement, lending and borrowing of internationally traded securities. Euroclear and Clearstream interface with domestic securities markets. Euroclear and Clearstream participants are financial institutions such as underwriters, securities brokers and dealers, banks, trust companies and certain other organizations. Indirect access to Euroclear or Clearstream is also available to others such as banks, brokers, dealers and trust companies that clear through or maintain a custodial relationship with a Euroclear or Clearstream participant, either directly or indirectly.

GLOBAL CLEARANCE AND SETTLEMENT UNDER THE BOOK-ENTRY SYSTEM

The Notes represented by the Global Notes are expected to be listed on the Luxembourg Stock Exchange. The Notes are expected to trade in DTC’s Same-Day Funds Settlement System, and any permitted secondary market trading activity in such Notes will, therefore, be required by DTC to be settled in immediately available funds. The Issuer expects that secondary trading

in any certificated Notes will also be settled in immediately available funds. Subject to compliance with the transfer restrictions applicable to the Global Notes, cross-market transfers of Book-Entry Interests in the Notes between the participants in DTC, on the one hand, and Euroclear or Clearstream participants, on the other hand, will be done through DTC in accordance with DTC's rules on behalf of each of Euroclear or Clearstream by its Common Depositary; however, such cross-market transactions will require delivery of instructions to Euroclear or Clearstream by the counterparty in such system in accordance with the rules and procedures and within the established deadlines (Brussels time) of such system. Euroclear or Clearstream will, if the transaction meets its settlement requirements, deliver instructions to the Common Depositary to take action to effect final settlement on its behalf by delivering or receiving interests in the Global Notes in DTC, and making or receiving payment in accordance with normal procedures for same-day funds settlement applicable to DTC. Euroclear and Clearstream participants may not deliver instructions directly to the Common Depositary.

Because of time zone differences, the securities account of a Euroclear or Clearstream participant purchasing an interest in a Global Note from a participant in DTC will be credited, and any such crediting will be reported to the relevant Euroclear or Clearstream participant, during the securities settlement processing day (which must be a business day for Euroclear and Clearstream) immediately following the settlement date of DTC. Cash received in Euroclear and Clearstream as a result of a sale of an interest in a Global Note by or through a Euroclear or Clearstream participant to a participant in DTC will be received with value on the settlement date of DTC but will be available in the relevant Euroclear or Clearstream cash account only as at the business day for Euroclear or Clearstream following DTC's settlement date.

Although DTC, Euroclear and Clearstream are expected to follow the foregoing procedures in order to facilitate transfers of interests in the Global Notes among participants in DTC, Euroclear or Clearstream, as the case may be, they are under no obligation to perform or continue to perform such procedures, and such procedures may be discontinued at any time. None of the Issuer, the Trustee, the Initial Purchasers, the Registrar, any transfer agent or any Paying Agent will have any responsibility for the performance by DTC, Euroclear or Clearstream, or their respective participants or indirect participants, of their respective obligations under the rules and procedures governing their operations.

PAYING AGENT AND REGISTRAR

The Bank of New York Mellon will initially act as paying agent (the **"Paying Agent"**) for the Notes and The Bank of New York Mellon (Luxembourg) S.A. will initially act as registrar (the **"Registrar"**) for the Notes. The Issuer may change the Paying Agent or Registrar for the Notes, and the Issuer may act as Registrar for the Notes.

TAXATION CONSIDERATIONS

GERMAN TAX CONSIDERATIONS

General

The following tax section deals in a general manner with the taxation of interest income and capital gains derived from the Notes and the deduction of withholding tax to be made under German law from the proceeds from the investment in the Notes. This tax section is based on the laws in force on the date of this prospectus, and it is of general nature only and neither intended as, nor to be understood as, legal or tax advice. Any information given hereafter reflects the opinion of the Issuer. It must not be misunderstood as a representation or guarantee with regard to a specific tax treatment, and courts or other relevant authorities may come to different interpretations of applicable law. Further, this tax section is not intended as the sole basis for an investment in the Notes, and the individual tax position of the investor should always be investigated because the tax consequences depend on the individual facts and circumstances at the level of the investor and may be subject to alteration due to future changes in law, possibly with retroactive effect.

Prospective investors are recommended to consult their own tax advisors as to the individual tax consequences arising from the investment in the Notes.

Withholding Tax

For German tax residents (e.g., persons whose residence, habitual abode, statutory seat or place of management is located in Germany), interest payments on the Notes are generally subject to withholding tax, provided that the Notes are held in custody with a German custodian, who is required to deduct the withholding tax from such interest payments (the “**Disbursing Agent**”). Disbursing Agents are German resident credit institutions, financial services institutions (including German permanent establishments of foreign institutions but excluding foreign permanent establishments of German resident institutions), securities trading companies or securities trading banks. The applicable withholding tax rate is 25% (plus 5.5% solidarity surcharge thereon and, if applicable, church tax). For individuals subject to church tax the Disbursing Agent has to collect the church tax by way of withholding unless the investor has filed a blocking notice (*Sperrvermerk*) with the German Federal Central Tax Office (*Bundeszentralamt für Steuern*) in which case the investor will have to file a tax return specifying its investment income and will then be assessed to church tax.

The withholding tax regime should also apply to any gains from the sale or redemption of the Notes realized by private investors holding the Notes as private (and not as business) assets in custody with a Disbursing Agent. Subject to exceptions, the amount of capital gains on which the withholding tax charge is applied is generally determined by taking the difference between the proceeds received upon the disposition or redemption of the Notes and (after the deduction of actual expenses directly related thereto) the acquisition costs. Where the Notes are acquired and/or sold in a currency other than Euro, the sales/redemption price and the acquisition costs have to be converted into Euro on the basis of the foreign exchange rates prevailing on the sale or redemption date and the acquisition date respectively. If custody has changed since the acquisition and the acquisition data is not proved or not permitted to be proved to the Disbursing Agent, the tax at a rate of 25% (plus 5.5% solidarity surcharge and, if applicable, church tax) will be imposed on an amount equal to 30% of the proceeds from the sale or redemption of the Notes. If the Issuer exercises the right to substitute the debtor of the Notes, the substitution might, for German tax purposes, be treated as an exchange of the Notes for new notes issued by the Successor and might be subject to similar taxation rules as the Notes. In particular, such a substitution could result in the recognition of a taxable gain or loss for any holder of a Note.

Accrued interest (*Stückzinsen*) received by the investor upon disposal of the Notes between two interest payment dates is considered as part of the sales proceeds thus increasing a capital gain or reducing a capital loss from the Notes. Accrued interest paid by the investor upon an acquisition of the Notes after the issue date qualifies as negative investment income either to be deducted from positive investment income generated in the same assessment period or to be carried forward to future assessment periods.

According to a decree issued by the German Federal Ministry of Finance in relation to private investors, a disposal of Notes will be disregarded if the sales proceeds do not exceed the related transaction costs with the consequence that losses resulting from such disposal are treated as non-deductible for German taxation purposes. The same applies where, based on an agreement with the depositary institution, the transaction costs are calculated on the basis of the sale proceeds taking into account a deductible amount. Further, losses resulting from a bad debt loss (*Forderungsausfall*) in the case of an Issuer default or from a waiver of a receivable (*Forderungsverzicht*) in relation to the Notes are not treated as tax-deductible.

The withholding tax is not applied to the extent the total investment income of a private investor is not exceeding the lump sum deduction (*Sparer-Pauschbetrag*) of €801 (€1,602 in case of joint assessment of married couples or registered partners)

provided the investor has filed a corresponding withholding tax exemption certificate (*Freistellungsauftrag*) with the Disbursing Agent but only to the extent the annual aggregate investment income does not exceed the lump sum deduction amount stated in the withholding tax exemption certificate. Expenses actually incurred are not deductible. Similarly, no withholding tax is deducted if the investor has submitted to the Disbursing Agent a certificate of non-assessment (*Nichtveranlagungs-Bescheinigung*) issued by the competent local tax office of the investor.

German tax resident corporate investor and, upon application, other German tax resident business investors holding the Notes as assets of a domestic business should in essence not be subject to withholding tax on capital gains from the disposition, sale or redemption of the Notes subject to certain formal requirements (i.e., for these investors only interest payments, but no capital gains from the sale or redemption of the Notes are subject to the withholding tax regime).

The Issuer of the Notes should under German law not be required to deduct withholding tax from the proceeds from the investment in the Notes. The Issuer does not assume any responsibility for the deduction of German withholding tax at the source (including solidarity surcharge and, where applicable, church tax thereon).

Private Investors

For German tax resident private investors the withholding tax is — without prejudice to certain exceptions — definite under a special flat tax regime (*Abgeltungsteuer*). Private investors can apply to have their income from the investment into the Notes assessed in accordance with the general rules on determining an individual's tax bracket if this results in a lower tax burden. Also in this case, expenses actually incurred are not deductible. An assessment is mandatory for income from the investment into the Notes where the Notes are held in custody outside of Germany. Losses resulting from the sale or redemption of the Notes can only be offset against other investment income. In the event that a set-off is not possible in the assessment period in which the losses have been realized, such losses can be carried forward into future assessment periods only and can be offset against investment income generated in future assessment periods.

Business Investors

Interest payments and capital gains from the disposition or redemption of the Notes held as business assets (*Betriebsvermögen*) by German tax resident business investors are generally subject to German income tax or corporate income tax (plus 5.5% solidarity surcharge thereon and, if applicable in the case of an individual holding the Notes as business assets, church tax). Any withholding tax deducted from interest payments is — subject to certain requirements — creditable. To the extent the amount withheld exceeds the (corporate) income tax liability, the withholding tax is — as a rule — refundable. The interest payments and capital gains are also subject to trade tax if the Notes are attributable to a trade or business. The effective trade tax rate depends on the applicable tax factor (*Gewerbsteuer-Hebesatz*) of the relevant municipality where the business is located. If the Notes are held by an individual, either directly or through a partnership, the trade tax may be partially or fully creditable against its personal income tax depending on the applicable trade tax factor and the individual's particular circumstances.

Foreign Tax Residents

Investors not tax resident in Germany should, in essence, not be taxable in Germany with the proceeds from the investment in the Notes, and no German withholding tax should be withheld from such income, even if the Notes are held in custody with a German credit (or comparable) institution. Exceptions apply, e.g., where the Notes are held as business assets in a German permanent establishment or by a German permanent representative of the investor.

Inheritance and Gift Tax

A gratuitous transfer of Notes by reason of death or as a gift will be subject to German inheritance or gift tax if the decedent or donor or the heir, donee or other beneficiary is at the time of the transfer a resident or deemed to be a resident of Germany. If neither the holder of Notes nor the recipient is a resident or deemed to be a resident of Germany at the time of the transfer, no German inheritance or gift taxes will be levied unless the Notes are attributable to a German trade or business for which a permanent establishment is maintained or for which a permanent representative has been appointed in Germany. Exceptions from this rule apply to certain German citizens who previously maintained a residence in Germany.

Other Taxes

No stamp, issue, registration or similar taxes or duties will be payable in Germany in connection with the issuance, delivery or execution of the Notes. Currently, net wealth tax (*Vermögensteuer*) is not levied in Germany.

LUXEMBOURG TAX CONSIDERATIONS

The following is an overview of certain material Luxembourg tax consequences of purchasing, owning and disposing of the Notes. It does not purport to be a complete analysis of all possible tax situations that may be relevant to a decision to purchase, own or sell the Notes. It is included herein solely for preliminary information purposes. It is not intended to be, nor should it be construed to be, legal or tax advice. This overview does not allow any conclusion to be drawn with respect to issues not specifically addressed. The following description of Luxembourg tax law is based on the Luxembourg law and regulations in effect and as interpreted by the Luxembourg tax authorities on the date of this prospectus. These laws and interpretations are subject to change that may occur after such date, even with retroactive or retrospective effect.

Prospective purchasers of the Notes should consult their own tax advisers as to the particular tax consequences of subscribing, purchasing, holding and disposing of the Notes, including the application and effect of any federal, state or local taxes under the tax laws of the Grand Duchy of Luxembourg and each country of which they are residents or citizens.

Please be aware that the residence concept used under the respective headings below applies for Luxembourg income tax assessment purposes only. Any reference in the present section to a tax, duty, levy impost or other charge or withholding of a similar nature refers to Luxembourg tax law and/or concepts only. Also, please note that a reference to Luxembourg income tax generally encompasses corporate income tax (impôt sur le revenu des collectivités), municipal business tax (impôt commercial communal), a solidarity surcharge (contribution au fonds pour l'emploi), personal income tax (impôt sur le revenu des personnes physiques) as well as a temporary equalization tax (impôt d'équilibre budgétaire temporaire). Corporate taxpayers may further be subject to net wealth tax (impôt sur la fortune), as well as other duties, levies and taxes. Corporate income tax, municipal business tax and the solidarity surcharge invariably apply to most corporate taxpayers resident in Luxembourg for tax purposes. Individual taxpayers are generally subject to personal income tax, solidarity surcharge and temporary equalization tax. Under certain circumstances, where individual taxpayers act in the course of the management of a professional or business undertaking, municipal business tax may apply as well.

Tax residency

Holders of Notes will not become resident nor be deemed to be resident, in Luxembourg by reason only of the holding of the Notes or the execution, performance, delivery and/or enforcement of their rights thereunder.

Withholding tax

Resident holders of Notes

Under the Luxembourg law dated December 23, 2005, as amended (the "**Law**"), a 10% Luxembourg withholding tax is levied as of January 1, 2006 on interest or similar income payments (accrued since July 1, 2005) made by Luxembourg paying agents to or for the immediate benefit of an individual beneficial owner who is resident in Luxembourg. This withholding tax also applies on accrued interest received upon disposal, redemption or repurchase of the Notes. Such withholding tax will be in full discharge of income tax if the beneficial owner is an individual acting in the course of the management of his/her private wealth. Responsibility for the withholding of tax in application of the Law is assumed by the Luxembourg paying agent within the meaning of the Law.

Further, Luxembourg resident individuals acting in the course of the management of their private wealth, who are the beneficial owners of interest payments and other similar income made as from January 1, 2008 by a paying agent established outside Luxembourg in a Member State of the European Union or the European Economic Area or in a jurisdiction having concluded an agreement with Luxembourg in connection with the Council Directive 2003/48/EC on taxation of savings income in the form of interest payments, as amended, may opt for a final 10% levy. In such case, the 10% levy is calculated on the same amounts as for the payments made by Luxembourg paying agents. The option for the 10% final levy must cover all interest payments made by paying agents to the beneficial owner during the entire civil year.

Non-resident holders of Notes

Under the Luxembourg tax law currently in effect, there is no withholding tax on payments of interest (including accrued but unpaid interest) made to a Luxembourg non-resident holder of Notes. There is also no Luxembourg withholding tax upon repayment of the principal, sale, refund or redemption of the Notes.

Taxation of the holders of Notes

Income tax

Resident holders of Notes

Luxembourg resident individuals

An individual holder of Notes, acting in the course of the management of his/her private wealth, is subject to Luxembourg income tax in respect of interest received, redemption premiums or issue discounts under the Notes, except if a final withholding tax has been levied on such payments in accordance with the Law.

Under Luxembourg domestic tax law, gains realized upon the sale, disposal or redemption of the Notes by an individual holder of Notes, who is a resident of Luxembourg for tax purposes and who acts in the course of the management of his/her private wealth are not subject to Luxembourg income tax, provided this sale or disposal took place more than six months after the acquisition of the Notes and the Notes do not constitute zero coupon notes.

An individual holder of Notes, who acts in the course of the management of his/her private wealth and who is a resident of Luxembourg for tax purposes, has further to include the portion of the gain corresponding to accrued but unpaid income in respect of the Notes in his/her taxable income, insofar as the accrued but unpaid interest is indicated separately in the agreement.

Luxembourg resident individual holders of Notes acting in the course of the management of a professional or business undertaking to which the Notes are attributable, have to include any interest received or accrued, as well as any gain realized on the sale or disposal of the Notes, in any form whatsoever, in their taxable income for Luxembourg income tax assessment purposes. Taxable gains are determined as being the difference between the sale, repurchase or redemption price (including accrued but unpaid interest) and the lower of the cost or book value of the Notes sold or redeemed.

Luxembourg resident companies

Luxembourg corporate holders of Notes must include any interest received or accrued, as well as any gain realized on the sale or disposal of the Notes, in their taxable income for Luxembourg income tax assessment purposes. Taxable gains are determined as being the difference between the sale, repurchase or redemption price (including but unpaid interest) and the lower of the cost or book value of the Notes sold or redeemed.

Luxembourg resident companies benefiting from a special tax regime

Luxembourg holders of Notes who benefit from a special tax regime, such as, for example, undertakings for collective investment subject to the amended law of December 17, 2010, specialized investment funds governed by the amended law of February 13, 2007 or family wealth management companies governed by the amended law of May 11, 2007 are exempt from income taxes in Luxembourg and thus income derived from the Notes, as well as gains realized thereon, are not subject to income taxes.

Non-resident holders of Notes

Holders of Notes who are non-residents of Luxembourg and who have neither a permanent establishment nor a permanent representative in Luxembourg to which or whom the Notes are attributable are not liable to any Luxembourg income tax, whether they receive payments of principal or interest (including accrued but unpaid interest) or realize capital gains upon redemption, repurchase, sale, disposal or exchange, in any form whatsoever, of any Notes.

Holders of Notes who are non-residents of Luxembourg and who have a permanent establishment or a permanent representative in Luxembourg to which or whom the Notes are attributable are liable to Luxembourg income tax on any interest received or accrued, as well as any reimbursement premium received at maturity and any capital gain realized on the sale or disposal, in any form whatsoever, of the Notes and have to include this income in their taxable income for Luxembourg income tax assessment purposes.

Net wealth tax

Luxembourg resident holders of Notes and non-resident holders of Notes who have a permanent establishment or a permanent representative in Luxembourg to which or whom the Notes are attributable, are subject to Luxembourg net wealth

tax on such Notes, except if the holder of the Notes is (i) an individual, (ii) an undertaking for collective investment subject to the amended law of December 17, 2010, (iii), a securitization company governed by the amended law of March 22, 2004, (iv) a company governed by the amended law of June 15, 2004 on venture capital vehicles, (v) a specialized investment fund governed by the amended law of February 13, 2007 or (vi) a family wealth management company governed by the amended law of May 11, 2007.

Other taxes

There is no Luxembourg registration tax, stamp duty or any other similar tax or duty payable in Luxembourg by the holders of Notes as a consequence of the issuance of the Notes, nor will any of these taxes be payable as a consequence of a subsequent transfer, redemption or repurchase of the Notes (except in case of voluntary registration in Luxembourg).

No estate or inheritance taxes are levied on the transfer of the Notes upon death of a holder of Notes in cases where the deceased was not a resident of Luxembourg for inheritance tax purposes. Luxembourg gift tax may be due on a gift or donation of Notes if the gift is recorded in a deed passed in front of a Luxembourg notary or otherwise registered in Luxembourg.

EU SAVINGS DIRECTIVE

Under the EU Savings Directive (Council Directive 2003/48/EC of 3 June 2003 and as amended from time to time), each EU Member State must require paying agents (within the meaning of such directive) established within its territory to provide to the competent authority of the relevant state details of the payment of interest made to any individual resident in another EU Member State as the beneficial owner of the interest. The competent authority of the EU Member State of the paying agent is then required to communicate this information to the competent authority of the EU Member State of which the beneficial owner of the interest is a resident.

For a transitional period, Austria instead applies a withholding system in relation to such payments, currently deducting tax at a rate of 35%. However, Austria has undertaken to implement an automatic exchange of information generally to be performed as of September 2017 covering data to be collected in certain cases as from October 2016. Luxembourg ceased to apply the withholding tax system as from January 1, 2015 and applies instead the automatic exchange of information approach.

Conforming with the prerequisites for the application of the EU Savings Tax Directive, a number of non-EU countries and territories, including Switzerland and Liechtenstein, agreed to apply measures equivalent to those contained in such directive (in particular, a withholding system).

On March 24, 2014, the Council of the European Union has adopted Directive 2014/48/EU which will, when implemented, amend and broaden the scope of the requirements described above. The changes made under the Directive 2014/48/EU include extending the scope of the EU Savings Directive to payments made to, or collected for, certain other entities and legal arrangements. They also broaden the definition of “interest payments” to cover income that is equivalent to interest. EU Member States are required to implement national legislation giving effect to these changes by January 1, 2016 (which national legislation must apply from January 1, 2017).

On March 18, 2015, the European Commission presented a proposal to the Council of the European Union to repeal the EU Savings Directive. The adoption by the Council is expected in the forthcoming months. According to such proposal, the measures of cooperation provided by the EU Savings Directive will be progressively replaced by the implementation of Council Directive 2014/107/EU on administrative cooperation in the field of direct taxation which provides for automatic exchange of financial account information between Member States, including income categories contained in the EU Savings Directive. Under transitional arrangements, the EU Savings Directive will continue to be operational until the end of 2015 to be replaced by Council Directive 2014/107/EU as from January 1, 2016. As Austria has been allowed to start applying Council Directive 2014/107/EU up to one year later than other Member States, special transitional arrangements, taking into account this derogation, will apply to Austria. Provided the proposal to repeal is adopted by the Council of the European Union, the amendment to the EU Savings Directive, which had been adopted by the Council on March 24, 2014 (cf. above) will not have to be implemented by the Member States.

THE PROPOSED FINANCIAL TRANSACTION TAX (“FTT”)

On 14 February 2013, the European Commission published a proposal (the “**Commission Proposal**”) for a Directive for a common FTT in Belgium, Germany, Estonia, Greece, Spain, France, Italy, Austria, Portugal, Slovenia and Slovakia (the “participating Member States”).

The Commission Proposal has very broad scope and could, if introduced, apply to certain dealings in the Notes (including secondary market transactions) in certain circumstances. The issuance and subscription of the Notes should, however, be exempt.

Under the Commission Proposal the FTT could apply in certain circumstances to persons both within and outside of the participating Member States. Generally, it would apply to certain dealings in the Notes where at least one party is a financial institution, and at least one party is established in a participating Member State. A financial institution may be, or be deemed to be, “established” in a participating Member State in a broad range of circumstances, including (a) by transacting with a person established in a participating Member State or (b) where the financial instrument which is subject to the dealings is issued in a participating Member State.

Joint statements issued by participating Member States indicate an intention to implement the FTT — as originally planned — by January 1, 2016.

However, the FTT proposal remains subject to negotiation between the participating Member States and the scope of any such tax is uncertain. Additional EU member states may decide to participate.

U.S. FEDERAL INCOME TAX CONSIDERATIONS

General

The following discussion is an overview based on present law of certain U.S. federal income tax considerations relevant to the purchase, ownership and disposition of the Notes. Changes in law may adversely affect the consequences summarized below, possibly with retroactive effect. The discussion addresses only U.S. Holders and Non-U.S. Holders (as defined below) who purchase Notes in the Offering at the original offering price, hold the Notes as capital assets and use the U.S. dollar as their functional currency. The discussion is not a complete description of all U.S. federal income tax considerations that may be relevant to particular purchasers. It does not address the tax treatment of prospective purchasers subject to special rules, such as banks, dealers, traders that elect to mark-to-market, insurance companies, investors liable for the alternative minimum tax, U.S. expatriates, tax-exempt entities or persons holding the Notes as part of a hedge, straddle, conversion or other integrated financial transaction, or U.S. Holders that hold their Notes through a non-U.S. broker or other non-U.S. intermediary. It also does not address the tax treatment of prospective U.S. Holders that will hold the Notes in connection with a permanent establishment outside of the United States. It does not consider U.S. state or local tax matters, non-U.S. tax matters or U.S. federal tax matters other than U.S. income taxes (such as estate or gift taxes). It also does not consider the Medicare tax on certain investment income.

The Issuer believes, and this discussion assumes, that the Notes will be treated as debt of the Issuer for U.S. federal income tax purposes.

For purposes of this discussion, a “U.S. Holder” is a beneficial owner of a Note that is for U.S. federal income tax purposes (i) a citizen or individual resident of the United States, (ii) a corporation created or organized under the laws of the United States, any state thereof or the District of Columbia, (iii) a trust subject to the control of a U.S. person and the primary supervision of a U.S. court or (iv) an estate the income of which is subject to U.S. federal income taxation regardless of its source. For purposes of this discussion, a “Non-U.S. Holder” is a beneficial owner of a note that is, for U.S. federal income tax purposes, an individual, a corporation, a trust or an estate that is not a U.S. Holder.

The tax treatment of a partner in an entity treated as a partnership for U.S. federal income tax purposes that holds the Notes generally will depend upon the status of the partner and the activities of the partnership. An entity treated as a partnership for U.S. federal income tax purposes considering an investment in the Notes should consult its own tax advisors about the tax consequences for its partners.

U.S. Holders

Interest

A U.S. Holder must include stated interest on the Notes in gross income as such interest is received or accrued in accordance with its regular method of tax accounting. Interest on the Notes, including any additional amounts paid on account of withholding tax, will be U.S. source ordinary income.

Disposition

A U.S. Holder generally will recognize gain or loss on a sale, redemption or other disposition of a Note in an amount equal to the difference, if any, between the amount realized (less any accrued but unpaid interest, which will be taxable as interest to the extent not previously taxed) and the U.S. Holder's adjusted tax basis in the Note. A U.S. Holder's adjusted U.S. dollar tax basis in a Note generally will be the amount paid for the Note.

Any gain or loss on disposition of a Note generally will be U.S. source capital gain or loss. Any capital gain or loss will be long-term capital gain or loss if the U.S. Holder has held the Note for more than one year. A non-corporate U.S. Holder's long-term capital gain may be taxed at lower rates. Deductions for capital losses are subject to limitations.

Substitution of the Issuer

If a Successor is substituted for the Issuer, the substitution may depending on the circumstances be treated as an exchange of the Notes for deemed new notes of the Successor. In such an event, unless a nonrecognition provision applies, a U.S. Holder generally will recognize any gain or loss realized in the deemed exchange in an amount equal to the difference, if any, between (i) the issue price of the new notes (which would be their fair market value assuming the Notes are trading on an established market) and (ii) the U.S. Holder's adjusted tax basis in the Notes. If the stated principal amount of the new notes received in the deemed exchange exceeds their issue price by as much as 0.25% multiplied by the number of complete years to maturity, a U.S. Holder may be required to recognize original issue discount ("OID") as ordinary income on the new notes as a result of the substitution. The OID would be the amount by which the stated principal amount of the new notes exceeds their issue price. Regardless of its regular method of tax accounting, a U.S. Holder would be required to accrue any OID as ordinary income on a constant yield to maturity basis whether or not it received cash payments. U.S. Holders should consult their own advisors regarding the foregoing.

Non-U.S. Holders

Withholding Tax

Subject to the discussions relating to FATCA and backup withholding below, interest paid to a Non-U.S. Holder will be exempt from U.S. federal withholding tax if (i) the Non-U.S. Holder does not actually or constructively own shares of the Issuer's stock possessing 10% or more of the total combined voting power of the Issuer's outstanding stock, (ii) the Non-U.S. Holder is not a controlled foreign corporation related to the Issuer through share ownership and (iii) the Non-U.S. Holder has provided to the relevant withholding agent a duly completed U.S. tax certification of non-U.S. status (generally an IRS Form W-8). Amounts attributable to accrued and unpaid interest that are received on a sale or disposition of a Note by a Non-U.S. Holder entitled to receive interest free of U.S. federal withholding also will not be subject to U.S. federal withholding tax. If the above requirements are not satisfied, and interest received by the Non-U.S. Holder is not effectively connected income (as discussed below), such holder generally will be subject to U.S. federal withholding tax (unless reduced or eliminated by an applicable income tax treaty).

Net Income Tax

If a Non-U.S. Holder is engaged in a trade or business within the United States, interest on a Note (although exempt from federal U.S. withholding tax upon providing proper certification) will be subject to U.S. federal income tax on a net income basis if it is effectively connected with the holder's conduct of the U.S. trade or business (and, where a tax treaty applies, attributable to the holder's U.S. permanent establishment). If a Non-U.S. Holder that is a corporation for U.S. federal income tax purposes is considered to be engaged in a U.S. trade or business, it may also be subject to an additional U.S. branch profits tax.

Any gain realized by a Non-U.S. Holder (other than any amount treated as interest) on the disposition of a Note will not be subject to U.S. net income tax unless (i) the gain is effectively connected with the holder's conduct of a U.S. trade or business (and, where a tax treaty applies, attributable to the holder's U.S. permanent establishment), in which event such gain will be taxed in a manner similar to the taxation of effectively connected interest or (ii) the holder is an individual present in the United States for at least 183 days during the taxable year of disposition and certain other conditions are met. Non-U.S. Holders subject to U.S. net income tax on their income from, and disposition of, the Notes will generally be subject to tax considerations similar to those of U.S. Holders, but should consult their tax advisors regarding an investment in the Notes.

Substitution of the Issuer

As discussed in detail in the section addressed to U.S. Holders, if a Successor is substituted for the Issuer, the Notes may be considered exchanged for U.S. federal income tax purposes, and any deemed new Notes may be issued with OID.

FATCA Withholding

FATCA imposes a reporting regime and potentially a 30 percent withholding tax with respect to payments from U.S. sources, including interest paid by a U.S. corporation, to any FFI that (i) does not comply with certain due diligence, information reporting and registration requirements under U.S. law or non-U.S. laws implementing an IGA between the United States and the jurisdiction in which the FFI is resident, and (ii) is not otherwise exempt from or in deemed compliance with FATCA. Non-FFIs may also be subject to withholding under FATCA if they do not provide required information about themselves or their owners to counterparties. FATCA may apply whether the FFI or Non-FFI is the beneficial owner of a Note or an intermediary. After December 31, 2016, a 30 percent withholding tax may also apply to gross proceeds from the sale or transfer of the securities that could pay U.S.-source interest or dividends.

Because the Issuer is a U.S. corporation for U.S. tax purposes, and will make payments treated as payments from U.S. sources, financial institutions through which payments on the Notes are made may be required to withhold under FATCA if either the ultimate beneficial owner of the Notes or any agent, nominee or custodian receiving payments on behalf of such beneficial owner does not meet the FATCA requirements described above. After December 31, 2016, gross proceeds from the sale or exchange of the Notes may also be subject to FATCA withholding tax if the foregoing requirements are not satisfied.

Prospective investors should consult their tax advisers on how these rules may apply to the Issuer and to payments they may receive in connection with the Notes. The Issuer will not pay any additional amounts in respect of FATCA withholding.

Reporting and Backup Withholding

Payments of interest and proceeds from the sale, redemption or other disposition of a Note may be reported to the U.S. Internal Revenue Service unless the holder establishes a basis for exemption; provided, that payment of interest to Non-U.S. Holders will be reported to the U.S. Internal Revenue Service in any event. Backup withholding tax may apply to amounts subject to reporting if a U.S. Holder fails to provide an accurate taxpayer identification number or has become subject to backup withholding due to a prior failure to report its interest and dividend income. Backup withholding generally will not apply to a Non-U.S. Holder that certifies its non-U.S. status. A holder can claim a credit against its U.S. federal income tax liability for the amount of any backup withholding tax and a refund of any excess if it timely follows proper procedures.

THE DISCUSSION ABOVE IS A GENERAL OVERVIEW. IT DOES NOT COVER ALL TAX MATTERS THAT MAY BE OF IMPORTANCE TO A PARTICULAR PURCHASER. EACH PROSPECTIVE PURCHASER IS URGED TO CONSULT ITS OWN TAX ADVISOR ABOUT THE TAX CONSEQUENCES TO IT OF AN INVESTMENT IN THE NOTES IN LIGHT OF THE PURCHASER'S OWN CIRCUMSTANCES.

UNDERWRITING, SALE AND OFFER OF THE NOTES

General

Goldman Sachs International with address at Peterborough Court, 133 Fleet Street, London EC4A 2BB, United Kingdom, Citigroup Global Markets Inc. with address at 388 Greenwich Street, 17th Floor, New York, NY 10013, United States of America, HSBC Securities (USA) Inc. with address at 452 5th Avenue, New York, NY 10018, United States of America, Mizuho Securities USA Inc., with address at 320 Park Avenue, 12th Floor, New York, NY 10022, United States of America, Barclays Bank PLC, with address at 5 The North Colonnade, Canary Wharf, London E14 4BB, United Kingdom, Commerz Markets LLC, with address at 225 Liberty Street, New York, NY 10281, United States of America, Scotia Capital (USA) Inc., with address at 250 Vesey Street, New York, NY 10281, United States of America, and SMBC Nikko Capital Markets Limited with address at One New Change, London EC4M 9AF, United Kingdom (together, the “**Initial Purchasers**”) have, pursuant to an agreement signed on September 16, 2015, procured purchasers for or, failing which, have purchased all the Notes to be issued by the Issuer and guaranteed by the Guarantors. The Initial Purchasers are entitled, under certain circumstances, to terminate the agreement reached with the Issuer and the Guarantors. In such event, no Notes will be delivered to investors and no investors will be obligated to make payment of the purchase price for the Notes. Furthermore, the Issuer and the Guarantors will agree to indemnify the Initial Purchasers against certain liabilities in connection with the offer and sale of the Notes.

The following table sets forth the amount of Notes to be purchased by the Initial Purchasers in the offering of the Notes:

Initial Purchasers⁽¹⁾	Aggregate Principal Amount of Notes to be Purchased
Goldman Sachs International	\$92,000,000
Citigroup Global Markets Inc.	\$48,000,000
HSBC Securities (USA) Inc.	\$48,000,000
Mizuho Securities (USA) Inc.	\$48,000,000
Barclays Bank PLC	\$16,000,000
Commerz Markets LLC	\$16,000,000
Scotia Capital (USA) Inc.	\$16,000,000
SMBC Nikko Capital Markets Limited	\$16,000,000
Total	\$300,000,000

(1) Sales of the Notes may be made through affiliates of the Initial Purchasers noted in the table above.

The Notes may not be offered or sold, directly or indirectly, and neither this prospectus nor any other offering material or advertisements in connection with the Notes may be distributed or published, in or from any country or jurisdiction, except in compliance with any applicable rules and regulations of any such country or jurisdiction. This prospectus does not constitute an offer to sell or a solicitation of an offer to purchase in any jurisdiction where such offer or solicitation would be unlawful. Persons into whose possession this prospectus comes are advised to inform themselves about and to observe any restrictions relating to the offering of the Notes, the distribution of this prospectus and resale of the Notes. See “*Notice to Investors*”.

The Notes are a new issue of securities for which there currently is no market. The Issuer has applied to list the Notes on the official list of the Luxembourg Stock Exchange and to admit the Notes to trading on the regulated market of the Luxembourg Stock Exchange, a market appearing on the list of regulated markets issued by the European Commission pursuant to Directive 2004/39/EC of April 21, 2004 on markets in financial instruments; however, the Issuer cannot assure you that such listing will be maintained. The Initial Purchasers have advised the Issuer that they intend to make a market in the Notes as permitted by applicable law. The Initial Purchasers are not obligated, however, to make a market in the Notes, and any market-making may be discontinued at any time at their sole discretion without notice. In addition, any such market-making activity will be subject to the limits imposed by the Securities Act and the U.S. Securities Exchange Act of 1934, as amended (the “**Exchange Act**”). Accordingly, the Issuer cannot assure you that any market for the Notes will develop, or that it will be liquid if it does develop.

In connection with this offering, Goldman Sachs International (the “**Stabilizing Manager**”) and any person acting for them may over-allot or effect transactions with a view to supporting the market price of the applicable notes at a level higher than that which might otherwise prevail for a limited period after the Issue Date. However, there is no obligation of the Stabilizing Manager or any agent for them to do so. Such stabilization, if commenced, may be discontinued at any time, and must be brought to an end after a limited period. Such stabilization shall be in compliance with all applicable laws, regulations and rules.

Over-allotment involves sales in excess of the offering size, which creates a short position for the Initial Purchasers.

Stabilizing transactions permit bids to purchase the underlying security so long as the stabilizing bids do not exceed a specified maximum.

Syndicate covering transactions involve purchases of the Notes in the open market after the distribution has been completed in order to cover short positions. Penalty bids permit the Initial Purchasers to reclaim a selling concession from a broker/dealer when the Notes originally sold by that broker/dealer are purchased in a stabilizing or covering transaction to cover short positions.

These stabilizing transactions, syndicate covering transactions and penalty bids may cause the price of the Notes to be higher than it would otherwise be in the absence of these transactions. These transactions, if commenced, may be discontinued at any time.

The Initial Purchasers and certain of their affiliates have provided and may provide in the future certain commercial banking, financial advisory and investment banking services for us, our subsidiaries, the guarantors and certain of our affiliates, for which they receive, or will receive customary fees and expense reimbursement. Certain of the Initial Purchasers and/or their affiliates have acted as managers and/or arrangers on several of our offerings of debt securities and have acted and/or currently act as agents and/or lenders under our credit facilities or other lines of credit, including the 2013 Senior Credit Agreement, where in each case, we have paid customary fees in connection therewith. Certain of the Initial Purchasers and / or their affiliates have acted as arranger and/or dealers under our commercial paper program and will receive a portion of the net proceeds of the offering in such capacity. In addition, in the ordinary course of their business activities, the Initial Purchasers and their affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (including bank loans) for their own account and for the accounts of their customers. Such investments and securities activities may involve securities and/or instruments of ours or our affiliates. If any Initial Purchaser or its affiliates have a lending relationship with us, the Initial Purchaser or its affiliates routinely hedge, and the Initial Purchaser or its affiliates may hedge, their credit exposure to us consistent with their customary risk management policies. Typically, an Initial Purchaser and its affiliates would hedge such exposure by entering into transactions which consist of either the purchase of credit default swaps or the creation of short positions in our securities, including potentially the Notes offered hereby. Any such credit default swaps or short positions could adversely affect future trading prices of the Notes offered hereby. The Initial Purchasers and their respective affiliates may also make investment recommendations and/or publish or express independent research views in respect of such securities or financial instruments and may hold, or recommend to clients that they acquire, long and/or short positions in such securities and instruments.

Interests that are material to the issue/offer

The Notes will be subordinated to any of the Issuer's and the Guarantors' secured debt to the extent of the value of the assets securing such debt. As a result, the Notes will be subordinated to the debt under the 2013 Senior Credit Agreement, to the extent of the collateral granted to secure such debt. Certain of the Initial Purchasers or their affiliates are lenders under the 2013 Senior Credit Agreement.

Selling Restrictions

General

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

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

European Economic Area

In relation to each member state of the EEA which has implemented the Prospectus Directive (each, a "**Relevant Member State**"), the Initial Purchasers have represented and agreed that with effect from and including the date on which the Prospectus Directive is implemented in that Relevant Member State (the "**Relevant Implementation Date**") it has not made and will not make an offer of the Notes to the public in that Relevant Member State, unless and until a prospectus has been approved by the competent regulatory authority and, as applicable, published and notified to the relevant competent authority in another Relevant Member State in accordance with the Prospectus Directive as implemented in such other Relevant Member State, except that it may make an offer of such Notes in such Relevant Member State:

- (a) to any legal entity which is a qualified investor as defined in the Prospectus Directive;

- (b) to fewer than 150 natural or legal persons (other than qualified investors as defined in the Prospectus Directive), as permitted under the Prospectus Directive, subject to obtaining the prior consent of the Initial Purchasers nominated by the relevant Issuer for any such offer; or
- (c) in any other circumstances falling within Article 3 para. (2) of the Prospectus Directive,

provided that no such offer of Notes shall require the Issuer or the Initial Purchasers to publish a prospectus pursuant to Article 3 of the Prospectus Directive.

For the purposes of this provision, the expression an “offer to the public” in relation to any of the Notes in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offering and the Notes to be offered so as to enable an investor to decide to purchase or subscribe for the Notes, as the same may be varied in that Relevant Member State by any measure implementing the Prospectus Directive in that Relevant Member State.

United States and its Territories

These Notes have not been registered under the Securities Act and they may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. Accordingly, the Notes offered hereby are being offered and sold only (i) to Qualified Institutional Buyers in compliance with Rule 144A under the Securities Act and (ii) pursuant to offers and sales that occur outside the United States to persons other than U.S. persons (“foreign purchasers”, which term includes dealers or other professional fiduciaries in the United States acting on a discretionary basis for foreign beneficial owners, other than an estate or trust) in offshore transactions meeting the requirements of Rule 903 of Regulation S under the Securities Act. As used herein, the terms “offshore transaction,” “United States” and “U.S. person” have the respective meanings given to them in Regulation S.

Each purchaser of Notes, by its acceptance thereof, will be deemed to have acknowledged, represented to and agreed with us and the Initial Purchasers as follows:

- (1) It understands and acknowledges that the Notes have not been registered under the Securities Act or any other applicable securities law, are being offered for resale in transactions not requiring registration under the Securities Act or any other securities laws, including sales pursuant to Rule 144A under the Securities Act, and may not be offered, sold or otherwise transferred except in compliance with the registration requirements of the Securities Act or any other applicable securities law, pursuant to an exemption therefrom, or in a transaction not subject thereto, and in each case in compliance with the conditions for transfer set forth in paragraph (4) below.
- (2) It is not an “affiliate,” as defined in Rule 144 under the Securities Act, of us, or acting on our behalf and it is either:
 - (a) a Qualified Institutional Buyer within the meaning of Rule 144A under the Securities Act and is aware that any sale of Notes to it will be made in reliance on Rule 144A. Such acquisition will be for its own account or for the account of another Qualified Institutional Buyer, or
 - (b) an institution that, at the time the buy order for the Notes was originated, was outside the United States and was not a U.S. person (and was not purchasing for the account or benefit of a U.S. person) within the meaning of Regulation S under the Securities Act.
- (3) It acknowledges that none of us or the Initial Purchasers or any person representing us or the Initial Purchasers has made any representation to it with respect to us or the offering or sale of any Notes, other than the information contained in the prospectus, which has been delivered to it and upon which it is relying in making its investment decision with respect to the Notes. Accordingly, it acknowledges that no representation or warranty is made by the Initial Purchasers as to the accuracy or completeness of such materials. It has had access to such financial and other information concerning us and the Notes as it has deemed necessary in connection with its decision to purchase any of the Notes, including an opportunity to ask questions of and request information from us and the Initial Purchasers.
- (4) It is purchasing the Notes for its own account, or for one or more investor accounts for which it is acting as a fiduciary agent, in each case for investment, and not with a view to, or for offer or sale in connection with, any distribution thereof in violation of the Securities Act, subject to any requirement of law that the disposition of its property or the property of such investor account or accounts be at all times within its or their control and subject to its or their ability to resell Notes pursuant to Rule 144A, Regulation S or any exemption from registration available under the Securities Act. It agrees on its own behalf and on behalf of any investor account for which it is purchasing

the Notes, and each subsequent holder of the Notes by its acceptance thereof will agree, to offer, sell or otherwise transfer such Notes during the holding period then imposed by Rule 144, or its successor, after the later of the date of the original issue and the last date on which we or any of our affiliates were the owner of such Notes, or any predecessor thereto (the “**Resale Restriction Termination Date**”), only:

- (a) to us or any of our subsidiaries,
- (b) pursuant to a registration statement which has been declared effective under the Securities Act,
- (c) for so long as the Notes are eligible for resale pursuant to Rule 144A, to a person it reasonably believes is a Qualified Institutional Buyer that purchases for its own account or for the account of a Qualified Institutional Buyer to whom notice is given that the transfer is being made in reliance on Rule 144A,
- (d) pursuant to offers and sales to non-U.S. persons that occur outside the United States within the meaning of Regulation S under the Securities Act, or
- (e) pursuant to any other available exemption from the registration requirements of the Securities Act, subject in each of the foregoing cases to any requirement of law that the disposition of its property or the property of such investor account or accounts be at all times within its or their control and in compliance with any applicable state securities laws.

Each purchaser acknowledges that we and the trustee reserve the right prior to any offer, sale or other transfer of the Notes pursuant to clause (e) above prior to the Resale Restriction Termination Date to require delivery of an opinion of counsel, certifications and/or other information satisfactory to us and the trustee.

Each purchaser acknowledges that each security will contain a legend substantially to the following effect:

“THE SECURITY (OR ITS PREDECESSOR) EVIDENCED HEREBY WAS ORIGINALLY ISSUED IN A TRANSACTION EXEMPT FROM REGISTRATION UNDER SECTION 5 OF THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (THE “SECURITIES ACT”), AND THE SECURITY EVIDENCED HEREBY MAY NOT BE OFFERED, SOLD OR OTHERWISE TRANSFERRED IN THE ABSENCE OF SUCH REGISTRATION OR AN APPLICABLE EXEMPTION THEREFROM. EACH PURCHASER OF THE SECURITY EVIDENCED HEREBY IS HEREBY NOTIFIED THAT THE SELLER MAY BE RELYING ON THE EXEMPTION FROM THE PROVISIONS OF SECTION 5 OF THE SECURITIES ACT PROVIDED BY RULE 144A THEREUNDER. THE HOLDER OF THE SECURITY EVIDENCED HEREBY AGREES FOR THE BENEFIT OF THE ISSUER THAT (A) SUCH SECURITY MAY BE RESOLD, PLEDGED OR OTHERWISE TRANSFERRED, ONLY (1)(a) INSIDE THE UNITED STATES TO A PERSON WHO THE SELLER REASONABLY BELIEVES IS A QUALIFIED INSTITUTIONAL BUYER (AS DEFINED IN RULE 144A UNDER THE SECURITIES ACT) PURCHASING FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF A QUALIFIED INSTITUTIONAL BUYER IN A TRANSACTION MEETING THE REQUIREMENTS OF RULE 144A UNDER THE SECURITIES ACT, (b) OUTSIDE THE UNITED STATES TO NON-U.S. PERSONS IN A TRANSACTION MEETING THE REQUIREMENTS OF RULE 903 OR RULE 904 OF REGULATION S UNDER THE SECURITIES ACT, (c) PURSUANT TO AN EXEMPTION FROM REGISTRATION UNDER THE SECURITIES ACT PROVIDED BY RULE 144 THEREUNDER (IF APPLICABLE) OR (d) IN ACCORDANCE WITH ANOTHER EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT (AND BASED UPON AN OPINION OF COUNSEL ACCEPTABLE TO THE ISSUER IF THE ISSUER SO REQUESTS), (2) TO THE ISSUER OR (3) PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT AND, IN EACH CASE, IN ACCORDANCE WITH ANY APPLICABLE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES OR ANY OTHER APPLICABLE JURISDICTION AND (B) THE HOLDER WILL, AND EACH SUBSEQUENT HOLDER IS REQUIRED TO, NOTIFY ANY PURCHASER OF THE SECURITY EVIDENCED HEREBY OF THE RESALE RESTRICTIONS SET FORTH IN CLAUSE (A) ABOVE. NO REPRESENTATION CAN BE MADE AS TO THE AVAILABILITY OF THE EXEMPTION PROVIDED BY RULE 144 FOR RESALE OF THE SECURITY EVIDENCED HEREBY.”

- (5) It agrees that it will give to each person to whom it transfers Notes notice of any restrictions on transfer of such security.
- (6) If it is a purchaser in a sale that occurs outside the United States within the meaning of Regulation S, it acknowledges that until the expiration of the 40-day distribution compliance period within the meaning of Rule 903 of Regulation S, any offer or sale of the Notes shall not be made by it to a U.S. person or for the account or benefit of a U.S. person within the meaning of Rule 902(k) of the Securities Act except in accordance with Regulation S.

- (7) It acknowledges that the trustee will not be required to accept for registration of transfer any Notes acquired by it, except upon presentation of evidence satisfactory to us and the trustee that the restrictions set forth herein have been complied with.
- (8) It acknowledges that we, the Initial Purchasers and others will rely upon the truth and accuracy of the foregoing acknowledgments, representations, warranties and agreements, and agrees that if any of the acknowledgments, representations, warranties and agreements deemed to have been made by it by its purchase of the Notes are no longer accurate, it shall promptly notify us and the Initial Purchasers. If it is acquiring any Notes as a fiduciary or agent for one or more investor accounts, it represents that it has sole investment discretion with respect to each such investor account and that it has full power to make the foregoing acknowledgments, representations and agreements on behalf of each such investor account.
- (9) It understands that no action has been taken in any jurisdiction (including the United States) by us or the Initial Purchasers that would result in a public offering of the Notes or the possession, circulation or distribution of this Prospectus any other material relating to us or the Notes in any jurisdiction where action for such purpose is required. Consequently, any transfer of the Notes will be subject to the selling restrictions set forth under “*Notice to Investors*”, “*Notice to Investors in the European Economic Area*”, “*Notice to Investors in the United Kingdom*”, “*Notice to Investors in Germany*”, and “*Underwriting, Sale and Offer of the Notes*”.

United Kingdom

Each Initial Purchaser has agreed that:

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

Canada

The Notes may be sold only to purchasers purchasing, or deemed to be purchasing, as principal that are accredited investors, as defined in National Instrument 45-106 Prospectus Exemptions or subsection 73.3(1) of the Securities Act (Ontario), and are permitted clients, as defined in National Instrument 31-103 Registration Requirements, Exemptions and Ongoing Registrant Obligations. Any resale of the Notes must be made in accordance with an exemption from, or in a transaction not subject to, the prospectus requirements of applicable securities laws.

Securities legislation in certain provinces or territories of Canada may provide a purchaser with remedies for rescission or damages if this prospectus (including any amendment thereto) contains a misrepresentation, provided that the remedies for rescission or damages are exercised by the purchaser within the time limit prescribed by the securities legislation of the purchaser’s province or territory. The purchaser should refer to any applicable provisions of the securities legislation of the purchaser’s province or territory for particulars of these rights or consult with a legal advisor.

Pursuant to section 3A.3 of National Instrument 33-105 Underwriting Conflicts (“**NI 33-105**”), the Initial Purchasers are not required to comply with the disclosure requirements of NI 33-105 regarding underwriter conflicts of interest in connection with this offering.

LISTING AND GENERAL INFORMATION

LISTING AND ADMISSION TO TRADING

Application has been made to admit the Notes to listing on the Official List of the Luxembourg Stock Exchange and to trading on the regulated market of the Luxembourg Stock Exchange.

For so long as the Notes are listed on the Official List of the Luxembourg Stock Exchange and admitted to trading on the regulated market of the Luxembourg Stock Exchange and as the rules of that stock exchange require, copies of the following documents may be inspected and obtained free of charge at the specified office of the listing agent in Luxembourg during normal business hours of any business day in Luxembourg:

- the Indenture (including forms of the guarantees);
- the articles of association and/or articles of incorporation of the Issuer and each of the Guarantors;
- the most recent audited consolidated financial statements published by the Parent Guarantor; and
- the most recent audited unconsolidated financial statements published by the Issuer and each of the Subsidiary Guarantors.

For so long as the Notes are listed on the Official List of the Luxembourg Stock Exchange and admitted to trading on the regulated market and the rules of the Luxembourg Stock Exchange so require, the Issuer will make available the notices to the public on the website of the Luxembourg Stock Exchange, www.bourse.lu, or in a leading newspaper having general circulation in Luxembourg (which is expected to be the *Luxemburger Wort*, the *Tageblatt*, or the ‘Benelux’ edition of the *Financial Times*) or in written form at places indicated by announcements to be so published as described before, or by any other means considered equivalent by the Luxembourg Stock Exchange.

As of the date of this prospectus, our most recent audited financial statements available were as of and for the year ended December 31, 2014. KPMG AG Wirtschaftsprüfungsgesellschaft, our auditor, has given and not withdrawn its consent to the inclusion in this prospectus of their audit reports for the years ended December 31, 2014, 2013 and 2012. Fresenius SE & Co. KGaA’s consolidated financial statements are published annually and are audited.

CLEARING INFORMATION

The Regulation S Notes and the Rule 144A Notes represent a new issue of fixed rate, senior-ranking securities and have been accepted for clearance through the facilities of Clearstream and Euroclear under the international securities identification numbers and CUSIP numbers below:

ISIN:	CUSIP:
USU31436AH86 (Reg S)	U31436 AH8 (Reg S)
US35804GAK40 (144A)	35804G AK8 (144A)

LITIGATION

Except as disclosed under “*Business — Legal Proceedings*” on page 92 in this prospectus, none of the Issuer or the Guarantors has, during the last twelve months prior to the date of this prospectus, been involved in any governmental, legal or arbitration proceeding which may have, or have had in the recent past, significant effects on the issuer and/or Group’s financial position or profitability and, so far as the Issuer or the Guarantors is aware, no such material governmental, legal or arbitration proceeding is pending or threatened.

NO SIGNIFICANT CHANGE

With the exception of the repayment of the Issuer’s senior notes due 2015 in July 2015, there has been no significant change in the financial or trading position of the Group or any Guarantor since June 30, 2015. See “*Management’s Discussion and Analysis of Financial Condition and Results of Operations — Recent Developments*” on page 64.

TREND INFORMATION

There has been no material adverse change in the prospects of the Issuer or any of the Guarantors since the date of the last published audited financial statements as of December 31, 2014.

SERVICE OF PROCESS AND ENFORCEMENT OF CIVIL LIABILITIES

We are a German company. Some of our directors and executive officers and some of the experts named in this prospectus are residents of Germany. A substantial portion of our assets and the assets of those individuals is located outside the U.S. As a result, it may be difficult or impossible for investors to effect service of process upon those persons within the U.S. with respect to matters arising under the U.S. federal securities laws or to enforce against them in U.S. courts judgments of U.S. courts predicated on the civil liability provisions of the U.S. federal securities laws. We have been advised by our German counsel that there may be doubt as to the enforceability in Germany, in original actions, of liabilities predicated on the U.S. federal securities laws and that in Germany both recognition and enforcement of U.S. court judgments are solely governed by the provisions of the German Civil Procedure Code (*Zivilprozessordnung*). In some cases, especially when according to the German statutory provisions, the international jurisdiction of the U.S. court will not be recognized or if the judgment conflicts with basic principles of German law (e.g., the restrictions to compensatory damages and pre-trial discovery), the U.S. judgment might not be recognized by a German court. The service of process in U.S. proceedings on persons in Germany is regulated by a multilateral treaty guaranteeing service of writs and other legal documents in civil cases if the current address of the defendant is known.

INDEPENDENT AUDITORS

The (i) consolidated financial statements of Fresenius SE & Co. KGaA for the years ended December 31, 2014, 2013, and 2012, (ii) unconsolidated financial statements of Fresenius Kabi AG for the years ended December 31, 2014 and 2013, and (iii) unconsolidated financial statements of Fresenius ProServe GmbH for the years ended December 31, 2014 and 2013 and 2012 included in this prospectus have been audited by KPMG AG Wirtschaftsprüfungsgesellschaft. The auditors' address is The Square, Am Flughafen, 60549 Frankfurt am Main, Germany. KPMG AG Wirtschaftsprüfungsgesellschaft is a member of the German Chamber of Public Accountants (*Wirtschaftsprüferkammer*), Berlin, Germany. With respect to the unconsolidated cash flow statements of Fresenius Kabi AG and Fresenius ProServe GmbH for 2014 included in this prospectus beginning on page F-404 and F-462, respectively, the IDW 318 audit standards are clear that figures for the previous year (2013) are also covered by KPMG AG Wirtschaftsprüfungsgesellschaft's audit report in each case. Accordingly, the statement that the audit opinion is not qualified also relates to the prior-year (2013) figures.

The unconsolidated financial statements of Fresenius US Finance II, Inc. for the years ended December 31, 2013 and 2014 included in this prospectus have been audited by KPMG LLP, Aon Center, Suite 5500, 200 East Randolph Drive, Chicago, Illinois 60601, United States. KPMG LLP is a Delaware limited liability partnership, the U.S. member of KPMG International Cooperative, a Swiss entity.

LEGAL MATTERS

The validity of the Notes and the Guarantees will be passed upon for us by Freshfields Bruckhaus Deringer LLP, Frankfurt am Main, Germany, and certain matters will be passed upon for the Initial Purchasers by Cahill Gordon & Reindel LLP, London, England.

OTHER GENERAL INFORMATION

Credit Ratings

A credit rating assesses the creditworthiness of an entity and informs an investor therefore about the probability of the entity being able to redeem invested capital. It is not a recommendation to buy, sell or hold securities and may be revised or withdrawn by the rating agency at any time. A suspension, reduction or withdrawal of the rating assigned to the Issuer may adversely affect the market price of the Notes.

As of the date of this prospectus, none of the Issuer, Fresenius Kabi AG, or Fresenius ProServe GmbH have been assigned any credit rating with its cooperation or at its request.

Standard & Poor's Credit Market Services Europe Limited (German Branch)⁽¹⁾⁽²⁾⁽³⁾ has assigned a long-term credit rating of BBB- (stable) to the Parent Guarantor.

Moody's Deutschland GmbH⁽¹⁾⁽²⁾⁽⁴⁾ has assigned a long-term credit rating of Ba1 (stable) to the Parent Guarantor.

Fitch Ratings Limited⁽¹⁾⁽⁵⁾ has assigned a long-term credit rating of BB+ (stable) to the Parent Guarantor.

In addition, the following credit ratings have been issued for senior notes of the Issuer:⁽¹⁾⁽²⁾

	Standard & Poor's⁽⁶⁾	Moody's⁽⁴⁾
US\$300 million 4.250% senior notes due 2021.....	BB+	Ba1

- (1) The European Securities and Markets Authority publishes on its website (<http://www.esma.europa.eu/page/List-registered-and-certified-CRAs>) a list of credit rating agencies registered in accordance with the CRA Regulation. That list is updated within five working days following the adoption of a decision under Article 16, 17 or 20 CRA Regulation. The European Commission shall publish that update list in the Official Journal of the European Union within 30 days following such update.
- (2) A credit rating assesses the creditworthiness of an entity and informs an investor therefore about the probability of the entity being able to redeem invested capital. It is not a recommendation to buy, sell or hold securities and may be revised or withdrawn by the rating agency at any time.
- (3) Standard & Poor's Credit Market Services Europe Limited (German Branch) is established in the European Community and is registered under the CRA Regulation. According to Standard & Poor's: "BBB- is considered lowest investment grade by market participants." "An obligor rated 'BBB' has adequate capacity to meet its financial commitments. However, adverse economic conditions or changing circumstances are more likely to lead to a weakened capacity of the obligor to meet its financial commitments. The ratings ... may be modified by the addition of a plus (+) or minus (-) sign to show relative standing within the major rating categories."
- (4) Moody's Deutschland GmbH is established in the European Community and is registered under the CRA Regulation. According to Moody's: "Obligations rated Ba are judged to have speculative elements and are subject to substantial credit risk. Moody's appends numerical modifiers 1, 2, and 3 to the respective rating classification ... The modifier 1 indicates that the obligation ranks in the higher end of its generic rating category."
- (5) Fitch Ratings Limited is established in the European Community and is registered under the CRA Regulation. According to Fitch: "'BB' ratings indicate an elevated vulnerability to default risk, particularly in the event of adverse changes in business or economic conditions over time; however, business or financial flexibility exists which supports the servicing of financial commitments. The modifiers '+' or '-' may be appended to a rating to denote relative status within major rating categories."
- (6) Standard & Poor's Credit Market Services Europe Limited (German Branch) is established in the European Community and is registered under the CRA Regulation. According to Standard & Poor's: "BB+ is considered the highest speculative grade by market participants." "An obligation rated 'BB' is less vulnerable to nonpayment than other speculative issues. However, it faces major ongoing uncertainties or exposure to adverse business, financial, or economic conditions which could lead to the obligor's inadequate capacity to meet its financial commitment on the obligation. The ratings ... may be modified by the addition of a plus (+) or minus (-) sign to show relative standing within the major rating categories."

AUTHORIZATION

The issue of the Notes was authorized by the Management Board of the Parent Guarantor on September 8, 2015. The Supervisory Board of the Management SE has authorized the issue on December 10, 2014. The relevant bodies of the Subsidiary Guarantors authorized the issue on September 1, 7, and 11, respectively, of 2015. The issue of the Notes was authorized by the board and shareholders of the Issuer on September 8 and 9, respectively, of 2015.

DOCUMENTS INCORPORATED BY REFERENCE

The pages specified below of the following documents which have previously been published or are published simultaneously with this Prospectus and which have been filed with the CSSF are incorporated by reference into this Prospectus: (i) the Interim Financial Report of Fresenius SE & Co. KGaA for the six-month period ended June 30, 2015, (ii) the Annual Report of Fresenius SE & Co. KGaA for the fiscal year ended December 31, 2014 and (iii) the Annual Report of Fresenius SE & Co. KGaA for the fiscal year ended December 31, 2013.

- (1) Extracted from: Fresenius SE & Co. KGaA — Interim Financial Report Q2 2015 (IFRS)
 - Management Report pages 6-18
 - Consolidated income statement page 19
 - Consolidated statement of comprehensive income page 19
 - Consolidated statement of financial position page 20
 - Consolidated cash flow statement page 21
 - Consolidated statement of changes in equity page 22
 - Segment reporting page 24
 - Notes to the financial statements pages 28-52
- (2) Extracted from: Fresenius SE & Co. KGaA — Group Annual Report 2014 (IFRS)
 - Management Report pages 2-48
 - Consolidated income statement page 50
 - Consolidated statement of comprehensive income page 50
 - Consolidated statement of financial position page 51
 - Consolidated cash flow statement pages 52-53
 - Consolidated statement of changes in equity pages 54-55
 - Segment reporting pages 56-57
 - Notes to the financial statements pages 59-138

•	Audit Opinion*	page 152
(3)	Extracted from: Fresenius SE & Co. Co. KGaA — Group Annual Report 2013 (IFRS)	
•	Management Report	pages 2-54
•	Consolidated income statement	page 56
•	Consolidated statement of comprehensive income.....	page 56
•	Consolidated statement of financial position.....	page 57
•	Consolidated cash flow statement	pages 58-59
•	Consolidated statement of changes in equity.....	pages 60-61
•	Segment reporting	pages 62-63
•	Notes to the financial statements	pages 65-141
•	Audit Opinion*	page 151

* The audit opinion refers to the respective consolidated financial statements and the combined management report of the Group and the Issuer as a whole and not solely to the respective consolidated financial statements incorporated by reference.

The information incorporated by reference that is not included in the cross-reference list, is considered as additional information and is not required by the relevant schedules of the Commission Regulation (EC) 809/2004.

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

GERMAN APPENDIX - TRANSLATION OF THE DESCRIPTION OF THE NOTES

Non-Binding German Translation of the Description of the Notes

Unverbindliche deutsche Übersetzung

Dieses Dokument ist eine Übersetzung eines englischsprachigen Dokuments in die deutsche Sprache. Es wurde angemessene Sorgfalt aufgewandt, um die Richtigkeit der Übersetzung sicherzustellen. Es wird jedoch keine Gewähr für die Richtigkeit der Übersetzung übernommen. Insbesondere wird darauf hingewiesen, dass Begriffe und rechtliche Konzepte in einer Sprache nicht immer ihre genaue Entsprechung in der anderen Sprache finden. Verbindlich ist allein die englische Sprachfassung, die im Prospekt im Abschnitt „*Description of the Notes*“ abgedruckt ist.

BESCHREIBUNG DER SCHULDVERSCHREIBUNGEN

Der Emittent wird 4,50 % vorrangige Schuldverschreibungen (*Senior Notes*) mit Fälligkeit in 2023 in einem Gesamtnennbetrag von bis zu 300 Mio. US\$ (die „**Schuldverschreibungen**“) begeben. Der Emittent wird halbjährlich jeweils am 15. Januar und 15. Juli eines jeden Jahres Zinsen auf die Schuldverschreibungen zahlen, erstmals am 15. Januar 2016. Die Schuldverschreibungen werden am 15. Januar 2023 zur Rückzahlung fällig.

Die Schuldverschreibungen werden gemäß eines Begebungsvertrags (*Indenture*) (der „**Begebungsvertrag**“) begeben, der voraussichtlich am 25. September 2015 zwischen dem Emittenten, den Garantiegebern und The Bank of New York Mellon als Treuhänder geschlossen wird. Muster des Begebungsvertrages sind auf Anfrage bei dem Emittenten erhältlich.

Sie finden die in diesem Abschnitt verwendeten Definitionen entweder im Hauptteil dieses Abschnitts oder am Ende des Abschnitts unter „— *Verschiedene Definitionen*“. Für Zwecke dieser Beschreibung beziehen sich Verweise auf die „**Gesellschaft**“ ausschließlich auf die Fresenius SE & Co. KGaA, jedoch nicht auf ihre Tochtergesellschaften.

Wir haben einen Antrag auf Einbeziehung der Schuldverschreibungen in die offizielle Liste der Luxemburger Wertpapierbörse und auf Zulassung zum Handel im regulierten Markt der Luxemburger Wertpapierbörse gestellt.

Die Beschreibung der Schuldverschreibungen soll einen nützlichen Überblick über die wesentlichen Bestimmungen der Schuldverschreibungen und des Begebungsvertrages geben. Da es sich bei dieser Beschreibung nur um eine Zusammenfassung handelt, sollten Sie den Begebungsvertrag lesen, um eine vollständige Beschreibung der Verpflichtungen des Emittenten und Ihrer Rechte zu erhalten. Der Begebungsvertrag ist nicht nach dem U.S. Trust Indenture Act von 1939 (der „**Trust Indenture Act**“) in der jeweils gültigen Fassung qualifiziert. Die Bedingungen der Schuldverschreibungen werden die Bedingungen umfassen, die in dem Begebungsvertrag enthalten sind, sowie diejenigen, die durch Verweis auf den Trust Indenture Act in den Begebungsvertrag aufgenommen wurden.

Die Schuldverschreibungen

Die Schuldverschreibungen:

- werden am 15. Januar 2023 zur Rückzahlung fällig;
- haben eine Rückzahlungsrendite von 4,50 % bei Ausgabe zu 100 % des Nennbetrags und einem Zinskupon von 4,50 % p. a.;
- werden in einem Gesamtnennbetrag in Höhe von bis zu 300 Mio. US\$ angeboten;
- stellen generell unbesicherte, vorrangige Verbindlichkeiten des Emittenten dar;
- werden durch eine oder mehrere auf den Namen lautende Globalurkunden verbrieft, können jedoch unter bestimmten Umständen durch auf den Namen lautende Einzelurkunden verbrieft werden. Siehe „*Book-Entry, Delivery, and Form*“;
- sind in Bezug auf Zahlungsansprüche gleichrangig mit allen bestehenden und zukünftigen vorrangigen Verbindlichkeiten des Emittenten;
- werden in einer Mindeststückelung von 2.000 US\$ und darüber in ganzzahligen Vielfachen von 1.000 US\$ begeben; und
- werden bei Fälligkeit zum Nennbetrag in U.S. Dollar zurückgezahlt und unterliegen keinen Verpflichtungen zur Tilgung in Teilbeträgen (*sinking fund provision*).

Die Rendite der Schuldverschreibungen wurde nach Maßgabe der ICMA (International Capital Market Association)-Methode berechnet, welche die effektive Verzinsung der Schuldverschreibungen unter Berücksichtigung der aufgelaufenen Zinsen auf Tagesbasis bestimmt. Ihre Rendite wird vom Preis, zu dem Sie die Schuldverschreibungen erwerben, abhängig sein.

Weitere Schuldverschreibungen

Der Emittent kann mit einem Nachtrag zum Begebungsvertrag weitere Schuldverschreibungen („**Weitere Schuldverschreibungen**“) nach diesem Angebot begeben, vorbehaltlich der Bestimmungen des Begebungsvertrages wie nachstehend unter „— *Bestimmte Auflagen*“ beschrieben, einschließlich der unter „— *Bestimmte Auflagen — Beschränkungen in Bezug auf das Eingehen von Verschuldung*“ dargelegten Auflagen. Die hiermit angebotenen Schuldverschreibungen und, soweit begeben, die Weiteren Schuldverschreibungen, die nachträglich unter dem Begebungsvertrag begeben werden, werden für jegliche Zwecke desjenigen Begebungsvertrages ohne Einschränkungen, unter anderem in Bezug auf Verzichtserklärungen, Anpassungen, Rückzahlungen und Kaufangebote als einheitliche Gattung behandelt (vorausgesetzt, dass — soweit irgendwelche Weiteren Schuldverschreibungen nicht mit den bestehenden Schuldverschreibungen derselben Gattung für Zwecke der U.S. Bundes-Einkommensteuer austauschbar sind — diese Weiteren Schuldverschreibungen eine gesonderte ISIN-Nummer erhalten). Dies hat unter anderem zur Folge, dass Inhaber jeder Serie von Schuldverschreibungen keine gesonderten und eigenständigen Rechte haben, einen Kündigungstatbestand mitzuteilen oder den Treuhänder anzuweisen, im Falle einer Pflichtverletzung Rechtsansprüche in Bezug auf die Schuldverschreibungen oder in anderer Weise geltend zu machen. Der Begriff „Schuldverschreibungen“ enthält, sofern nicht ausdrücklich anders angegeben, die Weiteren Schuldverschreibungen.

Zinsen

Die Schuldverschreibungen werden mit einem Zinssatz in Höhe von 4,50 % p. a. verzinst.

Die Zinsen auf die Schuldverschreibungen fallen halbjährlich an und:

- laufen vom Ausgabetag oder dem zuletzt vorausgegangenen Zinszahlungstag an auf;
- sind halbjährlich nachträglich jeweils am 15. Januar und am 15. Juli in bar zu zahlen, erstmals am 15. Januar 2016, wobei die erste Zinszahlung den Zeitraum vom Ausgabetag bis zum 15. Januar 2016 abdeckt;
- sind an diejenigen Inhaber zu zahlen, die einen Tag, der ein Geschäftstag in New York, Brüssel und Luxemburg ist, vor dem jeweiligen Zinszahlungstag als solche registriert sind; und
- werden auf der Grundlage eines Jahres bestehend aus 360 Tagen mit 12 Monaten zu je 30 Tagen berechnet.

Beschreibung der Garantien

Die Verpflichtungen des Emittenten aus den jeweiligen Schuldverschreibungen, einschließlich seiner Rückkaufverpflichtungen im Falle eines Kontrollwechsels, werden unbedingt und unwiderruflich gesamtschuldnerisch durch die Garantiegeber garantiert. Sobald ein Garantiegeber (außer die Gesellschaft) nicht mehr Verpflichteter unter der Kreditvereinbarung 2013 ist, ist dieser Garantiegeber nicht mehr Garantiegeber der Schuldverschreibungen. Keine Schuldverschreibungsgarantie durch eine Tochtergesellschaft übersteigt den Betrag, für den die betreffende garantiegebende Tochtergesellschaft garantieren kann, ohne dass die Garantie im Verhältnis zur garantiegebenden Tochtergesellschaft nach allgemein für Gläubigerrechte geltenden Bestimmungen unwirksam oder nicht durchsetzbar wird. Im Falle jeder garantiegebenden Tochtergesellschaft ist der Höchstbetrag ihrer Schuldverschreibungsgarantie und deren Durchsetzbarkeit möglicherweise eingeschränkt, wenn andernfalls eine persönliche Haftung der Vorstandsmitglieder oder Geschäftsführer der garantiegebenden Tochtergesellschaft nach deutschem Recht, einschließlich Entscheidungen des Bundesgerichtshofs, entstehen würde. In dieser Beschreibung wird die Garantie jedes Garantiegebers als „**Schuldverschreibungsgarantie**“ bezeichnet.

Gemäß dem Begebungsvertrag steht einem Garantiegeber das Recht zu, alle oder wesentliche Teile seiner Vermögenswerte, wie unter „*Bestimmte Auflagen — Beschränkungen in Bezug auf Zusammenschlüsse und die Veräußerung von Vermögenswerten*“ beschrieben, mit anderen Rechtsträgern zu verschmelzen oder an diese zu übertragen. Sofern ein solcher Rechtsträger nicht der Emittent oder ein Garantiegeber ist, ist er verpflichtet, die Verpflichtungen des betreffenden Garantiegebers aus den Schuldverschreibungsgarantien ausdrücklich zu übernehmen. Nach dem Verkauf oder einer sonstigen Veräußerung (einschließlich im Wege der Konsolidierung oder Verschmelzung) eines Garantiegebers oder dem Verkauf oder der Veräußerung aller oder wesentlicher Teile der Vermögenswerte eines Garantiegebers (jeweils an andere Personen als den Emittenten) wird dieser Garantiegeber mit den unter „— *Bestimmte Auflagen — Beschränkungen in Bezug auf Zusammenschlüsse und die Veräußerung von Vermögenswerten*“ beschriebenen Einschränkungen von allen seinen Verpflichtungen aus seinen Schuldverschreibungsgarantien befreit und von diesen entbunden.

Rang

Die Schuldverschreibungen sind generell unbesicherte Verbindlichkeiten des Emittenten, die in Bezug auf Zahlungsansprüche aller bestehenden und zukünftigen Verbindlichkeiten, die gegenüber den Schuldverschreibungen in Bezug auf Zahlungsansprüche ausdrücklich nachrangig sind, im Rang vorgehen. Die Schuldverschreibungen sind in Bezug auf Zahlungsansprüche mit bestehender und zukünftiger Verschuldung des Emittenten, die nicht in dieser Weise nachrangig sind, gleichrangig. Die Schuldverschreibungen sind in Bezug auf Zahlungsansprüche gegenüber bestehender und zukünftiger Verschuldung des Emittenten, die durch Sicherungsrechte an Vermögenswerten besichert sind, im Umfang des Wertes dieser Sicherheiten, effektiv nachrangig und sind in Bezug auf Zahlungsansprüche gegenüber allen Verbindlichkeiten der Tochtergesellschaften der garantiegabenden Muttergesellschaft mit Ausnahme der garantiegabenden Tochtergesellschaften und der Finanzierungstochtergesellschaften strukturell nachrangig (wie nachfolgend definiert).

Die Schuldverschreibungen sind in Bezug auf Zahlungsansprüche untereinander und im Verhältnis zu den 2019 fällig werdenden 4,25 % Senior Notes der Fresenius Finance B.V., den 2020 fällig werdenden 2,875 % Senior Notes der Fresenius Finance B.V., den 2019 fällig werdenden 2,375 % Senior Notes der Fresenius Finance B.V., den 2021 fällig werdenden 3 % Senior Notes der Fresenius Finance B.V. und den 2014 fällig werdenden 4 % Senior Notes der Fresenius Finance B.V. sowie den 2021 fällig werdenden 4,25 % Senior Dollar Notes der Fresenius US Finance II, Inc. gleichrangig.

Die von den garantiegabenden Tochtergesellschaften gewährten Garantien für die Schuldverschreibungen sind in Bezug auf Zahlungsansprüche mit den Garantien, die für die vorher begebenen Schuldverschreibungen gewährt wurden, gleichrangig. Für weitere Informationen siehe „*Risk Factors — Risks Relating to the Notes — The Notes are subordinate to other creditors or non-guarantors*“.

Form der Schuldverschreibungen

Die Schuldverschreibungen werden anfänglich durch auf den Namen lautende Globalurkunden verbrieft. Schuldverschreibungen, die in Übereinstimmung mit Rule 144A des Securities Act (wie nachstehend definiert) an qualifizierte institutionelle Anleger (*qualified institutional buyers*) verkauft werden (die „**Rule 144A-Schuldverschreibungen**“), werden durch eine oder mehrere Globalurkunden ohne Zinsscheine (zusammen die „**Rule 144A-Globalurkunden**“) verbrieft. Die Rule 144A-Globalurkunden, die die Schuldverschreibungen verbrieften, werden bei einem Treuhänder für The Depository Trust Company („**DTC**“) verwahrt und auf den Namen Cede & Co., den durch DTC genannten Bevollmächtigten, registriert.

Schuldverschreibungen, die anfänglich in Übereinstimmung mit der Regulation S (die „**Reg S-Schuldverschreibungen**“) des Securities Act angeboten und verkauft werden, werden durch eine oder mehrere Globalurkunden ohne Zinsscheine (zusammen die „**Reg S-Globalurkunden**“ und, zusammen mit den Rule 144A-Globalurkunden, die „**Globalurkunden**“) verbrieft. Die Reg S-Globalurkunden, die die Schuldverschreibungen verbrieften, werden auf Cede & Co., als Bevollmächtigten von DTC, registriert und bei einem Treuhänder für DTC auf Rechnung von Euroclear und Clearstream verwahrt.

Der kombinierte Gesamtnennbetrag der Rule 144A-Globalurkunden und der Reg S-Globalurkunden wird jederzeit dem hierdurch ausstehenden Gesamtnennbetrag der Schuldverschreibungen entsprechen.

Inhaber von Eigentumsanteilen an den Rule 144A-Globalurkunden („**Beschränkte girosammelverwahrte Eigentumsanteile**“) und an den Reg S-Globalurkunden („**Reg S girosammelverwahrte Eigentumsanteile**“) und, zusammen mit den Beschränkten girosammelverwahrten Eigentumsanteilen, die „**Girosammelverwahrten Eigentumsanteile**“) können nur solche Personen sein, die bei DTC, Euroclear und/oder Clearstream Konten führen, oder solche Personen, die durch derartige Teilnehmer Eigentumsanteile halten. Vor dem 40. Tag nach dem späteren der folgenden Ereignisse, entweder dem Beginn des vorliegenden Angebots oder an dem ursprünglichen Ausgabetag der Schuldverschreibungen („**Distribution Compliance Period**“), dürfen Eigentumsanteile an den Reg S-Globalurkunden nur durch Euroclear oder Clearstream gehalten werden. DTC, Euroclear und Clearstream werden im Auftrag ihrer Teilnehmer Eigentumsanteile an den Globalurkunden durch die Wertpapierkonten der Kunden auf ihren jeweiligen Namen und durch entsprechenden Eintrag bei den jeweiligen Verwahrstellen halten. Außer in den nachstehend abschließend aufgeführten Fällen sind die wirtschaftlichen Eigentümer der Globalurkunden nicht berechtigt, die physische Herausgabe der verbrieften Schuldverschreibungen entgegenzunehmen. Girosammelverwahrte Eigentumsanteile werden durch Buchungen in girosammelverwahrter Form, die durch DTC, Euroclear und Clearstream und deren Teilnehmer vorgenommen werden, angezeigt und deren Übertragung wird ebenso nur in dieser Form durchgeführt. Die oben genannten Beschränkungen können Sie darin beeinträchtigen, die Girosammelverwahrten Eigentumsanteile zu besitzen, zu übertragen und zu verpfänden. Darüber hinaus werden Inhaber von Girosammelverwahrten Eigentumsanteilen zu keinem Zweck als Eigentümer oder „Inhaber“ von Schuldverschreibungen angesehen, solange die Schuldverschreibungen in Form einer Globalurkunde existieren.

Solange die Schuldverschreibungen in Form einer Globalurkunde verwahrt sind, werden für alle Zwecke des Begebungsvertrages jeweils DTC, Euroclear und/oder Clearstream (oder ihre jeweiligen Vertreter) als alleinige Inhaber der Globalurkunden behandelt. Darüber hinaus müssen sich Teilnehmer von DTC, Euroclear und/oder Clearstream der jeweiligen Abläufe von DTC, Euroclear und/oder Clearstream bedienen, und indirekte Teilnehmer müssen sich der jeweiligen Abläufe von DTC, Euroclear und/oder Clearstream sowie derjenigen Teilnehmer, durch die sie die Eigentumsanteile halten, bedienen, um ihren Eigentumsanteil zu übertragen oder die ihnen unter dem Begebungsvertrag zustehenden Eigentümerrechte auszuüben.

Weder der Emittent noch der Treuhänder ist verantwortlich oder haftbar für irgendeinen Aspekt der Buchungen in Zusammenhang mit den Girosammelverwahrten Eigentumsanteilen.

Die wirtschaftlichen Eigentümer der Schuldverschreibungen steht im Austausch gegen ihren Miteigentumsanteil an den Schuldverschreibungen lediglich in den eingeschränkten, unter „*Book-Entry, Delivery, and Form — Issuance of Definitive Registered Notes*“ beschriebenen Fällen ein Anspruch auf Einzelurkunden zu, die auf den Namen lauten („**auf den Namen lautende Einzelurkunden**“). Das Eigentum an den auf den Namen lautenden Einzelurkunden geht mit Registrierung der jeweiligen Übertragung in Übereinstimmung mit den Bestimmungen des Begebungsvertrags über. Es werden in keinem Fall auf den Inhaber lautende Einzelurkunden ausgegeben. Das Eigentum der auf den Namen lautenden Schuldverschreibungen entsteht durch einen Eintrag in das Schuldverschreibungsregister, das nach dem Begebungsvertrag zu führen ist.

Zahlungen auf die Schuldverschreibungen

Kapitalrückzahlungen und Zahlungen eines etwaigen Aufschlags (*premium*), von Zinsen und etwaiger Zusätzlicher Beträge (wie nachfolgend definiert) auf die Globalurkunden erfolgen bei der Geschäftsstelle der Zahlstelle und die Globalurkunden können bei der Corporate Trust-Geschäftsstelle oder -Filiale des Treuhänders ausgetauscht oder übertragen werden. Kapitalrückzahlungen und Zahlungen eines etwaigen Aufschlags (*premium*), von Zinsen und etwaiger Zusätzlicher Beträge auf Schuldverschreibungen in Form einer Globalurkunde, die unter dem Namen von DTC oder einer durch sie benannten Person registriert ist oder von ihr verwahrt wird, erfolgen in sofort verfügbaren Mitteln an die gemeinsame Verwahrstelle bzw. die durch sie benannte Person als registrierten Inhaber der Globalurkunde, wobei nach Wahl des Emittenten Zinszahlungen auf die Schuldverschreibungen durch die Zustellung von Schecks an die Inhaber der Schuldverschreibungen unter ihren jeweils im Schuldverschreibungsregister genannten Anschriften erfolgen können. Nach der Ausgabe von auf den Namen lautenden, verbrieften Einzelurkunden können die Inhaber der Schuldverschreibungen Kapitalrückzahlungen und Zinszahlungen auf die Schuldverschreibungen bei der Geschäftsstelle der jeweiligen Zahl- und Transferstelle erhalten, vorbehaltlich des Rechts des Emittenten, die Zahlungen in Übereinstimmung mit dem jeweiligen Begebungsvertrag durch Zustellung zu leisten. Der Emittent wird Zinsen auf die Schuldverschreibungen an Personen zahlen, die zum Geschäftsschluss (*close of business*) an dem Stichtag, der dem Zinszahlungstag für derartige Zinsen unmittelbar vorausgeht, als Inhaber registriert sind. Diese Inhaber müssen die Schuldverschreibungen der Zahlstelle aushändigen, um Kapitalrückzahlungen zu erhalten..

Zahl- und Registerstelle

The Bank of New York Mellon, London Branch wird anfangs als Zahlstelle (die „**Zahlstelle**“) und The Bank of New York Mellon (Luxembourg) S.A. wird anfangs als Registerstelle (die „**Registerstelle**“) für die Schuldverschreibungen fungieren. Der Emittent kann die Zahlstelle bzw. Registerstelle für die Schuldverschreibungen wechseln und der Emittent kann als Registerstelle für die Schuldverschreibungen fungieren.

Übertragung und Umtausch

Ein Inhaber von Schuldverschreibungen kann die Schuldverschreibungen in Übereinstimmung mit dem jeweils anwendbaren Begebungsvertrag übertragen oder umtauschen. Die Registerstelle und der Treuhänder können von dem Inhaber der Schuldverschreibungen unter anderem verlangen, geeignete Indossamente und Übertragungsdokumente beizubringen. Der Emittent kann von dem Inhaber außerdem verlangen, dass er die gesetzlich geforderten oder nach dem Begebungsvertrag vorgesehenen Steuern und Gebühren zahlt. Der Emittent ist nicht verpflichtet, eine zur Rückzahlung ausgewählte Schuldverschreibung zu übertragen und umzutauschen. Darüber hinaus ist der Emittent für einen Zeitraum von 15 Tagen vor einer Auswahl von Schuldverschreibungen zur Rückzahlung nicht verpflichtet, Schuldverschreibungen zu übertragen oder umzutauschen. Der registrierte Inhaber einer Schuldverschreibung wird für alle Zwecke als Eigentümer der Schuldverschreibung behandelt. Für die Registrierung einer Übertragung oder eines Umtauschs wird keine Gebühr berechnet, der Emittent kann jedoch die Zahlung einer Summe verlangen, die sämtliche Steuern und vergleichbare staatliche Abgaben in diesem Zusammenhang abdeckt.

Optionale Rückzahlung

Der Emittent kann nach seiner Wahl alle oder einen Teil der von ihm begebenen Schuldverschreibungen zu einem Rückzahlungspreis zurückkaufen, der 100 % des Nennbetrags der zurückzukaufenden Schuldverschreibungen zuzüglich der gegebenenfalls bis zum Rückzahlungstag aufgelaufenen Zinsen entspricht, zuzüglich des Betrages, um den

- die durch die Berechnungsstelle (die anfänglich der Treuhänder sein soll) ermittelte Summe der Barwerte der verbleibenden planmäßigen Kapitalrückzahlungen und Zinszahlungen auf die zurückzukaufenden Schuldverschreibungen (nicht eingerechnet der am Rückzahlungstag aufgelaufene Teil dieser Zinszahlungen) vom Rückzahlungstag bis zum Fälligkeitstag, halbjährlich abgezinst auf den Rückzahlungstag (unter der Annahme eines Jahres mit 360 Tagen und zwölf Monaten mit jeweils 30 Tagen) auf Basis der maßgeblichen Treasury Rate, jeweils zuzüglich 50 Basispunkten,
- 100 % des Nennbetrags der zurückzukaufenden Schuldverschreibungen übersteigt.

Außerdem können die Schuldverschreibungen, gänzlich oder teilweise, von dem Emittenten am oder nach dem 90. Tag vor der Vereinbarten Fälligkeit der Schuldverschreibungen zu einem Rücknahmepreis von 100% des Nennbetrags zuzüglich aufgelaufener und nicht bezahlter Zinsen bis zum Tag der Rückzahlung, falls einschlägig, zurückgezahlt werden, wobei die Rückzahlung mindestens 10 Tage, aber nicht mehr als 60 Tage zuvor anzukündigen ist.

Sofern der Tag der optionalen Rückzahlung an oder nach einem Zinstag und an oder vor dem entsprechenden Zinszahlungstag liegt, werden die bis dahin gegebenenfalls aufgelaufenen und nicht gezahlten Zinsen an denjenigen Rechtsträger gezahlt, unter dessen Name die Schuldverschreibungen an diesem Tag zu Geschäftsschluss (*close of business*) registriert sind. Es werden keine weiteren Zinsen an wirtschaftliche Eigentümer gezahlt, deren Schuldverschreibungen der Rückzahlung durch den Emittenten unterliegen.

Im Falle einer teilweisen Rückzahlung wählt der Treuhänder die Schuldverschreibungen für die Rückzahlung in Übereinstimmung mit den Anforderungen der gegebenenfalls maßgeblichen Hauptwertpapierbörse aus, an der die jeweiligen Schuldverschreibungen zugelassen sind. Falls die jeweiligen Schuldverschreibungen nicht zugelassen sind, erfolgt die Auswahl auf einer pro rata Basis, durch Los oder durch eine andere Methode, die der Treuhänder nach alleinigem Ermessen als geeignet und angemessen erachtet, wobei jedoch keine Schuldverschreibung mit einem anfänglichen Nennbetrag von 2.000 US\$ oder weniger in Teilen zurückgezahlt wird. Falls eine Schuldverschreibung nur in Teilen zurückgezahlt wird, wird die Bekanntmachung über die Rückzahlung dieser Schuldverschreibungen den zurückzuzahlenden Teilbetrag des Nennbetrags angeben. Eine neue Schuldverschreibung mit einem Nennbetrag, der dem nicht zurückgezahlten Teilbetrag entspricht, wird ausgestellt und an den Treuhänder geliefert, oder im Falle einer auf den Namen lautenden Einzelurkunde, nach Außerkraftsetzung der ursprünglichen Schuldverschreibung auf den Namen des Inhabers ausgestellt.

Rückzahlung aufgrund von Änderungen in der Quellensteuer

Der Emittent ist berechtigt, aber nicht verpflichtet, die Schuldverschreibungen, insgesamt jedoch nicht nur teilweise nach Mitteilung mit einer Frist von nicht weniger als 30 Tagen und nicht mehr als 60 Tagen zu 100 % des Nennbetrags der Schuldverschreibungen zuzüglich etwaiger bis zum Rückzahlungstag aufgelaufener und noch nicht gezahlter Zinsen (vorbehaltlich des Rechts der am jeweiligen Registrierungstag registrierten Inhaber auf Erhalt fälliger Zinsen am jeweiligen Zinszahlungstag) zurückzuzahlen, falls er zum nächsten Zeitpunkt, zu dem Zahlungen in Bezug auf die Schuldverschreibungen erfolgen würden, aus folgenden Gründen verpflichtet wäre, zusätzliche Beträge zu zahlen:

- (a) jeglicher Änderung oder einer Anpassung der Gesetze, Verträge oder Verordnungen jeder Maßgeblichen Steuerrechtsordnung (wie unten definiert); oder
- (b) jeder Änderung oder Anpassung amtlicher Auslegungen bezüglich der Anwendung, Ausführung oder Auslegung solcher Gesetze, Verträge oder Verordnungen oder Entscheidungen (einschließlich der Entscheidung, des Urteils oder Verfügung eines Gerichts einer zuständigen Rechtsordnung);

sofern die Änderung oder Anpassung dieser Gesetze, Verträge, Verordnungen oder der amtlichen Auslegungen an oder nach dem Tag der Begebung der Schuldverschreibungen bekannt gemacht wird und in Kraft tritt (oder, sofern die Maßgebliche Steuerrechtsordnung zu einem späteren Zeitpunkt eine Maßgebliche Steuerrechtsordnung wird, an oder nach diesem späteren Zeitpunkt); vorausgesetzt, dass der Emittent nach vernünftigem Ermessen feststellt, dass die Verpflichtung zur Zahlung solcher zusätzlicher Beträge nicht durch anwendbare angemessene Maßnahmen vermieden werden kann; weiterhin vorausgesetzt, dass zu dem Zeitpunkt, zu dem eine solche Mitteilung erfolgt, eine derartige Verpflichtung zur Zahlung zusätzlicher Beträge nach wie vor besteht.

Die Mitteilung über eine solche Rückzahlung hat innerhalb von 270 Tagen nach der Bekanntgabe oder dem Inkrafttreten einer solchen Änderung oder Anpassung — je nachdem, welches Ereignis früher liegt — zu erfolgen.

Zusätzliche Beträge

Sämtliche Zahlungen aus bzw. in Zusammenhang mit den Schuldverschreibungen, die gemäß dem Begebungsvertrag oder einer Schuldverschreibungsgarantie zu leisten sind, erfolgen frei und ohne Abzug oder Einbehalt von, bzw. aufgrund von gegenwärtigen oder künftigen Steuern, Abgaben, Veranlagungen oder sonstigen staatlichen Gebühren (einschließlich Strafzahlungen, Zinsen und damit in Zusammenhang stehender sonstiger Verbindlichkeiten), die durch oder im Namen (1) der Vereinigten Staaten, Deutschlands, Luxemburgs, der Niederlande, des Vereinigten Königreichs oder einer jeweiligen Gebietskörperschaft oder staatlichen Behörde eines dieser Länder oder in einem dieser Länder mit der Befugnis zu Erhebung von Steuern, (2) einer Rechtsordnung, von der aus bzw. über die Zahlungen auf die Schuldverschreibungen oder eine der Schuldverschreibungsgarantien erfolgen, oder einer Gebietskörperschaft oder staatlichen Behörde dieser Rechtsordnung oder in dieser Rechtsordnung mit der Befugnis zur Erhebung von Steuern, (3) einer anderen Rechtsordnung, in der die zahlende Partei errichtet ist oder anderweitig als gebietsansässig gilt oder für Steuerzwecke geschäftlich tätig ist oder von einer Gebietskörperschaft oder staatlichen Behörde dieser Rechtsordnung oder in dieser Rechtsordnung mit der Befugnis zur Erhebung von Steuern (jeweils eine „**Maßgebliche Steuerrechtsordnung**“) auferlegt oder erhoben werden (zusammen „**Steuern**“), es sei denn, der Emittent, der Garantiegeber oder die jeweilige sonstige einbehaltende Stelle ist gesetzlich oder aufgrund der Auslegung von Rechtsnormen durch die entsprechende staatliche Behörde oder Stelle oder deren diesbezügliche Verwaltungspraxis zum Einbehalt oder Abzug von Steuern verpflichtet. Falls der Emittent, der Garantiegeber oder die jeweilige sonstige einbehaltende Stelle zum Einbehalt oder Abzug eines Betrages von bzw. aufgrund von Steuern von einer unter den bzw. auf die Schuldverschreibungen oder eine der Schuldverschreibungsgarantien zu leistenden Zahlung verpflichtet ist, so muss der Emittent bzw. der betreffende Garantiegeber diesen Betrag — „**Zusätzliche Beträge**“ — in der erforderlichen Höhe zahlen, um sicherzustellen, dass der Nettobetrag, den jeder Inhaber nach dem Einbehalt oder Abzug (einschließlich etwaiger einbehaltener oder abgezogener Beträge in Bezug auf diese Zusätzlichen Beträge) erhält, nicht geringer als der Betrag ist, den der Inhaber ohne den Einbehalt oder Abzug dieser Steuern erhalten hätte. Dabei gilt jedoch, dass keine Zusätzlichen Beträge für oder aufgrund von Folgendem zu zahlen sind:

- (a) Steuern, die nicht erhoben worden wären, wenn nicht eine gegenwärtige oder ehemalige Verbindung zwischen dem betreffenden Inhaber (oder einem Treuhänder, Treugeber, Begünstigten, Mitglied oder Gesellschafter dieses Inhabers oder einer Person, die eine Befugnis über diesen Inhaber verfügt) und einer Maßgeblichen Steuerrechtsordnung bestehen würde, unter anderem in der Form, dass der betreffende Inhaber (bzw. Treuhänder, Treugeber, Begünstigte, Mitglied, Gesellschafter oder befugte Person) Staatsbürger der Maßgeblichen Steuerrechtsordnung ist oder war oder dort ansässig ist oder war oder als dort ansässig behandelt wird oder dort ein Gewerbe oder eine Geschäftstätigkeit betreibt oder betrieben hat oder dort eine Betriebsstätte unterhält oder unterhalten hat, mit Ausnahme von Verbindungen, die allein dadurch entstehen, dass ein Inhaber eine Schuldverschreibung oder eine Schuldverschreibungsgarantie erwirbt, hält oder veräußert bzw. eine Zahlung hierfür oder in Bezug auf diese erhält oder darauf Ansprüche geltend macht;
- (b) Steuern, die nicht erhoben worden wären, wenn nicht der Inhaber die betreffende Schuldverschreibung an einem Datum zur Zahlung vorgelegt hätte, das mehr als 30 Tage nach dem Tag liegt, an dem diese Zahlung fällig war oder an dem diese Zahlung ordnungsgemäß bereitgestellt wurde, je nachdem, welcher Tag später eintritt;
- (c) jegliche Nachlass- oder Erbschaftsteuer, Schenkungsteuer, Umsatzsteuer, Übertragungssteuer, Steuer auf bewegliche Sachen, Vermögensteuer oder ähnliche Steuern;
- (d) Steuern, die auf andere Weise zahlbar sind als durch Einbehalt von Zahlungen auf oder in Bezug auf die betreffende Schuldverschreibung oder eine der Schuldverschreibungsgarantien;
- (e) Steuern, die nicht erhoben worden wären, wenn nicht versäumt worden wäre, Bescheinigungs-, Informations-, Dokumentations- oder sonstige Berichtspflichten bezüglich der Nationalität, der Ansässigkeit oder der Identität des Inhabers oder wirtschaftlichen Eigentümers der betreffenden Schuldverschreibung bzw. des Zinsscheins oder seiner Verbindung mit einer Maßgeblichen Steuerrechtsordnung einzuhalten, falls der Inhaber gesetzlich berechtigt ist, solche Pflichten einzuhalten, und eine solche Einhaltung aufgrund von Gesetzen oder Vorschriften oder gemäß einem anwendbaren Steuerabkommen als Voraussetzung für eine Entlastung oder Befreiung von solchen Steuern bzw. einer solchen Veranlagung oder sonstigen staatlichen Gebühr vorgeschrieben ist (u.a. die Vorlage eines vollständig und richtig ausgefüllten und unterzeichneten IRS-Formulars W-8 oder W-9 bzw. eines Nachfolgeformulars mit allen erforderlichen Anlagen vor dem Erhalt einer Zahlung auf oder in Bezug auf eine Schuldverschreibung);

- (f) Steuern, die von einem Inhaber zu zahlen sind, der nicht der wirtschaftliche Eigentümer der betreffenden Schuldverschreibung ist, jedoch nur soweit ein wirtschaftlicher Eigentümer keinen Anspruch auf Zahlung zusätzlicher Beträge gehabt hätte, wäre er unmittelbarer Inhaber der Schuldverschreibungen gewesen;
- (g) Einbehalte oder Abzüge von einer Zahlung gemäß (i) der Richtlinie des Rates der Europäischen Union 2003/48/EG oder einer anderen Richtlinie, welche die Ergebnisse der Sitzung des ECOFIN-Rates vom 26. bis 27. November 2000 zur Besteuerung von Zinserträgen umsetzt, oder gemäß einem Gesetz, das diese Richtlinie umsetzt oder befolgt oder erlassen wird, um diese Richtlinie zu befolgen, (ii) FATCA;
- (h) Steuern, die auf U.S.-Bundesebene einbehalten werden, weil (i) einer Person gegenwärtig oder in der Vergangenheit das tatsächliche oder zugerechnete Eigentum an 10% aller stimmberechtigten Aktien aller Gattungen des Emittenten zustehen oder zugestanden haben, (ii) der Inhaber eine Bank im Sinne der Beschreibung in Section 881(c)(3)(A) des Code ist, oder (iii) der Inhaber eine beherrschte ausländische Gesellschaft im Sinne der Section 957 des Code ist, die mit dem Emittenten durch Aktieneigentum verbunden ist; oder
- (i) eine Kombination der vorstehenden Punkte (a) bis (h).

Der Emittent oder der entsprechende Garantiegeber, falls dieser die für den Abzug der Quellensteuer zuständige Stelle ist, wird jeden erforderlichen Einbehalt oder Abzug vornehmen und den abgezogenen oder einbehaltenen Betrag in voller Höhe und unter Einhaltung der Frist, in der dies nach anwendbarem Recht erforderlich ist, an die zuständige Behörde überweisen. Der Emittent wird dem Treuhänder innerhalb von 30 Tagen nach dem Datum, an dem eine Zahlung von Steuern nach anwendbarem Recht fällig ist, beglaubigte Kopien der Steuerbescheinigungen übersenden, die belegen, dass die betreffende Zahlung von dem Emittenten oder einem der Garantiegeber geleistet wurde.

Verweise im Begebungsvertrag oder in den Schuldverschreibungen oder einer der Schuldverschreibungsgarantien — ganz gleich in welchem Zusammenhang — auf (1) die Kapitalrückzahlung, (2) Kaufpreise in Verbindung mit dem Erwerb von Schuldverschreibungen im Rahmen des Begebungsvertrages oder der Schuldverschreibungen, (3) Zinsen oder (4) sonstige unter den oder in Bezug auf die Schuldverschreibungen zu leistenden Zahlungen beziehen sich auch auf die in diesem Abschnitt beschriebene Zahlung zusätzlicher Beträge, soweit in dem betreffenden Zusammenhang zusätzliche Beträge in Bezug auf die Schuldverschreibungen zu entrichten sind, waren oder wären.

Der Emittent trägt alle derzeit geltenden Stempel-, Gerichts- oder Urkundensteuern sowie etwaige sonstige Verbrauchs- oder Vermögenssteuern oder ähnliche Steuern, Gebühren oder Abgaben (einschließlich etwaiger Strafzahlungen, Zinsen und damit im Zusammenhang stehender sonstiger Verbindlichkeiten), die in den Vereinigten Staaten (oder einer Gebietskörperschaft der Vereinigten Staaten oder in den Vereinigten Staaten mit der Befugnis Steuern zu erheben) in Verbindung mit der Ausfertigung, Lieferung und Registrierung (i) der Schuldverschreibungen zum Zeitpunkt der Erstaussgabe und des erstmaligen Weiterverkaufs der Schuldverschreibungen (im Zusammenhang mit ihrer erstmaligen Übernahme) oder (ii) einer Schuldverschreibungsgarantie oder eines anderen Dokuments oder einer anderen Urkunde im Zusammenhang mit der Erstaussgabe und des erstmaligen Weiterverkaufs der Schuldverschreibungen (im Zusammenhang mit deren Zeichnung) entstehen. Verlegt der Emittent seinen Sitz an einen Ort außerhalb der Vereinigten Staaten oder liegt der Sitz eines neuen Emittenten außerhalb der Vereinigten Staaten, so wird der Emittent bzw. neue Emittent sämtliche Stempel-, Gerichts- oder Urkundensteuern sowie etwaige sonstige Verbrauchs- oder Vermögenssteuern oder ähnliche Steuern, Gebühren oder Abgaben (einschließlich etwaiger Strafzahlungen, Zinsen oder damit in Zusammenhang stehender sonstiger Verbindlichkeiten) tragen, die in der Rechtsordnung, in der der Emittent bzw. neue Emittent seinen Sitz hat (oder in einer Gebietskörperschaft von oder in dieser Rechtsordnung, welche die Ermächtigung besitzt, Steuern zu erheben), anfallen und gemäß den zum Zeitpunkt dieser Verlegung geltenden Rechtsnormen von den Inhabern der Schuldverschreibungen in Verbindung mit den Schuldverschreibungen oder einer der Schuldverschreibungsgarantien oder einem anderen darin genannten Dokument oder einer anderen hierin genannten Urkunde oder im Zusammenhang mit der Geltendmachung von Ansprüchen aus den Schuldverschreibungen oder einer der Schuldverschreibungsgarantien oder einem solchen anderen Dokument bzw. einer solchen anderen Urkunde zu zahlen sind.

Die vorstehenden, in diesem Abschnitt enthaltenen Verpflichtungen behalten auch bei einer Beendigung oder Aufhebung des Begebungsvertrages oder der Erfüllung aller Verpflichtungen aus dem Begebungsvertrag ihre Gültigkeit. Bezugnahmen in diesem Abschnitt („— *Zusätzliche Beträge*“) auf den Emittenten oder einen Garantiegeber beziehen sich auch auf deren etwaige Rechtsnachfolger.

Kontrollwechsel

Jeder Inhaber von Schuldverschreibungen hat im Falle des Eintritts eines Kontrollwechselereignisses das Recht, von dem Emittenten den Rückkauf der von ihm gehaltenen Schuldverschreibungen zu einem Kaufpreis in bar in Höhe von 101 % des Nennbetrags zuzüglich etwaiger bis zum Tag des Rückkaufs aufgelaufener und noch nicht gezahlter Zinsen (vorbehaltlich des

Rechts der am jeweiligen Registrierungstag registrierten Inhaber auf Erhalt fälliger Zinsen am jeweiligen Zinszahlungstag) zu verlangen.

Innerhalb von 30 Tagen nach dem Eintritt eines Kontrollwechselereignisses wird der Emittent jeden Inhaber sowie in Kopie den Treuhänder schriftlich über folgende Tatbestände in Kenntnis setzen:

- (a) dass ein Kontrollwechselereignis eingetreten ist, und dass damit der jeweilige Inhaber der Schuldverschreibungen das Recht hat, von dem Emittenten den Rückkauf der von ihm gehaltenen Schuldverschreibungen zu einem Kaufpreis in bar von 101 % des Nennbetrags zuzüglich etwaiger bis zum Tag des Rückkaufs aufgelaufener und noch nicht gezahlter Zinsen (vorbehaltlich des Rechts der am jeweiligen Registrierungstag registrierten Inhaber auf Erhalt fälliger Zinsen am jeweiligen Zinszahlungstag) zu verlangen;
- (b) über die Umstände und relevanten Tatsachen betreffend das Kontrollwechselereignis;
- (c) über das Rückkaufdatum (welches nicht früher als 30 Tage und nicht später als 60 Tage nach dem Absenden der schriftlichen Mitteilung liegen darf);
- (d) dass jede Schuldverschreibung nur in einem ganzzahligen Vielfachen von 1.000 US\$ zurückgekauft werden wird; und
- (e) über die durch den Emittenten im Einklang mit den nachfolgend beschriebenen Auflagen festgelegten Anweisungen, die ein Inhaber befolgen muss, damit seine Schuldverschreibungen zurückgekauft werden.

Der Emittent wird, soweit anwendbar, die Vorschriften von Section 14(e) des Exchange Act sowie aller sonstigen einschlägigen Wertpapiergesetze oder Regelungen des Wertpapierrechts im Zusammenhang mit dem Rückkauf von Schuldverschreibungen gemäß dieser Auflage einhalten. Soweit die Bestimmungen einschlägiger Wertpapiergesetze oder Regelungen des Wertpapierrechts oder einschlägige Börsenzulassungsvoraussetzungen im Widerspruch zu den Regelungen dieser Auflage stehen, wird der Emittent die einschlägigen Wertpapiergesetze oder Regelungen des Wertpapierrechts einhalten, wobei insoweit nicht geltend gemacht werden kann, dass er dadurch seine Verpflichtungen aus dieser Auflage verletzt.

Die Rückkaufmöglichkeit für den Fall des Eintritts eines Kontrollwechselereignisses ist das Ergebnis von Verhandlungen zwischen der Gesellschaft und der Konsortialbank, die die Schuldverschreibungen zunächst übernehmen (*Initial Purchasers*). Wir haben derzeit nicht die Absicht, Transaktionen vorzunehmen, die zu einem Kontrollwechsel führen würden, obgleich es möglich ist, dass wir dies in Zukunft tun werden. Unter Beachtung der unten dargestellten Beschränkungen besteht die Möglichkeit, dass wir in Zukunft Transaktionen einschließlich Akquisitionen, Refinanzierungen und sonstige Neufinanzierungen vornehmen, die nach Maßgabe des jeweiligen Begebungsvertrags keinen Kontrollwechsel darstellen, jedoch die Höhe der dann ausstehenden Verschuldung oder in sonstiger Weise unsere Kapitalstruktur oder unsere Bonitätsratings beeinflussen könnten. Eine Beschreibung, in welcher Weise unsere Möglichkeit, zusätzliche Verschuldung einzugehen, beschränkt ist, ist in der Auflage unter der Überschrift „— Bestimmte Auflagen — Beschränkungen in Bezug auf das Eingehen von Verschuldung“ enthalten. Diese Beschränkungen können nur mit Zustimmung der Mehrheit des Nennbetrags der dann unter dem jeweiligen Begebungsvertrag ausstehenden Schuldverschreibungen abbedungen werden. Außer den in dieser Auflage enthaltenen Beschränkungen (solange diese Auflage wirksam ist) wird kein Begebungsvertrag Auflagen oder Bestimmungen enthalten, die den Inhabern der Schuldverschreibungen im Fall einer durch hohen Fremdkapitaleinsatz finanzierten Transaktion Schutz gewähren.

Die Fähigkeit des Emittenten, Schuldverschreibungen im Falle des Eintritts eines Kontrollwechselereignisses zurückzukaufen, kann durch eine Reihe von Faktoren eingeschränkt sein. Der Eintritt bestimmter Ereignisse, die einen Kontrollwechsel darstellen, würde einen Kündigungstatbestand nach Maßgabe der Kreditvereinbarung 2013 und könnte nach Maßgabe der Bestimmungen verschiedener sonstiger Verschuldung der Gesellschaft oder ihrer Tochtergesellschaften einen Kündigungstatbestand darstellen. Dies könnte es dem Emittenten erschweren, die Schuldverschreibungen zurückzukaufen. Die Bestimmungen unserer zukünftigen Verschuldung können Verbote bei Eintritt bestimmter Ereignisse enthalten, die Kontrollwechselereignisse darstellen, oder vorschreiben, dass derartige Verbindlichkeiten bei Auftreten eines Kontrollwechselereignisses zurückzuführen sind. Ferner könnte die Ausübung des Rechts der Inhaber, von dem Emittenten den Rückkauf der Schuldverschreibungen zu verlangen, selbst dann zum Vorliegen eines Kündigungstatbestandes nach Maßgabe der Bestimmungen dieser Verbindlichkeiten führen, wenn das Kontrollwechselereignis an sich nicht dazu führt. Schließlich kann die Fähigkeit des Emittenten, nach dem Eintritt eines Kontrollwechselereignisses den Inhabern der Schuldverschreibungen Zahlung in bar zu leisten, aufgrund unserer dann tatsächlich bestehenden finanziellen Ressourcen eingeschränkt sein, jedoch die finanziellen Auswirkungen eines solchen Rückkaufs auf uns. Wir können Ihnen nicht garantieren, dass ausreichende finanzielle Mittel zur Verfügung stehen, wenn diese für die jeweiligen Rückkäufe benötigt werden. Die Bestimmungen des Begebungsvertrages, die sich auf die Pflicht des Emittenten beziehen, ein Angebot zum Rückkauf der Schuldverschreibungen aufgrund des Eintritts eines

Kontrollwechselereignisses abgeben zu müssen, können mit schriftlichem Einverständnis der Mehrheit des Nennbetrags der unter dem jeweiligen Begebungsvertrag begebenen Schuldverschreibungen abbedungen oder geändert werden.

Bestimmte Auflagen

Für die Zwecke des Begebungsvertrages werden die FMC AG & Co. KGaA und ihre Tochtergesellschaften nicht als Tochtergesellschaften der Gesellschaft behandelt. Daher gelten diese Auflagen nicht für die FMC AG & Co. KGaA und ihre Tochtergesellschaften und der Begriff „Tochtergesellschaft“ in diesen Auflagen, die Kündigungsgründe und die damit zusammenhängenden Definitionen umfassen nicht die FMC AG & Co. KGaA und ihre Tochtergesellschaften.

Beschränkungen in Bezug auf das Eingehen von Verschuldung

- (a) Die Gesellschaft darf unmittelbar oder mittelbar keine Verschuldung eingehen und ihren Tochtergesellschaften nicht gestatten, unmittelbar oder mittelbar Verschuldung einzugehen. Dies gilt nicht (auch in Bezug auf Übernommene Verschuldung), sofern und soweit zu diesem Zeitpunkt
 - (1) der Konsolidierte Zinsdeckungsgrad der Gesellschaft wenigstens 2,0 zu 1,0 beträgt; und
 - (2) kein Kündigungstatbestand und kein Kündigungsgrund eingetreten ist und fortbesteht oder in Folge des Eingehens von Verschuldung eintreten würde.
- (b) Die in Absatz (a) enthaltenen Beschränkungen sind nicht auf das Eingehen von Verschuldung unter den nachfolgenden Tatbeständen anwendbar:
 - (1) Verschuldung, die gemäß der Kreditvereinbarung 2013 und den damit zusammenhängenden Garantien eingegangen wird, in einem ausstehenden Gesamtnennbetrag, der zu keinem Zeitpunkt 5.500 Mio. € überschreitet;
 - (2) Verschuldung, die zur Deckung des Betriebsmittelbedarfs und zu anderen allgemeinen Unternehmenszwecken im Rahmen von Bankverträgen, Commercial Paper-Programmen oder anderen Verträgen, Fazilitäten oder Programmen eingegangen wird, in einem ausstehenden Gesamtbetrag von 1.450 Mio. € zu jeder Zeit;
 - (3) Verschuldung der Gesellschaft gegenüber einer Tochtergesellschaft oder Verschuldung einer Tochtergesellschaft gegenüber der Gesellschaft oder einer anderen Tochtergesellschaft, wobei jedoch jede spätere Ausgabe oder Übertragung von Capital Stock, die dazu führt, dass der Gläubiger dieser Verschuldung ein anderer Rechtsträger als die Gesellschaft oder eine andere Tochtergesellschaft ist, bzw. jede spätere Übertragung der Verschuldung (an eine andere Person als die Gesellschaft oder eine Tochtergesellschaft) jeweils so behandelt wird, als wäre die Verschuldung durch die Gesellschaft bzw. die Tochtergesellschaft eingegangen worden;
 - (4) Verschuldung bedingt durch die Ausgabe der Schuldverschreibungen am Ausgabetag sowie bedingt durch die entsprechenden Schuldverschreibungsgarantien der Gesellschaft und der garantiegebenden Tochtergesellschaft;
 - (5) Finanzierungsleasingverpflichtungen, bzw. eingegangene Verschuldung, sofern diese ganz oder teilweise zur Finanzierung des Kaufpreises oder zur Abdeckung von Herstellungskosten eines Vermögensgegenstandes oder, im Fall einer Sale- and Lease-back-Transaktion, zur Finanzierung des Werts des der Gesellschaft oder einer Tochtergesellschaft gehörenden Vermögensgegenstandes eingegangen werden;
 - (6) Verschuldung (ausgenommen der in Ziffer (1) genannten Verschuldung), die zum Ausgabetag nach Verwendung des Erlöses aus den Schuldverschreibungen aussteht;
 - (7) Refinanzierungsverschuldung für nach Ziffer (4) oder (6) dieses Absatzes (b) eingegangene Verschuldung;
 - (8) Hedging-Verpflichtungen, die im Rahmen des gewöhnlichen Geschäftsbetriebs eingegangen werden und nicht spekulativer Natur sind, wobei dies nach Treu und Glauben durch die Gesellschaft zu beurteilen ist;

- (9) Kundenguthaben und Vorauszahlungen von Kunden für im Rahmen des gewöhnlichen Geschäftsbetriebs erworbene Produkte;
 - (10) Verschuldung der Gesellschaft gegenüber der FMC AG & Co. KGaA oder gegenüber Tochtergesellschaften der FMC AG & Co. KGaA;
 - (11) Verschuldung einer Finanzierungstochtergesellschaft, die durch eine Garantie dieser Finanzierungstochtergesellschaft für die Verschuldung der Gesellschaft oder einer ihrer anderen Tochtergesellschaften entsteht;
 - (12) Verschuldung resultierend aus Cash Management-Vereinbarungen; und
 - (13) von der Gesellschaft oder einer Tochtergesellschaft der Gesellschaft eingegangene Verschuldung in einem Gesamtnennbetrag, der zusammen mit allen sonstigen Verschuldung der Gesellschaft und ihrer Tochtergesellschaften (mit Ausnahme der nach Absatz (a) oder Ziffer (1) bis (12) dieses Absatzes (b) gestatteten Verschuldung) zum Zeitpunkt des Eingehens der Verschuldung 1.300 Mio. € nicht überschreiten darf.
- (c) Für die Überprüfung der Einhaltung der zuvor genannten Auflage gilt das Folgende:
- (1) Für den Fall, dass eine Verschuldung unter mehr als einen der zuvor genannten Tatbestände von Verschuldung fällt, steht es der Gesellschaft frei, diese Verschuldung nach eigenem Ermessen zu klassifizieren und gegebenenfalls von Zeit zu Zeit neu zu klassifizieren, wobei es nur erforderlich ist, dass der Betrag und die Art dieser Verschuldung einer der oben genannten Ziffern zugeordnet werden;
 - (2) eine Verschuldung kann auf mehr als eine der vorstehend genannten Arten von Verschuldung aufgeteilt und jeweils unterschiedlich klassifiziert bzw. neu klassifiziert werden; und
 - (3) für den Fall, dass sich Verschuldung auf durch diese Auflage zulässige Garantien für Verschuldung durch Kabi oder ProServe (oder durch irgendeine Tochtergesellschaft, von der verlangt wird, die Verpflichtungen des Emittenten hinsichtlich der Schuldverschreibungen nach Maßgabe der Bestimmungen des jeweiligen Begebungsvertrags zu garantieren) bezieht, sollen derartige Garantien nicht als zusätzliches Eingehen von Verschuldung gewertet werden, vorausgesetzt, dass die entsprechenden Schuldverschreibungsgarantien seitens der Garantiegeber in Kraft bleiben.
- (d) Sofern die Schuldverschreibungen während eines Zeitraums den Investment Grade Status erreicht haben und diesen Status behalten sowie kein Kündigungsgrund vorliegt und weiter besteht (dieser Zeitraum wird nachfolgend als „Investment Grade Status-Zeitraum“ bezeichnet), wird, nachdem die Gesellschaft den Treuhänder mittels eines Officers' Certificate davon in Kenntnis gesetzt hat, dass der Investment Grade Status erreicht wurde, diese Auflage für die Gesellschaft und ihre Tochtergesellschaften außer Kraft gesetzt und bleibt für die Dauer des Investment Grade Status-Zeitraums außer Kraft und tritt erst wieder in Kraft, wenn der Investment Grade Status-Zeitraum endet.

In der Folge verlieren die Schuldverschreibungen während dieses Zeitraums den Schutz, der ihnen ursprünglich durch diese Auflage zuteilwurde. Keine Handlung, die während eines Investment Grade Status-Zeitraums vorgenommen wurde oder vor dem Investment Grade Status-Zeitraum unter Einhaltung dieser Auflage erfolgte, muss rückgängig gemacht werden oder stellt einen Verstoß gegen die Schuldverschreibungen dar, sofern diese Auflage später wieder auflebt bzw. außer Kraft gesetzt wird. Der Investment Grade Status-Zeitraum beginnt erst, wenn die Gesellschaft das zuvor genannte Officers' Certificate zugestellt hat, und endet sofort mit dem Zeitpunkt, zu dem die Schuldverschreibungen den Investment Grade Status verlieren oder ein Kündigungsgrund eintritt.

Beschränkungen in Bezug auf die Gewährung von Sicherheiten

Die Gesellschaft wird zu keiner Zeit außer während eines Investment Grade Status-Zeitraums unmittelbar oder mittelbar Sicherheiten (mit Ausnahme Zulässiger Sicherheiten) an Eigentum oder Vermögensgegenständen (einschließlich Capital Stock) zur Besicherung von Verschuldung bestellen oder eingehen bzw. deren Bestehen zulassen, und nicht gestatten, dass eine ihrer Tochtergesellschaften unmittelbar oder mittelbar eine solche Sicherheit bestellt, eingeht oder deren Bestehen zulässt. Dies gilt unabhängig davon, ob die Vermögenswerte zur Besicherung von Verschuldung bereits zum Zeitpunkt des jeweiligen Begebungsvertrages der Schuldverschreibungen in deren Eigentum standen oder erst danach erworben wurden. Dies gilt nicht, sofern gleichzeitig (oder vorhergehend) mit oder vor der Gewährung der Sicherheiten wirksame Vorkehrungen getroffen werden,

um die Verschuldung aus dem Begebungsvertrag und den Schuldverschreibungen im Verhältnis zu der Besicherung der betreffenden Verschuldung anteilmäßig und gleichrangig und für den gleichen Zeitraum (oder vorhergehend im Fall von Sicherheiten für Nachrangige Verpflichtungen) zu besichern.

Während eines Investment Grade Status-Zeitraums wird die Gesellschaft unmittelbar oder mittelbar keine Sicherheiten an Eigentum oder Vermögensgegenständen (einschließlich Capital Stock) zur Besicherung von Kapitalmarktverbindlichkeiten (*Capital Markets Indebtedness*) bestellen oder eingehen bzw. deren Bestehen zulassen, und nicht gestatten, dass eine ihrer Tochtergesellschaften unmittelbar oder mittelbar eine solche Sicherheit bestellt, eingeht oder deren Bestehen zulässt. Dies gilt unabhängig davon, ob die Vermögenswerte zur Besicherung von Kapitalmarktverbindlichkeiten (*Capital Markets Indebtedness*) bereits zum Zeitpunkt des jeweiligen Begebungsvertrages der Schuldverschreibungen in deren Eigentum standen oder erst danach erworben wurden. Dies gilt nicht, sofern gleichzeitig (oder vorhergehend) mit oder vor der Gewährung der Sicherheiten wirksame Vorkehrungen getroffen werden, um die Kapitalmarktverbindlichkeit (*Capital Markets Indebtedness*) aus dem Begebungsvertrag und den Schuldverschreibungen im Verhältnis zu der Besicherung der betreffenden Kapitalmarktverbindlichkeit (*Capital Markets Indebtedness*) anteilmäßig und gleichrangig und für den gleichen Zeitraum (oder vorhergehend im Fall von Sicherheiten für Nachrangige Verpflichtungen) zu besichern.

Keine Handlung, die während eines Investment Grade Status-Zeitraums vorgenommen wurde oder vor dem Investment Grade Status-Zeitraum unter Einhaltung dieser Auflage erfolgte, muss rückgängig gemacht werden oder stellt in der Folgezeit einen Verstoß gegen die Schuldverschreibungen dar. Der Investment Grade Status-Zeitraum beginnt erst, wenn die Gesellschaft das zuvor genannte Officers' Certificate zugestellt hat, und endet sofort mit dem Zeitpunkt, zu dem die Schuldverschreibungen den Investment Grade Status verlieren oder ein Kündigungsgrund eintritt.

Beschränkungen in Bezug auf Zusammenschlüsse und die Veräußerung von Vermögensgegenständen

Der Begebungsvertrag sieht vor, dass nach dem jeweiligen Begebungsvertrag der Emittent und die Gesellschaft nicht mit oder auf einen anderen Rechtsträger verschmelzen und nicht gestatten dürfen, dass ein Garantiegeber mit einem bzw. auf einen anderen Rechtsträger verschmilzt (unabhängig davon, ob der Emittent oder der betreffende Garantiegeber der Fortbestehende Rechtsträger ist). Gleiches gilt für die Veräußerung, Abtretung, Übertragung, Vermietung sowie jede sonstige Form der Verfügung über das gesamte Vermögen oder wesentliche Teile des Vermögens im Rahmen einer oder mehrerer zusammenhängenden Transaktionen an einen anderen Rechtsträger. Es sei denn:

- (1) der Fortbestehende Rechtsträger ist eine Gesellschaft, die nach dem Recht Deutschlands, des Vereinigten Königreichs, eines anderen Mitgliedstaates der Europäischen Union (zum Stand vom 31. Dezember 2003), Luxemburgs, der Schweiz, der USA oder eines Bundesstaates der USA oder des District of Columbia oder des Gründungsstaates des Emittenten oder eines Garantiegebers gegründet ist und besteht; oder sofern der Fortbestehende Rechtsträger eine Gesellschaft ist, die nach dem Recht eines anderen Staates gegründet ist und besteht, und der Emittent dem Treuhänder ein Anwaltsgutachten vorlegt, aus dem sich ergibt, dass die Rechte der Inhaber der Schuldverschreibungen hierdurch nicht nachteilig beeinträchtigt werden, soweit als das Recht dieses Staates die Fähigkeit des Fortbestehenden Rechtsträgers betrifft, die mit den Schuldverschreibungen verbundenen Zahlungen und Pflichten zu erfüllen (sofern der Emittent an der Transaktion beteiligt ist) bzw. die mit der Schuldverschreibungsgarantie verbundenen Pflichten zu erfüllen, bzw. die Fähigkeit des Fortbestehenden Rechtsträgers betrifft, sich dazu zu verpflichten, diese Zahlungen zu leisten und Pflichten zu erfüllen, bzw. die Fähigkeit der Schuldverschreibungsinhaber betrifft, diese Verpflichtungen durchsetzen zu können;
- (2) der Fortbestehende Rechtsträger (sofern es sich nicht um den Emittenten oder einen Garantiegeber handelt) übernimmt ausdrücklich (A) im Rahmen einer oder mehrerer Transaktionen mit dem Emittenten durch Abschluss eines den Anforderungen des Treuhänders entsprechenden Nachtrags zu einem Begebungsvertrag alle Pflichten des Emittenten nach dem Begebungsvertrag, oder (B) im Rahmen einer oder mehrerer Transaktionen mit einer anderen Partei als den Emittenten durch eine den Anforderungen des Treuhänders entsprechende Garantievereinbarung sämtliche Verpflichtungen des betreffenden Garantiegebers nach der Schuldverschreibungsgarantie;
- (3) zum Zeitpunkt einer und unmittelbar nach einer solchen Transaktion ist kein Kündigungstatbestand oder kein Kündigungsgrund eingetreten und besteht fort; und
- (4) der Emittent oder der betreffende Garantiegeber übermittelt dem Treuhänder ein Officers' Certificate und ein Anwaltsgutachten, aus denen sich jeweils ergibt, dass diese Verschmelzung, Übertragung, Abtretung, Veräußerung, Vermietung oder sonstige Form der Verfügung und der jeweilige Nachtrag zu einem Begebungsvertrag sowie gegebenenfalls die Garantievereinbarung im Einklang mit dem Begebungsvertrag stehen.

Berichte

Solange die Schuldverschreibungen ausstehen, wird die Gesellschaft dem Treuhänder die folgenden Dokumente (in physischer oder elektronischer Form, wie zwischen der Gesellschaft und dem Treuhänder vereinbart) vorlegen:

- (1) ihren Konzernjahresabschluss und den dazugehörigen Anhang für die letzten zwei Geschäftsjahre, erstellt in Übereinstimmung mit U.S. GAAP (oder IFRS oder eines anderen international allgemein anerkannten Rechnungslegungsstandards, sofern die Gesellschaft nach geltendem Recht verpflichtet oder es ihr erlaubt ist und sie dafür optiert, ihren Jahresabschluss nach IFRS oder einem anderen international allgemein anerkannten Rechnungslegungsstandard zu erstellen) einschließlich Segmentangaben mitsamt eines darüber erstellten Bestätigungsvermerks, zusammen mit einer Erläuterung der „Ertragslage“ und der „Liquidität“ für diese Geschäftsjahre in einer Form, die im Wesentlichen dem in diesem Dokument enthaltenen Abschnitt „Management’s Discussion and Analysis of Financial Condition and Results of Operation“ entspricht, sowie einen „Überblick über das Geschäftsjahr“ und eine Darstellung der „Unternehmensbereiche“ in einer Form, die ihrem Geschäftsbericht entspricht, eine Beschreibung der „Geschäftsbeziehungen mit nahe stehenden Personen“ sowie eine Beschreibung der Verschuldung, wobei diese Dokumente innerhalb von 90 Tagen nach Ende eines jeden Geschäftsjahres vorzulegen sind; und
- (2) Konzernquartalsberichte für den Zeitraum vom Beginn eines jeden Jahres bis zum Ende jedes Geschäftsquartals (ausgenommen das vierte Geschäftsquartal) zusammen mit vergleichbaren Informationen für das entsprechende Quartal des Vorjahres sowie eine Zusammenfassung in Form der “Management’s Discussion and Analysis of Financial Conditions and Results of Operations”, die eine kurze Erläuterung der Ertragslage in dem Quartal enthält, wobei diese Dokumente innerhalb von 45 Tagen nach Ende des Geschäftsquartals vorzulegen sind.

Gleichzeitig mit der Vorlage jedes vorstehend genannten Berichts wird die Gesellschaft außerdem an geeignete international anerkannte Wirtschaftsinformationsdienste eine Pressemitteilung bezüglich des jeweiligen Berichts übermitteln und (i) die jeweiligen Berichte auf der zum jeweiligen Zeitpunkt von der Gesellschaft unterhaltenen Internetseite veröffentlichen oder (ii) diese Berichte in anderer im Wesentlichen vergleichbarer Weise öffentlich zugänglich machen.

Ferner wird die Gesellschaft, solange die Schuldverschreibungen ausstehen und während aller Zeiträume, in denen der Emittent oder die Gesellschaft nicht Section 13 oder 15(d) des Securities Exchange Act der Vereinigten Staaten von 1934 in seiner jeweils geltenden Fassung (der „**Exchange Act**“) unterliegt und nicht gemäß Rule 12g3-2(b) des Exchange Act eine Ausnahmeregelung auf sie anwendbar ist, an jeden Inhaber bzw. wirtschaftlichen Eigentümer von Schuldverschreibungen, die ursprünglich in den Vereinigten Staaten an „qualifizierte institutionelle Anleger“ (*qualified institutional buyer*) im Sinne von Rule 144A des Securities Act der Vereinigten Staaten von 1933 in seiner jeweils geltenden Fassung (der „**Securities Act**“) gemäß dieser Rules angeboten und verkauft wurden, sowie an jeden zukünftigen Kaufinteressenten der Schuldverschreibungen in den Vereinigten Staaten, der von dem Inhaber oder wirtschaftlichen Eigentümer benannt wird, auf Anfrage die gemäß Rule 144A(d)(4) des Securities Act bereitzustellenden Informationen übersenden.

Beteiligung an dem Emittenten

Der Begebungsvertrag bestimmt, dass die Gesellschaft weiterhin unmittelbar oder mittelbar 100 % des Capital Stock des Emittenten bzw. eines zulässigen Rechtsnachfolgers des Emittenten halten wird, vorausgesetzt, dass ein nach dem Begebungsvertrag zulässiger Rechtsnachfolger der Gesellschaft in die Eigentümerstellung der Gesellschaft an dem Capital Stock eintreten kann.

Die Gesellschaft wird den Emittenten bzw. ihren Rechtsnachfolger veranlassen, Handlungen vorzunehmen, die (i) für die Ausgabe und den Verkauf der Schuldverschreibungen und aller nach dem Begebungsvertrag zulässigen zusätzlichen Verschuldung und die Weiterleitung oder Ausschüttung der entsprechenden Erlöse an die Gesellschaft und ihre Tochtergesellschaften und die Erfüllung ihrer Verpflichtungen hinsichtlich der Schuldverschreibungen und dieser zusätzlichen Verschuldung nach Maßgabe der entsprechenden Bedingungen bzw. des Begebungsvertrages oder eines sonstigen Begebungsvertrages erforderlich oder zweckdienlich sind oder damit verbunden sind und/oder (ii) für konzerninterne Finanzierungstransaktionen mit der Gesellschaft oder einer ihrer Tochtergesellschaften (einschließlich des Erwerbs, der Veräußerung oder eines sonstigen Erhalts oder einer sonstigen Übertragung von Finanzinstrumenten an die Gesellschaft bzw. eine ihrer Tochtergesellschaften und das Geben einer Garantie für die Verschuldung der Gesellschaft oder einer ihrer Tochtergesellschaften) oder von der Gesellschaft oder einer ihrer Tochtergesellschaften gemäß dem Begebungsvertrag, erforderlich oder zweckdienlich sind oder damit verbunden sind.

Ersetzung des Emittenten

Die Gesellschaft, jeder sonstige Garantiegeber oder eine Finanzierungstochtergesellschaft (ein „**Rechtsnachfolger**“) kann die Verpflichtungen des Emittenten aus den Schuldverschreibungen durch Unterzeichnung und Übersendung folgender Dokumente an den Treuhänder übernehmen: (a) eines Nachtrags zu dem Begebungsvertrag, durch welchen der betreffende Rechtsträger den Bestimmungen des Begebungsvertrages unterworfen wird sowie (b) eines Anwaltsgutachtens, welches bestätigt, dass der Nachtrag zum Begebungsvertrag von dem Rechtsträger ordnungsgemäß genehmigt und unterzeichnet wurde und für den Rechtsträger eine gültige, rechtlich verpflichtende und durchsetzbare Verpflichtung begründet, vorbehaltlich der üblichen Ausnahmen. Dies gilt mit der Maßgabe, dass (i) der Rechtsnachfolger nach dem Recht der Vereinigten Staaten von Amerika oder eines Bundesstaates der Vereinigten Staaten oder des Districts of Columbia, Deutschlands, der Niederlande, des Vereinigten Königreichs oder eines anderen Mitgliedstaates der Europäischen Union (zum Stand vom 31. Dezember 2003) gegründet worden sein muss und (ii) keine Zusätzlichen Beträge hinsichtlich der Schuldverschreibungen zum Zeitpunkt der Übernahme bzw. aufgrund einer zu diesem Zeitpunkt nach vernünftigem Ermessen absehbaren Änderung der Gesetze des Gründungsstaates des Rechtsnachfolgers zu zahlen sind bzw. in der Zukunft zu zahlen wären. Der Rechtsnachfolger ersetzt den Emittenten und kann alle Rechte und Befugnisse des Emittenten gemäß dem Begebungsvertrag mit derselben Wirkung ausüben als wäre er der Emittent. Gleichzeitig wird der bisherige Emittent von allen Verpflichtungen und Auflagen gemäß dem Begebungsvertrag und den Schuldverschreibungen befreit.

Kündigungsgründe

Der Begebungsvertrag bestimmt, dass jedes einzelne oder mehrere der nachfolgenden Ereignisse, das eingetreten ist und noch anhält, einen „Kündigungsgrund“ für die Schuldverschreibungen darstellt:

- (1) Nichtzahlung von Zinsen auf die Schuldverschreibungen innerhalb von 30 Tagen nach Fälligkeit, einschließlich etwaiger Zusätzlicher Beträge; oder
- (2) Nichtzahlung des Kapitalbetrags oder eines eventuellen Aufschlags (*premium*) der Schuldverschreibungen bei Fälligkeit, unabhängig davon, ob die Fälligkeit durch Laufzeitablauf, Rückzahlung, Erklärung oder auf sonstige Art und Weise eingetreten ist; oder
- (3) Nichtbeachtung oder Nichterfüllung jeglicher anderer in dem Begebungsvertrag enthaltener Auflagen über einen Zeitraum von 60 Tagen ab Benachrichtigung in Übereinstimmung mit den Vorschriften des Begebungsvertrages; oder
- (4) Vorliegen eines Kündigungstatbestandes unter einer Hypothek (*mortgage*), dem Begebungsvertrag oder einem sonstigen Instrument, mit der bzw. dem Verbindlichkeiten aus von uns oder einer unserer Tochtergesellschaften als Darlehen aufgenommenen Geldern begründet, besichert oder nachgewiesen werden (oder deren Zahlung durch die Gesellschaft garantiert worden ist), unabhängig davon, ob die Verschuldung oder Garantie gegenwärtig bestehen oder erst nach dem Ausgabetag eingegangen werden, wenn (A) durch den Kündigungstatbestand die Verschuldung vorzeitig — vor Ablauf des festgelegten Fälligkeitsdatums — fällig gestellt werden oder ein Zahlungsverzug in Bezug auf diese Verschuldung begründet wird und (B) der Nennbetrag dieser Verschuldung, die vorzeitig fällig gestellt wurde oder welche bei Fälligkeit nicht geleistet wurde, wenn er zu dem Gesamtnennbetrag der gesamten sonstigen Verschuldung zu diesem Zeitpunkt, die vorzeitig fällig gestellt wurde oder welche bei Fälligkeit nicht geleistet wurde, hinzuaddiert wird, 75 Mio. € übersteigt, oder
- (5) jedes rechtskräftige Urteil (nicht durch eine Versicherung abgedeckt) auf Verurteilung zu einer Geldleistung in Höhe von mehr als 75 Mio. € gegen die Gesellschaft oder eine ihrer Tochtergesellschaften, deren Zahlung nicht innerhalb von 60 aufeinanderfolgenden Tagen, während derer kein Vollstreckungshindernis besteht, geleistet wird; oder
- (6) eine Schuldverschreibungsgarantie ist in Übereinstimmung mit den auf diese anwendbaren Regelungen aus irgendeinem Grund nicht mehr wirksam, es sei denn, dies beruht auf den Regelungen des Begebungsvertrages für die Entbindung von Schuldverschreibungsgarantien oder der vollständigen Erfüllung aller diesbezüglicher Verpflichtungen, oder die Schuldverschreibungsgarantie wird, aus anderen Gründen als in ihren Bedingungen festgelegt, für unwirksam oder undurchsetzbar erklärt oder einer der Garantiegeber weist die Verpflichtungen aus der Schuldverschreibungsgarantie oder aus dem Begebungsvertrag zurück, leugnet diese oder lehnt sie ab; oder
- (7) bestimmte Ereignisse im Rahmen einer Insolvenz oder Restrukturierung der Gesellschaft, des Emittenten oder einer Wesentlichen Tochtergesellschaft der Gesellschaft.

Ein Kündigungstatbestand im Sinne von (3) dieses Abschnitts stellt keinen Kündigungsgrund für den Begebungsvertrag dar, solange nicht der Treuhänder oder die Inhaber von 25 % des Nennbetrags der aufgrund des Begebungsvertrages begebenen Schuldverschreibungen dies dem Emittenten und der Gesellschaft anzeigen und dieser Kündigungstatbestand nicht innerhalb der in (3) festgelegten Frist geheilt wird.

Der Treuhänder oder die Inhaber von mindestens 25 % des ausstehenden Gesamtnennbetrages der Schuldverschreibungen sind befugt, unmittelbar mit dem Eintritt eines Kündigungsgrundes gemäß dem Begebungsvertrag den Kapitalbetrag sowie aufgelaufene und noch nicht gezahlte Zinsen (einschließlich Zusätzlicher Beträge) auf die Schuldverschreibungen fällig zu stellen; vorausgesetzt, dass nach einer solchen vorzeitigen Fälligestellung die Inhaber einer Mehrheit des Gesamtnennbetrags der ausstehenden Schuldverschreibungen das Recht haben, unter bestimmten Voraussetzungen die vorgenannte vorzeitige Fälligestellung rückgängig zu machen und aufzuheben, sofern und soweit die Rückgängigmachung nicht im Widerspruch zu einem Urteil oder einem Beschluss eines zuständigen Gerichts steht und alle Kündigungsgründe gemäß dem jeweiligen Begebungsvertrag außer der Nichtzahlung des vorzeitig fällig gestellten Kapitalbetrags geheilt wurden oder diesbezüglich Verzicht erklärt wurde, wie in dem Begebungsvertrag vorgesehen.

Vorbehaltlich der Regelungen des Begebungsvertrages, die sich auf die Pflichten des Treuhänders beziehen, ist der Treuhänder für den Fall, dass ein Kündigungsgrund besteht und andauert, nicht verpflichtet, die ihm unter dem Begebungsvertrag zustehenden Rechte und Befugnisse auf Aufforderung oder Anweisung von Inhabern von den unter dem Begebungsvertrag begebenen Schuldverschreibungen hin auszuüben, sofern nicht diese Inhaber schriftlich zugestimmt haben, den Treuhänder in vollem Umfang freizustellen. Vorbehaltlich der Regelungen für die Freistellung des Treuhänders haben die Inhaber einer Mehrheit des Gesamtnennbetrags der auf der Grundlage des Begebungsvertrages begebenen und ausstehenden Schuldverschreibungen das Recht, die Zeit, den Ort und die Art und Weise der Durchführung eines Verfahrens zur Durchsetzung von Rechtsansprüchen des Treuhänders oder die Ausübung der dem Treuhänder übertragenen Rechte und Befugnisse zu wählen.

Kein Inhaber von Schuldverschreibungen hat das Recht, Verfahren in Bezug auf den Begebungsvertrag oder in Bezug auf Rechtsansprüche anzustrengen, es sei denn, dem Treuhänder wurde der andauernde Kündigungsgrund nach den Bestimmungen des Begebungsvertrags schriftlich mitgeteilt und eine vollumfängliche Freistellung für die Anstrengung eines Verfahrens als Treuhänder angeboten, und der Treuhänder hat von den Inhabern der Mehrheit des Gesamtnennbetrags der gemäß dem Begebungsvertrag ausgegebenen und ausstehenden Schuldverschreibungen keine diesem widersprechende Anweisung erhalten und innerhalb von 60 Tagen kein Verfahren angestrengt. Die vorgenannten Einschränkungen gelten nicht für eine Klage auf Kapitalrückzahlung und Zahlung eines etwaigen Aufschlags (*premium*) oder Zinsen auf eine Schuldverschreibung an oder nach den in den Bedingungen der Schuldverschreibung angegebenen Fälligkeitsterminen, die durch einen Inhaber dieser Schuldverschreibung erhoben wird.

Die Inhaber der Mehrheit des ausstehenden Gesamtnennbetrags der Schuldverschreibungen haben das Recht, im Namen aller Inhaber der Schuldverschreibungen auf die Geltendmachung von Kündigungstatbeständen zu verzichten, mit Ausnahme von Kündigungstatbeständen in Bezug auf die Kapitalrückzahlung oder die Zahlung eventueller Aufschläge (*premium*) oder von Zinsen oder Kündigungstatbeständen in Bezug auf eine Auflage oder Bestimmung, die nicht ohne die Zustimmung aller Inhaber der Schuldverschreibungen geändert oder angepasst werden darf. Der Emittent ist verpflichtet, einmal jährlich bei dem Treuhänder eine Bescheinigung einzureichen, in der ausgeführt wird, ob er sich in Übereinstimmung mit allen Bestimmungen und Auflagen des Begebungsvertrages befindet.

Änderungen und Verzicht

Mit bestimmten Ausnahmen kann der Begebungsvertrag mit Zustimmung der Inhaber der Mehrheit des Nennbetrags der zu diesem Zeitpunkt ausstehenden Schuldverschreibungen geändert oder ergänzt werden (einschließlich Zustimmungen, die im Zusammenhang mit dem Rückkauf von Schuldverschreibungen oder im Rahmen eines Rückkauf- oder Umtauschangebots für Schuldverschreibungen abgegeben wurden). Ebenso kann mit bestimmten Ausnahmen mit Zustimmung der Inhaber der Mehrheit des Nennbetrags der zu diesem Zeitpunkt ausstehenden Schuldverschreibungen auf die Rechte, die sich aus einem bestehenden Kündigungstatbestand ergeben, oder auf die Einhaltung von bestimmten Vorschriften verzichtet werden (einschließlich Zustimmungen, die im Zusammenhang mit dem Rückkauf von Schuldverschreibungen oder im Rahmen eines Rückkauf- oder Umtauschangebots für Schuldverschreibungen abgegeben wurden).

Ohne die Zustimmung sämtlicher Inhaber der ausstehenden Schuldverschreibungen dürfen jedoch keine Änderungen beschlossen werden, die (in Bezug auf von einem nicht zustimmenden Inhaber gehaltene Schuldverschreibungen) unter anderem

- (1) den prozentualen Anteil des Nennbetrags der Schuldverschreibungen, deren Inhaber einer Änderung zustimmen müssen, reduzieren;
- (2) den Nominalzinssatz der Schuldverschreibungen verringern oder die Fälligkeit der Zinszahlung hinausschieben;

- (3) den Nennbetrag der Schuldverschreibungen reduzieren oder die Vereinbarte Laufzeit der Schuldverschreibungen verlängern;
- (4) den Zeitpunkt verändern, zu dem die Schuldverschreibungen zurückgezahlt werden können (siehe hierzu oben unter „— Optionale Rückzahlung“);
- (5) den Aufschlag (*premium*) der Schuldverschreibungen verringern, der bei Rückzahlung zahlbar ist, den Zeitpunkt ändern, zu dem die Schuldverschreibungen zurückgekauft werden kann, oder die zu den Bestimmungen im Abschnitt „Kontrollwechsel“ gehörigen Definitionen ändern, nachdem die Verpflichtung zum Rückkauf der Schuldverschreibungen entstanden ist;
- (6) die Tilgung der Schuldverschreibungen in einer anderen als der unter den Schuldverschreibungen angegebenen Währung vorsehen;
- (7) das Recht eines Inhabers der Schuldverschreibungen, die Zahlung eines etwaigen Aufschlags (*premium*), die Kapitalrückzahlung oder Zinszahlungen am oder nach den jeweiligen Fälligkeitszeitpunkten zu erhalten oder ein Verfahren zur Durchsetzung von Zahlungen auf oder im Zusammenhang mit den Schuldverschreibungen dieses Inhabers einzuleiten, beeinträchtigen; oder
- (8) Änderungen an den Änderungsbestimmungen, zu deren Wirksamkeit die Zustimmung jedes Inhabers der Schuldverschreibungen erforderlich ist, oder an den Bestimmungen über Verzichte vorsehen.

Ohne Zustimmung der Inhaber von Schuldverschreibungen dürfen der Emittent und der Treuhänder den Begebungsvertrag dahingehend ändern, dass

- (1) nicht eindeutige Teile des Begebungsvertrages sowie Lücken, Fehler oder Widersprüche geheilt werden;
- (2) die Verpflichtungen des Emittenten aus dem Begebungsvertrag oder eines Garantiegebers (der nicht die Gesellschaft ist) aus Schuldverschreibungsgarantien durch eine juristische Person übernommen werden;
- (3) nicht in Einzelurkunden verbrieft Schuldverschreibungen neben oder anstatt in Einzelurkunden verbrieft Schuldverschreibungen ausgegeben werden;
- (4) zusätzliche Garantien für die Schuldverschreibungen gestellt werden;
- (5) die Schuldverschreibungen besichert werden;
- (6) für den Emittenten und die Garantiegeber zusätzliche Auflagen zugunsten der Inhaber von Schuldverschreibungen gelten oder dem Emittenten zugewiesene Rechte aufgegeben werden;
- (7) die Ausgabe Weiterer Schuldverschreibungen gemäß diesem Begebungsvertrag vorgesehen wird;
- (8) Änderungen vorgenommen werden, die die Rechte der Inhaber von Schuldverschreibungen nicht beeinträchtigen;
- (9) die Annahme und Bestellung eines Nachfolgetreuhänders gemäß diesem Begebungsvertrag nachgewiesen und vorgesehen wird;
- (10) der Wortlaut des Begebungsvertrages, der Schuldverschreibungen oder der Schuldverschreibungsgarantien mit einer Bestimmung dieser „Beschreibung der Schuldverschreibungen“ in Einklang gebracht wird, sofern eine Bestimmung dieser „Beschreibung der Schuldverschreibungen“ ein wörtliches Zitat einer Bestimmung des Begebungsvertrages, der Schuldverschreibungen oder der Schuldverschreibungsgarantien sein sollte; oder
- (11) die Bestimmungen einer maßgeblichen Wertpapierverwahrstelle eingehalten werden.

Für die Genehmigung der Form einer beabsichtigten Änderung des Begebungsvertrages oder eines Verzichts auf Rechte unter dem Begebungsvertrag ist gemäß dem Begebungsvertrag nicht die Zustimmung der Inhaber erforderlich. Es ist ausreichend, wenn die Zustimmung zum Inhalt der Änderung oder des Verzichts erteilt wird. Nachdem eine Änderung oder Ergänzung des Begebungsvertrages oder ein Verzicht auf Rechte unter dem Begebungsvertrag wirksam wird, muss der Emittent die Inhaber der Schuldverschreibungen über die Änderung, Ergänzung oder den Verzicht auf dem Postweg schriftlich benachrichtigen und die

Änderung, Ergänzung oder den Verzicht darin kurz inhaltlich beschreiben. Das Versäumnis der Benachrichtigung oder eine fehlerhafte oder unvollständige Benachrichtigung haben auf die Wirksamkeit einer Änderung, Ergänzung oder eines Verzichts keinen Einfluss.

Aufhebung (Defeasance)

Der Emittent kann jederzeit alle seine Verpflichtungen aus den Schuldverschreibungen und dem Begebungsvertrag kündigen („rechtliche Aufhebung“), mit Ausnahme bestimmter Verpflichtungen, insbesondere solcher betreffend die Aufhebungs-Treuhand (*defeasance trust*) und Verpflichtungen, die Übertragung oder den Umtausch der Schuldverschreibungen zu registrieren, sowie beschädigte, zerstörte, verlorengegangene oder gestohlene Schuldverschreibungen zu ersetzen und in Bezug auf die maßgeblichen Schuldverschreibungen ein Register und eine Zahlstelle zu führen.

Der Emittent kann jederzeit seine Verpflichtungen aus den Auflagen kündigen, die unter „Bestimmte Auflagen“ (mit Ausnahme derjenigen unter „— Beschränkungen in Bezug auf Zusammenschlüsse und die Veräußerung von Vermögensgegenständen“) beschrieben sind, den Eintritt eines Cross Default bei Zahlungsverzug, die wechselseitigen Regelungen zur vorzeitigen Fälligkeit, die Insolvenzregelungen in Bezug auf Tochtergesellschaften, die Regelungen des Urteils-Kündigungsgrundes im Abschnitt „Kündigungsgründe“ und die Beschränkungen in Ziffer (4) des Abschnitts „Bestimmte Auflagen — „Beschränkungen in Bezug auf Zusammenschlüsse und die Veräußerung von Vermögensgegenständen“ („Auflagen-Aufhebung“).

Der Emittent darf sein Recht zur rechtlichen Aufhebung (*legal defeasance*) auch dann ausüben, wenn er im Vorfeld bereits Gebrauch von dem Recht zur Auflagen-Aufhebung gemacht hat. Übt der Emittent sein Recht zur rechtlichen Aufhebung aus, darf die Zahlung für die Schuldverschreibungen nicht wegen eines Kündigungsgrundes in Bezug auf diese Schuldverschreibungen vorzeitig fällig gestellt werden. Übt der Emittent sein Recht zur Auflagen-Aufhebung aus, darf die Zahlung für die Schuldverschreibungen nicht wegen eines in Ziffer (3), (4) oder (5) (nur in Bezug auf andere Tochtergesellschaften als den Emittenten) des obigen Abschnitts „— Kündigungsgründe“ dargestellten Kündigungsgrundes oder wegen der Nichteinhaltung durch den Emittenten von Ziffer (4) des Abschnitts „Bestimmte Auflagen — „Beschränkungen in Bezug auf Zusammenschlüsse und die Veräußerung von Vermögensgegenständen“ vorzeitig fällig gestellt werden.

Um das Recht zur Aufhebung ausüben zu können, muss der Emittent zugunsten der Inhaber unwiderruflich Euro oder bestimmte in Euro denominierte Staatsschuldtitel für die Zwecke der Kapitalrückzahlung, der Zahlung eines etwaigen Aufschlags (*premium*) und der eventuellen Zahlung von Zinsen auf die Schuldverschreibungen bis zur Rückzahlung oder Fälligkeit bei dem Treuhänder zur treuhänderischen Verwahrung hinterlegen (die „**Aufhebungs-Treuhand**“) (*defeasance trust*) und darüber hinaus bestimmte zusätzliche Anforderungen erfüllen, zu denen unter anderem gehört, dem jeweiligen Treuhänder folgende Dokumente zu übermitteln:

- (1) ein Anwaltsgutachten (unter Berücksichtigung üblicher Ausnahmen und Ausschlüsse) dahingehend, dass die Hinterlegung und die Aufhebung für Inhaber der Schuldverschreibungen nach Maßgabe des U.S. Bundes-Einkommensteuerrechts weder als Einkommen, Gewinn noch als Verlust zu qualifizieren ist und dass die Inhaber in identischem Umfang, identischer Art und Weise und zum identischen Zeitpunkt einkommensteuerpflichtig sind, wie es der Fall wäre, wenn die Hinterlegung und Aufhebung nicht eingetreten wären. Für den Fall einer rechtlichen Aufhebung muss das Anwaltsgutachten auf einer Entscheidung der U.S. Bundessteuerbehörde (*Internal Revenue Service*) oder einer anderweitigen Anpassung des U.S. Bundeseinkommensteuerrechts basieren; und
- (2) ein Anwaltsgutachten aus der Bundesrepublik Deutschland (unter Berücksichtigung üblicher Ausnahmen und Ausschlüsse) dahingehend, dass die Hinterlegung und die Aufhebung für Inhaber der Schuldverschreibungen nach Maßgabe des Einkommensteuerrechts der Bundesrepublik Deutschland weder als Einkommen, Gewinn noch als Verlust zu qualifizieren ist und dass die Inhaber in Deutschland in identischem Umfang, identischer Art und Weise und zum identischen Zeitpunkt einkommensteuerpflichtig sind, wie es der Fall wäre, wenn die Hinterlegung und Aufhebung nicht eingetreten wären.

Keine persönliche Haftung der Geschäftsführer, leitenden Angestellten, Mitarbeiter und Anteilseigner

Die Mitglieder des Board of Directors, die Geschäftsführer, die leitenden Angestellten, die Mitarbeiter, die Gründer oder die Anteilseigner des Emittenten, der Gesellschaft, der Komplementärin der Gesellschaft oder der anderen Garantiegeber haften jeweils nicht persönlich für die Verpflichtungen des Emittenten oder eines Garantiegebers aus den Schuldverschreibungen, dem Begebungsvertrag oder den Schuldverschreibungsgarantien sowie ferner nicht für jeden sonstigen Anspruch, der sich basierend auf, in Bezug auf oder aufgrund dieser Verpflichtungen oder deren Entstehen ergibt. Jeder Inhaber erteilt durch die Annahme der Schuldverschreibungen einen Verzicht auf und eine Freistellung von derartigen Haftungsansprüchen. Jeder Inhaber erklärt sich ferner damit einverstanden, keine Ansprüche im Zusammenhang mit den Schuldverschreibungen, dem Begebungsvertrag oder den

Schuldverschreibungsgarantien geltend zu machen, soweit hieraus eine solche persönliche Haftung resultieren würde. Dieser Verzicht und die Freistellung sind Teil der Gegenleistung für die Ausgabe der Schuldverschreibungen und der Schuldverschreibungsgarantien. Der Verzicht und die Freistellung sind unter Umständen nicht geeignet, Ansprüche nach Maßgabe der U.S.-amerikanischen bundesstaatlichen Wertpapiergesetze auszuschließen und verstoßen nach Auffassung der SEC gegen die öffentliche Ordnung. Des Weiteren könnten der Verzicht und die Freistellung unter Umständen nach deutschem Recht unwirksam sein.

Einverständnis mit Gerichtsstand und Zustellungsregeln

Nach Maßgabe des Begebungsvertrages stimmt der Emittent unwiderruflich jedweder Zustellung im Rahmen von Rechtsstreitigkeiten bezüglich des Begebungsvertrages und der Schuldverschreibungen durch einen Federal Court oder State Court im Bezirk Manhattan, New York, USA, zu und erkennt die Zuständigkeit dieses Federal Court oder State Court an.

Betreffend den Treuhänder (Vertreter der Inhaber)

The Bank of New York Mellon, Niederlassung London ist der Treuhänder nach Maßgabe des Begebungsvertrages. Der Hauptsitz des Treuhänders befindet sich in One Canada Square, London E14 5AL, Vereinigtes Königreich. Bis ein Kündigungsgrund eintritt und fortbesteht, hat der Treuhänder ausschließlich die ausdrücklich im Begebungsvertrag für den Treuhänder festgelegten Pflichten und es dürfen keine anderen Pflichten unterstellt werden. Nach Eintritt eines Kündigungsgrundes, der fortbesteht, wird der Treuhänder seine Pflichten so erfüllen, wie eine gewissenhafte Person ihre Geschäfte ausüben würde. Ein mit dem Treuhänder verbundenes Unternehmen wurde zur Zahlstelle für die Schuldverschreibungen bestellt. Der Treuhänder authentifiziert jede Globalurkunde sowie jede auf den Namen lautende Einzelurkunde nach Maßgabe des Begebungsvertrages. Im Falle des Eintritts eines Kündigungsgrundes, wie in dem Begebungsvertrag definiert, muss der Treuhänder die Inhaber der Schuldverschreibungen nach Maßgabe der Bestimmungen und Ausnahmen des Begebungsvertrages über den Kündigungsgrund informieren. Im Anschluss daran kann der Treuhänder auf Weisung der Inhaber der Schuldverschreibungen (und unter Freistellung durch diese) verschiedene sich aus dem Begebungsvertrag ergebende Rechte und Ansprüche für die Inhaber der Schuldverschreibungen geltend machen. In seiner Funktion als Treuhänder kann der Treuhänder im eigenen Namen für die Inhaber der Schuldverschreibungen rechtliche Schritte einleiten. Der Treuhänder haftet nicht für nach Treu und Glauben vorgenommene Handlungen bzw. unterlassene Handlungen, welche nach seiner Einschätzung nach Maßgabe des Begebungsvertrages zulässig waren. Der Treuhänder ist ferner berechtigt, vor der Vornahme von Handlungen ein Officers' Certificate oder ein Anwaltsgutachten anzufordern und abschließend auf deren Inhalt zu vertrauen. Der Treuhänder wird gemäß dem Begebungsvertrag durch den Emittenten hinsichtlich aller Verluste, Schäden, Ansprüche, Forderungen, Kosten, Auslagen und Haftungstatbestände einschließlich etwaiger Steuern, welche der Treuhänder weder fahrlässig noch vorsätzlich herbeigeführt hat und welche durch die Übernahme der Verwaltung der Treuhand nach Maßgabe des Begebungsvertrages entstanden sind, freigestellt. Der Treuhänder kann zu jedem Zeitpunkt sein Amt aufgeben, indem er den Emittenten hierüber schriftlich informiert. Der Treuhänder kann durch die Inhaber einer Mehrheit des Nennbetrags der Schuldverschreibungen von seiner Aufgabe entbunden werden, indem der Emittent und der Treuhänder hierüber schriftlich informiert werden, und diese Mehrheit der Inhaber kann mit Zustimmung des Emittenten einen Nachfolgetreuhänder bestellen. Ferner kann der Emittent den Treuhänder von seinen Aufgaben entbinden, sofern der Treuhänder insolvent ist oder vergleichbare Umstände in Bezug auf den Treuhänder eingetreten sind oder wenn der Treuhänder nicht mehr in der Lage ist, seine Pflichten aus dem Begebungsvertrag wahrzunehmen.

Gültigkeit von Ansprüchen

Der Zeitraum, in dem die Zahlung von Zinsen, des Kapitalbetrags, des Rückzahlungspreises oder einer anderen nach dem Begebungsvertrag anfallenden Zahlung verlangt werden kann, beträgt sechs Jahre ab Fälligkeit des Anspruchs.

Anwendbares Recht

Der Begebungsvertrag und die Schuldverschreibungen unterliegen dem Recht des Staates New York, USA, und sind entsprechend auszulegen. Die Schuldverschreibungsgarantien unterliegen dem Recht des Staates New York, USA, und sind entsprechend auszulegen, mit Ausnahme der Regelungen betreffend etwaige Beschränkungen, die dem Recht der Bundesrepublik Deutschland unterliegen.

Verschiedene Definitionen

Im nachstehenden Abschnitt bezeichnet „Gesellschaft“ die Fresenius SE & Co. KGaA. Nachstehende Begriffe haben entsprechend ihrer Verwendung in dem Begebungsvertrag jeweils die folgende Bedeutung:

„Anwaltsgutachten“ („*Opinion of Counsel*“) bezeichnet ein für den Treuhänder akzeptables Gutachten eines Anwalts. Der Anwalt kann Mitarbeiter oder Berater des Emittenten sein.

„Ausgabetag“ („*Issue Date*“) ist der erste Tag, an dem Schuldverschreibungen ausgegeben werden.

„*Board of Directors*“ bezeichnet in Bezug auf den Emittenten, die Gesellschaft bzw. eine Tochtergesellschaft das Board of Directors (oder ein anderes Gremium, das Aufgaben ausübt, die mit denen eines Board of Directors vergleichbar sind, einschließlich der Aufgaben, die im Falle einer deutschen Aktiengesellschaft vom Vorstand oder im Falle einer KGaA durch den Komplementär ausgeübt werden) dieser Person oder einen Ausschuss, der ordnungsgemäß ermächtigt wurde, im Namen des Board of Directors (oder Gremiums) zu handeln.

„*Capital Stock*“ eines Rechtsträgers bezeichnet alle Aktien, Anteile, Bezugsrechte, Optionsscheine, Optionen, Beteiligungen oder andere Eigenkapitaläquivalente oder Beteiligungen am Eigenkapital (unabhängig von der jeweiligen Bezeichnung) dieses Rechtsträgers, einschließlich des Preferred Stock, jedoch mit Ausnahme aller in Eigenkapital umwandelbaren Schuldtitel.

„*Cash Management-Vereinbarungen*“ („*Cash Management Arrangements*“) bezeichnet Cash Management-Vereinbarungen (einschließlich Cash-Pools, virtueller Cash-Pools, eigene Aktien, Verwahrungen, Kreditlinien, Kredit- oder Debitkarten, elektronische Zahlungsinstrumente oder andere Vereinbarungen in Bezug auf Zahlungsmittel (einschließlich solcher mit Verfügungsbeschränkung) oder Zahlungsmitteläquivalente oder ähnlicher Vermögenswerte) der Gesellschaft und der mit ihr verbundenen Unternehmen (einschließlich der sich in diesem Rahmen ergebenden Verschuldung), die (i) in den Rahmen des normalen und des mit den bisherigen Praktiken übereinstimmenden Geschäftsbetriebs fallen, (ii) Cash Management-Dienstleistungen bereitstellen sollen, (iii) die Rendite von verfügbaren flüssigen Mitteln erhöhen sollen und zu Anlagezwecken und nicht zu Spekulationszwecken abgeschlossen werden, wie von der Gesellschaft nach Treu und Glauben bestimmt, oder (iv) die Steuergesamtschuld der Gesellschaft und ihrer Tochtergesellschaften reduzieren sollen und für die die Gesellschaft nach Treu und Glauben bestimmt, dass sie in Übereinstimmung mit den anwendbaren Steuerrechten sind.

„*Code*“ bezeichnet den U.S. Internal Revenue Code aus dem Jahr 1986 in der jeweils gültigen Fassung.

„*Disqualified Stock*“ bezeichnet in Bezug auf einen Rechtsträger Capital Stock, welcher gemäß seinen Bedingungen (oder gemäß den Bedingungen eines Wertpapiers, in das er umgewandelt oder gegen das er ausgetauscht werden kann) oder bei Eintritt eines Ereignisses:

- (1) aufgrund einer Verpflichtung zur Tilgung in Teilbeträgen (*sinking fund obligation*) oder aus sonstigen Gründen fällig oder Gegenstand einer Zwangsrücknahme wird;
- (2) in Finanzverbindlichkeiten oder Disqualified Stock umgewandelt oder gegen Finanzverbindlichkeiten oder Disqualified Stock ausgetauscht werden kann; oder
- (3) nach Wahl des jeweiligen Inhabers in seiner Gesamtheit oder in Teilen zurückgegeben werden kann;

jeweils am oder vor dem ersten Jahrestag der Vereinbarten Fälligkeit der Schuldverschreibungen, allerdings unter der Voraussetzung, dass Capital Stock, der nur aufgrund von Bestimmungen Disqualified Stock darstellt, die den jeweiligen Inhabern das Recht gewähren, von dem betreffenden Rechtsträger den Rückkauf oder die Rücknahme dieses Capital Stock bei einem Verkauf aller Einzelwirtschaftsgüter („*Asset Sale*“) oder einem „Kontrollwechsel“ vor dem ersten Jahrestag der Vereinbarten Fälligkeit der Schuldverschreibungen zu verlangen, nicht als Disqualified Stock zu erachten ist, wenn die für diesen Capital Stock geltenden Bestimmungen zu „*Asset Sale*“ oder „Kontrollwechsel“ für die Inhaber dieses Capital Stock nicht günstiger sind als die im Abschnitt „Kontrollwechsel“ beschriebenen Bestimmungen.

„*Durchschnittslaufzeit*“ („*Average Life*“) bezeichnet zum Zeitpunkt der Festlegung in Bezug auf Verschuldung oder Preferred Stock den Quotienten aus:

- (1) der Summe der Produkte aus der Anzahl der Jahre, die zwischen dem Zeitpunkt der Festlegung und den einzelnen nachfolgenden planmäßigen Terminen für die Zahlungen zur Tilgung dieser Verschuldung oder Rückzahlung oder Leistung einer ähnlichen Zahlung in Bezug auf diesen Preferred Stock liegen, und dem Betrag der betreffenden Zahlung, und
- (2) der Summe aus allen diesen Zahlungen.

„€“ oder „Euro“ bezeichnet die gemeinsame Währung der Teilnehmenden Mitgliedstaaten.

„*EBITDA*“ eines Rechtsträgers für einen bestimmten Zeitraum bezeichnet das gesamte Konsolidierte Ergebnis nach Ertragsteuern dieses Rechtsträgers zuzüglich Konsolidiertem Zinsaufwand dieses Rechtsträgers und zuzüglich folgender Posten, soweit diese bei der Berechnung des Konsolidierten Ergebnisses nach Ertragsteuern subtrahiert werden:

- (1) sämtlicher Aufwand für Ertragsteuern dieses Rechtsträgers oder seiner Tochtergesellschaften;
- (2) Abschreibungen auf Sachanlagen;
- (3) Abschreibungen auf immaterielle Vermögensgegenstände, jeweils für den entsprechenden Zeitraum, und
- (4) sonstige nicht liquiditätswirksame Aufwendungen (mit Ausnahme von (1) Restrukturierungsaufwendungen, die zunächst keine Zahlung erfordern, für die jedoch nachträgliche Zahlungen anfallen werden und (2) Aufwendungen, die aus der Rückstellung von Kosten resultieren, die im Rahmen des gewöhnlichen Geschäftsbetriebes entstanden sind, mit Ausnahme von Pensionsverpflichtungen),

jeweils auf konsolidierter Basis in Übereinstimmung mit den Rechnungslegungsgrundsätzen.

Ungeachtet des Vorstehenden werden die Rückstellungen für Steuern auf Einkünfte oder Erträge einer Tochtergesellschaft sowie deren Abschreibungen und sonstige nicht liquiditätswirksame Aufwendungen zur Berechnung des EBITDA zum Konsolidierten Ergebnis nach Ertragsteuern addiert, soweit (und im entsprechenden Umfang) die Nettoerträge dieser Tochtergesellschaft bei der Berechnung des Konsolidierten Ergebnisses nach Ertragsteuern berücksichtigt wurden und sofern ein entsprechender Betrag zum Datum der Bestimmung von der betreffenden Tochtergesellschaft ohne vorherige Zustimmung gemäß den Bedingungen ihrer Gründungsdokumente und sämtlicher für diese Tochtergesellschaft und ihre Anteilsinhaber geltenden Vereinbarungen, Instrumente, Urteile, Gerichtsbeschlüsse, Anordnungen, Statuten, Regelungen und gesetzlichen Bestimmungen (die nicht eingeholt wurde), an diesen Rechtsträger als Dividende ausgeschüttet werden kann.

„*Eingehen*“ („*Incur*“) bezeichnet eine Ausgabe, Übernahme, Garantie oder sonstige Verpflichtung, wobei jedoch eine Verschuldung oder der Capital Stock eines Rechtsträgers zu dem Zeitpunkt als durch eine Tochtergesellschaft eingegangen gilt, zu dem dieser Rechtsträger (durch Verschmelzung, Verfügung, Übernahme oder anderweitig) eine Tochtergesellschaft wird. Das Verb „*eingehen*“ hat die entsprechende Bedeutung. Zuwächse der Nennbeträge aus nicht verzinslichen oder sonstigen mit einem Abschlag erworbenen Wertpapieren gelten als Eingehen von Verschuldung.

„*Exchange Act*“ bezeichnet den U.S. Securities Exchange Act von 1934 in seiner jeweils geltenden Fassung.

„*FATCA*“ bezeichnet die Sections 1471 bis 1474 des Code, die hierunter fallenden Regelungen und offiziellen Auslegungen davon, Vereinbarungen gemäß Section 1471(b) des Code, oder Steuergesetzgebung oder regulatorische Gesetze, Regelungen oder Praktiken nach Maßgabe einer zwischenstaatlichen Vereinbarung, die diese Sections des Code umsetzen.

„*Finanzierungsleasingverpflichtung*“ („*Capital Lease Obligation*“) bezeichnet eine Verpflichtung, die für die Zwecke der Finanzberichterstattung gemäß der Rechnungslegungsgrundsätze als Finanzierungsleasing (*capital lease*) zu klassifizieren und zu bilanzieren ist und der Betrag der Verschuldung, für den diese Verpflichtung steht, ist der nach den Rechnungslegungsgrundsätzen ermittelte aktivierte Betrag; als deren Vereinbarte Fälligkeit gilt das Datum der letzten Zahlung der Miete oder eines anderen gemäß diesem Leasingvertrag fälligen Betrags vor dem ersten Datum, an dem dieses Leasingverhältnis vom Leasingnehmer ohne Zahlung einer Vertragsstrafe beendet werden kann.

„*Finanzierungstochtergesellschaft*“ („*Finance Subsidiary*“) bezeichnet den Emittenten und jede andere 100%ige Tochtergesellschaft der Gesellschaft, die zum Zweck der Aufnahme von oder Garantie für Verschuldung gegründet wurde, und deren Geschäftstätigkeit ähnlichen Beschränkungen unterliegt, wie die des Emittenten.

„*Fitch*“ bezeichnet Fitch, Inc. und ihre Rechtsnachfolger.

„*FMC AG & Co. KGaA*“ bezeichnet die Fresenius Medical Care AG & Co. KGaA (oder einen Rechtsnachfolger), jedoch keine ihrer Tochtergesellschaften.

„*FSE EBITDA*“ bezeichnet den EBITDA für die Gesellschaft, jedoch für die Zwecke dieser Definition ohne Berücksichtigung des Ergebnisses der FMC AG & Co. KGaA und ihrer Tochtergesellschaften bei der Berechnung des Konsolidierten Zinsaufwands, des Konsolidierten Ergebnisses nach Ertragsteuern und des EBITDA (jedoch zur Klarstellung einschließlich der von der FMC AG & Co. KGaA in dem maßgeblichen Zeitraum an die Gesellschaft oder eine ihrer Tochtergesellschaften (außer der FMC AG & Co. KGaA und ihrer Tochtergesellschaften) tatsächlich gezahlten Ausschüttungen). Dabei gilt jedoch Folgendes:

- (1) Wenn die Gesellschaft oder eine ihrer Tochtergesellschaften (außer der FMC AG & Co. KGaA und ihrer Tochtergesellschaften) seit Beginn dieses Zeitraums eine Vermögensübertragung vorgenommen haben, ist der EBITDA für diesen Zeitraum um einen Betrag zu reduzieren, der dem den von der Vermögensübertragung betroffenen Vermögenswerten für diesen Zeitraum direkt zuzuordnenden EBITDA (falls positiv) entspricht, bzw. ist der EBITDA um einen Betrag zu erhöhen, der dem entsprechend für diesen Zeitraum direkt zuzuordnenden EBITDA (falls negativ) entspricht;
- (2) Wenn die Gesellschaft oder eine ihrer Tochtergesellschaften (außer der FMC AG & Co. KGaA und ihrer Tochtergesellschaften) seit Beginn dieses Zeitraums (durch Verschmelzung oder auf andere Weise) ein Investment in eine Tochtergesellschaft (oder einen Rechtsträger, der eine Tochtergesellschaft wird) oder einen Erwerb von Vermögenswerten, einschließlich dem Erwerb von Vermögenswerten im Rahmen einer Transaktion, die eine diesbezügliche Berechnung verlangt, und die den gesamten oder im Wesentlichen den gesamten operativen Bereich eines Unternehmens bilden, vorgenommen haben, muss der EBITDA für diesen Zeitraum unter der Annahme berechnet werden, dass das Investment oder der Erwerb am ersten Tag dieses Zeitraums erfolgt ist; und
- (3) Wenn seit Beginn dieses Zeitraums die Gesellschaft oder eine ihrer Tochtergesellschaften (außer der FMC AG & Co. KGaA und ihrer Tochtergesellschaften) (die anschließend eine Tochtergesellschaft wurde oder die seit Beginn dieses Zeitraums mit der Gesellschaft oder einer ihrer Tochtergesellschaften verschmolzen wurde) eine Vermögensübertragung, ein Investment oder den Erwerb von Vermögenswerten vorgenommen hat, wodurch eine Anpassung gemäß vorstehender Ziffer (1) oder (2) erforderlich gewesen wäre, wenn die Gesellschaft oder eine ihrer Tochtergesellschaften diese Aktivitäten während dieses Zeitraums vorgenommen hätte, muss die Berechnung des EBITDA für diesen Zeitraum unter der Annahme erfolgen, dass die Vermögensübertragung, das Investment oder der Erwerb jeweils am ersten Tag dieses Zeitraums erfolgt ist.

Für die Zwecke dieser Definition (jedoch, zur Klarstellung, nicht für die Zwecke anderer definierter Begriffe, die in dieser Definition verwendet werden) gilt Folgendes: Sofern und soweit Pro-forma-Effekte in Bezug auf den Erwerb von Vermögenswerten oder den diesbezüglichen Ertrag oder Gewinn mit bestimmten Annahmen zu berücksichtigen sind, so sind die auf Basis dieser Annahmen erfolgten Berechnungen nach Treu und Glauben durch einen zuständigen Finanz- bzw. Rechnungslegungsexperten der Gesellschaft vorzunehmen.

„*Fortbestehender Rechtsträger*“ („*Surviving Person*“) bezeichnet in Bezug auf einen Rechtsträger, der in eine Verschmelzung oder einen sonstigen Zusammenschluss oder in den Verkauf, die Abtretung, Übertragung, das Leasing oder die anderweitige Veräußerung aller oder im Wesentlichen aller seiner Vermögenswerte involviert ist, den Rechtsträger, der aus einer solchen Transaktion hervorgeht oder danach verbleibt, oder den Rechtsträger, an den eine entsprechende Veräußerung erfolgt.

„*Garantie*“ („*Guarantee*“) bezeichnet jede Eventual- oder sonstige Verpflichtung eines Rechtsträgers, die eine direkte oder indirekte Garantie für eine Verschuldung oder sonstige Verpflichtung eines Rechtsträgers darstellt (mit Ausnahme von Verpflichtungen von Tochtergesellschaften, die keine Verschuldung darstellen) sowie sämtliche direkten oder indirekten Eventual- oder sonstigen Verpflichtungen dieses Rechtsträgers:

- (1) zum Erwerb oder zur Zahlung (oder Vorleistung bzw. Bereitstellung von Mitteln für den Kauf oder die Zahlung) dieser Verschuldung oder einer sonstiger Verpflichtungen dieses Rechtsträgers (aus Partnerschaftsvereinbarungen, Patronatserklärungen, Kaufvereinbarungen für Vermögensgegenstände, Güter, Wertpapiere oder Dienstleistungen, Take-or-Pay-Verträgen oder im Rahmen der Einhaltung der Bilanzierungsvorschriften oder anderweitig), oder
- (2) eingegangen zum Zwecke von Zusicherungen jedweder Art gegenüber dem Begünstigten in Bezug auf diese Verschuldung oder eine sonstige Verpflichtung zur jeweiligen Zahlung bzw. zum Zwecke des Schutzes des Begünstigten vor diesbezüglichen (Teil- oder Total-) Verlusten;

wobei jedoch der Begriff „Garantie“ keine Verpflichtungen in Bezug auf Indossamente und Einlagen im Rahmen des normalen Geschäftsbetriebs umfasst. Das Verb „garantieren“ hat die entsprechende Bedeutung. Der Begriff „Garantiegeber“ bezeichnet einen eine Verpflichtung garantierenden Rechtsträger.

„*Garantiegeber*“ („*Guarantor*“) bezeichnet die Gesellschaft, Fresenius Kabi AG und Fresenius ProServe GmbH, sofern sie nicht gemäß den Bestimmungen des Begebungsvertrages von allen ihren Verpflichtungen aus ihrer jeweiligen Schuldverschreibungsgarantie befreit ist.

„*Garantiegebende Tochtergesellschaft*“ („*Subsidiary Guarantor*“) bezeichnet eine Person, die den Begebungsvertrag unterzeichnet oder die in Zukunft einen Nachtrag zu dem Begebungsvertrag unterzeichnet, in dem sie sich verpflichtet, als garantierende Tochtergesellschaft an die Bestimmungen des Begebungsvertrages gebunden zu sein.

„Garantievereinbarung“ („*Guarantee Agreement*“) bezeichnet in Zusammenhang mit einer Zusammenführung, Verschmelzung oder einer Veräußerung aller oder einen wesentlichen Teil aller Vermögenswerte des Garantiegebers eine Vereinbarung, im Rahmen derer der Fortbestehende Rechtsträger aus einer Transaktion ausdrücklich alle Verbindlichkeiten des betreffenden Garantiegebers aus der Schuldverschreibungsgarantie übernimmt.

„Geschäftstag“ („*Business Day*“) ist jeder Tag mit Ausnahme der folgenden Tage:

- (1) Samstag und Sonntag,
- (2) ein Tag, an dem die Banken in New York oder in der Rechtsordnung der Gründung des Emittenten oder des Sitzes der Zahlstelle für die Schuldverschreibungen (es sei denn, es handelt sich um den Treuhänder) von Gesetzes wegen oder aufgrund einer hoheitlichen Verfügung befugt oder verpflichtet sind, geschlossen zu bleiben,
- (3) soweit es nicht Zahlungen der Zahlstelle (es sei denn, es handelt sich um den Treuhänder) betrifft, die auf oder in Hinsicht auf Schuldverschreibungen vorgenommen wurden: ein Tag, an dem das Büro des Treuhänders geschlossen ist.

„Hedging-Verpflichtungen“ („*Hedging Obligations*“) eines Rechtsträgers bezeichnen die Verpflichtungen dieses Rechtsträgers im Rahmen einer Zinssatzvereinbarung, einer Währungsvereinbarung oder einer Wertpapier-Hedging-Vereinbarung.

„HELIOS-Gruppe“ („*Helios Group*“) bezeichnet die HELIOS Kliniken GmbH und ihre Tochtergesellschaften.

„Herabstufung“ („*Ratings Decline*“) bezeichnet (1), wenn die Schuldverschreibungen am Ratingdatum sowohl durch (i) Moody's als auch durch (ii) S&P als auch durch (iii) Fitch mit Investment Grade bewertet sind, eine Herabstufung des Ratings der Schuldverschreibungen durch zwei der drei Ratingagenturen auf unter Investment Grade, oder (2), wenn die Schuldverschreibungen am Ratingdatum von zwei der drei Ratingagenturen unter Investment Grade bewertet sind, eine Herabstufung des Ratings der Schuldverschreibungen durch eine dieser Ratingagenturen um eine oder mehrere Stufen (einschließlich Untergliederungen innerhalb von sowie zwischen Ratingkategorien), jeweils innerhalb von 90 Tagen nach dem Datum, an dem entweder ein eingetretener Kontrollwechsel oder eine eingetretene Transaktion, die einen Kontrollwechsel zur Folge hat, erstmals öffentlich bekannt gegeben wird — je nachdem, welches dieser Ereignisse früher eintritt (wobei sich dieser Zeitraum entsprechend verlängert, wenn eine der Ratingagenturen öffentlich bekannt gegeben hat, dass sie eine mögliche Herabstufung der Schuldverschreibungen prüft).

„100% ige Tochtergesellschaft“ („*Wholly Owned Subsidiary*“) bezeichnet eine Tochtergesellschaft, deren gesamter Capital Stock (ausgenommen Pflichtanteile der Mitglieder des Board of Directors sowie von anderen Rechtsträgern gehaltene Anteile, soweit solche Anteile gemäß geltenden Rechtsvorschriften von einem anderen Rechtsträger gehalten werden müssen, der nicht ihre Muttergesellschaft oder eine Tochtergesellschaft ihrer Muttergesellschaft ist) von dem betreffenden Rechtsträger oder einer oder mehreren 100%igen Tochtergesellschaften des betreffenden Rechtsträgers oder von dem betreffenden Rechtsträger und einer oder mehreren seiner 100%igen Tochtergesellschaften gehalten wird.

„Investment“ in einen Rechtsträger bezeichnet direkte oder indirekte Darlehen (bei denen es sich nicht um Forderungen gegen Kunden im Rahmen des normalen Geschäftsbetriebs handelt, die in der Bilanz dieses Rechtsträgers unter den Forderungen ausgewiesen werden), andere Formen der Kreditgewährung (u.a. in Form einer Garantie oder ähnlicher Vereinbarungen), Kapitaleinlagen (durch Übertragung von Liquidität oder sonstigem Vermögen auf Dritte oder durch Bezahlung für Vermögensgegenstände oder Dienstleistungen für Rechnung oder Nutzung Dritter) oder den Erwerb bzw. die Übernahme von Capital Stock, Finanzverbindlichkeiten oder anderen ähnlichen von diesem Rechtsträger begebenen Instrumenten, wobei Darlehen und andere Formen der Kreditgewährung im Rahmen der Cash Management-Vereinbarungen nicht als Investments gelten.

„Investment Grade“ bezeichnet ein Rating von (i) ein Rating von BBB- oder höher von S&P bzw. (ii) Baa3 oder höher von Moody's und (iii) ein Rating von BBB- oder höher von Fitch, oder ein entsprechendes Rating von S&P oder Moody's oder Fitch sowie entsprechende Ratingkategorien von S&P oder Moody's oder Fitch ersetzenden Ratingagenturen.

„Investment Grade Status“ haben die Schuldverschreibungen dann, wenn zu diesem Zeitpunkt zwei der folgenden drei Bedingungen erfüllt sind: (i) das den Schuldverschreibungen von Moody's erteilte Rating beträgt mindestens Baa3 (oder eine entsprechende Ratingstufe), (ii) das den Schuldverschreibungen von S&P erteilte Rating beträgt mindestens BBB- (oder eine entsprechende Ratingstufe) oder (iii) das den Schuldverschreibungen von Fitch erteilte Rating beträgt mindestens BBB- (oder eine entsprechende Ratingstufe) oder jeweils eine entsprechende Kategorie einer Rating-Agentur, die an die Stelle von S&P, Moody's oder Fitch tritt.

„Kapitalmarktverbindlichkeit“ („*Capital Markets Indebtedness*“) bezeichnet jede gegenwärtige oder zukünftige Verpflichtung zur Zahlung oder Rückzahlung von Geld im Rahmen von Schuldverschreibungen, Schuldtiteln, Anleihen oder sonstigen ähnlichen Instrumenten, die an einer Börse oder einem anderen anerkannten Wertpapiermarkt oder nicht regulierten Markt oder dem OTC-Handel zugelassen sind oder gehandelt werden oder zugelassen oder gehandelt werden können. Die Bezeichnung „Kapitalmarktverbindlichkeit“ („*Capital Markets Indebtedness*“) enthält nicht – um Zweifel auszuschließen – eine Verbindlichkeit, die an institutionelle Investoren im Rahmen einer Direktplatzierung begeben wird, wenn diese Verbindlichkeit nicht von einem Zwischenhändler weiterverkauft wird (wobei davon auszugehen ist, dass, ohne die vorhergehenden Ausführungen zu beschränken, eine Finanzierung, die an nicht mehr als zehn Personen verteilt wird (vorausgesetzt, dass mehrfach geführte Konten und Tochtergesellschaften einer solchen Person als eine Person für die Zwecke dieser Definition behandelt werden) als nicht auf diese Weise unterzeichnet oder weiterverkauft gilt), oder jede Verbindlichkeit gemäß dem 2013 Senior Credit Agreement (jeweils wie angepasst oder ersetzt), Finanzierungsleasing oder Übertragung eines finanziellen Vermögenswerts oder eine andere Art der Verschuldung, die auf eine Weise eintritt, die nicht üblicherweise als Angebot von Wertpapieren angesehen wird.

„KGaA“ bezeichnet eine Kommanditgesellschaft auf Aktien nach deutschem Recht.

„Komplementär“ („*General Partner*“) bezeichnet die Fresenius Management SE, eine *societas europaea* nach deutschem Recht, sowie ihre Nachfolger, Abtretungsempfänger und sonstige Rechtsträger, die zum jeweiligen Zeitpunkt als persönlich haftender Gesellschafter der Gesellschaft auftreten.

„Konsolidierter Zinsdeckungsgrad“ („*Consolidated Coverage Ratio*“) eines Rechtsträgers an einem Bestimmungszeitpunkt ist das Verhältnis zwischen (x) dem EBITDA oder im Fall der Gesellschaft, FSE EBITDA, für die letzten vier vollständigen Geschäftsquartale dieses Rechtsträgers, für die unmittelbar vor diesem Bestimmungszeitpunkt interne Abschlüsse zur Verfügung stehen, und (y) dem Konsolidierten Zinsaufwand für diese vier Geschäftsquartale. Dabei gilt jedoch Folgendes:

- (1) Wenn dieser Rechtsträger oder eine seiner Tochtergesellschaften seit Beginn eines solchen Zeitraums Verschuldung eingegangen ist, zurückgezahlt, zurückgekauft, aufgehoben oder anderweitig erfüllt hat (jeweils mit Ausnahme von Verschuldung im Rahmen revolvingender Kreditvereinbarungen, sofern diese Verschuldung nicht vollständig zurückgezahlt wurden und die entsprechende Vereinbarung damit beendet wurde), die danach noch weiterbesteht oder damit erfüllt ist, oder wenn die Berechnung des Konsolidierten Zinsdeckungsgrads erforderlich machende Transaktion das Eingehen oder die Erfüllung von Verschuldung oder beides darstellt, dann müssen der EBITDA und der Konsolidierte Zinsaufwand für diesen Zeitraum unter Pro-forma-Berücksichtigung dieser Verschuldung berechnet werden, in dem unterstellt wird, dass die Verschuldung am ersten Tag dieses Zeitraums eingegangen oder erfüllt worden sind, bzw. in Bezug auf sonstige Verschuldung, dass diese Verschuldung am ersten Tag dieses Zeitraums eingegangen oder erfüllt worden sind;
- (2) Wenn ein solcher Rechtsträger oder seine Tochtergesellschaften seit Beginn dieses Zeitraums eine Vermögensübertragung vorgenommen haben, ist der EBITDA für diesen Zeitraum um einen Betrag zu reduzieren, der dem den von der Vermögensübertragung betroffenen Vermögenswerten für diesen Zeitraum direkt zuzuordnenden EBITDA (falls positiv) entspricht, bzw. ist der EBITDA um einen Betrag zu erhöhen, der dem entsprechend für diesen Zeitraum direkt zuzuordnenden EBITDA (falls negativ) entspricht; der Konsolidierte Zinsaufwand für diesen Zeitraum ist um einen Betrag zu reduzieren, der dem Konsolidierten Zinsaufwand entspricht, der Finanzverbindlichkeiten dieses Rechtsträgers oder seiner Tochtergesellschaften direkt zuzuordnen ist, die in Bezug auf diesen Rechtsträger und seine fortgeführten Tochtergesellschaften in Verbindung mit der Vermögensübertragung in diesem Zeitraum zurückgezahlt, zurückgekauft, annulliert oder anderweitig erfüllt wurden (oder, wenn der Capital Stock einer Tochtergesellschaft verkauft wurde, der Konsolidierte Zinsaufwand für diesen Kreditzeitraum, der direkt den Finanzverbindlichkeiten dieser Tochtergesellschaft zuzuordnen ist, soweit dieser Rechtsträger und seine fortgeführten Tochtergesellschaften nach der Vermögensübertragung nicht länger für diese Finanzverbindlichkeiten haften);
- (3) Wenn ein solcher Rechtsträger oder seine Tochtergesellschaften seit Beginn dieses Zeitraums (durch Verschmelzung oder auf andere Weise) ein Investment in eine Tochtergesellschaft (oder einen Rechtsträger, der eine Tochtergesellschaft wird) oder einen Erwerb von Vermögenswerten, die den gesamten oder im Wesentlichen den gesamten operativen Bereich eines Unternehmens bilden, vorgenommen haben, müssen der EBITDA und der Konsolidierte Zinsaufwand für diesen Zeitraum unter der Annahme berechnet werden, dass das Investment oder der Erwerb (einschließlich des Eingehens von Verschuldung) am ersten Tag dieses Zeitraums erfolgt ist; und
- (4) Wenn ein Rechtsträger (der anschließend eine Tochtergesellschaft wurde oder der seit Beginn dieses Zeitraums mit einem solchen Rechtsträger oder einer seiner Tochtergesellschaften verschmolzen wurde) seit Beginn dieses

Zeitraums eine Vermögensübertragung, ein Investment oder den Erwerb von Vermögenswerten vorgenommen hat, wodurch eine Anpassung gemäß vorstehender Ziffer (2) oder (3) erforderlich, muss die Berechnung des EBITDA und des Konsolidierten Zinsaufwands für diesen Zeitraum unter der Annahme erfolgen, dass die Vermögensübertragung, das Investment oder der Erwerb jeweils am ersten Tag dieses Zeitraums erfolgt ist.

Für die Zwecke dieser Definition (jedoch, zur Klarstellung, nicht für die Zwecke anderer definierter Begriffe, die in dieser Definition verwendet werden) gilt Folgendes: Sofern und soweit Pro-forma-Effekte in Bezug auf den Erwerb von Vermögenswerten, den diesbezüglichen Ertrag oder Gewinn und den mit diesbezüglich eingegangenen Finanzverbindlichkeiten verbundenen Konsolidierten Zinsaufwand mit bestimmten Annahmen zu berücksichtigen sind, so sind die auf Basis dieser Annahmen erfolgten Berechnungen nach Treu und Glauben durch einen zuständigen Finanz- bzw. Rechnungslegungsexperten der Gesellschaft vorzunehmen. Wenn Finanzverbindlichkeiten einem variablen Zinssatz unterliegen und pro forma berücksichtigt werden sollen, wird der Zinssatz für diese Finanzverbindlichkeiten so berechnet, als sei der zum Bestimmungszeitpunkt geltende Zinssatz für den gesamten Zeitraum anwendbar gewesen (unter Berücksichtigung von für diese Finanzverbindlichkeiten geltenden Zinssatzvereinbarungen, wenn diese eine Restlaufzeit von mehr als 12 Monaten aufweisen).

„Konsolidiertes Ergebnis nach Ertragsteuern“ („Consolidated Net Income“) bezeichnet in Bezug auf einen Rechtsträger für einen beliebigen Zeitraum das Ergebnis nach Ertragssteuern für diesen Rechtsträger (der „Maßgebliche Rechtsträger“) und seine konsolidierten Tochtergesellschaften, jeweils auf konsolidierter Basis in Übereinstimmung mit den Rechnungslegungsgrundsätzen; wobei in diesem Ergebnis nach Ertragsteuern jedoch nicht zu erfassen sind:

- (1) das Ergebnis nach Ertragsteuern eines Rechtsträgers, der keine Tochtergesellschaft ist, es sei denn, dass (A) der Eigenkapitalanteil des Maßgeblichen Rechtsträgers am Ergebnis nach Ertragsteuern dieses Rechtsträgers für diesen Zeitraum vorbehaltlich der Ausnahmeregelung in (4) bis in Höhe des Gesamtbarbetrags, der von diesem Rechtsträger in diesem Zeitraum tatsächlich als Dividende oder sonstige Ausschüttung an den Maßgeblichen Rechtsträger oder eine Tochtergesellschaft des Maßgeblichen Rechtsträgers ausgezahlt wird, in dem Konsolidierten Ergebnis nach Ertragsteuern zu erfassen ist (vorbehaltlich der Beschränkungen in (3) im Falle einer an eine Tochtergesellschaft gezahlten Dividende oder sonstigen Ausschüttung) und dass (B) der Eigenkapitalanteil des Maßgeblichen Rechtsträgers an einem Nettoverlust eines solchen Rechtsträgers für diesen Zeitraum bei der Ermittlung des Konsolidierten Ergebnisses nach Ertragsteuern zu erfassen ist,
- (2) das Ergebnis nach Ertragsteuern (oder der Nettoverlust) eines Rechtsträgers, der von dem Maßgeblichen Rechtsträger oder einer Tochtergesellschaft in einer organschaftlichen Transaktion übernommen wurde, für einen beliebigen Zeitraum vor dem Tag der Übernahme,
- (3) das Ergebnis nach Ertragsteuern einer Tochtergesellschaft des Maßgeblichen Rechtsträgers, wenn diese Tochtergesellschaft direkt oder indirekt vertraglichen, behördlichen oder regulatorischen Beschränkungen unterliegt, welche direkt oder indirekt die Zahlung von Dividenden oder Ausschüttungen an den Maßgeblichen Rechtsträger durch die Tochtergesellschaft betreffen, es sei denn, dass (A) der Eigenkapitalanteil des Maßgeblichen Rechtsträgers am Ergebnis nach Ertragsteuern einer solchen Tochtergesellschaft für diesen Zeitraum vorbehaltlich der Ausnahmeregelung in (4) bis in Höhe des Gesamtbarbetrags, der von dieser Tochtergesellschaft in diesem Zeitraum tatsächlich als Dividende oder sonstige Ausschüttung tatsächlich an den Maßgeblichen Rechtsträger oder eine andere seiner Tochtergesellschaften ausgezahlt wird, in dem Konsolidierten Ergebnis nach Ertragsteuern zu erfassen ist (vorbehaltlich der Beschränkungen in (3) im Falle einer an eine andere Tochtergesellschaft gezahlten Dividende oder sonstigen Ausschüttung) und dass (B) der Eigenkapitalanteil des Maßgeblichen Rechtsträgers an einem Nettoverlust einer solchen Tochtergesellschaft für diesen Zeitraum bei der Ermittlung des Konsolidierten Ergebnisses nach Ertragsteuern zu erfassen ist,
- (4) Gewinne oder Verluste, die beim Verkauf oder der anderweitigen Veräußerung von Vermögenswerten des Maßgeblichen Rechtsträgers oder seiner konsolidierten Tochtergesellschaften realisiert werden (einschließlich der im Rahmen von Sale- und Lease-back-Transaktionen realisierten) und die nicht im Rahmen des gewöhnlichen Geschäftsbetriebes verkauft oder anderweitig veräußert werden, sowie Gewinne und Verluste, die beim Verkauf oder der anderweitigen Veräußerung eines Capital Stock eines Rechtsträgers realisiert werden,
- (5) außerordentliche Gewinne oder Verluste, und
- (6) der kumulative Effekt einer Änderung der Bilanzierungsgrundsätze,

jeweils auf konsolidierter Basis in Übereinstimmung mit den Rechnungslegungsgrundsätzen.

„Konsolidierter Zinsaufwand“ („*Consolidated Interest Expense*“) bezeichnet in Bezug auf einen Rechtsträger für einen beliebigen Zeitraum den gesamten Zinsaufwand dieses Rechtsträgers (der „Maßgebliche Rechtsträger“) und seiner konsolidierten zuzüglich, soweit nicht in dem gesamten Zinsaufwand enthalten, aber vom Maßgeblichen Rechtsträger oder seinen Tochtergesellschaften eingegangen,

- (1) des auf Finanzierungsleasing entfallenden Zinsaufwands,
- (2) Abschreibungen auf Disagio und Emissionskosten,
- (3) kapitalisierter Zinsen,
- (4) der nicht liquiditätswirksamen Zinsaufwendungen,
- (5) Provisionen, Abschlagszinsen und sonstiger Gebühren und Aufwendungen, die in Bezug auf Akkreditive und Bankakzepte geschuldet werden,
- (6) Nettokosten in Verbindung mit Hedging-Verpflichtungen (einschließlich Abschreibungen auf Gebühren),
- (7) Dividenden auf Preferred Stock in Bezug auf das gesamte Preferred Stock, welches von anderen Rechtsträgern als dem Maßgeblichen Rechtsträger oder einer Tochtergesellschaft des Maßgeblichen Rechtsträgers gehalten wird,
- (8) im Zusammenhang mit Investments in aufgegebenen Geschäftsbereichen aufgelaufener Zinsen,
- (9) Zinsen, die für beliebige Finanzverbindlichkeiten anderer Rechtsträger auflaufen, soweit diese Finanzverbindlichkeiten vom Maßgeblichen Rechtsträger oder einer seiner Tochtergesellschaften garantiert werden, und
- (10) der Bareinlagen in ein Mitarbeiterkapitalbeteiligungsmodell oder einen ähnlichen Trust, soweit solche Einlagen von diesem Modell oder Trust verwendet werden, um einem Rechtsträger (bei dem es sich nicht um den Maßgeblichen Rechtsträger handelt) Zinsen oder Gebühren im Zusammenhang mit diesem Modell oder Trust eingegangenen Finanzverbindlichkeiten zu zahlen,

jeweils auf konsolidierter Basis in Übereinstimmung mit den Rechnungslegungsgrundsätzen.

Ungeachtet des Vorstehenden ist der Konsolidierte Zinsaufwand der FMC AG & Co. KGaA und ihrer Tochtergesellschaften bei der Berechnung des Konsolidierten Zinsaufwands der Gesellschaft und ihrer Tochtergesellschaften auszuklammern.

„Kontrollwechsel“ („*Change of Control*“) bezeichnet den Eintritt eines oder mehrerer der folgenden Ereignisse:

- (1) Solange die Gesellschaft die Rechtsform einer KGaA hat: Wenn es sich bei dem mit der Führung der Gesellschaft beauftragten Komplementär der Gesellschaft zu irgendeinem Zeitpunkt nicht um eine Tochtergesellschaft der Else Kröner-Fresenius-Stiftung handelt oder wenn die Else Kröner-Fresenius-Stiftung nicht mehr als 10 % der stimmberechtigten Kapitalanteile (*capital stock with ordinary voting power*) der Gesellschaft besitzt und kontrolliert,
- (2) wenn die Gesellschaft nicht mehr die Rechtsform einer KGaA hat: Ein Ereignis, in dessen Folge (A) eine „Person“ (*person*) oder „Gruppe“ (*group*) (gemäß der Verwendung dieser Begriffe in den Sections 13(d) und 14(d) des Exchange Act) mit Ausnahme des Zulässigen Inhabers unmittelbar oder mittelbar wirtschaftlicher Eigentümer (*beneficial owner*, gemäß der Bedeutung in Rule 13d-3 und 13d-5 des Exchange Act, wobei diese Person oder Gruppe als wirtschaftlicher Eigentümer aller Gesellschaftsanteile zu erachten ist, die von einer solchen Person oder Gruppe erworben werden dürfen, unabhängig davon, ob dieses Erwerbsrecht unmittelbar oder erst nach einer gewissen Zeit ausgeübt werden darf) von mehr als 35 % aller Stimmrechte des stimmberechtigten Kapitals der Gesellschaft ist oder wird und (B) sich nicht unmittelbar oder mittelbar ein insgesamt höherer prozentualer Anteil an der Gesamtheit der Stimmrechte des Voting Stock der Gesellschaft im wirtschaftlichen Eigentum (*beneficially own*, gemäß der Bedeutung in den Rules 13d-3 und 13d-5 des Exchange Act) des Zulässigen Inhabers befindet, oder
- (3) ein Verkauf, ein Leasing, ein Tausch oder eine sonstige Übertragung (im Rahmen einer einzigen Transaktion oder einer Reihe miteinander zusammenhängender Transaktionen) aller oder aller wesentlichen Vermögenswerte der

Gesellschaft an einen bzw. mit einem Rechtsträger oder eine(r) Gruppe verbundener Rechtsträger im Sinne von Section 13(d) des Exchange Act (eine „Gruppe“) zusammen mit deren Verbundenen Unternehmen (unabhängig davon, ob dies ansonsten unter Einhaltung der Bestimmungen des Begebungsvertrages erfolgt).

„Kontrollwechselereignis“ („*Change of Control Triggering Event*“) ist der Eintritt eines der in Ziffer (1), (2) oder (3) der Definition von „Kontrollwechsel“ genannten Ereignisse und eine Herabstufung.

„Kreditvereinbarung 2013“ („*2013 Senior Credit Agreement*“) bezeichnet die Kreditvereinbarung vom 20. Dezember 2012 (in der jeweils neugefassten, geänderten, erweiterten, verlängerten und/oder ergänzten Fassung oder wie jeweils refinanziert oder ersetzt) zwischen der Gesellschaft, Deutsche Bank AG, New York Branch, als Verwaltungsstelle und den anderen darin genannten Kreditnehmern, Garanten und Kreditgebern.

„Kündigungstatbestand“ („*Default*“) bezeichnet ein Ereignis, das ein Kündigungsgrund (wie hierin definiert) ist oder nach Mitteilung oder Zeitablauf oder bei dem ein Kündigungsgrund wäre.

„Moody’s“ bezeichnet Moody’s Investors Service, Inc. und deren Nachfolger.

„Nachrangige Verpflichtung“ („*Subordinated Obligation*“) bezeichnet eine (am Ausgabetag ausstehende oder danach eingegangene) Verschuldung des Emittenten oder der Gesellschaft, die gemäß den Bedingungen einer schriftlichen Vereinbarung gegenüber den Schuldverschreibungen bezüglich der Zahlungsansprüche nachrangig (*subordinate or junior*) ist.

„Officers’ Certificate“ bezeichnet eine von zwei Zuständigen Officern des Emittenten, der Gesellschaft oder eines Garantiegebers unterzeichnete Bescheinigung.

„Preferred Stock“ bezeichnet in Bezug auf den Capital Stock einer Kapitalgesellschaft Capital Stock beliebiger Gattungen (unabhängig von deren Bezeichnung), welcher bei der Dividendenausschüttung oder der Auskehrung eines Liquidationserlöses bei Abwicklung oder Auflösung dieser Gesellschaft durch Gesellschafterbeschluss oder aber durch Gläubiger- oder Gerichtsbeschluss gegenüber einer anderen Aktiengattung dieser Gesellschaft bevorzugt ist.

„Ratingagenturen“ („*Rating Agencies*“) bezeichnet:

- (1) S&P,
- (2) Moody’s, und
- (3) Fitch, oder
- (4) sofern S&P oder Moody’s oder Fitch bzw. alle drei kein Rating der Schuldverschreibungen veröffentlichen, eine oder mehrere von der Gesellschaft ausgewählte europaweit anerkannte Ratingagentur(en), die S&P oder Moody’s oder Fitch bzw. alle drei ersetzt bzw. ersetzen.

„Ratingdatum“ („*Rating Date*“) bezeichnet das Datum 90 Tage vor (1) einem Kontrollwechsel oder (2) der öffentlichen Bekanntgabe eines bereits eingetretenen Kontrollwechsels bzw. durch die Gesellschaft oder einen Rechtsträger beabsichtigten Kontrollwechsels, je nachdem, welches dieser Ereignisse früher eintritt.

„Ratingkategorie“ („*Rating Category*“) bezeichnet:

- (1) in Bezug auf S&P eine der folgenden Kategorien: BB, B, CCC, CC, C und D (bzw. entsprechende Nachfolgekategorien);
- (2) in Bezug auf Moody’s eine der folgenden Kategorien: Ba, B, Caa, Ca, C und D (bzw. entsprechende Nachfolgekategorien);
- (3) in Bezug auf Fitch eine der folgenden Kategorien: BB, B, CCC, CC, C und D (bzw. entsprechende Nachfolgekategorien);
- (4) eine diesen Kategorien von S&P oder Moody’s oder Fitch entsprechende Ratingkategorie einer anderen Ratingagentur. Bei der Bestimmung, ob das Rating der Schuldverschreibungen um eine oder mehrere Stufen herabgestuft wurde, werden die jeweiligen Ratingkategorien weiter untergliedernde Zusätze („+“ und „-“ bei S&P,,

„1“, „2“ und „3“ bei Moody's, „+“ und „-“ bei Fitch bzw. entsprechende Zusätze anderer Ratingagenturen) berücksichtigt (z.B. entspricht bei S&P eine Ratingänderung von BB+ auf BB oder von BB- auf B+ jeweils einer Herabstufung um eine Stufe).

„Rechnungslegungsgrundsätze“ („*Accounting Principles*“) bezeichnet U.S. GAAP oder, wenn diese von der Gesellschaft übernommen und dies dem Treuhänder mitgeteilt wurde, IFRS, oder andere Rechnungslegungsstandards, die nach der Rechtsordnung, unter der die Gesellschaft organisiert ist, zulässig sind, von den zuständigen regulatorischen oder anderen Rechnungslegungsstellen dieser Rechtsordnung genehmigt wurden und international allgemein anerkannt sind und, im Falle von IFRS oder anderen Rechnungslegungsstandards, in der jeweils gültigen Fassung.

„Rechtsträger“ („*Person*“) bezeichnet eine natürliche Person, Kapitalgesellschaft, Personengesellschaft, ein Joint Venture, einen Trust, eine Organisation ohne eigene Rechtspersönlichkeit, eine staatliche Stelle oder Behörde, eine Gebietskörperschaft oder einen sonstigen Rechtsträger.

„Refinanzierung“ („*Refinance*“) bezeichnet in Bezug auf eine Verschuldung eine Refinanzierung, Verlängerung, Erneuerung, Rückzahlung, Vorauszahlung, Rücknahme oder Annullierung, oder die Ausgabe einer anderweitigen Verschuldung im Tausch gegen oder anstelle einer solchen Verschuldung. „Refinanziert“ und „Refinanzierung“ werden gleichbedeutend verwendet.

„Refinanzierungsverschuldung“ („*Refinancing Indebtedness*“) bezeichnet Verschuldung zwecks Refinanzierung von Verschuldung der Gesellschaft oder einer Tochtergesellschaft, die am Ausgabetag besteht oder unter Einhaltung des Begebungsvertrages eingegangen wurde, einschließlich der Verschuldung zur Refinanzierung von Refinanzierungsverschuldung, jedoch unter der Maßgabe, dass:

- (1) eine solche Refinanzierungsverschuldung eine Vereinbarte Fälligkeit aufweist, die nicht vor der vereinbarten Fälligkeit der Verschuldung liegt, die dadurch refinanziert werden;
- (2) diese Refinanzierungsverschuldung zum Zeitpunkt ihrer Übernahme eine Durchschnittslaufzeit aufweisen, die mindestens der Durchschnittslaufzeit der Verschuldung entspricht, die dadurch refinanziert werden; und
- (3) diese Refinanzierungsverschuldung einen Gesamtnennbetrag (bzw., im Falle einer Übernahme mit einem Emissionsdisagio, einen Gesamtausgabepreis) aufweist, der höchstens dem im Rahmen der Verschuldung, die dadurch refinanziert wird, zum entsprechenden Zeitpunkt ausstehenden oder zugesagten Gesamtnennbetrag (bzw., im Falle des Eingehens von Verschuldung mit einem Emissionsdisagio, dem gesamten erhöhten Wert) (zuzüglich Gebühren und Aufwendungen sowie einschließlich etwaiger Aufschläge und Annullierungskosten) entspricht, wobei jedoch gilt, dass Refinanzierungsverschuldung nicht die Verschuldung einer Tochtergesellschaft, die kein Garantiegeber oder eine Finanzierungsgesellschaft ist, zur Refinanzierung der Verschuldung des Emittenten oder eines Garantiegebers einschließt.

„Sale- and Lease-back-Transaktion“ („*Sale and Leaseback Transaction*“) bezeichnet eine direkte oder indirekte Vereinbarung, die mit einem Rechtsträger geschlossen wird bzw. bei der der Rechtsträger Vertragspartei ist und die das Leasing von Vermögensgegenständen an die Gesellschaft oder eine Tochtergesellschaft vorsieht, die am Ausgabetag Eigentum der Gesellschaft oder einer Tochtergesellschaft sind oder später erworben wurden und die von der Gesellschaft oder der Tochtergesellschaft an diesen Rechtsträger oder an einen anderen Rechtsträger, von dem mit diesen Vermögensgegenständen als Sicherheit finanzielle Mittel bereitgestellt wurden oder bereitgestellt werden sollen, verkauft oder übertragen wurden oder werden sollen.

„Schuldverschreibungsgarantie“ („*Note Guarantee*“) bezeichnet die Garantie eines Garantiegebers für die Verpflichtungen des Emittenten aus den Schuldverschreibungen.

„SEC“ bezeichnet die U.S. Securities and Exchange Commission.

„Sicherheit“ („*Lien*“) bezeichnet jede Hypothek, Verpfändung, Sicherungsrecht, Belastung oder dingliche Sicherungsrechte aller Art (einschließlich Strukturen mit Eigentumsvorbehalt oder ähnlich gearteter Leasingverhältnisse).

„S&P“ bezeichnet die Standard & Poor's Corporation und etwaige Nachfolgeunternehmen.

„Teilnehmende Mitgliedstaaten“ („*Participating Member States*“) bezeichnet einen Mitgliedsstaat der Europäischen Union, der die gemeinsame Währung in Übereinstimmung mit dem EG-Vertrag in seiner jeweils geltenden Fassung eingeführt hat oder einführt.

„*Treasury Rate*“ bezeichnet die Rückzahlungsrendite zum Zeitpunkt der Berechnung von Wertpapieren des Finanzministeriums der Vereinigten Staaten mit einer Festlaufzeit (laut der offiziellen Aufstellung und statistischen Veröffentlichung der US-Notenbanken (Federal Reserve Statistical Release H.15 (519)), die mindestens zwei Geschäftstage (jedoch nicht länger als fünf Geschäftstage) vor dem Rückzahlungstag öffentlich verfügbar sind (oder, falls diese statistische Veröffentlichung nicht auf die genannte Weise veröffentlicht werden bzw. zur Verfügung stehen, eine von dem Emittenten in gutem Glauben gewählte öffentlich zugängliche Quelle vergleichbarer Marktdaten)), die möglichst genau der Zeitspanne zwischen dem Rückzahlungstag und dem 15. Januar 2023 entspricht. Sollte jedoch diese Zeitspanne zwischen dem Rückzahlungstag und dem genannten Tag nicht der Festlaufzeit der direkten Wertpapieren des Finanzministeriums der Vereinigten Staaten, deren wöchentlicher Durchschnittssatz herangezogen wird, entsprechen, so ist die Treasury Rate im Wege der linearen Interpolation (berechnet auf das nächste Zwölftel eines Jahres) aus den wöchentlichen Durchschnittsrenditen dieser Wertpapiere, für die diese Renditen angegeben werden, zu ermitteln, es sei denn, die Zeitspanne zwischen dem Rückzahlungstag und dem 15. Januar 2023 ist kürzer als ein Jahr. In diesem Fall sind die auf eine Festlaufzeit von einem Jahr angepassten wöchentlichen Durchschnittsrenditen von tatsächlich gehandelten Wertpapieren des Finanzministeriums der Vereinigten Staaten anzuwenden.

„*Tochtergesellschaft*“ („*Subsidiary*“) bezeichnet in Bezug auf einen Rechtsträger eine Kapitalgesellschaft, eine Gesellschaft mit Haftungsbeschränkung, eine Vereinigung, eine Personengesellschaft oder ein sonstiges Unternehmen, dessen Ergebnisse gemäß den Rechnungslegungsgrundsätzen mit den Ergebnissen folgender Personen konsolidiert werden:

- (1) dieses Rechtsträgers;
- (2) dieses Rechtsträgers und einer oder mehreren Tochtergesellschaften dieses Rechtsträgers; oder
- (3) einer oder mehrerer Tochtergesellschaften dieses Rechtsträgers,

wobei jedoch für die Zwecke der in vorstehendem Abschnitt „— *Bestimmte Auflagen*“ beschriebenen Auflagen und der damit verbundenen Definitionen und der im vorstehenden Abschnitt „— *Kündigungsgründe*“ beschriebenen Ereignisse und der damit verbundenen Definitionen FMC AG & Co. KGaA und ihre Tochtergesellschaften, sofern nicht anders angegeben, nicht zu den Tochtergesellschaften der Gesellschaft zählen.

„*Übernommene Verschuldung*“ („*Acquired Indebtedness*“) bezeichnet die Verschuldung eines Rechtsträgers, die zu dem Zeitpunkt besteht, zu dem dieser Rechtsträger eine Tochtergesellschaft wird oder mit einem anderen Rechtsträger verschmolzen oder konsolidiert wird, oder die in Verbindung mit dem Erwerb von Vermögenswerten dieses Rechtsträgers übernommen werden, und die von diesem Rechtsträger in jedem Fall nicht im Zusammenhang mit bzw. in der Erwartung bzw. Erwägung seiner Übernahme als Tochtergesellschaft bzw. dieser Konsolidierung bzw. dieser Verschmelzung bzw. dieses Erwerbs eingegangen worden sind. „*U.S. GAAP*“ bezeichnet die jeweils geltenden, in den Vereinigten Staaten von Amerika allgemein anerkannten Rechnungslegungsgrundsätze, u.a. aus folgenden Quellen:

- (1) Einschätzungen und Verlautbarungen (*Opinions und Pronouncements*) des Accounting Principles Board of the American Institute of Certified Public Accountants,
- (2) Stellungnahmen (Statements) und Verlautbarungen des Financial Accounting Standards Board,
- (3) Stellungnahmen anderer Rechtsträger, die von einem wesentlichen Teil der Rechnungslegungsbranche anerkannt sind, und
- (4) den Bestimmungen und Vorschriften der SEC bezüglich der Einbeziehung von Abschlüssen (einschließlich Pro-forma-Abschlüssen) in regelmäßigen Berichten, die gemäß Section 13 des Exchange Act einzureichen sind, einschließlich Einschätzungen und Verlautbarungen in Staff Accounting Bulletins und vergleichbaren schriftlichen Stellungnahmen von Rechnungslegungsexperten der SEC.

„*US\$*“ oder „*US-Dollar*“ oder „*\$*“ bezeichnet die rechtmäßige Währung der Vereinigten Staaten von Amerika.

„*Verbundener Geschäftsbereich*“ („*Related Business*“) bezeichnet die Geschäftsbereiche der Gesellschaft und ihrer Tochtergesellschaften am Ausgabetag und alle mit diesen Geschäftsbereichen verbundenen, diesen untergeordneten oder diese ergänzenden Geschäftsbereiche.

„*Verbundenes Unternehmen*“ („*Affiliate*“) eines bestimmten Rechtsträgers ist

- (1) jeder andere Rechtsträger, der diesen Rechtsträger direkt oder indirekt kontrolliert bzw. direkt oder indirekt von ihm kontrolliert wird, oder
- (2) mit diesem Rechtsträger unter direkter oder indirekter einheitlicher Kontrolle steht.

Für den Zweck dieser Definition bezeichnet „Kontrolle“ bei Verwendung in Bezug auf einen Rechtsträger die Befugnis, dessen Geschäftsführung und Unternehmenspolitik direkt oder indirekt zu bestimmen, sei es durch den Besitz von stimmberechtigten Kapitalanteilen, gemäß Vertrag oder anderweitig, und die Bedeutung der Begriffe „kontrolliert“ und „kontrollieren“ ist entsprechend zu verstehen.

„Vereinbarte Fälligkeit“ („*Stated Maturity*“) bezeichnet in Bezug auf ein Wertpapier den für dieses Wertpapier angegebenen festgelegten Termin, an dem die endgültige Tilgungszahlung für dieses Wertpapier fällig wird, unter Berücksichtigung etwaiger Bestimmungen für eine Rücknahmepflicht (jedoch ohne Berücksichtigung etwaiger Bestimmungen, die im Falle bestimmter Ereignisse eine Rücknahme dieses Wertpapiers nach Wahl des Inhabers vorsehen, es sei denn, ein entsprechendes Ereignis ist eingetreten).

„Vermögensübertragung“ („*Asset Disposition*“) bezeichnet die direkte oder indirekte Veräußerung, Ausgabe, Übertragung, Leasing (ausgenommen im Rahmen des normalen Geschäftsbetriebs eingegangener Operating Lease-Verhältnisse), Übereignung oder anderweitige entgeltliche Übertragung durch die Gesellschaft oder eine ihrer Tochtergesellschaften (einschließlich aller Sale-and Lease-back-Transaktionen) an bzw. auf einen Rechtsträger, der nicht die Gesellschaft oder eine Tochtergesellschaft der Gesellschaft ist, einschließlich aller Übertragungen im Wege einer Verschmelzung oder ähnlichen Transaktion (für die Zwecke dieser Definition jeweils als „Übertragung“ bezeichnet) von

- (1) Anteilen des Capital Stock einer Tochtergesellschaft (sofern es sich nicht um Pflichtanteile der Mitglieder des Board of Directors oder um Anteile handelt, die von Gesetzes wegen von einem Rechtsträger zu halten sind, der nicht die Gesellschaft oder eine Tochtergesellschaft ist),
- (2) allen oder allen wesentlichen Vermögenswerten einer Geschäftssparte oder eines Geschäftsbereichs der Gesellschaft oder einer Tochtergesellschaft, oder
- (3) anderen Vermögenswerten der Gesellschaft oder einer Tochtergesellschaft, die nicht im Rahmen des normalen Geschäftsbetriebs der Gesellschaft oder der betreffenden Tochtergesellschaft erfolgt,

sofern es sich in den vorstehend unter Ziffer (1), (2) und (3) dargelegten Fällen nicht um Folgendes handelt:

- (a) eine Übertragung von Vermögenswerten oder die Ausgabe von Capital Stock durch eine Tochtergesellschaft auf bzw. an die Gesellschaft oder durch die Gesellschaft oder eine Tochtergesellschaft auf bzw. an einen Rechtsträger, der zum Zeitpunkt dieser Übertragung oder Ausgabe eine Tochtergesellschaft wird,
- (b) gemäß dem Abschnitt „Bestimmte Auflagen — Beschränkungen in Bezug auf Zusammenschlüsse und die Veräußerung von Vermögensgegenständen“ zulässige Transaktionen, und
- (c) Übertragungen in Verbindung mit Zulässigen Sicherheiten, Zwangsvollstreckungsverfahren in Bezug auf Vermögenswerte und einen Verzicht auf wertgeminderte oder abgeschriebene Forderungen.

„Verschuldung“ („*Indebtedness*“) bezeichnet in Bezug auf einen Rechtsträger an einem Tag, an dem dies bestimmt wird (ohne Doppelzählung):

- (1) den Kapitalbetrag und den (gegebenenfalls anfallenden) Aufschlag (*premium*) in Bezug auf (A) die Verschuldung dieses Rechtsträgers im Rahmen von Fremdmitteln und (B) die Verschuldung im Rahmen von Schuldverschreibungen, Schuldtiteln, Anleihen oder sonstigen ähnlichen Instrumenten, für deren Zahlung dieser Rechtsträger verantwortlich oder haftbar ist,
- (2) sämtliche Finanzierungsleasing-Verpflichtungen dieses Rechtsträgers,
- (3) sämtliche ausgegebenen oder übernommenen Verbindlichkeiten dieses Rechtsträgers, die den Teil eines Kaufpreises von Vermögensgegenständen oder Dienstleistungen darstellen, der zu einem späteren Zeitpunkt entrichtet wird (*deferred purchase price*), alle bedingten Verkaufsverpflichtungen dieses Rechtsträgers sowie sämtliche Verpflichtungen mit Eigentumsvorbehalt dieses Rechtsträgers (sofern es sich nicht um (x) übliche Beschränkungen oder Eigentumsvorbehalte aus mit Zulieferern im Rahmen des normalen Geschäftsbetriebs geschlossenen

Verträgen, (y) im Rahmen des normalen Geschäftsbetriebs entstandene Außenstände, die nicht länger als 90 Tage offen sind, oder (z) Verpflichtungen aus Pensions- oder Altersvorsorgeplänen oder -vereinbarungen oder im Rahmen der arbeitgeberfinanzierten Altersversorgung (*deferred compensation*) gemäß dem Employee Retirement Income Security Act von 1974 in der jeweils geltenden Fassung bzw. den Bestimmungen eines ausländischen Gesetzgebers handelt oder darauf in untenstehender Ziffer 1 Bezug genommen wird),

- (4) sämtliche Verpflichtungen dieses Rechtsträgers zur Erstattung gegenüber einem Schuldner in Bezug auf Akkreditive, Bankgarantien oder ähnliche Kredittransaktionen (sofern sich eine entsprechende Erstattungsverpflichtung nicht auf während des normalen Geschäftsbetriebs entstandene Außenstände bezieht und die Erstattungsverpflichtung innerhalb von 30 Tagen nach Begleichung der entsprechenden Außenstände erfüllt wird oder darauf in untenstehender Ziffer 1 Bezug genommen wird),
- (5) die Summe aller Verpflichtungen dieses Rechtsträgers in Bezug auf die Rücknahme, Rückzahlung oder den anderweitigen Rückkauf von Disqualified Stock bzw. in Bezug auf eine Tochtergesellschaft dieses Rechtsträgers, Preferred Stock (jeweils ohne aufgelaufene Dividenden),
- (6) alle unter (1) bis (5) aufgeführten Verpflichtungen anderer Rechtsträger und sämtliche Dividenden sonstiger Rechtsträgers, für deren jeweilige Zahlung dieser Rechtsträger direkt oder indirekt als Schuldner, Garantiegeber oder anderweitig verantwortlich oder haftbar ist, einschließlich im Rahmen einer Garantie,
- (7) alle unter (1) bis (6) aufgeführten Verpflichtungen anderer Rechtsträgers, die durch eine Sicherheit an Vermögen dieses Rechtsträgers (unabhängig davon, ob eine entsprechende Verpflichtung von diesem Rechtsträger übernommen wird) besichert sind, wobei der Betrag der jeweiligen Verpflichtung dem niedrigeren der folgenden Werte entsprechen muss: dem Wert des Vermögens oder dem Betrag der Verpflichtung, die mit diesem Vermögen besichert ist, und
- (8) Hedging-Verpflichtungen dieses Rechtsträgers, soweit diese nicht anderweitig in dieser Definition enthalten sind.

Der Betrag der Verschuldung eines Rechtsträgers zu einem bestimmten Zeitpunkt entspricht der zu diesem Datum ausstehenden Summe aller unbedingten Verpflichtungen wie vorstehend beschrieben, und bei Eintritt eines bestimmten Ereignisses, das in einer entsprechenden Verpflichtung resultiert, der Haftungsobergrenze von zu diesem Zeitpunkt bestehenden Eventualverbindlichkeiten. Zur Klarstellung: Folgendes gilt nicht als Verschuldung:

- (1) Verschuldung in Bezug auf Forderungen aus Unfallversicherungen, Forderungen im Rahmen der Eigenversicherung (*self insurance*), Erfüllungs-, Bürgschafts-, Fertigstellungs- oder ähnliche Garantien im Rahmen des normalen Geschäftsbetriebs;
- (2) Verschuldung aus Vereinbarungen zur Schadloshaltung, Anpassungen des Kaufpreises oder ähnlichen Verpflichtungen, die jeweils in Zusammenhang mit der Veräußerung oder dem Erwerb von Unternehmensteilen, Vermögenswerten oder Capital Stock einer Tochtergesellschaft entstehen oder übernommen werden, sofern der Höchstbetrag der Verbindlichkeit in Bezug auf die gesamte Verschuldung (ausgenommen Steuern und Schadloshaltung in Bezug auf Umweltangelegenheiten) zu keinem Zeitpunkt die von der Gesellschaft und ihren Tochtergesellschaften bei einer Veräußerung tatsächlich erhaltenen Bruttoerlöse (bei einer Veräußerung) und den Marktwert der erworbenen Unternehmensteile, Vermögenswerte oder des erworbenen Capital Stock (bei einem Erwerb) übersteigt.
- (3) Verschuldung aus der Einlösung eines Schecks, Wechsels oder ähnlichen Instruments (ausgenommen Überziehungskredite, die nur während eines Geschäftstages bestehen) bei einer Bank oder einem sonstigen Finanzinstitut aus ungedeckten Mitteln im normalen Geschäftsverlauf, sofern die Verschuldung innerhalb von fünf Geschäftstagen nach Eingehen erlöschen.

„*Voting Stock*“ eines Rechtsträgers bezeichnet sämtliche Klassen von Capital Stock oder sonstige Anteile (einschließlich Gesellschaftsanteilen) dieses Rechtsträgers, die jeweils ausstehen und normalerweise (ohne Berücksichtigung des Eintritts bestimmter Eventualitäten) ein Stimmrecht bei der Wahl von Geschäftsführungsverantwortlichen, Führungskräften oder Treuhändern dieses Rechtsträgers verbriefen.

„*Währungsvereinbarung*“ („*Currency Agreement*“) bezeichnet einen Devisenkontrakt, eine Vereinbarung über einen Währungsswap oder eine sonstige ähnliche Vereinbarung.

„Wertpapier-Hedging-Vereinbarung“ („*Securities Hedging Agreement*“) bezeichnet ein Swap-Geschäft, ein Forward-Geschäft, ein auf Aktien, Aktienkurse oder Aktienindizes bezogenes Swap-, Options- oder Termingeschäft, ein auf Anleihen, Anleihenkurse oder Rentenindizes bezogenes Swap-, Options- oder Termingeschäft, ein Zinssatzoption- oder Devisentermingeschäft, ein Cap-, Floor- oder Collar-Geschäft, ein Devisen- oder Währungsswap-Geschäft, ein Währungsoptions- oder Spot-Geschäft oder ein anderes ähnliches Geschäft oder eine Kombination der vorstehenden Geschäfte (einschließlich einer Option oder Vereinbarung über den Abschluss eines der vorstehenden Geschäfte), das im Zusammenhang mit einer Cash-Management-Vereinbarung abgeschlossen wird.

„Wesentliche Tochtergesellschaft“ („*Significant Subsidiary*“) bezeichnet in Bezug auf einen Rechtsträger eine Tochtergesellschaft dieses Rechtsträgers, die die Kriterien für eine „significant subsidiary“ im Sinne von Rule 1.02 der Regulation S-X des Exchange Act erfüllt.

„Zinssatzvereinbarung“ („*Interest Rate Agreement*“) bezeichnet eine Vereinbarung über einen Zinsswap, einen Zinscap oder eine ähnliche Vereinbarung finanzieller Art.

„Zulässige Inhaber“ („*Permitted Holder*“) bezeichnet die Else Kröner-Fresenius-Stiftung und alle mit ihr Verbundenen Unternehmen.

„Zulässige Sicherheiten“ („*Permitted Liens*“) bezeichnet in Bezug auf einen Rechtsträger:

- (1) Sicherheiten an Vermögensgegenständen der Gesellschaft oder einer ihrer Tochtergesellschaften, die Verschuldung besichern, welche gemäß Absatz (a) und Ziffer (1), (7) und (13) von Absatz (b) von vorstehendem Abschnitt „— Beschränkungen in Bezug auf das Eingehen von Verschuldung“ zulässig sind soweit der Gesamtbetrag der besicherten Verschuldung dabei nicht den größeren Betrag von (i) 5.500 Mio. € oder (ii) 2,5 x FSE EBITDA übersteigt;
- (2) Zahlungsverpflichtungen (pledges) oder Einzahlungen (deposits) dieses Rechtsträgers aufgrund gesetzlicher Regelungen zur Unfallversicherung, Arbeitslosenversicherung oder ähnlicher gesetzlicher Regelungen, in gutem Glauben geleistete Garantiezahlungen im Zusammenhang mit Ausschreibungen, Verträgen (außer denen für die Tilgung der Verschuldung) oder Mietverträge, an denen dieser Rechtsträger sich beteiligt hat bzw. die er eingegangen ist, als Sicherheit für öffentlich-rechtliche oder gesetzliche Verpflichtungen dieses Rechtsträgers geleistete Zahlungen sowie Zahlungen, Geldmittel oder festgelegte Staatsschuldtitel als Sicherheit für eine Bürgschaft (surety bond) oder eine Garantie für die Berufungskosten (appeal bond) mit diesem Rechtsträger als Partei, Zahlungen als Sicherheit für streitige Steuern, Import- oder sonstige Zölle oder Mietkautionen, die jeweils im Rahmen der normalen Geschäftstätigkeit eingegangen wurden;
- (3) Gesetzliche Sicherheiten, so u.a. Carriers' Liens, Warehousemen's Liens und Mechanics' Liens jeweils in Bezug auf noch nicht fällige oder nach Treu und Glauben streitige Beträge, wenn dafür Rücklagen oder entsprechende Rückstellungen, sofern diese nach den Rechnungslegungsgrundsätzen vorgeschrieben sind, gebildet wurden;
- (4) Sicherheiten im Zusammenhang mit Steuern oder sonstigen staatlichen Abgaben, für die noch keine Säumniszuschläge angefallen oder die nach Treu und Glauben streitig sind, wenn dafür nach den Rechnungslegungsgrundsätzen gegebenenfalls vorgeschriebene Rückstellungen gebildet wurden;
- (5) Sicherheiten, die zugunsten der Aussteller einer Bürgschafts- oder Erfüllungsgarantie, eines Akkreditivs oder einer Bankgarantie auf Verlangen und für Rechnung des jeweiligen Rechtsträgers im Rahmen des normalen Geschäftsbetriebs bestellt wurden;
- (6) Belastungen, Grunddienstbarkeiten (Wegerecht, Wasserrecht, Rechte in Bezug auf Stromversorgung, Anbindung ans Telefonnetz und ähnliche Rechte), Bebauungs- oder sonstige Beschränkungen in der Nutzung von Grundvermögen (real property), im Rahmen des Geschäftsbetriebs dieses Rechtsträgers begründete oder mit dem Eigentum an ihrem Vermögen verbundene Sicherungsrechte, die in ihrer Gesamtheit den Wert dieses Vermögens nicht wesentlich mindern oder die Nutzung dieses Vermögens im Geschäftsbetrieb dieses Rechtsträgers nicht wesentlich beeinträchtigen;
- (7) Sicherheiten für Hedging-Verpflichtungen, die im Rahmen des gewöhnlichen Geschäftsbetriebs eingegangen werden und nicht spekulativer Natur sind, wobei dies nach Treu und Glauben durch die Gesellschaft zu beurteilen ist;
- (8) Sicherheiten, die eine Cash Management-Vereinbarung besichern;

- (9) Nutzungsrechte (leases, subleases, licenses) in Bezug auf Grundvermögen, die den normalen Geschäftsbetrieb der Gesellschaft oder einer ihrer Tochtergesellschaften nicht wesentlich beeinträchtigen, sowie Nutzungsrechte in Bezug auf anderes Vermögen im Rahmen des normalen Geschäftsbetriebs;
- (10) Keinen Kündigungsgrund begründende Judgement Liens, sofern für diese adäquate Garantien bestehen und in dem ordnungsgemäß eingeleiteten entsprechenden Rechtsverfahren zur Überprüfung des Urteils noch keine endgültige Entscheidung ergangen oder die Frist für die Einleitung eines solchen Verfahrens noch nicht abgelaufen ist;
- (11) Sicherheiten für die Zahlung (oder Refinanzierung der Zahlung) des gesamten oder eines Teils des Kaufpreises von für die Nutzung in einem Verbundenen Geschäftsbereich erworbenem oder geschaffenem Vermögen oder Finanzierungsleasingverbindlichkeiten in Bezug auf solches Vermögen, sofern:
 - (a) der gesamte Nennbetrag, über den diese Sicherheiten bestellt wurden, nicht die Kosten für den Erwerb oder die Schaffung dieses Vermögens übersteigt; und
 - (b) diese Sicherheiten innerhalb von 180 Tagen ab Schaffung oder Erwerb des entsprechenden Vermögens bestellt werden (oder, im Refinanzierungsfall, innerhalb dieser Frist bestellte Sicherheiten ersetzen) und damit kein anderes Vermögen als dieses Vermögen und damit verbundene(s) Vermögen oder Rechte der Gesellschaft oder einer Tochtergesellschaft belastet werden;
- (12) Sicherheiten, die ausschließlich durch gesetzliche Vorschriften oder Vorschriften des Common Law in Bezug auf Banker's Liens, Aufrechnungsrechten oder ähnlichen Rechten und Ansprüchen in Bezug auf Depotkonten oder andere bei einem Einlagenkreditinstitut geführte Guthaben begründet werden, sofern die Gesellschaft oder eine Tochtergesellschaft mit dem Depotkonto keine Besicherungsabsicht gegenüber dem Kreditinstitut verfolgt;
- (13) Sicherheiten, die aufgrund von Einreichungen von Finanzausweisen auf der Grundlage des Uniform Commercial Code der Vereinigten Staaten (oder ähnlichen Einreichungen in anderen einschlägigen Rechtsordnungen) in Bezug auf Operating Leasing-Verpflichtungen begründet werden, die die Gesellschaft im Rahmen des normalen Geschäftsbetriebs eingegangen ist;
- (14) Am Ausgabebetrag bestehende Sicherheiten (mit Ausnahme der in vorstehender Ziffer (1) und in nachstehender Ziffer (20) genannten Sicherheiten);
- (15) An Vermögen oder Aktien eines Rechtsträgers zu dem Zeitpunkt bestehende Sicherheiten, zu dem dieser Rechtsträger eine Tochtergesellschaft wird, unter der Voraussetzung, dass diese Sicherheiten nicht in Verbindung damit oder im Hinblick darauf eingegangen oder übernommen werden, dass dieser andere Rechtsträger eine Tochtergesellschaft wird, und sich diese Sicherheit nicht auf anderes Vermögen der Gesellschaft oder einer Tochtergesellschaft erstreckt;
- (16) An Vermögen zu dem Zeitpunkt bestehende Sicherheiten, zu dem die Gesellschaft oder eine Tochtergesellschaft das Vermögen erworben hat, auch im Rahmen einer Verschmelzung oder Konsolidierung mit der oder auf die Gesellschaft oder eine(r) Tochtergesellschaft, unter der Voraussetzung, dass diese Sicherheiten nicht in Verbindung mit oder im Hinblick auf diesen Erwerb bestellt oder übernommen werden und sich diese Sicherheiten nicht auf anderes Vermögen der Gesellschaft oder einer Tochtergesellschaft erstrecken (außer im Fall eines Erwerbs durch die HELIOS-Gruppe, in welchem Fall die Sicherheiten im Zusammenhang mit oder im Hinblick auf einen solchen Erwerb an Vermögen eines Mitglieds der HELIOS-Gruppe bestellt werden können);
- (17) Sicherheiten in Zusammenhang mit den Schuldverschreibungen und der gesamten sonstigen Verschuldung, die gemäß ihren Bedingungen besichert werden muss, wenn die Schuldverschreibungen besichert sind;
- (18) Sicherheiten, die Verschuldung oder andere Verpflichtungen der Gesellschaft gegenüber einer Tochtergesellschaft oder Verschuldung oder andere Verpflichtungen einer Tochtergesellschaft gegenüber der Gesellschaft oder einer Tochtergesellschaft besichern;
- (19) Sicherheiten, die Refinanzierungsverschuldung besichern, welche zur Refinanzierung von bislang besicherter Verschuldung eingegangen wurden, vorausgesetzt, diese Sicherheit ist auf das Gesamtvermögen oder den Teil des Vermögens beschränkt, der als Sicherheit für die refinanzierte Verschuldung diente;
- (20) Sicherheiten, die auf gesetzlicher Grundlage oder mit derselben Wirkung auf vertraglicher Grundlage im Rahmen des normalen Geschäftsbetriebs begründet werden; und

- (21) Sicherheiten an Vermögen einer Tochtergesellschaft der Gesellschaft, die Verschuldung dieser Tochtergesellschaft besichert, welche gemäß den Abschnitten (a), (b)(2) und (b)(13) des Abschnitts „— Beschränkungen *in Bezug auf das Eingehen von Verschuldung*“ zulässig sind, wobei diese Verschuldung 1.300 Mio. € nicht übersteigen dürfen.

„Zurechenbare Verschuldung“ („*Attributable Debt*“) bezeichnet in Bezug auf Sale- and Lease-back-Transaktionen zum Zeitpunkt der Festlegung die Gesamtverbindlichkeit (nach Abzinsung auf den Barwert anhand eines Jahressatzes in Höhe des Abzinsungsfaktors, der gemäß der Rechnungslegungsgrundsätze für eine Finanzierungsleasing-Verpflichtung mit ähnlicher Laufzeit angewendet würde), die auf Seiten des Leasingnehmers für Mietzahlungen bestehen und im Laufe der Restdauer der anfänglichen Laufzeit des in der Sale- and Lease-back-Transaktion enthaltenen Leasingverhältnisses zu leisten sind (nicht berücksichtigt werden Beträge, die für Grundsteuer, Instandhaltung, Reparaturen, Versicherungen, Wasserabgaben und sonstige Zwecke zu zahlen sind, die keine Zahlungen für Eigentumsrechte darstellen).

„Zuständiger Officer“ („*Responsible Officer*“) bezeichnet in Bezug auf den Emittenten, die Gesellschaft oder einen Garantiegeber den Vorstandsvorsitzenden, Präsidenten, Finanzvorstand, Senior Vice President Finanzen, Treasurer, stellvertretenden Treasurer, Geschäftsführer, ein Vorstands- oder Board-Mitglied eines Unternehmens oder einen Prokuristen (bzw. im Falle der Gesellschaft einen Zuständigen Officer ihres Komplementärs bzw. einer anderen geschäftsführenden Person oder eines anderen Rechtsträgers, der befugt ist, in ihrem Namen zu handeln, sowie, sofern es sich bei diesem Rechtsträger um eine Personengesellschaft, Gesellschaft mit Haftungsbeschränkung oder einen vergleichbar organisierten Rechtsträger handelt, einen Zuständigen Officer des Rechtsträgers, der gegebenenfalls befugt ist, im Namen dieses Rechtsträgers zu handeln).

GLOSSARY

Acute care hospital	a hospital for the inpatient and outpatient treatment of acute diseases and injuries, as well as for scheduled surgery
Arteriovenous fistula	a direct, surgically created connection between an artery and a vein in a patient's forearm (vascular access)
Blood volume replacement	infusion solution to compensate for blood loss
Clinical nutrition	clinical nutrition is medically administered nutritional support; when normal nutritional intake is insufficient, clinical nutrition is necessary; there are two types of clinical nutrition: parenteral nutrition and enteral nutrition
Dialysis	a type of renal replacement therapy where a semi-permeable membrane — in peritoneal dialysis the peritoneum of the patient, and in hemodialysis the membrane of the dialyzer — is used for selective solute removal
Dialysis machine	the hemodialysis process is controlled by a dialysis machine which pumps blood, adds anticoagulants, regulates the cleansing process, and controls the mixture of dialysate and its flow rate through the system
Dialysis solution	fluid used in the process of dialysis
Dialyzer	special filter used in hemodialysis for removing toxic substances and excess water from the blood
Diagnosis related group (DRG)	a case-based reimbursement system for hospitals introduced in Germany in 2003 for inpatients
End-Stage Renal Disease (ESRD)	chronic kidney failure that is accompanied by severe complications, such as renal anemia, high blood pressure and other cardiovascular problems, as well as bone diseases, loss of appetite and malnutrition
Enteral nutrition	application of liquid nutrition as tube or sip feed via the gastrointestinal tract
Erythropoietin (EPO)	a hormone that stimulates red blood cell production. Recombinant (i.e., artificially produced) human EPO is commonly prescribed to patients on dialysis who suffer from anemia
Erythropoietin stimulating agents (ESA)	a generic term for artificially produced human erythropoietin
Hemodiafiltration (HDF)	special mode of ESRD (end-stage renal disease) treatment, combining advantages of hemodialysis and hemofiltration, i.e., high elimination rates for small and large molecular weight substances via diffusive and convective mechanisms, respectively
Hemodialysis (HD)	a treatment method for dialysis patients where the blood of the patient is cleansed by a dialyzer; the solute exchange between blood and dialysate is dominated by diffusive processes
Infusion management system	a modular infusion system, consisting of infusion and syringe pumps, which allows the simultaneous administration of different intravenously administered drugs and infusion solutions and at the same time records

	the infused volume
I.V. drugs	intravenously administered generic drugs
Lipid emulsions/fatty emulsions	lipid emulsions are elements of parenteral nutrition and primarily provide energy and essential fatty acids
Maximum care hospital	a hospital with the capability to provide all levels of clinical care; hospitals in this category offer the highest level of care and medical-technical equipment, including large medical installations (1,000 beds and above)
Outpatient facility	a health care facility, also called a clinic or medical care center (<i>Medizinische Versorgungszentrum</i>), that is primarily devoted to the care of outpatients
Parenteral nutrition	application of nutrients directly into the bloodstream of the patient (intravenously)
Peritoneal dialysis (PD)	dialysis treatment method using the patient's peritoneum as a "filter" to cleanse the patient's blood

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Interim Report of Fresenius SE & Co. KGaA as of June 30, 2015 (U.S. GAAP, unaudited)

FRESENIUS SE & CO. KGAA

CONSOLIDATED STATEMENT OF INCOME (UNAUDITED)

€ in millions	Q2/2015	Q2/2014	H1/2015	H1/2014
Sales	6,946	5,521	13,429	10,733
Cost of sales	-4,823	-3,875	-9,380	-7,569
Gross profit	2,123	1,646	4,049	3,164
Selling, general and administrative expenses	-1,071	-772	-2,018	-1,545
Research and development expenses	-117	-89	-223	-170
Operating income (EBIT)	935	785	1,808	1,449
Net interest	-165	-145	-330	-283
Income before income taxes	770	640	1,478	1,166
Income taxes	-223	-197	-427	-331
Net income	547	443	1,051	835
Less noncontrolling interest	222	157	409	301
Net income attributable to shareholders of Fresenius SE & Co. KGaA	325	286	642	534
Earnings per ordinary share in € (after stock split 1:3)	0.60	0.53	1.18	0.99
Fully diluted earnings per ordinary share in € (after stock split 1:3)	0.59	0.52	1.17	0.98

The following notes are an integral part of the unaudited condensed interim financial statements.

FRESENIUS SE & CO. KGAA

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)

€ in millions	Q2/2015	Q2/2014	H1/2015	H1/2014
Net income	547	443	1,051	835
Other comprehensive income (loss)				
Foreign currency translation	-569	93	885	31
Cash flow hedges	55	14	25	18
Change of fair value of available for sale financial assets	-	-37	-	-23
Actuarial gains/losses on defined benefit pension plans	22	1	-18	4
Income taxes related to components of other comprehensive income (loss)	-11	2	-22	-4
Other comprehensive income (loss), net	-503	73	870	26
Total comprehensive income	44	516	1,921	861
Comprehensive income attributable to noncontrolling interest subject to put provisions	1	28	112	47
Comprehensive income (loss) attributable to noncontrolling interest not subject to put provisions	-54	196	791	296
Comprehensive income attributable to shareholders of Fresenius SE & Co. KGaA	97	292	1,018	518

The following notes are an integral part of the unaudited condensed interim financial statements.

FRESENIUS SE & CO. KGAA

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (UNAUDITED)

ASSETS

€ in millions	June 30, 2015	December 31, 2014
Cash and cash equivalents	917	1,175
Trade accounts receivable, less allowance for doubtful accounts	4,646	4,235
Accounts receivable from and loans to related parties	17	36
Inventories	2,653	2,333
Other current assets	1,859	1,843
Deferred taxes	421	406
I. Total current assets	10,513	10,028
Property, plant and equipment	7,104	6,776
Goodwill	21,155	19,868
Other intangible assets	1,524	1,446
Other non-current assets	1,611	1,458
Deferred taxes	364	321
II. Total non-current assets	31,758	29,869
Total assets	42,271	39,897

LIABILITIES AND SHAREHOLDERS' EQUITY

€ in millions	June 30, 2015	December 31, 2014
Trade accounts payable	1,036	1,052
Short-term accounts payable to related parties	46	5
Short-term accrued expenses and other short-term liabilities	4,535	4,164
Short-term debt	357	230
Short-term loans from related parties	–	3
Current portion of long-term debt and capital lease obligations	485	753
Current portion of Senior Notes	722	682
Short-term accruals for income taxes	162	161
Deferred taxes	66	54
A. Total short-term liabilities	7,409	7,104
Long-term debt and capital lease obligations, less current portion	5,982	5,977
Senior Notes, less current portion	7,276	6,977
Convertible bonds	839	832
Long-term accrued expenses and other long-term liabilities	832	661
Pension liabilities	1,142	1,099
Long-term accruals for income taxes	198	216
Deferred taxes	913	867
B. Total long-term liabilities	17,182	16,629
I. Total liabilities	24,591	23,733
II. Noncontrolling interest subject to put provisions	771	681
A. Noncontrolling interest not subject to put provisions	6,745	6,148
Subscribed capital	544	542
Capital reserve	3,065	3,018
Other reserves	6,298	5,894
Accumulated other comprehensive income (loss)	257	-119
B. Total Fresenius SE & Co. KGaA shareholders' equity	10,164	9,335
III. Total shareholders' equity	16,909	15,483
Total liabilities and shareholders' equity	42,271	39,897

The following notes are an integral part of the unaudited condensed interim financial statements.

FRESENIUS SE & CO. KGAA

CONSOLIDATED STATEMENT OF CASH FLOWS (UNAUDITED)

€ in millions

	H1/2015	H1/2014
Operating activities		
Net income	1,051	835
Adjustments to reconcile net income to cash and cash equivalents provided by operating activities		
Depreciation and amortization	542	451
Gain on sale of investments and divestitures	-33	-56
Change in deferred taxes	-64	-24
Gain/loss on sale of fixed assets	-1	1
Changes in assets and liabilities, net of amounts from businesses acquired or disposed of		
Trade accounts receivable, net	-264	-166
Inventories	-215	-192
Other current and non-current assets	-14	-95
Accounts receivable from/payable to related parties	56	-9
Trade accounts payable, accrued expenses and other short-term and long-term liabilities	226	-12
Accruals for income taxes	-33	17
Net cash provided by operating activities	1,251	750
Investing activities		
Purchase of property, plant and equipment	-615	-537
Proceeds from sales of property, plant and equipment	10	5
Acquisitions and investments, net of cash acquired and net purchases of intangible assets	-174	-1,043
Proceeds from sale of investments and divestitures	158	7
Net cash used in investing activities	-621	-1,568
Financing activities		
Proceeds from short-term loans	301	614
Repayments of short-term loans	-177	-812
Proceeds from short-term loans from related parties	-	-
Repayments of short-term loans from related parties	-	-
Proceeds from long-term debt and capital lease obligations	169	1,772
Repayments of long-term debt and capital lease obligations	-794	-2,118
Proceeds from the issuance of Senior Notes	0	1,420
Proceeds from the issuance of convertible bonds	0	500
Changes of accounts receivable securitization program	13	52
Proceeds from the exercise of stock options	84	42
Dividends paid	-523	-457
Change in noncontrolling interest	-2	-
Exchange rate effect due to corporate financing	1	-2
Net cash provided by/used in financing activities	-928	1,011
Effect of exchange rate changes on cash and cash equivalents	40	13
Net decrease/increase in cash and cash equivalents	-258	206
Cash and cash equivalents at the beginning of the reporting period	1,175	864
Cash and cash equivalents at the end of the reporting period	917	1,070

The following notes are an integral part of the unaudited condensed interim financial statements.

FRESENIUS SE & CO. KGAA

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)

	Subscribed Capital			Reserves	
	Number of ordinary shares in thousand ¹	Amount € in thousands	Amount € in millions	Capital reserve € in millions	Other reserves € in millions
As of December 31, 2013	539,085	539,085	539	2,955	5,052
Proceeds from the exercise of stock options	893	893	1	20	
Compensation expense related to stock options				6	
Dividends paid					-225
Purchase of noncontrolling interest not subject to put provisions					
Change in fair value of noncontrolling interest subject to put provisions				-4	
Comprehensive income (loss)					
Net income					534
Other comprehensive income (loss)					
Cash flow hedges					
Change of fair value of available for sale financial assets					
Foreign currency translation					
Actuarial gains on defined benefit pension plans					
Comprehensive income (loss)					534
As of June 30, 2014	539,978	539,978	540	2,977	5,361
As of December 31, 2014	541,533	541,533	542	3,018	5,894
Proceeds from the exercise of stock options	1,946	1,946	2	49	
Compensation expense related to stock options				8	
Dividends paid					-238
Purchase of noncontrolling interest not subject to put provisions					
Change in fair value of noncontrolling interest subject to put provisions				-10	
Comprehensive income (loss)					
Net income					642
Other comprehensive income (loss)					
Cash flow hedges					
Change of fair value of available for sale financial assets					
Foreign currency translation					
Actuarial losses on defined benefit pension plans					
Comprehensive income					642
As of June 30, 2015	543,479	543,479	544	3,065	6,298

¹ Prior year figures were adjusted due to the stock split in 2014.

FRESENIUS SE & CO. KGAA

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)

	Accumulated other com- prehensive income (loss) € in millions	Total Fresenius SE & Co. KGaA shareholders' equity € in millions	Noncontrolling interest not subject to put provisions € in millions	Total shareholders' equity € in millions
As of December 31, 2013	-351	8,195	5,065	13,260
Proceeds from the exercise of stock options		21	21	42
Compensation expense related to stock options		6	-1	5
Dividends paid		-225	-188	-413
Purchase of noncontrolling interest not subject to put provisions		0	10	10
Change in fair value of noncontrolling interest subject to put provisions		-4	-8	-12
Comprehensive income (loss)				
Net income		534	258	792
Other comprehensive income (loss)				
Cash flow hedges	7	7	5	12
Change of fair value of available for sale financial assets	-16	-16	–	-16
Foreign currency translation	-8	-8	31	23
Actuarial gains on defined benefit pension plans	1	1	2	3
Comprehensive income (loss)	-16	518	296	814
As of June 30, 2014	-367	8,511	5,195	13,706
As of December 31, 2014	-119	9,335	6,148	15,483
Proceeds from the exercise of stock options		51	33	84
Compensation expense related to stock options		8	1	9
Dividends paid		-238	-207	-445
Purchase of noncontrolling interest not subject to put provisions		0	2	2
Change in fair value of noncontrolling interest subject to put provisions		-10	-23	-33
Comprehensive income (loss)				
Net income		642	353	995
Other comprehensive income (loss)				
Cash flow hedges	12	12	7	19
Change of fair value of available for sale financial assets	–	–	–	–
Foreign currency translation	369	369	438	807
Actuarial losses on defined benefit pension plans	-5	-5	-7	-12
Comprehensive income	376	1,018	791	1,809
As of June 30, 2015	257	10,164	6,745	16,909

The following notes are an integral part of the unaudited condensed interim financial statements.

FRESENIUS SE & CO. KGAA

CONSOLIDATED SEGMENT REPORTING FIRST HALF (UNAUDITED)

	Fresenius Medical Care			Fresenius Kabi			Fresenius Helios			Fresenius Vamed			Corporate/Other			Fresenius Group		
	2015	2014	Change	2015 ²	2014 ³	Change	2015 ⁴	2014 ⁵	Change	2015	2014	Change	2015 ⁶	2014 ⁷	Change	2015	2014	Change
	by business segment, € in millions																	
Sales	7,312	5,399	35%	2,932	2,466	19%	2,774	2,521	10%	463	398	16%	-52	-51	-2%	13,429	10,733	25%
thereof contribution to consolidated sales	7,300	5,381	36%	2,909	2,447	19%	2,774	2,521	10%	443	381	16%	3	3	0%	13,429	10,733	25%
thereof intercompany sales	12	18	-33%	23	19	21%	0	0		20	17	18%	-55	-54	-2%	0	0	
contribution to consolidated sales	54%	50%		22%	23%		21%	23%		3%	4%		0%	0%		100%	100%	
EBITDA	1,262	976	29%	691	513	35%	399	344	16%	21	20	5%	-23	47	-149%	2,350	1,900	24%
Depreciation and amortization	320	245	31%	120	102	18%	92	94	-2%	5	5	0%	5	5	0%	542	451	20%
EBIT	942	731	29%	571	411	39%	307	250	23%	16	15	7%	-28	42	-167%	1,808	1,449	25%
Net interest	-183	-142	-29%	-102	-95	-7%	-25	-27	7%	-2	0		-18	-19	5%	-330	-283	-17%
Income taxes	-245	-203	-21%	-146	-88	-66%	-52	-40	-30%	-4	-4	0%	20	4	--	-427	-331	-29%
Net income attributable to shareholders of Fresenius SE & Co. KGaA	404	320	26%	309	217	42%	226	179	26%	10	10	0%	-307	-192	-60%	642	534	20%
Operating cash flow	746	410	82%	354	215	65%	231	205	13%	-44	-62	29%	-36	-18	-100%	1,251	750	67%
Cash flow before acquisitions and dividends	377	107	--	210	73	188%	150	122	23%	-51	-66	23%	-40	-18	-122%	646	218	196%
Total assets ¹	22,710	20,960	8%	10,378	9,655	7%	8,410	8,352	1%	849	891	-5%	-76	39	--	42,271	39,897	6%
Debt ¹	8,285	7,851	6%	5,463	5,205	5%	1,324	1,394	-5%	185	159	16%	404	845	-52%	15,661	15,454	1%
Capital expenditure, gross	374	306	22%	141	128	10%	84	83	1%	7	3	133%	5	2	150%	611	522	17%
Acquisitions, gross/investments	137	440	-69%	36	19	89%	28	757	-96%	-	1	-100%	-7	-1	--	194	1,216	-84%
Research and development expenses	59	44	34%	161	125	29%	-	-	--	0	0		3	1	200%	223	170	31%
Employees (per capita on balance sheet date) ¹	109,113	105,917	3%	33,125	32,899	1%	69,283	68,852	1%	7,960	7,746	3%	858	861	0%	220,339	216,275	2%
Key figures																		
EBITDA margin	17.3%	18.1%		23.6%	20.8%		14.4%	13.6%		4.5%	5.0%					17.6% ^{2,4}	17.3% ⁵	
EBIT margin	12.9%	13.5%		19.5%	16.7%		11.1%	9.9%		3.5%	3.8%					13.6% ^{2,4}	13.1% ⁵	
Depreciation and amortization in % of sales	4.4%	4.5%		4.1%	4.1%		3.3%	3.7%		1.1%	1.3%					4.0%	4.2%	
Operating cash flow in % of sales	10.2%	7.6%		12.1%	8.7%		8.3%	8.1%		-9.5%	-15.6%					9.3%	7.0%	
ROOA ¹	9.7%	9.7%		11.8%	10.5%		7.8%	7.4%		10.7%	11.2%					9.6% ⁸	9.1% ⁹	

¹ 2014: December 31

² Before costs for the efficiency program

³ Before integration costs

⁴ Before integration costs and disposal gains (two HELIOS hospitals)

⁵ Before integration costs and disposal gains (two HELIOS hospitals, Rhön stake)

⁶ After costs for the efficiency program, integration costs and disposal gains (two HELIOS hospitals)

⁷ After integration costs and disposal gains (two HELIOS hospitals, Rhön stake)

⁸ The underlying pro forma EBIT does not include costs for the efficiency program, integration costs and disposal gains (two HELIOS hospitals).

⁹ The underlying pro forma EBIT does not include integration costs and disposal gains (two HELIOS hospitals, Rhön stake).

The consolidated segment reporting is an integral part of the notes.
The following notes are an integral part of the unaudited condensed interim financial statements.

FRESENIUS SE & CO. KGAA

CONSOLIDATED SEGMENT REPORTING SECOND QUARTER (UNAUDITED)

	Fresenius Medical Care			Fresenius Kabi			Fresenius Helios			Fresenius Vamed			Corporate/Other			Fresenius Group		
	2015	2014	Change	2015 ¹	2014 ²	Change	2015 ²	2014 ³	Change	2015	2014	Change	2015 ⁴	2014 ⁵	Change	2015	2014	Change
	by business segment, € in millions																	
Sales	3,796	2,797	36%	1,538	1,253	23%	1,383	1,294	7%	255	207	23%	-26	-30	13%	6,946	5,521	26%
thereof contribution to consolidated sales	3,789	2,785	36%	1,527	1,242	23%	1,383	1,294	7%	245	198	24%	2	2	0%	6,946	5,521	26%
thereof intercompany sales	7	12	-42%	11	11	0%	0	0		10	9	11%	-28	-32	13%	0	0	
contribution to consolidated sales	54%	51%		22%	22%		20%	23%		4%	4%		0%	0%		100%	100%	
EBITDA	658	529	24%	376	260	45%	207	186	11%	12	12	0%	-40	25	--	1,213	1,012	20%
Depreciation and amortization	164	123	33%	62	50	24%	47	50	-6%	3	3	0%	2	1	100%	278	227	22%
EBIT	494	406	22%	314	210	50%	160	136	18%	9	9	0%	-42	24	--	935	785	19%
Net interest	-92	-72	-28%	-52	-47	-11%	-12	-11	-9%	-1	1	-200%	-8	-16	50%	-165	-145	-14%
Income taxes	-123	-129	5%	-84	-46	-83%	-27	-22	-23%	-2	-3	33%	13	3	--	-223	-197	-13%
Net income attributable to shareholders of Fresenius SE & Co. KGaA	218	170	28%	169	111	52%	119	102	17%	6	6	0%	-187	-103	-82%	325	286	14%
Operating cash flow	349	328	6%	271	173	57%	117	128	-9%	-7	-8	13%	-10	-11	9%	720	610	18%
Cash flow before acquisitions and dividends	155	169	-8%	192	96	100%	66	76	-13%	-13	-11	-18%	-12	-9	-33%	388	321	21%
Capital expenditure, gross	195	160	22%	83	74	12%	52	51	2%	6	1	--	2	2	0%	338	288	17%
Acquisitions, gross/investments	76	293	-74%	2	2	0%	11	-3	--	-	0		1	0		90	292	-69%
Research and development expenses	32	22	45%	83	66	26%	-	-	--	0	0		2	1	100%	117	89	31%
Key figures																		
EBITDA margin	17.3%	18.9%		24.4%	20.8%		15.0%	14.4%		4.7%	5.8%					18.0%	17.9%	³
EBIT margin	13.0%	14.5%		20.4%	16.8%		11.6%	10.5%		3.5%	4.3%					14.0%	13.8%	³
Depreciation and amortization in % of sales	4.3%	4.4%		4.0%	4.0%		3.4%	3.9%		1.2%	1.4%					4.0%	4.1%	
Operating cash flow in % of sales	9.2%	11.7%		17.6%	13.8%		8.5%	9.9%		-2.7%	-3.9%					10.4%	11.0%	

¹ Before costs for the efficiency program

² Before integration costs

³ Before integration costs and disposal gains (Rhön stake)

⁴ After costs for the efficiency program and integration costs

⁵ After integration costs and disposal gains (Rhön stake)

The consolidated segment reporting is an integral part of the notes.
The following notes are an integral part of the unaudited condensed interim financial statements.

GENERAL NOTES

1. PRINCIPLES

I. GROUP STRUCTURE

Fresenius is a global health care group with products and services for dialysis, hospitals and outpatient medical care. In addition, the Fresenius Group focuses on hospital operations and also manages projects and provides services for hospitals and other health care facilities worldwide. Besides the activities of the parent company Fresenius SE & Co. KGaA, Bad Homburg v. d. H., the operating activities were split into the following legally independent business segments as of June 30, 2015:

- ▶ Fresenius Medical Care
- ▶ Fresenius Kabi
- ▶ Fresenius Helios
- ▶ Fresenius Vamed

The reporting currency in the Fresenius Group is the euro. In order to make the presentation clearer, amounts are mostly shown in million euros. Amounts under €1 million after rounding are marked with “–”.

II. BASIS OF PRESENTATION

The accompanying condensed consolidated financial statements have been prepared in accordance with the United States Generally Accepted Accounting Principles (U.S. GAAP).

Fresenius SE & Co. KGaA, as a stock exchange listed company with a domicile in a member state of the European Union, fulfills its obligation to prepare and publish the consolidated financial statements in accordance with the International Financial Reporting Standards (IFRS) applying Section 315a of the German Commercial Code (HGB). Simultaneously, the Fresenius Group voluntarily prepares and publishes the consolidated financial statements in accordance with U.S. GAAP.

The accounting policies underlying these interim financial statements are mainly the same as those applied in the consolidated financial statements as of December 31, 2014.

III. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Principles of consolidation

The condensed consolidated financial statements and management report for the first half and the second quarter ended June 30, 2015 have not been audited nor reviewed and should be read in conjunction with the notes included in the consolidated financial statements as of December 31, 2014, published in the 2014 Annual Report.

Except for the reported acquisitions (see note 2, Acquisitions, divestitures and investments), there have been no other major changes in the entities consolidated.

The consolidated financial statements for the first half and the second quarter ended June 30, 2015 include all adjustments that, in the opinion of the Management Board, are of a normal and recurring nature and are necessary to provide an appropriate view of the assets and liabilities, financial position and results of operations of the Fresenius Group.

The results of operations for the first half ended June 30, 2015 are not necessarily indicative of the results of operations for the fiscal year 2015.

Classifications

Certain items in the consolidated financial statements for the first half of 2014 and for the year 2014 have been reclassified to conform with the current year's presentation.

Use of estimates

The preparation of consolidated financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of income and expenses during the reporting period. Actual results could differ from those estimates.

IV. RECENT PRONOUNCEMENTS, APPLIED

The Fresenius Group has prepared its consolidated financial statements at June 30, 2015 in conformity with U.S. GAAP in force for interim periods on January 1, 2015.

The Fresenius Group applied the following standards, as far as they are relevant for Fresenius Group's business, for the first time:

In June 2014, the Financial Accounting Standards Board (FASB) issued **Accounting Standards Update 2014-11** (ASU 2014-11), FASB Accounting Standards Codification (ASC)

Topic 860, Transfers and Servicing – Repurchase-to-Maturity Transactions, Repurchase Financings, and Disclosures, which aligns the accounting for repurchase-to-maturity transactions and repurchase financing arrangements with the accounting for other typical repurchase agreements, i.e. these transactions will be accounted for as secured borrowings. ASU 2014-11 also requires additional disclosures about repurchase agreements and other similar transactions. The update is effective for fiscal years and interim periods within those years beginning on or after December 15, 2014. The Fresenius Group adopted ASU 2014-11 as of January 1, 2015. ASU 2014-11 does not have a material impact on the consolidated financial statements of the Fresenius Group.

In April 2014, the FASB issued **Accounting Standards Update 2014-08** (ASU 2014-08), FASB ASC Topic 205, Presentation of Financial Statements and FASB ASC Topic 360, Property, Plant, and Equipment – Reporting Discontinued Operations and Disclosures of Disposals of Components of an Entity. ASU 2014-08’s objective is to reduce the complexity and difficulty in applying guidance for discontinued operations. ASU 2014-08’s main focus is to limit the presentation to disposals representing a strategic shift that has a major effect on operations or financial results. The update is effective for fiscal years and interim periods within those years beginning on or after December 15, 2014. The Fresenius Group adopted ASU 2014-08 as of January 1, 2015. ASU 2014-08 does not have a material impact on the consolidated financial statements of the Fresenius Group.

In January 2014, the FASB issued **Accounting Standards Update 2014-05** (ASU 2014-05), FASB ASC Topic 853, Service Concession Arrangements. ASU 2014-05’s objective is to specify that an operating entity should not account for a service concession arrangement that is within the scope of ASU 2014-05 as a lease. The update is effective for fiscal years and interim periods within those years beginning on or after December 15, 2014. The Fresenius Group adopted ASU 2014-05 as of January 1, 2015. ASU 2014-05 does not have a material impact on the consolidated financial statements of the Fresenius Group.

V. RECENT PRONOUNCEMENTS, NOT YET APPLIED

The FASB issued the following relevant new standards for the Fresenius Group:

In July 2015, the FASB issued **Accounting Standards Update 2015-12** (ASU 2015-12), FASB ASC Topic 960, Plan Accounting – Defined Benefit Pension Plans, FASB ASC Topic 962, Defined Contribution Pension Plans and FASB ASC Topic 965, Health and Welfare Benefit Plans – I. Fully Benefit-Responsive Investment Contracts; II. Plan Investment Disclosures, and III. Measurement Date Practical Expedient. ASU 2015-12 simplifies the measurement, presentation and related disclosures for fully benefit-responsive investment contracts and disclosures about plan investments. This update is effective for fiscal years beginning after December 15, 2015, including interim periods within those fiscal years, with earlier adoption permitted. The Fresenius Group is currently evaluating the impact of ASU 2015-12 on its consolidated financial statements.

In July 2015, the FASB issued **Accounting Standards Update 2015-11** (ASU 2015-11), FASB ASC Topic 330, Inventory – Simplifying the Measurement of Inventory. ASU 2015-11 applies to companies other than those that measure inventory using last-in, first-out (LIFO) or the retail inventory method. This update requires applicable companies to measure inventory at the lower of cost and net realizable value. This update is effective for fiscal years beginning after December 15, 2016, including interim periods within those fiscal years, with earlier adoption permitted. The Fresenius Group is currently evaluating the impact of ASU 2015-11 on its consolidated financial statements.

In April 2015, the FASB issued **Accounting Standards Update 2015-05** (ASU 2015-05), FASB ASC Subtopic 350-40, Intangibles – Goodwill and Other – Internal-Use Software: Customer’s Accounting for Fees Paid in a Cloud Computing Arrangement, which assists entities in evaluating the accounting for fees paid by a customer in a cloud computing arrangement, depending upon the inclusion or exclusion of software licenses. This update is effective for fiscal years and interim periods within those years beginning after December 15, 2015. The Fresenius Group is currently evaluating the impact of ASU 2015-05 on its consolidated financial statements.

In April 2015, the FASB issued **Accounting Standards Update 2015-03** (ASU 2015-03), FASB ASC Subtopic 835-30, Interest – Imputation of Interest: Simplifying the Presentation of Debt Issuance Costs, which requires that debt issuance costs related to a recognized debt liability be presented in the balance sheet as a direct deduction from the carrying amount of that liability, consistent with debt discounts. This update is effective for fiscal years and interim periods within those years beginning after December 15, 2015. The Fresenius Group will adopt this ASU beginning in the fiscal year 2016.

In February 2015, the FASB issued **Accounting Standards Update 2015-02** (ASU 2015-02), FASB ASC Topic 810, Consolidation – Amendments to the Consolidation Analysis, which focuses on clarifying guidance related to the evaluation of various types of legal entities such as limited partnerships, limited liability corporations and certain security transactions for consolidation. The update is effective for fiscal years beginning after December 15, 2015, and for interim periods within fiscal years beginning after December 15, 2015. The Fresenius Group is currently evaluating the impact of ASU 2015-02 on its consolidated financial statements.

In May 2014, the FASB issued **Accounting Standards Update 2014-09** (ASU 2014-09), FASB ASC Topic 606, Revenue from Contracts with Customers. Simultaneously, the International Accounting Standards Board (IASB) published its equivalent revenue standard, IFRS 15, Revenue from Contracts with Customers. The standards are the result of a convergence project between FASB and the IASB. This update specifies how and when companies reporting under U.S. GAAP will recognize revenue as well as providing users of financial statements with more informative and relevant disclosures. ASU 2014-09 supersedes some guidance included in Topic 605, Revenue Recognition, some guidance within the scope of Topic 360, Property, Plant, and Equipment, and some guidance within the scope of Topic 350, Intangibles – Goodwill and Other. This ASU applies to nearly all contracts with customers, unless those contracts are within the scope of other standards (for example, lease contracts or insurance contracts). This update is effective for fiscal years and interim periods within those years beginning on or after December 15, 2016. Earlier adoption is not permitted. The Fresenius Group is currently evaluating the impact of ASU 2014-09 on its consolidated financial statements.

2. ACQUISITIONS, DIVESTITURES AND INVESTMENTS

The Fresenius Group made acquisitions, investments and purchases of intangible assets of €194 million and €1,216 million in the first half of 2015 and 2014, respectively. Of this amount, €174 million was paid in cash and €20 million was assumed obligations in the first half of 2015.

FRESENIUS MEDICAL CARE

In the first half of 2015, Fresenius Medical Care spent €137 million on acquisitions, mainly for dialysis care services.

FRESENIUS KABI

In the first half of 2015, Fresenius Kabi spent €36 million on acquisitions, which mainly related to the purchase of 100% of the shares in medi1one medical gmbh, Germany, and the purchase of further shares in Fresenius Kabi Bidiphar JSC, Vietnam. Furthermore, on February 16, 2015, Fresenius Kabi sold its German subsidiary CFL GmbH including its subsidiaries to NewCo Pharma GmbH. The transaction resulted in a book gain in an immaterial amount.

FRESENIUS HELIOS

In the first half of 2015, Fresenius Helios spent €28 million on acquisitions, mainly for subsequent purchase price payments, the acquisition of outpatient facilities and the purchase of 94% of the shares in Lungenklinik Dieckholzen gGmbH, Germany.

CORPORATE / OTHER

The segment Corporate/Other includes the consolidation of an intercompany transaction in the amount of €7 million.

NOTES ON THE CONSOLIDATED STATEMENT OF INCOME

3. SPECIAL ITEMS

Net income attributable to shareholders of Fresenius SE & Co. KGaA for the first half of 2015 in the amount of €642 million includes special items relating to Fresenius Kabi's efficiency program and the integration of the acquired Rhön hospitals. The divestment of two HELIOS hospitals in the fiscal year 2014 led to an additional disposal gain in the first half of 2015.

The special items had the following impact on the consolidated statement of income:

€ in millions	EBIT	Net income attributable to shareholders of Fresenius SE & Co. KGaA
Earnings H1/2015, adjusted	1,822	642
Costs for Fresenius Kabi's efficiency program	-40	-28
Integration costs for the acquired Rhön hospitals	-8	-6
Disposal gains from the divestment of two HELIOS hospitals	34	34
Earnings H1/2015 according to U.S. GAAP	1,808	642

4. SALES

Sales by activity were as follows:

€ in millions	H1/2015	H1/2014
Sales of services	9,074	7,019
less patient service bad debt provision	-193	-93
Sales of products and related goods	4,338	3,628
Sales from long-term production contracts	204	176
Other sales	6	3
Sales	13,429	10,733

5. TAXES

During the first half of 2015, there were no further material changes relating to tax audits, accruals for income taxes, unrecognized tax benefits as well as recognized and accrued payments for interest and penalties. Explanations regarding the tax audits and further information can be found in the consolidated financial statements in the 2014 Annual Report.

6. EARNINGS PER SHARE

The following table shows the earnings per share including and excluding the dilutive effect from stock options issued after registration of the capital increase from company's funds (stock split 1:3) with the commercial register on August 1, 2014:

	H1/2015	H1/2014 ¹
Numerators, € in millions		
Net income attributable to shareholders of Fresenius SE & Co. KGaA	642	534
less effect from dilution due to Fresenius Medical Care shares	-	-
Income available to all ordinary shares	642	534
Denominators in number of shares		
Weighted-average number of ordinary shares outstanding	542,708,040	539,561,505
Potentially dilutive ordinary shares	4,491,252	4,557,486
Weighted-average number of ordinary shares outstanding assuming dilution	547,199,292	544,118,991
Basic earnings per ordinary share in €	1.18	0.99
Fully diluted earnings per ordinary share in €	1.17	0.98

¹ Prior year figures were adjusted accordingly.

NOTES ON THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION

7. CASH AND CASH EQUIVALENTS

As of June 30, 2015 and December 31, 2014, cash and cash equivalents were as follows:

€ in millions	June 30, 2015	Dec. 31, 2014
Cash	911	1,127
Time deposits and securities (with a maturity of up to 90 days)	6	48
Total cash and cash equivalents	917	1,175

As of June 30, 2015 and December 31, 2014, earmarked funds of €49 million and €52 million, respectively, were included in cash and cash equivalents.

8. TRADE ACCOUNTS RECEIVABLE

As of June 30, 2015 and December 31, 2014, trade accounts receivable were as follows:

€ in millions	June 30, 2015	Dec. 31, 2014
Trade accounts receivable	5,281	4,780
less allowance for doubtful accounts	635	545
Trade accounts receivable, net	4,646	4,235

11. GOODWILL AND OTHER INTANGIBLE ASSETS

As of June 30, 2015 and December 31, 2014, intangible assets, split into amortizable and non-amortizable intangible assets, consisted of the following:

AMORTIZABLE INTANGIBLE ASSETS

€ in millions	June 30, 2015			December 31, 2014		
	Acquisition cost	Accumulated amortization	Carrying amount	Acquisition cost	Accumulated amortization	Carrying amount
Patents, product and distribution rights	692	329	363	633	288	345
Technology	373	97	276	349	77	272
Non-compete agreements	309	235	74	281	212	69
Other	1,101	513	588	1,000	448	552
Total	2,475	1,174	1,301	2,263	1,025	1,238

9. INVENTORIES

As of June 30, 2015 and December 31, 2014, inventories consisted of the following:

€ in millions	June 30, 2015	Dec. 31, 2014
Raw materials and purchased components	579	527
Work in process	476	451
Finished goods	1,686	1,440
less reserves	88	85
Inventories, net	2,653	2,333

10. OTHER CURRENT AND NON-CURRENT ASSETS

As of June 30, 2015, investments were comprised of investments of €571 million (December 31, 2014: €558 million), mainly regarding the joint venture between Fresenius Medical Care and Galenica Ltd., that were accounted for under the equity method. In the first half of 2015, income of €12 million (H1/2014: €13 million) resulting from this valuation was included in selling, general and administrative expenses in the consolidated statement of income. Securities and long-term loans included €167 million financial assets available for sale as of June 30, 2015 (December 31, 2014: €148 million) mainly relating to shares in funds. Furthermore, securities and long-term loans included €161 million as of June 30, 2015 that Fresenius Medical Care loaned to a middle-market dialysis provider.

Estimated regular amortization expenses of intangible assets for the next five years are shown in the following table:

€ in millions	Q3-4/2015	2016	2017	2018	2019	Q1-2/2020
Estimated amortization expenses	91	169	163	157	154	76

NON-AMORTIZABLE INTANGIBLE ASSETS

€ in millions	June 30, 2015			December 31, 2014		
	Acquisition cost	Accumulated amortization	Carrying amount	Acquisition cost	Accumulated amortization	Carrying amount
Tradenames	217	0	217	202	0	202
Management contracts	6	0	6	6	0	6
Goodwill	21,155	0	21,155	19,868	0	19,868
Total	21,378	0	21,378	20,076	0	20,076

The carrying amount of goodwill has developed as follows:

€ in millions	Fresenius Medical Care	Fresenius Kabi	Fresenius Helios	Fresenius Vamed	Corporate/ Other	Fresenius Group
Carrying amount as of January 1, 2014	8,454	4,116	2,165	85	6	14,826
Additions	1,287	99	2,250	14	0	3,650
Disposals	0	-3	-28	0	0	-31
Reclassifications	0	-	0	0	0	-
Foreign currency translation	1,034	389	0	0	0	1,423
Carrying amount as of December 31, 2014	10,775	4,601	4,387	99	6	19,868
Additions	61	19	49	0	0	129
Foreign currency translation	852	306	0	0	0	1,158
Carrying amount as of June 30, 2015	11,688	4,926	4,436	99	6	21,155

As of June 30, 2015 and December 31, 2014, the carrying amounts of the other non-amortizable intangible assets were €193 million and €179 million, respectively, for Fresenius Medical Care as well as €30 million and €29 million, respectively, for Fresenius Kabi.

12. DEBT AND CAPITAL LEASE OBLIGATIONS

SHORT-TERM DEBT

The Fresenius Group had short-term debt of €357 million and €230 million at June 30, 2015 and December 31, 2014, respectively. As of June 30, 2015, this debt consisted of borrowings by certain entities of the Fresenius Group under lines of credit with commercial banks. Furthermore, €130 million were outstanding under the commercial paper program of Fresenius SE & Co. KGaA.

LONG-TERM DEBT AND CAPITAL LEASE OBLIGATIONS

As of June 30, 2015 and December 31, 2014, long-term debt and capital lease obligations consisted of the following:

€ in millions	June 30, 2015	Dec. 31, 2014
Fresenius Medical Care 2012 Credit Agreement	2,478	2,389
2013 Senior Credit Agreement	2,297	2,561
Euro Notes	917	1,025
Accounts receivable facility of Fresenius Medical Care	318	281
Capital lease obligations	151	151
Other	306	323
Subtotal	6,467	6,730
less current portion	485	753
Long-term debt and capital lease obligations, less current portion	5,982	5,977

Fresenius Medical Care 2012 Credit Agreement

Fresenius Medical Care AG & Co. KGaA (FMC-AG & Co. KGaA) originally entered into a syndicated credit facility (Fresenius Medical Care 2012 Credit Agreement) of US\$3,850 million and a 5-year period with a large group of banks and institutional investors on October 30, 2012.

On November 26, 2014, the Fresenius Medical Care 2012 Credit Agreement was amended to increase the total credit facility to approximately US\$4,400 million and extend the term for an additional two years until October 30, 2019.

The following tables show the available and outstanding amounts under the Fresenius Medical Care 2012 Credit Agreement after scheduled amortization payments at June 30, 2015 and at December 31, 2014:

June 30, 2015				
	Maximum amount available		Balance outstanding	
	€ in millions		€ in millions	
Revolving Credit (in US\$)	US\$1,000 million	894	US\$51 million	45
Revolving Credit (in €)	€400 million	400	€0 million	0
US\$ Term Loan	US\$2,400 million	2,145	US\$2,400 million	2,145
€ Term Loan	€288 million	288	€288 million	288
Total		3,727		2,478

December 31, 2014				
	Maximum amount available		Balance outstanding	
	€ in millions		€ in millions	
Revolving Credit (in US\$)	US\$1,000 million	824	US\$36 million	30
Revolving Credit (in €)	€400 million	400	€0 million	0
US\$ Term Loan	US\$2,500 million	2,059	US\$2,500 million	2,059
€ Term Loan	€300 million	300	€300 million	300
Total		3,583		2,389

In addition, at June 30, 2015 and December 31, 2014, Fresenius Medical Care had letters of credit outstanding in the amount of US\$7 million, which were not included above as part of the balance outstanding at those dates but which reduce available borrowings under the applicable Revolving Credit Facility.

As of June 30, 2015, FMC-AG & Co. KGaA and its subsidiaries were in compliance with all covenants under the Fresenius Medical Care 2012 Credit Agreement.

2013 Senior Credit Agreement

On December 20, 2012, Fresenius SE & Co. KGaA and various subsidiaries entered into a delayed draw syndicated credit agreement (2013 Senior Credit Agreement) in the original amount of US\$1,300 million and €1,250 million. Since the initial funding of the 2013 Senior Credit Agreement in June 2013, additional tranches were added and scheduled amorti-

zation payments have been made. Furthermore, on January 29, 2015, a term loan B tranche of €297 million was voluntarily prepaid.

On February 12, 2015, the revolving credit facilities and the term loan A tranches were extended ahead of time by two years to a new maturity date on June 28, 2020. These tranches would have otherwise matured in June 2018.

The maturities of the 2013 Senior Credit Agreement shown in the consolidated statement of financial position as of December 31, 2014, already took into account the amendments made in February 2015.

The following tables show the available and outstanding amounts under the 2013 Senior Credit Agreement at June 30, 2015 and at December 31, 2014:

June 30, 2015				
	Maximum amount available		Balance outstanding	
	€ in millions		€ in millions	
Revolving Credit Facilities (in €)	€900 million	900	€0 million	0
Revolving Credit Facilities (in US\$)	US\$300 million	268	US\$0 million	0
Term Loan A (in €)	€1,119 million	1,119	€1,119 million	1,119
Term Loan A (in US\$)	US\$827 million	739	US\$827 million	739
Term Loan B (in US\$)	US\$491 million	439	US\$491 million	439
Total		3,465		2,297

December 31, 2014				
	Maximum amount available		Balance outstanding	
	€ in millions		€ in millions	
Revolving Credit Facilities (in €)	€900 million	900	€0 million	0
Revolving Credit Facilities (in US\$)	US\$300 million	247	US\$0 million	0
Term Loan A (in €)	€1,125 million	1,125	€1,125 million	1,125
Term Loan A (in US\$)	US\$890 million	733	US\$890 million	733
Term Loan B (in €)	€297 million	297	€297 million	297
Term Loan B (in US\$)	US\$494 million	406	US\$494 million	406
Total		3,708		2,561

As of June 30, 2015, the Fresenius Group was in compliance with all covenants under the 2013 Senior Credit Agreement.

Euro Notes

As of June 30, 2015 and December 31, 2014, Euro Notes (Schuldscheindarlehen) of the Fresenius Group consisted of the following:

	Maturity	Interest rate	Book value/nominal value € in millions	
			June 30, 2015	Dec. 31, 2014
Fresenius SE & Co. KGaA 2012/2016	April 4, 2016	3.36%	108	156
Fresenius SE & Co. KGaA 2012/2016	April 4, 2016	variable	0	129
Fresenius SE & Co. KGaA 2013/2017	Aug. 22, 2017	2.65%	51	51
Fresenius SE & Co. KGaA 2013/2017	Aug. 22, 2017	variable	74	74
Fresenius SE & Co. KGaA 2014/2018	April 2, 2018	2.09%	97	97
Fresenius SE & Co. KGaA 2014/2018	April 2, 2018	variable	76	76
Fresenius SE & Co. KGaA 2014/2018	April 2, 2018	variable	65	65
Fresenius SE & Co. KGaA 2012/2018	April 4, 2018	4.09%	72	72
Fresenius SE & Co. KGaA 2012/2018	April 4, 2018	variable	0	43
Fresenius SE & Co. KGaA 2015/2018	October 8, 2018	1.07%	36	0
Fresenius SE & Co. KGaA 2015/2018	October 8, 2018	variable	55	0
Fresenius SE & Co. KGaA 2014/2020	April 2, 2020	2.67%	106	106
Fresenius SE & Co. KGaA 2014/2020	April 2, 2020	variable	55	55
Fresenius SE & Co. KGaA 2014/2020	April 2, 2020	variable	101	101
Fresenius SE & Co. KGaA 2015/2022	April 7, 2022	variable	21	0
Euro Notes			917	1,025

In March 2015, Fresenius SE & Co. KGaA voluntarily terminated floating rate tranches of Euro Notes due in 2016 and 2018 in the amount of €172 million ahead of time. Furthermore, the Company made a termination offer to investors of its fixed rate €156 million Euro Notes maturing in April 2016 which was accepted for €48 million. The respective repayments were made on April 7, 2015. The remaining Euro Notes of €108 million due in 2016 are shown as current portion of long-term debt and capital lease obligations in the

consolidated statement of financial position. At the same time, new Euro Notes with maturities in 2018 and 2022 were issued in a total amount of €112 million.

As of June 30, 2015, the Fresenius Group was in compliance with all of its covenants under the Euro Notes.

CREDIT LINES

In addition to the financial liabilities described before, the Fresenius Group maintains additional credit facilities which have not been utilized, or have only been utilized in part, as of the reporting date. At June 30, 2015, the additional financial cushion resulting from unutilized credit facilities was approximately €3.3 billion. Thereof €2.4 billion accounted for syndicated credit facilities.

13. SENIOR NOTES

As of June 30, 2015 and December 31, 2014, Senior Notes of the Fresenius Group consisted of the following:

	Notional amount	Maturity	Interest rate	Book value € in millions	
				June 30, 2015	Dec. 31, 2014
Fresenius Finance B.V. 2014/2019	€300 million	Feb. 1, 2019	2.375%	299	299
Fresenius Finance B.V. 2012/2019	€500 million	Apr. 15, 2019	4.25%	500	500
Fresenius Finance B.V. 2013/2020	€500 million	July 15, 2020	2.875%	500	500
Fresenius Finance B.V. 2014/2021	€450 million	Feb. 1, 2021	3.00%	445	445
Fresenius Finance B.V. 2014/2024	€450 million	Feb. 1, 2024	4.00%	453	453
Fresenius US Finance II, Inc. 2009/2015	€275 million	July 15, 2015	8.75%	275	273
Fresenius US Finance II, Inc. 2009/2015	US\$500 million	July 15, 2015	9.00%	447	409
Fresenius US Finance II, Inc. 2014/2021	US\$300 million	Feb. 1, 2021	4.25%	268	247
FMC Finance VI S.A. 2010/2016	€250 million	July 15, 2016	5.50%	249	249
FMC Finance VII S.A. 2011/2021	€300 million	Feb. 15, 2021	5.25%	297	297
FMC Finance VIII S.A. 2011/2016	€100 million	Oct. 15, 2016	variable	100	100
FMC Finance VIII S.A. 2011/2018	€400 million	Sept. 15, 2018	6.50%	397	397
FMC Finance VIII S.A. 2012/2019	€250 million	July 31, 2019	5.25%	245	245
Fresenius Medical Care US Finance, Inc. 2007/2017	US\$500 million	July 15, 2017	6.875%	445	410
Fresenius Medical Care US Finance, Inc. 2011/2021	US\$650 million	Feb. 15, 2021	5.75%	578	532
Fresenius Medical Care US Finance II, Inc. 2011/2018	US\$400 million	Sept. 15, 2018	6.50%	355	327
Fresenius Medical Care US Finance II, Inc. 2012/2019	US\$800 million	July 31, 2019	5.625%	715	659
Fresenius Medical Care US Finance II, Inc. 2014/2020	US\$500 million	Oct. 15, 2020	4.125%	447	411
Fresenius Medical Care US Finance II, Inc. 2012/2022	US\$700 million	Jan. 31, 2022	5.875%	626	577
Fresenius Medical Care US Finance II, Inc. 2014/2024	US\$400 million	Oct. 15, 2024	4.75%	357	329
Senior Notes				7,998	7,659

All Senior Notes included in the table are unsecured.

The Senior Notes issued by Fresenius US Finance II, Inc. which were due on July 15, 2015 are shown as current portion of Senior Notes in the consolidated statement of finan-

cial position. They have been repaid as scheduled and refinanced with the issuance of commercial paper.

As of June 30, 2015, the Fresenius Group was in compliance with all of its covenants.

14. CONVERTIBLE BONDS

As of June 30, 2015 and December 31, 2014, the convertible bonds of the Fresenius Group consisted of the following:

	Notional amount	Maturity	Coupon	Current conversion price	Book value € in millions	
					June 30, 2015	Dec. 31, 2014
Fresenius SE & Co. KGaA 2014/2019	€500 million	Sept. 24, 2019	0.000%	€49.6611	464	460
Fresenius Medical Care AG & Co. KGaA 2014/2020	€400 million	Jan. 31, 2020	1.125%	€73.6354	375	372
Convertible bonds					839	832

The fair value of the derivative embedded in the convertible bonds of Fresenius SE & Co. KGaA was €184 million at June 30, 2015. The derivative embedded in the convertible bonds of FMC-AG & Co. KGaA was recognized with a fair value of €98 million at June 30, 2015. Fresenius SE & Co. KGaA and FMC-AG & Co. KGaA have purchased stock options (call options) to secure against future fair value fluctuations of

these derivatives. The call options also had an aggregate fair value of €184 million and €98 million, respectively, at June 30, 2015.

The conversions will be cash-settled. Any increase of Fresenius' share price and of Fresenius Medical Care's share price above the conversion price would be offset by a corresponding value increase of the call options.

The derivatives embedded in the convertible bonds and the stock options are recognized in other non-current liabilities/assets in the consolidated statement of financial position.

15. PENSIONS AND SIMILAR OBLIGATIONS

DEFINED BENEFIT PENSION PLANS

At June 30, 2015, the pension liability of the Fresenius Group was €1,160 million. The current portion of the pension liability of €18 million is recognized in the consolidated statement of financial position within short-term accrued expenses and other short-term liabilities. The non-current portion of €1,142 million is recorded as pension liability.

Contributions to Fresenius Group's pension fund were €11 million in the first half of 2015. The Fresenius Group expects approximately €25 million contributions to the pension fund during 2015.

Defined benefit pension plans' net periodic benefit costs of €56 million (H1/2014: €38 million) were comprised of the following components:

€ in millions	H1/2015	H1/2014
Service cost	23	17
Interest cost	22	21
Expected return on plan assets	-10	-8
Amortization of unrealized actuarial losses, net	21	7
Amortization of prior service costs	-	1
Amortization of transition obligations	-	-
Settlement loss	0	-
Net periodic benefit cost	56	38

16. NONCONTROLLING INTEREST

NONCONTROLLING INTEREST SUBJECT TO PUT PROVISIONS

Noncontrolling interest subject to put provisions changed as follows:

€ in millions	H1/2015
Noncontrolling interest subject to put provisions as of January 1, 2015	681
Noncontrolling interest subject to put provisions in profit	56
Purchase of noncontrolling interest subject to put provisions	23
Dividend payments	-78
Currency effects and other changes	89
Noncontrolling interest subject to put provisions as of June 30, 2015	771

99.7% of noncontrolling interest subject to put provisions applied to Fresenius Medical Care at June 30, 2015.

As of June 30, 2015 and December 31, 2014, put options with an aggregate purchase obligation of €126 million and €102 million, respectively, were exercisable. One put option was exercised for a total consideration of €0.4 million in the first half of 2015 (H1/2014: none).

NONCONTROLLING INTEREST NOT SUBJECT TO PUT PROVISIONS

As of June 30, 2015 and December 31, 2014, noncontrolling interest not subject to put provisions in the Fresenius Group was as follows:

€ in millions	June 30, 2015	Dec. 31, 2014
Noncontrolling interest not subject to put provisions in Fresenius Medical Care AG & Co. KGaA	5,905	5,360
Noncontrolling interest not subject to put provisions in VAMED AG	41	43
Noncontrolling interest not subject to put provisions in the business segments		
Fresenius Medical Care	545	482
Fresenius Kabi	110	123
Fresenius Helios	137	134
Fresenius Vamed	7	6
Total noncontrolling interest not subject to put provisions	6,745	6,148

Noncontrolling interest not subject to put provisions changed as follows:

€ in millions	H1/2015
Noncontrolling interest not subject to put provisions as of January 1, 2015	6,148
Noncontrolling interest not subject to put provisions in profit	353
Stock options	34
Purchase of noncontrolling interest not subject to put provisions	2
Dividend payments	-207
Currency effects and other changes	415
Noncontrolling interest not subject to put provisions as of June 30, 2015	6,745

17. FRESENIUS SE & CO. KGAA SHAREHOLDERS' EQUITY

SUBSCRIBED CAPITAL

During the first half of 2015, 1,946,207 stock options were exercised. Consequently, as of June 30, 2015, the subscribed capital of Fresenius SE & Co. KGaA consisted of 543,478,807 bearer ordinary shares. The shares are issued as non-par value shares. The proportionate amount of the subscribed capital is €1.00 per share.

CONDITIONAL CAPITAL

The following Conditional Capitals exist in order to fulfill the subscription rights under the stock option plans of Fresenius SE & Co. KGaA: Conditional Capital I (Stock Option Plan 2003), Conditional Capital II (Stock Option Plan 2008) and Conditional Capital IV (Stock Option Plan 2013) (see note 24, Stock options). Another Conditional Capital III exists for the authorization to issue option bearer bonds and/or convertible bonds.

The following table shows the development of the Conditional Capital:

in €	Ordinary shares
Conditional Capital I Fresenius AG Stock Option Plan 2003	5,773,056
Conditional Capital II Fresenius SE Stock Option Plan 2008	10,901,188
Conditional Capital III, approved on May 16, 2014	48,971,202
Conditional Capital IV Fresenius SE & Co. KGaA Stock Option Plan 2013	25,200,000
Total Conditional Capital as of January 1, 2015	90,845,446
Fresenius AG Stock Option Plan 2003 – options exercised	-382,855
Fresenius SE Stock Option Plan 2008 – options exercised	-1,563,352
Total Conditional Capital as of June 30, 2015	88,899,239

DIVIDENDS

Under the German Stock Corporation Act (AktG), the amount of dividends available for distribution to shareholders is based upon the unconsolidated retained earnings of Fresenius SE & Co. KGaA as reported in its statement of financial position determined in accordance with the German Commercial Code (HGB).

In May 2015, a dividend of €0.44 per bearer ordinary share was approved by Fresenius SE & Co. KGaA's shareholders at the Annual General Meeting and paid. The total dividend payment was €238 million.

18. OTHER COMPREHENSIVE INCOME (LOSS)

Other comprehensive income (loss) is comprised of all amounts recognized directly in equity (net of tax) resulting from the currency translation of foreign subsidiaries' financial statements and the effects of measuring financial instruments at their fair value as well as the change in benefit obligation.

Changes in accumulated other comprehensive income (loss) net of tax by component were as follows:

€ in millions	Cash flow hedges	Change of fair value of available for sale financial assets	Foreign currency translation	Actuarial gains/losses on defined benefit pension plans	Total, before non-controlling interest	Non-controlling interest	Total, after non-controlling interest
Balance as of December 31, 2013	-107	17	-99	-162	-351	-255	-606
Other comprehensive income (loss) before reclassifications	-2	–	-8	-2	-12	33	21
Amounts reclassified from accumulated other comprehensive income (loss)	9	-16	–	3	-4	9	5
Other comprehensive income (loss), net	7	-16	-8	1	-16	42	26
Balance as of June 30, 2014	-100	1	-107	-161	-367	-213	-580
Balance as of December 31, 2014	-109	1	294	-305	-119	189	70
Other comprehensive income (loss) before reclassifications	6	–	369	-12	363	384	747
Amounts reclassified from accumulated other comprehensive income (loss)	6	0	–	7	13	19	32
Other comprehensive income (loss), net	12	–	369	-5	376	403	779
Balance as of June 30, 2015	-97	1	663	-310	257	592	849

Reclassifications out of accumulated other comprehensive income (loss) into net income were as follows:

€ in millions	Amount of gain or loss reclassified from accumulated other comprehensive income (loss) ¹		Affected line item in the consolidated statement of income
	H1/2015	H1/2014	
Details about accumulated other comprehensive income (loss) components			
Cash flow hedges			
Interest rate contracts	19	17	Interest income/expense
Foreign exchange contracts	12	2	Cost of sales
Foreign exchange contracts	-6	2	Selling, general and administrative expenses
Foreign exchange contracts	0	-	Interest income/expense
Other comprehensive income (loss)	25	21	
Tax expense or benefit	-7	-6	
Other comprehensive income (loss), net	18	15	
Change of fair value of available for sale financial assets	0	-23	Selling, general and administrative expenses
Tax expense or benefit	0	7	
Other comprehensive income (loss), net	0	-16	
Amortization of defined benefit pension items			
Prior service costs	-	1	²
Transition obligations	-	-	²
Actuarial gains/losses on defined benefit pension plans	21	8	²
Other comprehensive income (loss)	21	9	
Tax expense or benefit	-7	-3	
Other comprehensive income (loss), net	14	6	
Total reclassifications for the period	32	5	

¹ Gains are shown with a negative sign, losses with a positive sign.

² Net periodic benefit cost is allocated as personnel expense within cost of sales or selling, general and administrative expenses as well as research and development expenses.

OTHER NOTES

19. LEGAL AND REGULATORY MATTERS

The Fresenius Group is routinely involved in numerous claims, lawsuits, regulatory and tax audits, investigations and other legal matters arising, for the most part, in the ordinary course of its business of providing health care services and products. Legal matters that the Fresenius Group currently deems to be material or noteworthy are described below. For the matters described below in which the Fresenius Group believes a loss is both reasonably possible and estimable, an estimate of the loss or range of loss exposure is provided. For the other matters described below, the Fresenius Group believes that the loss probability is remote and/or the loss or range of possible losses cannot be reasonably estimated at this time. The outcome of litigation and other legal matters is always difficult to predict accurately and outcomes that are not consistent with Fresenius Group's view of the merits can occur. The Fresenius Group believes that it has valid defenses to the legal matters pending against it and is defending itself vigorously. Nevertheless, it is possible that the resolution of one or more of the legal matters currently pending or threatened could have a material adverse effect on its business, results of operations and financial condition.

Further information regarding legal disputes, court proceedings and investigations can be found in detail in the consolidated financial statements in the 2014 Annual Report. In the following, only the changes during the first half ended June 30, 2015 compared to the information provided in the consolidated financial statements are described. These changes should be read in conjunction with the overall information in the consolidated financial statements in the 2014 Annual Report; defined terms or abbreviations having the same meaning as in the 2014 Annual Report.

BAXTER PATENT DISPUTE "LIBERTY CYCLER"

The parties have resolved this patent dispute.

SUBPOENA "AMERICAN ACCESS CARE, LLC"

On June 29, 2015, the United States District Court for the Southern District of Florida overruled a whistleblower's objections and approved a settlement agreed with the United States Attorney under which Fresenius Medical Care has paid US\$1.2 million in exchange for a release of claims arising in that District. Fresenius Medical Care and the United States have agreed in principle to a settlement, on a similar basis, encompassing claims arising in the Connecticut and Rhode Island Districts, under which Fresenius Medical Care would pay approximately US\$6.7 million in exchange for a release of claims arising in those Districts. Both settlements implicate only actions and events occurring prior to Fresenius Medical Care's acquisition of American Access Care, LLC (AAC).

SUBPOENAS "MASSACHUSETTS AND LOUISIANA"

In December 2012, Fresenius Medical Care Holdings, Inc. (FMCH) received a subpoena from the United States Attorney for the District of Massachusetts requesting production of a broad range of documents related to two products manufactured by FMCH, electron-beam sterilization of dialyzers and the Liberty peritoneal dialysis cycler. FMCH has cooperated fully in the government's investigation. In December 2014, FMCH was advised that the government's investigation was precipitated by a whistleblower, who first filed a complaint under seal in June 2013. In September 2014, the government declined to intervene in the whistleblower's actions. On March 31, 2015, the relator served his complaint styled *Reihanifam v. Fresenius USA, Inc.*, 2013 Civ. 11486 (D. Mass.). On May 14, 2015, the Court dismissed without prejudice the relator's False Claims Act allegations after receiving the United States' confirmation that it would not intervene as to those allegations. The Court has allowed the relator to pursue allegations of wrongful termination from employment, and FMCH has moved to dismiss those allegations.

In January 2013 and April 2015, respectively, FMCH received subpoenas from the United States Attorney for the Western District of Louisiana and the Attorney General for the Commonwealth of Massachusetts requesting discovery responses relating to the Granuflo® and Naturalyte® acid concentrate products that are also the subject of personal injury litigation described above. FMCH has cooperated fully in the government's investigations.

CIVIL COMPLAINT "HAWAII"

In July 2015, the Attorney General for Hawaii issued a civil complaint under the Hawaii False Claims Act styled *Hawaii v. Liberty Dialysis – Hawaii, LLC et al.*, Case No. 15-1-1357-07 (Hawaii 1st Circuit) alleging that Xerox State Healthcare, LLC, M Group Consulting, LLC and certain Liberty Healthcare subsidiaries of FMCH conspired to over bill Hawaii Medicaid for Liberty's Epogen administrations to Hawaii Medicaid patients during the period from 2006 through 2010, prior to the time of FMCH's acquisition of Liberty. The complaint alleges that Xerox State Healthcare, LLC, which acted as Hawaii's contracted administrator for its Medicaid program reimbursement operations during 2006–2010, provided incorrect and unauthorized billing guidance to Liberty and its consultant, M Group Consulting, LLC, which Liberty relied on for purposes of its Epogen billing to the Hawaii Medicaid program. The complaint seeks civil damages authorized under the Hawaii False Claims Act. FMCH will vigorously contest the complaint.

The Fresenius Group regularly analyzes current information including, as applicable, the Fresenius Group's defenses and insurance coverage and, as necessary, provides accruals for probable liabilities for the eventual disposition of these matters.

The Fresenius Group, like other health care providers, conducts its operations under intense government regulation and scrutiny. It must comply with regulations which relate to

or govern the safety and efficacy of medical products and supplies, the marketing and distribution of such products, the operation of manufacturing facilities, laboratories and dialysis clinics, and environmental and occupational health and safety. With respect to its development, manufacture, marketing and distribution of medical products, if such compliance is not maintained, the Fresenius Group could be subject to significant adverse regulatory actions by the U.S. Food and Drug Administration (FDA) and comparable regulatory authorities outside the United States. These regulatory actions could include warning letters or other enforcement notices from the FDA and/or comparable foreign regulatory authority, which may require the Fresenius Group to expend significant time and resources in order to implement appropriate corrective actions. If the Fresenius Group does not address matters raised in warning letters or other enforcement notices to the satisfaction of the FDA and/or comparable regulatory authorities outside the United States, these regulatory authorities could take additional actions, including product recalls, injunctions against the distribution of products or operation of manufacturing plants, civil penalties, seizures of Fresenius Group's products and/or criminal prosecution. FMCH is currently engaged in remediation efforts with respect to three pending FDA warning letters, Fresenius Kabi with respect to two pending FDA warning letters. The Fresenius Group must also comply with the laws of the United States, including the federal Anti-Kickback Statute, the federal False Claims Act, the federal Stark Law and the federal Foreign Corrupt Practices Act as well as other federal and state fraud and abuse laws. Applicable laws or regulations may be amended, or enforcement agencies or courts may make interpretations that differ from Fresenius Group's interpretations or the manner in which it conducts its business. Enforcement has become a high priority for the federal government and some states. In addition, the provisions of the False Claims Act authorizing payment of a portion of any recovery to the party bringing the

suit encourage private plaintiffs to commence whistleblower actions. By virtue of this regulatory environment, Fresenius Group's business activities and practices are subject to extensive review by regulatory authorities and private parties, and continuing audits, subpoenas, other inquiries, claims and

litigation relating to Fresenius Group's compliance with applicable laws and regulations. The Fresenius Group may not always be aware that an inquiry or action has begun, particularly in the case of "whistleblower" actions, which are initially filed under court seal.

20. FINANCIAL INSTRUMENTS

VALUATION OF FINANCIAL INSTRUMENTS

The following table presents the carrying amounts and fair values as well as the fair value hierarchy levels of Fresenius Group's financial instruments as of June 30, 2015 and December 31, 2014, classified into classes:

€ in millions	Fair value hierarchy level	June 30, 2015		December 31, 2014	
		Carrying amount	Fair value	Carrying amount	Fair value
Cash and cash equivalents	1	917	917	1,175	1,175
Assets recognized at carrying amount	3	4,824	4,829	4,419	4,420
Assets recognized at fair value	1	167	167	148	148
Liabilities recognized at carrying amount	2	16,758	17,636	16,511	17,356
Liabilities recognized at fair value	2	298	298	161	161
Noncontrolling interest subject to put provisions recognized at fair value	3	771	771	681	681
Derivatives for hedging purposes	2	230	230	90	90

The significant methods and assumptions used to estimate the fair values of financial instruments as well as classification of fair value measurements according to the three-tier fair value hierarchy are as follows:

Cash and cash equivalents are stated at nominal value, which equals the fair value.

The nominal value of short-term financial instruments such as accounts receivable and payable and short-term debt represents its carrying amount, which is a reasonable estimate of the fair value due to the relatively short period to maturity for these instruments.

The fair values of major long-term financial instruments are calculated on the basis of market information. Financial instruments for which market quotes are available are measured with the market quotes at the reporting date. The fair values of the other long-term financial liabilities are calculated at the present value of respective future cash flows. To determine these present values, the prevailing interest rates and credit spreads for the Fresenius Group as of the date of the statement of financial position are used.

The class assets recognized at carrying amount consists of trade accounts receivable and a loan which Fresenius Medical Care granted to a middle-market dialysis provider. The fair value of the loan is based on significant unobservable inputs of comparable instruments and thus the class is classified as fair value hierarchy Level 3.

The class assets recognized at fair value was comprised of shares in funds. The fair values of these assets are calculated on the basis of market information. The fair value of available for sale financial assets quoted in an active market is based on price quotations at the period-end date (Level 1). Therefore, this class is classified as Level 1.

The class liabilities recognized at carrying amount is classified as hierarchy Level 2.

The derivatives embedded in the convertible bonds are included in the class liabilities recognized at fair value. The fair value of the embedded derivatives is calculated using the difference between the market value of the convertible

bond and the market value of an adequate straight bond discounted with the market interest rates as of the reporting date. The class was classified as Level 2.

The valuation of the class noncontrolling interest subject to put provisions recognized at fair value is determined using significant unobservable inputs. It is therefore classified as Level 3.

Derivatives, mainly consisting of interest rate swaps and foreign exchange forward contracts, are valued as follows: The fair value of interest rate swaps is calculated by discounting the future cash flows on the basis of the market interest rates applicable for the remaining term of the contract as of the date of the statement of financial position. To determine the fair value of foreign exchange forward contracts, the contracted forward rate is compared to the current forward rate for the remaining term of the contract as of the date of the statement of financial position. The result is then discounted on the basis of the market interest rates prevailing at the date of the statement of financial position for the respective currency.

Fresenius Group's own credit risk is incorporated in the fair value estimation of derivatives that are liabilities. Counterparty credit risk adjustments are factored into the valuation

of derivatives that are assets. The Fresenius Group monitors and analyses the credit risk from derivative financial instruments on a regular basis. For the valuation of derivative financial instruments, the credit risk is considered in the fair value of every individual instrument. The basis for the default probability are Credit Default Swap Spreads of each counterparty appropriate for the duration. The calculation of the credit risk considered in the valuation is done by multiplying the default probability appropriate for the duration with the expected discounted cash flows of the derivative financial instrument.

The class of derivatives for hedging purposes includes the call options which have been purchased to hedge the convertible bonds. The fair values of these call options are derived from market quotes. For the fair value measurement of the class derivatives for hedging purposes, significant other observable inputs are used. Therefore, the class is classified as Level 2 in accordance with the defined fair value hierarchy levels.

Currently, there is no indication that a decrease in the value of Fresenius Group's financing receivables is probable. Therefore, the allowances on credit losses of financing receivables are immaterial.

FAIR VALUES OF DERIVATIVE FINANCIAL INSTRUMENTS

€ in millions

Interest rate contracts (non-current)	
Foreign exchange contracts (current)	
Foreign exchange contracts (non-current)	
Derivatives designated as hedging instruments¹	
Interest rate contracts (non-current)	
Foreign exchange contracts (current) ¹	
Foreign exchange contracts (non-current) ¹	
Derivatives embedded in the convertible bonds	
Stock options to secure the convertible bonds ¹	
Derivatives not designated as hedging instruments	

June 30, 2015		December 31, 2014	
Assets	Liabilities	Assets	Liabilities
1	4	1	6
4	40	9	43
–	–	0	–
5	44	10	49
0	1	0	1
24	37	21	37
–	–	–	–
0	282	0	145
282	0	145	0
306	320	166	183

¹ Derivatives designated as hedging instruments, foreign exchange contracts not designated as hedging instruments and stock options to secure the convertible bonds are classified as derivatives for hedging purposes.

Derivative financial instruments are marked to market each reporting period, resulting in carrying amounts equal to fair values at the reporting date.

Derivatives not designated as hedging instruments, which are derivatives that do not qualify for hedge accounting, are also solely entered into to hedge economic business transactions and not for speculative purposes.

Derivatives for hedging purposes as well as the derivatives embedded in the convertible bonds were recognized at gross value within other assets in an amount of €311 million and other liabilities in an amount of €363 million.

The current portion of interest rate contracts and foreign exchange contracts indicated as assets in the preceding table is recognized within other current assets in the consolidated statement of financial position, while the current portion of

those indicated as liabilities is included in short-term accrued expenses and other short-term liabilities. The non-current portions indicated as assets or liabilities are recognized in other non-current assets or in long-term accrued expenses

and other long-term liabilities, respectively. The derivatives embedded in the convertible bonds and the call options to secure the convertible bonds are recognized in other non-current liabilities/assets in the consolidated statement of financial position.

EFFECT OF DERIVATIVES DESIGNATED AS HEDGING INSTRUMENTS ON THE CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

€ in millions	H1/2015		
	Gain or loss recognized in other comprehensive income (loss) (effective portion)	Gain or loss reclassified from accumulated other comprehensive income (loss) (effective portion)	Gain or loss recognized in the consolidated statement of income
Interest rate contracts	2	19	0
Foreign exchange contracts	-2	6	0
Derivatives in cash flow hedging relationships¹	-	25	0
Foreign exchange contracts			-10
Derivatives in fair value hedging relationships			-10
Derivatives designated as hedging instruments	-	25	-10

€ in millions	H1/2014		
	Gain or loss recognized in other comprehensive income (loss) (effective portion)	Gain or loss reclassified from accumulated other comprehensive income (loss) (effective portion)	Gain or loss recognized in the consolidated statement of income
Interest rate contracts	2	17	1
Foreign exchange contracts	-5	4	0
Derivatives in cash flow hedging relationships¹	-3	21	1
Foreign exchange contracts			-1
Derivatives in fair value hedging relationships			-1
Derivatives designated as hedging instruments	-3	21	-

¹ The amount of gain or loss recognized in the consolidated statement of income solely relates to the ineffective portion.

EFFECT OF DERIVATIVES NOT DESIGNATED AS HEDGING INSTRUMENTS ON THE CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

€ in millions	Gain or loss recognized in the consolidated statement of income	
	H1/2015	H1/2014
Interest rate contracts	-	-
Foreign exchange contracts	-12	6
Derivatives not designated as hedging instruments	-12	6

Losses from derivatives in fair value hedging relationships and from foreign exchange contracts not designated as hedging instruments recognized in the consolidated statement of income are faced by gains from the underlying transactions in the corresponding amount.

The Fresenius Group expects to recognize a net amount of €7 million of the existing losses for foreign exchange contracts deferred in accumulated other comprehensive income (loss) in the consolidated statement of income within the next

12 months. For interest rate contracts, the Fresenius Group expects to recognize €35 million of losses in the course of normal business during the next 12 months in interest expense.

Gains and losses from foreign exchange contracts and the corresponding underlying transactions are accounted for as cost of sales, selling, general and administrative expenses and net interest. Gains and losses resulting from interest rate contracts are recognized as net interest in the consolidated statement of income.

In the first half of 2015, no losses (H1/2014: €16 million) for available for sale financial assets were recognized in other comprehensive income (loss).

MARKET RISK

General

The Fresenius Group is exposed to effects related to foreign exchange fluctuations in connection with its international business activities that are denominated in various currencies. In order to finance its business operations, the Fresenius Group issues senior notes and commercial papers and enters into mainly long-term credit agreements and euro notes (Schuldscheindarlehen) with banks. Due to these financing activities, the Fresenius Group is exposed to interest risk caused by changes in variable interest rates and the risk of changes in the fair value of statement of financial position items bearing fixed interest rates.

In order to manage the risk of interest rate and foreign exchange rate fluctuations, the Fresenius Group enters into certain hedging transactions with highly rated financial institutions as authorized by the Management Board. Derivative financial instruments are not entered into for trading purposes.

The Fresenius Group defines benchmarks for individual exposures in order to quantify interest and foreign exchange risks. The benchmarks are derived from achievable and sustainable market rates. Depending on the individual benchmarks, hedging strategies are determined and generally implemented by means of micro hedges.

Derivative financial instruments

Classification

To reduce the credit risk arising from derivatives, the Fresenius Group concluded master netting agreements with banks. Through such agreements, positive and negative fair values of the derivative contracts could be offset against one another if a partner becomes insolvent. This offsetting is valid for transactions where the aggregate amount of obligations owed to and receivable from are not equal. If insolvency occurs, the party which owes the larger amount is obliged to pay the other party the difference between the amounts owed in the form of one net payment.

Fresenius elects not to offset the fair values of derivative financial instruments subject to master netting agreements in the consolidated statement of financial position.

At June 30, 2015 and December 31, 2014, the Fresenius Group had €29 million and €30 million of derivative financial assets subject to netting arrangements and €75 million and €77 million of derivative financial liabilities subject to netting arrangements. Offsetting these derivative financial instruments would have resulted in net assets of €17 million and €15 million as well as net liabilities of €63 million and €62 million at June 30, 2015 and December 31, 2014, respectively.

Foreign exchange risk management

Solely for the purpose of hedging existing and foreseeable foreign exchange transaction exposures, the Fresenius Group enters into foreign exchange forward contracts and, on a small scale, foreign exchange options. To ensure that no foreign exchange risks result from loans in foreign currencies, the Fresenius Group enters into foreign exchange swap contracts.

As of June 30, 2015, the notional amounts of foreign exchange contracts totaled €2,265 million. These foreign exchange contracts have been entered into to hedge risks from operational business and in connection with loans in foreign currency. The predominant part of the foreign exchange forward contracts to hedge risks from operational business was recognized as cash flow hedge, while foreign exchange contracts in connection with loans in foreign currencies are partly recognized as fair value hedges. The fair values of cash flow hedges and fair value hedges were -€36 million and €10 thousand, respectively.

As of June 30, 2015, the Fresenius Group was party to foreign exchange contracts with a maximum maturity of 36 months.

Interest rate risk management

The Fresenius Group enters into interest rate swaps and, on a small scale, into interest rate options in order to protect against the risk of rising interest rates. These interest rate derivatives are mainly designated as cash flow hedges and have been entered into in order to convert payments based on variable interest rates into payments at a fixed interest rate and in anticipation of future debt issuances (pre-hedges).

As of June 30, 2015, the U.S. dollar interest rate swaps had a notional volume of US\$500 million (€447 million) as well as a fair value of US\$2 million (€2 million) and expire in 2022. The euro interest rate swaps had a notional volume of €601 million and a fair value of -€5 million. The euro interest rate swaps expire in the years 2016 to 2022.

The pre-hedges are used to hedge interest rate exposures with regard to interest rates which are relevant for the future debt issuance and which could rise until the respective debt is actually issued. These pre-hedges are settled at the issuance date of the corresponding debt with the settlement amount recorded in accumulated other comprehensive income (loss) amortized to interest expense over the life of the pre-hedges. At June 30, 2015 and December 31, 2014, the Fresenius Group had €74 million and €89 million, respectively, related to such settlements of pre-hedges deferred in accumulated other comprehensive income (loss), net of tax.

21. SUPPLEMENTARY INFORMATION ON CAPITAL MANAGEMENT

The Fresenius Group has a solid financial profile. As of June 30, 2015, the equity ratio was 40.0% and the debt ratio (debt/total assets) was 37.0%. As of June 30, 2015, the leverage ratio (pro forma, before special items) on the basis of net debt/EBITDA was 3.2.

The aims of the capital management and further information can be found in the consolidated financial statements in the 2014 Annual Report.

The Fresenius Group is covered by the rating agencies Moody's, Standard & Poor's and Fitch.

The following table shows the company rating of Fresenius SE & Co. KGaA:

	June 30, 2015	Dec. 31, 2014
Standard & Poor's		
Corporate Credit Rating	BBB-	BB+
Outlook	stable	positive
Moody's		
Corporate Credit Rating	Ba1	Ba1
Outlook	stable	negative
Fitch		
Corporate Credit Rating	BB+	BB+
Outlook	stable	positive

22. SUPPLEMENTARY INFORMATION ON THE CONSOLIDATED STATEMENT OF CASH FLOWS

The following table provides additional information with regard to the consolidated statement of cash flows:

€ in millions	H1/2015	H1/2014
Interest paid	265	265
Income taxes paid	369	351

Cash paid for acquisitions (without investments in licenses) consisted of the following:

€ in millions	H1/2015	H1/2014
Assets acquired	185	1,797
Liabilities assumed	-11	-567
Noncontrolling interest	-8	-9
Notes assumed in connection with acquisitions	-20	-174
Cash paid	146	1,047
Cash acquired	-4	-190
Cash paid for acquisitions, net	142	857
Cash paid for investments, net of cash acquired	13	182
Cash paid for intangible assets, net	19	4
Total cash paid for acquisitions and investments, net of cash acquired, and net purchases of intangible assets	174	1,043

23. NOTES ON THE CONSOLIDATED SEGMENT REPORTING

GENERAL

The consolidated segment reporting shown on pages 24 and 25 of this interim report is an integral part of the notes.

The Fresenius Group has identified the business segments Fresenius Medical Care, Fresenius Kabi, Fresenius Helios and Fresenius Vamed, which corresponds to the internal organizational and reporting structures (Management Approach) at June 30, 2015.

The business segments were identified in accordance with FASB ASC Topic 280, Segment Reporting, which defines the segment reporting requirements in the annual financial statements and interim reports with regard to the operating business, product and service businesses and regions. The business segments of the Fresenius Group are as follows:

Fresenius Medical Care is the world's largest integrated provider of products and services for individuals with chronic kidney failure. As of June 30, 2015, Fresenius Medical Care was treating 289,610 patients in 3,421 dialysis clinics.

Fresenius Kabi offers infusion therapies, intravenously administered generic drugs and clinical nutrition for seriously and chronically ill patients in the hospital and outpatient environments. The company is also a leading supplier of medical devices and transfusion technology products.

Fresenius Helios is Germany's largest hospital operator. On June 30, 2015, the HELIOS Group operated 111 hospitals: 87 acute care clinics, including 7 maximum care hospitals in Berlin-Buch, Duisburg, Erfurt, Krefeld, Schwerin, Wiesbaden and Wuppertal as well as 24 post-acute care clinics. Fresenius Helios has more than 34,000 beds and treats approximately 4.5 million patients – including 1.2 million inpatients – each year.

Fresenius Vamed manages projects and provides services for hospitals and other health care facilities worldwide.

The segment Corporate/Other is mainly comprised of the holding functions of Fresenius SE & Co. KGaA as well as Fresenius Netcare GmbH, which provides services in the field of information technology. In addition, the segment Corporate/Other includes intersegment consolidation adjustments as well as special items (see note 3, Special items).

NOTES ON THE BUSINESS SEGMENTS

Explanations regarding the notes on the business segments can be found in the consolidated financial statements in the 2014 Annual Report.

RECONCILIATION OF KEY FIGURES TO CONSOLIDATED EARNINGS

€ in millions	H1/2015	H1/2014
Total EBIT of reporting segments	1,836	1,407
General corporate expenses		
Corporate/Other (EBIT)	-28	42
Group EBIT	1,808	1,449
Net interest	-330	-283
Income before income taxes	1,478	1,166

RECONCILIATION OF NET DEBT WITH THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION

€ in millions	June 30, 2015	Dec. 31, 2014
Short-term debt	357	230
Short-term loans from related parties	0	3
Current portion of long-term debt and capital lease obligations	485	753
Current portion of Senior Notes	722	682
Long-term debt and capital lease obligations, less current portion	5,982	5,977
Senior Notes, less current portion	7,276	6,977
Convertible bonds	839	832
Debt	15,661	15,454
less cash and cash equivalents	917	1,175
Net debt	14,744	14,279

24. STOCK OPTIONS

FRESENIUS SE & CO. KGAA STOCK OPTION PLANS

As of June 30, 2015, Fresenius SE & Co. KGaA had three stock option plans in place: the Fresenius AG Stock Option Plan 2003 (2003 Plan) which is based on convertible bonds, the stock option based Fresenius SE Stock Option Plan 2008 (2008 Plan) and the Fresenius SE & Co. KGaA Long Term Incentive Program 2013 (2013 LTIP) which is based on stock options and phantom stocks. The 2013 LTIP is the only program under which stock options can be granted.

Transactions during the first half of 2015

During the first half of 2015, Fresenius SE & Co. KGaA received cash of €36 million from the exercise of 1,946,207 stock options.

658,568 convertible bonds were outstanding and exercisable under the 2003 Plan at June 30, 2015. The members of the Fresenius Management SE Management Board held 40,434 convertible bonds. At June 30, 2015, out of 5,947,749 outstanding stock options issued under the 2008 Plan, 2,713,239 were exercisable and 1,144,820 were held by the members of the Fresenius Management SE Management Board. 4,219,752 stock options issued under the 2013 LTIP were outstanding at June 30, 2015. The members of the Fresenius Management SE Management Board held 630,000 stock options. 641,169 phantom stocks issued under the 2013 LTIP were outstanding at June 30, 2015. The members of the Fresenius Management SE Management Board held 163,422 phantom stocks.

As of June 30, 2015, 3,371,807 options for ordinary shares were outstanding and exercisable. On June 30, 2015, total unrecognized compensation cost related to non-vested options granted under the 2008 Plan and the 2013 LTIP was €22 million. This cost is expected to be recognized over a weighted-average period of 2.7 years.

FRESENIUS MEDICAL CARE AG & CO. KGAA STOCK OPTION PLANS

During the first half of 2015, 1,048,650 stock options were exercised. Fresenius Medical Care AG & Co. KGaA received cash of €38 million upon exercise of these stock options and €10 million from a related tax benefit.

25. RELATED PARTY TRANSACTIONS

Prof. Dr. med. D. Michael Albrecht, a member of the Supervisory Board of Fresenius SE & Co. KGaA, is medical director and spokesman of the management board of the University Hospital Carl Gustav Carus Dresden and a member of the supervisory board of the University Hospital Aachen. The Fresenius Group maintains business relations with these hospitals in the ordinary course and under customary conditions.

Prof. Dr. h. c. Roland Berger, a member of the Supervisory Board of Fresenius Management SE and of Fresenius SE & Co. KGaA, is a partner of Roland Berger Strategy Consultants Holding GmbH. In the first half of 2015, after discussion and approval by the Supervisory Board of Fresenius Management SE and the Supervisory Board of Fresenius SE & Co. KGaA, the Fresenius Group paid €0.05 million to affiliated companies of the Roland Berger group for consulting services rendered.

Klaus-Peter Müller, a member of the Supervisory Board of Fresenius Management SE and of Fresenius SE & Co. KGaA, is the chairman of the supervisory board of Commerzbank AG. The Fresenius Group maintains business relations with Commerzbank under customary conditions.

On May 20, 2015, at the Annual General Meeting of Fresenius SE & Co. KGaA, Michael Diekmann, chairman of the management board of Allianz SE until May 6, 2015, was elected to the Supervisory Boards of Fresenius Management SE and of Fresenius SE & Co. KGaA. In the first half of 2015, the Fresenius Group paid €5.7 million for insurance premiums to the Allianz group under customary conditions.

Dr. Dieter Schenk, deputy chairman of the Supervisory Board of Fresenius Management SE, is a partner in the international law firm Noerr LLP, which provides legal services to the Fresenius Group. In the first half of 2015, after discussion and approval of each mandate by the Supervisory Board of Fresenius Management SE, the Fresenius Group paid €0.6 million to this law firm for legal services rendered.

The payments mentioned in this note are net amounts. In addition, VAT and insurance tax were paid.

26. SUBSEQUENT EVENTS

There have been no significant changes in the Fresenius Group's operating environment following the end of the first half of 2015. No other events of material importance on the assets and liabilities, financial position, and results of operations of the Group have occurred following the end of the first half of 2015.

27. CORPORATE GOVERNANCE

For each consolidated stock exchange listed entity, the declaration pursuant to Section 161 of the German Stock Corporation Act (Aktiengesetz) has been issued and made available to shareholders on the website of Fresenius SE & Co. KGaA (www.fresenius.com), and of Fresenius Medical Care AG & Co. KGaA (www.freseniusmedicalcare.com).

Consolidated Financial Statements of Fresenius SE & Co. KGaA for 2014 (U.S. GAAP)

FRESENIUS SE & CO. KGAA

CONSOLIDATED STATEMENT OF INCOME

€ in millions	Note	2014	2013
Sales	4	23,231	20,331
Cost of sales	5	-16,389	-13,948
Gross profit		6,842	6,383
Selling, general and administrative expenses	8	-3,359	-3,044
Research and development expenses		-369	-348
Operating income (EBIT)		3,114	2,991
Interest income	9	128	50
Interest expenses	9	-730	-634
Income before income taxes		2,512	2,407
Income taxes	10	-700	-669
Net income		1,812	1,738
Less noncontrolling interest	11	745	727
Net income attributable to shareholders of Fresenius SE & Co. KGaA		1,067	1,011
Earnings per ordinary share in € (after stock split 1:3)	12	1.97	1.89
Fully diluted earnings per ordinary share in € (after stock split 1:3)	12	1.96	1.87

The following notes are an integral part of the consolidated financial statements.

FRESENIUS SE & CO. KGAA

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

€ in millions	Note	2014	2013
Net income		1,812	1,738
Other comprehensive income (loss)			
Foreign currency translation	27, 29	953	-581
Cash flow hedges	27, 29	1	35
Change of fair value of available for sale financial assets	27, 29	-23	41
Actuarial gains/losses on defined benefit pension plans	24, 27	-340	37
Income taxes related to components of other comprehensive income (loss)	27	85	-23
Other comprehensive income (loss), net		676	-491
Total comprehensive income		2,488	1,247
Comprehensive income attributable to noncontrolling interest subject to put provisions		171	65
Comprehensive income attributable to noncontrolling interest not subject to put provisions		1,018	394
Comprehensive income attributable to shareholders of Fresenius SE & Co. KGaA		1,299	788

The following notes are an integral part of the consolidated financial statements.

FRESENIUS SE & CO. KGAA

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

ASSETS

as of December 31, € in millions

	Note	2014	2013
Cash and cash equivalents	13	1,175	864
Trade accounts receivable, less allowance for doubtful accounts	14	4,235	3,474
Accounts receivable from and loans to related parties		36	28
Inventories	15	2,333	2,014
Other current assets	16	1,843	1,261
Deferred taxes	10	406	331
I. Total current assets		10,028	7,972
Property, plant and equipment	17	6,776	5,082
Goodwill	18	19,868	14,826
Other intangible assets	18	1,446	1,241
Other non-current assets	16	1,458	3,433
Deferred taxes	10	321	204
II. Total non-current assets		29,869	24,786
Total assets		39,897	32,758

LIABILITIES AND SHAREHOLDERS' EQUITY

as of December 31, € in millions

	Note	2014	2013
Trade accounts payable		1,052	885
Short-term accounts payable to related parties		5	2
Short-term accrued expenses and other short-term liabilities	19, 20	4,164	3,057
Short-term debt	21	230	959
Short-term loans from related parties		3	6
Current portion of long-term debt and capital lease obligations	21	753	855
Current portion of Senior Notes	22	682	0
Short-term accruals for income taxes		161	211
Deferred taxes	10	54	48
A. Total short-term liabilities		7,104	6,023
Long-term debt and capital lease obligations, less current portion	21	5,977	5,871
Senior Notes, less current portion	22	6,977	5,113
Convertible bonds	23	832	0
Long-term accrued expenses and other long-term liabilities	19, 20	661	434
Pension liabilities	24	1,099	714
Long-term accruals for income taxes		216	180
Deferred taxes	10	867	691
B. Total long-term liabilities		16,629	13,003
I. Total liabilities		23,733	19,026
II. Noncontrolling interest subject to put provisions	25	681	472
A. Noncontrolling interest not subject to put provisions	25	6,148	5,065
Subscribed capital	26	542	539
Capital reserve	26	3,018	2,955
Other reserves	26	5,894	5,052
Accumulated other comprehensive loss	27	-119	-351
B. Total Fresenius SE & Co. KGaA shareholders' equity		9,335	8,195
III. Total shareholders' equity		15,483	13,260
Total liabilities and shareholders' equity		39,897	32,758

The following notes are an integral part of the consolidated financial statements.

FRESENIUS SE & CO. KGAA

CONSOLIDATED STATEMENT OF CASH FLOWS

January 1 to December 31, € in millions

	Note	2014	2013
Operating activities			
Net income		1,812	1,738
Adjustments to reconcile net income to cash and cash equivalents provided by operating activities			
Depreciation and amortization	16, 17, 18	937	843
Gain on sale of investments and divestitures	2	-66	-55
Change in deferred taxes	10	60	2
Gain/loss on sale of fixed assets		7	-14
Changes in assets and liabilities, net of amounts from businesses acquired or disposed of			
Trade accounts receivable, net	14	-204	18
Inventories	15	-134	-268
Other current and non-current assets	16	-5	78
Accounts receivable from/payable to related parties		-8	-8
Trade accounts payable, accrued expenses and other short-term and long-term liabilities	19, 20	246	48
Accruals for income taxes		-60	-62
Net cash provided by operating activities		2,585	2,320
Investing activities			
Purchase of property, plant and equipment	17	-1,345	-1,071
Proceeds from sales of property, plant and equipment		22	24
Acquisitions and investments, net of cash acquired and net purchases of intangible assets	2, 31	-2,214	-2,703
Proceeds from sale of investments and divestitures	2	186	147
Net cash used in investing activities		-3,351	-3,603
Financing activities			
Proceeds from short-term loans	21	202	1,088
Repayments of short-term loans	21	-933	-319
Proceeds from short-term loans from related parties		-	-
Repayments of short-term loans from related parties		-	-
Proceeds from long-term debt and capital lease obligations	21	2,541	3,810
Repayments of long-term debt and capital lease obligations	21	-3,299	-2,042
Proceeds from the issuance of Senior Notes	22	2,094	500
Repayments of liabilities from Senior Notes	22	0	-1,150
Proceeds from the issuance of convertible bonds	23	900	0
Payments for the share buy-back program of Fresenius Medical Care	26	0	-385
Changes of accounts receivable securitization program	21	-7	142
Proceeds from the exercise of stock options	33	125	152
Dividends paid		-582	-491
Change in noncontrolling interest	25	-	-2
Exchange rate effect due to corporate financing		2	2
Net cash provided by financing activities		1,043	1,305
Effect of exchange rate changes on cash and cash equivalents		34	-43
Net increase/decrease in cash and cash equivalents		311	-21
Cash and cash equivalents at the beginning of the reporting period	13	864	885
Cash and cash equivalents at the end of the reporting period	13	1,175	864

The following notes are an integral part of the consolidated financial statements.

FRESENIUS SE & CO. KGAA

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

		Subscribed Capital			Reserves	
	Note	Number of ordinary shares in thousand ¹	Amount € in thousands	Amount € in millions	Capital reserve € in millions	Other reserves € in millions
As of December 31, 2012		534,564	534,564	535	2,868	4,358
Proceeds from the exercise of stock options	33	4,521	4,521	4	91	
Compensation expense related to stock options	33				21	
Dividends paid	26					-196
Purchase of noncontrolling interest not subject to put provisions	25					
Share buy-back program of Fresenius Medical Care AG & Co. KGaA	26					-121
Change in fair value of noncontrolling interest subject to put provisions	25				-25	
Comprehensive income (loss)						
Net income						1,011
Other comprehensive income (loss)						
Cash flow hedges	27, 29					
Change of fair value of available for sale financial assets	27, 29					
Foreign currency translation	27, 29					
Actuarial gains/losses on defined benefit pension plans	24, 27					
Comprehensive income (loss)						1,011
As of December 31, 2013		539,085	539,085	539	2,955	5,052
Proceeds from the exercise of stock options	33	2,448	2,448	3	67	
Compensation expense related to stock options	33				19	
Dividends paid	26					-225
Purchase of noncontrolling interest not subject to put provisions	25					
Change in fair value of noncontrolling interest subject to put provisions	25				-23	
Comprehensive income (loss)						
Net income						1,067
Other comprehensive income (loss)						
Cash flow hedges	27, 29					
Change of fair value of available for sale financial assets	27, 29					
Foreign currency translation	27, 29					
Actuarial losses on defined benefit pension plans	24, 27					
Comprehensive income						1,067
As of December 31, 2014		541,533	541,533	542	3,018	5,894

¹ Prior year figures were adjusted due to the stock split in 2014.

	Note	Accumulated other com- prehensive income (loss) € in millions	Total Fresenius SE & Co. KGaA shareholders' equity € in millions	Noncontrolling interest not subject to put provisions € in millions	Total shareholders' equity € in millions
As of December 31, 2012		-128	7,633	5,125	12,758
Proceeds from the exercise of stock options	33		95	57	152
Compensation expense related to stock options	33		21	7	28
Dividends paid	26		-196	-206	-402
Purchase of noncontrolling interest not subject to put provisions	25		0	6	6
Share buy-back program of Fresenius Medical Care AG & Co. KGaA	26		-121	-264	-385
Change in fair value of noncontrolling interest subject to put provisions	25		-25	-54	-79
Comprehensive income (loss)					
Net income			1,011	645	1,656
Other comprehensive income (loss)					
Cash flow hedges	27, 29	15	15	12	27
Change of fair value of available for sale financial assets	27, 29	34	34	–	34
Foreign currency translation	27, 29	-267	-267	-286	-553
Actuarial gains/losses on defined benefit pension plans	24, 27	-5	-5	23	18
Comprehensive income (loss)		-223	788	394	1,182
As of December 31, 2013		-351	8,195	5,065	13,260
Proceeds from the exercise of stock options	33		70	55	125
Compensation expense related to stock options	33		19	4	23
Dividends paid	26		-225	-240	-465
Purchase of noncontrolling interest not subject to put provisions	25		0	297	297
Change in fair value of noncontrolling interest subject to put provisions	25		-23	-51	-74
Comprehensive income (loss)					
Net income			1,067	635	1,702
Other comprehensive income (loss)					
Cash flow hedges	27, 29	-2	-2	2	–
Change of fair value of available for sale financial assets	27, 29	-16	-16	–	-16
Foreign currency translation	27, 29	393	393	470	863
Actuarial losses on defined benefit pension plans	24, 27	-143	-143	-89	-232
Comprehensive income		232	1,299	1,018	2,317
As of December 31, 2014		-119	9,335	6,148	15,483

The following notes are an integral part of the consolidated financial statements.

FRESENIUS SE & CO. KGAA

CONSOLIDATED SEGMENT REPORTING

BY BUSINESS SEGMENT

€ in millions	Fresenius Medical Care			Fresenius Kabi		
	2014	2013	Change	2014 ¹	2013 ¹	Change
Sales	11,917	11,000	8%	5,146	4,996	3%
thereof contribution to consolidated sales	11,869	10,978	8%	5,104	4,956	3%
thereof intercompany sales	48	22	118%	42	40	5%
contribution to consolidated sales	51%	54%		22%	24%	
EBITDA	2,223	2,187	2%	1,084	1,143	-5%
Depreciation and amortization	526	488	8%	211	217	-3%
EBIT	1,697	1,699	0%	873	926	-6%
Net interest	-310	-308	-1%	-196	-236	17%
Income taxes	-440	-446	1%	-189	-178	-6%
Net income attributable to shareholders of Fresenius SE & Co. KGaA	786	836	-6%	468	487	-4%
Operating cash flow	1,401	1,532	-9%	641	488	31%
Cash flow before acquisitions and dividends	709	984	-28%	289	177	63%
Total assets	20,960	16,764	25%	9,655	8,598	12%
Debt	7,851	6,103	29%	5,205	4,735	10%
Capital expenditure, gross	701	563	25%	361	317	14%
Acquisitions, gross/investments	1,495	424	--	118	131	-10%
Research and development expenses	92	95	-3%	276	250	10%
Employees (per capita on balance sheet date)	105,917	95,637	11%	32,899	31,961	3%
Key figures						
EBITDA margin	18.7%	19.9%		21.1%	22.9%	
EBIT margin	14.2%	15.4%		17.0%	18.5%	
Depreciation and amortization in % of sales	4.4%	4.4%		4.1%	4.3%	
Operating cash flow in % of sales	11.8%	13.9%		12.5%	9.8%	
ROOA	9.7%	10.5%		10.5%	11.9%	

¹ Before integration costs

² Before integration costs and disposal gains (two HELIOS hospitals)

³ After integration costs

⁴ After integration costs and disposal gains (two HELIOS hospitals, Rhön stake)

⁵ The underlying pro forma EBIT does not include integration costs and disposal gains (two HELIOS hospitals, Rhön stake).

⁶ The underlying pro forma EBIT does not include integration costs.

BY REGION

€ in millions	Europe			North America		
	2014	2013	Change	2014	2013	Change
Sales	10,162	8,216	24%	9,307	8,620	8%
contribution to consolidated sales	44%	40%		40%	42%	
EBIT	865	823	5%	1,684	1,667	1%
Depreciation and amortization	432	370	17%	398	377	6%
Total assets	15,701	13,529	16%	19,798	15,833	25%
Capital expenditure, gross	670	519	29%	451	372	21%
Acquisitions, gross/investments	879	2,257	-61%	1,233	347	--
Employees (per capita on balance sheet date)	112,829	85,706	32%	65,817	60,600	9%

Fresenius Helios			Fresenius Vamed			Corporate/Other			Fresenius Group		
2014 ²	2013	Change	2014	2013	Change	2014 ⁴	2013 ³	Change	2014	2013	Change
5,244	3,393	55%	1,042	1,020	2%	-118	-78	-51%	23,231	20,331	14%
5,244	3,393	55%	1,009	987	2%	5	17	-71%	23,231	20,331	14%
0	0		33	33	0%	-123	-95	-29%	0	0	
23%	17%		4%	5%		0%	0%		100%	100%	
732	508	44%	71	65	9%	-59	-69	14%	4,051	3,834	6%
179	118	52%	12	10	20%	9	10	-10%	937	843	11%
553	390	42%	59	55	7%	-68	-79	14%	3,114	2,991	4%
-56	-48	-17%	-1	-3	67%	-39	11	--	-602	-584	-3%
-86	-60	-43%	-16	-14	-14%	31	29	7%	-700	-669	-5%
400	275	45%	41	37	11%	-628	-624	-1%	1,067	1,011	6%
558	258	116%	-9	31	-129%	-6	11	-155%	2,585	2,320	11%
295	91	--	-18	20	-190%	-13	1	--	1,262	1,273	-1%
8,352	6,597	27%	891	726	23%	39	73	-47%	39,897	32,758	22%
1,394	3,538	-61%	159	117	36%	845	-1,689	150%	15,454	12,804	21%
266	172	55%	10	11	-9%	7	10	-30%	1,345	1,073	25%
824	2,185	-62%	12	16	-25%	1	-2	150%	2,450	2,754	-11%
-	-	--	0	0		1	3	-67%	369	348	6%
68,852	42,913	60%	7,746	7,010	10%	861	816	6%	216,275	178,337	21%
14.0%	15.0%		6.8%	6.4%					17.6% ²	19.1% ¹	
10.5%	11.5%		5.7%	5.4%					13.6% ²	15.0% ¹	
3.4%	3.5%		1.2%	1.0%					4.0%	4.1%	
10.6%	7.6%		-0.9%	3.0%					11.1%	11.4%	
7.4%	9.3%		11.2%	11.6%					9.1% ⁵	10.6% ⁶	

The consolidated segment reporting by business segment is an integral part of the notes.
The following notes are an integral part of the consolidated financial statements.

Asia-Pacific			Latin America			Africa			Fresenius Group		
2014	2013	Change	2014	2013	Change	2014	2013	Change	2014	2013	Change
2,205	1,945	13%	1,186	1,174	1%	371	376	-1%	23,231	20,331	14%
9%	10%		5%	6%		2%	2%		100%	100%	
392	296	32%	131	159	-18%	42	46	-9%	3,114	2,991	4%
65	56	16%	36	35	3%	6	5	20%	937	843	11%
2,960	2,305	28%	1,273	950	34%	165	141	17%	39,897	32,758	22%
124	111	12%	92	62	48%	8	9	-11%	1,345	1,073	25%
208	126	65%	130	21	--	0	3	-100%	2,450	2,754	-11%
19,690	15,859	24%	16,136	14,474	11%	1,803	1,698	6%	216,275	178,337	21%

The consolidated segment reporting by region is an integral part of the notes.
The following notes are an integral part of the consolidated financial statements.

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GENERAL NOTES

1. PRINCIPLES

I. GROUP STRUCTURE

Fresenius is a global health care group with products and services for dialysis, hospitals and outpatient medical care. In addition, the Fresenius Group focuses on hospital operations and also manages projects and provides services for hospitals and other health care facilities worldwide. Besides the activities of the parent company Fresenius SE & Co. KGaA, Bad Homburg v. d. H., the operating activities were split into the following legally independent business segments in the fiscal year 2014:

- ▶ Fresenius Medical Care
- ▶ Fresenius Kabi
- ▶ Fresenius Helios
- ▶ Fresenius Vamed

Fresenius Medical Care is the world's leading provider of services and products for patients with chronic kidney failure. As of December 31, 2014, Fresenius Medical Care was treating 286,312 patients in 3,361 dialysis clinics.

Fresenius Kabi offers infusion therapies, intravenously administered generic drugs and clinical nutrition for seriously and chronically ill patients in the hospital and outpatient environments. The company is also a leading supplier of medical devices and transfusion technology products.

Fresenius Helios is Germany's largest hospital operator. At the end of 2014, the HELIOS Group operated 110 hospitals: 86 acute care hospitals, including 7 maximum care clinics in Berlin-Buch, Duisburg, Erfurt, Krefeld, Schwerin, Wiesbaden and Wuppertal as well as 24 post-acute care hospitals. Fresenius Helios has more than 34,000 beds and treats over 4.2 million patients – including more than 1.2 million inpatients – each year.

Fresenius Vamed manages projects and provides services for hospitals and other health care facilities worldwide.

Fresenius SE & Co. KGaA owned 31.09% of the subscribed capital of Fresenius Medical Care AG & Co. KGaA (FMC-AG & Co. KGaA) at the end of the fiscal year 2014. Fresenius Medical Care Management AG, the general partner of FMC-AG & Co. KGaA, is a wholly owned subsidiary of Fresenius SE & Co. KGaA. Through this structure, Fresenius SE & Co. KGaA has rights that give Fresenius SE & Co. KGaA the ability to direct the relevant activities and, hence, the earnings of FMC-AG & Co. KGaA. Therefore, FMC-AG & Co. KGaA is fully consolidated in the consolidated financial statements of the Fresenius Group.

Fresenius SE & Co. KGaA continued to hold 100% of the management companies of the business segments Fresenius Kabi (Fresenius Kabi AG) as well as Fresenius Helios and Fresenius Vamed (both held through Fresenius ProServe GmbH) on December 31, 2014. Through Fresenius ProServe GmbH, Fresenius SE & Co. KGaA holds 100% in HELIOS Kliniken GmbH and a 77% stake in VAMED AG. In addition, Fresenius SE & Co. KGaA holds interests in companies with holding functions regarding real estate, financing and insurance, as well as in Fresenius Netcare GmbH which offers services in the field of information technology.

The reporting currency in the Fresenius Group is the euro. In order to make the presentation clearer, amounts are mostly shown in million euros. Amounts under €1 million after rounding are marked with "–".

II. BASIS OF PRESENTATION

The accompanying consolidated financial statements have been prepared in accordance with the United States Generally Accepted Accounting Principles (U.S. GAAP).

Fresenius SE & Co. KGaA, as a stock exchange listed company with a domicile in a member state of the European Union, fulfills the obligation to prepare and publish the consolidated financial statements in accordance with the International Financial Reporting Standards (IFRS) applying Section 315a of the German Commercial Code (HGB). Simultaneously, the Fresenius Group voluntarily prepares and publishes the consolidated financial statements in accordance with U.S. GAAP.

In order to improve readability, various items are aggregated in the consolidated statement of financial position and in the consolidated statement of income. These items are shown separately in the notes to provide useful information to the readers of the consolidated financial statements.

The consolidated statement of financial position is classified on the basis of the maturity of assets and liabilities; the consolidated statement of income is classified using the cost-of-sales accounting format.

III. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a) Principles of consolidation

The financial statements of consolidated entities have been prepared using uniform accounting methods. The acquisitions of companies are accounted for applying the purchase method.

Capital consolidation is performed by offsetting investments in subsidiaries against the underlying revaluated equity at the date of acquisition. The identifiable assets and liabilities of subsidiaries as well as the noncontrolling interest are recognized at their fair values. Any remaining debit balance between the investments in subsidiaries plus the noncontrolling interest and the revaluated equity is recognized as goodwill and is tested at least once a year for impairment.

All significant intercompany sales, expenses, income, receivables and payables are eliminated. Profits and losses on items of property, plant and equipment and inventory acquired from other Group entities are also eliminated. Deferred tax assets and liabilities are recognized on temporary differences resulting from consolidation procedures.

Noncontrolling interest subject to put provisions is recognized between liabilities and equity in the consolidated statement of financial position. Noncontrolling interest not subject to put provisions is comprised of the interest of noncontrolling shareholders in the consolidated equity of Group entities. Profits and losses attributable to the noncontrolling shareholders are separately disclosed in the consolidated statement of income. Noncontrolling interest not subject to put provisions of acquired entities is valued at fair value.

Associated companies, over which Fresenius SE & Co. KGaA has significant exercisable influence (generally it holds more than 20% and less than 50% of the voting rights), are consolidated using the equity method. Investments that are not classified as in associated companies are recorded at acquisition costs or at fair value, respectively.

b) Composition of the Group

The consolidated financial statements include all material companies in which Fresenius SE & Co. KGaA has legal or effective control. This includes variable interest entities (VIEs) for which the Fresenius Group is deemed the primary beneficiary.

Fresenius Medical Care has entered into various arrangements with certain legal entities whereby the entities' investors own disproportionate equity ownership interests in relation to the risks and rewards they retain for these arrangements or the entities are unable to provide their own funding for their operations. In these arrangements, the entities are VIEs, in which Fresenius Medical Care has been determined to be the primary beneficiary and which therefore have been fully consolidated. Fresenius Medical Care has provided some or all of the following services to these VIEs: management, financing or product supply. They generated approximately €402 million (US\$534 million) and €153 million (US\$203 million) in sales in 2014 and 2013, respectively. Fresenius Medical Care provided funding to these VIEs through loans and accounts receivable of €246 million (US\$299 million) and €109 million (US\$150 million) in 2014 and 2013, respectively. Relating to the VIEs, in 2014, Fresenius Medical Care consolidated assets in an amount of €432 million (US\$525 million), liabilities in an amount of €423 million (US\$514 million) and €9 million (US\$11 million) in equity. In 2013, €160 million (US\$221 million) assets, €107 million (US\$147 million) liabilities and €54 million (US\$74 million) equity were consolidated. The interest held by the other shareholders in the consolidated VIEs is reported as noncontrolling interest in the consolidated statement of financial position.

Fresenius Vamed participates in project entities which are set up for long-term defined periods of time and for the specific purpose of constructing and operating thermal centers. Some of these project entities qualify as VIEs, in which Fresenius Vamed is not the primary beneficiary based on the cash flow analysis of the involved parties. The project entities generated approximately €98 million in sales in 2014 (2013: €88 million). The VIEs finance themselves mainly through debt, profit participation rights and investment grants. Assets and liabilities relating to the VIEs are not material.

Fresenius Vamed made no payments to the VIEs other than contractually stipulated. From today's perspective and due to the contractual situation, Fresenius Vamed is not exposed to any material risk of loss from these VIEs.

The consolidated financial statements of 2014 included, in addition to Fresenius SE & Co. KGaA, 2,168 fully consolidated companies and 29 companies were accounted for under the equity method. In 2014, there were no material changes in the scope of consolidated entities, except for those mentioned in note 2, Acquisitions, divestitures and investments.

The complete list of the investments of Fresenius SE & Co. KGaA, registered office in 61352 Bad Homburg v. d. H., Else-Kröner-Straße 1, will be submitted to the electronic Federal Gazette and the electronic companies register.

In 2014, the following fully consolidated German subsidiaries of the Fresenius Group applied the exemption provided in Sections 264 (3) and 264b, respectively, of the German Commercial Code (HGB):

Name of the company	Registered office
Corporate/Other	
Fresenius Biotech Beteiligungs GmbH	Bad Homburg v. d. H.
Fresenius Immobilien-Verwaltungs-GmbH & Co. Objekt Friedberg KG	Bad Homburg v. d. H.
Fresenius Immobilien-Verwaltungs-GmbH & Co. Objekt St. Wendel KG	Bad Homburg v. d. H.
Fresenius Immobilien-Verwaltungs-GmbH & Co. Objekt Schweinfurt KG	Bad Homburg v. d. H.
Fresenius Netcare GmbH	Bad Homburg v. d. H.
Fresenius ProServe GmbH	Bad Homburg v. d. H.
FPS Beteiligungs AG	Düsseldorf
FPS Immobilien Verwaltungs GmbH & Co. Reichenbach KG	Bad Homburg v. d. H.
ProServe Krankenhaus Beteiligungs-gesellschaft mbH & Co. KG	München
Fresenius Kabi	
CFL GmbH	Frankfurt am Main
Fresenius Kabi AG	Bad Homburg v. d. H.
Fresenius Kabi Deutschland GmbH	Bad Homburg v. d. H.
Hosped GmbH	Friedberg
Rheinische Compounding GmbH	Bonn
V. Krütten Medizinische Einmalgeräte GmbH	Idstein

Name of the company	Registered office
Fresenius Helios	
Betriebsführungsgesellschaft Schloß Schönhagen GmbH	Schönhagen
Damp Diagnostik und Physio Holding GmbH	Hamburg
ENDO Reha-Zentrum GmbH	Hamburg
Gesundheitszentrum Buch GmbH	Berlin
HELIOS Agnes-Karll-Krankenhaus GmbH	Bad Schwartau
HELIOS Care GmbH	Berlin
HELIOS Fachklinik Schleswig GmbH	Schleswig
HELIOS Fachpflege Schleswig GmbH	Schleswig
HELIOS Gesundheitsmanagement GmbH	Berlin
HELIOS Kids in Pflege GmbH	Geesthacht
HELIOS Klinik Ahrenshoop GmbH	Ahrenshoop
HELIOS Klinik Berching GmbH	Berching
HELIOS Klinik Blankenhain GmbH	Blankenhain
HELIOS Klinik Bleicherode GmbH	Bleicherode
HELIOS Klinik Geesthacht GmbH	Geesthacht
HELIOS Klinik Leisnig GmbH	Leisnig
HELIOS Klinik Lengerich GmbH	Lengerich
HELIOS Klinik Schkeuditz GmbH	Schkeuditz
HELIOS Klinik Schloss Schönhagen GmbH	Damp
HELIOS Klinik Volkach GmbH	Volkach
HELIOS Kliniken GmbH	Berlin
HELIOS Kliniken Breisgau-Hochschwarzwald GmbH	Müllheim
HELIOS Kliniken Mansfeld-Südharz GmbH	Sangerhausen
HELIOS Kliniken Taunus GmbH	Bad Schwalbach
HELIOS Klinikum Aue GmbH	Aue
HELIOS Klinikum Bad Saarow GmbH	Bad Saarow
HELIOS Klinikum Berlin-Buch GmbH	Berlin
HELIOS Klinikum Erfurt GmbH	Erfurt
HELIOS Klinikum Schwelm GmbH	Schwelm
HELIOS Klinikum Wuppertal GmbH	Wuppertal
HELIOS Privatkliniken GmbH	Bad Homburg v. d. H.
HELIOS Rehaklinik Damp GmbH	Damp
HELIOS-SERVICE GmbH	Berlin
HELIOS Spital Überlingen GmbH	Überlingen
HELIOS St. Josefs-Hospital GmbH	Bochum
HELIOS Versorgungszentren GmbH	Berlin
HELIOS Vogtland-Klinikum Plauen GmbH	Plauen
HUMAINE Kliniken GmbH	Berlin
Medizinisches Versorgungszentrum am HELIOS Klinikum Bad Saarow GmbH	Bad Saarow
ostsee resort damp GmbH	Damp
Reha-Zentrum Norderstedt GmbH	Norderstedt
Senioren- und Pflegeheim Erfurt GmbH	Erfurt
Verwaltungsgesellschaft ENDO-Klinik mbH	Hamburg
WAK Wittgensteiner Akutkliniken "Bad Berleburg" GmbH	Bad Berleburg

c) Classifications

Certain items in the consolidated financial statements of 2013 have been reclassified to conform with the presentation in 2014.

d) Sales recognition policy

Sales from services are recognized at the amount estimated to be receivable under reimbursement arrangements with third party payors. Sales are recognized on the date services and related products are provided and the customer is obligated to pay.

Product sales are recognized when the title to the product passes to the customers, either at the time of shipment, upon receipt by the customer or upon any other terms that clearly define passage of title. As product returns are not typical, no return provisions are recognized. In the event that a return is required, the appropriate reductions to sales, cost of sales and accounts receivable are made. Sales are presented net of discounts, allowances and rebates.

In the business segment Fresenius Vamed, sales for long-term production contracts are recognized using the percentage of completion (PoC) method when the accounting conditions are met. The sales to be recognized are calculated as a percentage of the costs already incurred based on the estimated total cost of the contract, milestones laid down in the contract or the percentage of completion. Profits are only recognized when the earnings of a production contract accounted for using the PoC method can be measured reliably. Any expected excess of total contract costs over total contract revenue for a contract is recognized as an expense immediately.

Any tax assessed by a governmental authority that is incurred as a result of a sales transaction (e. g. sales tax) is excluded from sales and the related sale is reported on a net basis.

e) Government grants

The Fresenius Group primarily receives governmental funding for hospitals in Germany to finance buildings and medical equipment. Public sector grants are not recognized until there is reasonable assurance that the respective conditions are

met and the grants will be received. Initially, the grant is recorded as a liability and as soon as the asset is acquired, the grant is offset against the acquisition costs. Expense-related grants are recognized as income in the periods in which related costs occur.

f) Research and development expenses

Research is the independent and planned investigation undertaken with the prospect of gaining new scientific or technical knowledge and understanding. Development is the technical and commercial implementation of research results and occurs before the start of the commercial production or use. Research and development expenses are expensed as incurred.

g) Impairment

The Fresenius Group reviews the carrying amounts of its property, plant and equipment, intangible assets and other non-current assets for impairment whenever events or changes in circumstances indicate that the carrying amount of these assets may not be recoverable. Recoverability of these assets is measured by comparing the carrying amount of an asset to the future net cash flow directly associated with the asset. If assets are considered to be impaired, the impairment recognized is the amount by which the carrying amount exceeds the fair value of the asset. The Fresenius Group uses a discounted cash flow approach or other methods, if appropriate, to assess fair value. Long-lived assets to be disposed of by sale are reported at the lower of carrying amount or fair value less cost to sell and depreciation is ceased.

h) Capitalized interest

The Fresenius Group includes capitalized interest as part of the cost of the asset if it is directly attributable to the acquisition, construction or manufacture of qualifying assets. For the fiscal years 2014 and 2013, interest of €3 million and €5 million, based on an average interest rate of 5.09% and 5.92%, respectively, was recognized as a component of the cost of assets.

i) Income taxes

Current taxes are calculated based on the earnings of the fiscal year and in accordance with local tax rules of the respective tax jurisdictions. Expected and executed additional tax payments and tax refunds for prior years are also taken into account.

Deferred tax assets and liabilities are recognized for the future consequences attributable to temporary differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax basis. Furthermore, deferred taxes are recognized on certain consolidation procedures affecting net income attributable to shareholders of Fresenius SE & Co. KGaA. Deferred tax assets also include claims to future tax reductions which arise from the more likely than not expected usage of existing tax losses available for carryforward. The recognition of deferred tax assets from net operating losses and their utilization is based on the budget planning of the Fresenius Group and implemented tax strategies.

Deferred taxes are computed using enacted or adopted tax rates in the relevant national jurisdictions when the amounts are recovered. Tax rates which will be valid in the future but are not adopted till the date of the statement of financial position are not considered.

The realizability of the carrying amount of a deferred tax asset is reviewed at each date of the statement of financial position. In assessing the realizability of deferred tax assets, the Management considers whether it is more likely than not that some portion or all of a deferred tax asset will be realized. The ultimate realization of deferred tax assets is dependent upon the generation of future taxable income during the periods in which those temporary differences and tax loss carryforwards become deductible. The Management considers the expected reversal of deferred tax liabilities and projected future taxable income in making this assessment.

If it is no longer more likely than not that sufficient taxable income will be available to allow the benefit of part or of the entire deferred tax asset to be utilized, the carrying amount of the deferred tax asset is reduced to that certain extent. The reduction is reversed to the date and extent that it becomes probable that sufficient taxable profit will be available.

It is Fresenius Group's policy that assets on uncertain tax positions are recognized to the extent it is more likely than not the tax will be recovered. It is also Fresenius Group's policy to recognize interest and penalties related to its tax positions as income tax expense.

j) Unrecognized tax benefits

The recognition and measurement of all tax positions taken or expected to be taken on a tax return requires a two step approach. The Fresenius Group must determine whether it is more likely than not that a tax position will be sustained upon examination, including resolution of any related appeals or litigation processes, based on the technical merits of the position. If the threshold is met, the tax position is measured at the largest amount of tax benefit that is more than 50% likely of being realized upon settlement and is recognized in the consolidated financial statements.

k) Earnings per ordinary share

Basic earnings per ordinary share are computed by dividing net income attributable to shareholders of Fresenius SE & Co. KGaA by the weighted-average number of ordinary shares outstanding during the year. Diluted earnings per share include the effect of all potentially dilutive instruments on ordinary shares that would have been outstanding during the fiscal year. The equity-settled awards granted under Fresenius' and Fresenius Medical Care's stock option plans can result in a dilutive effect.

l) Cash and cash equivalents

Cash and cash equivalents are comprised of cash funds and all short-term, liquid investments with original maturities of up to three months (time deposits and securities).

m) Trade accounts receivable

Trade accounts receivable are stated at their nominal value less an allowance for doubtful accounts. The allowances are estimates comprised of customer-specific evaluations regarding their payment history, current financial stability, and

applicable country-specific risks for receivables that are overdue more than one year. From time to time, accounts receivable are reviewed for changes from the historic collection experience to ensure the appropriateness of the allowances.

n) Inventories

Inventories are comprised of all assets which are held for sale in the normal course of business (finished goods), in the process of production for such sale (work in process) or consumed in the production process or in the rendering of services (raw materials and purchased components).

Inventories are stated at the lower of acquisition and manufacturing cost (determined by using the average or first-in, first-out method) or market value. Manufacturing costs are comprised of direct costs, production and material overhead, including depreciation charges.

o) Available for sale financial assets

Investments in equity instruments, debt instruments and fund shares are classified as available for sale financial assets and measured at fair value. The Fresenius Group regularly reviews if objective substantial evidence occurs that would indicate an impairment of a financial asset or a portfolio of financial assets. After testing the recoverability of these assets, a possible impairment loss is recorded in the consolidated statement of financial position. Gains and losses of available for sale financial assets are recognized directly in the consolidated statement of equity until the financial asset is disposed of or if it is considered to be impaired. In the case of an impairment, the accumulated net loss is retrieved from the consolidated statement of equity and recognized in the consolidated statement of income.

p) Property, plant and equipment

Property, plant and equipment are stated at acquisition and manufacturing cost less accumulated depreciation. Significant improvements are capitalized; repairs and maintenance

costs that do not extend the useful lives of the assets are charged to expense as incurred. Depreciation on property, plant and equipment is calculated using the straight-line method over the estimated useful lives of the assets ranging from 3 to 50 years for buildings and improvements (with a weighted-average life of 16 years) and 2 to 15 years for machinery and equipment (with a weighted-average life of 11 years).

q) Intangible assets with finite useful lives

Intangible assets with finite useful lives, such as patents, product and distribution rights, non-compete agreements, technology as well as licenses to manufacture, distribute and sell pharmaceutical drugs, are amortized using the straight-line method over their respective useful lives to their residual values and reviewed for impairment (see note 1. III. g, Impairment). The useful life of patents, product and distribution rights ranges from 5 to 20 years, the average useful life is 13 years. Non-compete agreements with finite useful lives have useful lives ranging from 2 to 25 years with an average useful life of 8 years. The useful life of management contracts with finite useful lives ranges from 5 to 40 years. Technology has a finite useful life of 15 years. Licenses to manufacture, distribute and sell pharmaceutical drugs are amortized over the contractual license period based upon the annual estimated units of sale of the licensed product. All other intangible assets are amortized over their individual estimated useful lives between 3 and 15 years.

Losses in value of a lasting nature are recorded as an impairment.

r) Goodwill and other intangible assets with indefinite useful lives

The Fresenius Group identified intangible assets with indefinite useful lives because, based on an analysis of all of the relevant factors, there is no foreseeable limit to the period over which those assets are expected to generate net cash inflows for the Group. The identified intangible assets with indefinite useful lives such as trade names and certain qualified management contracts acquired in a purchase method business

combination are recognized and reported apart from goodwill. They are recorded at acquisition costs. Goodwill and intangible assets with indefinite useful lives are not amortized but tested for impairment annually or when an event becomes known that could trigger an impairment (impairment test).

To perform the annual impairment test of goodwill, the Fresenius Group identified several reporting units and determined their carrying amount by assigning the assets and liabilities, including the existing goodwill and intangible assets, to those reporting units. A reporting unit is usually defined one level below the segment level based on regions or legal entities. 4 reporting units were identified in the segments Fresenius Medical Care and Fresenius Kabi, respectively (Europe, Latin America, Asia-Pacific and North America). According to the regional organizational structure, the segment Fresenius Helios consists of 11 reporting units, which are managed by a central division. The segment Fresenius Vamed consists of 2 reporting units (Project business and Service business). At least once a year, the Fresenius Group compares the fair value of each reporting unit to the reporting unit's carrying amount. The fair value of a reporting unit is determined using a discounted cash flow approach based upon the cash flow expected to be generated by the reporting unit. In case that the fair value of the reporting unit is less than its carrying amount, the difference is at first recorded as an impairment of the fair value of the goodwill.

To evaluate the recoverability of separable intangible assets with indefinite useful lives, the Fresenius Group compares the fair values of these intangible assets with their carrying amounts. An intangible asset's fair value is determined using a discounted cash flow approach and other methods, if appropriate.

The recoverability of goodwill and other separable intangible assets with indefinite useful lives recorded in the Group's consolidated statement of financial position was verified. As a result, the Fresenius Group did not record any impairment losses in 2014 and 2013.

Any excess of the net fair value of identifiable assets and liabilities over cost (badwill) still existing after reassessing the purchase price allocation is recognized immediately in profit or loss.

s) Leases

Leased assets assigned to the Fresenius Group based on the risk and rewards approach (finance leases) are recognized as property, plant and equipment and measured on receipt date at the present values of lease payments as long as their fair values are not lower. Leased assets are depreciated in straight-line over their useful lives. If there is doubt as to whether title to the asset passes at a later stage and there is no opportune purchase option, the asset is depreciated over the lease term if this is shorter. An impairment loss is recognized if the recoverable amount is lower than the amortized cost of the leased asset.

Finance lease liabilities are measured at the present value of the future lease payments and are recognized as a financial liability.

Property, plant and equipment that is rented by the Fresenius Group is accounted for at its purchase cost. Depreciation is calculated using the straight-line method over the leasing time and its expected residual value.

t) Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Purchases and sales of financial assets are accounted for on the trading day. The Fresenius Group does not make use of the fair value option, which allows financial assets or financial liabilities to be classified as at fair value through profit or loss upon initial recognition.

The following categories (according to International Accounting Standard 39, Financial Instruments: Recognition and Measurement) are relevant for the Fresenius Group: loans and receivables, financial liabilities measured at amortized cost, available for sale financial assets as well as financial liabilities/assets measured at fair value in the consolidated

statement of income. Other categories are immaterial or not existing in the Fresenius Group. No financial instruments were reclassified during the fiscal year 2014.

According to their character, the Fresenius Group classifies its financial instruments into the following classes: cash and cash equivalents, assets recognized at carrying amount, liabilities recognized at carrying amount, derivatives for hedging purposes as well as assets recognized at fair value, liabilities recognized at fair value and noncontrolling interest subject to put provisions recognized at fair value.

The relationship between classes and categories as well as the reconciliation to the consolidated statement of financial position is shown in tabular form in note 29, Financial instruments.

The Fresenius Group has potential obligations to purchase the noncontrolling interests held by third parties in certain of its consolidated subsidiaries. These obligations are in the form of put provisions and are exercisable at the third-party owners' discretion within specified periods as outlined in each specific put provision. If these put provisions were exercised, the Fresenius Group would be required to purchase all or part of the third-party owners' noncontrolling interests at the appraised fair value at the time of exercise. To estimate the fair values of the noncontrolling interest subject to put provisions, the Fresenius Group recognizes the higher of net book value or a multiple of earnings, based on historical earnings, the development stage of the underlying business and other factors. Depending on the market conditions, the estimated fair values of the noncontrolling interest subject to these put provisions can also fluctuate and the implicit multiple of earnings at which the noncontrolling interest subject to put provisions may ultimately be settled could vary significantly from Fresenius Group's current estimates.

Derivative financial instruments, which primarily include foreign currency forward contracts and interest rate swaps, are recognized at fair value as assets or liabilities in the consolidated statement of financial position. Changes in the fair value of derivative financial instruments classified as fair value hedges and in the corresponding underlying assets and liabilities are recognized periodically in earnings. The effective portion of changes in fair value of cash flow hedges is recognized in accumulated other comprehensive income (loss) in

shareholders' equity until the secured underlying transaction is realized (see note 29, Financial instruments). The ineffective portion of cash flow hedges is recognized in current earnings. Changes in the fair value of derivatives that are not designated as hedging instruments are recognized periodically in earnings.

Derivatives embedded in host contracts are accounted for as separate derivatives if their economic characteristics and risks are not closely related to those of the host contracts and the host contracts are not held for trading or designated at fair value through profit or loss. These embedded derivatives are measured at fair value with changes in fair value recognized in the income statement.

u) Liabilities

Liabilities are generally stated at present value, which normally corresponds to the value of products or services which are delivered. As a general policy, short-term liabilities are measured at their repayment amount.

v) Legal contingencies

In the ordinary course of Fresenius Group's operations, the Fresenius Group is involved in litigation, arbitration, administrative procedure and investigations relating to various aspects of its business. The Fresenius Group regularly analyzes current information about such claims for probable losses and provides accruals for such matters, including the estimated legal expenses and consulting services in connection with these matters, as appropriate. The Fresenius Group utilizes its internal legal department as well as external resources for these assessments. In making the decision regarding the need for a loss accrual, the Fresenius Group considers the degree of probability of an unfavorable outcome and its ability to make a reasonable estimate of the amount of loss.

The filing of a suit or formal assertion of a claim, or the disclosure of any such suit or assertion, does not necessarily indicate that an accrual of a loss is appropriate.

w) Accrued expenses

Accruals for taxes and other obligations are recognized when there is a present obligation to a third party arising from past events, it is probable that the obligation will be settled in the future and the amount can be reliably estimated.

Accruals for warranties and complaints are estimated based on historical experience.

Tax accruals include obligations for the current year and for prior years.

x) Pension liabilities and similar obligations

The Fresenius Group recognizes the underfunded status of its defined benefit plans, measured as the difference between the fair value of the plan assets and the present value of the benefit obligation, as a liability (funded status).

The Fresenius Group uses December 31 as the measurement date when measuring the funded status of all plans.

Changes in the funded status of a plan resulting from actuarial gains or losses and prior service costs or credits that are not recognized as components of the net periodic benefit cost are recognized through accumulated other comprehensive income (loss), net of tax, in the year in which they occur.

The Fresenius Group uses the corridor method for the recognition of the actuarial gains and losses. Actuarial gains and losses that exceed a corridor of 10% of the present value of the defined benefit obligation are spread over the expected average remaining working lives of the employees participating in the plans, adjusted for fluctuation.

Actuarial gains or losses and prior service costs are subsequently recognized as components of net periodic benefit cost when realized.

y) Debt issuance costs

Debt issuance costs are capitalized separately from the underlying debt and are amortized over the term of the related obligation.

z) Stock option plans

In line with the standard for share-based payment, the Fresenius Group uses the modified prospective transition method. Under this transition method, in 2013 and 2014,

the Fresenius Group recognized compensation cost for all stock-based payments subsequent to January 1, 2011 (based on the grant-date fair value estimated).

The measurement date fair value of cash-settled phantom stocks granted to members of the Management Board and executive employees of the Fresenius Group is calculated using the Monte Carlo simulation. The corresponding liability based on the measurement date fair value is accrued over the vesting period of the phantom stock plans.

aa) Self-insurance programs

Under the insurance programs for professional, product and general liability, auto liability and worker's compensation claims, the largest subsidiary of Fresenius Medical Care AG & Co. KGaA (FMC-AG & Co. KGaA), located in North America, is partially self-insured for professional liability claims. For all other coverage, FMC-AG & Co. KGaA assumes responsibility for incurred claims up to predetermined amounts, above which third party insurance applies. Reported liabilities for the year represent estimated future payments of the anticipated expense for claims incurred (both reported and incurred but not reported) based on historical experience and existing claim activity. This experience includes both the rate of claims incidence (number) and claim severity (cost) and is combined with individual claim expectations to estimate the reported amounts.

bb) Foreign currency translation

The reporting currency is the euro. Substantially all assets and liabilities of the foreign subsidiaries that use a functional currency other than the euro are translated at the mid-closing rate on the date of the statement of financial position, while income and expense are translated at average exchange rates. Adjustments due to foreign currency translation fluctuations are excluded from net earnings and are reported in accumulated other comprehensive income (loss). In addition, the translation adjustments of certain intercompany borrowings, which are of a long-term nature, are also reported in accumulated other comprehensive income (loss).

Gains and losses arising from the translation of foreign currency positions as well as those arising from the elimination of foreign currency intercompany loans are recorded as

general and administrative expenses, as far as they are not considered foreign equity instruments. In the fiscal year 2014, only immaterial gains resulted out of this translation.

The exchange rates of the main currencies affecting foreign currency translation developed as follows:

	Year-end exchange rate ¹		Average exchange rate	
	Dec. 31, 2014	Dec. 31, 2013	2014	2013
U.S. dollar per €	1.2141	1.3791	1.3285	1.3281
Pound sterling per €	0.7789	0.8337	0.8061	0.8493
Swedish krona per €	9.3930	8.8591	9.0985	8.6515
Chinese renminbi per €	7.5358	8.3491	8.1857	8.1646
Japanese yen per €	145.23	144.72	140.31	129.66
Russian ruble per €	72.3370	45.3246	50.9518	42.3370
Brazilian real per €	3.2207	3.2576	3.1211	2.8687

¹ Mid-closing rate on the date of the statement of financial position

cc) Fair value hierarchy

The three-tier fair value hierarchy as defined in Financial Accounting Standards Boards Accounting Standards Codification Topic 820, Fair Value Measurements and Disclosures, classifies assets and liabilities recognized at fair value based on the inputs used in estimating the fair value. Level 1 is defined as observable inputs, such as quoted prices in active markets. Level 2 is defined as inputs other than quoted prices in active markets that are directly or indirectly observable. Level 3 is defined as unobservable inputs for which little or no market data exists, therefore requiring the company to develop its own assumptions. The three-tier fair value hierarchy is used in note 24, Pensions and similar obligations, and in note 29, Financial instruments.

dd) Use of estimates

The preparation of consolidated financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of income and expenses during the reporting period. Actual results could differ from those estimates. Estimates and discretionary decisions are required in particular for the positions trade accounts receivable, deferred tax assets and pension liabilities as well as when examining the recoverability of goodwill.

ee) Receivables management

The entities of the Fresenius Group perform ongoing evaluations of the financial situation of their customers and generally do not require a collateral from the customers for the supply of products and provision of services. Approximately 16% and 17% of Fresenius Group's sales were earned and subject to the regulations under governmental health care programs, Medicare and Medicaid, administered by the United States government in 2014 and 2013, respectively.

ff) Recent pronouncements, applied

The Fresenius Group has prepared its consolidated financial statements at December 31, 2014 in conformity with U.S. GAAP that have to be applied for fiscal years beginning on January 1, 2014 or U.S. GAAP that can be applied earlier on a voluntary basis.

The Fresenius Group applied the following standards, as far as they are relevant for Fresenius Group's business, for the first time:

In November 2014, the Financial Accounting Standards Board (FASB) issued **Accounting Standards Update 2014-17** (ASU 2014-17), FASB Accounting Standards Codification (ASC) Topic 805, Business Combinations – Pushdown Accounting. ASU 2014-17's objective is to provide an acquired entity with an option to apply pushdown accounting in its separate financial statements. This option is given upon occurrence of an event in which an acquirer obtains control of the acquired entity. The update is effective on November 18, 2014 and has been adopted by the Fresenius Group as of November 18, 2014. ASU 2014-17 does not have an impact on the consolidated financial statements of the Fresenius Group.

In November 2014, the FASB issued **Accounting Standards Update 2014-16** (ASU 2014-16), FASB ASC Topic 815, Derivatives and Hedging – Determining Whether the Host Contract in a Hybrid Financial Instrument Issued in the Form of a Share Is More Akin to Debt or to Equity. ASU 2014-16's objective is to eliminate the use of different methods in practice and thereby reduce existing diversity under U.S. GAAP in the accounting for hybrid financial instruments issued in the form of a share. The update is effective for fiscal years and interim periods within those years beginning on or after December 15, 2015. As early adoption is permissible and the Fresenius Group's financial statements are in conformity with the update, the Fresenius Group has adopted ASU 2014-16 as of November 4, 2014. ASU 2014-16 does not have a material impact on the consolidated financial statements of the Fresenius Group.

In June 2014, the FASB issued **Accounting Standards Update 2014-12** (ASU 2014-12), FASB ASC Topic 718, Compensation – Stock Compensation – Accounting for Share-Based Payments When the Terms of an Award Provide That a Performance Target Could Be Achieved after the Requisite Service Period. The amendments in ASU 2014-12 require that a performance target that affects vesting and that could be achieved after the requisite service period is treated as a performance condition. The update is effective for fiscal years and interim periods within those years beginning on or after December 15, 2015. Earlier adoption is permitted. The Fresenius Group utilized and will continue to utilize the guidance updated by this ASU and as such there is no expected impact on its consolidated financial statements.

In July 2013, the FASB issued **Accounting Standards Update 2013-11** (ASU 2013-11), FASB ASC Topic 740, Income Taxes – Presentation of an Unrecognized Tax Benefit When a Net Operating Loss Carryforward, a Similar Tax Loss, or a Tax Credit Carryforward Exists. The purpose of ASU 2013-11 is to align the financial statement presentation of an unrecognized tax benefit when a net operating loss carryforward, a similar tax loss or a tax credit carryforward exists. In most cases, the unrecognized tax benefit should be presented as a reduction to a deferred tax asset for a net operating loss carryforward, a similar tax loss or a tax credit carryforward. The update is

effective for fiscal years and interim periods within those years beginning on or after December 15, 2013. The Fresenius Group adopted ASU 2013-11 as of January 1, 2014. ASU 2013-11 does not have a material impact on the consolidated financial statements of the Fresenius Group.

In March 2013, the FASB issued **Accounting Standards Update 2013-05** (ASU 2013-05), FASB ASC Topic 830, Foreign Currency Matters – Parent's Accounting for the Cumulative Translation Adjustment upon Derecognition of Certain Subsidiaries or Groups of Assets within a Foreign Entity or of an Investment in a Foreign Entity. The purpose of ASU 2013-05 is to provide clarification and further refinement regarding the treatment of the release of a cumulative translation adjustment into net income. This occurs in instances where the parent sells either a part or all of its investment in a foreign entity, as well as when a company ceases to hold a controlling interest in a subsidiary or group of assets that is a non-profit activity or business within a foreign entity. The update is effective for fiscal years and interim periods within those years beginning on or after December 15, 2013. The Fresenius Group adopted ASU 2013-05 as of January 1, 2014. ASU 2013-05 does not have a material impact on the consolidated financial statements of the Fresenius Group.

In February 2013, the FASB issued **Accounting Standards Update 2013-04** (ASU 2013-04), FASB ASC Topic 405, Liabilities – Obligations Resulting from Joint and Several Liability Arrangements for which the Total Amount of the Obligations is Fixed at the Reporting Date. ASU 2013-04's objective is to provide guidance and clarification on the recognition, measurement and disclosure of obligations resulting from joint and several liability arrangements such as debt arrangements, other contractual obligations and settled litigation and judicial rulings. The update is effective for fiscal years and interim periods within those years beginning on or after December 15, 2013. The Fresenius Group adopted ASU 2013-04 as of January 1, 2014. ASU 2013-04 does not have a material impact on the consolidated financial statements of the Fresenius Group.

In July 2011, the FASB issued **Accounting Standards Update 2011-06** (ASU 2011-06), FASB ASC Topic 720, Other Expenses – Fees Paid to the Federal Government by Health Insurers. The amendments in ASU 2011-06 address how health insurers should recognize and classify their income statement fees mandated by the Health Care and Educational

Affordability Reconciliation Act. These amendments require that the liability for the fee be estimated and recorded in full once the entity provides qualifying health insurance in the applicable calendar year in which the fee is payable. In conjunction, the corresponding deferred cost is amortized to expense using a straight-line allocation method unless another method better allocates the fee over the entire calendar year for which it is payable. In addition, the ASU states that this fee does not meet the definition of an acquisition cost. The disclosures required under ASU 2011-06 are effective for calendar years beginning after December 31, 2013, when the fee initially becomes effective. The Fresenius Group adopted ASU 2011-06 effective January 1, 2014. ASU 2011-06 does not have a material impact on the consolidated financial statements of the Fresenius Group.

gg) Recent pronouncements, not yet applied

The FASB issued the following for the Fresenius Group relevant new standards, which are mandatory for fiscal years commencing on or after January 1, 2015:

In June 2014, the FASB issued **Accounting Standards Update 2014-11** (ASU 2014-11), FASB ASC Topic 860, Transfers and Servicing – Repurchase-to-Maturity Transactions, Repurchase Financings, and Disclosures, which aligns the accounting for repurchase-to-maturity transactions and repurchase financing arrangements with the accounting for other typical repurchase agreements, i.e. these transactions will be accounted for as secured borrowings. ASU 2014-11 also requires additional disclosures about repurchase agreements and other similar transactions. The update is effective for fiscal years and interim periods within those years beginning on or after December 15, 2014. ASU 2014-11 will not have a material impact on the consolidated financial statements of the Fresenius Group.

In May 2014, the FASB issued **Accounting Standards Update 2014-09** (ASU 2014-09), FASB ASC Topic 606, Revenue from Contracts with Customers. Simultaneously, the International Accounting Standards Board (IASB) published its equivalent revenue standard, IFRS 15, Revenue from Contracts with Customers. The standards are the result of a convergence project between FASB and the IASB. This update specifies how and when companies reporting under U.S. GAAP

will recognize revenue as well as providing users of financial statements with more informative and relevant disclosures. ASU 2014-09 supersedes some guidance included in Topic 605, Revenue Recognition, some guidance within the scope of Topic 360, Property, Plant, and Equipment, and some guidance within the scope of Topic 350, Intangibles – Goodwill and Other. This ASU applies to nearly all contracts with customers, unless those contracts are within the scope of other standards (for example, lease contracts or insurance contracts). This update is effective for fiscal years and interim periods within those years beginning on or after December 15, 2016. Earlier adoption is not permitted. The Fresenius Group is currently evaluating the impact of ASU 2014-09 on its consolidated financial statements.

In April 2014, the FASB issued **Accounting Standards Update 2014-08** (ASU 2014-08), FASB ASC Topic 205, Presentation of Financial Statements and FASB ASC Topic 360, Property, Plant, and Equipment – Reporting Discontinued Operations and Disclosures of Disposals of Components of an Entity. ASU 2014-08's objective is to reduce the complexity and difficulty in applying guidance for discontinued operations. ASU 2014-08's main focus is to limit the presentation to disposals representing a strategic shift that has a major effect on operations or financial results. The update is effective for fiscal years and interim periods within those years beginning on or after December 15, 2014. Currently, ASU 2014-08 will not have a material impact on the consolidated financial statements of the Fresenius Group.

In January 2014, the FASB issued **Accounting Standards Update 2014-05** (ASU 2014-05), FASB ASC Topic 853, Service Concession Arrangements. ASU 2014-05's objective is to specify that an operating entity should not account for a service concession arrangement that is within the scope of ASU 2014-05 as a lease. The update is effective for fiscal years and interim periods within those years beginning on or after December 15, 2014. ASU 2014-05 will not have a material impact on the consolidated financial statements of the Fresenius Group.

IV. CRITICAL ACCOUNTING POLICIES

In the opinion of the Management of the Fresenius Group, the following accounting policies and topics are critical for the consolidated financial statements in the present economic environment. The influences and judgments as well as the uncertainties which affect them are also important factors to be considered when looking at present and future operating earnings of the Fresenius Group.

a) Recoverability of goodwill and intangible assets with indefinite useful lives

The amount of intangible assets, including goodwill, product rights, tradenames and management contracts, represents a considerable part of the total assets of the Fresenius Group. At December 31, 2014 and December 31, 2013, the carrying amount of goodwill and non-amortizable intangible assets with indefinite useful lives was €20,076 million and €15,013 million, respectively. This represented 50% and 46%, respectively, of total assets.

An impairment test of goodwill and non-amortizable intangible assets with indefinite useful lives is performed at least once a year, or if events occur or circumstances change that would indicate the carrying amount might be impaired (Impairment test).

To determine possible impairments of these assets, the fair value of the reporting units is compared to their carrying amount. The fair value of each reporting unit is determined using estimated future cash flows for the unit discounted by a weighted-average cost of capital (WACC) specific to that reporting unit. Estimating the discounted future cash flows involves significant assumptions, especially regarding future reimbursement rates and sales prices, number of treatments, sales volumes and costs. In determining discounted cash flows, the Fresenius Group utilizes for every reporting unit its approved three-year budget, projections for years 4 to 10 and a corresponding growth rate for all remaining years. These growth rates are 0% to 4% for Fresenius Medical Care, 3% for Fresenius Kabi and 1% for Fresenius Helios and Fresenius Vamed. Projections for up to 10 years are possible due to historical experience and the stability of Fresenius Group's business, which is largely independent from the economic cycle. The discount factor is determined by the WACC of the respective reporting unit. Fresenius Medical Care's WACC

consisted of a basic rate of 6.01% and the WACC in the business segment Fresenius Kabi consisted of a basic rate of 4.86% for 2014, respectively. This basic rate is then adjusted by a country-specific risk rate and, if appropriate, by a factor to reflect higher risks associated with the cash flow from recent material acquisitions, until they are appropriately integrated, within each reporting unit. In 2014, WACCs (after tax) for the reporting units of Fresenius Medical Care ranged from 5.96% to 15.73% and WACCs (after tax) for the reporting units of Fresenius Kabi ranged from 4.86% to 13.36%. In the business segments Fresenius Helios and Fresenius Vamed, the WACC (after tax) was 4.86%, country-specific adjustments did not occur. If the fair value of the reporting unit is less than its carrying amount, the difference is recorded as an impairment of the fair value of the goodwill at first. An increase of the WACC (after tax) by 0.5% would not have resulted in the recognition of an impairment loss in 2014.

A prolonged downturn in the health care industry with lower than expected increases in reimbursement rates and/or higher than expected costs for providing health care services could adversely affect the estimated future cash flows of certain countries or segments. Future adverse changes in a reporting unit's economic environment could affect the discount rate. A decrease in the estimated future cash flows and/or a decline in the reporting unit's economic environment could result in impairment charges to goodwill and other intangible assets with indefinite useful lives which could materially and adversely affect Fresenius Group's future operating results.

b) Legal contingencies

The Fresenius Group is involved in several legal matters arising from the ordinary course of its business. The outcome of these matters may have a material effect on the financial position, results of operations or cash flows of the Fresenius Group. For details, please see note 28, Commitments and contingent liabilities.

The Fresenius Group regularly analyzes current information about such claims for probable losses and provides accruals for such matters, including estimated expenses for legal

services, as appropriate. The Fresenius Group utilizes its internal legal department as well as external resources for these assessments. In making the decision regarding the need for a loss accrual, the Fresenius Group considers the degree of probability of an unfavorable outcome and its ability to make a reasonable estimate of the amount of loss.

The filing of a suit or formal assertion of a claim, or the disclosure of any such suit or assertion, does not necessarily indicate that an accrual of a loss is appropriate.

c) Allowance for doubtful accounts

Trade accounts receivable are a significant asset and the allowance for doubtful accounts is a significant estimate made by the Management. Trade accounts receivable were €4,235 million and €3,474 million in 2014 and 2013, respectively, net of allowance. Approximately 62% of receivables derive from the business segment Fresenius Medical Care and mainly relate to the dialysis care business in North America.

The major debtors or debtor groups of trade accounts receivable were U.S. Medicare and Medicaid health care programs with 17% and private insurers in the United States with 10% at December 31, 2014. Other than that, the Fresenius Group has no significant risk concentration, due to its international and heterogeneous customer structure.

The allowance for doubtful accounts was €545 million and €487 million as of December 31, 2014 and December 31, 2013, respectively.

The allowances are estimates comprised of customer-specific evaluations regarding their payment history, current financial stability, and applicable country-specific risks for overdue receivables. In the Fresenius Group's opinion, these analyses result in a well-founded estimate of allowances

for doubtful accounts. From time to time, the Fresenius Group reviews changes in collection experience to ensure the appropriateness of the allowances.

A valuation allowance is calculated if specific circumstances indicate that amounts will not be collectible. When all efforts to collect a receivable, including the use of outside sources where required and allowed, have been exhausted, and after appropriate management review, a receivable deemed to be uncollectible is considered a bad debt and written off.

Deterioration in the aging of receivables and collection difficulties could require that the Fresenius Group increases the estimates of allowances for doubtful accounts. Additional expenses for uncollectible receivables could have a significant negative impact on future operating results.

d) Self-insurance programs

Under the insurance programs for professional, product and general liability, auto liability and worker's compensation claims, the largest subsidiary of Fresenius Medical Care AG & Co. KGaA, located in North America, is partially self-insured for professional liability claims. For further details regarding the accounting policies for self-insurance programs, please see note 1. III. aa, Self-insurance programs.

2. ACQUISITIONS, DIVESTITURES AND INVESTMENTS

ACQUISITIONS, DIVESTITURES AND INVESTMENTS

The Fresenius Group made acquisitions, investments and purchases of intangible assets of €2,450 million and €2,754 million in 2014 and 2013, respectively. Of this amount, €2,214 million was paid in cash and €236 million was assumed obligations in 2014.

Fresenius Medical Care

In 2014, Fresenius Medical Care spent €1,495 million on acquisitions. Besides the transactions described separately in the following, this amount mainly comprises the purchase of dialysis clinics, the short-term investment in available for sale securities and the purchase of intangible assets.

On May 23, 2014, Fresenius Medical Care acquired MedSpring Urgent Care Centers with operations in Illinois and Texas. MedSpring Urgent Care Centers' 14 urgent care centers provide convenient, consistent, high-quality primary care and customer service.

On July 1, 2014, Fresenius Medical Care completed a transaction to become the controlling majority shareholder of Sound Inpatient Physicians, Inc., United States, a physician services organization focused on hospitalist and post-acute care services.

On October 21, 2014, Fresenius Medical Care acquired National Cardiovascular Partners. National Cardiovascular Partners is the leading operator of endovascular, vascular and cardiovascular specialty services in the United States.

On November 21, 2014, Fresenius Medical Care, through Sound Inpatient Physicians, Inc., acquired Cogent Healthcare with more than 650 providers, who offer hospitalist and intensivist services to more than 80 hospitals throughout the United States.

Based on preliminary purchase price allocations, Fresenius Medical Care recorded €1,287 million of goodwill and €148 million of intangible assets.

The intangible assets associated with these acquisitions consist primarily of customer relationships and tradenames at fair value to be amortized on a straight-line basis over a weighted-average period of approximately eight to nine years.

In 2013, Fresenius Medical Care spent €424 million on acquisitions, mainly for the purchase of dialysis clinics and the expansion in the laboratory services business.

Fresenius Kabi

In 2014, Fresenius Kabi spent €118 million on acquisitions.

Throughout 2014, Fresenius Kabi purchased further shares in Fresenius Kabi Oncology Ltd., India.

On May 9, 2014, Fresenius Kabi announced the acquisition of the Brazilian pharmaceutical company Novafarma Indústria Farmacêutica Ltda. After antitrust approval, the transaction could be closed on July 3, 2014. Furthermore, on July 4, 2014, Fresenius Kabi acquired two companies in Ecuador, Medisumi, a pharmaceutical distributor, as well as Labfarm, an IV antibiotic manufacturer.

In 2013, Fresenius Kabi spent €131 million on acquisitions, mainly for a 51% stake in PT Ethica Industri Farmasi, Indonesia, production plants in India and China as well as for compounding companies in Germany.

Divestitures

In December 2012, Fresenius Kabi announced that it had signed an agreement to sell its subsidiary Calea France SAS (Calea) to The Linde Group. Calea is active in the French homecare market and focuses on respiratory therapy, which is not a core business of Fresenius Kabi.

The transaction was completed in January 2013. The gain on disposal in the amount of €48 million was included in selling, general and administrative expenses in the consolidated statement of income.

Fresenius Helios

In 2014, Fresenius Helios spent €824 million on acquisitions. Thereof, €816 million related to the acquisition of hospitals and outpatient facilities of Rhön-Klinikum AG, Germany. Taking into account the advance payment of €2,178 million transferred at the end of the year 2013 in conjunction with this acquisition, the total purchase price finally added up to €2,994 million.

In connection with the acquisition of hospitals of Rhön-Klinikum AG, Fresenius Helios sold two hospitals in Borna and Zwenkau in the first quarter of 2014 due to antitrust authority requirements. The corresponding book gain in the amount of €22 million before tax is included in selling, general and administrative expenses in the consolidated statement of income.

Acquisition of hospitals of Rhön-Klinikum AG

In fiscal year 2014, Fresenius Helios completed the acquisition of 41 hospitals and 13 outpatient facilities of Rhön-Klinikum AG, Germany. The majority of the acquired hospitals and outpatient facilities was consolidated as of January 1, 2014. In most instances, 100% of the share capital was purchased, only in a few cases 94% to 99% of the share capital was acquired. In relation to HSK Dr. Horst Schmidt Kliniken, 49% of the share capital was acquired.

The transaction strengthens Fresenius Helios' position as Europe's largest hospital operator and provides the basis for offering nationwide care models across Germany.

Due to contractual conditions, the Fresenius Group was primary beneficiary of the majority of the acquired hospitals and outpatient facilities for the period from January 1, 2014 until the closing of the majority of the transaction on February 27, 2014. During this period, the Fresenius Group therefore fully consolidated these companies according to regulations for variable interest entities. The majority of the other acquired companies has been fully consolidated as of February 27, 2014. The acquired HSK Dr. Horst Schmidt Kliniken have been consolidated since June 30, 2014 as the Fresenius Group has rights that give the Fresenius Group the ability to direct the relevant activities and, hence, the earnings of the company. The acquired hospital in Cuxhaven has been consolidated since August 1, 2014.

The transaction was accounted for as a business combination. The following table comprises the final fair values of assets acquired and liabilities assumed at the date of the acquisition. Any adjustments to acquisition accounting until finalization on December 31, 2014 was recorded with a corresponding adjustment to goodwill, net of related income tax effects.

€ in millions	
Trade accounts receivable	231
Working capital and other assets	405
Assets	995
Liabilities	-752
Goodwill	2,245
Noncontrolling interest	-12
Fair value of consideration transferred	3,112
Net cash acquired	-100
Transaction amount	3,012

The consideration transferred was fully paid in cash.

The transaction amount contained contingent purchase price elements in an amount of €49 million in connection with the implementation of antitrust authority requirements. The contingent consideration amounted to €31 million by the end of 2014.

The goodwill in the amount of €2,245 million that was acquired as part of the acquisition is not deductible for tax purposes.

Goodwill is an asset mainly representing the market position of the acquired hospitals, the established nationwide hospital network, economics of scale of the substantially grown hospital network and the know-how of employees.

The noncontrolling interests acquired as part of the acquisition are stated at fair value.

In 2014, the acquired hospitals and outpatient facilities have contributed €1,791 million to sales and, before integration costs, €158 million to the operating income (EBIT) and €65 million to the net income of the Fresenius Group. After integrations costs, the contribution to the operating income (EBIT) amounted to €107 million and the contribution to the net income of the Fresenius Group was €24 million.

In 2013, Fresenius Helios spent €2,185 million on acquisitions, mainly for advances made in the amount of €2,178 million under a fiduciary arrangement for the acquisition of hospitals and outpatient facilities of Rhön-Klinikum AG.

Fresenius Vamed

In 2014, Fresenius Vamed spent €12 million on acquisitions, mainly for the acquisition of kneipp-hof Dussnang AG, Switzerland.

In 2013, Fresenius Vamed spent €16 million on acquisitions, mainly for the purchase of two hospitals in the Czech Republic.

Corporate/Other

Divestitures

On June 30, 2014, the Fresenius Group sold the 5% stake in Rhön-Klinikum AG which was acquired in 2012 as part of the takeover offer to the shareholders of Rhön-Klinikum AG. Sales proceeds of €160 million were achieved. The corresponding book gain in the amount of €35 million before tax is included in selling, general and administrative expenses in the consolidated statement of income.

During 2013, German government securities with a carrying amount of €37 million were divested.

On June 28, 2013, the sale of Fresenius Biotech to the Fuhrer family, owners of Neopharm, Israel's second-largest pharmaceutical company, was closed. The transaction includes both the trifunctional antibody Removab as well as the immunosuppressive drug ATG-Fresenius S. The gain on disposal amounted to €0 million.

IMPACTS ON FRESENIUS GROUP'S CONSOLIDATED FINANCIAL STATEMENTS RESULTING FROM ACQUISITIONS

In the fiscal year 2014, all acquisitions have been accounted for applying the purchase method and accordingly have been consolidated starting with the date of acquisition. The excess of the total acquisition costs over the fair value of the net assets acquired was €3,882 million and €510 million in 2014 and 2013, respectively.

The purchase price allocations are not yet finalized for all acquisitions. Based on preliminary purchase price allocations, the recognized goodwill was €3,650 million and the other intangible assets were €232 million. Of this goodwill, €1,287 million is attributable to the acquisitions of Fresenius Medical Care, €99 million to Fresenius Kabi's acquisitions, €2,250 million to the acquisitions of Fresenius Helios and €14 million to the acquisitions of Fresenius Vamed.

Goodwill is an asset representing the future economic benefits arising from other assets acquired in a business combination that are not individually identified and separately recognized. Goodwill arises principally due to the fair value placed on an established stream of future cash flows versus building a similar business.

The acquisitions completed in 2014 or included in the consolidated statements for the first time for a full year, contributed the following amounts to the development of sales and earnings:

€ in millions	2014
Sales	2,271
EBITDA	204
EBIT	126
Net interest	-99
Net income attributable to shareholders of Fresenius SE & Co. KGaA	21

The acquisitions increased the total assets of the Fresenius Group by €4,068 million.

NOTES ON THE CONSOLIDATED STATEMENT OF INCOME

3. SPECIAL ITEMS

Net income attributable to shareholders of Fresenius SE & Co. KGaA for the year 2014 in the amount of €1,067 million includes special items relating to the integration of Fenwal and the acquired Rhön hospitals as well as relating to the divestment of two HELIOS hospitals and of the Rhön stake.

The special items had the following impact on the consolidated statement of income:

€ in millions	EBIT	Net income attributable to shareholders of Fresenius SE & Co. KGaA
Earnings 2014, adjusted	3,158	1,086
Integration costs for Fenwal	-50	-33
Integration costs for the acquired Rhön hospitals	-51	-41
Disposal gain from the divestment of two HELIOS hospitals	22	21
Disposal gain from the divestment of the Rhön stake	35	34
Earnings 2014 according to U.S. GAAP	3,114	1,067

Net income attributable to shareholders of Fresenius SE & Co. KGaA for the year 2013 in the amount of €1,011 million included special items relating to the integration of Fenwal.

The special items had the following impact on the consolidated statement of income:

€ in millions	EBIT	Net income attributable to shareholders of Fresenius SE & Co. KGaA
Earnings 2013, adjusted	3,045	1,051
Integration costs for Fenwal	-54	-40
Earnings 2013 according to U.S. GAAP	2,991	1,011

4. SALES

Sales by activity were as follows:

€ in millions	2014	2013
Sales of services	15,176	12,441
less patient service bad debt provision	-228	-214
Sales of products and related goods	7,713	7,507
Sales from long-term production contracts	564	587
Other sales	6	10
Sales	23,231	20,331

A sales analysis by business segment and region is shown in the segment information on pages 98 to 99.

5. COST OF SALES

Cost of sales was comprised of the following:

€ in millions	2014	2013
Cost of services	11,677	9,455
Manufacturing cost of products and related goods	4,217	3,976
Cost of long-term production contracts	493	514
Other cost of sales	2	3
Cost of sales	16,389	13,948

6. COST OF MATERIALS

Cost of materials was comprised of cost of raw materials, supplies and purchased components and cost of purchased services:

€ in millions	2014	2013
Cost of raw materials, supplies and purchased components	6,079	5,566
Cost of purchased services	974	819
Cost of materials	7,053	6,385

7. PERSONNEL EXPENSES

Cost of sales, selling, general and administrative expenses and research and development expenses included personnel expenses of €8,996 million and €7,360 million in 2014 and 2013, respectively.

Personnel expenses were comprised of the following:

€ in millions	2014	2013
Wages and salaries	7,209	5,834
Social security contributions, cost of retirement pensions and social assistance	1,787	1,526
thereof retirement pensions	257	207
Personnel expenses	8,996	7,360

Fresenius Group's annual average number of employees by function is shown below:

	2014	2013
Production	35,970	34,247
Service	136,860	107,539
Administration	25,704	21,439
Sales and marketing	10,052	9,580
Research and development	2,047	1,928
Total employees (per capita)	210,633	174,733

8. SELLING, GENERAL AND ADMINISTRATIVE EXPENSES

Selling expenses were €841 million (2013: €801 million) and mainly included expenditures for sales personnel of €406 million (2013: €387 million).

General and administrative expenses amounted to €2,518 million (2013: €2,243 million) and were related to expenditures for administrative functions not attributable to research and development, production or selling.

Proceeds of €203 million (2013: €324 million) were included in selling, general and administrative expenses.

9. NET INTEREST

Net interest of -€602 million included interest expenses of €730 million and interest income of €128 million. The main portion of the interest expenses resulted from Fresenius Group's financial liabilities, which are not recognized at fair value in the consolidated statement of income (see note 29, Financial instruments). The main portion of interest income resulted from the valuation of the call options in connection with the convertible bonds.

10. TAXES

INCOME TAXES

Income before income taxes was attributable to the following geographic regions:

€ in millions	2014	2013
Germany	686	515
International	1,826	1,892
Total	2,512	2,407

Income tax expenses (benefits) for 2014 and 2013 consisted of the following:

€ in millions	Current taxes	Deferred taxes	Income taxes
2014			
Germany	122	16	138
International	518	44	562
Total	640	60	700
2013			
Germany	111	-23	88
International	557	24	581
Total	668	1	669

A reconciliation between the expected and actual income tax expense is shown in the following table. The expected corporate income tax expense is computed by applying the

German corporation tax rate (including the solidarity surcharge) and the effective trade tax rate on income before income taxes. The respective combined tax rate was 30.0% for the fiscal year 2014 (2013: 29.5%).

€ in millions	2014	2013
Computed "expected" income tax expense	754	710
Increase (reduction) in income taxes resulting from:		
Items not recognized for tax purposes	52	28
Tax rate differential	35	42
Tax-free income	-60	-76
Taxes for prior years	-20	-11
Changes in valuation allowances on deferred tax assets	1	-14
Noncontrolling interests	-61	-41
Other	-1	31
Income tax	700	669
Effective tax rate	27.9%	27.8%

DEFERRED TAXES

The tax effects of the temporary differences that gave rise to deferred tax assets and liabilities at December 31 are presented below:

€ in millions	2014	2013
Deferred tax assets		
Accounts receivable	25	16
Inventories	78	65
Other current assets	19	33
Other non-current assets	70	105
Accrued expenses	315	242
Other short-term liabilities	65	56
Other liabilities	44	32
Benefit obligations	236	124
Losses carried forward from prior years	326	260
Deferred tax assets, before valuation allowance	1,178	933
less valuation allowance	88	87
Deferred tax assets	1,090	846
Deferred tax liabilities		
Accounts receivable	35	32
Inventories	29	26
Other current assets	14	14
Other non-current assets	974	742
Accrued expenses	13	14
Other short-term liabilities	150	120
Other liabilities	69	102
Deferred tax liabilities	1,284	1,050
Net deferred taxes	-194	-204

In the consolidated statement of financial position, the net amounts of deferred tax assets and liabilities are included as follows:

€ in millions	2014		2013	
		thereof short-term		thereof short-term
Deferred tax assets	727	406	535	331
Deferred tax liabilities	921	54	739	48
Net deferred taxes	-194	352	-204	283

As of December 31, 2014, Fresenius Medical Care has not recognized a deferred tax liability on approximately €5.5 billion of undistributed earnings of its foreign subsidiaries, because those earnings are considered indefinitely reinvested.

NET OPERATING LOSSES

The expiration of net operating losses is as follows:

for the fiscal years	€ in millions
2015	16
2016	23
2017	25
2018	26
2019	52
2020	9
2021	8
2022	12
2023	10
2024 and thereafter	138
Total	319

The total remaining operating losses of €911 million can mainly be carried forward for an unlimited period.

Based upon the level of historical taxable income and projections for future taxable income, the Management of the Fresenius Group believes it is more likely than not that the Fresenius Group will realize the benefits of these deductible differences, net of the existing valuation allowances, at December 31, 2014.

UNRECOGNIZED TAX BENEFITS

Fresenius SE & Co. KGaA and its subsidiaries are subject to tax audits in Germany and the United States on a regular basis and ongoing tax audits in other jurisdictions.

In Germany, for Fresenius Medical Care, the tax audit for the years 2002 through 2005 was completed during 2014 and resulted in payments totaling €76 million, which had been previously provided for. The tax years 2006 through 2012 are currently under audit by the tax authorities. Fiscal years 2013 and 2014 are open to audit. The other German entities of the Fresenius Group are currently subject to tax audits for the tax years 2006 through 2009. Fiscal years 2010 until 2014 are open to audit. The Fresenius Group recognized and recorded the current proposed adjustments of this audit period in the consolidated financial statements. All proposed adjustments are deemed immaterial.

For Fresenius Kabi USA, the tax years 2010 and 2011 are currently under audit by the tax authorities. Fiscal years 2012 until 2014 are open to audit.

In the United States, for Fresenius Medical Care, the tax years 2011 and 2012 are currently under audit by the tax authorities. Fiscal years 2013 and 2014 are open to audit. Fresenius Medical Care Holdings, Inc. (FMCH) is also subject to audit in various state jurisdictions. A number of these audits are in progress and various years are open to audit in various state jurisdictions. All expected results for both federal and state income tax audits have been recognized in the consolidated financial statements.

Fresenius Medical Care filed claims for refunds contesting the Internal Revenue Service's (IRS) disallowance of FMCH's deductions for civil settlement payments taken by FMCH in prior year tax returns. As a result of a settlement agreement with the IRS, Fresenius Medical Care received a partial refund in September 2008 of US\$37 million, inclusive of interest, and preserved its right to pursue claims in the United States Courts for refunds of all other disallowed deductions, which totaled approximately US\$126 million. On December 22, 2008, Fresenius Medical Care filed a complaint for complete refund in the United States District Court for the District of Massachusetts, styled as Fresenius Medical Care Holdings, Inc. v. United States. On August 15, 2012, a jury entered a verdict for FMCH granting additional deductions of US\$95 million. On May 31, 2013, the District Court entered final judgment for

FMCH in the refund amount of US\$50 million. On September 18, 2013, the IRS appealed the District Court's ruling to the United States Court of Appeals for the First Circuit (Boston). On August 13, 2014, the United States Court of Appeals for the First Circuit (Boston) affirmed the District Court's order. The District Court judgment became final upon the government's decision not to seek a writ of certiorari from the United States Supreme Court. Accordingly, Fresenius Medical Care recorded a net tax benefit of approximately US\$23 million in the fourth quarter of 2014.

Subsidiaries of Fresenius SE & Co. KGaA in a number of countries outside of Germany and the United States are also subject to tax audits. The Fresenius Group estimates that the effects of such tax audits are not material to the consolidated financial statements.

The following table shows the changes to unrecognized tax benefits during the year 2014:

€ in millions	2014
Balance at January 1, 2014	248
Increase in unrecognized tax benefits prior periods	27
Decrease in unrecognized tax benefits prior periods	-31
Increase in unrecognized tax benefits current periods	18
Changes related to settlements with tax authorities	-47
Foreign currency translation	19
Balance at December 31, 2014	234

Included in the balance at December 31, 2014 are €226 million of unrecognized tax benefits, which would affect the effective tax rate if recognized. The Fresenius Group is currently not in a position to forecast the timing and magnitude of changes in other unrecognized tax benefits.

It is Fresenius Group's policy to recognize interest and penalties related to its tax positions as income tax expense. During the fiscal year 2014, the Fresenius Group recognized €10 million in interest and penalties. The Fresenius Group had a total accrual of €1 million of tax related interest and penalties at December 31, 2014.

11. NONCONTROLLING INTEREST

As of December 31, noncontrolling interest in net income in the Fresenius Group was as follows:

€ in millions	2014	2013
Noncontrolling interest in Fresenius Medical Care	542	576
Noncontrolling interest in Fresenius Vamed	10	9
Noncontrolling interest in the business segments		
Fresenius Medical Care	161	109
Fresenius Kabi	20	25
Fresenius Helios	11	7
Fresenius Vamed	1	1
Total noncontrolling interest	745	727

In the fiscal year 2014, Fresenius Medical Care AG & Co. KGaA paid dividends to noncontrolling interests in the amount of €159 million (2013: €159 million).

12. EARNINGS PER SHARE

The following table shows the earnings per share including and excluding the dilutive effect from stock options issued after registration of the capital increase from company's funds (stock split 1:3, see note 26, Fresenius SE & Co. KGaA shareholders' equity) with the commercial register on August 1, 2014:

	2014	2013 ¹
Numerators, € in millions		
Net income attributable to shareholders of Fresenius SE & Co. KGaA	1,067	1,011
less effect from dilution due to Fresenius Medical Care shares	1	1
Income available to all ordinary shares	1,066	1,010
Denominators in number of shares		
Weighted-average number of ordinary shares outstanding	540,347,847	536,017,956
Potentially dilutive ordinary shares	3,950,327	3,695,064
Weighted-average number of ordinary shares outstanding assuming dilution	544,298,174	539,713,020
Basic earnings per ordinary share in €	1.97	1.89
Fully diluted earnings per ordinary share in €	1.96	1.87

¹ Prior year figures were adjusted accordingly.

NOTES ON THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION

13. CASH AND CASH EQUIVALENTS

As of December 31, cash and cash equivalents were as follows:

€ in millions	2014	2013
Cash	1,127	846
Time deposits and securities (with a maturity of up to 90 days)	48	18
Total cash and cash equivalents	1,175	864

As of December 31, 2014 and December 31, 2013, earmarked funds of €52 million and €22 million, respectively, were included in cash and cash equivalents.

The Fresenius Group operates a multi-currency notional pooling cash management system. The Fresenius Group met the conditions to offset balances within this cash pool for reporting purposes. At December 31, 2014, €72 million (December 31, 2013: €0 million) of the cash balances and the equivalent amount of the overdraft balances were offset.

The following table shows the aging analysis of trade accounts receivable and their allowance for doubtful accounts:

€ in millions	not overdue	up to 3 months overdue	3 to 6 months overdue	6 to 12 months overdue	more than 12 months overdue	Total
Trade accounts receivable	2,737	866	352	298	527	4,780
less allowance for doubtful accounts	33	92	59	75	286	545
Trade accounts receivable, net	2,704	774	293	223	241	4,235

15. INVENTORIES

As of December 31, inventories consisted of the following:

€ in millions	2014	2013
Raw materials and purchased components	527	445
Work in process	451	323
Finished goods	1,440	1,314
less reserves	85	68
Inventories, net	2,333	2,014

14. TRADE ACCOUNTS RECEIVABLE

As of December 31, trade accounts receivable were as follows:

€ in millions	2014	2013
Trade accounts receivable	4,780	3,961
less allowance for doubtful accounts	545	487
Trade accounts receivable, net	4,235	3,474

All trade accounts receivable are due within one year.

The following table shows the development of the allowance for doubtful accounts during the fiscal year:

€ in millions	2014	2013
Allowance for doubtful accounts at the beginning of the year	487	406
Change in valuation allowances as recorded in the consolidated statement of income	241	284
Write-offs and recoveries of amounts previously written-off	-216	-185
Foreign currency translation	33	-18
Allowance for doubtful accounts at the end of the year	545	487

The companies of the Fresenius Group are obliged to purchase approximately €740 million of raw materials and purchased components under fixed terms, of which €456 million was committed at December 31, 2014 for 2015. The terms of these agreements run one to six years. Advance payments from customers of €427 million (2013: €248 million) have been offset against inventories.

Inventories as of December 31, 2014 and December 31, 2013 included approximately €29 million and approximately €24 million, respectively, of the product Erythropoietin (EPO). Fresenius Medical Care's previous contract with its EPO supplier Amgen, Inc. expired on December 31, 2014. As a result, Fresenius Medical Care entered into a new four-year sourcing and supply agreement with Amgen, Inc.

16. OTHER CURRENT AND NON-CURRENT ASSETS

As of December 31, other current and non-current assets were comprised of the following:

€ in millions	2014		2013	
		thereof short-term		thereof short-term
Investments	620	0	534	0
Prepaid expenses	133	69	129	64
Capitalized debt financing costs	109	16	95	13
Advances made	86	55	60	60
Prepaid rent and insurance	69	69	55	55
Purchase price deposits	0	0	2,178	0
Other assets	661	500	514	380
Other non-financial assets, net	1,678	709	3,565	572
Tax receivables	462	434	254	233
Securities and long-term loans	362	152	377	46
Accounts receivable resulting from German hospital law	249	233	168	153
Derivative financial instruments	176	30	32	30
Cost report receivable from Medicare and Medicaid	113	113	94	94
Leasing receivables	91	46	78	36
Discounts	72	72	78	78
Deposits	65	21	48	19
Assets held for sale	33	33	0	0
Other financial assets, net	1,623	1,134	1,129	689
Other assets, net	3,301	1,843	4,694	1,261
Allowances	10	7	11	9
Other assets, gross	3,311	1,850	4,705	1,270

The purchase price deposit in the amount of €2,178 million, that was shown under other non-current assets as of December 31, 2013, was offset in the course of the acquisition of hospitals and outpatient facilities of Rhön-Klinikum AG in the first quarter of 2014.

As of December 31, 2014, investments were comprised of investments of €558 million (2013: €482 million), mainly regarding the joint venture between Fresenius Medical Care and Galenica Ltd., that were accounted for under the equity method. In 2014, income of €19 million (2013: €20 million) resulting from this valuation was included in selling, general and administrative expenses in the consolidated statement of income. Securities and long-term loans included €148 million financial assets available for sale as of December 31, 2014

(2013: €197 million) mainly relating to shares in funds. At December 31, 2013, these mainly referred to shares in Rhön-Klinikum AG with acquisition costs of €124 million and a fair value of €147 million. Furthermore, securities and long-term loans included €148 million as of December 31, 2014 that Fresenius Medical Care loaned to a middle-market dialysis provider.

The receivables resulting from the German hospital law primarily contain approved but not yet received earmarked subsidies of the Fresenius Helios operations. The approval is evidenced in a letter written by the granting authorities that Fresenius Helios has already received.

In the fiscal years 2014 and 2013, depreciation on other non-current assets was recognized in an immaterial amount.

17. PROPERTY, PLANT AND EQUIPMENT

As of December 31, the acquisition and manufacturing costs as well as accumulated depreciation of property, plant and equipment consisted of the following:

ACQUISITION AND MANUFACTURING COSTS

€ in millions	As of Jan. 1, 2014	Foreign currency translation	Changes in entities consolidated	Additions	Reclassifi- cations	Disposals	As of Dec. 31, 2014
Land and land facilities	294	1	221	11	–	3	524
Buildings and improvements	3,825	178	615	208	170	133	4,863
Machinery and equipment	4,961	239	192	526	161	172	5,907
Machinery, equipment and rental equipment under capital leases	145	2	25	8	-8	1	171
Construction in progress	584	29	63	551	-358	7	862
Property, plant and equipment	9,809	449	1,116	1,304	-35	316	12,327

DEPRECIATION

€ in millions	As of Jan. 1, 2014	Foreign currency translation	Changes in entities consolidated	Additions	Reclassifi- cations	Disposals	As of Dec. 31, 2014
Land and land facilities	6	–	0	–	0	–	6
Buildings and improvements	1,732	106	2	257	-1	65	2,031
Machinery and equipment	2,944	136	5	522	-9	140	3,458
Machinery, equipment and rental equipment under capital leases	44	–	–	12	-4	1	51
Construction in progress	1	–	0	–	4	–	5
Property, plant and equipment	4,727	242	7	791	-10	206	5,551

ACQUISITION AND MANUFACTURING COSTS

€ in millions	As of Jan. 1, 2013	Foreign currency translation	Changes in entities consolidated	Additions	Reclassifi- cations	Disposals	As of Dec. 31, 2013
Land and land facilities	285	-7	4	17	2	7	294
Buildings and improvements	3,672	-113	1	93	231	59	3,825
Machinery and equipment	4,665	-196	4	459	195	166	4,961
Machinery, equipment and rental equipment under capital leases	139	-1	–	10	–	3	145
Construction in progress	542	-25	8	489	-422	8	584
Property, plant and equipment	9,303	-342	17	1,068	6	243	9,809

DEPRECIATION

€ in millions	As of Jan. 1, 2013	Foreign currency translation	Changes in entities consolidated	Additions	Reclassifi- cations	Disposals	As of Dec. 31, 2013
Land and land facilities	6	–	0	1	–	1	6
Buildings and improvements	1,598	-50	-3	226	5	44	1,732
Machinery and equipment	2,741	-107	-9	472	-4	149	2,944
Machinery, equipment and rental equipment under capital leases	39	-1	–	9	-1	2	44
Construction in progress	1	–	0	–	–	–	1
Property, plant and equipment	4,385	-158	-12	708	–	196	4,727

CARRYING AMOUNTS

€ in millions	Dec. 31, 2014	Dec. 31, 2013
Land and land facilities	518	288
Buildings and improvements	2,832	2,093
Machinery and equipment	2,449	2,017
Machinery, equipment and rental equipment under capital leases	120	101
Construction in progress	857	583
Property, plant and equipment	6,776	5,082

Depreciation on property, plant and equipment for the years 2014 and 2013 was €791 million and €708 million, respectively. It is allocated within cost of sales, selling, general and administrative expenses and research and development expenses, depending upon the use of the asset.

LEASING

Machinery and equipment as of December 31, 2014 and 2013 included medical devices which Fresenius Medical Care and Fresenius Kabi lease to customers, patients and physicians

under operating leases in an amount of €652 million and €535 million, respectively.

To a lesser extent, property, plant and equipment are also leased for the treatment of patients by other business segments.

For details of minimum lease payments see note 21, Debt and capital lease obligations.

18. GOODWILL AND OTHER INTANGIBLE ASSETS

As of December 31, the acquisition cost and accumulated amortization of intangible assets consisted of the following:

ACQUISITION COST

€ in millions	As of Jan. 1, 2014	Foreign currency translation	Changes in entities consolidated	Additions	Reclassifi- cations	Disposals	As of Dec. 31, 2014
Goodwill	14,826	1,423	3,643	7	–	31	19,868
Patents, product and distribution rights	571	64	0	5	–	7	633
Technology	303	42	0	5	-1	0	349
Tradenames	182	21	–	–	-1	–	202
Non-compete agreements	237	31	15	1	–	3	281
Management contracts	5	1	–	0	0	0	6
Other	771	42	151	55	-4	15	1,000
Goodwill and other intangible assets	16,895	1,624	3,809	73	-6	56	22,339

AMORTIZATION

€ in millions	As of Jan. 1, 2014	Foreign currency translation	Changes in entities consolidated	Additions	Reclassifi- cations	Disposals	As of Dec. 31, 2014
Goodwill	0	0	0	0	0	0	0
Patents, product and distribution rights	235	26	0	32	-1	4	288
Technology	48	8	0	21	–	0	77
Tradenames	0	0	0	0	0	0	0
Non-compete agreements	174	24	0	17	–	3	212
Management contracts	0	0	0	0	0	0	0
Other	371	23	–	76	-9	13	448
Goodwill and other intangible assets	828	81	–	146	-10	20	1,025

ACQUISITION COST

€ in millions	As of Jan. 1, 2013	Foreign currency translation	Changes in entities consolidated	Additions	Reclassifi- cations	Disposals	As of Dec. 31, 2013
Goodwill	15,014	-539	326	29	–	4	14,826
Patents, product and distribution rights	585	-23	–	16	1	8	571
Technology	321	-12	2	1	-8	1	303
Tradenames	175	-10	17	–	–	–	182
Non-compete agreements	242	-11	8	1	0	3	237
Management contracts	6	–	-1	0	–	0	5
Other	684	-33	78	33	31	22	771
Goodwill and other intangible assets	17,027	-628	430	80	24	38	16,895

AMORTIZATION

€ in millions	As of Jan. 1, 2013	Foreign currency translation	Changes in entities consolidated	Additions	Reclassifi- cations	Disposals	As of Dec. 31, 2013
Goodwill	0	0	0	0	0	0	0
Patents, product and distribution rights	216	-8	–	35	–	8	235
Technology	32	-2	0	20	-2	–	48
Tradenames	0	0	0	0	0	0	0
Non-compete agreements	162	-8	0	23	0	3	174
Management contracts	0	0	0	0	0	0	0
Other	319	-14	-1	57	17	7	371
Goodwill and other intangible assets	729	-32	-1	135	15	18	828

CARRYING AMOUNTS

€ in millions	Dec. 31, 2014	Dec. 31, 2013
Goodwill	19,868	14,826
Patents, product and distribution rights	345	336
Technology	272	255
Tradenames	202	182
Non-compete agreements	69	63
Management contracts	6	5
Other	552	400
Goodwill and other intangible assets	21,314	16,067

The split of intangible assets into amortizable and non-amortizable intangible assets is shown in the following tables:

AMORTIZABLE INTANGIBLE ASSETS

€ in millions	Dec. 31, 2014			Dec. 31, 2013		
	Acquisition cost	Accumulated amortization	Carrying amount	Acquisition cost	Accumulated amortization	Carrying amount
Patents, product and distribution rights	633	288	345	571	235	336
Technology	349	77	272	303	48	255
Non-compete agreements	281	212	69	237	174	63
Other	1,000	448	552	771	371	400
Total	2,263	1,025	1,238	1,882	828	1,054

Estimated regular amortization expenses of intangible assets for the next five years are shown in the following table:

€ in millions	2015	2016	2017	2018	2019
Estimated amortization expenses	158	150	144	140	136

NON-AMORTIZABLE INTANGIBLE ASSETS

€ in millions	Dec. 31, 2014			Dec. 31, 2013		
	Acquisition cost	Accumulated amortization	Carrying amount	Acquisition cost	Accumulated amortization	Carrying amount
Tradenames	202	0	202	182	0	182
Management contracts	6	0	6	5	0	5
Goodwill	19,868	0	19,868	14,826	0	14,826
Total	20,076	0	20,076	15,013	0	15,013

Amortization on intangible assets amounted to €146 million and €135 million for the years 2014 and 2013, respectively. It is allocated within cost of sales, selling, general

and administrative expenses and research and development expenses, depending upon the use of the asset.

The carrying amount of goodwill has developed as follows:

€ in millions	Fresenius Medical Care	Fresenius Kabi	Fresenius Helios	Fresenius Vamed	Corporate/ Other	Fresenius Group
Carrying amount as of January 1, 2013	8,657	4,123	2,151	77	6	15,014
Additions	195	138	14	8	0	355
Disposals	0	-4	0	0	0	-4
Reclassifications	-	0	0	0	0	-
Foreign currency translation	-398	-141	0	0	0	-539
Carrying amount as of December 31, 2013	8,454	4,116	2,165	85	6	14,826
Additions	1,287	99	2,250	14	0	3,650
Disposals	0	-3	-28	0	0	-31
Reclassifications	0	-	0	0	0	-
Foreign currency translation	1,034	389	0	0	0	1,423
Carrying amount as of December 31, 2014	10,775	4,601	4,387	99	6	19,868

The goodwill additions in the segment Fresenius Helios in 2014 mainly resulted from the acquisition of hospitals and outpatient facilities of Rhön-Klinikum AG.

As of December 31, 2014 and December 31, 2013, the carrying amounts of the other non-amortizable intangible assets were €179 million and €158 million, respectively, for Fresenius Medical Care as well as €29 million for Fresenius Kabi.

19. ACCRUED EXPENSES

As of December 31, accrued expenses consisted of the following:

€ in millions	2014		2013	
		thereof short-term		thereof short-term
Personnel expenses	1,018	885	706	604
Invoices outstanding	314	314	253	253
Self-insurance programs	197	197	147	147
Bonuses and discounts	136	136	115	115
Warranties and complaints	118	117	67	66
Legal matters, advisory and audit fees	87	87	57	57
Accrued variable payments outstanding for acquisition	42	27	35	13
Commissions	28	28	30	30
Special charge for legal matters	0	0	83	83
Other accrued expenses	628	551	512	460
Accrued expenses	2,568	2,342	2,005	1,828

The following table shows the development of accrued expenses in the fiscal year:

€ in millions	As of Jan. 1, 2014	Foreign currency translation	Changes in entities consolidated	Additions	Reclassifications	Utilized	Reversed	As of Dec. 31, 2014
Personnel expenses	706	37	158	651	-2	-482	-50	1,018
Invoices outstanding	253	3	37	254	-2	-200	-31	314
Self-insurance programs	147	22	0	37	0	-1	-8	197
Bonuses and discounts	115	8	2	126	-	-102	-13	136
Warranties and complaints	67	2	32	42	-	-17	-8	118
Legal matters, advisory and audit fees	57	4	13	46	-1	-28	-4	87
Accrued variable payments outstanding for acquisition	35	-1	28	7	-	-20	-7	42
Commissions	30	-	-	24	0	-21	-5	28
Special charge for legal matters	83	4	0	0	0	-87	0	0
Other accrued expenses	512	19	153	400	-9	-378	-69	628
Total	2,005	98	423	1,587	-14	-1,336	-195	2,568

Accruals for personnel expenses mainly refer to bonus, severance payments, contribution of partial retirement and holiday entitlements. For details regarding accruals for self-insurance programs, please see note 1. III. aa, Self-insurance programs.

In 2001, Fresenius Medical Care recorded a US\$258 million special charge to address legal matters relating to transactions pursuant to the Agreement and Plan of Reorganization dated as of February 4, 1996 by and between W.R. Grace & Co. and Fresenius AG, estimated liabilities and legal expenses

arising in connection with the W.R. Grace & Co. Chapter 11 proceedings (Grace Chapter 11 Proceedings) and the cost of resolving pending litigation and other disputes with certain commercial insurers. During the second quarter of 2003, the court supervising the Grace Chapter 11 Proceedings approved a definitive settlement whereby Fresenius Medical Care agreed to pay US\$115 million. On February 3, 2014, Fresenius Medical Care paid US\$115 million (€87 million), which had been previously accrued. All matters related to the recorded charge have now been resolved (see note 28, Commitments and contingent liabilities).

20. OTHER LIABILITIES

As of December 31, other liabilities consisted of the following:

€ in millions	2014		2013	
		thereof short-term		thereof short-term
Debtors with credit balances	295	295	227	227
Accounts payable resulting from German hospital law	251	248	130	130
Accounts receivable credit balance	160	58	145	51
Advance payments from customers	69	58	32	32
All other liabilities	491	330	344	193
Other non-financial liabilities	1,266	989	878	633
Personnel liabilities	277	272	223	218
Derivative financial instruments	232	80	23	17
Tax liabilities	205	204	145	144
Interest liabilities	172	172	145	145
Leasing liabilities	90	90	72	72
Liabilities held for sale	15	15	0	0
Other financial liabilities	991	833	608	596
Other liabilities	2,257	1,822	1,486	1,229

The payables resulting from the German hospital law primarily contain earmarked subsidies received but not yet spent appropriately by Fresenius Helios. The amount not yet spent appropriately is classified as liability.

At December 31, 2014, the total amount of other non-current liabilities was €435 million, thereof €232 million was due between one and five years and €203 million was due after five years. The statement of financial position line item long-term accrued expenses and other long-term liabilities of €661 million also included other long-term accrued expenses of €226 million as of December 31, 2014.

21. DEBT AND CAPITAL LEASE OBLIGATIONS

SHORT-TERM DEBT

The Fresenius Group had short-term debt of €230 million and €959 million at December 31, 2014 and December 31, 2013, respectively. As of December 31, 2014, this debt consisted of borrowings by certain entities of the Fresenius Group under

lines of credit with commercial banks. The average interest rates on these borrowings at December 31, 2014 and 2013 were 5.83% and 1.65%, respectively.

LONG-TERM DEBT AND CAPITAL LEASE OBLIGATIONS

As of December 31, long-term debt and capital lease obligations consisted of the following:

€ in millions	2014	2013
Fresenius Medical Care 2012 Credit Agreement	2,389	1,963
2013 Senior Credit Agreement	2,561	1,709
Bridge Financing Facility	0	1,410
Euro Notes	1,025	859
European Investment Bank Agreements	40	188
Accounts receivable facility of Fresenius Medical Care	281	255
Capital lease obligations	151	94
Other	283	248
Subtotal	6,730	6,726
less current portion	753	855
Long-term debt and capital lease obligations, less current portion	5,977	5,871

Maturities of long-term debt and capital lease obligations are shown in the following table:

€ in millions	up to 1 year	1 to 3 years	3 to 5 years	more than 5 years
Fresenius Medical Care 2012 Credit Agreement	189	378	1,822	0
2013 Senior Credit Agreement	451	408	794	908
Euro Notes	0	410	353	262
European Investment Bank Agreements	8	16	16	0
Accounts receivable facility of Fresenius Medical Care	0	281	0	0
Capital lease obligations	13	29	12	97
Other	92	93	49	49
Long-term debt and capital lease obligations	753	1,615	3,046	1,316

Aggregate annual repayments applicable to the above listed long-term debt and capital lease obligations for the years subsequent to December 31, 2014 are:

for the fiscal years	€ in millions
2015	753
2016	759
2017	856
2018	795
2019	2,251
Subsequent years	1,316
Total	6,730

Fresenius Medical Care 2012 Credit Agreement

Fresenius Medical Care AG & Co. KGaA (FMC-AG & Co. KGaA) originally entered into a syndicated credit facility (Fresenius Medical Care 2012 Credit Agreement) of US\$3,850 million and a 5-year period with a large group of banks and institutional investors (collectively, the Lenders) on October 30, 2012.

On November 26, 2014, the Fresenius Medical Care 2012 Credit Agreement was amended to increase the total credit facility to approximately US\$4,400 million and extend the term for an additional two years until October 30, 2019.

The following tables show the available and outstanding amounts under the Fresenius Medical Care 2012 Credit Agreement at December 31:

2014				
	Maximum amount available		Balance outstanding	
	€ in millions		€ in millions	
Revolving Credit (in US\$)	US\$1,000 million	824	US\$36 million	30
Revolving Credit (in €)	€400 million	400	€0 million	0
US\$ Term Loan	US\$2,500 million	2,059	US\$2,500 million	2,059
€ Term Loan	€300 million	300	€300 million	300
Total		3,583		2,389

2013				
	Maximum amount available		Balance outstanding	
	€ in millions		€ in millions	
Revolving Credit (in US\$)	US\$600 million	435	US\$138 million	100
Revolving Credit (in €)	€500 million	500	€50 million	50
US\$ Term Loan	US\$2,500 million	1,813	US\$2,500 million	1,813
Total		2,748		1,963

As of December 31, 2014, the Fresenius Medical Care 2012 Credit Agreement consisted of:

- ▶ Revolving credit facilities of approximately US\$1,500 million comprising a US\$1,000 million revolving facility and a €400 million revolving facility, which will be due and payable on October 30, 2019.
- ▶ A term loan facility of US\$2,500 million, also scheduled to mature on October 30, 2019. Quarterly repayments of US\$50 million, which began in January 2015 are required with the remaining balance outstanding due on October 30, 2019.

- ▶ A term loan facility of €300 million scheduled to mature on October 30, 2019. Quarterly repayments of €6 million, which began in January 2015 are required with the remaining balance outstanding due October 30, 2019.

Interest on the credit facilities is, at Fresenius Medical Care's option, at a rate equal to either (i) LIBOR or EURIBOR (as applicable) plus an applicable margin or (ii) the Base Rate as defined in the Fresenius Medical Care 2012 Credit Agreement plus an applicable margin. As of December 31, 2014, the U.S. dollar-denominated tranches outstanding under the Fresenius Medical Care 2012 Credit Agreement had a weighted-average interest rate of 1.61%. The euro-denominated tranche had an interest rate of 1.42%.

The applicable margin is variable and depends on Fresenius Medical Care's consolidated leverage ratio which is a ratio of its consolidated funded debt (less cash and cash equivalents) to consolidated EBITDA (as these terms are defined in the Fresenius Medical Care 2012 Credit Agreement).

In addition to scheduled principal payments, indebtedness outstanding under the Fresenius Medical Care 2012 Credit Agreement would be reduced by portions of the net cash proceeds received from certain sales of assets.

Obligations under the Fresenius Medical Care 2012 Credit Agreement are secured by pledges of capital stock of certain material subsidiaries in favor of the Lenders.

The Fresenius Medical Care 2012 Credit Agreement contains affirmative and negative covenants with respect to FMC-AG & Co. KGaA and its subsidiaries. Under certain circumstances, these covenants limit indebtedness, investments and restrict the creation of liens. Under the Fresenius Medical Care 2012 Credit Agreement, FMC-AG & Co. KGaA is required to comply with a maximum leverage ratio (ratio of net debt to EBITDA). Additionally, the Fresenius Medical Care 2012 Credit Agreement provides for a limitation on dividends, share buy-backs and similar payments. Dividends to be paid are subject to an annual basket, which is €360 million for 2015, and will increase in subsequent years. Additional dividends and other restricted payments may be made subject to the maintenance of a maximum leverage ratio. In default, the outstanding balance under the Fresenius Medical Care 2012 Credit Agreement becomes immediately due and payable at the option of the Lenders.

As of December 31, 2014, FMC-AG & Co. KGaA and its subsidiaries were in compliance with all covenants under the Fresenius Medical Care 2012 Credit Agreement.

In addition, at December 31, 2014 and December 31, 2013, Fresenius Medical Care had letters of credit outstanding in the amount of US\$7 million and US\$9 million, respectively, which were not included above as part of the balance outstanding at those dates but which reduce available borrowings under the Revolving Credit Facility.

2013 Senior Credit Agreement

On December 20, 2012, Fresenius SE & Co. KGaA and various subsidiaries entered into a delayed draw syndicated credit agreement (2013 Senior Credit Agreement) in the original amount of US\$1,300 million and €1,250 million. The 2013 Senior Credit Agreement was funded on June 28, 2013 and replaced a prior credit agreement. On August 7, 2013, the 2013 Senior Credit Agreement was extended by a term loan B facility in the amount of US\$500 million.

The 2013 Senior Credit Agreement allows for establishment of incremental facilities if certain conditions are met. In line with these provisions, the 2013 Senior Credit Agreement has been increased on November 27, 2013 by facilities in the initial amount of €1,200 million, which at that time consisted of an incremental term loan facility A of €600 million, an incremental term loan facility B of €300 million and an incremental revolving facility of €300 million. These incremental facilities were drawn down on February 27, 2014 and used to fund the acquisition of hospitals from Rhön-Klinikum AG.

The following tables show the available and outstanding amounts under the 2013 Senior Credit Agreement at December 31:

	2014			
	Maximum amount available		Balance outstanding	
	€ in millions		€ in millions	
Revolving Credit Facilities (in €)	€900 million	900	€0 million	0
Revolving Credit Facilities (in US\$)	US\$300 million	247	US\$0 million	0
Term Loan A (in €)	€1,125 million	1,125	€1,125 million	1,125
Term Loan A (in US\$)	US\$890 million	733	US\$890 million	733
Term Loan B (in €)	€297 million	297	€297 million	297
Term Loan B (in US\$)	US\$494 million	406	US\$494 million	406
Total		3,708		2,561

	2013			
	Maximum amount available		Balance outstanding	
	€ in millions		€ in millions	
Revolving Credit Facilities (in €)	€600 million	600	€0 million	0
Revolving Credit Facilities (in US\$)	US\$300 million	218	US\$0 million	0
Term Loan A (in €)	€637 million	637	€637 million	637
Term Loan A (in US\$)	US\$980 million	710	US\$980 million	710
Term Loan B (in US\$)	US\$499 million	362	US\$499 million	362
Total		2,527		1,709

As of December 31, 2014, the 2013 Senior Credit Agreement consisted of:

- ▶ Revolving credit facilities in the aggregate principal amount of US\$300 million, €700 million and a €200 million multicurrency facility with a final repayment date on June 28, 2018.
- ▶ Term loan facilities in the aggregate principal amount of US\$890 million and €1,125 million (together Term Loan A). Term Loan A amortizes and is repayable in unequal quarterly installments with a final maturity on June 28, 2018.
- ▶ Term loan facilities in the aggregate principal amount of US\$494 million and €297 million (together Term Loan B). Term Loan B amortizes and is repayable in quarterly installments, whereby the majority of the loans is due on June 28, 2019.

On January 29, 2015, the term loan B facility of €297 million under the 2013 Senior Credit Agreement was voluntarily prepaid. On February 12, 2015, Fresenius SE & Co. KGaA refinanced the revolving credit facilities and the term loan A tranches in a total amount of €3,044 million. The new facilities consist initially of revolving facilities of €900 million and

US\$300 million, as well as term loan A facilities of €1,150 million and US\$850 million. The maturity of these tranches was extended by two years to June 28, 2020. The term loan B facility of US\$494 million remains unchanged.

The maturities of the 2013 Senior Credit Agreement shown in the consolidated statement of financial position as of December 31, 2014, already take into account the amendments made in February 2015.

The interest rate on each borrowing under the 2013 Senior Credit Agreement is a rate equal to either (i) LIBOR or EURIBOR (as applicable) plus an applicable margin or (ii) the Base Rate as defined in the 2013 Senior Credit Agreement plus an applicable margin. The applicable margin is variable and depends on the leverage ratio as defined in the 2013 Senior Credit Agreement.

In addition to scheduled principal payments, indebtedness outstanding under the 2013 Senior Credit Agreement will be reduced by mandatory prepayments in the case of certain sales of assets and the incurrence of certain additional indebtedness, with the amount to be prepaid depending on the proceeds which are generated by the respective transaction.

The 2013 Senior Credit Agreement is guaranteed by Fresenius SE & Co. KGaA, Fresenius ProServe GmbH, Fresenius Kabi AG and certain U.S. subsidiaries of Fresenius

Kabi AG. Obligations under the 2013 Senior Credit Agreement are secured by pledges of capital stock of certain material subsidiaries of Fresenius Kabi AG, and upon funding of the incremental facilities in February 2014 are additionally secured by a pledge of the capital stock of HELIOS Kliniken GmbH, in favor of the lenders.

The 2013 Senior Credit Agreement contains a number of customary affirmative and negative covenants and other payment restrictions. These covenants include limitations on liens, sale of assets, incurrence of debt, investments and acquisitions and restrictions on the payment of dividends, among other items. The 2013 Senior Credit Agreement also includes financial covenants – as defined in the agreement – that require Fresenius SE & Co. KGaA and its subsidiaries (other than Fresenius Medical Care and its subsidiaries) to maintain a maximum leverage ratio and a minimum interest coverage ratio.

As of December 31, 2014, the Fresenius Group was in compliance with all covenants under the 2013 Senior Credit Agreement.

Bridge Financing Facility

On October 15, 2013, Fresenius SE & Co. KGaA entered into a Bridge Financing Facility in the amount of €1,800 million with a group of banks. The Bridge Financing Facility was guaranteed by Fresenius ProServe GmbH and Fresenius Kabi AG. The Bridge Financing Facility had been drawn in an amount of €1,500 million on December 30, 2013. The proceeds were used for advances made in the amount of €2,178 million under a fiduciary arrangement for the acquisition of hospitals and outpatient facilities of Rhön-Klinikum AG.

The Bridge Financing Facility initially had a one year tenor and had to be mandatorily reduced by the net proceeds of any capital markets transaction. In line with these provisions, the facility has been reduced by the net proceeds of the €1,200 million Senior Notes issuances as well as the US\$300 million Senior Notes issuance that were made in January and February 2014. For more information, see note 22, Senior Notes. Due to the refinancing, this portion of the Bridge Financing Facility in the amount of €1,410 million is shown under long-term debt in the consolidated statement of financial position at December 31, 2013. On February 27, 2014, the Bridge Financing Facility was voluntarily cancelled before maturity and the remaining outstanding amount of €90 million was prepaid.

Euro Notes

As of December 31, Euro Notes (Schuldscheindarlehen) of the Fresenius Group consisted of the following:

	Maturity	Interest rate	Book value/nominal value € in millions	
			2014	2013
Fresenius Finance B.V. 2008/2014	April 2, 2014	5.98%	0	112
Fresenius Finance B.V. 2008/2014	April 2, 2014	variable	0	88
Fresenius Finance B.V. 2007/2014	July 2, 2014	5.75%	0	38
Fresenius Finance B.V. 2007/2014	July 2, 2014	variable	0	62
Fresenius SE & Co. KGaA 2012/2016	April 4, 2016	3.36%	156	156
Fresenius SE & Co. KGaA 2012/2016	April 4, 2016	variable	129	129
Fresenius SE & Co. KGaA 2013/2017	Aug. 22, 2017	2.65%	51	51
Fresenius SE & Co. KGaA 2013/2017	Aug. 22, 2017	variable	74	74
Fresenius SE & Co. KGaA 2014/2018	April 2, 2018	2.09%	97	0
Fresenius SE & Co. KGaA 2014/2018	April 2, 2018	variable	76	0
Fresenius SE & Co. KGaA 2014/2018	April 2, 2018	variable	65	0
Fresenius SE & Co. KGaA 2012/2018	April 4, 2018	4.09%	72	72
Fresenius SE & Co. KGaA 2012/2018	April 4, 2018	variable	43	43
Fresenius SE & Co. KGaA 2014/2020	April 2, 2020	2.67%	106	0
Fresenius SE & Co. KGaA 2014/2020	April 2, 2020	variable	55	0
Fresenius SE & Co. KGaA 2014/2020	April 2, 2020	variable	101	0
Fresenius Medical Care AG & Co. KGaA 2009/2014	Oct. 27, 2014	8.38%	0	11
Fresenius Medical Care AG & Co. KGaA 2009/2014	Oct. 27, 2014	variable	0	23
Euro Notes			1,025	859

The Euro Notes issued by Fresenius Finance B.V. in the amount of €300 million, which were due in April and July 2014, were repaid as scheduled. Fresenius SE & Co. KGaA issued Euro Notes in the amount of €334 million for the refinancing of the €300 million Euro Notes as well as for general corporate purposes on April 2, 2014. In addition, an agreement for the issuance of further Euro Notes in an amount of €166 million was reached. These additional Euro Notes were issued on July 2, 2014.

On February 22, 2013, Fresenius SE & Co. KGaA issued Euro Notes in an amount of €125 million. Proceeds were used for general corporate purposes.

European Investment Bank Agreements

Various subsidiaries of the Fresenius Group maintain credit facilities with the European Investment Bank (EIB).

The following table shows the amounts outstanding under the EIB facilities as of December 31:

	Maturity	Book value € in millions	
		2014	2013
Fresenius Medical Care AG & Co. KGaA	2013/2014	0	140
HELIOS Kliniken GmbH	2019	40	48
Loans from EIB		40	188

The EIB is the not-for-profit long-term lending institution of the European Union and loans funds at favorable rates for the purpose of specific capital investment and research and development projects. The facilities were granted to finance certain research and development projects, to invest in the expansion and optimization of existing production facilities in Germany and for the construction of a hospital.

Repayment of the loan of HELIOS Kliniken GmbH already started in December 2007 and will continue through December 2019 with constant half-yearly payments.

The Euro Notes issued by Fresenius Medical Care AG & Co. KGaA in the amount of €28 million, which were due on October 27, 2014, were repaid as scheduled.

The Euro Notes of Fresenius SE & Co. KGaA are guaranteed by Fresenius Kabi AG and Fresenius ProServe GmbH. The Euro Notes of FMC-AG & Co. KGaA were guaranteed by Fresenius Medical Care Holdings, Inc. and Fresenius Medical Care Deutschland GmbH.

As of December 31, 2014, the Fresenius Group was in compliance with all of its covenants under the Euro Notes.

On June 14, 2013, €96 million borrowings of Fresenius SE & Co. KGaA and US\$91 million borrowings of FMC-AG & Co. KGaA were due. The loans were repaid as scheduled. In addition, loans borrowed by Fresenius SE & Co. KGaA of €100 million and FMC-AG & Co. KGaA of US\$49 million, which were due at September 10 and 13, 2013, respectively, were repaid as scheduled.

The loans borrowed by FMC-AG & Co. KGaA, which were due at February 3 and 17, 2014, respectively, were repaid as scheduled.

As of December 31, 2014, the Fresenius Group was in compliance with the covenants contained in the remaining outstanding loan agreements.

Accounts receivable facility of Fresenius Medical Care

On November 24, 2014, the asset securitization facility (accounts receivable facility) of Fresenius Medical Care was refinanced for a term expiring on November 24, 2017 with available borrowings of US\$800 million.

At December 31, 2014, there were outstanding borrowings under the accounts receivable facility of US\$342 million (€281 million) (2013: US\$351 million (€255 million)). Fresenius Medical Care also had letters of credit outstanding in the amount of US\$67 million (€55 million) at December 31, 2014. These letters of credit were not included above as part of the balance outstanding at December 31, 2014, however, they reduce available borrowings under the accounts receivable facility.

Under the accounts receivable facility, certain receivables are sold to NMC Funding Corp. (NMC Funding), a wholly owned subsidiary of Fresenius Medical Care. NMC Funding then assigns percentage ownership interests in the accounts receivable to certain bank investors. Under the terms of the accounts receivable facility, NMC Funding retains the right, at any time, to recall all the then outstanding transferred interests in the accounts receivable. Consequently, the receivables remain on the consolidated statement of financial position and the proceeds from the transfer of percentage ownership interests are recorded as long-term debt.

NMC Funding pays interest to the bank investors, calculated based on the commercial paper rates for the particular tranches selected. The average interest rate during 2014 was 1.052%. Refinancing fees, which include legal costs and bank fees, are amortized over the term of the facility.

CREDIT LINES

In addition to the financial liabilities described before, the Fresenius Group maintains additional credit facilities which have not been utilized, or have only been utilized in part, as of the reporting date. At December 31, 2014, the additional financial cushion resulting from unutilized credit facilities was approximately €3.3 billion.

Syndicated credit facilities accounted for €2.3 billion. This portion is comprised of the Fresenius Medical Care 2012 Credit Agreement in the amount of US\$1,443 million (€1,188 million) and the 2013 Senior Credit Agreement in the amount of US\$1,393 million (€1,147 million). Furthermore, bilateral facilities of approximately €970 million were available. They include credit facilities which certain entities of the Fresenius Group have arranged with commercial banks. These credit facilities are used for general corporate purposes and are usually unsecured.

In addition, Fresenius SE & Co. KGaA has a commercial paper program under which up to €1,000 million in short-term notes can be issued. As of December 31, 2014, the commercial paper program was not utilized.

Additional financing of up to US\$800 million can be provided using the Fresenius Medical Care accounts receivable facility which had been utilized in the amount of US\$409 million as of December 31, 2014.

22. SENIOR NOTES

As of December 31, Senior Notes of the Fresenius Group consisted of the following:

	Notional amount	Maturity	Interest rate	Book value € in millions	
				2014	2013
Fresenius Finance B.V. 2014/2019	€300 million	Feb. 1, 2019	2.375%	299	0
Fresenius Finance B.V. 2012/2019	€500 million	Apr. 15, 2019	4.25%	500	500
Fresenius Finance B.V. 2013/2020	€500 million	July 15, 2020	2.875%	500	500
Fresenius Finance B.V. 2014/2021	€450 million	Feb. 1, 2021	3.00%	445	0
Fresenius Finance B.V. 2014/2024	€450 million	Feb. 1, 2024	4.00%	453	0
Fresenius US Finance II, Inc. 2009/2015	€275 million	July 15, 2015	8.75%	273	270
Fresenius US Finance II, Inc. 2009/2015	US\$500 million	July 15, 2015	9.00%	409	357
Fresenius US Finance II, Inc. 2014/2021	US\$300 million	Feb. 1, 2021	4.25%	247	0
FMC Finance VI S.A. 2010/2016	€250 million	July 15, 2016	5.50%	249	249
FMC Finance VII S.A. 2011/2021	€300 million	Feb. 15, 2021	5.25%	297	295
FMC Finance VIII S.A. 2011/2016	€100 million	Oct. 15, 2016	variable	100	100
FMC Finance VIII S.A. 2011/2018	€400 million	Sept. 15, 2018	6.50%	397	396
FMC Finance VIII S.A. 2012/2019	€250 million	July 31, 2019	5.25%	245	243
Fresenius Medical Care US Finance, Inc. 2007/2017	US\$500 million	July 15, 2017	6.875%	410	360
Fresenius Medical Care US Finance, Inc. 2011/2021	US\$650 million	Feb. 15, 2021	5.75%	532	468
Fresenius Medical Care US Finance II, Inc. 2011/2018	US\$400 million	Sept. 15, 2018	6.50%	327	287
Fresenius Medical Care US Finance II, Inc. 2012/2019	US\$800 million	July 31, 2019	5.625%	659	580
Fresenius Medical Care US Finance II, Inc. 2014/2020	US\$500 million	Oct. 15, 2020	4.125%	411	0
Fresenius Medical Care US Finance II, Inc. 2012/2022	US\$700 million	Jan. 31, 2022	5.875%	577	508
Fresenius Medical Care US Finance II, Inc. 2014/2024	US\$400 million	Oct. 15, 2024	4.75%	329	0
Senior Notes				7,659	5,113

All Senior Notes included in the table are unsecured.

On January 23, 2014, Fresenius Finance B.V. issued unsecured Senior Notes of €750 million. The €300 million tranche due 2019 has a coupon of 2.375% and was issued at a price of 99.647%. The €450 million tranche which has a coupon of 3.00% was issued at a price of 98.751% and is due in 2021.

Moreover, Fresenius Finance B.V. placed €300 million of unsecured Senior Notes with a maturity of 10 years on January 28, 2014. The Senior Notes have a coupon of 4.00% and were placed at par. On February 6, 2014, these Senior Notes were increased by an amount of €150 million at a price of 102%. The Senior Notes in the nominal amount of €450 million were issued on February 11, 2014.

Furthermore, on February 14, 2014, Fresenius US Finance II, Inc. issued US\$300 million of unsecured Senior Notes with a maturity of seven years. The Senior Notes have a coupon of 4.25% and were issued at par.

Net proceeds of the Senior Notes issued in January and February 2014 were used to partially refinance the drawing under the Bridge Financing Facility. On February 27, 2014, the Bridge Financing Facility was voluntarily cancelled before maturity and the remaining outstanding amount of €90 million was repaid.

On January 7, 2013, Fresenius announced the early redemption of the 5.5% Senior Notes due in 2016 that were issued in 2006. The aggregate principal amount of €650 million was completely repaid on February 7, 2013 at a price of 100.916% plus accrued and unpaid interest. Initially, the redemption was financed by utilizing existing credit lines. Starting end of June 2013, the 2013 Senior Credit Agreement was used for the refinancing.

On January 24, 2013, Fresenius Finance B.V. issued unsecured Senior Notes of €500 million at par which are due in 2020. Net proceeds were used to refinance the Senior Notes which were due in January 2013.

The Senior Notes issued by Fresenius US Finance II, Inc. which are due on July 15, 2015 are shown as current portion of Senior Notes in the consolidated statement of financial position.

All Senior Notes of Fresenius Finance B.V. and of Fresenius US Finance II, Inc. are guaranteed by Fresenius SE & Co. KGaA, Fresenius Kabi AG and Fresenius ProServe GmbH. The holders have the right to request that the issuers repurchase the Senior Notes at 101% of principal plus accrued interest upon the occurrence of a change of control followed by a decline in the rating of the respective Senior Notes. All Senior Notes of Fresenius Finance B.V. and of Fresenius US Finance II, Inc. may be redeemed prior to their maturity at the option of the issuers at a price of 100% plus accrued interest and a premium calculated pursuant to the terms of the indentures under observance of certain notice periods.

Fresenius SE & Co. KGaA has agreed to a number of covenants to provide protection to the bondholders, which, under certain circumstances, partly restrict the scope of action of Fresenius SE & Co. KGaA and its subsidiaries (excluding Fresenius Medical Care AG & Co. KGaA (FMC-AG & Co. KGaA) and its subsidiaries). These covenants include restrictions on further debt that can be raised, the payment of dividends, investments, the redemption of subordinated liabilities and the mortgaging or sale of assets, among other items. Some of these restrictions are lifted automatically when the rating of the respective Senior Notes reaches investment grade. In the event of non-compliance with certain terms of the Senior Notes, the bondholders (owning in aggregate more than 25% of the outstanding Senior Notes) are entitled to call the Senior Notes and demand immediate repayment plus interest. As of December 31, 2014, the Fresenius Group was in compliance with all of its covenants.

On October 29, 2014, Fresenius Medical Care US Finance II, Inc., issued US\$500 million and US\$400 million US\$-denominated unsecured Senior Notes to repay a short-term loan under the Fresenius Medical Care 2012 Credit

Agreement as well as other short-term debt, and for acquisitions and general corporate purposes. The Senior Notes were issued at par.

The Senior Notes of Fresenius Medical Care US Finance, Inc., Fresenius Medical Care US Finance II, Inc., FMC Finance VI S.A., FMC Finance VII S.A. and FMC Finance VIII S.A. (wholly owned subsidiaries of FMC-AG & Co. KGaA) are guaranteed on a senior basis jointly and severally by FMC-AG & Co. KGaA, Fresenius Medical Care Holdings, Inc. and Fresenius Medical Care Deutschland GmbH. The holders have the right to request that the respective issuers repurchase the respective Senior Notes at 101% of principal plus accrued interest upon the occurrence of a change of control of FMC-AG & Co. KGaA followed by a decline in the rating of the respective Senior Notes. The issuers may redeem the Senior Notes (except for the floating-rate Senior Notes of FMC Finance VIII S.A.) at any time at 100% of principal plus accrued interest and a premium calculated pursuant to the terms of the indentures.

FMC-AG & Co. KGaA has agreed to a number of covenants to provide protection to the holders which, under certain circumstances, limit the ability of FMC-AG & Co. KGaA and its subsidiaries to, among other things, incur debt, incur liens, engage in sale and leaseback transactions and merge or consolidate with other companies or sell assets. As of December 31, 2014, FMC-AG & Co. KGaA and its subsidiaries were in compliance with all of their covenants under the Senior Notes.

23. CONVERTIBLE BONDS

FRESENIUS SE & CO. KGAA

On March 18, 2014, Fresenius SE & Co. KGaA placed €500 million equity-neutral convertible bonds due 2019. The bonds were issued at par. The coupon was fixed at 0%, the initial conversion price has been determined at €149.3786. This represented a 35% premium over the reference share price of €110.65081. The reference share price has been determined as the arithmetic average of Fresenius' daily volume-weighted average Xetra share prices over a period of 10 consecutive Xetra trading days, starting on March 19, 2014.

Net proceeds were used to partially fund the acquisition of hospitals and outpatient facilities of Rhön-Klinikum AG. Due to the dividend payment in May 2014 and the capital increase from company's funds in August 2014, the conversion price was adjusted. Accordingly, at December 31, 2014, the conversion price was €49.7249.

The fair value of the derivative embedded in the convertible bonds was €91 million at December 31, 2014. Fresenius SE & Co. KGaA has purchased stock options (call options) to secure against future fair value fluctuations of this derivative. The call options also had an aggregate fair value of €91 million at December 31, 2014.

The conversion will be cash-settled. Any increase of Fresenius' share price above the conversion price would be offset by a corresponding value increase of the call options.

The derivative embedded in the convertible bonds and the call options are recognized in other non-current liabilities/assets in the consolidated statement of financial position.

FRESENIUS MEDICAL CARE AG & CO. KGAA

On September 19, 2014, Fresenius Medical Care AG & Co. KGaA (FMC-AG & Co. KGaA) placed €400 million equity-neutral convertible bonds due 2020. The bonds were issued at par. The coupon was fixed at 1.125%, the initial conversion price has been determined at €73.6448. This represented a 35% premium over the reference share price of €54.55171. The reference share price has been determined as the arithmetic average of Fresenius Medical Care's daily volume-weighted average Xetra share prices over a period of 15 consecutive Xetra trading days, starting on September 17, 2014. Net proceeds were used for general corporate purposes.

The fair value of the derivative embedded in the convertible bonds was €54 million at December 31, 2014. FMC-AG & Co. KGaA has purchased stock options (call options) to secure

against future fair value fluctuations of this derivative. The call options also had an aggregate fair value of €54 million at December 31, 2014.

The conversion will be cash-settled. Any increase of Fresenius Medical Care's share price above the conversion price would be offset by a corresponding value increase of the call options.

The derivative embedded in the convertible bonds and the call options are recognized in other non-current liabilities/assets in the consolidated statement of financial position.

24. PENSIONS AND SIMILAR OBLIGATIONS

GENERAL

The Fresenius Group recognizes pension costs and related pension liabilities for current and future benefits to qualified current and former employees of the Fresenius Group. Fresenius Group's pension plans are structured in accordance with the differing legal, economic and fiscal circumstances in each country. The Fresenius Group currently has two types of plans, defined benefit and defined contribution plans. In general, plan benefits in defined benefit plans are based on all or a portion of the employees' years of services and final salary. Plan benefits in defined contribution plans are determined by the amount of contribution by the employee and the employer, both of which may be limited by legislation, and the returns earned on the investment of those contributions.

Upon retirement under defined benefit plans, the Fresenius Group is required to pay defined benefits to former employees when the defined benefits become due. Defined benefit plans may be funded or unfunded. The Fresenius Group has funded defined benefit plans in particular in the United States, Norway, the United Kingdom, the Netherlands and Austria. Unfunded defined benefit plans are located in Germany and France.

Actuarial assumptions generally determine benefit obligations under defined benefit plans. The actuarial calculations require the use of estimates. The main factors used in the actuarial calculations affecting the level of the benefit obligations are: assumptions on life expectancy, the discount rate and future salary and benefit levels. Under Fresenius Group's funded plans, assets are set aside to meet future payment obligations. An estimated return on the plan assets is recognized as income in the respective period. Actuarial gains and losses are generated when there are variations in the actuarial assumptions and by differences between the actual and the estimated projected benefit obligations and the return on plan assets for that year. A company's pension liability is impacted by these actuarial gains or losses.

Related to defined benefit plans, the Fresenius Group is exposed to certain risks. Besides general actuarial risks, e.g. the longevity risk and the interest rate risk, the Fresenius Group is exposed to market risk as well as to investment risk.

In the case of Fresenius Group's funded plans, the defined benefit obligation is offset against the fair value of plan assets (funded status). A pension liability is recognized in the consolidated statement of financial position if the defined benefit obligation exceeds the fair value of plan assets. An asset is recognized and reported under other assets in the consolidated statement of financial position if the fair value of plan assets exceeds the defined benefit obligation and if the Fresenius Group has a right of reimbursement against the fund or a right to reduce future payments to the fund.

Under defined contribution plans, the Fresenius Group pays defined contributions to an independent third party as directed by the employee during the employee's service life which satisfies all obligations of the Fresenius Group to the employee. The employee retains all rights to the contributions made by the employee and to the vested portion of the Fresenius Group paid contributions upon leaving the Fresenius Group. The Fresenius Group has a main defined contribution plan in the United States.

DEFINED BENEFIT PENSION PLANS

At December 31, 2014, the projected benefit obligation (PBO) of the Fresenius Group of €1,472 million (2013: €1,020 million) included €391 million (2013: €312 million) funded by plan assets and €1,081 million (2013: €708 million) covered by pension provisions. Furthermore, the pension liability contains benefit obligations offered by other subsidiaries of Fresenius Medical Care in an amount of €35 million (2013: €21 million). The current portion of the pension liability in an amount of €17 million is recognized in the consolidated statement of financial position within short-term accrued expenses and other short-term liabilities. The non-current portion of €1,099 million is recorded as pension liability.

The major part of pension liabilities relates to Germany. At December 31, 2014, 70% of the pension liabilities were recognized in Germany and 30% predominantly in the rest of Europe and North America. 57% of the beneficiaries were located in North America, 31% in Germany and the remainder throughout the rest of Europe and other continents.

61% of the pension liabilities in an amount of €1,116 million relate to the "Versorgungsordnung der Fresenius-Unternehmen" established in 1988 (Pension plan 1988), which applies for most of the German entities of the Fresenius Group except Fresenius Helios. The rest of the pension liabilities relates to individual plans from Fresenius Helios entities in Germany and non-German Group entities.

Plan benefits are generally based on an employee's years of service and final salary. Consistent with predominant practice in Germany, the benefit obligations of the German entities of the Fresenius Group are unfunded. The German Pension Plan 1988 does not have a separate pension fund.

Fresenius Medical Care Holdings, Inc. (FMCH), a subsidiary of Fresenius Medical Care AG & Co. KGaA, has a defined benefit pension plan for its employees in the United States and supplemental executive retirement plans. During the first quarter of 2002, FMCH curtailed these pension plans. Under the curtailment amendment for substantially all employees eligible to participate in the plan, benefits have been frozen as of the curtailment date and no additional defined benefits for future services will be earned. FMCH has retained all employee benefit obligations as of the curtailment date. Each year, FMCH contributes at least the minimum amount required by the Employee Retirement Income Security Act of 1974, as amended. In 2014, FMCH's minimum funding requirement was US\$21 million (€16 million). In addition to the compulsory contributions, FMCH voluntarily provided US\$21 million (€16 million) to the defined benefit plan. Expected funding for 2015 is US\$20 million (€17 million).

Benefit plans offered by other subsidiaries of Fresenius Medical Care outside of the United States and Germany contain separate benefit obligations. The total pension liability for these other plans was €35 million and €21 million at December 31, 2014 and 2013, respectively, and consists of a pension asset of €56 thousand (2013: €56 thousand) recognized as other non-current assets and a current pension liability of €2 million (2013: €1 million), which is recognized as a current liability in the line item short-term accrued expenses and other short-term liabilities. The non-current pension liability of €33 million (2013: €20 million) for these plans is recorded as pension liability in the consolidated statement of financial position.

Fresenius Group's benefit obligations relating to fully or partly funded pension plans were €638 million. Benefit obligations relating to unfunded pension plans were €834 million.

The following table shows the changes in benefit obligations, the changes in plan assets, the funded status of the pension plans and the pension liability. Benefits paid as shown in the changes in benefit obligations represent payments made from both the funded and unfunded plans while the benefits paid as shown in the changes in plan assets include only benefit payments from Fresenius Group's funded benefit plans.

The pension liability has developed as follows:

€ in millions	2014	2013
Benefit obligations at the beginning of the year	1,020	986
Changes in entities consolidated	17	6
Foreign currency translation	50	-15
Service cost	35	30
Prior service cost	-1	1
Interest cost	43	39
Contributions by plan participants	2	2
Transfer of plan participants	-	3
Curtailments/settlements	-2	-5
Actuarial losses	339	-
Benefits paid	-31	-27
Benefit obligations at the end of the year	1,472	1,020
thereof vested	1,242	868
Fair value of plan assets at the beginning of the year	312	294
Changes in entities consolidated	7	-
Foreign currency translation	29	-9
Actual return on plan assets	19	25
Contributions by the employer	40	15
Contributions by plan participants	2	2
Settlements	-1	-4
Transfer of plan participants	-	3
Benefits paid	-17	-14
Fair value of plan assets at the end of the year	391	312
Funded status as of December 31	1,081	708
Benefit plans offered by other subsidiaries	35	21
Pension liability as of December 31	1,116	729

As of December 31, 2014 and December 31, 2013, the fair value of plan assets did not exceed the benefit obligations in any pension plan.

The discount rates for all plans are based upon yields of portfolios of equity and highly rated debt instruments with maturities that mirror the plan's benefit obligation. Fresenius Group's discount rate is the weighted average of these plans based upon their benefit obligations.

The following weighted-average assumptions were utilized in determining benefit obligations as of December 31:

in %	2014	2013
Discount rate	2.77	4.09
Rate of compensation increase	3.00	3.09
Rate of pension increase	1.63	1.67

Mainly changes in the discount factor, as well as inflation and mortality assumptions used for the actuarial computation resulted in actuarial losses in 2014 which increased the fair value of the defined benefit obligation. Unrecognized actuarial losses were €634 million (2013: €293 million).

Sensitivity analysis

Increases and decreases in principal actuarial assumptions by 0.5 percentage points would affect the pension liability as of December 31, 2014 as follows:

Development of pension liability € in millions	0.5 pp increase	0.5 pp decrease
Discount rate	-130	149
Rate of compensation increase	21	-21
Rate of pension increase	72	-64

The sensitivity analysis was calculated based on the average duration of the pension obligations determined at December 31, 2014. The calculations were performed isolated for each significant actuarial parameter, in order to show the effect on the fair value of the pension liability separately. The sensitivity analysis for compensation increases and for pension increases excludes the U.S. pension plan, because it is frozen and therefore is not affected by changes from these two actuarial assumptions.

At December 31, 2014, the accumulated benefit obligations for all defined benefit pension plans were €1,344 million (2013: €935 million).

The following table relates to pension plans with projected benefit obligations and accumulated benefit obligations in excess of plan assets:

€ in millions	2014	2013
Projected benefit obligation (PBO)	1,472	1,020
Accumulated benefit obligation (ABO)	1,344	935
Fair value of plan assets	391	312

The pre-tax changes of other comprehensive income (loss) relating to pension liabilities during the years 2014 and 2013 are shown in the following tables:

€ in millions	As of Jan. 1, 2014	Reclassifications ¹	Additions	Foreign currency translation	As of Dec. 31, 2014
Actuarial gains and losses	-293	20	-339	-22	-634
Prior service cost	-1	1	–	–	–
Transition obligation	–	–	–	–	–
Adjustments related to pension liabilities	-294	21	-339	-22	-634

¹ Effects recognized in the consolidated statement of income

€ in millions	As of Jan. 1, 2013	Reclassifications ¹	Additions	Foreign currency translation	As of Dec. 31, 2013
Actuarial gains and losses	-329	23	8	5	-293
Prior service cost	-1	1	-1	–	-1
Transition obligation	-1	1	–	–	–
Adjustments related to pension liabilities	-331	25	7	5	-294

¹ Effects recognized in the consolidated statement of income

For the tax effects on other comprehensive income at December 31, 2014 see note 27, Other comprehensive income (loss).

The Fresenius Group expects the following amounts to be amortized from other comprehensive income into net periodic pension cost in the year 2015:

€ in millions	2015
Actuarial gains and losses	39
Prior service cost	1
Transition obligation	–

Defined benefit pension plans' net periodic benefit costs of €80 million (2013: €78 million) were comprised of the following components:

€ in millions	2014	2013
Service cost	35	30
Interest cost	43	39
Expected return on plan assets	-19	-16
Amortization of unrealized actuarial losses, net	20	23
Amortization of prior service costs	1	1
Amortization of transition obligations	–	1
Settlement loss	–	–
Net periodic benefit cost	80	78

Net periodic benefit cost is allocated as personnel expense within cost of sales or selling, general and administrative expenses as well as research and development expenses. The allocation depends upon the area in which the beneficiary is employed.

The following weighted-average assumptions were used in determining net periodic benefit cost for the year ended December 31:

in %	2014	2013
Discount rate	4.09	4.10
Expected return of plan assets	4.71	4.99
Rate of compensation increase	3.09	3.13
Rate of pension increase	1.67	1.68

The following table shows the expected benefit payments for the next 10 years:

for the fiscal years	€ in millions
2015	34
2016	38
2017	39
2018	41
2019	44
2020 to 2024	273
Total expected benefit payments	469

At December 31, 2014, the weighted-average duration of the defined benefit obligation was 19 years (December 31, 2013: 20 years).

The fair values of plan assets by categories were as follows:

€ in millions	December 31, 2014			December 31, 2013		
	Quoted prices in active markets for identical assets Level 1	Significant observable inputs Level 2	Total	Quoted prices in active markets for identical assets Level 1	Significant observable inputs Level 2	Total
Categories of plan assets						
Equity investments	56	57	113	45	45	90
Index funds ¹	45	57	102	37	45	82
Other equity investments	11	0	11	8	0	8
Fixed income investments	89	154	243	69	115	184
Government securities ²	40	1	41	28	1	29
Corporate bonds ³	30	149	179	19	113	132
Other fixed income investments ⁴	19	4	23	22	1	23
Other ⁵	26	9	35	33	5	38
Total	171	220	391	147	165	312

¹ This category is mainly comprised of low-cost equity index funds not actively managed that track the S & P 500, S & P 400, Russell 2000, the MSCI Emerging Markets Index and the Morgan Stanley International EAFE Index.

² This category is primarily comprised of fixed income investments by the U.S. government and government sponsored entities.

³ This category primarily represents investment grade bonds of U.S. issuers from diverse industries.

⁴ This category is mainly comprised of private placement bonds as well as collateralized mortgage obligations as well as cash and funds that invest in treasury obligations directly or in treasury backed obligations.

⁵ This category mainly represents cash, money market funds as well as mutual funds comprised of high grade corporate bonds.

The methods and inputs used to measure the fair value of plan assets are as follows:

Index funds are valued based on market quotes.

Other equity investments are valued at their market prices as of the date of the statement of financial position.

Government bonds are valued based on both market prices (Level 1) and market quotes (Level 2).

Corporate bonds and other bonds are valued based on market quotes as of the date of the statement of financial position.

Cash is stated at nominal value which equals the fair value.

U.S. Treasury money market funds as well as other money market and mutual funds are valued at their market prices.

Plan investment policy and strategy

For the U.S. funded plan, the Fresenius Group periodically reviews the assumptions for long-term expected return on pension plan assets. As part of the assumptions review, a range of reasonable expected investment returns for the pension plan as a whole was determined based on an analysis of expected future returns for each asset class weighted by the allocation

of the assets. The range of returns developed relies both on forecasts, which include the actuarial firm's expected long-term rates of return for each significant asset class or economic indicator, and on broad-market historical benchmarks for expected return, correlation, and volatility for each asset class. As a result, the expected rate of return on pension plan assets of the U.S. pension plan was 6% for the year 2014.

The overall investment strategy for the U.S. pension plan is to achieve a mix of approximately 98% of investments for long-term growth and income and 2% in cash or cash equivalents. Investment income and cash or cash equivalents are used for near-term benefit payments. Investments are governed by the investment policy and include well diversified index funds or funds targeting index performance.

The target allocations for plan assets in the United States are in a range around 30% equity and 70% long-term U.S. corporate bonds. The investment policy considers that there will be a time horizon for invested funds of more than five

years. The total portfolio will be measured against a custom index that reflects the asset class benchmarks and the target asset allocation. The plan policy does not allow investments in securities of Fresenius Medical Care AG & Co. KGaA or other related party securities. The performance benchmarks for the separate asset classes include: S & P 500 Index, S & P 400 Mid Cap Index, Russell 2000 Index, MSCI EAFE Index, MSCI Emerging Markets Index and Barclays Capital Long-Corporate Bond Index.

The following schedule describes Fresenius Group's allocation for its funded plans.

in %	Allocation 2014	Allocation 2013	Target allocation
Equity investments	28.86	28.83	31.90
Fixed income investments	61.97	58.98	61.22
Other incl. real estate	9.17	12.19	6.88
Total	100.00	100.00	100.00

The overall expected long-term rate of return on assets of the Fresenius Group amounts to 4.83% compounded annually. Contributions to plan assets for the fiscal year 2015 are expected to amount to €24 million.

DEFINED CONTRIBUTION PLANS

Fresenius Group's total expense under defined contribution plans for 2014 was €121 million (2013: €86 million). Of this amount, €80 million related to contributions by the Fresenius Group to several public supplementary pension funds for employees of Fresenius Helios. Further €31 million related to contributions to the U.S. savings plan, which employees of Fresenius Medical Care Holdings, Inc. (FMCH) can join.

Following applicable collective bargaining agreements, the Fresenius Group pays contributions for a given number of employees of Fresenius Helios to the Rheinische Zusatzversorgungskasse (a supplementary pension fund) and to other public supplementary pension funds (together referred to as ZVK ÖD) to complement statutory retirement pensions. Given that employees from multiple participating entities are insured by these ZVK ÖDs, these plans are Multi-Employer plans. Employees are entitled to the benefits defined in the statutes regardless of the contributed amounts.

The plan operates on a pay-as-you-earn system based on applying a collection rate to given parts of gross remuneration.

Paid contributions are accounted for as personnel expenses within cost of sales and selling, general and administrative expenses and amounted to €80 million in 2014 (2013: €47 million). Thereof, €43 million (2013: €24 million) were payments to Rheinische Zusatzversorgungskasse, to Versorgungsanstalt des Bundes und der Länder and to Zusatzversorgungskasse Wiesbaden (supplementary pension funds).

Further disclosures are either irrelevant or immaterial for plans in supplementary pension funds or the necessary information cannot be obtained from the ZVK ÖDs without undue cost and effort.

Under the U.S. savings plan, employees can deposit up to 75% of their pay up to an annual maximum of US\$17,500 if under 50 years old (US\$23,000 if 50 or over). Fresenius Medical Care will match 50% of the employee deposit up to a maximum Company contribution of 3% of the employee's pay. Fresenius Medical Care's total expense under this defined contribution plan for the years ended December 31, 2014 and 2013 was €31 million and €29 million, respectively.

25. NONCONTROLLING INTEREST

NONCONTROLLING INTEREST SUBJECT TO PUT PROVISIONS

The Fresenius Group has potential obligations to purchase the noncontrolling interests held by third parties in certain of its consolidated subsidiaries. These obligations are in the form of put provisions and are exercisable at the third-party owners' discretion within specified periods as outlined in each specific put provision. If these put provisions were exercised, the Fresenius Group would be required to purchase all or part of third-party owners' noncontrolling interests at the appraised fair value at the time of exercise.

Noncontrolling interest subject to put provisions changed as follows:

€ in millions	2014
Noncontrolling interest subject to put provisions as of January 1, 2014	472
Noncontrolling interest subject to put provisions in profit	110
Purchase of noncontrolling interest subject to put provisions	82
Dividend payments	-118
Currency effects and other changes	135
Noncontrolling interest subject to put provisions as of December 31, 2014	681

99.7% of noncontrolling interest subject to put provisions applied to Fresenius Medical Care at December 31, 2014.

As of December 31, 2014 and 2013, put options with an aggregate purchase obligation of €102 million and €86 million, respectively, were exercisable. Three put options were exercised for a total consideration of €7 million in 2014 (2013: two put options for a total consideration of €3 million).

NONCONTROLLING INTEREST NOT SUBJECT TO PUT PROVISIONS

As of December 31, noncontrolling interest not subject to put provisions in the Fresenius Group was as follows:

€ in millions	2014	2013
Noncontrolling interest not subject to put provisions in Fresenius Medical Care AG & Co. KGaA	5,360	4,599
Noncontrolling interest not subject to put provisions in VAMED AG	43	38
Noncontrolling interest not subject to put provisions in the business segments		
Fresenius Medical Care	482	182
Fresenius Kabi	123	126
Fresenius Helios	134	117
Fresenius Vamed	6	3
Total noncontrolling interest not subject to put provisions	6,148	5,065

For further financial information relating to Fresenius Medical Care see the consolidated segment reporting on pages 98 to 99.

Noncontrolling interest not subject to put provisions changed as follows:

€ in millions	2014
Noncontrolling interest not subject to put provisions as of January 1, 2014	5,065
Noncontrolling interest not subject to put provisions in profit	635
Purchase of noncontrolling interest not subject to put provisions	297
Stock options	59
Dividend payments	-240
Currency effects and other changes	332
Noncontrolling interest not subject to put provisions as of December 31, 2014	6,148

26. FRESENIUS SE & CO. KGAA SHAREHOLDERS' EQUITY

SUBSCRIBED CAPITAL

Development of subscribed capital

Capital increase from company's funds (stock split 1:3)

On May 16, 2014, the Annual General Meeting of Fresenius SE & Co. KGaA has resolved a capital increase from company's funds with issuance of new shares. For each existing non-par value share, Fresenius SE & Co. KGaA issued two new non-par value shares without additional payment to the shareholders. Accordingly, upon execution of the capital increase, both the subscribed capital of Fresenius SE & Co. KGaA and the number of shares issued tripled (stock split 1:3).

After registration of the capital increase with the commercial register on August 1, 2014, the subscribed capital increased to €540,511,632 (including newly created shares due to options exercised until this date). The new shares have full dividend entitlement for the fiscal year 2014. The proportionate amount of the subscribed capital will continue to be €1.00 per share.

During the fiscal year 2014, 2,448,113 stock options were exercised. Consequently, as of December 31, 2014, the subscribed capital of Fresenius SE & Co. KGaA consisted of 541,532,600 bearer ordinary shares. The shares are issued as non-par value shares. The proportionate amount of the subscribed capital is €1.00 per share.

Notification by shareholders

The following table shows the notifications disclosed in 2014 in accordance with Section 26 (1) of the German Securities Trading Act (WpHG). In cases where holdings reached, exceeded or fell below the thresholds on several occasions, only the most recent notification is mentioned.

Notifying party	Date of reaching, exceeding or falling below	Reporting threshold	Attribution pursuant to WpHG	Percentage of voting rights	Number of voting rights
The Capital Group Companies, Inc. Los Angeles, United States ¹	March 6, 2014	Falling below 3%	section 22 (1) sentence 1 No. 6 in connection with section 22 (1) sentence 2 and 3	2.92	5,254,430
				2.53	4,542,462
			thereof pursuant to sections 21, 22	0.05	95,862
Commerzbank AG Frankfurt am Main, Germany	May 26, 2014	Falling below 5%	thereof pursuant to section 25	0.00	0
			thereof pursuant to section 25a	2.47	4,446,600
			section 21 (1)	3.44	18,615,308
			thereof pursuant to section 22 (1)		
			sentence 1 No. 1	1.49	8,053,557
			thereof pursuant to section 22 (1)		
			sentence 1 No. 2 in connection with		
			sentence 2	0.02	87,267
			thereof pursuant to section 22 (1)		
			sentence 1 No. 6 in connection with		
			sentence 2	1.68	9,088,675
BlackRock Advisors Holdings, Inc. New York, United States	September 25, 2014		thereof pursuant to section 22 (1)		
			sentence 1 No. 1 and pursuant to		
			section 22 (1) sentence 1 No. 6	0.26	1,385,809
			in connection with sentence 2	3.44	18,615,308
			section 21 (1)		
			thereof pursuant to section 22 (1)		
			sentence 1 No. 1	1.49	8,053,557
			thereof pursuant to section 22 (1)		
			sentence 1 No. 2 in connection with		
			sentence 2	0.02	87,267
			thereof pursuant to section 22 (1)		
			sentence 1 No. 6 in connection with		
			sentence 2	1.68	9,088,675
BlackRock International Holdings, Inc. New York, United States	September 25, 2014		thereof pursuant to section 22 (1)		
			sentence 1 No. 1 and pursuant to		
			section 22 (1) sentence 1 No. 6	0.26	1,385,809
			in connection with sentence 2	3.44	18,615,308
			section 21 (1)		
			thereof pursuant to section 22 (1)		
			sentence 1 No. 1	1.49	8,053,557
			thereof pursuant to section 22 (1)		
			sentence 1 No. 2 in connection with		
			sentence 2	0.02	87,267
			thereof pursuant to section 22 (1)		
			sentence 1 No. 6 in connection with		
			sentence 2	1.68	9,088,675
BR Jersey International Holdings L. P. St. Helier, Jersey, Channel Islands	September 25, 2014		thereof pursuant to section 22 (1)		
			sentence 1 No. 1 and pursuant to		
			section 22 (1) sentence 1 No. 6	0.26	1,385,809
			in connection with sentence 2	0.00	0
BlackRock, Inc. New York, NY, United States	November 28, 2014	Falling below 5%	pursuant to sections 21, 22	5.95	32,197,886
			pursuant to section 25	0.00	0
				0.00	0
BlackRock Holdco 2, Inc. Wilmington, DE, United States	November 28, 2014	Falling below 5%	pursuant to sections 21, 22	5.85	31,669,646
			pursuant to section 25	0.00	0
				0.00	0
BlackRock Financial Management, Inc. New York, NY, United States	November 28, 2014	Falling below 5%	pursuant to sections 21, 22	5.44	29,476,463
			pursuant to section 25	0.00	0
			section 21 (1)	2.9997	16,242,207
			thereof pursuant to section 22 (1)		
			sentence 1 No. 1	1.15	6,231,342
BlackRock Group Limited London, Great Britain ²	December 11, 2014	Falling below 3%	thereof pursuant to section 22 (1)		
			sentence 1 No. 6 in connection with		
			sentence 2	2.16	11,691,115

The voting rights of the individual BlackRock companies are attributed to the controlling company BlackRock, Inc.

¹ Attribution of voting rights via Capital Research and Management Company

² The total amount stated does not necessarily equal the sum of the detailed attributed holdings. This results from voting rights having multiple attributions within the BlackRock group structure.

The Else Kröner-Fresenius-Stiftung as major shareholder informed Fresenius SE & Co. KGaA on December 16, 2014, that it holds 144,695,094 ordinary shares of Fresenius SE & Co. KGaA representing 26.72% of the subscribed capital on December 31, 2014.

All WpHG-notifications by shareholders are published on the website of the Company www.fresenius.com.

AUTHORIZED CAPITAL

In connection with the stock split 1:3 described before, by resolution of the Annual General Meeting on May 16, 2014, the previous Authorized Capital I was revoked and a new Authorized Capital I with a proportionally adjusted amount and a five-year term was created.

In accordance with the new provision in the articles of association of Fresenius SE & Co. KGaA, the general partner, Fresenius Management SE, is authorized, with the approval of the Supervisory Board, until May 15, 2019, to increase Fresenius SE & Co. KGaA's subscribed capital by a total amount of up to €120,960,000 through a single or multiple issues of new bearer ordinary shares against cash contributions and/or contributions in kind (Authorized Capital I).

The number of shares must increase in the same proportion as the subscribed capital. A subscription right must be granted to the shareholders in principle. In defined cases, the general partner is authorized, with the consent of the Supervisory Board, to decide on the exclusion of the shareholders' subscription right (e. g. to eliminate fractional amounts). For cash contributions, the authorization can only be exercised if the issue price is not significantly below the stock exchange price of the already listed shares at the time the issue price is fixed with final effect by the general partner. Furthermore, in case of a capital increase against cash contributions, the proportionate amount of the shares issued with exclusion of subscription rights may not exceed 10% of the subscribed capital. An exclusion of subscription rights in the context of the use of other authorizations concerning the issuance or the sale of the shares of Fresenius SE & Co. KGaA or the issuance of rights which authorize or bind to the subscription of shares of Fresenius SE & Co. KGaA has to be taken into consideration during the duration of the Authorized Capital until its utilization. In the case of a subscription in kind, the subscription right can be excluded only in order to acquire a company, parts of a company or a participation in a company.

The authorizations granted concerning the exclusion of subscription rights can be used by Fresenius Management SE only to such extent that the proportional amount of the total number of shares issued with exclusion of the subscription rights does not exceed 20% of the subscribed capital. An exclusion of subscription rights in the context of the use of other authorizations concerning the issuance or the sale of the shares of Fresenius SE & Co. KGaA or the issuance of rights which authorize or bind to the subscription of shares of Fresenius SE & Co. KGaA has to be taken into consideration during the duration of the Authorized Capital until its utilization.

The changes to the Authorized Capital I became effective upon registration with the commercial register on August 1, 2014.

CONDITIONAL CAPITAL

Stock option plans

The following Conditional Capitals exist in order to fulfill the subscription rights under the stock option plans of Fresenius SE & Co. KGaA: Conditional Capital I (Stock Option Plan 2003), Conditional Capital II (Stock Option Plan 2008) and Conditional Capital IV (Stock Option Plan 2013) (see note 33, Stock options).

Due to the stock split 1:3, Conditional Capitals I, II and IV increased, by operation of law, in the same proportion as the subscribed capital. After registration with the commercial register on August 1, 2014, the Conditional Capital I amounted to €6,014,670, the Conditional Capital II to €11,680,542 and the Conditional Capital IV to €25,200,000.

Option bearer bonds and convertible bonds

The previous authorization to issue option bearer bonds and/or convertible bonds (Conditional Capital III) dated May 11, 2012 was revoked by resolution of the Annual General Meeting of Fresenius SE & Co. KGaA on May 16, 2014. In line with the stock split 1:3, the same Annual General Meeting approved a new Conditional Capital III with a proportionally adjusted amount and a five-year term. The new Conditional Capital III became effective upon registration with the commercial register on August 1, 2014.

Accordingly, the general partner is authorized, with the approval of the Supervisory Board, until May 15, 2019, to issue option bearer bonds and/or convertible bearer bonds, once or several times, for a total nominal amount of up to €2.5 billion. To fulfill the granted subscription rights, the subscribed capital of Fresenius SE & Co. KGaA is increased conditionally by up to €48,971,202 through issuing of up to 48,971,202 new bearer ordinary shares. The conditional capital increase shall only be implemented to the extent that

the holders of cash issued convertible bonds or of cash issued warrants from option bonds exercise their conversion or option rights and as long as no other forms of settlement are used. The new bearer ordinary shares shall participate in the profits from the start of the fiscal year in which they are issued.

After registration with the commercial register on August 1, 2014, the Conditional Capital III amounted to €48,971,202.

The following table shows the development of the Conditional Capital:

in €	Ordinary shares
Conditional Capital I Fresenius AG Stock Option Plan 2003	2,111,517
Conditional Capital II Fresenius SE Stock Option Plan 2008	4,262,602
Conditional Capital III, approved on May 11, 2012	16,323,734
Conditional Capital IV Fresenius SE & Co. KGaA Stock Option Plan 2013	8,400,000
Total Conditional Capital as of January 1, 2014	31,097,853
Fresenius AG Stock Option Plan 2003 – options exercised	-106,627
Fresenius SE Stock Option Plan 2008 – options exercised	-369,088
Total Conditional Capital as of July 31, 2014	30,622,138
Conditional Capital I after registration of the stock split on August 1, 2014	6,014,670
Conditional Capital II after registration of the stock split on August 1, 2014	11,680,542
Conditional Capital III after registration of the stock split on August 1, 2014	48,971,202
Conditional Capital IV after registration of the stock split on August 1, 2014	25,200,000
Fresenius AG Stock Option Plan 2003 – options exercised after July 31, 2014	-241,614
Fresenius SE Stock Option Plan 2008 – options exercised after July 31, 2014	-779,354
Total Conditional Capital as of December 31, 2014	90,845,446

CAPITAL RESERVES

Capital reserves are comprised of the premium paid on the issue of shares and the exercise of stock options (additional paid-in capital).

In connection with the capital increase from company's funds, the capital reserves were reduced by €360,341,088 due to a conversion of a portion of the capital reserves into subscribed capital.

OTHER RESERVES

Other reserves are comprised of earnings generated by Group entities in prior years to the extent that they have not been distributed.

DIVIDENDS

Under the German Stock Corporation Act (AktG), the amount of dividends available for distribution to shareholders is based upon the unconsolidated retained earnings of Fresenius SE & Co. KGaA as reported in its statement of financial position determined in accordance with the German Commercial Code (HGB).

In May 2014, a dividend of €1.25 per bearer ordinary share was approved by Fresenius SE & Co. KGaA's shareholders at the Annual General Meeting and paid. The total dividend payment was €224.6 million.

SHARE BUY-BACK PROGRAM OF FRESENIUS MEDICAL CARE

Fresenius Medical Care completed a share buy-back program during the third quarter of 2013. When the program ended on August 14, 2013, 7,548,951 ordinary shares had been repurchased in the intended amount of €385 million (US\$505 million).

At December 31, 2014, Fresenius SE & Co. KGaA owned 31.09% of the ordinary voting shares of Fresenius Medical Care AG & Co. KGaA (December 31, 2013: 31.31%).

27. OTHER COMPREHENSIVE INCOME (LOSS)

Other comprehensive income (loss) is comprised of all amounts recognized directly in equity (net of tax) resulting from the currency translation of foreign subsidiaries' financial

statements and the effects of measuring financial instruments at their fair value as well as the change in benefit obligation.

Changes in the components of other comprehensive income (loss) in 2014 and 2013 were as follows:

€ in millions	Amount before taxes	Tax effect	Total before noncontrolling interest after taxes	Noncontrolling interest	Total after noncontrolling interest after taxes
Cash flow hedges	20	-5	15	12	27
Change in unrealized gains/losses	2	–	2	3	5
Realized gains/losses due to reclassifications	18	-5	13	9	22
Change of fair value of available for sale financial assets	41	-7	34	–	34
Foreign currency translation	-278	11	-267	-303	-570
Actuarial losses on defined benefit pension plans	-2	-3	-5	23	18
Total changes 2013	-219	-4	-223	-268	-491
Cash flow hedges	-1	-1	-2	2	–
Change in unrealized gains/losses	-23	5	-18	-10	-28
Realized gains/losses due to reclassifications	22	-6	16	12	28
Change of fair value of available for sale financial assets	-23	7	-16	–	-16
Foreign currency translation	422	-29	393	531	924
Actuarial gains/losses on defined benefit pension plans	-203	60	-143	-89	-232
Total changes 2014	195	37	232	444	676

Changes in accumulated other comprehensive income (loss) net of tax by component in 2014 and 2013 were as follows:

€ in millions	Cash flow hedges	Change of fair value of available for sale financial assets	Foreign currency translation	Actuarial gains/losses on defined benefit pension plans	Total, before noncontrolling interest	Noncontrolling interest	Total, after noncontrolling interest
Balance as of December 31, 2012	-122	-17	168	-157	-128	13	-115
Other comprehensive income (loss) before reclassifications	2	34	-267	-14	-245	-285	-530
Amounts reclassified from accumulated other comprehensive income (loss)	13	0	–	9	22	17	39
Other comprehensive income (loss), net	15	34	-267	-5	-223	-268	-491
Balance as of December 31, 2013	-107	17	-99	-162	-351	-255	-606
Other comprehensive income (loss) before reclassifications	-18	–	393	-151	224	426	650
Amounts reclassified from accumulated other comprehensive income (loss)	16	-16	–	8	8	18	26
Other comprehensive income (loss), net	-2	-16	393	-143	232	444	676
Balance as of December 31, 2014	-109	1	294	-305	-119	189	70

Reclassifications out of accumulated other comprehensive income (loss) into net income in 2014 and 2013 were as follows:

€ in millions	Amount of gain or loss reclassified from accumulated other comprehensive (income) loss		Affected line item in the consolidated statement of income
	2014	2013	
Details about accumulated other comprehensive (income) loss components			
Cash flow hedges			
Interest rate contracts	34	32	Interest income/expense
Foreign exchange contracts	1	-2	Cost of sales
Foreign exchange contracts	3	-	Selling, general and administrative expenses
Foreign exchange contracts	-	-	Interest income/expense
Other comprehensive income (loss)	38	30	
Tax expense or benefit	-10	-8	
Other comprehensive income (loss), net	28	22	
Change of fair value of available for sale financial assets	-23	0	Selling, general and administrative expenses
Tax expense or benefit	7	0	
Other comprehensive income (loss), net	-16	0	
Amortization of defined benefit pension items			
Prior service costs	1	1	1
Transition obligations	-	1	1
Actuarial gains/losses on defined benefit pension plans	20	23	1
Other comprehensive income (loss)	21	25	
Tax expense or benefit	-7	-8	
Other comprehensive income (loss), net	14	17	
Total reclassifications for the period	26	39	

¹ Net periodic benefit cost is allocated as personnel expense within cost of sales or selling, general and administrative expenses as well as research and development expenses.

OTHER NOTES

28. COMMITMENTS AND CONTINGENT LIABILITIES

OPERATING LEASES AND RENTAL PAYMENTS

Fresenius Group's subsidiaries lease office and manufacturing buildings as well as machinery and equipment under various lease agreements expiring on dates through 2101. Rental expense recorded for operating leases for the years ended December 31, 2014 and 2013 was €661 million and €621 million, respectively.

Future minimum rental payments under non-cancellable operating leases for the years subsequent to December 31, 2014 are:

for the fiscal years	€ in millions
2015	619
2016	534
2017	451
2018	369
2019	310
Thereafter	1,273
Total	3,556

As of December 31, 2014, future investment commitments existed up to the year 2018 from the acquisition contracts for hospitals at projected costs of up to €356 million. Thereof €75 million relates to the year 2015.

Besides the above mentioned contingent liabilities, the amount of other commitments is immaterial.

LEGAL AND REGULATORY MATTERS

The Fresenius Group is routinely involved in numerous claims, lawsuits, regulatory and tax audits, investigations and other legal matters arising, for the most part, in the ordinary course of its business of providing health care services and products. Legal matters that the Fresenius Group currently deems to be material or noteworthy are described below. For the matters described below in which the Fresenius Group believes a loss is both reasonably possible and estimable, an estimate of the loss or range of loss exposure is provided. For the other matters described below, the Fresenius Group believes that the loss probability is remote and/or the loss or range of possible losses cannot be reasonably estimated at this time. The outcome of litigation and other legal matters is always difficult to predict accurately and outcomes that are not consistent with Fresenius Group's view of the merits can occur. The Fresenius Group believes that it has valid defenses to the legal matters pending against it and is defending itself vigorously. Nevertheless, it is possible that the resolution of one or more of the legal matters currently pending or threatened could have a material adverse effect on its business, results of operations and financial condition.

Commercial litigation

W.R. Grace & Co. lawsuit

Fresenius Medical Care was originally formed as a result of a series of transactions it completed pursuant to the Agreement and Plan of Reorganization dated as of February 4, 1996, by and between W.R. Grace & Co. and Fresenius SE (formerly: Fresenius AG) (the Merger). At the time of the Merger, a W.R. Grace & Co. subsidiary known as W.R. Grace & Co.-Conn. had significant liabilities arising out of product-liability related litigation (including asbestos-related actions), pre-Merger

tax claims and other claims unrelated to National Medical Care, Inc. (NMC), which was W.R. Grace & Co.'s dialysis business prior to the Merger. In connection with the Merger, W.R. Grace & Co.-Conn. agreed to indemnify Fresenius Medical Care, Fresenius Medical Care Holdings, Inc. (FMCH), and NMC against all liabilities of W.R. Grace & Co., whether relating to events occurring before or after the Merger, other than liabilities arising from or relating to NMC's operations. W.R. Grace & Co. and certain of its subsidiaries filed for reorganization under Chapter 11 of the U.S. Bankruptcy Code (the Grace Chapter 11 Proceedings) on April 2, 2001.

Prior to and after the commencement of the Grace Chapter 11 Proceedings, class action complaints were filed against W.R. Grace & Co. and FMCH by plaintiffs claiming to be creditors of W.R. Grace & Co.-Conn., and by the asbestos creditors' committees on behalf of the W.R. Grace & Co. bankruptcy estate in the Grace Chapter 11 Proceedings, alleging, among other things that the Merger was a fraudulent conveyance, violated the uniform fraudulent transfer act and constituted a conspiracy. All such cases have been dismissed as part of the Grace Chapter 11 Proceedings.

In 2003, Fresenius Medical Care reached agreement with the asbestos creditors' committees on behalf of the W.R. Grace & Co. bankruptcy estate and W.R. Grace & Co. in the matters pending in the Grace Chapter 11 Proceedings for the settlement of all fraudulent conveyance and tax claims against it and other claims related to Fresenius Medical Care that arise out of the bankruptcy of W.R. Grace & Co. The District Court approved the terms of the settlement agreement as amended (Settlement Agreement) in 2003, and

included the terms of the Settlement Agreement within the First Amended Plan of reorganization (Grace Bankruptcy Plan) that was ultimately approved and confirmed by the District Court. On February 3, 2014, the Court of Appeals dismissed the last of the appeals of the District Court order confirming the plan of reorganization, and the Grace Bankruptcy Plan went effective on that date. Pursuant to the terms of the Settlement Agreement and the Grace Bankruptcy Plan, all actions asserting fraudulent conveyance and other claims raised on behalf of asbestos claimants were dismissed with prejudice and Fresenius Medical Care received protection against existing and potential future W.R. Grace & Co. related claims, including fraudulent conveyance and asbestos claims by operation of injunctions and releases and Fresenius Medical Care also received indemnification against income tax claims related to the non-NMC members of the W.R. Grace & Co. consolidated tax group. Also, pursuant to the Settlement Agreement on February 3, 2014, Fresenius Medical Care paid a total of US\$115 million, which had previously been accrued and is included on Fresenius Group's consolidated statement of financial position, to the asbestos personal injury and property damage trusts created under the Grace Bankruptcy Plan. No admission of liability was made.

Baxter patent dispute "touchscreen interfaces" (1)

On April 4, 2003, Fresenius Medical Care Holdings, Inc. (FMCH) filed a suit in the U.S. District Court for the Northern District of California, styled Fresenius USA, Inc., et al., v. Baxter International, Inc., et al., Case No. C 03-1431, seeking a declaratory judgment that FMCH does not infringe patents held by Baxter International, Inc. and its subsidiaries and affiliates (Baxter), that the patents are invalid, and that Baxter is without right or authority to threaten or maintain suit

against FMCH for alleged infringement of Baxter's patents. In general, the asserted patents concern the use of touch screen interfaces for hemodialysis machines. Baxter filed counter-claims against FMCH seeking more than US\$140 million in monetary damages and injunctive relief, and alleging that FMCH willfully infringed on Baxter's patents. On July 17, 2006, the court entered judgment on a jury verdict in favor of FMCH finding all asserted claims of Baxter patents invalid as obvious and/or anticipated in light of prior art.

On February 13, 2007, the court granted Baxter's motion to set aside the jury's verdict in favor of FMCH and reinstated the patents and entered judgment of infringement. Following a trial on damages, the court entered judgment on November 6, 2007 in favor of Baxter on a jury award of US\$14.3 million. On April 4, 2008, the court denied Baxter's motion for a new trial, established a royalty payable to Baxter of 10% of the sales price for continuing sales of FMCH's 2008K hemodialysis machines and 7% of the sales price of related disposables, parts and service beginning November 7, 2007, and enjoined sales of the touchscreen-equipped 2008K machine effective January 1, 2009. Fresenius Medical Care appealed the court's rulings to the United States Court of Appeals for the Federal Circuit (Federal Circuit). On September 10, 2009, the Federal Circuit reversed the district court's decision and determined that the asserted claims in two of the three patents at issue are invalid. As to the third patent, the Federal Circuit affirmed the district court's decision; however, the Court also vacated the injunction and award of damages. These issues were remanded to the District Court for reconsideration in light of the invalidity ruling on most of the claims. Upon remand, the district court reduced the post-verdict damages

award to US\$10 million. Separately, the U.S. Patent and Trademark Office (USPTO) and the Board of Patent Appeals and Interferences ruled that the remaining Baxter patent is invalid. On May 17, 2012, the Federal Circuit affirmed the USPTO's ruling and invalidated the final remaining Baxter patent. Baxter appealed to the Federal Circuit claiming that approximately US\$20 million of damages awarded to it by the District Court before the Federal Circuit affirmed the USPTO ruling constituted a final judgment that may be collected. On July 2, 2013, the Federal Circuit denied Baxter's appeal and ordered the District Court to dismiss the case. The court-approved escrow account has been terminated and the escrow funds have been returned to FMCH. On March 5, 2014, Baxter petitioned the United States Supreme Court to review the decisions of the Federal Circuit. On May 19, 2014, the U.S. Supreme Court denied Baxter's petition and let stand the Federal Circuit's order dismissing the case.

Baxter patent dispute "Liberty Cyclor"

On August 27, 2012, Baxter Health International, Inc. (Baxter) filed suit in the U.S. District Court for the Northern District of Illinois, styled Baxter International, Inc., et al., v. Fresenius Medical Care Holdings, Inc., Case No. 12-cv-06890, alleging that Fresenius Medical Care Holdings, Inc.'s Liberty® cyclor infringes certain U.S. patents that were issued to Baxter between October 2010 and June 2012. Fresenius Medical Care believes it has valid defenses to these claims, and will defend this litigation vigorously.

Product liability litigation

On April 5, 2013, the U.S. Judicial Panel on Multidistrict Litigation ordered that the numerous lawsuits filed and anticipated to be filed in various federal courts alleging wrongful death and personal injury claims against Fresenius Medical Care Holdings, Inc.'s (FMCH) and certain of its affiliates relating to FMCH's acid concentrate products NaturaLyte® and Granuflo® be transferred and consolidated for pretrial management purposes into a consolidated multidistrict litigation in the United States District Court for the District of Massachusetts, styled *In Re: Fresenius Granuflo/Naturalyte Dialysate Products Liability Litigation*, Case No. 2013-md-02428. The Massachusetts state courts subsequently established a similar consolidated litigation for such cases filed in Massachusetts county courts, styled *In Re: Consolidated Fresenius Cases*, Case No. MICV-2013-03400-O (Massachusetts Superior Court, Middlesex County). These lawsuits allege generally that inadequate labeling and warnings for these products caused harm to patients. In addition, similar cases have been filed in several state courts outside Massachusetts, in some of which the judicial authorities have established consolidated proceedings for their disposition. The attorneys general of Louisiana and Mississippi have also filed complaints under their state deceptive practice statutes and in their state courts based on allegations similar to those advanced in the personal injury litigation. FMCH believes that these lawsuits are without merit, and will defend them vigorously.

In a number of cases with the same subject matter in dispute, Fresenius SE & Co. KGaA and Fresenius Management SE have become formally involved in the litigation. Also for these cases, both companies believe the lawsuits to be without merit and intend to defend them vigorously.

Other litigation and potential exposures

Fresenius Medical Care Holdings – Qui tam complaint (Massachusetts)

On February 15, 2011, a whistleblower action under the False Claims Act against Fresenius Medical Care Holdings, Inc. (FMCH) was unsealed by order of the United States District Court for the District of Massachusetts and served by the relator. The United States has not intervened in the case *United States ex rel. Chris Drennen v. Fresenius Medical Care Holdings, Inc.*, 2009 Civ. 10179 (D. Mass.). The relator's complaint, which was first filed under seal in February 2009, alleges that FMCH seeks and receives reimbursement from government payors for serum ferritin and hepatitis B laboratory tests that are medically unnecessary or not properly ordered by a physician. On March 6, 2011, the United States Attorney for the District of Massachusetts issued a subpoena seeking the production of documents related to the same laboratory tests that are the subject of the relator's complaint. FMCH has cooperated fully in responding to the subpoena, and will vigorously contest the relator's complaint.

Subpoena "American Access Care, LLC"

Subpoenas, or search warrants have been issued by federal and state law enforcement authorities under the supervision of the United States Attorneys for the Districts of Connecticut, Southern Florida, Eastern Virginia and Rhode Island to American Access Care, LLC (AAC), which Fresenius Medical Care acquired in October 2011, and to Fresenius Medical Care's subsidiary Fresenius Vascular Care, Inc., which now operates

former AAC centers as well as its own original facilities. Subpoenas have also been issued to certain of Fresenius Medical Care's outpatient hemodialysis facilities for records relating to vascular access treatment and monitoring. Fresenius Medical Care is cooperating fully in these investigations. Communications with certain of the investigating United States Attorney Offices indicate that the inquiry encompasses invoicing and coding for procedures commonly performed in vascular access centers and the documentary support for the medical necessity of such procedures. The AAC acquisition agreement contains customary indemnification obligations with respect to breaches of representations, warranties or covenants and certain other specified matters. As of October 18, 2013, a group of the prior owners of AAC exercised their right pursuant to the terms of the acquisition agreement to assume responsibility for responding to certain of the subpoenas. Pursuant to the AAC acquisition agreement, the prior owners are obligated to indemnify Fresenius Medical Care for certain liabilities that might arise from those subpoenas. On February 9, 2015, Fresenius Medical Care reached an agreement in principle with the United States Attorney for the Southern District of Florida to resolve the Southern Florida (Miami) investigation, which arose from allegations made in whistleblower actions filed under seal in July 2011. Under the settlement, which remains contingent on judicial approval, Fresenius Medical Care will pay US\$1.2 million to the United States. The settlement and whistleblower complaint relate to actions prior to Fresenius Medical Care's acquisition of AAC by a physician no longer associated with Fresenius Medical Care.

Internal review

Fresenius Medical Care has received communications alleging conduct in countries outside the United States and Germany that may violate the U.S. Foreign Corrupt Practices Act (FCPA) or other anti-bribery laws. The Audit and Corporate Governance Committee of Fresenius Medical Care's Supervisory Board is conducting an investigation with the assistance of independent counsel. Fresenius Medical Care voluntarily advised the U.S. Securities and Exchange Commission (SEC) and the U.S. Department of Justice (DOJ). Fresenius Medical Care's investigation and dialogue with the SEC and DOJ are ongoing. Fresenius Medical Care has received a subpoena from the SEC requesting additional documents and a request from the DOJ for copies of the documents provided to the SEC. Fresenius Medical Care is cooperating with the requests.

Conduct has been identified that may result in monetary penalties or other sanctions under the FCPA or other anti-bribery laws. In addition, Fresenius Medical Care's ability to conduct business in certain jurisdictions could be negatively impacted. Fresenius Medical Care has previously recorded a non-material accrual for an identified matter. Given the current status of the investigation and remediation activities, Fresenius Medical Care cannot reasonably estimate the range of possible loss that may result from identified matters or from the final outcome of the investigation or remediation activities.

Fresenius Medical Care's independent counsel, in conjunction with Fresenius Medical Care's Compliance Department, has reviewed Fresenius Medical Care's anti-corruption compliance program, including internal controls related to compliance with international anti-bribery laws, and appropriate enhancements are being implemented. Fresenius Medical Care is fully committed to FCPA and other anti-bribery law compliance.

Subpoenas “Massachusetts and Louisiana”

In December 2012, Fresenius Medical Care Holdings, Inc. (FMCH) received a subpoena from the United States Attorney for the District of Massachusetts requesting production of a broad range of documents related to products manufactured by FMCH, electron-beam sterilization of dialyzers and the Liberty peritoneal dialysis cycler. FMCH has cooperated fully in the government’s investigation. In December 2014, FMCH was advised that the government’s investigation was precipitated by a whistleblower, who first filed a complaint under seal in June 2013. In September 2014, the government declined to intervene in the whistleblower’s actions.

In January 2013, FMCH received a subpoena from the United States Attorney for the Western District of Louisiana requesting discovery responses relating to the Granuflo® and Naturalyte® acid concentrate products that are also the subject of personal injury litigation described above. FMCH has cooperated fully in the government’s investigation.

China anti-dumping investigation

On June 13, 2014, the Ministry of Commerce of the People’s Republic of China (MOFCOM) launched an anti-dumping investigation into producers of hemodialysis equipment in the European Union and Japan, which includes certain of the Fresenius Medical Care’s subsidiaries. On December 17, 2014, the MOFCOM announced the termination of the investigation after the complaint had been withdrawn by the petitioner.

Subpoena “Maryland”

In August 2014, Fresenius Medical Care Holdings, Inc. (FMCH) received a subpoena from the United States Attorney for the District of Maryland inquiring into FMCH’s contractual arrangements with hospitals and physicians, including contracts relating to the management of in-patient acute dialysis services. FMCH is cooperating in the investigation.

Subpoena “Nevada”

In November 2014, Fresenius Kabi Oncology Limited (FKOL) received a subpoena from the U.S. Department of Justice (DOJ), U.S. Attorney for the District of Nevada. The subpoena requests documents in connection with the January 2013 inspection by the U.S. Food and Drug Administration (FDA) of FKOL’s plant for active pharmaceutical ingredients in Kalyani, India. That inspection resulted in a warning letter from the FDA in July 2013. The subpoena now begins the DOJ’s criminal and/or civil investigation in this connection and seeks information from throughout the Fresenius Kabi group. Fresenius Kabi fully cooperates with the governmental investigation.

From time to time, the Fresenius Group is a party to or may be threatened with other litigation or arbitration, claims or assessments arising in the ordinary course of its business. Management regularly analyzes current information including, as applicable, the Fresenius Group’s defenses and insurance coverage and, as necessary, provides accruals for probable liabilities for the eventual disposition of these matters.

The Fresenius Group, like other health care providers, conducts its operations under intense government regulation and scrutiny. It must comply with regulations which relate to or govern the safety and efficacy of medical products and supplies, the marketing and distribution of such products, the operation of manufacturing facilities, laboratories and dialysis clinics, and environmental and occupational health and safety. With respect to its development, manufacture, marketing and distribution of medical products, if such compliance is not maintained, the Fresenius Group could be subject to significant adverse regulatory actions by the U.S. Food and Drug Administration (FDA) and comparable regulatory authorities outside the United States. These regulatory actions could include warning letters or other enforcement notices from the FDA and/or comparable foreign regulatory authority, which may require the Fresenius Group to expend significant time and resources in order to implement appropriate corrective actions. If the Fresenius Group does not address matters raised in warning letters or other enforcement notices to the satisfaction of the FDA and/or comparable regulatory authorities outside the United States, these regulatory authorities could take additional actions, including product recalls, injunctions against the distribution of products or operation of manufacturing plants, civil penalties, seizures of Fresenius Group's products and/or criminal prosecution. FMCH is currently engaged in remediation efforts with respect to three pending FDA warning letters, Fresenius Kabi with respect to two

pending FDA warning letters. The Fresenius Group must also comply with the laws of the United States, including the federal Anti-Kickback Statute, the federal False Claims Act, the federal Stark Law and the federal Foreign Corrupt Practices Act as well as other federal and state fraud and abuse laws. Applicable laws or regulations may be amended, or enforcement agencies or courts may make interpretations that differ from Fresenius Group's interpretations or the manner in which it conducts its business. Enforcement has become a high priority for the federal government and some states. In addition, the provisions of the False Claims Act authorizing payment of a portion of any recovery to the party bringing the suit encourage private plaintiffs to commence whistleblower actions. By virtue of this regulatory environment, Fresenius Group's business activities and practices are subject to extensive review by regulatory authorities and private parties, and continuing audits, subpoenas, other inquiries, claims and litigation relating to Fresenius Group's compliance with applicable laws and regulations. The Fresenius Group may not always be aware that an inquiry or action has begun, particularly in the case of "whistleblower" actions, which are initially filed under court seal.

The Fresenius Group operates many facilities throughout the United States and other parts of the world. In such a decentralized system, it is often difficult to maintain the desired level of oversight and control over the thousands of individuals employed by many affiliated companies. The Fresenius Group relies upon its management structure, regulatory and legal resources, and the effective operation of its compliance program to direct, manage and monitor the activities of these employees. On occasion, the Fresenius Group may identify instances where employees or other agents deliberately, recklessly or inadvertently contravene Fresenius Group's policies or violate applicable law. The actions of such persons may subject the Fresenius Group and its subsidiaries to liability under the Anti-Kickback Statute, the Stark Law, the False Claims Act and the Foreign Corrupt Practices Act, among other laws and comparable laws of other countries.

Physicians, hospitals and other participants in the health care industry are also subject to a large number of lawsuits alleging professional negligence, malpractice, product liability, worker's compensation or related claims, many of which involve large claims and significant defense costs. The Fresenius Group has been and is currently subject to these suits due to the nature of its business and expects that those types of lawsuits may continue. Although the Fresenius Group maintains insurance at a level which it believes to be prudent, it cannot assure that the coverage limits will be

adequate or that insurance will cover all asserted claims. A successful claim against the Fresenius Group or any of its subsidiaries in excess of insurance coverage could have a material adverse effect upon it and the results of its operations. Any claims, regardless of their merit or eventual outcome, could have a material adverse effect on Fresenius Group's reputation and business.

The Fresenius Group has also had claims asserted against it and has had lawsuits filed against it relating to alleged patent infringements or businesses that it has acquired or divested. These claims and suits relate both to operation of the businesses and to the acquisition and divestiture transactions. The Fresenius Group has, when appropriate, asserted its own claims, and claims for indemnification. A successful claim against the Fresenius Group or any of its subsidiaries could have a material adverse effect upon its business, financial condition, and the results of its operations. Any claims, regardless of their merit or eventual outcome, could have a material adverse effect on Fresenius Group's reputation and business.

29. FINANCIAL INSTRUMENTS

The relationship between classes and categories as well as the reconciliation to the statement of financial position line items is shown in the following table:

		Categories				
Classes		Loans and receivables	Financial liabilities measured at amortized cost	Financial liabilities/assets measured at fair value in the consolidated statement of income	Available for sale financial assets	Relating to no category
	Cash and cash equivalents					► Cash and cash equivalents
	Assets recognized at carrying amount	► Trade accounts receivable (incl. receivables from and loans to related parties) ► Other non-current assets (loan to a dialysis provider)				
	Assets recognized at fair value				► European government bonds (until 2013) ► Shares (until 2013) ► Shares in funds	
	Liabilities recognized at carrying amount		► Trade accounts payable ► Short-term accounts payable to related parties ► Short-term debt (incl. short-term loans from related parties) ► Long-term debt excluding capital lease obligations ► Senior Notes ► Convertible bonds			► Long-term capital lease obligations
	Liabilities recognized at fair value			► Other long-term liabilities		
	Noncontrolling interest subject to put provisions recognized at fair value					► Noncontrolling interest subject to put provisions
	Derivatives for hedging purposes			► Other current assets ► Other non-current assets ► Other short-term liabilities ► Other long-term liabilities		► Other current assets ► Other non-current assets ► Other short-term liabilities ► Other long-term liabilities

VALUATION OF FINANCIAL INSTRUMENTS

The carrying amounts of financial instruments at December 31, classified into categories, were as follows:

€ in millions	2014	2013
Loans and receivables	4,419	3,622
Financial liabilities measured at amortized cost	16,360	13,597
Assets measured at fair value in the consolidated statement of income ¹	166	16
Liabilities measured at fair value in the consolidated statement of income ¹	198	25
Available for sale financial assets	148	197
Relating to no category	304	301

¹ There are no financial instruments designated as at fair value through profit or loss upon initial recognition.

The following table presents the carrying amounts and fair values as well as the fair value hierarchy levels of Fresenius Group's financial instruments as of December 31, classified into classes:

€ in millions	Fair value hierarchy level	2014		2013	
		Carrying amount	Fair value	Carrying amount	Fair value
Cash and cash equivalents	1	1,175	1,175	864	864
Assets recognized at carrying amount	3	4,419	4,420	3,622	3,629
Assets recognized at fair value	1	148	148	197	197
Liabilities recognized at carrying amount	2	16,511	17,356	13,691	14,225
Liabilities recognized at fair value	2	161	161	16	16
Noncontrolling interest subject to put provisions recognized at fair value	3	681	681	472	472
Derivatives for hedging purposes	2	90	90	10	10

The significant methods and assumptions used to estimate the fair values of financial instruments as well as classification of fair value measurements according to the three-tier fair value hierarchy are as follows:

Cash and cash equivalents are stated at nominal value, which equals the fair value.

The nominal value of short-term financial instruments such as accounts receivable and payable and short-term debt represents its carrying amount, which is a reasonable estimate of the fair value due to the relatively short period to maturity for these instruments.

The fair values of major long-term financial instruments are calculated on the basis of market information. Financial instruments for which market quotes are available are measured with the market quotes at the reporting date. The fair values of the other long-term financial liabilities are calculated at the present value of respective future cash flows. To determine these present values, the prevailing interest rates and credit spreads for the Fresenius Group as of the date of the statement of financial position are used.

The class assets recognized at carrying amount consists of trade accounts receivable and a loan which Fresenius Medical Care granted to a middle-market dialysis provider. The fair value of the loan is based on significant unobservable inputs of comparable instruments and thus the class is classified as fair value hierarchy Level 3.

In 2013, the class assets recognized at fair value was comprised of European government bonds, shares and shares in funds. In 2014, shares in funds are included in this class. The fair values of these assets are calculated on the basis of market information. The fair value of available for sale financial assets quoted in an active market is based on price quotations at the period-end date (Level 1). Therefore, this class is classified as Level 1.

The class liabilities recognized at carrying amount is classified as hierarchy Level 2.

The derivatives embedded in the convertible bonds are included in the class liabilities recognized at fair value. The fair value of the embedded derivatives is calculated using

the difference between the market value of the convertible bond and the market value of an adequate straight bond discounted with the market interest rates as of the reporting date. The class was classified as Level 2.

The valuation of the class noncontrolling interest subject to put provisions recognized at fair value is determined using significant unobservable inputs. It is therefore classified as Level 3.

Derivatives, mainly consisting of interest rate swaps and foreign exchange forward contracts, are valued as follows: The fair value of interest rate swaps is calculated by discounting the future cash flows on the basis of the market interest rates applicable for the remaining term of the contract as of the date of the statement of financial position. To determine the fair value of foreign exchange forward contracts, the contracted forward rate is compared to the current forward rate for the remaining term of the contract as of the date of the statement of financial position. The result is then discounted on the basis of the market interest rates prevailing at the date of the statement of financial position for the respective currency.

Fresenius Group's own credit risk is incorporated in the fair value estimation of derivatives that are liabilities. Counterparty credit risk adjustments are factored into the valuation

of derivatives that are assets. The Fresenius Group monitors and analyses the credit risk from derivative financial instruments on a regular basis. For the valuation of derivative financial instruments, the credit risk is considered in the fair value of every individual instrument. The basis for the default probability are Credit Default Swap Spreads of each counterparty appropriate for the duration. The calculation of the credit risk considered in the valuation is done by multiplying the default probability appropriate for the duration with the expected discounted cash flows of the derivative financial instrument.

The class of derivatives for hedging purposes includes the call options which have been purchased to hedge the convertible bonds. The fair values of these call options are derived from market quotes. For the fair value measurement of the class derivatives for hedging purposes, significant other observable inputs are used. Therefore, the class is classified as Level 2 in accordance with the defined fair value hierarchy levels.

Currently, there is no indication that a decrease in the value of Fresenius Group's financing receivables is probable. Therefore, the allowances on credit losses of financing receivables are immaterial.

FAIR VALUES OF DERIVATIVE FINANCIAL INSTRUMENTS

€ in millions	Dec. 31, 2014		Dec. 31, 2013	
	Assets	Liabilities	Assets	Liabilities
Interest rate contracts (current)	0	0	0	4
Interest rate contracts (non-current)	1	6	0	4
Foreign exchange contracts (current)	9	43	15	5
Foreign exchange contracts (non-current)	0	–	1	–
Derivatives designated as hedging instruments¹	10	49	16	13
Interest rate contracts (current)	0	0	0	–
Interest rate contracts (non-current)	0	1	0	1
Foreign exchange contracts (current) ¹	21	37	15	8
Foreign exchange contracts (non-current) ¹	–	–	1	1
Derivatives embedded in the convertible bonds	0	145	0	0
Call options to secure the convertible bonds ¹	145	0	0	0
Derivatives not designated as hedging instruments	166	183	16	10

¹ Derivatives designated as hedging instruments, foreign exchange contracts not designated as hedging instruments and call options to secure the convertible bonds are classified as derivatives for hedging purposes.

Derivative financial instruments are marked to market each reporting period, resulting in carrying amounts equal to fair values at the reporting date.

Derivatives not designated as hedging instruments, which are derivatives that do not qualify for hedge accounting, are also solely entered into to hedge economic business transactions and not for speculative purposes.

Derivatives for hedging purposes as well as the derivatives embedded in the convertible bonds were recognized at gross value within other assets in an amount of €176 million and other liabilities in an amount of €231 million.

The current portion of interest rate contracts and foreign exchange contracts indicated as assets in the preceding table is recognized within other current assets in the consolidated statement of financial position, while the current portion of those indicated as liabilities is included in short-term accrued expenses and other short-term liabilities. The non-current portions indicated as assets or liabilities are recognized in

other non-current assets or in long-term accrued expenses and other long-term liabilities, respectively. The derivatives embedded in the convertible bonds and the call options to secure the convertible bonds are recognized in other non-current liabilities/assets in the consolidated statement of financial position.

Effects of financial instruments recorded in the consolidated statement of income

The net gains and losses from financial instruments consisted of allowances for doubtful accounts in an amount of €241 million and foreign currency transactions of €17 million. Interest income of €128 million resulted mainly from the valuation of call options in connection with the convertible bonds, trade accounts receivable and loans to related parties. Interest expense of €730 million resulted mainly from financial liabilities, which are not recognized at fair value in the consolidated statement of income.

EFFECT OF DERIVATIVES DESIGNATED AS HEDGING INSTRUMENTS ON THE CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

€ in millions	2014		
	Gain or loss recognized in other comprehensive income (loss) (effective portion)	Gain or loss reclassified from accumulated other comprehensive income (loss) (effective portion)	Gain or loss recognized in the consolidated statement of income
Interest rate contracts	–	34	0
Foreign exchange contracts	-37	4	0
Derivatives in cash flow hedging relationships¹	-37	38	0
Foreign exchange contracts			-14
Derivatives in fair value hedging relationships			-14
Derivatives designated as hedging instruments	-37	38	-14

¹ The amount of gain or loss recognized in the consolidated statement of income solely relates to the ineffective portion.

€ in millions	2013		
	Gain or loss recognized in other comprehensive income (loss) (effective portion)	Gain or loss reclassified from accumulated other comprehensive income (loss) (effective portion)	Gain or loss recognized in the consolidated statement of income
Interest rate contracts	21	32	3
Foreign exchange contracts	-16	-2	–
Derivatives in cash flow hedging relationships¹	5	30	3
Foreign exchange contracts			–
Derivatives in fair value hedging relationships			–
Derivatives designated as hedging instruments	5	30	3

¹ The amount of gain or loss recognized in the consolidated statement of income solely relates to the ineffective portion.

EFFECT OF DERIVATIVES NOT DESIGNATED AS HEDGING INSTRUMENTS ON THE CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

€ in millions	Gain or loss recognized in the consolidated statement of income	
	2014	2013
Interest rate contracts	–	7
Foreign exchange contracts	56	31
Derivatives not designated as hedging instruments	56	38

Gains from derivatives in fair value hedging relationships and from foreign exchange contracts not designated as hedging instruments recognized in the consolidated statement of income are faced by losses from the underlying transactions in the corresponding amount.

The Fresenius Group expects to recognize a net amount of €13 million of the existing losses for foreign exchange contracts deferred in accumulated other comprehensive income (loss) in the consolidated statement of income within the next 12 months. For interest rate contracts, the Fresenius Group

expects to recognize €30 million of losses in the course of normal business during the next 12 months in interest expense.

Gains and losses from foreign exchange contracts and the corresponding underlying transactions are accounted for as cost of sales, selling, general and administrative expenses and net interest. Gains and losses resulting from interest rate contracts are recognized as net interest in the consolidated statement of income.

In 2014, losses of €16 million (2013: gains of €34 million) for available for sale financial assets were recognized in other comprehensive income (loss).

The following table shows when the cash flow from cash flow hedges is expected to occur.

CASH FLOW FROM CASH FLOW HEDGES

€ in millions	expected in period of			
	1 year	1 to 3 years	3 to 5 years	over 5 years
Designated as hedging instrument	34	3	3	-1
Not designated as hedging instrument	16	–	–	1

MARKET RISK

General

The Fresenius Group is exposed to effects related to foreign exchange fluctuations in connection with its international business activities that are denominated in various currencies. In order to finance its business operations, the Fresenius Group issues senior notes and commercial papers and enters into mainly long-term credit agreements and euro notes (Schuldscheindarlehen) with banks. Due to these financing activities, the Fresenius Group is exposed to interest risk caused by changes in variable interest rates and the risk of changes in the fair value of statement of financial position items bearing fixed interest rates.

In order to manage the risk of interest rate and foreign exchange rate fluctuations, the Fresenius Group enters into certain hedging transactions with highly rated financial institutions as authorized by the Management Board. Derivative financial instruments are not entered into for trading purposes.

In general, the Fresenius Group conducts its derivative financial instrument activities under the control of a single centralized department. The Fresenius Group has established guidelines derived from best practice standards in the banking industry for risk assessment procedures and supervision concerning the use of financial derivatives. These guidelines require amongst other things a clear segregation of duties in the areas of execution, administration, accounting and controlling. Risk limits are continuously monitored and, where appropriate, the use of hedging instruments is adjusted to that extent.

The Fresenius Group defines benchmarks for individual exposures in order to quantify interest and foreign exchange risks. The benchmarks are derived from achievable and sustainable market rates. Depending on the individual benchmarks, hedging strategies are determined and generally implemented by means of micro hedges.

Earnings of the Fresenius Group were not materially affected by hedge ineffectiveness in the reporting period since the critical terms of the interest and foreign exchange derivatives mainly matched the critical terms of the underlying exposures.

Derivative financial instruments

Classification

To reduce the credit risk arising from derivatives, the Fresenius Group concluded master netting agreements with banks. Through such agreements, positive and negative fair values of the derivative contracts could be offset against one another if a partner becomes insolvent. This offsetting is valid for transactions where the aggregate amount of obligations owed to and receivable from are not equal. If insolvency occurs, the party which owes the larger amount is obliged to pay the other party the difference between the amounts owed in the form of one net payment.

Fresenius elects not to offset the fair values of derivative financial instruments subject to master netting agreements in the consolidated statement of financial position.

At December 31, 2014 and December 31, 2013, the Fresenius Group had €30 million and €29 million of derivative financial assets subject to netting arrangements and €77 million and €22 million of derivative financial liabilities subject to netting arrangements. Offsetting these derivative financial instruments would have resulted in net assets of €15 million and €22 million as well as net liabilities of €62 million and €15 million at December 31, 2014 and December 31, 2013, respectively.

Foreign exchange risk management

The Fresenius Group has determined the euro as its financial reporting currency. Therefore, foreign exchange translation risks resulting from the fluctuation of exchange rates between the euro and the local currencies, in which the financial

statements of the foreign subsidiaries are prepared, have an impact on results of operations and financial positions reported in the consolidated financial statements.

Besides translation risks, foreign exchange transaction risks exist, which mainly relate to transactions such as purchases and sales as well as projects and services provided by the Fresenius Group which are denominated in foreign currencies. A major part of transaction risks arise from products manufactured in Fresenius Group's worldwide production sites which are usually denominated in the local currency of the respective manufacturer and are delivered worldwide to various Fresenius Group entities. These intragroup sales are mainly denominated in euros and U.S. dollars. Therefore, Group companies are exposed to changes of the foreign exchange rates between the invoicing currencies and the local currencies in which they conduct their businesses. Solely for the purpose of hedging existing and foreseeable foreign exchange transaction exposures, the Fresenius Group enters into foreign exchange forward contracts and, on a small scale, foreign exchange options. To ensure that no foreign exchange risks result from loans in foreign currencies, the Fresenius Group enters into foreign exchange swap contracts.

As of December 31, 2014, the notional amounts of foreign exchange contracts totaled €2,061 million. These foreign exchange contracts have been entered into to hedge risks from operational business and in connection with loans in foreign currency. The predominant part of the foreign exchange forward contracts to hedge risks from operational business was recognized as cash flow hedge, while foreign exchange contracts in connection with loans in foreign currencies are partly recognized as fair value hedges. The fair values of cash flow hedges and fair value hedges were -€34 million and €54 thousand, respectively.

The hedge-effective portion of changes in the fair value of foreign exchange forward contracts that are designated and qualified as cash flow hedges of forecasted product purchases and sales is reported in accumulated other comprehensive income (loss). These amounts are subsequently reclassified into earnings as a component of cost of sales or as selling, general and administrative expenses in the same period in which the hedged transaction affects earnings.

As of December 31, 2014, the Fresenius Group was party to foreign exchange contracts with a maximum maturity of 17 months.

The Fresenius Group uses a Cash-Flow-at-Risk (CFaR) model in order to estimate and quantify such transaction risks from foreign currencies. The basis for the analysis of the currency risks are the foreign currency cash flows that are reasonably expected to arise within the following 12 months, less any hedges. Under the CFaR approach, the potential currency fluctuations of these net exposures are shown as probability distributions based on historical volatilities and correlations of the preceding 250 business days. The calculation is made assuming a confidence level of 95% and a holding period of up to one year. The aggregation of currency risks has risk-mitigating effects due to correlations between the transactions concerned, i. e. the overall portfolio's risk exposure is generally less than the sum total of the underlying individual risks. As of December 31, 2014, the Fresenius Group's cash flow at risk amounts to €50 million, this means, with a probability of 95%, a potential loss in relation to the forecasted foreign exchange cash flows of the next 12 months will be not higher than €50 million.

The following table shows the net positions in foreign currencies at December 31, 2014 which have a significant influence on Fresenius Group's foreign currency risk.

Nominal € in millions	2014
Hong Kong dollar	-147.9
U.S. dollar	137.5
Swedish krona	-124.8
Chinese renminbi	110.9
Russian ruble	67.1

Interest rate risk management

Fresenius Group's interest rate risks mainly arise from money market and capital market transactions of the Group for financing its business activities.

The Fresenius Group enters into interest rate swaps and, on a small scale, into interest rate options in order to protect against the risk of rising interest rates. These interest rate derivatives are mainly designated as cash flow hedges and have been entered into in order to convert payments based on variable interest rates into payments at a fixed interest rate and in anticipation of future debt issuances (pre-hedges). The U.S. dollar interest rate swaps with a notional volume of

US\$100 million (€82 million) and a fair value of US\$1 million (€1 million) expire in 2022. The euro interest rate swaps have a notional volume of €608 million and a fair value of -€7 million. These include interest rate swaps of €294 million which became effective in January 2015. The euro interest rate swaps expire in the years 2016 to 2022. The U.S. dollar interest rate swaps bear an average interest rate of 2.142% and the euro interest rate swaps bear an average interest rate of 0.678%.

The pre-hedges are used to hedge interest rate exposures with regard to interest rates which are relevant for the future debt issuance and which could rise until the debt is actually issued. These pre-hedges are settled at the issuance date of the corresponding debt with the settlement amount recorded in accumulated other comprehensive income (loss) amortized to interest expense over the life of the pre-hedges. At December 31, 2014 and December 31, 2013, the Fresenius Group had €89 million and €113 million, respectively, related to such settlements of pre-hedges deferred in accumulated other comprehensive income (loss), net of tax.

Interest payables and interest receivables in connection with the swap agreements are accrued and recorded as an adjustment to the interest expense at each reporting date. Concerning interest rate contracts, unscheduled repayments or the renegotiation of hedged items may in some cases lead to the de-designation of the hedging instrument, which existed up to that point. From that date, the respective hedging transactions are recognized in the consolidated statement of income.

For purposes of analyzing the impact of changes in the relevant reference interest rates on Fresenius Group's results of operations, the Group calculates the portion of financial debt which bears variable interest rates and which has not been hedged by means of interest rate swaps or options against rising interest rates. For this particular part of its liabilities, the Fresenius Group assumes an increase in the reference rates of 0.5% compared to the actual rates as of the date of the statement of financial position. The corresponding additional annual interest expense is then compared to the net income attributable to shareholders of Fresenius SE & Co. KGaA. This analysis shows that an increase of 0.5% in the relevant reference rates would have an effect of less than 1.5% on the consolidated net income attributable to shareholders of Fresenius SE & Co. KGaA and Fresenius SE & Co. KGaA shareholders' equity.

CREDIT RISK

The Fresenius Group is exposed to potential losses regarding financial instruments in the event of non-performance by counterparties. With respect to derivative financial instruments, it is not expected that any counterparty fails to meet its obligations as the counterparties are highly rated financial institutions. The maximum credit exposure of derivatives is represented by the fair value of those contracts with a positive fair value amounting to €30 million for foreign exchange derivatives and €1 million for interest rate derivatives at December 31, 2014. The maximum credit risk resulting from the use of non-derivative financial instruments is defined as the total amount of all receivables. In order to control this credit risk, the Management of the Fresenius Group performs an aging analysis of trade accounts receivable. For details on the aging analysis and on the allowance for doubtful accounts, please see note 14, Trade accounts receivable.

LIQUIDITY RISK

The liquidity risk is defined as the risk that a company is potentially unable to meet its financial obligations. The Management of the Fresenius Group manages the liquidity of the Group by means of effective working capital and cash management as well as an anticipatory evaluation of refinancing alternatives. The Management of the Fresenius Group believes that existing credit facilities as well as the cash generated by operating activities and additional short-term borrowings are sufficient to meet the Company's foreseeable demand for liquidity (see note 21, Debt and capital lease obligations).

The following table shows the future undiscounted contractual cash flows (including interests) resulting from recognized financial liabilities as well as the fair value of noncontrolling interest subject to put provisions and the fair value of derivative financial instruments:

€ in millions	up to 1 year	1 to 3 years	3 to 5 years	more than 5 years
Long-term debt and capital lease obligations (including accounts receivable securitization program) ¹	874	1,818	3,183	1,361
Short-term debt	234	0	0	0
Senior Notes	1,088	1,427	2,968	4,181
Convertible bonds	4	9	509	402
Trade accounts payable	1,052	0	0	0
Noncontrolling interest subject to put provisions	285	161	153	82
Derivative financial instruments – designated as cash flow hedge	43	3	3	0
Derivative financial instruments – designated as fair value hedge	–	0	0	0
Derivative financial instruments – not designated as hedging instruments	36	33	113	1
Total	3,616	3,451	6,929	6,027

¹ Future interest payments for financial liabilities with variable interest rates were calculated using the latest interest rates fixed prior to December 31, 2014.

30. SUPPLEMENTARY INFORMATION ON CAPITAL MANAGEMENT

The Fresenius Group has a solid financial profile. Capital management includes both equity and debt. A principal objective of Fresenius Group's capital management is to optimize the weighted-average cost of capital. Further, it is sought to achieve a balanced mix of equity and debt. To secure growth on a long-term basis, a capital increase may also be considered in exceptional cases, for instance to finance a major acquisition.

Due to the Company's diversification within the health care sector and the strong market positions of the business segments in global, growing and non-cyclical markets, predictable and sustainable cash flows are generated. They allow a reasonable proportion of debt, i. e. the employment of an extensive mix of financial instruments. Moreover, Fresenius Group's customers are generally of high credit quality.

Shareholders' equity and debt have developed as follows:

SHAREHOLDERS' EQUITY

€ in millions	Dec. 31, 2014	Dec. 31, 2013
Shareholders' equity	15,483	13,260
Total assets	39,897	32,758
Equity ratio	38.8%	40.5%

Fresenius SE & Co. KGaA is not subject to any capital requirements provided for in its articles of association. Fresenius SE & Co. KGaA has obligations to issue shares out of the Conditional Capital relating to the exercise of stock options and convertible bonds on the basis of the existing 2003, 2008 and 2013 stock option plans (see note 33, Stock options).

DEBT

€ in millions	Dec. 31, 2014	Dec. 31, 2013
Debt	15,454	12,804
Total assets	39,897	32,758
Debt ratio	38.7%	39.1%

Assuring financial flexibility is the top priority in the Group's financing strategy. This flexibility is achieved through a wide range of financing instruments and a high degree of diversification of the investors. Fresenius Group's maturity profile displays a broad spread of maturities with a high proportion of medium- and long-term financing. In the choice of financing instruments, market capacity, investor diversification, flexibility, credit conditions and the existing maturity profile are taken into account.

The leverage ratio on the basis of net debt/EBITDA is a key financial figure for the Fresenius Group. As of December 31, 2014, the leverage ratio (pro forma, before special items) was 3.4.

Fresenius Group's financing strategy is reflected in its credit ratings. The Fresenius Group is covered by the rating agencies Moody's, Standard & Poor's and Fitch.

The following table shows the company rating of Fresenius SE & Co. KGaA:

RATING OF FRESENIUS SE & CO. KGAA

	Feb. 24, 2015	Dec. 31, 2014	Dec. 31, 2013
Standard & Poor's			
Corporate Credit Rating	BBB-	BB+	BB+
Outlook	stable	positive	positive
Moody's			
Corporate Credit Rating	Ba1	Ba1	Ba1
Outlook	stable	negative	negative
Fitch			
Corporate Credit Rating	BB+	BB+	BB+
Outlook	positive	positive	watch evolving

In January 2015, both Moody's and Standard & Poor's have adjusted their view on Fresenius' rating. On January 12, 2015, Moody's raised the outlook from negative to stable. On January 16, 2015, Standard & Poor's have upgraded the credit rating from BB+ to BBB- with a stable outlook.

31. SUPPLEMENTARY INFORMATION ON THE CONSOLIDATED STATEMENT OF CASH FLOWS

The consolidated statements of cash flows of the Fresenius Group for the fiscal years 2014 and 2013 are shown on page 95.

Cash funds reported in the consolidated statement of cash flows and in the consolidated statement of financial position are comprised of cash on hand, checks, securities and cash at bank which are readily convertible within three months and are subject to insignificant risk of changes in value.

The following table provides additional information with regard to the consolidated statement of cash flows:

€ in millions	2014	2013
Interest paid	567	563
Income taxes paid	781	648

Cash paid for acquisitions (without investments in licenses) consisted of the following:

€ in millions	2014	2013
Assets acquired	3,728	2,781
Liabilities assumed	-938	-67
Noncontrolling interest	-331	-73
Notes assumed in connection with acquisitions	-238	-60
Cash paid	2,221	2,581
Cash acquired	-232	-34
Cash paid for acquisitions, net	1,989	2,547
Cash paid for investments, net of cash acquired	207	147
Cash paid for intangible assets, net	18	9
Total cash paid for acquisitions and investments, net of cash acquired, and net purchases of intangible assets	2,214	2,703

Proceeds from the sale of subsidiaries were €18 million in 2014 (2013: €109 million).

32. NOTES ON THE CONSOLIDATED SEGMENT REPORTING

GENERAL

The consolidated segment reporting tables shown on pages 98 to 99 of this Annual Report are an integral part of the notes.

The Fresenius Group has identified the business segments Fresenius Medical Care, Fresenius Kabi, Fresenius Helios and Fresenius Vamed, which corresponds to the internal organizational and reporting structures (Management Approach) at December 31, 2014.

The key data disclosed in conjunction with the consolidated segment reporting correspond to the key data of the internal reporting system of the Fresenius Group. Internal and external reporting and accounting correspond to each other; the same key data and definitions are used.

Sales and proceeds between the segments are indicative of the actual sales and proceeds agreed with third parties. Administrative services are billed in accordance with service level agreements.

The business segments were identified in accordance with FASB ASC Topic 280, Segment Reporting which defines the segment reporting requirements in the annual financial statements and interim reports with regard to the operating business, product and service businesses and regions. The business segments of the Fresenius Group are as follows:

- ▶ Fresenius Medical Care
- ▶ Fresenius Kabi
- ▶ Fresenius Helios
- ▶ Fresenius Vamed
- ▶ Corporate/Other

The segment Corporate/Other is mainly comprised of the holding functions of Fresenius SE & Co. KGaA as well as Fresenius Netcare GmbH, which provides services in the field of information technology and, until June 28, 2013, Fresenius Biotech, which did not fulfill the characteristics of a reportable segment. In addition, the segment Corporate/Other includes inter-segment consolidation adjustments as well as special items (see note 3, Special items).

Details on the business segments are shown on page 101 of the notes.

Segment reporting by region takes account of geographical factors and the similarity of markets in terms of opportunities and risks. The allocation to a particular region is based on the domicile of the customers.

NOTES ON THE BUSINESS SEGMENTS

The key figures used by the Management Board to assess segment performance, have been selected in such a way that they include all items of income and expenses which fall under the area of responsibility of the business segments. The

Management Board is convinced that the most suitable performance indicator is the operating income (EBIT). The Management Board believes that, in addition to the operating income, the figure for earnings before interest, taxes and depreciation/amortization (EBITDA) can also help investors to assess the ability of the Fresenius Group to generate cash flows and to meet its financial obligations. The EBITDA figure is also the basis for assessing Fresenius Group's compliance with the terms of its credit agreements (e. g. the Fresenius Medical Care 2012 Credit Agreement or the 2013 Senior Credit Agreement).

Depreciation and amortization is presented for property, plant and equipment and intangible assets with definite useful lives of the respective business segment.

Net interest is comprised of interest expenses and interest income.

Net income attributable to shareholders of Fresenius SE & Co. KGaA is defined as earnings after income taxes and non-controlling interest.

The operating cash flow is the cash provided by/used in operating activities.

The cash flow before acquisitions and dividends is the operating cash flow less net capital expenditure.

Debt is comprised of bank loans, senior notes, convertible bonds, capital lease obligations, liabilities relating to outstanding acquisitions as well as intercompany liabilities.

Capital expenditure mainly includes additions to property, plant and equipment.

Acquisitions refer to the purchase of shares in legally independent companies and the acquisition of business divisions and intangible assets (e. g. licenses). The key figures shown with regard to acquisitions present the contractual purchase prices comprising amounts paid in cash (less cash acquired), debts assumed and the issuance of shares, whereas for the purposes of the statement of cash flows, only cash purchase price components less acquired cash and cash equivalents are reported.

The EBITDA margin is calculated as a ratio of EBITDA to sales.

The EBIT margin is calculated as a ratio of EBIT to sales.

The return on operating assets (ROOA) is defined as the ratio of EBIT to average operating assets. Operating assets are defined as total assets less deferred tax assets, trade accounts payable and advance payments from customers as well as guaranteed subsidies.

In addition, the key indicators "Depreciation and amortization in % of sales" and "Operating cash flow in % of sales" are also disclosed.

RECONCILIATION OF KEY FIGURES TO CONSOLIDATED EARNINGS

€ in millions	2014	2013
Total EBIT of reporting segments	3,182	3,070
General corporate expenses		
Corporate/Other (EBIT)	-68	-79
Group EBIT	3,114	2,991
Interest expenses	-730	-634
Interest income	128	50
Income before income taxes	2,512	2,407

RECONCILIATION OF NET DEBT WITH THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION

€ in millions	Dec. 31, 2014	Dec. 31, 2013
Short-term debt	230	959
Short-term loans from related parties	3	6
Current portion of long-term debt and capital lease obligations	753	855
Current portion of Senior Notes	682	0
Long-term debt and capital lease obligations, less current portion	5,977	5,871
Senior Notes, less current portion	6,977	5,113
Convertible bonds	832	0
Debt	15,454	12,804
less cash and cash equivalents	1,175	864
Net debt	14,279	11,940

The following table shows the non-current assets by geographical region:

€ in millions	Dec. 31, 2014	Dec. 31, 2013
Germany	7,865	6,893
Europe (excluding Germany)	2,904	2,879
North America	16,524	13,174
Asia-Pacific	1,476	1,220
Latin America	586	372
Africa	47	42
Total non-current assets¹	29,402	24,580

¹ The aggregate amount of net non-current assets is the sum of non-current assets less deferred tax assets and less derivative financial instruments.

In 2014, the Fresenius Group generated sales of €6,292 million (2013: €4,403 million) in Germany. Sales in the United States were €9,107 million at actual rates and €9,110 million in constant currency in 2014 (2013: €8,414 million).

33. STOCK OPTIONS

COMPENSATION COST IN CONNECTION WITH THE STOCK OPTION PLANS OF THE FRESENIUS GROUP

In 2014, the Fresenius Group recognized compensation cost in an amount of €23 million for stock options granted since 2011. For stock incentive plans which are performance-based, the Fresenius Group recognizes compensation cost over the vesting periods, based on the market values of the underlying stock at the grant date.

FAIR VALUE OF STOCK OPTIONS

The Fresenius Group elected to adopt FAS 123(R), Share-Based Payment, prospectively.

The Fresenius Group uses a binomial option pricing model in determining the fair value of stock options granted under the stock option plans of Fresenius SE & Co. KGaA and Fresenius Medical Care AG & Co. KGaA. Option valuation models require the input of highly subjective assumptions including expected stock price volatility. Fresenius Group's assumptions are based upon its past experiences, market trends and the experiences of other entities of the same size

and in similar industries. To incorporate the effects of expected early exercise in the model, an early exercise of vested options was assumed as soon as the share price exceeds 150% of the exercise price. Fresenius Group's stock options have characteristics that vary significantly from traded options and changes in subjective assumptions can materially affect the fair value of the option.

The weighted-average assumptions for the calculation of the fair value of grants of the Fresenius SE & Co. KGaA Stock Option Plan 2013 made during 2014 and 2013 are as follows:

€ in millions	2014	2013	
	July Grant	December Grant	July Grant
Expected dividend yield	1.47%	1.50%	1.47%
Risk-free interest rate	0.85%	1.41%	1.33%
Expected volatility	26.83%	27.43%	27.75%
Life of options	8 years	8 years	8 years
Exercise price per option in €	36.92	33.10	32.12

The expected volatility results from the historical volatility calculated over the expected life of options. The volatility was determined when the fair value of stock options was calculated for the first time and since then has been controlled every year upon issuance of a new tranche.

FRESENIUS SE & CO. KGAA STOCK OPTION PLANS Description of the Fresenius SE & Co. KGaA stock option plans in place

As of December 31, 2014, Fresenius SE & Co. KGaA had three stock option plans in place: the Fresenius AG Stock Option Plan 2003 (2003 Plan) which is based on convertible bonds, the stock option based Fresenius SE Stock Option Plan 2008 (2008 Plan) and the Fresenius SE & Co. KGaA Long Term Incentive Program 2013 (2013 LTIP) which is based on stock options and phantom stocks. In 2014, stock options were solely granted under the 2013 LTIP.

2013 LTIP

The 2013 LTIP is comprised of the Fresenius SE & Co. KGaA Stock Option Plan 2013 (2013 SOP) and the Fresenius SE & Co. KGaA Phantom Stock Plan 2013 (2013 PSP). It combines the granting of stock options with the granting of phantom stock awards which entitle the holder to receive cash payments upon exercising the phantom stock. Each of the 2013 SOP and 2013 PSP making up the 2013 LTIP have been established under a stand-alone legal documentation.

2013 SOP

Under the 2013 SOP, which was approved by the Annual General Meeting of Fresenius SE & Co. KGaA on May 17, 2013, Fresenius Management SE is authorized to issue up to 8.4 million subscription rights for an amount of 8.4 million non-par value ordinary bearer shares of Fresenius SE & Co. KGaA until May 16, 2018.

Of the up to 8.4 million options, up to 1.6 million options are designated for members of the Management Board of Fresenius Management SE; up to 4.4 million options are designated for members of the management of directly or indirectly affiliated companies (except for Fresenius Medical Care) and up to 2.4 million options are designated for executive employees of Fresenius SE & Co. KGaA and its affiliated companies (except for Fresenius Medical Care).

The granting of the options shall occur in five annual tranches, each to the last Monday in July or the first Monday in December. With respect to new options, the Supervisory Board of Fresenius Management SE determines the stock options granted to members of Fresenius Management SE's Management Board, whereas the Management Board of Fresenius Management SE determines the other participants in the 2013 SOP and the stock options granted to them.

The exercise price of an option shall equal the volume-weighted average stock market price (closing price) of the non-par value ordinary bearer share of Fresenius SE & Co. KGaA in the electronic Xetra trading of Deutsche Börse AG in Frankfurt am Main, or a comparable successor system, on the last 30 calendar days prior to the respective grant date.

Options granted have an eight-year term but can be exercised only after a four-year vesting period. The exercise of options is subject to the condition precedent, in each case, that the annual success target within a four-year waiting period is achieved. The success target is achieved in each case if, after the granting of the options to the respective entitled person, either (i) the consolidated net income attributable to shareholders of Fresenius SE & Co. KGaA according to U.S. GAAP, adjusted for extraordinary effects and on a constant currency basis, has increased by at least 8% per annum in comparison to the previous year in each case within the waiting period, or (ii) – if this is not the case – the compounded annual growth rate of the consolidated net income attributable to shareholders of Fresenius SE & Co. KGaA according to U.S. GAAP, adjusted for extraordinary effects and on a constant currency basis, during the four years of the waiting period amounts to at least 8%. In the event that the success target within the four-year waiting period is not achieved for the individual years or for the compounded annual growth rate, the options issued in each case are forfeited in proportion to the non-achievement of the success target within the waiting period, i. e. by one quarter, two quarters, three quarters, or completely. The performance targets for 2013 and 2014 were met.

The adjusted net income attributable to shareholders of Fresenius SE & Co. KGaA according to U.S. GAAP (currency adjusted) and changes thereto compared to the adjusted net income according to U.S. GAAP (without currency adjustment) of the relevant comparison year shall be verified with binding effect in each case by the auditors of Fresenius SE & Co. KGaA on the basis of the audited consolidated financial statements. Upon exercise of vested options, Fresenius SE & Co. KGaA has the right to grant treasury shares in lieu of increasing capital by the issuance of new shares.

After the expiration of the waiting period, all options in respect of which the success target has been achieved may be exercised at any time outside the designated black-out periods.

2013 PSP

Fresenius SE & Co. KGaA's 2013 PSP was established in May 2013, together with the 2013 SOP. Awards of phantom stock can be granted on each stock option grant date. Phantom stock awarded under the 2013 PSP may be granted to the members of Fresenius Management SE's Management Board, the members of the management of directly or indirectly affiliated companies (except for Fresenius Medical Care) and for executive employees of Fresenius SE & Co. KGaA and its affiliated companies (except for Fresenius Medical Care).

As under the 2013 SOP, the Supervisory Board of Fresenius Management SE determines the phantom stock granted to members of Fresenius Management SE's Management Board, whereas the Management Board of Fresenius Management SE determines the other participants in the 2013 PSP and the phantom stock granted to them.

Phantom stock awards under the 2013 PSP entitle the holder to receive a cash payment. Each phantom stock award shall entitle the holder to receive the volume-weighted average stock market price (closing price) of the non-par value ordinary bearer share of Fresenius SE & Co. KGaA in the electronic Xetra trading of Deutsche Börse AG in Frankfurt am Main, or a comparable successor system, during the last three months prior to the date the phantom stock is exercised.

The exercise of phantom stock is subject to the condition precedent, in each case, that the annual success target within a four-year waiting period is achieved. The success target is achieved in each case if, after the granting of the subscription rights to the respective entitled person, either (i) the consolidated net income attributable to shareholders of Fresenius SE & Co. KGaA according to U.S. GAAP, adjusted for extraordinary effects and on a constant currency basis, has increased by at least 8% per annum in comparison to the previous year in each case within the waiting period, or (ii) – if this is not the case – the compounded annual growth rate of the consolidated net income attributable to shareholders of Fresenius SE & Co. KGaA according to U.S. GAAP, adjusted for extraordinary effects and on a constant currency basis, during the four years of the waiting period amounts to at least 8%. In the event that the success target within the four-year waiting period is not achieved for the individual years or for the compounded

annual growth rate, the phantom stock awards issued in each case are forfeited in proportion to the non-achievement of the success target within the waiting-period, i. e. by one quarter, two quarters, three quarters, or completely. The performance targets for 2013 and 2014 were met.

The adjusted net income attributable to shareholders of Fresenius SE & Co. KGaA according to U.S. GAAP (currency adjusted) and changes thereto compared to the adjusted net income according to U.S. GAAP (without currency adjustment) of the relevant comparison year shall be verified with binding effect in each case by the auditors of Fresenius SE & Co. KGaA on the basis of the audited consolidated financial statements.

After the expiration of the waiting period, all exercisable phantom stock will be deemed to be exercised and cashed out on March 1 following the end of the waiting period (or the following banking day).

Stock Option Plan 2008

During 2008, Fresenius SE adopted the 2008 Plan to grant subscription rights to members of the Management Board and executive employees of the Company and affiliated companies. Under the 2008 Plan, up to 6.2 million options could be issued, which carried the entitlement to exclusively obtain 6.2 million ordinary shares. The options granted have a seven-year term but can be exercised only after a three-year vesting period. The vesting of options granted is mandatorily subject to the condition, in each case, that the annual success target within the three-year vesting period is achieved. For each such year, the success target is achieved if the consolidated net income attributable to shareholders of Fresenius SE & Co. KGaA, adjusted for extraordinary effects, has increased by at least 8% compared to the respective adjusted net income attributable to shareholders of Fresenius SE & Co. KGaA of the previous fiscal year. For each year in which the success target has not been met, one-third of the options granted shall forfeit. The adjusted net income attributable to shareholders of Fresenius SE & Co. KGaA shall be calculated on the basis of the calculation method of the accounting principles according to U.S. GAAP. For the purposes of the 2008 Plan,

the adjusted net income attributable to shareholders of Fresenius SE & Co. KGaA is determined and will be verified with binding effect by Fresenius SE & Co. KGaA's auditor during the audit of the consolidated financial statements. The performance targets were met in all years. If all conditions are fulfilled, stock options may be exercised throughout the year with the exception of certain pre-determined black-out periods.

This stock incentive plan was replaced by the 2013 SOP. The last options were granted in 2012.

Stock Option Plan 2003

During 2003, Fresenius AG adopted the 2003 Plan for members of the Management Board and executive employees. This incentive plan which is based on convertible bonds was replaced by the 2008 Plan and no convertible bonds have been granted since 2008. Under the 2003 Plan, eligible employees have the right to acquire ordinary shares of Fresenius SE & Co. KGaA. The bonds expire in 10 years and one third of them can be exercised beginning after two, three and four years after the grant date, respectively. Upon issuance of the option, the employees had the right to choose options with or without a stock price target. In the case of options not subject to a stock price target, the number of convertible bonds awarded to the eligible employee was 15% less than if the employee elected options subject to the stock price target.

Changes of the stock option plans due to the capital increase from company's funds (stock split 2014 at a ratio of 1:3)

Compared to the existing conditions described, the following material changes to the stock option plans result from the stock split 2014 at a ratio of 1:3 coming into effect:

2013 SOP

As far as options have not yet been granted under the 2013 SOP, the total volume of not yet granted subscription rights increases in the same proportion as the subscribed capital (factor 3). The same applies to the subsets of the subscription rights that are attributable to individual groups of participants. For stock options that were granted before the stock split 2014 came into effect, the entitlement of the participants to receive new shares through the exercise of stock options increases in the same proportion as the subscribed capital (factor 3). The participants are now entitled to receive three bearer ordinary shares of Fresenius SE & Co. KGaA. The exercise price is reduced proportionally.

2013 PSP

The holders of phantom stocks, that were issued before the stock split 2014 came into effect, will be granted an economic compensation through retroactively tripling the number of phantom stocks granted before the stock split 2014 came into effect.

Stock Option Plan 2008

For stock options that were granted before the stock split 2014 came into effect, the entitlement of the participants to receive new shares through the exercise of stock options increases in the same proportion as the subscribed capital (factor 3). The participants are now entitled to receive three bearer ordinary shares of Fresenius SE & Co. KGaA. The maximum number of ordinary shares to be issued increases accordingly. The exercise price is reduced proportionally.

Stock Option Plan 2003

Convertible bonds granted prior to the registration of the resolutions of the Annual General Meeting dated December 4, 2006 with the commercial register regarding the capital increase from company's funds and the new division of the subscribed capital (stock split 2006) but converted after the stock split 2014 came into effect, now entitle participants to receive nine bearer ordinary shares of Fresenius SE & Co. KGaA per convertible bond. The maximum number of ordinary shares to be issued increases accordingly. The conversion price is reduced proportionally.

Convertible bonds granted after the registration of the stock split 2006 with the commercial register but converted after the stock split 2014 came into effect, now entitle participants to receive three bearer ordinary shares of Fresenius SE & Co. KGaA per convertible bond. The maximum number of ordinary shares to be issued increases accordingly. The conversion price is reduced proportionally.

Transactions during 2014

In 2014, Fresenius SE & Co. KGaA awarded 2,233,812 stock options under the 2013 LTIP, including 315,000 options to members of the Management Board of Fresenius Management SE, at an exercise price of €36.92, a fair value of €8.28 each and a total fair value of €18.5 million, which will be amortized over the four-year vesting period. Fresenius SE & Co. KGaA also awarded 326,592 phantom stocks under the 2013 LTIP, including 81,606 phantom stocks granted to members of the Management Board of Fresenius Management SE, at a measurement date (December 31, 2014) fair value of €41.11 each and a total fair value of €13.4 million, which will be revalued if the fair value changes, and amortized over the four-year vesting period.

During the fiscal year 2014, Fresenius SE & Co. KGaA received cash of €45 million from the exercise of 2,448,113 stock options. The average stock price of the ordinary share at the exercise date was €37.82. The intrinsic value of convertible bonds and stock options exercised in 2014 was €45 million.

1,048,413 convertible bonds were outstanding and exercisable under the 2003 Plan at December 31, 2014. The members of the Fresenius Management SE Management Board held 137,724 convertible bonds. At December 31, 2014, out of 7,594,726 outstanding stock options issued under the 2008 Plan, 4,276,591 were exercisable and 1,578,180 were held by the members of the Fresenius Management SE Management Board. 4,260,627 stock options issued under the 2013 LTIP were outstanding at December 31, 2014. The members of the Fresenius Management SE Management Board held 630,000 stock options. 644,679 phantom stocks issued under the 2013 LTIP were outstanding at December 31, 2014. The members of the Fresenius Management SE Management Board held 163,422 phantom stocks.

Stock option transactions are summarized as follows:

Ordinary shares Dec. 31	Number of options	Weighted- average exercise price in €	Number of options exercisable
Balance 2012	16,154,256	19.57	6,183,987
Granted	2,160,618	32.26	
Exercised	4,519,707	15.16	
Forfeited	305,664	21.91	
Balance 2013	13,489,503	23.06	4,657,380
Granted	2,233,812	36.92	
Exercised	2,448,113	18.29	
Forfeited	371,436	27.42	
Balance 2014	12,903,766	26.27	5,325,004

The following table provides a summary of fully vested options outstanding and exercisable for ordinary shares at December 31, 2014:

OPTIONS FOR ORDINARY SHARES

Range of exercise price in €	Options outstanding			Options exercisable		
	Number of options	Weighted-average remaining contractual life in years	Weighted-average exercise price in €	Number of options	Weighted-average remaining contractual life in years	Weighted-average exercise price in €
5.01 – 10.00	97,407	0.50	9.83	97,407	0.50	9.83
10.01 – 15.00	716,360	1.45	12.14	716,360	1.45	12.14
15.01 – 20.00	2,249,066	2.29	18.22	2,249,066	2.29	18.22
20.01 – 25.00	2,262,171	3.48	23.73	2,262,171	3.48	23.73
25.01 – 30.00	3,318,135	4.51	26.18	0		
30.01 – 35.00	2,032,815	6.63	32.27	0		
35.01 – 40.00	2,227,812	7.58	36.92	0		
	12,903,766	4.61	26.27	5,325,004	2.65	19.59

At December 31, 2014, the aggregate intrinsic value of exercisable options for ordinary shares was €126 million.

At December 31, 2014, total unrecognized compensation cost related to non-vested options granted under the 2008 Plan and the 2013 LTIP was €30 million. This cost is expected to be recognized over a weighted-average period of 2.8 years.

FRESENIUS MEDICAL CARE AG & CO. KGAA STOCK OPTION PLANS

Fresenius Medical Care AG & Co. KGaA Long Term Incentive Program 2011

On May 12, 2011, the Fresenius Medical Care AG & Co. KGaA Stock Option Plan 2011 (2011 SOP) was established by resolution of Fresenius Medical Care AG & Co. KGaA's (FMC-AG & Co. KGaA) Annual General Meeting (AGM). The 2011 SOP, together with the Phantom Stock Plan 2011, which was established by resolution of Fresenius Medical Care Management AG's (FMC Management AG) Management and Supervisory Boards, forms FMC-AG & Co. KGaA's Long Term Incentive Program 2011 (2011 Incentive Program). Under the 2011 Incentive Program, participants may be granted awards, which will consist of a combination of stock options and phantom stock. Awards under the 2011 Incentive Program will be granted over a five-year period and can be granted on the last Monday

in July and/or the first Monday in December each year. Generally, and prior to the respective grant, the participants will be able to choose how much of the granted value is granted in the form of stock options and phantom stock in a predefined range of 75:25 to 50:50, stock options vs. phantom stock. For grants made in the year 2014 and for participants not belonging to FMC Management AG's Management Board, the grant ratio was predefined at 50:50. The number of phantom shares that plan participants may choose to receive instead of stock options within the aforementioned predefined range is determined on the basis of a fair value assessment pursuant to a binomial model. With respect to grants made in July, this fair value assessment will be conducted on the day following FMC-AG & Co. KGaA's AGM and with respect to the grants made in December, on the first Monday in October. The awards under the 2011 Incentive Program are subject to a four-year vesting period. The vesting of the awards granted is subject to achievement of performance targets. The 2011 Incentive Program was established with a conditional capital increase up to €12 million subject to the issue of up to 12 million

non-par value bearer ordinary shares with a nominal value of €1.00, each of which can be exercised to obtain one ordinary share.

Members of the Management Board of FMC Management AG, members of the management boards of FMC-AG & Co. KGaA's affiliated companies and the managerial staff members of FMC-AG & Co. KGaA and of certain affiliated companies are entitled to participate in the 2011 Incentive Program. With respect to participants who are members of FMC Management AG's Management Board, FMC Management AG's Supervisory Board has sole authority to make plan interpretations, decide on certain adjustments and to grant awards under the 2011 Incentive Program. FMC Management AG has such authority with respect to all other participants in the 2011 Incentive Program.

The exercise price of stock options granted under the 2011 Incentive Program shall be the average stock exchange price on the Frankfurt Stock Exchange of FMC-AG & Co. KGaA's ordinary shares during the 30 calendar days immediately prior to each grant date. Stock options granted under the 2011 Incentive Program have an eight-year term and can be exercised only after a four-year vesting period. Stock options granted under the 2011 Incentive Program to U.S. participants are non-qualified stock options under the United States Internal Revenue Code of 1986, as amended. Options under the 2011 Incentive Program are not transferable by a participant or a participant's heirs, and may not be pledged, assigned, or disposed of otherwise.

Phantom stock under the 2011 Incentive Program entitles the holders to receive payment in euro from FMC-AG & Co. KGaA upon exercise of the phantom stock. The payment per phantom share in lieu of the issuance of such stock shall be based upon the closing stock exchange price on the Frankfurt Stock Exchange of one of FMC-AG & Co. KGaA's ordinary shares on the exercise date. Phantom stock will have a five-year term and can be exercised only after a four-year vesting period, beginning with the grant date, however a shorter period may apply for certain exceptions. For participants who are U.S. tax payers, the phantom stock is deemed to be exercised in any event in the month of March following the end of the vesting period.

Stock Option Plan 2006

The Fresenius Medical Care AG & Co. KGaA Stock Option Plan 2006 (Amended 2006 Plan) was established with a conditional capital increase up to €12.8 million subject to the issue of up to 5 million non-par value bearer ordinary shares with a nominal value of €1.00, each of which can be exercised to obtain one ordinary share. In connection with the share split affected in 2007, the principal amount was adjusted to the same proportion as the share capital out of the capital increase up to €15 million by the issue of up to 15 million new non-par value bearer ordinary shares.

After December 2010, no further grants were issued under the Amended 2006 Plan. Options granted under this plan are exercisable through December 2017.

Options granted under the Amended 2006 Plan to U.S. participants are non-qualified stock options under the United States Internal Revenue Code of 1986, as amended. Options under the Amended 2006 Plan are not transferable by a participant or a participant's heirs, and may not be pledged, assigned, or otherwise disposed of.

2001 International Stock Option Plan

Under the Fresenius Medical Care 2001 International Stock Incentive Plan (2001 Plan), options in the form of convertible bonds with a principal of up to €10.24 million were issued to the members of the Management Board and other employees of FMC-AG & Co. KGaA representing grants for up to 4 million non-voting preference shares. The convertible bonds originally had a par value of €2.56 and bear interest at a rate of 5.5%. In connection with the share split affected in 2007, the principal amount was adjusted in the same proportion as the share capital out of the capital increase and the par value of the convertible bonds was adjusted to €0.85 without affecting the interest rate.

Based on the resolution of the Annual General Meeting and the separate Meeting of the Preference Shareholders on May 16, 2013 regarding the conversion of all bearer preference shares into bearer ordinary shares, the 2001 Plan was amended accordingly. The partial amount of the capital increase which was formerly referred to as the issuance of bearer preference shares will now be referred exclusively to the issuance of bearer ordinary shares.

Effective May 2006, no further grants can be issued under the 2001 Plan and no options were granted under this plan after 2005. The outstanding options will expire before 2016.

Transactions during 2014

During 2014, FMC-AG & Co. KGaA awarded 1,677,360 options under the 2011 Incentive Program, including 273,900 stock options granted to members of the Management Board of FMC Management AG, at a weighted-average exercise price of €50.35, a weighted-average fair value of €9.13 each and a total fair value of €15 million, which will be amortized over the four-year vesting period. FMC-AG & Co. KGaA awarded 299,547 phantom stocks, including 24,950 phantom stocks granted to members of the Management Board of FMC Management AG, at a measurement date (December 31, 2014)

weighted-average fair value of €58.17 each and a total fair value of €17 million, which will be revalued if the fair value changes, and amortized over the four-year vesting period.

During 2014, FMC-AG & Co. KGaA received cash of €74 million from the exercise of stock options. The intrinsic value of convertible bonds and stock options exercised in 2014 was €36 million. FMC-AG & Co. KGaA recorded a related tax benefit of €6 million for 2014. In connection with cash-settled share-based payment transactions under the 2011 Incentive Plan, FMC-AG & Co. KGaA recognized expenses of €4 million and €3 million for the years ending December 31, 2014 and 2013, respectively.

At December 31, 2014, the Management Board members of FMC Management AG held 1,485,076 stock options and employees of FMC-AG & Co. KGaA held 7,704,555 stock options under the various stock-based compensation plans of Fresenius Medical Care.

At December 31, 2014, the Management Board members of FMC Management AG held 66,960 phantom stocks and employees of FMC-AG & Co. KGaA held 666,038 phantom stocks under the 2011 Incentive Program.

The table below provides reconciliations for options outstanding at December 31, 2014 as compared to December 31, 2013:

	Number of options in thousands	Weighted-average exercise price in €
Balance at December 31, 2013 (options for ordinary shares)	10,791	45.83
Granted	1,677	50.35
Exercised	2,109	35.17
Forfeited	1,170	51.81
Balance at December 31, 2014 (options for ordinary shares)	9,189	48.34

The following table provides a summary of fully vested options for ordinary shares outstanding and exercisable at December 31, 2014:

	Number of options in thousands	Weighted-average remaining contractual life in years	Weighted-average exercise price in €	Aggregate intrinsic value € in millions
Options for ordinary shares	2,539	1.84	37.38	62

At December 31, 2014, total unrecognized compensation cost related to non-vested options granted under all plans was €24 million. This cost is expected to be recognized over a weighted-average period of 1.95 years.

34. RELATED PARTY TRANSACTIONS

Prof. Dr. med. D. Michael Albrecht, a member of the Supervisory Board of Fresenius SE & Co. KGaA, is medical director and spokesman of the management board of the University Hospital Carl Gustav Carus Dresden and a member of the supervisory board of the University Hospital Aachen. Furthermore, he was a member of the supervisory board of the University Hospital Magdeburg until October 3, 2013 and a member of the supervisory board of the University Hospital Rostock until February 28, 2013. The Fresenius Group maintains business relations with these hospitals in the ordinary course and under customary conditions.

Prof. Dr. h. c. Roland Berger, a member of the Supervisory Board of Fresenius Management SE and of Fresenius SE & Co. KGaA, is a partner of Roland Berger Strategy Consultants Holding GmbH. In 2014, after discussion and approval by the Supervisory Board of Fresenius Management SE and Fresenius SE & Co. KGaA, the Fresenius Group paid €3.1 million to affiliated companies of the Roland Berger group for consulting services rendered (2013: €2.9 million).

Klaus-Peter Müller, a member of the Supervisory Board of Fresenius Management SE and of Fresenius SE & Co. KGaA, is the chairman of the supervisory board of Commerzbank AG. The Fresenius Group maintains business relations with Commerzbank under customary conditions. In 2014, the Fresenius Group paid in aggregate €1.1 million to Commerzbank for financing commitments, in connection with Senior Notes issuances and a capital increase from company's funds (stock split) (2013: €1.4 million).

Dr. Gerhard Rupprecht, who died in an accident in August 2014, was a member of the Supervisory Boards of Fresenius Management SE and of Fresenius SE & Co. KGaA as well as of the administrative board of Allianz France SA. In 2014, the Fresenius Group paid €11.6 million (2013: €5.3 million) for insurance premiums to the Allianz group under customary conditions.

Dr. Dieter Schenk, deputy chairman of the Supervisory Board of Fresenius Management SE, is a partner in the international law firm Noerr LLP, which provides legal services to the Fresenius Group. In 2014, after discussion and approval

of each mandate by the Supervisory Board of Fresenius Management SE, the Fresenius Group paid or processed for payment in December 2014 about €1.8 million to this law firm for legal services rendered (2013: €1.5 million). Not included in the amount paid or processed for payment are such payments made in the fiscal year 2014 that had already been processed for payment in 2013 and have therefore already been reported for the fiscal year 2013.

In 2014, €11 million (2013: €9 million) were paid to Fresenius Management SE as compensation for the Management Board and the Supervisory Board, general partners' fees and other reimbursements of out-of pocket expenses. At December 31, 2014, there were outstanding liabilities payable to Fresenius Management SE in the amount of €22 million (December 31, 2013: €21 million), consisting mainly of pension obligations.

The payments mentioned in this note are net amounts. In addition, VAT and insurance tax were paid.

35. SUBSEQUENT EVENTS

Fresenius announced on January 12, 2015, that its pharmaceutical manufacturing facility in Grand Island, N.Y., has achieved the upgraded status of "voluntary action indicated" (VAI) following an October 2014 inspection. The status change is an improvement from the "official action indicated" status the facility had been operating under. The new VAI classification permits FDA approval of new Fresenius Kabi products at the plant.

On February 12, 2015, Fresenius SE & Co. KGaA refinanced the revolving credit facilities and the term loan A tranches under the 2013 Senior Credit Agreement in a total amount of €3,044 million. The maturity was extended by two years to June 28, 2020.

On February 16, 2015, Fresenius Kabi has sold its German subsidiary CFL GmbH to NewCo Pharma GmbH. Fresenius Kabi will remain active in compounding. In Germany, the focus will be on parenteral nutrition products. In 2014, CFL GmbH had sales of €77 million.

There have been no significant changes in the Fresenius Group's operating environment following the end of the fiscal year 2014 until February 24, 2015. No other events of material importance on the assets and liabilities, financial position, and results of operations of the Group have occurred following the end of the fiscal year.

NOTES IN ACCORDANCE WITH THE GERMAN COMMERCIAL CODE (HGB)

36. COMPENSATION OF THE MANAGEMENT BOARD AND THE SUPERVISORY BOARD

Individualized information regarding the compensation of the members of the Management Board and of the Supervisory Board is disclosed in the audited Compensation Report (see page 23 ff.), which is part of the Management Report.

The compensation of the Management Board is, as a whole, performance-based and was composed of three elements in the fiscal year 2014:

- ▶ non-performance-based compensation (fixed compensation and fringe benefits)
- ▶ short-term performance-based compensation (one-year variable compensation)
- ▶ components with long-term incentive effects (several-year variable compensation comprising stock options, share-based compensation with cash settlement (phantom stocks) and postponed payments of the one-year variable compensation)

The cash compensation paid to the Management Board for the performance of its responsibilities was €11,462 thousand (2013: €11,044 thousand). Thereof, €5,016 thousand (2013: €5,044 thousand) is not performance-based and €6,446 thousand (2013: €6,000 thousand) is performance-based. The amount of the performance-based compensation depends on the achievement of targets relating to the net income of the Fresenius Group and business segments. As a long-term incentive component, the members of the Management Board

received 315,000 stock options under the Fresenius SE & Co. KGaA Stock Option Plan 2013 and 74,700 stock options under the Fresenius Medical Care AG & Co. KGaA Stock Option Plan 2011 and a share-based compensation with cash settlement in an amount of €3,743 thousand.

The payment of a part of the performance-based compensation in an amount of €271 thousand was postponed by two years as a long-term incentive component. The payment depends on the achievement of targets relating to the net income attributable to shareholders of Fresenius SE & Co. KGaA of the years 2015 and 2016. The total compensation of the Management Board was €18,759 thousand (2013: €18,407 thousand).

The total compensation paid to the Supervisory Boards of Fresenius SE & Co. KGaA and Fresenius Management SE and their committees was €2,961 thousand in 2014 (2013: €2,920 thousand). Of this amount, €206 thousand was fixed compensation (2013: €213 thousand), €100 thousand was compensation for committees services (2013: €100 thousand), and €2,655 thousand was variable compensation (2013: €2,607 thousand).

In 2014, based on pension commitments to former members of the Management Board, €1,049 thousand (2013: €1,064 thousand) was paid. The pension obligation for these persons amounted to €18,465 thousand in 2014 (2013: €17,389 thousand).

In the fiscal years 2014 and 2013, no loans or advance payments of future compensation components were made to members of the Management Board of Fresenius Management SE.

37. AUDITOR'S FEES

In 2014 and 2013, fees for the auditor KPMG AG Wirtschaftsprüfungsgesellschaft were expensed as follows:

€ in millions	2014		2013	
	Total	Germany	Total	Germany
Audit fees	16	6	15	5
Audit-related fees	1	1	2	1
Tax consulting fees	1	0	1	–
Other fees	6	6	4	4
Total auditor's fees	24	13	22	10

The leading auditor has been responsible for the audit of the consolidated financial statements since 2012.

38. CORPORATE GOVERNANCE

For each consolidated stock exchange listed entity, the declaration pursuant to Section 161 of the German Stock Corporation Act (Aktiengesetz) has been issued and made available to shareholders on the website of Fresenius SE & Co. KGaA (www.fresenius.com), and of Fresenius Medical Care AG & Co. KGaA (www.freseniusmedicalcare.com).

39. PROPOSAL FOR THE DISTRIBUTION OF EARNINGS

The general partner and the Supervisory Board of Fresenius SE & Co. KGaA propose to the Annual General Meeting that the earnings for 2014 of Fresenius SE & Co. KGaA are distributed as follows:

in €	
Payment of a dividend of €0.44 per bearer ordinary share on the 541,532,600 ordinary shares entitled to dividend	238,274,344.00
Balance to be carried forward	942,025.95
Retained earnings	239,216,369.95

40. RESPONSIBILITY STATEMENT

"To the best of our knowledge, and in accordance with the applicable reporting principles, the consolidated financial statements give a true and fair view of the assets, liabilities, financial position and profit or loss of the Group, and the

Group management report includes a fair review of the development and performance of the business and the position of the Group, together with a description of the principal opportunities and risks associated with the expected development of the Group."

Bad Homburg v. d. H., February 24, 2015

Fresenius SE & Co. KGaA,
represented by:
Fresenius Management SE, its general partner

The Management Board



Dr. U. M. Schneider



Dr. F. De Meo



Dr. J. Götz



M. Henriksson



R. Powell



S. Sturm



Dr. E. Wastler

AUDITOR'S REPORT

To the Fresenius SE & Co. KGaA

We have audited the consolidated financial statements prepared by the Fresenius SE & Co. KGaA, Bad Homburg v. d. Höhe, comprising the consolidated statement of income, the consolidated statement of comprehensive income, the consolidated statement of financial position, the consolidated statement of cash flows, the consolidated statement of changes in equity and the notes to the consolidated financial statements for the business year from January 1 to December 31, 2014. The preparation of the consolidated financial statements in accordance with Accounting Principles Generally Accepted in the United States of America (U.S. GAAP) is the responsibility of the legal representative of the Company. Our responsibility is to express an opinion on the consolidated financial statements based on our audit. In addition, we have been engaged to express an opinion as to whether the voluntarily prepared group management report is in agreement with the group management report of Fresenius SE & Co. KGaA, Bad Homburg v. d. Höhe, prepared in accordance with § 290 and § 315 HGB [Handelsgesetzbuch "German Commercial Code"] apart from appropriate incorporation of U.S. GAAP financial data.

We conducted our audit of the consolidated financial statements in accordance with § 317 HGB and German generally accepted standards for the audit of financial statements promulgated by the Institut der Wirtschaftsprüfer (IDW). Those standards require that we plan and perform the audit such that misstatements materially affecting the presentation of the net assets, financial position and results of operations in the consolidated financial statements in accordance with the applicable financial reporting framework and in the group management report are detected with reasonable assurance.

Frankfurt am Main, February 24, 2015

KPMG AG
Wirtschaftsprüfungsgesellschaft



Rohrbach
German Public Auditor



Walter
German Public Auditor

Knowledge of the business activities and the economic and legal environment of the Group and expectations as to possible misstatements are taken into account in the determination of audit procedures. The effectiveness of the accounting-related internal control system and the evidence supporting the disclosures in the consolidated financial statements and the group management report are examined primarily on a test basis within the framework of the audit. The audit includes assessing the annual financial statements of those entities included in consolidation, the determination of entities to be included in consolidation, the accounting and consolidation principles used and significant estimates made by the legal representative, as well as evaluating the overall presentation of the consolidated financial statements. We believe that our audit provides a reasonable basis for our opinion.

Our audit has not led to any reservations.

In our opinion, based on the findings of our audit, the consolidated financial statements comply with U.S. GAAP and give a true and fair view of the net assets, financial position and results of operations of the Group in accordance with these requirements. The voluntarily prepared group management report is consistent with the consolidated financial statements prepared in accordance with U.S. GAAP and is, apart from appropriate incorporation of U.S. GAAP financial data, in agreement with the group management report of Fresenius SE & Co. KGaA prepared in accordance with § 290 and § 315 HGB, on which we issued an unqualified statutory audit opinion. Based on this, the group management report as a whole provides a suitable view of the Group's position and suitably presents the opportunities and risks of future development.

Consolidated Financial Statements of Fresenius SE & Co. KGaA for 2013 (U.S. GAAP)

FRESENIUS SE & CO. KGAA

CONSOLIDATED STATEMENT OF INCOME

€ in millions	Note	2013	2012
Sales	4	20,331	19,290
Cost of sales	5	-13,948	-13,002
Gross profit		6,383	6,288
Selling, general and administrative expenses	8	-3,044	-3,000
Research and development expenses		-348	-305
Operating income (EBIT)		2,991	2,983
Investment gain	9	0	109
Interest income	10	50	54
Interest expenses	10	-634	-720
Other financial result	11	0	-35
Financial result		-584	-592
Income before income taxes		2,407	2,391
Income taxes	12	-669	-659
Net income		1,738	1,732
Less noncontrolling interest	25	727	806
Net income attributable to shareholders of Fresenius SE & Co. KGaA		1,011	926
Earnings per ordinary share in €	13	5.66	5.35
Fully diluted earnings per ordinary share in €	13	5.62	5.29

The following notes are an integral part of the consolidated financial statements.

FRESENIUS SE & CO. KGAA

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

€ in millions	Note	2013	2012
Net income		1,738	1,732
Other comprehensive income (loss)			
Foreign currency translation	27, 29	-581	-164
Cash flow hedges	27, 29	35	41
Change of fair value of available for sale financial assets	27, 29	41	-9
Actuarial gains/losses on defined benefit pension plans	24, 27	37	-160
Income taxes related to components of other comprehensive income (loss)	27	-23	31
Other comprehensive loss, net		-491	-261
Total comprehensive income		1,247	1,471
Comprehensive income attributable to noncontrolling interest subject to put provisions		65	66
Comprehensive income attributable to noncontrolling interest not subject to put provisions		394	621
Comprehensive income attributable to shareholders of Fresenius SE & Co. KGaA		788	784

The following notes are an integral part of the consolidated financial statements.

FRESENIUS SE & CO. KGAA

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

ASSETS

as of December 31, € in millions

	Note	2013	2012
Cash and cash equivalents	14	864	885
Trade accounts receivable, less allowance for doubtful accounts	15	3,474	3,650
Accounts receivable from and loans to related parties		28	18
Inventories	16	2,014	1,840
Other current assets	17	1,261	1,349
Deferred taxes	12	331	371
I. Total current assets		7,972	8,113
Property, plant and equipment	18	5,082	4,918
Goodwill	19	14,826	15,014
Other intangible assets	19	1,241	1,284
Other non-current assets	17	3,433	1,111
Deferred taxes	12	204	224
II. Total non-current assets		24,786	22,551
Total assets		32,758	30,664

LIABILITIES AND SHAREHOLDERS' EQUITY

as of December 31, € in millions

	Note	2013	2012
Trade accounts payable		885	961
Short-term accounts payable to related parties		2	2
Short-term accrued expenses and other short-term liabilities	20, 21	3,057	3,211
Short-term debt	22	959	205
Short-term loans from related parties		6	4
Current portion of long-term debt and capital lease obligations	22	855	519
Short-term accruals for income taxes		211	230
Deferred taxes	12	48	66
A. Total short-term liabilities		6,023	5,198
Long-term debt and capital lease obligations, less current portion	22	5,871	4,436
Senior Notes	23	5,113	5,864
Long-term accrued expenses and other long-term liabilities	20, 21	434	410
Pension liabilities	24	714	705
Long-term accruals for income taxes		180	213
Deferred taxes	12	691	682
B. Total long-term liabilities		13,003	12,310
I. Total liabilities		19,026	17,508
II. Noncontrolling interest subject to put provisions	25	472	398
A. Noncontrolling interest not subject to put provisions	25	5,065	5,125
Subscribed capital	26	180	178
Capital reserve	26	3,314	3,225
Other reserves	26	5,052	4,358
Accumulated other comprehensive loss	27	-351	-128
B. Total Fresenius SE & Co. KGaA shareholders' equity		8,195	7,633
III. Total shareholders' equity		13,260	12,758
Total liabilities and shareholders' equity		32,758	30,664

The following notes are an integral part of the consolidated financial statements.

FRESENIUS SE & CO. KGAA

CONSOLIDATED STATEMENT OF CASH FLOWS

January 1 to December 31, € in millions

	Note	2013	2012
Operating activities			
Net income		1,738	1,732
Adjustments to reconcile net income to cash and cash equivalents provided by operating activities			
Depreciation and amortization	17, 18, 19	843	776
Gain on sale of investments and divestitures	2	-55	0
Change in deferred taxes	12	2	-22
Gain/loss on sale of fixed assets		-14	11
Changes in assets and liabilities, net of amounts from businesses acquired or disposed of			
Trade accounts receivable, net	15	18	-193
Inventories	16	-268	-37
Other current and non-current assets	17	78	-68
Accounts receivable from/payable to related parties		-8	-23
Trade accounts payable, accrued expenses and other short-term and long-term liabilities		48	284
Accruals for income taxes		-62	-22
Net cash provided by operating activities		2,320	2,438
Investing activities			
Purchase of property, plant and equipment		-1,071	-970
Proceeds from sales of property, plant and equipment		24	18
Acquisitions and investments, net of cash acquired and net purchases of intangible assets	2, 31	-2,703	-2,500
Proceeds from sale of investments and divestitures		147	201
Net cash used in investing activities		-3,603	-3,251
Financing activities			
Proceeds from short-term loans	22	1,088	161
Repayments of short-term loans	22	-319	-168
Proceeds from short-term loans from related parties		-	-
Repayments of short-term loans from related parties		-	-
Proceeds from long-term debt and capital lease obligations	22	3,810	2,937
Repayments of long-term debt and capital lease obligations	22	-2,042	-3,881
Proceeds from the issuance of bearer ordinary shares	26	0	1,014
Payments of additional costs of the capital increase	26	0	-16
Proceeds from the issuance of Senior Notes	23	500	1,755
Repayments of liabilities from Senior Notes	23	-1,150	0
Payments for the share buy-back program of Fresenius Medical Care	26	-385	0
Changes of accounts receivable securitization program	22	142	-290
Proceeds from the exercise of stock options	33	152	140
Dividends paid		-491	-446
Change in noncontrolling interest	25	-2	-131
Exchange rate effect due to corporate financing		2	-
Net cash provided by financing activities		1,305	1,075
Effect of exchange rate changes on cash and cash equivalents		-43	-12
Net increase/decrease in cash and cash equivalents		-21	250
Cash and cash equivalents at the beginning of the reporting period	14	885	635
Cash and cash equivalents at the end of the reporting period	14	864	885

The following notes are an integral part of the consolidated financial statements.

FRESENIUS SE & CO. KGAA

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

		Subscribed Capital			Reserves	
	Note	Number of ordinary shares in thousand	Amount € in thousands	Amount € in millions	Capital reserve € in millions	Other reserves € in millions
As of December 31, 2011		163,237	163,237	163	2,136	3,658
Issuance of bearer ordinary shares	26	13,800	13,800	14	989	
Proceeds from the exercise of stock options	33	1,151	1,151	1	74	
Compensation expense related to stock options	33				22	
Dividends paid	26					-155
Purchase of noncontrolling interest not subject to put provisions	25					
Purchase of ordinary shares of Fresenius Medical Care AG & Co. KGaA	2					-71
Change in fair value of noncontrolling interest subject to put provisions	25				4	
Comprehensive income (loss)						
Net income						926
Other comprehensive income (loss)						
Cash flow hedges	27, 29					
Change of fair value of available for sale financial assets	27, 29					
Foreign currency translation	27, 29					
Actuarial losses on defined benefit pension plans	24, 27					
Comprehensive income (loss)						926
As of December 31, 2012		178,188	178,188	178	3,225	4,358
Proceeds from the exercise of stock options	33	1,507	1,507	2	93	
Compensation expense related to stock options	33				21	
Dividends paid	26					-196
Purchase of noncontrolling interest not subject to put provisions	25					
Share buy-back program of Fresenius Medical Care AG & Co. KGaA	26					-121
Change in fair value of noncontrolling interest subject to put provisions	25				-25	
Comprehensive income (loss)						
Net income						1,011
Other comprehensive income (loss)						
Cash flow hedges	27, 29					
Change of fair value of available for sale financial assets	27, 29					
Foreign currency translation	27, 29					
Actuarial gains on defined benefit pension plans	24, 27					
Comprehensive income (loss)						1,011
As of December 31, 2013		179,695	179,695	180	3,314	5,052

	Note	Accumulated other com- prehensive income (loss) € in millions	Total Fresenius SE & Co. KGaA shareholders' equity € in millions	Noncontrolling interest not subject to put provisions € in millions	Total shareholders' equity € in millions
As of December 31, 2011		14	5,971	4,606	10,577
Issuance of bearer ordinary shares	26		1,003	0	1,003
Proceeds from the exercise of stock options	33		75	65	140
Compensation expense related to stock options	33		22	14	36
Dividends paid	26		-155	-204	-359
Purchase of noncontrolling interest not subject to put provisions	25		0	56	56
Purchase of ordinary shares of Fresenius Medical Care AG & Co. KGaA	2		-71	-43	-114
Change in fair value of noncontrolling interest subject to put provisions	25		4	10	14
Comprehensive income (loss)					
Net income			926	734	1,660
Other comprehensive income (loss)					
Cash flow hedges	27, 29	23	23	-1	22
Change of fair value of available for sale financial assets	27, 29	-9	-9	-	-9
Foreign currency translation	27, 29	-80	-80	-76	-156
Actuarial losses on defined benefit pension plans	24, 27	-76	-76	-36	-112
Comprehensive income (loss)		-142	784	621	1,405
As of December 31, 2012		-128	7,633	5,125	12,758
Proceeds from the exercise of stock options	33		95	57	152
Compensation expense related to stock options	33		21	7	28
Dividends paid	26		-196	-206	-402
Purchase of noncontrolling interest not subject to put provisions	25		0	6	6
Share buy-back program of Fresenius Medical Care AG & Co. KGaA	26		-121	-264	-385
Change in fair value of noncontrolling interest subject to put provisions	25		-25	-54	-79
Comprehensive income (loss)					
Net income			1,011	645	1,656
Other comprehensive income (loss)					
Cash flow hedges	27, 29	15	15	12	27
Change of fair value of available for sale financial assets	27, 29	34	34	-	34
Foreign currency translation	27, 29	-267	-267	-286	-553
Actuarial gains on defined benefit pension plans	24, 27	-5	-5	23	18
Comprehensive income (loss)		-223	788	394	1,182
As of December 31, 2013		-351	8,195	5,065	13,260

The following notes are an integral part of the consolidated financial statements.

FRESENIUS SE & CO. KGAA

CONSOLIDATED SEGMENT REPORTING

BY BUSINESS SEGMENT

€ in millions	Fresenius Medical Care			Fresenius Kabi		
	2013	2012 ¹	Change	2013 ²	2012	Change
Sales	11,000	10,741	2%	4,996	4,539	10%
thereof contribution to consolidated sales	10,978	10,724	2%	4,956	4,489	10%
thereof intercompany sales	22	17	29%	40	50	-20%
contribution to consolidated sales	54%	56%		24%	23%	
EBITDA	2,187	2,282	-4%	1,143	1,101	4%
Depreciation and amortization	488	469	4%	217	167	30%
EBIT	1,699	1,813	-6%	926	934	-1%
Net interest	-308	-332	7%	-236	-286	17%
Income taxes	-446	-502	11%	-178	-166	-7%
Net income attributable to shareholders of Fresenius SE & Co. KGaA	836	870	-4%	487	444	10%
Operating cash flow	1,532	1,587	-3%	488	596	-18%
Cash flow before acquisitions and dividends	984	1,069	-8%	177	357	-50%
Total assets	16,764	16,921	-1%	8,598	8,662	-1%
Debt	6,103	6,290	-3%	4,735	4,964	-5%
Capital expenditure, gross	563	526	7%	317	276	15%
Acquisitions, gross/investments	424	1,408	-70%	131	877	-85%
Research and development expenses	95	87	9%	250	194	29%
Employees (per capita on balance sheet date)	95,637	90,866	5%	31,961	30,214	6%
Key figures						
EBITDA margin	19.9%	21.2%		22.9%	24.3%	
EBIT margin	15.4%	16.9%		18.5%	20.6%	
Depreciation and amortization in % of sales	4.4%	4.4%		4.3%	3.7%	
Operating cash flow in % of sales	13.9%	14.8%		9.8%	13.1%	
ROOA	10.5%	11.4%		11.9%	12.3%	

¹ Excluding special items from the acquisition of Liberty Dialysis Holdings, Inc., from the renegotiation of the Venofer contract and the donation to the American Society of Nephrology

² Excluding one-time integration costs of Fenwal Holdings, Inc.

³ Including one-time integration costs of Fenwal Holdings, Inc.

⁴ Including one-time costs related to the takeover offer to the shareholders of Rhön-Klinikum AG and special items from the acquisition of Liberty Dialysis Holdings, Inc.,

from the renegotiation of the Venofer contract and the donation to the American Society of Nephrology

⁵ The underlying pro forma EBIT does not include one-time integration costs of Fenwal Holdings, Inc.

⁶ Before one-time costs related to the takeover offer to the shareholders of Rhön-Klinikum AG, special items from the renegotiation of the Venofer contract and the donation to the American Society of Nephrology

⁷ The underlying pro forma EBIT does not include one-time costs related to the takeover offer to the shareholders of Rhön-Klinikum AG, special items from the renegotiation of the Venofer contract and the donation to the American Society of Nephrology.

BY REGION

€ in millions	Europe			North America		
	2013	2012	Change	2013	2012	Change
Sales	8,216	7,797	5%	8,620	8,144	6%
contribution to consolidated sales	40%	40%		42%	42%	
EBIT	823	746	10%	1,667	1,700	-2%
Depreciation and amortization	370	357	4%	377	328	15%
Total assets	13,529	11,089	22%	15,833	16,424	-4%
Capital expenditure, gross	519	532	-2%	372	326	14%
Acquisitions, gross/investments	2,257	914	147%	347	2,238	-84%
Employees (per capita on balance sheet date)	85,706	81,777	5%	60,600	58,264	4%

Fresenius Helios			Fresenius Vamed			Corporate/Other			Fresenius Group		
2013	2012	Change	2013	2012	Change	2013 ³	2012 ⁴	Change	2013	2012	Change
3,393	3,200	6%	1,020	846	21%	-78	-36	-117%	20,331	19,290	5%
3,393	3,200	6%	987	846	17%	17	31	-45%	20,331	19,290	5%
0	0		33	–	--	-95	-67	-42%	0	0	
17%	17%		5%	4%		0%	0%		100%	100%	
508	432	18%	65	59	10%	-69	-115	40%	3,834	3,759	2%
118	110	7%	10	8	25%	10	22	-55%	843	776	9%
390	322	21%	55	51	8%	-79	-137	42%	2,991	2,983	0%
-48	-67	28%	-3	-1	-200%	11	20	-45%	-584	-666	12%
-60	-42	-43%	-14	-14	0%	29	65	-55%	-669	-659	-2%
275	203	35%	37	35	6%	-624	-626	0%	1,011	926	9%
258	240	8%	31	35	-11%	11	-20	155%	2,320	2,438	-5%
91	69	32%	20	24	-17%	1	-33	103%	1,273	1,486	-14%
6,597	4,408	50%	726	676	7%	73	-3	--	32,758	30,664	7%
3,538	1,293	174%	117	74	58%	-1,689	-1,593	-6%	12,804	11,028	16%
172	180	-4%	11	11	0%	10	14	-29%	1,073	1,007	7%
2,185	579	--	16	44	-64%	-2	264	-101%	2,754	3,172	-13%
–	–	--	0	0		3	24	-88%	348	305	14%
42,913	42,881	0%	7,010	4,432	58%	816	931	-12%	178,337	169,324	5%
15.0%	13.5%		6.4%	7.0%					19.1% ²	20.0% ⁶	
11.5%	10.1%		5.4%	6.0%					15.0% ²	15.9% ⁶	
3.5%	3.4%		1.0%	0.9%					4.1%	4.0%	
7.6%	7.5%		3.0%	4.1%					11.4%	12.6%	
9.3%	8.2%		11.6%	12.8%					10.6% ⁵	11.0% ⁷	

The consolidated segment reporting by business segment is an integral part of the notes.
The following notes are an integral part of the consolidated financial statements.

Asia-Pacific			Latin America			Africa			Fresenius Group		
2013	2012	Change	2013	2012	Change	2013	2012	Change	2013	2012	Change
1,945	1,899	2%	1,174	1,126	4%	376	324	16%	20,331	19,290	5%
10%	10%		6%	6%		2%	2%		100%	100%	
296	321	-8%	159	158	1%	46	58	-21%	2,991	2,983	0%
56	52	8%	35	33	6%	5	6	-17%	846	776	9%
2,305	2,085	11%	950	929	2%	141	137	3%	32,758	30,664	7%
111	83	34%	62	59	5%	9	7	29%	1,073	1,007	7%
126	11	--	21	9	133%	3	–	--	2,754	3,172	-13%
15,859	14,315	11%	14,474	13,485	7%	1,698	1,483	14%	178,337	169,324	5%

The consolidated segment reporting by region is an integral part of the notes.
The following notes are an integral part of the consolidated financial statements.

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GENERAL NOTES

1. PRINCIPLES

I. GROUP STRUCTURE

Fresenius is a global health care group with products and services for dialysis, hospitals and outpatient medical care. In addition, the Fresenius Group focuses on hospital operations and also manages projects and provides services for hospitals and other health care facilities worldwide. Besides the activities of the parent company Fresenius SE & Co. KGaA, Bad Homburg v. d. H., the operating activities were split into the following legally independent business segments (subgroups) in the fiscal year 2013:

- ▶ Fresenius Medical Care
- ▶ Fresenius Kabi
- ▶ Fresenius Helios
- ▶ Fresenius Vamed

Fresenius Medical Care is the world's leading provider of services and products for patients with chronic kidney failure. As of December 31, 2013, Fresenius Medical Care was treating 270,122 patients in 3,250 dialysis clinics.

Fresenius Kabi offers infusion therapies, intravenously administered generic drugs and clinical nutrition for seriously and chronically ill patients in the hospital and outpatient environments. The company is also a leading supplier of medical devices and transfusion technology products.

Fresenius Helios is Germany's largest hospital operator. At December 31, 2013, Fresenius Helios owned 74 hospitals, thereof 51 acute care clinics including 6 maximum care hospitals in Berlin-Buch, Duisburg, Erfurt, Krefeld, Schwerin and Wuppertal and 23 post-acute care clinics. Fresenius Helios treats more than 2.9 million patients per year, thereof more than 780,000 inpatients, and operates more than 23,000 beds.

Fresenius Vamed manages projects and provides services for hospitals and other health care facilities worldwide.

Fresenius SE & Co. KGaA owned 31.31% of the subscribed capital of Fresenius Medical Care AG & Co. KGaA (FMC-AG & Co. KGaA) at the end of the fiscal year 2013. Fresenius Medical Care Management AG, the general partner of FMC-AG & Co. KGaA, is a wholly owned subsidiary of Fresenius SE & Co. KGaA. Therefore, FMC-AG & Co. KGaA is fully consolidated in the consolidated financial statements of the Fresenius Group. Fresenius SE & Co. KGaA continued to hold 100% of the management companies of the business segments Fresenius Kabi (Fresenius Kabi AG) as well as Fresenius Helios and Fresenius Vamed (both held through Fresenius ProServe GmbH) on December 31, 2013. Through Fresenius ProServe GmbH, Fresenius SE & Co. KGaA holds 100% in HELIOS Kliniken GmbH and a 77% stake in VAMED AG. In addition, Fresenius SE & Co. KGaA holds interests in companies with holding functions regarding real estate, financing and insurance, as well as in Fresenius Netcare GmbH which offers services in the field of information technology.

The reporting currency in the Fresenius Group is the euro. In order to make the presentation clearer, amounts are mostly shown in million euros. Amounts under €1 million after rounding are marked with "–".

II. BASIS OF PRESENTATION

The accompanying consolidated financial statements have been prepared in accordance with the United States Generally Accepted Accounting Principles (U.S. GAAP).

Fresenius SE & Co. KGaA, as a stock exchange listed company with a domicile in a member state of the European Union, fulfills the obligation to prepare and publish the consolidated financial statements in accordance with the International Financial Reporting Standards (IFRS) applying Section 315a of the German Commercial Code (HGB). Simultaneously, the Fresenius Group voluntarily prepares and publishes the consolidated financial statements in accordance with U.S. GAAP.

In order to improve readability, various items are aggregated in the consolidated statement of financial position and in the consolidated statement of income. These items are shown separately in the notes to provide useful information to the readers of the consolidated financial statements.

The consolidated statement of financial position is classified on the basis of the maturity of assets and liabilities; the consolidated statement of income is classified using the cost-of-sales accounting format.

III. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a) Principles of consolidation

The financial statements of consolidated entities have been prepared using uniform accounting methods.

Capital consolidation is performed by offsetting investments in subsidiaries against the underlying revaluated equity at the date of acquisition. The identifiable assets and liabilities of subsidiaries as well as the noncontrolling interest are recognized at their fair values. Any remaining debit balance between the investments in subsidiaries plus the noncontrolling interest and the revaluated equity is recognized as goodwill and is tested at least once a year for impairment.

Associated companies (over which Fresenius SE & Co. KGaA has significant exercisable influence, even when it holds 50% or less of the common stock of the company) are consolidated using the equity method. Investments that are not classified as in associated companies are recorded at acquisition costs or at fair value, respectively.

All significant intercompany sales, expenses, income, receivables and payables are eliminated. Profits and losses on items of property, plant and equipment and inventory acquired from other Group entities are also eliminated. Deferred tax assets and liabilities are recognized on temporary differences resulting from consolidation procedures.

Noncontrolling interest subject to put provisions is recognized between liabilities and equity in the consolidated statement of financial position. Noncontrolling interest not subject to put provisions is comprised of the interest of noncontrolling shareholders in the consolidated equity of Group entities. Profits and losses attributable to the noncontrolling shareholders are separately disclosed in the consolidated statement of income. Noncontrolling interest not subject to put provisions of acquired entities is valued at fair value.

b) Composition of the Group

The consolidated financial statements include all material companies in which Fresenius SE & Co. KGaA has legal or effective control. This includes variable interest entities (VIEs) for which the Fresenius Group is deemed the primary beneficiary.

Fresenius Medical Care has entered into various arrangements with certain dialysis clinics and a dialysis product distributor to provide management services, financing and product supply. The dialysis clinics and the dialysis product distributor have either negative equity or are unable to provide their own funding for their operations. Therefore, Fresenius Medical Care has agreed to fund their operations through loans.

The compensation for the funding can carry interest, exclusive product supply agreements or entitle Fresenius Medical Care to a prorata share of profits, if any. Fresenius Medical Care has a right of first refusal in the event the owners sell the business or assets. These clinics and the dialysis product distributor are VIEs, in which Fresenius Medical Care has been determined to be the primary beneficiary and which therefore have been fully consolidated. They generated approximately €153 million (US\$203 million) and €160 million (US\$206 million) in sales in 2013 and 2012, respectively. Fresenius Medical Care provided funding to these VIEs through loans and accounts receivable of €109 million (US\$150 million) and €111 million (US\$147 million) in 2013 and 2012, respectively. Relating to the VIEs, in 2013, Fresenius Medical Care consolidated assets in an amount of €160 million (US\$221 million), liabilities in an amount of €107 million (US\$147 million) and €54 million (US\$74 million) in equity. In 2012, €163 million (US\$215 million) assets, €103 million (US\$136 million) liabilities and €60 million (US\$79 million) equity were consolidated. The interest held by the other shareholders in the consolidated VIEs is reported as noncontrolling interest in the consolidated statement of financial position.

Fresenius Vamed participates in long-term project entities which are set up for long-term defined periods of time and for the specific purpose of constructing and operating thermal centers. Some of these project entities qualify as VIEs, in which Fresenius Vamed is not the primary beneficiary based on the cash flow analysis of the involved parties. The project entities generated approximately €88 million in sales in 2013 (2012: €86 million). The VIEs finance themselves mainly through debt, profit participation rights and investment grants.

Assets and liabilities relating to the VIEs are not material. Fresenius Vamed made no payments to the VIEs other than contractually stipulated. From today's perspective and due to the contractual situation, Fresenius Vamed is not exposed to any material risk of loss from these VIEs.

The consolidated financial statements of 2013 included, in addition to Fresenius SE & Co. KGaA, 1,863 companies and 27 companies were accounted for under the equity method. In 2013, there were no material changes in the scope of consolidated entities.

The complete list of the investments of Fresenius SE & Co. KGaA, registered office in 61352 Bad Homburg v. d. H., Else-Kröner-Straße 1, will be submitted to the electronic Federal Gazette and the electronic companies register.

In 2013, the following fully consolidated German subsidiaries of the Fresenius Group applied the exemption provided in Sections 264 (3) and 264b, respectively, of the German Commercial Code (HGB):

Name of the company	Registered office
Corporate/Other	
Fresenius Biotech Beteiligungs GmbH	Bad Homburg v. d. H.
Fresenius Immobilien-Verwaltungs-GmbH & Co. Objekt Friedberg KG	Bad Homburg v. d. H.
Fresenius Immobilien-Verwaltungs-GmbH & Co. Objekt St. Wendel KG	Bad Homburg v. d. H.
Fresenius Immobilien-Verwaltungs-GmbH & Co. Objekt Schweinfurt KG	Bad Homburg v. d. H.
Fresenius Netcare GmbH	Bad Homburg v. d. H.
Fresenius ProServe GmbH	Bad Homburg v. d. H.
FPS Beteiligungs AG	Düsseldorf
FPS Immobilien Verwaltungs GmbH & Co. Reichenbach KG	Bad Homburg v. d. H.
ProServe Krankenhaus Beteiligungs-gesellschaft mbH & Co. KG	München
ProServe Zweite Krankenhaus Beteiligungsgesellschaft mbH & Co. KG	München
Fresenius Kabi	
CFL GmbH	Frankfurt am Main
Fresenius Kabi AG	Bad Homburg v. d. H.
Fresenius Kabi Deutschland GmbH	Bad Homburg v. d. H.
Hosped GmbH	Friedberg
Rheinische Compounding GmbH	Bonn
V. Krütten Medizinische Einmalgeräte GmbH	Idstein

Name of the company	Registered office
Fresenius Helios	
Akademie Damp GmbH i. L.	Damp
Betriebsführungsgesellschaft Schloß Schönhagen GmbH	Schönhagen
Damp Diagnostik und Physio Holding GmbH	Hamburg
Damp Holding GmbH	Damp
Gesundheitszentrum Buch GmbH	Berlin
HELIOS Agnes-Karll-Krankenhaus GmbH	Bad Schwartau
HELIOS Care GmbH	Berlin
HELIOS Gesundheitsmanagement GmbH	Berlin
HELIOS Kids in Pflege GmbH	Geesthacht
HELIOS Klinik Ahrenshoop GmbH	Ahrenshoop
HELIOS Klinik Berching GmbH	Berching
HELIOS Klinik Blankenhain GmbH	Blankenhain
HELIOS Klinik Bleicherode GmbH	Bleicherode
HELIOS Klinik Geesthacht GmbH	Geesthacht
HELIOS Klinik Lehmrade GmbH	Lehmrade
HELIOS Klinik Leisnig GmbH	Leisnig
HELIOS Klinik Lengerich GmbH	Lengerich
HELIOS Klinik Schkeuditz GmbH	Schkeuditz
HELIOS Klinik Schloss Schönhagen GmbH	Damp
HELIOS Klinik Volkach GmbH	Volkach
HELIOS Kliniken GmbH	Berlin
HELIOS Kliniken Breisgau-Hochschwarzwald GmbH	Müllheim
HELIOS Kliniken Leipziger Land GmbH	Borna
HELIOS Kliniken Mansfeld-Südharz GmbH	Sangerhausen
HELIOS Klinikum Aue GmbH	Aue
HELIOS Klinikum Bad Saarow GmbH	Bad Saarow
HELIOS Klinikum Berlin-Buch GmbH	Berlin
HELIOS Klinikum Erfurt GmbH	Erfurt
HELIOS Klinikum Schwelm GmbH	Schwelm
HELIOS Klinikum Wuppertal GmbH	Wuppertal
HELIOS Ostseeklinik Damp GmbH	Damp
HELIOS Privatkliniken GmbH	Bad Homburg v. d. H.
HELIOS Rehaklinik Damp GmbH	Damp
HELIOS-SERVICE GmbH	Berlin
HELIOS Spital Überlingen GmbH	Überlingen
HELIOS St. Josefs-Hospital GmbH	Bochum
HELIOS Therapiezentrum Damp GmbH i. L.	Damp
HELIOS Versorgungszentren GmbH	Berlin
HELIOS Vogtland-Klinikum Plauen GmbH	Plauen
HUMAINE Kliniken GmbH	Berlin
Medizinisches Versorgungszentrum am HELIOS Klinikum Bad Saarow GmbH	Bad Saarow
ostsee resort damp GmbH	Damp
Senioren- und Pflegeheim Erfurt GmbH	Erfurt
Verwaltungsgesellschaft ENDO-Klinik mbH	Hamburg
Zentrale Service-Gesellschaft Damp mbH	Damp

c) Classifications

Certain items in the consolidated financial statements of 2012 have been reclassified to conform with the presentation in 2013.

d) Sales recognition policy

Sales from services are recognized at the amount estimated to be receivable under reimbursement arrangements with third party payors. Sales are recognized on the date services and related products are provided and the customer is obligated to pay.

Product sales are recognized when the title to the product passes to the customers, either at the time of shipment, upon receipt by the customer or upon any other terms that clearly define passage of title. As product returns are not typical, no return allowances are established. In the event that a return is required, the appropriate reductions to sales, cost of sales and accounts receivable are made. Sales are presented net of discounts, allowances and rebates.

In the business segment Fresenius Vamed, sales for long-term production contracts are recognized using the percentage of completion (PoC) method when the accounting conditions are met. The sales to be recognized are calculated as a percentage of the costs already incurred based on the estimated total cost of the contract, milestones laid down in the contract or the percentage of completion. Profits are only recognized when the outcome of a production contract accounted for using the PoC method can be measured reliably. Any expected excess of total contract costs over total contract revenue for a contract is recognized as an expense immediately.

Any tax assessed by a governmental authority that is incurred as a result of a sales transaction (e.g. sales tax) is excluded from sales and the related sale is reported on a net basis.

e) Government grants

Public sector grants are not recognized until there is reasonable assurance that the respective conditions are met and the grants will be received. Initially, the grant is recorded as a

liability and as soon as the asset is acquired, the grant is offset against the acquisition costs. Expense-related grants are recognized as income in the periods in which related costs occur.

f) Research and development expenses

Research is original and planned investigation undertaken with the prospect of gaining new scientific or technical knowledge and understanding. Development is the technical and commercial implementation of research findings and occurs before the start of the commercial production or use. Research and development expenses are expensed as incurred.

g) Impairment

The Fresenius Group reviews the carrying amounts of its property, plant and equipment, intangible assets and other non-current assets for impairment whenever events or changes in circumstances indicate that the carrying amount of these assets may not be recoverable. Recoverability of these assets is measured by comparing the carrying amount of an asset to the future net cash flow directly associated with the asset. If assets are considered to be impaired, the impairment recognized is the amount by which the carrying amount exceeds the fair value of the asset. The Fresenius Group uses a discounted cash flow approach or other methods, if appropriate, to assess fair value. Long-lived assets to be disposed of by sale are reported at the lower of carrying amount or fair value less cost to sell and depreciation is ceased.

h) Capitalized interest

The Fresenius Group includes capitalized interest as part of the cost of the asset if it is directly attributable to the acquisition, construction or manufacture of qualifying assets. For the fiscal years 2013 and 2012, interest of €5 million and €3 million, based on an average interest rate of 5.92% and 4.53%, respectively, was recognized as a component of the cost of assets.

i) Income taxes

Current taxes are calculated based on the earnings of the fiscal year and in accordance with local tax rules of the respective tax jurisdictions. Expected and executed additional tax payments and tax refunds for prior years are also taken into account.

Deferred tax assets and liabilities are recognized for the future consequences attributable to temporary differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax basis. Furthermore, deferred taxes are recognized on certain consolidation procedures affecting net income attributable to shareholders of Fresenius SE & Co. KGaA. Deferred tax assets also include claims to future tax reductions which arise from the more likely than not expected usage of existing tax losses available for carryforward. The recognition of deferred tax assets from net operating losses and their utilization is based on the budget planning of the Fresenius Group and implemented tax strategies.

Deferred taxes are computed using enacted or adopted tax rates in the relevant national jurisdictions when the amounts are recovered. Tax rates which will be valid in the future but are not adopted till the date of the statement of financial position are not considered.

The realizability of the carrying amount of a deferred tax asset is reviewed at each date of the statement of financial position. In assessing the realizability of deferred taxes, the Management considers whether it is more likely than not that some portion or all of a deferred tax asset will be realized or whether deferred tax liabilities will be reversed. The ultimate realization of deferred tax assets is dependent upon the generation of future taxable income during the periods in which those temporary differences become deductible. The Management considers the scheduled reversal of deferred tax liabilities and projected future taxable income in making this assessment.

If it is no longer more likely than not that sufficient taxable income will be available to allow the benefit of part or of the entire deferred tax asset to be utilized, the carrying

amount of the deferred tax asset is reduced to that certain extent. The reduction is reversed to the date and extent that it becomes probable that sufficient taxable profit will be available.

It is Fresenius Group's policy that assets on uncertain tax positions are recognized to the extent it is more likely than not the tax will be recovered. It is also Fresenius Group's policy to recognize interest and penalties related to its tax positions as income tax expense.

j) Unrecognized tax benefits

The recognition and measurement of all tax positions taken or expected to be taken on a tax return requires a two step approach. The Fresenius Group must determine whether it is more likely than not that a tax position will be sustained upon examination, including resolution of any related appeals or litigation processes, based on the technical merits of the position. If the threshold is met, the tax position is measured at the largest amount of tax benefit that is more than 50% likely of being realized upon settlement and is recognized in the consolidated financial statements.

k) Earnings per ordinary share

Basic earnings per ordinary share are computed by dividing net income attributable to shareholders of Fresenius SE & Co. KGaA by the weighted-average number of ordinary shares outstanding during the year. Diluted earnings per share include the effect of all potentially dilutive instruments on ordinary shares that would have been outstanding during the fiscal year. The equity-settled awards granted under Fresenius' and Fresenius Medical Care's stock option plans can result in a dilutive effect.

l) Cash and cash equivalents

Cash and cash equivalents are comprised of cash funds and all short-term, liquid investments with original maturities of up to three months (time deposits and securities).

m) Trade accounts receivable

Trade accounts receivable are stated at their nominal value less an allowance for doubtful accounts. The allowances are estimates comprised of customer-specific evaluations regarding their payment history, current financial stability, and applicable country-specific risks for receivables that are overdue more than one year. From time to time, accounts receivable are reviewed for changes from the historic collection experience to ensure the appropriateness of the allowances.

n) Inventories

Inventories are comprised of all assets which are held for sale in the normal course of business (finished goods), in the process of production for such sale (work in process) or consumed in the production process or in the rendering of services (raw materials and purchased components).

Inventories are stated at the lower of acquisition and manufacturing cost (determined by using the average or first-in, first-out method) or market value. Manufacturing costs are comprised of direct costs, production and material overhead, including depreciation charges.

o) Available for sale financial assets

Investments in equity instruments, debt instruments and fund shares are classified as available for sale financial assets and measured at fair value provided that this fair value can be determined reliably. Equity instruments that do not have a quoted price in an active market and a reliably measurable fair value, are recognized at acquisition cost. The Fresenius Group regularly reviews if objective substantial evidence occurs that would indicate an impairment of a financial asset or a portfolio of financial assets. After testing the recoverability of these assets, a possible impairment loss is recorded in the consolidated statement of financial position. Gains and losses of available for sale financial assets are recognized directly in the consolidated statement of equity until the financial asset is disposed of or if it is considered to be impaired. In the case of an impairment, the accumulated net loss is retrieved from the consolidated statement of equity and recognized in the consolidated statement of income.

p) Property, plant and equipment

Property, plant and equipment are stated at acquisition and manufacturing cost less accumulated depreciation. Significant improvements are capitalized; repairs and maintenance costs that do not extend the useful lives of the assets are charged to expense as incurred. Depreciation on property, plant and equipment is calculated using the straight-line method over the estimated useful lives of the assets ranging from 3 to 50 years for buildings and improvements (with a weighted-average life of 16 years) and 2 to 15 years for machinery and equipment (with a weighted-average life of 11 years).

q) Intangible assets with finite useful lives

Intangible assets with finite useful lives, such as patents, product and distribution rights, non-compete agreements, technology as well as licenses to manufacture, distribute and sell pharmaceutical drugs, are amortized using the straight-line method over their respective useful lives to their residual values and reviewed for impairment (see note 1. III. g, Impairment). The useful life of patents, product and distribution rights ranges from 5 to 20 years, the average useful life is 13 years. Non-compete agreements with finite useful lives have useful lives ranging from 2 to 25 years with an average useful life of 8 years. The useful life of management contracts with finite useful lives ranges from 5 to 40 years. Technology has a finite useful live of 15 years. Licenses to manufacture, distribute and sell pharmaceutical drugs are amortized over the contractual license period based upon the annual estimated units of sale of the licensed product. All other intangible assets are amortized over their individual estimated useful lives between 3 and 15 years.

Losses in value of a lasting nature are recorded as an impairment.

r) Goodwill and other intangible assets with indefinite useful lives

The Fresenius Group identified intangible assets with indefinite useful lives because, based on an analysis of all of the relevant factors, there is no foreseeable limit to the period over which those assets are expected to generate net cash inflows for the Group. The identified intangible assets with indefinite useful lives such as trade names and certain qualified management contracts acquired in a purchase method business combination are recognized and reported apart from goodwill. They are recorded at acquisition costs. Goodwill and intangible assets with indefinite useful lives are not amortized but tested for impairment annually or when an event becomes known that could trigger an impairment (impairment test).

To perform the annual impairment test of goodwill, the Fresenius Group identified several reporting units and determined their carrying amount by assigning the assets and liabilities, including the existing goodwill and intangible assets, to those reporting units. A reporting unit is usually defined one level below the segment level based on regions or legal entities. Four reporting units were identified in the segments Fresenius Medical Care and Fresenius Kabi, respectively (Europe, Latin America, Asia-Pacific and North America). According to the regional organizational structure, the segment Fresenius Helios consists of eight reporting units, which are managed by a central division. The segment Fresenius Vamed consists of two reporting units (Project business and Service business). At least once a year, the Fresenius Group compares the fair value of each reporting unit to the reporting unit's carrying amount. The fair value of a reporting unit is determined using a discounted cash flow approach based upon the cash flow expected to be generated by the reporting unit. In case that the fair value of the reporting unit is less than its carrying amount, the difference is at first recorded as an impairment of the fair value of the goodwill.

To evaluate the recoverability of separable intangible assets with indefinite useful lives, the Fresenius Group compares the fair values of these intangible assets with their carrying amounts. An intangible asset's fair value is determined using a discounted cash flow approach and other methods, if appropriate.

The recoverability of goodwill and other separable intangible assets with indefinite useful lives recorded in the Group's consolidated statement of financial position was verified. As a result, the Fresenius Group did not record any impairment losses in 2013 and 2012.

Any excess of the net fair value of identifiable assets and liabilities over cost (badwill) still existing after reassessing the purchase price allocation is recognized immediately in profit or loss.

s) Leases

Leased assets assigned to the Fresenius Group based on the risk and rewards approach (finance leases) are recognized as property, plant and equipment and measured on receipt date at the present values of lease payments as long as their fair values are not lower. Leased assets are depreciated in straight-line over their useful lives. If there is doubt as to whether title to the asset passes at a later stage and there is no opportunity purchase option, the asset is depreciated over the lease term if this is shorter. An impairment loss is recognized if the recoverable amount is lower than the amortized cost of the leased asset.

Finance lease liabilities are measured at the present value of the future lease payments and are recognized as a financial liability.

Property, plant and equipment that is rented by the Fresenius Group is accounted for at its purchase cost. Depreciation is calculated using the straight-line method over the leasing time and its expected residual value.

t) Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. The following categories (according to International Accounting Standard 39, Financial Instruments: Recognition and Measurement) are relevant for the Fresenius Group: loans and receivables, financial liabilities measured at

amortized cost, available for sale financial assets as well as financial liabilities/assets measured at fair value in the consolidated statement of income. Other categories are immaterial or not existing in the Fresenius Group. According to their character, the Fresenius Group classifies its financial instruments into the following classes: cash and cash equivalents, assets recognized at carrying amount, liabilities recognized at carrying amount, derivatives for hedging purposes as well as assets recognized at fair value, liabilities recognized at fair value and noncontrolling interest subject to put provisions recognized at fair value.

The relationship between classes and categories as well as the reconciliation to the consolidated statement of financial position is shown in tabular form in note 29, Financial instruments.

The Fresenius Group has potential obligations to purchase the noncontrolling interests held by third parties in certain of its consolidated subsidiaries. These obligations are in the form of put provisions and are exercisable at the third-party owners' discretion within specified periods as outlined in each specific put provision. If these put provisions were exercised, the Fresenius Group would be required to purchase all or part of the third-party owners' noncontrolling interests at the appraised fair value at the time of exercise. To estimate the fair values of the noncontrolling interest subject to put provisions, the Fresenius Group recognizes the higher of net book value or a multiple of earnings, based on historical earnings, the development stage of the underlying business and other factors. Depending on the market conditions, the estimated fair values of the noncontrolling interest subject to these put provisions can also fluctuate and the implicit multiple of earnings at which the noncontrolling interest subject to put provisions may ultimately be settled could vary significantly from Fresenius Group's current estimates.

Derivative financial instruments, which primarily include foreign currency forward contracts and interest rate swaps, are recognized at fair value as assets or liabilities in the consolidated statement of financial position. Changes in the fair value of derivative financial instruments classified as fair value hedges and in the corresponding underlying assets and liabilities are recognized periodically in earnings. The effective

portion of changes in fair value of cash flow hedges is recognized in accumulated other comprehensive income (loss) in shareholders' equity until the secured underlying transaction is realized (see note 29, Financial instruments). The ineffective portion of cash flow hedges is recognized in current earnings. Changes in the fair value of derivatives that are not designated as hedging instruments are recognized periodically in earnings.

u) Liabilities

Liabilities are generally stated at present value, which normally corresponds to the value of products or services which are delivered. As a general policy, short-term liabilities are measured at their repayment amount.

v) Legal contingencies

In the ordinary course of Fresenius Group's operations, the Fresenius Group is involved in litigation, arbitration, administrative procedure and investigations relating to various aspects of its business. The Fresenius Group regularly analyzes current information about such claims for probable losses and provides accruals for such matters, including estimated expenses for legal services, as appropriate. The Fresenius Group utilizes its internal legal department as well as external resources for these assessments. In making the decision regarding the need for a loss accrual, the Fresenius Group considers the degree of probability of an unfavorable outcome and its ability to make a reasonable estimate of the amount of loss.

The filing of a suit or formal assertion of a claim, or the disclosure of any such suit or assertion, does not necessarily indicate that an accrual of a loss is appropriate.

w) Accrued expenses

Accruals for taxes and other obligations are recognized when there is a present obligation to a third party arising from past events, it is probable that the obligation will be settled in the future and the amount can be reliably estimated.

Accruals for warranties and complaints are estimated based on historical experience.

Tax accruals include obligations for the current year and for prior years.

x) Pension liabilities and similar obligations

The Fresenius Group recognizes the underfunded status of its defined benefit plans, measured as the difference between the fair value of the plan assets and the present value of the benefit obligation, as a liability (funded status).

The Fresenius Group uses December 31 as the measurement date when measuring the funded status of all plans.

Changes in the funded status of a plan resulting from actuarial gains or losses and prior service costs or credits that are not recognized as components of the net periodic benefit cost are recognized through accumulated other comprehensive income (loss), net of tax, in the year in which they occur.

The Fresenius Group uses the corridor method for the recognition of the actuarial gains and losses. Actuarial gains and losses that exceed a corridor of 10% of the present value of the defined benefit obligation are spread over the expected average remaining working lives of the employees participating in the plans, adjusted for fluctuation.

Actuarial gains or losses and prior service costs are subsequently recognized as components of net periodic benefit cost when realized.

y) Debt issuance costs

Debt issuance costs are capitalized separately from the underlying debt and are amortized over the term of the related obligation.

z) Stock option plans

In line with the standard for share-based payment, the Fresenius Group uses the modified prospective transition method. Under this transition method, in 2012 and 2013, the Fresenius Group recognized compensation cost for all stock-based payments subsequent to January 1, 2009 (based on the grant-date fair value estimated).

The measurement date fair value of cash-settled phantom stocks granted to members of the Management Board and executive employees of the Fresenius Group is calculated using the Monte Carlo simulation. The corresponding liability based on the measurement date fair value is accrued over the vesting period of the phantom stock plans.

aa) Self-insurance programs

Under the insurance programs for professional, product and general liability, auto liability and worker's compensation claims, the largest subsidiary of Fresenius Medical Care AG & Co. KGaA (FMC-AG & Co. KGaA), located in North America, is partially self-insured for professional liability claims. For all other coverage, FMC-AG & Co. KGaA assumes responsibility for incurred claims up to predetermined amounts, above which third party insurance applies. Reported liabilities for the year represent estimated future payments of the anticipated expense for claims incurred (both reported and incurred but not reported) based on historical experience and existing claim activity. This experience includes both the rate of claims incidence (number) and claim severity (cost) and is combined with individual claim expectations to estimate the reported amounts.

bb) Foreign currency translation

The reporting currency is the euro. Substantially all assets and liabilities of the foreign subsidiaries are translated at the mid-closing rate on the date of the statement of financial position, while income and expense are translated at average exchange rates. Adjustments due to foreign currency translation fluctuations are excluded from net earnings and are reported in accumulated other comprehensive income (loss). In addition, the translation adjustments of certain intercompany borrowings, which are of a long-term nature, are also reported in accumulated other comprehensive income (loss).

Gains and losses arising from the translation of foreign currency positions as well as those arising from the elimination of foreign currency intercompany loans are recorded

as general and administrative expenses, as far as they are not considered foreign equity instruments. In the fiscal year 2013, only immaterial losses resulted out of this translation.

The exchange rates of the main currencies affecting foreign currency translation developed as follows:

	Year-end exchange rate ¹		Average exchange rate	
	Dec. 31, 2013	Dec. 31, 2012	2013	2012
U.S. dollar per €	1.3791	1.3194	1.3281	1.2848
Pound sterling per €	0.8337	0.8161	0.8493	0.8109
Swedish krona per €	8.8591	8.5820	8.6515	8.7041
Chinese renminbi per €	8.3491	8.2207	8.1646	8.1052
Japanese yen per €	144.72	113.61	129.66	102.49

¹ Mid-closing rate on the date of the statement of financial position

cc) Fair value hierarchy

The three-tier fair value hierarchy as defined in Financial Accounting Standards Boards Accounting Standards Codification Topic 820, Fair Value Measurements and Disclosures, classifies assets and liabilities recognized at fair value based on the inputs used in estimating the fair value. Level 1 is defined as observable inputs, such as quoted prices in active markets. Level 2 is defined as inputs other than quoted prices in active markets that are directly or indirectly observable. Level 3 is defined as unobservable inputs for which little or no market data exists, therefore requiring the company to develop its own assumptions. The three-tier fair value hierarchy is used in note 24, Pensions and similar obligations, and in note 29, Financial instruments.

dd) Use of estimates

The preparation of consolidated financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of income and expenses during the reporting period. Actual results could differ from those estimates.

ee) Receivables management

The entities of the Fresenius Group perform ongoing evaluations of the financial situation of their customers and generally do not require a collateral from the customers for the supply of products and provision of services. Approximately 17% and 18% of Fresenius Group's sales were earned and subject to the regulations under governmental health care programs, Medicare and Medicaid, administered by the United States government in 2013 and 2012, respectively.

ff) Recent pronouncements, applied

The Fresenius Group has prepared its consolidated financial statements at December 31, 2013 in conformity with U.S. GAAP that have to be applied for fiscal years beginning on January 1, 2013 or U.S. GAAP that can be applied earlier on a voluntary basis.

The Fresenius Group applied the following standards, as far as they are relevant for Fresenius Group's business, for the first time:

In December 2011, the Financial Accounting Standards Board (FASB) issued **Accounting Standards Update 2011-11** (ASU 2011-11), FASB Accounting Standards Codification (ASC) Topic 210, Balance Sheet – Disclosures about Offsetting Assets and Liabilities. This amendment requires disclosing and reconciling the gross and net amounts for financial instruments that are offset in the statement of financial position, and the amounts for financial instruments that are subject to master netting arrangements and other similar clearing and

repurchase arrangements. In January 2013, the FASB issued **Accounting Standards Update 2013-01** (ASU 2013-01), an update to FASB ASC Topic 210, Balance Sheet – Clarifying the Scope of Disclosures about Offsetting Assets and Liabilities. The main purpose of ASU 2013-01 is to clarify the scope of balance sheet offsetting under ASU 2011-11 to include derivatives, repurchase agreements and reverse repurchase agreements, and securities borrowing and securities lending transactions that are offset or subject to master netting agreements. The disclosures required under ASU 2011-11 would apply to these transactions and other types of financial assets or liabilities will no longer be subject to ASU 2011-11. These updates are effective for fiscal years, and interim periods within those years, beginning on or after January 1, 2013. The Fresenius Group does not utilize balance sheet offsetting for their derivative transactions. For further information see note 29, Financial instruments.

gg) Recent pronouncements, not yet applied

The FASB issued the following for the Fresenius Group relevant new standards, which are mandatory for fiscal years commencing on or after January 1, 2014:

In July 2013, the FASB issued **Accounting Standards Update 2013-11** (ASU 2013-11), FASB ASC Topic 740, Income Taxes – Presentation of an Unrecognized Tax Benefit When a Net Operating Loss Carryforward, a Similar Tax Loss, or a Tax Credit Carryforward Exists. The purpose of ASU 2013-11 is to align the financial statement presentation of an unrecognized tax benefit when a net operating loss carryforward, a similar tax loss or a tax credit carryforward exists. In most cases, the unrecognized tax benefit should be presented as a reduction to a deferred tax asset for a net operating loss carryforward, a similar tax loss or a tax credit carryforward. The update is effective for fiscal years, and interim periods within those years, beginning on or after December 15, 2013. The Fresenius Group will adopt ASU 2013-11 as of January 1, 2014. The Fresenius Group does not expect any material impact on its consolidated financial statements.

In July 2013, the FASB issued **Accounting Standards Update 2013-10** (ASU 2013-10), FASB ASC Topic 815, Derivatives and Hedging – Inclusion of the Fed Funds Effective Swap Rate (or Overnight Index Swap Rate) as a Benchmark Interest Rate for Hedge Accounting Purposes. The purpose of ASU 2013-10 is to provide the inclusion of the Fed Funds Effective Swap Rate as a U.S. benchmark interest rate for hedge accounting purposes. This rate will now be available to use along with the U.S. government interest rates and the London Interbank Offered Rate. This update is effective prospectively for new or designated hedging relationships entered into on or after July 17, 2013. Currently, the Fresenius Group does not intend to utilize the newly available Fed Funds Effective Swap Rate for its hedge accounting.

In March 2013, the FASB issued **Accounting Standards Update 2013-05** (ASU 2013-05), FASB ASC Topic 830, Foreign Currency Matters – Parent’s Accounting for the Cumulative Translation Adjustment upon Derecognition of Certain Subsidiaries or Groups of Assets within a Foreign Entity or of an Investment in a Foreign Entity. The purpose of ASU 2013-05 is to provide clarification and further refinement regarding the treatment of the release of a cumulative translation adjustment into net income. This occurs in instances where the parent sells either a part or all of its investment in a foreign entity, as well as when a company ceases to hold a controlling interest in a subsidiary or group of assets that is a non-profit activity or business within a foreign entity. The update is effective for fiscal years, and interim periods within those years, beginning on or after December 15, 2013. The Fresenius Group will adopt ASU 2013-05 as of January 1, 2014. The Fresenius Group does not expect any material impact on its consolidated financial statements.

In February 2013, the FASB issued **Accounting Standards Update 2013-04** (ASU 2013-04), FASB ASC Topic 405, Liabilities – Obligations Resulting from Joint and Several Liability Arrangements for which the Total Amount of the Obligations is Fixed at the Reporting Date. ASU 2013-04’s objective is to provide guidance and clarification on the recognition, measurement and disclosure of obligations resulting from joint and several liability arrangements such as debt arrangements, other contractual obligations and settled litigation and judicial rulings. The update is effective for fiscal years, and interim

periods within those years, beginning on or after December 15, 2013. The Fresenius Group will adopt ASU 2013-04 as of January 1, 2014. The Fresenius Group has determined that the impact will be the inclusion of a disclosure within the notes to the consolidated financial statements.

In July 2011, the FASB issued **Accounting Standards Update 2011-06** (ASU 2011-06), FASB ASC Topic 720, Other Expenses – Fees Paid to the Federal Government by Health Insurers. The amendments in ASU 2011-06 address how health insurers should recognize and classify their income statement fees mandated by the Health Care and Educational Affordability Reconciliation Act. These amendments require that the liability for the fee be estimated and recorded in full once the entity provides qualifying health insurance in the applicable calendar year in which the fee is payable. In conjunction, the corresponding deferred cost is amortized to expense using a straight-line allocation method unless another method better allocates the fee over the entire calendar year for which it is payable. In addition, the ASU states that this fee does not meet the definition of an acquisition cost. The disclosures required under ASU 2011-06 are effective for calendar years beginning after December 31, 2013, when the fee initially becomes effective. The Fresenius Group will adopt ASU 2011-06 effective January 1, 2014 and does not expect any material impact on its consolidated financial statements.

IV. CRITICAL ACCOUNTING POLICIES

In the opinion of the Management of the Fresenius Group, the following accounting policies and topics are critical for the consolidated financial statements in the present economic environment. The influences and judgments as well as the uncertainties which affect them are also important factors to be considered when looking at present and future operating earnings of the Fresenius Group.

a) Recoverability of goodwill and intangible assets with indefinite useful lives

The amount of intangible assets, including goodwill, product rights, tradenames and management contracts, represents a considerable part of the total assets of the Fresenius Group. At December 31, 2013 and December 31, 2012, the carrying amount of goodwill and non-amortizable intangible assets with indefinite useful lives was €15,013 million and €15,195 million, respectively. This represented 46 and 50%, respectively, of total assets.

An impairment test of goodwill and non-amortizable intangible assets with indefinite useful lives is performed at least once a year, or if events occur or circumstances change that would indicate the carrying amount might be impaired (Impairment test).

To determine possible impairments of these assets, the fair value of the reporting units is compared to their carrying amount. The fair value of each reporting unit is determined using estimated future cash flows for the unit discounted by a weighted-average cost of capital (WACC) specific to that reporting unit. Estimating the discounted future cash flows involves significant assumptions, especially regarding future reimbursement rates and sales prices, number of treatments, sales volumes and costs. In determining discounted cash flows, the Fresenius Group utilizes for every reporting unit its approved three-year budget, projections for years 4 to 10 and a corresponding growth rate for all remaining years. These growth rates are 0% to 4% for Fresenius Medical Care, 3% for Fresenius Kabi and 1% for Fresenius Helios and Fresenius Vamed. Projections for up to 10 years are possible due to historical experience and the stability of Fresenius Group's business, which is largely independent from the economic cycle. The discount factor is determined by the WACC of the respective reporting unit. Fresenius Medical Care's WACC consisted of a basic rate of 6.17% and the WACC in the business segment Fresenius Kabi consisted of a basic rate of 5.26% for 2013, respectively. This basic rate is then adjusted

by a country-specific risk rate and, if appropriate, by a factor to reflect higher risks associated with the cash flow from recent material acquisitions, until they are appropriately integrated, within each reporting unit. In 2013, WACCs (after tax) for the reporting units of Fresenius Medical Care and Fresenius Kabi ranged from 5.26% to 13.83%. In the business segments Fresenius Helios and Fresenius Vamed, the WACC (after tax) was 5.26%, country-specific adjustments did not occur. If the fair value of the reporting unit is less than its carrying amount, the difference is recorded as an impairment of the fair value of the goodwill at first. An increase of the WACC (after tax) by 0.5% would not have resulted in the recognition of an impairment loss in 2013.

A prolonged downturn in the health care industry with lower than expected increases in reimbursement rates and/or higher than expected costs for providing health care services could adversely affect the estimated future cash flows of certain countries or segments. Future adverse changes in a reporting unit's economic environment could affect the discount rate. A decrease in the estimated future cash flows and/or a decline in the reporting unit's economic environment could result in impairment charges to goodwill and other intangible assets with indefinite useful lives which could materially and adversely affect Fresenius Group's future operating results.

b) Legal contingencies

The Fresenius Group is involved in several legal matters arising from the ordinary course of its business. The outcome of these matters may have a material effect on the financial position, results of operations or cash flows of the Fresenius Group. For details, please see note 28, Commitments and contingent liabilities.

The Fresenius Group regularly analyzes current information about such claims for probable losses and provides accruals for such matters, including estimated expenses for legal services, as appropriate. The Fresenius Group utilizes its internal legal department as well as external resources for these assessments. In making the decision regarding the need for a loss accrual, the Fresenius Group considers the degree of probability of an unfavorable outcome and its ability to make a reasonable estimate of the amount of loss.

The filing of a suit or formal assertion of a claim, or the disclosure of any such suit or assertion, does not necessarily indicate that an accrual of a loss is appropriate.

c) Allowance for doubtful accounts

Trade accounts receivable are a significant asset and the allowance for doubtful accounts is a significant estimate made by the Management. Trade accounts receivable were €3,474 million and €3,650 million in 2013 and 2012, respectively, net of allowance. Approximately 63% of receivables derive from the business segment Fresenius Medical Care and mainly relate to the dialysis care business in North America.

The major debtors or debtor groups of trade accounts receivable were U.S. Medicare and Medicaid health care programs with 17% and private insurers in the United States with 10% at December 31, 2013. Other than that, the Fresenius Group has no significant risk concentration, due to its international and heterogeneous customer structure.

The allowance for doubtful accounts was €487 million and €406 million as of December 31, 2013 and December 31, 2012, respectively.

The allowances are estimates comprised of customer-specific evaluations regarding their payment history, current financial stability, and applicable country-specific risks for overdue receivables. The Fresenius Group believes that these analyses result in a well-founded estimate of allowances for doubtful accounts. From time to time, the Fresenius Group reviews changes in collection experience to ensure the appropriateness of the allowances.

A valuation allowance is calculated if specific circumstances indicate that amounts will not be collectible. When all efforts to collect a receivable, including the use of outside sources where required and allowed, have been exhausted, and after appropriate management review, a receivable deemed to be uncollectible is considered a bad debt and written off.

Deterioration in the ageing of receivables and collection difficulties could require that the Fresenius Group increases the estimates of allowances for doubtful accounts. Additional expenses for uncollectible receivables could have a significant negative impact on future operating results.

d) Self-insurance programs

Under the insurance programs for professional, product and general liability, auto liability and worker's compensation claims, the largest subsidiary of Fresenius Medical Care AG & Co. KGaA, located in North America, is partially self-insured for professional liability claims. For further details regarding the accounting policies for self-insurance programs, please see note 1. III. aa, Self-insurance programs.

2. ACQUISITIONS, DIVESTITURES AND INVESTMENTS

ACQUISITIONS, DIVESTITURES AND INVESTMENTS

The Fresenius Group made acquisitions and investments of €2,754 million and €3,172 million in 2013 and 2012, respectively. Of this amount, €2,689 million was paid in cash and €65 million was assumed obligations in 2013. Furthermore, in 2013, €14 million was paid in cash for acquisitions made in 2012.

Fresenius Medical Care

In 2013, Fresenius Medical Care spent €424 million on acquisitions, mainly for the purchase of dialysis clinics and the expansion in the laboratory services business.

In 2012, Fresenius Medical Care spent €1,408 million on acquisitions, mainly for the acquisition of Liberty Dialysis Holdings, Inc., United States.

Acquisition of Liberty Dialysis Holdings, Inc.

On February 28, 2012, Fresenius Medical Care acquired 100% of the equity of Liberty Dialysis Holdings, Inc., the owner of Liberty Dialysis and owner of a 51% stake in Renal Advantage Partners, LLC (the Liberty Acquisition). Fresenius Medical Care accounted for this transaction as a business combination and finalized the acquisition accounting on February 28, 2013.

Total consideration for the Liberty Acquisition was US\$2,181 million, consisting of US\$1,696 million cash, net of cash acquired and US\$485 million non-cash consideration. Accounting standards for business combinations require previously held equity interests to be fair valued at the time of the acquisition with the difference to book value to be recognized as a gain or loss in income. Prior to the Liberty Acquisition, Fresenius Medical Care had a 49% equity investment in Renal Advantage Partners, LLC, the fair value of which, US\$202 million, was included as part of the non-cash consideration. The fair value was determined based on the discounted cash flow method, utilizing a discount rate of approximately 13%. In addition to Fresenius Medical Care's investment, it also had a loan receivable from Renal Advantage Partners, LLC of US\$279 million, at a fair value of US\$283 million, which was retired as part of the transaction.

The following table summarizes the final fair values of assets acquired and liabilities assumed at the date of the acquisition. Any adjustments to acquisition accounting from December 31, 2012 until finalization on February 28, 2013, net of related income tax effects, were recorded with a corresponding adjustment to goodwill.

US\$ in millions	
Assets held for sale	164
Trade accounts receivable	150
Other current assets	17
Deferred tax assets	15
Property, plant and equipment	168
Intangible assets and other assets	85
Goodwill	2,003
Accounts payable, accrued expenses and other short-term liabilities	-105
Income tax payable and deferred taxes	-34
Short-term borrowings and other financial liabilities and long-term debt and capital lease obligations	-72
Other liabilities	-40
Noncontrolling interests (subject and not subject to put provisions)	-170
Total acquisition cost	2,181
Less, at fair value, non-cash contributions	
Investment at acquisition date	-202
Long-term Notes Receivable	-283
Total non-cash items	-485
Net Cash paid	1,696

The amortizable intangible assets acquired in this acquisition have weighted-average useful lives of 6–8 years.

Goodwill in the amount of US\$2,003 million was acquired as part of the Liberty Acquisition. Of this goodwill, approximately US\$436 million is deductible for tax purposes and is being amortized over a 15 year period which began on the date of the acquisition.

The noncontrolling interests acquired as part of the acquisition are stated at fair value based upon contractual multiples typically utilized by Fresenius Medical Care for such arrangements as well as Fresenius Medical Care's overall experience.

The fair valuation of Fresenius Medical Care's investment at the time of the Liberty Acquisition resulted in a non-taxable gain of US\$140 million. The retirement of the loan receivable resulted in a benefit of US\$9 million.

Divestitures

In connection with the United States Federal Trade Commission consent order relating to regulatory clearance of the Liberty Acquisition under the Hart-Scott-Rodino Antitrust

Improvements Act, Fresenius Medical Care agreed to divest a total of 62 renal dialysis centers. During 2012, 61 clinics were sold, 24 of which were Fresenius Medical Care AG & Co. KGaA legacy clinics, which generated a gain of US\$33.5 million. During 2013, the remaining clinic required to be sold was sold for a gain of US\$7.7 million. The 38 clinics acquired and subsequently sold were categorized as assets held for sale in the preceding table at the time of the Liberty Acquisition.

Fresenius Kabi

In 2013, Fresenius Kabi spent €131 million on acquisitions, mainly for a 51% stake in PT Ethica Industri Farmasi, Indonesia, production plants in India and China as well as for compounding companies in Germany.

In 2012, Fresenius Kabi spent €877 million on acquisitions, mainly for the acquisition of Fenwal Holdings, Inc., United States.

Acquisition of Fenwal Holdings, Inc.

On July 20, 2012, Fresenius Kabi announced the signing of a purchase agreement to acquire 100% of the share capital in Fenwal Holdings, Inc. (Fenwal), a leading U.S.-based provider of transfusion technology products for blood collection, separation and processing.

The transaction could be closed on December 13, 2012 after approval by the antitrust authorities. The Fresenius Group has consolidated Fenwal as of December 2012.

The transaction was accounted for as a business combination. The following table summarizes the final fair values of assets acquired and liabilities assumed at the date of the acquisition. Any adjustments to acquisition accounting from December 31, 2012 until finalization on November 30, 2013, net of related income tax effects, were recorded with a corresponding adjustment to goodwill.

€ in millions	
Trade accounts receivable	61
Working capital and other assets	224
Assets	120
Liabilities	-549
Goodwill	399
Identifiable immaterial assets	331
Consideration transferred	586
Net debt acquired	259
Transaction amount	845

The amortizable intangible assets acquired in this acquisition have weighted-average useful lives of 10 to 15 years. The acquired amortizable intangible assets primarily consist of customer relationships in the amount of €70 million and technology in the amount of €237 million.

The goodwill in the amount of €399 million that was acquired as part of the Fenwal Acquisition is not deductible for tax purposes.

Divestitures

In December 2012, Fresenius Kabi announced that it had signed an agreement to sell its subsidiary Calea France SAS (Calea) to The Linde Group. Calea is active in the French homecare market and focuses on respiratory therapy, which is not a core business of Fresenius Kabi.

The assets and liabilities of Calea were thus shown as held for sale in the consolidated statement of financial position as of December 31, 2012 under other assets and other liabilities.

The transaction was completed in January 2013. The gain on disposal in the amount of €48 million is included in selling, general and administrative expenses in the consolidated statement of income.

Fresenius Helios

In 2013, Fresenius Helios spent €2,185 million on acquisitions, mainly for advances made in the amount of €2,178 million under a fiduciary arrangement for the acquisition of hospitals and outpatient facilities of Rhön-Klinikum AG.

Acquisition of hospitals of Rhön-Klinikum AG

On September 13, 2013, Fresenius Helios announced the signing of a binding agreement to purchase 43 hospitals as well as 15 outpatient facilities of Rhön-Klinikum AG, Germany, for a purchase price of €3,070 million.

The acquisition was subject to antitrust approval as well as certain approvals of former municipal owners or current minority shareholders. The majority of the transaction was closed on February 27, 2014 (see note 35, Subsequent events).

In 2012, Fresenius Helios spent €579 million on acquisitions, mainly for the acquisition of Damp Holding AG.

Acquisition of Damp Holding AG

In March 2012, Fresenius Helios closed the acquisition of Damp Holding AG (Damp), Germany. 100% of the share capital was acquired.

The Fresenius Group has consolidated Damp as of March 31, 2012. The transaction was accounted for as a business combination and the acquisition accounting was finalized on March 31, 2013.

The following table summarizes the final fair values of assets acquired and liabilities assumed at the date of the acquisition. Any adjustments to acquisition accounting from December 31, 2012 until finalization, net of related income tax effects, were recorded with a corresponding adjustment to goodwill.

€ in millions	
Trade accounts receivable	43
Working capital and other assets	56
Assets	241
Liabilities	-431
Goodwill	445
Consideration transferred	354
Net debt acquired	207
Transaction amount	561

The goodwill in the amount of €445 million that was acquired as part of the Damp Acquisition is not deductible for tax purposes.

Fresenius Vamed

In 2013, Fresenius Vamed spent €16 million on acquisitions, mainly for the purchase of the hospitals Nemocnice sv. Zdislavy a. s. and Mělnická zdravotní a. s., Czech Republic.

In 2012, Fresenius Vamed spent €44 million on acquisitions, mainly for the acquisition of H.C. Hospital Consulting S.p.A., Italy, and the intercompany acquisition of the HELIOS Klinik Zihlschlacht AG, Switzerland, from HELIOS Kliniken GmbH.

Corporate/Other

In November and December 2011, Fresenius SE & Co. KGaA purchased 1,399,996 ordinary shares of Fresenius Medical Care AG & Co. KGaA (FMC-AG & Co. KGaA). In January and February 2012, Fresenius SE & Co. KGaA purchased further 2,100,004 ordinary shares of FMC-AG & Co. KGaA. Therefore, the voting rights in FMC-AG & Co. KGaA increased to 31.18% at December 31, 2012. A total of 3.5 million ordinary shares were acquired with a total transaction volume of approximately €184 million, whereof €113 million were spent in the year 2012.

Divestitures

During 2013, German government securities with a carrying amount of €37 million were divested.

On June 28, 2013, the sale of Fresenius Biotech to the Fuhrer family, owners of Neopharm, Israel's second-largest pharmaceutical company, was closed. The transaction includes both the trifunctional antibody Removab as well as the immunosuppressive drug ATG-Fresenius S. The gain on disposal amounted to €0 million.

Already in December 2012, Fresenius has decided to focus on its four established business segments Fresenius Medical Care, Fresenius Kabi, Fresenius Helios and Fresenius Vamed.

As a result of this decision, the assets and liabilities of Fresenius Biotech were shown as held for sale in the consolidated statement of financial position as of December 31, 2012 under other assets and other liabilities.

IMPACTS ON FRESENIUS GROUP'S CONSOLIDATED FINANCIAL STATEMENTS RESULTING FROM ACQUISITIONS

In the fiscal year 2013, all acquisitions have been accounted for applying the purchase method and accordingly have been consolidated starting with the date of acquisition. The excess of the total acquisition costs over the fair value of the net assets acquired was €510 million and €3,032 million in 2013 and 2012, respectively.

The purchase price allocations are not yet finalized for all acquisitions. Based on preliminary purchase price allocations, the recognized goodwill was €355 million and the other intangible assets were €155 million. Of this goodwill, €195 million is attributable to the acquisitions of Fresenius Medical Care, €138 million to Fresenius Kabi's acquisitions, €14 million to the acquisitions of Fresenius Helios and €8 million to the acquisitions of Fresenius Vamed.

Goodwill is an asset representing the future economic benefits arising from other assets acquired in a business combination that are not individually identified and separately recognized. Goodwill arises principally due to the fair value placed on an established stream of future cash flows versus building a similar business.

The acquisitions completed in 2013 or included in the consolidated statements for the first time for a full year, contributed the following amounts to the development of sales and earnings:

€ in millions	2013
Sales	673
EBITDA	40
EBIT	-14
Net interest	-23
Net income attributable to shareholders of Fresenius SE & Co. KGaA	-38

The acquisitions increased the total assets of the Fresenius Group by €2,603 million.

NOTES ON THE CONSOLIDATED STATEMENT OF INCOME

3. SPECIAL ITEMS

Net income attributable to shareholders of Fresenius SE & Co. KGaA for the year 2013 in the amount of €1,011 million includes special items relating to the integration of Fenwal Holdings, Inc.

The special items had the following impact on the consolidated statement of income:

€ in millions	EBIT	Net income attributable to shareholders of Fresenius SE & Co. KGaA
Earnings 2013, adjusted		1,051
Integration of Fenwal Holdings, Inc.	-54	-40
Earnings 2013 according to U.S. GAAP		1,011

Net income attributable to shareholders of Fresenius SE & Co. KGaA for the year 2012 in the amount of €926 million included several special items.

An expense in the amount of €17 million resulted from Fresenius Medical Care's renegotiation of the license, distribution, manufacturing and supply agreement for iron products sold under the Venofer brand and from a donation to the American Society of Nephrology.

The special item relating to the acquisition of Liberty Dialysis Holdings, Inc. by Fresenius Medical Care in an amount of €34 million is described in note 9, Investment gain.

Furthermore, net income attributable to shareholders of Fresenius SE & Co. KGaA for the year 2012 included special items in the amount of -€29 million relating to the takeover offer to the shareholders of Rhön-Klinikum AG.

The special items were comprised of the following:

€ in millions	EBIT	Investment gain	Other financial result	Net income attributable to shareholders of Fresenius SE & Co. KGaA
Earnings 2012, adjusted				938
Venofer/donation				
Fresenius Medical Care	-86			-17
Investment gain				
Fresenius Medical Care		109		34
Financing costs				
Rhön-Klinikum AG			-35	-25
Other costs				
Rhön-Klinikum AG	-6			-4
Total special items	-92	109	-35	-12
Earnings 2012 according to U.S. GAAP				926

4. SALES

Sales by activity were as follows:

€ in millions	2013	2012
Sales of services	12,441	11,990
less patient service bad debt provision	-214	-218
Sales of products and related goods	7,507	7,007
Sales from long-term production contracts	587	510
Other sales	10	1
Sales	20,331	19,290

A sales analysis by business segment and region is shown in the segment information on pages 100 to 101.

5. COST OF SALES

Cost of sales was comprised of the following:

€ in millions	2013	2012
Cost of services	9,455	9,003
Manufacturing cost of products and related goods	3,976	3,559
Cost of long-term production contracts	514	440
Other cost of sales	3	–
Cost of sales	13,948	13,002

6. COST OF MATERIALS

Cost of materials was comprised of cost of raw materials, supplies and purchased components and cost of purchased services:

€ in millions	2013	2012
Cost of raw materials, supplies and purchased components	5,566	5,097
Cost of purchased services	819	741
Cost of materials	6,385	5,838

7. PERSONNEL EXPENSES

Cost of sales, selling, general and administrative expenses and research and development expenses included personnel expenses of €7,360 million and €6,897 million in 2013 and 2012, respectively.

Personnel expenses were comprised of the following:

€ in millions	2013	2012
Wages and salaries	5,834	5,463
Social security contributions, cost of retirement pensions and social assistance	1,526	1,434
thereof retirement pensions	207	183
Personnel expenses	7,360	6,897

Fresenius Group's annual average number of employees by function is shown below:

	2013	2012
Production	34,247	29,669
Service	107,539	102,997
Administration	21,439	20,518
Sales and marketing	9,580	8,813
Research and development	1,928	1,749
Total employees (per capita)	174,733	163,746

8. SELLING, GENERAL AND ADMINISTRATIVE EXPENSES

Selling expenses were €801 million (2012: €746 million) and mainly included expenditures for sales personnel of €387 million (2012: €366 million).

General and administrative expenses amounted to €2,243 million (2012: €2,254 million) and were related to expenditures for administrative functions not attributable to research and development, production or selling.

9. INVESTMENT GAIN

Fresenius Medical Care's acquisition of the remaining 51% stake in Renal Advantage Partners, LLC, in addition to its 49% equity investment held previously, represents a business combination achieved in stages in the course of the acquisition of Liberty Dialysis Holdings, Inc. The previous equity investment was measured at its fair value at the date of the acquisition of Liberty Dialysis Holdings, Inc. by Fresenius Medical Care. In 2012, the resultant non-taxable income of US\$140 million (€109 million) was presented in the separate line item investment gain in the consolidated statement of income.

10. NET INTEREST

Net interest of -€584 million included interest expenses of €634 million and interest income of €50 million. The main portion of the interest expenses resulted from Fresenius Group's financial liabilities, which are not recognized at fair value in the consolidated statement of income (see note 29, Financial instruments).

11. OTHER FINANCIAL RESULT

In 2012, the item other financial result in the amount of -€35 million was comprised of financing costs, mainly costs for the financing commitment, related to the takeover offer to the shareholders of Rhön-Klinikum AG.

12. TAXES

INCOME TAXES

Income before income taxes was attributable to the following geographic regions:

€ in millions	2013	2012
Germany	515	414
International	1,892	1,977
Total	2,407	2,391

Income tax expenses (benefits) for 2013 and 2012 consisted of the following:

€ in millions	Current taxes	Deferred taxes	Income taxes
2013			
Germany	111	-23	88
International	557	24	581
Total	668	1	669
2012			
Germany	82	-17	65
International	599	-5	594
Total	681	-22	659

In 2013 and 2012, Fresenius SE & Co. KGaA was subject to German federal corporation income tax at a base rate of 15% plus a solidarity surcharge of 5.5% on federal corporation taxes payable.

A reconciliation between the expected and actual income tax expense is shown in the following table. The expected corporate income tax expense is computed by applying the

German corporation tax rate (including the solidarity surcharge) and the effective trade tax rate on income before income taxes. The respective combined tax rate was 29.5% for the fiscal years 2013 and 2012, respectively.

€ in millions	2013	2012
Computed "expected" income tax expense	710	705
Increase (reduction) in income taxes resulting from:		
Items not recognized for tax purposes	28	18
Tax rate differential	42	37
Tax-free income	-76	-64
Taxes for prior years	-11	21
Changes in valuation allowances on deferred tax assets	-14	-20
Noncontrolling interests	-41	-38
Other	31	–
Income tax	669	659
Effective tax rate	27.8%	27.6%

DEFERRED TAXES

The tax effects of the temporary differences that gave rise to deferred tax assets and liabilities at December 31 are presented below:

€ in millions	2013	2012
Deferred tax assets		
Accounts receivable	16	16
Inventories	65	68
Other current assets	33	74
Other non-current assets	105	117
Accrued expenses	242	243
Other short-term liabilities	56	64
Other liabilities	32	36
Benefit obligations	124	139
Losses carried forward from prior years	260	253
Deferred tax assets, before valuation allowance	933	1,010
less valuation allowance	87	101
Deferred tax assets	846	909
Deferred tax liabilities		
Accounts receivable	32	15
Inventories	26	22
Other current assets	14	16
Other non-current assets	742	736
Accrued expenses	101	120
Other short-term liabilities	33	50
Other liabilities	102	103
Deferred tax liabilities	1,050	1,062
Net deferred taxes	-204	-153

In the consolidated statement of financial position, the net amounts of deferred tax assets and liabilities are included as follows:

	2013		2012	
€ in millions		thereof short-term		thereof short-term
Deferred tax assets	535	331	595	371
Deferred tax liabilities	739	48	748	66
Net deferred taxes	-204	283	-153	305

As of December 31, 2013, Fresenius Medical Care has not recognized a deferred tax liability on approximately €4.5 billion of undistributed earnings of its foreign subsidiaries, because those earnings are considered indefinitely reinvested.

NET OPERATING LOSSES

The expiration of net operating losses is as follows:

for the fiscal years	€ in millions
2014	36
2015	35
2016	44
2017	49
2018	49
2019	35
2020	30
2021	29
2022	29
2023 and thereafter	120
Total	456

The total remaining operating losses of €356 million can mainly be carried forward for an unlimited period.

Based upon the level of historical taxable income and projections for future taxable income, the Management of the Fresenius Group believes it is more likely than not that the Fresenius Group will realize the benefits of these deductible differences, net of the existing valuation allowances, at December 31, 2013.

UNRECOGNIZED TAX BENEFITS

Fresenius SE & Co. KGaA and its subsidiaries are subject to tax audits in Germany and the United States on a regular basis and ongoing tax audits in other jurisdictions.

In Germany, for Fresenius Medical Care, the tax years 2002 through 2009 are currently under audit by the tax authorities. The other entities of the Fresenius Group are currently subject to tax audits for the tax years 2006 through 2009. The Fresenius Group recognized and recorded the current proposed adjustments of this audit period in the consolidated financial statements. All proposed adjustments are deemed immaterial. Fiscal years 2010 until 2013 are open to audit.

In the United States, the tax years 2009 and 2010 are currently under audit by the tax authorities. Fiscal years 2011 until 2013 are open to audit. Fresenius Medical Care Holdings, Inc. (FMCH) is also subject to audit in various state jurisdictions. A number of these audits are in progress and various years are open to audit in various state jurisdictions. All expected results for both federal and state income tax audits have been recognized in the consolidated financial statements.

Fresenius Medical Care filed claims for refunds contesting the Internal Revenue Service's (IRS) disallowance of FMCH's deductions for civil settlement payments taken by FMCH in prior year tax returns. As a result of a settlement agreement with the IRS, Fresenius Medical Care received a partial refund in September 2008 of US\$37 million, inclusive of interest, and preserved its right to pursue claims in the United States Courts for refunds of all other disallowed deductions, which totaled approximately US\$126 million. On December 22, 2008, Fresenius Medical Care filed a complaint for complete refund in the United States District Court for the District of Massachusetts, styled as Fresenius Medical Care Holdings, Inc. v. United States. On August 15, 2012, a jury entered a verdict for FMCH granting additional deductions of US\$95 million. On May 31, 2013, the District Court entered final judgment for FMCH in the amount of US\$50 million. On September 18, 2013, the IRS appealed the District Court's ruling to the United States Court of Appeals for the First Circuit (Boston).

Subsidiaries of Fresenius SE & Co. KGaA in a number of countries outside of Germany and the United States are also subject to tax audits. The Fresenius Group estimates that the effects of such tax audits are not material to the consolidated financial statements.

The following table shows the changes to unrecognized tax benefits during the year 2013:

€ in millions	2013
Balance at January 1, 2013	284
Increase in unrecognized tax benefits prior periods	22
Decrease in unrecognized tax benefits prior periods	-9
Increase in unrecognized tax benefits current periods	14
Changes related to settlements with tax authorities	-54
Reductions as a result of a lapse of the statute of limitations	-1
Foreign currency translation	-8
Balance at December 31, 2013	248

Included in the balance at December 31, 2013 are €251 million of unrecognized tax benefits, which would affect the effective tax rate if recognized. The Fresenius Group is currently not in a position to forecast the timing and magnitude of changes in other unrecognized tax benefits.

It is Fresenius Group's policy to recognize interest and penalties related to its tax positions as income tax expense. During the fiscal year 2013, the Fresenius Group recognized €1 million in interest and penalties. The Fresenius Group had a total accrual of €14 million of tax related interest and penalties at December 31, 2013.

13. EARNINGS PER SHARE

The following table shows the earnings per share including and excluding the dilutive effect from stock options issued:

	2013	2012
Numerators, € in millions		
Net income attributable to shareholders of Fresenius SE & Co. KGaA	1,011	926
less effect from dilution due to Fresenius Medical Care shares	1	2
Income available to all ordinary shares	1,010	924
Denominators in number of shares		
Weighted-average number of ordinary shares outstanding	178,672,652	172,977,633
Potentially dilutive ordinary shares	1,231,688	1,547,170
Weighted-average number of ordinary shares outstanding assuming dilution	179,904,340	174,524,803
Basic earnings per ordinary share in €	5.66	5.35
Fully diluted earnings per ordinary share in €	5.62	5.29

NOTES ON THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION

14. CASH AND CASH EQUIVALENTS

As of December 31, cash and cash equivalents were as follows:

€ in millions	2013	2012
Cash	846	865
Time deposits and securities (with a maturity of up to 90 days)	18	20
Total cash and cash equivalents	864	885

As of December 31, 2013 and December 31, 2012, earmarked funds of €22 million and €38 million, respectively, were included in cash and cash equivalents.

15. TRADE ACCOUNTS RECEIVABLE

As of December 31, trade accounts receivable were as follows:

€ in millions	2013	2012
Trade accounts receivable	3,961	4,056
less allowance for doubtful accounts	487	406
Trade accounts receivable, net	3,474	3,650

All trade accounts receivable are due within one year.

The following table shows the development of the allowance for doubtful accounts during the fiscal year:

€ in millions	2013	2012
Allowance for doubtful accounts at the beginning of the year	406	383
Change in valuation allowances as recorded in the consolidated statement of income	284	251
Write-offs and recoveries of amounts previously written-off	-185	-221
Foreign currency translation	-18	-7
Allowance for doubtful accounts at the end of the year	487	406

The following table shows the ageing analysis of trade accounts receivable and their allowance for doubtful accounts:

€ in millions	not overdue	up to 3 months overdue	3 to 6 months overdue	6 to 12 months overdue	more than 12 months overdue	Total
Trade accounts receivable	2,277	672	275	334	403	3,961
less allowance for doubtful accounts	28	78	52	68	261	487
Trade accounts receivable, net	2,249	594	223	266	142	3,474

16. INVENTORIES

As of December 31, inventories consisted of the following:

€ in millions	2013	2012
Raw materials and purchased components	445	433
Work in process	323	291
Finished goods	1,314	1,216
less reserves	68	100
Inventories, net	2,014	1,840

The companies of the Fresenius Group are obliged to purchase approximately €720 million of raw materials and purchased components under fixed terms, of which €453 million was committed at December 31, 2013 for 2014. The terms of these agreements run one to eight years. Advance payments from customers of €248 million (2012: €174 million) have been offset against inventories.

Inventories as of December 31, 2013 and December 31, 2012 included approximately €24 million and approximately €23 million, respectively, of the product Erythropoietin (EPO). On January 1, 2012, Fresenius Medical Care entered into a three-year sourcing and supply agreement with its EPO supplier.

17. OTHER CURRENT AND NON-CURRENT ASSETS

As of December 31, other current and non-current assets were comprised of the following:

€ in millions	2013		2012	
		thereof short-term		thereof short-term
Purchase price deposits	2,178	0	0	0
Investments, securities and long-term loans	791	43	761	54
Tax receivables	254	233	257	235
Accounts receivable resulting from German hospital law	168	153	164	149
Prepaid expenses	129	64	120	55
Capitalized debt financing costs	95	13	106	11
Cost report receivable from Medicare and Medicaid	94	94	66	66
Leasing receivables	78	36	81	36
Discounts	78	78	47	47
Advances made	60	60	75	74
Prepaid rent and insurance	55	55	61	61
Deposits	48	19	52	20
Derivative financial instruments	32	30	53	52
Assets held for sale	0	0	55	55
Other assets	634	383	562	434
Other assets, net	4,694	1,261	2,460	1,349
allowances	11	9	8	7
Other assets, gross	4,705	1,270	2,468	1,356

The purchase price deposits contain advances made in the amount of €2,178 million under a fiduciary arrangement for the acquisition of hospitals and outpatient facilities of Rhön-Klinikum AG.

As of December 31, 2013, investments, securities and long-term loans were comprised of investments of €482 million (2012: €484 million), mainly regarding the joint venture between Fresenius Medical Care and Galenica Ltd., that were accounted for under the equity method. In 2013, income of €20 million (2012: €14 million) resulting from this valuation was included in selling, general and administrative expenses in the consolidated statement of income. Moreover, investments, securities and long-term loans included €197 million financial assets available for sale as of December 2013 (2012:

€182 million). These mainly refer to shares in Rhön-Klinikum AG with acquisition costs of €124 million and a fair value of €147 million. Furthermore, investments and long-term loans included €120 million as of December 31, 2013 that Fresenius Medical Care loaned to a middle-market dialysis provider.

The receivables resulting from the German hospital law primarily contain approved but not yet received earmarked subsidies of the Fresenius Helios operations. The approval is evidenced in a letter written by the granting authorities that Fresenius Helios has already received.

Depreciation on other non-current assets in an immaterial amount was recognized in the fiscal year 2013 (2012: €2 million).

18. PROPERTY, PLANT AND EQUIPMENT

As of December 31, the acquisition and manufacturing costs as well as accumulated depreciation of property, plant and equipment consisted of the following:

ACQUISITION AND MANUFACTURING COSTS

€ in millions	As of Jan. 1, 2013	Foreign currency translation	Changes in entities consolidated	Additions	Reclassifi- cations	Disposals	As of Dec. 31, 2013
Land and land facilities	285	-7	4	17	2	7	294
Buildings and improvements	3,672	-113	1	93	231	59	3,825
Machinery and equipment	4,665	-196	4	459	195	166	4,961
Machinery, equipment and rental equipment under capital leases	139	-1	–	10	–	3	145
Construction in progress	542	-25	8	489	-422	8	584
Property, plant and equipment	9,303	-342	17	1,068	6	243	9,809

DEPRECIATION

€ in millions	As of Jan. 1, 2013	Foreign currency translation	Changes in entities consolidated	Additions	Reclassifi- cations	Disposals	As of Dec. 31, 2013
Land and land facilities	6	–	0	1	–	1	6
Buildings and improvements	1,598	-50	-3	226	5	44	1,732
Machinery and equipment	2,741	-107	-9	472	-4	149	2,944
Machinery, equipment and rental equipment under capital leases	39	-1	–	9	-1	2	44
Construction in progress	1	–	0	–	–	–	1
Property, plant and equipment	4,385	-158	-12	708	–	196	4,727

ACQUISITION AND MANUFACTURING COSTS

€ in millions	As of Jan. 1, 2012	Foreign currency translation	Changes in entities consolidated	Additions	Reclassifi- cations	Disposals	As of Dec. 31, 2012
Land and land facilities	230	-1	55	7	2	8	285
Buildings and improvements	3,270	-29	202	86	181	38	3,672
Machinery and equipment	4,157	-37	147	442	132	176	4,665
Machinery, equipment and rental equipment under capital leases	105	-1	35	3	1	4	139
Construction in progress	430	-4	18	438	-331	9	542
Property, plant and equipment	8,192	-72	457	976	-15	235	9,303

DEPRECIATION

€ in millions	As of Jan. 1, 2012	Foreign currency translation	Changes in entities consolidated	Additions	Reclassifi- cations	Disposals	As of Dec. 31, 2012
Land and land facilities	5	–	0	–	1	–	6
Buildings and improvements	1,431	-16	–	215	2	34	1,598
Machinery and equipment	2,503	-16	-3	422	-6	159	2,741
Machinery, equipment and rental equipment under capital leases	42	-1	-8	10	–	4	39
Construction in progress	1	–	0	0	–	–	1
Property, plant and equipment	3,982	-33	-11	647	-3	197	4,385

CARRYING AMOUNTS

€ in millions	Dec. 31, 2013	Dec. 31, 2012
Land and land facilities	288	279
Buildings and improvements	2,093	2,074
Machinery and equipment	2,017	1,924
Machinery, equipment and rental equipment under capital leases	101	100
Construction in progress	583	541
Property, plant and equipment	5,082	4,918

Depreciation on property, plant and equipment for the years 2013 and 2012 was €708 million and €647 million, respectively. It is allocated within cost of sales, selling, general and administrative expenses and research and development expenses, depending upon the use of the asset.

LEASING

Machinery and equipment as of December 31, 2013 and 2012 included peritoneal dialysis cyclor machines which Fresenius Medical Care leases to customers with end-stage

renal disease on a month-to-month basis and hemodialysis machines which Fresenius Medical Care leases to physicians under operating leases in an amount of €433 million and €403 million, respectively.

To a lesser extent, property, plant and equipment are also leased for the treatment of patients by other business segments.

For details of minimum lease payments see note 22, Debt and capital lease obligations.

19. GOODWILL AND OTHER INTANGIBLE ASSETS

As of December 31, the acquisition cost and accumulated amortization of intangible assets consisted of the following:

ACQUISITION COST

€ in millions	As of Jan. 1, 2013	Foreign currency translation	Changes in entities consolidated	Additions	Reclassifi- cations	Disposals	As of Dec. 31, 2013
Goodwill	15,014	-539	326	29	-	4	14,826
Patents, product and distribution rights	585	-23	-	16	1	8	571
Technology	321	-12	2	1	-8	1	303
Tradenames	175	-10	17	-	-	-	182
Non-compete agreements	242	-11	8	1	0	3	237
Management contracts	6	-	-1	0	-	0	5
Other	684	-33	78	33	31	22	771
Goodwill and other intangible assets	17,027	-628	430	80	24	38	16,895

AMORTIZATION

€ in millions	As of Jan. 1, 2013	Foreign currency translation	Changes in entities consolidated	Additions	Reclassifi- cations	Disposals	As of Dec. 31, 2013
Goodwill	0	0	0	0	0	0	0
Patents, product and distribution rights	216	-8	—	35	—	8	235
Technology	32	-2	0	20	-2	—	48
Tradenames	0	0	0	0	0	0	0
Non-compete agreements	162	-8	0	23	0	3	174
Management contracts	0	0	0	0	0	0	0
Other	319	-14	-1	57	17	7	371
Goodwill and other intangible assets	729	-32	-1	135	15	18	828

ACQUISITION COST

€ in millions	As of Jan. 1, 2012	Foreign currency translation	Changes in entities consolidated	Additions	Reclassifi- cations	Disposals	As of Dec. 31, 2012
Goodwill	12,669	-215	2,555	6	0	1	15,014
Patents, product and distribution rights	582	-9	13	2	1	4	585
Technology	86	-2	240	0	-3	0	321
Tradenames	178	-3	0	—	—	—	175
Non-compete agreements	201	-5	46	—	0	—	242
Management contracts	6	—	0	0	0	—	6
Other	596	-14	122	48	-58	10	684
Goodwill and other intangible assets	14,318	-248	2,976	56	-60	15	17,027

AMORTIZATION

€ in millions	As of Jan. 1, 2012	Foreign currency translation	Changes in entities consolidated	Additions	Reclassifi- cations	Disposals	As of Dec. 31, 2012
Goodwill	0	0	0	0	0	0	0
Patents, product and distribution rights	182	-3	1	41	-1	4	216
Technology	25	-1	0	8	—	0	32
Tradenames	0	0	0	0	0	0	0
Non-compete agreements	144	-3	-1	22	0	—	162
Management contracts	0	0	0	0	0	0	0
Other	317	2	—	56	-47	9	319
Goodwill and other intangible assets	668	-5	—	127	-48	13	729

CARRYING AMOUNTS

€ in millions	Dec. 31, 2013	Dec. 31, 2012
Goodwill	14,826	15,014
Patents, product and distribution rights	336	369
Technology	255	289
Tradenames	182	175
Non-compete agreements	63	80
Management contracts	5	6
Other	400	365
Goodwill and other intangible assets	16,067	16,298

The split of intangible assets into amortizable and non-amortizable intangible assets is shown in the following tables:

AMORTIZABLE INTANGIBLE ASSETS

€ in millions	Dec. 31, 2013			Dec. 31, 2012		
	Acquisition cost	Accumulated amortization	Carrying amount	Acquisition cost	Accumulated amortization	Carrying amount
Patents, product and distribution rights	571	235	336	585	216	369
Technology	303	48	255	321	32	289
Non-compete agreements	237	174	63	242	162	80
Other	771	371	400	684	319	365
Total	1,882	828	1,054	1,832	729	1,103

Estimated regular amortization expenses of intangible assets for the next five years are shown in the following table:

€ in millions	2014	2015	2016	2017	2018
Estimated amortization expenses	130	122	115	111	109

NON-AMORTIZABLE INTANGIBLE ASSETS

€ in millions	Dec. 31, 2013			Dec. 31, 2012		
	Acquisition cost	Accumulated amortization	Carrying amount	Acquisition cost	Accumulated amortization	Carrying amount
Tradenames	182	0	182	175	0	175
Management contracts	5	0	5	6	0	6
Goodwill	14,826	0	14,826	15,014	0	15,014
Total	15,013	0	15,013	15,195	0	15,195

Amortization on intangible assets amounted to €135 million and €127 million for the years 2013 and 2012, respectively. It

is allocated within cost of sales, selling, general and administrative expenses and research and development expenses, depending upon the use of the asset.

The carrying amount of goodwill has developed as follows:

€ in millions	Fresenius Medical Care	Fresenius Kabi	Fresenius Helios	Fresenius Vamed	Corporate/ Other	Fresenius Group
Carrying amount as of January 1, 2012	7,100	3,793	1,722	48	6	12,669
Additions	1,707	396	447	11	0	2,561
Disposals	0	-1	-	0	0	-1
Reclassifications	0	0	-18	18	0	0
Foreign currency translation	-150	-65	0	0	0	-215
Carrying amount as of December 31, 2012	8,657	4,123	2,151	77	6	15,014
Additions	195	138	14	8	0	355
Disposals	0	-4	0	0	0	-4
Reclassifications	-	0	0	0	0	-
Foreign currency translation	-398	-141	0	0	0	-539
Carrying amount as of December 31, 2013	8,454	4,116	2,165	85	6	14,826

As of December 31, 2013 and December 31, 2012, the carrying amounts of the other non-amortizable intangible assets were €158 million and €165 million, respectively,

for Fresenius Medical Care as well as €29 million and €16 million, respectively, for Fresenius Kabi.

20. ACCRUED EXPENSES

As of December 31, accrued expenses consisted of the following:

€ in millions	2013		2012	
		thereof short-term		thereof short-term
Personnel expenses	706	604	665	567
Invoices outstanding	253	253	279	279
Self-insurance programs	147	147	142	142
Bonuses and discounts	115	115	122	122
Special charge for legal matters	83	83	87	87
Warranties and complaints	67	66	59	58
Legal matters, advisory and audit fees	57	57	56	56
Commissions	30	30	29	29
Other accrued expenses	547	473	544	508
Accrued expenses	2,005	1,828	1,983	1,848

The following table shows the development of accrued expenses in the fiscal year:

€ in millions	As of Jan. 1, 2013	Foreign currency translation	Changes in entities consolidated	Additions	Reclassifi- cations	Utilized	Reversed	As of Dec. 31, 2013
Personnel expenses	665	-17	3	520	11	-425	-51	706
Invoices outstanding	279	-3	-2	209	5	-211	-24	253
Self-insurance programs	142	-7	0	53	—	-2	-39	147
Bonuses and discounts	122	-3	—	119	-1	-108	-14	115
Special charge for legal matters	87	-4	0	0	0	0	0	83
Warranties and complaints	59	—	—	24	—	-12	-4	67
Legal matters, advisory and audit fees	56	-3	-1	43	-2	-33	-3	57
Commissions	29	-1	—	28	—	-23	-3	30
Other accrued expenses	544	-17	40	430	-8	-334	-108	547
Total	1,983	-55	40	1,426	5	-1,148	-246	2,005

Accruals for personnel expenses mainly refer to bonus, severance payments, contribution of partial retirement and holiday entitlements. For details regarding accruals for self-insurance programs, please see note 1. III. aa, Self-insurance programs.

In 2001, Fresenius Medical Care recorded a US\$258 million special charge to address legal matters relating to transactions pursuant to the Agreement and Plan of Reorganization dated as of February 4, 1996 by and between W.R. Grace & Co. and Fresenius AG, estimated liabilities and legal expenses arising in connection with the W.R. Grace & Co. Chapter 11 proceedings (Grace Chapter 11 Proceedings) and the cost of resolving pending litigation and other disputes with certain commercial insurers. During the second quarter of 2003, the

court supervising the Grace Chapter 11 Proceedings approved a definitive settlement agreement entered into among Fresenius Medical Care, the committee representing the asbestos creditors and W.R. Grace & Co. Under the settlement agreement, Fresenius Medical Care had agreed to pay US\$115 million (€83 million), without interest, upon plan confirmation. On February 3, 2014, the plan was confirmed and became effective. Fresenius Medical Care paid the US\$115 million at that time. All other matters included in the special charge have now been resolved (see note 28, Commitments and contingent liabilities).

21. OTHER LIABILITIES

As of December 31, other liabilities consisted of the following:

€ in millions	2013		2012	
		thereof short-term		thereof short-term
Debtors with credit balances	227	227	158	158
Personnel liabilities	223	218	193	188
Interest liabilities	145	145	163	163
Tax liabilities	145	144	162	160
Accounts receivable credit balance	145	51	118	39
Accounts payable resulting from German hospital law	130	130	174	168
Leasing liabilities	72	72	66	66
Advance payments from customers	32	32	59	58
Derivative financial instruments	23	17	96	76
Liabilities held for sale	0	0	36	36
All other liabilities	344	193	413	251
Other liabilities	1,486	1,229	1,638	1,363

The payables resulting from the German hospital law primarily contain earmarked subsidies received but not yet spent appropriately by Fresenius Helios. The amount not yet spent appropriately is classified as liability.

At December 31, 2013, the total amount of other non-current liabilities was €257 million, thereof €100 million was due between one and five years and €157 million was due after five years. The statement of financial position line item long-term accrued expenses and other long-term liabilities of €434 million also included other long-term accrued expenses of €177 million as of December 31, 2013.

22. DEBT AND CAPITAL LEASE OBLIGATIONS

SHORT-TERM DEBT

The Fresenius Group had short-term debt of €959 million and €205 million at December 31, 2013 and December 31, 2012, respectively. As of December 31, 2013, this debt consisted of borrowings by certain entities of the Fresenius Group under lines of credit with commercial banks. Furthermore, €500 million were outstanding under the commercial paper program of Fresenius SE & Co. KGaA. The average interest rates on these borrowings at December 31, 2013 and 2012 were 1.65% and 5.98%, respectively.

LONG-TERM DEBT AND CAPITAL LEASE OBLIGATIONS

As of December 31, long-term debt and capital lease obligations consisted of the following:

€ in millions	2013	2012
Fresenius Medical Care 2012 Credit Agreement	1,963	2,016
2013 Senior Credit Agreement	1,709	0
2008 Senior Credit Agreement	0	1,170
Bridge Financing Facility	1,410	0
Euro Notes	859	739
European Investment Bank Agreements	188	498
Accounts receivable facility of Fresenius Medical Care	255	123
Capital lease obligations	94	94
Other	248	315
Subtotal	6,726	4,955
less current portion	855	519
Long-term debt and capital lease obligations, less current portion	5,871	4,436

Maturities of long-term debt and capital lease obligations are shown in the following table:

€ in millions	up to 1 year	1 to 3 years	3 to 5 years	more than 5 years
Fresenius Medical Care 2012 Credit Agreement	145	290	1,528	0
2013 Senior Credit Agreement	127	282	956	344
Bridge Financing Facility	0	0	0	1,410
Euro Notes	334	285	240	0
European Investment Bank Agreements	148	16	16	8
Accounts receivable facility of Fresenius Medical Care	0	255	0	0
Capital lease obligations	7	21	8	58
Other	94	79	50	25
Long-term debt and capital lease obligations	855	1,228	2,798	1,845

Aggregate annual repayments applicable to the above listed long-term debt and capital lease obligations for the years subsequent to December 31, 2013 are:

for the fiscal years	€ in millions
2014	855
2015	355
2016	873
2017	1,826
2018	972
Subsequent years	1,845
Total	6,726

Fresenius Medical Care 2012 Credit Agreement

Fresenius Medical Care AG & Co. KGaA (FMC-AG & Co. KGaA) entered into a syndicated credit facility (Fresenius Medical Care 2012 Credit Agreement) of initially US\$3,850 million with a large group of banks and institutional investors (collectively, the Lenders) on October 30, 2012 which replaced a prior credit agreement.

The following tables show the available and outstanding amounts under the Fresenius Medical Care 2012 Credit Agreement at December 31:

2013				
	Maximum amount available		Balance outstanding	
	€ in millions		€ in millions	
Revolving Credit (in US\$)	US\$600 million	435	US\$138 million	100
Revolving Credit (in €)	€500 million	500	€50 million	50
Term Loan A	US\$2,500 million	1,813	US\$2,500 million	1,813
Total		2,748		1,963

2012				
	Maximum amount available		Balance outstanding	
	€ in millions		€ in millions	
Revolving Credit (in US\$)	US\$600 million	454	US\$59 million	45
Revolving Credit (in €)	€500 million	500	€0 million	0
Term Loan A	US\$2,600 million	1,971	US\$2,600 million	1,971
Total		2,925		2,016

As of December 31, 2013, the Fresenius Medical Care 2012 Credit Agreement consisted of:

- ▶ A 5-year revolving credit facility of approximately US\$1,250 million comprising a US\$400 million multicurrency revolving facility, a US\$200 million revolving facility and a €500 million revolving facility which will be due and payable on October 30, 2017.
- ▶ A 5-year term loan facility (Term Loan A) of US\$2,500 million, also scheduled to mature on October 30, 2017. The Fresenius Medical Care 2012 Credit Agreement requires quarterly payments of US\$50 million each, which began in the third quarter of 2013 that permanently reduce the term loan facility. The remaining balance is due on October 30, 2017.

Interest on the credit facilities is, at Fresenius Medical Care's option, at a rate equal to either (i) LIBOR or EURIBOR (as applicable) plus an applicable margin or (ii) the Base Rate as defined in the Fresenius Medical Care 2012 Credit Agreement plus an applicable margin. As of December 31, 2013, the U.S. dollar-denominated tranches outstanding under the Fresenius Medical Care 2012 Credit Agreement had a weighted-average interest rate of 2.00%. The euro-denominated tranche had an interest rate of 1.95%.

The applicable margin is variable and depends on Fresenius Medical Care's consolidated leverage ratio which is a ratio of its consolidated funded debt (less cash and cash equivalents) to consolidated EBITDA (as these terms are defined in the Fresenius Medical Care 2012 Credit Agreement).

In addition to scheduled principal payments, indebtedness outstanding under the Fresenius Medical Care 2012 Credit Agreement will be reduced by portions of the net cash proceeds received from certain sales of assets and the issuance of certain additional debt.

Obligations under the Fresenius Medical Care 2012 Credit Agreement are secured by pledges of capital stock of certain material subsidiaries in favor of the Lenders.

The Fresenius Medical Care 2012 Credit Agreement contains affirmative and negative covenants with respect to FMC-AG & Co. KGaA and its subsidiaries and other payment restrictions. Certain of the covenants limit indebtedness of Fresenius Medical Care and investments by Fresenius Medical Care, and require Fresenius Medical Care to maintain certain financial ratios defined in the agreement. Additionally, the Fresenius Medical Care 2012 Credit Agreement provides for a limitation on dividends and other restricted payments which is €330 million for dividends to be paid in 2014, and increases in subsequent years. In default, the outstanding balance under the Fresenius Medical Care 2012 Credit Agreement becomes immediately due and payable at the option of the Lenders.

As of December 31, 2013, FMC-AG & Co. KGaA and its subsidiaries were in compliance with all covenants under the Fresenius Medical Care 2012 Credit Agreement.

In addition, at December 31, 2013 and December 31, 2012, Fresenius Medical Care had letters of credit outstanding in the amount of US\$9 million and US\$77 million, respectively, which were not included above as part of the balance outstanding at those dates but which reduce available borrowings under the Revolving Credit Facility.

2013 Senior Credit Agreement

On December 20, 2012, Fresenius SE & Co. KGaA and various subsidiaries entered into a delayed draw syndicated credit agreement (2013 Senior Credit Agreement) in the original amount of US\$1,300 million and €1,250 million. The 2013 Senior Credit Agreement was funded on June 28, 2013 and replaced the 2008 Senior Credit Agreement. On August 7, 2013, the 2013 Senior Credit Agreement was extended by a term loan B facility in the amount of US\$500 million.

The following tables show the available and outstanding amounts under the 2013 Senior Credit Agreement at December 31, 2013 and under the 2008 Senior Credit Agreement at December 31, 2012:

2013 SENIOR CREDIT AGREEMENT

	2013			
	Maximum amount available		Balance outstanding	
		€ in millions		€ in millions
Revolving Credit Facilities (in €)	€600 million	600	€0 million	0
Revolving Credit Facilities (in US\$)	US\$300 million	218	US\$0 million	0
Term Loan A (in €)	€637 million	637	€637 million	637
Term Loan A (in US\$)	US\$980 million	710	US\$980 million	710
Term Loan B (in US\$)	US\$499 million	362	US\$499 million	362
Total		2,527		1,709

2008 SENIOR CREDIT AGREEMENT

	2012			
	Maximum amount available		Balance outstanding	
		€ in millions		€ in millions
Revolving Credit Facilities	US\$550 million	416	US\$0 million	0
Term Loan A	US\$375 million	284	US\$375 million	284
Term Loan D (in US\$)	US\$959 million	728	US\$959 million	728
Term Loan D (in €)	€158 million	158	€158 million	158
Total		1,586		1,170

As of December 31, 2013, the 2013 Senior Credit Agreement consisted of:

- ▶ 5-year revolving credit facilities in the aggregate principal amount of US\$300 million, €400 million and a €200 million multicurrency facility with a final repayment date on June 28, 2018.
- ▶ 5-year term loan facilities in the aggregate principal amount of US\$980 million and €637 million (together Term Loan A). Term Loan A amortizes and is repayable in unequal quarterly installments with a final maturity on June 28, 2018.
- ▶ a 6-year term loan facility in the aggregate principal amount of US\$499 million (Term Loan B). Term Loan B amortizes and is repayable in quarterly installments, whereby the majority of the loan is due on June 28, 2019.

The 2013 Senior Credit Agreement allows for establishment of incremental facilities if certain conditions are met. In line with these provisions, the 2013 Senior Credit Agreement has been increased on November 27, 2013 by an incremental term loan facility A of €600 million, an incremental term loan

facility B of €300 million and an incremental revolving facility of €300 million. These incremental facilities were drawn down on February 27, 2014 and used to fund the acquisition of hospitals from Rhön-Klinikum AG.

The interest rate on each borrowing under the 2013 Senior Credit Agreement is a rate equal to either (i) LIBOR or EURIBOR (as applicable) plus an applicable margin or (ii) the Base Rate as defined in the 2013 Senior Credit Agreement plus an applicable margin. The applicable margin is variable and depends on the leverage ratio as defined in the 2013 Senior Credit Agreement.

In addition to scheduled principal payments, indebtedness outstanding under the 2013 Senior Credit Agreement will be reduced by mandatory prepayments in the case of certain sales of assets and the incurrence of certain additional indebtedness, with the amount to be prepaid depending on the proceeds which are generated by the respective transaction.

The 2013 Senior Credit Agreement is guaranteed by Fresenius SE & Co. KGaA, Fresenius ProServe GmbH, Fresenius Kabi AG and certain U.S. subsidiaries of Fresenius Kabi AG. Obligations under the 2013 Senior Credit Agreement are

secured by pledges of capital stock of certain material subsidiaries of Fresenius Kabi AG, and upon funding of the incremental facilities are additionally secured by a pledge of the capital stock of HELIOS Kliniken GmbH, in favor of the lenders.

The 2013 Senior Credit Agreement contains a number of customary affirmative and negative covenants and other payment restrictions. These covenants include limitations on liens, sale of assets, incurrence of debt, investments and acquisitions and restrictions on the payment of dividends, among other items. The 2013 Senior Credit Agreement also includes financial covenants – as defined in the agreement – that require Fresenius SE & Co. KGaA and its subsidiaries (other than Fresenius Medical Care and its subsidiaries) to maintain a maximum leverage ratio and a minimum interest coverage ratio.

As of December 31, 2013, the Fresenius Group was in compliance with all covenants under the 2013 Senior Credit Agreement.

Bridge Financing Facility

On October 15, 2013, Fresenius SE & Co. KGaA entered into a Bridge Financing Facility in the amount of €1,800 million with a group of banks. The Bridge Financing Facility is guaranteed by Fresenius ProServe GmbH and Fresenius Kabi AG. The Bridge Financing Facility has been drawn in an amount of €1,500 million on December 30, 2013. The proceeds were used for advances made in the amount of €2,178 million under

a fiduciary arrangement for the acquisition of hospitals and outpatient facilities of Rhön-Klinikum AG. The majority of the transaction was closed on February 27, 2014.

The Bridge Financing Facility initially had a one year tenor and had to be mandatorily reduced by the net proceeds of any capital markets transaction. In line with these provisions, the facility has been reduced by the net proceeds of the €1,200 million Senior Notes issuances as well as the US\$300 million Senior Notes issuance that were made in January and February 2014. For more information, see note 35, Subsequent events. Due to the refinancing, this portion of the Bridge Financing Facility in the amount of €1,410 million is shown under long-term debt in the consolidated statement of financial position at December 31, 2013. On February 27, 2014, the Bridge Financing Facility was voluntarily cancelled before maturity and the remaining outstanding amount of €90 million was prepaid.

The Bridge Financing Facility contained a number of customary affirmative and negative covenants. These covenants included limitations on liens, sale of assets, incurrence of debt, investments and acquisitions, among other items. The Bridge Financing Facility also included a financial covenant.

The interest rate on each borrowing under the Bridge Financing Facility was a rate equal to EURIBOR plus the applicable margin. The applicable margin would have increased after three months and six months from the date of first utilization.

As of December 31, 2013, Fresenius SE & Co. KGaA and its subsidiaries were in compliance with all covenants under the Bridge Financing Facility.

Euro Notes

As of December 31, Euro Notes (Schuldscheindarlehen) of the Fresenius Group consisted of the following:

	Maturity	Interest rate	Book value/nominal value € in millions	
			2013	2012
Fresenius Finance B.V. 2008/2014	April 2, 2014	5.98%	112	112
Fresenius Finance B.V. 2008/2014	April 2, 2014	variable	88	88
Fresenius Finance B.V. 2007/2014	July 2, 2014	5.75%	38	38
Fresenius Finance B.V. 2007/2014	July 2, 2014	variable	62	62
Fresenius SE & Co. KGaA 2012/2016	April 4, 2016	3.36%	156	156
Fresenius SE & Co. KGaA 2012/2016	April 4, 2016	variable	129	129
Fresenius SE & Co. KGaA 2013/2017	Aug. 22, 2017	2.65%	51	0
Fresenius SE & Co. KGaA 2013/2017	Aug. 22, 2017	variable	74	0
Fresenius SE & Co. KGaA 2012/2018	April 4, 2018	4.09%	72	72
Fresenius SE & Co. KGaA 2012/2018	April 4, 2018	variable	43	43
Fresenius Medical Care AG & Co. KGaA 2009/2014	Oct. 27, 2014	8.38%	11	12
Fresenius Medical Care AG & Co. KGaA 2009/2014	Oct. 27, 2014	variable	23	27
Euro Notes			859	739

On February 22, 2013, Fresenius SE & Co. KGaA issued Euro Notes in an amount of €125 million. Proceeds were used for general corporate purposes. The new Euro Notes are guaranteed by Fresenius Kabi AG and Fresenius ProServe GmbH.

On April 2, 2012, Fresenius SE & Co. KGaA issued Euro Notes in an amount of €400 million. Proceeds were used to refinance the tranches of the Euro Notes of Fresenius Finance B.V. which were due in April and July 2012 and for general corporate purposes. These Euro Notes are guaranteed by Fresenius Kabi AG and Fresenius ProServe GmbH.

The Euro Notes issued by Fresenius Finance B.V. in the amount of €200 million and €100 million, which are due on April 2, 2014 and on July 2, 2014, respectively, as well as the Euro Notes of FMC-AG & Co. KGaA due on October 27, 2014 of €34 million are shown as current portion of long-term debt and capital lease obligations in the consolidated statement of financial position.

The Euro Notes of Fresenius Finance B.V. are guaranteed by Fresenius SE & Co. KGaA. The Euro Notes of FMC-AG & Co. KGaA are guaranteed by Fresenius Medical Care Holdings, Inc. (FMCH) and Fresenius Medical Care Deutschland GmbH (FMC D-GmbH).

As of December 31, 2013, the Fresenius Group was in compliance with all of its covenants under the Euro Notes.

European Investment Bank Agreements

Various subsidiaries of the Fresenius Group maintain credit facilities with the European Investment Bank (EIB). The following table shows the amounts outstanding under the EIB facilities as of December 31:

	Maturity	Book value € in millions	
		2013	2012
Fresenius SE & Co. KGaA	2013	0	196
Fresenius Medical Care AG & Co. KGaA	2013/2014	140	246
HELIOS Kliniken GmbH	2019	48	56
Loans from EIB		188	498

The EIB is the not-for-profit long-term lending institution of the European Union and loans funds at favorable rates for the purpose of specific capital investment and research and development projects. The facilities were granted to finance certain research and development projects, to invest in the expansion and optimization of existing production facilities in Germany and for the construction of a hospital.

Repayment of the loan of HELIOS Kliniken GmbH already started in December 2007 and will continue through December 2019 with constant half-yearly payments.

At June 14, 2013, €96 million borrowings of Fresenius SE & Co. KGaA and US\$91 million borrowings of FMC-AG & Co. KGaA were due. The loans were repaid as scheduled. In addition, loans borrowed by Fresenius SE & Co. KGaA of €100 million and FMC-AG & Co. KGaA of US\$49 million, which were due at September 10 and 13, 2013, respectively, were repaid as scheduled.

The loans borrowed by FMC-AG & Co. KGaA, which were due at February 3 and 17, 2014, respectively, are shown as current portion of long-term debt and capital lease obligations in the consolidated statement of financial position. They were repaid as scheduled.

The above mentioned loans had variable interest rates which were based on EURIBOR or LIBOR plus applicable margin. These interest rates changed quarterly. The loans under the EIB Agreements entered before 2009 were secured by bank guarantees. The 2009 loan of Fresenius SE & Co. KGaA was guaranteed by Fresenius Kabi AG and Fresenius ProServe GmbH. The 2009 loan of FMC-AG & Co. KGaA was guaranteed by FMCH and FMC D-GmbH. All credit agreements with the EIB had customary covenants. As of December 31, 2013, the Fresenius Group was in compliance with the respective covenants.

Accounts receivable facility of Fresenius Medical Care

On January 17, 2013, the asset securitization facility (accounts receivable facility) of Fresenius Medical Care was refinanced for a term expiring on January 15, 2016 with available borrowings of US\$800 million.

At December 31, 2013, there were outstanding borrowings under the accounts receivable facility of US\$351 million (€255 million) (2012: US\$162 million (€123 million)). Fresenius Medical Care also had letters of credit outstanding in the amount of US\$66 million (€48 million) at December 31, 2013. These letters of credit were not included above as part of the balance outstanding at December 31, 2013, however, they reduce available borrowings under the accounts receivable facility.

Under the accounts receivable facility, certain receivables are sold to NMC Funding Corp. (NMC Funding), a wholly owned subsidiary of Fresenius Medical Care. NMC Funding then assigns percentage ownership interests in the accounts receivable to certain bank investors. Under the terms of the accounts receivable facility, NMC Funding retains the right, at any time, to recall all the then outstanding transferred interests in the accounts receivable. Consequently, the receivables remain on the consolidated statement of financial position and the proceeds from the transfer of percentage ownership interests are recorded as long-term debt.

NMC Funding pays interest to the bank investors, calculated based on the commercial paper rates for the particular tranches selected. The average interest rate during 2013 was 1.04%. Refinancing fees, which include legal costs and bank fees, are amortized over the term of the facility.

CREDIT LINES

In addition to the financial liabilities described before, the Fresenius Group maintains additional credit facilities which have not been utilized, or have only been utilized in part, as of the reporting date. At December 31, 2013, the additional financial cushion resulting from unutilized credit facilities was approximately €2.2 billion.

Syndicated credit facilities accounted for €1.6 billion. This portion is comprised of the Fresenius Medical Care 2012 Credit Agreement in the amount of US\$1,073 million (€778 million) and the 2013 Senior Credit Agreement in the amount of US\$1,128 million (€818 million). Furthermore, bilateral facilities of approximately €650 million were available. They include credit facilities which certain entities of the Fresenius Group have arranged with commercial banks. These credit facilities are used for general corporate purposes and are usually unsecured.

In addition, Fresenius SE & Co. KGaA has a commercial paper program under which up to €500 million in short-term notes can be issued. As of December 31, 2013, the commercial paper program was completely utilized.

Additional financing of up to US\$800 million can be provided using the Fresenius Medical Care accounts receivable facility which had been utilized in the amount of US\$417 million as of December 31, 2013.

23. SENIOR NOTES

As of December 31, Senior Notes of the Fresenius Group consisted of the following:

	Notional amount	Maturity	Interest rate	Book value € in millions	
				2013	2012
Fresenius Finance B.V. 2006/2013	€500 million	Jan. 31, 2013	5.00%	0	500
Fresenius Finance B.V. 2006/2016	€650 million	Jan. 31, 2016	5.50%	0	645
Fresenius Finance B.V. 2012/2019	€500 million	Apr. 15, 2019	4.25%	500	500
Fresenius Finance B.V. 2013/2020	€500 million	July 15, 2020	2.875%	500	0
Fresenius US Finance II, Inc. 2009/2015	€275 million	July 15, 2015	8.75%	270	267
Fresenius US Finance II, Inc. 2009/2015	US\$500 million	July 15, 2015	9.00%	357	369
FMC Finance VI S.A. 2010/2016	€250 million	July 15, 2016	5.50%	249	248
FMC Finance VII S.A. 2011/2021	€300 million	Feb. 15, 2021	5.25%	295	294
FMC Finance VIII S.A. 2011/2016	€100 million	Oct. 15, 2016	variable	100	100
FMC Finance VIII S.A. 2011/2018	€400 million	Sept. 15, 2018	6.50%	396	396
FMC Finance VIII S.A. 2012/2019	€250 million	July 31, 2019	5.25%	243	243
Fresenius Medical Care US Finance, Inc. 2007/2017	US\$500 million	July 15, 2017	6.875%	360	376
Fresenius Medical Care US Finance, Inc. 2011/2021	US\$650 million	Feb. 15, 2021	5.75%	468	489
Fresenius Medical Care US Finance II, Inc. 2011/2018	US\$400 million	Sept. 15, 2018	6.50%	287	300
Fresenius Medical Care US Finance II, Inc. 2012/2019	US\$800 million	July 31, 2019	5.625%	580	606
Fresenius Medical Care US Finance II, Inc. 2012/2022	US\$700 million	Jan. 31, 2022	5.875%	508	531
Senior Notes				5,113	5,864

On January 7, 2013, Fresenius announced the early redemption of the 5.5% Senior Notes due in 2016 that were issued in 2006. The aggregate principal amount of €650 million was completely repaid on February 7, 2013 at a price of 100.916% plus accrued and unpaid interest. Initially, the redemption was financed by utilizing existing credit lines. Starting end of June 2013, the 2013 Senior Credit Agreement was used for the refinancing.

On January 24, 2013, Fresenius Finance B.V. issued unsecured Senior Notes of €500 million at par which are due in 2020. Net proceeds were used to refinance the Senior Notes which were due in January 2013.

On March 28, 2012, Fresenius Finance B.V. issued unsecured Senior Notes of €500 million at par which are due in 2019. Net proceeds were used for acquisitions, including the acquisition of the Damp Group, to refinance short-term debt and for general corporate purposes.

The Senior Notes issued by Fresenius Finance B.V. which were due on January 31, 2013 were shown as long-term debt in the consolidated statement of financial position as of December 31, 2012.

All Senior Notes of Fresenius Finance B.V. and of Fresenius US Finance II, Inc. are guaranteed by Fresenius SE & Co. KGaA, Fresenius Kabi AG and Fresenius ProServe GmbH. The holders have the right to request that the issuers repurchase the Senior Notes at 101% of principal plus accrued interest upon the occurrence of a change of control followed by a decline in the rating of the respective Senior Notes. All Senior Notes of Fresenius Finance B.V. and of Fresenius US Finance II, Inc. may be redeemed prior to their maturity at the option of the issuers at a price of 100% plus accrued interest and a premium calculated pursuant to the terms of the indentures under observance of certain notice periods.

Fresenius SE & Co. KGaA has agreed to a number of covenants to provide protection to the bondholders, which, under certain circumstances, partly restrict the scope of action of Fresenius SE & Co. KGaA and its subsidiaries (excluding Fresenius Medical Care AG & Co. KGaA (FMC-AG & Co. KGaA) and its subsidiaries). These covenants include restrictions on further debt that can be raised, the payment of dividends, investments, the redemption of subordinated liabilities and the mortgaging or sale of assets, among other items. Some of these restrictions are lifted automatically when

the rating of the respective Notes reaches investment grade. In the event of non-compliance with certain terms of the Senior Notes, the bondholders (owning in aggregate more than 25% of the outstanding Senior Notes) are entitled to call the Senior Notes and demand immediate repayment plus interest. As of December 31, 2013, the Fresenius Group was in compliance with all of its covenants.

On January 26, 2012, Fresenius Medical Care US Finance II, Inc. issued unsecured Senior Notes of US\$800 million with a coupon of 5.625% at par and unsecured Senior Notes of US\$700 million with a coupon of 5.875% at par. In addition, FMC Finance VIII S.A. issued unsecured Senior Notes of €250 million with a coupon of 5.25% at par. The Senior Notes issued by Fresenius Medical Care US Finance II, Inc. in the amount of US\$800 million are due on July 31, 2019 and the US\$700 million Senior Notes are due on January 31, 2022. The Senior Notes issued by FMC Finance VIII S.A. are due on July 31, 2019. Net proceeds were used for acquisitions and for general corporate purposes.

The Senior Notes of Fresenius Medical Care US Finance, Inc., Fresenius Medical Care US Finance II, Inc., FMC Finance VI S.A., FMC Finance VII S.A. and FMC Finance VIII S.A. (wholly owned subsidiaries of FMC-AG & Co. KGaA) are guaranteed on a senior basis jointly and severally by FMC-AG & Co. KGaA, Fresenius Medical Care Holdings, Inc. and Fresenius Medical Care Deutschland GmbH. The holders have the right to request that the respective issuers repurchase the respective Senior Notes at 101% of principal plus accrued interest upon the occurrence of a change of control of the company followed by a decline in the rating of the respective Senior Notes. The issuers may redeem the Senior Notes (except for the floating-rate Senior Notes of FMC Finance VIII S.A.) at any time at 100% of principal plus accrued interest and a premium calculated pursuant to the terms of the indentures.

FMC-AG & Co. KGaA has agreed to a number of covenants to provide protection to the holders which, under certain circumstances, limit the ability of FMC-AG & Co. KGaA and its subsidiaries to, among other things, incur debt, incur liens,

engage in sale and leaseback transactions and merge or consolidate with other companies or sell assets. As of December 31, 2013, FMC-AG & Co. KGaA and its subsidiaries were in compliance with all of their covenants under the Senior Notes.

24. PENSIONS AND SIMILAR OBLIGATIONS

GENERAL

The Fresenius Group recognizes pension costs and related pension liabilities for current and future benefits to qualified current and former employees of the Fresenius Group. Fresenius Group's pension plans are structured in accordance with the differing legal, economic and fiscal circumstances in each country. The Fresenius Group currently has two types of plans, defined benefit and defined contribution plans. In general, plan benefits in defined benefit plans are based on all or a portion of the employees' years of services and final salary. Plan benefits in defined contribution plans are determined by the amount of contribution by the employee and the employer, both of which may be limited by legislation, and the returns earned on the investment of those contributions.

Upon retirement under defined benefit plans, the Fresenius Group is required to pay defined benefits to former employees when the defined benefits become due. Defined benefit plans may be funded or unfunded. The Fresenius Group has funded defined benefit plans in particular in the United States, Norway, the United Kingdom, the Netherlands and Austria. Unfunded defined benefit plans are located in Germany and France.

Actuarial assumptions generally determine benefit obligations under defined benefit plans. The actuarial calculations require the use of estimates. The main factors used in the actuarial calculations affecting the level of the benefit obligations are: assumptions on life expectancy, the discount rate and future salary and benefit levels. Under Fresenius Group's funded plans, assets are set aside to meet future payment obligations. An estimated return on the plan assets is recognized as income in the respective period. Actuarial gains and losses are generated when there are variations in the actuarial assumptions and by differences between the actual and

the estimated projected benefit obligations and the return on plan assets for that year. A company's pension liability is impacted by these actuarial gains or losses.

Related to defined benefit plans, the Fresenius Group is exposed to certain risks. Besides general actuarial risks, e.g. the longevity risk and the interest rate risk, the Fresenius Group is exposed to market risk as well as to investment risk.

In the case of Fresenius Group's funded plans, the defined benefit obligation is offset against the fair value of plan assets (funded status). A pension liability is recognized in the consolidated statement of financial position if the defined benefit obligation exceeds the fair value of plan assets. An asset is recognized and reported under other assets in the consolidated statement of financial position if the fair value of plan assets exceeds the defined benefit obligation and if the Fresenius Group has a right of reimbursement against the fund or a right to reduce future payments to the fund.

Under defined contribution plans, the Fresenius Group pays defined contributions to an independent third party as directed by the employee during the employee's service life which satisfies all obligations of the Fresenius Group to the employee. The employee retains all rights to the contributions made by the employee and to the vested portion of the Fresenius Group paid contributions upon leaving the Fresenius Group. The Fresenius Group has a main defined contribution plan in the United States.

DEFINED BENEFIT PENSION PLANS

At December 31, 2013, the projected benefit obligation (PBO) of the Fresenius Group of €1,020 million (2012: €986 million) included €312 million (2012: €294 million) funded by plan assets and €708 million (2012: €692 million) covered by pension provisions. Furthermore, the pension liability contains benefit obligations offered by other subsidiaries of Fresenius Medical Care in an amount of €21 million (2012: €27 million). The current portion of the pension liability in an amount of

€15 million is recognized in the consolidated statement of financial position within short-term accrued expenses and other short-term liabilities. The non-current portion of €714 million is recorded as pension liability.

The major part of pension liabilities relates to Germany. At December 31, 2013, 72% of the pension liabilities were recognized in Germany and 28% predominantly in the rest of Europe and North America. 57% of the beneficiaries were located in North America, 31% in Germany and the remainder throughout the rest of Europe and other continents.

62% of the pension liabilities in an amount of €729 million relate to the "Versorgungsordnung der Fresenius-Unternehmen" established in 1988 (Pension plan 1988), which applies for most of the German entities of the Fresenius Group except Fresenius Helios. The rest of the pension liabilities relates to individual plans from Fresenius Helios entities in Germany and non-German Group entities.

Plan benefits are generally based on an employee's years of service and final salary. Consistent with predominant practice in Germany, the benefit obligations of the German entities of the Fresenius Group are unfunded. The German Pension Plan 1988 does not have a separate pension fund.

Fresenius Medical Care Holdings, Inc. (FMCH), a subsidiary of Fresenius Medical Care AG & Co. KGaA, has a defined benefit pension plan for its employees in the United States and supplemental executive retirement plans. During the first quarter of 2002, FMCH curtailed these pension plans. Under the curtailment amendment for substantially all employees eligible to participate in the plan, benefits have been frozen as of the curtailment date and no additional defined benefits for future services will be earned. FMCH has retained all employee benefit obligations as of the curtailment date. Each year, FMCH contributes at least the minimum amount required by the Employee Retirement Income Security Act of 1974, as amended. In 2013, FMCH's minimum funding requirement was US\$6 million (€5 million). In addition to the compulsory contributions, FMCH voluntarily provided US\$5 million (€4 million) to the defined benefit plan. Expected funding for 2014 is US\$43 million (€31 million).

Benefit plans offered by other subsidiaries of Fresenius Medical Care outside of the United States and Germany contain separate benefit obligations. The total pension liability for these other plans was €21 million and €27 million at December 31, 2013 and 2012, respectively, and consists of a pension asset of €56 thousand (2012: €56 thousand) recognized as other non-current assets and a current pension liability of €1 million (2012: €1 million), which is recognized as a current liability in the line item short-term accrued expenses and other short-term liabilities. The non-current pension liability of €20 million (2012: €26 million) for these plans is recorded as pension liability in the consolidated statement of financial position.

Fresenius Group's benefit obligations relating to fully or partly funded pension plans were €437 million. Benefit obligations relating to unfunded pension plans were €583 million.

The following table shows the changes in benefit obligations, the changes in plan assets, the funded status of the pension plans and the pension liability. Benefits paid as shown in the changes in benefit obligations represent payments made from both the funded and unfunded plans while the benefits paid as shown in the changes in plan assets include only benefit payments from Fresenius Group's funded benefit plans.

The pension liability has developed as follows:

€ in millions	2013	2012
Benefit obligations at the beginning of the year	986	753
Changes in entities consolidated	6	18
Foreign currency translation	-15	-5
Service cost	30	20
Prior service cost	1	8
Interest cost	39	39
Contributions by plan participants	2	2
Transfer of plan participants	3	-
Curtailments/settlements	-5	-3
Actuarial gains/losses	-	188
Benefits paid	-27	-31
Divestitures	0	-2
Amendments	0	-1
Benefit obligations at the end of the year	1,020	986
thereof vested	868	849
Fair value of plan assets at the beginning of the year	294	260
Changes in entities consolidated	-	15
Foreign currency translation	-9	-3
Actual return on plan assets	25	26
Contributions by the employer	15	14
Contributions by plan participants	2	1
Settlements	-4	-1
Transfer of plan participants	3	0
Benefits paid	-14	-18
Fair value of plan assets at the end of the year	312	294
Funded status as of December 31	708	692
Benefit plans offered by other subsidiaries	21	27
Pension liability as of December 31	729	719

As of December 31, 2013 and December 31, 2012, the fair value of plan assets did not exceed the benefit obligations in any pension plan.

The discount rates for all plans are based upon yields of portfolios of equity and highly rated debt instruments with maturities that mirror the plan's benefit obligation. Fresenius Group's discount rate is the weighted average of these plans based upon their benefit obligations.

The following weighted-average assumptions were utilized in determining benefit obligations as of December 31:

in %	2013	2012
Discount rate	4.09	4.04
Rate of compensation increase	3.09	3.11
Rate of pension increase	1.67	1.67

Changes in the discount factor, inflation and mortality assumptions used for the actuarial computation resulted in actuarial losses in 2013 which increased the fair value of the defined benefit obligation. Unrecognized actuarial losses were €293 million (2012: €329 million).

Sensitivity analysis

Increases and decreases in principal actuarial assumptions by 0.5 percentage points would affect the pension liability as of December 31, 2013 as follows:

Development of pension liability € in millions	0.5 pp increase	0.5 pp decrease
Discount rate	-94	108
Rate of compensation increase	29	-28
Rate of pension increase	59	-53

The sensitivity analysis was calculated based on the average duration of the pension obligations determined at December 31, 2013. The calculations were performed isolated for each significant actuarial parameter, in order to show the effect on the fair value of the pension liability separately. The sensitivity analysis for compensation increases and for pension increases excludes the U.S. pension plan, because it is frozen and therefore is not affected by changes from these two actuarial assumptions.

At December 31, 2013, the accumulated benefit obligations for all defined benefit pension plans were €935 million (2012: €913 million).

The following table relates to pension plans with projected benefit obligations and accumulated benefit obligations in excess of plan assets:

€ in millions	2013	2012
Projected benefit obligation (PBO)	1,020	986
Accumulated benefit obligation (ABO)	935	913
Fair value of plan assets	312	294

The pre-tax changes of other comprehensive income (loss) relating to pension liabilities during the years 2013 and 2012 are shown in the following tables:

€ in millions	As of Jan. 1, 2013	Reclassifications ¹	Additions	Foreign currency translation	As of Dec. 31, 2013
Actuarial gains and losses	-329	23	8	5	-293
Prior service cost	-1	1	-1	–	-1
Transition obligation	-1	1	–	–	–
Adjustments related to pension liabilities	-331	25	7	5	-294

¹ Effects recognized in the consolidated statement of income

€ in millions	As of Jan. 1, 2012	Reclassifications ¹	Additions	Foreign currency translation	As of Dec. 31, 2012
Actuarial gains and losses	-173	15	-171	–	-329
Prior service cost	3	5	-9	–	-1
Transition obligation	-1	–	–	–	-1
Adjustments related to pension liabilities	-171	20	-180	–	-331

¹ Effects recognized in the consolidated statement of income

For the tax effects on other comprehensive income at December 31, 2013 see note 27, Other comprehensive income (loss).

The Fresenius Group expects the following amounts to be amortized from other comprehensive income into net periodic pension cost in the year 2014:

€ in millions	2014
Actuarial gains and losses	15
Prior service cost	2
Transition obligation	–

Defined benefit pension plans' net periodic benefit costs of €78 million (2012: €62 million) were comprised of the following components:

€ in millions	2013	2012
Service cost	30	20
Interest cost	39	39
Expected return on plan assets	-16	-16
Amortization of unrealized actuarial losses, net	23	15
Amortization of prior service costs	1	5
Amortization of transition obligations	1	–
Settlement loss	–	-1
Net periodic benefit cost	78	62

Net periodic benefit cost is allocated as personnel expense within cost of sales or selling, general and administrative expenses as well as research and development expenses. The allocation depends upon the area in which the beneficiary is employed.

The following weighted-average assumptions were used in determining net periodic benefit cost for the year ended December 31:

in %	2013	2012
Discount rate	4.10	5.07
Expected return of plan assets	4.99	5.21
Rate of compensation increase	3.13	3.29
Rate of pension increase	1.68	1.74

The following table shows the expected benefit payments for the next 10 years:

for the fiscal years	€ in millions
2014	28
2015	30
2016	32
2017	36
2018	36
2019 to 2023	225
Total expected benefit payments	387

At December 31, 2013 and December 31, 2012, the weighted-average duration of the defined benefit obligation was 20 years, respectively.

The fair values of plan assets by categories were as follows:

€ in millions	December 31, 2013			December 31, 2012		
	Quoted prices in active markets for identical assets Level 1	Significant observable inputs Level 2	Total	Quoted prices in active markets for identical assets Level 1	Significant observable inputs Level 2	Total
Categories of plan assets						
Equity investments	45	45	90	38	44	82
Index funds ¹	37	45	82	32	44	76
Other equity investments	8	0	8	6	0	6
Fixed income investments	69	115	184	63	117	180
Government securities ²	28	1	29	29	1	30
Corporate bonds ³	19	113	132	21	116	137
Other fixed income investments ⁴	22	1	23	13	–	13
Other ⁵	33	5	38	30	2	32
Total	147	165	312	131	163	294

¹ This category is mainly comprised of low-cost equity index funds not actively managed that track the S & P 500, S & P 400, Russell 2000, the MSCI Emerging Markets Index and the Morgan Stanley International EAFE Index.

² This category is primarily comprised of fixed income investments by the U.S. government and government sponsored entities.

³ This category primarily represents investment grade bonds of U.S. issuers from diverse industries.

⁴ This category is mainly comprised of private placement bonds as well as collateralized mortgage obligations and funds that invest in treasury obligations directly or in treasury backed obligations.

⁵ This category mainly represents cash, money market funds as well as mutual funds comprised of high grade corporate bonds.

The methods and inputs used to measure the fair value of plan assets are as follows:

Index funds are valued based on market quotes.

Other equity investments are valued at their market prices as of the date of the statement of financial position.

Government bonds are valued based on both market prices (Level 1) and market quotes (Level 2).

Corporate bonds and other bonds are valued based on market quotes as of the date of the statement of financial position.

Cash is stated at nominal value which equals the fair value.

U.S. Treasury money market funds as well as other money market and mutual funds are valued at their market prices.

Plan investment policy and strategy

For the U.S. funded plan, the Fresenius Group periodically reviews the assumptions for long-term expected return on pension plan assets. As part of the assumptions review, a range of reasonable expected investment returns for the pension plan as a whole was determined based on an analysis of expected future returns for each asset class weighted by the allocation of the assets. The range of returns developed relies both on forecasts, which include the actuarial firm's expected long-term rates of return for each significant asset class or economic indicator, and on broad-market historical benchmarks for expected return, correlation, and volatility for each asset class. As a result, the expected rate of return on pension plan assets of the U.S. pension plan was 6% for the year 2013.

The overall investment strategy for the U.S. pension plan is to achieve a mix of approximately 96% of investments for long-term growth and 4% for near-term benefit payments with a wide diversification of asset types, fund strategies and fund managers.

The target allocations for plan assets in the United States are 30% equity securities and 70% long-term U.S. bonds. The investment policy considers that there will be a time horizon for invested funds of more than five years. The total portfolio will be measured against a policy index that reflects

the asset class benchmarks and the target asset allocation. The plan policy does not allow investments in securities of Fresenius Medical Care AG & Co. KGaA or other related party securities. The performance benchmarks for the separate asset classes include: S & P 500 Index, S & P 400 Index, Russell 2000 Growth Index, MSCI EAFE Index, MSCI Emerging Markets Index, Barclays Capital Long Term Government Index and Barclays Capital U.S. Strips 20+ Year Index.

The following schedule describes Fresenius Group's allocation for its funded plans.

in %	Allocation 2013	Allocation 2012	Target allocation
Equity investments	28.83	27.99	32.84
Fixed income investments	58.98	61.24	60.44
Other incl. real estate	12.19	10.77	6.72
Total	100.00	100.00	100.00

The overall expected long-term rate of return on assets of the Fresenius Group amounts to 5.47% compounded annually. Contributions to plan assets for the fiscal year 2014 are expected to amount to €37 million.

DEFINED CONTRIBUTION PLANS

Fresenius Group's total expense under defined contribution plans for 2013 was €86 million (2012: €84 million). Of this amount, €47 million related to contributions by the Fresenius Group to the Rheinische Zusatzversorgungskasse (a supplementary pension fund) and to other public supplementary pension funds for employees of Fresenius Helios. Further €29 million related to contributions to the U.S. savings plan, which employees of Fresenius Medical Care Holdings, Inc. (FMCH) can join.

Following applicable collective bargaining agreements, the Fresenius Group pays contributions for a given number of employees of Fresenius Helios to the Rheinische Zusatzversorgungskasse (a supplementary pension fund) and to other public supplementary pension funds (together referred to as ZVK ÖD) to complement statutory retirement pensions. Given that employees from multiple participating entities are insured by these ZVK ÖDs, these plans are Multi-Employer plans. Employees are entitled to the benefits defined in the statutes regardless of the contributed amounts.

The plan operates on a pay-as-you-earn system based on applying a collection rate to given parts of gross remuneration.

Paid contributions are accounted for as personnel expenses within cost of sales and selling, general and administrative expenses and amounted to €47 million in 2013 (2012: €45 million). Thereof €15 million were payments to the Rheinische Zusatzversorgungskasse (2012: €13 million).

Further disclosures are either irrelevant or immaterial for plans in supplementary pension funds or the necessary information cannot be obtained from the ZVK ÖDs without undue cost and effort.

Under the U.S. savings plan, employees can deposit up to 75% of their pay up to an annual maximum of US\$17,500 if under 50 years old (US\$23,000 if 50 or over). Fresenius Medical Care will match 50% of the employee deposit up to a maximum Company contribution of 3% of the employee's pay. Fresenius Medical Care's total expense under this defined contribution plan for the years ended December 31, 2013 and 2012 was €29 million and €30 million, respectively.

25. NONCONTROLLING INTEREST

NONCONTROLLING INTEREST SUBJECT TO PUT PROVISIONS

The Fresenius Group has potential obligations to purchase the noncontrolling interests held by third parties in certain of its consolidated subsidiaries. These obligations are in the form of put provisions and are exercisable at the third-party owners' discretion within specified periods as outlined in each specific put provision. If these put provisions were exercised, the Fresenius Group would be required to purchase all or part of third-party owners' noncontrolling interests at the appraised fair value at the time of exercise.

Noncontrolling interest subject to put provisions changed as follows:

€ in millions	2013
Noncontrolling interest subject to put provisions as of January 1, 2013	398
Noncontrolling interest subject to put provisions in profit	82
Purchase of noncontrolling interest subject to put provisions	19
Dividend payments	-89
Currency effects, first-time consolidations and other changes	62
Noncontrolling interest subject to put provisions as of December 31, 2013	472

As of December 31, 2013 and 2012, put options with an aggregate purchase obligation of €200 million and €173 million, respectively, were exercisable. Two put options were exercised for a total consideration of €3 million in 2013 (2012: €2 million).

NONCONTROLLING INTEREST NOT SUBJECT TO PUT PROVISIONS

As of December 31, noncontrolling interest not subject to put provisions in the Fresenius Group was as follows:

€ in millions	2013	2012
Noncontrolling interest not subject to put provisions in Fresenius Medical Care AG & Co. KGaA	4,599	4,692
Noncontrolling interest not subject to put provisions in VAMED AG	38	33
Noncontrolling interest not subject to put provisions in the business segments		
Fresenius Medical Care	182	201
Fresenius Kabi	126	86
Fresenius Helios	117	111
Fresenius Vamed	3	2
Total noncontrolling interest not subject to put provisions	5,065	5,125

Noncontrolling interest not subject to put provisions changed as follows:

€ in millions	2013
Noncontrolling interest not subject to put provisions as of January 1, 2013	5,125
Noncontrolling interest not subject to put provisions in profit	645
Stock options	64
Purchase of noncontrolling interest not subject to put provisions	6
Dividend payments	-206
Share buy-back program of Fresenius Medical Care AG & Co. KGaA	-264
Currency effects, first-time consolidations and other changes	-305
Noncontrolling interest not subject to put provisions as of December 31, 2013	5,065

26. FRESENIUS SE & CO. KGAA SHAREHOLDERS' EQUITY

SUBSCRIBED CAPITAL

Development of subscribed capital

During the fiscal year 2013, 1,506,569 stock options were exercised. Consequently, as of December 31, 2013, the subscribed capital of Fresenius SE & Co. KGaA consisted of 179,694,829 bearer ordinary shares. The shares are issued as non-par value shares. The proportionate amount of the subscribed capital is €1.00 per share.

On May 15, 2012, Fresenius SE & Co. KGaA successfully completed a capital increase upon registration with the commercial register. In connection with the capital increase, 13.8 million new ordinary shares were issued at a price of €73.50. The transaction generated gross proceeds of €1,014.3 million and increased the subscribed capital by €13.8 million. The new shares had full dividend entitlement for the fiscal year 2012.

Notification by shareholders

The following table shows the notifications disclosed in 2013 in accordance with Section 26 (1) of the German Securities Trading Act (WpHG).

Notifying party	Date of reaching, exceeding or falling below	Reporting threshold	Attribution pursuant to WpHG	Percentage of voting rights	Number of voting rights
BlackRock International Holdings, Inc., New York, United States ¹	January 31, 2013	Falling below 3%	Section 22 (1) sentence 1 No. 6 in connection with section 22 (1) sentence 2	2.93	5,222,607
BR Jersey International Holdings, L. P. St. Helier, Jersey, Channel Islands ¹	January 31, 2013	Falling below 3%	Section 22 (1) sentence 1 No. 6 in connection with section 22 (1) sentence 2	2.93	5,222,607
BlackRock Advisors Holdings, Inc., New York, United States ¹	November 27, 2013	Falling below 3%	Section 22 (1) sentence 1 No. 6 in connection with section 22 (1) sentence 2	2.997	5,361,078

¹ Attributed to the controlling company BlackRock, Inc., New York, United States, holding 5.36% in Fresenius SE & Co. KGaA (last notification dated May 2012)

The Else Kröner-Fresenius-Stiftung as major shareholder informed Fresenius SE & Co. KGaA on December 20, 2013, that it holds 48,231,698 ordinary shares of Fresenius SE & Co. KGaA representing 26.84% of the subscribed capital on December 31, 2013.

All WpHG-notifications by shareholders are published on the website of the Company www.fresenius.com under Investor Relations – Fresenius Share/ADR – Shareholder Structure.

AUTHORIZED CAPITAL

By resolution of the Annual General Meeting on May 17, 2013, the previous Authorized Capital I was revoked and a new Authorized Capital I was created.

In accordance with the new provision in the articles of association of Fresenius SE & Co. KGaA, the general partner, Fresenius Management SE, is authorized, with the approval of the Supervisory Board, until May 16, 2018, to increase Fresenius SE & Co. KGaA's subscribed capital by a total amount of up to €40,320,000 through a single issue or multiple issues of new bearer ordinary shares against cash contributions and/or contributions in kind (Authorized Capital I). A subscription right must be granted to the shareholders in principle. In defined cases, the general partner is authorized, with the consent of the Supervisory Board, to decide on the exclusion of the shareholders' subscription right (e.g. to eliminate

fractional amounts). For cash contributions, the authorization can only be exercised if the issue price is not significantly below the stock exchange price of the already listed shares at the time the issue price is fixed with final effect by the general partner. Furthermore, the proportionate amount of the shares issued with exclusion of subscription rights may not exceed 10% of the subscribed capital neither at the time of the resolution on the authorization nor at the time of the utilization of the authorization. In the case of a contribution in kind, the subscription right can be excluded only in order to acquire a company, parts of a company or a participation in a company. The authorizations granted concerning the exclusion of subscription rights can be used by the general partner only to such extent that the proportional amount of the total number of shares issued with exclusion of the subscription rights does not exceed 20% of the subscribed capital, neither at the time of the resolution on the authorization nor at the time of the utilization of the authorization.

The changes to the Authorized Capital became effective upon registration of the amendments to the articles of association with the commercial register on June 3, 2013.

Due to the capital increase, the Authorized Capital I decreased by €13.8 million to €26,520,000 at December 31, 2012.

CONDITIONAL CAPITAL

Corresponding to the stock option plans, the Conditional Capital of Fresenius SE & Co. KGaA is divided into Conditional Capital I, Conditional Capital II, Conditional Capital III and Conditional Capital IV. These are used to satisfy the subscription rights in connection with previously issued stock options or convertible bonds, as the case may be, for bearer ordinary shares under the stock option plans of 2003, 2008 and 2013 (see note 33, Stock options).

By resolution of the Annual General Meeting on May 17, 2013, the previous Conditional Capital I was revoked. Additionally, the change of the previous Conditional Capital II in Conditional Capital I, the change of the previous Conditional Capital III in Conditional Capital II as well as the change of the previous Conditional Capital IV in Conditional Capital III were resolved.

By resolution on May 17, 2013, the Annual General Meeting of Fresenius SE & Co. KGaA authorized the general partner until May 16, 2018, to issue up to 8,400,000 subscription

rights for up to 8,400,000 non-par value bearer ordinary shares of Fresenius SE & Co. KGaA in the framework of the 2013 Stock Option Plan. The authorization shall fall to the Supervisory Board alone, if members of the Management Board of the general partner are concerned. To fulfill the granted subscription rights, the subscribed capital of Fresenius SE & Co. KGaA was increased conditionally by up to €8,400,000 through issuing of up to 8,400,000 new bearer ordinary shares (Conditional Capital IV). The change of Fresenius SE & Co. KGaA's articles of association with regard to the Conditional Capital I, II, III and IV became effective upon registration with the commercial register on June 3, 2013. The conditional capital increase shall only be implemented to the extent that subscription rights were or are issued according to the 2013 Stock Option Plan, the holders of subscription rights exercise their option rights and as long as no other forms of settlement are used. The new bearer ordinary shares shall participate in the profits from the start of the fiscal year in which they are issued.

The following table shows the development of the Conditional Capital:

in €	Ordinary shares
Conditional Capital I Fresenius AG Stock Option Plan 1998 (until June 3, 2013)	857,970
Conditional Capital I Fresenius AG Stock Option Plan 2003 (until June 3, 2013: Conditional Capital II)	2,497,254
Conditional Capital II Fresenius SE Stock Option Plan 2008 (until June 3, 2013: Conditional Capital III)	5,383,434
Conditional Capital III, approved on May 11, 2012 (until June 3, 2013: Conditional Capital IV)	16,323,734
Total Conditional Capital as of January 1, 2013	25,062,392
Cancellation of the previous Conditional Capital I Fresenius AG Stock Option Plan 1998	-857,970
Fresenius AG Stock Option Plan 2003 – options exercised	-385,737
Fresenius SE Stock Option Plan 2008 – options exercised	-1,120,832
Creation of Conditional Capital IV Fresenius SE & Co. KGaA Stock Option Plan 2013	8,400,000
Total Conditional Capital as of December 31, 2013	31,097,853

CAPITAL RESERVES

Capital reserves are comprised of the premium paid on the issue of shares and the exercise of stock options (additional paid-in capital).

In the second quarter of 2012, the capital reserves increased by €989 million in connection with Fresenius SE & Co. KGaA's capital increase. The accrued expenses less applicable tax benefit were charged in an amount of €11 million against the capital reserves.

OTHER RESERVES

Other reserves are comprised of earnings generated by Group entities in prior years to the extent that they have not been distributed.

DIVIDENDS

Under the German Stock Corporation Act (AktG), the amount of dividends available for distribution to shareholders is based upon the unconsolidated retained earnings of Fresenius SE & Co. KGaA as reported in its statement of financial position determined in accordance with the German Commercial Code (HGB).

In May 2013, a dividend of €1.10 per bearer ordinary share was approved by Fresenius SE & Co. KGaA's shareholders at the Annual General Meeting and paid. The total dividend payment was €196 million.

SHARE BUY-BACK PROGRAM OF FRESENIUS MEDICAL CARE

Fresenius Medical Care completed a share buy-back program during the third quarter of 2013. When the program ended on August 14, 2013, 7,548,951 ordinary shares had been repurchased in the intended amount of €385 million (US\$505 million).

At December 31, 2013, Fresenius SE & Co. KGaA owned 31.31% of the ordinary voting shares of Fresenius Medical Care AG & Co. KGaA (December 31, 2012: 31.18%).

27. OTHER COMPREHENSIVE INCOME (LOSS)

Other comprehensive income (loss) is comprised of all amounts recognized directly in equity (net of tax) resulting from the currency translation of foreign subsidiaries' financial statements and the effects of measuring financial instruments at their fair value as well as the change in benefit obligation.

Changes in the components of other comprehensive income (loss) in 2013 and 2012 were as follows:

€ in millions	Amount before taxes	Tax effect	Total before noncontrolling interest after taxes	Noncontrolling interest	Total after noncontrolling interest after taxes
Cash flow hedges	28	-5	23	-1	22
Change in unrealized gains/losses	15	-4	11	-8	3
Realized gains/losses due to reclassifications	13	-1	12	7	19
Change of fair value of available for sale financial assets	-9	—	-9	—	-9
Foreign currency translation	-82	2	-80	-82	-162
Actuarial losses on defined benefit pension plans	-106	30	-76	-36	-112
Total changes 2012	-169	27	-142	-119	-261
Cash flow hedges	20	-5	15	12	27
Change in unrealized gains/losses	2	—	2	3	5
Realized gains/losses due to reclassifications	18	-5	13	9	22
Change of fair value of available for sale financial assets	41	-7	34	—	34
Foreign currency translation	-278	11	-267	-303	-570
Actuarial gains/losses on defined benefit pension plans	-2	-3	-5	23	18
Total changes 2013	-219	-4	-223	-268	-491

Changes in accumulated other comprehensive income (loss) net of tax by component in 2013 and 2012 were as follows:

€ in millions	Cash flow hedges	Change of fair value of available for sale financial assets	Foreign currency translation	Actuarial gains/losses on defined benefit pension plans	Total, before non-controlling interest	Non-controlling interest	Total, after non-controlling interest
Balance as of December 31, 2011	-145	-8	248	-81	14	132	146
Other comprehensive income (loss) before reclassifications	11	-9	-80	-83	-161	-132	-293
Amounts reclassified from accumulated other comprehensive income (loss)	12	0	–	7	19	13	32
Other comprehensive income (loss), net	23	-9	-80	-76	-142	-119	-261
Balance as of December 31, 2012	-122	-17	168	-157	-128	13	-115
Other comprehensive income (loss) before reclassifications	2	34	-267	-14	-245	-285	-530
Amounts reclassified from accumulated other comprehensive income (loss)	13	0	–	9	22	17	39
Other comprehensive income (loss), net	15	34	-267	-5	-223	-268	-491
Balance as of December 31, 2013	-107	17	-99	-162	-351	-255	-606

Reclassifications out of accumulated other comprehensive income (loss) in 2013 and 2012 were as follows:

€ in millions	Amount of gain or loss reclassified from accumulated other comprehensive (income) loss		Affected line item in the consolidated statement of income
	2013	2012	
Details about accumulated other comprehensive (income) loss components			
Cash flow hedges			
Interest rate contracts	32	29	Interest income/expense
Foreign exchange contracts	-2	-4	Cost of sales
Foreign exchange contracts	–	-3	Selling, general and administrative expenses
Foreign exchange contracts	–	–	Interest income/expense
Other comprehensive income (loss)	30	22	
Tax expense or benefit	-8	-3	
Other comprehensive income (loss), net	22	19	
Amortization of defined benefit pension items			
Prior service costs	1	5	¹
Transition obligations	1	–	¹
Actuarial gains/losses on defined benefit pension plans	23	15	¹
Other comprehensive income (loss)	25	20	
Tax expense or benefit	-8	-7	
Other comprehensive income (loss), net	17	13	
Total reclassifications for the period	39	32	

¹ Net periodic benefit cost is allocated as personnel expense within cost of sales or selling, general and administrative expenses as well as research and development expenses.

OTHER NOTES

28. COMMITMENTS AND CONTINGENT LIABILITIES

OPERATING LEASES AND RENTAL PAYMENTS

Fresenius Group's subsidiaries lease office and manufacturing buildings as well as machinery and equipment under various lease agreements expiring on dates through 2101. Rental expense recorded for operating leases for the years ended December 31, 2013 and 2012 was €621 million and €565 million, respectively.

Future minimum rental payments under non-cancellable operating leases for the years subsequent to December 31, 2013 are:

for the fiscal years	€ in millions
2014	500
2015	419
2016	360
2017	289
2018	229
Thereafter	942
Total	2,739

As of December 31, 2013, future investment commitments existed up to the year 2017 from the acquisition contracts for hospitals at projected costs of up to €260 million. Thereof €121 million relates to the year 2014.

Besides the above mentioned contingent liabilities, the amount of other commitments is immaterial.

LEGAL AND REGULATORY MATTERS

The Fresenius Group is routinely involved in numerous claims, lawsuits, regulatory and tax audits, investigations and other legal matters arising, for the most part, in the ordinary course of its business of providing health care services and products.

Legal matters that the Fresenius Group currently deems to be material are described below. For the matters described below in which the Fresenius Group believes a loss is both reasonably possible and estimable, an estimate of the loss or range of loss exposure is provided. For the other matters described below, the Fresenius Group believes that the loss probability is remote and/or the loss or range of possible losses cannot be reasonably estimated at this time. The outcome of litigation and other legal matters is always difficult to predict accurately and outcomes that are not consistent with Fresenius Group's view of the merits can occur. The Fresenius Group believes that it has valid defenses to the legal matters pending against it and is defending itself vigorously. Nevertheless, it is possible that the resolution of one or more of the legal matters currently pending or threatened could have a material adverse effect on its business, results of operations and financial condition.

Commercial litigation

W.R. Grace & Co. lawsuit

Fresenius Medical Care was originally formed as a result of a series of transactions it completed pursuant to the Agreement and Plan of Reorganization dated as of February 4, 1996, by and between W.R. Grace & Co. and Fresenius SE (the Merger). At the time of the Merger, a W.R. Grace & Co. subsidiary known as W.R. Grace & Co.-Conn. had significant liabilities arising out of product-liability related litigation (including asbestos-related actions), pre-Merger tax claims and other claims unrelated to National Medical Care, Inc. (NMC), which was W.R. Grace & Co.'s dialysis business prior to the Merger. In connection with the Merger, W.R. Grace & Co.-Conn. agreed to indemnify Fresenius Medical Care, Fresenius Medical Care Holdings, Inc. (FMCH), and NMC against all liabilities of W.R. Grace & Co., whether relating to events occurring before or after the Merger, other than liabilities arising from or relating to NMC's operations. W.R. Grace & Co. and certain of its subsidiaries filed for reorganization under Chapter 11 of the U.S. Bankruptcy Code (the Grace Chapter 11 Proceedings) on April 2, 2001.

Prior to and after the commencement of the Grace Chapter 11 Proceedings, class action complaints were filed against W.R. Grace & Co. and FMCH by plaintiffs claiming to be creditors of W.R. Grace & Co.-Conn., and by the asbestos creditors' committees on behalf of the W.R. Grace & Co. bankruptcy estate in the Grace Chapter 11 Proceedings, alleging, among other things that the Merger was a fraudulent conveyance, violated the uniform fraudulent transfer act and constituted a conspiracy. All such cases have been dismissed as part of the Grace Chapter 11 Proceedings.

In 2003, Fresenius Medical Care reached agreement with the asbestos creditors' committees on behalf of the W.R. Grace & Co. bankruptcy estate and W.R. Grace & Co. in the matters pending in the Grace Chapter 11 Proceedings for the settlement of all fraudulent conveyance and tax claims against it and other claims related to Fresenius Medical Care that arise out of the bankruptcy of W.R. Grace & Co. The District Court approved the terms of the settlement agreement as amended (Settlement Agreement) in 2003, and included the terms of the Settlement Agreement within the First Amended Plan of reorganization (Grace Bankruptcy Plan) that was ultimately approved and confirmed by the District Court. On February 3, 2014, the Court of Appeals dismissed the last of the appeals of the District Court order confirming the plan of reorganization, and the Grace Bankruptcy Plan went effective on that date. Pursuant to the terms of the Settlement Agreement and the Grace Bankruptcy Plan, all actions asserting fraudulent conveyance and other claims raised on behalf of asbestos claimants were dismissed with prejudice and Fresenius Medical Care received protection against existing and potential future W.R. Grace & Co. related claims,

including fraudulent conveyance and asbestos claims by operation of injunctions and releases and Fresenius Medical Care also received indemnification against income tax claims related to the non-NMC members of the W.R. Grace & Co. consolidated tax group. Also, pursuant to the Settlement Agreement on February 3, 2014, Fresenius Medical Care paid a total of US\$115 million, which had previously been accrued and is included on Fresenius Group's consolidated statement of financial position, to the asbestos personal injury and property damage trusts created under the Grace Bankruptcy Plan. No admission of liability was made.

Baxter patent dispute "touchscreen interfaces" (1)

On April 4, 2003, Fresenius Medical Care Holdings, Inc. (FMCH) filed a suit in the U.S. District Court for the Northern District of California, styled Fresenius USA, Inc., et al., v. Baxter International, Inc., et al., Case No. C 03-1431, seeking a declaratory judgment that FMCH does not infringe patents held by Baxter International, Inc. and its subsidiaries and affiliates (Baxter), that the patents are invalid, and that Baxter is without right or authority to threaten or maintain suit against FMCH for alleged infringement of Baxter's patents. In general, the asserted patents concern the use of touch screen interfaces for hemodialysis machines. Baxter filed counter-claims against FMCH seeking more than US\$140 million in monetary damages and injunctive relief, and alleging that FMCH willfully infringed on Baxter's patents. On July 17, 2006, the court entered judgment on a jury verdict in favor of FMCH finding all asserted claims of Baxter patents invalid as obvious and/or anticipated in light of prior art.

On February 13, 2007, the court granted Baxter's motion to set aside the jury's verdict in favor of FMCH and reinstated the patents and entered judgment of infringement. Following

a trial on damages, the court entered judgment on November 6, 2007 in favor of Baxter on a jury award of US\$14.3 million. On April 4, 2008, the court denied Baxter's motion for a new trial, established a royalty payable to Baxter of 10% of the sales price for continuing sales of FMCH's 2008K hemodialysis machines and 7% of the sales price of related disposables, parts and service beginning November 7, 2007, and enjoined sales of the touchscreen-equipped 2008K machine effective January 1, 2009. Fresenius Medical Care appealed the court's rulings to the United States Court of Appeals for the Federal Circuit (Federal Circuit). On September 10, 2009, the Federal Circuit reversed the district court's decision and determined that the asserted claims in two of the three patents at issue are invalid. As to the third patent, the Federal Circuit affirmed the district court's decision; however, the Court also vacated the injunction and award of damages. These issues were remanded to the District Court for reconsideration in light of the invalidity ruling on most of the claims. Upon remand, the district court reduced the post-verdict damages award to US\$10 million. Separately, the U.S. Patent and Trademark Office (USPTO) and the Board of Patent Appeals and Interferences ruled that the remaining Baxter patent is invalid. On May 17, 2012, the Federal Circuit affirmed the USPTO's ruling and invalidated the final remaining Baxter patent. Baxter appealed to the Federal Circuit claiming that approximately US\$20 million of damages awarded to it by the District Court before the Federal Circuit affirmed the USPTO ruling constituted a final judgment that may be collected. On July 2, 2013, the Federal Circuit denied Baxter's appeal and ordered the District Court to dismiss the case. The court-approved escrow account has been terminated and the escrow funds have been returned to FMCH.

Baxter patent dispute "Liberty Cyclor"

On August 27, 2012, Baxter filed suit in the U.S. District Court for the Northern District of Illinois, styled Baxter International, Inc., et al., v. Fresenius Medical Care Holdings, Inc., Case No. 12-cv-06890, alleging that Fresenius Medical Care Holdings, Inc.'s Liberty™ cyclor infringes certain U.S. patents that were issued to Baxter between October 2010 and June 2012. Fresenius Medical Care believes it has valid defenses to these claims, and will defend this litigation vigorously.

Product liability litigation

On April 5, 2013, the U.S. Judicial Panel on Multidistrict Litigation ordered that the numerous lawsuits filed and anticipated to be filed in various federal courts alleging wrongful death and personal injury claims against Fresenius Medical Care Holdings, Inc.'s (FMCH) and certain of its affiliates relating to FMCH's acid concentrate products NaturaLyte® and Granuflo® be transferred and consolidated for pretrial management purposes into a consolidated multidistrict litigation in the United States District Court for the District of Massachusetts, styled In Re: Fresenius Granuflo/Naturalyte Dialysate Products Liability Litigation, Case No. 2013-md-02428. The Massachusetts state courts subsequently established a similar consolidated litigation for such cases filed in Massachusetts county courts, styled In Re: Consolidated Fresenius Cases, Case No. MICV-2013-03400-O (Massachusetts Superior Court, Middlesex County). These lawsuits allege generally that inadequate labeling and warnings for these products caused harm to patients. In addition, similar cases have been filed in

several state courts that may or may not eventually be formally consolidated with the federal multidistrict litigation. FMCH believes that these lawsuits are without merit, and will defend them vigorously.

In several cases with the same subject matter in dispute, complaints were formally served on Fresenius SE & Co. KGaA and Fresenius Management SE causing both companies to become formally involved in the litigation. Also for these cases, both companies believe the lawsuits to be without merit and intend to defend them vigorously.

Other litigation and potential exposures

Fresenius Medical Care Holdings – Qui tam complaint (Massachusetts)

On February 15, 2011, a qui tam relator's complaint under the False Claims Act against Fresenius Medical Care Holdings, Inc. (FMCH) was unsealed by order of the United States District Court for the District of Massachusetts and served by the relator. The United States has not intervened in the case United States ex rel. Chris Drennen v. Fresenius Medical Care Holdings, Inc., 2009 Civ. 10179 (D. Mass.). The relator's complaint, which was first filed under seal in February 2009, alleges that FMCH seeks and receives reimbursement from government payors for serum ferritin and hepatitis B laboratory tests that are medically unnecessary or not properly ordered by a physician. On March 6, 2011, the United States Attorney for the District of Massachusetts issued a subpoena seeking the production of documents related to the same laboratory tests that are the subject of the relator's complaint. FMCH has cooperated fully in responding to the subpoena, and will vigorously contest the relator's complaint.

Subpoena "American Access Care, LLC"

Subpoenas, or search warrants have been issued by federal and state law enforcement authorities under the supervision of the United States Attorneys for the Districts of Connecticut, Southern Florida, Southern New York, Eastern Virginia and Rhode Island to American Access Care, LLC (AAC), which Fresenius Medical Care acquired in October 2011, and to Fresenius Medical Care's Fresenius Vascular Access subsidiary which now operates former AAC centers as well as its own original facilities. Subpoenas have also been issued to certain of Fresenius Medical Care's outpatient hemodialysis facilities for records relating to vascular access treatment and monitoring. Fresenius Medical Care is cooperating fully in these investigations. Communications with certain of the investigating United States Attorney Offices indicate that the inquiry encompasses invoicing and coding for procedures commonly performed in vascular access centers and the documentary support for the medical necessity of such procedures. The AAC acquisition agreement contains customary indemnification obligations with respect to breaches of representations, warranties or covenants and certain other specified matters. As of October 18, 2013, a group of the prior owners of AAC exercised their right pursuant to the terms of the acquisition agreement to assume responsibility for responding to certain of the subpoenas. Pursuant to the AAC acquisition agreement, the prior owners are obligated to indemnify Fresenius Medical Care for certain liabilities that might arise from those subpoenas.

Internal review

Fresenius Medical Care has received communications alleging certain conduct in certain countries outside the United States and Germany that may violate the U.S. Foreign Corrupt

Practices Act (FCPA) or other anti-bribery laws. The Audit and Corporate Governance Committee of Fresenius Medical Care's Supervisory Board is conducting an internal review with the assistance of independent counsel retained for such purpose. Fresenius Medical Care voluntarily advised the U.S. Securities and Exchange Commission (SEC) and the U.S. Department of Justice (DOJ) that allegations have been made and of Fresenius Medical Care's internal review. Fresenius Medical Care's review and dialogue with the SEC and DOJ are ongoing.

The review has identified conduct that raises concerns under the FCPA or other anti-bribery laws that may result in monetary penalties or other sanctions. In addition, Fresenius Medical Care's ability to conduct business in certain jurisdictions could be negatively impacted. Given the current status of the internal review, Fresenius Medical Care cannot reasonably estimate the possible loss or range of possible loss that may result from the identified matters or from the final outcome of the continuing internal review. Accordingly, no provision with respect to these matters has been made in the accompanying consolidated financial statements.

Fresenius Medical Care's independent counsel, in conjunction with Fresenius Medical Care's Compliance Department, have reviewed Fresenius Medical Care's anti-corruption compliance program, including internal controls related to compliance with international anti-bribery laws, and appropriate enhancements are being implemented. Fresenius Medical Care is fully committed to FCPA compliance.

Subpoenas "Massachusetts and Louisiana"

In December 2012 and January 2013, Fresenius Medical Care Holdings, Inc. (FMCH) received subpoenas from the United States Attorneys for the District of Massachusetts and the Western District of Louisiana requesting production of a broad range of documents. Communications with the investigating United States Attorney Offices indicate that the inquiry relates to products manufactured by FMCH, which encompasses

the Granuflo® and Naturalyte® acid concentrate products that are also the subject of personal injury litigation described above, as well as electron-beam sterilization of dialyzers, the Liberty peritoneal dialysis cyclor, and 2008 series hemodialysis machines as related to the use of Granuflo® and Naturalyte®. FMCH is cooperating fully in the government's investigation.

In the ordinary course of Fresenius Group's operations, the Fresenius Group is subject to litigation, arbitration and investigations relating to various aspects of its business. The Fresenius Group regularly analyzes current information about such claims for probable losses and provides accruals for such matters, including estimated expenses for legal services, as appropriate.

The Fresenius Group, like other health care providers, conducts its operations under intense government regulation and scrutiny. It must comply with regulations which relate to or govern the safety and efficacy of medical products and supplies, the marketing and distribution of such products, the operation of manufacturing facilities, laboratories and dialysis clinics, and environmental and occupational health and safety. With respect to its development, manufacture, marketing and distribution of medical products, if such compliance is not maintained, the Fresenius Group could be subject to significant adverse regulatory actions by the U.S. Food and Drug Administration (FDA) and comparable regulatory authorities outside the United States. These regulatory actions could include warning letters or other enforcement notices from the FDA and/or comparable foreign regulatory authority, which may require the Fresenius Group to expend significant time and resources in order to implement appropriate corrective actions. If the Fresenius Group does not address matters raised in warning letters or other enforcement notices to the satisfaction of the FDA and/or comparable regulatory authorities outside the United States, these regulatory authorities could take additional actions, including product recalls injunctions against the distribution of products or operation of manufacturing plants, civil penalties, seizures of Fresenius Group's products and/or criminal prosecution. The Fresenius

Group must also comply with the laws of the United States, including the federal Anti-Kickback Statute, the federal False Claims Act, the federal Stark Law and the federal Foreign Corrupt Practices Act as well as other federal and state fraud and abuse laws. Applicable laws or regulations may be amended, or enforcement agencies or courts may make interpretations that differ from Fresenius Group's interpretations or the manner in which it conducts its business. Enforcement has become a high priority for the federal government and some states. In addition, the provisions of the False Claims Act authorizing payment of a portion of any recovery to the party bringing the suit encourage private plaintiffs to commence "qui tam" or "whistle blower" actions. In May 2009, the scope of the False Claims Act was expanded and additional protections for whistle blowers and procedural provisions to aid whistle blowers' ability to proceed in a False Claims Act case were added. By virtue of this regulatory environment, Fresenius Group's business activities and practices are subject to extensive review by regulatory authorities and private parties, and continuing audits, subpoenas, other inquiries, claims and litigation relating to Fresenius Group's compliance with applicable laws and regulations. The Fresenius Group may not always be aware that an inquiry or action has begun, particularly in the case of "whistle blower" actions, which are initially filed under court seal.

The Fresenius Group operates many facilities throughout the United States and other parts of the world. In such a decentralized system, it is often difficult to maintain the desired level of oversight and control over the thousands of individuals employed by many affiliated companies. The Fresenius Group relies upon its management structure, regulatory and legal resources, and the effective operation of its compliance program to direct, manage and monitor the activities of these employees. On occasion, the Fresenius Group may

identify instances where employees or other agents deliberately, recklessly or inadvertently contravene Fresenius Group's policies or violate applicable law. The actions of such persons may subject the Fresenius Group and its subsidiaries to liability under the Anti-Kickback Statute, the Stark Law, the False Claims Act and the Foreign Corrupt Practices Act, among other laws and comparable laws of other countries.

Physicians, hospitals and other participants in the health care industry are also subject to a large number of lawsuits alleging professional negligence, malpractice, product liability, worker's compensation or related claims, many of which involve large claims and significant defense costs. The Fresenius Group has been and is currently subject to these suits due to the nature of its business and expects that those types of lawsuits may continue. Although the Fresenius Group maintains insurance at a level which it believes to be prudent, it cannot assure that the coverage limits will be adequate or that insurance will cover all asserted claims. A successful claim against the Fresenius Group or any of its subsidiaries in excess of insurance coverage could have a material adverse effect upon it and the results of its operations. Any claims, regardless of their merit or eventual outcome, could have a material adverse effect on Fresenius Group's reputation and business.

The Fresenius Group has also had claims asserted against it and has had lawsuits filed against it relating to alleged patent infringements or businesses that it has acquired or divested. These claims and suits relate both to operation of the businesses and to the acquisition and divestiture transactions. The Fresenius Group has, when appropriate, asserted its own claims, and claims for indemnification. A successful claim against the Fresenius Group or any of its subsidiaries could have a material adverse effect upon its business, financial condition, and the results of its operations. Any claims, regardless of their merit or eventual outcome, could have a material adverse effect on Fresenius Group's reputation and business.

29. FINANCIAL INSTRUMENTS

The relationship between classes and categories as well as the reconciliation to the statement of financial position line items is shown in the following table:

		Categories				
Classes		Loans and receivables	Financial liabilities measured at amortized cost	Financial liabilities/assets measured at fair value in the consolidated statement of income	Available for sale financial assets	Relating to no category
	Cash and cash equivalents					► Cash and cash equivalents
	Assets recognized at carrying amount	► Trade accounts receivable (incl. receivables from and loans to related parties) ► Other non-current assets (loan to a dialysis provider)				
	Assets recognized at fair value				► European government bonds ► Shares ► Shares in funds	
	Liabilities recognized at carrying amount		► Trade accounts payable ► Short-term accounts payable to related parties ► Short-term debt (incl. short-term loans from related parties) ► Long-term debt excluding capital lease obligations ► Senior Notes			► Long-term capital lease obligations
	Liabilities recognized at fair value			► Other long-term liabilities		
	Noncontrolling interest subject to put provisions recognized at fair value					► Noncontrolling interest subject to put provisions
	Derivatives for hedging purposes			► Other current assets ► Other non-current assets ► Other short-term liabilities ► Other long-term liabilities		► Other current assets ► Other non-current assets ► Other short-term liabilities ► Other long-term liabilities

VALUATION OF FINANCIAL INSTRUMENTS

The carrying amounts of financial instruments at December 31, classified into categories, were as follows:

€ in millions	2013	2012
Loans and receivables	3,622	3,668
Financial liabilities measured at amortized cost	13,597	11,897
Assets measured at fair value in the consolidated statement of income ¹	16	37
Liabilities measured at fair value in the consolidated statement of income ¹	25	32
Available for sale financial assets	197	182
Relating to no category	301	330

¹ There are no financial instruments designated as at fair value through profit or loss upon initial recognition.

The following table presents the carrying amounts and fair values as well as the fair value hierarchy levels of Fresenius Group's financial instruments as of December 31, classified into classes:

€ in millions	Fair value hierarchy level	2013		2012	
		Carrying amount	Fair value	Carrying amount	Fair value
Cash and cash equivalents	1	864	864	885	885
Assets recognized at carrying amount	3	3,622	3,629	3,668	3,668
Assets recognized at fair value	1	197	197	182	182
Liabilities recognized at carrying amount	2	13,691	14,225	11,991	12,593
Liabilities recognized at fair value	2	16	16	23	23
Noncontrolling interest subject to put provisions recognized at fair value	3	472	472	398	398
Derivatives for hedging purposes	2	10	10	-35	-35

The significant methods and assumptions used to estimate the fair values of financial instruments as well as classification of fair value measurements according to the three-tier fair value hierarchy are as follows:

Cash and cash equivalents are stated at nominal value, which equals the fair value.

The nominal value of short-term financial instruments such as accounts receivable and payable and short-term debt represents its carrying amount, which is a reasonable estimate of the fair value due to the relatively short period to maturity for these instruments.

The fair values of major long-term financial instruments are calculated on the basis of market information. Financial instruments for which market quotes are available are measured with the market quotes at the reporting date. The fair values of the other long-term financial liabilities are calculated at the present value of respective future cash flows. To determine these present values, the prevailing interest rates and credit spreads for the Fresenius Group as of the date of the statement of financial position are used.

The class assets recognized at carrying amount consists of trade accounts receivable and a loan which Fresenius Medical Care granted to a middle-market dialysis provider. The fair value of the loan is based on significant unobservable inputs of comparable instruments and thus the class is classified as fair value hierarchy Level 3.

The class assets recognized at fair value is comprised of European government bonds and shares as well as shares in funds. The fair values of these assets are calculated on the basis of market information. Therefore, this class is classified as Level 1.

The class liabilities recognized at carrying amount is classified as hierarchy Level 2.

The class liabilities recognized at fair value is classified as hierarchy Level 2.

The valuation of the class noncontrolling interest subject to put provisions recognized at fair value is determined using significant unobservable inputs. It is therefore classified as Level 3.

Derivatives, mainly consisting of interest rate swaps and foreign exchange forward contracts, are valued as follows: The fair value of interest rate swaps is calculated by discounting the future cash flows on the basis of the market interest rates applicable for the remaining term of the contract as of the date of the statement of financial position. To determine the fair value of foreign exchange forward contracts, the contracted forward rate is compared to the current forward rate for the remaining term of the contract as of the date of the statement of financial position. The result is then discounted on the basis of the market interest rates prevailing at the date of the statement of financial position for the respective currency.

Fresenius Group's own credit risk is incorporated in the fair value estimation of derivatives that are liabilities. Counterparty credit risk adjustments are factored into the valuation of derivatives that are assets. The Fresenius Group monitors

and analyses the credit risk from derivative financial instruments on a regular basis. For the valuation of derivative financial instruments, the credit risk is considered in the fair value of every individual instrument. The basis for the default probability are Credit Default Swap Spreads of each counterparty appropriate for the duration. The calculation of the credit risk considered in the valuation is done by multiplying the default probability appropriate for the duration with the expected discounted cash flows of the derivative financial instrument.

For the fair value measurement of the class derivatives for hedging purposes, significant other observable inputs are used. Therefore, they are classified as Level 2 in accordance with the defined fair value hierarchy levels.

Currently, there is no indication that a decrease in the value of Fresenius Group's financing receivables is probable. Therefore, the allowances on credit losses of financing receivables are immaterial.

FAIR VALUES OF DERIVATIVE FINANCIAL INSTRUMENTS

€ in millions

	Dec. 31, 2013		Dec. 31, 2012	
	Assets	Liabilities	Assets	Liabilities
Interest rate contracts (current)	0	4	0	50
Interest rate contracts (non-current)	0	4	0	18
Foreign exchange contracts (current)	15	5	15	11
Foreign exchange contracts (non-current)	1	–	1	–
Derivatives designated as hedging instruments¹	16	13	16	79
Interest rate contracts (current)	0	–	0	6
Interest rate contracts (non-current)	0	1	0	2
Foreign exchange contracts (current) ¹	15	8	37	9
Foreign exchange contracts (non-current) ¹	1	1	–	–
Derivatives not designated as hedging instruments	16	10	37	17

¹ Derivatives designated as hedging instruments and foreign exchange contracts not designated as hedging instruments are classified as derivatives for hedging purposes.

Derivative financial instruments are marked to market each reporting period, resulting in carrying amounts equal to fair values at the reporting date.

Derivatives not designated as hedging instruments, which are derivatives that do not qualify for hedge accounting, are also solely entered into to hedge economic business transactions and not for speculative purposes.

Derivatives for hedging purposes were recognized at gross value within other assets in an amount of €32 million and other liabilities in an amount of €22 million.

The current portion of interest rate contracts and foreign exchange contracts indicated as assets in the preceding table is recognized within other current assets in the consolidated statement of financial position, while the current portion of those indicated as liabilities is included in short-term accrued expenses and other short-term liabilities. The non-current portions indicated as assets or liabilities are recognized in other non-current assets or in long-term accrued expenses and other long-term liabilities, respectively.

Effects of financial instruments recorded in the consolidated statement of income

The net gains and losses from financial instruments consisted of allowances for doubtful accounts in an amount of €284 million and foreign currency transactions of -€29 million. Interest income of €50 million resulted mainly from trade accounts receivable and loans to related parties. Interest expense of €634 million resulted mainly from financial liabilities, which are not recognized at fair value in the consolidated statement of income.

EFFECT OF DERIVATIVES DESIGNATED AS HEDGING INSTRUMENTS ON THE CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

€ in millions	2013		
	Gain or loss recognized in other comprehensive income (loss) (effective portion)	Gain or loss reclassified from accumulated other comprehensive income (loss) (effective portion)	Gain or loss recognized in the consolidated statement of income
Interest rate contracts	21	32	3
Foreign exchange contracts	-16	-2	-
Derivatives in cash flow hedging relationships¹	5	30	3
Foreign exchange contracts			-
Derivatives in fair value hedging relationships			-
Derivatives designated as hedging instruments	5	30	3

¹ The amount of gain or loss recognized in the consolidated statement of income solely relates to the ineffective portion.

€ in millions	2012		
	Gain or loss recognized in other comprehensive income (loss) (effective portion)	Gain or loss reclassified from accumulated other comprehensive income (loss) (effective portion)	Gain or loss recognized in the consolidated statement of income
Interest rate contracts	-20	29	2
Foreign exchange contracts	39	-7	0
Derivatives in cash flow hedging relationships¹	19	22	2
Foreign exchange contracts			4
Derivatives in fair value hedging relationships			4
Derivatives designated as hedging instruments	19	22	6

¹ The amount of gain or loss recognized in the consolidated statement of income solely relates to the ineffective portion.

EFFECT OF DERIVATIVES NOT DESIGNATED AS HEDGING INSTRUMENTS ON THE CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

€ in millions	Gain or loss recognized in the consolidated statement of income	
	2013	2012
Interest rate contracts	7	-
Foreign exchange contracts	31	-23
Derivatives not designated as hedging instruments	38	-23

Gains from derivatives in fair value hedging relationships and from foreign exchange contracts not designated as hedging instruments recognized in the consolidated statement of income are faced by losses from the underlying transactions in the corresponding amount.

The Fresenius Group expects to recognize a net amount of €1 million of the existing losses for foreign exchange contracts deferred in accumulated other comprehensive income (loss) in the consolidated statement of income within the next 12 months. For interest rate contracts, the Fresenius Group expects to recognize €34 million of losses in the course of normal business during the next 12 months in interest expense.

Gains and losses from foreign exchange contracts and the corresponding underlying transactions are accounted for as cost of sales, selling, general and administrative expenses and net interest. Gains and losses resulting from interest rate contracts are recognized as net interest in the consolidated statement of income.

In 2013, gains of €34 million (2012: losses of €9 million) for available for sale financial assets were recognized in other comprehensive income (loss).

MARKET RISK

General

The Fresenius Group is exposed to effects related to foreign exchange fluctuations in connection with its international business activities that are denominated in various currencies. In order to finance its business operations, the Fresenius Group issues senior notes and commercial papers and enters into mainly long-term credit agreements and euro notes (Schuldscheindarlehen) with banks. Due to these financing activities, the Fresenius Group is exposed to interest risk caused by changes in variable interest rates and the risk of changes in the fair value of statement of financial position items bearing fixed interest rates.

In order to manage the risk of interest rate and foreign exchange rate fluctuations, the Fresenius Group enters into certain hedging transactions with highly rated financial institutions as authorized by the Management Board. Derivative financial instruments are not entered into for trading purposes.

In general, the Fresenius Group conducts its derivative financial instrument activities under the control of a single centralized department. The Fresenius Group has established guidelines derived from best practice standards in the banking industry for risk assessment procedures and supervision concerning the use of financial derivatives. These guidelines require amongst other things a clear segregation of duties in the areas of execution, administration, accounting and controlling. Risk limits are continuously monitored and, where appropriate, the use of hedging instruments is adjusted to that extent.

The Fresenius Group defines benchmarks for individual exposures in order to quantify interest and foreign exchange risks. The benchmarks are derived from achievable and sustainable market rates. Depending on the individual benchmarks, hedging strategies are determined and generally implemented by means of micro hedges.

Earnings of the Fresenius Group were not materially affected by hedge ineffectiveness in the reporting period since the critical terms of the interest and foreign exchange derivatives mainly matched the critical terms of the underlying exposures.

Securities, which are predominantly held as European government bonds, shares and shares in funds, are generally subject to the risk of changing stock exchange prices. Therefore, the stock exchange prices of these securities are continuously monitored to identify possible price risks on time.

Derivative financial instruments

Classification

To reduce the credit risk arising from derivatives, the Fresenius Group concluded master netting agreements with banks. Through such agreements, positive and negative fair values of the derivative contracts could be offset against one another if a partner becomes insolvent. This offsetting is valid for transactions where the aggregate amount of obligations owed to and receivable from are not equal. If insolvency occurs, the party which owes the larger amount is obliged to pay the other party the difference between the amounts owed in the form of one net payment.

Fresenius elects not to offset the fair values of derivative financial instruments subject to master netting agreements in the consolidated statement of financial position.

At December 31, 2013 and December 31, 2012, the Fresenius Group had €29 million and €51 million of derivative financial assets subject to netting arrangements and €22 million and €92 million of derivative financial liabilities subject to netting arrangements. Offsetting these derivative financial instruments would have resulted in net assets of €22 million and €34 million as well as net liabilities of €15 million and €75 million at December 31, 2013 and December 31, 2012, respectively.

Foreign exchange risk management

The Fresenius Group has determined the euro as its financial reporting currency. Therefore, foreign exchange translation risks resulting from the fluctuation of exchange rates between the euro and the local currencies, in which the financial statements of the foreign subsidiaries are prepared, have an impact on results of operations and financial positions reported in the consolidated financial statements.

Besides translation risks, foreign exchange transaction risks exist, which mainly relate to transactions such as purchases and sales as well as projects and services provided by the Fresenius Group which are denominated in foreign currencies. A major part of transaction risks arise from products manufactured in Fresenius Group's worldwide production sites which are usually denominated in the local currency of the respective manufacturer and are delivered worldwide to various Fresenius Group entities. These intragroup sales are mainly denominated in euros, U.S. dollars and yens. Therefore, Group companies are exposed to changes of the foreign exchange rates between the invoicing currencies and the local currencies in which they conduct their businesses. Solely for the purpose of hedging existing and foreseeable foreign exchange transaction exposures, the Fresenius Group enters into foreign exchange forward contracts and, on a small scale, foreign exchange options. To ensure that no foreign exchange risks result from loans in foreign currencies, the Fresenius Group enters into foreign exchange swap contracts.

As of December 31, 2013, the notional amounts of foreign exchange contracts totaled €1,451 million. These foreign exchange contracts have been entered into to hedge risks from operational business and in connection with loans in foreign currency. The predominant part of the foreign exchange forward contracts to hedge risks from operational business was recognized as cash flow hedge, while foreign exchange contracts in connection with loans in foreign currencies are partly recognized as fair value hedges. The fair value of cash flow hedges was €11 million. As of December 31, 2013, no fair value hedges were recognized in the Fresenius Group.

The hedge-effective portion of changes in the fair value of foreign exchange forward contracts that are designated and qualified as cash flow hedges of forecasted product purchases and sales is reported in accumulated other comprehensive income (loss). These amounts are subsequently reclassified into earnings as a component of cost of sales or as selling, general and administrative expenses in the same period in which the hedged transaction affects earnings.

As of December 31, 2013, the Fresenius Group was party to foreign exchange contracts with a maximum maturity of 23 months.

The Fresenius Group uses a Cash-Flow-at-Risk (CFaR) model in order to estimate and quantify such transaction risks from foreign currencies. The basis for the analysis of the currency risks are the foreign currency cash flows that are reasonably expected to arise within the following 12 months, less any hedges. Under the CFaR approach, the potential currency fluctuations of these net exposures are shown as probability distributions based on historical volatilities and correlations of the preceding 250 business days. The calculation is made assuming a confidence level of 95% and a holding period of up to one year. The aggregation of currency risks has risk-mitigating effects due to correlations between the transactions concerned, i. e. the overall portfolio's risk exposure is generally less than the sum total of the underlying individual risks. As of December 31, 2013, the Fresenius Group's cash flow at risk amounts to €56 million, this means, with a probability of 95%, a potential loss in relation to the forecasted foreign exchange cash flows of the next 12 months will be not higher than €56 million.

The following table shows the net positions in foreign currencies at December 31, 2013 which have a significant influence on Fresenius Group's foreign currency risk.

Nominal € in millions	2013
Chinese renminbi	265.2
U.S. dollar	169.0
Swedish krona	-120.8
Hong Kong dollar	-77.5
Russian ruble	62.7

Interest rate risk management

Fresenius Group's interest rate risks mainly arise from money market and capital market transactions of the Group for financing its business activities.

The Fresenius Group enters into interest rate swaps and, on a small scale, into interest rate options in order to protect against the risk of rising interest rates. These interest rate derivatives are mainly designated as cash flow hedges and have been entered into in order to convert payments based on variable interest rates into payments at a fixed interest rate. The U.S. dollar interest rate swaps with a notional volume of US\$600 million (€435 million) and a fair value of -US\$3 million (-€2 million) expire in 2014. The euro interest rate swaps with a notional volume of €268 million and a fair value of -€7 million expire in the years 2014 to 2022. The U.S. dollar interest rate swaps bear an average interest rate of 2.16% and the euro interest rate swaps bear an average interest rate of 3.37%.

In addition, the Fresenius Group also enters into interest rate hedges (pre-hedges) in anticipation of future debt issuance to effectively convert the variable interest rate related to the future debt to a fixed interest rate. These pre-hedges are settled at the issuance date of the corresponding debt with the settlement amount recorded in accumulated other comprehensive income (loss) amortized to interest expense over the life of the pre-hedges. At December 31, 2013 and December 31, 2012, the Fresenius Group had €113 million and €138 million, respectively, related to such settlements of pre-hedges deferred in accumulated other comprehensive income (loss), net of tax.

Interest payables and interest receivables in connection with the swap agreements are accrued and recorded as an adjustment to the interest expense at each reporting date.

Concerning interest rate contracts, unscheduled repayments or the renegotiation of hedged items may in some cases lead to the de-designation of the hedging instrument, which existed up to that point. From that date, the respective hedging transactions are recognized in the consolidated statement of income.

For purposes of analyzing the impact of changes in the relevant reference interest rates on Fresenius Group's results of operations, the Group calculates the portion of financial debt which bears variable interest rates and which has not been hedged by means of interest rate swaps or options against rising interest rates. For this particular part of its liabilities, the Fresenius Group assumes an increase in the reference rates of 0.5% compared to the actual rates as of the date of the statement of financial position. The corresponding additional annual interest expense is then compared to the net income attributable to shareholders of Fresenius SE & Co. KGaA. This analysis shows that an increase of 0.5% in the relevant reference rates would have an effect of less than 1.5% on the consolidated net income attributable to shareholders of Fresenius SE & Co. KGaA and Fresenius SE & Co. KGaA shareholders' equity. The Senior Notes issued in January and February 2014 were included in this analysis.

Stock price risk management

Price risks arise from changing stock prices of available for sale financial assets. Gains and losses arising from available for sale financial assets are recognized directly in the consolidated statement of equity until the asset is disposed of or if it is considered to be impaired. A decline of 10% in prices of the recognized assets would have an effect of less than 0.2% on Fresenius SE & Co. KGaA shareholders' equity.

CREDIT RISK

The Fresenius Group is exposed to potential losses regarding financial instruments in the event of non-performance by counterparties. With respect to derivative financial instruments, it is not expected that any counterparty fails to meet its obligations as the counterparties are highly rated financial institutions. The maximum credit exposure of derivatives is represented by the fair value of those contracts with a positive fair value amounting to €32 million for foreign exchange derivatives at December 31, 2013. No credit exposure existed from interest rate derivatives. The maximum credit risk resulting from the use of non-derivative financial instruments is defined as the total amount of all receivables. In order to control this

credit risk, the Management of the Fresenius Group performs an ageing analysis of trade accounts receivable. For details on the ageing analysis and on the allowance for doubtful accounts, please see note 15, Trade accounts receivable.

LIQUIDITY RISK

The liquidity risk is defined as the risk that a company is potentially unable to meet its financial obligations. The Management of the Fresenius Group manages the liquidity of the Group by means of effective working capital and cash

management as well as an anticipatory evaluation of refinancing alternatives. The Management of the Fresenius Group believes that existing credit facilities as well as the cash generated by operating activities and additional short-term borrowings are sufficient to meet the Company's foreseeable demand for liquidity (see note 22, Debt and capital lease obligations).

The following table shows the future undiscounted contractual cash flows (including interests) resulting from recognized financial liabilities as well as the fair value of noncontrolling interest subject to put provisions and the fair value of derivative financial instruments:

€ in millions	up to 1 year	1 to 3 years	3 to 5 years	more than 5 years
Long-term debt and capital lease obligations (including accounts receivable securitization program) ¹	993	1,501	2,980	2,032
Short-term debt	975	0	0	0
Senior Notes	298	1,527	1,475	3,406
Trade accounts payable	885	0	0	0
Noncontrolling interest subject to put provisions	197	67	128	80
Derivative financial instruments – designated as cash flow hedge	9	4	0	0
Derivative financial instruments – not designated as hedging instruments	8	1	–	1
Total	3,365	3,100	4,583	5,519

¹ Future interest payments for financial liabilities with variable interest rates were calculated using the latest interest rates fixed prior to December 31, 2013.

30. SUPPLEMENTARY INFORMATION ON CAPITAL MANAGEMENT

The Fresenius Group has a solid financial profile. Capital management includes both equity and debt. A principal objective of Fresenius Group's capital management is to optimize the weighted-average cost of capital. Further, it is sought to achieve a balanced mix of equity and debt. To secure growth on a long-term basis, a capital increase may also be considered in exceptional cases, for instance to finance a major acquisition.

Due to the Company's diversification within the health care sector and the strong market positions of the business segments in global, growing and non-cyclical markets, predictable and sustainable cash flows are generated. They allow a reasonable proportion of debt, i.e. the employment of an extensive mix of financial instruments. Moreover, Fresenius Group's customers are generally of high credit quality.

Shareholders' equity and debt have developed as follows:

SHAREHOLDERS' EQUITY

€ in millions	Dec. 31, 2013	Dec. 31, 2012
Shareholders' equity	13,260	12,758
Total assets	32,758	30,664
Equity ratio	40.5%	41.6%

Fresenius SE & Co. KGaA is not subject to any capital requirements provided for in its articles of association. Fresenius SE & Co. KGaA has obligations to issue shares out of the Conditional Capital relating to the exercise of stock options and convertible bonds on the basis of the existing 1998 (until June 30, 2012), 2003, 2008 and 2013 stock option plans (see note 33, Stock options).

DEBT

€ in millions	Dec. 31, 2013	Dec. 31, 2012
Debt	12,804	11,028
Total assets	32,758	30,664
Debt ratio	39.1%	36.0%

Assuring financial flexibility is the top priority in the Group's financing strategy. This flexibility is achieved through a wide range of financing instruments and a high degree of diversification of the investors. Fresenius Group's maturity profile displays a broad spread of maturities with a high proportion of medium- and long-term financing. In the choice of financing instruments, market capacity, investor diversification, flexibility, credit conditions and the existing maturity profile are taken into account.

The net debt/EBITDA ratio is a key financial figure for the Fresenius Group. As of December 31, 2013, the net debt/EBITDA ratio excluding advances made in the amount of €2,178 million under a fiduciary arrangement for the acquisition of hospitals and outpatient facilities of Rhön-Klinikum AG and before integration costs of Fenwal (€54 million) was 2.5.

Fresenius Group's financing strategy is reflected in its credit ratings. The Fresenius Group is covered by the rating agencies Moody's, Standard & Poor's and Fitch.

The following table shows the company rating of Fresenius SE & Co. KGaA:

	Standard & Poor's	Moody's	Fitch
Company rating	BB+	Ba1	BB+
Outlook	positive	negative	watch evolving

In 2013, all rating agencies have adjusted their outlook on the corporate credit rating. In March 2013, Standard & Poor's raised the outlook from stable to positive. In June 2013, Fitch changed the outlook from stable to positive. In August 2013, Moody's also changed the outlook from stable to positive.

After the announcement of the planned acquisition of hospitals from Rhön-Klinikum AG in September 2013, Fitch put the rating on "watch evolving", stating that the outlook could at worst be changed to stable, however that the Company's corporate credit rating would remain unchanged. Moody's adjusted the outlook from positive to negative. Standard & Poor's has confirmed the positive outlook in October 2013.

31. SUPPLEMENTARY INFORMATION ON THE CONSOLIDATED STATEMENT OF CASH FLOWS

The consolidated statements of cash flows of the Fresenius Group for the fiscal years 2013 and 2012 are shown on page 97.

Cash funds reported in the consolidated statement of cash flows and in the consolidated statement of financial position are comprised of cash on hand, checks, securities and cash at bank which are readily convertible within three months and are subject to insignificant risk of changes in value.

The following table provides additional information with regard to the consolidated statement of cash flows:

€ in millions	2013	2012
Interest paid	563	580
Income taxes paid	648	659

Cash paid for acquisitions (without investments in licenses) consisted of the following:

€ in millions	2013	2012
Assets acquired	2,781	3,980
Liabilities assumed	-67	-444
Noncontrolling interest	-73	-178
Notes assumed in connection with acquisitions	-60	-551
Cash paid	2,581	2,807
Cash acquired	-34	-184
Cash paid for acquisitions, net	2,547	2,623
Cash paid for investments, net of cash acquired	147	-
Cash paid for intangible assets, net	9	7
Total cash paid for acquisitions and investments, net of cash acquired, and net purchases of intangible assets	2,703	2,630

32. NOTES ON THE CONSOLIDATED SEGMENT REPORTING

GENERAL

The consolidated segment reporting tables shown on pages 100 to 101 of this annual report are an integral part of the notes.

The Fresenius Group has identified the business segments Fresenius Medical Care, Fresenius Kabi, Fresenius Helios and Fresenius Vamed, which corresponds to the internal organizational and reporting structures (Management Approach) at December 31, 2013.

The key data disclosed in conjunction with the consolidated segment reporting correspond to the key data of the internal reporting system of the Fresenius Group. Internal and external reporting and accounting correspond to each other; the same key data and definitions are used.

Sales and proceeds between the segments are indicative of the actual sales and proceeds agreed with third parties. Administrative services are billed in accordance with service level agreements.

The business segments were identified in accordance with FASB ASC Topic 280, Segment Reporting, which defines the segment reporting requirements in the annual financial statements and interim reports with regard to the operating business, product and service businesses and regions. The business segments of the Fresenius Group are as follows:

- ▶ Fresenius Medical Care
- ▶ Fresenius Kabi
- ▶ Fresenius Helios
- ▶ Fresenius Vamed
- ▶ Corporate/Other

The segment Corporate/Other is mainly comprised of the holding functions of Fresenius SE & Co. KGaA as well as Fresenius Netcare GmbH, which provides services in the field of information technology and, until June 28, 2013, Fresenius Biotech, which did not fulfill the characteristics of a reportable segment. In addition, the segment Corporate/Other includes inter-segment consolidation adjustments as well as special items (see note 3, Special items).

Details on the business segments are shown on page 103 of the notes.

Segment reporting by region takes account of geographical factors and the similarity of markets in terms of opportunities and risks. The allocation to a particular region is based on the domicile of the customers.

NOTES ON THE BUSINESS SEGMENTS

The key figures used by the Management Board to assess segment performance, have been selected in such a way that they include all items of income and expenses which fall under the area of responsibility of the business segments. The

Management Board is convinced that the most suitable performance indicator is the operating income (EBIT). The Management Board believes that, in addition to the operating income, the figure for earnings before interest, taxes and depreciation/amortization (EBITDA) can also help investors to assess the ability of the Fresenius Group to generate cash flows and to meet its financial obligations. The EBITDA figure is also the basis for assessing Fresenius Group's compliance with the terms of its credit agreements (e.g. the Fresenius Medical Care 2012 Credit Agreement, the 2008 Senior Credit Agreement or the 2013 Senior Credit Agreement).

Depreciation and amortization is presented for property, plant and equipment and intangible assets with definite useful lives of the respective business segment.

Net interest is comprised of interest expenses and interest income.

Net income attributable to shareholders of Fresenius SE & Co. KGaA is defined as earnings after income taxes and non-controlling interest.

The operating cash flow is the cash provided by/used in operating activities.

The cash flow before acquisitions and dividends is the operating cash flow less net capital expenditure.

Debt is comprised of bank loans, senior notes, capital lease obligations, liabilities relating to outstanding acquisitions as well as intercompany liabilities.

Capital expenditure mainly includes additions to property, plant and equipment.

Acquisitions refer to the purchase of shares in legally independent companies and the acquisition of business divisions and intangible assets (e.g. licenses). The key figures shown with regard to acquisitions present the contractual purchase prices comprising amounts paid in cash (less cash acquired), debts assumed and the issuance of shares, whereas for the purposes of the statement of cash flows, only cash purchase price components less acquired cash and cash equivalents are reported.

The EBITDA margin is calculated as a ratio of EBITDA to sales.

The EBIT margin is calculated as a ratio of EBIT to sales.

The return on operating assets (ROOA) is defined as the ratio of EBIT to average operating assets. Operating assets are defined as total assets less deferred tax assets, trade accounts payable and advance payments from customers as well as guaranteed subsidies.

In addition, the key indicators "Depreciation and amortization in % of sales" and "Operating cash flow in % of sales" are also disclosed.

RECONCILIATION OF KEY FIGURES TO CONSOLIDATED EARNINGS

€ in millions	2013	2012
Total EBIT of reporting segments	3,070	3,120
General corporate expenses		
Corporate/Other (EBIT)	-79	-137
Group EBIT	2,991	2,983
Investment gain	0	109
Interest expenses	-634	-720
Interest income	50	54
Other financial result	0	-35
Income before income taxes	2,407	2,391

RECONCILIATION OF NET DEBT WITH THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION

€ in millions	Dec. 31, 2013	Dec. 31, 2012
Short-term debt	959	205
Short-term loans from related parties	6	4
Current portion of long-term debt and capital lease obligations	855	519
Long-term debt and capital lease obligations, less current portion	5,871	4,436
Senior Notes	5,113	5,864
Debt	12,804	11,028
less cash and cash equivalents	864	885
Net debt	11,940	10,143

The following table shows the non-current assets by geographical region:

€ in millions	Dec. 31, 2013	Dec. 31, 2012
Germany	6,893	4,509
Europe (excluding Germany)	2,879	2,756
North America	13,174	13,507
Asia-Pacific	1,220	1,069
Latin America	372	404
Africa	42	47
Total non-current assets¹	24,580	22,292

¹ The aggregate amount of net non-current assets is the sum of non-current assets less deferred tax assets and derivative financial instruments.

In 2013, the Fresenius Group generated sales of €4,403 million (2012: €4,191 million) in Germany. Sales in the United States were €8,414 million at actual rates and €8,697 million in constant currency in 2013 (2012: €7,931 million).

33. STOCK OPTIONS

COMPENSATION COST IN CONNECTION WITH THE STOCK OPTION PLANS OF THE FRESENIUS GROUP

In 2013, the Fresenius Group recognized compensation cost in an amount of €28 million for stock options granted since 2010. For stock incentive plans which are performance-based, the Fresenius Group recognizes compensation cost over the vesting periods, based on the market values of the underlying stock at the grant date.

FAIR VALUE OF STOCK OPTIONS

The Fresenius Group elected to adopt FAS 123(R), Share-Based Payment, prospectively.

The Fresenius Group uses a binomial option pricing model in determining the fair value of stock options granted under the stock option plans of Fresenius SE & Co. KGaA and Fresenius Medical Care AG & Co. KGaA. Option valuation models require the input of highly subjective assumptions including expected stock price volatility. Fresenius Group's assumptions are based upon its past experiences, market trends and the experiences of other entities of the same size and in similar industries. To incorporate the effects of expected early exercise in the model, an early exercise of

vested options was assumed as soon as the share price exceeds 150% of the exercise price. Fresenius Group's stock options have characteristics that vary significantly from traded options and changes in subjective assumptions can materially affect the fair value of the option.

The weighted-average assumptions for the calculation of the fair value of grants of the Fresenius SE & Co. KGaA Stock Option Plan 2013 made during 2013 and grants of the Fresenius SE Stock Option Plan 2008 made during 2012 are as follows:

€ in millions	2013		2012	
	December Grant	July Grant	December Grant	July Grant
Expected dividend yield	1.50%	1.47%	1.40%	1.52%
Risk-free interest rate	1.41%	1.33%	0.90%	1.00%
Expected volatility	27.43%	27.75%	28.55%	28.93%
Life of options	8 years	8 years	7 years	7 years
Exercise price per option in €	99.29	96.35	87.36	78.40

The expected volatility results from the historical volatility calculated over the expected life of options. The volatility was determined when the fair value of stock options was calculated for the first time and since then has been controlled every year upon issuance of a new tranche.

FRESENIUS SE & CO. KGAA STOCK OPTION PLANS

Description of the Fresenius SE & Co. KGaA stock option plans in place

As of December 31, 2013, Fresenius SE & Co. KGaA had three stock option plans in place: the Fresenius AG Stock Option Plan 2003 (2003 Plan) which is based on convertible bonds, the stock option based Fresenius SE Stock Option Plan 2008 (2008 Plan) and the Fresenius SE & Co. KGaA Long Term Incentive Program 2013 (2013 LTIP) which is based on stock options and phantom stocks. On June 30, 2012, the term of the options granted under the Fresenius AG Stock Option Plan 1998 expired. In 2013, stock options were solely granted under the 2013 LTIP.

2013 LTIP

The 2013 LTIP is comprised of the Fresenius SE & Co. KGaA Stock Option Plan 2013 (2013 SOP) and the Fresenius SE & Co. KGaA Phantom Stock Plan 2013 (2013 PSP). It combines the granting of stock options with the granting of phantom stock awards which entitle the holder to receive cash payments upon exercising the phantom stock. Each of the 2013 SOP and 2013 PSP making up the 2013 LTIP have been established under a stand-alone legal documentation.

2013 SOP

Under the 2013 SOP, which was approved by the Annual General Meeting of Fresenius SE & Co. KGaA on May 17, 2013, Fresenius Management SE is authorized to issue up to 8.4 million subscription rights for an amount of 8.4 million non-par value ordinary bearer shares of Fresenius SE & Co. KGaA until May 16, 2018.

Of the up to 8.4 million options, up to 1.6 million options are designated for members of the Management Board of Fresenius Management SE; up to 4.4 million options are designated for members of the management of directly or indirectly affiliated companies (except for Fresenius Medical Care) and up to 2.4 million options are designated for executive employees of Fresenius SE & Co. KGaA and its affiliated companies (except for Fresenius Medical Care).

The granting of the options shall occur in five annual tranches, each to the last Monday in July or the first Monday in December. With respect to new options, the Supervisory Board of Fresenius Management SE determines the stock options granted to members of Fresenius Management SE's Management Board, whereas the Management Board of Fresenius Management SE determines the other participants in the 2013 Stock Option Plan and the stock options granted to them.

The exercise price of an option shall equal the volume-weighted average stock market price (closing price) of the non-par value ordinary bearer share of Fresenius SE & Co. KGaA in the electronic XETRA trading of Deutsche Börse AG in Frankfurt am Main, or a comparable successor system, on the last 30 calendar days prior to the respective grant date.

Options granted have an eight-year term but can be exercised only after a four-year vesting period. The exercise of options is subject to the condition precedent, in each case, that the annual success target within a four-year waiting period is achieved. The success target is achieved in each case if,

after the granting of the options to the respective entitled person, either (i) the consolidated net income attributable to shareholders of Fresenius SE & Co. KGaA, adjusted for extraordinary effects and on a constant currency basis, has increased by at least 8% per annum in comparison to the previous year in each case within the waiting period, or (ii) – if this is not the case – the compounded annual growth rate of the consolidated net income attributable to shareholders of Fresenius SE & Co. KGaA, adjusted for extraordinary effects and on a constant currency basis, during the four years of the waiting period amounts to at least 8%. In the event that the success target within the four-year waiting period is not achieved for the individual years or for the compounded annual growth rate, the options issued in each case are forfeited in proportion to the non-achievement of the success target within the waiting period, i. e. by one quarter, two quarters, three quarters, or completely.

The adjusted net income attributable to shareholders of Fresenius SE & Co. KGaA (currency adjusted) and changes thereto compared to the adjusted net income (without currency adjustment) of the relevant comparison year shall be verified with binding effect in each case by the auditors of Fresenius SE & Co. KGaA on the basis of the audited consolidated financial statements. Upon exercise of vested options, Fresenius SE & Co. KGaA has the right to grant treasury shares in lieu of increasing capital by the issuance of new shares.

After the expiration of the waiting period, all options in respect of which the success target has been achieved may be exercised at any time outside the designated black-out periods.

2013 PSP

Fresenius SE & Co. KGaA's 2013 PSP was established in May 2013, together with the 2013 SOP. Awards of phantom stock can be granted on each stock option grant date. Phantom stock awarded under the 2013 PSP may be granted to the members of Fresenius Management SE's Management Board, the members of the management of directly or indirectly affiliated companies (except for Fresenius Medical Care) and for executive employees of Fresenius SE & Co. KGaA and its affiliated companies (except for Fresenius Medical Care).

As under the 2013 Stock Option Plan, the Supervisory Board of Fresenius Management SE determines the phantom stock granted to members of Fresenius Management SE's Management Board, whereas the Management Board of Fresenius Management SE determines the other participants in the 2013 PSP and the phantom stock granted to them.

Phantom stock awards under the 2013 PSP entitle the holder to receive a cash payment. Each phantom stock award shall entitle the holder to receive the volume-weighted average stock market price (closing price) of the non-par value ordinary bearer share of Fresenius SE & Co. KGaA in the electronic XETRA trading of Deutsche Börse AG in Frankfurt am Main, or a comparable successor system, during the last three months prior to the date the phantom stock is exercised.

The exercise of phantom stock is subject to the condition precedent, in each case, that the annual success target within a four-year waiting period is achieved. The success target is achieved in each case if, after the granting of the subscription rights to the respective entitled person, either (i) the consolidated net income attributable to shareholders of Fresenius SE & Co. KGaA, adjusted for extraordinary effects and on a constant currency basis, has increased by at least 8% per annum in comparison to the previous year in each case within the waiting period, or (ii) – if this is not the case – the compounded annual growth rate of the consolidated net income attributable to shareholders of Fresenius SE & Co. KGaA, adjusted for extraordinary effects and on a constant currency basis, during the four years of the waiting period amounts to at least 8%. In the event that the success target within the four-year waiting period is not achieved for the individual years or for the compounded annual growth rate, the phantom stock awards issued in each case are forfeited in proportion to the non-achievement of the success target within the waiting-period, i. e. by one quarter, two quarters, three quarters, or completely.

The adjusted net income attributable to shareholders of Fresenius SE & Co. KGaA (currency adjusted) and changes thereto compared to the adjusted net income (without currency adjustment) of the relevant comparison year shall be verified with binding effect in each case by the auditors of Fresenius SE & Co. KGaA on the basis of the audited consolidated financial statements.

After the expiration of the waiting period, all exercisable phantom stock will be deemed to be exercised and cashed out on March 1 following the end of the waiting period (or the following banking day).

Stock Option Plan 2008

During 2008, Fresenius SE adopted the 2008 Plan to grant subscription rights to members of the Management Board and executive employees of the Company and affiliated companies. Due to the change of legal form of Fresenius SE into Fresenius SE & Co. KGaA and the conversion of all preference shares into ordinary shares, this plan was amended and completely adapted to ordinary shares. Under the 2008 Plan, up to 6.2 million options can be issued, which carry entitlement to exclusively obtain 6.2 million ordinary shares (originally 3.1 million ordinary shares and 3.1 million preference shares). Up to 1.2 million options are designated for members of the Management Board of Fresenius Management SE (originally Management Board of Fresenius SE), up to 3.2 million options are designated for members of the management of directly or indirectly affiliated companies (except for Fresenius Medical Care) and up to 1.8 million options are designated for executive employees of Fresenius SE & Co. KGaA (originally of Fresenius SE) and its affiliated companies (except for Fresenius Medical Care). With respect to the members of Fresenius Management SE's Management Board, the Supervisory Board of Fresenius Management SE now holds the sole authority to grant stock options and administer the 2008 Plan. The Management Board of Fresenius Management SE now has such authority with respect to all other participants in the 2008 Plan. The options can be granted in five tranches with effect as of the first bank working day in July and/or the first bank working day in December. The exercise price of options shall be the average closing price of Fresenius SE & Co. KGaA's (originally Fresenius SE's) ordinary shares (originally ordinary and preference shares) on the Frankfurt Stock Exchange during the 30 trading days immediately prior to each grant date. For participants in the United States, the exercise price may be the average closing price during the 30 calendar days immediately prior to the grant date, if this is higher. Options granted have a seven-year term but can be exercised only after a three-year vesting period. The vesting of options granted is mandatorily subject to the condition, in each case, that the annual success target within the three-year vesting period is achieved. For each such year, the success target is achieved if the consolidated net income attributable to shareholders of Fresenius SE & Co. KGaA,

adjusted for extraordinary effects, has increased by at least 8% compared to the respective adjusted net income attributable to shareholders of Fresenius SE & Co. KGaA of the previous fiscal year. For each year in which the success target has not been met, one-third of the options granted shall forfeit. The adjusted net income attributable to shareholders of Fresenius SE & Co. KGaA shall be calculated on the basis of the calculation method of the accounting principles according to U.S. GAAP. For the purposes of the 2008 Plan, the adjusted net income attributable to shareholders of Fresenius SE & Co. KGaA is determined and will be verified with binding effect by Fresenius SE & Co. KGaA's auditor during the audit of the consolidated financial statements. The performance targets for 2008 to 2013 were met. Upon exercise of vested options, Fresenius SE & Co. KGaA has the right to grant treasury shares or a cash payment in lieu of increasing capital by the issuance of new shares. If all conditions are fulfilled, stock options may be exercised throughout the year with the exception of certain pre-determined black-out periods. Former options for preference shares are now exclusively options for ordinary shares.

This stock incentive plan was replaced by the 2013 SOP and no options have been granted since 2013.

Stock Option Plan 2003

During 2003, Fresenius AG adopted the 2003 Plan for members of the Management Board and executive employees. This incentive plan which is based on convertible bonds was replaced by the 2008 Plan and no options have been granted since 2008. Due to the change of legal form of Fresenius SE into Fresenius SE & Co. KGaA and the conversion of all preference shares into ordinary shares, this plan was also amended and completely adapted to ordinary shares. Under the 2003 Plan, eligible employees have the right to acquire ordinary shares (originally ordinary and preference shares) of Fresenius SE & Co. KGaA (originally of Fresenius AG or of Fresenius SE, respectively). The bonds expire in 10 years and one third of them can be exercised beginning after two, three and four years after the grant date, respectively. Upon issuance of the option, the employees had the right to choose options with or without a stock price target. The conversion price of options subject to a stock price target corresponds to the stock exchange quoted price of the ordinary shares (originally ordinary or preference shares, respectively) upon the first time

the stock exchange quoted price exceeds the initial value (after the share split in 2007: $\frac{1}{3}$ of the initial value) by at least 25%. If converted after the share split, the conversion price which entitles to three ordinary shares (originally three ordinary shares or three preference shares, respectively) is equal to the triple of one third of the initial value. The initial value is the joint average stock exchange price of the ordinary shares (originally ordinary shares or preference shares, respectively) during the last 30 trading days prior to the date of grant. The conversion price of options without a stock price target is the initial value. In the case of options not subject to a stock price target, the number of convertible bonds awarded to the eligible employee was 15% less than if the employee elected options subject to the stock price target. Each convertible bond granted after the share split in 2007 entitles to subscribe one ordinary share (originally one ordinary or one preference share, respectively), subject to payment of the conversion price. Bonds granted and converted prior to the share split were entitled to subscribe one ordinary share (originally one ordinary or one preference share, respectively), conversion after the share split entitles to three ordinary shares (originally three ordinary or three preference shares, respectively). In addition, due to the elimination of the preference shares, after the change of legal form, the success target of the 2003 Plan had to be adjusted to the effect that it is deemed to be achieved if and when the aggregate of the following price increases amounts to at least 25%: (1) increase of the joint average stock exchange price of ordinary and preference shares from the day of the issuance until the day when the change of legal form took effect and (2) increase of the stock exchange price of ordinary shares since the change of legal form took effect.

Stock Option Plan 1998

During 1998, Fresenius AG adopted the 1998 Plan for members of the Management Board and executive employees. This stock incentive plan was replaced by the 2003 Plan and no options have been granted since 2003. Under the 1998 Plan, eligible employees had the right to acquire ordinary and preference shares of Fresenius SE. After the change of legal form and the conversion of all preference shares into ordinary shares, the options exclusively granted the right to acquire ordinary shares of Fresenius SE & Co. KGaA. Options granted under this plan had a 10-year term which expired on June 30, 2012.

Transactions during 2013

In 2013, Fresenius SE & Co. KGaA awarded 720,206 stock options under the 2013 LTIP, including 105,000 options to members of the Management Board of Fresenius Management SE, at a weighted-average exercise price of €96.78, a weighted-average fair value of €25.98 each and a total fair value of €19 million, which will be amortized over the four-year vesting period. Fresenius SE & Co. KGaA also awarded 111,294 phantom stocks, including 27,272 phantom stocks granted to members of the Management Board of Fresenius Management SE, at a measurement date (December 31, 2013) fair value of €106.14 each and a total fair value of €12 million, which will be revalued if the fair value changes, and amortized over the four-year vesting period.

During the fiscal year 2013, Fresenius SE & Co. KGaA received cash of €69 million from the exercise of 1,506,569 stock options. The average stock price of the ordinary share at the exercise date was €97.81. The intrinsic value of convertible bonds and stock options exercised in 2013 was €74 million.

541,822 convertible bonds were outstanding and exercisable under the 2003 Plan at December 31, 2013. The members of the Fresenius Management SE Management Board held 111,698 convertible bonds. At December 31, 2013, out

of 3,237,098 outstanding stock options issued under the 2008 Plan, 1,010,638 were exercisable and 603,460 were held by the members of the Fresenius Management SE Management Board. 717,581 stock options issued under the 2013 LTIP were outstanding at December 31, 2013. The members of the Fresenius Management SE Management Board held 105,000 stock options. 111,059 phantom stocks issued under the 2013 LTIP were outstanding at December 31, 2013. The members of the Fresenius Management SE Management Board held 27,272 stock options.

Stock option transactions are summarized as follows:

Ordinary shares Dec. 31	Number of options	Weighted- average exercise price in €	Number of options exercisable
Balance 2011	5,494,127	50.25	2,248,083
Granted	1,206,145	78.54	
Exercised	1,150,924	39.83	
Forfeited	164,596	55.90	
Balance 2012	5,384,752	58.72	2,061,329
Granted	720,206	96.78	
Exercised	1,506,569	45.49	
Forfeited	101,888	65.73	
Balance 2013	4,496,501	69.17	1,552,460

The following table provides a summary of fully vested options outstanding and exercisable for ordinary shares at December 31, 2013:

OPTIONS FOR ORDINARY SHARES

Range of exercise price in €	Options outstanding			Options exercisable		
	Number of options	Weighted-average remaining contractual life in years	Weighted-average exercise price in €	Number of options	Weighted-average remaining contractual life in years	Weighted-average exercise price in €
20.01 – 25.00	21,818	0.50	21.96	21,818	0.50	21.96
25.01 – 30.00	64,392	1.44	28.54	64,392	1.44	28.54
30.01 – 35.00	269,990	2.50	33.81	269,990	2.50	33.81
35.01 – 40.00	155,262	2.39	39.23	155,262	2.39	39.23
40.01 – 45.00	5,072	1.92	41.62	5,072	1.92	41.62
45.01 – 50.00	10,248	2.50	48.81	10,248	2.50	48.81
50.01 – 55.00	726,576	3.07	53.76	726,576	3.07	53.76
55.01 – 60.00	280,060	3.50	56.43	280,060	3.50	56.43
60.01 – 65.00	9,000	3.92	63.53	9,000	3.92	63.53
70.01 – 75.00	1,070,907	4.49	71.28	10,042	3.50	70.79
75.01 – 80.00	1,146,835	5.50	78.39	0		
85.01 – 90.00	18,760	5.92	87.36	0		
95.01 – 100.00	717,581	7.63	96.78	0		
	4,496,501	4.70	69.17	1,552,460	2.88	47.92

At December 31, 2013, the aggregate intrinsic value of exercisable options for ordinary shares was €99 million.

At December 31, 2013, total unrecognized compensation cost related to non-vested options granted under the 2008 Plan and the 2013 LTIP was €30 million. This cost is expected to be recognized over a weighted-average period of 2.5 years.

FRESENIUS MEDICAL CARE AG & CO. KGAA STOCK OPTION PLANS

Fresenius Medical Care AG & Co. KGaA Long Term Incentive Program 2011

On May 12, 2011, the Fresenius Medical Care AG & Co. KGaA Stock Option Plan 2011 (2011 SOP) was established by resolution of Fresenius Medical Care AG & Co. KGaA's (FMC-AG & Co. KGaA) Annual General Meeting (AGM). The 2011 SOP, together with the Phantom Stock Plan 2011, which was established by resolution of Fresenius Medical Care Management AG's (FMC Management AG) Management and Supervisory Boards, forms FMC-AG & Co. KGaA's Long Term Incentive Program 2011 (2011 Incentive Program). Under the 2011 Incentive Program, participants may be granted awards, which will consist of a combination of stock options and phantom stock. Awards under the 2011 Incentive Program will be granted over a five-year period and can be granted on the last Monday in July and/or the first Monday in December each year. Prior to the respective grant, the participants will be able to choose how much of the granted value is granted in the form of stock options and phantom stock in a predefined range of 75:25 to 50:50, stock options vs. phantom stock. The number of phantom shares that plan participants may choose to receive instead of stock options within the aforementioned predefined range is determined on the basis of a fair value assessment pursuant to a binomial model. With respect to grants made in July, this fair value assessment will be conducted on the day following FMC-AG & Co. KGaA's AGM and with respect to the grants made in December, on the first Monday in October. The awards under the 2011 Incentive Program are subject to a four-year vesting period. The vesting of the awards granted is subject to achievement of performance targets. The 2011 Incentive Program was established with a conditional capital increase up to €12 million subject to the issue of up to 12 million non-par value bearer ordinary shares with a nominal value of €1.00, each of which can be exercised to obtain one ordinary share.

Members of the Management Board of FMC Management AG, members of the management boards of FMC-AG & Co. KGaA's affiliated companies and the managerial staff members of FMC-AG & Co. KGaA and of certain affiliated companies are entitled to participate in the 2011 Incentive Program. With respect to participants who are members of FMC Management AG's Management Board, FMC Management AG's Supervisory Board has sole authority to grant awards and exercise other decision making powers under the 2011 Incentive Program (including decisions regarding certain adjustments and forfeitures). FMC Management AG has such authority with respect to all other participants in the 2011 Incentive Program.

The exercise price of stock options granted under the 2011 Incentive Program shall be the average stock exchange price on the Frankfurt Stock Exchange of FMC-AG & Co. KGaA's ordinary shares during the 30 calendar days immediately prior to each grant date. Stock options granted under the 2011 Incentive Program have an eight-year term and can be exercised only after a four-year vesting period. Stock options granted under the 2011 Incentive Program to U.S. participants are non-qualified stock options under the United States Internal Revenue Code of 1986, as amended. Options under the 2011 Incentive Program are not transferable by a participant or a participant's heirs, and may not be pledged, assigned, or disposed of otherwise.

Phantom stock under the 2011 Incentive Program entitles the holders to receive payment in euro from FMC-AG & Co. KGaA upon exercise of the phantom stock. The payment per phantom share in lieu of the issuance of such stock shall be based upon the closing stock exchange price on the Frankfurt Stock Exchange of one of FMC-AG & Co. KGaA's ordinary shares on the exercise date. Phantom stock will have a five-year term and can be exercised only after a four-year vesting period, beginning with the grant date, except when otherwise expressly stipulated in the plan. For participants who are U.S. tax payers, the phantom stock is deemed to be exercised in any event in the month of March following the end of the vesting period.

Stock Option Plan 2006

The Fresenius Medical Care AG & Co. KGaA Stock Option Plan 2006 (Amended 2006 Plan) was established with a conditional capital increase up to €12.8 million subject to the issue of up to 5 million non-par value bearer ordinary shares with a nominal value of €1.00, each of which can be exercised to obtain one ordinary share. In connection with the share split affected in 2007, the principal amount was adjusted to the same proportion as the share capital out of the capital increase up to €15 million by the issue of up to 15 million new non-par value bearer ordinary shares.

After December 2010, no further grants were issued under the Amended 2006 Plan. Options granted under this plan are exercisable through December 2017.

Options granted under the Amended 2006 Plan to U.S. participants are non-qualified stock options under the United States Internal Revenue Code of 1986, as amended. Options under the Amended 2006 Plan are not transferable by a participant or a participant's heirs, and may not be pledged, assigned, or otherwise disposed of.

2001 International Stock Option Plan

Under the Fresenius Medical Care 2001 International Stock Incentive Plan (2001 Plan), options in the form of convertible bonds with a principal of up to €10.24 million were issued to the members of the Management Board and other employees of FMC-AG & Co. KGaA representing grants for up to 4 million non-voting preference shares. The convertible bonds originally had a par value of €2.56 and bear interest at a rate of 5.5%. In connection with the share split affected in 2007, the principal amount was adjusted in the same proportion as the share capital out of the capital increase and the par value of the convertible bonds was adjusted to €0.85 without affecting the interest rate.

Based on the resolution of the Annual General Meeting and the separate Meeting of the Preference Shareholders on May 16, 2013 regarding the conversion of all bearer preference shares into bearer ordinary shares, the 2001 Plan was amended accordingly. The partial amount of the capital increase which was formerly referred to as the issuance of bearer preference shares will now be referred exclusively to the issuance of bearer ordinary shares.

Effective May 2006, no further grants can be issued under the 2001 Plan and no options were granted under this plan after 2005. The outstanding options will expire before 2016.

Transactions during 2013

During 2013, FMC-AG & Co. KGaA awarded 2,141,076 options under the 2011 Incentive Program, including 328,680 stock options granted to members of the Management Board of FMC Management AG, at a weighted-average exercise price of €49.75, a weighted-average fair value of €8.95 each and a total fair value of €19 million, which will be amortized over the four-year vesting period. FMC-AG & Co. KGaA awarded 186,392 shares of phantom stock, including 25,006 shares of phantom stock granted to members of the Management Board of FMC Management AG, at a measurement date (December 31, 2013) weighted-average fair value of €48.22 each and a total fair value of €9 million, which will be revalued if the fair value changes, and amortized over the four-year vesting period.

During 2013, FMC-AG & Co. KGaA received cash of €77 million from the exercise of stock options. The intrinsic value of convertible bonds and stock options exercised in 2013 was €39 million. FMC-AG & Co. KGaA recorded a related tax benefit of €7 million for 2013. In connection with cash-settled share-based payment transactions under the 2011 Incentive Plan, FMC-AG & Co. KGaA recognized expenses of €3 million and €4 million for the years ending December 31, 2013 and 2012, respectively.

At December 31, 2013, the Management Board members of FMC Management AG held 1,993,305 stock options and employees of FMC-AG & Co. KGaA held 8,797,450 stock options under the various stock-based compensation plans of Fresenius Medical Care.

At December 31, 2013, the Management Board members of FMC Management AG held 77,886 shares of phantom stock and employees of FMC-AG & Co. KGaA held 474,901 shares of phantom stock under the 2011 Incentive Program.

The table below provides reconciliations for options outstanding at December 31, 2013 as compared to December 31, 2012:

	Number of options in thousands	Weighted-average exercise price in €
Balance at December 31, 2012 (options for ordinary shares)	11,147	42.66
Granted	2,141	49.75
Exercised	2,280	33.76
Converted from preference shares	32	18.86
Forfeited	249	44.75
Balance at December 31, 2013 (options for ordinary shares)	10,791	45.83
Balance at December 31, 2012 (options for preference shares)	38	19.26
Exercised	2	18.35
Forfeited	4	23.56
Converted into ordinary shares	32	18.86
Balance at December 31, 2013 (options for preference shares)	0	

The following table provides a summary of fully vested options for ordinary shares outstanding and exercisable at December 31, 2013:

	Number of options in thousands	Weighted-average remaining contractual life in years	Weighted-average exercise price in €	Aggregate intrinsic value € in millions
Options for ordinary shares	4,711	2.51	36.41	72

At December 31, 2013, total unrecognized compensation cost related to non-vested options granted under all plans was €36 million. This cost is expected to be recognized over a weighted-average period of 2 years.

34. RELATED PARTY TRANSACTIONS

Prof. Dr. med. D. Michael Albrecht, a member of the Supervisory Board of Fresenius SE & Co. KGaA, is medical director and spokesman of the management board of the University Hospital Carl Gustav Carus Dresden and a member of the supervisory board of the University Hospital Aachen. Furthermore, he was a member of the supervisory board of the University Hospital Magdeburg until October 3, 2013 and a member of the supervisory board of the University Hospital Rostock until February 28, 2013. The Fresenius Group maintains business relations with these hospitals in the ordinary course and under customary conditions.

Prof. Dr. h. c. Roland Berger, a member of the Supervisory Board of Fresenius Management SE and of Fresenius SE & Co. KGaA, is a partner of Roland Berger Strategy Consultants Holding GmbH. In 2013, after discussion and approval by the Supervisory Board of Fresenius Management SE and Fresenius SE & Co. KGaA, the Fresenius Group paid €2.9 million to affiliated companies of the Roland Berger group for consulting services rendered (2012: €0.6 million).

Klaus-Peter Müller, a member of the Supervisory Board of Fresenius Management SE and of Fresenius SE & Co. KGaA, is the chairman of the supervisory board of Commerzbank AG. The Fresenius Group maintains business relations with Commerzbank under customary conditions. In 2013, the Fresenius Group paid in aggregate €1.4 million to Commerzbank for financing commitments, in connection with the issuance of Senior Notes and the share conversion of Fresenius Medical Care AG & Co. KGaA (2012: €1.9 million).

Dr. Gerhard Rupprecht, a member of the Supervisory Board of Fresenius Management SE and of Fresenius SE & Co. KGaA, is a member of the supervisory board of Allianz France SA. In 2013, the Fresenius Group paid €5.3 million (2012: €4.7 million) for insurance premiums to the Allianz group under customary conditions.

Dr. Dieter Schenk, deputy chairman of the Supervisory Board of Fresenius Management SE, is a partner in the international law firm Noerr LLP, which provides legal services to the Fresenius Group. In 2013, after discussion and approval of each mandate by the Supervisory Board of Fresenius Management SE, the Fresenius Group paid or processed for payment in December 2013 about €1.5 million to this law firm for legal services rendered (2012: €1.8 million). Not included in the amount paid or processed for payment are such payments made in the fiscal year 2013 that had already been processed for payment in 2012 and have therefore already been reported for the fiscal year 2012.

In 2013, €9 million (2012: €8 million) were paid to Fresenius Management SE as compensation for the Management Board and the Supervisory Board, general partners' fees and other reimbursements of out-of pocket expenses. At December 31, 2013, there were outstanding liabilities payable to Fresenius Management SE in the amount of €21 million (December 31, 2012: €16 million).

The payments mentioned in this note are net amounts. In addition, VAT and insurance tax were paid.

35. SUBSEQUENT EVENTS

On January 23, 2014, Fresenius Finance B.V. issued unsecured Senior Notes of €750 million. The €300 million tranche due 2019 has a coupon of 2.375% and was issued at a price of 99.647%. The €450 million tranche which has a coupon of 3.00% was issued at a price of 98.751% and is due in 2021.

In a further step to fund the acquisition of hospitals and outpatient facilities of Rhön-Klinikum AG, Fresenius Finance B.V. placed €300 million of unsecured Senior Notes with a maturity of 10 years on January 28, 2014. The Senior Notes have a coupon of 4.00% and were placed at par. On February 6, 2014, the Senior Notes were increased by an amount of €150 million at a price of 102%. The Senior Notes in the nominal amount of €450 million were issued on February 11, 2014.

Furthermore, on February 14, 2014, Fresenius US Finance II, Inc. issued US\$300 million of unsecured Senior Notes with a maturity of seven years. The Senior Notes have a coupon of 4.25% and were issued at par.

Net proceeds of the Senior Notes issued in January and February 2014 were used to partially refinance the drawing under the Bridge Financing Facility. On February 27, 2014, the Bridge Financing Facility was voluntarily cancelled before maturity and the remaining outstanding amount of €90 million was repaid.

On February 20, 2014, Fresenius Helios has received anti-trust approval to acquire 40 hospitals and 13 outpatient facilities from Rhön-Klinikum AG. The majority of the transaction was closed on February 27, 2014. For two hospitals (Dr. Horst Schmidt Kliniken in Wiesbaden and Klinikum Salzgitter), the approval of municipal owners or current minority shareholders is still pending. The transaction provides Fresenius Helios with the opportunity to create a nationwide hospital network in Germany.

There have been no significant changes in the Fresenius Group's operating environment following the end of the fiscal year 2013 until February 27, 2014. No other events of material importance on the assets and liabilities, financial position, and results of operations of the Group have occurred following the end of the fiscal year.

NOTES IN ACCORDANCE WITH THE GERMAN COMMERCIAL CODE (HGB)

36. COMPENSATION OF THE MANAGEMENT BOARD AND THE SUPERVISORY BOARD

Individualized information regarding the compensation of the members of the Management Board and of the Supervisory Board is disclosed in the audited Compensation Report (see page 23 ff.), which is part of the Management Report.

The compensation of the Management Board is, as a whole, performance-based and was composed of three elements in the fiscal year 2013:

- ▶ non-performance-based compensation (fixed compensation and fringe benefits)
- ▶ short-term performance-based compensation (one-year variable compensation)
- ▶ components with long-term incentive effects (several-year variable compensation comprising stock options, share-based compensation with cash settlement (phantom stocks) and postponed payments of the one-year variable compensation)

The cash compensation paid to the Management Board for the performance of its responsibilities was €11,044 thousand (2012: €11,080 thousand). Thereof, €5,044 thousand (2012: €5,053 thousand) is not performance-based and €6,000 thousand (2012: €6,027 thousand) is performance-based. The amount of the performance-based compensation depends on the achievement of targets relating to the net income of the Fresenius Group and business segments. As a long-term incentive component, the members of the Management Board

received 105,000 stock options under the Fresenius SE & Co. KGaA Stock Option Plan 2013 and 74,700 stock options under the Fresenius Medical Care AG & Co. KGaA Stock Option Plan 2011 and a share-based compensation with cash settlement in an amount of €3,632 thousand.

The payment of a part of the performance-based compensation in an amount of €203 thousand was postponed by two years as a long-term incentive component. The payment depends on the achievement of targets relating to the net income attributable to shareholders of Fresenius SE & Co. KGaA of the years 2014 and 2015. The total compensation of the Management Board was €18,407 thousand (2012: €17,751 thousand).

The total compensation paid to the Supervisory Boards of Fresenius SE & Co. KGaA and Fresenius Management SE and their committees was €2,920 thousand in 2013 (2012: €2,592 thousand). Of this amount, €213 thousand was fixed compensation (2012: €213 thousand), €100 thousand was compensation for committees services (2012: €100 thousand), and €2,607 thousand was variable compensation (2012: €2,279 thousand).

In 2013, based on pension commitments to former members of the Management Board, €1,064 thousand (2012: €778 thousand) was paid. The pension obligation for these persons amounted to €17,389 thousand in 2013 (2012: €11,310 thousand).

In the fiscal years 2013 and 2012, no loans or advance payments of future compensation components were made to members of the Management Board of Fresenius Management SE.

37. AUDITOR'S FEES

In 2013 and 2012, fees for the auditor KPMG AG Wirtschaftsprüfungsgesellschaft were expensed as follows:

€ in millions	2013		2012	
	Total	Germany	Total	Germany
Audit fees	15	5	17	6
Audit-related fees	2	1	3	3
Tax consulting fees	1	–	1	–
Other fees	4	4	2	1
Total auditor's fees	22	10	23	10

38. CORPORATE GOVERNANCE

For each consolidated stock exchange listed entity, the declaration pursuant to Section 161 of the German Stock Corporation Act (Aktiengesetz) has been issued and made available to shareholders on the website of Fresenius SE & Co. KGaA www.fresenius.com under Who we are – Corporate Governance – Declaration of Conformity and of Fresenius Medical Care AG & Co. KGaA www.fmc-ag.com under Investor Relations – Corporate Governance – Declaration of Compliance, respectively.

39. PROPOSAL FOR THE DISTRIBUTION OF EARNINGS

The general partner and the Supervisory Board of Fresenius SE & Co. KGaA propose to the Annual General Meeting that the earnings for 2013 of Fresenius SE & Co. KGaA are distributed as follows:

in €	
Payment of a dividend of €1.25 per bearer ordinary share on the 179,694,829 ordinary shares entitled to dividend	224,618,536.25
Balance to be carried forward	31,207.40
Retained earnings	224,649,743.65

40. RESPONSIBILITY STATEMENT

"To the best of our knowledge, and in accordance with the applicable reporting principles, the consolidated financial statements give a true and fair view of the assets, liabilities, financial position and profit or loss of the Group, and the

Group management report includes a fair review of the development and performance of the business and the position of the Group, together with a description of the principal opportunities and risks associated with the expected development of the Group."

Bad Homburg v. d. H., February 27, 2014

Fresenius SE & Co. KGaA,
represented by:
Fresenius Management SE, its general partner

The Management Board



Dr. U. M. Schneider



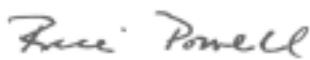
Dr. F. De Meo



Dr. J. Götz



M. Henriksson



R. Powell



S. Sturm



Dr. E. Wastler

AUDITOR'S REPORT

To the Fresenius SE & Co. KGaA

We have audited the consolidated financial statements prepared by the Fresenius SE & Co. KGaA, Bad Homburg v. d. Höhe, comprising the consolidated statement of income, the consolidated statement of comprehensive income, the consolidated statement of financial position, the consolidated statement of cash flows, the consolidated statement of changes in equity and the notes to the consolidated financial statements for the business year from January 1 to December 31, 2013. The preparation of the consolidated financial statements in accordance with Accounting Principles Generally Accepted in the United States of America (U.S. GAAP) is the responsibility of the legal representative of the Company. Our responsibility is to express an opinion on the consolidated financial statements based on our audit. In addition, we have been engaged to express an opinion as to whether the voluntarily prepared group management report is in agreement with the group management report of Fresenius SE & Co. KGaA, Bad Homburg v. d. Höhe, prepared in accordance with § 290 and § 315 HGB [Handelsgesetzbuch "German Commercial Code"] apart from appropriate incorporation of U.S. GAAP financial data.

We conducted our audit of the consolidated financial statements in accordance with § 317 HGB and German generally accepted standards for the audit of financial statements promulgated by the Institut der Wirtschaftsprüfer (IDW). Those standards require that we plan and perform the audit such that misstatements materially affecting the presentation of the net assets, financial position and results of operations in the consolidated financial statements in accordance with the

applicable financial reporting framework and in the group management report are detected with reasonable assurance. Knowledge of the business activities and the economic and legal environment of the Group and expectations as to possible misstatements are taken into account in the determination of audit procedures. The effectiveness of the accounting-related internal control system and the evidence supporting the disclosures in the consolidated financial statements and the group management report are examined primarily on a test basis within the framework of the audit. The audit includes assessing the annual financial statements of those entities included in consolidation, the determination of entities to be included in consolidation, the accounting and consolidation principles used and significant estimates made by the legal representative, as well as evaluating the overall presentation of the consolidated financial statements. We believe that our audit provides a reasonable basis for our opinion.

Our audit has not led to any reservations.

In our opinion, based on the findings of our audit, the consolidated financial statements comply with U.S. GAAP and give a true and fair view of the net assets, financial position and results of operations of the Group in accordance with these requirements. The voluntarily prepared group management report is consistent with the consolidated financial statements prepared in accordance with U.S. GAAP and is, apart from appropriate incorporation of U.S. GAAP financial data, in agreement with the group management report of Fresenius SE & Co. KGaA prepared in accordance with § 290 and § 315 HGB, on which we issued an unqualified statutory audit opinion. Based on this, the group management report as a whole provides a suitable view of the Group's position and suitably presents the opportunities and risks of future development.

Frankfurt am Main, February 27, 2014

KPMG AG
Wirtschaftsprüfungsgesellschaft



Rohrbach
German Public Auditor



Walter
German Public Auditor

Consolidated Financial Statements of Fresenius SE & Co. KGaA for 2012 (US-GAAP)

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FRESENIUS SE & CO. KGAA

CONSOLIDATED STATEMENT OF INCOME

€ in millions	Note	2012	2011
Sales	4	19,290	16,361
Cost of sales	5	-13,002	-10,987
Gross profit		6,288	5,374
Selling, general and administrative expenses	8	-3,000	-2,544
Research and development expenses		-305	-267
Operating income (EBIT)		2,983	2,563
Investment gain	9	109	0
Interest income	10	54	56
Interest expenses	10	-720	-587
Other financial result	11	-35	-100
Financial result		-592	-631
Income before income taxes		2,391	1,932
Income taxes	12	-659	-604
Net income		1,732	1,328
Less noncontrolling interest	27	806	638
Net income attributable to shareholders of Fresenius SE & Co. KGaA		926	690
Earnings per ordinary share in €	13	5.35	4.24
Fully diluted earnings per ordinary share in €	13	5.29	4.18

The following notes are an integral part of the consolidated financial statements.

FRESENIUS SE & CO. KGAA

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

€ in millions	Note	2012	2011
Net income		1,732	1,328
Other comprehensive income (loss)			
Foreign currency translation	29, 31	-164	79
Cash flow hedges	29, 31	41	-81
Change of fair value of available for sale financial assets	29, 31	-9	-8
Actuarial losses on defined benefit pension plans	26, 29	-160	-66
Income taxes related to components of other comprehensive income (loss)	29	31	48
Other comprehensive loss		-261	-28
Total comprehensive income		1,471	1,300
Comprehensive income attributable to noncontrolling interest subject to put provisions		66	39
Comprehensive income attributable to noncontrolling interest not subject to put provisions		621	592
Comprehensive income attributable to shareholders of Fresenius SE & Co. KGaA		784	669

The following notes are an integral part of the consolidated financial statements.

FRESENIUS SE & CO. KGAA

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

ASSETS

as of December 31, € in millions

	Note	2012	2011
Cash and cash equivalents	14	885	635
Trade accounts receivable, less allowance for doubtful accounts	15	3,650	3,234
Accounts receivable from and loans to related parties		18	13
Inventories	16	1,840	1,717
Other current assets	17	1,319	1,184
Deferred taxes	12	401	368
I. Total current assets		8,113	7,151
Property, plant and equipment	18	4,918	4,210
Goodwill	19	15,014	12,669
Other intangible assets	19	1,284	981
Other non-current assets	17	1,077	1,185
Deferred taxes	12	258	125
II. Total non-current assets		22,551	19,170
Total assets		30,664	26,321

LIABILITIES AND SHAREHOLDERS' EQUITY

as of December 31, € in millions

	Note	2012	2011
Trade accounts payable		961	807
Short-term accounts payable to related parties		2	21
Short-term accrued expenses and other short-term liabilities	20, 21	3,211	2,898
Short-term debt	22	205	171
Short-term loans from related parties		4	3
Current portion of long-term debt and capital lease obligations	22	519	1,852
Short-term accruals for income taxes		230	184
Deferred taxes	12	66	52
A. Total short-term liabilities		5,198	5,988
Long-term debt and capital lease obligations, less current portion	22	4,436	3,777
Senior Notes, less current portion	23	5,864	3,996
Long-term accrued expenses and other long-term liabilities	20, 21	436	409
Pension liabilities	26	679	484
Long-term accruals for income taxes		213	200
Deferred taxes	12	682	573
B. Total long-term liabilities		12,310	9,439
I. Total liabilities		17,508	15,427
II. Noncontrolling interest subject to put provisions	27	398	317
A. Noncontrolling interest not subject to put provisions	27	5,125	4,606
Subscribed capital	28	178	163
Capital reserve	28	3,225	2,136
Other reserves	28	4,358	3,658
Accumulated other comprehensive income (loss)	29	-128	14
B. Total Fresenius SE & Co. KGaA shareholders' equity		7,633	5,971
III. Total shareholders' equity		12,758	10,577
Total liabilities and shareholders' equity		30,664	26,321

The following notes are an integral part of the consolidated financial statements.

FRESENIUS SE & CO. KGAA

CONSOLIDATED STATEMENT OF CASH FLOWS

January 1 to December 31, € in millions

	Note	2012	2011
Operating activities			
Net income		1,732	1,328
Adjustments to reconcile net income to cash and cash equivalents provided by operating activities			
Depreciation and amortization	17, 18, 19	776	674
Change in deferred taxes	12	-22	81
Gain/loss on sale of fixed assets		11	-3
Changes in assets and liabilities, net of amounts from businesses acquired or disposed of			
Trade accounts receivable, net	15	-193	-222
Inventories	16	-37	-264
Other current and non-current assets	17	-68	-114
Accounts receivable from/payable to related parties		-23	23
Trade accounts payable, accrued expenses and other short-term and long-term liabilities		284	165
Accruals for income taxes		-22	21
Net cash provided by operating activities		2,438	1,689
Investing activities			
Purchase of property, plant and equipment		-970	-783
Proceeds from sales of property, plant and equipment		18	25
Acquisitions and investments, net of cash acquired and net purchases of intangible assets	2, 33	-2,500	-1,326
Proceeds from divestitures		201	12
Net cash used in investing activities		-3,251	-2,072
Financing activities			
Proceeds from short-term loans	22	161	146
Repayments of short-term loans	22	-168	-191
Proceeds from short-term loans from related parties		-	-
Repayments of short-term loans from related parties		-	-
Proceeds from long-term debt and capital lease obligations	22	2,937	543
Repayments of long-term debt and capital lease obligations	22	-3,881	-936
Proceeds from the issuance of bearer ordinary shares	28	1,014	0
Payments of additional costs of the capital increase	28	-16	0
Proceeds from the issuance of Senior Notes	23	1,755	1,471
Changes of accounts receivable securitization program	22	-290	18
Proceeds from the exercise of stock options	35	140	99
Redemption of trust preferred securities of Fresenius Medical Care Capital Trusts	25	0	-470
Dividends paid		-446	-365
Change in noncontrolling interest	27	-131	-73
Exchange rate effect due to corporate financing		-	-
Net cash provided by financing activities		1,075	242
Effect of exchange rate changes on cash and cash equivalents		-12	7
Net increase/decrease in cash and cash equivalents		250	-134
Cash and cash equivalents at the beginning of the reporting period	14	635	769
Cash and cash equivalents at the end of the reporting period	14	885	635

The following notes are an integral part of the consolidated financial statements.

FRESENIUS SE & CO. KGAA

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

		Ordinary shares		Preference shares		Subscribed Capital	
	Note	Number of shares in thousand	Amount € in thousands	Number of shares in thousand	Amount € in thousands	Amount € in thousands	Amount € in millions
As of December 31, 2010		81,225	81,225	81,225	81,225	162,450	162
Conversion of the preference shares into ordinary shares	1	81,225	81,225	-81,225	-81,225	0	0
Proceeds from the exercise of stock options	35	787	787	0	0	787	1
Compensation expense related to stock options	35						
Dividends paid	28						
Purchase of noncontrolling interest not subject to put provisions	27						
Maturity of Mandatory Exchangeable Bonds	24						
Purchase of ordinary shares of Fresenius Medical Care AG & Co. KGaA	2, 27						
Change in fair value of noncontrolling interest subject to put provisions	27						
Comprehensive income (loss)							
Net income							
Other comprehensive income (loss)							
Cash flow hedges	29, 31						
Change of fair value of available for sale financial assets	29, 31						
Foreign currency translation	29, 31						
Actuarial losses on defined benefit pension plans	26, 29						
Comprehensive income							
As of December 31, 2011		163,237	163,237	0	0	163,237	163
Issuance of bearer ordinary shares	28	13,800	13,800	0	0	13,800	14
Proceeds from the exercise of stock options	35	1,151	1,151	0	0	1,151	1
Compensation expense related to stock options	35						
Dividends paid	28						
Purchase of noncontrolling interest not subject to put provisions	27						
Purchase of ordinary shares of Fresenius Medical Care AG & Co. KGaA	2, 27						
Change in fair value of noncontrolling interest subject to put provisions	27						
Comprehensive income (loss)							
Net income							
Other comprehensive income (loss)							
Cash flow hedges	29, 31						
Change of fair value of available for sale financial assets	29, 31						
Foreign currency translation	29, 31						
Actuarial losses on defined benefit pension plans	26, 29						
Comprehensive income (loss)							
As of December 31, 2012		178,188	178,188	0	0	178,188	178

	Note	Reserves		Accumulated other com- prehensive income (loss) € in millions	Total Fresenius SE & Co. KGaA shareholders' equity € in millions	Noncontrolling interest not subject to put provisions € in millions	Total shareholders' equity € in millions
		Capital reserve € in millions	Other reserves € in millions				
As of December 31, 2010		2,085	2,683	35	4,965	3,879	8,844
Conversion of the preference shares into ordinary shares	1				0	0	0
Proceeds from the exercise of stock options	35	51			52	47	99
Compensation expense related to stock options	35	20			20	15	35
Dividends paid	28		-140		-140	-192	-332
Purchase of noncontrolling interest not subject to put provisions	27				0	42	42
Maturity of Mandatory Exchangeable Bonds	24		467		467	298	765
Purchase of ordinary shares of Fresenius Medical Care AG & Co. KGaA	2, 27		-42		-42	-28	-70
Change in fair value of noncontrolling interest subject to put provisions	27	-20			-20	-47	-67
Comprehensive income (loss)							
Net income			690		690	605	1,295
Other comprehensive income (loss)							
Cash flow hedges	29, 31			-21	-21	-33	-54
Change of fair value of available for sale financial assets	29, 31			-8	-8	-	-8
Foreign currency translation	29, 31			22	22	47	69
Actuarial losses on defined benefit pension plans	26, 29			-14	-14	-27	-41
Comprehensive income			690	-21	669	592	1,261
As of December 31, 2011		2,136	3,658	14	5,971	4,606	10,577
Issuance of bearer ordinary shares	28	989			1,003	0	1,003
Proceeds from the exercise of stock options	35	74			75	65	140
Compensation expense related to stock options	35	22			22	14	36
Dividends paid	28		-155		-155	-204	-359
Purchase of noncontrolling interest not subject to put provisions	27				0	56	56
Purchase of ordinary shares of Fresenius Medical Care AG & Co. KGaA	2, 27		-71		-71	-43	-114
Change in fair value of noncontrolling interest subject to put provisions	27	4			4	10	14
Comprehensive income (loss)							
Net income			926		926	734	1,660
Other comprehensive income (loss)							
Cash flow hedges	29, 31			23	23	-1	22
Change of fair value of available for sale financial assets	29, 31			-9	-9	-	-9
Foreign currency translation	29, 31			-80	-80	-76	-156
Actuarial losses on defined benefit pension plans	26, 29			-76	-76	-36	-112
Comprehensive income (loss)			926	-142	784	621	1,405
As of December 31, 2012		3,225	4,358	-128	7,633	5,125	12,758

The following notes are an integral part of the consolidated financial statements.

FRESENIUS SE & CO. KGAA

CONSOLIDATED SEGMENT REPORTING

BY BUSINESS SEGMENT

€ in millions	Fresenius Medical Care			Fresenius Kabi		
	2012 ⁴	2011	Change	2012	2011	Change
Sales	10,741	9,031	19%	4,539	3,964	15%
thereof contribution to consolidated sales	10,724	9,016	19%	4,489	3,916	15%
thereof intercompany sales	17	15	13%	50	48	4%
contribution to consolidated sales	56%	55%		23%	24%	
EBITDA	2,282	1,891	21%	1,101	955	15%
Depreciation and amortization	469	400	17%	167	152	10%
EBIT	1,813	1,491	22%	934	803	16%
Net interest	-332	-213	-56%	-286	-278	-3%
Income taxes	-502	-432	-16%	-166	-145	-14%
Net income attributable to shareholders of Fresenius SE & Co. KGaA	870	770	13%	444	354	25%
Operating cash flow	1,587	1,039	53%	596	462	29%
Cash flow before acquisitions and dividends	1,069	629	70%	357	289	24%
Total assets	16,921	15,096	12%	8,662	7,282	19%
Debt	6,290	5,573	13%	4,964	4,395	13%
Capital expenditure, gross	526	429	23%	276	177	56%
Acquisitions, gross/investments	1,408	1,429	-1%	877	11	--
Research and development expenses	87	80	9%	194	162	20%
Employees (per capita on balance sheet date)	90,866	83,476	9%	30,214	24,106	25%
Key figures						
EBITDA margin	21.2%	20.9%		24.3%	24.1%	
EBIT margin	16.9%	16.5%		20.6%	20.3%	
Depreciation and amortization in % of sales	4.4%	4.4%		3.7%	3.8%	
Operating cash flow in % of sales	14.8%	11.5%		13.1%	11.7%	
ROOA	11.4%	12.0%		12.3%	12.4%	

¹ Including special items from the acquisition of APP Pharmaceuticals, Inc. (since 2012: Fresenius Kabi USA, Inc.)

² Including special items from the acquisition of Liberty Dialysis Holdings, Inc., from the renegotiation of the Venofer contract and the donation to the American Society of Nephrology

³ Including one-time costs related to the takeover offer to the shareholders of RHÖN-KLINIKUM AG

⁴ Excluding special items from the acquisition of Liberty Dialysis Holdings, Inc., from the renegotiation of the Venofer contract and the donation to the American Society of Nephrology

⁵ Before one-time costs related to the takeover offer to the shareholders of RHÖN-KLINIKUM AG, special items from the renegotiation of the Venofer contract and the donation to the American Society of Nephrology

⁶ The underlying pro forma EBIT does not include one-time costs related to the takeover offer to the shareholders of RHÖN-KLINIKUM AG, special items from the renegotiation of the Venofer contract and the donation to the American Society of Nephrology.

BY REGION

€ in millions	Europe			North America		
	2012	2011	Change	2012	2011	Change
Sales	7,797	6,919	13%	8,144	6,601	23%
contribution to consolidated sales	40%	42%		42%	40%	
EBIT	746	758	-2%	1,700	1,382	23%
Depreciation and amortization	357	322	11%	328	268	22%
Total assets	11,089	9,759	14%	16,424	13,670	20%
Capital expenditure, gross	532	422	26%	326	210	55%
Acquisitions, gross/investments	914	924	-1%	2,238	596	--
Employees (per capita on balance sheet date)	81,777	74,415	10%	58,264	47,701	22%

Fresenius Helios			Fresenius Vamed			Corporate/Other			Fresenius Group		
2012	2011	Change	2012	2011	Change	2012 ^{2,3}	2011 ¹	Change	2012	2011	Change
3,200	2,665	20%	846	737	15%	-36	-36	0%	19,290	16,361	18%
3,200	2,665	20%	846	737	15%	31	27	15%	19,290	16,361	18%
0	0		–	–	--	-67	-63	-6%	0	0	
17%	16%		4%	5%		0%	0%		100%	100%	
432	369	17%	59	51	16%	-115	-29	--	3,759	3,237	16%
110	99	11%	8	7	14%	22	16	38%	776	674	15%
322	270	19%	51	44	16%	-137	-45	--	2,983	2,563	16%
-67	-51	-31%	-1	2	-150%	20	9	122%	-666	-531	-25%
-42	-43	2%	-14	-11	-27%	65	27	141%	-659	-604	-9%
203	163	25%	35	34	3%	-626	-631	1%	926	690	34%
240	294	-18%	35	-83	142%	-20	-23	13%	2,438	1,689	44%
69	138	-50%	24	-89	127%	-33	-36	8%	1,486	931	60%
4,408	3,495	26%	676	594	14%	-3	-146	98%	30,664	26,321	17%
1,293	1,104	17%	74	44	68%	-1,593	-1,317	-21%	11,028	9,799	13%
180	157	15%	11	7	57%	14	13	8%	1,007	783	29%
579	45	--	44	3	--	264	124	113%	3,172	1,612	97%
–	–	--	0	0		24	25	-4%	305	267	14%
42,881	37,198	15%	4,432	3,724	19%	931	847	10%	169,324	149,351	13%
13.5%	13.8%		7.0%	6.9%					20.0% ⁵	19.8%	
10.1%	10.1%		6.0%	6.0%					15.9% ⁵	15.7%	
3.4%	3.7%		0.9%	0.9%					4.0%	4.1%	
7.5%	11.0%		4.1%	-11.3%					12.6%	10.3%	
8.2%	8.4%		12.8%	16.0%					11.0% ⁶	10.9%	

The consolidated segment reporting by business segment is an integral part of the notes.
The following notes are an integral part of the consolidated financial statements.

Asia-Pacific			Latin America			Africa			Fresenius Group		
2012	2011	Change	2012	2011	Change	2012	2011	Change	2012	2011	Change
1,899	1,582	20%	1,126	899	25%	324	360	-10%	19,290	16,361	18%
10%	10%		6%	6%		2%	2%		100%	100%	
321	251	28%	158	125	26%	58	47	23%	2,983	2,563	16%
52	50	4%	33	29	14%	6	5	20%	776	674	15%
2,085	1,888	10%	929	877	6%	137	127	8%	30,664	26,321	17%
83	69	20%	59	71	-17%	7	11	-36%	1,007	783	29%
11	75	-85%	9	17	-47%	–	–	--	3,172	1,612	97%
14,315	13,134	9%	13,485	12,754	6%	1,483	1,347	10%	169,324	149,351	13%

The consolidated segment reporting by region is an integral part of the notes.
The following notes are an integral part of the consolidated financial statements.

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GENERAL NOTES

1. PRINCIPLES

I. GROUP STRUCTURE

Fresenius is a worldwide operating health care group with products and services for dialysis, the hospital and the medical care of patients at home. Further areas of activity are hospital operations as well as engineering and services for hospitals and other health care facilities. In addition to the activities of the parent company Fresenius SE & Co. KGaA, Bad Homburg v. d. Höhe, the operating activities were split into the following legally independent business segments (subgroups) in the fiscal year 2012:

- ▶ Fresenius Medical Care
- ▶ Fresenius Kabi
- ▶ Fresenius Helios
- ▶ Fresenius Vamed

Fresenius Medical Care is the world's leading provider of dialysis products and dialysis care for the life-saving treatment of patients with chronic kidney failure. Fresenius Medical Care treats 257,916 patients in its 3,160 own dialysis clinics.

Fresenius Kabi is a globally active company, providing infusion therapies, intravenously administered generic drugs, clinical nutrition and the related medical devices. The products are used for the therapy and care of critically and chronically ill patients in and outside the hospital. In Europe, Fresenius Kabi is the market leader in infusion therapies and clinical nutrition, in the United States, the company is a leading provider of intravenously administered generic drugs.

Fresenius Helios is one of the largest private hospital operators in Germany.

Fresenius Vamed provides engineering and services for hospitals and other health care facilities internationally.

Fresenius SE & Co. KGaA owned 31.18% of the ordinary voting shares of Fresenius Medical Care AG & Co. KGaA (FMC-AG & Co. KGaA) and 30.77% of the total subscribed capital of FMC-AG & Co. KGaA at the end of the fiscal year 2012. Fresenius Medical Care Management AG, the general partner of FMC-AG & Co. KGaA, is a wholly owned subsidiary of Fresenius SE & Co. KGaA. Therefore, FMC-AG & Co. KGaA is fully consolidated in the consolidated financial statements of

the Fresenius Group. Fresenius SE & Co. KGaA continued to hold 100% of the management companies of the business segments Fresenius Kabi (Fresenius Kabi AG) as well as Fresenius Helios and Fresenius Vamed (both held through Fresenius ProServe GmbH) on December 31, 2012. Through Fresenius ProServe GmbH, Fresenius SE & Co. KGaA holds 100% in HELIOS Kliniken GmbH and a 77% stake in VAMED AG. In addition, Fresenius SE & Co. KGaA holds interests in companies with holding functions regarding real estate, financing and insurance, as well as in Fresenius Netcare GmbH which offers services in the field of information technology and in Fresenius Biotech Beteiligungs GmbH.

The reporting currency in the Fresenius Group is the euro. In order to make the presentation clearer, amounts are mostly shown in million euros. Amounts under €1 million after rounding are marked with “–”.

II. CHANGE OF FRESENIUS SE'S LEGAL FORM INTO A PARTNERSHIP LIMITED BY SHARES (KOMMANDITGESELLSCHAFT AUF AKTIEN) AND CONVERSION OF THE PREFERENCE SHARES INTO ORDINARY SHARES

On May 12, 2010, Fresenius SE's Annual General Meeting approved the change of Fresenius SE's legal form into a partnership limited by shares (Kommanditgesellschaft auf Aktien, KGaA) with the name Fresenius SE & Co. KGaA in combination with the conversion of all non-voting preference shares into voting ordinary shares. The change of legal form as well as the conversion of shares was also approved by the preference shareholders through a special resolution.

Upon registration with the commercial register of the local court in Bad Homburg v. d. H., the change of legal form into Fresenius SE & Co. KGaA became effective on January 28, 2011. According to the resolution passed, the holders of preference shares received one ordinary share of Fresenius SE & Co. KGaA for each preference share held in Fresenius SE; the ordinary shareholders received one ordinary share of Fresenius SE & Co. KGaA for each ordinary share held in Fresenius SE. The notional proportion of each non-par value share in the subscribed capital as well as the subscribed capital itself remained unchanged.

III. BASIS OF PRESENTATION

The accompanying consolidated financial statements have been prepared in accordance with the United States Generally Accepted Accounting Principles (U.S. GAAP).

Fresenius SE & Co. KGaA, as a stock exchange listed company with a domicile in a member state of the European Union, fulfills its obligation to prepare and publish the consolidated financial statements in accordance with the International Financial Reporting Standards (IFRS) applying Section 315a of the German Commercial Code (HGB). Simultaneously, the Fresenius Group voluntarily prepares and publishes the consolidated financial statements in accordance with U.S. GAAP.

In order to improve readability, various items are aggregated in the consolidated statement of financial position and in the consolidated statement of income. These items are shown separately in the notes to provide useful information to the readers of the consolidated financial statements.

The consolidated statement of financial position is classified on the basis of the maturity of assets and liabilities; the consolidated statement of income is classified using the cost-of-sales accounting format.

IV. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a) Principles of consolidation

The financial statements of consolidated entities have been prepared using uniform accounting methods.

Capital consolidation is performed by offsetting investments in subsidiaries against the underlying revaluated equity at the date of acquisition. The identifiable assets and liabilities of subsidiaries as well as the noncontrolling interest are recognized at their fair values. Any remaining debit balance between the investments in subsidiaries plus the noncontrolling interest and the revaluated equity is recognized as goodwill and is tested at least once a year for impairment.

Associated companies (over which Fresenius SE & Co. KGaA has significant exercisable influence, even when it holds 50% or less of the common stock of the company) are consolidated using the equity method. Investments that are not classified as in associated companies are recorded at acquisition costs or at fair value, respectively.

All significant intercompany sales, expenses, income, receivables and payables are eliminated. Profits and losses on items of property, plant and equipment and inventory acquired from other Group entities are also eliminated. Deferred tax assets and liabilities are recognized on temporary differences resulting from consolidation procedures.

Noncontrolling interest subject to put provisions is recognized between liabilities and equity in the consolidated statement of financial position. Noncontrolling interest not subject to put provisions comprises the interest of noncontrolling shareholders in the consolidated equity of Group entities. Profits and losses attributable to the noncontrolling shareholders are separately disclosed in the consolidated statement of income. Noncontrolling interest not subject to put provisions of recently acquired entities is valued at fair value.

b) Composition of the Group

The consolidated financial statements include all material companies in which Fresenius SE & Co. KGaA has legal or effective control. In addition, the Fresenius Group consolidates variable interest entities (VIEs) for which it is deemed the primary beneficiary.

Fresenius Medical Care has entered into various arrangements with certain dialysis clinics and a dialysis product distributor to provide management services, financing and product supply. The dialysis clinics and the dialysis product distributor have either negative equity or are unable to provide their own funding for their operations. Therefore, Fresenius Medical Care has agreed to fund their operations through loans.

The compensation for the funding can carry interest, exclusive product supply agreements or entitle Fresenius Medical Care to a prorata share of profits, if any. Fresenius Medical Care has a right of first refusal in the event the owners sell the business or assets. These clinics and the dialysis product distributor are VIEs, in which Fresenius Medical Care has been determined to be the primary beneficiary and which therefore have been fully consolidated. They generated approximately €151 million (US\$194 million) and €140 million (US\$195 million) in sales in 2012 and 2011, respectively. Fresenius Medical Care provided funding to these VIEs through loans and accounts receivable of €111 million (US\$147 million) and €114 million (US\$148 million) in 2012 and 2011, respectively. Relating to the VIEs, in 2012, Fresenius Medical Care consolidated assets in an amount of €152 million (US\$200 million), liabilities in an amount of €102 million (US\$134 million) and €50 million (US\$66 million) in equity. In 2011, €168 million (US\$217 million) assets, €125 million (US\$162 million) liabilities and €43 million (US\$55 million) equity were consolidated. The interest held by the other shareholders in the consolidated VIEs is reported as noncontrolling interest in the consolidated statement of financial position at December 31, 2012.

Fresenius Vamed participates in long-term project entities which are set up for long-term defined periods of time and for the specific purpose of constructing and operating thermal centers. Some of these project entities qualify as VIEs, in which Fresenius Vamed is not the primary beneficiary based on the cash flow analysis of the involved parties. The project entities generated approximately €86 million in sales in 2012 (2011: €78 million). The VIEs finance themselves mainly through debt, profit participation rights and investment grants. Assets and liabilities relating to the VIEs are not material. Fresenius Vamed made no payments to the VIEs other than contractually stipulated. From today's perspective and due to the contractual situation, Fresenius Vamed is not exposed to any material risk of loss from these VIEs.

The consolidated financial statements of 2012 included, in addition to Fresenius SE & Co. KGaA, 221 (2011: 163) German and 1,481 (2011: 1,094) foreign companies.

The composition of the Group changed as follows:

	Germany	Abroad	Total
December 31, 2011	163	1,094	1,257
Additions	60	427	487
of which newly founded	17	82	99
of which acquired	42	334	376
Disposals	2	40	42
of which no longer consolidated	1	34	35
of which merged	1	6	7
December 31, 2012	221	1,481	1,702

29 companies (2011: 19) were accounted for under the equity method.

The complete list of the investments of Fresenius SE & Co. KGaA, registered office in Bad Homburg v. d. H., will be submitted to the electronic Federal Gazette and the electronic companies register.

In 2012, the following fully consolidated German subsidiaries of the Fresenius Group applied the exemption provided in Sections 264 (3) and 264b, respectively, of the German Commercial Code (HGB):

Name of the company	Registered office
Corporate/ Other	
Fresenius Biotech GmbH	Gräfelfing
Fresenius Biotech Beteiligungs GmbH	Bad Homburg v. d. H.
Fresenius Immobilien-Verwaltungs-GmbH & Co. Objekt Friedberg KG	Bad Homburg v. d. H.
Fresenius Immobilien-Verwaltungs-GmbH & Co. Objekt St. Wendel KG	Bad Homburg v. d. H.
Fresenius Immobilien-Verwaltungs-GmbH & Co. Objekt Schweinfurt KG	Bad Homburg v. d. H.
Fresenius Netcare GmbH	Bad Homburg v. d. H.
Fresenius ProServe GmbH	Bad Homburg v. d. H.
FPS Beteiligungs AG	Düsseldorf
FPS Immobilien Verwaltungs GmbH & Co. Reichenbach KG	Bad Homburg v. d. H.
ProServe Krankenhaus Beteiligungs-gesellschaft mbH & Co. KG	München
ProServe Zweite Krankenhaus Beteiligungsgesellschaft mbH & Co. KG	München
Fresenius Kabi	
CFL GmbH	Frankfurt am Main
Fresenius HemoCare GmbH	Bad Homburg v. d. H.
Fresenius HemoCare Beteiligungs GmbH	Bad Homburg v. d. H.
Fresenius Kabi AG	Bad Homburg v. d. H.
Fresenius Kabi Deutschland GmbH	Bad Homburg v. d. H.
Hosped GmbH	Friedberg
MC Medizintechnik GmbH	Alzenau
Rheinische Compounding GmbH	Bonn
V. Krütten Medizinische Einmalgeräte GmbH	Idstein

Name of the company	Registered office
Fresenius Helios	
Ahrenshoop Service GmbH	Ahrenshoop
Akademie Damp GmbH	Damp
Baltic Service GmbH	Damp
Betriebsführungsgesellschaft Schloß Schönhagen GmbH	Damp
Damp Diagnostik und Physio Holding GmbH	Kiel
Damp Holding GmbH	Damp
Damp Touristik GmbH	Damp
Deutsches Zentrum für Präventivmedizin GmbH	Damp
D.i.a.-Solution GmbH	Erfurt
Gesundheitsmanagement Damp GmbH	Hamburg
HELIOS Agnes Karll Krankenhaus GmbH	Bochum
HELIOS Care GmbH	Berlin
HELIOS Catering GmbH	Berlin
HELIOS ENDO-Klinik Hamburg GmbH	Hamburg
HELIOS Hanseklinikum Stralsund GmbH	Stralsund
HELIOS Kids in Pflege GmbH	Geesthacht
HELIOS Klinik Ahrenshoop GmbH	Ahrenshoop
HELIOS Klinik Dresden-Wachwitz GmbH	Dresden
HELIOS Klinik Geesthacht GmbH	Geesthacht
HELIOS Klinik Lehmrade GmbH	Lehmrade
HELIOS Klinik Lengerich GmbH	Lengerich
HELIOS Klinik Schloss Schönhagen GmbH	Damp
HELIOS Kliniken GmbH	Berlin
HELIOS Kliniken	
Breisgau-Hochschwarzwald GmbH	Müllheim
HELIOS Kliniken Leipziger Land GmbH	Borna
HELIOS Kliniken Mansfeld-Südharz GmbH	Sangerhausen
HELIOS Klinikum Aue GmbH	Aue
HELIOS Klinikum Bad Saarow GmbH	Bad Saarow
HELIOS Klinikum Erfurt GmbH	Erfurt
HELIOS Klinikum Schwelm GmbH	Schwelm
HELIOS Klinikum Wuppertal GmbH	Wuppertal
HELIOS Ostseeklinik Damp GmbH	Damp
HELIOS Privatkliniken GmbH	Bad Homburg v. d. H.
HELIOS Rehaklinik Damp GmbH	Damp
HELIOS Service GmbH	Berlin
HELIOS Versorgungszentren GmbH	Berlin
HELIOS Versorgungszentrum Bad Saarow GmbH	Bad Saarow
HELIOS Vogtland-Klinikum Plauen GmbH	Plauen
HUMAINE Kliniken GmbH	Berlin
Poliklinik am HELIOS Klinikum Buch GmbH	Berlin
Senioren- und Pflegeheim Erfurt GmbH	Erfurt
St. Josefs-Hospital GmbH	Bochum
Therapie Centrum Damp GmbH	Damp
Verwaltungsgesellschaft ENDO-Klinik mbH	Hamburg
Zentrale Service-Gesellschaft Damp mbH	Damp

c) Classifications

Certain items in the consolidated financial statements of 2011 have been reclassified to conform with the presentation in 2012.

In the business segment Fresenius Medical Care, sales have been restated to reflect the adoption of Accounting Standards Update 2011-07. Specifically, bad debt expense in the amount of US\$225 million (€161 million) was reclassified from selling, general and administrative expenses as a reduction of sales for 2011. In addition, in the business segment Fresenius Medical Care, freight expense in the amount of US\$144 million (€104 million) was reclassified from selling, general and administrative expenses to cost of sales to harmonize the presentation for all business segments for 2011.

d) Sales recognition policy

Sales from services are recognized at the amount estimated to be received under reimbursement arrangements with third party payors. Sales are recognized on the date services and related products are provided and the customer is obligated to pay.

Product sales are recognized when the title to the product passes to the customers, either at the time of shipment, upon receipt by the customer or upon any other terms that clearly define passage of title. As product returns are not typical, no return allowances are established. In the event that a return is required, the appropriate reductions to sales, cost of sales and accounts receivable are made. Sales are presented net of discounts, allowances and rebates.

In the business segment Fresenius Vamed, sales for long-term production contracts are recognized using the percentage of completion (PoC) method when the accounting conditions are met. The sales to be recognized are calculated as a percentage of the costs already incurred based on the estimated total cost of the contract, milestones laid down in the contract or the percentage of completion. Profits are only recognized when the outcome of a production contract accounted for using the PoC method can be measured reliably.

Any tax assessed by a governmental authority that is incurred as a result of a sales transaction (e. g. sales tax) is excluded from sales and the related sale is reported on a net basis.

e) Government grants

Public sector grants are not recognized until there is reasonable assurance that the respective conditions are met and the grants will be received. Initially, the grant is recorded as a liability and as soon as the asset is acquired, the grant is offset against the acquisition costs. Expense-related grants are recognized as income in the periods in which related costs occur.

f) Research and development expenses

Research is original and planned investigation undertaken with the prospect of gaining new scientific or technical knowledge and understanding. Development is the technical and commercial implementation of research findings. Research and development expenses are expensed as incurred.

g) Impairment

The Fresenius Group reviews the carrying amounts of its property, plant and equipment, intangible assets and other non-current assets for impairment whenever events or changes in circumstances indicate that the carrying amount of these assets may not be recoverable. Recoverability of these assets is measured by comparing the carrying amount of an asset to the future net cash flow directly associated with the asset. If assets are considered to be impaired, the impairment recognized is the amount by which the carrying amount exceeds the fair value of the asset. The Fresenius Group uses a discounted cash flow approach or other methods, if appropriate, to assess fair value. Long-lived assets to be disposed of by sale are reported at the lower of carrying amount or fair value less cost to sell and depreciation is ceased.

h) Capitalized interest

The Fresenius Group includes capitalized interest as part of the cost of the asset if it is directly attributable to the acquisition, construction or manufacture of qualifying assets. For the fiscal years 2012 and 2011, interest of €3 million and €4 million, respectively, based on an average interest rate of 4.53% and 4.12%, respectively, was recognized as a component of the cost of assets.

i) Income taxes

Current taxes are calculated based on the earnings of the fiscal year and in accordance with local tax rules of the respective tax jurisdiction. Expected and executed additional tax payments and tax refunds for prior years are also taken into account.

Deferred tax assets and liabilities are recognized for the future consequences attributable to temporary differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax basis. Furthermore, deferred taxes are recognized on consolidation procedures affecting net income attributable to shareholders of Fresenius SE & Co. KGaA. Deferred tax assets also include claims to future tax reductions which arise from the more likely than not expected usage of existing tax losses available for carryforward. The recognition of deferred tax assets from net operating losses and their utilization is based on the budget planning of the Fresenius Group and implemented tax strategies.

Deferred taxes are computed using enacted or adopted tax rates in the relevant national jurisdictions when the amounts are recovered. Tax rates which will be valid in the future but are not adopted till the date of the statement of financial position are not considered.

The realizability of the carrying amount of a deferred tax asset is reviewed at each date of the statement of financial position. In assessing the realizability of deferred taxes, the Management considers whether it is more likely than not that some portion or all of a deferred tax asset will be realized or whether deferred tax liabilities will be reversed. The ultimate realization of deferred tax assets is dependent upon the generation of future taxable income during the periods in which those temporary differences become deductible. The Management considers the scheduled reversal of deferred tax liabilities and projected future taxable income in making this assessment.

If it is no longer more likely than not that sufficient taxable income will be available to allow the benefit of part or of the entire deferred tax asset to be utilized, the carrying amount of the deferred tax asset is reduced to that certain extent. The reduction is reversed to the date and extent that it becomes probable that sufficient taxable profit will be available.

j) Unrecognized tax benefits

The recognition and measurement of all tax positions taken or expected to be taken on a tax return requires a two step approach. The Fresenius Group must determine whether it is more likely than not that a tax position will be sustained upon examination, including resolution of any related appeals or litigation processes, based on the technical merits of the position. If the threshold is met, the tax position is measured at the largest amount of benefit that is greater than 50% likely of being realized upon ultimate settlement and is recognized in the consolidated financial statements.

k) Earnings per ordinary share

Basic earnings per ordinary share are computed by dividing net income attributable to shareholders of Fresenius SE & Co. KGaA by the weighted-average number of ordinary shares outstanding during the year. Diluted earnings per share include the effect of all potentially dilutive instruments on ordinary shares that would have been outstanding during the fiscal year. The equity-settled awards granted under Fresenius' and Fresenius Medical Care's stock option plans can result in a dilutive effect.

l) Cash and cash equivalents

Cash and cash equivalents comprise cash funds and all short-term, liquid investments with original maturities of up to three months (time deposits and securities).

m) Trade accounts receivable

Trade accounts receivable are stated at their nominal value less an allowance for doubtful accounts. The allowances are estimates comprised of customer specific evaluations regarding their payment history, current financial stability, and applicable country-specific risks for receivables that are overdue more than one year. From time to time, accounts receivable are reviewed for changes from the historic collection experience to ensure the appropriateness of the allowances.

n) Inventories

Inventories comprise all assets which are held for sale in the normal course of business (finished goods), in the process of production for such sale (work in process) or consumed in the production process or in the rendering of services (raw materials and purchased components).

Inventories are stated at the lower of acquisition and manufacturing cost (determined by using the average or first-in, first-out method) or market value. Manufacturing costs comprise direct costs, production and material overhead, including depreciation charges.

o) Available for sale financial assets

Investments in equity instruments, debt instruments and fund shares are classified as available for sale financial assets and measured at fair value provided that this fair value can be determined reliably. Equity instruments that do not have a quoted price in an active market and a reliably measurable fair value, are recognized at acquisition cost. The Fresenius Group regularly reviews if objective substantial evidence occurs that would indicate an impairment of a financial asset or a portfolio of financial assets. After testing the recoverability of these assets, a possible impairment loss is recorded in the consolidated statement of financial position. Gains and losses of available for sale financial assets are recognized directly in the consolidated statement of equity until the financial asset is disposed of or if it is considered to be impaired. In the case of an impairment, the accumulated net loss is retrieved from the consolidated statement of equity and recognized in the consolidated statement of income.

p) Property, plant and equipment

Property, plant and equipment are stated at acquisition and manufacturing cost less accumulated depreciation. Significant improvements are capitalized; repairs and maintenance costs that do not extend the useful lives of the assets are charged to expense as incurred. Depreciation on property, plant and equipment is calculated using the straight-line method over the estimated useful lives of the assets ranging from 3 to 50 years for buildings and improvements (with

a weighted-average life of 16 years) and 2 to 15 years for machinery and equipment (with a weighted-average life of 11 years).

q) Intangible assets with finite useful lives

Intangible assets with finite useful lives, such as patents, product and distribution rights, non-compete agreements, technology as well as licenses to manufacture, distribute and sell pharmaceutical drugs, are amortized using the straight-line method over their respective useful lives to their residual values and reviewed for impairment (see note 1. g, Impairment). The useful life of patents, product and distribution rights ranges from 5 to 20 years, the average useful life is 13 years. Non-compete agreements with finite useful lives have useful lives ranging from 2 to 25 years with an average useful life of 8 years. The useful life of management contracts with finite useful lives ranges from 5 to 40 years. Technology has a finite useful life of 15 years. Licenses to manufacture, distribute and sell pharmaceutical drugs are amortized over the contractual license period based upon the annual estimated units of sale of the licensed product. All other intangible assets are amortized over their individual estimated useful lives between 3 and 15 years.

Losses in value of a lasting nature are recorded as an impairment.

r) Goodwill and other intangible assets with indefinite useful lives

The Fresenius Group identified intangible assets with indefinite useful lives because, based on an analysis of all of the relevant factors, there is no foreseeable limit to the period over which those assets are expected to generate net cash inflows for the Group. The identified intangible assets with indefinite useful lives such as trade names and certain qualified management contracts acquired in a purchase method business combination are recognized and reported apart from goodwill. They are recorded at acquisition costs. Goodwill and intangible assets with indefinite useful lives are not

amortized but tested for impairment annually or when an event becomes known that could trigger an impairment (impairment test).

To perform the annual impairment test of goodwill, the Fresenius Group identified several reporting units and determined their carrying amount by assigning the assets and liabilities, including the existing goodwill and intangible assets, to those reporting units. A reporting unit is usually defined one level below the segment level based on regions or legal entities. Four reporting units were identified in the segment Fresenius Medical Care (Europe, Latin America, Asia-Pacific and North America). In the segment Fresenius Kabi, there is one reporting unit for the region North America and one reporting unit for the business outside of North America. According to the regional organizational structure, the segment Fresenius Helios consists of seven reporting units, which are managed by a central division. The segment Fresenius Vamed consists of two reporting units (Project business and Service business). At least once a year, the Fresenius Group compares the fair value of each reporting unit to the reporting unit's carrying amount. The fair value of a reporting unit is determined using a discounted cash flow approach based upon the cash flow expected to be generated by the reporting unit. In case that the fair value of the reporting unit is less than its carrying amount, the difference is at first recorded as an impairment of the fair value of the goodwill.

To evaluate the recoverability of separable intangible assets with indefinite useful lives, the Fresenius Group compares the fair values of these intangible assets with their carrying amounts. An intangible asset's fair value is determined using a discounted cash flow approach and other methods, if appropriate.

The recoverability of goodwill and other separable intangible assets with indefinite useful lives recorded in the Group's consolidated statement of financial position was verified. As a result, the Fresenius Group did not record any impairment losses in 2012 and 2011.

Any excess of the net fair value of identifiable assets and liabilities over cost (badwill) still existing after reassessing the purchase price allocation is recognized immediately in profit or loss.

s) Leases

Leased assets assigned to the Fresenius Group based on the risk and rewards approach (finance leases) are recognized as property, plant and equipment and measured on receipt date at the present values of lease payments as long as their fair values are not lower. Leased assets are depreciated in straight-line over their useful lives. If there is doubt as to whether title to the asset passes at a later stage and there is no opportune purchase option, the asset is depreciated over the lease term if this is shorter. An impairment loss is recognized if the recoverable amount is lower than the amortized cost of the leased asset.

Finance lease liabilities are measured at the present value of the future lease payments and are recognized as a financial liability.

Property, plant and equipment that is rented by the Fresenius Group is accounted for at its purchase cost. Depreciation is calculated using the straight-line method over the leasing time and its expected residual value.

t) Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. The following categories (according to International Accounting Standard 39, Financial Instruments: Recognition and Measurement) are relevant for the Fresenius Group: loans and receivables, financial liabilities measured at amortized cost, available for sale financial assets as well as financial liabilities/assets measured at fair value in the consolidated statement of income. Other categories are immaterial or not existing in the Fresenius Group. According to their character, the Fresenius Group classifies its financial instruments into the following classes: cash and cash equivalents, assets recognized at carrying amount, liabilities recognized at carrying amount, derivatives for hedging purposes as well as assets recognized at fair value, liabilities recognized at fair value and noncontrolling interest subject to put provisions recognized at fair value.

The relationship between classes and categories as well as the reconciliation to the consolidated statement of financial position is shown in tabular form in note 31, Financial instruments.

The Fresenius Group has potential obligations to purchase the noncontrolling interests held by third parties in certain of its consolidated subsidiaries. These obligations are in the form of put provisions and are exercisable at the third-party owners' discretion within specified periods as outlined in each specific put provision. If these put provisions were exercised, the Fresenius Group would be required to purchase all or part of the third-party owners' noncontrolling interests at the appraised fair value at the time of exercise. To estimate the fair values of the noncontrolling interest subject to put provisions, the Fresenius Group recognizes the higher of net book value or a multiple of earnings, based on historical earnings, the development stage of the underlying business and other factors. Depending on the market conditions, the estimated fair values of the noncontrolling interest subject to these put provisions can also fluctuate and the implicit multiple of earnings at which the noncontrolling interest subject to put provisions may ultimately be settled could vary significantly from Fresenius Group's current estimates.

Derivative financial instruments, which primarily include foreign currency forward contracts and interest rate swaps, are recognized at fair value as assets or liabilities in the consolidated statement of financial position. Changes in the fair value of derivative financial instruments classified as fair value hedges and in the corresponding underlyings are recognized periodically in earnings. The effective portion of changes in fair value of cash flow hedges is recognized in accumulated other comprehensive income (loss) in shareholders' equity until the secured underlying transaction is realized (see note 31, Financial instruments). The ineffective portion of cash flow hedges is recognized in current earnings. Changes in the fair value of derivatives that are not designated as hedging instruments are recognized periodically in earnings.

u) Liabilities

Liabilities are generally stated at present value, which normally corresponds to the value of products or services which are delivered. As a general policy, short-term liabilities are measured at their repayment amount.

v) Legal contingencies

In the ordinary course of Fresenius Group's operations, the Fresenius Group is involved in litigation, arbitration, administrative procedure and investigations relating to various aspects of its business. The Fresenius Group regularly analyzes current information about such claims for probable losses and provides accruals for such matters, including estimated expenses for legal services, as appropriate. The Fresenius Group utilizes its internal legal department as well as external resources for these assessments. In making the decision regarding the need for a loss accrual, the Fresenius Group considers the degree of probability of an unfavorable outcome and its ability to make a reasonable estimate of the amount of loss.

The filing of a suit or formal assertion of a claim, or the disclosure of any such suit or assertion, does not necessarily indicate that an accrual of a loss is appropriate.

w) Accrued expenses

Accruals for taxes and other obligations are recognized when there is a present obligation to a third party arising from past events, it is probable that the obligation will be settled in the future and the amount can be reliably estimated.

Tax accruals include obligations for the current year and for prior years.

x) Pension liabilities and similar obligations

The Fresenius Group recognizes the underfunded status of its defined benefit plans, measured as the difference between the benefit obligation and plan assets at fair value, as a liability. Changes in the funded status of a plan, net of tax, resulting from unrecognized actuarial gains or losses, unrecognized prior service costs or costs that are not recognized as components of the net periodic benefit cost, will be recognized through accumulated other comprehensive income (loss) in the year in which they occur. Actuarial gains or losses and prior service costs are subsequently recognized as components of net periodic benefit cost when realized.

y) Debt issuance costs

Debt issuance costs are capitalized separately from the underlying debt and are amortized over the term of the related obligation.

z) Stock option plans

In line with the standard for share-based payment, the Fresenius Group uses the modified prospective transition method. Under this transition method, in 2011 and 2012, the Fresenius Group recognized compensation cost for all stock-based payments subsequent to January 1, 2007 (based on the grant-date fair value estimated).

aa) Self-insurance programs

Under the insurance programs for professional, product and general liability, auto liability and worker's compensation claims, the largest subsidiary of Fresenius Medical Care AG & Co. KGaA (FMC-AG & Co. KGaA), located in North America, is partially self-insured for professional liability claims. For all other coverages, FMC-AG & Co. KGaA assumes responsibility for incurred claims up to predetermined amounts, above which third party insurance applies. Reported liabilities for the year represent estimated future payments of the anticipated expense for claims incurred (both reported and incurred but not reported) based on historical experience and existing claim activity. This experience includes both the rate of claims incidence (number) and claim severity (cost) and is combined with individual claim expectations to estimate the reported amounts.

bb) Foreign currency translation

The reporting currency is the euro. Substantially all assets and liabilities of the foreign subsidiaries are translated at the mid-closing rate on the date of the statement of financial position, while income and expense are translated at average exchange rates. Adjustments due to foreign currency translation fluctuations are excluded from net earnings and are reported in accumulated other comprehensive income (loss). In addition, the translation adjustments of certain intercompany borrowings, which are considered foreign equity investments, are also reported in accumulated other comprehensive income (loss).

Gains and losses arising from the translation of foreign currency positions as well as those arising from the elimination of foreign currency intercompany loans are recorded as general

and administrative expenses, as far as they are not considered foreign equity instruments. In the fiscal year 2012, only immaterial losses resulted out of this transaction.

The exchange rates of the main currencies affecting foreign currency translation developed as follows:

	Year-end exchange rate ¹		Average exchange rate	
	Dec. 31, 2012	Dec. 31, 2011	2012	2011
U.S. dollar per €	1.3194	1.2939	1.2848	1.3920
Pound sterling per €	0.8161	0.8353	0.8109	0.8679
Swedish krona per €	8.5820	8.9120	8.7041	9.0298
Chinese renminbi per €	8.2207	8.1588	8.1052	8.9960
Japanese yen per €	113.61	100.20	102.49	110.96

¹ Mid-closing rate on the date of the statement of financial position

cc) Fair value hierarchy

The three-tier fair value hierarchy as defined in Financial Accounting Standards Boards Accounting Standards Codification Topic 820, Fair Value Measurements and Disclosures, classifies assets and liabilities recognized at fair value based on the inputs used in estimating the fair value. Level 1 is defined as observable inputs, such as quoted prices in active markets. Level 2 is defined as inputs other than quoted prices in active markets that are directly or indirectly observable. Level 3 is defined as unobservable inputs for which little or no market data exists, therefore requiring the company to develop its own assumptions. The three-tier fair value hierarchy is used in note 26, Pensions and similar obligations, and in note 31, Financial instruments.

dd) Use of estimates

The preparation of consolidated financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of income and expenses during the reporting period. Actual results could differ from those estimates.

ee) Receivables management

The entities of the Fresenius Group perform ongoing evaluations of the financial situation of their customers and generally do not require a collateral from the customers for the supply of products and provision of services. Approximately 18% and 17% of Fresenius Group's sales were earned and subject to the regulations under governmental health care programs, Medicare and Medicaid, administered by the United States government in 2012 and 2011, respectively.

ff) Recent pronouncements, applied

The Fresenius Group has prepared its consolidated financial statements at December 31, 2012 in conformity with U.S. GAAP that have to be applied for fiscal years beginning on January 1, 2012 or U.S. GAAP that can be applied earlier on a voluntary basis.

The Fresenius Group applied the following standards, as far as they are relevant for Fresenius Group's business, for the first time in 2012:

In July 2011, the Financial Accounting Standards Board (FASB) issued **Accounting Standards Update 2011-07** (ASU 2011-07), FASB Accounting Standards Codification (ASC) Topic 954, Health Care Entities – Presentation and Disclosure of Patient Service Revenue, Provision for Bad Debts and the Allowance for Doubtful Accounts for Certain Health Care Entities, in order to provide financial statement users with greater transparency about a health care entity's net patient service revenue and the related allowance for doubtful

accounts. The standard requires health care entities that recognize significant amounts of patient service revenue at the time the services are rendered even though they do not assess the patient's ability to pay to present the provision for bad debts related to patient service revenue as a deduction from patient service revenue (net of contractual allowances and discounts) on their statement of operations. The provision for bad debts which the Fresenius Group presented as an operating expense before 2012 has been reclassified to a deduction from patient service revenue. The amendments to the presentation of the provision for bad debts related to patient service revenue in the statement of operations have been applied retrospectively to all prior periods presented. The Fresenius Group adopted the provisions of ASU 2011-07 as of January 1, 2012 and has restated the financial results of 2011 accordingly.

In June 2011, the FASB issued **Accounting Standards Update 2011-05** (ASU 2011-05), FASB ASC Topic 220, Comprehensive Income – Presentation of Comprehensive Income. In December 2011, the FASB issued **Accounting Standards Update 2011-12** (ASU 2011-12), FASB ASC Topic 220, Comprehensive Income – Deferral of the Effective Date for Amendments to the Presentation of Reclassifications of Items out of Accumulated Other Comprehensive Income in Accounting Standards Update No. 2011-05. The FASB additionally issued **Accounting Standards Update 2013-02** (ASU 2013-02), FASB ASC Topic 220, Comprehensive Income – Reporting of Amounts Reclassified out of Accumulated Other Comprehensive Income, in February 2013, which is effective for reporting periods beginning after December 15, 2012. The requirements established in ASU 2011-05 oblige that all components of other comprehensive income (OCI) be presented either in a single continuous statement of comprehensive income or in two separate but continuous statements. ASU 2013-02 will require the adjustments to the components of accumulated OCI and their related tax effects to be presented on the face of the statement in which the components of OCI are presented or in the notes to the financial statements remains for year-end disclosure. The Fresenius Group presents two separate but continuous statements of net income and comprehensive

income and as such the Fresenius Group is in compliance with presentation of FASB ASC Topic 220, Comprehensive Income – Presentation of Comprehensive Income and Presentation of Items Reclassified out of Accumulated Other Comprehensive Income. Additionally, the Fresenius Group has early adopted ASU 2013-02 for the adjustments to the components and their tax effects.

In May 2011, the FASB issued **Accounting Standards Update 2011-04** (ASU 2011-04), FASB ASC Topic 820, Fair Value Measurement – Amendments to Achieve Common Fair Value Measurement and Disclosure Requirements in U.S. GAAP and IFRSs. The amendments in ASU 2011-04 result in common fair value measurement and disclosure requirements in U.S. GAAP and IFRSs. These amendments include clarifications of the application of highest and best use and valuation premise concepts, the measurement of the fair value of an instrument classified in a reporting entity's shareholders' equity, and disclosures about fair value measurements. ASU 2011-04 also changes the measurement or disclosure requirements related to measuring the fair value of financial instruments that are managed within a portfolio, the application of premiums and discounts in a fair value measurement, and additional disclosure about fair value measurements. The disclosures required under ASU 2011-04 are effective for interim and annual reporting periods beginning on or after December 15, 2011. Earlier adoption by public entities is not permitted. The Fresenius Group has applied the guidance under ASU 2011-04 since January 1, 2012, and there has not been a material impact on the results of the Fresenius Group.

gg) Recent pronouncements, not yet applied

The Financial Accounting Standards Board (FASB) issued the following for the Fresenius Group relevant new standards, which are mandatory for fiscal years commencing on or after January 1, 2013:

In December 2011, the FASB issued **Accounting Standards Update 2011-11** (ASU 2011-11), FASB ASC Topic 210, Balance Sheet – Disclosures about Offsetting Assets and Liabilities. This amendment requires disclosing and reconciling the gross and net amounts for financial instruments that are offset in the statement of financial position, and the amounts for financial instruments that are subject to master netting

arrangements and other similar clearing and repurchase arrangements. In January 2013, the FASB issued **Accounting Standards Update 2013-01** (ASU 2013-01), an update to FASB ASC Topic 210, Balance Sheet – Clarifying the Scope of Disclosures about Offsetting Assets and Liabilities. The main purpose of ASU 2013-01 is to clarify the scope of balance sheet offsetting under ASU 2011-11, FASB ASC Topic 210, Balance Sheet – Disclosures about Offsetting Assets and Liabilities to include derivatives, repurchase agreements and reverse repurchase agreements, and securities borrowing and securities lending transactions that are offset or subject to master netting agreements. The disclosures required under ASU 2011-11 would apply to these transactions and other types of financial assets or liabilities will no longer be subject to ASU 2011-11. The update and ASU 2011-11 are effective for periods beginning on or after January 1, 2013. The Fresenius Group is currently evaluating the impact of ASU 2011-11 on its consolidated financial statements.

In July 2011, the FASB issued **Accounting Standards Update 2011-06** (ASU 2011-06), FASB ASC Topic 720, Other Expenses – Fees Paid to the Federal Government by Health Insurers. The amendments in ASU 2011-06 address how health insurers should recognize and classify their income statement fees mandated by the Health Care and Educational Affordability Reconciliation Act. These amendments require that the liability for the fee be estimated and recorded in full once the entity provides qualifying health insurance in the applicable calendar year in which the fee is payable. In conjunction, the corresponding deferred cost is amortized to expense using a straight-line allocation method unless another method better allocates the fee over the entire calendar year for which it is payable. In addition, the ASU states that this fee does not meet the definition of an acquisition cost. The disclosures required under ASU 2011-06 are effective for calendar years beginning after December 31, 2013, when the fee initially becomes effective. The Fresenius Group will apply the guidance under ASU 2011-06 beginning January 1, 2014.

V. CRITICAL ACCOUNTING POLICIES

In the opinion of the Management of the Fresenius Group, the following accounting policies and topics are critical for the consolidated financial statements in the present economic environment. The influences and judgments as well as the uncertainties which affect them are also important factors to be considered when looking at present and future operating earnings of the Fresenius Group.

a) Recoverability of goodwill and intangible assets with indefinite useful lives

The amount of intangible assets, including goodwill, product rights, tradenames and management contracts, represents a considerable part of the total assets of the Fresenius Group. At December 31, 2012 and December 31, 2011, the carrying amount of goodwill and non-amortizable intangible assets with indefinite useful lives was €15,195 million and €12,853 million, respectively. This represented 50% and 49%, respectively, of total assets.

An impairment test of goodwill and non-amortizable intangible assets with indefinite useful lives is performed at least once a year, or if events occur or circumstances change that would indicate the carrying amount might be impaired (Impairment test).

To determine possible impairments of these assets, the fair value of the reporting units is compared to their carrying amount. The fair value of each reporting unit is determined using estimated future cash flows for the unit discounted by a weighted-average cost of capital (WACC) specific to that reporting unit. Estimating the discounted future cash flows involves significant assumptions, especially regarding future reimbursement rates and sales prices, number of treatments, sales volumes and costs. In determining discounted cash flows, the Fresenius Group utilizes for every reporting unit its approved three-year budget, projections for years 4 to 10 and a corresponding growth rate for all remaining years.

These growth rates are 0% to 4% for Fresenius Medical Care, 3% for Fresenius Kabi and 1% for Fresenius Helios and Fresenius Vamed. Projections for up to 10 years are possible due to historical experience and the stability of Fresenius Group's business, which is largely independent from the economic cycle. The discount factor is determined by the WACC of the respective reporting unit. Fresenius Medical Care's WACC consisted of a basic rate of 5.79% for 2012. This basic rate is then adjusted by a country-specific risk rate and, if appropriate, by a factor to reflect higher risks associated with the cash flow from recent material acquisitions, until they are appropriately integrated, within each reporting unit. In 2012, WACCs (after tax) for the reporting units of Fresenius Medical Care ranged from 6.35% to 13.51%. In the business segments Fresenius Kabi, Fresenius Helios and Fresenius Vamed, the WACC (after tax) was 5.37%, country-specific adjustments did not occur. If the fair value of the reporting unit is less than its carrying amount, the difference is recorded as an impairment of the fair value of the goodwill at first. An increase of the WACC (after tax) by 0.5% would not have resulted in the recognition of an impairment loss in 2012.

A prolonged downturn in the health care industry with lower than expected increases in reimbursement rates and/or higher than expected costs for providing health care services could adversely affect the estimated future cash flows of certain countries or segments. Future adverse changes in a reporting unit's economic environment could affect the discount rate. A decrease in the estimated future cash flows and/or a decline in the reporting unit's economic environment could result in impairment charges to goodwill and other intangible assets with indefinite useful lives which could materially and adversely affect Fresenius Group's future operating results.

b) Legal contingencies

The Fresenius Group is involved in several legal matters arising from the ordinary course of its business. The outcome of these matters may have a material effect on the financial position, results of operations or cash flows of the Fresenius Group. For details, please see note 30, Commitments and contingent liabilities.

The Fresenius Group regularly analyzes current information about such claims for probable losses and provides accruals for such matters, including estimated expenses for legal services, as appropriate. The Fresenius Group utilizes its internal legal department as well as external resources for these assessments. In making the decision regarding the need for a loss accrual, the Fresenius Group considers the degree of probability of an unfavorable outcome and its ability to make a reasonable estimate of the amount of loss.

The filing of a suit or formal assertion of a claim, or the disclosure of any such suit or assertion, does not necessarily indicate that an accrual of a loss is appropriate.

c) Allowance for doubtful accounts

Trade accounts receivable are a significant asset and the allowance for doubtful accounts is a significant estimate made by the Management. Trade accounts receivable were €3,650 million and €3,234 million in 2012 and 2011, respectively, net of allowance. Approximately 63% of receivables derive from the business segment Fresenius Medical Care and mainly relate to the dialysis care business in North America.

The major debtors or debtor groups of trade accounts receivable were U.S. Medicare and Medicaid health care programs with 14% and private insurers in the United States with 12% at December 31, 2012. Other than that, the Fresenius Group has no significant risk concentration, due to its international and heterogeneous customer structure.

The allowance for doubtful accounts was €406 million and €383 million as of December 31, 2012 and December 31, 2011, respectively.

The allowances are estimates comprised of customer-specific evaluations regarding their payment history, current financial stability, and applicable country-specific risks for overdue receivables. The Fresenius Group believes that these analyses result in a well-founded estimate of allowances for

doubtful accounts. From time to time, the Fresenius Group reviews changes in collection experience to ensure the appropriateness of the allowances.

A valuation allowance is calculated if specific circumstances indicate that amounts will not be collectible. When all efforts to collect a receivable, including the use of outside sources where required and allowed, have been exhausted, and after appropriate management review, a receivable deemed to be uncollectible is considered a bad debt and booked out.

Deterioration in the ageing of receivables and collection difficulties could require that the Fresenius Group increases the estimates of allowances for doubtful accounts. Additional expenses for uncollectible receivables could have a significant negative impact on future operating results.

d) Self-insurance programs

Under the insurance programs for professional, product and general liability, auto liability and worker's compensation claims, the largest subsidiary of Fresenius Medical Care AG & Co. KGaA, located in North America, is partially self-insured for professional liability claims. For further details regarding the accounting policies for self-insurance programs, please see note 1. aa, Self-insurance programs.

2. ACQUISITIONS, DIVESTITURES AND INVESTMENTS

ACQUISITIONS, DIVESTITURES AND INVESTMENTS

The Fresenius Group made acquisitions and investments of €3,172 million and €1,612 million in 2012 and 2011, respectively. Of this amount, €2,630 million was paid in cash and €542 million was assumed obligations in 2012.

Fresenius Medical Care

In 2012, Fresenius Medical Care spent €1,408 million on acquisitions, mainly for the acquisition of Liberty Dialysis Holdings, Inc., United States.

Acquisition of Liberty Dialysis Holdings, Inc.

On February 28, 2012, Fresenius Medical Care acquired 100% of the equity of Liberty Dialysis Holdings, Inc. (LD Holdings), the owner of Liberty Dialysis and owner of a 51% stake in Renal Advantage Partners, LLC (the Liberty Acquisition). This transaction was accounted for as a business combination, subject to finalization of the acquisition accounting which will be finalized during the first quarter of 2013. LD Holdings mainly provided dialysis care in the United States through the 263 clinics it owned (the Acquired Clinics).

Total consideration for the Liberty Acquisition was US\$2,181 million, consisting of US\$1,696 million cash, net of cash acquired and US\$485 million non-cash consideration. Accounting standards for business combinations require previously held equity interests to be fair valued with the difference to book value to be recognized as a gain or loss in income. Prior to the Liberty Acquisition, Fresenius Medical Care had a 49% equity investment in Renal Advantage Partners, LLC, the fair value of which, US\$202 million, is included as non-cash consideration. Fresenius Medical Care has determined the estimated fair value based on the discounted cash flow method, utilizing an approximately 13% discount rate. In addition to Fresenius Medical Care's investment, it also had a loan receivable from Renal Advantage Partners, LLC of US\$279 million, at a fair value of US\$283 million, which was retired as part of the transaction.

The following table summarizes the estimated fair values as of the date of the acquisition based upon information available as of December 31, 2012, of assets acquired and liabilities assumed at the date of the acquisition. Any adjustments to acquisition accounting, net of related income tax effects, will be recorded with a corresponding adjustment to goodwill.

US\$ in millions	
Assets held for sale	164
Trade accounts receivable	156
Other current assets	21
Deferred tax assets	15
Property, plant and equipment	167
Intangible assets and other assets	84
Goodwill	2,000
Accounts payable, accrued expenses and other short-term liabilities	-116
Income tax payable and deferred taxes	-43
Short-term borrowings and other financial liabilities and long-term debt and capital lease obligations	-72
Other liabilities	-30
Noncontrolling interests (subject and not subject to put provisions)	-165
Total acquisition cost	2,181
Less, at fair value, non-cash contributions	
Investment at acquisition date	-202
Long-term Notes Receivable	-283
Total non-cash items	-485
Net Cash paid	1,696

As of December 31, 2012, it is estimated that amortizable intangible assets acquired in this acquisition will have weighted-average useful lives of 6–8 years.

Goodwill in the amount of US\$2,000 million was acquired as part of the Liberty Acquisition. Of the goodwill recognized in this acquisition, approximately US\$436 million is expected to be deductible for tax purposes and amortized over a 15 year period.

The noncontrolling interests acquired as part of the acquisition are stated at estimated fair value, subject to finalization of the acquisition accounting, based upon utilized implied multiples used in conjunction with the Liberty Acquisition, as well as Fresenius Medical Care's overall experience and contractual multiples typical for such arrangements.

LD Holdings' results have been included in the consolidated statement of income since February 29, 2012. Specifically, LD Holdings has contributed sales and operating income in the amount of US\$714 million (€556 million) and US\$182 million (€142 million), respectively, to the consolidated income. This amount for operating income does not include synergies which may have resulted at consolidated entities outside LD Holdings since the acquisition closed. In addition, the results include those of divested Fresenius Medical Care AG & Co. KGaA (FMC-AG & Co. KGaA) clinics prior to their divestiture.

The fair valuation of Fresenius Medical Care's 49% equity investment in Renal Advantage Partners, LLC at the time of the Liberty Acquisition resulted in a non-taxable gain of US\$140 million and is presented in the separate line item investment gain in the consolidated statement of income. The retirement of the loan receivable resulted in a gain of US\$9 million which was recognized in net interest.

Divestitures

In connection with the United States Federal Trade Commission consent order relating to the Liberty Acquisition, Fresenius Medical Care agreed to divest a total of 62 renal dialysis centers. In 2012, 24 of the 61 clinics sold were FMC-AG & Co. KGaA clinics, which resulted in a US\$33.5 million gain.

In 2012, the income tax expense related to the sale of these clinics of approximately US\$20.8 million has been recorded in the line item income taxes in the consolidated statement of income, resulting in a net gain of approximately US\$12.7 million. The after-tax gain was offset by the after-tax effects of the costs associated with the Liberty Acquisition.

In 2011, Fresenius Medical Care spent €1,429 million on acquisitions, primarily for acquisitions of International Dialysis Centers, the dialysis service business of Euromedic International, and American Access Care Holdings, LLC, which operates vascular access centers, and for loans provided to, as well as the purchase of a 49% ownership of, the related party Renal Advantage Partners, LLC, the parent company of Renal Advantage, Inc., a provider of dialysis services.

In December 2010, Fresenius Medical Care announced a renal pharmaceutical joint venture between Fresenius Medical Care and Galenica Ltd., Vifor Fresenius Medical Care Renal Pharma Ltd. (VFMCRP), to develop and distribute products to treat iron deficiency anemia and bone mineral metabolism for pre-dialysis and dialysis patients. Closing in the United States occurred at the end of 2010. In the fourth quarter of 2011, VFMCRP received approval from the responsible European Union antitrust commission and formal closing occurred on November 1, 2011.

Further acquisition spending in 2011 related mainly to the purchase of dialysis clinics.

Fresenius Kabi

In 2012, Fresenius Kabi spent €877 million on acquisitions.

Acquisition of Fenwal Holdings, Inc.

On July 20, 2012, Fresenius Kabi announced the signing of a purchase agreement to acquire 100% of the share capital in Fenwal Holdings, Inc. (Fenwal), a leading U.S.-based provider of transfusion technology products for blood collection, separation and processing.

In 2011, Fenwal had sales of US\$614 million with an adjusted EBITDA of US\$90 million. The company, with about 4,900 employees worldwide, runs a state-of-the-art R & D center and operates five manufacturing facilities.

The transaction was financed from the proceeds of the May 2012 capital increase.

The transaction could be closed on December 13, 2012 after approval by the antitrust authorities. The Fresenius Group has consolidated Fenwal as of December 2012.

The transaction was accounted for as a business combination. The following table summarizes the current estimated fair values of assets acquired and liabilities assumed at the date of the acquisition. This allocation of the purchase price is based upon the best information available to management at present. Due to the relatively short interval between the closing date of the acquisition and the date of the statement of financial position, this information may be incomplete. Any

adjustments to acquisition accounting, net of related income tax effects, will be recorded with a corresponding adjustment to goodwill.

€ in millions	
Trade accounts receivable	61
Working capital and other assets	212
Assets	115
Liabilities	-522
Goodwill	379
Identifiable immaterial assets	343
Consideration transferred	588
Net debt acquired	259
Transaction amount	847

It is currently estimated that amortizable intangible assets acquired in this acquisition will have weighted-average useful lives of 10 to 15 years. The acquired amortizable intangible assets primarily consist of customer relationships in the amount of €82 million and technology in the amount of €237 million.

The goodwill in the amount of €379 million that was acquired as part of the Fenwal Acquisition is not deductible for tax purposes.

In December 2012, Fenwal has contributed sales in the amount of €39 million and operating income in the amount of €1 million to the consolidated income.

Divestitures

In December 2012, Fresenius Kabi announced that it had signed an agreement to sell its subsidiary Calea France SAS (Calea) to The Linde Group. Calea is active in the French homecare market and focuses on respiratory therapy, which is not a core business of Fresenius Kabi.

The transaction was completed in January 2013. The assets and liabilities of Calea were thus shown as held for sale in the consolidated statement of financial position as of December 31, 2012 under other assets and other liabilities.

In 2011, Fresenius Kabi spent €11 million on acquisitions, mainly for compounding companies in Germany.

Fresenius Helios

In 2012, Fresenius Helios spent €579 million on acquisitions, mainly for the acquisition of Damp Holding AG.

Acquisition of Damp Holding AG

In March 2012, Fresenius Helios closed the acquisition of Damp Holding AG (Damp), Germany, after approval by anti-trust and other governmental authorities. 100% of the share capital was acquired.

Damp is among the 10 largest private hospital operators in Germany.

The Fresenius Group has consolidated Damp as of March 31, 2012.

The transaction was accounted for as a business combination, subject to finalization of the acquisition accounting which will be finalized in the near future. The following table summarizes the current estimated fair values of assets acquired and liabilities assumed at the date of the acquisition. This allocation of the purchase price is based upon the best information available to management at present. Any adjustments to acquisition accounting, net of related income tax effects, will be recorded with a corresponding adjustment to goodwill.

€ in millions	
Trade accounts receivable	43
Working capital and other assets	56
Assets	247
Liabilities	-431
Goodwill	439
Consideration transferred	354
Net debt acquired	207
Transaction amount	561

The goodwill in the amount of €439 million that was acquired as part of the Damp Acquisition is not deductible for tax purposes.

Damp's results have been included in the consolidated statement of income since April 1, 2012. Specifically, Damp has contributed sales and operating income in the amount of €306 million and €8 million, respectively, to the consolidated income.

In 2011, Fresenius Helios spent €45 million on acquisitions, mainly for the acquisition of 51% of the share capital in the Katholisches Klinikum Duisburg GmbH, Germany, in December 2011 and for the acquisition of the Gesundheitszentren Landkreis Rottweil GmbH, Germany, in May 2011. Furthermore, Fresenius Helios made an additional purchase price payment for the HELIOS St. Marienberg Klinik Helmstedt GmbH, Germany.

Fresenius Vamed

In 2012, Fresenius Vamed spent €44 million on acquisitions, mainly for the acquisition of H.C. Hospital Consulting S.p.A., Italy, and the intercompany acquisition of the HELIOS Klinik Zihlschlacht AG, Switzerland, from HELIOS Kliniken GmbH.

In 2011, Fresenius Vamed did not make any material acquisition.

Corporate/Other

In November and December 2011, Fresenius SE & Co. KGaA purchased 1,399,996 ordinary shares of Fresenius Medical Care AG & Co. KGaA (FMC-AG & Co. KGaA). In January and February 2012, Fresenius SE & Co. KGaA purchased further 2,100,004 ordinary shares of FMC-AG & Co. KGaA. Therefore, the voting rights in FMC-AG & Co. KGaA increased to 31.18% at December 31, 2012. A total of 3.5 million ordinary shares were acquired with a total transaction volume of approximately €184 million, whereof €113 million were spent in the year 2012.

Takeover offer to the shareholders of RHÖN-KLINIKUM AG

On April 26, 2012, Fresenius announced its intention to make a voluntary public takeover offer to RHÖN-KLINIKUM AG shareholders of €22.50 per share in cash. The total purchase price for all outstanding shares in the company was approximately €3.1 billion. The takeover offer was contingent upon a minimum acceptance threshold of 90% and one share of RHÖN-KLINIKUM AG's share capital at the end of the offer period, amongst others, and on antitrust approval.

At the end of the offer period, 84.3% of RHÖN-KLINIKUM AG shares had been tendered. The minimum acceptance threshold of more than 90% was not met. Consequently, the takeover offer was not consummated.

Relating to the takeover offer to the shareholders of RHÖN-KLINIKUM AG, until September 5, 2012, Fresenius acquired 6.9 million shares of RHÖN-KLINIKUM AG. This is equivalent to 5.0% of the subscribed capital of RHÖN-KLINIKUM AG.

Divestitures

In December 2012, Fresenius has decided to focus on its four established business segments Fresenius Medical Care, Fresenius Kabi, Fresenius Helios and Fresenius Vamed. The Fresenius Biotech subsidiary will be discontinued. Fresenius assesses the option of continuing the immunosuppressive drug ATG-Fresenius S within the Group, but will divest the trifunctional antibody Removab business.

As a result of this decision, the assets and liabilities of Fresenius Biotech were shown as held for sale in the consolidated statement of financial position as of December 31, 2012 under other assets and other liabilities.

In the first quarter of 2011, in the segment Corporate/Other, the remaining shares of HELIOS Kliniken GmbH, Germany, were acquired for a purchase price of €54 million.

IMPACTS ON FRESENIUS GROUP'S CONSOLIDATED FINANCIAL STATEMENTS RESULTING FROM ACQUISITIONS

In the fiscal year 2012, all acquisitions have been accounted for applying the purchase method and accordingly have been consolidated starting with the date of acquisition. The excess of the total acquisition costs over the fair value of the net assets acquired was €2,561 million and €931 million in 2012 and 2011, respectively.

The purchase price allocations are not yet finalized for all acquisitions. Based on preliminary purchase price allocations, the recognized goodwill was €2,561 million and the other intangible assets were €471 million. Of this goodwill, €1,707 million is attributable to the acquisitions of Fresenius Medical Care, €396 million to Fresenius Kabi's acquisitions, €447 million to the acquisitions of Fresenius Helios and €11 million to the acquisitions of Fresenius Vamed.

Goodwill is an asset representing the future economic benefits arising from other assets acquired in a business combination that are not individually identified and separately recognized. Goodwill arises principally due to the fair value placed on acquiring an established stream of future cash flows versus building a similar business.

The acquisitions completed in 2012 or included in the consolidated statements for the first time for a full year, contributed the following amounts to the development of sales and earnings:

€ in millions	2012
Sales	1,145
EBITDA	200
EBIT	150
Net interest	-77
Net income attributable to shareholders of Fresenius SE & Co. KGaA	6

The acquisitions increased the total assets of the Fresenius Group by €3,857 million.

The following unaudited financial information, on a pro forma basis, reflects the consolidated results of operations as if the acquisitions of Liberty, Damp and Fenwal had been consummated on January 1, 2012.

With respect to the Liberty Acquisition, the pro forma information is based on the assumption that the divestiture of the clinics had already been consummated on January 1, 2012.

With respect to the acquisition of Damp and Fenwal, the pro forma financial information mainly includes adjustments for interest expenses in connection with the acquisition of Damp and income taxes.

The pro forma financial information is not necessarily indicative of the results of operations as it would have been had the transactions been consummated on January 1, 2012.

€ in millions	2012	
	as reported	pro forma
Sales	19,290	19,912
Net income attributable to shareholders of Fresenius SE & Co. KGaA	926	916
Basic earnings per ordinary share in €	5.35	5.29
Fully diluted earnings per ordinary share in €	5.29	5.24

NOTES ON THE CONSOLIDATED STATEMENT OF INCOME

3. SPECIAL ITEMS

Net income attributable to shareholders of Fresenius SE & Co. KGaA for the year 2012 in the amount of €926 million includes several special items.

An expense in the amount of €17 million resulted from Fresenius Medical Care's renegotiation of the license, distribution, manufacturing and supply agreement for iron products sold under the Venofer® brand and from a donation to the American Society of Nephrology.

The special item relating to the acquisition of Liberty Dialysis Holdings, Inc. by Fresenius Medical Care in an amount of €34 million is described in note 9, Investment gain.

Furthermore, net income attributable to shareholders of Fresenius SE & Co. KGaA for the year 2012 includes special items in the amount of -€29 million relating to the takeover offer to the shareholders of RHÖN-KLINIKUM AG.

The special items comprised the following:

€ in millions	EBIT	Investment gain	Other financial result	Net income attributable to shareholders of Fresenius SE & Co. KGaA
Earnings 2012, adjusted				938
Venofer/donation Fresenius Medical Care	-86			-17
Investment gain Fresenius Medical Care		109		34
Financing costs RHÖN-KLINIKUM AG			-35	-25
Other costs RHÖN-KLINIKUM AG	-6			-4
Total special items	-92	109	-35	-12
Earnings 2012 according to U.S. GAAP				926

The consolidated statement of income for the year 2011 ultimately included several special items relating to the acquisition of APP Pharmaceuticals, Inc. (since 2012: Fresenius Kabi USA, Inc.) in 2008. The table below reconciles adjusted earnings to earnings according to U.S. GAAP in 2011.

€ in millions	Other financial result	Net income attributable to shareholders of Fresenius SE & Co. KGaA
Earnings 2011, adjusted		770
Mandatory Exchangeable Bonds (mark-to-market)	-105	-85
Contingent Value Rights (mark-to-market)	5	5
Earnings 2011 according to U.S. GAAP		690

For further information regarding Mandatory Exchangeable Bonds and Contingent Value Rights see note 11, Other financial result.

4. SALES

Sales by activity were as follows:

€ in millions	2012	2011
Sales of services	11,990	9,788
less patient service bad debt provision	-218	-161
Sales of products and related goods	7,007	6,230
Sales from long-term production contracts	510	498
Other sales	1	6
Sales	19,290	16,361

A sales analysis by business segment and region is shown in the segment information on pages 128 to 129.

5. COST OF SALES

Cost of sales comprised the following:

€ in millions	2012	2011
Cost of services	9,003	7,247
Manufacturing cost of products and related goods	3,559	3,316
Cost of long-term production contracts	440	424
Other cost of sales	-	-
Cost of sales	13,002	10,987

6. COST OF MATERIALS

Cost of materials comprised cost of raw materials, supplies and purchased components and of purchased services:

€ in millions	2012	2011
Cost of raw materials, supplies and purchased components	5,097	4,508
Cost of purchased services	741	663
Cost of materials	5,838	5,171

7. PERSONNEL EXPENSES

Cost of sales, selling, general and administrative expenses and research and development expenses included personnel expenses of €6,732 million and €5,555 million in 2012 and 2011, respectively.

Personnel expenses comprised the following:

€ in millions	2012	2011
Wages and salaries	5,347	4,392
Social security contributions, cost of retirement pensions and social assistance	1,385	1,163
thereof retirement pensions	181	144
Personnel expenses	6,732	5,555

Fresenius Group's annual average number of employees by function is shown below:

	2012	2011
Production	29,669	26,240
Service	102,997	89,341
Administration	20,518	17,924
Sales and marketing	8,813	8,170
Research and development	1,749	1,513
Total employees (per capita)	163,746	143,188

8. SELLING, GENERAL AND ADMINISTRATIVE EXPENSES

Selling expenses were €746 million (2011: €677 million) and mainly included expenditures for sales personnel of €366 million (2011: €336 million).

General and administrative expenses amounted to €2,254 million (2011: €1,867 million) and were related to expenditures for administrative functions not attributable to research and development, production or selling.

9. INVESTMENT GAIN

Fresenius Medical Care's acquisition of the remaining 51% stake in Renal Advantage Partners, LLC, in addition to its 49% equity investment held previously, represents a business combination achieved in stages in the course of the acquisition of Liberty Dialysis Holdings, Inc. The previous equity investment was measured at its fair value at the date of the acquisition of Liberty Dialysis Holdings, Inc. by Fresenius Medical Care. The resultant non-taxable income of US\$140 million (€109 million) is presented in the separate line item investment gain in the consolidated statement of income.

10. NET INTEREST

Net interest of -€666 million included interest expenses of €720 million and interest income of €54 million. The main portion of the interest expenses resulted from Fresenius Group's financial liabilities, which are not recognized at fair value in the consolidated statement of income (see note 31, Financial instruments).

11. OTHER FINANCIAL RESULT

In 2012, the item other financial result in the amount of -€35 million comprises the financing costs, mainly the costs for the financing commitment, related to the takeover offer to the shareholders of RHÖN-KLINIKUM AG.

In 2011, this item included the following special expenses and income with regard to the acquisition of APP Pharmaceuticals, Inc. (APP) (since 2012: Fresenius Kabi USA, Inc.) and its financing:

The Contingent Value Rights (CVR) awarded to the APP shareholders were traded on the NASDAQ Stock Exchange in the United States. Following a request to the U.S. Securities and Exchange Commission, in the first quarter of 2011, the CVR were deregistered and delisted from the NASDAQ due to the expiration of the underlying agreement and became valueless. As a result, an income of €5 million was recognized in 2011.

The issued Mandatory Exchangeable Bonds matured on August 14, 2011. Due to their contractual definition, they included derivative financial instruments that were measured at fair value. This measurement resulted in an expense (before tax) of €105 million in 2011.

12. TAXES

INCOME TAXES

Income before income taxes was attributable to the following geographic regions:

€ in millions	2012	2011
Germany	414	404
International	1,977	1,528
Total	2,391	1,932

Income tax expenses (benefits) for 2012 and 2011 consisted of the following:

€ in millions	Current taxes	Deferred taxes	Income taxes
2012			
Germany	82	-17	65
International	599	-5	594
Total	681	-22	659
2011			
Germany	96	9	105
International	427	72	499
Total	523	81	604

In 2012 and 2011, Fresenius SE & Co. KGaA was subject to German federal corporation income tax at a base rate of 15% plus a solidarity surcharge of 5.5% on federal corporation taxes payable.

A reconciliation between the expected and actual income tax expense is shown in the following table. The expected corporate income tax expense is computed by applying the German corporation tax rate (including the solidarity surcharge) and the effective trade tax rate on income before income taxes. The respective combined tax rate was 29.5% for the fiscal year 2012 (2011: 29.0%).

€ in millions	2012	2011
Computed "expected" income tax expense	705	560
Increase (reduction) in income taxes resulting from:		
Items not recognized for tax purposes	18	12
Tax rate differential	37	56
Tax-free income	-64	-12
Taxes for prior years	21	4
Changes in valuation allowances on deferred tax assets	-20	5
Noncontrolling interests	-38	-22
Other	-	1
Income tax	659	604
Effective tax rate	27.6%	31.3%

DEFERRED TAXES

The tax effects of the temporary differences that gave rise to deferred tax assets and liabilities at December 31 are presented below:

€ in millions	2012	2011
Deferred tax assets		
Accounts receivable	16	14
Inventories	96	79
Other current assets	74	93
Other non-current assets	145	127
Accrued expenses	251	183
Other short-term liabilities	64	86
Other liabilities	36	28
Benefit obligations	139	92
Losses carried forward from prior years	253	151
Deferred tax assets, before valuation allowance	1,074	853
less valuation allowance	101	121
Deferred tax assets	973	732
Deferred tax liabilities		
Accounts receivable	15	23
Inventories	22	22
Other current assets	16	11
Other non-current assets	736	560
Accrued expenses	120	23
Other short-term liabilities	50	123
Other liabilities	103	102
Deferred tax liabilities	1,062	864
Net deferred taxes	-89	-132

In the consolidated statement of financial position, the net amounts of deferred tax assets and liabilities are included as follows:

€ in millions	2012		2011	
		thereof short-term		thereof short-term
Deferred tax assets	659	401	493	368
Deferred tax liabilities	748	66	625	52
Net deferred taxes	-89	335	-132	316

As of December 31, 2012, Fresenius Medical Care has not recognized a deferred tax liability on approximately €4.2 billion of undistributed earnings of its foreign subsidiaries, because those earnings are intended to be indefinitely reinvested.

NET OPERATING LOSSES

The expiration of net operating losses is as follows:

for the fiscal years	€ in millions
2013	17
2014	21
2015	23
2016	27
2017	48
2018	21
2019	20
2020	13
2021	10
2022 and thereafter	124
Total	324

The total remaining operating losses of €347 million can mainly be carried forward for an unlimited period.

Based upon the level of historical taxable income and projections for future taxable income, the Management of the Fresenius Group believes it is more likely than not that the Fresenius Group will realize the benefits of these deductible differences, net of the existing valuation allowances, at December 31, 2012.

UNRECOGNIZED TAX BENEFITS

Fresenius SE & Co. KGaA and its subsidiaries are subject to tax audits in Germany and the United States on a regular basis and ongoing tax audits in other jurisdictions.

In Germany, the tax years 2002 to 2009 are currently under audit by the tax authorities. The Fresenius Group recognized and recorded the current proposed adjustments of this audit period in the consolidated financial statements. All proposed adjustments are deemed immaterial. Fiscal years 2010, 2011 and 2012 are open to audit.

In the United States, Fresenius Medical Care filed claims for refunds contesting the Internal Revenue Service's (IRS) disallowance of Fresenius Medical Care Holdings, Inc.'s (FMCH) civil settlement payment deductions taken by FMCH in prior year tax returns. As a result of a settlement agreement with the IRS, Fresenius Medical Care received a partial refund in September 2008 of US\$37 million, inclusive of interest, and preserved its right to pursue claims in the United States Courts for refunds of all other disallowed deductions, which totaled approximately US\$126 million. On December 22, 2008, Fresenius Medical Care filed a complaint for complete refund in the United States District Court for the District of Massachusetts, styled as Fresenius Medical Care Holdings, Inc. v. United States. On August 15, 2012, a jury entered a verdict for FMCH granting additional deductions of

US\$95 million. The District Court is now considering post trial motions by the IRS to set aside the verdict and the terms of the judgment to be entered against the United States to reflect the amount of the tax refund due to FMCH.

In the United States, the tax years 2009 and 2010 are currently under audit by the tax authorities. Fiscal years 2011 and 2012 are open to audit. FMCH is also subject to audit in various state jurisdictions. A number of these audits are in progress and various years are open to audit in various state jurisdictions. All expected results for both federal and state income tax audits have been recognized in the consolidated financial statements.

Subsidiaries of Fresenius SE & Co. KGaA in a number of countries outside of Germany and the United States are also subject to tax audits. The Fresenius Group estimates that the effects of such tax audits are not material to these consolidated financial statements.

The following table shows the changes to unrecognized tax benefits during the year 2012:

€ in millions	2012
Balance at January 1, 2012	224
Increase in unrecognized tax benefits prior periods	42
Decrease in unrecognized tax benefits prior periods	-6
Increase in unrecognized tax benefits current periods	17
Changes related to settlements with tax authorities	-13
Reductions as a result of a lapse of the statute of limitations	-2
Foreign currency translation	-10
Balance at December 31, 2012	252

Included in the balance at December 31, 2012 are €234 million of unrecognized tax benefits, which would affect the effective tax rate if recognized. The Fresenius Group is currently not in a position to forecast the timing and magnitude of changes in other unrecognized tax benefits.

It is Fresenius Group's policy to recognize interest and penalties related to its tax positions as income tax expense. During the fiscal year 2012, the Fresenius Group recognized €2 million in interest and penalties. The Fresenius Group had a total accrual of €29 million of tax related interest and penalties at December 31, 2012.

13. EARNINGS PER SHARE

The following table shows the earnings per share including and excluding the dilutive effect from stock options issued:

	2012	2011
Numerators, € in millions		
Net income attributable to shareholders of Fresenius SE & Co. KGaA	926	690
less effect from dilution due to Fresenius Medical Care shares	2	3
Income available to all ordinary shares	924	687
Denominators in number of shares		
Weighted-average number of ordinary shares outstanding	172,977,633	162,797,197
Potentially dilutive ordinary shares	1,547,170	1,522,534
Weighted-average number of ordinary shares outstanding assuming dilution	174,524,803	164,319,731
Basic earnings per ordinary share in €	5.35	4.24
Fully diluted earnings per ordinary share in €	5.29	4.18

NOTES ON THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION

14. CASH AND CASH EQUIVALENTS

As of December 31, cash and cash equivalents were as follows:

€ in millions	2012	2011
Cash	865	627
Time deposits and securities (with a maturity of up to 90 days)	20	8
Total cash and cash equivalents	885	635

As of December 31, 2012 and December 31, 2011, earmarked funds of €38 million and €40 million, respectively, were included in cash and cash equivalents.

15. TRADE ACCOUNTS RECEIVABLE

As of December 31, trade accounts receivable were as follows:

€ in millions	2012	2011
Trade accounts receivable	4,056	3,617
less allowance for doubtful accounts	406	383
Trade accounts receivable, net	3,650	3,234

All trade accounts receivable are due within one year.

The following table shows the development of the allowance for doubtful accounts during the fiscal year:

€ in millions	2012	2011
Allowance for doubtful accounts at the beginning of the year	383	317
Change in valuation allowances as recorded in the consolidated statement of income	251	216
Write-offs and recoveries of amounts previously written-off	-221	-154
Foreign currency translation	-7	4
Allowance for doubtful accounts at the end of the year	406	383

The following table shows the ageing analysis of trade accounts receivable and their allowance for doubtful accounts:

€ in millions	not overdue	up to 3 months overdue	3 to 6 months overdue	6 to 12 months overdue	more than 12 months overdue	Total
Trade accounts receivable	2,333	734	295	273	421	4,056
less allowance for doubtful accounts	24	60	39	61	222	406
Trade accounts receivable, net	2,309	674	256	212	199	3,650

16. INVENTORIES

As of December 31, inventories consisted of the following:

€ in millions	2012	2011
Raw materials and purchased components	433	385
Work in process	291	326
Finished goods	1,216	1,076
less reserves	100	70
Inventories, net	1,840	1,717

The companies of the Fresenius Group are obliged to purchase approximately €863 million of raw materials and purchased components under fixed terms, of which €552 million was

committed at December 31, 2012 for 2013. The terms of these agreements run one to nine years. Advance payments from customers of €174 million (2011: €236 million) have been offset against inventories.

Inventories as of December 31, 2012 and December 31, 2011 included approximately €23 million and approximately €37 million, respectively, of the product Erythropoietin (EPO). On January 1, 2012, Fresenius Medical Care entered into a three-year sourcing and supply agreement with its EPO supplier. In the remaining two years, delays, stoppages, or interruptions in the supply of EPO could adversely affect the operating results of Fresenius Medical Care.

17. OTHER CURRENT AND NON-CURRENT ASSETS

As of December 31, other current and non-current assets comprised the following:

€ in millions	2012		2011	
		thereof short-term		thereof short-term
Investments, securities and long-term loans	762	55	847	9
Tax receivables	257	235	311	287
Accounts receivable resulting from German hospital law	164	149	101	82
Capitalized debt financing costs	106	11	98	9
Leasing receivables	81	36	72	29
Advances made	75	74	77	76
Prepaid rent and insurance	61	61	48	48
Prepaid expenses	56	25	45	18
Assets held for sale	55	55	0	0
Derivative financial instruments	53	52	54	52
Deposits	52	20	44	16
Discounts	47	47	143	143
Accounts receivable from management contracts in hospitals	13	13	8	8
Other assets	622	493	530	414
Other assets, gross	2,404	1,326	2,378	1,191
less allowances	8	7	9	7
Other assets, net	2,396	1,319	2,369	1,184

As of December 31, 2012, investments, securities and long-term loans comprised investments of €484 million (2011: €537 million), mainly regarding the joint venture between Fresenius Medical Care and Galenica Ltd., that were accounted for under the equity method. In 2012, income of €14 million (2011: €22 million) resulting from this valuation was included in selling, general and administrative expenses in the consolidated statement of income. Moreover, investments, securities and long-term loans included €182 million financial assets available for sale as of December 2012 (2011: €26 million). Furthermore, investments, securities and long-term

loans comprised €181 million as of December 31, 2011 that Fresenius Medical Care loaned to Renal Advantage Partners, LLC.

The receivables resulting from the German hospital law primarily contain approved but not yet received earmarked subsidies of the Fresenius Helios operations. The approval is evidenced in a letter written by the granting authorities that Fresenius Helios has already received.

Depreciation on other non-current assets in an amount of €2 million was recognized in the fiscal year 2012 (2011: depreciation in an immaterial amount).

18. PROPERTY, PLANT AND EQUIPMENT

As of December 31, the acquisition and manufacturing costs as well as accumulated depreciation of property, plant and equipment consisted of the following:

ACQUISITION AND MANUFACTURING COSTS

€ in millions	As of Jan. 1, 2012	Foreign currency translation	Changes in entities consolidated	Additions	Reclassifi- cations	Disposals	As of Dec. 31, 2012
Land and land facilities	230	-1	55	7	2	8	285
Buildings and improvements	3,270	-29	202	86	181	38	3,672
Machinery and equipment	4,157	-37	147	442	132	176	4,665
Machinery, equipment and rental equipment under capital leases	105	-1	35	3	1	4	139
Construction in progress	430	-4	18	438	-331	9	542
Property, plant and equipment	8,192	-72	457	976	-15	235	9,303

DEPRECIATION

€ in millions	As of Jan. 1, 2012	Foreign currency translation	Changes in entities consolidated	Additions	Reclassifi- cations	Disposals	As of Dec. 31, 2012
Land and land facilities	5	–	0	–	1	–	6
Buildings and improvements	1,431	-16	–	215	2	34	1,598
Machinery and equipment	2,503	-16	-3	422	-6	159	2,741
Machinery, equipment and rental equipment under capital leases	42	-1	-8	10	–	4	39
Construction in progress	1	–	0	0	–	–	1
Property, plant and equipment	3,982	-33	-11	647	-3	197	4,385

ACQUISITION AND MANUFACTURING COSTS

€ in millions	As of Jan. 1, 2011	Foreign currency translation	Changes in entities consolidated	Additions	Reclassifi- cations	Disposals	As of Dec. 31, 2011
Land and land facilities	221	1	5	2	1	–	230
Buildings and improvements	2,976	31	44	84	175	40	3,270
Machinery and equipment	3,796	16	50	372	100	177	4,157
Machinery, equipment and rental equipment under capital leases	98	–	–	9	3	5	105
Construction in progress	419	–	-1	310	-286	12	430
Property, plant and equipment	7,510	48	98	777	-7	234	8,192

DEPRECIATION

€ in millions	As of Jan. 1, 2011	Foreign currency translation	Changes in entities consolidated	Additions	Reclassifi- cations	Disposals	As of Dec. 31, 2011
Land and land facilities	4	–	0	1	0	–	5
Buildings and improvements	1,246	20	4	190	3	32	1,431
Machinery and equipment	2,269	13	1	367	–	147	2,503
Machinery, equipment and rental equipment under capital leases	36	–	0	10	1	5	42
Construction in progress	1	–	0	0	–	–	1
Property, plant and equipment	3,556	33	5	568	4	184	3,982

CARRYING AMOUNTS

€ in millions	Dec. 31, 2012	Dec. 31, 2011
Land and land facilities	279	225
Buildings and improvements	2,074	1,839
Machinery and equipment	1,924	1,654
Machinery, equipment and rental equipment under capital leases	100	63
Construction in progress	541	429
Property, plant and equipment	4,918	4,210

Depreciation on property, plant and equipment for the years 2012 and 2011 was €647 million and €568 million, respectively. It is allocated within cost of sales, selling, general and administrative expenses and research and development expenses, depending upon the use of the asset.

LEASING

Machinery and equipment as of December 31, 2012 and 2011 included peritoneal dialysis cyclor machines which Fresenius Medical Care leases to customers with end-stage renal disease on a month-to-month basis and hemodialysis machines which Fresenius Medical Care leases to physicians under operating leases in an amount of €403 million and €349 million, respectively.

To a lesser extent, property, plant and equipment are also leased for the treatment of patients by other business segments.

For details of minimum lease payments see note 22, Debt and capital lease obligations.

19. GOODWILL AND OTHER INTANGIBLE ASSETS

As of December 31, the acquisition cost and accumulated amortization of intangible assets consisted of the following:

ACQUISITION COST

€ in millions	As of Jan. 1, 2012	Foreign currency translation	Changes in entities consolidated	Additions	Reclassifi- cations	Disposals	As of Dec. 31, 2012
Goodwill	12,669	-215	2,555	6	0	1	15,014
Patents, product and distribution rights	582	-9	13	2	1	4	585
Technology	86	-2	240	0	-3	0	321
Tradenames	178	-3	0	–	–	–	175
Non-compete agreements	201	-5	46	–	0	–	242
Management contracts	6	–	0	0	0	–	6
Other	596	-14	122	48	-58	10	684
Goodwill and other intangible assets	14,318	-248	2,976	56	-60	15	17,027

AMORTIZATION

€ in millions	As of Jan. 1, 2012	Foreign currency translation	Changes in entities consolidated	Additions	Reclassifi- cations	Disposals	As of Dec. 31, 2012
Goodwill	0	0	0	0	0	0	0
Patents, product and distribution rights	182	-3	1	41	-1	4	216
Technology	25	-1	0	8	–	0	32
Tradenames	0	0	0	0	0	0	0
Non-compete agreements	144	-3	-1	22	0	–	162
Management contracts	0	0	0	0	0	0	0
Other	317	2	–	56	-47	9	319
Goodwill and other intangible assets	668	-5	–	127	-48	13	729

ACQUISITION COST

€ in millions	As of Jan. 1, 2011	Foreign currency translation	Changes in entities consolidated	Additions	Reclassifi- cations	Disposals	As of Dec. 31, 2011
Goodwill	11,464	274	875	56	–	–	12,669
Patents, product and distribution rights	617	13	2	5	–	55	582
Technology	83	3	–	0	0	0	86
Tradenames	173	5	0	–	1	1	178
Non-compete agreements	184	6	11	0	0	–	201
Management contracts	4	–	–	0	2	0	6
Other	484	7	72	36	5	8	596
Goodwill and other intangible assets	13,009	308	960	97	8	64	14,318

AMORTIZATION

€ in millions	As of Jan. 1, 2011	Foreign currency translation	Changes in entities consolidated	Additions	Reclassifi- cations	Disposals	As of Dec. 31, 2011
Goodwill	0	0	0	0	0	0	0
Patents, product and distribution rights	139	4	0	45	0	6	182
Technology	19	1	0	5	0	0	25
Tradenames	0	0	0	0	0	0	0
Non-compete agreements	125	5	–	14	0	0	144
Management contracts	0	0	0	0	0	0	0
Other	278	4	–	42	–	7	317
Goodwill and other intangible assets	561	14	–	106	–	13	668

CARRYING AMOUNTS

€ in millions	Dec. 31, 2012	Dec. 31, 2011
Goodwill	15,014	12,669
Patents, product and distribution rights	369	400
Technology	289	61
Tradenames	175	178
Non-compete agreements	80	57
Management contracts	6	6
Other	365	279
Goodwill and other intangible assets	16,298	13,650

The split of intangible assets into amortizable and non-amortizable intangible assets is shown in the following tables:

AMORTIZABLE INTANGIBLE ASSETS

€ in millions	Dec. 31, 2012			Dec. 31, 2011		
	Acquisition cost	Accumulated amortization	Carrying amount	Acquisition cost	Accumulated amortization	Carrying amount
Patents, product and distribution rights	585	216	369	582	182	400
Technology	321	32	289	86	25	61
Non-compete agreements	242	162	80	201	144	57
Other	684	319	365	596	317	279
Total	1,832	729	1,103	1,465	668	797

Estimated regular amortization expenses of intangible assets for the next five years are shown in the following table:

€ in millions	2013	2014	2015	2016	2017
Estimated amortization expenses	137	131	124	118	113

NON-AMORTIZABLE INTANGIBLE ASSETS

€ in millions	Dec. 31, 2012			Dec. 31, 2011		
	Acquisition cost	Accumulated amortization	Carrying amount	Acquisition cost	Accumulated amortization	Carrying amount
Tradenames	175	0	175	178	0	178
Management contracts	6	0	6	6	0	6
Goodwill	15,014	0	15,014	12,669	0	12,669
Total	15,195	0	15,195	12,853	0	12,853

Amortization on intangible assets amounted to €127 million and €106 million for the years 2012 and 2011, respectively. It is allocated within cost of sales, selling, general and

administrative expenses and research and development expenses, depending upon the use of the asset.

The carrying amount of goodwill has developed as follows:

€ in millions	Fresenius Medical Care	Fresenius Kabi	Fresenius Helios	Fresenius Vamed	Corporate/ Other	Fresenius Group
Carrying amount as of January 1, 2011	6,092	3,691	1,627	48	6	11,464
Additions	822	14	95	0	0	931
Foreign currency translation	186	88	0	0	0	274
Carrying amount as of December 31, 2011	7,100	3,793	1,722	48	6	12,669
Additions	1,707	396	447	11	0	2,561
Disposals	0	-1	-	0	0	-1
Reclassifications	0	0	-18	18	0	0
Foreign currency translation	-150	-65	0	0	0	-215
Carrying amount as of December 31, 2012	8,657	4,123	2,151	77	6	15,014

As of December 31, 2012 and December 31, 2011, the carrying amounts of the other non-amortizable intangible assets were €165 million and €168 million, respectively,

for Fresenius Medical Care as well as €16 million, respectively, for Fresenius Kabi.

20. ACCRUED EXPENSES

As of December 31, accrued expenses consisted of the following:

€ in millions	2012		2011	
		thereof short-term		thereof short-term
Personnel expenses	665	567	568	497
Invoices outstanding	279	279	215	215
Self-insurance programs	142	142	126	126
Bonuses and discounts	122	122	108	108
Special charge for legal matters	87	87	89	89
Warranties and complaints	59	58	40	39
Legal matters, advisory and audit fees	56	56	70	70
Commissions	29	29	27	27
Other accrued expenses	544	508	453	400
Accrued expenses	1,983	1,848	1,696	1,571

The following table shows the development of accrued expenses in the fiscal year:

€ in millions	As of Jan. 1, 2012	Foreign currency translation	Changes in entities consolidated	Additions	Reclassifi- cations	Utilized	Reversed	As of Dec. 31, 2012
Personnel expenses	568	-3	22	476	19	-376	-41	665
Invoices outstanding	215	–	17	207	-1	-130	-29	279
Self-insurance programs	126	-4	0	22	0	-2	–	142
Bonuses and discounts	108	-1	4	184	–	-166	-7	122
Special charge for legal matters	89	-2	0	0	0	0	0	87
Warranties and complaints	40	-1	1	35	1	-13	-4	59
Legal matters, advisory and audit fees	70	-1	2	28	-1	-21	-21	56
Commissions	27	–	–	32	–	-27	-3	29
Other accrued expenses	453	-4	117	512	-32	-411	-91	544
Total	1,696	-16	163	1,496	-14	-1,146	-196	1,983

Accruals for personnel expenses mainly refer to bonus, severance payments, contribution of partial retirement and holiday entitlements.

In 2001, Fresenius Medical Care recorded a US\$258 million special charge to address legal matters relating to transactions pursuant to the Agreement and Plan of Reorganization dated as of February 4, 1996 by and between W.R. Grace & Co. and Fresenius AG, estimated liabilities and legal expenses arising in connection with the W.R. Grace & Co. Chapter 11 proceedings (Grace Chapter 11 Proceedings) and the cost of resolving pending litigation and other disputes with certain commercial insurers. During the second quarter of 2003, the court supervising the Grace Chapter 11 Proceedings approved a definitive settlement agreement entered into among Fresenius Medical Care, the committee representing

the asbestos creditors and W.R. Grace & Co. Under the settlement agreement, Fresenius Medical Care will pay US\$115 million (€87 million), without interest, upon plan confirmation. In January and February 2011, the U.S. Bankruptcy Court entered orders confirming the plan of reorganization and the confirmation orders were affirmed by the U.S. District Court on January 31, 2012. Multiple parties have appealed to the Third Circuit Court of Appeals and the plan of reorganization will not be implemented until the appeals are finally resolved (see note 30, Commitments and contingent liabilities). With the exception of the proposed US\$115 million payment under the Settlement Agreement in the Grace Chapter 11 Proceedings, all other matters included in the special charge have been resolved.

21. OTHER LIABILITIES

As of December 31, other liabilities consisted of the following:

€ in millions	2012		2011	
		thereof short-term		thereof short-term
Personnel liabilities	193	188	173	169
Accounts payable resulting from German hospital law	174	168	133	127
Interest liabilities	163	163	131	131
Tax liabilities	162	160	155	152
Debtors with credit balances	158	158	127	127
Accounts receivable credit balance	118	39	103	23
Derivative financial instruments	96	76	269	200
Leasing liabilities	66	66	59	59
Advance payments from customers	59	58	77	77
Liabilities held for sale	36	36	0	0
All other liabilities	439	251	384	262
Other liabilities	1,664	1,363	1,611	1,327

The payables resulting from the German hospital law primarily contain earmarked subsidies received but not yet spent appropriately by Fresenius Helios. The amount not yet spent appropriately is classified as liability.

At December 31, 2012, the total amount of other non-current liabilities was €301 million, thereof €149 million was due between one and five years and €152 million was due after five years. The statement of financial position line item long-term accrued expenses and other long-term liabilities of €436 million also included other long-term accrued expenses of €135 million as of December 31, 2012.

LONG-TERM DEBT AND CAPITAL LEASE OBLIGATIONS

As of December 31, long-term debt and capital lease obligations consisted of the following:

€ in millions	2012	2011
Fresenius Medical Care 2012 Credit Agreement	2,016	0
Fresenius Medical Care 2006 Senior Credit Agreement	0	2,161
2008 Senior Credit Agreement	1,170	1,326
Euro Notes	739	800
European Investment Bank Agreements	498	527
Accounts receivable facility of Fresenius Medical Care	123	413
Capital lease obligations	94	53
Other	315	349
Subtotal	4,955	5,629
less current portion	519	1,852
Long-term debt and capital lease obligations, less current portion	4,436	3,777

Maturities of long-term debt and capital lease obligations are shown in the following table:

€ in millions	up to 1 year	1 to 3 years	3 to 5 years	more than 5 years
Fresenius Medical Care 2012 Credit Agreement	76	303	1,637	0
2008 Senior Credit Agreement	17	929	56	168
Euro Notes	5	334	285	115
European Investment Bank Agreements	310	156	16	16
Accounts receivable facility of Fresenius Medical Care	0	0	123	0
Capital lease obligations	8	14	17	55
Other	103	129	38	45
Long-term debt and capital lease obligations	519	1,865	2,172	399

22. DEBT AND CAPITAL LEASE OBLIGATIONS

SHORT-TERM DEBT

The Fresenius Group had short-term debt of €205 million and €171 million at December 31, 2012 and December 31, 2011, respectively. As of December 31, 2012, this debt consisted of borrowings by certain subsidiaries of the Fresenius Group under lines of credit with commercial banks. The average interest rates on these borrowings at December 31, 2012 and 2011 were 5.98% and 6.62%, respectively.

On September 30, 2012, €1,631 million was reclassified from current portion of long-term debt and capital lease obligations to long-term debt and capital lease obligations as a result of entering into the new Fresenius Medical Care 2012 Credit Agreement on October 30, 2012.

Aggregate annual repayments applicable to the above listed long-term debt and capital lease obligations for the years subsequent to December 31, 2012 are:

for the fiscal years	€ in millions
2013	519
2014	1,639
2015	226
2016	632
2017	1,540
Subsequent years	399
Total	4,955

Fresenius Medical Care 2012 Credit Agreement

Fresenius Medical Care AG & Co. KGaA (FMC-AG & Co. KGaA) entered into a new US\$3,850 million syndicated credit facility (Fresenius Medical Care 2012 Credit Agreement) with a large group of banks and institutional investors (collectively, the Lenders) on October 30, 2012 which replaced the 2006 Senior Credit Agreement.

The Fresenius Medical Care 2012 Credit Agreement consists of:

- ▶ A 5-year revolving credit facility of US\$1,250 million comprising a US\$400 million multicurrency revolving facility, a US\$200 million revolving facility and a €500 million revolving facility which will be due and payable on October 30, 2017.
- ▶ A 5-year term loan facility (Term Loan A) of US\$2,600 million, also scheduled to mature on October 30, 2017. The Fresenius Medical Care 2012 Credit Agreement requires 17 quarterly payments of US\$50 million each, beginning in the third quarter of 2013 that permanently reduce the term loan facility. The remaining balance is due on October 30, 2017.

Interest on the new credit facilities will be, at Fresenius Medical Care's option, at a rate equal to either (i) LIBOR or EURIBOR (as applicable) plus an applicable margin or (ii) the Base Rate as defined in the Fresenius Medical Care 2012 Credit Agreement plus an applicable margin. As of December 31, 2012, the tranches outstanding under the Fresenius Medical Care 2012 Credit Agreement had a weighted-average interest rate of 2.35%.

The applicable margin is variable and depends on Fresenius Medical Care's consolidated leverage ratio which is a ratio of its consolidated funded debt (less cash and cash equivalents) to consolidated EBITDA (as these terms are defined in the Fresenius Medical Care 2012 Credit Agreement).

In addition to scheduled principal payments, indebtedness outstanding under the Fresenius Medical Care 2012 Credit Agreement will be reduced by portions of the net cash proceeds received from certain sales of assets and the issuance of certain additional debt.

Obligations under the Fresenius Medical Care 2012 Credit Agreement are secured by pledges of capital stock of certain material subsidiaries in favor of the Lenders.

The Fresenius Medical Care 2012 Credit Agreement contains affirmative and negative covenants with respect to FMC-AG & Co. KGaA and its subsidiaries and other payment restrictions. Certain of the covenants limit indebtedness of Fresenius Medical Care and investments by Fresenius Medical Care, and require Fresenius Medical Care to maintain certain financial ratios defined in the agreement. Additionally, the Fresenius Medical Care 2012 Credit Agreement provides for a limitation on dividends and other restricted payments which is €300 million for dividends to be paid in 2013, and increases in subsequent years. In default, the outstanding balance under the Fresenius Medical Care 2012 Credit Agreement becomes immediately due and payable at the option of the Lenders.

As of December 31, 2012, FMC-AG & Co. KGaA and its subsidiaries were in compliance with all covenants under the Fresenius Medical Care 2012 Credit Agreement.

Fresenius Medical Care incurred fees of approximately US\$27 million in conjunction with the Fresenius Medical Care 2012 Credit Agreement. Certain fees related to the Fresenius Medical Care 2006 Senior Credit Agreement of approximately

US\$4 million are also applicable to the Fresenius Medical Care 2012 Credit Agreement. These fees and the US\$22 million of newly incurred fees will be amortized over the life of the Fresenius Medical Care 2012 Credit Agreement.

The following tables show the available and outstanding amounts under the Fresenius Medical Care 2012 Credit Agreement at December 31, 2012 and under the Fresenius Medical Care 2006 Senior Credit Agreement at December 31, 2011:

FRESENIUS MEDICAL CARE 2012 CREDIT AGREEMENT

	2012			
	Maximum amount available		Balance outstanding	
		€ in millions		€ in millions
Revolving Credit (in US\$)	US\$600 million	454	US\$59 million	45
Revolving Credit (in €)	€500 million	500	€0 million	0
Term Loan A	US\$2,600 million	1,971	US\$2,600 million	1,971
Total		2,925		2,016

FRESENIUS MEDICAL CARE 2006 SENIOR CREDIT AGREEMENT

	2011			
	Maximum amount available		Balance outstanding	
	US\$ in millions	€ in millions	US\$ in millions	€ in millions
Revolving Credit	1,200	927	59	46
Term Loan A	1,215	939	1,215	939
Term Loan B	1,522	1,176	1,522	1,176
Total	3,937	3,042	2,796	2,161

In addition, at December 31, 2012 and December 31, 2011, Fresenius Medical Care had letters of credit outstanding in the amount of US\$77 million and US\$181 million, respectively, which were not included above as part of the balance outstanding at those dates but which reduce available borrowings under the Revolving Credit Facility.

2013 Senior Credit Agreement

On December 20, 2012, Fresenius SE & Co. KGaA and various subsidiaries entered into a delayed draw syndicated credit agreement (2013 Senior Credit Agreement) in the amount of US\$1,300 million and €1,250 million. Funding of the 2013 Senior Credit Agreement is expected for June 28, 2013. Upon funding, proceeds will be used to refinance the 2008 Senior Credit Agreement and for general corporate purposes.

The 2013 Senior Credit Agreement consists of:

- ▶ 5-year revolving credit facilities in the aggregate principal amount of US\$300 million, €400 million and a €200 million multicurrency facility with a final repayment date on June 28, 2018; and
- ▶ 5-year term loan facilities in the aggregate principal amount of US\$1,000 million and €650 million (together Term Loan A). Term Loan A amortizes and is repayable in unequal quarterly installments with a final maturity on June 28, 2018.

Until funding of the revolving facilities and Term Loan A, the 2013 Senior Credit Agreement allows for establishment of a term loan facility in the aggregate principal amount of US\$500 million (Term Loan B). After funding, the 2013 Senior Credit Agreement may be further increased by establishing additional incremental facilities if certain conditions are met.

The interest rate on each borrowing under the 2013 Senior Credit Agreement will be a rate equal to either (i) LIBOR or EURIBOR (as applicable) plus an applicable margin or (ii) the

Base Rate as defined in the 2013 Senior Credit Agreement plus an applicable margin. The applicable margin will be variable and depends on the leverage ratio as defined in the 2013 Senior Credit Agreement.

In addition to scheduled principal payments, indebtedness outstanding under the 2013 Senior Credit Agreement will be reduced by mandatory prepayments in the case of certain sales of assets and the incurrence of certain additional indebtedness, with the amount to be prepaid depending on the proceeds which are generated by the respective transaction.

The 2013 Senior Credit Agreement is guaranteed by Fresenius SE & Co. KGaA, Fresenius ProServe GmbH, Fresenius Kabi AG and certain U.S. subsidiaries of Fresenius Kabi AG. Obligations under the 2013 Senior Credit Agreement will be secured by pledges of capital stock of certain material subsidiaries of Fresenius Kabi AG in favor of the lenders.

The 2013 Senior Credit Agreement contains a number of customary affirmative and negative covenants and other payment restrictions. These covenants include limitations on liens, sale of assets, incurrence of debt, investments and acquisitions and restrictions on the payment of dividends, among other items. The 2013 Senior Credit Agreement also includes financial covenants – as defined in the agreement – that require Fresenius SE & Co. KGaA and its subsidiaries

(other than Fresenius Medical Care and its subsidiaries) to maintain a maximum leverage ratio and a minimum interest coverage ratio.

2008 Senior Credit Agreement

On August 20, 2008, in connection with the acquisition of APP Pharmaceuticals, Inc. (since 2012: Fresenius Kabi USA, Inc.), the Fresenius Group entered into a syndicated credit agreement (2008 Senior Credit Agreement) in an original amount of US\$2.45 billion. The 2008 Senior Credit Agreement will be replaced by the 2013 Senior Credit Agreement in June 2013. Therefore, the 2008 Senior Credit Agreement is mainly shown as long-term debt in the consolidated statement of financial position.

Since entering into the 2008 Senior Credit Agreement, amendments and voluntary prepayments have been made which have resulted in a change of the total amount available under this facility. In March 2011, after negotiations with the lenders, Fresenius SE & Co. KGaA improved the conditions of the 2008 Senior Credit Agreement. The amendments led to a reduction of the interest rate of Term Loan D (previously: Term Loan C). Since then, the interest rate is a rate equal to the money market interest rate (LIBOR and EURIBOR) with a minimum of 1.00% and a current margin of 2.50%.

The following tables show the available and outstanding amounts under the 2008 Senior Credit Agreement at December 31:

	2012			
	Maximum amount available		Balance outstanding	
	€ in millions		€ in millions	
Revolving Credit Facilities	US\$550 million	416	US\$0 million	0
Term Loan A	US\$375 million	284	US\$375 million	284
Term Loan D (in US\$)	US\$959 million	728	US\$959 million	728
Term Loan D (in €)	€158 million	158	€158 million	158
Total		1,586		1,170

	2011			
	Maximum amount available		Balance outstanding	
	€ in millions		€ in millions	
Revolving Credit Facilities	US\$550 million	425	US\$0 million	0
Term Loan A	US\$537 million	415	US\$537 million	415
Term Loan D (in US\$)	US\$971 million	751	US\$971 million	751
Term Loan D (in €)	€160 million	160	€160 million	160
Total		1,751		1,326

As of December 31, 2012, the 2008 Senior Credit Agreement consisted of:

- ▶ Revolving credit facilities in the aggregate principal amount of US\$550 million (of which US\$150 million is available to Fresenius Kabi USA, LLC (until 2012: APP Pharmaceuticals, LLC) and US\$400 million is available as multicurrency facility to Fresenius Finance I S.A., a wholly owned subsidiary of Fresenius SE & Co. KGaA).
- ▶ Term loan facilities (Term Loan A) in the aggregate principal amount of US\$374.6 million (of which equal shares are available to Fresenius US Finance I, Inc., a wholly owned subsidiary of Fresenius SE & Co. KGaA, and to Fresenius Kabi USA, LLC (until 2012: APP Pharmaceuticals, LLC)).
- ▶ Term loan facilities (Term Loan D) in the aggregate principal amount of US\$959.3 million and €158.5 million (of which US\$565.1 million and €158.5 million are available to Fresenius US Finance I, Inc. and US\$394.2 million is available to Fresenius Kabi USA, LLC (until 2012: APP Pharmaceuticals, LLC)).

The interest rate on each borrowing under the 2008 Senior Credit Agreement is a rate equal to the aggregate of (a) the applicable margin (as described below) and (b) LIBOR or, in relation to any loan in euros, EURIBOR for the relevant interest period. The applicable margin is variable and depends on the Leverage Ratio as defined in the 2008 Senior Credit Agreement. In the case of Term Loan D, a minimum LIBOR or EURIBOR was set for 1.00%.

To hedge large parts of the interest rate risk connected with the floating rate borrowings under the 2008 Senior Credit Agreement, the Fresenius Group entered into interest rate hedges.

In addition to scheduled principal payments, indebtedness outstanding under the 2008 Senior Credit Agreement will be reduced by mandatory prepayments in the case of certain sales of assets, incurrence of additional indebtedness and certain intercompany loan repayments, with the amount to be prepaid depending on the proceeds which are generated by the respective transaction.

The 2008 Senior Credit Agreement is guaranteed by Fresenius SE & Co. KGaA, Fresenius ProServe GmbH and Fresenius Kabi AG. The obligations of Fresenius Kabi USA, LLC (until 2012: APP Pharmaceuticals, LLC) under the 2008 Senior Credit Agreement that refinanced indebtedness under the former APP Pharmaceuticals, Inc. credit facility are secured by the assets of Fresenius Kabi USA, Inc. (FK USA) (until 2012: APP Pharmaceuticals, Inc.) and its subsidiaries and guaranteed by FK USA's subsidiaries on the same basis as the former APP Pharmaceuticals, Inc. credit facility. All lenders also benefit from indirect security through pledges over the shares of certain subsidiaries of Fresenius Kabi AG and pledges over certain intercompany loans.

The 2008 Senior Credit Agreement contains a number of customary affirmative and negative covenants and other payment restrictions. These covenants include limitations on liens, sale of assets, incurrence of debt, investments and acquisitions and restrictions on the payment of dividends, among other items. The 2008 Senior Credit Agreement also includes financial covenants – as defined in the agreement – that require Fresenius SE & Co. KGaA and its subsidiaries (other than Fresenius Medical Care and its subsidiaries) to maintain a maximum leverage ratio, a minimum fixed charge coverage ratio, a minimum interest coverage ratio and limits amounts spent on capital expenditure. As of December 31, 2012, the Fresenius Group was in compliance with all covenants under the 2008 Senior Credit Agreement.

Euro Notes

As of December 31, Euro Notes (Schuldscheindarlehen) of the Fresenius Group consisted of the following:

	Maturity	Interest rate	Book value/nominal value € in millions	
			2012	2011
Fresenius Finance B.V. 2008/2012	April 2, 2012	5.59%	0	62
Fresenius Finance B.V. 2008/2012	April 2, 2012	variable	0	138
Fresenius Finance B.V. 2007/2012	July 2, 2012	5.51%	0	26
Fresenius Finance B.V. 2007/2012	July 2, 2012	variable	0	74
Fresenius Finance B.V. 2008/2014	April 2, 2014	5.98%	112	112
Fresenius Finance B.V. 2008/2014	April 2, 2014	variable	88	88
Fresenius Finance B.V. 2007/2014	July 2, 2014	5.75%	38	38
Fresenius Finance B.V. 2007/2014	July 2, 2014	variable	62	62
Fresenius SE & Co. KGaA 2012/2016	April 4, 2016	3.36%	156	0
Fresenius SE & Co. KGaA 2012/2016	April 4, 2016	variable	129	0
Fresenius SE & Co. KGaA 2012/2018	April 4, 2018	4.09%	72	0
Fresenius SE & Co. KGaA 2012/2018	April 4, 2018	variable	43	0
Fresenius Medical Care AG & Co. KGaA 2009/2012	Oct. 27, 2012	7.41%	0	36
Fresenius Medical Care AG & Co. KGaA 2009/2012	Oct. 27, 2012	variable	0	119
Fresenius Medical Care AG & Co. KGaA 2009/2014	Oct. 27, 2014	8.38%	12	15
Fresenius Medical Care AG & Co. KGaA 2009/2014	Oct. 27, 2014	variable	27	30
Euro Notes			739	800

On April 2, 2012, Fresenius SE & Co. KGaA issued Euro Notes in an amount of €400 million. Proceeds were used to refinance the tranches of the Euro Notes of Fresenius Finance B.V. which were due in April and July 2012 and for general corporate purposes. The new Euro Notes are guaranteed by Fresenius Kabi AG and Fresenius ProServe GmbH.

The Euro Notes of Fresenius Finance B.V. are guaranteed by Fresenius SE & Co. KGaA. The Euro Notes of FMC-AG & Co. KGaA are guaranteed by Fresenius Medical Care Holdings, Inc. and Fresenius Medical Care Deutschland GmbH.

As of December 31, 2012, the Fresenius Group was in compliance with all of its covenants under the Euro Notes.

European Investment Bank Agreements

Various subsidiaries of the Fresenius Group maintain credit facilities with the European Investment Bank (EIB). The following table shows the amounts outstanding under the EIB facilities as of December 31:

	Maturity	Book value € in millions	
		2012	2011
Fresenius SE & Co. KGaA	2013	196	196
Fresenius Medical Care AG & Co. KGaA	2013/2014	246 ¹	267 ¹
HELIOS Kliniken GmbH	2019	56	64
Loans from EIB		498	527

¹ Difference due to foreign currency translation and repayments

The majority of the loans are denominated in euros. The U.S. dollar denominated borrowings of FMC-AG & Co. KGaA amounted to US\$140 million (€106 million) at December 31, 2012. At December 31, 2012, all credit lines were utilized.

The EIB is the not-for-profit long-term lending institution of the European Union and loans funds at favorable rates for the purpose of specific capital investment and research and development projects. The facilities were granted to finance certain research and development projects, to invest in the expansion and optimization of existing production facilities in Germany and for the construction of a hospital.

Repayment of the loan of HELIOS Kliniken GmbH already started in December 2007 and will continue through December 2019 with constant half-yearly payments.

The loans borrowed by Fresenius SE & Co. KGaA and FMC-AG & Co. KGaA, which are due in June and September 2013 are shown as current portion of long-term debt and capital lease obligations in the consolidated statement of financial position.

The above mentioned loans bear variable interest rates which are based on EURIBOR or LIBOR plus applicable margin. These interest rates change quarterly. The loans under the EIB Agreements entered before 2009 are secured by bank guarantees. The 2009 loan of Fresenius SE & Co. KGaA is guaranteed by Fresenius Kabi AG and Fresenius ProServe GmbH. All credit agreements with the EIB have customary covenants. As of December 31, 2012, the Fresenius Group was in compliance with the respective covenants.

Accounts receivable facility of Fresenius Medical Care

On January 17, 2013, the asset securitization facility (accounts receivable facility) of Fresenius Medical Care was refinanced for a term expiring on January 15, 2016 with available borrowings of US\$800 million.

At December 31, 2012, there were outstanding borrowings under the accounts receivable facility of US\$162 million (€123 million) (2011: US\$535 million (€413 million)).

Under the accounts receivable facility, certain receivables are sold to NMC Funding Corp. (NMC Funding), a wholly owned subsidiary of Fresenius Medical Care. NMC Funding

then assigns percentage ownership interests in the accounts receivable to certain bank investors. Under the terms of the accounts receivable facility, NMC Funding retains the right, at any time, to recall all the then outstanding transferred interests in the accounts receivable. Consequently, the receivables remain on the consolidated statement of financial position and the proceeds from the transfer of percentage ownership interests are recorded as long-term debt.

NMC Funding pays interest to the bank investors, calculated based on the commercial paper rates for the particular tranches selected. The average interest rate during 2012 was 1.70%. Refinancing fees, which include legal costs and bank fees, are amortized over the term of the facility.

CREDIT LINES

In addition to the financial liabilities described before, the Fresenius Group maintains additional credit facilities which have not been utilized, or have only been utilized in part, as of the reporting date. At December 31, 2012, the additional financial cushion resulting from unutilized credit facilities was approximately €2.1 billion.

Syndicated credit facilities accounted for €1.3 billion. This portion comprises the Fresenius Medical Care 2012 Credit Agreement in the amount of US\$1,123 million (€851 million) and the 2008 Senior Credit Agreement in the amount of US\$550 million (€416 million). Furthermore, bilateral facilities of approximately €835 million were available. They include credit facilities which subsidiaries of the Fresenius Group have arranged with commercial banks. These credit facilities are used for general corporate purposes and are usually unsecured.

In addition, Fresenius SE & Co. KGaA has a commercial paper program under which up to €500 million in short-term notes can be issued. As of December 31, 2012, no commercial papers were outstanding.

Additional financing of up to US\$800 million can be provided using the Fresenius Medical Care accounts receivable facility which had been utilized by US\$162 million as of December 31, 2012.

23. SENIOR NOTES

As of December 31, Senior Notes of the Fresenius Group consisted of the following:

	Notional amount	Maturity	Interest rate	Book value € in millions	
				2012	2011
Fresenius Finance B.V. 2006/2013	€500 million	Jan. 31, 2013	5.00%	500	500
Fresenius Finance B.V. 2006/2016	€650 million	Jan. 31, 2016	5.50%	645	637
Fresenius Finance B.V. 2012/2019	€500 million	Apr. 15, 2019	4.25%	500	0
Fresenius US Finance II, Inc. 2009/2015	€275 million	July 15, 2015	8.75%	267	264
Fresenius US Finance II, Inc. 2009/2015	US\$500 million	July 15, 2015	9.00%	369	372
FMC Finance VI S.A. 2010/2016	€250 million	July 15, 2016	5.50%	248	248
FMC Finance VII S.A. 2011/2021	€300 million	Feb. 15, 2021	5.25%	294	294
FMC Finance VIII S.A. 2011/2016	€100 million	Oct. 15, 2016	variable	100	100
FMC Finance VIII S.A. 2011/2018	€400 million	Sept. 15, 2018	6.50%	396	395
FMC Finance VIII S.A. 2012/2019	€250 million	July 31, 2019	5.25%	243	0
Fresenius Medical Care US Finance, Inc. 2007/2017	US\$500 million	July 15, 2017	6.875%	376	383
Fresenius Medical Care US Finance, Inc. 2011/2021	US\$650 million	Feb. 15, 2021	5.75%	489	498
Fresenius Medical Care US Finance II, Inc. 2011/2018	US\$400 million	Sept. 15, 2018	6.50%	300	305
Fresenius Medical Care US Finance II, Inc. 2012/2019	US\$800 million	July 31, 2019	5.625%	606	0
Fresenius Medical Care US Finance II, Inc. 2012/2022	US\$700 million	Jan. 31, 2022	5.875%	531	0
Senior Notes				5,864	3,996

On March 28, 2012, Fresenius Finance B.V. issued unsecured Senior Notes of €500 million at par which are due in 2019. Net proceeds were used for acquisitions, including the acquisition of the Damp Group, to refinance short-term debt and for general corporate purposes.

The Senior Notes issued by Fresenius Finance B.V. which were due on January 31, 2013 are shown as long-term debt in the consolidated statement of financial position as these Senior Notes were refinanced by Senior Notes newly issued in the same amount in January 2013 (see note 37, Subsequent events).

All Senior Notes of Fresenius Finance B.V. and of Fresenius US Finance II, Inc. are guaranteed by Fresenius SE & Co. KGaA, Fresenius Kabi AG and Fresenius ProServe GmbH. The holders have the right to request that the issuers repurchase the Senior Notes at 101% of principal plus accrued interest upon the occurrence of a change of control followed by a decline in the rating of the respective Senior Notes. Since January 31, 2011, the Senior Notes of Fresenius Finance B.V. maturing in 2016 were redeemable at the option of the issuer at prices that have already been fixed at the date of issuance in the indentures. In February 2013, these Senior Notes were repaid completely before maturity at a price of 100.916% (see note 37, Subsequent events). All other Senior Notes of Fresenius Finance B.V. and of Fresenius US Finance II, Inc. may be

redeemed prior to their maturity at the option of the issuers at a price of 100% plus accrued interest and a premium calculated pursuant to the terms of the indentures under observance of certain notice periods.

Fresenius SE & Co. KGaA has agreed to a number of covenants to provide protection to the bondholders, which, under certain circumstances, partly restrict the scope of action of Fresenius SE & Co. KGaA and its subsidiaries (excluding Fresenius Medical Care AG & Co. KGaA (FMC-AG & Co. KGaA) and its subsidiaries). These covenants include restrictions on further debt that can be raised, the payment of dividends, the volume of capital expenditure, the redemption of subordinated liabilities and the mortgaging or sale of assets, among other items. Some of these restrictions are lifted automatically when the rating of the respective Notes reaches investment grade. In the event of non-compliance with certain terms of the Senior Notes, the bondholders (owning in aggregate more than 25% of the outstanding Senior Notes) are entitled to call the Senior Notes and demand immediate repayment plus interest. As of December 31, 2012, the Fresenius Group was in compliance with all of its covenants.

On January 26, 2012, Fresenius Medical Care US Finance II, Inc. issued unsecured Senior Notes of US\$800 million with a coupon of 5.625% at par and unsecured Senior Notes of US\$700 million with a coupon of 5.875% at par. In addition, FMC Finance VIII S.A. issued unsecured Senior Notes of €250 million with a coupon of 5.25% at par. The Senior Notes issued by Fresenius Medical Care US Finance II, Inc. in the amount of US\$800 million are due on July 31, 2019 and the US\$700 million Senior Notes are due on January 31, 2022. The Senior Notes issued by FMC Finance VIII S.A. are due on July 31, 2019. Net proceeds are used for acquisitions, to refinance indebtedness and for general corporate purposes.

On October 17, 2011, FMC Finance VIII S.A. issued €100 million of unsecured, floating-rate Senior Notes at par, which are due in 2016. The Senior Notes carry interest of three-month EURIBOR plus 350 basis points. Net proceeds were used for acquisitions, to repay indebtedness and for general corporate purposes.

On September 14, 2011, Fresenius Medical Care US Finance II, Inc. and FMC Finance VIII S.A. issued unsecured Senior Notes of US\$400 million and €400 million, respectively. The Senior Notes have a coupon of 6.5% and are due in 2018. They were issued at an issue price of 98.62% and had a yield to maturity of 6.75%. Net proceeds were used for acquisitions, to refinance indebtedness and for general corporate purposes.

On June 20, 2011, Fresenius Medical Care US Finance, Inc. acquired substantially all of the assets of FMC Finance III S.A. and assumed the obligations of FMC Finance III S.A. under its US\$500 million 6.875% Senior Notes due in 2017 and the related indenture. The guarantees of FMC-AG & Co. KGaA, Fresenius Medical Care Holdings, Inc. (FMCH) and Fresenius Medical Care Deutschland GmbH (FMC D-GmbH) for these Senior Notes have not been amended and remain in full force and effect.

On February 3, 2011, Fresenius Medical Care US Finance, Inc. and FMC Finance VII S.A. issued unsecured Senior Notes of US\$650 million and €300 million, respectively, which are due in 2021. The Senior Notes issued by Fresenius Medical Care US Finance, Inc. with a coupon of 5.75% at an issue price of 99.06% had a yield to maturity of 5.875%. The Senior Notes issued by FMC Finance VII S.A. have a coupon of

5.25% and were issued at par. Net proceeds were used to repay indebtedness, for acquisitions and for general corporate purposes.

The Senior Notes of Fresenius Medical Care US Finance, Inc., Fresenius Medical Care US Finance II, Inc., FMC Finance VI S.A., FMC Finance VII S.A. and FMC Finance VIII S.A. (wholly owned subsidiaries of FMC-AG & Co. KGaA) are guaranteed on a senior basis jointly and severally by FMC-AG & Co. KGaA, FMCH and FMC D-GmbH. The holders have the right to request that the respective issuers repurchase the respective Senior Notes at 101% of principal plus accrued interest upon the occurrence of a change of control followed by a decline in the rating of the respective Senior Notes. The issuers may redeem the Senior Notes (except for the floating-rate Senior Notes of FMC Finance VIII S.A.) at any time at 100% of principal plus accrued interest and a premium calculated pursuant to the terms of the indentures.

FMC-AG & Co. KGaA has agreed to a number of covenants to provide protection to the holders which, under certain circumstances, limit the ability of FMC-AG & Co. KGaA and its subsidiaries to, among other things, incur debt, incur liens, engage in sale and leaseback transactions and merge or consolidate with other companies or sell assets. As of December 31, 2012, FMC-AG & Co. KGaA and its subsidiaries were in compliance with all of their covenants under the Senior Notes.

24. MANDATORY EXCHANGEABLE BONDS

To finance the acquisition of APP Pharmaceuticals, Inc. (since 2012: Fresenius Kabi USA, Inc.), Mandatory Exchangeable Bonds (MEB) in an aggregate nominal amount of €554.4 million were issued by Fresenius Finance (Jersey) Ltd. in July 2008. Fresenius Finance B.V. subscribed for these MEB at 100% of their principal amount. Afterwards, the MEB were on-lent to Fresenius SE (since January 28, 2011: Fresenius SE & Co. KGaA), who placed the MEB in the market. The bonds carried a coupon of 5⁵/₈% per annum and matured on August 14, 2011. Upon maturity, the bonds were mandatorily

exchangeable into ordinary shares of Fresenius Medical Care AG & Co. KGaA (FMC-AG & Co. KGaA). Each holder of an MEB received 1,418 ordinary shares of FMC-AG & Co. KGaA per MEB, corresponding to a final conversion price of €35.26. The ordinary shares of FMC-AG & Co. KGaA were owned by Fresenius SE & Co. KGaA and there was no issuance of new shares. Fresenius SE & Co. KGaA's shareholding in FMC-AG & Co. KGaA was thus reduced by 15,722,644 ordinary shares to 30.4% of the ordinary share capital.

The MEB were shown under short-term liabilities in an amount of €554 million until their maturity on August 14, 2011.

The derivative financial instruments embedded in the MEB were measured at fair value and were shown separately in the consolidated statement of financial position within short-term accrued expenses and other short-term liabilities until the maturity of the MEB.

25. TRUST PREFERRED SECURITIES

Fresenius Medical Care issued trust preferred securities through Fresenius Medical Care Capital Trusts, statutory trusts organized under the laws of the State of Delaware, United States. Fresenius Medical Care AG & Co. KGaA (FMC-AG & Co. KGaA) owned all of the common securities of these trusts. The sole asset of each trust was a senior subordinated note of FMC-AG & Co. KGaA or a wholly owned subsidiary of FMC-AG & Co. KGaA. FMC-AG & Co. KGaA, Fresenius Medical Care Deutschland GmbH (FMC D-GmbH) and Fresenius Medical Care Holdings, Inc. (FMCH) have guaranteed payment and performance of the senior subordinated notes to the respective Fresenius Medical Care Capital Trusts. The trust preferred securities were guaranteed through a series of undertakings by FMC-AG & Co. KGaA, FMC D-GmbH and FMCH.

The trust preferred securities entitled the holders to distributions at a fixed annual rate of the stated amount and were mandatorily redeemable after 10 years.

On June 15, 2011, Fresenius Medical Care redeemed the trust preferred securities that became due on that date and that were issued in 2001 by Fresenius Medical Care Capital

Trust IV and V in the amount of US\$225 million and €300 million, respectively, primarily with funds obtained under existing credit facilities.

26. PENSIONS AND SIMILAR OBLIGATIONS

GENERAL

The Fresenius Group recognizes pension costs and related pension liabilities for current and future benefits to qualified current and former employees of the Fresenius Group. Fresenius Group's pension plans are structured differently according to the legal, economic and fiscal circumstances in each country. The Fresenius Group currently has two types of plans, defined benefit and defined contribution plans. In general, plan benefits in defined benefit plans are based on all or a portion of the employees' years of services and final salary. Plan benefits in defined contribution plans are determined by the amount of contribution by the employee and the employer, both of which may be limited by legislation, and the returns earned on the investment of those contributions.

Upon retirement under defined benefit plans, the Fresenius Group is required to pay defined benefits to former employees when the defined benefits become due. Defined benefit plans may be funded or unfunded. The Fresenius Group has funded defined benefit plans in particular in the United States, Norway, the United Kingdom, the Netherlands and Austria. Unfunded defined benefit plans are located in Germany and France.

Actuarial assumptions generally determine benefit obligations under defined benefit plans. The actuarial calculations require the use of estimates. The main factors used in the actuarial calculations affecting the level of the benefit obligations are: assumptions on life expectancy, the discount rate and future salary and benefit levels. Under Fresenius Group's funded plans, assets are set aside to meet future payment

obligations. An estimated return on the plan assets is recognized as income in the respective period. Actuarial gains and losses are generated when there are variations in the actuarial assumptions and by differences between the actual and the estimated projected benefit obligations and the return on plan assets for that year. A company's pension liability is impacted by these actuarial gains or losses.

In the case of Fresenius Group's funded plans, the defined benefit obligation is offset against the fair value of plan assets. A pension liability is recognized in the consolidated statement of financial position if the defined benefit obligation exceeds the fair value of plan assets. An asset is recognized and reported under other assets in the consolidated statement of financial position if the fair value of plan assets exceeds the defined benefit obligation and if the Fresenius Group has a right of reimbursement against the fund or a right to reduce future payments to the fund.

Under defined contribution plans, the Fresenius Group pays defined contributions to an independent third party as directed by the employee during the employee's service life which satisfies all obligations of the Fresenius Group to the employee. The employee retains all rights to the contributions made by the employee and to the vested portion of the Fresenius Group paid contributions upon leaving the Fresenius Group. The Fresenius Group has a main defined contribution plan in North America.

DEFINED BENEFIT PENSION PLANS

At December 31, 2012, the projected benefit obligation (PBO) of the Fresenius Group of €986 million (2011: €753 million) included €294 million (2011: €260 million) funded by plan assets and €692 million (2011: €496 million) covered by pension provisions. The current portion of the pension liability in an amount of €13 million is recognized in the consolidated statement of financial position within short-term accrued expenses and other short-term liabilities. The non-current portion of €679 million is recorded as pension liability.

57% of the pension liabilities in an amount of €692 million relate to the "Versorgungsordnung der Fresenius-Unternehmen" established in 1988 (Pension plan 1988), which applies for most of the German entities of the Fresenius Group except Fresenius Helios. The rest of the pension liabilities relates to individual plans from Fresenius Helios entities in Germany and non-German Group entities.

Plan benefits are generally based on an employee's years of service and final salary. Consistent with predominant practice in Germany, the benefit obligations of the German entities of the Fresenius Group are unfunded. The German Pension Plan 1988 does not have a separate pension fund.

Fresenius Medical Care Holdings, Inc. (FMCH), a subsidiary of Fresenius Medical Care AG & Co. KGaA, has a defined benefit pension plan for its employees in the United States and supplemental executive retirement plans. During the first quarter of 2002, FMCH curtailed these pension plans. Under the curtailment amendment for substantially all employees eligible to participate in the plan, benefits have been frozen as of the curtailment date and no additional defined benefits for future services will be earned. FMCH has retained all employee benefit obligations as of the curtailment date. Each year, FMCH contributes at least the minimum amount required by the Employee Retirement Income Security Act of 1974, as amended. In 2012, FMCH's minimum funding requirement was US\$6.2 million (€4.8 million). In addition to the compulsory contributions, FMCH voluntarily provided US\$4.6 million (€3.6 million) to the defined benefit plan. Expected funding for 2013 is US\$10.3 million (€7.8 million).

Fresenius Group's benefit obligations relating to fully or partly funded pension plans were €457 million. Benefit obligations relating to unfunded pension plans were €529 million.

The following table shows the changes in benefit obligations, the changes in plan assets and the funded status of the pension plans. Benefits paid as shown in the changes in

benefit obligations represent payments made from both the funded and unfunded plans while the benefits paid as shown in the changes in plan assets include only benefit payments from Fresenius Group's funded benefit plans.

The funded status has developed as follows:

€ in millions	2012	2011
Benefit obligations at the beginning of the year	753	655
Changes in entities consolidated	18	4
Foreign currency translation	-5	12
Service cost	20	19
Prior service cost	8	0
Interest cost	39	35
Contributions by plan participants	2	1
Transfer of plan participants	-	-
Curtailments/settlements	-3	0
Actuarial losses	188	47
Benefits paid	-31	-20
Divestitures	-2	0
Amendments	-1	-
Benefit obligations at the end of the year	986	753
thereof vested	849	638
Fair value of plan assets at the beginning of the year	260	261
Changes in entities consolidated	15	-
Foreign currency translation	-3	6
Actual return on plan assets	26	-4
Contributions by the employer	14	6
Contributions by plan participants	1	1
Settlements	-1	-
Transfer of plan participants	0	-
Benefits paid	-18	-10
Fair value of plan assets at the end of the year	294	260
Funded status as of December 31	692	493

As of December 31, 2012, the fair value of plan assets did not exceed the benefit obligations in any pension plan. As of December 31, 2011, the fair value of plan assets of €45 million relating to one single pension plan exceeded the corresponding benefit obligations of €42 million. The resulting amount of €3 million was recognized as an asset. In 2011, for all the remaining pension plans of the Fresenius Group, the benefit obligations exceeded the fair value of plan assets and resulted in a total amount of €496 million recognized as a pension liability.

The discount rates for all plans are based upon yields of portfolios of equity and highly rated debt instruments with maturities that mirror the plan's benefit obligation. Fresenius Group's discount rate is the weighted average of these plans based upon their benefit obligations.

The following weighted-average assumptions were utilized in determining benefit obligations as of December 31:

in %	2012	2011
Discount rate	4.04	5.15
Rate of compensation increase	3.11	3.12
Rate of pension increase	1.67	1.71

At December 31, 2012, the accumulated benefit obligations for all defined benefit pension plans were €913 million (2011: €703 million).

The following table relates to pension plans with projected benefit obligations and accumulated benefit obligations in excess of plan assets:

€ in millions	2012	2011
Projected benefit obligation (PBO)	986	711
Accumulated benefit obligation (ABO)	913	667
Fair value of plan assets	294	215

The pre-tax changes of other comprehensive income (loss) relating to pension liabilities during the years 2012 and 2011 are shown in the following tables:

€ in millions	As of Jan. 1, 2012	Reclassifications ¹	Additions	Foreign currency translation	As of Dec. 31, 2012
Actuarial gains and losses	-173	15	-171	-	-329
Prior service cost	3	5	-9	-	-1
Transition obligation	-1	-	-	-	-1
Adjustments related to pension liabilities	-171	20	-180	-	-331

¹ Effects recognized in the consolidated statement of income

€ in millions	As of Jan. 1, 2011	Reclassifications ¹	Additions	Foreign currency translation	As of Dec. 31, 2011
Actuarial gains and losses	-107	8	-68	-6	-173
Prior service cost	3	–	–	–	3
Transition obligation	-1	–	–	–	-1
Adjustments related to pension liabilities	-105	8	-68	-6	-171

¹ Effects recognized in the consolidated statement of income

For the tax effects on other comprehensive income at December 31, 2012 see note 29, Other comprehensive income (loss).

The Fresenius Group expects the following amounts to be amortized from other comprehensive income into net periodic pension cost in the year 2013:

€ in millions	2013
Actuarial gains and losses	23
Prior service cost	2
Transition obligation	–

Defined benefit pension plans' net periodic benefit costs of €62 million (2011: €45 million) were comprised of the following components:

€ in millions	2012	2011
Service cost	20	19
Interest cost	39	35
Expected return on plan assets	-16	-17
Amortization of unrealized actuarial losses, net	15	8
Amortization of prior service costs	4	–
Amortization of transition obligations	1	–
Settlement loss	-1	0
Net periodic benefit cost	62	45

Net periodic benefit cost is allocated as personnel expense within cost of sales or selling, general and administrative expenses as well as research and development expenses. The allocation depends upon the area in which the beneficiary is employed.

The following weighted-average assumptions were used in determining net periodic benefit cost for the year ended December 31:

in %	2012	2011
Discount rate	5.07	5.40
Expected return of plan assets	5.21	5.50
Rate of compensation increase	3.29	3.30

Changes in the discount factor, inflation and mortality assumptions used for the actuarial computation resulted in actuarial losses in 2012 which increased the fair value of the defined benefit obligation. Unrecognized actuarial losses were €329 million (2011: €173 million).

The following table shows the expected benefit payments for the next 10 years:

for the fiscal years	€ in millions
2013	27
2014	28
2015	30
2016	35
2017	36
2018 to 2022	216
Total expected benefit payments	372

The Fresenius Group uses December 31, 2012 as the measurement date in determining the funded status of all plans.

The major part of pension liabilities relates to Germany. At December 31, 2012, 67% of the pension liabilities were recognized in Germany, 33% in the rest of Europe and North America.

63% of the beneficiaries were located in North America, 29% in Germany and the remainder throughout the rest of Europe and other continents.

The fair values of plan assets by categories were as follows:

€ in millions	December 31, 2012			December 31, 2011		
	Quoted prices in active markets for identical assets Level 1	Significant observable inputs Level 2	Total	Quoted prices in active markets for identical assets Level 1	Significant observable inputs Level 2	Total
Categories of plan assets						
Equity investments	38	44	82	31	43	74
Index funds ¹	32	44	76	27	43	70
Other equity investments	6	0	6	4	0	4
Fixed income investments	63	117	180	50	113	163
Government securities ²	29	1	30	25	2	27
Corporate bonds ³	21	116	137	13	111	124
Other fixed income investments ⁴	13	–	13	12	–	12
Other ⁵	30	2	32	21	2	23
Total	131	163	294	102	158	260

¹ This category mainly comprises low-cost equity index funds not actively managed that track the S & P 500, S & P 400, Russell 2000, the MSCI Emerging Markets Index and the Morgan Stanley International EAFE Index.

² This category primarily comprises fixed income investments by the U.S. government and government sponsored entities.

³ This category primarily represents investment grade bonds of U.S. issuers from diverse industries.

⁴ This category mainly comprises private placement bonds as well as collateralized mortgage obligations and funds that invest in treasury obligations directly or in treasury backed obligations.

⁵ This category mainly represents cash, money market funds as well as mutual funds comprised of high grade corporate bonds.

The methods and inputs used to measure the fair value of plan assets are as follows:

Index funds are valued based on market quotes.

Other equity investments are valued at their market prices as of the date of the statement of financial position.

Government bonds are valued based on both market prices (Level 1) and market quotes (Level 2).

Corporate bonds and other bonds are valued based on market quotes as of the date of the statement of financial position.

Cash is stated at nominal value which equals the fair value.

U.S. Treasury money market funds as well as other money market and mutual funds are valued at their market prices.

Plan investment policy and strategy

For the North American funded plan, the Fresenius Group periodically reviews the assumptions for long-term expected return on pension plan assets. As part of the assumptions review, a range of reasonable expected investment returns for

the pension plan as a whole was determined based on an analysis of expected future returns for each asset class weighted by the allocation of the assets. The range of returns developed relies both on forecasts, which include the actuarial firm's expected long-term rates of return for each significant asset class or economic indicator, and on broad-market historical benchmarks for expected return, correlation, and volatility for each asset class. As a result, the expected rate of return on pension plan assets of the North American pension plan was 7.0% for the year 2012.

The overall investment strategy for the North American pension plan is to achieve a mix of approximately 96% of investments for long-term growth and 4% for near-term benefit payments with a wide diversification of asset types, fund strategies and fund managers.

The target allocations for plan assets in North America are 35% equity securities and 65% long-term U.S. bonds. The investment policy considers that there will be a time horizon for invested funds of more than five years. The total portfolio

will be measured against a policy index that reflects the asset class benchmarks and the target asset allocation. The plan policy does not allow investments in securities of Fresenius Medical Care AG & Co. KGaA or other related party securities. The performance benchmarks for the separate asset classes include: S & P 500 Index, S & P 400 Index, Russell 2000 Growth Index, MSCI EAFE Index, MSCI Emerging Markets Index, Barclays Capital Long Term Government Index and Barclays Capital 20 Year U.S. Treasury Strip Index.

The following schedule describes Fresenius Group's allocation for its funded plans.

in %	Allocation 2012	Allocation 2011	Target allocation
Equity investments	27.99	28.47	35.07
Fixed income investments	61.24	62.58	57.64
Other incl. real estate	10.77	8.95	7.29
Total	100.00	100.00	100.00

The overall expected long-term rate of return on assets of the Fresenius Group amounts to 6.05% compounded annually. Contributions to plan assets for the fiscal year 2013 are expected to amount to €15 million.

DEFINED CONTRIBUTION PLANS

Fresenius Group's total expense under defined contribution plans for 2012 was €84 million (2011: €63 million). Of this amount, €45 million related to contributions by the Fresenius Group to the Rheinische Zusatzversorgungskasse (a supplementary pension fund) and to other public supplementary pension funds for employees of Fresenius Helios. Further €30 million related to contributions to the North American savings plan, which employees of FMCH can join.

Following applicable collective bargaining agreements, the Fresenius Group pays contributions for a given number of employees of Fresenius Helios to the Rheinische Zusatzversorgungskasse (a supplementary pension fund) and to other public supplementary pension funds (together referred to as ZVK ÖD) to complement statutory retirement pensions. Given that employees from multiple participating entities are insured by these ZVK ÖDs, these plans are Multi-Employer plans. Employees are entitled to the benefits defined in the statutes regardless of the contributed amounts.

The plan operates on a pay-as-you-earn system based on applying a collection rate to given parts of gross remuneration.

Paid contributions are accounted for as personnel expenses within cost of sales and selling, general and administrative expenses and amounted to €45 million in 2012 (2011: €31 million). Thereof €13 million were payments to the Rheinische Zusatzversorgungskasse (2011: €15 million).

Further disclosures are either irrelevant or immaterial for plans in supplementary pension funds or the necessary information cannot be obtained from the ZVK ÖDs without undue cost and effort.

Under the North American savings plan, employees can deposit up to 75% of their pay up to an annual maximum of US\$16,500 if under 50 years old (US\$22,000 if 50 or over). Fresenius Medical Care will match 50% of the employee deposit up to a maximum Company contribution of 3% of the employee's pay. Fresenius Medical Care's total expense under this defined contribution plan for the years ended December 31, 2012 and 2011 was €30 million and €24 million, respectively.

27. NONCONTROLLING INTEREST

NONCONTROLLING INTEREST SUBJECT TO PUT PROVISIONS

The Fresenius Group has potential obligations to purchase the noncontrolling interests held by third parties in certain of its consolidated subsidiaries. These obligations are in the form of put provisions and are exercisable at the third-party owners' discretion within specified periods as outlined in each specific put provision. If these put provisions were exercised, the Fresenius Group would be required to purchase all or part of third-party owners' noncontrolling interests at the appraised fair value at the time of exercise.

Noncontrolling interest subject to put provisions changed as follows:

€ in millions	2012
Noncontrolling interest subject to put provisions as of January 1, 2012	317
Noncontrolling interest subject to put provisions in profit	72
Purchase of noncontrolling interest subject to put provisions	116
Dividend payments	-87
Currency effects, first-time consolidations and other changes	-20
Noncontrolling interest subject to put provisions as of December 31, 2012	398

As of December 31, 2012 and 2011, €173 million and €88 million, respectively, were exercisable. One put option was exercised for a total consideration of €2 million in 2012.

NONCONTROLLING INTEREST NOT SUBJECT TO PUT PROVISIONS

As of December 31, noncontrolling interest not subject to put provisions in the Fresenius Group was as follows:

€ in millions	2012	2011
Noncontrolling interest not subject to put provisions in Fresenius Medical Care AG & Co. KGaA	4,692	4,254
Noncontrolling interest not subject to put provisions in VAMED AG	33	28
Noncontrolling interest not subject to put provisions in the business segments		
Fresenius Medical Care	201	123
Fresenius Kabi	86	63
Fresenius Helios	111	136
Fresenius Vamed	2	2
Total noncontrolling interest not subject to put provisions	5,125	4,606

Due to the maturity of the Mandatory Exchangeable Bonds on August 14, 2011, Fresenius SE & Co. KGaA's shareholding in Fresenius Medical Care AG & Co. KGaA (FMC-AG & Co. KGaA) was reduced by 15,722,644 ordinary shares to 30.4% of the ordinary share capital. From November 2011 to February 2012, Fresenius SE & Co. KGaA purchased 3,500,000 ordinary

shares of FMC-AG & Co. KGaA. Therewith, Fresenius SE & Co. KGaA's shareholding in FMC-AG & Co. KGaA amounted to 31.2% of the ordinary share capital as of December 31, 2012.

Noncontrolling interest not subject to put provisions changed as follows:

€ in millions	2012
Noncontrolling interest not subject to put provisions as of January 1, 2012	4,606
Noncontrolling interest not subject to put provisions in profit	734
Stock options	79
Purchase of noncontrolling interest not subject to put provisions	56
Dividend payments	-204
Purchase of ordinary shares of FMC-AG & Co. KGaA	-43
Currency effects, first-time consolidations and other changes	-103
Noncontrolling interest not subject to put provisions as of December 31, 2012	5,125

28. FRESENIUS SE & CO. KGAA SHAREHOLDERS' EQUITY

SUBSCRIBED CAPITAL

Development of subscribed capital

On May 15, 2012, Fresenius SE & Co. KGaA successfully completed a capital increase upon registration with the commercial register. In connection with the capital increase, 13.8 million new ordinary shares were issued at a price of €73.50. The transaction generated gross proceeds of €1,014.3 million and increased the subscribed capital by €13.8 million. The new shares have full dividend entitlement for the fiscal year 2012.

During the fiscal year 2012, 1,150,924 stock options were exercised. Consequently, as of December 31, 2012, the subscribed capital of Fresenius SE & Co. KGaA, including the new shares of the capital increase, consisted of 178,188,260 bearer ordinary shares. The shares are issued as non-par value shares. The proportionate amount of the subscribed capital is €1.00 per share.

Notification by shareholders

The following table shows the notifications disclosed in 2012 in accordance with Section 26 (1) of the German Securities Trading Act (WpHG). They reflect the corresponding level of investments held in Fresenius SE & Co. KGaA:

Notifying party	Date of reaching, exceeding or falling below	Reporting threshold	Attribution pursuant to Section 22 WpHG	Percentage of voting rights	Number of voting rights
BlackRock, Inc., New York, United States ¹	April 25, 2012	Falling below 5%	Section 22 (1) sentence 1 No. 6 in connection with (1) sentence 2	4.88	7,974,870
BlackRock, Inc., New York, United States ²	May 4, 2012	Exceeding 5%	Section 22 (1) sentence 1 No. 6 in connection with (1) sentence 2	5.36	8,756,380
Deutsche Bank AG, Frankfurt am Main, Germany	May 15, 2012	Exceeding 3% and 5%		6.34	11,228,068
			thereof pursuant to Sections 21 and 22	5.79	10,250,631
			thereof pursuant to Section 25	0.17	300,000
			thereof pursuant to Section 25a	0.38	677,437
Deutsche Bank AG, Frankfurt am Main, Germany	May 16, 2012	Falling below 3% and 5%		0.45	793,326
			thereof pursuant to Sections 21 and 22	0.00	0
			thereof pursuant to Section 25	0.00	0
			thereof pursuant to Section 25a	0.45	793,326
BlackRock Advisors Holdings, Inc., New York, United States	July 23, 2012	Exceeding 5%	Section 22 (1) sentence 1 No. 6 in connection with (1) sentence 2	5.05	8,954,443
BlackRock Advisors Holdings, Inc., New York, United States	August 28, 2012	Falling below 5%	Section 22 (1) sentence 1 No. 6 in connection with (1) sentence 2	4.98	8,847,524
The Capital Group Companies, Inc., Los Angeles, United States ³	November 2, 2012	Exceeding 3%	Section 22 (1) sentence 1 No. 6 in connection with (1) sentence 2 and 3	3.12	5,557,985
BlackRock Group Limited, London, Great Britain	November 9, 2012	Falling below 3%	Section 22 (1) sentence 1 No. 6 in connection with (1) sentence 2	2.91	5,185,231

¹ Attribution of voting rights via: BlackRock International Holdings, Inc., BR Jersey International Holdings LP, BlackRock Group Limited

² Attribution of voting rights via: BlackRock Holdco 2, Inc., BlackRock Financial Management, Inc., BlackRock International Holdings, Inc., BR Jersey International Holdings LP, BlackRock Group Limited

³ Attribution of voting rights via: Capital Research and Management Company

The Else Kröner-Fresenius-Stiftung as major shareholder informed Fresenius SE & Co. KGaA on December 19, 2012, that it holds 48,231,698 ordinary shares of Fresenius SE & Co. KGaA representing 27.07% of the subscribed capital on December 31, 2012.

All WpHG-notifications by shareholders are published on the website of the Company www.fresenius.com under Investor Relations – Fresenius Share/ADR – Shareholder Structure.

AUTHORIZED CAPITAL

By resolution of the Annual General Meeting on May 13, 2011, the previous Authorized Capitals I to V were revoked and a new Authorized Capital I was created.

In accordance with the new provision in the articles of association of Fresenius SE & Co. KGaA, the general partner, Fresenius Management SE, is authorized, with the approval

of the Supervisory Board, until May 12, 2016, to increase Fresenius SE & Co. KGaA's subscribed capital by a total amount of up to €40,320,000 through a single issue or multiple issues of new bearer ordinary shares against cash contributions and/or contributions in kind (Authorized Capital I). A subscription right must be granted to the shareholders in principle. In defined cases, the general partner is authorized, with the consent of the Supervisory Board, to decide on the exclusion of the shareholders' subscription right (e. g. to eliminate fractional amounts). For cash contributions, the authorization can only be exercised if the issue price is not significantly below the stock exchange price of the already listed shares at the time the issue price is fixed with final effect by the general partner. Furthermore, the proportionate amount of the shares issued with exclusion of subscription rights may

not exceed 10% of the subscribed capital neither at the time of the resolution on the authorization nor at the time of the utilization of the authorization. In the case of a contribution in kind, the subscription right can be excluded only in order to acquire a company, parts of a company or a participation in a company. The authorizations granted concerning the exclusion of subscription rights can be used by the general partner only to such extent that the proportional amount of the total number of shares issued with exclusion of the subscription rights does not exceed 20% of the subscribed capital, neither at the time of the resolution on the authorization nor at the time of the utilization of the authorization.

The changes to the Authorized Capital became effective upon registration of the amendments to the articles of association with the commercial register on July 11, 2011.

Due to the capital increase, the Authorized Capital I decreased by €13.8 million to €26,520,000 at December 31, 2012.

CONDITIONAL CAPITAL

Corresponding to the stock option plans, the Conditional Capital of Fresenius SE & Co. KGaA is divided into Conditional Capital I, Conditional Capital II and Conditional Capital III. These are used to satisfy the subscription rights in connection

with previously issued stock options or convertible bonds, as the case may be, for bearer ordinary shares under the stock option plans of 1998, 2003 and 2008 (see note 35, Stock options).

By resolution on May 11, 2012, the Annual General Meeting of Fresenius SE & Co. KGaA authorized the general partner, with the approval of the Supervisory Board, until May 10, 2017, to issue option bearer bonds and/or convertible bearer bonds, once or several times, for a total nominal amount of up to €2.5 billion. To fulfill the granted subscription rights, the subscribed capital of Fresenius SE & Co. KGaA was increased conditionally by up to €16,323,734 through issuing of up to 16,323,734 new bearer ordinary shares (Conditional Capital IV). The change of Fresenius SE & Co. KGaA's articles of association with regard to the Conditional Capital IV became effective upon registration with the commercial register on July 4, 2012. The conditional capital increase shall only be implemented to the extent that the holders of convertible bonds issued for cash or of warrants from option bonds issued for cash exercise their conversion or option rights and as long as no other forms of settlement are used (Conditional Capital IV). The new bearer ordinary shares shall participate in the profits from the start of the fiscal year in which they are issued.

The following table shows the development of the Conditional Capital:

in €	Ordinary shares
Conditional Capital I Fresenius AG Stock Option Plan 1998	888,428
Conditional Capital II Fresenius AG Stock Option Plan 2003	2,976,630
Conditional Capital III Fresenius SE Stock Option Plan 2008	6,024,524
Total Conditional Capital as of January 1, 2012	9,889,582
Fresenius AG Stock Option Plan 1998 – options exercised	-30,458
Fresenius AG Stock Option Plan 2003 – options exercised	-479,376
Fresenius SE Stock Option Plan 2008 – options exercised	-641,090
Conditional Capital IV, approved on May 11, 2012	16,323,734
Total Conditional Capital as of December 31, 2012	25,062,392

CAPITAL RESERVES

Capital reserves comprise the premium paid on the issue of shares and the exercise of stock options (additional paid-in capital).

In the second quarter of 2012, the capital reserves increased by €989 million in connection with Fresenius SE & Co. KGaA's capital increase. The accrued expenses less applicable tax benefit were charged in an amount of €11 million against the capital reserves.

OTHER RESERVES

Other reserves comprise earnings generated by Group entities in prior years to the extent that they have not been distributed.

DIVIDENDS

Under the German Stock Corporation Act (AktG), the amount of dividends available for distribution to shareholders is based upon the unconsolidated retained earnings of Fresenius SE & Co. KGaA as reported in its statement of financial position determined in accordance with the German Commercial Code (HGB).

In May 2012, a dividend of €0.95 per bearer ordinary share was approved by Fresenius SE & Co. KGaA's shareholders at the Annual General Meeting and paid. The total dividend payment was €155 million.

29. OTHER COMPREHENSIVE INCOME (LOSS)

Other comprehensive income (loss) comprises all amounts recognized directly in equity (net of tax) resulting from the currency translation of foreign subsidiaries' financial statements and the effects of measuring financial instruments at their fair value as well as the change in benefit obligation.

Changes in the components of other comprehensive income (loss) in 2012 and 2011 were as follows:

€ in millions	Amount before taxes	Tax effect	Total before noncontrolling interest after taxes	Noncontrolling interest	Total after taxes
Cash flow hedges	-26	5	-21	-33	-54
Change in unrealized gains/losses	-35	9	-26	-34	-60
Realized gains/losses due to reclassifications	9	-4	5	1	6
Change of fair value of available for sale financial assets	-8	–	-8	–	-8
Foreign currency translation	-13	35	22	53	75
Actuarial losses on defined benefit pension plans	-22	8	-14	-27	-41
Total changes 2011	-69	48	-21	-7	-28
Cash flow hedges	28	-5	23	-1	22
Change in unrealized gains/losses	15	-4	11	-8	3
Realized gains/losses due to reclassifications	13	-1	12	7	19
Change of fair value of available for sale financial assets	-9	–	-9	–	-9
Foreign currency translation	-82	2	-80	-82	-162
Actuarial losses on defined benefit pension plans	-106	30	-76	-36	-112
Total changes 2012	-169	27	-142	-119	-261

Changes in accumulated other comprehensive income (loss) net of tax by component in 2012 and 2011 were as follows:

€ in millions	Gains/losses on cash flow hedges	Change of fair value of available for sale financial assets	Foreign currency translation	Pension obligations	Total, before non-controlling interest	Non-controlling interest	Total
Balance December 31, 2010	-124	–	226	-67	35	139	174
Other comprehensive income before reclassifications	-26	-8	22	-17	-29	-11	-40
Amounts reclassified from accumulated other comprehensive income	5	0	–	3	8	4	12
Net current-period other comprehensive income	-21	-8	22	-14	-21	-7	-28
Balance December 31, 2011	-145	-8	248	-81	14	132	146
Other comprehensive income before reclassifications	11	-9	-80	-83	-161	-132	-293
Amounts reclassified from accumulated other comprehensive income	12	0	–	7	19	13	32
Net current-period other comprehensive income	23	-9	-80	-76	-142	-119	-261
Balance December 31, 2012	-122	-17	168	-157	-128	13	-115

Reclassifications out of accumulated other comprehensive income (loss) in 2012 and 2011 were as follows:

€ in millions	Amount of gain or loss reclassified from accumulated other comprehensive (income) loss		Affected line item in the consolidated statement of income
	2012	2011	
Details about accumulated other comprehensive (income) loss components			
Gains/losses on cash flow hedges			
Interest rate contracts	29	14	Interest income/expense
Foreign exchange contracts	-4	-3	Cost of sales
Foreign exchange contracts	-3	-1	Selling, general and administrative expenses
Foreign exchange contracts	–	0	Interest income/expense
Total before tax	22	10	
Tax expense or benefit	-3	-4	
Net of tax	19	6	
Amortization of defined benefit pension items			
Prior service costs	5	–	¹
Transition obligations	–	–	¹
Actuarial gains and losses	15	8	¹
Total before tax	20	8	
Tax expense or benefit	-7	-2	
Net of tax	13	6	
Total reclassifications for the period	32	12	

¹ Net periodic benefit cost is allocated as personnel expense within cost of sales or selling, general and administrative expenses as well as research and development expenses.

OTHER NOTES

30. COMMITMENTS AND CONTINGENT LIABILITIES

OPERATING LEASES AND RENTAL PAYMENTS

Fresenius Group's subsidiaries lease office and manufacturing buildings as well as machinery and equipment under various lease agreements expiring on dates through 2101. Rental expense recorded for operating leases for the years ended December 31, 2012 and 2011 was €565 million and €497 million, respectively.

Future minimum rental payments under non-cancellable operating leases for the years subsequent to December 31, 2012 are:

for the fiscal years	€ in millions
2013	502
2014	434
2015	372
2016	310
2017	297
Thereafter	1,041
Total	2,956

As of December 31, 2012, future investment commitments existed up to the year 2017 from the acquisition contracts for hospitals at projected costs of up to €341 million. Thereof €127 million relates to the year 2013.

Besides the above mentioned contingent liabilities, the amount of other commitments is immaterial.

LEGAL PROCEEDINGS

The Fresenius Group is routinely involved in numerous claims, lawsuits, regulatory and tax audits, investigations and other legal matters arising, for the most part, in the ordinary course of its business of providing health care services and products. Legal matters that the Fresenius Group currently deems

to be material are described below. For the matters described below in which the Fresenius Group believes a loss is both reasonably possible and estimable, an estimate of the loss or range of loss exposure is provided. For the other matters described below, the Fresenius Group believes that the loss probability is remote and/or the loss or range of possible losses cannot be reasonably estimated at this time. The outcome of litigation and other legal matters is always difficult to predict accurately and outcomes that are not consistent with Fresenius Group's view of the merits can occur. The Fresenius Group believes that it has valid defenses to the legal matters pending against it and is defending itself vigorously. Nevertheless, it is possible that the resolution of one or more of the legal matters currently pending or threatened could have a material adverse effect on its business, results of operations and financial condition.

Commercial litigation

W.R. Grace & Co. lawsuit

Fresenius Medical Care was originally formed as a result of a series of transactions it completed pursuant to the Agreement and Plan of Reorganization dated as of February 4, 1996, by and between W.R. Grace & Co. and Fresenius SE (the Merger). At the time of the Merger, a W.R. Grace & Co. subsidiary known as W.R. Grace & Co.-Conn. had, and continues to have, significant liabilities arising out of product-liability related litigation (including asbestos-related actions), pre-Merger tax claims and other claims unrelated to National Medical Care, Inc. (NMC), which was W.R. Grace & Co.'s dialysis business prior to the Merger. In connection with the Merger, W.R. Grace & Co.-Conn. agreed to indemnify Fresenius Medical Care, Fresenius Medical Care Holdings, Inc. (FMCH), and NMC against all liabilities of W.R. Grace & Co., whether relating to events occurring before or after the Merger, other than liabilities arising from or relating to NMC's operations. W.R. Grace & Co. and certain of its subsidiaries filed for reorganization under Chapter 11 of the U.S. Bankruptcy Code (the Grace Chapter 11 Proceedings) on April 2, 2001.

Prior to and after the commencement of the Grace Chapter 11 Proceedings, class action complaints were filed against W.R. Grace & Co. and FMCH by plaintiffs claiming to be creditors of W.R. Grace & Co.-Conn., and by the asbestos creditors' committees on behalf of the W.R. Grace & Co. bankruptcy estate in the Grace Chapter 11 Proceedings, alleging, among other things that the Merger was a fraudulent conveyance, violated the uniform fraudulent transfer act and constituted a conspiracy. All such cases have been stayed and transferred to or are pending before the U.S. District Court as part of the Grace Chapter 11 Proceedings.

In 2003, Fresenius Medical Care reached agreement with the asbestos creditors' committees on behalf of the W.R. Grace & Co. bankruptcy estate and W.R. Grace & Co. in the matters pending in the Grace Chapter 11 Proceedings for the settlement of all fraudulent conveyance and tax claims against it and other claims related to Fresenius Medical Care that arise out of the bankruptcy of W.R. Grace & Co. Under the terms of the settlement agreement as amended (Settlement Agreement), fraudulent conveyance and other claims raised on behalf of asbestos claimants will be dismissed with prejudice and Fresenius Medical Care will receive protection against existing and potential future W.R. Grace & Co. related claims, including fraudulent conveyance and asbestos claims, and indemnification against income tax claims related to the non-NMC members of the W.R. Grace & Co. consolidated tax group upon confirmation of a W.R. Grace & Co. bankruptcy reorganization plan that contains such provisions. Under the Settlement Agreement, Fresenius Medical Care will pay a total of US\$115 million without interest to the W.R. Grace & Co. bankruptcy estate, or as otherwise directed by the Court, upon plan confirmation. No admission of liability has been or will be made. The Settlement Agreement has been approved by the U.S. District Court. In January and February 2011, the U.S. Bankruptcy Court entered orders confirming the plan of reorganization and the confirmation orders were affirmed by the

U.S. District Court on January 31, 2012. Multiple parties have appealed to the Third Circuit Court of Appeals and the plan of reorganization will not be implemented until the appeals are finally resolved.

Subsequent to the Merger, W.R. Grace & Co. was involved in a multi-step transaction involving Sealed Air Corporation (Sealed Air, formerly known as Grace Holding, Inc.). Fresenius Medical Care is engaged in litigation with Sealed Air to confirm its entitlement to indemnification from Sealed Air for all losses and expenses incurred by Fresenius Medical Care relating to pre-Merger tax liabilities and Merger-related claims. Under the Settlement Agreement, upon final confirmation of a plan of reorganization that satisfies the conditions of Fresenius Medical Care's payment obligation, this litigation will be dismissed with prejudice.

Baxter patent dispute "touchscreen interfaces" (1)

On April 4, 2003, FMCH filed a suit in the U.S. District Court for the Northern District of California, styled Fresenius USA, Inc., et al., v. Baxter International, Inc., et al., Case No. C 03-1431, seeking a declaratory judgment that FMCH does not infringe patents held by Baxter International, Inc. and its subsidiaries and affiliates (Baxter), that the patents are invalid, and that Baxter is without right or authority to threaten or maintain suit against FMCH for alleged infringement of Baxter's patents. In general, the asserted patents concern the use of touch screen interfaces for hemodialysis machines. Baxter filed counter-claims against FMCH seeking more than US\$140 million in monetary damages and injunctive relief, and alleging that FMCH willfully infringed on Baxter's patents. On July 17, 2006, the court entered judgment on a jury verdict in favor of FMCH finding all asserted claims of Baxter patents invalid as obvious and/or anticipated in light of prior art.

On February 13, 2007, the court granted Baxter's motion to set aside the jury's verdict in favor of FMCH and reinstated the patents and entered judgment of infringement. Following a trial on damages, the court entered judgment on November 6, 2007 in favor of Baxter on a jury award of US\$14.3 million. On April 4, 2008, the court denied Baxter's motion for a new trial, established a royalty payable to Baxter of 10% of the sales price for continuing sales of FMCH's 2008K hemodialysis machines and 7% of the sales price of related disposables, parts and service beginning November 7, 2007, and enjoined sales of the touchscreen-equipped 2008K machine effective January 1, 2009. Fresenius Medical Care appealed the court's rulings to the United States Court of Appeals for the Federal Circuit (Federal Circuit). In October 2008, Fresenius Medical Care completed design modifications to the 2008K machine that eliminate any incremental hemodialysis machine royalty payment exposure under the District Court order. On September 10, 2009, the Federal Circuit reversed the district court's decision and determined that the asserted claims in two of the three patents at issue are invalid. As to the third patent, the Federal Circuit affirmed the district court's decision; however, the Court also vacated the injunction and award of damages. These issues were remanded to the District Court for reconsideration in light of the invalidity ruling on most of the claims. As a result, FMCH is no longer required to fund the court-approved escrow account set up to hold the royalty payments ordered by the district court. Funds of US\$70 million were contributed to the escrow fund. Upon remand, the district court reduced the post verdict damages award to US\$10 million and US\$61 million of the escrowed funds was returned to FMCH. In the parallel reexamination of the last surviving patent, the U.S. Patent and Trademark Office (USPTO) and the Board of Patent Appeals and Interferences ruled that the remaining Baxter patent is invalid. On May 17, 2012, the Federal Circuit affirmed the USPTO's ruling and invalidated the final remaining Baxter patent. Baxter's request to the Federal Circuit for a rehearing has been denied, and the Federal Circuit has issued a mandate to the USPTO to cancel the claims

of the last remaining asserted Baxter HD patent. Baxter has appealed to the Federal Circuit claiming that approximately US\$20 million of damages awarded to it by the District Court before the Federal Circuit affirmed the USPTO ruling constitutes a final judgment that may be collected. FMCH is opposing this appeal.

Baxter patent dispute "Liberty Cyclor"

On August 27, 2012, Baxter filed suit in the U.S. District Court for the Northern District of Illinois, styled Baxter International Inc., et al., v. Fresenius Medical Care Holdings, Inc., Case No. 12-cv-06890, alleging that FMCH's Liberty™ cyclor infringes certain U.S. patents that were issued to Baxter between October 2010 and June 2012. Fresenius Medical Care believes it has valid defenses to these claims, and will defend this litigation vigorously.

Product liability litigation

On December 12, 2012, a group of plaintiffs' counsel filed a petition to form a federal multidistrict litigation and thereby consolidate certain lawsuits alleging wrongful death and personal injury claims against FMCH and its affiliates. The complaints to be consolidated for pre-trial management allege generally that inadequate labeling and warnings for FMCH's dialysate concentrate products NaturaLyte® and Granuflo® caused harm to patients. In addition, a substantial number of similar state court cases have been filed that cannot be formally consolidated with the federal cases. FMCH believes that these lawsuits are without merit, and will defend them vigorously. In one case, the complaint was formally served on Fresenius SE & Co. KGaA and Fresenius Management SE causing both companies to be formally involved in the litigation. Both companies also believe the lawsuits to be without merit and intend to defend them vigorously.

Other litigation and potential exposures

Renal Care Group – Class action “acquisition”

Renal Care Group, Inc. (RCG), which Fresenius Medical Care acquired in 2006, is named as a nominal defendant in a complaint originally filed September 13, 2006 in the Chancery Court for the State of Tennessee Twentieth Judicial District at Nashville styled *Indiana State District Council of Laborers and Hod Carriers Pension Fund v. Gary Brukardt et al.* Following the trial court’s dismissal of the complaint, plaintiff’s appeal in part, and reversal in part by the appellate court, the cause of action purports to be a class action on behalf of former shareholders of RCG and seeks monetary damages only against the individual former directors of RCG. The individual defendants, however, may have had claims for indemnification and reimbursement of expenses against Fresenius Medical Care. Subject to the approval of the Nashville Chancery Court, the plaintiff has agreed to dismiss the complaint with prejudice against the plaintiff and all other class members in exchange for a payment that is not material to Fresenius Medical Care.

Fresenius Medical Care Holdings – Qui tam complaint (Massachusetts)

On February 15, 2011, a qui tam relator’s complaint under the False Claims Act against FMCH was unsealed by order of the United States District Court for the District of Massachusetts and served by the relator. The United States has not intervened in the case *United States ex rel. Chris Drennen v. Fresenius Medical Care Holdings, Inc.*, 2009 Civ. 10179 (D. Mass.). The relator’s complaint, which was first filed under seal in February 2009, alleges that FMCH seeks and receives reimbursement from government payors for serum ferritin and hepatitis B laboratory tests that are medically unnecessary or not properly ordered by a physician. On March 6, 2011, the United States Attorney for the District of Massachusetts issued a

Civil Investigative Demand seeking the production of documents related to the same laboratory tests that are the subject of the relator’s complaint. FMCH has cooperated fully in responding to the additional Civil Investigative Demand, and will vigorously contest the relator’s complaint.

Subpoena “New York”

On June 29, 2011, FMCH received a subpoena from the United States Attorney for the Eastern District of New York (E.D.N.Y.). On December 6, 2011, a single Company facility in New York received a subpoena from the Office of the Inspector General of the Department of Health and Human Services that was substantially similar to the one issued by the U.S. Attorney for the E.D.N.Y. These subpoenas are part of a criminal and civil investigation into relationships between retail pharmacies and outpatient dialysis facilities in the State of New York and into the reimbursement under government payor programs in New York for medications provided to patients with end-stage renal disease. Among the issues encompassed by the investigation is whether retail pharmacies may have provided or received compensation from the New York Medicaid program for pharmaceutical products that should be provided by the dialysis facilities in exchange for the New York Medicaid payment to the dialysis facilities. FMCH has cooperated in the investigation.

Subpoena “American Access Care, LLC”

Civil investigative demands were issued under the supervision of the United States Attorneys for Rhode Island and Connecticut to American Access Care, LLC (AAC) and certain affiliated entities prior to Fresenius Medical Care’s acquisition of AAC in October 2011. In March 2012, a third subpoena was issued under the supervision of the United States Attorney for the Southern District of Florida (Miami). The subpoenas cover a wide range of documents and activities of AAC, but appear to focus on coding and billing practices and procedures. Fresenius Medical Care has assumed responsibility for responding to the subpoenas and is cooperating fully with the United States Attorneys.

Internal review

Fresenius Medical Care has received communications alleging certain conduct in certain countries outside the United States and Germany that may violate the U.S. Foreign Corrupt Practices Act (FCPA) or other anti-bribery laws. In response to the allegations, the Audit and Corporate Governance Committee of Fresenius Medical Care's Supervisory Board is conducting an internal review with the assistance of independent counsel retained for such purpose. Fresenius Medical Care voluntarily advised the U.S. Securities and Exchange Commission and the U.S. Department of Justice that allegations have been made and of Fresenius Medical Care's internal review. Fresenius Medical Care has also directed its independent counsel, in conjunction with Fresenius Medical Care's Compliance Department, to review Fresenius Medical Care's compliance program including internal controls related to compliance with international anti-bribery laws and implement appropriate enhancements. Fresenius Medical Care is fully committed to FCPA compliance. It cannot predict the final outcome of its review.

Subpoenas "Massachusetts and Louisiana"

In December 2012 and January 2013, FMCH received subpoenas from the United States Attorneys for the District of Massachusetts and the Western District of Louisiana requesting production of a range of documents relating to products manufactured by FMCH, including the Granuflo® and Naturalyte® dialysate concentrate products. FMCH intends to cooperate fully in these matters.

In the ordinary course of Fresenius Group's operations, the Fresenius Group is subject to litigation, arbitration and investigations relating to various aspects of its business. The Fresenius Group regularly analyzes current information about such claims for probable losses and provides accruals for such matters, including estimated expenses for legal services, as appropriate.

The Fresenius Group, like other health care providers, conducts its operations under intense government regulation and scrutiny. It must comply with regulations which relate to or govern the safety and efficacy of medical products and supplies, the operation of manufacturing facilities, laboratories and dialysis clinics, and environmental and occupational health and safety. The Fresenius Group must also comply with the laws of the United States, including the federal Anti-Kickback Statute, the federal False Claims Act, the federal Stark Law, and other federal and state fraud and abuse laws. Applicable laws or regulations may be amended, or enforcement agencies or courts may make interpretations that differ from Fresenius Group's interpretations or the manner in which it conducts its business. Enforcement has become a high priority for the federal government and some states. In addition, the provisions of the False Claims Act authorizing payment of a portion of any recovery to the party bringing the suit encourage private plaintiffs to commence "qui tam" or "whistle blower" actions. In May 2009, the scope of the False Claims Act was expanded and additional protections for whistle blowers and procedural provisions to aid whistle blowers' ability to proceed in a False Claims Act case were added. By virtue of this regulatory environment, Fresenius Group's business activities and practices are subject to extensive review by regulatory authorities and private parties, and continuing audits, investigative demands, subpoenas, other inquiries, claims and litigation relating to Fresenius Group's compliance with applicable laws and regulations. The Fresenius Group may not always be aware that an inquiry or action has begun, particularly in the case of "whistle blower" actions, which are initially filed under court seal.

The Fresenius Group operates many facilities throughout the United States and other parts of the world. In such a decentralized system, it is often difficult to maintain the desired level of oversight and control over the thousands of individuals employed by many affiliated companies. The Fresenius Group relies upon its management structure, regulatory and legal resources, and the effective operation of its compliance program to direct, manage and monitor the activities of these

employees. On occasion, the Fresenius Group may identify instances where employees or other agents deliberately, recklessly or inadvertently contravene Fresenius Group's policies or violate applicable law. The actions of such persons may subject the Fresenius Group and its subsidiaries to liability under the Anti-Kickback Statute, the Stark Law, the False Claims Act and the Foreign Corrupt Practices Act, among other laws and comparable laws of other countries.

Physicians, hospitals and other participants in the health care industry are also subject to a large number of lawsuits alleging professional negligence, malpractice, product liability, worker's compensation or related claims, many of which involve large claims and significant defense costs. The Fresenius Group has been and is currently subject to these suits due to the nature of its business and expects that those types of lawsuits may continue. Although the Fresenius Group maintains insurance at a level which it believes to be prudent, it cannot assure that the coverage limits will be adequate or that insurance will cover all asserted claims. A successful claim against the Fresenius Group or any of its subsidiaries in excess of insurance coverage could have a material adverse effect upon it and the results of its operations. Any claims, regardless of their merit or eventual outcome, could have a material adverse effect on Fresenius Group's reputation and business.

The Fresenius Group has also had claims asserted against it and has had lawsuits filed against it relating to alleged patent infringements or businesses that it has acquired or divested. These claims and suits relate both to operation of the businesses and to the acquisition and divestiture transactions. The Fresenius Group has, when appropriate, asserted its own

claims, and claims for indemnification. A successful claim against the Fresenius Group or any of its subsidiaries could have a material adverse effect upon its business, financial condition, and the results of its operations. Any claims, regardless of their merit or eventual outcome, could have a material adverse effect on Fresenius Group's reputation and business.

Accrued special charge of Fresenius Medical Care for legal matters

At December 31, 2001, Fresenius Medical Care recorded a pre-tax special charge of US\$258 million to reflect anticipated expenses associated with the defense and resolution of pre-Merger tax claims, Merger-related claims, and commercial insurer claims. The costs associated with the Settlement Agreement and settlements with insurers have been charged against this accrual. With the exception of the proposed US\$115 million (€87 million) payment under the Settlement Agreement in the Grace Chapter 11 Proceedings, all other matters included in the special charge have been resolved. While Fresenius Medical Care believes that its remaining accrual reasonably estimates its currently anticipated costs related to the continued defense and resolution of this matter, no assurances can be given that its actual costs incurred will not exceed the amount of this accrual.

31. FINANCIAL INSTRUMENTS

The relationship between classes and categories as well as the reconciliation to the statement of financial position line items is shown in the following table:

	Categories				
	Loans and receivables	Financial liabilities measured at amortized cost	Financial liabilities/assets measured at fair value in the consolidated statement of income	Available for sale financial assets	Relating to no category
Cash and cash equivalents					► Cash and cash equivalents
Assets recognized at carrying amount	► Trade accounts receivable (incl. receivables from and loans to related parties) ► Other non-current assets (solely loan to Renal Advantage Partners, LLC) (until February 28, 2012)				
Assets recognized at fair value				► German government securities ► Shares	
Liabilities recognized at carrying amount		► Trade accounts payable ► Short-term accounts payable to related parties ► Short-term debt (incl. short-term loans from related parties) ► Long-term debt excluding capital lease obligations ► Senior Notes ► Trust preferred securities (until June 15, 2011) ► Mandatory exchangeable bonds (excluding embedded derivatives) (until August 14, 2011)			► Long-term capital lease obligations
Liabilities recognized at fair value			► Other short-term liabilities (solely Contingent Value Rights (until March 31, 2011) and derivatives embedded in the Mandatory Exchangeable Bonds (until August 14, 2011))		
Noncontrolling interest subject to put provisions recognized at fair value					► Noncontrolling interest subject to put provisions
Derivatives for hedging purposes			► Other current assets ► Other non-current assets ► Other short-term liabilities ► Other long-term liabilities		► Other current assets ► Other non-current assets ► Other short-term liabilities ► Other long-term liabilities

The derivative financial instruments embedded in the Mandatory Exchangeable Bonds (MEB) were included in the statement of financial position item short-term accrued expenses and other short-term liabilities until the maturity of the MEB (for details relating to the MEB, please see note 24, Mandatory Exchangeable Bonds). Due to their special character and

the difference in valuation, the embedded derivatives were classified separately. Also because of their special character and different valuation, the Contingent Value Rights (CVR) were classified separately from their statement of financial position item.

VALUATION OF FINANCIAL INSTRUMENTS

The carrying amounts of financial instruments at December 31, classified into categories, were as follows:

€ in millions	2012	2011
Loans and receivables	3,668	3,428
Financial liabilities measured at amortized cost	11,897	10,574
Assets measured at fair value in the consolidated statement of income ¹	37	44
Liabilities measured at fair value in the consolidated statement of income ¹	32	77
Available for sale financial assets	182	26
Relating to no category	330	68

¹ There are no financial instruments designated as at fair value through profit or loss upon initial recognition.

The following table presents the carrying amounts and fair values as well as the fair value hierarchy levels of Fresenius Group's financial instruments as of December 31, classified into classes:

€ in millions	Fair value hierarchy level	2012		2011	
		Carrying amount	Fair value	Carrying amount	Fair value
Cash and cash equivalents	1	885	885	635	635
Assets recognized at carrying amount	3	3,668	3,668	3,428	3,427
Assets recognized at fair value	1	182	182	26	26
Liabilities recognized at carrying amount	2	11,991	12,593	10,627	10,874
Liabilities recognized at fair value	2	23	23	18	18
Noncontrolling interest subject to put provisions recognized at fair value	3	398	398	317	317
Derivatives for hedging purposes	2	-35	-35	-212	-212

The significant methods and assumptions used to estimate the fair values of financial instruments as well as classification of fair value measurements according to the three-tier fair value hierarchy are as follows:

Cash and cash equivalents are stated at nominal value, which equals the fair value.

The nominal value of short-term financial instruments such as accounts receivable and payable and short-term debt represents its carrying amount, which is a reasonable estimate of the fair value due to the relatively short period to maturity for these instruments.

The fair values of major long-term financial instruments are calculated on the basis of market information. Financial instruments for which market quotes are available are measured with the market quotes at the reporting date. The fair values of the other long-term financial liabilities are calculated

at the present value of respective future cash flows. To determine these present values, the prevailing interest rates and credit spreads for the Fresenius Group as of the date of the statement of financial position are used.

The fair value of Fresenius Medical Care's loan to Renal Advantage Partners, LLC was based on significant unobservable inputs of comparable instruments and thus the class assets recognized at carrying amount consisting of trade accounts receivable and this loan is classified as fair value hierarchy Level 3.

The class assets recognized at fair value comprises German government securities and shares. The fair values of these assets are calculated on the basis of market information. Therefore, this class is classified as Level 1.

The class liabilities recognized at carrying amount is classified as hierarchy Level 2.

The class liabilities recognized at fair value is classified as hierarchy Level 2. Until the maturity of the MEB and the delisting of the CVR, this class consisted of the derivatives embedded in the MEB and the CVR.

The carrying amounts of derivatives embedded in the MEB and the CVR corresponded with their fair values. The MEB matured on August 14, 2011. The embedded derivatives were measured at fair value, which was estimated based on a Black-Scholes model which uses significant other observable inputs. Therefore, they were classified as Level 2.

The CVR were traded on the stock exchange in the United States and were therefore valued with the current stock exchange price until December 31, 2010. Consequently, they were classified as Level 1. In the first quarter of 2011, the CVR were deregistered and delisted from the NASDAQ due to the expiration of the underlying agreement and became valueless.

The valuation of the class noncontrolling interest subject to put provisions recognized at fair value is determined using significant unobservable inputs. It is therefore classified as Level 3.

Derivatives, mainly consisting of interest rate swaps and foreign exchange forward contracts, are valued as follows: The fair value of interest rate swaps is calculated by discounting the future cash flows on the basis of the market interest rates applicable for the remaining term of the contract as of the date of the statement of financial position. To determine the fair value of foreign exchange forward contracts, the contracted forward rate is compared to the current forward rate for the remaining term of the contract as of the date of the statement of financial position. The result is then discounted on the basis of the market interest rates prevailing at the date of the statement of financial position for the respective currency.

Fresenius Group's own credit risk is incorporated in the fair value estimation of derivatives that are liabilities. Counterparty credit-risk adjustments are factored into the valuation of derivatives that are assets.

For the fair value measurement of the class derivatives for hedging purposes, significant other observable inputs are used. Therefore, they are classified as Level 2 in accordance with the defined fair value hierarchy levels.

Currently, there is no indication that a decrease in the value of Fresenius Group's financing receivables is probable. Therefore, the allowances on credit losses of financing receivables are immaterial.

FAIR VALUES OF DERIVATIVE FINANCIAL INSTRUMENTS

€ in millions

Interest rate contracts (current)	
Interest rate contracts (non-current)	
Foreign exchange contracts (current)	
Foreign exchange contracts (non-current)	
Derivatives designated as hedging instruments¹	
Interest rate contracts (current)	
Interest rate contracts (non-current)	
Foreign exchange contracts (current) ¹	
Foreign exchange contracts (non-current) ¹	
Derivatives not designated as hedging instruments	

Dec. 31, 2012		Dec. 31, 2011	
Assets	Liabilities	Assets	Liabilities
0	50	0	103
0	18	0	60
15	11	9	39
1	–	1	5
16	79	10	207
0	6	0	0
0	2	0	3
37	9	43	58
–	–	1	1
37	17	44	62

¹ Derivatives designated as hedging instruments and foreign exchange contracts not designated as hedging instruments are classified as derivatives for hedging purposes.

Derivative financial instruments are marked to market each reporting period, resulting in carrying amounts equal to fair values at the reporting date.

Derivatives not designated as hedging instruments, which are derivatives that do not qualify for hedge accounting, are also solely entered into to hedge economic business transactions and not for speculative purposes.

Derivatives for hedging purposes were recognized at gross value within other assets in an amount of €53 million and other liabilities in an amount of €88 million.

The current portion of interest rate contracts and foreign exchange contracts indicated as assets in the previous table is recognized within other current assets in the consolidated statement of financial position, while the current portion of those indicated as liabilities is included in short-term accrued

expenses and other short-term liabilities. The non-current portions indicated as assets or liabilities are recognized in other non-current assets or in long-term accrued expenses and other long-term liabilities, respectively. The derivatives embedded in the MEB were recognized within other short-term liabilities until the maturity of the MEB.

Effects of financial instruments recorded in the consolidated statement of income

The net gains and losses from financial instruments consisted of allowances for doubtful accounts in an amount of €251 million and foreign currency transactions of -€22 million. Interest income of €54 million resulted mainly from trade accounts receivable and loans to related parties. Interest expense of €720 million resulted mainly from financial liabilities, which are not recognized at fair value in the consolidated statement of income.

EFFECT OF DERIVATIVES DESIGNATED AS HEDGING INSTRUMENTS ON THE CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

2012			
€ in millions	Gain or loss recognized in other comprehensive income (loss) (effective portion)	Gain or loss reclassified from accumulated other comprehensive income (loss) (effective portion)	Gain or loss recognized in the consolidated statement of income
Interest rate contracts	-20	29	2
Foreign exchange contracts	39	-7	0
Derivatives in cash flow hedging relationships¹	19	22	2
Foreign exchange contracts			4
Derivatives in fair value hedging relationships			4
Derivatives designated as hedging instruments	19	22	6

¹ The amount of gain or loss recognized in the consolidated statement of income solely relates to the ineffective portion.

2011			
€ in millions	Gain or loss recognized in other comprehensive income (loss) (effective portion)	Gain or loss reclassified from accumulated other comprehensive income (loss) (effective portion)	Gain or loss recognized in the consolidated statement of income
Interest rate contracts	-60	14	-7
Foreign exchange contracts	-31	-4	-
Derivatives in cash flow hedging relationships¹	-91	10	-7
Foreign exchange contracts			-7
Derivatives in fair value hedging relationships			-7
Derivatives designated as hedging instruments	-91	10	-14

¹ The amount of gain or loss recognized in the consolidated statement of income solely relates to the ineffective portion.

In 2012, losses of €9 million (2011: €8 million) for available for sale financial assets were recognized in other comprehensive income (loss).

EFFECT OF DERIVATIVES NOT DESIGNATED AS HEDGING INSTRUMENTS
ON THE CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

€ in millions	Gain or loss recognized in the consolidated statement of income	
	2012	2011
Interest rate contracts	–	3
Foreign exchange contracts	-23	43
Derivatives embedded in the MEB	0	-100
Derivatives not designated as hedging instruments	-23	-54

Losses from derivatives in fair value hedging relationships and from foreign exchange contracts not designated as hedging instruments recognized in the consolidated statement of income are faced by gains from the underlying transactions in the corresponding amount.

The Fresenius Group expects to recognize a net amount of €2 million of the existing gains for foreign exchange contracts deferred in accumulated other comprehensive income (loss) in the consolidated statement of income within the next 12 months. For interest rate contracts, the Fresenius Group expects to recognize €48 million of losses in the course of normal business during the next 12 months in interest expense.

Gains and losses from foreign exchange contracts and the corresponding underlying transactions are accounted for as cost of sales, selling, general and administrative expenses and net interest. Gains and losses resulting from interest rate contracts are recognized as net interest in the consolidated statement of income. Until 2011, the position other financial result in the consolidated statement of income included gains and losses from the valuation of the derivatives embedded in the MEB, which was made until August 14, 2011 (see note 11, Other financial result).

MARKET RISK

General

The Fresenius Group is exposed to effects related to foreign exchange fluctuations in connection with its international business activities that are denominated in various currencies. In order to finance its business operations, the Fresenius Group issues senior notes and commercial papers and enters

into mainly long-term credit agreements and euro notes (Schuldscheindarlehen) with banks. Due to these financing activities, the Fresenius Group is exposed to interest risk caused by changes in variable interest rates and the risk of changes in the fair value of statement of financial position items bearing fixed interest rates.

In order to manage the risk of interest rate and foreign exchange rate fluctuations, the Fresenius Group enters into certain hedging transactions with highly rated financial institutions as authorized by the Management Board. Derivative financial instruments are not entered into for trading purposes.

In general, the Fresenius Group conducts its derivative financial instrument activities under the control of a single centralized department. The Fresenius Group has established guidelines derived from best practice standards in the banking industry for risk assessment procedures and supervision concerning the use of financial derivatives. These guidelines require amongst other things a clear segregation of duties in the areas of execution, administration, accounting and controlling. Risk limits are continuously monitored and, where appropriate, the use of hedging instruments is adjusted to that extent.

The Fresenius Group defines benchmarks for individual exposures in order to quantify interest and foreign exchange risks. The benchmarks are derived from achievable and sustainable market rates. Depending on the individual benchmarks, hedging strategies are determined and generally implemented by means of micro hedges.

Earnings of the Fresenius Group were not materially affected by hedge ineffectiveness in the reporting period since the critical terms of the interest and foreign exchange derivatives mainly matched the critical terms of the underlying exposures.

Securities, which are predominantly held as German government securities and shares, are generally subject to the risk of changing stock exchange prices. Therefore, the stock exchange prices of these securities are continuously monitored to identify possible price risks on time.

Derivative financial instruments

Foreign exchange risk management

The Fresenius Group has determined the euro as its financial reporting currency. Therefore, foreign exchange translation risks resulting from the fluctuation of exchange rates between the euro and the local currencies, in which the financial statements of the foreign subsidiaries are prepared, have an impact on results of operations and financial positions reported in the consolidated financial statements.

Besides translation risks, foreign exchange transaction risks exist, which mainly relate to transactions such as purchases and sales as well as engineering and services provided by the Fresenius Group which are denominated in foreign currencies. A major part of transaction risks arise from products manufactured in Fresenius Group's worldwide production sites which are usually denominated in the local currency of the respective manufacturer and are delivered worldwide to various Fresenius Group entities. These intragroup sales are mainly denominated in euros, U.S. dollars and yens. Therefore, Group companies are exposed to changes of the foreign exchange rates between the invoicing currencies and the local currencies in which they conduct their businesses. Solely for the purpose of hedging existing and foreseeable foreign exchange transaction exposures, the Fresenius Group enters into foreign exchange forward contracts and, on a small scale, foreign exchange options. To ensure that no foreign exchange risks result from loans in foreign currencies, the Fresenius Group enters into foreign exchange swap contracts.

As of December 31, 2012, the notional amounts of foreign exchange contracts totaled €2,950 million. These foreign exchange contracts have been entered into to hedge risks from operational business and in connection with loans in foreign

currency. The predominant part of the foreign exchange forward contracts to hedge risks from operational business was recognized as cash flow hedge, while foreign exchange contracts in connection with loans in foreign currencies are partly recognized as fair value hedges. The fair values of cash flow hedges and fair value hedges were €5 million and -€4 thousand, respectively.

The hedge-effective portion of changes in the fair value of foreign exchange forward contracts that are designated and qualified as cash flow hedges of forecasted product purchases and sales is reported in accumulated other comprehensive income (loss). These amounts are subsequently reclassified into earnings as a component of cost of sales or as selling, general and administrative expenses in the same period in which the hedged transaction affects earnings.

As of December 31, 2012, the Fresenius Group was party to foreign exchange contracts with a maximum maturity of 35 months.

The Fresenius Group uses a Cash-Flow-at-Risk (CFaR) model in order to estimate and quantify such transaction risks from foreign currencies. The basis for the analysis of the currency risks are the foreign currency cash flows that are reasonably expected to arise within the following 12 months, less any hedges. Under the CFaR approach, the potential currency fluctuations of these net exposures are shown as probability distributions based on historical volatilities and correlations of the preceding 250 business days. The calculation is made assuming a confidence level of 95% and a holding period of up to one year. The aggregation of currency risks has risk-mitigating effects due to correlations between the transactions concerned, i. e. the overall portfolio's risk exposure is generally less than the sum total of the underlying individual risks. As of December 31, 2012, the Fresenius Group's cash flow at risk amounts to €43 million, this means, with a probability of 95%, a potential loss in relation to the forecasted foreign exchange cash flows of the next 12 months will be not higher than €43 million.

Interest rate risk management

Fresenius Group's interest rate risks mainly arise from money market and capital market transactions of the Group for financing its business activities.

The Fresenius Group enters into interest rate swaps and, on a small scale, into interest rate options in order to protect against the risk of rising interest rates. These interest rate derivatives are mainly designated as cash flow hedges and

have been entered into in order to convert payments based on variable interest rates into payments at a fixed interest rate and in anticipation of future debt issuances. The U.S. dollar interest rate swaps with a notional volume of US\$1,200 million (€909 million) and a fair value of -US\$29 million (-€22 million) expire at various dates in the years 2013 and 2014. The euro interest rate swaps with a notional volume of €676 million and a fair value of -€54 million expire in the years 2013 to 2022. The U.S. dollar interest rate swaps bear an average interest rate of 3.25% and the euro interest rate swaps bear an average interest rate of 2.95%.

Interest payables and interest receivables in connection with the swap agreements are accrued and recorded as an adjustment to the interest expense at each reporting date. Concerning interest rate contracts, unscheduled repayments or the renegotiation of hedged items may in some cases lead to the de-designation of the hedging instrument, which existed up to that point. From that date, the respective hedging transactions are recognized in the consolidated statement of income.

For purposes of analyzing the impact of changes in the relevant reference interest rates on Fresenius Group's results of operations, the Group calculates the portion of financial debt which bears variable interest rates and which has not been hedged by means of interest rate swaps or options against rising interest rates. For this particular part of its liabilities, the Fresenius Group assumes an increase in the reference rates of 0.5% compared to the actual rates as of the date of the statement of financial position. The corresponding additional annual interest expense is then compared to the net income attributable to shareholders of Fresenius SE & Co. KGaA. This analysis shows that an increase of 0.5% in the relevant reference rates would have an effect of less than 1% on the consolidated net income attributable to shareholders of Fresenius SE & Co. KGaA and Fresenius SE & Co. KGaA shareholders' equity.

Stock price risk management

Price risks arise from changing stock prices of available for sale financial assets. Gains and losses arising from available for sale financial assets are recognized directly in the consolidated statement of equity until the asset is disposed of or if it is considered to be impaired. A decline of 10% in prices of the recognized assets would have an effect of less than 0.2% on Fresenius SE & Co. KGaA shareholders' equity.

CREDIT RISK

The Fresenius Group is exposed to potential losses regarding financial instruments in the event of non-performance by counterparties. With respect to derivative financial instruments, it is not expected that any counterparty fails to meet its obligations as the counterparties are highly rated financial institutions. The maximum credit exposure of derivatives is represented by the fair value of those contracts with a positive fair value amounting to €53 million for foreign exchange derivatives at December 31, 2012. No credit exposure existed from interest rate derivatives. The maximum credit risk resulting from the use of non-derivative financial instruments is defined as the total amount of all receivables. In order to control this credit risk, the Management of the Fresenius Group performs an ageing analysis of trade accounts receivable. For details on the ageing analysis and on the allowance for doubtful accounts, please see note 15, Trade accounts receivable.

LIQUIDITY RISK

The liquidity risk is defined as the risk that a company is potentially unable to meet its financial obligations. The Management of the Fresenius Group manages the liquidity of the Group by means of effective working capital and cash management as well as an anticipatory evaluation of refinancing alternatives. The Management of the Fresenius Group believes that existing credit facilities as well as the cash generated by operating activities and additional short-term borrowings are sufficient to meet the Company's foreseeable demand for liquidity (see note 22, Debt and capital lease obligations).

The following table shows the future undiscounted contractual cash flows (including interests) resulting from recognized financial liabilities as well as the fair value of noncontrolling interest subject to put provisions and the fair value of derivative financial instruments:

€ in millions	up to 1 year	1 to 3 years	3 to 5 years	more than 5 years
Long-term debt and capital lease obligations (including accounts receivable securitization program) ¹	640	2,029	2,263	413
Short-term debt	217	0	0	0
Senior Notes	325	1,413	1,356	4,781
Trade accounts payable	961	0	0	0
Noncontrolling interest subject to put provisions	168	55	84	91
Derivative financial instruments	76	13	6	1
Total	2,387	3,510	3,709	5,286

¹ Future interest payments for financial liabilities with variable interest rates were calculated using the latest interest rates fixed prior to December 31, 2012.

32. SUPPLEMENTARY INFORMATION ON CAPITAL MANAGEMENT

The Fresenius Group has a solid financial profile. Capital management includes both equity and debt. A principal objective of Fresenius Group's capital management is to optimize the weighted-average cost of capital. Further, it is sought to achieve a balanced mix of equity and debt. To secure growth on a long-term basis, a capital increase may also be considered in exceptional cases, for instance to finance a major acquisition.

Due to the Company's diversification within the health care sector and the strong market positions of the business segments in global, growing and non-cyclical markets, predictable and sustainable cash flows are generated. They allow a reasonable proportion of debt, i. e. the employment of an extensive mix of financial instruments. Moreover, Fresenius Group's customers are generally of high credit quality.

Shareholders' equity and debt have developed as follows:

SHAREHOLDERS' EQUITY

€ in millions	Dec. 31, 2012	Dec. 31, 2011
Shareholders' equity	12,758	10,577
Total assets	30,664	26,321
Equity ratio	41.6%	40.2%

Fresenius SE & Co. KGaA is not subject to any capital requirements provided for in its articles of association. Fresenius SE & Co. KGaA has obligations to issue shares out of the Conditional Capital relating to the exercise of stock options and convertible bonds on the basis of the existing 1998 (until June 30, 2012), 2003 and 2008 stock option plans (see note 35, Stock options).

DEBT

€ in millions	Dec. 31, 2012	Dec. 31, 2011
Debt	11,028	9,799
Total assets	30,664	26,321
Debt ratio	36.0%	37.2%

According to the definitions in the underlying agreements, the Mandatory Exchangeable Bonds and the Contingent Value Rights were not categorized as debt until their maturity.

Assuring financial flexibility is the top priority in the Group's financing strategy. This flexibility is achieved through a wide range of financing instruments and a high degree of diversification of the investors. Fresenius Group's maturity profile displays a broad spread of maturities with a high proportion of medium- and long-term financing. In the choice of financing instruments, market capacity, investor diversification, flexibility, credit conditions and the existing maturity profile are taken into account.

The net debt/EBITDA ratio is a key financial figure for the Fresenius Group. As of December 31, 2012, the net debt/EBITDA ratio (before special items) was 2.6 and was therefore within Fresenius Group's target range of 2.5 to 3.0. At the end of 2013, the Fresenius Group expects the net debt/EBITDA ratio to be at the lower end of the target range.

Fresenius Group's financing strategy is reflected in its credit ratings. The Fresenius Group is covered by the rating agencies Moody's, Standard & Poor's and Fitch.

The following table shows the company rating of Fresenius SE & Co. KGaA:

	Standard & Poor's	Moody's	Fitch
Company rating	BB +	Ba1	BB +
Outlook	stable	stable	stable

Following the announcement of the voluntary public takeover offer to RHÖN-KLINIKUM AG shareholders, Standard & Poor's and Moody's had placed the company rating under review for a possible downgrade. Fitch affirmed the company rating and the outlook. Early September 2012, Fresenius SE & Co. KGaA announced that it has decided not to submit a new takeover offer to the shareholders of RHÖN-KLINIKUM AG for the time being. As a consequence, Standard & Poor's and Moody's confirmed the outlook with stable.

33. SUPPLEMENTARY INFORMATION ON THE CONSOLIDATED STATEMENT OF CASH FLOWS

The consolidated statements of cash flows of the Fresenius Group for the fiscal years 2012 and 2011 are shown on page 125.

Cash funds reported in the consolidated statement of cash flows and in the consolidated statement of financial position comprise cash on hand, checks, securities and cash at bank which are readily convertible within three months and are subject to insignificant risk of changes in value.

The following table provides additional information with regard to the consolidated statement of cash flows:

€ in millions	2012	2011
Interest paid	580	474
Income taxes paid	659	516

Cash paid for acquisitions (without investments in licenses) consisted of the following:

€ in millions	2012	2011
Assets acquired	3,980	1,412
Liabilities assumed	-444	-168
Noncontrolling interest	-178	-34
Notes assumed in connection with acquisitions	-551	-56
Cash paid	2,807	1,154
Cash acquired	-184	-46
Cash paid for acquisitions, net	2,623	1,108

34. NOTES ON THE CONSOLIDATED SEGMENT REPORTING

GENERAL

The consolidated segment reporting tables shown on pages 128 to 129 of this annual report are an integral part of the notes.

The Fresenius Group has identified the business segments Fresenius Medical Care, Fresenius Kabi, Fresenius Helios and Fresenius Vamed, which corresponds to the internal organizational and reporting structures (Management Approach) at December 31, 2012.

The key data disclosed in conjunction with the consolidated segment reporting correspond to the key data of the internal reporting system of the Fresenius Group. Internal and external reporting and accounting correspond to each other; the same key data and definitions are used.

Sales and proceeds between the segments are indicative of the actual sales and proceeds agreed with third parties. Administrative services are billed in accordance with service level agreements.

The business segments were identified in accordance with FASB ASC Topic 280, Segment Reporting, which defines the segment reporting requirements in the annual financial statements and interim reports with regard to the operating business, product and service businesses and regions. The business segments of the Fresenius Group are as follows:

- ▶ Fresenius Medical Care
- ▶ Fresenius Kabi
- ▶ Fresenius Helios
- ▶ Fresenius Vamed
- ▶ Corporate/Other

The segment Corporate/Other mainly comprises the holding functions of Fresenius SE & Co. KGaA as well as Fresenius Netcare GmbH, which provides services in the field of information technology and Fresenius Biotech, which does not fulfill the characteristics of a reportable segment. In addition, the segment Corporate/Other includes intersegment consolidation adjustments as well as special items (see note 3, Special items). Until 2011, this segment included special

items in connection with the fair value measurement of the Mandatory Exchangeable Bonds and the Contingent Value Rights.

Details on the business segments are shown on page 131 of the notes.

Segment reporting by region takes account of geographical factors and the similarity of markets in terms of opportunities and risks. The allocation to a particular region is based on the domicile of the customers.

NOTES ON THE BUSINESS SEGMENTS

The key figures used by the Management Board to assess segment performance, have been selected in such a way that they include all items of income and expenses which fall under the area of responsibility of the business segments. The Management Board is convinced that the most suitable performance indicator is the operating income (EBIT). The Management Board believes that, in addition to the operating income, the figure for earnings before interest, taxes and depreciation/amortization (EBITDA) can also help investors to assess the ability of the Fresenius Group to generate cash flows and to meet its financial obligations. The EBITDA figure is also the basis for assessing Fresenius Group's compliance with the terms of its credit agreements (e. g. the Fresenius Medical Care 2006 Senior Credit Agreement, the Fresenius Medical Care 2012 Credit Agreement or the 2008 Senior Credit Agreement).

Depreciation and amortization is presented for property, plant and equipment, intangible assets with definite useful lives of the respective business segment.

Net interest comprises interest expenses and interest income.

Net income attributable to shareholders of Fresenius SE & Co. KGaA is defined as earnings after income taxes and noncontrolling interest.

The operating cash flow is the cash provided by/used in operating activities.

The cash flow before acquisitions and dividends is the operating cash flow less net capital expenditure.

Debt comprises bank loans, senior notes, capital lease obligations, liabilities relating to outstanding acquisitions as well as intercompany liabilities. Until their maturity in 2011, trust preferred securities were also included in debt. The Mandatory Exchangeable Bonds and the Contingent Value Rights were not categorized as debt (see note 32, Supplementary information on capital management).

Capital expenditure mainly includes additions to property, plant and equipment.

Acquisitions refer to the purchase of shares in legally independent companies and the acquisition of business divisions and intangible assets (e. g. licenses). The key figures shown with regard to acquisitions present the contractual purchase prices comprising amounts paid in cash (less cash acquired), debts assumed and the issuance of shares, whereas for the purposes of the statement of cash flows, only cash purchase price components less acquired cash and cash equivalents are reported.

The EBITDA margin is calculated as a ratio of EBITDA to sales.

The EBIT margin is calculated as a ratio of EBIT to sales.

The return on operating assets (ROOA) is defined as the ratio of EBIT to average operating assets. Operating assets are defined as total assets less deferred tax assets, trade accounts payable and advance payments from customers as well as guaranteed subsidies.

In addition, the key indicators "Depreciation and amortization in % of sales" and "Operating cash flow in % of sales" are also disclosed.

RECONCILIATION OF KEY FIGURES TO CONSOLIDATED EARNINGS

€ in millions	2012	2011
Total EBIT of reporting segments	3,120	2,608
General corporate expenses		
Corporate/Other (EBIT)	-137	-45
Group EBIT	2,983	2,563
Investment gain	109	0
Interest expenses	-720	-587
Interest income	54	56
Other financial result	-35	-100
Income before income taxes	2,391	1,932

RECONCILIATION OF NET DEBT WITH THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION

€ in millions	Dec. 31, 2012	Dec. 31, 2011
Short-term debt	205	171
Short-term loans from related parties	4	3
Current portion of long-term debt and capital lease obligations	519	1,852
Long-term debt and capital lease obligations, less current portion	4,436	3,777
Senior Notes	5,864	3,996
Debt	11,028	9,799
less cash and cash equivalents	885	635
Net debt	10,143	9,164

The following table shows the non-current assets by geographical region:

€ in millions	Dec. 31, 2012	Dec. 31, 2011
Germany	4,509	3,715
Europe (excluding Germany)	2,756	2,588
North America	13,507	11,294
Asia-Pacific	1,069	1,008
Latin America	404	391
Africa	47	47
Total non-current assets¹	22,292	19,043

¹ The aggregate amount of net non-current assets is the sum of non-current assets less deferred tax assets and derivative financial instruments.

In 2012, the Fresenius Group generated sales of €4,191 million (2011: €3,573 million) in Germany. Sales in the United States were €7,931 million at actual rates and €7,319 million in constant currency in 2012 (2011: €6,747 million).

35. STOCK OPTIONS

COMPENSATION COST IN CONNECTION WITH THE STOCK OPTION PLANS OF THE FRESENIUS GROUP

In 2012, the Fresenius Group recognized compensation cost in an amount of €36 million for stock options granted since 2008. For stock incentive plans which are performance-based, the Fresenius Group recognizes compensation cost over the vesting periods, based on the market values of the underlying stock at the grant date.

FAIR VALUE OF STOCK OPTIONS

The Fresenius Group elected to adopt FAS 123(R), Share-Based Payment, prospectively.

The Fresenius Group uses a binomial option pricing model in determining the fair value of stock options granted under the stock option plans of Fresenius SE & Co. KGaA and Fresenius Medical Care AG & Co. KGaA. Option valuation models require the input of highly subjective assumptions including expected stock price volatility. Fresenius Group's assumptions are based upon its past experiences, market trends and the experiences of other entities of the same size and in similar industries. To incorporate the effects of expected early exercise in the model, an early exercise of vested options was assumed as soon as the share price exceeds 150% of the exercise price. Fresenius Group's stock options have characteristics that vary significantly from traded options and changes in subjective assumptions can materially affect the fair value of the option.

The weighted-average assumptions for the calculation of the fair value of grants of the Fresenius SE Stock Option Plan 2008 made during the years 2012 and 2011 are as follows:

€ in millions	2012		2011	
	December Grant	July Grant	December Grant	July Grant
Expected dividend yield	1.40%	1.52%	1.60%	1.58%
Risk-free interest rate	0.90%	1.00%	1.70%	2.68%
Expected volatility	28.55%	28.93%	29.18%	29.15%
Life of options	7 years	7 years	7 years	7 years
Exercise price per option in €	87.36	78.40	71.37	71.28

The expected volatility results from the historical volatility calculated over the expected life of options. The volatility was determined when the fair value of stock options was calculated for the first time and since then has been controlled every year upon issuance of a new tranche.

FRESENIUS SE & CO. KGAA STOCK OPTION PLANS

Description of the Fresenius SE & Co. KGaA stock option plans in place

As of December 31, 2012, Fresenius SE & Co. KGaA had two stock option plans in place: the Fresenius AG Stock Option Plan 2003 (2003 Plan) which is based on convertible bonds and the stock option based Fresenius SE Stock Option Plan 2008 (2008 Plan). On June 30, 2012, the term of the options granted under the Fresenius AG Stock Option Plan 1998 expired. In 2012, stock options were solely granted under the 2008 Plan.

Stock Option Plan 2008

During 2008, Fresenius SE adopted the 2008 Plan to grant subscription rights to members of the Management Board and executive employees of the Company and affiliated companies. Due to the change of legal form of Fresenius SE into

Fresenius SE & Co. KGaA and the conversion of all preference shares into ordinary shares, this plan was amended and completely adapted to ordinary shares. Under the 2008 Plan, up to 6.2 million options can be issued, which carry entitlement to exclusively obtain 6.2 million ordinary shares (originally 3.1 million ordinary shares and 3.1 million preference shares). Up to 1.2 million options are designated for members of the Management Board of Fresenius Management SE (originally Management Board of Fresenius SE), up to 3.2 million options are designated for members of the management of directly or indirectly affiliated companies (except for Fresenius Medical Care) and up to 1.8 million options are designated for executive employees of Fresenius SE & Co. KGaA (originally of Fresenius SE) and its affiliated companies (except for Fresenius Medical Care). With respect to the members of Fresenius Management SE's Management Board, the Supervisory Board of Fresenius Management SE now holds the sole authority to grant stock options and administer the 2008 Plan. The Management Board of Fresenius Management SE now has such authority with respect to all other participants in the 2008 Plan. The options can be granted in five tranches with effect as of the first bank working day in July and/or the first bank working day in December. The exercise price of options shall be the average closing price of Fresenius SE & Co. KGaA's (originally Fresenius SE's) ordinary shares (originally ordinary and preference shares) on the Frankfurt Stock Exchange during the 30 trading days immediately prior to each grant date. For participants in the United States, the exercise price may be the average closing price during the 30 calendar days immediately prior to the grant date, if this is higher. Options granted have a seven-year term but can be exercised only after a three-year vesting period. The vesting of options granted is mandatorily subject to the condition, in each case, that the annual success target within the three-year vesting period is achieved. For each such year, the success target is achieved if the consolidated net income attributable to shareholders of Fresenius SE & Co. KGaA, adjusted for extraordinary effects, has increased by at least 8% compared to the respective

adjusted net income attributable to shareholders of Fresenius SE & Co. KGaA of the previous fiscal year. For each year in which the success target has not been met, one-third of the options granted shall forfeit. The adjusted net income attributable to shareholders of Fresenius SE & Co. KGaA shall be calculated on the basis of the calculation method of the accounting principles according to U.S. GAAP. For the purposes of the 2008 Plan, the adjusted net income attributable to shareholders of Fresenius SE & Co. KGaA is determined and will be verified with binding effect by Fresenius SE & Co. KGaA's auditor during the audit of the consolidated financial statements. The performance targets for 2008 to 2012 were met. Upon exercise of vested options, Fresenius SE & Co. KGaA has the right to grant treasury shares or a cash payment in lieu of increasing capital by the issuance of new shares. If all conditions are fulfilled, stock options may be exercised throughout the year with the exception of certain pre-determined black-out periods. Former options for preference shares are now exclusively options for ordinary shares.

Stock Option Plan 2003

During 2003, Fresenius AG adopted the 2003 Plan for members of the Management Board and executive employees. This incentive plan which is based on convertible bonds was replaced by the 2008 Plan and no options have been granted since 2008. Due to the change of legal form of Fresenius SE into Fresenius SE & Co. KGaA and the conversion of all preference shares into ordinary shares, this plan was also amended and completely adapted to ordinary shares. Under the 2003 Plan, eligible employees have the right to acquire ordinary shares (originally ordinary and preference shares) of Fresenius SE & Co. KGaA (originally of Fresenius AG or of Fresenius SE, respectively). The bonds expire in 10 years and

one third of them can be exercised beginning after two, three and four years after the grant date, respectively. Upon issuance of the option, the employees had the right to choose options with or without a stock price target. The conversion price of options subject to a stock price target corresponds to the stock exchange quoted price of the ordinary shares (originally ordinary or preference shares, respectively) upon the first time the stock exchange quoted price exceeds the initial value (after the share split in 2007: $\frac{1}{3}$ of the initial value) by at least 25%. If converted after the share split, the conversion price which entitles to three ordinary shares (originally three ordinary shares or three preference shares, respectively) is equal to the triple of one third of the initial value. The initial value is the joint average stock exchange price of the ordinary shares (originally ordinary shares or preference shares, respectively) during the last 30 trading days prior to the date of grant. The conversion price of options without a stock price target is the initial value. In the case of options not subject to a stock price target, the number of convertible bonds awarded to the eligible employee was 15% less than if the employee elected options subject to the stock price target. Each convertible bond granted after the share split in 2007 entitles to subscribe one ordinary share (originally one ordinary or one preference share, respectively), subject to payment of the conversion price. Bonds granted and converted prior to the share split were entitled to subscribe one ordinary share (originally one ordinary or one preference share, respectively), conversion after the share split entitles to three ordinary shares (originally three ordinary or three preference shares, respectively). In addition, due to the elimination of the preference shares, after the change of legal form, the success target of the 2003 Plan had to be adjusted to the effect that it is deemed to be achieved if and when the aggregate of the following price increases amounts to at least 25%: (1) increase of the joint average stock exchange price of ordinary and preference shares from the day of the issuance until the day

when the change of legal form took effect and (2) increase of the stock exchange price of ordinary shares since the change of legal form took effect.

Stock Option Plan 1998

During 1998, Fresenius AG adopted the 1998 Plan for members of the Management Board and executive employees. This stock incentive plan was replaced by the 2003 Plan and no options have been granted since 2003. Under the 1998 Plan, eligible employees had the right to acquire ordinary and preference shares of Fresenius SE. After the change of legal form and the conversion of all preference shares into ordinary shares, the options exclusively granted the right to acquire ordinary shares of Fresenius SE & Co. KGaA. Options granted under this plan had a 10-year term which expired on June 30, 2012.

Transactions during 2012

In 2012, Fresenius SE & Co. KGaA awarded 1,206,145 stock options under the 2008 Plan, including 198,660 options to members of the Management Board of Fresenius Management SE, at a weighted-average exercise price of €78.54, a weighted-average fair value of €21.18 each and a total fair value of €26 million, which will be amortized over the three-year vesting period.

During the fiscal year 2012, Fresenius SE & Co. KGaA received cash of €46 million from the exercise of 1,150,924 stock options. The average stock price of the ordinary share at the exercise date was €84.06. The intrinsic value of options exercised in 2012 was €48 million.

929,147 convertible bonds were outstanding and exercisable under the 2003 Plan at December 31, 2012. The members of the Fresenius Management SE Management Board held 220,360 convertible bonds. At December 31, 2012, out of 4,455,605 outstanding stock options issued under the 2008 Plan, 1,132,182 were exercisable and 931,380 were held by the members of the Fresenius Management SE Management Board.

Stock option transactions are summarized as follows:

Ordinary shares Dec. 31	Number of options	Weighted- average exercise price in €	Number of options exercisable
Balance 2010	2,644,661	43.87	906,895
Granted	1,143,440	71.28	
Exercised	786,358	38.85	
Forfeited	151,389	48.38	
Converted from preference shares	2,643,773	43.87	
Balance 2011	5,494,127	50.25	2,248,083
Granted	1,206,145	78.54	
Exercised	1,150,924	39.83	
Forfeited	164,596	55.90	
Balance 2012	5,384,752	58.72	2,061,329

Preference shares Dec. 31	Number of options	Weighted- average exercise price in €	Number of options exercisable
Balance 2010	2,644,661	44.74	906,895
Exercised	888	48.71	
Converted into ordinary shares	2,643,773	44.74	
Balance 2011	0		

The following table provides a summary of fully vested options outstanding and exercisable for ordinary shares at December 31, 2012:

OPTIONS FOR ORDINARY SHARES

Range of exercise price in €	Options outstanding			Options exercisable		
	Number of options	Weighted-average remaining contractual life in years	Weighted-average exercise price in €	Number of options	Weighted-average remaining contractual life in years	Weighted-average exercise price in €
10.01 – 15.00	19,881	0.50	13.65	19,881	0.50	13.65
15.01 – 20.00	4,608	0.50	18.18	4,608	0.50	18.18
20.01 – 25.00	54,922	1.50	21.96	54,922	1.50	21.96
25.01 – 30.00	150,438	2.47	28.60	150,438	2.47	28.60
30.01 – 35.00	634,848	3.50	33.81	634,848	3.50	33.81
35.01 – 40.00	292,172	3.39	39.21	292,172	3.39	39.21
40.01 – 45.00	11,482	2.92	41.62	11,482	2.92	41.62
45.01 – 50.00	11,664	3.50	48.81	11,664	3.50	48.81
50.01 – 55.00	1,508,790	3.88	53.89	483,352	2.58	54.69
55.01 – 60.00	382,908	4.50	56.43	382,908	4.50	56.43
60.01 – 65.00	9,000	4.92	63.53	0		
70.01 – 75.00	1,111,694	5.49	71.27	15,054	4.50	70.79
75.01 – 80.00	1,173,585	6.50	78.39	0		
85.01 – 90.00	18,760	6.92	87.36	0		
	5,384,752	4.69	58.72	2,061,329	3.30	43.15

At December 31, 2012, the aggregate intrinsic value of exercisable options for ordinary shares was €91 million.

At December 31, 2012, total unrecognized compensation cost related to non-vested options granted under the 2008 Plan was €31 million. This cost is expected to be recognized over a weighted-average period of 2.1 years.

FRESENIUS MEDICAL CARE AG & CO. KGAA STOCK OPTION PLANS

Fresenius Medical Care AG & Co. KGaA Long Term Incentive Program 2011

On May 12, 2011, the Fresenius Medical Care AG & Co. KGaA Stock Option Plan 2011 (2011 SOP) was established by resolution of Fresenius Medical Care AG & Co. KGaA's (FMC-AG & Co. KGaA) Annual General Meeting (AGM). The 2011 SOP, together with the Phantom Stock Plan 2011, which was established by resolution of Fresenius Medical Care Management AG's (FMC Management AG) Management and Supervisory Boards, forms FMC-AG & Co. KGaA's Long Term Incentive Program 2011 (2011 Incentive Program). Under the 2011 Incentive Program, participants may be granted awards, which

will consist of a combination of stock options and phantom stock. Awards under the 2011 Incentive Program will be granted over a five-year period and can be granted on the last Monday in July and/or the first Monday in December each year. Prior to the respective grant, the participants will be able to choose how much of the granted value is granted in the form of stock options and phantom stock in a pre-defined range of 75:25 to 50:50, stock options vs. phantom stock. The number of phantom shares that plan participants may choose to receive instead of stock options within the aforementioned predefined range is determined on the basis of a fair value assessment pursuant to a binomial model. With respect to grants made in July, this fair value assessment will be conducted on the day following FMC-AG & Co. KGaA's AGM and with respect to the grants made in December, on the first Monday in October. The awards under the 2011 Incentive Program are subject to a four-year vesting period. The vesting of the awards granted is subject to achievement of performance targets. The 2011 Incentive Program was

established with a conditional capital increase up to €12 million subject to the issue of up to 12 million non-par value bearer ordinary shares with a nominal value of €1.00, each of which can be exercised to obtain one ordinary share.

Members of the Management Board of FMC Management AG, members of the management boards of FMC-AG & Co. KGaA's affiliated companies and the managerial staff members of FMC-AG & Co. KGaA and of certain affiliated companies are entitled to participate in the 2011 Incentive Program. With respect to participants who are members of FMC Management AG's Management Board, FMC Management AG's Supervisory Board has sole authority to grant awards and exercise other decision making powers under the 2011 Incentive Program (including decisions regarding certain adjustments and forfeitures). FMC Management AG has such authority with respect to all other participants in the 2011 Incentive Program.

The exercise price of stock options granted under the 2011 Incentive Program shall be the average stock exchange price on the Frankfurt Stock Exchange of FMC-AG & Co. KGaA's ordinary shares during the 30 calendar days immediately prior to each grant date. Stock options granted under the 2011 Incentive Program have an eight-year term and can be exercised only after a four-year vesting period. Stock options granted under the 2011 Incentive Program to U.S. participants are non-qualified stock options under the United States Internal Revenue Code of 1986, as amended. Options under the 2011 Incentive Program are not transferable by a participant or a participant's heirs, and may not be pledged, assigned, or disposed of otherwise.

Phantom stock under the 2011 Incentive Program entitles the holders to receive payment in euro from FMC-AG & Co. KGaA upon exercise of the phantom stock. The payment per phantom share in lieu of the issuance of such stock shall be based upon the closing stock exchange price on the Frankfurt Stock Exchange of one of FMC-AG & Co. KGaA's ordinary shares on the exercise date. Phantom stock will have a five-year term and can be exercised only after a four-year vesting period, beginning with the grant date. For participants who are U.S. tax

payers, the phantom stock is deemed to be exercised in any event in the month of March following the end of the vesting period.

Stock Option Plan 2006

On May 9, 2006, as amended on May 15, 2007, the Fresenius Medical Care AG & Co. KGaA Stock Option Plan 2006 (Amended 2006 Plan) was established by resolution of FMC-AG & Co. KGaA's Annual General Meeting with a conditional capital increase up to €15 million subject to the issue of up to 15 million non-par value bearer ordinary shares with a nominal value of €1.00 each, which can be exercised to obtain one ordinary share. Of the 15 million ordinary shares, up to 3 million options were designated for members of the Management Board of FMC Management AG, up to 3 million options were designated for members of management boards of direct or indirect subsidiaries of FMC-AG & Co. KGaA and up to 9 million options were designated for managerial staff members of FMC-AG & Co. KGaA and such subsidiaries.

Options granted under the Amended 2006 Plan to U.S. participants are non-qualified stock options under the United States Internal Revenue Code of 1986, as amended. Options under the Amended 2006 Plan are not transferable by a participant or a participant's heirs, and may not be pledged, assigned, or otherwise disposed of.

After December 2010, no further grants were issued under the Amended 2006 Plan.

2001 International Stock Option Plan

Under the Fresenius Medical Care 2001 International Stock Incentive Plan (2001 Plan), options in the form of convertible bonds with a principal of up to €10.24 million were issued to the members of the Management Board and other employees of FMC-AG & Co. KGaA representing grants for up to 4 million non-voting preference shares. The convertible bonds originally had a par value of €2.56 and bear interest at a rate of 5.5%.

In connection with the share split affected in 2007, the principal amount was adjusted in the same proportion as the share capital out of the capital increase and the par value of the convertible bonds was adjusted to €0.85 without affecting the interest rate.

Effective May 2006, no further grants can be issued under the 2001 Plan and no options were granted under the 2001 Plan after 2005 and the outstanding options will expire before 2016.

Transactions during 2012

During 2012, FMC-AG & Co. KGaA awarded 2,166,035 options under the 2011 Incentive Program, including 310,005 stock options granted to members of the Management Board of FMC Management AG, at a weighted-average exercise price of €57.15, a weighted-average fair value of €12.62 each and a total fair value of €27 million, which will be amortized over the four-year vesting period. FMC-AG & Co. KGaA awarded 178,729 shares of phantom stock, including 23,407 shares of phantom stock granted to members of the Management Board of FMC Management AG, at a measurement date

weighted-average fair value of €48.95 each and a total fair value of €9 million, which will be revalued if the fair value changes, and amortized over the four-year vesting period.

During 2012, FMC-AG & Co. KGaA received cash of €79 million from the exercise of stock options. The intrinsic value of options exercised in 2012 was €65 million. FMC-AG & Co. KGaA recorded a related tax benefit of €16 million for 2012. In connection with cash-settled share-based payment transactions under the 2011 Incentive Plan, FMC-AG & Co. KGaA recognized expenses of €4 million and €1 million for the years ending December 31, 2012 and 2011, respectively.

At December 31, 2012, the Management Board members of FMC Management AG held 2,201,205 stock options for ordinary shares and employees of FMC-AG & Co. KGaA held 8,945,561 stock options for ordinary shares and 37,656 stock options for preference shares under the various stock-based compensation plans of Fresenius Medical Care.

At December 31, 2012, the Management Board members of FMC Management AG held 52,720 shares of phantom stock and employees of FMC-AG & Co. KGaA held 334,265 shares of phantom stock under the 2011 Incentive Program.

The table below provides reconciliations for options outstanding at December 31, 2012 as compared to December 31, 2011:

	Number of options in thousand	Weighted-average exercise price in €
Balance at December 31, 2011 (options for ordinary shares)	12,025	37.24
Granted	2,166	57.15
Exercised	2,575	30.62
Forfeited	469	36.66
Balance at December 31, 2012 (options for ordinary shares)	11,147	42.66
Balance at December 31, 2011 (options for preference shares)	49	18.64
Exercised	8	15.57
Forfeited	3	18.64
Balance at December 31, 2012 (options for preference shares)	38	19.26

The following table provides a summary of fully vested options outstanding and exercisable for both preference and ordinary shares at December 31, 2012:

	Number of options in thousand	Weighted-average remaining contractual life in years	Weighted-average exercise price in €	Aggregate intrinsic value € in millions
Options for ordinary shares	4,389	2.42	31.26	92
Options for preference shares	38	1.89	19.26	1

At December 31, 2012, total unrecognized compensation cost related to non-vested options granted under all plans was €41 million. This cost is expected to be recognized over a weighted-average period of 2.0 years.

36. RELATED PARTY TRANSACTIONS

Prof. Dr. med. D. Michael Albrecht, a member of the Supervisory Board of Fresenius SE & Co. KGaA, is medical director and spokesman of the management board of the Universitätsklinikum Carl Gustav Carus Dresden and a member of the supervisory boards of the Universitätsklinik Aachen, Magdeburg and Rostock. The Fresenius Group maintains business relations with these hospitals in the ordinary course and under customary conditions.

Prof. Dr. h. c. Roland Berger, a member of the Supervisory Board of Fresenius Management SE and of Fresenius SE & Co. KGaA, is a partner of Roland Berger Strategy Consultants Holding GmbH. In 2012, after discussion and approval by the Supervisory Board of Fresenius Management SE, the Fresenius Group paid €0.6 million to affiliated companies of the Roland Berger group for consulting services rendered (2011: €0.7 million).

Klaus-Peter Müller, a member of the Supervisory Board of Fresenius Management SE and of Fresenius SE & Co. KGaA, is the chairman of the supervisory board of Commerzbank AG. The Fresenius Group maintains business relations with Commerzbank under customary conditions. In 2012, the Fresenius Group paid €1.9 million in total to Commerzbank for financing commitments, in connection with Senior Notes issuances as well as the capital increase (2011: €0.6 million).

Dr. Francesco De Meo, a member of the Management Board of the general partner of Fresenius SE & Co. KGaA, was a member of the supervisory board of Allianz Private Krankenversicherungs-AG until July 6, 2011. In 2011, the Fresenius Group paid €4.3 million for insurance premiums to the Allianz group.

Dr. Dieter Schenk, deputy chairman of the Supervisory Board of Fresenius Management SE, is a partner in the international law firm Noerr LLP, which provides legal services to the Fresenius Group. In 2012, after discussion and approval of each mandate by the Supervisory Board of Fresenius Management SE, the Fresenius Group paid or processed for payment in December 2012 €1.8 million to this law firm for legal services rendered (2011: €1.4 million).

The payments mentioned in this note are net amounts. In addition, VAT and insurance tax were paid.

37. SUBSEQUENT EVENTS

On January 7, 2013, Fresenius announced the early redemption of the 5.5% Senior Notes due in 2016 that were issued in 2006. The aggregate principal amount of €650 million was completely repaid on February 7, 2013 at a price of 100.916% plus accrued and unpaid interest. Initially, the redemption was financed by utilizing existing credit lines. From the end of June 2013, drawings under the Senior Secured Credit Agreement arranged in December 2012 shall be utilized.

On January 24, 2013, Fresenius Finance B.V. issued unsecured Senior Notes of €500 million at par which are due in 2020. Net proceeds were used to refinance the Senior Notes which were due in January 2013.

There have been no significant changes in the Fresenius Group's operating environment following the end of the fiscal year 2012. No other events of material importance on the assets and liabilities, financial position, and results of operations of the Group have occurred following the end of the fiscal year.

NOTES IN ACCORDANCE WITH THE GERMAN COMMERCIAL CODE (HGB)

38. COMPENSATION OF THE MANAGEMENT BOARD AND THE SUPERVISORY BOARD

Individualized information regarding the compensation of the members of the Management Board and of the Supervisory Board is disclosed in the audited Compensation Report (see page 28 ff.), which is part of the Management Report.

The Management Board's compensation is, as a whole, performance-oriented and was composed of three elements in 2012: non-performance-related compensation (basic salary), performance-related compensation (variable bonus), components with long-term incentive effects (stock options, postponed bonus payments and a share-based compensation with cash settlement (performance shares)).

The cash compensation paid to the Management Board for the performance of its responsibilities was €11,080 thousand (2011: €10,135 thousand). Thereof, €4,498 thousand (2011: €4,062 thousand) is not performance-related and €6,027 thousand (2011: €5,539 thousand) is performance-related. The amount of the performance-related compensation depends on the achievement of targets relating to the net income of the Fresenius Group and business segments. As a long-term incentive component, the members of the Management Board received 198,660 stock options under the

Fresenius SE Stock Option Plan 2008 and 74,700 stock options under the Fresenius Medical Care AG & Co. KGaA Stock Option Plan 2011 and a share-based payment with cash settlement in an amount of €1,368 thousand.

The payment of a part of the performance-related compensation in an amount of €148 thousand was postponed by two years as a long-term incentive component. The payment depends on the achievement of targets relating to the net income attributable to shareholders of Fresenius SE & Co. KGaA of the years 2013 and 2014.

The total compensation paid to the Supervisory Boards of Fresenius SE & Co. KGaA and Fresenius Management SE and their committees was €2,592 thousand in 2012 (2011: €2,227 thousand). Of this amount, €213 thousand was fixed compensation (2011: €210 thousand), €100 thousand was compensation for committees services (2011: €89 thousand), and €2,279 thousand was variable compensation (2011: €1,928 thousand).

In 2012, to former members of the Management Board, €778 thousand (2011: €776 thousand) was paid. The pension obligation for these persons amounted to €11,310 thousand in 2012 (2011: €10,513 thousand).

In the fiscal years 2012 and 2011, no loans or advance payments of future compensation components were made to members of the Management Board of Fresenius Management SE.

39. AUDITOR'S FEES

In 2012 and 2011, fees for the auditor KPMG AG Wirtschaftsprüfungsgesellschaft were expensed as follows:

€ in millions	2012		2011	
	Total	Germany	Total	Germany
Audit fees	17	6	15	5
Audit-related fees	3	3	1	–
Tax consulting fees	1	–	1	0
Other fees	2	1	–	–
Total auditor's fees	23	10	17	5

40. CORPORATE GOVERNANCE

For each consolidated stock exchange listed entity, the declaration pursuant to Section 161 of the German Stock Corporation Act (Aktiengesetz) has been issued and made available to shareholders on the website of Fresenius SE & Co. KGaA www.fresenius.com under Who we are – Corporate Governance – Declaration of Conformity and of Fresenius Medical Care AG & Co. KGaA www.fmc-ag.com under Investor Relations – Corporate Governance – Declaration of Compliance, respectively.

41. PROPOSAL FOR THE DISTRIBUTION OF EARNINGS

The general partner and the Supervisory Board of Fresenius SE & Co. KGaA propose to the Annual General Meeting that the earnings for 2012 of Fresenius SE & Co. KGaA are distributed as follows:

in €	
Payment of a dividend of €1.10 per bearer ordinary share on the 178,188,260 ordinary shares entitled to dividend	196,007,086.00
Balance to be carried forward	28,913.39
Retained earnings	196,035,999.39

42. RESPONSIBILITY STATEMENT

"To the best of our knowledge, and in accordance with the applicable reporting principles, the consolidated financial statements give a true and fair view of the assets, liabilities, financial position and profit or loss of the Group, and the

Group management report includes a fair review of the development and performance of the business and the position of the Group, together with a description of the principal opportunities and risks associated with the expected development of the Group."

Bad Homburg v. d. H., February 26, 2013

Fresenius SE & Co. KGaA,

represented by:

Fresenius Management SE, its general partner

The Management Board



Dr. U. M. Schneider



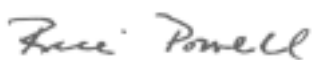
Dr. F. De Meo



Dr. J. Götz



M. Henriksson



R. Powell



S. Sturm



Dr. E. Wastler

AUDITOR'S REPORT

To the Fresenius SE & Co. KGaA

We have audited the consolidated financial statements prepared by the Fresenius SE & Co. KGaA, Bad Homburg v. d. Höhe, comprising the consolidated statement of income, the consolidated statement of comprehensive income, the consolidated statement of financial position, the consolidated statement of cash flows, the consolidated statement of changes in equity and the notes to the consolidated financial statements for the business year from January 1 to December 31, 2012. The preparation of the consolidated financial statements in accordance with Accounting Principles Generally Accepted in the United States of America (U.S. GAAP) is the responsibility of the legal representative of the Company. Our responsibility is to express an opinion on the consolidated financial statements based on our audit. In addition, we have been engaged to express an opinion as to whether the voluntarily prepared group management report is in agreement with the group management report of Fresenius SE & Co. KGaA, Bad Homburg v. d. Höhe, prepared in accordance with § 290 and § 315 HGB [Handelsgesetzbuch "German Commercial Code"] apart from appropriate incorporation of U.S. GAAP financial data.

We conducted our audit of the consolidated financial statements in accordance with § 317 HGB and German generally accepted standards for the audit of financial statements promulgated by the Institut der Wirtschaftsprüfer (IDW). Those standards require that we plan and perform the audit such that misstatements materially affecting the presentation of the net assets, financial position and results of operations in the consolidated financial statements in accordance with the

applicable financial reporting framework and in the group management report are detected with reasonable assurance. Knowledge of the business activities and the economic and legal environment of the Group and expectations as to possible misstatements are taken into account in the determination of audit procedures. The effectiveness of the accounting-related internal control system and the evidence supporting the disclosures in the consolidated financial statements and the group management report are examined primarily on a test basis within the framework of the audit. The audit includes assessing the annual financial statements of those entities included in consolidation, the determination of entities to be included in consolidation, the accounting and consolidation principles used and significant estimates made by the legal representative, as well as evaluating the overall presentation of the consolidated financial statements. We believe that our audit provides a reasonable basis for our opinion.

Our audit has not led to any reservations.

In our opinion, based on the findings of our audit, the consolidated financial statements comply with U.S. GAAP and give a true and fair view of the net assets, financial position and results of operations of the Group in accordance with these requirements. The voluntarily prepared group management report is consistent with the consolidated financial statements prepared in accordance with U.S. GAAP and is, apart from appropriate incorporation of U.S. GAAP financial data, in agreement with the group management report of Fresenius SE & Co. KGaA prepared in accordance with § 290 and § 315 HGB, on which we issued an unqualified statutory audit opinion. Based on this, the group management report as a whole provides a suitable view of the Group's position and suitably presents the opportunities and risks of future development.

Frankfurt am Main, February 26, 2013

KPMG AG
Wirtschaftsprüfungsgesellschaft



Rohrbach
German Public Auditor



Walter
German Public Auditor

FRESENIUS US FINANCE II, INC.

Financial Statements

June 30, 2015

(Unaudited)

FRESENIUS US FINANCE II, INC.

Balance Sheets

(Unaudited)

(In thousands)

Assets	June 30, 2015	December 31, 2014
Current assets:		
Cash	\$ 405	266
Short-term loans receivable from affiliates	881,893	907,367
Income tax receivable	—	—
Deferred tax asset	127	127
Interest receivable from affiliates	25,875	26,248
Total current assets	<u>908,300</u>	<u>934,008</u>
Noncurrent assets:		
Deferred financing costs	1,458	1,605
Loans receivable from affiliates	300,000	300,000
Total noncurrent assets	<u>301,458</u>	<u>301,605</u>
Total assets	\$ <u>1,209,758</u>	<u>1,235,613</u>
Liabilities and Stockholder's Equity		
Current liabilities:		
Accrued interest expense	\$ 38,242	39,292
Short-term loans payable	807,698	833,877
Accrued income tax payable	178	280
Deferred tax liability	—	—
Total current liabilities	<u>846,118</u>	<u>873,449</u>
Noncurrent liabilities:		
Long-term debt	300,000	300,000
Total noncurrent liabilities	<u>300,000</u>	<u>300,000</u>
Total liabilities	<u>1,146,118</u>	<u>1,173,449</u>
Stockholder's equity:		
Common stock, \$1 par value. Authorized, 100 shares; issued and outstanding, 100 shares	100	100
Additional paid-in capital	52,500	52,500
Retained earnings	11,040	9,564
Total stockholder's equity	<u>63,640</u>	<u>62,164</u>
Total liabilities and stockholder's equity	\$ <u>1,209,758</u>	<u>1,235,613</u>

See accompanying notes to financial statements.

FRESENIUS US FINANCE II, INC.

Statements of Operations

(Unaudited)

(In thousands)

	Six months Ended:	Six months Ended:
	June 30, 2015	June 30, 2014
Interest income from loans to affiliates	\$ 44,617	46,309
Interest expense	42,139	43,657
Net interest income	2,478	2,652
General and administrative expenses	47	54
Foreign currency loss	106	99
Operating income	2,325	2,499
Income tax expense	849	892
Net income	\$ 1,476	1,607

See accompanying notes to financial statements.

FRESENIUS US FINANCE II, INC.

Statements of Changes in Stockholder's Equity

Period Ended June 30, 2015 and

Year ended December 31, 2014

(Unaudited)

(In thousands)

	Common stock		Additional paid-in capital		Retained earnings	Total
	Shares	Amount				
Balance, December 31, 2012	\$ 100	\$ 100	\$ 45,000	\$	3,492	\$ 48,592
Net income	—	—	—		3,009	3,009
Balance, December 31, 2013	100	100	45,000		6,501	51,601
Additional capital contribution from Parent	—	—	7,500		—	7,500
Net income	—	—	—		3,063	3,063
Balance, December 31, 2014	\$ 100	\$ 100	\$ 52,500	\$	9,564	\$ 62,164
Net income	—	—	—		1,476	1,476
Balance, June 30, 2015	\$ 100	\$ 100	\$ 52,500	\$	11,040	\$ 63,640

See accompanying notes to financial statements.

FRESENIUS US FINANCE II, INC.

Statements of Cash Flows

(Unaudited)

(In thousands)

	Six months Ended:	Six months Ended:
	<u>June 30, 2015</u>	<u>June 30, 2014</u>
Cash flows from operating activities:		
Net income	\$ 1,476	1,607
Adjustments to reconcile net income to net cash provided by operating activities:		
Foreign exchange loss	91	98
Amortization of Deferred Financing costs	147	117
Changes in assets and liabilities:		
Interest receivable from affiliates	373	(5,676)
Accrued interest expense	(1,050)	4,670
Accrued income tax payable	(101)	(64)
Net cash provided by operating activities	<u>936</u>	<u>752</u>
Cash flows from investing activities:		
Proceeds from loans receivable	37,975	19,024
Payments made for loans to affiliates	<u>(38,772)</u>	<u>(26,283)</u>
Net cash used in investing activities	<u>(797)</u>	<u>(7,259)</u>
Cash flows from financing activities:		
Deferred Financing costs	—	(1,875)
Capital Contribution	<u>—</u>	<u>7,500</u>
Net Cash provided by Financing Activities	<u>—</u>	<u>5,625</u>
Net change in cash and cash equivalents	139	(882)
Cash, beginning of period	<u>266</u>	<u>993</u>
Cash, end of period	\$ <u><u>405</u></u>	<u><u>111</u></u>
Supplemental cash flow information:		
Interest paid	\$ 43,042	38,870
Income taxes paid	950	950

See accompanying notes to financial statements.

FRESENIUS US FINANCE II, INC.

Notes to Financial Statements

June 30, 2015

(Unaudited)

(In thousands)

(1) Organization and Business

Fresenius US Finance II, Inc. (the Company) was incorporated under the laws of the State of Delaware on September 2, 2008, as a wholly owned subsidiary of Fresenius SE & Co. KGaA (the Parent).

The Company's primary business is raising funds through the issuance of debt obligations to third parties. The Company, in turn, loans the funds to related parties at market rates of interest, plus a percentage of mark-up. The interest earnings on these loans are the primary source of the Company's income.

(2) Significant Accounting Policies

(a) Cash

Cash consists of deposits maintained in banks.

(b) Loans Receivable from Affiliate

Loans receivable from affiliate are stated at the outstanding principal balance as the Company has the intent and ability to hold the loans for the foreseeable future or until maturity or payoff.

(c) Income Taxes

The Company files its own U.S. federal income tax returns. For state income taxes, the Company's operating results are included in the tax returns of Fresenius Kabi Pharmaceuticals Holding, Inc. on a combined basis. The provision for income taxes reflected in the financial statements has been computed on a stand-alone entity basis using the effective state tax rate for the states in which the Company's tax returns are filed.

Income taxes are accounted for under the asset and liability method. Deferred tax assets and liabilities are recognized for the future tax consequences of temporary differences between the financial statement carrying amounts of assets and liabilities and their respective tax bases. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the enactment date.

The Company's tax returns are subject to audits by tax authorities and such audits may result in challenges regarding the amount of taxes due. These challenges may alter the timing or amount of taxable income or deductions. The Company recognizes income tax accruals with respect to uncertain tax positions based upon guidance on accounting for uncertainty in income taxes. Under this guidance, the benefits of tax positions that are more likely than not of being sustained upon audit based on the technical merits of the tax position are recognized in the financial statements; positions that do not meet this threshold are not recognized. For tax positions that are at least more likely than not of being sustained upon audit, the largest amount of the benefit that is more likely than not of

FRESENIUS US FINANCE II, INC.

Notes to Financial Statements

June 30, 2015

(Unaudited)

(In thousands)

being sustained is recognized in the financial statements. Accruals for income tax exposures, including penalties and interest, expected to be settled within the next year are included in income taxes payable with the remainder included in noncurrent liabilities in the balance sheet. Interest and penalties related to income tax exposures are recognized as incurred and included in income tax expense in the statement of operations.

(d) Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

(e) Foreign Transactions

Certain loan receivables from affiliates and debt are denominated in Euros. These balances are translated from Euros to US dollars on the date of the transaction or at the month end.

(3) Fair Value of Financial Instruments

The Company utilizes valuation techniques that maximize the use of observable inputs and minimize the use of unobservable inputs to the extent possible. The Company determines fair value based on assumptions that market participants would use in pricing an asset or liability in the principal or most advantageous market. When considering market participant assumptions in fair value measurements, the following fair value hierarchy distinguishes between observable and unobservable inputs, which are categorized in one of the following levels:

- Level 1 Inputs: Unadjusted quoted prices in active markets for identical assets or liabilities accessible to the reporting entity at the measurement date.
- Level 2 Inputs: Other than quoted prices included in Level 1 inputs that are observable for the asset or liability, either directly or indirectly, for substantially the full term of the asset or liability.
- Level 3 Inputs: Unobservable inputs for the asset or liability used to measure fair value to the extent that observable inputs are not available, thereby allowing for situations in which there is little, if any, market activity for the asset or liability at the measurement date.

The Company's financial instruments consist mainly of cash, interest receivable from affiliate, loans receivable from affiliate, accrued interest payable, short-term and long-term debt. The carrying amounts of cash, short-term loan receivables/payables, accrued interest, and accrued income tax payable approximate fair value due to the short maturity of these instruments. The December 31, 2014 fair value of the USD 7-year loan receivable from affiliate and the long-term debt approximates \$300 million. The December 31, 2014 fair value of the Company's debt, which is comprised of exchange-traded instruments, is considered a

FRESENIUS US FINANCE II, INC.

Notes to Financial Statements

June 30, 2015

(Unaudited)

(In thousands)

Level 1 measure under the fair value hierarchy. These Level 1 measures were used in estimating the fair value of the bond receivable from affiliate and notes receivable from affiliate, which is a Level 2 measure.

(4) Transactions with Related Parties

The following summarizes balances and transactions between the Company and its affiliates as of June 30, 2015 and December 31, 2014:

	2015	2014
Interest receivable	\$ 25,875	26,248
Loans receivable	1,181,893	1,207,367
Interest income	44,617	92,830

The balance of loans receivable from affiliate as of June 30, 2015 is due from Fresenius Kabi Pharmaceuticals Holding, Inc. (FKP Holding) (\$629,449), from Fresenius Kabi AG (FKAG) (\$29,696) and from APP (\$44,500), all of which are indirect, wholly owned subsidiaries of the Parent, and from the Parent (\$478,248). The balance of loans receivable from affiliate as of December 31, 2014 is due from Fresenius Kabi Pharmaceuticals Holding, Inc. (FKP Holding) (\$640,463), from Fresenius Kabi AG (FKAG) (\$28,989) and from APP (\$44,500), all of which are indirect, wholly owned subsidiaries of the Parent, and from the Parent (\$493,415). These loans receivable bear interest at a weighted average rate of 7.62% as of June 30, 2015 and 7.66% as of December 31, 2014.

Included in the balance of loans receivable from affiliate are Euro-denominated notes in the amounts of \$115.7 million and \$159.3 million. The Company's functional currency is the U.S. dollar, and the remeasurement of these Euro-denominated notes at June 30, 2015 and December 31, 2014 resulted in the recognition of an unrealized loss of approximately \$26.2 million and \$45.4 million at June 30, 2015 and December 31, 2014.

In addition, on February 14, 2014, the Parent made a capital contribution of \$7.5 million, recorded into equity of the Company and resulting in a \$5.6 million intercompany receivable, which is net of debt issuance costs paid by the Parent on behalf of the Company.

FRESENIUS US FINANCE II, INC.

Notes to Financial Statements

June 30, 2015

(Unaudited)

(In thousands)

(5) Income Taxes

Income tax expense consisted of the following for the six month period ending June 30:

	<u>2015</u>	<u>2014</u>
Current	\$ 849	892
Deferred	—	—
Total	<u>\$ 849</u>	<u>892</u>

The Company's effective income tax rate for the years ended June 30, 2015 and December 31, 2014 was 36.5% and 37.0%, respectively. The effective rate differs from the U.S. federal statutory tax rate of 35% primarily due to state income taxes.

Deferred tax assets and liabilities at June 30, 2015 and December 31, 2014 consist of the following:

	<u>2015</u>	<u>2014</u>
Deferred tax assets:		
Interest – OID income	\$ 24,244	24,244
Total deferred tax assets	<u>24,244</u>	<u>24,244</u>
Deferred tax liabilities:		
Interest – OID expense	16,415	16,415
Amortization – debt issuance costs	7,829	7,829
FX loss/(gain) referral	<u>(127)</u>	<u>(127)</u>
Total deferred tax liabilities	<u>24,117</u>	<u>24,117</u>
Net deferred tax (asset) / liabilities	<u>\$ (127)</u>	<u>(127)</u>

Deferred tax assets are recognized if, in management's judgment, it is more likely than not such assets will be realized. Management believes that its deferred tax assets will be fully realized and no valuation allowance is necessary at June 30, 2015.

The Company recognizes the benefits of tax positions that are more likely than not of being sustained upon audit. As of June 30, 2015 and December 31, 2014, the total amount of gross unrecognized tax benefits was zero.

FRESENIUS US FINANCE II, INC.

Notes to Financial Statements

June 30, 2015

(Unaudited)

(In thousands)

The Company's federal income tax returns for the 2013 and 2014 tax years remain open for possible examination by the appropriate governmental agencies. There are no open federal income tax audits at this time.

(6) Long-Term Debt

Long-term debt consisted of the following as of June 30, 2015 and December 31, 2014:

	<u>2015</u>	<u>2014</u>
USD Senior Notes	\$ 800,000	800,000
Euro Senior Notes	<u>307,698</u>	<u>333,877</u>
	1,107,698	1,133,877
Less current maturities	<u>(807,698)</u>	<u>(833,877)</u>
Long-term debt	<u>\$ 300,000</u>	<u>300,000</u>

The Company issued two tranches of notes in a private placement consisting of \$500 million aggregate principal amount of 9% senior notes and Euro 275 million aggregate principal amount of 8¼% senior notes (Euro Notes). The Company's functional currency is the U.S. dollar, and the remeasurement of the Euro-denominated notes at June 30, 2015 and December 31, 2014 resulted in the recognition of an unrealized gain of approximately \$26.2 million and approximately \$45.4 million for the periods ended June 30, 2015 and December 31, 2014, respectively. These notes are senior unsecured obligations and mature on July 15, 2015.

On February 14, 2014, the Company issued notes in a private placement consisting of \$300 million aggregate principal amount of 4.250% senior notes (the Notes). The Notes are senior unsecured obligations, ranking equally with existing unsecured indebtedness, maturing on February 1, 2021. The Notes are guaranteed on a senior unsecured basis by the Parent, Fresenius Kabi AG, and Fresenius ProServe GmbH. As a result of the senior note issuance, the Company incurred debt issuance fees of \$1.9 million, which have been classified as deferred financing costs and will be amortized through the date of maturity. The proceeds of the private placement were issued to the Parent at 4.62% due on February 1, 2021.

Of the total debt of \$1,107,698, \$807,698 is due July 15, 2015 with the remaining due February 1, 2021.

(7) Subsequent Events

The Company has evaluated subsequent events from the balance sheet date through June 30, 2015, the date at which the financial statements were issued, and determined that no subsequent events have occurred that would require adjustment or disclosure to the financial statements.

MANAGEMENT REPORT OF THE BOARD OF DIRECTORS

Fresenius US Finance II, Inc. For the financial period ended June 30, 2015

As prescribed by law, the Board wishes hereby to highlight the activities of Fresenius US Finance II, Inc. during the six-month accounting period ending June 30, 2015 and to comment of the non-audited half year accounts.

Operations and activity of The Company

During the accounting period ended June 30, 2015 the Company's operations and activities have been the following:

There has been no activity beyond normal business operations during the period.

Risk Management

The Company is included in the internal control and risk management system for the accounting process at the Group level.

US Finance II has no significant assets other than intercompany receivables and no significant liabilities other than the Notes Payables, as described in the notes to the financial statements. The Company's source of income is derived from earning interest on their notes receivable in excess of the interest paid to 3rd party debt holders and by interest earnings related to the notes receivable that were financed by capital contributions made by Fresenius SE & Co. KGaA. Its expenses are mainly interest payments to holders of Notes. Due to this, US Finance II's accounting process is considered non-complex and the risk of material misstatement of its financial statements is considered low. Therefore, the Company is included in the internal control and risk management system for the accounting process at the Group level.

The Group applies numerous internal controls and measures to ensure that its accounting processes and financial reporting are correct and reliable. This insures that annual financial statements and management reports at Company and Group level are issued in compliance with the applicable rules. The Group's internal reporting process that is generally carried out at four levels ensures that financial data and key figures are reliably recorded, processed and controlled. At each of these four reporting levels- the local entity, the region, the segment, and the entire Group- the figures and data are compared with the previous year's figures, budget values, and the latest projections regularly on a monthly and quarterly basis. In addition, the Management Board of Parent's general partner and the departments responsible for preparing the annual and consolidated Group financial statements discuss in-depth all parameters, assumptions and estimates that substantially affect the Group and segment results reported externally. The Audit Committee of the Supervisory Board of the Parent also deals with the current quarterly results and compares them with budgets and projections.

The Group's internal control system over financial reporting is designed to ensure compliance with the applicable accounting standards. The goal is to provide reasonable assurance that the Group financial statements are issued in accordance with applicable accounting principles. The internal control system

thus contains guidelines and instructions intended to ensure, for example, that all Group transactions are presented accurately, or that earnings and expenses are only recorded after management approval.

The internal control system over financial reporting is subject to inherent limitations, no matter how carefully it is designed. As a result, there is no absolute assurance that financial reporting objectives can be met, nor that misstatements will always be prevented or detected.

2015 Results - Allocation

The Company's net income for fiscal year ended June 30, 2015, was \$1,476,487.

Future developments

Senior Notes due July 15, 2015 were repaid as scheduled by proceeds from maturing loans to related entities.

Research and Development

The Company was not active in the field of research and development during the financial year ended December 31, 2014.

Acquisition of own shares

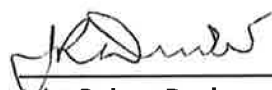
The Company did not acquire any of its own shares during the financial year ended December 31, 2014.

Branches

The Company neither held nor opened branches during the financial year ended December 31, 2014.

August 31, 2015

The Board of Directors



John Robert Ducker



Steven J. Adams

Mary S. Stawikey

thus contains guidelines and instructions intended to ensure, for example, that all Group transactions are presented accurately, or that earnings and expenses are only recorded after management approval.

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August 31, 2015

The Board of Directors

John Robert Ducker

Steven J. Adams



Mary S. Stawikey

Fresenius US Finance II, Inc.

Statement from the Board of Directors

For the six month ended June 30, 2015

To the best of our knowledge, the financial statements give a true and fair view of the financial position of the Company as of June 30, 2015 and the results of operations and cash flows for the period from January 1, 2015 through June 30, 2015 in accordance with U.S. generally accepted accounting principles.

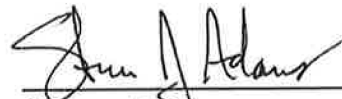
The management report includes a fair review of the development and performance of the business and position of the Company together with a description of the principal risks and uncertainties the Company faces.

August 31, 2015

The Board of Directors



John Robert Ducker



Steven J. Adams

Mary S. Stawikey

Fresenius US Finance II, Inc.

Statement from the Board of Directors

For the six month ended June 30, 2015

To the best of our knowledge, the financial statements give a true and fair view of the financial position of the Company as of June 30, 2015 and the results of operations and cash flows for the period from January 1, 2015 through June 30, 2015 in accordance with U.S. generally accepted accounting principles.

The management report includes a fair review of the development and performance of the business and position of the Company together with a description of the principal risks and uncertainties the Company faces.

August 31, 2015

The Board of Directors

John Robert Ducker

Steven J. Adams



Mary S. Stawikey

Unconsolidated Financial Statements of Fresenius US Finance II, Inc. for 2014 (U.S.-GAAP)

FRESENIUS US FINANCE II, INC.

Balance Sheets

December 31, 2014 and 2013

(In thousands)

Assets	2014	2013
Current assets:		
Cash	\$ 266	993
Short-term loans receivable from affiliates	907,367	64,750
Income tax receivable	—	41
Deferred tax asset	127	—
Interest receivable from affiliates	26,248	21,898
Total current assets	<u>934,008</u>	<u>87,682</u>
Noncurrent assets:		
Deferred financing costs	1,605	—
Loans receivable from affiliates	300,000	879,252
Total noncurrent assets	<u>301,605</u>	<u>879,252</u>
Total assets	\$ <u><u>1,235,613</u></u>	<u><u>966,934</u></u>
Liabilities and Stockholder's Equity		
Current liabilities:		
Accrued interest expense	\$ 39,292	35,835
Short-term loans payable	833,877	—
Accrued income tax payable	280	203
Deferred tax liability	—	43
Total current liabilities	<u>873,449</u>	<u>36,081</u>
Noncurrent liabilities:		
Long-term debt	300,000	879,252
Total noncurrent liabilities	<u>300,000</u>	<u>879,252</u>
Total liabilities	<u>1,173,449</u>	<u>915,333</u>
Stockholder's equity:		
Common stock, \$1 par value. Authorized, 100 shares; issued and outstanding, 100 shares	100	100
Additional paid-in capital	52,500	45,000
Retained earnings	9,564	6,501
Total stockholder's equity	<u>62,164</u>	<u>51,601</u>
Total liabilities and stockholder's equity	\$ <u><u>1,235,613</u></u>	<u><u>966,934</u></u>

See accompanying notes to financial statements.

FRESENIUS US FINANCE II, INC.

Statements of Operations

Years ended December 31, 2014 and 2013

(In thousands)

	2014	2013
Interest income from loans to affiliates	\$ 92,830	81,993
Interest expense	87,393	77,284
Net interest income	5,437	4,709
General and administrative expenses	88	77
Foreign currency loss/(gain)	487	(68)
Operating income	4,862	4,700
Income tax expense	1,799	1,691
Net income	\$ 3,063	3,009

See accompanying notes to financial statements.

FRESENIUS US FINANCE II, INC.

Statements of Changes in Stockholder's Equity

Years ended December 31, 2014 and 2013

(In thousands)

	Common stock		Additional paid-in capital		Retained earnings	Total
	Shares	Amount				
Balance, December 31, 2012	100	\$ 100	\$ 45,000	\$	3,492	\$ 48,592
Net income	—	—	—		3,009	3,009
Balance, December 31, 2013	100	100	45,000		6,501	51,601
Additional capital contribution from Parent	—	—	7,500		—	7,500
Net income	—	—	—		3,063	3,063
Balance, December 31, 2014	100	\$ 100	\$ 52,500	\$	9,564	\$ 62,164

See accompanying notes to financial statements.

FRESENIUS US FINANCE II, INC.

Statements of Cash Flows

Years ended December 31, 2014 and 2013

(In thousands)

	<u>2014</u>	<u>2013</u>
Cash flows from operating activities:		
Net income	\$ 3,063	3,009
Adjustments to reconcile net income to net cash provided by operating activities:		
Foreign exchange loss/(gain)	475	(120)
Amortization of deferred financing costs	270	—
Changes in assets and liabilities:		
Interest receivable from affiliates	(4,350)	(535)
Income tax receivable	40	(40)
Deferred taxes	(170)	43
Accounts receivables from affiliates	—	10
Accrued interest expense	3,457	658
Accrued income tax payable	77	88
Net cash provided by operating activities	<u>2,862</u>	<u>3,113</u>
Cash flows from investing activities:		
Proceeds from loans receivable	334,135	32,841
Payments made for loans to affiliates	<u>(337,724)</u>	<u>(35,086)</u>
Net cash used in investing activities	<u>(3,589)</u>	<u>(2,245)</u>
Cash flows from financing activities:		
Deferred financing costs	(1,875)	—
Capital contribution	<u>1,875</u>	<u>—</u>
Net cash provided by financing activities	<u>—</u>	<u>—</u>
Net change in cash and cash equivalents	(727)	868
Cash, beginning of period	<u>993</u>	<u>125</u>
Cash, end of period	\$ <u>266</u>	<u>993</u>
Supplemental cash flow information:		
Interest paid – third party	\$ 83,662	76,625
Income taxes paid	1,650	1,600

See accompanying notes to financial statements.

FRESENIUS US FINANCE II, INC.

Notes to Financial Statements

December 31, 2014 and 2013

(1) Organization and Business

Fresenius US Finance II, Inc. (the Company) was incorporated under the laws of the State of Delaware on September 2, 2008, as a wholly owned subsidiary of Fresenius SE & Co. KGaA (the Parent).

The Company's primary business is raising funds through the issuance of debt obligations to third parties. The Company, in turn, loans the funds to related parties at market rates of interest. The interest earnings on these loans are the primary source of the Company's income.

(2) Significant Accounting Policies

(a) Cash

Cash consists of deposits maintained in banks.

(b) Loans Receivable from Affiliate

Loans receivable from affiliate are stated at the outstanding principal balance as the Company has the intent and ability to hold the loans for the foreseeable future or until maturity or payoff.

(c) Income Taxes

The Company files its own U.S. federal income tax returns. For state income taxes, the Company's operating results are included in the tax returns of Fresenius Kabi Pharmaceuticals Holding, Inc. on a combined basis. The provision for income taxes reflected in the financial statements has been computed on a stand-alone entity basis using the effective state tax rate for the states in which the Company's tax returns are filed.

Income taxes are accounted for under the asset and liability method. Deferred tax assets and liabilities are recognized for the future tax consequences of temporary differences between the financial statement carrying amounts of assets and liabilities and their respective tax bases. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the enactment date.

The Company's tax returns are subject to audits by tax authorities and such audits may result in challenges regarding the amount of taxes due. These challenges may alter the timing or amount of taxable income or deductions. The Company recognizes income tax accruals with respect to uncertain tax positions based upon guidance on accounting for uncertainty in income taxes. Under this guidance, the benefits of tax positions that are more likely than not of being sustained upon audit based on the technical merits of the tax position are recognized in the financial statements; positions that do not meet this threshold are not recognized. For tax positions that are at least more likely than not of being sustained upon audit, the largest amount of the benefit that is more likely than not of being sustained is recognized in the financial statements. Accruals for income tax exposures, including penalties and interest, expected to be settled within the next year are included in income taxes payable with the remainder included in noncurrent liabilities in the balance sheet. Interest and penalties related to income tax exposures are recognized as incurred and included in income tax expense in the statement of operations.

FRESENIUS US FINANCE II, INC.

Notes to Financial Statements

December 31, 2014 and 2013

(d) Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities at the date of the financial statements, and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

(e) Foreign Transactions

Certain loan receivables from affiliates and debt are denominated in Euros. These balances are translated from Euros to U.S. dollars on the date of the transaction or at year-end.

(3) Fair Value of Financial Instruments

The Company utilizes valuation techniques that maximize the use of observable inputs and minimize the use of unobservable inputs to the extent possible. The Company determines fair value based on assumptions that market participants would use in pricing an asset or liability in the principal or most advantageous market. When considering market participant assumptions in fair value measurements, the following fair value hierarchy distinguishes between observable and unobservable inputs, which are categorized in one of the following levels:

- Level 1 Inputs: Unadjusted quoted prices in active markets for identical assets or liabilities accessible to the reporting entity at the measurement date.
- Level 2 Inputs: Other than quoted prices included in Level 1 inputs that are observable for the asset or liability, either directly or indirectly, for substantially the full term of the asset or liability.
- Level 3 Inputs: Unobservable inputs for the asset or liability used to measure fair value to the extent that observable inputs are not available, thereby allowing for situations in which there is little, if any, market activity for the asset or liability at the measurement date.

The Company's financial instruments consist mainly of cash, interest receivable from affiliate, loans receivable from affiliate, accrued interest payable, short-term and long-term debt. The carrying amounts of cash, short-term loan receivable/payable, accrued income tax payable, and accrued interest approximate fair value due to the short maturity of these instruments. The December 31, 2014 fair value of the USD long term loan receivable from affiliate and the long-term debt approximates \$300 million. The December 31, 2013 fair value of the long-term loans receivable from affiliate and long-term debt approximated \$500 million for the USD senior notes and \$379 million for the Euro-denominated senior notes. The December 31, 2014 and 2013 fair value of the Company's debt, which is comprised of exchange-traded instruments, is considered a Level 1 measure under the fair value hierarchy. These Level 1 measures were used in estimating the fair value of the loans receivable from affiliates, which is a Level 2 measure.

(4) Transactions with Related Parties

The balance of loans receivable from affiliate as of December 31, 2014 is due from Fresenius Kabi Pharmaceuticals Holding, Inc. (FKP Holding) (\$640,463,000), from Fresenius Kabi AG (FKAG) (\$28,989,000) and from Fresenius-Kabi USA, LLC (\$44,500,000), all of which are indirect, wholly owned subsidiaries of the Parent, and from the Parent (\$493,414,000). The balance of loans receivable from affiliate

FRESENIUS US FINANCE II, INC.

Notes to Financial Statements

December 31, 2014 and 2013

as of December 31, 2013 is due from Fresenius Kabi Pharmaceuticals Holding, Inc. (FKP Holding) (\$659,552,000), from Fresenius Kabi AG (FKAG) (\$20,250,000) and from Fresenius-Kabi USA, LLC (\$44,500,000), all of which are indirect, wholly owned subsidiaries of the Parent, and from the Parent (\$219,700). These loans receivable bear interest at a weighted average rate of 7.66% as of December 31, 2014 and 8.76% as of December 31, 2013.

The loans receivable mature on the exact same terms as the corresponding debt. See further information at note 6.

Included in the balance of loans receivable from affiliate are Euro-denominated notes in the amounts of 115.7 million and 159.3 million. The Company's functional currency is the U.S. dollar, and the remeasurement of these Euro-denominated notes at December 31, 2014 and 2013 resulted in the recognition of an unrealized loss of approximately \$45.4 million and an unrealized gain of approximately \$16.5 million at December 31, 2014 and 2013, respectively.

The obligations of FKP Holdings are guaranteed by certain affiliates and subsidiaries of FKP Holdings and secured by the assets of FKP Holdings and certain of its affiliates and subsidiaries. As the loans are due from an affiliate of the Company and fully secured, management believes that there are no significant credit risks involved. Therefore, no allowance for potential noncollection was maintained as of December 31, 2014 and 2013.

In addition, on February 14, 2014, the Parent made a capital contribution of \$7.5 million, recorded into equity of the Company and resulting in a \$5.6 million intercompany receivable, which is net of debt issuance costs paid by the Parent on behalf of the Company.

(5) Income Taxes

Income tax expense consisted of the following for the years ended December 31 (in thousands):

	2014	2013
Current	\$ 1,926	1,648
Deferred	(127)	43
Total	<u>\$ 1,799</u>	<u>1,691</u>

The Company's effective income tax rate for the years ended December 31, 2014 and 2013 was 36.5% and 36.0%, respectively. The effective tax rate differs from the U.S. federal statutory tax rate of 35% primarily due to state income taxes.

FRESENIUS US FINANCE II, INC.

Notes to Financial Statements

December 31, 2014 and 2013

Deferred tax assets and liabilities at December 31 consist of the following (in thousands):

	<u>2014</u>	<u>2013</u>
Deferred tax assets:		
Interest – OID income	\$ 24,244	20,236
Total deferred tax assets	<u>24,244</u>	<u>20,236</u>
Deferred tax liabilities:		
Interest – OID expense	16,415	13,757
Amortization – debt issuance costs	7,829	6,479
Unrealized foreign exchange loss/gain	(127)	43
Total deferred tax liabilities	<u>24,117</u>	<u>20,279</u>
Net deferred tax (asset) / liabilities	<u>\$ (127)</u>	<u>43</u>

Management believes that its deferred tax assets will be fully realized and no valuation allowance is necessary at December 31, 2014.

As of December 31, 2014 and 2013, the total amount of gross unrecognized tax benefits was zero.

The Company's federal income tax returns for the 2013 and 2014 tax years remain open for possible examination by the appropriate governmental agencies. There are no open federal income tax audits at this time.

(6) Long-Term Debt

Long-term debt consisted of the following as of December 31 (in thousands):

	<u>2014</u>	<u>2013</u>
U.S. dollar term loans	\$ 800,000	500,000
Euro term loan	333,877	379,252
	1,133,877	879,252
Less current maturities	<u>(833,877)</u>	<u>—</u>
Long-term debt	<u>\$ 300,000</u>	<u>879,252</u>

On September 10, 2008, the Company entered into a \$1.3 billion bridge credit agreement (the Bridge Facility Agreement) with Deutsche Bank AG as administrative agent, and other lenders party thereto.

Borrowings under the Bridge Facility Agreement bear interest at a rate per annum equal to the aggregate of the base rate (LIBOR) for the relevant interest period plus the applicable margin.

FRESENIUS US FINANCE II, INC.

Notes to Financial Statements

December 31, 2014 and 2013

The Company issued two tranches of notes in a private placement consisting of \$500 million aggregate principal amount of 9% senior notes and Euro 275 million aggregate principal amount of 8¾% senior notes (Euro Notes). The Company's functional currency is the U.S. dollar, and the remeasurement of the Euro-denominated notes at December 31, 2014 and 2013 resulted in the recognition of an unrealized loss of approximately \$45.4 million and an unrealized gain of approximately \$16.4 million for the years ended December 31, 2014 and 2013, respectively. These notes are senior unsecured obligations and mature on July 15, 2015.

On February 14, 2014, the Company issued notes in a private placement consisting of \$300 million aggregate principal amount of 4.250% senior notes (the Notes). The Notes are senior unsecured obligations, ranking equally with existing unsecured indebtedness, maturing on February 1, 2021. The Notes are guaranteed on a senior unsecured basis by the Parent, Fresenius Kabi AG and Fresenius ProServe GmbH. As a result of the senior note issuance, the Company incurred debt issuance fees of \$1.9 million, which have been classified as deferred financing costs and will be amortized through the date of maturity. The proceeds of the private placement were issued to the Parent at 4.62% due on February 1, 2021.

Of the total debt of \$1,133,877, \$833,877 is due July 15, 2015 with the remaining due February 1, 2021.

(7) Subsequent Events

The Company has evaluated subsequent events from the balance sheet date through April 28, 2015, the date at which the financial statements were issued, and determined that no subsequent events have occurred that require adjustment or disclosure to the financial statements.



KPMG LLP
Aon Center
Suite 5500
200 East Randolph Drive
Chicago, IL 60601-6436

Independent Auditors' Report

The Board of Directors and Stockholder
Fresenius US Finance II, Inc.:

Report on the Financial Statements

We have audited the accompanying financial statements of Fresenius US Finance II, Inc. (a wholly owned subsidiary of Fresenius SE & Co. KGaA), which comprise the balance sheets as of December 31, 2014 and 2013, and the related statements of operations, changes in stockholder's equity, and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with U.S. generally accepted accounting principles; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.



Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Fresenius US Finance II, Inc. as of December 31, 2014 and 2013, and the results of its operations and its cash flows for the years then ended, in accordance with U.S. generally accepted accounting principles.

KPMG LLP

Chicago, Illinois
April 28, 2015

Unconsolidated Financial Statements of Fresenius US Finance II, Inc. for 2013 (U.S.-GAAP)

FRESENIUS US FINANCE II, INC.

Balance Sheets

December 31, 2013 and 2012

(In thousands)

Assets	2013	2012
Current assets:		
Cash	\$ 993	125
Short-term loans receivable from affiliate	64,750	62,385
Income tax receivable	41	—
Accounts receivables from affiliate	—	10
Interest receivable from affiliate	21,898	21,363
Total current assets	<u>87,682</u>	<u>83,883</u>
Noncurrent assets:		
Loans receivable from affiliate	<u>879,252</u>	<u>862,835</u>
Total noncurrent assets	<u>879,252</u>	<u>862,835</u>
Total assets	<u>\$ 966,934</u>	<u>946,718</u>
Liabilities and Stockholder's Equity		
Current liabilities:		
Accrued interest expense	\$ 35,835	35,176
Accrued income tax payable	203	115
Deferred tax liability	43	—
Total current liabilities	<u>36,081</u>	<u>35,291</u>
Noncurrent liabilities:		
Long-term debt	<u>879,252</u>	<u>862,835</u>
Total noncurrent liabilities	<u>879,252</u>	<u>862,835</u>
Total liabilities	<u>915,333</u>	<u>898,126</u>
Stockholder's equity:		
Common stock, \$1 par value. Authorized, 100 shares; issued and outstanding, 100 shares	100	100
Additional paid-in capital	45,000	45,000
Retained earnings	6,501	3,492
Total stockholder's equity	<u>51,601</u>	<u>48,592</u>
Total liabilities and stockholder's equity	<u>\$ 966,934</u>	<u>946,718</u>

See accompanying notes to financial statements.

FRESENIUS US FINANCE II, INC.
Statements of Operations
Years ended December 31, 2013 and 2012
(In thousands)

	<u>2013</u>	<u>2012</u>
Interest income from loans to affiliate	\$ 81,993	80,496
Interest expense	<u>77,284</u>	<u>75,478</u>
Net interest income	4,709	5,018
General and administrative expenses	77	77
Foreign currency (gain)/ loss	<u>(68)</u>	<u>532</u>
Operating income	4,700	4,409
Income tax expense	<u>1,691</u>	<u>1,608</u>
Net income	<u><u>\$ 3,009</u></u>	<u><u>2,801</u></u>

See accompanying notes to financial statements.

FRESENIUS US FINANCE II, INC.

Statements of Changes in Stockholder's Equity
Years ended December 31, 2013 and 2012
(In thousands)

	Common stock		Additional paid-in capital	Retained earnings	Total
	Shares	Amount			
Balance, December 31, 2011	100	\$ 100	45,000	691	45,791
Net income	—	—	—	2,801	2,801
Balance, December 31, 2012	100	100	45,000	3,492	48,592
Net income	—	—	—	3,009	3,009
Balance, December 31, 2013	100	\$ 100	45,000	6,501	51,601

See accompanying notes to financial statements.

FRESENIUS US FINANCE II, INC.
Statements of Cash Flows
Years ended December 31, 2013 and 2012
(In thousands)

	<u>2013</u>	<u>2012</u>
Cash flows from operating activities:		
Net income	\$ 3,009	2,801
Adjustments to reconcile net income to net cash provided by operating activities:		
Changes in assets and liabilities:		
Foreign exchange loss/(gain)	(120)	193
Interest receivable from affiliate	(535)	14,003
Federal income tax receivable	(40)	
Deferred taxes	43	
Accounts receivables from affiliate	10	(10)
Accrued interest expense	658	282
Accrued income tax payable	88	58
Net cash provided by operating activities	<u>3,113</u>	<u>17,327</u>
Cash flows from investing activities:		
Proceeds from loans receivable	32,841	29,773
Payments made for loans to affiliates	<u>(35,086)</u>	<u>(47,351)</u>
Net cash used in investing activities	<u>(2,245)</u>	<u>(17,578)</u>
Net change in cash and cash equivalents	868	(251)
Cash, beginning of period	<u>125</u>	<u>376</u>
Cash, end of period	<u>\$ 993</u>	<u>125</u>
Supplemental cash flow information:		
Interest paid	\$ 76,625	75,197
Income taxes paid	1,600	1,550

See accompanying notes to financial statements.

FRESENIUS US FINANCE II, INC.

Notes to Financial Statements

December 31, 2013 and 2012

(In thousands)

(1) Organization and Business

Fresenius US Finance II, Inc. (the Company) was incorporated under the laws of the State of Delaware on September 2, 2008, as a wholly owned subsidiary of Fresenius SE & Co. KGaA (the Parent). The Company was formed as a special purpose entity to issue certain debt to unrelated third-party lenders, the proceeds of which were on-lent to APP Pharmaceuticals, Inc. (an indirect, wholly owned subsidiary of the Parent) and its affiliates to consummate the acquisition of APP Pharmaceuticals, Inc. (APP).

The Company's primary business is raising funds through the issuance of debt obligations to third parties. The Company, in turn, loans the funds to the Parent's subsidiaries at market rates of interest, plus a percentage of mark-up. The interest earnings on these loans are the primary source of the Company's income.

(2) Significant Accounting Policies

(a) Cash

Cash consists of deposits maintained in banks.

(b) Loans Receivable from Affiliate

Loans receivable from affiliate are stated at the outstanding principal balance as the Company has the intent and ability to hold the loans for the foreseeable future or until maturity or payoff.

(c) Income Taxes

The Company files its own U.S. federal income tax returns. For state income taxes, the Company's operating results are included in the tax returns of Fresenius Kabi Pharmaceuticals Holding, Inc. on a combined basis. The provision for income taxes reflected in the financial statements has been computed on a stand-alone entity basis using the effective state tax rate for the states in which the Company's tax returns are filed.

Income taxes are accounted for under the asset and liability method. Deferred tax assets and liabilities are recognized for the future tax consequences of temporary differences between the financial statement carrying amounts of assets and liabilities and their respective tax bases. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the enactment date.

The Company's tax returns are subject to audits by tax authorities and such audits may result in challenges regarding the amount of taxes due. These challenges may alter the timing or amount of taxable income or deductions. The Company recognizes income tax accruals with respect to uncertain tax positions based upon guidance on accounting for uncertainty in income taxes. Under this guidance, the benefits of tax positions that are more likely than not of being sustained upon audit based on the technical merits of the tax position are recognized in the financial statements; positions that do not meet this threshold are not recognized. For tax positions that are at least more likely than

FRESENIUS US FINANCE II, INC.

Notes to Financial Statements

December 31, 2013 and 2012

(In thousands)

not of being sustained upon audit, the largest amount of the benefit that is more likely than not of being sustained is recognized in the financial statements. Accruals for income tax exposures, including penalties and interest, expected to be settled within the next year are included in income taxes payable with the remainder included in noncurrent liabilities in the balance sheet. Interest and penalties related to income tax exposures are recognized as incurred and included in income tax expense in the statement of operations.

(d) *Use of Estimates*

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

(e) *General and Administrative Expenses*

For the years ended December 31, 2013 and 2012, the Company incurred general and administrative expenses related to annual audit and tax filings. The Company's ongoing operations are supported by employees of the Parent and certain of its subsidiaries, and the Parent does allocate costs to the Company related to these services based on an estimate of the employees time spent performing these services.

(3) *Fair Value of Financial Instruments*

The Company utilizes valuation techniques that maximize the use of observable inputs and minimize the use of unobservable inputs to the extent possible. The Company determines fair value based on assumptions that market participants would use in pricing an asset or liability in the principal or most advantageous market. When considering market participant assumptions in fair value measurements, the following fair value hierarchy distinguishes between observable and unobservable inputs, which are categorized in one of the following levels:

- Level 1 Inputs: Unadjusted quoted prices in active markets for identical assets or liabilities accessible to the reporting entity at the measurement date.
- Level 2 Inputs: Other than quoted prices included in Level 1 inputs that are observable for the asset or liability, either directly or indirectly, for substantially the full term of the asset or liability.
- Level 3 Inputs: Unobservable inputs for the asset or liability used to measure fair value to the extent that observable inputs are not available, thereby allowing for situations in which there is little, if any, market activity for the asset or liability at the measurement date.

The Company's financial instruments consist mainly of cash, interest receivable from affiliate, loans receivable from affiliate, accrued interest, and long-term debt. Cash is stated at cost, which approximates fair value. The carrying amounts of short-term loan receivable from affiliate, interest receivable from affiliate, and accrued interest approximate fair value due to the short maturity of these instruments. Long-term loans receivable from affiliate and long-term debt bear interest at fixed rates that exceed current

FRESENIUS US FINANCE II, INC.

Notes to Financial Statements

December 31, 2013 and 2012

(In thousands)

market interest rates. Accordingly, the December 31, 2013 fair value of the long-term loans receivable from affiliate and long-term debt approximates \$500 million for the USD senior notes and \$379 million for the Euro-denominated senior notes. The December 31, 2013 fair value of the Company's long-term debt, which are exchange-traded instruments, is considered a Level 1 measure under the fair value hierarchy. These Level 1 measures were used in estimating the fair value of the long-term loans receivable from affiliate, which is a Level 2 measure.

(4) Transactions with Related Parties

The following summarizes significant balances and transactions between the Company and its affiliates as of December 31 and for the years then ended:

	<u>2013</u>	<u>2012</u>
Interest receivable	\$ 21,898	21,363
Loans receivable	944,002	925,220
Interest income	81,993	80,496

The balance of loans receivable from affiliate as of December 31, 2013 is due from Fresenius Kabi Pharmaceuticals Holding, Inc. (FKP Holding) (\$659,552), from Fresenius Kabi AG (FKAG) (\$20,250) and from APP (\$44,500), all of which are indirect, wholly owned subsidiaries of the Parent, and from the Parent (\$219,700). The balance of loans receivable from affiliate as of December 31, 2012 is due from Fresenius Kabi Pharmaceuticals Holding, Inc. (FKP Holding) (\$652,646), from Fresenius Kabi AG (FKAG) (\$17,885) and from APP (\$44,500), all of which are indirect, wholly owned subsidiaries of the Parent, and from the Parent (\$210,189). These loans receivable bear interest at a weighted average rate of 8.76% as of December 31, 2013 and 8.80% as of December 31, 2012.

On December 12, 2011, the Parent, Fresenius Kabi AG, Fresenius US Finance I, Inc., Fresenius US Finance II, Inc., FKP Holding, and its subsidiaries entered into a debt simplification plan. The purpose of the plan was to streamline and consolidate the intercompany borrowings of FKP Holding and its subsidiaries. In connection with the debt simplification plan, the Parent made a cash capital contribution to Fresenius US Finance II, Inc. of \$45 million, which was subsequently loaned to APP.

Included in the balance of loans receivable from affiliate are Euro-denominated notes in the amounts of 115.7 million and 159.3 million with a maturity in 2015. The Company's functional currency is the U.S. dollar, and the remeasurement of these Euro-denominated notes at December 31, 2013 and 2012 resulted in the recognition of an unrealized gain of approximately \$16.5 million and an unrealized gain of approximately \$6.8 million at December 31, 2013 and 2012, respectively.

The obligations of FKP Holdings are guaranteed by certain affiliates and subsidiaries of FKP Holdings and secured by the assets of FKP Holdings and certain of its affiliates and subsidiaries. As the loans are due from an affiliate of the Company and fully secured, management believes that there are no significant credit risks involved. Therefore, no allowance for potential noncollection was maintained as of December 31, 2013 and 2012.

FRESENIUS US FINANCE II, INC.

Notes to Financial Statements

December 31, 2013 and 2012

(In thousands)

(5) Income Taxes

Income tax expense consisted of the following for the years ended December 31:

	<u>2013</u>	<u>2012</u>
Current	\$ 1,648	1,608
Deferred	43	—
Total	<u>\$ 1,691</u>	<u>1,608</u>

The Company's effective income tax rate for the years ended December 31, 2013 and 2012 was 36.0% and 36.5%, respectively. The effective rate differs from the U.S. federal statutory tax rate of 35% primarily due to state income taxes.

Deferred tax assets and liabilities at December 31 consist of the following:

	<u>2013</u>	<u>2012</u>
Deferred tax assets:		
Interest — OID income	\$ 20,236	15,898
Total deferred tax assets	<u>20,236</u>	<u>15,898</u>
Deferred tax liabilities:		
Interest — OID expense	13,757	10,808
Amortization — debt issuance costs	6,479	5,090
FX loss/(gain) referral	43	—
Total deferred tax liabilities	<u>20,279</u>	<u>15,898</u>
Net deferred tax liabilities	<u>\$ 43</u>	<u>—</u>

Deferred tax assets are recognized if, in management's judgment, it is more likely than not such assets will be realized. Management believes that its deferred tax assets will be fully realized and no valuation allowance is necessary at December 31, 2013.

The Company recognizes the benefits of tax positions that are more likely than not of being sustained upon audit. As of December 31, 2013 and 2012, the total amount of gross unrecognized tax benefits was zero.

The Company's federal income tax returns for the 2012 and 2013 tax years remain open for possible examination by the appropriate governmental agencies. There are no open federal income tax audits at this time.

FRESENIUS US FINANCE II, INC.

Notes to Financial Statements

December 31, 2013 and 2012

(In thousands)

(6) Long-Term Debt

Long-term debt consisted of the following as of December 31:

	<u>2013</u>	<u>2012</u>
U.S. dollar term loans	\$ 500,000	500,000
Euro term loan	<u>362,835</u>	<u>355,823</u>
	862,835	855,823
Unrealized net gain (loss) due to changes in foreign exchange rates	<u>16,417</u>	<u>7,012</u>
Less current maturities	<u>879,252</u>	<u>862,835</u>
Long-term debt	<u>\$ 879,252</u>	<u>862,835</u>

On September 10, 2008, FKP Holdings completed the acquisition of APP. In connection with the acquisition, Fresenius SE & Co. KGaA and certain of its affiliates, including the Company, entered into various credit agreements to assist in the funding of the transaction. Those credit agreements included a \$1.3 billion bridge credit agreement (the Bridge Facility Agreement) with Deutsche Bank AG, London Branch, as administrative agent, Deutsche Bank AG, London Branch, Credit Suisse, London Branch, and J.P. Morgan plc, as arrangers and book running managers, and the other lenders party thereto. The Company is the obligor under the Bridge Facility Agreement.

Pursuant to the Bridge Facility Agreement, the Company and FKP Holdings entered into an intercompany loan, the amount, maturity, and other financial terms of which correspond to those applicable to the Company's loan under the Bridge Facility Agreement (note 4). Borrowings under the Bridge Facility Agreement bear interest at a rate per annum equal to the aggregate of the base rate (LIBOR) for the relevant interest period plus the applicable margin.

In October 2008, the Company settled \$650 million of the outstanding \$1.3 billion in borrowings under the Bridge Facility Agreement.

On January 21, 2009, the Company issued two tranches of notes in a private placement consisting of \$500 million aggregate principal amount of 9% senior notes and Euro 275 million aggregate principal amount of 8¾% senior notes (Euro Notes). The Company's functional currency is the U.S. dollar, and the remeasurement of the Euro-denominated notes at December 31, 2013 and 2012 resulted in the recognition of an unrealized gain of approximately \$16.4 million and an unrealized gain of approximately \$7.0 million for the years ended December 31, 2013 and 2012, respectively. These notes are senior unsecured obligations and mature on July 15, 2015. The proceeds of the private placement were used to repay the \$650 million balance outstanding under the Bridge Facility Agreement.

FRESENIUS US FINANCE II, INC.

Notes to Financial Statements

December 31, 2013 and 2012

(In thousands)

The aggregate amounts of debt maturing in each of the next five years are as follows:

Year ending December 31:	
2014	\$ —
2015	879,252
2016	—
2017	—
2018	—
	<u>\$ 879,252</u>

For the years ended December 31, 2013 and 2012, interest expense was \$77,284 and \$75,478, respectively.

(7) Subsequent Events

The Company has evaluated subsequent events from the balance sheet date through April 2, 2014, the date at which the financial statements were issued, and identified the following events requiring disclosure.

On February 14, 2014, the Company issued notes in a private placement consisting of \$300 million aggregate principal amount of 4.250% senior notes (the Notes). The Notes are senior unsecured obligations; ranking equally with existing unsecured indebtedness, maturing on February 1, 2021. The Notes are guaranteed on a senior unsecured basis by the Parent, Fresenius Kabi AG, and Fresenius ProServe GmbH. As a result of the senior note issuance, the Company incurred debt issuance fees of \$1.9 million, which have been classified as deferred financing costs and will be amortized through the date of maturity. The proceeds of the private placement were issued to the Parent at 4.62% due on February 1, 2021. In addition, on February 14, 2014, the Parent made a capital contribution of \$7.5 million, recorded into equity of the Company and resulting in a \$5.6 million intercompany receivable, which is net of debt issuance costs paid by the Parent on behalf of the Company.



KPMG LLP
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200 East Randolph Drive
Chicago, IL 60601-6436

Independent Auditors' Report

The Board of Directors and Stockholder
Fresenius US Finance II, Inc.:

Report on the Financial Statements

We have audited the accompanying financial statements of Fresenius US Finance II, Inc. (a wholly owned subsidiary of Fresenius SE & Co. KGaA), which comprise the balance sheets as of December 31, 2013 and 2012, and the related statements of operations, changes in stockholder's equity, and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with U.S. generally accepted accounting principles; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.



Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Fresenius US Finance II, Inc. as of December 31, 2013 and 2012, and the results of its operations and its cash flows for the years then ended, in accordance with U.S. generally accepted accounting principles.

KPMG LLP

Chicago, Illinois
April 2, 2014

Unconsolidated Interim Report of Fresenius Kabi AG as of June 30, 2015 (German-GAAP, unaudited)

Fresenius Kabi Aktiengesellschaft

Bad Homburg v. d. Höhe

Balance sheet as of June 30, 2015

Assets

	Note	Jun. 30, 2015		Dec. 31, 2014	
€ in thousands	No.				
A. Fixed assets					
I. Intangible assets			578		390
II. Property, plant and equipment			160		186
III. Financial assets	4		2,391,960		2,349,017
			2,392,698		2,349,593
B Current assets					
I. Accounts receivable and other assets	5				
1. Accounts receivable from affiliated companies			850,387		809,915
2. Other assets			17,751		868,138
					12,142
					822,057
II. Cash in hand and at banks			973		22
			869,111		822,079
C. Deferred expenses					
			0		42
			3,261,809		3,171,714

Shareholders' equity and liabilities

	Note	Jun. 30, 2015	Dec. 31, 2014
€ in thousands	No.		
A. Shareholder's equity			
I. Subscribed capital	6		
Ordinary shares		66,000	66,000
II. Capital reserve	7	1,373,951	1,373,951
III. Unappropriated retained earnings	8	217,401	217,401
		1,657,352	1,657,352
B. Accrued expenses			
	9		
1. Pension obligations		10,806	9,984
2. Other accruals		7,960	18,050
		18,766	28,034
C. Liabilities			
	10		
1. Bank loans		14,058	15,789
2. Trade accounts payable		78	1,041
3. Accounts payable to affiliated companies		1,571,350	1,469,171
4. Other liabilities		205	327
		1,585,691	1,486,328
		3,261,809	3,171,714

Fresenius Kabi Aktiengesellschaft

Bad Homburg v. d. Höhe

Income statement for the period from January 1 to June 30, 2015

€ in thousands	Note	Jun. 30, 2015	Jun. 30, 2014
	No.		
1. Income from participations	13	167,758	188,644
2. Other own work capitalised		85	0
3. Other operating income	14	85,495	64,328
4. Personal expenses	15	-10,344	-10,318
5. Depreciation and amortization of intangible assets and property, plant and equipment	16	-123	-890
6. Other operating expenses	17	-93,852	-62,993
7. Income from other securities and long-term loans	18	6,223	6,414
8. Other interest and similar income	18	7,970	7,589
9. Write-downs on financial assets	19	0	-4
10. Interest and similar expenses	18	-9,172	-9,473
11. Result from ordinary operations		154,040	183,297
12. Other taxes		-10	-10
13. Net Income transferred under a profit and loss transfer agreement	20	-154,030	-183,287
14. Net income for the year		0	0
15. Unappropriated retained earnings brought forward		217,401	217,401
16. Unappropriated retained earnings carried forward	8	217,401	217,401

Fresenius Kabi AG, Bad Homburg v. d. Höhe

Statement of Cash Flows six month ended June 30, 2015 (unaudited)

	6 months 2015	6 month 2014
	kEUR	kEUR
Net Income before profit and loss transfer	154,030	183,287
Revaluation of non-current assets	-8,964	-8,730
Increase in pension liabilities	822	707
Cash flow	145,888	175,264
Decrease/increase in other operating assets	-5,567	8,114
Decrease/increase in other accrued expenses	-10,090	-8,477
Decrease in other operating liabilities	-1,085	-1,316
Change in working capital	-16,742	-1,679
Operating cash flow (cash provided by operating activities)	129,146	173,585
Purchase of property, plant and equipment and intangible assets	-285	-46
Proceeds from disposals of tangible and intangible assets		
Proceeds on disposals of non-current financial assets	3,608	30,746
Acquisition of non-current financial assets	-16,566	-186,420
Cash used for investing activities	-13,243	-155,720
Profit-transfer to shareholder	-154,030	-183,287
Cash proceeds from long-term borrowings	-1,731	-1,200
Change in financing activities with related parties	-3,785	-12,802
Cash used for financing activities	-159,546	-197,289
Change of cash and cash equivalents	-43,643	-179,424
Cash and cash equivalents at the beginning of the year ¹	-117,613	189,948
Cash and cash equivalents at the end of the year¹	-161,256	10,524

¹ Consists of InHouse-/Cash pool accounts with Fresenius SE & Co. KGaA, cash and bank accounts

Notes to the financial statements of Fresenius Kabi AG

(1) General

Fresenius Kabi Aktiengesellschaft, Bad Homburg v.d. Höhe., hereinafter referred to as "Fresenius Kabi AG", was founded on August 21, 1998 and entered on October 2, 1998 in the Commercial Register at the Local Court in Frankfurt am Main. With effect from May 10, 2010, the Annual General Meeting of Fresenius Kabi AG resolved the change in the Statutes in § 1 (domicile) and, with this, the transfer of its registered office from Frankfurt am Main to Bad Homburg v. d. Höhe. The entry in the Commercial Register of the Local Court of Bad Homburg v. d. Höhe (previously the Frankfurt am Main Local Court) was made on June 22, 2010.

Fresenius Kabi AG acts as the holding company for the worldwide business of supplying products and services for enteral and parenteral nutrition, as well as for infusion therapy, medical devices and transfusion therapy and intravenously administered drugs.

A profit and loss transfer agreement has existed since January 1, 2001 between Fresenius Kabi AG and its 100 per cent shareholder, Fresenius SE & Co. KGaA, Bad Homburg v.d. Höhe.

Fresenius Kabi AG is exempt from preparing consolidated financial statements and a group management report, as Fresenius SE & Co. KGaA, Bad Homburg v. d. Höhe, as the parent company, prepares exempting consolidated financial statements under Section 291 HGB [German Commercial Code] and a Group Management Report in accordance with Section 315a HGB under International Financial Reporting Standards (IFRS), as adopted by the EU, for the smallest number of companies that have to be included. The consolidated financial statements of Fresenius SE & Co. KGaA group are published in the electronic Federal Gazette. The consolidated financial statements for the largest number of companies that have to be included are prepared by Fresenius Management S.E., Bad Homburg v. d. Höhe. The consolidated financial statements of Fresenius Management SE group are published in the electronic Federal Gazette. Fresenius Kabi AG and its subsidiaries are included in the aforementioned consolidated financial statements.

The Company is a small corporation as defined by Section 267 (1) HGB. It has therefore applied size related reporting simplifications in accordance with Sections 274a, 276 and 288 (1) HGB. Fur-

thermore, the Company has weived the prepara-
tion of a management report, applying Section
264 (1) Sentence 4 HGB.

(2) Accounting and valuation principles

The accounting policies have very largely been retained compared with the previous year.

Intangible assets acquired for a consideration are valued at their acquisition cost less systematic straight-line amortization. The estimated useful life is normally between two and five years. The useful life of PC utility programs is two years, and the useful life of know-how is up to five years. Internally generated intangible assets are valued at production costs in accordance with Section 255 (2) Sentences 1 and 2 and (2a) HGB. Following their completion, they are amortized straight-line over a period of three years.

Property, plant and equipment are valued at their acquisition cost less standard straight-line or declining balance depreciation.

The following useful lives mainly apply for calculating the depreciation charge:

Office and factory buildings	10 - 25 years

Other fixtures and fittings, tools and equipment	3 - 10 years

Depreciable movable non-current assets with a value of more than € 150 and less than € 1,000 are grouped into a collective item which is dissolved through profit and loss by one fifth in the year of capitalization and the following four years each.

Financial assets are recognised at cost or, if the assets are other than temporarily impaired, at their

Impairment losses are recorded when a lower value can be attributed to the fixed assets as of the balance sheet date on account of sustained impairment. A lower carrying amount is not retained if the reasons for the earlier impairment loss no longer exist.

Accounts receivable and other assets are recognised at their nominal value less any necessary specific bad debt provisions.

Securities are recognised at their nominal amount or at their lower attributable value.

Pension obligation is determined actuarially based on the biometrical probabilities (Heubeck 2005 G Mortality Tables) by the projected unit credit method. Salary and pension increases expected in the future are taken into account in the calculation of the obligation. At present, annual adjustments of 3 % to 4 % are expected for the remuneration and of 1.75 % for the pensions. The staff fluctuation rate specific to the Company that has also been taken into account was between 0 % and 18 %. The interest rate used to discount the pension obligation amounts to 4.54 %; this is the average market interest rate for the past seven years determined and published by the Deutsche Bundesbank for an assumed residual term of 15 years.

The value of accruals in connection with employee-financed working life time accounts (demographic funds) is determined on the basis of the development of the asset value of the corresponding plan reinsurance in accordance with Section 253 (1) Sentence 3 HGB (security-linked pensions).

The asset values offset against the accruals are recognised at fair values.

Other accruals are built for recognizable risks and uncertain liabilities at the amounts to be paid and calculated on the basis of a reasonable commercial assessment. Long term accruals are accounted for taking into account future price and cost increases and are discounted with the last-seven-year-average discount rate that corresponds to the remaining life of the accrual.

Liabilities are recognised at their settlement amounts.

Foreign currency items are translated with the average foreign currency spot rate at the time of origin or the hedging rate for hedging transactions.

In accordance with Section 256a HGB, assets and liabilities denominated in foreign currency with residual terms of up to a year are translated at the average closing spot rate as of the reporting date.

Assets and liabilities with a remaining terms exceeding a year that are denominated in foreign currencies are fundamentally translated at the foreign currency rate at inception, while, at the balance sheet date, the lower average foreign currency spot rate is used to translate assets and the higher average foreign currency spot rate is used to translate liabilities. If the conditions to apply hedge accounting are met, the hedging financial instruments and the underlying transactions are combined in a hedge and valued using the exchange rate at inception (Einfrierungsmethode). Changes in the value of the hedged risks are not recognized in the balance sheet or statement of income.

Gains and losses on the translation of foreign currency items to Euros are recognized in profit or loss and recorded in the income statement under the captions "other operating income" or "other operating expenses".

Derivative financial instruments are only used in order to hedge risks. Interest rate and foreign currency derivatives are contracted for hedging purposes.

In addition to hedging transactions for foreign currency loans which group companies have taken up from the Company or which the Company has taken up at group companies and banks, the Company concludes hedging transactions with banks, which are matched by contracts in the opposite direction between Fresenius Kabi AG and its subsidiaries with more or less the same conditions. The subsidiaries use the contracts to hedge their operating business against foreign currency risks.

Furthermore, the Company concludes hedges in the form of foreign currency forward contracts for future foreign currency risks (from purchase and/or sales transactions in foreign currency) that represent anticipatory valuation units.

Derivatives are valued at their fair value on the balance sheet date. In accordance with the valuation principles under German commercial law, a negative valuation result is recorded in income for the year. Positive valuation results are by contrast ignored. If the criteria for hedge accounting are fulfilled, the hedges and the hedged items are combined, so that the impact on profit or loss both of the hedge and the hedged item is only recognized in profit or loss on settlement of the hedged item.

In accordance with the Company's holding function, the caption "income from participations" is reported in the income statement instead of the caption in accordance with Section 275 (2) No. 1 HGB (sales). This comprises income from profit and loss transfer agreements, income from participations and expenses in connection with the absorption of losses.

(3) Derivatives

Fresenius Kabi AG employs derivatives, generally in the form of micro-hedges, in order to hedge interest rate and currency risks or risks that already exist or which can be expected with sufficient probability. Derivatives are used exclusively for hedging purposes. As the critical terms of the underlying transactions basically match those of the derivative financial instruments it can be assumed that hedges are highly effective. The Company has defined guidelines for the assessment of the risks and the control of the use of financial instruments. They include a clear segregation of responsibilities with regard to execution on the one hand and settlement, accounting and control on the other hand. The objective of the utilisation of derivatives is to reduce fluctuations in earnings and cash flows resulting from changes in exchange and interest rates. The high effectiveness of the hedge relationships leads to the expectation that, in general, the underlying transaction and the corresponding derivative will offset each other.

Exchange rate risks

Fresenius Kabi AG entered into foreign exchange forward contracts with external contractual partners to hedge the foreign currency risks on accounts receivable and liabilities and transactions of the Company and its group companies that are expected with a high degree of probability. As of the balance sheet date, the Company mainly had US-\$ and € currency derivatives.

For foreign exchange forward contracts contracted with banks to hedge the foreign exchange risk of Fresenius Kabi AG Group companies' and that were passed down to the affected Group companies via Group internal transactions, hedges were build for the forward contracts and the underlying transactions with an offsetting fair value. The Company does not revalue these hedges for financial reporting purposes until maturity (Einfrierungsmethode).

Further hedges were set up for loans in foreign currency, which group companies have taken up from the Company or which the Company has taken up from group companies and banks, and

the offsetting foreign exchange forward contracts in the opposite direction in order to hedge them.

The Changes in value of both the loan receivable and payment obligations and the foreign currency hedging contracts have been recognized as income (Durchbuchungsmethode). The offsetting cash flows will be almost fully compensated at the latest in 12 months.

The Company had no interest rate derivatives on the balance sheet date.

Valuation methods

The fair values of the derivatives are determined applying customary market valuation methods, taking into account the market information (market value). The following basic principles apply:

The fair value is based on the market value at which a derivative could be traded in a voluntary transaction between independent parties, whereby compulsory sales or liquidation sales have to be disregarded. To determine the market values of foreign exchange forward contracts, the contracted forward rate is compared with the forward rate as of the balance sheet date for the residual term of the respective contract. The resultant amount is discounted to the balance sheet date, taking into account current market interest rates. In the case of interest rate swaps, the valuation is carried out by discounting the future cash flows on the basis of the market interest rates on the balance sheet date applicable for the residual term of the contracts.

The effectiveness of hedging relationships is measured with the Critical Term Match- Method and the Dollar Offset-Method for foreign exchange forward contracts and with the Dollar Offset-Method for interest rate swaps.

Notes to the balance sheet

(4) Financial assets

The financial assets comprise shares in affiliated companies of € 2,048 thousand (Dec 31, 2014: € 2,032 thousands). The increase of financial applies to a debt-equity-swap (Fresenius Kabi India Private Ltd., India), capital increases (Fresenius Kabi India Private Ltd., India, Fresenius Deutschland GmbH, Bad Homburg v.d.H., Deutschland) and further acquisition of more interests in Fresenius Kabi Bidiphar Joint Stock Company, Quy Nhon (Vietnam).

The loans of € 308 thousands (Dec 31, 2014: € 317 thousands) comprise long-term loans of affiliated companies.

A list of all participations in related and associated companies of Fresenius Kabi AG is contained in the list of participations in related and associated companies of Fresenius SE & Co. KGaA which is published by Fresenius SE & Co. KGaA in the electronic Bundesanzeiger (German Federal Gazette).

(5) Accounts receivable and other assets

	Dec. 31, 2014	June 30, 2015
	'000 €	'000 €
Accounts receivable from related parties	809,915	850,387
(thereof with a residual term of more than 1 year)	(-)	(-)
Other assets	12,142	17,751
(thereof with a residual term of more than 1 year)	(-)	(-)
	822,057	868,138

(6) Subscribed capital

The nominal capital amounts to € 66,000,000 and consists of 25,781,250 no-par value bearer shares.

Fresenius SE & Co. KGaA has notified Fresenius Kabi AG that it holds 100 % of the voting rights and 100 % of the ordinary shares.

(7) Capital reserve

The capital reserve amounts unchanged to € 1,373,951 thousand.

(8) Unappropriated retained earnings

On account of the transfer of the net income of € 154,030 thousand (June 30, 2014; € 183,287 thousand) to the sole shareholder, Fresenius SE & Co. KGaA, the unappropriated retained earnings

carried forward were unchanged in the past business year at € 217,401 thousand; the unappropriated retained earnings carried forward as of June 30, 2015 consist entirely of the retained earnings brought forward prior to the conclusion of the profit and loss transfer agreement.

The ban on distribution of profits imposed by Section 268 (8) Sentence 1 HGB as a consequence of exercising the capitalization option under Section 248 (2) HGB, does not apply because the Company's freely available reserves exceed the capitalized amounts, after deducting the deferred tax liabilities to be set up for this.

(9) Accrued expenses

The **pension obligation** has been set up in accordance with the procedures described in Note (2) "Accounting and valuation principles" and amounts to € 10,806 thousand (Dec. 31, 2014; € 9,984 thousand).

(10) Liabilities

	Dec. 31, 2014		June 30, 2015			
	Total	thereof with a residual term of less than 1 year	Total	less than 1 year	1 to 5 years	more than 5 years
	'000 €	'000 €	'000 €	'000 €	'000 €	'000 €
Bank loans	15,789	2,792	14,058	2,678	11,380	-
Trade accounts payable	1,041	1,041	78	78	-	-
Accounts payable to related parties	1.469.171	1.372.571	1.571.350	623,650	-	947,700
Other liabilities	327	327	205	205	-	-
	1,486,328	1,376,731	1,585,691	626,611	11,380	947,700

Accounts payable to related parties mainly relate with € 1,167,256 thousand (Dec. 31, 2014: € 1,118,530 thousand) to Fresenius SE & Co. KGaA.

This item includes, in addition to trade accounts payable and liabilities from the transfer of the profits, primarily loan liabilities.

The other liabilities mainly comprise wage tax liabilities (€ 68 thousand; Dec. 31, 2014: € 223 thousand).

(12)Contingent liabilities*Contingencies from indemnity agreements*

Fresenius Kabi AG guarantees together with Fresenius Proserve GmbH and Fresenius SE & Co. KGaA the liabilities from the Senior Notes, which were issued by subsidiaries of which Fresenius SE & Co. KGaA hold 100%, in 2009, 2012, 2013 and 2014. The following table shows these obligations as of June 30, 2015:

Issuer/ Transaction	Notional amount	Maturity	Nominal interest rate
Fresenius Finance B.V. 2012/2019	€500 million	Apr. 15, 2019	4,25%
Fresenius Finance B.V. 2013/2020	€500 million	July 15, 2020	2,875%
Fresenius Finance B.V. 2014/2019	€300 million	Feb. 1, 2019	2.375%
Fresenius Finance B.V. 2014/2021	€450 million	Feb. 1, 2021	3.00%
Fresenius Finance B.V. 2014/2024	€450 million	Feb. 1, 2024	4.00%
Fresenius US Finance II, Inc. 2009/2015	€275 million	July 15, 2015	8,75%
Fresenius US Finance II, Inc. 2009/2015	US\$500 million	July 15, 2015	9,00%
Fresenius US Finance II, Inc. 2014/2021	US\$300 million	Feb. 1, 2021	4.25%

The Senior Notes issued by Fresenius US Finance II, Inc. which are due on July 15, 2015 have been repaid as scheduled using available short term financing sources.

Moreover Fresenius Kabi AG and Fresenius Proserve GmbH jointly and severally guarantee the liabilities from the €500 million equity-neutral convertible bond issued by Fresenius SE & Co. KGaA in 2014. On June 30, 2015 the guarantee had a fair value of €683 million.

Further guarantee commitments of Fresenius Kabi AG together with Fresenius SE & Co. KGaA, Fresenius ProServe GmbH and selected subsidiaries exist in relation to the repayment of tranche of the syndicated credit agreement of the Fresenius SE & Co. KGaA, which was closed in December 2012 (Credit Agreement 2013). Obligations under the 2013 Senior Credit Agreement are secured by pledges of capital stock of certain material subsidiaries of Fresenius Kabi AG, and since funding of the incremental facilities additionally secured by a pledge of the capital stock of HELIOS Kliniken GmbH, in favor of the lenders. As of June 30, 2015 credit lines and loans in the amount of €3,465 million existed, of which an amount of €2,306 million was utilized.

Moreover, Fresenius ProServe GmbH, together with Fresenius Kabi AG, is guaranteeing the repayment of several borrowers' note loans issued by Fresenius SE & Co. KGaA of altogether € 936 million plus accumulated interest thereon.

With a letter dated January 29, 2008 the Company issued a declaration to its subsidiary, Fresenius Kabi AB, Sweden, that the equity of that company corresponds at least with the registered share capital.

With a letter dated December 22, 2011, the Company issued a guarantee declaration to Fresenius Kabi Austria GmbH, Austria, in which it promised, subject to a condition precedent, for a period initially limited to the next 5 years, to pay Fresenius Kabi Austria GmbH a compensating subsidy, by which possible sales proceeds remain below the cost or an adapted purchase price, in the event that investment in Fresenius Kabi (Singapore) Pte. Ltd., Singapore, that is held directly by Fresenius Kabi Austria GmbH or Fresenius Kabi Oncology Ltd., India, that was acquired by the former, is sold.

The adaption of the purchase price will be necessary to the extent that capital measures (increases in capital) or subsidies prior to the sale date increase the cost or reductions in capital, repayments of capital contributions or dividends in excess of the annual earnings could have decreased it.

Similarly with a letter dated December 22, 2011, the Company issued a guarantee declaration to Fresenius Kabi Austria GmbH, Austria, in which it promised, subject to a condition precedent, for a period initially limited to the next 5 years, that on a possible sale of FHC (Holdings) Ltd., U.K., which is owned by it, to pay a compensating subsidy, if the sales proceeds remain below the cost or an adapted purchase price.

The adaption of the purchase price will be necessary to the extent that capital measures (increases in capital) or subsidies prior to the sale date increase the cost or reductions in capital, repayments of capital contributions or dividends in excess of the annual earnings could have decreased the cost.

Furthermore, Fresenius Kabi AG is guaranteeing loans taken up by or existing credit facilities at various group companies with a total volume of

Euro 358 million, of which Euro 108 million was outstanding as of June 30, 2015.

As far as we are aware, the underlying obligations can be fulfilled in all cases by the companies affected; a claim on us is not currently expected.

Notes to the income statement

(13) Income from participations

	June 30, 2014	June 30, 2015
	'000 €	'000 €
Income from profit and loss transfer agreements	67,972	69,626
Expense from loss transfer agreements	-44	-21
Income from participations	120,716	98,153
(thereof from related parties)	(120,716)	(98,153)
	188,644	167,758

Profit and loss transfer agreements have been concluded with Fresenius Kabi Deutschland GmbH, Bad Homburg v. d. Höhe, V. Krütten Medizinische Einmalgeräte GmbH, Idstein, HOSPED GmbH Lieferservice für Klinik, Handel und Patienten, Friedberg, and Fresenius Kabi Vermögensverwaltungs GmbH, Bad Homburg v. d. Höhe.

(14) Other operating income

Other operating income mainly includes exchange gains of € 78,701 thousand (June 30, 2014: € 57,303 thousand), cost reimbursements of € 6,485 thousand (June 30, 2014: € 6,301 thousand) from related parties based on service agreements and proceeds from the reversal of other accruals of € 117 thousand (June 30, 2014: € 669 thousand).

(15) Personnel expenses

	June 30, 2014	June 30, 2015
	'000 €	'000 €
Wages and salaries	9,257	9,166
Social security, pension and other benefit expenses	1,061	1,178
(thereof for pensions)	(781)	(887)
	10,318	10,344

(16) Depreciation and amortization of intangible assets and property, plant and equipment

The depreciation and amortization of € 123 thousand (June 30, 2014: € 890 thousand) mainly comprises systematic amortization on intangible rights.

(17) Other operating expenses

The other operating expenses mainly comprise exchange losses (€ 83,840 thousand; June 30, 2014: € 44,662 thousand), expenses for services by related parties (€ 8,815 thousand; June 30, 2014: € 10,213 thousand), insurance and consultancy expenses (€ 8,227 thousand; June 30, 2014: € 4,789 thousand), expenses for third party services (€ 1,320 thousand; June 30, 2014: € 243 thousand), IT related expenses (€ 663 thousand; June 30, 2014: € 900 thousand), travelling and entertaining expenses (€ 549 thousand; June 30, 2014: € 432 thousand).

(18) Interest result

	June 30, 2014	June 30, 2015
	'000 €	'000 €
Income from other securities and long-term loans (thereof from related parties)	6,414 (6,413)	6,223 (6,222)
Other interest and similar income (thereof from related parties) (thereof from the discounting of accruals)	7,589 (7,103) (-)	7,970 (7,563) (-)
Interest and similar expenses (thereof to related parties) (thereof from discounting of accruals)	-9,473 (-8,091) (-)	-9,172 (-7,190) (-)
	4,530	5,021

(19) Result from ordinary operations

The result from ordinary operations amounts to € 154,040 thousand (June 30, 2014: € 205,953 thousand).

(20) Appropriation of the earnings

The net income earned in the past financial year has been transferred to Fresenius SE & Co. KGaA.

Bad Homburg v. d. Höhe, 5. August 2015

M. Henriksson

M. Crouton

L. Depotter

J. Ducker

M. Köhler
(until April 30, 2015)

Dr. M. Schönhofen

Dr. C. Hauer

G. Steen

Unconsolidated Financial Statements of Fresenius Kabi AG for 2014 (German-GAAP)

Fresenius Kabi Aktiengesellschaft

Bad Homburg v. d. Höhe

Balance sheet as of December 31, 2014

Assets

	Note	Dec. 31, 2014	Dec. 31, 2013
€ in thousands	No.		
A. Fixed assets			
I. Intangible assets		390	866
II. Property, plant and equipment		186	257
III. Financial assets	4	2,349,017	2,037,699
		<u>2,349,593</u>	<u>2,038,822</u>
B. Current assets			
I. Accounts receivable and other assets	5		
1. Amounts receivable from affiliated companies		809,915	578,111
2. Other assets		12,142	14,703
		822,057	592,814
II. Cash in hand and at banks		22	48
		<u>822,079</u>	<u>592,862</u>
C. Deferred expenses		42	62
		<u>3,171,714</u>	<u>2,631,746</u>

Shareholders' equity and liabilities

	Note	Dec. 31, 2014	Dec. 31, 2013
€ in thousands	No.		
A. Shareholders' equity			
I. Subscribed capital	6		
Ordinary shares		66,000	66,000
II. Capital reserve	7	1,373,951	1,373,951
III. Unappropriated retained earnings c/fwd	8	217,401	217,401
		1,657,352	1,657,352
B. Accrued expenses			
	9		
1. Pension obligations		9,984	7,555
2. Other accruals		18,050	20,536
		28,034	28,091
C. Liabilities			
	10		
1. Bank loans		15,789	1,200
2. Trade accounts payable		1,041	1,448
3. Amounts payable to affiliated companies		1,469,171	943,309
4. Other liabilities		327	346
		1,486,328	946,303
		3,171,714	2,631,746

Fresenius Kabi Aktiengesellschaft Bad Homburg v. d. Höhe

Income statement for the period from January 1 to December 31, 2014

€ in thousands	Note	2014	2013
	No.	TEUR	TEUR
1. Income from participations	13	236.872	224.091
2. Other own work capitalised		313	0
3. Other operating income	14	96.936	110.587
4. Personnel expenses	15	-21.926	-22.325
5. Depreciation and amortization of intangible assets and property, plant and equipment	16	-966	-5.142
6. Other operating expenses	17	-111.895	-151.073
7. Income from other securities and long-term loans	18	13.156	9.212
8. Other interest and similar income	18	14.792	17.194
9. Write-downs on financial assets	19	-3.420	0
10. Interest and similar expenses	18	-17.909	-33.441
11. Result from ordinary operations	20	205.953	149.103
12. Other taxes		-20	-35
13. Net income transferred under a profit and loss transfer agreement	21	-205.933	-149.068
14. Net income for the year		0	0
15. Unappropriated retained earnings brought forward		217.401	217.401
16. Unappropriated retained earnings carried forward	8	217.401	217.401

Notes to the financial statements of Fresenius Kabi AG

(1) General

Fresenius Kabi Aktiengesellschaft, Bad Homburg v.d. Höhe, hereinafter referred to as "Fresenius Kabi AG", was founded on August 21, 1998 and originally entered on October 2, 1998 in the Commercial Register at the Local Court in Frankfurt am Main. With effect from May 10, 2010, the Annual General Meeting of Fresenius Kabi AG resolved the change in the Statutes in § 1 (domicile) and, with this, the transfer of its registered office from Frankfurt am Main to Bad Homburg v. d. Höhe. The entry in the Commercial Register of the Local Court of Bad Homburg v. d. Höhe (previously the Frankfurt am Main Local Court) was made on June 22, 2010.

Fresenius Kabi AG acts as the holding company for the worldwide business of supplying products and services for enteral and parenteral nutrition, infusion therapies, medical and transfusion devices, and intravenously administered drugs.

A profit and loss transfer agreement has existed since January 1, 2001 between Fresenius Kabi AG and its 100 per cent shareholder, Fresenius SE & Co. KGaA, Bad Homburg v. d. Höhe.

Fresenius Kabi AG is exempted from preparing consolidated financial statements and a group management report, as Fresenius SE & Co. KGaA, Bad Homburg v. d. Höhe, as the parent company, prepares exempting consolidated financial statements under Section 291 HGB [German Commercial Code] and a Group Management Report in accordance with Section 315a HGB under International Financial Reporting Standards (IFRS), as adopted by the EU, for the smallest number of companies that have to be included. The consolidated financial statements of Fresenius SE & Co. KGaA are published in the electronic Federal Gazette. The consolidated financial statements for the largest number of companies that have to be included are prepared by Fresenius Management S.E., Bad Homburg v. d. Höhe and similarly published in the electronic Federal Gazette. Fresenius Kabi AG and its

subsidiaries are included in the aforementioned consolidated financial statements.

The Company is a small corporation as defined by Section 267 (1) HGB. It has therefore applied size related reporting simplifications in accordance with Sections 274a, 276 and 288 (1) HGB. Furthermore, the Company has waived the preparation of a management report, applying Section 264 (1) Sentence 4 HGB.

(2) Accounting policies

The accounting policies have very largely been retained compared with the previous year.

Intangible assets acquired for a consideration are valued at their acquisition cost less systematic straight-line amortization. The estimated useful life is normally between two and five years. The useful life of PC utility programs is two years, and that of the know-how is up to five years. Internally generated intangible assets are valued at production costs in accordance with Section 255 (2) Sentences 1 and 2 and (2a) HGB. Following their completion, they are amortized straight-line over a period of three years.

Property, plant and equipment are valued at their acquisition cost less standard straight-line or declining balance depreciation.

The following useful lives mainly apply for calculating the depreciation charge:

Office and factory buildings	10 - 25 years

Other fixtures and fittings, tools and equipment	3 - 10 years

Depreciable moveable fixed assets with a value of more than € 150 and less than € 1,000 are grouped into a collective item that is dissolved through profit and loss by one-fifth in the year of capitalization and the following four years.

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Financial assets are recognized at cost or, if the assets are other than temporarily impaired, at their lower market value.

Impairment losses are recorded when a lower value can be attributed to the fixed assets as of the balance sheet date on account of sustained impairment. A lower carrying amount is not retained if the reasons for the earlier impairment loss no longer exist.

Accounts receivable and other assets are recognized at their nominal value less any necessary specific bad debt provisions.

The employee credit balances on **partial retirement agreements** are secured against insolvency in compliance with the relevant legal regulations. To fulfil this purpose, the Company buys shares of an investment fund similar to a money market fund in the amount of the accumulated credit balances. Securitization is accomplished by pledging the investment fund shares to a trustee. The sole purpose of the securities is therefore to secure the obligations under the partial retirement agreements in the event of insolvency and they are not available to any other creditors. In accordance with Section 246 (2) sentence 2 HGB, they were netted in the past financial year with the underlying obligations. The fair value of these securities was derived from the stock market price as of the balance sheet date.

Amount to be paid for partial retirement agreements	€ 49 thousand

Fair value of the securities	€ 29 thousand

Surplus of the obligations over the assets	€ 20 thousand

Acquisition cost of the securities	€ 31 thousand

In the income statement, net interest includes € 1,620 of netted expenses and income from the valuation of the securities and the accrual.

The **pension obligation** is determined actuarially based on the biometrical probabilities (Heubeck 2005 G Mortality Tables) by the projected unit credit method. Salary and pension increases expected in the future are taken into account in the calculation of the obligation. At present, annual adjustments of 3 % to 4 % depending on the individual age are expected for the remuneration and of 1.75 % for the pensions. The staff fluctuation rate specific to the Company that has also been taken into account was between 0 % and 18 % for the various age groups. The interest rate used to discount the pension obligations amounts to 4.54 %; this is the average market interest rate for the past seven years determined and published by the Deutsche Bundesbank for an assumed residual term of 15 years (as of October 31, 2014).

The value of **accruals in connection with employee-financed working life time accounts** (demographic funds) is determined on the basis of the development of the asset value of the congruent recourse insurance in accordance with Section 253 (1) Sentence 3 HGB (security-linked pensions).

The asset values offset against the accruals are recognized at fair values.

On the basis of a Works Council Agreement from November 2009 and starting on January 1, 2010, employees can participate in a demography fund by contributing part of their compensation or working hours to an account maintained by the Company in exchange for time off in the future. The credit balances of the employees are invested in an insurance product via a trust agreement, so that the Company and its creditors have no access to the funds. This construction is therefore a security-based pension obligation in the sense of Section 253 (1) sentence 3 HGB. The accrual for the time balances of the employees corresponds with the fair value of the insurance product. This fair value results from the forecasted actuarial reserves of the insurance company plus the present profit sharing on the surplus.

Amount to be paid for obligations from the demography fund € 100 thousand

Fair value of the insurance policy € 100 thousand

Surplus of the assets over the obligations 0

Acquisition cost of the insurance policy € 100 thousand

In the income statement, net interest includes € 6,033 of netted expenses and income from the valuation of the securities and the accrual.

Other accruals are set up for recognizable risks and uncertain liabilities at the amounts to be paid, calculated on the basis of a reasonable commercial assessment. Long-term accruals are accounted for taking into account future price and cost increases and discounted with the seven year average discounting rate that corresponds to the remaining life of the accrual.

Liabilities are recognized at their settlement amounts.

Foreign currency items are translated with the average foreign currency spot rate at the time of origin or the hedging rate for hedging transactions.

In accordance with Section 256a HGB, assets and liabilities denominated in foreign currency with residual terms of up to a year are translated at the average closing spot rate as of the reporting date.

Assets and liabilities with remaining terms exceeding a year that are denominated in foreign currencies are fundamentally translated at the foreign currency rate at inception, while, at the balance sheet date, the lower average foreign currency spot rate is used to translate assets and the higher average foreign currency spot rate is used to translate liabilities. If the criteria for hedge accounting are fulfilled, the hedging instruments and the underlying hedged items are combined in a hedge and valued applying

the translation rate at inception. Changes in the value of the hedged risks are not recognized in the balance sheet or income statement.

Gains and losses on the translation of foreign currency items to euros are recognized in profit or loss and recorded in the income statement under the captions "other operating income" or "other operating expenses".

Derivatives are only used in order to hedge risks. Interest rate and foreign currency derivatives are concluded for hedging purposes.

In addition to hedging transactions for foreign currency loans which group companies have taken up from the Company or which the Company has taken up at group companies and banks, the Company concludes hedging transactions with banks, which are matched by contracts in the opposite direction between Fresenius Kabi AG and its subsidiaries with more or less the same conditions. The subsidiaries use the contracts to hedge their operating business against foreign currency risks.

Furthermore, the Company concludes hedges in the form of foreign currency forward contracts for future foreign currency risks (from purchase and/or sales transactions in foreign currency) that represent anticipatory valuation units.

Derivatives are valued at their fair value on the balance sheet date. In accordance with the valuation principles under German commercial law, a negative valuation result is recorded in income for the year. Positive valuation results are by contrast ignored. If the criteria for hedge accounting are fulfilled, the hedges and the hedged items are combined, so that the impact on profit or loss both of the hedge and the hedged item is only recognized in profit or loss jointly on settlement of the hedged item.

In accordance with the Company's holding function, the caption "income from participations" is used in the **income statement** instead of the caption in accordance with Section 275 (2) No. 1 HGB (sales). This

comprises income from profit and loss transfer agreements, other income from participations and expenses in connection with the absorption of losses.

(3) Derivatives

Fresenius Kabi AG employs derivatives, generally in the form of micro-hedges, in order to hedge interest rate and currency risks or risks that already exist or which can be expected with sufficient probability. Derivatives are used exclusively for hedging purposes. As the critical terms of the underlying transactions basically match those of the derivative financial instruments, it can be assumed that the hedges are highly effective. The Company has defined guidelines for the assessment of the risks and the control of the use of financial instruments. They include a clear segregation of responsibilities with regard to execution on the one hand and settlement, accounting and control on the other hand. The objective of the utilization of derivatives is to reduce fluctuations in earnings and cash flows resulting from changes in exchange and interest rates. The high effectiveness of the hedge relationships leads to the expectation that, in general, the underlying transaction and the corresponding derivative will offset each other.

Exchange rate risks

Fresenius Kabi AG entered into foreign exchange forward contracts with external contractual partners to hedge the foreign currency risks on accounts receivable and liabilities and transactions of the Company and its group companies that are expected with a high degree of probability. As of the balance sheet date, the Company mainly had US-\$ and € currency derivatives with a nominal volume of € 826,048 thousand, a negative fair value of -€ 2,921 thousand and a maximum term 12 months in its portfolio. Of these currency derivatives, € 349,537 thousand relate to contractual partners within the Fresenius Group with a positive fair value of € 13,768 thousand.

The following three categories can be distinguished:

1. Hedging of foreign currency risks of Fresenius Kabi AG group companies

For foreign exchange forward contracts concluded with banks to hedge the foreign currency risks of Fresenius Kabi AG group companies that were passed down to the group companies affected via intragroup transactions, hedges were set up for the forward contracts and the underlying transactions with an offsetting fair value. The Company does not revalue these hedges for financial accounting purposes until maturity (Einfrierungsmethode). The net negative fair value of internal and external hedges amounted to € -5,972 thousand as of the balance sheet date. This balance results from the prolongation of currency contracts, which were carried out externally based on the current exchange rates and internally on the basis of the exchange rates of the original initial transaction. The nominal volume of these hedging transactions amounted as of December 31, 2014 to € 560,509 thousand; an "other accrual" has been set up in the amount of the negative fair value.

2. Hedging of foreign currency risks on loan receivables and liabilities of Fresenius Kabi AG

Hedges were set up for loans in foreign currency that group companies have borrowed from the Company or that the Company has borrowed from group companies and banks, and their offsetting foreign exchange forward contracts closed for hedging purposes. The loan receivables and obligations fully hedged against currency risks had a net book value at the reporting date of € 271,154 thousand. The external currency contracts to hedge the individual loan receivables and liabilities had a net positive fair value of € 3,276 thousand. The nominal volume of these hedging transactions amounted as of December 31, 2014 to € 260,519

thousand. The changes in value of both the loan receivables and liabilities and also the foreign currency hedging contracts have been recognized as income (Durchbuchungsmethode). The offsetting cash flows will more or less match at the latest in 12 months.

3. Hedging of foreign currency risks on transactions of Fresenius Kabi AG that are expected with a high degree of probability

The foreign currency derivatives concluded in this connection have a net negative fair value of € 226 thousand. The nominal volume of these hedging transactions amounted as of December 31, 2014 to € 5,019 thousand. A contingent loss provision of € 226 thousand was set up as of the balance sheet date.

The Company had no interest rate derivatives on the balance sheet date.

Valuation methods

The fair values of the derivatives are determined applying customary market valuation methods, taking into account the market information (market values). The following basic principles apply:

The fair value is based on the market value at which a derivative could be traded in a voluntary transaction between independent parties, whereby compulsory sales or liquidation sales have to be disregarded. To determine the market values of foreign exchange forward contracts, the contracted forward rate is compared with the forward rate as of the balance sheet date for the residual term of the respective contract. The resultant amount is discounted to the balance sheet date, taking into account current market interest rates. In the case of interest rate swaps, the valuation is carried out by discounting the future cash flows on the basis of the market interest rates on the balance sheet date applicable for the residual term of the contracts.

The effectiveness of hedging relationships is measured with the critical terms match method and the dollar offset method, and with the dollar offset method for interest rate swaps.

Notes to the balance sheet

(4) Financial assets

The financial assets comprise shares in affiliated companies of € 2,032,101 thousand (Dec. 31, 2013: € 1,861,979 thousand) and loans.

The increase in the shares in affiliated companies is mainly due to contributions paid into the equity of the following companies:

Fresenius Kabi R&D Clayton GmbH, Frankfurt, Germany (€ 96,600 thousand), Fresenius Kabi India Ltd., Pune, India (€ 24,011 thousand) and Fresenius Kabi Chile Ltda., Santiago de Chile, Chile (€ 43,895 thousand).

The loans of € 316,916 thousand (Dec. 31, 2013: € 175,720 thousand) comprise long-term loans to affiliated companies.

The disclosures in accordance with Section 285 No. 11 HGB follow separately as Appendix 2 to the notes to the financial statements "Participations in affiliated and associated companies".

(5) Accounts receivable and other assets

	Dec. 31, 2013	Dec. 31, 2014
€ in thousands		
Accounts receivable from affiliated companies	578,111	809,915
(thereof with a residual term of more than 1 year)	(-)	(-)
Other assets	14,703	12,142
(thereof with a residual term of more than 1 year)	(-)	(-)
	592,814	822,057

Accounts receivable from affiliated companies include short-term loans of € 694,900 thousand (Dec. 31, 2013: € 451,682 thousand) and otherwise mainly current accounts.

(6) Subscribed capital

The nominal capital amounts to € 66,000,000 and consists of 25,781,250 no-par value bearer shares.

Fresenius SE & Co. KGaA has notified Fresenius Kabi AG that it holds 100 % of the voting rights and 100 % of the ordinary shares.

(7) Capital reserve

The capital reserve amounts unchanged to € 1,373,951 thousand.

(8) Unappropriated retained earnings carried forward

On account of the transfer of the net income of € 205,933 thousand (Dec. 31, 2013: € 149,068 thousand) to the sole shareholder, Fresenius SE & Co. KGaA, the unappropriated retained earnings carried forward were unchanged in the past business year at € 217,401 thousand; the unappropriated retained earnings carried forward as of December 31, 2014 consist entirely, as in prior years, of the retained earnings brought forward before conclusion of the profit and loss transfer agreement.

The ban on distribution of profits imposed by Section 268 (8) Sentence 1 HGB as a consequence of exercising the capitalization option under Section 248 (2) HGB, does not apply because the Company's freely available reserves exceed the capitalized amounts, after deducting the deferred tax liabilities to be set up for this.

(9) Accrued expenses

The **pension obligation** has been set up in accordance with the procedures described in Note (2) "Accounting policies", and amounts to € 9,984 thousand (Dec. 31, 2013: € 7,555 thousand).

(10) Liabilities

	Dec. 31,2013		Dec. 31,2014		
	Total	thereof with a residual term of less than 1 year	Total	thereof with a residual term of less than 1 year	thereof with a residual term of more than 5 years
€ in thousands					
Bank loans	1,200	1,200	15,789	2,792	2,286
Trade accounts payable	1,448	1,448	1,041	1,041	0
Amounts payable to affiliated companies	943,309	905,525	1,469,171	1,372,571	96,600
Other liabilities	346	346	327	327	0
	946,303	908,519	1,486,328	1,376,731	98,886

In the past financial year, Fresenius Kabi AG took over long-term loan liabilities of Fresenius Immobilien-Verwaltungs-GmbH & Co. Objekt Friedberg KG owed to KfW-IPEX Bank and Hessische Landesbank.

Accounts payable to affiliated companies mainly relate with € 1,118,530 thousand (Dec. 31, 2013: € 706,697 thousand) to Fresenius SE & Co. KGaA. In addition to trade accounts payable and loan liabilities, this item primarily comprises liabilities from the transfer of the profits.

The other liabilities mainly comprise wage tax liabilities (€ 223 thousand; Dec. 31, 2013: € 316 thousand).

(11) Contingent liabilities

Fresenius Kabi AG, together with Fresenius ProServe GmbH and Fresenius SE & Co. KGaA, is guaranteeing jointly and severally the obligations under senior ranking bonds issued by 100% subsidiaries of Fresenius SE & Co. KGaA in 2009, 2012, 2013 and 2014. The following table shows these liabilities as of December 31, 2014.

Issued / transaction	Nominal value	Maturity date	Nominal interest rate
Fresenius Finance B.V. 2012/2019	€ 500 million	Apr. 15, 2019	4.25%
Fresenius Finance B.V. 2013/2020	€ 500 million	July 15, 2020	2.875%
Fresenius Finance B.V. 2014/2019	€ 300 million	Feb. 1, 2019	2.375%
Fresenius Finance B.V. 2014/2021	€ 450 million	Feb. 1, 2021	3.00%
Fresenius Finance B.V. 2014/2024	€ 450 million	Feb. 1, 2024	4.00%
Fresenius US Finance II, Inc. 2009/2015	€ 275 million	July 15, 2015	8.75%
Fresenius US Finance II, Inc. 2009/2015	US\$ 500 million	July 15, 2015	9.00%
Fresenius US Finance II, Inc. 2014/2021	US\$ 300 million	Feb. 1, 2021	4.25%

Furthermore, Fresenius Kabi AG, together with Fresenius ProServe GmbH, jointly and severally guarantees the obligations under a convertible bond of € 500 million issued by Fresenius SE & Co. KGaA in 2014. This guarantee declaration amounted as of December 31, 2014 to € 591 million.

Further guarantee declarations of Fresenius Kabi AG exist jointly with Fresenius SE & Co. KGaA, Fresenius Kabi AG and selected subsidiaries of Fresenius Kabi AG regarding the repayment of the tranches of Fresenius SE & Co. KGaA's syndicated credit agreement, which was concluded in December 2012 (2013 Senior Credit Agreement). Obligations under the 2013 Senior Credit Agreement are secured by pledges of capital stock of certain material subsidiaries of Fresenius Kabi AG to the creditors. Since the disbursement of the additional credit facilities, the liabilities under the credit agreement have been secured in addition by the pledging of interests in the share capital of HELIOS Kliniken GmbH. As of December 31, 2014, credit facilities and loans of € 3,708 million existed thereunder, of which € 2,566 million was being used.

Moreover, Fresenius ProServe GmbH, together with Fresenius Kabi AG, is guaranteeing the repayment of several

borrowers' note loans issued by Fresenius SE & Co. KGaA of altogether € 1,025 million plus accumulated interest thereon.

With a letter dated January 29, 2008, the Company issued a declaration to its subsidiary, Fresenius Kabi AB, Sweden, that the equity of that company corresponds at least with the registered share capital.

With a letter dated December 22, 2011, the Company issued a guarantee declaration to Fresenius Kabi Austria GmbH, Graz, Austria, in which it promised, subject to a condition precedent, for a period initially limited to the next five years, to pay Fresenius Kabi Austria GmbH a subsidy, to compensate the amount by which possible sales proceeds remain below the cost or an adapted purchase price, in the event that the investment in Fresenius Kabi (Singapore) Pte. Ltd., Singapore, that is held directly by Fresenius Kabi Austria GmbH or Fresenius Kabi Oncology Ltd., India, that was acquired by the former, is sold.

The adaption of the purchase price will be necessary to the extent that capital measures (increases in capital) or subsidies prior to the sale date increase the cost, or reductions in capital, repayments of capital contributions or dividends in excess of the annual earnings could have decreased it.

Similarly with a letter dated December 22, 2011, the Company issued a guarantee declaration to Fresenius Kabi Austria GmbH, Austria, in which it promised, subject to a condition precedent, for a period initially limited to the next five years, that on a possible sale of FHC (Holdings) Ltd., Runcorn (U.K.), which is owned by it, to pay a compensating subsidy, if the sales proceeds remain below the cost or an adapted purchase price.

The adaption of the purchase price will be necessary to the extent that capital measures (increases in capital) or subsidies prior to the sale date increase the cost, or reductions in capital, repayments of capital contributions or dividends in excess of the annual earnings could have decreased it.

Furthermore, Fresenius Kabi AG is guaranteeing loans taken up by or existing credit facilities at various group companies with a total volume of € 321 million, of which € 102 million was outstanding as of December 31, 2014.

According to our findings, the affected companies can meet the underlying obligations in all cases; a claim on us is not currently expected.

Notes to the income statement

(13) Income from participations

	2013	2014
€ in thousands		
Income from profit and loss transfer agreements	139,111	113,082
Other income from participations	84,980	124,105
(thereof from affiliated companies)	(84,980)	(124,105)
Expenses from loss transfer agreements	0	-315
	<u>224,091</u>	<u>236,872</u>

Profit and loss transfer agreements have been concluded with Fresenius Kabi Deutschland GmbH, Bad Homburg v. d. Höhe, V. Krütten Medizinische Einmalgeräte GmbH, Idstein, and HOSPED GmbH Lieferservice für Klinik, Handel und Patienten, Friedberg; a new agreement was concluded during the past financial year with Fresenius Kabi Vermögensverwaltung GmbH, Bad Homburg v. d. Höhe.

(14) Own work capitalized

Internally generated IT costs of € 313 thousand were capitalized for the first time in the past financial year.

(15) Other operating income

Other operating income mainly comprises exchange gains of € 85,621 thousand (2013: € 95,209 thousand), cost reimbursements from affiliated companies of € 7,143 thousand (2013: € 7,300 thousand) based on service agreements and proceeds of € 4,049 thousand (2013: € 6,829 thousand) from the reversal of other accruals.

(16) Personnel expenses

	2013	2014
€ in thousands		
Wages and salaries	20,516	19,222
Social security, pension and other benefit expenses (thereof for pensions)	1,809 (1,292)	2,704 (2,094)
	22,325	21,926

(17) Depreciation and amortization of intangible assets and property, plant and equipment

The depreciation and amortization of € 966 thousand (2013: € 5,142 thousand) mainly comprise systematic amortization on intangible rights.

(18) Other operating expenses

The other operating expenses mainly comprise exchange losses (€ 77,657 thousand; 2013: € 107,005 thousand), expenses for services by affiliated companies (€ 13,631 thousand; 2013: € 15,874 thousand); insurance and consultancy expenses (€ 11,136 thousand; 2013: € 16,130 thousand), IT-related expenses (€ 2,344 thousand; 2013: € 5,272 thousand) and travelling expenses € 1,639 thousand; 2013: € 2,074 thousand).

(19) Interest result

	2013	2014
€ in thousands		
Income from other securities and long-term loans (thereof from affiliated companies)	9,212 (9,211)	13,156 (13,154)
Other interest and similar income (thereof from affiliated companies) (thereof from the discounting of accruals)	17,194 (14,113) (0)	14,792 (14,127) (0)
Interest and similar expenses (thereof to affiliated companies) (thereof from winding back the discounting of accruals)	-33,441 (-23,754) (-300)	-17,909 (-14,448) (-370)
	-7,035	10,039

(20) Write-downs on financial assets

In the past financial year, write-downs on financial assets amounted to € 3,420 thousand (2013: € 0 thousand) and comprise the write-down on Fresenius Kabi Japan K.K., Tokyo, Japan, to its lower fair value as of the year-end.

(21) Result from ordinary operations

The result from ordinary operations amounts to € 205,953 thousand (2013: €149,103 thousand).

(22) Appropriation of the earnings

The net income earned in the past financial year has been transferred to Fresenius SE & Co. KGaA.

Please refer with regard to the disclosures in accordance with Section 285 No. 10 HGB to Appendix 1 to the notes to the financial statements.

Bad Homburg v. d. Höhe, February 23, 2015

M. Henriksson

M. Köhler

M. Crouton

Luc Depotter

J. Ducker

Dr. M. Schönhofen

Dr. C. Hauer

G. Steen

Auditor's Report

To Fresenius Kabi Aktiengesellschaft, Bad Homburg v. d. Höhe

We have audited the annual financial statements, comprising the balance sheet, the income statement and the notes to the financial statements, together with the bookkeeping system, of Fresenius Kabi Aktiengesellschaft, Bad Homburg v. d. Höhe, for the financial year from January 1 to December 31, 2014. The maintenance of the books and records and the preparation of the annual financial statements in accordance with German commercial law are the responsibility of the Company's Management Board. Our responsibility is to express an opinion on the annual financial statements, together with the bookkeeping system, based on our audit.

We conducted our audit of the annual financial statements in accordance with Section 317 of the German Commercial Code [*HGB*] and the generally accepted standards for the audit of financial statements promulgated by the German Institute of Public Auditors [*IDW*]. Those standards require that we plan and perform the audit such that misstatements materially affecting the presentation of the net assets, financial position and results of operations in the annual financial statements in accordance with German principles of proper accounting are detected with reasonable assurance. Knowledge of the business activities and the economic and legal environment of the Company and expectations as to possible misstatements are taken into account in the determination of audit procedures. The effectiveness of the accounting-related internal control system and the evidence supporting the disclosures in the books and records and the annual financial statements are examined primarily on a test basis within the framework of the audit. The audit includes assessing the accounting principles used and significant estimates made by the Management Board, as well as evaluating the overall presentation of the annual financial statements. We believe that our audit provides a reasonable basis for our opinion.

Our audit has not led to any reservations.



In our opinion, based on the findings of our audit, the annual financial statements comply with the legal requirements and give a true and fair view of the net assets, financial position and results of operations of Fresenius Kabi Aktiengesellschaft in accordance with German principles of proper accounting.

Frankfurt am Main, February 23, 2015

KPMG AG
Wirtschaftsprüfungsgesellschaft

[Original German version signed by:]

Walter
Wirtschaftsprüfer
[German Public Auditor]

Dolibasic
Wirtschaftsprüferin
[German Public Auditor]

Unconsolidated Financial Statements of Fresenius Kabi AG for 2013 (German-GAAP)

Fresenius Kabi Aktiengesellschaft
Bad Homburg v. d. Höhe

Balance sheet as of December 31, 2013

A s s e t s

	Note	Dec. 31, 2013		Dec. 31, 2012	
		'000 EUR	'000 EUR	'000 EUR	'000 EUR
A. Fixed assets					
I. Intangible assets			866		5,884
II. Property, plant and equipment			257		319
III. Financial assets	4		2,037,699		1,778,041
			2,038,822		1,784,244
B. Current assets					
I. Accounts receivable and other assets	5				
1. Accounts receivable from affiliated companies		578,111		416,411	
2. Other assets		14,703	592,814	4,487	420,898
II. Cash and cash equivalents			48		17
			592,862		420,915
C. Deferred expenses			62		45
			2,631,746		2,205,204

Liabilities and shareholders' equity

	Note	Dec. 31, 2013	Dec. 31, 2012
		'000 EUR	'000 EUR
A. Shareholders' equity			
I. Subscribed capital	6		
Ordinary shares		66,000	66,000
II. Capital reserve	7	1,373,951	1,373,951
III. Unappropriated retained earnings carried forward	8	217,401	217,401
		1,657,352	1,657,352
B. Accrued expenses	9		
1. Pension obligation		7,555	5,994
2. Other accruals		20,536	18,820
		28,091	24,814
C. Liabilities	10		
1. Bank loans		1,200	0
2. Trade accounts payable		1,448	1,029
3. Accounts payable to affiliated companies		943,309	521,232
4. Other liabilities		346	777
		946,303	523,038
		2,631,746	2,205,204

Fresenius Kabi Aktiengesellschaft
Bad Homburg v. d. Höhe

Income statement
for the period from January 1 to December 31, 2013

	Note	2013 '000 EUR	2012 '000 EUR
1. Income from participations	13	224,091	232,168
2. Other operating income	14	110,587	99,943
3. Personnel expenses	15	-22,325	-24,013
4. Depreciation and amortization of intangible assets and property, plant and equipment	16	-5,142	-5,153
5. Other operating expenses	17	-151,073	-147,571
6. Income from other securities and long-term loans	18	9,212	568
7. Other interest and similar income	18	17,194	17,277
8. Write-downs on financial assets	19	0	-2,500
9. Interest and similar expenses	18	-33,441	-38,495
10. Result from ordinary operations	20	149,103	132,224
11. Income taxes		0	-238
12. Other taxes		-35	-21
13. Net income transferred under a profit and loss transfer agreement	21	-149,068	-131,965
14. Net income for the year		0	0
15. Unappropriated retained earnings brought forward		217,401	217,401
16. Unappropriated retained earnings carried forward	8	217,401	217,401

Notes to the financial statements of Fresenius Kabi AG

(1) General

Fresenius Kabi Aktiengesellschaft, Bad Homburg v.d. Höhe, hereinafter referred to as "Fresenius Kabi AG", was founded on August 21, 1998 and originally entered on October 2, 1998 in the Commercial Register at the Local Court in Frankfurt am Main. With effect from May 10, 2010, the Annual General Meeting of Fresenius Kabi AG resolved the change in the Statutes in § 1 (domicile) and, with this, the transfer of its registered office from Frankfurt am Main to Bad Homburg v. d. Höhe. The entry in the Commercial Register of the Local Court of Bad Homburg v. d. Höhe (previously the Frankfurt am Main Local Court) was made on June 22, 2010.

Fresenius Kabi AG acts as the holding company for the worldwide business of supplying products and services for enteral and parenteral nutrition, infusion therapies, medical and transfusion devices, and intravenously administered drugs.

A profit and loss transfer agreement has existed since January 1, 2001 between Fresenius Kabi AG and its 100 per cent shareholder, Fresenius SE & Co. KGaA, Bad Homburg v. d. Höhe.

Fresenius Kabi AG is exempted from preparing consolidated financial statements and a group management report, as Fresenius SE & Co. KGaA, Bad Homburg v. d. Höhe, as the parent company, prepares exempting consolidated financial statements under Section 291 HGB [German Commercial Code] and a Group Management Report in accordance with Section 315a HGB under International Financial Reporting Standards (IFRS), as adopted by the EU, for the smallest number of companies that have to be included. The consolidated financial statements of Fresenius SE & Co. KGaA are published in the electronic Federal Gazette. The consolidated financial statements for the largest number of companies that have to be included are prepared by Fresenius Management S.E., Bad Homburg v. d. Höhe and similarly published in the electronic Federal Gazette. Fresenius Kabi AG and its

subsidiaries are included in the aforementioned consolidated financial statements.

(2) Accounting and valuation principles

The accounting policies have very largely been retained compared with the previous year.

Intangible assets acquired for a consideration are valued at their acquisition cost less systematic straight-line amortization. The estimated useful life is normally between two and five years. The useful life of PC utility programs is two years, and that of the know-how is up to five years. The valuation of the utilization right for the Company name "Kabi" is based on a useful life of 15 years.

Property, plant and equipment are valued at their acquisition cost less standard straight-line or declining balance depreciation.

The following useful lives mainly apply for calculating the depreciation charge:

Office and factory buildings	10 - 25 years

Other fixtures and fittings, tools and equipment	3 - 10 years

Depreciable moveable fixed assets with a value of more than € 150 and less than € 1,000 are grouped into a collective item that is dissolved through profit and loss by one-fifth in the year of capitalization and the following four years.

Impairment losses are recorded when a lower value can be attributed to the fixed assets as of the balance sheet date on account of sustained impairment. A lower carrying amount is not retained if the reasons for the earlier impairment loss no longer exist.

Financial assets are recognized at cost or, if the assets are other than temporarily impaired, at their lower market value.

Accounts receivable and other assets are recognized at their nominal value less any necessary specific bad debt provisions.

Securities are recognized at their nominal amount or at their lower attributable value.

The employee credit balances on **partial retirement agreements** are secured against insolvency in compliance with the relevant legal regulations. To fulfil this purpose, the Company buys shares of an investment fund similar to a money market fund in the amount of the accumulated credit balances. Securitization is accomplished by pledging the investment fund shares to a trustee. The sole purpose of the securities is therefore to secure the obligations under the partial retirement agreements in the event of insolvency and they are not available to any other creditors. In accordance with Section 246 (2) sentence 2 HGB, they were netted in the past financial year with the underlying obligations. The fair value of these securities was derived from the stock market price as of the balance sheet date.

Amount to be paid for partial retirement agreements	€ 101 thousand

Fair value of the securities	€ 67 thousand

Surplus of the obligations over the assets	€ 34 thousand

Acquisition cost of the securities	€ 67 thousand

In the income statement, expenses and income from the valuation of the securities and the accrual in the net amount of € 395 are offset in the interest result.

The **pension obligation** is determined actuarially based on the biometrical probabilities (Heubeck 2005 G Mortality Tables) by the projected unit credit method. Salary and pension increases expected in the future are taken into account in the calculation of the obligation. At present, annual adjustments of 3 % to 4 % depending on the individual age are expected for

the remuneration and of 1.75 % for the pensions. The staff fluctuation rate specific to the Company that has also been taken into account was between 0 % and 18 % for the various age groups. The interest rate used to discount the pension obligations amounts to 4.90 %; this is the average market interest rate for the past seven years determined and published by the Deutsche Bundesbank for an assumed residual term of 15 years (as of October 31, 2013).

The value of **accruals in connection with employee-financed working life time accounts** (demographic funds) is determined on the basis of the development of the asset value of the congruent recourse insurance in accordance with Section 253 (1) Sentence 3 HGB (security-linked pensions).

The asset values offset against the accruals are recognized at fair values.

On the basis of a Works Council Agreement from November 2009 and starting on January 1, 2010, employees can participate in a demography fund by contributing part of their compensation or working hours to an account maintained by the Company in exchange for time off in the future. The credit balances of the employees are invested in an insurance product via a trust agreement, so that the Company and its creditors have no access to the funds. This construction is therefore a security-based pension obligation in the sense of Section 253 (1) sentence 3 HGB. The accrual for the time balances of the employees corresponds with the fair value of the insurance product. This fair value results from the forecasted actuarial reserves of the insurance company plus the present profit sharing on the surplus.

Amount to be paid for obligations from the demography fund	€ 66 thousand

Fair value of the insurance policy	€ 66 thousand

Surplus of the assets over the obligations	€ 0

Acquisition cost of the insurance policy	€ 66 thousand

Expenses and income of € 3,337 on the valuation of the insurance policy and the accrual are reported net in the income statement.

Other accruals are set up for recognizable risks and uncertain liabilities at the amounts to be paid, calculated on the basis of a reasonable commercial assessment. Long-term accruals are accounted for taking into account future price and cost increases and discounted with the latest seven year average discounting rate that corresponds to the remaining life of the accrual.

Liabilities are recognized at their settlement amounts.

Foreign currency items are translated with the average foreign currency spot rate at the time of origin or the hedging rate for hedging transactions.

In accordance with Section 256a HGB, assets and liabilities denominated in foreign currency with residual terms of up to a year are translated at the average closing spot rate as of the reporting date.

Assets and liabilities with remaining lives exceeding a year that are denominated in foreign currencies are fundamentally translated at the foreign currency rate at inception, while, at the balance sheet date, the lower average foreign currency spot rate is used to translate assets and the higher average foreign currency spot rate is used to translate liabilities. If the criteria for hedge accounting are fulfilled, the hedging instruments and the underlying hedged items are combined in a hedge and valued applying

the translation rate at inception. Changes in the value of the hedged risks are not recognized in the balance sheet or income statement.

Gains and losses on the translation of foreign currency items to euros are recognized in profit or loss and recorded in the income statement under the captions "other operating income" or "other operating expenses".

Derivatives are only used in order to hedge risks. Interest rate and foreign currency derivatives are concluded for hedging purposes.

In addition to hedging transactions for foreign currency loans which group companies have taken up from the Company or which the Company has taken up at group companies and banks, the Company concludes hedging transactions with banks, which are matched by contracts in the opposite direction between Fresenius Kabi AG and its subsidiaries with more or less the same conditions. The subsidiaries use the contracts to hedge their operating business against foreign currency risks.

Furthermore, the Company concludes hedges in the form of foreign currency forward contracts for future foreign currency risks (from purchase and/or sales transactions in foreign currency) that represent anticipatory valuation units.

Derivatives are valued at their fair value on the balance sheet date. In accordance with the valuation principles under German commercial law, a negative valuation result is recorded in income for the year. Positive valuation results are by contrast ignored. If the criteria for hedge accounting are fulfilled, the hedges and the hedged items are combined, so that the impact on profit or loss both of the hedge and the hedged item is only recognized in profit or loss jointly on settlement of the hedged item.

In accordance with the Company's holding function, the caption "income from participations" is reported in the **income statement** instead of the caption in accordance with Section 275 (2) No. 1 HGB

(sales). This comprises income from profit and loss transfer agreements, income from participations and expenses in connection with the absorption of losses.

(3) Derivatives

Fresenius Kabi AG employs derivatives, generally in the form of micro-hedges, in order to hedge interest rate and currency risks or risks that already exist or which can be expected with sufficient probability. Derivatives are used exclusively for hedging purposes. As the critical terms of the underlying transactions basically match those of the derivative financial instruments, it can be assumed that the hedges are highly effective. The Company has defined guidelines for the assessment of the risks and the control of the use of financial instruments. They include a clear segregation of responsibilities with regard to execution on the one hand and settlement, accounting and control on the other hand. The objective of the utilization of derivatives is to reduce fluctuations in earnings and cash flows resulting from changes in exchange and interest rates. The high effectiveness of the hedge relationships leads to the expectation that, in general, the underlying transaction and the corresponding derivative will offset each other.

Exchange rate risks

Fresenius Kabi AG entered into foreign exchange forward contracts with external contractual partners to hedge the foreign currency risks on accounts receivable and liabilities and transactions of the Company and its group companies that are expected with a high degree of probability. As of the balance sheet date, the Company mainly had US-\$ and € currency derivatives with a nominal volume of € 479,755 thousand, a fair value of € 8,534 thousand and a maximum term of 11 months in its portfolio.

For foreign exchange forward contracts concluded with banks to hedge the foreign currency risks of Fresenius Kabi AG group companies that were passed down to the group companies affected via intragroup transactions, hedges were set up for the forward contracts and the underlying transactions with an offsetting fair value. The Company does not revalue these hedges for

financial accounting purposes until maturity (net hedge presentation method). The net negative fair value of internal and external hedges amounted to € -31 thousand as of the balance sheet date. This net balance results from the prolongation of currency contracts, which were carried out externally on the basis of the current exchange rate and internally on the basis of the exchange rate of the original initial transaction. As of December 31, 2013, the notional amount of these transactions totaled € 293,180 thousand. A provision for contingent losses of € 121 thousand was recorded under the other accruals.

Further hedges were set up for loans in foreign currency that group companies have borrowed from the Company or that the Company has borrowed from group companies and banks, and their offsetting foreign exchange forward contracts closed for hedging purposes. The loan receivables and obligations hedged against currency risk had a net fair value at the reporting date of € 193,585 thousand. The external currency contracts to hedge individual loan receivables and liabilities have a net fair value of € 3,859 thousand. The changes in value of both the loan receivables and payment obligations and also of the foreign currency hedging transactions have been recognized as income (gross hedge presentation method). The offsetting cash flows will be almost fully compensated at the latest in twelve months.

Contingent loss accruals of € 299 thousand were set up as of the balance sheet date for the remaining currency derivatives with a net positive fair value of € 36 thousand.

The Company had no interest rate derivatives on the balance sheet date.

Valuation methods

The fair values of the derivatives are determined applying customary market valuation methods, taking into account the market information (market values). The following basic principles apply:

The fair value is based on the market value at which a derivative could be traded in a voluntary transaction between independent parties, whereby compulsory sales or liquidation sales have to be disregarded. To determine the market values of foreign exchange forward contracts, the contracted forward rate is compared with the forward rate as of the balance sheet date for the residual term of the respective contract. The resultant amount is discounted to the balance sheet date, taking into account current market interest rates. In the case of interest rate swaps, the valuation is carried out by discounting the future cash flows on the basis of the market interest rates on the balance sheet date applicable for the residual term of the contracts.

The effectiveness of hedging relationships is measured with the critical terms match method and the dollar offset method and with the dollar offset method for interest rate swaps.

Notes to the balance sheet

(4) Financial assets

The increase in the financial assets is mainly due, in addition to the purchase of PT Ethica Industrie Farmasi, Jakarta (Indonesia), to contributions to equity at the following companies: Fresenius Kabi Deutschland GmbH, Bad Homburg (Germany), Fresenius Kabi S.A., Buenos Aires (Argentina) and Fresenius Kabi Hellas AEE, Athens (Greece).

The loans of € 175,720 thousand (Dec. 31, 2012: € 20,267 thousand) comprise long-term loans to affiliated companies.

The disclosures in accordance with Section 285 No. 11 HGB follow separately as Appendix 2 to the notes to the financial statements "Participations in affiliated and associated companies".

(5) Accounts receivable and other assets

	Dec. 31, 2012	Dec. 31, 2013
€ in thousands		
Accounts receivable from affiliated companies	416,411	578,111
(thereof with a residual term of more than 1 year)	(-)	(-)
Other assets	4,487	14,703
(thereof with a residual term of more than 1 year)	(-)	(-)
	420,898	592,814

Accounts receivable from affiliated companies include short-term loans of € 451,682 thousand (Dec. 31, 2012: € 236,315 thousand) and otherwise mainly current accounts.

(6) Subscribed capital

The nominal capital amounts to € 66,000,000 and consists of 25,781,250 bearer shares.

Fresenius SE & Co. KGaA has notified Fresenius Kabi AG that it holds 100 % of the voting rights and 100 % of the ordinary shares.

(7) Capital reserve

The capital reserve amounts unchanged to € 1,373,951 thousand.

(8) Unappropriated retained earnings carried forward

On account of the transfer of the net income of € 149,068 thousand (Dec. 31, 2012: € 131,965 thousand) to the sole shareholder, Fresenius SE & Co. KGaA, the unappropriated retained earnings carried forward were unchanged in the past business year at € 217,401 thousand; the unappropriated retained earnings carried forward as of December 31, 2013 consist entirely, as in prior years, of the retained earnings brought forward before conclusion of the profit and loss transfer agreement.

(9) Accrued expenses

The **pension obligation** has been set up in accordance with the procedures described in Note (2) "Accounting and valuation principles", and amounts to € 7,555 thousand (Dec. 31, 2012: € 5,994 thousand).

(10) Liabilities

	Dec. 31, 2012		Dec. 31, 2013	
	Total	Thereof with a residual term of less than 1 year	Total	Thereof with a residual term of less than 1 year
€ in thousands				
Bank loans	0	0	1,200	1,200
Trade accounts payable	1,029	1,029	1,448	1,448
Accounts payable to affiliated companies	521,232	448,175	943,309	905,525
Other liabilities	777	777	346	346
	523,038	449,981	946,303	908,519

Accounts payable to affiliated companies mainly relate with € 706,697 thousand (Dec. 31, 2012: € 121,697 thousand) to Fresenius SE & Co. KGaA.

In addition to trade accounts payable and liabilities from the transfer of the profits, this item primarily comprises loan liabilities.

The other liabilities mainly comprise wage tax liabilities (€ 316 thousand; Dec. 31, 2012: € 438 thousand).

(11) Contingent liabilities

Fresenius Kabi AG together with Fresenius ProServe GmbH and Fresenius SE & Co. KGaA is guaranteeing jointly and severally the obligations under senior ranking bonds issued by 100% subsidiaries of Fresenius SE & Co. KGaA in 2009, 2012 and 2013. The following table shows these liabilities as of December 31, 2013.

Issuer / transaction	Nominal value	Maturity date	Interest rate
Fresenius Finance B.V. 2012/2019	€ 500 million	Apr. 15, 2019	4.25%
Fresenius Finance B.V. 2013/2020	€ 500 million	July 15, 2020	2.875%
Fresenius US Finance II, Inc. 2009/2015	€ 275 million	July 15, 2015	8.75%
Fresenius US Finance II, Inc. 2009/2015	US\$ 500 million	July 15, 2015	9.00%

The following senior notes, which are similarly guaranteed jointly and severally by Fresenius Kabi AG together with Fresenius ProServe GmbH and Fresenius SE & Co. KGaA, were furthermore issued in January and February 2014:

Issuer / transaction	Nominal value	Maturity date	Interest rate
Fresenius Finance B.V. 2014/2019	€ 300 million	Feb. 1, 2019	2.375%
Fresenius Finance B.V. 2014/2021	€ 450 million	Feb. 1, 2021	3.00%
Fresenius Finance B.V. 2014/2024	€ 450 million	Feb. 1, 2024	4.00%
Fresenius US Finance II, Inc. 2014/2021	US\$ 300 million	Feb. 1, 2021	4.25%

Further guarantee declarations of Fresenius Kabi AG exist jointly with Fresenius SE & Co. KGaA, Fresenius ProServe GmbH and selected subsidiaries of Fresenius Kabi AG regarding the repayment of the tranches of Fresenius SE & Co. KGaA's syndicated credit agreement, which was concluded in December 2012 (2013 Senior Credit Agreement) and replaced the 2008 Senior Credit Agreement. Obligations under the 2013 Senior Credit Agreement are secured by pledges of capital stock of certain material subsidiaries

of Fresenius Kabi AG to the creditors and, upon funding of the incremental facilities, are additionally secured by a pledge of the capital stock of HELIOS Kliniken GmbH. As of December 31, 2013, credit facilities and loans of € 3,727 million existed under these, of which € 1,709 million was being used.

Similarly together with Fresenius SE & Co. KGaA and Fresenius Kabi AG, Fresenius ProServe GmbH is guaranteeing the repayment, included accumulated interest, of a short-term Bridge Financing Facility of € 1,800 million concluded in 2013. The Bridge Financing Facility had been drawn in an amount of € 1,500 million as of December 31, 2013. It has to be mandatorily reduced by the net proceeds of any capital market transactions. In line with these provisions, the Bridge Financing Facility was partly reduced by the net proceeds of note issuances in January and February 2014.

Moreover, Fresenius Kabi AG together with Fresenius ProServe GmbH is guaranteeing the repayment of several borrowers' note loans issued by Fresenius SE & Co. KGaA of altogether € 525 million plus accumulated interest thereon.

In addition, Fresenius SE & Co. KGaA together with Fresenius Kabi AG is guaranteeing a loan of € 24.1 million taken up by Fresenius Immobilien-Verwaltungs-GmbH & Co. Objekt Friedberg KG in 2010, of which € 18.1 million was outstanding as of December 31, 2013.

With a letter dated January 29, 2008 the Company issued a declaration to its subsidiary, Fresenius Kabi AB, Sweden, that the equity of that company corresponds at least with the registered share capital.

With a letter dated December 22, 2011, the Company issued a guarantee declaration to Fresenius Kabi Austria GmbH, Austria, in which it promised, subject to a condition precedent, for a period initially limited to the next five years, to pay Fresenius Kabi Austria GmbH a compensating subsidy, by which possible sales proceeds remain below the cost or an adapted purchase price, in the

event that investment in Fresenius Kabi (Singapore) Pte. Ltd., Singapore, that is held directly by Fresenius Kabi Austria GmbH or Fresenius Kabi Oncology Ltd., India, that was acquired by the former, is sold.

The adaption of the purchase price will be necessary to the extent that capital measures (increases in capital) or subsidies increase the cost or reductions in capital, repayments of capital contributions or dividends in excess of the annual earnings could have decreased it.

Similarly with a letter dated December 22, 2011, the Company issued a guarantee declaration to Fresenius Kabi Austria GmbH, Austria, in which it promised, subject to a condition precedent, for a period initially limited to the next five years, that on a possible sale of FHC (Holdings) Ltd., Runcorn (U.K.), which is owned by it, to pay a compensating subsidy, if the sales proceeds remain below the cost or an adapted purchase price.

The adaption of the purchase price will be necessary to the extent that capital measures (increases in capital) or subsidies increase the cost or reductions in capital, repayments of capital contributions or dividends in excess of the annual earnings could have decreased it.

Furthermore, Fresenius Kabi AG is guaranteeing loans taken up by or existing credit facilities at various group companies with a total volume of € 310 million, of which € 90 million was outstanding as of December 31, 2013.

According to our judgment, the affected companies can meet the underlying obligations in all cases; a claim on us is not currently expected.

Notes to the income statement

(13) Income from participations

	2012	2013
€ in thousands		
Income from profit and loss transfer agreements	159,631	139,111
Income from participations	81,998	84,980
(thereof from affiliated companies)	(81,998)	(84,980)
Expenses from loss transfer agreements	-9,461	0
	232,168	224,091

Profit and loss transfer agreements have been concluded with Fresenius Kabi Deutschland GmbH, Bad Homburg v. d. Höhe, V. Krütten Medizinische Einzelgeräte GmbH, Idstein, and HOSPED GmbH Lieferservice für Klinik, Handel und Patienten, Friedberg. The profit and loss transfer agreement with Fresenius HemoCare Beteiligungs GmbH, Bad Homburg v. d. Höhe was terminated during the past financial year.

(14) Other operating income

Other operating income mainly includes exchange gains of € 95,209 thousand (2012: € 84,910 thousand), cost reimbursements of € 7,300 thousand (2012: € 10,666 thousand) from affiliated companies based on service agreements and proceeds of € 6,829 thousand (2012: € 4,289 thousand) from the reversal of other accruals.

(15) Personnel expenses

	2012	2013
€ in thousands		
Wages and salaries	22,594	20,516
Social security, pension and other benefit expenses	1,419	1,809
(thereof for pensions)	(923)	(1,292)
	24,013	22,325

(16) Depreciation and amortization of intangible assets and property, plant and equipment

The depreciation and amortization of € 5,142 thousand (2012: € 5,153 thousand) mainly comprise systematic amortization on the rights to use the name "Kabi" acquired in 1999 (€ 5,000 thousand).

(17) Other operating expenses

The other operating expenses mainly comprise exchange losses (€ 107,005 thousand; 2012: € 90,769 thousand), expenses for services by affiliated companies (€ 15,874 thousand; 2012: € 13,041 thousand); insurance and consultancy expenses (€ 16,130 thousand; 2012: € 21,911 thousand), IT-related expenses (€ 5,272 thousand; 2012: € 7,977 thousand) and travelling expenses (€ 2,074 thousand; 2012: € 2,245 thousand).

(18) Interest result

	2012	2013
€ in thousands		
Income from other securities and long-term loans	568	9,212
(thereof from affiliated companies)	(567)	(9,211)
Other interest and similar income	17,277	17,194
(thereof from affiliated companies)	(16,520)	(14,113)
(thereof from the discounting of accruals)	(8)	(0)
Interest and similar expenses	-38,495	-33,441
(thereof to affiliated companies)	(-31,622)	(-23,754)
(thereof from winding back the discounting of accruals)	(-250)	(-300)
	-20,650	-7,035

(19) Write-downs on financial assets

In the previous year, write-downs on financial assets amounted to € 2,500 thousand.

(20) Result from ordinary operations

The result from ordinary operations amounts to € 149,103 thousand (2012: € 132,224 thousand).

(21) Appropriation of the earnings

The net income earned in the past financial year has been transferred to Fresenius SE & Co. KGaA.

Please refer with regard to the disclosures in accordance with Section 285 No. 10 HGB to Appendix 1 to the notes to the financial statements.

Bad Homburg v. d. Höhe, February 26, 2014

M. Henriksson

M. Crouton

J. Ducker

Dr. C. Hauer

M. Köhler

Dr. M. Schönhofen

G. Steen

Auditor's Report

To Fresenius Kabi Aktiengesellschaft

We have audited the annual financial statements, comprising the balance sheet, the income statement and the notes to the financial statements, together with the bookkeeping system, of Fresenius Kabi Aktiengesellschaft, Bad Homburg v. d. Höhe, for the financial year from January 1 to December 31, 2013. The maintenance of the books and records and the preparation of the annual financial statements in accordance with German commercial law are the responsibility of the Company's Management Board. Our responsibility is to express an opinion on the annual financial statements, together with the bookkeeping system, based on our audit.

We conducted our audit of the annual financial statements in accordance with Section 317 of the German Commercial Code [*HGB*] and the generally accepted standards for the audit of financial statements promulgated by the Institute of Public Auditors in Germany [*IDW*]. Those standards require that we plan and perform the audit such that misstatements materially affecting the presentation of the net assets, financial position and results of operations in the annual financial statements in accordance with German principles of proper accounting are detected with reasonable assurance. Knowledge of the business activities and the economic and legal environment of the Company and expectations as to possible misstatements are taken into account in the determination of audit procedures. The effectiveness of the accounting-related internal control system and the evidence supporting the disclosures in the books and records and the annual financial statements are examined primarily on a test basis within the framework of the audit. The audit includes assessing the accounting principles used and significant estimates made by the Management Board, as well as evaluating the overall presentation of the annual financial statements. We believe that our audit provides a reasonable basis for our opinion.

Our audit has not led to any reservations.



In our opinion, based on the findings of our audit, the annual financial statements comply with the legal requirements and give a true and fair view of the net assets, financial position and results of operations of the Company in accordance with German principles of proper accounting.

Frankfurt am Main, February 26, 2014

KPMG AG
Wirtschaftsprüfungsgesellschaft

[Original German version signed by:]

Walter
Wirtschaftsprüfer
[German Public Auditor]

Dolibasic
Wirtschaftsprüferin
[German Public Auditor]

Unconsolidated Cash Flow Statements of Fresenius Kabi AG for 2014 and 2013 (German-GAAP)

Auditor's Report

To Fresenius Kabi AG

We have audited the statement of cash flows for the fiscal year 2014 derived by the company from the annual financial statements for the fiscal year 2014 as well as the underlying bookkeeping system. The statement of cash flows supplements the annual financial statements of Fresenius Kabi AG, Bad Homburg v. d. Höhe, for the fiscal year 2014 that have been prepared on the basis of the provisions of German commercial law.

The preparation of the statement of cash flows for the fiscal year 2014 in accordance with the provisions of German commercial law is the responsibility of the company's management.

Our responsibility is to express an opinion, based on our audit, as to whether the statement of cash flows for the fiscal year 2014 has been properly derived from the annual financial statements for the fiscal year 2014 as well as the underlying bookkeeping system in accordance with the provisions of German commercial law. The subject matter of this engagement does neither include the audit of the underlying annual financial statements nor the underlying bookkeeping system.

We have planned and performed our audit in accordance with the IDW Auditing Practice Statement: Audit of Additional Elements of Financial Statements (IDW AuPS 9.960.2) in such a way that material errors in the derivation of the statement of cash flows from the annual financial statements as well as the underlying bookkeeping system are detected with reasonable assurance.

In our opinion, based on the findings of our audit, the statement of cash flows for the fiscal year 2014 has been properly derived from the annual financial statements for the fiscal year 2014 as well as the underlying bookkeeping system in accordance with the provisions of German commercial law.



We have provided the services described above on behalf of Fresenius Kabi AG. We have carried out our engagement on the basis of the General Engagement Terms for Wirtschaftsprüfer and Wirtschaftsprüfungsgesellschaften in the version of January 1, 2002 (Appendix 2). By taking note of and using the information contained in this communication, each recipient confirms to have taken note of the terms and conditions stipulated in the aforementioned General Engagement Terms (including the liability limitations of No. 9 included therein) and acknowledges their validity in relation to us.

Frankfurt/Main, June 17, 2015

KPMG AG
Wirtschaftsprüfungsgesellschaft

A handwritten signature in black ink, appearing to read 'Walter'.

Walter
Wirtschaftsprüfer
[German Public Auditor]

A handwritten signature in black ink, appearing to read 'Dolibasic'.

Dolibasic
Wirtschaftsprüfer
[German Public Auditor]

Fresenius Kabi AG, Bad Homburg v. d. Höhe

Statement of Cash Flows for the fiscal year 2014

	2014	2013
	kEUR	kEUR
Net Income before profit and loss transfer	205.933	149.068
Depreciation and amortization of non-current assets	-2.254	23.923
Increase in pension liabilities	2.429	1.561
Cash flow	206.108	174.552
Decrease/increase in other operating assets	2.581	-10.233
Decrease/increase in other accrued expenses	-2.486	1.716
Decrease in other operating liabilities	-426	-12
Change in working capital	-331	-8.529
Operating cash flow (cash provided by operating activities)	205.777	166.023
Purchase of property, plant and equipment and intangible assets	-419	-64
Proceeds from disposals of tangible assets	0	2
Proceeds on disposals of non-current financial assets	43.760	5.859
Acquisition of non-current financial assets	-213.050	-198.317
Cash used for investing activities	-169.709	-192.520
Profit-transfer to shareholder	-205.933	-149.068
Cash proceeds from long-term borrowings	14.589	1.200
Change in financing activities with related parties	-152.285	56.689
Cash used for financing activities	-343.629	-91.179
Change of cash and cash equivalents	-307.561	-117.676
Cash and cash equivalents at the beginning of the year ¹	189.948	307.624
Cash and cash equivalents at the end of the year¹	-117.613	189.948

¹ Consists of InHouse-/Cash pool accounts with Fresenius SE & Co. KGaA, cash and bank accounts

Unconsolidated Interim Report of ProServe GmbH as of June 30, 2015 (German-GAAP, unaudited)

Fresenius ProServe GmbH, Bad Homburg v. d. H

Balance Sheet as of June 30, 2015 (unaudited)

Assets

	June 30, 2015		December 31, 2014	
	EUR	EUR	EUR	EUR
A. Fixed assets				
I. Tangible assets				
1. Land, leasehold and buildings	9,276,774.91		9,417,630.91	
2. Other fixtures and fittings, tools and equipment	188,041.00	9,464,815.91	202,518.00	9,620,148.91
II. Financial assets				
1. Shares in related parties	5,256,386,151.03		5,256,386,151.03	
2. Loans to related parties	279,729,902.37		290,532,114.62	
3. Participations	0.71	5,536,116,054.11	0.71	5,546,918,266.36
		5,545,580,870.02		5,556,538,415.27
B. Current assets				
Accounts receivable and other assets				
1. Accounts receivable due from related parties	191,312,163.66		330,148,026.96	
2. Other assets	1,173.22	191,313,336.88	253,048.92	330,401,075.88
		5,736,894,206.90		5,886,939,491.15

Liabilities and shareholders' equity

	June 30, 2015	December 31, 2014
	EUR	EUR
A. Shareholders' equity		
I. Subscribed capital	40,000,000.00	40,000,000.00
II. Capital reserves	5,075,387,308.75	5,075,387,308.75
	5,115,387,308.75	5,115,387,308.75
B. Accrued expense		
1. Pensions and similar obligations	6,184,894.70	6,311,649.00
2. Other accruals	5,194,429.76	2,129,700.67
	11,379,324.46	8,441,349.67
C. Liabilities		
1. Trade accounts payable	88,349.16	92,027.65
2. Liabilities to affiliated companies	610,011,273.33	762,990,863.68
3. Other liabilities	27,951.20	27,941.40
	610,127,573.69	763,110,832.73
	5,736,894,206.90	5,886,939,491.15

Fresenius ProServe GmbH, Bad Homburg v. d. H.

Profit and Loss Statement for the Six Months
Ended June 30, 2015 (unaudited)

	June 30, 2015	June 30, 2014
	EUR	EUR
1. Income from participations	180,191,512.94	215,845,590.33
2. Other operating income	4,434,840.55	39,604.14
3. Personnel expenses		
Social security and costs of retirement		
pensions and social assistance	108,000.00	7.04
--thereof amount of retirement pensions EUR 108,000 (prev. period. EUR 7,04)--		
4. Depreciation on property, plant and equipment	155,333.00	155,548.49
5. Other operating expenses	5,082,247.79	708,307.93
6. Income from financial assets	5,836,440.90	5,926,693.48
7. Other interest and similar income	69,443.21	68,920.67
--thereof amount from affiliated companies EUR 69,443.21 (prev. period EUR 68,920.67)--		
8. Interest and similar expenses	1,925,038.57	4,357,819.39
--thereof amount from affiliated companies EUR 1,925,038.57 (prev. period EUR 4,357,819.39)--		
9. Profit from ordinary operations	183,261,618.24	216,659,125.77
10. Other tax	101.00	101.00
11. Net income before profit transfer	183,261,517.24	216,659,024.77
12. Profit transfer due to profit and loss transfer agreement	183,261,517.24	216,659,024.77
13. Retained earnings	0.00	0.00

Fresenius ProServe GmbH, Bad Homburg v. d. H

Statement of Cash Flows for the Six Months Ended June 30, 2015 (unaudited)

	6 months 2015	6 months 2014
	kEUR	kEUR
Net Income before profit and loss transfer	183,262	216,659
Revaluation of non-current assets	-4,036	156
Decrease/increase in pension liabilities	-127	-256
Cash flow	179,099	216,559
Increase/decrease in other operating assets	252	1,404
Increase/decrease in other accrued expenses	3,065	420
Increase/decrease in other operating liabilities	-4	-33
Increase/decrease in working capital	3,313	1,791
Operating cash flow (cash provided by operating activities)	182,412	218,350
Proceeds from disposal of financial assets	14,993	0
Payments for purchasing property, plant and equipment	0	-215
Payments for investments in financial assets	0	-828
Payments for purchasing shares of affiliated companies and equity contributions to subsidiaries	0	-2,958,717
Cash used for investing activities	14,993	-2,959,760
Profit-transfer to shareholder	-183,262	-216,659
Contribution to capital reserves	0	2,958,717
Change in financing activities with related parties	83,721	-54,349
Cash used for financing activities	-99,541	2,687,709
Change of cash and cash equivalents	97,864	-53,701
Cash and cash equivalents at the beginning of the year	-134,890	-31,759
Cash and cash equivalents at the end of the period ¹	-37,026	-85,460

¹Cash and Cash equivalents consist of Cash Pool-accounts with Fresenius SE & Co. KGaA

Fresenius ProServe GmbH, Bad Homburg v.d.H.

NOTES for financial statements for the six months ended June 30, 2015

GENERAL NOTES

(1) Preliminary note

Fresenius ProServe GmbH, Bad Homburg v.d.H., is a wholly-owned subsidiary of Fresenius SE & Co. KGaA, Bad Homburg v.d.H.

There is a profit transfer agreement between the Company and Fresenius SE & Co. KGaA.

The financial statements of Fresenius ProServe GmbH are included in the consolidated financial statements of Fresenius SE & Co. KGaA.

Moreover as of June 30, 2015 direct control and profit transfer agreements between Fresenius ProServe GmbH and its subsidiaries HELIOS Kliniken GmbH, Berlin, and FPS Beteiligungs AG, Düsseldorf, are in place.

(2) Accounting principles and standards of valuation

The financial statements of Fresenius ProServe GmbH for the six months ended June 30, 2015 are prepared according to the regulations in the German Commercial Code (HGB) as well as complementing regulations for limited liability companies (GmbHG). Fresenius ProServe GmbH is a small corporation (Kleinstkapitalgesellschaft) according to Section 267a HGB. The nature of cost method according to Section 275 (2) HGB has been elected for preparing the profit and loss statement. The size related exemptions in Section 274 a HGB and Section 288 HGB are used in part.

The value of investments in property, plant and equipment is stated at the cost of the assets less regular linear or degressive depreciation as far as the assets are depreciable.

The following useful lives were used for calculating amortization:

Office buildings	40 years
Tools and equipment	3-10 years

Low value fixed assets with purchase or manufacturing cost of up to € 150.00 are fully written off in the year of addition.

Depreciable movable non-current assets with a value of more than €150.00 and less than €1,000.00 are grouped into a collective item which is dissolved through profit and loss by one fifth in the year of capitalization and the following four years each.

Financial assets are valued at purchase price or, if the asset is other than temporarily impaired the lower market value.

The lower value of non-current assets resulting from write-downs to fair value has to be reversed if the reasons for the extraordinary write-down no longer apply (Section 253 (5) HGB).

Accounts receivable and other assets are stated at nominal value reduced by individual allowance if necessary.

The pension obligation is determined according to actuarial principles on the basis of biometric probabilities as in the reference tables by Dr. Klaus Heubeck 2005 (RT 2005 G) using the Projected Unit Credit-Method. Future expected remuneration and pension increases are taken into account in calculating the obligation. Pensions are currently adjusted by 1.75%. The company specific fluctuation rate that is also taken into consideration for the calculation has been 0%. The actuarial interest rate applicable to the pension obligation was 4.54%. This interest rate is based on the last-seven-year-average discount rate for an estimated remaining life of 15 years as determined and published by the German Federal Bank.

Other accruals are built for recognizable risks and uncertain liabilities at the amounts to be paid calculated on the basis of a reasonable commercial assessment. Long term accruals are discounted with the last-seven-year-average discount rate that corresponds to the remaining life of the accrual.

Liabilities are valued at their settlement amounts.

Foreign currency items are translated with the average foreign exchange rate at the time of origin or the hedging rate for hedging transactions.

Assets and liabilities with a remaining life of up to a year and carried at foreign currencies are translated at the average closing spot rate according to Section 256a HGB.

Assets and liabilities with a remaining life of over one year and carried at foreign currencies are basically translated at inception at the foreign currency exchange rate, while at the balance sheet date the lowest closing spot rate is used for translating assets and the highest closing spot rate is used for translating liabilities. If the conditions to apply hedge accounting are met, the hedging financial instruments and the underlying transactions are combined in a hedge and valued using the exchange rate at inception (Einfrierungsmethode). Changes in the value of the hedged risks are not recognized in the balance sheet or statement of income.

Earnings and losses from translation to euro of items carried at foreign currencies are recognized in the statement of income under "Other operating income" or "Other operating expenses".

Derivative financial instruments are contracted for hedging purposes only whereby foreign currency derivatives are used.

Derivative financial instruments are measured at fair value at balance sheet date. According to German Commercial Law accounting principles and standards of valuation any remeasurement losses are recognized in earnings while remeasurement gains are not taken into account. When the conditions for hedge accounting are met, the underlying asset and the hedging instrument are considered together. In this case, effects on earnings of underlying transactions and hedging instruments are recognized in earnings (Durchbuchungsmethode).

Income from profit transfer agreements is recorded in the same reporting period in which it arises given that earnings from affiliated companies are precise enough at the time of preparing the financial statements and is assured according to reasonable commercial assessment.

NOTES ON THE BALANCE SHEET

(3) Fixed assets

The decrease in financial assets mainly results from the repayment of loans in an amount of €11,832 thousand from Wittgensteiner Kliniken GmbH.

A loan in Swiss Francs which is hedged against exchange rate fluctuations and bound in a hedging relationship according to the "Durchbuchungsmethode" has been revaluated by €3.7 million due to changes in foreign exchange rates as of June 30, 2015. In the profit and loss statement, losses from the hedging instruments in the same amount offset the foreign exchange revaluation.

(4) Accounts receivable from related parties

Accounts receivable from related parties mainly consist of items against HELIOS Kliniken GmbH (€172,455 thousand). The receivables from related parties mainly relate to profit transfers, loans and clearing accounts. All accounts receivable have a remaining term of up to one year.

(5) Other assets

This item mainly consists of other tax claims.

(6) Subscribed capital

The capital stock at June 30, 2015 has a nominal value of €40,000,000 and is divided into three parts with nominal values of €25,000, €14,975,000 and € 25,000,000. Fresenius SE & Co. KGaA is the sole stockholder.

(7) Pension obligation

With notarized deed of December 12, 2006 and an effective date of January 1, 2007, all shares in hospitalia international gmbh, Oberursel, were sold and transferred to VAMED Engineering GmbH & Co. KG, Vienna, Austria.

In the context of this sale, Fresenius ProServe GmbH and hospitalia international gmbh agreed in a collateral promise from December 12, 2006, that the Company will assume via the collateral promise with contractual undertaking the compensation payments to be made resulting from the pension obligation of hospitalia international gmbh against beneficiaries and former employees with vested pension rights. The value of the pension and similar obligations in the balance sheet as of June 30, 2015 refers mainly to this collateral promise.

The pension obligation has been determined according to the method described under Note (2) "Accounting principles and standards of valuation".

(8) Other accruals

Other accruals mainly relate to foreign currency derivatives, compensation for the managing directors of an affiliated company to which Fresenius ProServe GmbH is bounded as well as risks from the sale of Pharmaplan GmbH which took place in 2007.

(9) Liabilities

The summary of remaining terms of liabilities looks as follows:

	June 30, 2015				December 31, 2014			
	Total	Remain- ing term of up to 1 year	Remain- ing term of 1 year to 5 years	Remain- ing term of over 5 years	Total	Remain- ing term of up to 1 year	Remain- ing term of 1 year to 5 years	Remain- ing term of over 5 years
<i>€ In thousands</i>								
Trade accounts payable	89	89	0	0	92	92	0	0
Liabilities to affiliated companies	610,011	610,011	0	0	762,991	762,991	0	0
Other liabilities	28	28	0	0	28	28	0	0
	<u>610,128</u>	<u>610,128</u>	<u>0</u>	<u>0</u>	<u>763,111</u>	<u>763,111</u>	<u>0</u>	<u>0</u>

The liabilities displayed are not secured by charges on property or other similar rights. Accounts payable to related companies include liabilities against the shareholder Fresenius SE & Co. KGaA of €609,933 thousand (December 31, 2014 €762,912 thousand). Accounts payable to related companies mainly consist of loans and clearing accounts.

(10) Other liabilities

Other liabilities relate to obligations against tax authorities.

NOTES ON THE PROFIT AND LOSS STATEMENT

The structure of the profit and loss statement has been adapted to the holding nature of Fresenius ProServe GmbH and begins with income from participations.

(11) Income from participations

Income from participations comprises income of profit transfer agreements with HELIOS Kliniken GmbH of €172,455 thousand (previous period €173,374 thousand) and income of the profit transfer agreement with FPS Beteiligungs AG of €1 thousand (previous period: €34,736 thousand) as well as income from participations in related companies of €7,735 thousand (previous period €7,735 thousand).

(12) Other operating income

Other operating income mainly includes income from rental of office space to related companies and from foreign currency translations of €3,756 thousand.

(13) Personnel expenses

	<u>June 30, 2015</u>	<u>June 30, 2014</u>
<i>€ in thousands</i>		
Costs of retirement pensions	108	-
Annual average number of employees:	0	0

(14) Other operating expenses

Other operating expenses were primarily expenses from cost allocation and service level agreements within the Group as well expenses of €3,680 thousand from currency translations.

(15) Income from financial assets

Income in this item includes interest from long term loans to related companies.

(16) Other interest and similar income

This item includes interest income from related companies.

(17) Interest and similar expenses

This item mainly includes €1,925 thousand (previous period €4,358 thousand) of interests paid to related companies.

(18) Income taxes

The company is part of a consolidated tax group with Fresenius SE & Co. KGaA (fiscal unity parent) for income, trade and corporate income tax. Tax contributions of the company are reported as part of the transfer of profits.

(19) Other tax

This item includes motor vehicle tax.

OTHER DISCLOSURES

(20) Contingent liabilities

Contingencies from indemnity agreements

Fresenius Proserve GmbH guarantees together with Fresenius Kabi AG and Fresenius SE & Co. KGaA the liabilities from the Senior Notes, which were issued by subsidiaries of which Fresenius SE & Co. KGaA hold 100%, in 2009, 2012, 2013 and 2014. The following table shows these obligations as of June 30, 2015:

Issuer/ Transaction	Notional amount	Maturity	Nominal interest rate
Fresenius Finance B.V. 2012/2019	€500 million	Apr. 15, 2019	4,25%
Fresenius Finance B.V. 2013/2020	€500 million	July 15, 2020	2,875%
Fresenius US Finance II, Inc. 2009/2015	€275 million	July 15, 2015	8,75%
Fresenius US Finance II, Inc. 2009/2015	US\$500 million	July 15, 2015	9,00%
Fresenius Finance B.V. 2014/2019	€300 million	Feb. 1, 2019	2.375%
Fresenius Finance B.V. 2014/2021	€450 million	Feb. 1, 2021	3.00%
Fresenius Finance B.V. 2014/2024	€450 million	Feb. 1, 2024	4.00%
Fresenius US Finance II, Inc. 2014/2021	US\$300 million	Feb. 1, 2021	4.25%

The Senior Notes issued by Fresenius US Finance II, Inc. which are due on July 15, 2015 have been repaid as scheduled using available short term financing sources.

Moreover Fresenius Proserve GmbH and Fresenius Kabi AG jointly and severally guarantee the liabilities from the €500 million equity-neutral convertible bond issued by Fresenius SE & Co. KGaA in 2014. On June 30, 2015 the guarantee had a fair value of €683 million.

Further guarantee commitments of Fresenius ProServe GmbH together with Fresenius SE & Co. KGaA, Fresenius Kabi AG and selected subsidiaries exist in relation to the repayment of tranche of the syndicated credit agreement of the Fresenius SE & Co. KGaA, which was closed in December 2012 (Credit Agreement 2013). Obligations under the 2013 Senior Credit Agreement are secured by pledges of capital stock of certain material subsidiaries of Fresenius Kabi AG, and since funding of the incremental facilities additionally secured by a pledge of the capital stock of HELIOS Kliniken GmbH, in favor of the lenders. As of June 30, 2015 credit lines and loans in the amount of €3,465 million existed, of which an amount of €2,306 million was utilized.

Moreover Fresenius ProServe GmbH guarantees together with Fresenius Kabi AG the repayment of €936 million borrowed by Fresenius SE & Co. KGaA, under several Notes as well as the related accrued interest.

According to our judgment the affected companies can meet the underlying obligations in any case and assertion of the claim is currently not expected.

Statement of subordination

On June 30, 2015, the subsidiary hospitalia activHealth gmbh is over-leveraged by about €7.1 million. To avoid legal accounting insolvency, Fresenius ProServe GmbH issued a statement of subordination in favor of the company for €8.7 million. On June 30, 2015, €7.3 million receivables are outstanding against hospitalia activHealth gmbh (of which €7.0 million have been written-down). Moreover, Fresenius ProServe GmbH issued a statement of subordination for €40 million in favor of Wittgensteiner Kliniken GmbH. Wittgensteiner Kliniken GmbH is not over-leveraged on June 30, 2015.

Option contracts

There are two put and call option contracts with the current share owners of VAMED AG to acquire 10% and 13% of the shares in VAMED AG which expire on December 31, 2015 and June 30, 2017 respectively. These contracts are pending transactions that are not shown in the financial statement of Fresenius ProServe GmbH.

(21) Derivatives

Fresenius ProServe GmbH uses derivative financial instruments to hedge against existing or highly probable future currency risks. Derivative financial instruments are contracted exclusively for hedging purposes. As the critical terms of the underlying transactions basically match those of the derivative financial instruments it can be assumed that hedges are highly effective. The Company has approved guidelines for assessing risks and to control the use of financial instruments. The guidelines require a clear separation between the execution function on the one side and the clearing, accounting and control on the other hand. Derivative financial instruments are used to reduce fluctuations in earnings and cash flows caused by changes in foreign currency exchange rates.

Foreign exchange risk

The company uses foreign exchange forward contracts to hedge foreign exchange risk.

Fresenius ProServe GmbH entered into foreign exchange forward contracts with external partners to hedge foreign currency risks from accounts receivable and liabilities as well as highly probable forecasted transactions from the Company and its affiliates.

Standards of valuation

The fair values of derivative financial instruments are valued according to customary standards that take market information (market values) on the balance sheet date into account. In detail following principles are used:

The fair value is based on the market value of a derivative that could be reached in voluntary transactions by independent parties without taking forced or liquidation sales into account. To determine the market value of foreign exchange forward contracts, the contracted forward rate is compared to the current forward rate for the remaining term of the contract as of the date of the balance sheet. The result is then discounted on the basis of the market interest rates prevailing at the date of the statement of financial position for the respective currency.

The effectiveness of hedging relationships is measured with the Critical Term Match-Method.

(22) Parent company

Fresenius SE & Co. KGaA, Bad Homburg v.d.H., is the sole shareholder of Fresenius ProServe GmbH.

Fresenius ProServe GmbH is exempt from publishing consolidated financial statements and management report in accordance with Section 291 HGB given that Fresenius SE & Co. KGaA, Bad Homburg v.d.H., as parent company publishes consolidated financial statements and management report in accordance with International Financial Reporting Standards (IFRS) which are binding to be applied in the EU applying Section 315a HGB for the smallest group of consolidated companies. The consolidated financial statements of Fresenius SE & Co. KGaA are published in the electronic Bundesanzeiger (German Federal Gazette). Fresenius Management SE, Bad Homburg v.d.H., prepares and publishes the consolidated financial statements for the largest group of consolidated companies which is also published in the electronic Bundesanzeiger (German Federal Gazette).

Fresenius ProServe GmbH will use the exemptions in Section 264 (3) HGB and will not make its financial statements for the year 2014 public.

Bad Homburg v.d.H., August 4, 2015

Fresenius ProServe GmbH

Dr. Jürgen Götz

Dr. Francesco De Meo

Joachim Weith

Unconsolidated Financial Statements of ProServe GmbH for 2014 (German-GAAP)

Fresenius ProServe GmbH, Bad Homburg v. d. Höhe

Balance Sheet as of December 31, 2014

Assets

	December 31, 2014		December 31, 2013	
	EUR	EUR	EUR	EUR
A. Fixed assets				
I. Tangible assets				
1. Land, leasehold and buildings	9,417,630.91		9,484,912.91	
2. Other fixtures and fittings, tools and equipment	202,518.00		231,470.00	
3. Payments on account and tangible assets in course of construction		9,620,148.91	0.00	9,716,382.91
II. Financial assets				
1. Shares in related parties	5,256,386,151.03		2,246,406,077.21	
2. Loans to related parties	290,532,114.62		279,434,862.99	
3. Participations	0.71	5,546,918,266.36	0.71	2,525,840,940.91
		5,556,538,415.27		2,535,557,323.82
B. Current assets				
Accounts receivable and other assets				
1. Accounts receivable due from related parties	330,148,026.96		257,958,697.06	
2. Other assets	253,048.92	330,401,075.88	1,461,113.45	259,419,810.51
		5,886,939,491.15		2,794,977,134.33

Liabilities and shareholders' equity

	December 31, 2014	December 31, 2013
	EUR	EUR
A. Shareholders' equity		
I. Subscribed capital	40,000,000.00	40,000,000.00
II. Capital reserves	5,075,387,308.75	2,065,307,234.93
	5,115,387,308.75	2,105,307,234.93
B. Accrued expense		
1. Pensions and similar obligations	6,311,649.00	6,475,953.00
2. Other accruals	2,129,700.67	889,953.66
	8,441,349.67	7,365,906.66
C. Liabilities		
1. Trade accounts payable	92,027.65	98,500.58
2. Liabilities to affiliated companies	762,990,863.68	682,177,442.37
3. Other liabilities	27,941.40	28,049.79
	763,110,832.73	682,303,992.74
	5,886,939,491.15	2,794,977,134.33

Fresenius ProServe GmbH, Bad Homburg v. d. Höhe

Profit and Loss Statement
January 1 to December 31, 2014

	2014		2013	
	EUR	EUR	EUR	EUR
1. Income from participations		331,363,844.64		262,084,059.85
2. Other operating income		1,647,155.57		2,733,958.56
3. Personnel expenses				
Social security and costs of retirement pensions and social assistance		15,553.04		194,113.46
--thereof amount of retirement pensions EUR 15,553.04 (prev. yr. EUR 194,113.46)--				
4. Depreciation on property, plant and equipment		311,023.49		288,220.19
5. Other operating expenses		3,034,489.73		2,748,835.77
6. Income from financial assets		12,034,500.38		11,937,649.10
7. Other interest and similar income		141,135.63		363,125.14
--thereof amount from affiliated companies EUR 141,135.63 (prev. yr. EUR 363,125.14)--				
8. Interest and similar expenses		7,022,069.87		10,504,034.48
--thereof amount from affiliated companies EUR 6,694,695.87 (prev. yr. EUR 10,176,013.73)--				
9. Profit from ordinary operations		334,803,500.09		263,383,588.75
10. Other tax	101.00	101.00	101.00	101.00
11. Net income before profit transfer		334,803,399.09		263,383,487.75
12. Profit transfer due to profit and loss transfer agreement		334,803,399.09		263,383,487.75
13. Retained earnings		0.00		0.00

Fresenius ProServe GmbH, Bad Homburg v.d.H.

NOTES for fiscal year 2014

GENERAL NOTES

(1) Preliminary note

Fresenius ProServe GmbH, Bad Homburg v.d.H., is a wholly-owned subsidiary of Fresenius SE & Co. KGaA, Bad Homburg v.d.H.

There is a profit transfer agreement between the Company and Fresenius SE & Co. KGaA.

The financial statements of Fresenius ProServe GmbH are included in the consolidated financial statements of Fresenius SE & Co. KGaA. The latter are published in the electronic Bundesanzeiger (German Federal Gazette).

Moreover as of December 31, 2014 direct control and profit transfer agreements between Fresenius ProServe GmbH and its subsidiaries HELIOS Kliniken GmbH, Berlin, and FPS Beteiligungs AG, Düsseldorf, are in place.

(2) Accounting principles and standards of valuation

The financial statements of Fresenius ProServe GmbH for 2014 are prepared according to the regulations in the German Commercial Code (HGB) as well as complementing regulations for limited liability companies (GmbHG). Fresenius ProServe GmbH is a small corporation (Kleinstkapitalgesellschaft) according to Section 267a HGB. The nature of cost method according to Section 275 (2) HGB has been elected for preparing the profit and loss statement. The size related exemptions in Section 274 a HGB and Section 288 HGB are used in part.

The value of investments in property, plant and equipment is stated at the cost of the assets less regular linear or degressive depreciation as far as the assets are depreciable.

The following useful lives were used for calculating amortization:

Office buildings	40 years
Tools and equipment	3-10 years

Low value fixed assets with purchase or manufacturing cost of up to € 150.00 are fully written off in the year of addition.

Depreciable movable non-current assets with a value of more than €150.00 and less than €1,000.00 are grouped into a collective item which is dissolved through profit and loss by one fifth in the year of capitalization and the following four years each.

Financial assets are valued at purchase price or, if the asset is other than temporarily impaired the lower market value.

The lower value of non-current assets resulting from write-downs to fair value has to be reversed if the reasons for the extraordinary write-down no longer apply (Section 253 (5) HGB).

Accounts receivable and other assets are stated at nominal value reduced by individual allowance if necessary.

The pension obligation is determined according to actuarial principles on the basis of biometric probabilities as in the reference tables by Dr. Klaus Heubeck 2005 (RT 2005 G) using the Projected Unit Credit-Method. Future expected remuneration and pension increases are taken into account in calculating the obligation. Pensions are currently adjusted by 1.75%. The company specific fluctuation rate that is also taken into consideration for the calculation has been 0%. The actuarial interest rate applicable to the pension obligation was 4.54%. This interest rate is based on the last-seven-year-average discount rate for an estimated remaining life of 15 years as determined and published by the German Federal Bank (Deutsche Bundesbank) (reference interest rate on October 31, 2014: 4,53%).

Other accruals are built for recognizable risks and uncertain liabilities at the amounts to be paid calculated on the basis of a reasonable commercial assessment. Long term accruals are discounted with the last-seven-year-average discount rate that corresponds to the remaining life of the accrual.

Liabilities are valued at their settlement amounts.

Foreign currency items are translated with the average foreign exchange rate at the time of origin or the hedging rate for hedging transactions.

Assets and liabilities with a remaining life of up to a year and carried at foreign currencies are translated at the average closing spot rate according to Section 256a HGB.

Assets and liabilities with a remaining life of over one year and carried at foreign currencies are basically translated at inception at the foreign currency exchange rate, while at the balance sheet date the lowest closing spot rate is used for translating assets and the highest closing spot rate is used for translating liabilities. If the conditions to apply hedge accounting are met, the hedging financial instruments and the underlying transactions are combined in a hedge and valued using the exchange rate at inception (Einfrierungsmethode). Changes in the value of the hedged risks are not recognized in the balance sheet or statement of income.

Earnings and losses from translation to euro of items carried at foreign currencies are recognized in the statement of income under "Other operating income" or "Other operating expenses".

Derivative financial instruments are contracted for hedging purposes only whereby foreign currency derivatives are used.

Derivative financial instruments are measured at fair value at balance sheet date. According to German Commercial Law accounting principles and standards of valuation any remeasurement losses are recognized in earnings while remeasurement gains are not taken into account. When the conditions for hedge accounting are met, the underlying asset and the hedging instrument are considered together. In this case, effects on earnings of underlying transactions and hedging instruments are recognized in earnings. (Durchbuchungsmethode).

Income from profit transfer agreements is recorded in the same reporting period in which it arises given that earnings from affiliated companies are precise enough at the time of preparing the financial statements and is assured according to reasonable commercial assessment.

NOTES ON THE BALANCE SHEET

(3) Fixed assets

The breakdown of fixed assets and their development is presented in Exhibit 1 to the Notes.

In 2014, Fresenius ProServe GmbH increased the capital reserve according to Section 272 (2) no. 4 HGB of HELIOS Kliniken GmbH, Berlin and Wittgensteiner Kliniken GmbH, Berlin by contributing intercompany loans of €2,835,400 thousand and €174,680 thousand respectively,. These intercompany loans had been previously contributed to the capital reserve according to Section 272 (2) no. 4 HGB of Fresenius ProServe GmbH by Fresenius SE & Co. KGaA .

In 2014, Fresenius ProServe GmbH increased or contributed new medium and long term loans in an amount of €12,479 thousand to several related companies of the VAMED-Group.

In 2014, an exchange rate-related write-off in the amount of €341 thousand on a loan/borrowing in Czech Koruna was made. The measurement of the foreign currency derivatives to hedge this loan/borrowing resulted in a gain of €252 thousand.

Disposals from mergers of €100 thousand in 2014 are the result of ProServe Zweite Krankenhausbeteiligungsgesellschaft mbH & Co. KG accreting to Fresenius ProServe GmbH.

A list of all participations in affiliated and associated companies of Fresenius ProServe GmbH is presented in Exhibit 2 to the Notes.

(4) Accounts receivable from related parties

Accounts receivable from related parties mainly consist of items against HELIOS Kliniken GmbH (€288,109 thousand) and FPS Beteiligungs AG (€34,462 thousand). The receivables from related parties mainly relate to profit transfers, loans and clearing accounts. All accounts receivable have a remaining term of up to one year.

(5) Other assets

This item mainly consists of capitalized foreign currency derivatives.

(6) Subscribed capital

The capital stock at December 31, 2014 has a nominal value of €40,000,000 and is divided into three parts with nominal values of €25,000, €14,975,000 and € 25,000,000. Fresenius SE & Co. KGaA is the sole stockholder.

(7) Capital reserves

In 2014, Fresenius SE & Co. KGaA increased the capital reserve according to Section 272 (2) no. 4 HGB of Fresenius ProServe GmbH by contributing intercompany loans of €3,010 million,.

(8) Pension obligation

With notarized deed of December 12, 2006 and an effective date of January 1, 2007, all shares in hospitalia international gmbh, Oberursel, were sold and transferred to VAMED Engineering GmbH & Co. KG, Vienna, Austria.

In the context of this sale, Fresenius ProServe GmbH and hospitalia international gmbh agreed in a collateral promise from December 12, 2006, that the Company will assume via the collateral promise with contractual undertaking the compensation payments to be made resulting from the pension obligation of hospitalia international gmbh against beneficiaries and former employees with vested pension rights. The value of this obligation considered in the balance sheet is € 6,305 thousand on December 31, 2014.

Moreover, on December 31, 2014 accrued expenses included €7 thousand of deferred compensation.

The pension obligation has been determined according to the method described under Note (2) "Accounting principles and standards of valuation".

(9) Other accruals

Other accruals mainly relate to compensation for the managing director of an affiliated company to which Fresenius ProServe GmbH is bounded as well as risks from the sale of Pharmaplan GmbH which took place in 2007.

(10) Liabilities

The summary of remaining terms of liabilities looks as follows:

	2014				2013			
	Total	Remain- ing term of up to 1 year	Remain- ing term of 1 year to 5 years	Remain- ing term of over 5 years	Total	Remain- ing term of up to 1 year	Remain- ing term of 1 year to 5 years	Remain- ing term of over 5 years
<i>€ In thousands</i>								
Trade accounts payable	92	92	0	0	99	99	0	0
Accounts payable to related parties	762,991	762,991	0	0	682,177	682,177	0	0
Other liabilities	28	28	0	0	28	28	0	0
	<u>763,111</u>	<u>763,111</u>	<u>0</u>	<u>0</u>	<u>682,304</u>	<u>682,304</u>	<u>0</u>	<u>0</u>

The liabilities displayed are not secured by charges on property or other similar rights. Accounts payable to related companies include liabilities against the shareholder Fresenius SE & Co. KGaA of €762,912 thousand (previous year €623,430 thousand). Accounts payable to related companies mainly consist of loans and clearing accounts.

(11) Other liabilities

Other liabilities relate to obligations against tax authorities.

NOTES ON THE PROFIT AND LOSS STATEMENT

The structure of the profit and loss statement has been adapted to the holding nature of Fresenius ProServe GmbH and begins with income from participations.

(12) Income from participations

Income from participations comprises income of profit transfer agreements with HELIOS Kliniken GmbH of €288,109 thousand (previous year €252,949 thousand) and income of the profit transfer agreement with FPS Beteiligungs AG of €34,735 thousand (previous year: expenses €1,012 thousand) as well as income from participations in related companies of €8,520 thousand (previous year €8,123 thousand).

(13) Other operating income

Other operating income mainly includes income from rental of office space to related companies and from foreign currency translations of €358 thousand.

There was no income from other accounting periods in 2014 and 2013.

(14) Personnel expenses

	2014	2013
<i>€ in thousands</i>		
Costs of retirement pensions	16	194
Annual average number of employees:	0	0

(15) Other operating expenses

Other operating expenses were primarily expenses from cost allocation and service level agreements within the Group as well expenses of €376 thousand from currency translations. Thereof, currency-related write-offs on borrowings of the financial assets account of €341 thousand. Moreover, audit and maintenance costs are included.

(16) Income from financial assets

Income in this item includes interest from long term loans to related companies.

(17) Other interest and similar income

This item includes interest income from related companies.

(18) Interest and similar expenses

This item mainly includes €6,695 thousand (previous year €10,176 thousand) of interests paid to related companies. Moreover €327 thousand of interests accrued on provisions are also included.

(19) Income taxes

The company is part of a consolidated tax group with Fresenius SE & Co. KGaA (fiscal unity parent) for income, trade and corporate income tax. Tax contributions of the company are reported as part of the transfer of profits.

(20) Other tax

This item includes motor vehicle tax.

OTHER DISCLOSURES

(21) Management

In 2014, following persons were appointed managing directors of Fresenius ProServe GmbH, Bad Homburg v.d.H.:

Dr. Jürgen Götz, Lawyer, Bad Soden,
Dr. Francesco De Meo, Lawyer, Petersberg,
Joachim Weith, Dipl.-Sociologist and Dipl.-Business Administration, Wintzenbach.

The managing directors are simultaneously managing directors, members of the management board or senior executives in other Group companies and receive their compensation from these companies.

(22) Contingent liabilities

Contingencies from indemnity agreements

Fresenius Proserve GmbH guarantees together with Fresenius Kabi AG and Fresenius SE & Co. KGaA the liabilities from the Senior Notes, which were issued by subsidiaries of which Fresenius SE & Co. KGaA hold 100%, in 2009, 2012, 2013 and 2014. The following table shows these obligations as of December 31, 2014:

Issuer/ Transaction	Notional amount	Maturity	Nominal interest rate
Fresenius Finance B.V. 2012/2019	€500 million	Apr. 15, 2019	4,25%
Fresenius Finance B.V. 2013/2020	€500 million	July 15, 2020	2,875%
Fresenius US Finance II, Inc. 2009/2015	€275 million	July 15, 2015	8,75%
Fresenius US Finance II, Inc. 2009/2015	US\$500 million	July 15, 2015	9,00%
Fresenius Finance B.V. 2014/2019	€300 million	Feb. 1, 2019	2.375%
Fresenius Finance B.V. 2014/2021	€450 million	Feb. 1, 2021	3.00%
Fresenius Finance B.V. 2014/2024	€450 million	Feb. 1, 2024	4.00%
Fresenius US Finance II, Inc. 2014/2021	US\$300 million	Feb. 1, 2021	4.25%

Moreover Fresenius Proserve GmbH and Fresenius Kabi AG jointly and severally guarantee the liabilities from the €500 million equity-neutral convertible bond issued by Fresenius SE & Co. KGaA in 2014. On December 1, 2014 the guarantee had a fair value of €591 million.

Further guarantee commitments of Fresenius ProServe GmbH together with Fresenius SE & Co. KGaA, Fresenius Kabi AG and selected subsidiaries exist in relation to the repayment of tranche of the syndicated credit agreement of the

Fresenius SE & Co. KGaA, which was closed in December 2012 (Credit Agreement 2013). Obligations under the 2013 Senior Credit Agreement are secured by pledges of capital stock of certain material subsidiaries of Fresenius Kabi AG, and since funding of the incremental facilities additionally secured by a pledge of the capital stock of HELIOS Kliniken GmbH, in favor of the lenders. As of December 31, 2014 credit lines and loan in the amount of €3,708 million existed, of which an amount of €2,566 million was utilized.

Moreover Fresenius ProServe GmbH guarantees together with Fresenius Kabi AG the repayment of a several Notes of a total of €1,025 million borrowed by Fresenius SE & Co. KGaA, as well as the related accrued interest.

According to our judgment the affected companies can meet the underlying obligations in any case and assertion of the claim is currently not expected.

Statement of subordination

On December 31, 2014, the subsidiary hospitalia activHealth gmbh is over-leveraged by about €7.1 million. To avoid legal accounting insolvency, Fresenius ProServe GmbH issued a statement of subordination in favor of the company for €8.7 million. On December 31, 2014, €7.3 million receivables are outstanding against hospitalia activHealth gmbh (of which €7.0 million have been written-down). Moreover, Fresenius ProServe GmbH issued a statement of subordination for €40 million in favor of Wittgensteiner Kliniken GmbH. Wittgensteiner Kliniken GmbH is not over-leveraged on December 31, 2014.

Option contracts

There are two put and call option contracts with the current share owners of VAMED AG to acquire 10% and 13% of the shares in VAMED AG which expire on December 31, 2015 and June 30, 2017 respectively. These contracts are pending transactions that are not shown in the financial statement of Fresenius ProServe GmbH.

(23) Derivatives

Fresenius ProServe GmbH uses derivative financial instruments to hedge against existing or highly probable future currency risks. Derivative financial instruments are contracted exclusively for hedging purposes. As the critical terms of the underlying transactions basically match those of the derivative financial instruments it can be assumed that hedges are highly effective. The Company has approved guidelines for assessing risks and to control the use of financial instruments. The guidelines require a clear separation between the execution function on the one side and the clearing, accounting and control on the other hand. Derivative financial instruments are used to reduce fluctuations in earnings and cash flows caused by changes in foreign currency exchange rates.

Foreign exchange risk

The company uses foreign exchange forward contracts to hedge foreign exchange risk.

Fresenius ProServe GmbH entered into foreign exchange forward contracts with external partners to hedge foreign currency risks from accounts receivable and liabilities as well as highly probable forecasted transactions from the Company and its affiliates. On the balance sheet date, the Company had currency derivatives with a nominal value of €23,802 thousand and fair value of €252 thousand with a maximum maturity of ten months.

Standards of valuation

The fair values of derivative financial instruments are valued according to customary standards that take market information (market values) on the balance sheet date into account. In detail following principles are used:

The fair value is based on the market value of a derivative that could be reached in voluntary transactions by independent parties without taking forced or liquidation sales into account. To determine the market value of foreign exchange forward contracts, the contracted forward rate is compared to the current forward rate for the remaining term of the contract as of the date of the balance sheet. The result is then discounted on the basis of the market interest rates prevailing at the date of the statement of financial position for the respective currency.

The effectiveness of hedging relationships is measured with the Critical Term Match-Method.

(24) Parent company

nus ProServe GmbH.

Fresenius ProServe GmbH is exempt from publishing consolidated financial statements and management report in accordance with Section 291 HGB given that Fresenius SE & Co. KGaA, Bad Homburg v.d.H., as parent company publishes consolidated financial statements and management report in accordance with International Financial Reporting Standards (IFRS) which are binding to be applied in the EU applying Section 315a HGB for the smallest group of consolidated companies. The consolidated financial statements of Fresenius SE & Co. KGaA are published in the electronic Bundesanzeiger (German Federal Gazette). Fresenius Management SE, Bad Homburg v.d.H., prepares and publishes the consolidated financial statements for the largest group of consolidated companies which is also published in the electronic Bundesanzeiger (German Federal Gazette).

Fresenius ProServe GmbH will use the exemptions in Section 264 (3) HGB and will not make its financial statements for the year 2014 public.

Bad Homburg v.d.H., March 6, 2015

Fresenius ProServe GmbH

Dr. Jürgen Götz

Dr. Francesco De Meo

Joachim Weith

Exhibit to notes

Fresenius ProServe GmbH, Bad Homburg v. d. Höhe

Development of fixed assets during the fiscal year 2014

	Acquisition costs					As of Dec. 31, 2014 kEUR
	As of Jan. 01, 2014 kEUR	Additions kEUR	Disposals from mergers kEUR	Disposals kEUR	Transfers kEUR	
II. Tangible assets						
1. Land, leasehold and buildings	12,346	215	0	0	0	12,561
2. Other fixtures and fittings, tools and equipment	265	0	0	0	0	265
	12,611	215	0	0	0	12,826
III. Financial assets						
1. Shares in related parties	2,251,506	3,010,080	100	0	0	5,261,486
2. Loans to related parties	280,895	12,479	0	1,041	0	292,333
3. Participations	0	0				0
	2,532,401	3,022,559	100	1,041	0	5,553,819
	2,545,012	3,022,774	100	1,041	0	5,566,645

As of Jan. 01, 2014 KEUR	Depreciation of financial year KEUR	Depreciation		As of Dec. 31, 2014 KEUR	Carrying amount	
		Disposals KEUR			Dec. 31, 2014 KEUR	12/31/2013 KEUR
2,861	282	0		3,143	9,418	9,485
34	29	0		63	202	231
2,895	311	0		3,206	9,620	9,716
5,100	0	0		5,100	5,256,386	2,246,406
1,460	341	0		1,801	290,532	279,435
0	0			0	0	0
6,560	341	0		6,901	5,546,918	2,525,841
9,455	652	0		10,107	5,556,538	2,535,557

Auditor's report

To Fresenius ProServe GmbH, Bad Homburg v. d. Höhe

We have audited the annual financial statements, comprising the balance sheet, the income statement and the notes to the financial statements, together with the bookkeeping system, of Fresenius ProServe GmbH, Bad Homburg v. d. Höhe, for the financial year from January 1 to December 31, 2014. The maintenance of the books and records and the preparation of the annual financial statements in accordance with German commercial law are the responsibility of the Company's management. Our responsibility is to express an opinion on the annual financial statements, together with the bookkeeping system, based on our audit.

We conducted our audit of the annual financial statements in accordance with Section 317 of the German Commercial Code [HGB] and the generally accepted standards for the audit of financial statements promulgated by the German Institute of Public Auditors [IDW]. Those standards require that we plan and perform the audit such that misstatements materially affecting the presentation of the net assets, financial position and results of operations in the annual financial statements in accordance with German principles of proper accounting are detected with reasonable assurance. Knowledge of the business activities and the economic and legal environment of the Company and expectations as to possible misstatements are taken into account in the determination of audit procedures. The effectiveness of the accounting-related internal control system and the evidence supporting the disclosures in the books and records and the annual financial statements are examined primarily on a test basis within the framework of the audit. The audit includes assessing the accounting principles used and significant estimates made by the Management Board, as well as evaluating the overall presentation of the annual financial statements. We believe that our audit provides a reasonable basis for our opinion.

Our audit has not led to any reservations.



In our opinion, based on the findings of our audit, the annual financial statements comply with the legal requirements and give a true and fair view of the net assets, financial position and results of operations of Fresenius ProServe GmbH in accordance with German principles of proper accounting.

Frankfurt am Main, March 6, 2015

KPMG AG
Wirtschaftsprüfungsgesellschaft

Rohrbach
Wirtschaftsprüfer
[German Public Auditor]

Walter
Wirtschaftsprüfer
[German Public Auditor]

Unconsolidated Financial Statements of ProServe GmbH for 2013 (German-GAAP)

Fresenius ProServe GmbH, Bad Homburg v. d. Höhe

Balance Sheet as of December 31, 2013

Assets

	December 31, 2013		December 31, 2012	
	EUR	EUR	EUR	EUR
A. Fixed assets				
I. Tangible assets				
1. Land, leasehold and buildings	9,484,912.91		8,360,025.91	
2. Other fixtures and fittings, tools and equipment	231,470.00		0.00	
3. Payments on account and tangible assets in course of construction	0.00	9,716,382.91	4,252.50	8,364,278.41
II. Financial assets				
1. Shares in related parties	2,246,406,077.21		2,246,406,077.21	
2. Loans to related parties	279,434,862.99		218,095,530.45	
3. Participations	0.71	2,525,840,940.91	0.71	2,464,501,608.37
		2,535,557,323.82		2,472,865,886.78
B. Current assets				
Accounts receivable and other assets				
1. Accounts receivable due from related parties	257,958,697.06		150,207,036.85	
2. Other assets	1,461,113.45	259,419,810.51	24,586.51	150,231,623.36
		2,794,977,134.33		2,623,097,510.14

Liabilities and shareholders' equity

[illegible]

Fresenius ProServe GmbH, Bad Homburg v. d. Höhe

Profit and Loss Statement
January 1 to December 31, 2013

	2013		2012	
	EUR	EUR	EUR	EUR
1. Income from participations		262,084,059.85		139,379,093.35
2. Other operating income		2,733,958.56		1,991,595.12
3. Personnel expenses				
Social security and costs of retirement pensions and social assistance				
--thereof amount of retirement pensions EUR 194,113.46 (prev. yr. EUR 165,156.81)--		194,113.46		165,156.81
4. Depreciation on property, plant and equipment		288,220.19		225,732.00
5. Other operating expenses		2,748,835.77		1,269,893.44
6. Income from financial assets		11,937,649.10		10,511,053.80
7. Other interest and similar income		363,125.14		98,050.23
--thereof amount from affiliated companies EUR 363,125.14 (prev. yr. EUR 98,098.24)--				
8. Interest and similar expenses		10,504,034.48		11,496,282.57
--thereof amount from affiliated companies EUR 10,176,013.73 (prev. yr. EUR 11,150,915.19)--				
9. Profit from ordinary operations		263,383,588.75		138,822,727.68
10. Income taxes	0.00		26,902.50	
11. Other tax	101.00	101.00	101.00	27,003.50
12. Net income before profit transfer		263,383,487.75		138,795,724.18
13. Profit transfer due to profit and loss transfer agreement		263,383,487.75		138,795,724.18
14. Retained earnings		0.00		0.00

Fresenius ProServe GmbH, Bad Homburg v.d.Höhe

NOTES for fiscal year 2013

GENERAL NOTES

(1) Preliminary note

Fresenius ProServe GmbH, Bad Homburg v.d.Höhe, is a wholly-owned subsidiary of Fresenius SE & Co. KGaA, Bad Homburg v.d.Höhe.

There is a profit transfer agreement between the Company and Fresenius SE & Co. KGaA.

The financial statements of Fresenius ProServe GmbH are included in the consolidated financial statements of Fresenius SE & Co. KGaA. The latter are published in the electronic Bundesanzeiger (German Federal Gazette).

Moreover as of December 31, 2013 direct control and profit transfer agreements between Fresenius ProServe GmbH and its subsidiaries HELIOS Kliniken GmbH, Berlin, and FPS Beteiligungs AG, Düsseldorf, are in place.

(2) Accounting principles and standards of valuation

The financial statements of Fresenius ProServe GmbH for 2013 are prepared according to the regulations in the German Commercial Code (HGB) as well as complementing regulations for limited liability companies. Fresenius ProServe GmbH is a small corporation (Kleinstkapitalgesellschaft) according to Section 267a HGB. The nature of cost method according to Section 275 (2) HGB has been elected for preparing the profit and loss statement. The size related exemptions in Section 274 a HGB and Section 288 HGB are used in part.

The value of investments in property, plant and equipment is stated at the cost of the assets less regular linear or degressive depreciation as far as the assets are depreciable.

The following useful lives were used for calculating amortization:

Intangible assets	3-5 years
Office buildings	40 years
Tools and equipment	3-10 years

Low value fixed assets with purchase or manufacturing cost of up to € 150.00 are fully written off in the year of addition.

Depreciable movable non-current assets with a value of more than €150.00 and less than €1,000.00 are grouped into a collective item which is dissolved through profit and loss by one fifth in the year of capitalization and the following four years each.

Financial assets are valued at purchase price or, if the asset is other than temporarily impaired the lower market value.

The lower value of non-current assets resulting from write-downs to fair value has to be reversed if the reasons for the extraordinary write-down no longer apply (Section 253 (5) HGB).

Accounts receivable and other assets are stated at nominal value reduced by individual allowance if necessary.

The pension obligation is determined according to actuarial principles on the basis of biometric probabilities as in the reference tables by Dr. Klaus Heubeck 2005 (RT 2005 G) using the Projected Unit Credit-Method. Future expected remuneration and pension increases are taken into account in calculating the obligation. Remuneration is currently adjusted by between 3% and 4% and pensions by 1.75%. The company specific fluctuation rate that is also taken into consideration for the calculation has been between 0% and 18%. The actuarial interest rate applicable to the pension obligation was 4.90%. This is the last-seven-year-average discount rate for an estimated remaining life of 15 years as determined and published by the German Federal Bank (Deutsche Bundesbank) (reference date: October 31, 2013).

Other accruals are built for recognizable risks and uncertain liabilities at the amounts to be paid calculated on the basis of a reasonable commercial assessment. Long term accruals are discounted with the last-seven-year-average discount rate that corresponds to the remaining life of the accrual.

Liabilities are valued at their settlement amounts.

Foreign currency items are translated with the average foreign exchange rate at the time of origin or the hedging rate for hedging transactions.

Assets and liabilities with a remaining life of up to a year and carried at foreign currencies are translated at the average closing spot rate according to Section 256a HGB.

Assets and liabilities with a remaining life of over one year and carried at foreign currencies are basically translated at inception at the foreign currency exchange rate, while at the balance sheet date the lowest closing spot rate is used for translating assets and the highest closing spot rate is used for translating liabilities. If the conditions to apply hedge accounting are met, the hedging financial instruments and the underlying transactions are combined in a hedge and valued using the exchange rate at inception (Einfrierungsmethode). Changes in the value of the hedged risks are not recognized in the balance sheet or statement of income.

Earnings and losses from translation to euro of items carried at foreign currencies are recognized in the statement of income under "Other operating income" or "Other operating expenses".

Derivative financial instruments are contracted for hedging purposes only whereby foreign currency derivatives are used.

Derivative financial instruments are measured at fair value at balance sheet date. According to German Commercial Law accounting principles and standards of valuation any remeasurement losses are recognized in earnings while remeasurement gains are not taken into account. When the conditions for hedge accounting are met, the underlying asset and the hedging instrument are considered together. In this case, effects on earnings of underlying transactions and hedging instruments are recognized in earnings (Durchbuchungsmethode).

Income from profit transfer agreements is recorded in the same reporting period in which it arises given that earnings from affiliated companies are precise enough at the time of preparing the financial statements and is assured according to reasonable commercial assessment.

NOTES ON THE BALANCE SHEET

(3) Fixed assets

The breakdown of fixed assets and their development is presented in Exhibit 1 to the Notes.

In 2013, Fresenius ProServe GmbH contributed medium and long term loans in an amount of €56,299 thousand to several related companies of the VAMED-Group.

In 2013, an exchange rate-related write-off in the amount of €1,460 thousand on a loan in Czech Koruna was made. The measurement of the foreign currency derivatives to hedge this loan resulted in a gain of €1,438 thousand.

A list of all participations in affiliated and associated companies of Fresenius ProServe GmbH is presented in Exhibit 2 to the Notes.

(4) Accounts receivable from related parties

Accounts receivable from related parties mainly consist of items against HELIOS Kliniken GmbH (€252.949 thousand) and FPS Beteiligungs AG (€739 thousand). The receivables from related parties mainly relate to profit transfers, loans and clearing accounts. All accounts receivable have a remaining term of up to one year.

(5) Other assets

This item consists of capitalized foreign currency derivatives as well as other tax claims.

(6) Subscribed capital

The capital stock at December 31, 2013 has a nominal value of €40,000,000 and is divided into three parts with nominal values of €25,000, €14,975,000 and € 25,000,000. Fresenius SE & Co. KGaA is the sole stockholder.

(7) Pension obligation

With notarized deed of December 12, 2006 and an effective date of January 1, 2007, all shares in hospitalia international gmbh, Oberursel, were sold and transferred to VAMED Engineering GmbH & Co. KG, Vienna, Austria.

In the context of this sale, Fresenius ProServe GmbH and hospitalia international gmbh agreed in a collateral promise from December 12, 2006, that the Company will assume via the collateral promise with contractual undertaking the compensation payments to be made resulting from the pension obligation of hospitalia international gmbh against beneficiaries and former employees with vested pension

rights. The value of this obligation, considered in the balance sheet, is € 6,446 thousand on December 31, 2013.

The pension obligation has been determined according to the method described under Note (2) "Accounting principles and standards of valuation".

(8) Other accruals

Other accruals mainly relate to risks from the sale of Pharmaplan GmbH.

(9) Liabilities

The summary of remaining terms of liabilities looks as follows:

	2013				2012			
	Total	Remain- ing term of up to 1 year	Remain- ing term of 1 year to 5 years	Remain- ing term of over 5 years	Total	Remain- ing term of up to 1 year	Remain- ing term of 1 year to 5 years	Remain- ing term of over 5 years
<i>In thousand €</i>								
Trade accounts payable	99	99	0	0	85	85	0	0
Accounts payable to related parties	682,177	682,177	0	0	510,270	453,270	57,000	0
Other liabilities	28	28	0	0	28	28	0	0
	<u>682,304</u>	<u>682,304</u>	<u>0</u>	<u>0</u>	<u>510,383</u>	<u>453,383</u>	<u>57,000</u>	<u>0</u>

The liabilities displayed are not secured by charges on property or other similar rights. Accounts payable to related companies include liabilities against the shareholder Fresenius SE & Co. KGaA of €623,430 thousand (previous year €440,632 thousand). Accounts payable to related companies mainly consist of loans and clearing accounts.

(10) Other liabilities

Other liabilities relate to obligations against tax authorities.

NOTES ON THE PROFIT AND LOSS STATEMENT

The structure of the profit and loss statement has been adapted to the holding nature of Fresenius ProServe GmbH and begins with income from participations.

(11) Income from participations

Income from participations comprises income of profit transfer agreements with HELIOS Kliniken GmbH of €252,949 thousand (previous year €132,323 thousand) and income of the profit transfer agreement with FPS Beteiligungs AG of €1,012 thousand (previous year: expenses €189 thousand) as well as income from participations in related companies of €8,123 thousand (previous year €7,245 thousand).

(12) Other operating income

Other operating income mainly includes income from rental of office space to related companies and from foreign currency translations of €1,518 thousand.

In 2013, there was no income from other accounting periods (previous year €255 thousand).

(13) Personnel expenses

	<u>2013</u>	<u>2012</u>
	<i>Thousand €</i>	<i>Thousand €</i>
Social security and costs of retirement pensions and social assistance	194	165
(thereof retirement pensions)	<u>194</u>	<u>165</u>
	194	165
Annual average number of employees:		
Salaried employees	0	0

(14) Other operating expenses

Other operating expenses were primarily expenses from currency translations in the amount of €1,541 thousand. Thereof, currency-related write-offs on borrowings of the financial assets account for €1,460 thousand. Moreover, cost allocation and service level agreements and audit and maintenance costs are included.

(15) Income from financial assets

Income in this item includes interest from long term loans to related companies.

(16) Other interest and similar income

This item primarily includes interest income from related companies.

(17) Interest and similar expenses

This item mainly includes €10,176 thousand (previous year €11,151 thousand) of interests paid to related companies. Moreover expenses for interests accrued of €328 thousand are also included.

(18) Income taxes

The company is part of a consolidated tax group with Fresenius SE & Co. KGaA (fiscal unity parent) for income, trade and corporate income tax. Tax contributions of the company are reported as part of the transfer of profits.

(19) Other tax

This item includes motor vehicle tax.

OTHER DISCLOSURES

(20) Management

In 2013, following persons were appointed managing directors of Fresenius ProServe GmbH, Bad Homburg v.d.Höhe:

Dr. Jürgen Götz, Lawyer, Bad Soden,
Dr. Francesco De Meo, Lawyer, Petersberg,
Joachim Weith, Dipl.-Sociologist and Dipl.-Business Administration, Wintzenbach.

The managing directors are simultaneously managing directors, members of the management board or senior executives in other Group companies and receive their compensation from these companies.

(21) Contingent liabilities

Contingencies from indemnity agreements

Fresenius Proserve GmbH guarantees together with Fresenius Kabi AG and Fresenius SE & Co. KGaA the liabilities from the Senior Notes, which were issued by subsidiaries of which Fresenius SE & Co. KGaA hold 100%, in 2009, 2012 and 2013. The following table shows these obligations as of December 31, 2013:

<u>Issuer/ Transaction</u>	<u>Notional amount</u>	<u>Maturity</u>	<u>Nominal interest rate</u>
Fresenius Finance B.V. 2012/2019	€500 million	Apr. 15, 2019	4,25%
Fresenius Finance B.V. 2013/2020	€500 million	July 15, 2020	2,875%
Fresenius US Finance II, Inc. 2009/2015	€275 million	July 15, 2015	8,75%
Fresenius US Finance II, Inc. 2009/2015	US\$500 million	July 15, 2015	9,00%

Furthermore, in January and February 2014, the following Senior Notes were issued, which are guaranteed by Fresenius SE & Co. KGaA together with Fresenius Kabi AG and Fresenius ProServe GmbH.

Issuer / Transaction	Notional amount	Maturity	Nominal interest rate
Fresenius Finance B.V. 2014/2019	€300 million	Feb. 1, 2019	2.375%
Fresenius Finance B.V. 2014/2021	€450 million	Feb. 15, 2021	3.00%
Fresenius Finance B.V. 2014/2024	€450 million	Feb. 15, 2024	4.00%
Fresenius US Finance II, Inc. 2014/2021	US\$300 million	Feb. 15, 2021	4.25%

Further guarantee commitments of Fresenius ProServe GmbH together with Fresenius SE & Co. KGaA, Fresenius Kabi AG and selected subsidiaries exist in relation to the repayment of tranche of the syndicated credit agreement of the Fresenius SE & Co. KGaA, which was closed in December 2012 (Credit Agreement 2013). Obligations under the 2013 Senior Credit Agreement are secured by pledges of capital stock of certain material subsidiaries of Fresenius Kabi AG, and upon funding of the incremental facilities will be additionally secured by a pledge of the capital stock of HELIOS Kliniken GmbH, in favor of the lenders. As of December 31, 2013 credit lines and loan in the amount of €3,727 million existed, of which an amount of €1,709 million was utilized.

Furthermore, Fresenius ProServe GmbH guarantees together with Fresenius SE Co. KGaA and Fresenius Kabi AG the repayment of a short term bridge financing, issued in 2013, in the amount of € 1,800 million including unpaid interest. The Bridge Financing Facility has been drawn in an amount of €1,500 million on December 31, 2013 and are mandatorily reduced by the net proceeds of any capital markets transaction. In line with these provisions, the facility has been reduced by the net proceeds of Senior Notes issuances that were made in January and February 2014.

Moreover Fresenius ProServe GmbH guarantees together with Fresenius Kabi AG the repayment of a several Notes of a total of €525 million borrowed by Fresenius SE & Co. KGaA, as well as the related accrued expenses.

According to our judgment the affected companies can meet the underlying obligations in any case and assertion of the claim is currently not expected.

Statement of subordination

On December 31, 2013, the subsidiaries Wittgensteiner Kliniken GmbH and hospitalia activHealth gmbh are over-leveraged by about €28 million and €6.9 million respectively. To avoid legal accounting insolvency, Fresenius ProServe GmbH issued a statement of subordination for €40 million and €8.7 million respectively. On December 31, 2013 receivables of €170.0 million against Wittgensteiner Kliniken GmbH and of €7.0 million (of which €6.9 million have been written-down) against hospitalia activHealth gmbh are outstanding.

Option contracts

There are two put and call option contracts with the current share owners of VAMED AG to acquire 10% and 13% of the shares in VAMED AG which expire on December 31, 2015 and June 30, 2017 respectively. These contracts are pending transactions that are not shown in the financial statement of Fresenius ProServe GmbH.

(22) Derivatives

Fresenius ProServe GmbH uses derivative financial instruments to hedge against existing or highly probable future currency risks. Derivative financial instruments are contracted exclusively for hedging purposes. As the critical terms of the underlying transactions basically match those of the derivative financial instruments it can be assumed that hedges are highly effective. The Company has approved guidelines for assessing risks and to control the use of financial instruments. The guidelines require a clear separation between the execution function on the one side and the clearing, accounting and control on the other hand. Derivative financial instruments are used to reduce fluctuations in earnings and cash flows caused by changes in foreign currency exchange rates.

Foreign exchange risk

The company uses foreign exchange forward contracts to hedge foreign exchange risk.

Fresenius ProServe GmbH entered into foreign exchange forward contracts with external partners to hedge foreign currency risks from accounts receivable and liabilities as well as highly probable forecasted transactions from the Company and its affiliates. On the balance sheet date, the Company had currency derivatives with a nominal value of €23,706 thousand and fair value of €1,438 thousand with a maximum maturity of nine months.

Standards of valuation

The fair values of derivative financial instruments are valued according to customary standards that take market information (market values) on the balance sheet date into account. In detail following principles are used:

The fair value is based on the market value of a derivative that could be reached in voluntary transactions by independent parties without taking forced or liquidation sales into account. To determine the market value of foreign exchange forward contracts, the contracted forward rate is compared to the current forward rate for the remaining term of the contract as of the date of the balance sheet. The result is then discounted on the basis of the market interest rates prevailing at the date of the statement of financial position for the respective currency.

The effectiveness of hedging relationships is measured with the Critical Term Match-Method.

(23) Parent company

Fresenius SE & Co. KGaA, Bad Homburg v.d.Höhe is the sole shareholder of Fresenius ProServe GmbH.

Fresenius ProServe GmbH is exempt from publishing consolidated financial statements and management report in accordance with Section 291 HGB given that Fresenius SE & Co. KGaA, Bad Homburg v.d.Höhe, as parent company publishes consolidated financial statements and management report in accordance with International Financial Reporting Standards (IFRS) which are binding to be applied in the EU applying Section 315a HGB for the smallest group of consolidated companies. The consolidated financial statements of Fresenius SE & Co. KGaA are published in the electronic Bundesanzeiger (German Federal Gazette). Fresenius Management SE, Bad Homburg v.d.Höhe, prepares and publishes the consolidated financial statements for the largest group of consolidated companies which is also published in the electronic Bundesanzeiger (German Federal Gazette).

Fresenius ProServe GmbH will use the exemptions in Section 264 (3) HGB and will not make its financial statements for the year 2013 public.

Bad Homburg v.d.Höhe, February 26, 2014

Fresenius ProServe GmbH

Dr. Jürgen Götz

Dr. Francesco De Meo

Joachim Weith

Exhibit to notes

Fresenius ProServe GmbH, Bad Homburg v. d. Höhe

Development of fixed assets during the fiscal year 2013

	Acquisition costs		
	As of Jan. 01, 2013 kEUR	Additions kEUR	Transfers
			As of Dec. 31, 2013 kEUR
I. Tangible assets			
1. Land, leasehold and buildings	10,947	1,395	4
2. Other fixtures and fittings, tools and equipment	20	245	0
3. Payments on account and tangible assets in course of construction	4	0	-4
	10,971	1,640	0
II. Financial assets			
1. Shares in related parties	2,251,506	0	0
2. Loans to related parties	218,096	62,799	0
3. Participations	0	0	0
	2,469,602	62,799	0
	2,480,573	64,439	0

As of Jan. 01, 2013 kEUR	Depreciation		Carrying amount	
	Depreciation of financial year kEUR	As of Dec. 31, 2013 kEUR	Dec. 31, 2013 kEUR	Dec. 31, 2012 kEUR
2,587	274	2,861	9,485	8,360
20	14	34	231	0
0	0	0	0	4
2,607	288	2,895	9,716	8,364
5,100	0	5,100	2,246,406	2,246,406
0	1,460	1,460	279,435	218,096
0	0	0	0	0
5,100	1,460	6,560	2,525,841	2,464,502
7,707	1,748	9,455	2,535,557	2,472,866

Auditor's report

To Fresenius ProServe GmbH

We have audited the annual financial statements, comprising the balance sheet, the income statement and the notes to the financial statements, together with the bookkeeping system, of Fresenius ProServe GmbH, Bad Homburg v. d. Höhe, for the financial year from January 1 to December 31, 2013. The maintenance of the books and records and the preparation of the annual financial statements in accordance with German commercial law are the responsibility of the Company's management. Our responsibility is to express an opinion on the annual financial statements, together with the bookkeeping system, based on our audit.

We conducted our audit of the annual financial statements in accordance with Section 317 of the German Commercial Code [*HGB*] and the generally accepted standards for the audit of financial statements promulgated by the German Institute of Public Auditors [*IDW*]. Those standards require that we plan and perform the audit such that misstatements materially affecting the presentation of the net assets, financial position and results of operations in the annual financial statements in accordance with German principles of proper accounting are detected with reasonable assurance. Knowledge of the business activities and the economic and legal environment of the Company and expectations as to possible misstatements are taken into account in the determination of audit procedures. The effectiveness of the accounting-related internal control system and the evidence supporting the disclosures in the books and records and the annual financial statements are examined primarily on a test basis within the framework of the audit. The audit includes assessing the accounting principles used and significant estimates made by the Management Board, as well as evaluating the overall presentation of the annual financial statements. We believe that our audit provides a reasonable basis for our opinion.

Our audit has not led to any reservations.



In our opinion, based on the findings of our audit, the annual financial statements comply with the legal requirements and give a true and fair view of the net assets, financial position and results of operations of Fresenius ProServe GmbH in accordance with German principles of proper accounting.

Frankfurt am Main, February 23, 2014

KPMG AG
Wirtschaftsprüfungsgesellschaft

Rohrbach
Wirtschaftsprüfer
[German Public Auditor]

Walter
Wirtschaftsprüfer
[German Public Auditor]

Unconsolidated Cash Flow Statements of ProServe GmbH for 2014 and 2013 (German-GAAP)

Auditor's Report

To Fresenius ProServe GmbH

We have audited the statement of cash flows for the fiscal year 2014 derived by the company from the annual financial statements for the fiscal year 2014 as well as the underlying bookkeeping system. The statement of cash flows supplements the annual financial statements of Fresenius ProServe GmbH, Bad Homburg v. d. Höhe, for the fiscal year 2014 that have been prepared on the basis of the provisions of German commercial law.

The preparation of the statement of cash flows for the fiscal year 2014 in accordance with the provisions of German commercial law is the responsibility of the company's management.

Our responsibility is to express an opinion, based on our audit, as to whether the statement of cash flows for the fiscal year 2014 has been properly derived from the annual financial statements for the fiscal year 2014 as well as the underlying bookkeeping system in accordance with the provisions of German commercial law. The subject matter of this engagement does neither include the audit of the underlying annual financial statements nor the underlying bookkeeping system.

We have planned and performed our audit in accordance with the IDW Auditing Practice Statement: Audit of Additional Elements of Financial Statements (IDW AuPS 9.960.2) in such a way that material errors in the derivation of the statement of cash flows from the annual financial statements as well as the underlying bookkeeping system are detected with reasonable assurance.

In our opinion, based on the findings of our audit, the statement of cash flows for the fiscal year 2014 has been properly derived from the annual financial statements for the fiscal year 2014 as well as the underlying bookkeeping system in accordance with the provisions of German commercial law.



We have provided the services described above on behalf of Fresenius ProServe GmbH. We have carried out our engagement on the basis of the General Engagement Terms for Wirtschaftsprüfer and Wirtschaftsprüfungsgesellschaften in the version of January 1, 2002 (Appendix 2). By taking note of and using the information contained in this communication, each recipient confirms to have taken note of the terms and conditions stipulated in the aforementioned General Engagement Terms (including the liability limitations of No. 9 included therein) and acknowledges their validity in relation to us.

Frankfurt/Main, June 17, 2015

KPMG AG
Wirtschaftsprüfungsgesellschaft

A handwritten signature in black ink, appearing to read 'Walter'.

Walter
Wirtschaftsprüfer
[German Public Auditor]

A handwritten signature in black ink, appearing to read 'Dolibasic'.

Dolibasic
Wirtschaftsprüferin
[German Public Auditor]

Fresenius ProServe GmbH, Bad Homburg v. d. Höhe

Statement of Cash Flows for the fiscal years 2014 and 2013

	2014	2013
Net Income before profit and loss transfer	334,803	263,383
Depreciation and amortization of non-current and financial assets	652	1,748
Decrease/increase in pension liabilities	-164	-7
Cash flow	335,291	265,124
Increase/decrease in other operating assets	1,208	-1,437
Increase/decrease in other accrued expenses	1,240	-35
Increase/decrease in other operating liabilities	-7	14
Increase/decrease in working capital	2,441	-1,458
Operating cash flow (cash provided by operating activities)	337,732	263,666
Proceeds from disposal of financial assets	1,041	0
Payments for purchasing property, plant and equipment	-215	-1,640
Payments for investments in financial assets	-12,479	-62,799
Payments for purchasing shares of affiliated companies and equity contributions to subsidiaries	-3,010,080	0
Cash used for investing activities	-3,021,733	-64,439
Profit-transfer to shareholder	-334,803	-263,383
Contribution to capital reserves	3,010,080	0
Change in financing activities with related parties	-94,407	51,671
Cash used for financing activities	2,580,870	-211,712
Change of cash and cash equivalents	-103,131	-12,485
Cash and cash equivalents at the beginning of the year	-31,759	-19,274
Cash and cash equivalents at the end of the year¹	-134,890	-31,759

¹Cash and Cash equivalents consist of Cash Pool-accounts with Fresenius SE & Co. KGaA

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