OFFERING MEMORANDUM

Fresenius Medical Care

FRESENIUS MEDICAL CARE US FINANCE, INC.
$650,000,000 5.75% Senior Notes due 2021
Guaranteed on a senior basis by
Fresenius Medical Care AG & Co. KGaA,
Fresenius Medical Care Holdings, Inc. and
Fresenius Medical Care Deutschland GmbH

FMC FINANCE VII S.A.
€300,000,000 5.25% Senior Notes due 2021
Guaranteed on a senior basis by
Fresenius Medical Care AG & Co. KGaA,
Fresenius Medical Care Holdings, Inc. and
Fresenius Medical Care Deutschland GmbH

Fresenius Medical Care US Finance, Inc. (the "Dollar Issuer"), is offering $650,000,000 aggregate principal amount of its 5.75% senior notes due 2021 (the "Dollar-denominated Notes"). FMC Finance VII S.A. (the "Euro Issuer" and, together with the Dollar Issuer, the "Issuers"), is offering €300,000,000 aggregate principal amount of its 5.25% senior notes due 2021 (the "Euro-denominated Notes" and, together with the Dollar-denominated Notes, the "Notes"). The Dollar Issuer will pay interest on the Dollar-denominated Notes and the Euro Issuer will pay interest on the Euro-denominated Notes semi-annually on February 15 and August 15 of each year, commencing August 15, 2011. The Dollar-denominated Notes and the Euro-denominated Notes will mature on February 15, 2021.

The Dollar-denominated Notes will be the senior unsecured obligations of the Dollar Issuer and will rank equally with all of its existing and future senior unsecured indebtedness. The Euro-denominated Notes will be the senior unsecured obligations of the Euro Issuer and will rank equally with all of its existing and future senior unsecured indebtedness. The Dollar-denominated Notes and Euro-denominated Notes will each be guaranteed on a senior unsecured basis by Fresenius Medical Care AG & Co. KGaA (the "Company"), Fresenius Medical Care Holdings, Inc. and Fresenius Medical Care Deutschland GmbH (together with the Company, the "Guarantors"). Other subsidiaries of Fresenius Medical Care AG & Co. KGaA will not guarantee the Notes. The Notes and the guarantees will be effectively subordinated to all secured indebtedness of the Issuers and the Guarantors to the extent of the value of the collateral securing such indebtedness and structurally subordinated to all liabilities of Fresenius Medical Care AG & Co. KGaA's subsidiaries that are not guaranteeing the Notes.

The Notes are subject to the redemption provisions as set out elsewhere in this offering memorandum.

The Company has applied to list the Notes on the Official List of the Luxembourg Stock Exchange and for admission for trading on the Euro MTF Market.

Investing in the Notes involves risks. See "Risk Factors" beginning on page 16.

Dollar-denominated Notes Issue Price: 99.060%
Euro-denominated Notes Issue Price: 100.000%

Delivery of the Dollar-denominated Notes to investors in book entry form was made on February 3, 2011 through the Depository Trust Company and delivery of the Euro-denominated Notes in book-entry form was made on February 3, 2011 through Euroclear and Clearstream.

This offering memorandum constitutes a prospectus for the purpose of the Luxembourg Law of July 10, 2005 on Prospectuses for Securities.

The Notes have not been registered under the Securities Act or any U.S. state securities laws and may not be offered or sold within the United States or to, or for the account or benefit of, any U.S. person except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. Accordingly, the Notes are being offered and sold only (a) outside the United States to non-U.S. persons in compliance with Regulation S under the Securities Act and (b) to "qualified institutional buyers" as defined in Rule 144A under the Securities Act. For details about eligible offers, deemed representations and agreements by investors and transfer restrictions, see "Transfer Restrictions."

ANY OFFER OR SALE OF NOTES IN ANY MEMBER STATE OF THE EUROPEAN ECONOMIC AREA WHICH HAS IMPLEMENTED DIRECTIVE 2003/71/EC (THE "PROSPECTUS DIRECTIVE") MUST BE FOR A MINIMUM PURCHASE PRICE OR MINIMUM CONSIDERATION OF AT LEAST EURO 50,000 OR THE U.S. DOLLAR EQUIVALENT OR ADDRESSED TO QUALIFIED INVESTORS (AS DEFINED IN THE PROSPECTUS DIRECTIVE) OR MUST BE MADE IN GERMANY UNDER THE CONDITIONS OF SECTIONS 3 OR 4 OF THE SECURITIES PROSPECTUS ACT (*Wertpapierprospektgesetz WpPG*) OF THE FEDERAL REPUBLIC OF GERMANY.

Global Coordinator
Lead Manager and Bookrunner
BofA Merrill Lynch

Joint Lead Managers and Bookrunners for the Dollar-denominated Notes

Deutsche Bank **Barclays Capital** **J.P. Morgan**

Joint Lead Managers and Bookrunners for the Euro-denominated Notes

Deutsche Bank **Commerzbank** **Crédit Agricole CIB**

Co-Lead Managers for the Dollar-denominated Notes

BNP PARIBAS **DnB NOR Markets** **HSBC**
RBC Capital Markets **Scotia Capital**
SunTrust Robinson Humphrey **Wells Fargo Securities**

Co-Lead Managers for the Euro-denominated Notes

DZ BANK AG **Landesbank Baden-Württemberg**
Mediobanca **Société Générale Corporate and Investment Banking**
The Royal Bank of Scotland **WestLB AG**

The date of this offering memorandum is February 22, 2011

You should rely only on the information contained in this offering memorandum. We have not authorized any person to provide you with any information or represent anything about us or this offering that is not contained in this offering memorandum. 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.

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IN CONNECTION WITH THIS OFFERING, MERRILL LYNCH, PIERCE, FENNER & SMITH INCORPORATED WITH RESPECT TO THE DOLLAR-DENOMINATED NOTES AND MERRILL LYNCH INTERNATIONAL WITH RESPECT TO THE EURO-DENOMINATED NOTES, EACH A "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 ON MERRILL LYNCH, PIERCE, FENNER & SMITH INCORPORATED OR MERRILL LYNCH INTERNATIONAL OR ANY AGENT FOR THEM 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 INVESTORS

We have prepared this offering memorandum solely for use in connection with the offering of the Notes. We have submitted this offering memorandum to a limited number of qualified institutional investors and persons outside the United States so that they may consider a purchase of the Notes. This offering memorandum does not constitute an offer to the public generally to subscribe for or otherwise acquire securities.

By accepting delivery of this offering memorandum, you agree to the foregoing.

The initial purchasers make no representation or warranty, express or implied, as to the accuracy or completeness of the information set forth in this offering memorandum. Nothing contained in this offering memorandum is or should be relied upon as a promise or representation by the initial purchasers as to the past or the future. You agree to the foregoing by accepting this offering memorandum.

Except as provided below, we accept responsibility for the information contained in this offering memorandum. To the best of our knowledge and belief, the information contained in this offering memorandum is in accordance with the facts and does not omit anything likely to affect the import of such information. The information contained under the heading "Quantitative and Qualitative Disclosures About Market Risks — Management of Foreign Exchange and Interest Rate Risks — Foreign Exchange Risk" includes extracts from information and data publicly released by official and other sources. While we accept responsibility for accurately summarizing the information concerning exchange rate information, we accept no further responsibility in respect of such information. The information set out in relation to sections of this offering memorandum describing clearing arrangements, including the section entitled "Book-Entry, Delivery and Form," is subject to any change in or reinterpretation of the rules, regulations and procedures of The Depository Trust Company, Euroclear and Clearstream as currently in effect. While we accept responsibility for accurately summarizing the information concerning The Depository Trust Company, Euroclear and Clearstream, we accept no further responsibility in respect of such information. In addition, this offering memorandum contains summaries believed to be accurate with respect to certain documents, but reference is made to the actual documents for complete information. All such summaries are qualified in their entirety by such reference. Copies of documents referred to herein will be made available to prospective investors upon request to us.

None of the Dollar Issuer, the Euro Issuer, the guarantors, the initial purchasers, the Trustee, or any of our or their respective representatives, affiliates, advisers or agents is making any representation to you regarding the legality of an investment in the Notes, and you should not construe anything in this offering memorandum as legal, business or tax advice. You should consult your own advisors as to the legal, tax, business, financial and related aspects of an investment in 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 offering memorandum, and you must obtain all applicable consents and approvals. None of the Dollar Issuer, the Euro Issuer, the guarantors, the initial purchasers or the Trustee or any of their affiliates shall have any responsibility for any of the foregoing legal requirements.

We are offering the Notes in reliance on an exemption from registration under the Securities Act of 1933, as amended (the "Securities Act") and in an offshore transaction pursuant to Regulation S under the Securities Act for offers and sales of securities that do not involve a public offering. The Notes may not be offered or sold except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and any applicable U.S. state securities laws. You must comply with all applicable laws and regulations in force in any applicable jurisdiction, and you must obtain any consent, approval or permission required for the purchase, offer or sale by you of the Notes under the laws and regulations in force in the jurisdictions to which you are subject or in which you make such purchase, offer or sale, and neither we nor the initial purchasers will have any responsibility therefor.

The Notes are subject to restrictions on offers, sales and transfers, which are described under "Notice to Investors in the European Economic Area," "Notice to Investors in the United Kingdom," "Notices to Certain Other European Investors" and "Notice to New Hampshire Residents." By possessing this offering memorandum or purchasing any Notes, you will be deemed to have represented and agreed to all of the provisions contained in those sections of this offering memorandum. You may be required to bear the financial risks of this investment for an indefinite period of time.

Each person receiving this offering memorandum 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 or incorporated by reference in this offering memorandum, (2) investing in the Notes involves risks, (3) it has not relied upon the initial purchasers or any person affiliated with the initial purchasers in connection with its investigation of the accuracy of such information or its investment decision, (4) this offering memorandum 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 offering memorandum, 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 or foreign securities regulator has approved or disapproved of these securities or determined that this offering memorandum is accurate or complete. Any representation to the contrary is a criminal offense in the United States.

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 reserve the right to reject any offer to purchase the Notes in whole or in part for any reason or for no reason and to allot to any prospective purchaser less than the full amount of the Notes sought by such purchaser.

The offering memorandum may only be used for the purpose for which it has been established.

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 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.

NOTICE TO INVESTORS IN THE EUROPEAN ECONOMIC AREA

In relation to each Member State of the European Economic Area which has implemented the Prospectus Directive (each, a "Relevant Member State"), each initial purchaser has 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 Notes which are the subject of the offering contemplated by the offering memorandum to the public in that Relevant Member State other than:

(a) to any legal entity which is a qualified investor as defined in the Prospectus Directive;

(b) to fewer than 100 or, if the Relevant Member State has implemented the relevant provision of the 2010 PD Amending Directive, 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 relevant Dealer or Dealers nominated by the relevant Issuer for any such offer; or

(c) in any other circumstances falling within Article 3(2) of the Prospectus Directive,

provided that no such offer of Notes shall require the Issuers or any initial purchaser to publish a prospectus pursuant to Article 3 of the Prospectus Directive.

For the purposes of this provision, the expression an "offer of Notes to the public" in relation to any Notes in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe the Notes, as the same may be varied in that Member State by any measure implementing the Prospectus Directive in that Member State, the expression "Prospectus Directive" means Directive 2003/71/EC (and amendments thereto, including the 2010 PD Amending Directive, to the extent implemented in the Relevant Member State), and includes any relevant implementing measure in the Relevant Member State and the expression "2010 PD Amending Directive" means Directive 2010/73/EU.

NOTICE TO INVESTORS IN THE UNITED KINGDOM

Each initial purchaser has represented and agreed that:

(a) (i) it is a person whose ordinary activities involve it in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of its business and (ii) it has not offered or sold and will not offer or sell the Notes other than to persons whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or as agent) for the purposes of their businesses or who it is reasonable to expect will acquire, hold, manage or dispose of investments (as principal or agent) for the purposes of their businesses where the issue of the Notes would otherwise constitute a contravention of Section 19 of the FSMA by the Issuers;

(b) it has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of Section 21 of the FSMA) received by it in connection with the issue or sale of the Notes in circumstances in which Section 21(1) of the FSMA does not apply to the Issuers or the Guarantors; and

(c) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to the Notes in, from or otherwise involving the United Kingdom.

NOTICE TO CERTAIN OTHER EUROPEAN INVESTORS

France

This offering memorandum has not been prepared in the context of a public offering in France within the meaning of Article L.41 1-1 of the Code monétaire et financier and therefore has not been approved by, registered or filed with the Autorité des Marchés Financiers (the "AMF"). Consequently, the Notes are not being offered, directly or indirectly, to the public in France and this offering memorandum has not been and will not be released, issued or distributed or caused to be released, issued or distributed to the public in France or used in connection with any offer for subscription or sale of the Notes to the public in France.

The Notes may only be offered or sold in the Republic of France to qualified investors (*investisseurs qualifies*) or to providers of investment services relating to portfolio management for the account of third parties (*personnes fournissant le service d'investissement de gestion de portefeuille pour compte de tiers*), to the exclusion of any individuals (*cercle restraint d'investisseurs*) all as defined in and in accordance with articles L.41 1-2 and D. 411-1 to D. 411-4 of the French *Code Monétaire et Financier.*

Prospective investors are informed that:

(i) this offering memorandum has not been submitted for clearance to the French Financial Market Authority (*Autorité des Marchés Financiers)*;

(ii) in compliance with Articles D. 411-1 to D. 411-4 of the French *Code Monétaire et Financier*, any investors subscribing for the Notes should be acting for their own account; and

(iii) the direct and indirect distribution or sale to the public of the Notes acquired by them may only be made in compliance with articles L.411-1, L.411-2, L412-1 and L.621-8 to L.621-8-3 of the French *Code Monétaire et Financier.*

Germany

The offering of the Notes is not a public offering in the Federal Republic of Germany. The Notes may be offered and sold in the Federal Republic of Germany only in accordance with the provisions of the Securities Prospectus Act of the Federal Republic of Germany (the "Securities Prospectus Act", *Wertpapierprospektgesetz WpPG)* and any other applicable German law. Consequently, in Germany the Notes will only be available (i) to, and this offering memorandum and any other offering material in relation to the Notes is directed only at, persons who are qualified investors (*qualifizierte Anleger)* within the meaning of Section 2 No. 6 of the Securities Prospectus Act; or (ii) under any other circumstances that do not require the publication of a prospectus pursuant to Section 3 paragraph 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.

Italy

The offering of the Notes has not been registered pursuant to the Legislative Decree No. 58 of February 24, 1998 (the "Financial Services Act") and, accordingly, in the Republic of Italy the Notes may not be offered, sold or delivered, nor may copies of this offering memorandum or of any other document relating to the Notes be distributed in the Republic of Italy, except:

(i) to qualified investors (*investitori qualificati),* as defined in Article 34-ter of *Commissione Nazionale per la Società e le Borsa* Regulation No. 11971 of May 14, 1999 ("Regulation 11971"), as amended; or

(ii) in the other circumstances which are exempted from the rules on offers to the public pursuant to Article 100 of the Financial Services Act and Article 34-ter, first paragraph, of Regulation 11971, as amended.

Any offer, sale or delivery of the Notes or distribution of copies of this offering memorandum or any other document relating to the Notes in the Republic of Italy under (i) or (ii) above must be:

(i) made by an investment firm, bank or financial intermediary permitted to conduct such activities in the Republic of Italy in accordance with Legislative Decree No. 385 of September, 1, 1993 (the "Banking Act"), the Financial Services Act, the regulations implementing the Financial Services Act and any other applicable laws and regulations; and

(ii) in compliance with any and all other applicable laws and regulations.

Luxembourg

This offering memorandum has not been prepared in connection with a public offering of the Notes as defined in article 2 (1.) (I) of the law of July 10, 2005 on the prospectus for securities and has therefore not been approved by the supervisory authority of the financial sector *Commission de Surveillance du Secteur Financier*. The offering of the Notes shall not constitute a public offering in Luxembourg.

Spain

The Notes may not be offered or sold in Spain except in accordance with the requirements of the Spanish Securities Market Law (*Ley 24/1988, de 28 de Julio del Mercado de Valores)* as amended and restated and Royal Decree 1310/2005 of November 4 on matters of the admittance or negotiation of securities in official stock exchanges, of public sale and subscription offerings and the required brochure for such purposes (*Real Decreto 1310/2005, de 4 de noviembre, en materia de admisión o negociación de valores en mercados secundarios oficales, ofertas públicas de venta o suscripción y del folleto exigible a tales efectos*) as amended and restated ("R.D. 1310/2005"), and subsequent legislation.

This offering memorandum is neither approved nor registered in the administrative registries of the *Comisión Nacional del Mercado de Valores,* and therefore a public offer for subscription of the Notes will not be carried out in Spain. Notwithstanding that and in accordance with Article 30 bis 1 of the Spanish Securities Market Law and Article 38 of R.D. 1310/2005, a private placement of the Notes addressed exclusively to institutional investors (as defined in Article 39 of R.D. 1310/2005) may be carried out in accordance with the requirements of R.D. 1310/2005.

NON-GAAP FINANCIAL MEASURES

EBITDA, as presented in this offering memorandum, is a supplemental measure of our performance that is not required by, or presented in accordance with, accounting principles generally accepted in the United States ("U.S. GAAP"). It is not a measurement of our financial performance under U.S. GAAP and should not be considered as an alternative to net income or any other performance measures derived in accordance with U.S. GAAP or as an alternative to cash flows from operating activities.

We define "EBITDA" as operating income plus depreciation and amortization. We caution investors that amounts presented in accordance with our definition of EBITDA may not be comparable to similar measures disclosed by other issuers, because not all issuers and analysts calculate EBITDA in the same manner, and may not be presented in accordance with the SEC's rules regarding the use of non-GAAP financial measures. We present EBITDA because it is the basis for determining compliance with certain covenants contained in our syndicated credit facility (the "Amended 2006 Senior Credit Agreement"), our 6⅞% Senior Notes due 2017 (the "6⅞% Senior Notes"), our 5.50% Senior Notes due 2016 (the "5.50% Senior Notes"), our Euro-denominated notes due 2012 and 2014 (the "Euro Notes"), our European Investment Bank ("EIB") credit facilities due 2013 and 2014 and our U.S. Dollar-denominated and Euro-denominated trust preferred securities due 2011 (the "Trust Preferred Securities"). 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. In addition, not all funds depicted by EBITDA are available for management's discretionary use. For example, a substantial portion of such funds is subject to contractual restrictions and functional requirements for debt service, to fund necessary capital expenditures and to meet other commitments from time to time as described in more detail elsewhere in our public filings. For a reconciliation of EBITDA to cash flow provided by operating activities, which we consider to be our most directly comparable U.S. GAAP financial measure, see "Management's Discussion and Analysis of Financial Condition and Results of Operations — Liquidity and Capital Resources — Debt Covenant Disclosure — EBITDA."

CERTAIN DEFINED TERMS

In this offering memorandum, (1) the "Company" refers to both Fresenius Medical Care AG prior to the transformation of legal form discussed under "Summary — History" below and to Fresenius Medical Care AG & Co. KGaA after the transformation; (2) "we", "us" and "our" refers either to the Company or the Company and its subsidiaries on a consolidated basis both before and after the transformation, as the context requires; (3) "Fresenius Medical Care AG" and "FMC-AG" refers to the Company as a German stock corporation before the transformation of legal form and "FMC-AG & Co. KGaA" refers to the Company as a German partnership limited by shares after the transformation; (4) "FMCH" and "D-GmbH" refer, respectively, to Fresenius Medical Care Holdings, Inc., the holding company for our North American operations and a guarantor of the Notes and to Fresenius Medical Care Deutschland GmbH, one of our German subsidiaries and a guarantor of the Notes; (5) "Fresenius SE" refers to Fresenius SE, a European Company (Societas Europaea) previously Fresenius AG, a German stock corporation which owns 100% of the share capital of our general partner and approximately 35.8% of our ordinary shares as of September 30, 2010 (and which, prior to the transformation of our legal form, held approximately 51.8% of our ordinary shares), and refers to that company both before and after the conversion of Fresenius AG from a stock corporation into a European Company on July 13, 2007; and (6) "Management AG" refers to Fresenius Medical Care Management AG, the Company's general partner and a wholly owned subsidiary of Fresenius SE.

FORWARD-LOOKING STATEMENTS

This offering memorandum contains forward-looking statements within the meaning of Section 27A of the Securities Act, and Section 21E of the Securities Exchange Act of 1934, as amended, the "Exchange Act". When used in this offering memorandum, the words "expects," "anticipates," "intends," "plans," "believes," "seeks," "estimates" and similar expressions are generally intended to identify forward looking statements. 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 offering memorandum. 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 offering memorandum 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 governmental and commercial insurer reimbursement for our products and services, including the mandated change in the United States beginning in 2011 to an expanded "bundled" Medicare reimbursement system for dialysis services;
- reductions in erythropoietin, or EPO, utilization or EPO reimbursement, changes in utilization patterns for other pharmaceuticals, and increases 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 healthcare reforms;
- product liability risks;
- the outcome of ongoing potentially material litigation;
- risks relating to the integration of acquisitions and our dependence on additional acquisitions;
- the impact of currency fluctuations;
- introduction of generic or new pharmaceuticals that compete with our pharmaceutical products; and
- changes in raw material and energy costs.

Important factors that could contribute to such differences are noted in this offering memorandum in the sections entitled "Risk Factors," "Business," and "Management's Discussion and Analysis of Financial Condition and Results of Operations," in Note 19, "Legal Proceedings," of the Notes to our audited consolidated financial statements, and in Note 11, "Commitments and Contingencies," of the Notes to our unaudited consolidated financial statements.

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."

MARKET AND INDUSTRY DATA

This offering memorandum contains patient and other statistical data related to end-stage renal disease and treatment modalities, including estimates regarding the size of the patient population and growth in that population. These data have been compiled using our Market & Competitor Survey ("MCS"), an internal information tool we created to collect, analyze and communicate relevant market and competition data on the global dialysis market that utilizes annual country-by-country surveys and publicly available information from our competitors. See "Summary — Renal Industry Overview." While we believe the information obtained in our surveys and competitor publications to be reliable, we have not independently verified the data or any assumptions our MCS is derived from on which the estimates they contain are based. All information not attributed to publicly available information such as national and multinational renal registries, publications of official organizations or annual reports of other companies in the healthcare industry is unaudited. Market data not attributed to a specific source are our estimates, compiled using our MCS.

SUMMARY

The following is a summary of the more detailed information appearing elsewhere in this offering memorandum. This summary is not complete and does not contain all of the information you should consider. You should carefully read this entire offering memorandum, including the "Risk Factors" section and the financial statements and the related notes. Unless the context otherwise requires or as otherwise indicated, "we," "us," "our" and similar terms, as well as references to "the Company" and "FMC-AG & Co. KGaA," include all of our consolidated subsidiaries including the Issuers. The "Dollar Issuer" refers to Fresenius Medical Care US Finance, Inc. as the issuer of the Dollar-denominated Notes offered hereby and the "Euro Issuer" refers to FMC Finance VII S.A., as the issuer of the Euro-denominated Notes offered hereby, and "Issuers" refers to the Dollar Issuer and the Euro Issuer. You will find definitions of the capitalized terms used in this offering memorandum in the section entitled "Description of the Notes" as well as elsewhere in this offering memorandum.

Our Company

Our Business

Based on publicly reported sales and number of patients treated, we are the world's largest kidney dialysis company, operating in both the field of dialysis products and the field of dialysis services. See "Renal Industry Overview" below, for a description of our internal information data gathering tool. Our dialysis business is vertically integrated, providing dialysis treatment at our own dialysis clinics and supplying these clinics with a broad range of products. In addition, we sell dialysis products to other dialysis service providers. At September 30, 2010, we provided dialysis treatment to 210,191 patients in 2,716 clinics worldwide located in more than 35 countries. In the U.S. we also perform clinical laboratory testing and provide inpatient dialysis services and other services under contract to hospitals. In the nine months ended September 30, 2010, we provided approximately 23.4 million dialysis treatments, an increase of approximately 7% over the comparable period of 2009, and in 2009, we provided approximately 29.4 million dialysis treatments, an increase of approximately 6% compared to 2008. We also develop and manufacture a full range of equipment, systems and disposable products, which we sell to customers in more than 120 countries. For the year ended December 31, 2009, we had net revenues of $11.2 billion, a 6% increase (9% in constant currency) over 2008 revenues and EBITDA of $2.2 billion. For the twelve months ended September 30, 2009, we had net revenues of $11.8 billion and EBITDA of $2.3 billion. We derived 68% of our revenues for the twelve months ended December 31, 2009 from our North American operations and 32% from our International operations, which include our operations in Europe (22%), Latin America (4%) and Asia Pacific (6%). Our ordinary shares and our preference shares are listed on the Frankfurt Stock Exchange and American Depositary Receipts evidencing our ordinary shares and our preference shares are listed on the New York Stock Exchange. On January 17, 2011 we had an equity market capitalization of approximately $17.1 billion.

We use the insight we gain when treating patients in developing new and improved products. We believe that our size, our activities in both dialysis care and dialysis products and our concentration in specific geographic areas allow us to operate more cost-effectively than many of our competitors.

The following table summarizes net revenues for our North America segment and our International segment as well as our major categories of activity for the nine-month periods ended September 30, 2010 and 2009 and the three years ended December 31, 2009, 2008 and 2007.

	For the nine months ended September 30,		Three years ended December 31,		
	2010	2009	2009	2008	2007
			(in millions)		
North America					
Dialysis Care	$5,441	$4,995	$6,794	$6,247	$6,002
Dialysis Products	617	605	818	758	661
	6,058	5,600	7,612	7,005	6,663
International					
Dialysis Care	1,275	1,129	1,556	1,490	1,211
Dialysis Products	1,553	1,483	2,079	2,117	1,846
	2,828	2,612	3,635	3,607	3,057

History

Fresenius Medical Care AG & Co. KGaA ("FMC-AG & Co. KGaA" or the "Company"), is a German partnership limited by shares (*Kommanditgesellschaft auf Aktien*), formerly Fresenius Medical Care AG ("FMC-AG"), a German stock corporation (*Aktiengesellschaft*) organized under the laws of the Federal Republic of Germany.

The Company was originally incorporated on August 5, 1996 as a stock corporation, *Aktiengesellschaft* (AG). On September 30, 1996, we acquired all of the outstanding common stock of W.R. Grace & Co., whose sole business at the time was National Medical Care, Inc., its global dialysis business, and all of the publicly held noncontrolling interest in Fresenius USA, Inc. The Company was transformed into a partnership limited by shares upon registration on February 10, 2006.

On March 31, 2006, the Company completed the acquisition of Renal Care Group, Inc. ("RCG" and the "RCG Acquisition"), a Delaware corporation with principal offices in Nashville, Tennessee, for an all cash purchase price, net of cash acquired, of approximately $4.2 billion for all of the outstanding common stock, the retirement of RCG stock options and including the concurrent repayment of approximately $657.8 million of indebtedness of RCG. During 2005, RCG provided dialysis and ancillary services to over 32,360 patients through more than 450 owned outpatient dialysis centers in 34 states within the United States, in addition to providing acute dialysis services to more than 200 hospitals.

Effective June 15, 2007, we completed three-for-one share splits of our ordinary shares and our preference shares. See "Audited Consolidated Financial Statements" included in this offering memorandum. All share and per share amounts in the consolidated financial statements, the related notes and elsewhere in this offering memorandum have been restated to reflect the share splits.

Renal Industry Overview

We offer life-maintaining and life-saving dialysis services and products in a market which is characterized by favorable demographic development. As a global market leader in dialysis products and dialysis services, Fresenius Medical Care considers it important to possess accurate and current information on the status and development of the global, regional and national markets.

To obtain and manage this information, Fresenius Medical Care created an internal information tool called Market & Competitor Survey (the "MCS"). The MCS is used within the Company as a tool to collect, analyze and communicate current, accurate and essential information on the dialysis market, developing trends, the market position of Fresenius Medical Care and those of its competitors. Country – by – country surveys are performed at the end of each calendar year, which focus on the total number of patients treated for ESRD, the treatment modality selected, products used, treatment location and the structure of ESRD patient care providers. The survey has been refined over the years to facilitate access to more detailed information and to reflect changes in the development of therapies and products as well as changes to the structure of our competitive environment. The questionnaires are distributed to professionals in the field of dialysis who are in a position to provide ESRD-relevant country specific information themselves or who can coordinate appropriate input from contacts with the relevant know-how in each country. The surveys are then centrally validated and checked for consistency by cross-referencing them with the most recent sources of national ESRD information (e.g. registry data or publications if available) and with the results of surveys performed in previous years. All information received is consolidated at a global and regional level and analyzed and reported together with publicly available information published by our competitors.

Except as otherwise specified below, all patient and market data in this offering memorandum have been derived using our MCS.

End-Stage Renal Disease

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. Most patients suffering from ESRD must rely on dialysis, which is the removal of toxic waste products and excess fluids from the body by artificial means. A number of conditions —

diabetes, hypertension, glomerulonephritis and inherited diseases — can cause chronic kidney disease. The majority of all people with ESRD acquire the disease as a complication of one or more of these primary conditions.

There are currently only two methods for treating ESRD: dialysis and kidney transplantation. Scarcity of compatible kidneys limits transplants. Therefore, most patients suffering from ESRD rely on dialysis.

We estimate that at the end of 2010, there were approximately 2.608 million ESRD patients worldwide, of which approximately 588,000 kidney patients were living with a transplanted kidney. For many years the number of donated organs worldwide has continued to be significantly lower than the number of patients on transplant waiting lists. Consequently, less than one quarter of the global ESRD population lives with a donor organ and the remainder receive renal replacement therapy in the form of dialysis. Despite ongoing efforts by many regional initiatives to increase awareness of and willingness for kidney donation, the distribution of patients between the various treatment modes has remained nearly unchanged over the past ten years. In both the U.S. and Germany, approximately 30% of all ESRD patients live with a functioning kidney transplant and approximately 70% require dialysis.

There are two major dialysis methods commonly used today, hemodialysis ("HD") and peritoneal dialysis ("PD"). These are described below under "Dialysis Treatment Options for ESRD." Of the estimated 2.020 million dialysis patients treated in 2010, approximately 1.802 million received HD and about 218,000 received PD. Generally, an ESRD patient's physician, in consultation with the patient, chooses the patient treatment method, which is based on the patient's medical conditions and needs. The number of dialysis patients grew by approximately 6-7% in 2010.

The present annual patient growth rate in North America, the largest dialysis market, is approximately 5% per year, while in many developing countries we see annual growth rates of up to or even above 10%. We believe that worldwide growth will continue at around 6% per year. At the end of 2010, there were approximately 487,000 patients in North America (including Mexico), approximately 323,000 dialysis patients in the 27 countries of the European Union (E.U.), approximately 250,000 patients in Europe (excluding the E.U. countries), the Middle East and Africa, approximately 215,000 patients in Latin America (excluding Mexico), and approximately 744,000 patients in Asia (including 301,000 patients in Japan).

Dialysis patient growth rates vary significantly from region to region. A below average increase in the number of patients is experienced in the U.S. and Japan, as well as Western and Central Europe, where patients with terminal kidney failure have had readily available access to treatment, usually dialysis, for many years. In contrast, growth rates in the economically weaker regions were above average, reaching double digit figures in some cases. This indicates that accessibility to treatment is still somewhat limited in these countries, but is gradually improving. We estimate that about 20% of worldwide patients are treated in the U.S., around 16% in the E.U. and approximately 15% in Japan. The remaining 49% of all dialysis patients are distributed throughout more than 120 countries in different geographical regions.

We believe that the continuing growth in the number of dialysis patients is principally attributable to:

- increased general life expectancy and the overall aging of the general population;
- shortage of donor organs for kidney transplants;
- improved dialysis technology that makes life-prolonging dialysis available to a larger patient population;
- greater access to treatment in developing countries; and
- better treatment and survival of patients with hypertension, diabetes and other illnesses that lead to ESRD.

Dialysis Treatment Options for ESRD

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 ours, where hemodialysis treatments are performed with the assistance of a nurse or dialysis technician under the general supervision of a physician.

Patients can receive treatment at a clinic run by (1) a public center (government or government subsidiary owned or run), (2) a healthcare organization (non-profit organizations for public benefit purposes), (3) a private center (owned or run by individual doctors or a group of doctors) or (4) a company-owned clinic, including multi-clinic providers (owned or run by a company such as FMC-AG & Co. KGaA). There were approximately 5,600 Medicare-certified ESRD treatment clinics in the U.S. in 2010 with only around 1% of patients receiving care in public centers. In 2010, there were approximately 5,100 dialysis clinics in the E.U. treating dialysis patients. In the E.U., around 46% of dialysis patients received care through public centers, approximately 13% through centers owned by healthcare organizations, approximately 22% through private centers and approximately 19% through company-owned clinics, such as ours. In Latin America, private centers and company-owned clinics predominated, caring for over 83% of all dialysis patients. In Japan, nephrologists (doctors who specialize in the treatment of renal patients) cared for around 80% of the population in their private centers.

Among company-owned clinics, the two largest providers are Fresenius Medical Care, caring for approximately 215,000 patients and DaVita, caring for approximately 126,000 patients at the end of 2010. All other company-owned clinics care for less than 20,000 patients each.

Of the approximately 2.020 million patients who received dialysis care in 2010, more than 89% were treated with hemodialysis. Hemodialysis patients represented about 93% of all dialysis patients in the U.S., approximately 96% of all dialysis patients in Japan, 91% in the E.U. and 85% in the rest of the world. Within the 15 largest dialysis countries (measured by number of patients) that account for approximately 75% of the world dialysis population, hemodialysis is the predominant treatment method in all countries, except Mexico. Based on these data, it is clear that hemodialysis is the dominant therapy method worldwide.

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 own homes and workplaces, either by a treatment known as continuous ambulatory peritoneal dialysis or CAPD, or by a treatment known as continuous cycling peritoneal dialysis or 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" solution to and from the patient's peritoneal cavity while the patient sleeps. During the day, one and a half to two liters of dialysis solution remain in the abdominal cavity of the patient. The human peritoneum can only be used as a dialyzer for a limited period of time, ideally only if the kidneys are still functioning to some extent.

Our Strategy and Competitive Strengths

Growth Objectives

Goal 10 was our long term growth strategy for 2005 through 2010. Our annual progress toward achieving those objectives, which were met or exceeded, were as follows:

	Annual Progress						Goal	Outlook
	2004	2005	2006	2007	2008	2009	2010	2010
Revenue ($ million)	6,228	6,772	8,499	9,720	10,612	11,247	>11,500	>12,000
Annual revenue growth	10%	8%	25%	12%	8%	9%	~6-9%	~7-9%
Share of dialysis market*	12%	13%	16%	16%	16%	17%	~18%	
Market volume* ($ in billion)	~50	~52.5	~55	~61.5	~65	~65	~67	
Annual net income attributable to FMC-AG & Co. KGaA growth percentage**	21%	17%	24%	25%	14%	9%		7-10%
Compound Annual Growth (Basis 2003)	21%	19%	21%	21%	20%	18%	Low to mid teens	

* Company estimates

** 2005 excluding one-time effects, 2006 excluding one-time effects and FAS 123(R) and 2007 excluding one-time effects, as a percent of revenue

Goal 13 is our long-term strategy for sustained growth through 2013. Goal 13 includes the following annual objectives for the years 2011, 2012 and 2013:

Annual revenue growth	6-8%
Annual average interest rate	6.0-6.5%
Net income attributable to FMC AG & Co. KGaA (growth in %)	High single to low double digits
Earnings per share (growth in %)	High single to low double digits
Cash flow from operations**	>10%
Capital expenditures and acquisitions**	>7%

** As a percent of revenue.

Growth Paths

We have established four paths that the Company continues to follow in order to perform successfully in a broader spectrum of the global dialysis market and to achieve our growth and profitability objectives:

Path 1: Organic Growth

For this path, we will continue to offer integrated, innovative treatment concepts such as UltraCare®, NephroCare and our recently introduced Protect, Preserve and Prolong ("P3") comprehensive PD therapy program as well as Cardioprotective Hemodialysis, which uses our Body Composition Monitor to measure patient water levels, a major factor in the cardiovascular health of dialysis patients (see "Business — Research and Development") and combining these treatments, for example, with our dialysis drugs. With these measures, we want our portfolio of services to stand out from those of our competitors. In addition, we plan to increase our growth in revenue by opening 100-120 new dialysis clinics annually over the next three years and to further increase the number of patients whose treatments are covered by private health insurance.

We also intend to continue to innovate with dialysis products. High-quality products such as our recently introduced 2008T and 4008S classic HD machines and the 5008 therapy system in addition to cost-effective manufacturing are intended to contribute significantly to the further growth of our dialysis products sector.

Path 2: Acquisitions

We intend to make attractive, targeted acquisitions broadening our network of dialysis clinics. In North America we want to expand our clinic network in particularly attractive regions. The acquisition of Renal Care Group is an excellent example of this type of expansion although subsequent acquisitions have had and future acquisitions in North America will have a smaller financial scope.

Outside North America, we intend to participate in the privatization process of healthcare systems and seek to achieve above-average growth in Eastern Europe and Asia; acquisitions will support these activities. We have entered into a long-term, 10-year exclusive distribution agreement with Japanese-based Nikkiso Co. Ltd. for distribution of hemodialysis and peritoneal dialysis products in Japan and we acquired Nikkiso Medical Korea Co. Ltd., a wholly owned subsidiary of Nikkiso Co. Ltd. In our clinic network outside North America, we continue to focus on improving our strategic position in selected markets. In May 2010, we announced a significant expansion of our activities in the field of dialysis services in the Asia-Pacific region through the acquisition of Asia Renal Care Ltd., the second largest provider of dialysis and related services in the Asia-Pacific region (behind Fresenius Medical Care), with more than 100 clinics throughout Asia treating about 5,300 patients. In June 2010, we announced an agreement to acquire KNC (Kraevoy Nefrologocheskiy Centr), a private operator of dialysis clinics in Russia's Krasnodar region treating approximately 1,000 patients in five clinics. In December 2010, we acquired Gambro AB's worldwide peritoneal dialysis (PD) business, which serves over 4,000 patients in more than 25 countries, expanding our activities in the home dialysis market, especially in Europe and Asia-Pacific. In January 2011, we entered into a definitive agreement to acquire International Dialysis Centers ("IDC"), the dialysis service business of Euromedic International, for €485 million. IDC currently treats over 8,200 hemodialysis patients predominantly in Central and Eastern Europe and operates a total of 70 clinics in nine countries. The transaction is subject to necessary regulatory approvals by the relevant anti-trust authorities and we expect to close the acquisition in the first half of 2011.

Path 3: Horizontal Expansion

We plan on opening up new growth opportunities in the dialysis market by expanding our product portfolio beyond patient care and dialysis products. To this end, beginning in 2006 we increased our activities in some areas of dialysis medication and will continue to do so in the future. Initially, we focused on drugs regulating patients' mineral and blood levels, including phosphate binders, iron and Vitamin D supplements and calcimimetics. High phosphate levels in the blood can lead to medium-term damage of patients' bones and blood vessels. In 2006, we acquired the PhosLo® phosphate binder business of Nabi Biopharmaceuticals, and in 2008 we entered into license and distribution agreements to market and distribute intravenous iron products such as Venofer® and Ferinject® for dialysis treatment. In 2010, we extended those agreements by forming a new renal pharmaceutical company, Vifor-Fresenius Medical Care Renal Pharma Ltd., with Galenica Ltd. designed to develop and distribute on a worldwide basis products to treat iron deficiency anemia and bone mineral metabolism for pre-dialysis and dialysis patients. We own 45% of the new company. See the discussion of "Renal Pharmaceuticals" below.

Path 4: Home Therapies

Around 11% of all dialysis patients perform dialysis at home, principally PD, with the remaining 89% treated in clinics. Still, we aim to achieve a long-term leading global position in the relatively small field of home therapies, including peritoneal dialysis and home hemodialysis. To achieve this goal, we can combine our comprehensive and innovative product portfolio with our expertise in patient care. In 2007 we acquired Renal Solutions, Inc. which owns technology that can be utilized to significantly reduce water volumes used in hemodialysis, an important step in advancing home hemodialysis, and in March 2010, a subsidiary of FMCH purchased substantially all the assets of Xcorporeal, Inc. ("Xcorporeal") and National Quality Care, Inc. ("NQCI"). Xcorporeal, under license from NQCI, has completed functional prototypes of a portable artificial kidney for attended and home dialysis care and has demonstrated a feasibility prototype of a wearable artificial kidney.

We expect these strategic steps, expansion of our product portfolio horizontally through an increase of our dialysis drug activities (Path 3), further development of our home therapies (Path 4) and organic growth (Path 1), to produce average annual revenue growth of about 6% to 8% through 2013. Between 2011 and 2013, we expect annual net income and earnings per share growth, in percent, in the high single to low double digits.

Our Competitive Strengths

We believe that we are well positioned to meet our strategic objectives. Our competitive strengths include:

Our Leading Market Position

Based on publicly reported sales and number of patients treated, we are the world's largest kidney dialysis company, operating in both the field of dialysis products and the field of dialysis services. We use the insight we gain when treating patients in developing new and improved products. We believe that our size, our activities in both dialysis care and dialysis products and our concentration in specific geographic areas allow us to operate more cost-effectively than many of our competitors.

Our Full Spectrum of Dialysis and Laboratory Services

We provide expanded and enhanced patient services, including renal pharmaceutical products and in the United States, laboratory services, to both our own clinics and those of third parties. We have developed disease state management methodologies, which involve the coordination of holistic patient care for ESRD patients and which we believe are attractive to managed care payors. We provide ESRD and chronic kidney disease management programs to about 4,000 patients. In the United States, we also operate a surgical center for the management and care of vascular access for ESRD patients, which can decrease hospitalization.

Differentiated Patient Care Programs from those of our Competitors

We believe that our UltraCare® Patient Care program offered at our North American dialysis facilities distinguishes and differentiates our patient care from that of our competitors. UltraCare® represents our commitment to deliver excellent care to patients through innovative programs, the latest technology, continuous quality improvement and a focus on superior customer service.

Our Reputation for High Standards of Patient Care and Quality Products and our Extensive Clinic Network

We believe that our reputation for providing high standards of patient care is a competitive advantage. With our large patient population, we have developed proprietary patient statistical databases which enable us to improve dialysis treatment outcomes, and further improve the quality and effectiveness of dialysis products. Our extensive network of dialysis clinics enables physicians to refer their patients to conveniently located clinics.

Our Position as an Innovator in Product and Process Technology

We are committed to technological leadership in both hemodialysis and peritoneal dialysis products. Our research and development teams focus on offering patients new products and therapies in the area of dialysis and other extracorporeal therapies to improve their quality of life and increase their life expectancy. We believe that our extensive expertise in patient treatment and clinical data will further enhance our ability to develop more effective products and treatment methodologies. Our ability to manufacture dialysis products on a cost-effective and competitive basis results in large part from our process technologies. Over the past several years, we have reduced manufacturing costs per unit through development of proprietary manufacturing technologies that have streamlined and automated our production processes.

Our Complete Dialysis Product Lines with Recurring Disposable Products Revenue Streams

We offer broad and competitive hemodialysis and peritoneal dialysis product lines. These product lines enjoy broad market acceptance and enable us to serve as our customers' single source for all of their dialysis machines, systems and disposable products.

Our Worldwide Manufacturing Facilities

We operate state-of-the-art production facilities in all major regions — North America, Europe, Latin America and Asia Pacific — to meet the demand for our dialysis products, including dialysis machines, dialyzers, and other equipment and disposables. We have invested significantly in developing proprietary processes, technologies and

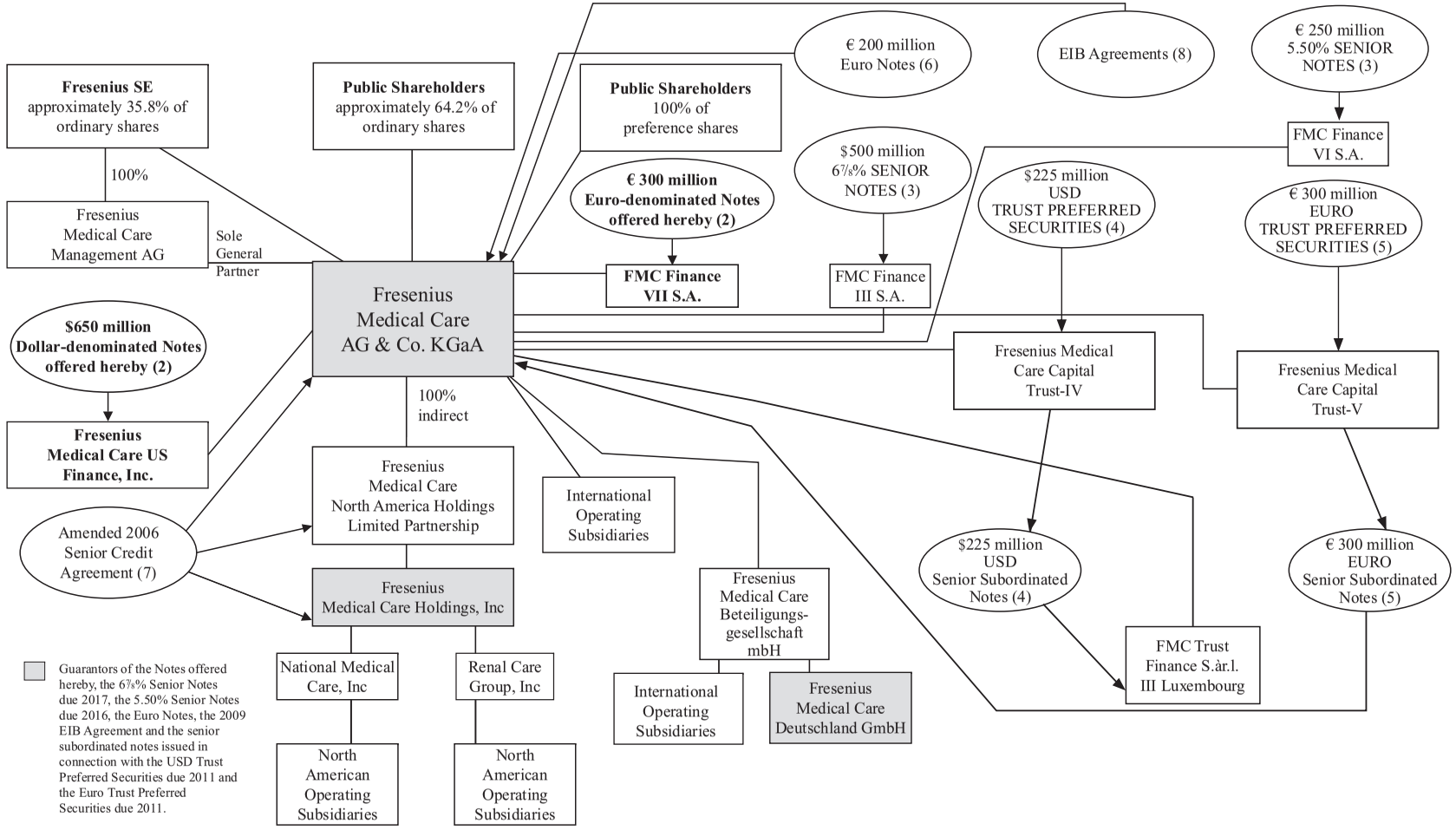
manufacturing equipment which we believe provides a competitive advantage in manufacturing our products. Our decentralized manufacturing structure adds to our economies of scale by reducing transportation costs.

Additional Information

FMC-AG & Co. KGaA is registered with the commercial register of the local court (*Amtsgericht*) of Hof an der Saale, Germany, under the registration number HRB 4019. Our registered office (*Sitz*) is Hof an der Saale, Germany. Our business address is Else-Kröner-Strasse 1, 61352 Bad Homburg, Germany, telephone +49-6172-609-0.

Summary Corporate and Finance Structure[(1)]

The diagram below depicts, in abbreviated form, our corporate structure and certain debt obligations after giving pro forma effect to the offering of the Notes. See "Description of Certain Indebtedness." The Company and all of its subsidiaries will be subject to the restrictive covenants in the Indentures.



(1) As of September 30, 2010.

(2) The Dollar-denominated Notes will be the senior unsecured obligations of the Dollar Issuer and the Euro-denominated Notes will be the senior unsecured obligations of the Euro Issuer. The Dollar-denominated Notes and the Euro-denominated Notes will rank equally with all of the existing and future senior unsecured indebtedness of the Dollar Issuer and the Euro Issuer, respectively. The Notes will be unconditionally guaranteed, jointly and severally, on a senior unsecured basis by the Company, FMCH, and D-GmbH. Other subsidiaries of the Company will not guarantee the Notes but the Company and its subsidiaries will be subject to the restrictive covenants in the Indentures.

(3) The 5.50% Senior Notes are the senior unsecured obligations of FMC Finance VI S.A., the issuer of those notes, and rank equally with all of its existing and future senior unsecured indebtedness. The 6⅞% Senior Notes are the senior unsecured obligations of FMC Finance III S.A., the issuer of those notes and rank equally with all of its existing and future senior unsecured indebtedness. The 5.50% Senior Notes and the 6⅞% Senior Notes have been unconditionally guaranteed, jointly and severally, on a senior unsecured basis by the Company, FMCH and D-GmbH. Other subsidiaries of the Company have not guaranteed the 5.50% Senior Notes or the 6⅞% Senior Notes, but the Company and all its subsidiaries are subject to the restrictive covenants in the 5.50% Senior Notes and the 6⅞% Senior Notes.

(4) Fresenius Medical Care Capital Trust IV ("Trust IV"), the issuer of the U.S. dollar-denominated trust preferred securities (the "USD Trust Preferred Securities"), is the sole holder of the USD Senior Subordinated Notes due 2011. Such notes are subordinated in right of payment to all senior indebtedness of FMC Trust Finance III S.à.r.l. Luxembourg, the issuer of such notes. The Company, FMCH and D-GmbH have unconditionally guaranteed, jointly and severally, on a senior subordinated basis, the obligations of the note issuer under the USD Senior Subordinated Notes. The Company has unconditionally guaranteed, on a senior subordinated basis and to the extent that Trust IV has funds legally available at such time, the payment in full of accumulated and unpaid distributions on the USD Trust Preferred Securities, the redemption price with respect to the USD Trust Preferred Securities, and the liquidation amount of the USD Trust Preferred Securities, to the extent of the assets of Trust IV legally available for distribution to the holders of the USD Trust Preferred Securities. The USD Trust Preferred Securities are mandatorily redeemable on June 15, 2011.

(5) Fresenius Medical Care Capital Trust V ("Trust V"), the issuer of the Euro denominated trust preferred securities (the "Euro Trust Preferred Securities"), is the sole holder of the Euro Senior Subordinated Notes due 2011. The notes are subordinated in right of payment to all senior indebtedness of the Company, which assumed the obligations of the original note issuer in December 2004. FMCH and D-GmbH have unconditionally guaranteed, jointly and severally, on a senior subordinated basis, the obligations of the Company under the Euro Senior Subordinated Notes. The Company has unconditionally guaranteed, on a senior subordinated basis and to the extent that Trust V has funds legally available at such time, the payment in full of accumulated and unpaid distributions on the Euro Trust Preferred Securities, the redemption price with respect to the Euro Trust Preferred Securities, and the liquidation amount of the Euro Trust Preferred Securities, to the extent of the assets of Trust V legally available for distribution to the holders of the Euro Trust Preferred Securities. The Euro Trust Preferred Securities are mandatorily redeemable on June 15, 2011.

(6) The Euro Notes (*Schuldscheindarlehen*), which mature in 2012 and 2014, are the senior unsecured obligations of the Company and rank equally with all of its existing and future senior unsecured indebtedness. The Euro Notes have been unconditionally guaranteed, jointly and severally, on a senior unsecured basis by FMCH and D-GmbH. Other subsidiaries of the Company have not guaranteed the Euro Notes.

(7) The Company and FMCH are both borrowers and guarantors under our Amended 2006 Senior Credit Agreement. D-GmbH is a guarantor under the Amended 2006 Senior Credit Agreement. Certain other international and North American subsidiaries of the Company are also borrowers and/or guarantors thereunder. The Amended 2006 Senior Credit Agreement is secured by the pledge of stock of certain direct and indirect subsidiaries of the Company.

(8) The EIB Agreements comprise a €41,000,000 term loan and a €90,000,000 revolving credit facility entered into in 2005, a €90,000,000 term loan entered into in 2006 and a €50,000,000 term loan entered into in December 2009. The Company is the borrower under all of the EIB Agreements. FMCH and D-GmbH have unconditionally guaranteed, jointly and severally, borrowings under the 2009 EIB Agreement on a senior unsecured basis but are not guarantors of the 2005 or 2006 EIB Agreements.

The Offering

The summary below describes the principal terms of the Notes. Certain of the terms and conditions described below are subject to important limitations and exceptions. The "Description of the Notes" section of this offering memorandum contains a more detailed description of the terms and conditions of the Notes.

Dollar Issuer	Fresenius Medical Care US Finance, Inc., a wholly owned subsidiary of Fresenius Medical Care AG & Co. KGaA, organized under the laws of Delaware, has been organized for the purpose of issuing and selling the Dollar-denominated Notes.
Euro Issuer	FMC Finance VII S.A., a wholly owned subsidiary of Fresenius Medical Care AG & Co. KGaA, organized under the laws of Luxembourg. FMC Finance VII S.A. has been organized for the purpose of issuing and selling the Euro-denominated Notes.
Dollar-denominated Notes Offered	$650,000,000 aggregate principal amount of 5.75% Senior Notes due 2021.
Euro-denominated Notes Offered	€300,000,000 aggregate principal amount of 5.25% Senior Notes due 2021.
Issue Date	February 3, 2011.
Maturity	Dollar-denominated Notes — February 15, 2021. Euro-denominated Notes — February 15, 2021.
Interest Rate	Interest on the Dollar-denominated Notes will accrue at the rate of 5.75% per annum, payable semi-annually in cash in arrears. Interest on the Euro-denominated Notes will accrue at the rate of 5.25% per annum, payable semi-annually in cash in arrears.
Interest Payment Dates	February 15 and August 15 of each year, beginning August 15, 2011. The interest payment on August 15, 2011 will cover the period from the Issue Date to August 15, 2011.
Guarantees	Fresenius Medical Care AG & Co. KGaA will unconditionally guarantee the obligations of each of the Issuers under the Notes. Fresenius Medical Care Holdings, Inc. and Fresenius Medical Care Deutschland GmbH, both of which are subsidiaries of Fresenius Medical Care AG & Co. KGaA, will each unconditionally guarantee, jointly and severally with Fresenius Medical Care AG & Co. KGaA, the obligations of each of the Issuers under the Notes. At a time when a guarantor (other than the Company) is no longer an obligor under our Amended 2006 Senior Credit Agreement (as amended, modified, renewed, refunded, replaced, restated or refinanced from time to time), such guarantor will no longer be a guarantor of the Notes. Each subsidiary guarantee will not exceed the maximum amount that can be guaranteed by the applicable subsidiary guarantor without rendering the subsidiary guaranty, as it relates to the subsidiary guarantor, voidable or unenforceable under applicable laws affecting the rights of creditors generally. In the case of Fresenius Medical Care Deutschland GmbH, the maximum amount of the guarantee and its enforcement may be limited in circumstances that could otherwise give rise to personal liability of the managing directors under applicable laws of Germany, including German Federal Supreme Court decisions.
Ranking	The Dollar-denominated Notes will be unsecured senior obligations of the Dollar Issuer and the Euro-denominated Notes will be senior unsecured obligations of the Euro Issuer. The Notes will rank equally with all of the existing and future unsecured obligations of their respective issuers that do not expressly provide that they are subordinated to the Notes.

	The Company's guarantee, and the guarantees of the two subsidiary guarantors, will be unsecured senior obligations of the guarantors. The guarantees will: • rank equally with all of the Company's and the subsidiary guarantors' respective obligations that do not expressly provide that they are subordinated to the guarantees; • rank equally with the indebtedness under our Amended 2006 Senior Credit Agreement but will be effectively subordinated to such indebtedness to the extent of the collateral securing such indebtedness; • rank equally with the indebtedness under our 6⅞% Senior Notes due 2017; • rank equally with the indebtedness under our 5.50% Senior Notes due 2016; • be effectively subordinated to the indebtedness of our subsidiaries that are not guarantors of the Notes (including indebtedness of such subsidiaries under our Amended 2006 Senior Credit Agreement); and • in the case of the guarantee of Fresenius Medical Care Deutschland GmbH, be effectively subordinated to the claims of guarantor's third-party creditors as a result of limitations applicable to the guarantee. Each of our subsidiaries that is an obligor under our Amended 2006 Senior Credit Agreement is jointly and severally liable with the other borrowers and guarantors of the facility for the entire outstanding indebtedness under that facility, up to the maximum amount that can be guaranteed by the subsidiary without rendering any such guaranty void or unenforceable under applicable laws.
Optional Redemption	The Dollar-denominated Notes and the Euro-denominated Notes may be redeemed at the option of the relevant Issuer, in whole or in part, at any time at a price equal to 100% of the principal amount thereof, together with accrued and unpaid interest to the redemption date, plus a "make-whole" premium.
Change of Control	Upon the occurrence of a Change of Control and a Ratings Decline (each as defined herein), you 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 plus any accrued and unpaid interest. See "Description of the Notes — Change of Control."
Certain Covenants	We issued the Dollar-denominated Notes and the Euro-denominated Notes under separate indentures with U.S. Bank National Association, as trustee, on February 3, 2011. Each indenture contains various identical covenants that will limit our ability and the ability of our subsidiaries to, among other things: • incur debt; • incur liens; • engage in sale-leaseback transactions; and • merge or consolidate with other companies or sell our or our subsidiaries' assets. We will also be required to provide periodic financial reports to the trustee under each indenture. These covenants are subject to significant exceptions and limitations. For more details, see "Description of the Notes — Certain Covenants."

Transfer Restrictions; No Prior Market . .	The Notes have not been registered under the Securities Act and may not be offered or sold except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. The Notes will be new securities for which there is currently no market. We have applied to list the Notes on the official list of the Luxembourg Stock Exchange for trading on the Euro MTF market. Although the initial purchasers of the Notes have informed us that they presently intend to make a market in the Notes, they are not obligated to do so, and they may discontinue market-making at any time without notice. Accordingly, we cannot assure you that a liquid market for the Notes will develop or be maintained.
Use of Proceeds	We will use the net proceeds from this offering to repay indebtedness outstanding under our A/R Facility and the revolving credit facility of our Amended 2006 Senior Credit Agreement, for acquisitions, including payments under our recent acquisition of International Dialysis Centers announced January 4, 2011, and for general corporate purposes to support our renal dialysis products and services business. Certain of the initial purchasers and affiliates of the initial purchasers may receive a portion of the net proceeds from this offering in their capacities as agents under our A/R Facility or as lenders under our Amended 2006 Senior Credit Agreement. See "Plan of Distribution."
Risk Factors	Investing in the Notes involves substantial risks. See "Risk Factors" for a description of some of the risks you should consider before investing in the Notes.

Summary Historical Consolidated Financial Information

The following table summarizes the consolidated financial information and certain other information for our business for each of the years 2005 through 2009 and as of and for the nine-month periods ended September 30, 2009 and 2010. For each of the years presented, we derived the selected financial information from our consolidated financial statements. We prepared our financial statements in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP"). We derived the selected consolidated financial data as of and for the nine-month periods ended September 30, 2010 and 2009 from our unaudited consolidated financial statements. We prepared our unaudited consolidated financial statements on a basis substantially consistent with our audited consolidated financial statements. The operations of Renal Care Group, Inc. ("RCG") and related financing costs to acquire RCG are included in the statement of operations and other data commencing April 1, 2006; balance sheet data at December 31, 2006 include the assets and liabilities and the debt incurred to finance the acquisition of RCG. You should read this information together with our consolidated financial statements and the notes to those statements appearing elsewhere in this offering memorandum and the section entitled "Management's Discussion and Analysis of Financial Condition and Results of Operations."

	For the Nine Months Ended September 30,		Year Ended December 31,				
	2010	2009	2009	2008	2007	2006	2005
			(In millions except ratios and operating data)				
Statement of Operations Data:							
Net revenues	$ 8,886	$ 8,212	$ 11,247	$ 10,612	$ 9,720	$ 8,499	$ 6,772
Cost of revenues	5,856	5,439	7,415	6,983	6,364	5,621	4,564
Gross profit	3,030	2,773	3,832	3,629	3,356	2,878	2,208
Selling, general and administrative	1,578	1,443	1,982	1,877	1,709	1,549	1,218
Gain on sale of dialysis clinics	—	—	—	—	—	(40)	—
Research and development	67	65	94	80	67	51	51
Operating income	1,385	1,265	1,756	1,672	1,580	1,318	939
Interest expense, net	206	225	300	336	371	351	173
Income before income taxes	1,179	1,040	1,456	1,336	1,209	967	766
Net income	769	695	965	860	755	563	457
Less: Net income attributable to noncontrolling interests	(62)	(50)	(74)	(42)	(38)	(26)	(2)
Net income attributable to FMC-AG & Co. KGaA	$ 707	$ 645	$ 891	$ 818	$ 717	$ 537	$ 455
Other Financial Data:							
EBITDA[1]	1,754	1,599	2,213	2,088	1,944	1,627	1,190
Depreciation and amortization	369	334	457	416	363	309	251
Net debt[2]	5,164	5,516	5,267	5,516	5,398	5,420	2,106
Net debt excluding trust preferred securities	4,530	4,853	4,611	4,875	4,064	4,166	918
Capital expenditures	350	398	574	687	573	463	305
Ratio of earnings to fixed charges[3]	5.4x	4.6x	4.8x	4.2x	3.7x	3.3x	4.5x
Ratio of EBITDA to interest expense, net	8.5x	7.1x	7.4x	6.2x	5.2x	4.6x	6.9x
Ratio of net debt to EBITDA[4]	2.2x	2.6x	2.4x	2.6x	2.8x	3.3x	1.8x
Ratio of net debt excluding trust preferred securities to EBITDA[4]	1.9x	2.3x	2.1x	2.3x	2.1x	2.6x	0.8x
Pro Forma Data:							
Net debt adjusted for offering[5]	5,192						
Ratio of adjusted net debt to EBITDA	2.2x						
Operating Data:							
No. of treatments	23,407,699	21,844,317	29,425,758	27,866,573	26,442,421	23,739,733	19,732,753
No. of patients	210,191	192,804	195,651	184,086	173,863	163,517	131,485
No. of clinics	2,716	2,509	2,553	2,388	2,238	2,108	1,680
Average revenue/treatment (U.S.)	$ 357	$ 343	$ 347	$ 330	$ 327	$ 321	$ 297

	September 30,		December 31,				
	2010	2009	2009	2008	2007	2006	2005
					(in millions)		
Balance Sheet Data:							
Total debt[6]	$ 5,735	$ 5,739	$ 5,568	$ 5,738	$ 5,642	$ 5,579	$2,191
Total assets	16,696	15,697	15,821	14,920	14,170	13,045	7,983
Total equity	7,220	6,501	6,798	5,961	5,567	4,864	3,988

(1) EBITDA (operating income plus depreciation and amortization) is the basis for determining compliance with certain covenants contained in our Amended 2006 Senior Credit Agreement, Euro Notes, European Investment Bank ("EIB") loan, and the indentures relating to our 6⅞% Senior Notes, our 5.50% Senior Notes and our outstanding Trust Preferred Securities. 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. In addition, not all funds depicted by EBITDA are available for management's discretionary use. For example, a substantial portion of such funds are subject to contractual restrictions and functional requirements for debt service, to fund necessary capital expenditures and to meet other commitments from time to time as described in more detail elsewhere in our public filings with the Securities and Exchange Commission. For a reconciliation of cash flow provided by operating activities to EBITDA, see "Management's Discussion and Analysis of Financial Condition and Results of Operations — Liquidity and Capital Resources — Debt Covenant Disclosure — EBITDA."

(2) Net debt includes short-term borrowings, short-term borrowings from related parties, long-term debt (including current portion), trust preferred securities and accounts receivable attributable to the Company's accounts receivable facility less cash and cash equivalents.

(3) In calculating the ratio of earnings to fixed charges, earnings consist of income before taxes plus fixed charges. Fixed charges consist of interest expense and amortization of deferred financing fees, plus an interest factor for operating leases calculated using the Company's weighted average cost of capital.

(4) The ratios of net debt to EBITDA and net debt excluding trust preferred securities to EBITDA at September 30, 2010 and 2009 are calculated utilizing EBITDA for the twelve-month periods ended September 30 of each year.

(5) See "Capitalization", below.

(6) Total debt consists of total short-term borrowings, long-term debt (including current portion) and trust preferred securities (including current portion). At September 30, 2010, all of the Trust Preferred Securities are recorded as current obligations.

RISK FACTORS

You should carefully consider each of the following risks and all of the information set forth in this offering memorandum before deciding to invest in our Notes. If any of the following risks and uncertainties develops into actual events, our business, financial condition or results of operations could suffer. In that case, the price of our Notes could decline and you could lose all or part of your investment.

Risks Relating to Our Business

A significant portion of our North American profits are dependent on the services we provide to a minority of our patients who are covered by private insurance.

In recent reviews of dialysis reimbursement, the Medicare Payment Advisory Commission, also known as MedPAC, has noted that Medicare payments for dialysis services are less than the average costs that providers incur to provide the services. Since Medicaid rates are comparable to those of Medicare and because Medicare only pays us 80% of the Medicare allowable amount (the patient, Medicaid or secondary insurance being responsible for the remaining 20%), the amount we receive from Medicare and Medicaid is less than our average cost per treatment. As a result, the payments we receive from private payors both subsidize the losses we incur on services for Medicare and Medicaid patients and generate a substantial portion of the profits we report. We estimate that Medicare and Medicaid are the primary payors for approximately 86% of the patients to whom we provide care in North America but for 2010, we derived only 53% of our North America Dialysis Care net revenues from Medicare and Medicaid. Therefore, if the private payors who pay for the care of the other 14% of our patients reduce their payments for our services, or if we experience a material shift in our revenue mix toward Medicare or Medicaid reimbursement, then our revenue, cash flow and earnings would materially decrease.

Over the last few years, we have 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. Based on the assessment of the Centers for Medicare and Medicaid Services, we believe that reimbursement rates will be lower under the new prospective payment system ("ESRD PPS," the so-called "bundled" payment system) for dialysis services furnished after January 1, 2011. See "Management's Discussion and Analysis of Financial Condition and Results of Operations — Financial Condition and Results of Operations — Overview." There can be no assurance that we can achieve similar future price increases from private insurers and managed care organizations. 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 our dialysis 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 our 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 our business that is currently reimbursed by private insurers at rates based on our billed charges may become reimbursed under a contract at lower rates.

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

Healthcare companies 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. Healthcare products may also be subject to recalls and patent infringement claims which, in addition to monetary penalties, may restrict our ability to sell or use our products. We cannot assure you that such claims will not be asserted against us for example, 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 provide 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. See

"Business — Legal Proceedings," Note 19, "Legal Proceedings" of the Notes to our audited consolidated financial statements, and Note 11, "Commitments and Contingencies" of the Notes to our unaudited consolidated financial statements included in this offering memorandum.

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, FMCH, our largest subsidiary, is 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 may have a material adverse effect on our business and reputation, which could in turn reduce our sales and profitability.

The Company is vigorously defending certain patent infringement lawsuits. See Note 11, "Commitments and Contingencies — Legal Proceedings" of the Notes to our unaudited consolidated financial statements and Note 19, "Legal Proceedings — Commercial Litigation" of the Notes to our audited consolidated financial statements included in this offering memorandum. While we believe we have valid defenses to these claims, an adverse determination in any of these matters could have a material adverse effect on the Company's business, financial condition and results of operations.

Our growth depends, in part, on our ability to continue to make acquisitions.

The healthcare industry has experienced significant consolidation in recent years, particularly in the dialysis services sector. 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 agreements. If we make future acquisitions, we may need to borrow additional debt, assume significant liabilities or create additional expenses relating to intangible assets, any of which might increase our financial leverage and cause our bond prices 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 dialysis products and services companies in seeking suitable acquisition targets and the continuing consolidation of dialysis providers and combinations of dialysis providers with dialysis product manufacturers could affect future growth of our product sales. If we are not able to continue to effect acquisitions on reasonable terms, especially in the international area, this could have an adverse effect on our business, financial condition and results of operations.

We face specific risks from international operations.

We operate dialysis clinics in more than 35 countries and sell a range of equipment, products and services to customers in more than 120 countries. 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;
- local regulations could restrict our ability to obtain a direct ownership interest in dialysis clinics or other operations;

- political and 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 of our products; and
- we could fail to receive or could lose required licenses, certifications or other regulatory approvals for operation of dialysis clinics or sale of equipment, products, or services.

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

If physicians and other referral sources cease referring patients to our dialysis clinics or cease purchasing or prescribing our dialysis products, our revenues would decrease.

Our dialysis services business is dependent upon patients choosing our clinics as the location for their treatments. 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 dialysis facility to an ESRD 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 transfer of our existing patients to competing clinics, including clinics established by the physicians themselves. At most of our clinics, a relatively small number of physicians often account for the referral of all or a significant portion of the patient base. Our dialysis care business also depends on recommendations by hospitals, managed care plans and other healthcare institutions. If a significant number of physicians, hospitals or other healthcare institutions cease referring their patients to our clinics, this would reduce our dialysis care revenue and could materially adversely affect our overall operations.

The decision to purchase or prescribe our dialysis products and other services or competing dialysis products and other services will be made in some instances by medical directors and other referring physicians at our dialysis 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 our products or ancillary services would reduce our dialysis product and other services revenue, and would materially adversely affect our business, financial condition and results of operations.

Our pharmaceutical product business could lose sales to generic drug manufacturers or new branded drugs.

Our 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. We are obligated to make certain minimum annual royalty payments under certain of our pharmaceutical product license agreements, irrespective of our annual sales of the licensed products. Either the expiration or loss of patent protection for one of our products, or the "at-risk" launch by a generic manufacturer of a generic version of one of our branded pharmaceutical products or the launch of new branded drugs that compete with one or more of our 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 materially and adversely affect our business, financial condition and results of operations.

Our competitors could develop superior technology or otherwise impact our sales.

We face numerous 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.

Global economic conditions may have an adverse effect on our businesses.

There was a material deterioration of the global economy and tightening of the financial markets in 2008 and 2009. Although there has been some improvement in the global economy and financial markets in 2010, the outlook for the global economy in 2011 remains uncertain. We depend on the financial markets for access to capital, as do our renal product customers and commercial healthcare 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. The continuation, or worsening, of domestic and global economic conditions could continue to adversely affect our businesses and results of operations. See "Management's Discussion and Analysis of Financial Condition and Results of Operations — Liquidity and Capital Resources — Financing."

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 in the provider business 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 and the current nursing shortage has increased our personnel and recruiting costs. Moreover, we believe that future success in the provider business will be significantly dependent on our ability to attract and retain qualified physicians to serve as medical directors of our dialysis clinics. 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 dialysis 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. Lack of skilled research and development personnel could impair our technological development, which would increase our costs and impair our reputation for production of technologically advanced products.

Diverging views of fiscal authorities could require us to make additional tax payments.

We are in dispute with the German tax authorities and the U.S. Internal Revenue Service (IRS) on certain tax deductions disallowed in past and current tax audits. We are also subject to ongoing tax audits in the U.S., Germany and other jurisdictions. We have received notices of unfavorable adjustments and disallowances in connection with certain of these audits and we may be subject to additional unfavorable adjustments and disallowances. We are contesting, and in some cases appealing or litigating certain of the unfavorable determinations. If our objections, audit appeals or court claims are unsuccessful, 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. See "Management's Discussion and Analysis of Financial Condition and Results of Operations — Liquidity and Capital Resources." See also Note 11, "Commitments and Contingencies — Other Litigation and Potential Exposures" of the Notes to our unaudited consolidated financial statements and Note 19, "Legal Proceedings — Other Litigation and Potential Exposures" of the Notes to our audited consolidated financial statements included in this offering memorandum.

Risks Relating to Litigation and Regulatory Matters

A change in U.S. government reimbursement for dialysis care could materially decrease our revenues and operating profit.

For the nine months ended September 30, 2010 and the twelve months ended December 31, 2009, approximately 33% of our consolidated revenues resulted from Medicare and Medicaid reimbursement. Legislative changes or changes in government reimbursement practice may affect the reimbursement rates for the services we provide, as well as the scope of Medicare and Medicaid coverage. A decrease in Medicare or Medicaid reimbursement rates or covered services could have a material adverse effect on our business, financial condition and results of operations. Effective January 1, 2011, Medicare reimbursement is based on a bundled rate. For a discussion of the new ESRD

prospective payment system ("ESRD PPS") for Medicare reimbursement of renal dialysis items and services implemented by the Centers for Medicare and Medicaid Services effective January 1, 2011, see "Management's Discussion and Analysis of Financial Condition and Results of Operations — Financial Condition and Results of Operations — Overview." Beginning January 1, 2012, the ESRD PPS will include a quality incentive program ("QIP") in which full payment of the Medicare ESRD rate to a dialysis facility will be contingent upon such dialysis facility's achievement of certain minimum performance criteria for anemia management and toxin clearance. Failure to achieve these minimum criteria in any year subjects the facility to up to a 2% reduction in Medicare reimbursement two years later. Reimbursement in 2012 will be dependent in part upon quality achievements in 2010. A material failure by the Company to achieve the minimum client quality standards under the QIP could materially and adversely affect the Company's business, financial condition and results of operations.

A reduction in reimbursement for or a change in the utilization of EPO could materially reduce our revenue and operating profit. An interruption of supply or our inability to obtain satisfactory terms for EPO could reduce our revenues.

Reimbursement and revenue from the administration of erythropoietin, or EPO, accounted for approximately 20% and 21% of total dialysis care revenue in our North America segment for the nine months ended September 30, 2010 and the year ended December 31, 2009, respectively. Synthetic EPO is produced in the U.S. by a single source manufacturer, Amgen Inc., under the brand names Epogen® (epoeitin alfa) and Aranesp® (darbepoetin alfa). Our supply contract with Amgen USA, Inc., a subsidiary of Amgen, Inc. covers the period from October 1, 2006 to December 31, 2011. Pricing is based on Amgen's list price and is subject to change within certain parameters. Any of the following developments could materially adversely affect our business, financial condition and results of operations: (i) an increase in Amgen's price for EPO, (ii) a reduction of the current overfill amount in EPO vials which we currently use (liquid medications, such as EPO, typically include a small overfill amount to ensure that the fill volume can be extracted from the vial as administered to the patient), or (iii) an interruption of supply of EPO. Under the new ESRD PPS effective January 1, 2011 payment for EPO is included in the bundled rate. Material increases in the utilization of or acquisition costs for EPO or reduction in EPO overfill could materially and adversely affect our business, financial condition and results of operations.

If we do not comply with the many governmental regulations applicable to our business, we could be excluded from government healthcare reimbursement programs or our authority to conduct business could be terminated, either of which would result in a material decrease in our revenue.

Our operations in both our provider business and our products business are subject to extensive governmental regulation in virtually every country in which we operate. We are also subject to other laws of general applicability, including antitrust laws. The applicable regulations, which differ from country to country, cover areas that include:

- the quality, safety and efficacy of medical and pharmaceutical products and supplies;
- the operation of manufacturing facilities, laboratories and dialysis clinics;
- product advertising and other promotion;
- 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.

Failure to comply with one or more of these laws or regulations, may give rise to a number of legal consequences. These include, in particular, monetary and administrative penalties, increased costs for compliance with government orders, complete or partial exclusion from government reimbursement programs or complete or partial curtailment of our authority to conduct business. Any of these consequences could have a material adverse impact on our business, financial condition and results of operations.

In the QIP final rule, issued on December 29, 2010, CMS announced that its monitoring of the ESRD PPS and the QIP would focus, among other things, on changes in care practices, including increases and decreases in

utilization of EPO and other injectable ESRD drugs and the use of home modalities for certain groups of beneficiaries with ESRD.

The Company's medical 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 manufacturing practices, product labeling, quality control, quality assurance, advertising and post- marketing reporting, including adverse event reports and field alerts due to manufacturing quality concerns. We cannot assure that all necessary regulation approvals for new products or product improvements will be granted on a timely basis or at all. In addition, the Company's facilities and procedures and those of its suppliers are subject to periodic inspection by the FDA and other regulatory authorities. 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. The Company 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 regulatory actions in the future. These possible regulatory actions could include warning letters, injunctions, civil penalties, seizures of the Company's products and criminal prosecution as well as dissemination of information to the public about such regulatory actions. These actions could result in, among other things, substantial modifications to the Company'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 the Company's business and have a material adverse effect on the Company's business, financial condition and results of operations.

We rely upon the Company'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 or inadvertently fail to adhere to these regulations, then our authority to conduct business could be terminated and our operations could be significantly curtailed. Such actions could also lead to 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.

FMCH and its subsidiaries, including RCG (prior to the RCG Acquisition), received subpoenas in 2005 from the U.S. Department of Justice for the Eastern District of Missouri, in connection with a joint civil and criminal investigation. The subpoenas require production of a broad range of documents relating to FMCH's and RCG's operations, with specific attention to documents related to clinical quality programs, business development activities, medical director compensation and physician relationships, joint ventures, and anemia management programs, RCG's Method II home dialysis supply company, pharmaceutical and other services that RCG provides to patients, RCG's relationships to pharmaceutical companies, and RCG's purchase of dialysis equipment from FMCH. The Office of the Inspector General of the U.S. Department of Health and Human Services and the U.S. Attorney's office for the Eastern District of Texas participated in the Eastern District of Missouri's investigation of FMCH's and RCG's utilization of Epogen begun in 2005. On July 17, 2007, the U.S. Attorney's office filed a civil complaint against RCG and FMCH in its capacity as RCG's current corporate parent in United States District Court, Eastern District of Missouri. The complaint seeks monetary damages and penalties with respect to issues arising out of the operation of RCG's Method II supply company through 2005, prior to the date of FMCH's acquisition of RCG. On August 11, 2009, the Missouri District Court granted RCG's motion to transfer venue to the United States District Court for the Middle District of Tennessee (Nashville). On March 22, 2010, the Tennessee District Court entered judgment against defendants for approximately $23 million in damages and interest under the unjust enrichment count of the complaint but denied all relief under the six False Claims Act counts of the complaint. The Company appealed the Tennessee District Court's decision to the United States Court of Appeals for the Sixth Circuit and secured a stay of enforcement of the judgment pending appeal. The United States Attorney filed a cross appeal, but also asked the Tennessee District Court for an indicative or supplemental ruling. On June 23, 2010, the Tennessee District Court issued an indicative ruling to the effect that, if the case were remanded to the District Court, it would expect to enter a judgment under the False Claims Act against the Company for approximately $104 million. On September 23, 2010, the Court of Appeals remanded the case to the Tennessee District Court to permit revision or supplementation of the original judgment, after which the Company may pursue its appeals to the Court of Appeals. The Company believes that RCG's operation of its

Method II supply company was in compliance with applicable law, that no relief is due to the United States, and that its position in the litigation will ultimately be sustained. See Note 11, "Commitments and Contingencies" of the Notes to our unaudited consolidated financial statements and Note 19, "Legal Proceedings — Other Litigation and Potential Exposures" of the Notes to our audited consolidated financial statements included in this offering memorandum.

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

A number of the dialysis centers we operate are owned by joint ventures in which we hold a controlling interest and one or more hospitals, physicians or physician practice groups hold a minority interest. The physician owners may also provide medical director services and refer patients to those centers or other centers we own and operate. While we have structured our 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 we have established comprehensive compliance policies, procedures and programs to ensure ethical and compliant joint venture business operations, if one or more of our joint ventures were found to be in violation of the Anti-Kickback Statute or the Stark Law, we could be required to restructure or terminate them. We also could be required to repay to Medicare amounts received by the joint ventures pursuant to any prohibited referrals, and we could be subject to criminal and monetary penalties and exclusion from Medicare, Medicaid and other U.S. federal and state healthcare programs. Imposition of any of these penalties could have a material adverse effect on our business, financial condition and results of operations.

Proposals for healthcare reform, or relating to regulatory approvals, could decrease our revenues and operating profit.

Many of the countries in which we operate have been considering proposals to modify their current healthcare systems to improve access to healthcare and control costs. 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.

The Patient Protection and Affordable Care Act was enacted in the United States on March 23, 2010 and subsequently amended by the Health Care and Educational Affordability Reconciliation Act (as amended, "ACA"). ACA will implement broad healthcare 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 healthcare 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, limits on administrative costs, and limits on waiting periods, (vii) provisions encouraging integrated care, efficiency and coordination among providers and (viii) provisions for reduction of healthcare program waste and fraud. ACA does not modify the dialysis reimbursement provisions of the Medicare Improvements for Patients and Providers Act of 2008, or "MIPPA." ACA's medical device excise tax, Medicaid drug rebate increases and annual pharmaceutical industry fees will adversely impact our product business earnings and cash flows. We expect modest favorable impact to our business from ACA's integrated care and commercial insurance consumer protection provisions. Further changes in the U.S. reforms may be debated by Congress, but whether these deliberations will lead to significant changes in policy is unknown.

Any significant healthcare reforms that substantially change the financing and regulation of the healthcare 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. In addition, there may be legislative or regulatory proposals that could affect FDA procedures or decision-making for approving medical or pharmaceutical products. Such legislation or regulations, if adopted, 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.

Risks Relating to the Notes

Our substantial indebtedness could adversely affect our financial condition, prevent us from fulfilling our obligations under our debt securities or implementing certain elements of our business strategy.

We currently have, and after this offering will continue to have, a substantial amount of indebtedness, including indebtedness incurred to finance the RCG Acquisition. The following table shows important credit statistics for our Company. The table sets forth these statistics on a pro forma basis to reflect the completion of this offering and application of the net proceeds of the offering as described in "Use of Proceeds":

	As of September 30, 2010 As adjusted for this Offering
	(USD, in thousands)
Total debt, including Trust Preferred Securities and current maturities	$6,269,688
Total equity	$7,220,167

Our substantial indebtedness could adversely affect our financial condition which could have important consequences to you. For example, it could:

- make it more difficult for us to satisfy our obligations under our debt securities, including the Notes;
- increase our vulnerability to general adverse economic conditions;
- limit our ability to obtain necessary financing and to fund future working capital, 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 working capital, capital expenditures and for other general corporate 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 acquisitions and sell assets; and
- limit our ability to borrow additional funds.

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 dialysis treatment, the growth of the dialysis patient population and general economic, financial, competitive, legislative, regulatory and other factors that are beyond our control. See "Management's Discussion and Analysis of Financial Condition and Results of Operations — Financial Condition and Results of Operations — Overview."

Restrictive covenants in our debt instruments limit our ability to engage in certain transactions and could diminish our ability to make payments on our indebtedness, including the Notes.

Our Amended 2006 Senior Credit Agreement, 6⅞% Senior Notes due 2017, 5.50% Senior Notes due 2016 European Investment Bank ("EIB") Agreements, Euro Notes and the indentures relating to our Trust Preferred Securities include covenants that require us to maintain certain financial ratios or meet other financial tests in order to incur indebtedness. Under our Amended 2006 Senior Credit Agreement, we are obligated to maintain a minimum consolidated fixed charge ratio (ratio of EBITDAR — consolidated earnings before interest, taxes, depreciation and amortization (EBITDA) plus rent — to consolidated fixed charges (interest, rent, scheduled debt maturities, restricted payments, and cash tax payments)) and subject to a maximum consolidated leverage ratio (ratio of consolidated funded debt to EBITDA).

Our Amended 2006 Senior Credit Agreement and the indentures relating to our Trust Preferred Securities include other covenants which, among other things, restrict or have the effect of restricting our ability to dispose of

assets, incur debt, pay dividends and other restricted payments, create liens or make capital expenditures, investments or acquisitions. These covenants may otherwise limit our activities. The breach of any of the covenants could result in a default and acceleration of the indebtedness under the Amended 2006 Senior Credit Agreement or the indentures, which could, in turn, create additional defaults and acceleration of the indebtedness under the agreements relating to our other long-term indebtedness which would have an adverse effect on our business, financial condition and results of operations.

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 Amended 2006 Senior Credit Agreement and such indebtedness is permitted to be incurred under the indentures governing our 6⅞% Senior Notes, our 5.50% Senior Notes and the Notes, and the indentures relating to our Trust Preferred Securities. If additional debt is added to our current substantial debt levels, the related risks that we now face could intensify. For more information on our borrowing ability, see "Description of Certain Indebtedness" and "Description of the Notes."

We obtain substantially all of our income from our subsidiaries, and our holding company structure may limit our ability to realize on the assets of our subsidiaries.

We are a holding company and, consequently, we derive substantially all of our operating income from our subsidiaries. While the Notes are guaranteed by us and by our principal German subsidiary and our principal U.S. subsidiary, certain of our other subsidiaries are obligors under our Amended 2006 Senior Credit Agreement and other indebtedness and may incur additional indebtedness in the future. Our and the other guarantors' right to receive any assets of any of our respective subsidiaries or other affiliates upon any reorganization or liquidation, and the right of the holders of the Notes to participate in the distribution of or realize proceeds from those assets, will effectively be subordinated to the claims of creditors of those subsidiaries and affiliates, including their trade creditors and holders of debt they have issued (including, in the case of some of our and the guarantors' principal subsidiaries, debt issued under our Amended 2006 Senior Credit Agreement). In addition to our senior indebtedness, our subsidiaries that will not guarantee the Notes have significant liabilities which would effectively be senior to the Notes and the guarantees.

We may not be able to make a change of control redemption upon demand.

Upon the occurrence of certain specified change of control events, we will be required to offer to purchase the Notes at a purchase price equal to 101% of their principal amount, plus accrued but unpaid interest. We will also be required to offer to repurchase certain of our other outstanding obligations, including our 6⅞% Notes, our 5.50% Notes and our Trust Preferred Securities (which are mandatorily redeemable on June 15, 2011). We cannot assure you that if an event that requires us to offer to repurchase the Notes occurs, that we will have or have access to, sufficient funds to pay the required purchase price for all of the Notes tendered to us by the holders. Our failure to purchase tendered Notes would constitute a default under the indentures governing the Notes, which, in turn, would constitute a default under our Amended 2006 Senior Credit Agreement. In addition, our Amended 2006 Senior Credit Agreement provides that some changes of control would constitute defaults under our Amended 2006 Senior Credit Agreement.

If we default on our obligations to pay our indebtedness, we may not be able to make payments on the Notes.

If we are unable to generate sufficient cash flow and are otherwise unable to obtain funds necessary to meet required payments of principal, premium, if any, and interest on our indebtedness, or if we otherwise fail to comply with the various covenants, including financial and operating covenants, in the instruments governing our indebtedness (including covenants in the Amended 2006 Senior Credit Agreement, the indentures governing the Notes, our 6⅞% Senior Notes due 2017 and our 5.50% Senior Notes due 2016, the EIB Loans and our Euro Notes), we could be in default under the terms of the agreements governing such indebtedness. In the event of such default, the holders of such indebtedness could elect to declare all the funds borrowed thereunder to be immediately

due and payable, together with accrued and unpaid interest, and the lenders under the 2006 Senior Credit Agreement could elect to terminate their commitments thereunder, cease making further loans and institute foreclosure proceedings against our assets. If our operating performance declines, we may in the future need to obtain waivers from the required lenders under the Amended 2006 Senior Credit Agreement to avoid being in default. The required lenders may be unwilling to grant any such waiver. If this occurs, we would be in default under the Amended 2006 Senior Credit Agreement and the lenders could exercise their rights as described above.

U.S. federal and state laws allow courts, under specific circumstances, to void guarantees and to require you to return payments received from guarantors.

Although holders of the Notes offered hereby will be direct creditors of the guarantors by virtue of the guarantees, existing or future creditors of any guarantor could avoid or subordinate that guarantor's guarantee under U.S. federal bankruptcy laws or under applicable state fraudulent conveyance laws if they were successful in establishing that:

- the guarantee was incurred with fraudulent intent; or
- the guarantor did not receive fair consideration or reasonably equivalent value for issuing its guarantee and
  - — was insolvent at the time of the guarantee;
  - — was rendered insolvent by reason of the guarantee;
  - — was engaged in a business or transaction for which its assets constituted unreasonably small capital to carry on its business; or
  - — intended to incur, or believed that it would incur, debt beyond its ability to pay such debt as it matured.

The measures of insolvency for purposes of determining whether a fraudulent conveyance occurred vary depending upon the laws of the relevant jurisdiction and upon the valuation assumptions and methodology applied by the court. Generally, however, a company would be considered insolvent for purposes of the foregoing if:

- the sum of the company's debts, including contingent, unliquidated and unmatured liabilities, is greater than all of such company's property at a fair valuation; or
- if the present fair saleable value of the company's assets is less than the amount that will be required to pay the probable liability on its existing debts as they become absolute and matured.

We cannot assure you as to what standard a court would apply in order to determine whether a guarantor was "insolvent" as of the date its guarantee was issued, and we cannot assure you that, regardless of the method of valuation, a court would not determine that any guarantors were insolvent on that date. The subsidiary guarantees could be subject to the claim that, since the guarantees were incurred for our benefit, and only indirectly for the benefit of the other guarantors, the obligations of the guarantors thereunder were incurred for less than reasonably equivalent value or fair consideration.

The guarantee entered into by FMCH will contain a provision intended to limit FMCH's liability to the maximum amount that it could incur without causing the incurrence of obligations under its guarantee to be a fraudulent transfer. However, this provision may not be effective to protect that guarantee from being voided under fraudulent transfer law, or may reduce FMCH's obligation to an amount that effectively makes its guarantee worthless. In a recent federal bankruptcy case in Florida, a provision of this type was found to be ineffective to validate the guarantees.

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

Insolvency proceedings with regard to the Company or Fresenius Medical Care Deutschland GmbH 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 Fresenius Medical Care Deutschland GmbH 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 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 Fresenius Medical Care Deutschland GmbH) 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;
- 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 Fresenius Medical Care Deutschland GmbH 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. In addition, the guarantee entered into by Fresenius Medical Care Deutschland GmbH will contain provisions intended to limit the maximum amount payable thereunder in circumstances that could otherwise give rise to the managing directors' personal liability 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.

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 Issuers will have no assets other than intercompany receivables and no source of income other than payments due from us and our subsidiaries.

Each Issuer has been organized for the purpose of:

- issuing and selling the Notes to be issued by it, Additional Notes, and additional debt securities to the extent permitted by the applicable Indenture;
- advancing the proceeds of the Notes issued back to us and our subsidiaries;
- becoming a guarantor under our Amended 2006 Senior Credit Agreement or any refinancing thereof; and
- engaging in only those other activities necessary, convenient or incidental thereto.

Each Issuer will advance or distribute to us and our subsidiaries the proceeds of the Notes it issues. Therefore, an Issuer's only assets will be intercompany receivables that will be created when it advances or distributes such proceeds to us and our subsidiaries. An Issuer's ability to make interest and other payments on the Notes it issues will be wholly dependent upon us and our subsidiaries making payments on the intercompany obligations that we owe to that Issuer as and when required which is, in turn, subject to the risks and other matters described in this offering memorandum.

FMC-AG & Co. KGaA is a holding company for our group, and FMCH, one of the subsidiary guarantors of the Notes, functions exclusively as a holding company for our North American operations. They have no material amount of independent operations and derive substantially all of their consolidated revenues from their operating subsidiaries. Consequently, FMC-AG & Co. KGaA's and FMCH's cash flows and their ability to meet their cash requirements, including their respective obligations under their guarantees of the Notes and their guarantees of other financings, are dependent upon the profitability and cash flow of their subsidiaries and payments by such subsidiaries to them in the form of loans, dividends, fees, or otherwise, as well as their own credit arrangements (including our Amended 2006 Senior Credit Agreement and our accounts receivable financing facility).

There are restrictions on your ability to transfer or resell the Notes without registration under applicable U.S. securities laws.

The Notes are being offered and sold pursuant to exemptions from registration under U.S. and applicable state securities laws. Therefore, unless they are registered under such laws, you may transfer or resell the Notes in the United States only to persons outside the U.S. in offshore transactions pursuant to Regulation S under the Securities Act or in a transaction exempt from the registration requirements of U.S. and applicable state securities laws, and you may be required to bear the risk of your investment for an indefinite period of time. See "Transfer Restrictions." We have not agreed to or otherwise undertaken to register the Notes under the Securities Act or state securities laws, and we have no intention to do so.

There is no active public 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 trading on the Euro MTF market, 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.

Certain of the initial purchasers have advised the Issuers 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 public market for the Notes will develop.

You may face foreign exchange risks by investing in the Notes.

The Dollar-denominated Notes will be denominated and payable in U.S. Dollars and the Euro-denominated Notes will be denominated and payable in Euros. An investment in the Notes will entail foreign exchange-related

risks due to, among other factors, possible significant changes in the value of the euro relative to the U.S. dollar or the U.S. dollar relative to the Euro because of economic, political and other factors over which we have no control. Depreciation of the Euro against the U.S. dollar could cause a decrease in the effective yield of the Notes below their stated coupon rates and could result in a loss to you on a U.S. dollar basis.

For information regarding historical exchange rates between the Euro and the U.S. dollar for the preceding five years and the exchange rates used in preparing the consolidated financial statements included in this offering memorandum, see "Quantitative and Qualitative Disclosures about Market Risk — Management of Foreign Exchange and Interest Rate Risks — Foreign Exchange Risk."

THE ISSUERS

Dollar Issuer

The Dollar Issuer is a wholly owned subsidiary of FMC-AG & Co. KGaA. The Dollar Issuer was incorporated under the General Corporation Law of the State of Delaware on January 5, 2011, with the identification number 4920028.

The nature of the Dollar Issuer'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". Without limiting the generality of the foregoing, each of the following activities, agreements and undertakings specified below is expressly stated to be in furtherance of the purpose of the Dollar Issuer:

- issuing and selling the Dollar-denominated Notes, Additional Dollar-denominated Notes and additional debt securities of the Dollar Issuer to the extent permitted by the Indenture governing the Dollar-denominated Notes (see "Description of the Notes — Additional Notes," "— Certain Covenants — Limitation on Incurrence of Indebtedness" and "— Ownership of the Issuer");
- advancing the proceeds of the Dollar-denominated Notes to us and our subsidiaries;
- becoming a guarantor under our Amended 2006 Senior Credit Agreement or any refinancing thereof; and
- engaging in any lawful act or activity and exercising any lawful power necessary, incidental or convenient to enable the Dollar Issuer to carry out the foregoing purposes.

As of January 5, 2011, the Dollar Issuer had an authorized share capital of 1,000 shares, par value $0.01 per share. The Dollar Issuer has issued 100 shares of common stock for aggregate consideration of $32.5 million which was fully funded on January 28, 2011.

The Dollar Issuer will advance or distribute the proceeds of the Dollar-denominated Notes to us and our subsidiaries. Therefore, the only assets of the Dollar Issuer will be intercompany receivables that will be created when the Dollar Issuer advances or distributes the proceeds from the Dollar-denominated Notes to us and our subsidiaries. The Dollar Issuer's ability to make interest and other payments on the Dollar-denominated Notes is wholly dependent upon us and our subsidiaries making payments on the intercompany obligations that we owe to the Dollar Issuer as and when required which is, in turn, subject to the risks and other matters described in this offering memorandum.

The Dollar Issuer's executive offices are located at 920 Winter Street, Waltham, Massachusetts, 02451-1457 USA, and its telephone number is +1(781) 699-9000. Its registered office is located c/o The Corporation Trust Company, 1209 Orange Street, Wilmington, County of New Castle, Delaware, 19801.

The current directors of the Dollar Issuer are Mr. Rice Powell, Mr. Ronald Kuerbitz and Dr. Angelo Mößlang. The directors can be contacted at the executive offices of the Dollar Issuer. Mr. Powell is the deputy chairman of the management board of the general partner of FMC AG & Co. KGaA and is Chief Executive Officer of Fresenius Medical Care North America. Mr. Kuerbitz is Executive Vice President, Chief Administrative Officer and General Counsel of Fresenius Medical Care North America. Dr. Mößlang is Chief Financial Officer of Fresenius Medical Care North America.

The financial year of the Dollar Issuer starts on January 1 and ends on December 31 of each year. The first financial year of the Dollar Issuer will end on December 31, 2011.

The certificate of incorporation and by-laws of the Dollar Issuer, the annual financial statements issued by the Dollar Issuer as well as the complete documentation relating to the issue of the Dollar-denominated Notes referred to in this offering memorandum are available and can be obtained free of charge by any interested person at the executive office of the Dollar Issuer during normal business hours.

The Dollar Issuer plans to appoint KPMG LLP as its independent auditors. The Dollar Issuer does not have an audit committee. The financial statements of the Dollar Issuer will be available when published. The balance sheet of the Dollar Issuer at January 26, 2011, is included in this offering memorandum (see page F-2). There is no loan capital, borrowings or indebtedness as of the date of balance sheet presented herein. No other financial statements of the Dollar Issuer have been published as at the date of the offering memorandum. The Dollar Issuer does not prepare consolidated financial statements and does not publish interim financial statements. KPMG LLP has not yet audited any financial statements of the Dollar Issuer.

Financial notices concerning the Dollar Issuer and intended for holders of the Dollar-denominated Notes will be published on the website of the Luxembourg Stock Exchange www.bourse.lu.

Since the day of its incorporation, the Dollar Issuer has not held any participations in other undertakings and has not issued any convertible debt securities, exchangeable debt securities or securities with warrants attached. The Dollar Issuer does currently not own any interest in real estate.

Euro Issuer

The Euro Issuer is a corporation (*société anonyme*) organized and existing under the laws of Luxembourg and is a wholly-owned subsidiary of the Company. The Euro Issuer was incorporated for an unlimited duration on December 22, 2010. The issuer's subscribed capital amounts of €31,000 represented by 310 ordinary shares with a nominal value of €100 each, which have been entirely paid up. For a description of the Fresenius Medical Care AG & Co. KGaA group of companies, see "Business."

A change of the activities of the Euro Issuer as described in this offering memorandum is currently not expected.

The Euro Issuer has been organized for the purposes of:

- issuing and selling the Euro-denominated Notes, Additional Euro-denominated Notes and additional debt securities of the Euro Issuer to the extent permitted by the Indenture governing the Euro-denominated Notes (see "Description of the Notes — Additional Notes," "— Certain Covenants — Limitation on Incurrence of Indebtedness" and "— Ownership of the Issuer");
- advancing the proceeds of the Euro-denominated Notes to us and our subsidiaries;
- becoming a guarantor under our Amended 2006 Senior Credit Agreement or any refinancing thereof; and
- engaging in only those other activities necessary, convenient or incidental thereto.

The Euro Issuer will advance or distribute the proceeds of the Euro-denominated Notes to us and our subsidiaries. Therefore, the only assets of the Euro Issuer will be intercompany receivables that will be created when the Euro Issuer advances or distributes the proceeds from the Euro-denominated Notes to us and our subsidiaries. The Euro Issuer's ability to make interest and other payments on the Euro-denominated Notes is wholly dependent upon us and our subsidiaries making payments on the intercompany obligations that we owe to the Euro Issuer as and when required which is, in turn, subject to the risks and other matters described in this offering memorandum.

The Euro Issuer is registered with the Luxembourg Trade and Companies Register (R.C.S. Luxembourg) under B 157675. The articles of association of the Euro Issuer have been published in the official gazette of Luxembourg, Mémorial C — Recueil des Sociétés et Associations, on January 25, 2011.

The directors of the Euro Issuer and their respective business addresses are Dr. Andrea Stopper, Via Cantonale 23C, CH-6928 Manno, Switzerland; Mrs. Gabriele Dux, L-7241 Béreldange, 204, route de Luxembourg. Luxembourg; and Mr. Khaled Bahi, F-94269 Fresnes Cedex, 5, avenue des Prés, France. The principal activity of Dr. Stopper outside the Euro Issuer is as Vice Chairman of Fresenius Medical Care International Management GmbH, of Ms. Dux is as a director of FMC Finance VI S.A. and part-time Finance and Accounting Manager of FMC Finance II S.à.r.l. and of Mr. Bahi is as Chief Financial Officer of Fresenius Medical Care France and NephroCare France. The registered office of the Euro Issuer and its place of business is 28-30, Val St. André,

L-1128 Luxembourg, tel. +352 26 33 75 901. KPMG AUDIT S.à.r.l., having its registered office in L-2520 Luxembourg, 31, Allée Scheffer (Luxembourg) registered under R.C.S. Luxembourg B 103.590 is the auditor of the Euro Issuer. KPMG Audit S.à.r.l. has not yet audited any financial statements of the Euro Issuer. The Euro Issuer does not have an audit committee. KPMG Audit S.à.r.l. is a member of the Luxembourg Institute of Registered Auditors (Institut des réviseurs d'entreprises).

The corporate object of the Euro Issuer contained in article 4 of its articles of association is the following:

The objective of the Euro Issuer is the taking of participating interests, in any form whatsoever, in other Luxembourg or foreign companies, as well as the ownership, management and development of such participating interests.

The purpose of the Euro Issuer is, in particular, the acquisition of any type of securities, whether negotiable or not, stock, bonds, debentures, notes and other securities, including those issued by any government or any other international, national or local authority, and of any rights attached thereto, either by way of purchase, contribution, subscription, option or in any other manner, as well as the transfer by sale, exchange or in any other manner. Moreover, the Issuer may proceed to the acquisition and development of connected patents and licences.

The Euro Issuer may borrow in any form and proceed to the issuance of bonds, notes, convertible bonds and debentures. The Company may grant any assistance, loan, advance, or guarantee to the companies in which it has a direct or indirect participating interest, or to companies being part of the same group of companies as the Euro Issuer.

The Euro Issuer may further carry out all transactions pertaining directly or indirectly to the taking of participating interests in any form whatsoever in any enterprise or any private corporation as well as to the administration, management, control and development of these participating interests.

The financial year of the Euro Issuer starts on January 1 and ends on December 31 of each year. The first financial year of the Euro Issuer will end on December 31, 2011.

The statutory documents of the Euro Issuer, the annual financial statements issued by the Euro Issuer as well as the complete documentation relating to the issue of the Euro-denominated Notes referred to in this offering memorandum are available and can be obtained free of charge by any interested person at the registered office of the Euro Issuer or at the specified office of the listing agent in Luxembourg during normal business hours.

The Euro Issuer complies with the laws and regulations of Luxembourg regarding corporate governance. As the Euro Issuer is not an exchange-listed company, the Corporate Governance Code of the Luxembourg Stock Exchange ("Les dix Principes de Gouvernance d'entreprise de la Bourse de Luxembourg", as amended) is not applicable to it. There are no potential conflicts of interest between the duties of each of the directors of the Euro Issuer and their private interests or other duties. At the date of this offering memorandum there are no loans granted or guarantees provided by the Euro Issuer to any director. No director has entered into any transaction on behalf of the Euro Issuer which is unusual in the nature of its conditions or is or was significant to the business of the Euro Issuer since its incorporation.

The Euro Issuer did not enter into any contracts outside the ordinary course of business which could result in any member of the Fresenius Medical Care group of companies being under an obligation or entitlement that is material to the Euro Issuer's ability to meets its obligations in respect of the Euro-denominated Notes.

The financial statements of the Euro Issuer will be available when published. The balance sheet of the Euro Issuer at December 22, 2010, is included in this offering memorandum (see page F-3). There is no loan capital, borrowings or indebtedness as of the date of the balance sheet presented herein. No other financial statements of the Issuer have been published as at the date of the offering memorandum. The Euro Issuer does not hold any participations in other undertakings. The Euro Issuer does not prepare consolidated financial statements and does not publish interim financial statements.

Financial notices concerning the Euro Issuer and intended for holders of the Euro-denominated Notes will be published on the website of the Luxembourg Stock Exchange www.bourse.lu.

USE OF PROCEEDS

The net proceeds from the sale of the Dollar-denominated Notes at 99.060% will be approximately $630.9 million and the net proceeds from the sale of the Euro-denominated Notes at par will be approximately $402.2 million (based on an exchange rate of €1 = $1.3681 on January 26, 2011), in each case after payment of fees and estimated expenses. We intend to use the net proceeds of this offering to repay indebtedness outstanding under our A/R Facility and the revolving credit facility of our Amended 2006 Senior Credit Agreement, for acquisitions, including payments under our recent acquisition of International Dialysis Centers announced on January 4, 2011, and for general corporate purposes to support our renal dialysis products and services business. Certain of the initial purchasers and affiliates of the initial purchasers may receive a portion of the net proceeds from this offering in their capacities as agents under our A/R Facility or lenders under our Amended 2006 Senior Credit Agreement. See "Plan of Distribution." For information regarding our Amended 2006 Senior Credit Agreement and other outstanding indebtedness, see "Description of Certain Indebtedness."

CAPITALIZATION

The following table presents the unaudited consolidated capitalization of Fresenius Medical Care AG & Co. KGaA as of September 30, 2010 and as adjusted to reflect the offering and our application of the net proceeds to reduce the balance outstanding on our revolving loan indebtedness under our Amended 2006 Senior Credit Agreement and under our accounts receivable facility. See "Use of Proceeds."

You should read the following table in conjunction with "Summary — Summary Historical Consolidated Financial Information," "Use of Proceeds," "Selected Historical Consolidated Financial and Other Data," "Management's Discussion and Analysis of Financial Condition and Results of Operations," "Description of Certain Indebtedness" and our financial statements and related notes thereto.

	September 30, 2010	As adjusted for the Offering
	(in thousands)	
Cash and cash equivalents	$ 571,708	$ 1,078,146
Accounts receivable facility	495,000	—
Other short-term borrowings	127,888	127,888
Short-term borrowings from related parties	9,891	9,891
Total short-term debt	632,779	137,779
Revolving Credit Facility	$ 31,673	$ —
Term Loan A	1,365,000	1,365,000
Term Loan B	1,541,800	1,541,800
Dollar-denominated Notes offered hereby	—	650,000
Euro-denominated Notes offered hereby[1]	—	410,430
6⅞% Senior Notes	494,009	494,009
5.50% Senior Notes	337,108	337,108
Euro Notes	272,960	272,960
EIB Agreements	355,690	355,690
Capital lease obligations	15,786	15,786
Other	55,186	55,186
Company-obligated mandatorily redeemable preferred securities of Fresenius Medical Care Capital Trusts holding solely Company-guaranteed debentures of subsidiaries due 2011	633,940	633,940
Total debt	$ 5,735,931	$ 6,269,688
Total net debt[2]	5,164,223	5,191,542
Noncontrolling interests subject to put provisions	248,534	248,534
Noncontrolling interests not subject to put provisions	124,490	124,490
Total FMC-AG & Co. KGaA shareholders' equity	7,095,677	7,095,677
Total Capitalization[3]	$13,776,340	$14,816,535

(1) The aggregate principal amount of the Euro-denominated Notes has been determined using the exchange rate described above in "Use of Proceeds."

(2) Net debt includes total debt less cash and cash equivalents.

(3) Total Capitalization includes cash and cash equivalents, total debt, Noncontrolling Interest and total FMC-AG & Co. KGaA shareholders' equity.

SELECTED HISTORICAL CONSOLIDATED FINANCIAL AND OTHER DATA

The following table summarizes the consolidated financial information and certain other information for our business for each of the years 2005 through 2009 and as of and for the nine-month periods ended September 30, 2009 and 2010. For each of the years presented, we derived the historical financial information from our consolidated financial statements. We prepared our financial statements in accordance with accounting principles generally accepted in the United States ("U.S. GAAP"). We derived the historical consolidated financial data as of and for the nine-month periods ended September 30, 2010 and 2009 from our unaudited consolidated financial statements. We prepared our unaudited consolidated financial statements on a basis substantially consistent with our audited consolidated financial statements. The operations of RCG and related financing costs to acquire RCG are included in the statement of operations and other data commencing April 1, 2006; balance sheet data at December 31, 2006 include the assets and liabilities and the debt incurred to finance the acquisition of RCG. You should read this information together with our consolidated financial statements and the notes to those statements appearing elsewhere in this offering memorandum and the section entitled "Management's Discussion and Analysis of Financial Condition and Results of Operations."

	For the Nine Months Ended September 30,		Year Ended December 31,				
	2010	2009	2009	2008	2007	2006	2005
			(in millions except ratios and operating data)				
Statement of Operations Data:							
Net revenues	$ 8,886	$ 8,212	$ 11,247	$ 10,612	$ 9,720	$ 8,499	$ 6,772
Cost of revenues	5,856	5,439	7,415	6,983	6,364	5,621	4,564
Gross profit	3,030	2,773	3,832	3,629	3,356	2,878	2,208
Selling, general and administrative	1,578	1,443	1,982	1,877	1,709	1,549	1,218
Gain on sale of dialysis clinics	—	—	—	—	—	(40)	—
Research and development	67	65	94	80	67	51	51
Operating income	1,385	1,265	1,756	1,672	1,580	1,318	939
Interest expense, net	206	225	300	336	371	351	173
Income before income taxes	1,179	1,040	1,456	1,336	1,209	967	766
Net income	769	695	965	860	755	563	457
Less: Net income attributable to noncontrolling interests	(62)	(50)	(74)	(42)	(38)	(26)	(2)
Net income attributable to FMC-AG & Co. KGaA	$ 707	$ 645	$ 891	$ 818	$ 717	$ 537	$ 455
Other Financial Data:							
EBITDA[1]	1,754	1,599	2,213	2,088	1,944	1,627	1,190
Depreciation and amortization	369	334	457	416	363	309	251
Net debt[2]	5,164	5,516	5,267	5,516	5,398	5,420	2,106
Net debt excluding trust preferred securities	4,530	4,853	4,611	4,875	4,064	4,166	918
Capital expenditures	350	398	574	687	573	463	305
Ratio of earnings to fixed charges[3]	5.4x	4.6x	4.8x	4.2x	3.7x	3.3x	4.5x
Ratio of EBITDA to interest expense, net	8.5x	7.1x	7.4x	6.2x	5.2x	4.6x	6.9x
Ratio of net debt to EBITDA[4]	2.2x	2.6x	2.4x	2.6x	2.8x	3.3x	1.8x
Ratio of net debt excluding trust preferred securities to EBITDA[4]	1.9x	2.3x	2.1x	2.3x	2.1x	2.6x	0.8x
Pro Forma Data:							
Net debt adjusted for offering[5]	5,192						
Ratio of adjusted net debt to EBITDA	2.2x						
Operating Data:							
No. of treatments	23,407,699	21,844,317	29,425,758	27,866,573	26,442,421	23,739,733	19,732,753
No. of patients	210,191	192,804	195,651	184,086	173,863	163,517	131,485
No. of clinics	2,716	2,509	2,553	2,388	2,238	2,108	1,680
Average revenue/treatment (U.S.)	$ 357	$ 343	$ 347	$ 330	$ 327	$ 321	$ 297

	September 30,		December 31,				
	2010	2009	2009	2008	2007	2006	2005
					(In millions)		
Balance Sheet Data:							
Total debt[6]	$ 5,735	$ 5,739	$ 5,568	$ 5,738	$ 5,642	$ 5,579	$2,191
Total assets	16,696	15,697	15,821	14,920	14,170	13,045	7,983
Total equity	7,220	6,501	6,798	5,961	5,567	4,864	3,988

(1) EBITDA (operating income plus depreciation and amortization) is the basis for determining compliance with certain covenants contained in our 2006 Senior Credit Agreement, Euro Notes, EIB loan, and the indentures relating to our 6⅞% Senior Notes, our 5.50% Senior Notes and our outstanding Trust Preferred Securities. 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. In addition, not all funds depicted by EBITDA are available for management's discretionary use. For example, a substantial portion of such funds are subject to contractual restrictions and functional requirements for debt service, to fund necessary capital expenditures and to meet other commitments from time to time as described in more detail elsewhere in our public filings with the Securities and Exchange Commission. For a reconciliation of cash flow provided by operating activities to EBITDA, see "Management's Discussion and Analysis of Financial Condition and Results of Operations — Liquidity and Capital Resources — Debt Covenant Disclosure — EBITDA."

(2) Net debt includes short-term borrowings, short-term borrowings from related parties, long-term debt (including current portion), trust preferred securities and accounts receivable attributable to the Company's accounts receivable facility less cash and cash equivalents.

(3) In calculating the ratio of earnings to fixed charges, earnings consist of income before taxes plus fixed charges. Fixed charges consist of interest expense and amortization of deferred financing fees, plus an interest factor for operating leases calculated using the Company's weighted average cost of capital.

(4) The ratios of net debt to EBITDA and net debt excluding trust preferred securities to EBITDA at September 30, 2010 and 2009 are calculated utilizing EBITDA for the twelve-month periods ended September 30 of each year.

(5) See "Capitalization," above.

(6) Total debt consists of total short-term borrowings, long-term debt (including current portion) and trust preferred securities (including current portion). At September 30, 2010, all of the Trust Preferred Securities are recorded as current obligations.

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

You should read the following discussion and analysis of the results of operations of Fresenius Medical Care AG & Co. KGaA and its subsidiaries in conjunction with our historical consolidated financial statements and related notes contained elsewhere in this offering memorandum. Some of the statements contained below, including those concerning future revenue, costs and capital expenditures and possible changes in our industry and competitive and financial conditions include forward-looking statements. We made these forward-looking statements based on the expectations and beliefs of the management of the Company's General Partner concerning future events which may affect us, but we cannot assure that such events will occur or that the results will be as anticipated. Because such statements involve risks and uncertainties, actual results may differ materially from the results which the forward-looking statements express or imply. Such statements include the matters and are subject to the uncertainties that we described in the discussion in this offering memorandum entitled "Forward-Looking Statements." (See also "Risk Factors.")

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.

Critical Accounting Policies

The Company's reported financial condition and results of operations are sensitive to accounting methods, assumptions and estimates that are the basis for our financial statements. The critical accounting policies, the judgments made in the creation 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 the Company's financial statements, and the discussion below in "Results of Operations."

Recoverability of Goodwill and Intangible Assets

The growth of our business through acquisitions has created a significant amount of intangible assets, including goodwill, trade names and management contracts. At September 30, 2010, the carrying amount of goodwill amounted to $7,924 million and non-amortizable intangible assets amounted to $215 million representing in total approximately 49% of our total assets.

In accordance with current accounting standards, we perform an impairment test of goodwill and non-amortizable intangible assets at least once a year for each reporting unit, or if we become aware of events that occur or if circumstances change that would indicate the carrying value might be impaired (See also Note 1f) in the Notes to our audited consolidated financial statements).

To comply with the provisions of the current accounting standards for the impairment testing, the fair value of the reporting unit is compared to the reporting unit's carrying amount. We estimate the fair value of each reporting unit 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, treatments and sales volumes and costs. In determining discounted cash flows, the Company utilizes for every reporting unit, its three-year budget, projections for years 4 to 10 and a corresponding growth rate for all remaining years. Projections for up to ten years are possible due to the stability of the Company's business which, due to the non-discretionary nature of the healthcare services we provide, the need for products utilized to provide such services and the availability of government reimbursement for a substantial portion of our services, has been largely independent from the economic cycle. The Company's weighted average cost of capital consisted of a basic rate of 6.45% for 2009. This basic rate is then adjusted by a country specific risk rate within each reporting.

If the fair value of the reporting unit is less than its carrying value, a second step is performed which compares the fair value of the reporting unit's goodwill to the carrying value of its goodwill. If the fair value of the goodwill is less than its carrying value, the difference is recorded as an impairment.

A prolonged downturn in the healthcare industry with lower than expected increases in reimbursement rates and/or higher than expected costs for providing healthcare services and for procuring and selling products could adversely affect our estimated future cash flows. Future adverse changes in a reporting unit's economic environment could affect the discount rate. A decrease in our estimated future cash flows and/or a decline in a reporting unit's economic environment could result in impairment charges to goodwill and other intangible assets which could materially and adversely affect our future financial position and operating results.

Legal Contingencies

We are party to litigation and subject to investigations relating to a number of matters as described in "Business — Legal Proceedings," Note 11, "Commitments and Contingencies," of the Notes to our unaudited consolidated financial statements, and Note 19, "Legal Proceedings," of the Notes to our audited consolidated financial statements included in this offering memorandum. The outcome of these matters may have a material effect on our financial position, results of operations or cash flows.

We regularly analyze current information including, as applicable, our defenses and we provide accruals for probable contingent losses including the estimated legal expenses to resolve the matters. We use the resources of our internal legal department as well as external lawyers for the assessment. In making the decision regarding the need for loss accrual, we consider the degree of probability of an unfavorable outcome and our ability to make a reasonable estimate of the amount of loss.

The filing of a suit or formal assertion of a claim or assessment, or the disclosure of any such suit or assertion, does not automatically indicate that accrual of a loss may be appropriate.

Accounts Receivable and Allowance for Doubtful Accounts

Trade accounts receivable are a significant asset of ours and the allowance for doubtful accounts is a significant estimate made by management. Trade accounts receivable were $2,495 million at September 30, 2010, less the allowance for doubtful accounts of $277 million, and $2,286 million and $2,176 million at December 31, 2009 and 2008, respectively, net of allowances for doubtful accounts of $266 million and $263 million at December 31, 2009 and 2008, respectively. Approximately half of our receivables relates to business in our North America segment.

Dialysis care revenues are recognized and billed at amounts estimated to be receivable under reimbursement arrangements with third party payors. Medicare and Medicaid programs are billed at pre-determined net realizable rates per treatment that are established by statute or regulation. Revenues for non-governmental payors where we have contracts or letters of agreement in place are recognized at the prevailing contract rates. The remaining non-governmental payors are billed at our standard rates for services and, in our North America segment, a contractual adjustment is recorded to recognize revenues based on historic reimbursement experience with those payors for which contracted rates are not predetermined. The contractual adjustment and the allowance for doubtful accounts are reviewed quarterly for their adequacy. No material changes in estimates were recorded for the contractual allowance in the periods presented.

The allowance for doubtful accounts is based on local payment and collection experience. We sell dialysis products directly or through distributors in over 120 countries and dialysis services in more than 35 countries through owned or managed clinics. Most payors are government institutions or government-sponsored programs with significant variations between the countries and even between payors within one country in local payment and collection practices. Specifically, public health institutions in a number of countries outside the U.S. require a significant amount of time until payment is made. Payment differences are mainly due to the timing of the funding by the local, state or federal government to the agency that is sponsoring the program that purchases our services or products. The collection of accounts receivable from product sales to dialysis clinics is affected by the same underlying causes, since these buyers of our products are reimbursed as well by government institutions or government sponsored programs.

In our U.S. operations, the collection process is usually initiated 30 days after service is provided or upon the expiration of the time provided by contract. For Medicare and Medicaid, once the services are approved for payment, the collection process begins upon the expiration of a period of time based upon experience with Medicare and Medicaid. In all cases where co-payment is required the collection process usually begins within 30 days after service has been provided. In those cases where claims are approved for amounts less than anticipated or if claims are denied, the collection process usually begins upon notice of approval of the lesser amounts or upon denial of the claim. The collection process can be confined to internal efforts, including the accounting and sales staffs and, where appropriate, local management staff. If appropriate, external collection agencies may be engaged.

For our international operations, a significant number of payors are government entities whose payments are often determined by local laws and regulations. Depending on local facts and circumstances, the period of time to collect can be quite lengthy. In those instances where there are commercial payors, the same type of collection process is initiated as in the U.S.

Due to the number of our subsidiaries and different countries that we operate in, our policy of determining when a valuation allowance is required considers the appropriate local facts and circumstances that apply to an account. While payment and collection practices vary significantly between countries and even agencies within one country, government payors usually represent low credit risks. Accordingly, the length of time to collect does not, in and of itself, indicate an increased credit risk and it is our policy to determine when receivables should be classified as bad debt on a local basis taking into account local practices. In all instances, local review of accounts receivable is performed on a regular basis, generally monthly. 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.

Estimates for the allowances for doubtful accounts receivable from the dialysis service business are mainly based on local payment and past collection history. Specifically, the allowances for the North American operations are based on an analysis of collection experience, recognizing the differences between payors and aging of accounts receivable. From time to time, accounts receivable are reviewed for changes from the historic collection experience to ensure the appropriateness of the allowances. The allowances in the International segment and the products business are also based on estimates and consider various factors, including aging, creditor and past collection history. Write offs are taken on a claim by claim basis when the collection efforts are exhausted. Due to the fact that a large portion of our reimbursement is provided by public healthcare organizations and private insurers, we expect that most of our accounts receivables will be collectable, albeit potentially slightly more slowly in the International segment in the immediate future, particularly in countries most severely affected by the current global financial crisis. A significant change in our collection experience, a deterioration in the aging of receivables and collection difficulties could require that we increase our estimate of the allowance for doubtful accounts. Any such additional bad debt charges could materially and adversely affect our future operating results.

If, in addition to our existing allowances, 1% of the gross amount of our trade accounts receivable as of December 31, 2009 were uncollectible through either a change in our estimated contractual adjustment or as bad debt, our operating income for 2009 would have been reduced by approximately 1.5%.

The following tables show the portion and aging of trade accounts receivable of major debtors or debtor groups at December 31, 2009 and 2008. No single debtor other than U.S. Medicaid and Medicare accounted for more than 5% of total trade accounts receivable in either year. Trade accounts receivable in the International segment are for a large part due from government or government-sponsored organizations that are established in the various countries

within which we operate. Amounts pending approval from third party payors represent less than 1% at December 31, 2009.

Aging of Net Trade Accounts Receivable by Major Payor Groups:

	At December 31, 2009						
	current	overdue by up to 3 months	overdue more than 3 months up to 6 months	overdue more than 6 months up to 1 year	overdue by more than 1 year	Total	% of net trade A/R
				(in millions)			
U.S. Medicare and Medicaid Programs	$ 287	$ 74	$ 32	$ 22	$ 22	$ 437	19
U.S. Commercial Payors	256	140	52	40	30	518	23
U.S. Hospitals	88	19	3	2	2	114	5
Self-Pay of U.S. patients	2	6	6	3	1	18	1
Other North America	2	1	—	—	—	3	—
International product customers and dialysis payors	699	232	106	86	73	1,196	52
Total	$1,334	$472	$199	$153	$128	$2,286	100

	At December 31, 2008						
	current	overdue by up to 3 months	overdue more than 3 months up to 6 months	overdue more than 6 months up to 1 year	overdue by more than 1 year	Total	% of net trade A/R
				(in millions)			
U.S. Medicare and Medicaid Programs	$ 311	$ 56	$ 47	$ 34	$ 34	$ 482	22
U.S. Commercial Payors	215	176	62	47	41	541	25
U.S. Hospitals	83	25	3	1	1	113	5
Self-Pay of U.S. patients	1	5	3	2	—	11	1
Other North America	7	1	—	—	—	8	—
International product customers and dialysis payors	620	185	84	66	66	1,021	47
Total	$1,237	$448	$199	$150	$142	$2,176	100

Self-Insurance Programs

Under the insurance programs for professional, product and general liability, auto liability and worker's compensation claims, FMCH, our largest subsidiary, is partially self-insured for professional liability claims. For all other coverages we assume 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.

Financial Condition and Results of Operations

Overview

We are engaged primarily in providing dialysis services and manufacturing and distributing products and equipment for the treatment of end-stage renal disease ("ESRD"). In the U.S., we also perform clinical laboratory testing. We estimate that providing dialysis services and distributing dialysis products and equipment represents an over $69 billion worldwide market with expected annual worldwide value growth of around 6%. Patient growth results from factors such as the aging population and increased life expectancies; shortage of donor organs for kidney transplants, increasing incidence and better treatment of and survival of patients with diabetes and hypertension, which frequently precede the onset of ESRD; improvements in treatment quality, which prolong

patient life; and improving standards of living in developing countries, which make life-saving dialysis treatment available. Key to continued growth in revenue is our ability to attract new patients in order to increase the number of treatments performed each year. For that reason, we believe the number of treatments performed each year is a strong indicator of continued revenue growth and success. In addition, the reimbursement and ancillary services utilization environment significantly influences our business. In the past we experienced and also expect in the future generally stable reimbursements for dialysis services. This includes the balancing of unfavorable reimbursement changes in certain countries with favorable changes in other countries. The majority of treatments are paid for by governmental institutions such as Medicare in the United States. As a consequence of the pressure to decrease healthcare costs, reimbursement rate increases have historically been limited. Our ability to influence the pricing of our services is limited.

A majority of our U.S. dialysis services is paid for by the Medicare program. Medicare payments for dialysis services are based on a composite rate, which includes a drug add-on adjustment, case-mix adjustments, and a regional wage index adjustment. The drug add-on adjustment was established under the Medicare Prescription Drug, Improvement and Modernization Act of 2003 ("MMA") to account for differences in Medicare reimbursement for separately billable pharmaceuticals pre-MMA and the new average sales price reimbursement system established by the MMA.

For calendar year 2010, the Centers for Medicare and Medicaid Services ("CMS") kept the drug add-on amount constant at the calendar year 2009 rate of $20.33 per treatment, while it increased the base portion of the composite rate by 1% pursuant to the requirement in MIPPA. As a result, the drug add-on amount, constant in dollar terms, declined to 15% of the total per-treatment payment in 2010 and for 2011 it is 14.7%. The base portion of the composite rate, unlike many other payment rates in Medicare, has not been automatically updated each year. As a result, this portion of the composite payment rate has not received an annual update in the absence of a statutory change. In MIPPA, Congress provided for a 1.0% increase in the base portion of the composite rate in 2010. Further, Congress eliminated a provision that previously paid hospital-based facilities slightly more than independent (or "free-standing") facilities. For 2010, the base composite rate was $135.15 for both independent and hospital-based facilities, an increase of 1.0% from the 2009 rate. CMS updated the wage index adjustment applicable to ESRD facilities from the 25/75 blend between adjustments based on old metropolitan statistical areas ("MSAs") and those based on new core-based statistical areas ("CBSAs") used in 2008. In 2009, CMS completed the transition from the MSA definition to the CBSA definition, and facilities are now paid according to the CBSA rate. For 2010, CMS reduced the wage index floor from 0.70 to 0.65. For a discussion of the composite rate for reimbursement of dialysis treatments, see "Business — Regulatory and Legal Matters — Reimbursement" included in this offering memorandum.

Until January 1, 2011 certain other items and services that we furnish at our dialysis centers were included in the composite rate and were eligible for separate Medicare reimbursement. The most significant of these items are drugs or biologicals, such as erythropoietin-stimulating agents ("ESAs"), vitamin D analogs, and iron, which were reimbursed at 106% of the average sales price as reported to CMS by the manufacturer. Products and support services furnished to ESRD patients receiving dialysis treatment at home were also reimbursed separately under a reimbursement structure comparable to the in-center composite rate.

With the enactment of MIPPA in 2008, Congress mandated the development of an expanded ESRD bundled payment system for services furnished on or after January 1, 2011. On July 26, 2010, CMS issued a final rule implementing the case-mix adjusted bundled prospective payment system ("ESRD PPS") for ESRD dialysis facilities in accordance with MIPPA. 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 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) other items and services furnished to individuals for the treatment of ESRD. ESRD-related drugs with only an oral form will be reimbursed under the ESRD PPS starting in January 2014 with an adjusted payment amount to be determined by the Secretary of Health and Human Services to reflect the additional cost to dialysis facilities of providing these medications. The initial ESRD PPS base reimbursement rate is set at $229.63 per dialysis treatment (representing 98% of the estimated 2011 Medicare program costs of dialysis care as calculated under the current reimbursement system). 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, (iv) wage-related costs in the geographic area in which the provider is located and (v) a blending of the old and new payment methodologies during the phase-in of the new system to ensure a budget-neutral transition (resulting in a 3.1% decrease in the base reimbursement rate for 2011, the "Transition Adjustor").

Beginning in 2012, the ESRD PPS payment amount will be subject to annual adjustment based on increases in the costs of a "market basket" of certain healthcare items and services less a productivity adjustment. The ESRD PPS's pay-for-performance standards, also known as the quality improvement program or QIP, focusing in the first year on anemia management and dialysis adequacy, will be fully implemented effective January 1, 2012. Dialysis facilities that fail to achieve the established quality standards will have payments reduced by up to 2%, based on performance in 2010 as an initial performance period.

The ESRD PPS will be phased in over four years with full implementation for all dialysis facilities on January 1, 2014. However, providers could elect in November 2010 to become fully subject to the new system starting in January 2011.

Although, based upon CMS's assessment, we think that the ESRD PPS will result in a lower reimbursement rate on average as a result of the above measures by CMS, all of our U.S. dialysis facilities have elected to be fully subject to the ESRD PPS starting on January 1, 2011. Our plans to mitigate the impact of the ESRD PPS include three broad measures. First, we are working with other providers, CMS and the U.S. Congress toward favorably revising the calculation of the Transition Adjustor for 2011. Second, we are also working with medical directors and treating physicians to make protocol changes used in treating patients and are negotiating pharmaceutical acquisition cost savings. Finally, we are seeking to achieve greater efficiencies and better patient outcomes by introducing new initiatives to improve patient care upon initiation of dialysis, increase the percentage of patients using home therapies and achieve additional cost reductions in our clinics. We are currently evaluating the impact of ESRD PPS and the above mitigation plan on our business.

The Patient Protection and Affordable Care Act was enacted in the United States on March 23, 2010 and subsequently amended by the Health Care and Educational Affordability Reconciliation Act (as amended, "ACA"). ACA will implement broad healthcare 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 healthcare 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, limits on administrative costs, and limits on waiting periods, (vii) provisions encouraging integrated care, efficiency and coordination among providers and (viii) provisions for reduction of healthcare program waste and fraud. ACA's medical device excise tax, Medicaid drug rebate increases and annual pharmaceutical industry fees will adversely impact our product business earnings and cash flows. We expect modest favorable impact from ACA's integrated care and commercial insurance consumer protection provisions.

On December 16, 2010, the Department of Veterans Affairs ("VA") announced final reimbursement rules that will reduce its payment rates for non-contracted dialysis services to coincide with those of the Medicare program. The congressional review period for the final rule began December 17, 2010 and lasts 60 days. We expect to experience variability in our aggregated VA reimbursement rates for contracted and non-contracted services. In addition, we may also experience reductions in the volume of VA patients treated in our facilities.

We have identified three operating segments, North America, International, and Asia-Pacific. For reporting purposes, we have aggregated the International and Asia-Pacific segments as "International." We aggregated these segments due to their similar economic characteristics. These characteristics include same services provided and same products sold, same type patient population, similar methods of distribution of products and services and similar economic environments. The general partner's Management Board member responsible for the profitability and cash flow of each segment's various businesses supervises the management of each operating segment. The accounting

policies of the operating segments are the same as those we apply in preparing our consolidated financial statements under accounting principles generally accepted in the United States ("U.S. GAAP"). Our management evaluates each segment using a measure that reflects all of the segment's controllable revenues and expenses.

With respect to the performance of our business operations, our management believes the most appropriate measure in this regard is operating income which measures our source of earnings. Financing is a corporate function which segments do not control. Therefore, we do not include interest expense relating to financing as a segment measurement. We also regard income taxes to be outside the segments' control. Similarly, we do not allocate "corporate costs," which relate primarily to certain headquarters overhead charges, including accounting and finance, professional services, etc. because we believe that these costs are also not within the control of the individual segments. In addition, certain acquisitions and intangible assets are not allocated to a segment but are accounted for as "corporate." Accordingly, all of these items are excluded from our analysis of segment results and are discussed below in the discussion of our consolidated results of operations.

RESULTS OF OPERATIONS

The following table summarizes our financial performance and certain operating results by segment for the periods indicated. Inter-segment sales primarily reflect sales of medical equipment and supplies from the International segment to the North America segment. We prepared the information using a management approach, consistent with the basis and manner in which our management internally disaggregates financial information to assist in making internal operating decisions and evaluating management performance.

	For the three months ended September 30,		For the nine months ended September 30,		For the years ended December 31,		
	2010	2009	2010	2009	2009	2008	2007
				(in millions)			
Total revenue							
North America	$2,073	$1,951	$6,062	$5,602	$ 7,615	$ 7,007	$6,664
International	1,010	960	2,894	2,672	3,713	3,688	3,134
Corporate	0	0	0	0	0	1	0
Totals	3,083	2,911	8,956	8,274	11,328	10,696	9,798
Inter-segment revenue							
North America	2	1	4	2	3	2	1
International	23	21	66	60	78	82	77
Totals	25	22	70	62	81	84	78
Total net revenue							
North America	2,071	1,950	6,058	5,600	7,612	7,005	6,663
International	987	939	2,828	2,612	3,635	3,606	3,057
Corporate					0	1	0
Totals	3,058	2,889	8,886	8,212	11,247	10,612	9,720
Amortization and depreciation							
North America	72	68	215	197	265	238	220
International	50	48	148	131	183	171	141
Corporate	2	3	6	6	9	7	2
Totals	124	119	369	334	457	416	363
Operating income							
North America	374	325	1,014	894	1,250	1,168	1,130
International	156	156	480	457	637	616	544
Corporate	(37)	(30)	(109)	(86)	(131)	(112)	(94)
Totals	493	451	1,385	1,265	1,756	1,672	1,580
Interest income	5	5	19	17	21	25	29
Interest expense	(75)	(80)	(225)	(242)	(321)	(361)	(400)
Income tax expense	(153)	(131)	(410)	(345)	(491)	(476)	(454)
Net income	270	245	769	695	965	860	755
Less: Net income attributable to Noncontrolling interest	22	20	62	50	74	42	38
Net Income attributable to FMC-AG & Co. KGaA	$ 248	$ 225	$ 707	$ 645	$ 891	$ 818	$ 717

Three months ended September 30, 2010 compared to three months ended September 30, 2009

Consolidated Financials

Key Indicators for Consolidated Financial Statements

	For the three months ended September 30,		Change in %	
	2010	2009	as reported	at constant exchange rates
Number of treatments	8,149,551	7,488,321	9%	
Same market treatment growth in %	4.7%	3.8%		
Revenue in $ million	3,058	2,889	6%	7%
Gross profit as a % of revenue	34.5%	33.9%		
Selling, general and administrative costs as a % of revenue	17.6%	17.5%		
Net income attributable to FMC-AG & Co. KGaA in $ million	248	225	10%	

Treatments increased by 9% for the three months ended September 30, 2010 as compared to the same period in 2009. Same market treatment growth contributed 5% and growth from acquisitions contributed 5%, partially offset by the effect of closed or sold clinics of 1%.

At September 30, 2010, we owned, operated or managed (excluding those managed but not consolidated in the U.S.) 2,716 clinics compared to 2,509 clinics at September 30, 2009. During the third quarter of 2010, we acquired 94 clinics, opened 28 clinics and combined or closed 5 clinics. The number of patients treated in clinics that we own, operate or manage (excluding patients of clinics managed but not consolidated in the U.S.) increased by 9% to 210,191 at September 30, 2010 from 192,804 at September 30, 2009. Including 30 clinics managed but not consolidated in the U.S., the total number of patients was 212,068.

Net revenue increased by 6% (7% at constant exchange rates) for the quarter ended September 30, 2010 over the comparable period in 2009 due to growth in dialysis care revenue, partially offset by a decrease in dialysis products revenues.

Dialysis care revenue grew by 8% to $2,321 million (9% at constant exchange rates) in the third quarter of 2010 as compared to the same period in 2009, mainly due to growth in same market treatments (5%), increases in revenue per treatment (2%), and contributions from acquisitions (3%), partially offset by the effect of closed and sold clinics (1%) and exchange rate fluctuations (1%).

Dialysis product revenue decreased by 1% to $737 million (increased by 3% at constant exchange rates) in the same period due to the negative effect of exchange rate fluctuations partially offset by increased sales of hemodialysis products, especially of machines, bloodlines, dialyzers and solutions and concentrates, as well as products for acute care treatments.

The increase in gross profit margin reflects an increase in gross profit margin in North America, partially offset by a decrease in the International segment. The increase in North America was due to increased revenue per treatment and favorable costs for pharmaceuticals, partially offset by higher personnel expense. The decrease in International was due to the lower gross profit margins of recently acquired clinics in Europe and Asia-Pacific, the impact of hyperinflation in Venezuela and a reimbursement reduction in Taiwan, partially offset by favorable foreign exchange effects in Latin America and Asia-Pacific and growth in the product business in China.

Selling, general and administrative ("SG&A") expenses increased to $538 million in the third quarter of 2010 from $505 million in the same period of 2009. SG&A expenses as a percentage of sales increased to 17.6% in the third quarter of 2010 from 17.5% in the same period of 2009. SG&A expenses increased in North America due to higher personnel expenses and donations to U.S. ESRD patient assistance charities, partially offset by economies of scale and lower bad debt expense. In addition, SG&A expenses increased at Corporate due to an unfavorable effect of foreign exchange fluctuations and expenses related to patent litigations. SG&A expenses decreased in the International segment due to economies of scale, partially offset by foreign exchange currency losses and higher

bad debt expense. Bad debt expense for the third quarter of 2010 was $49 million as compared to $50 million for the third quarter of 2009, representing 1.6% of sales for the three-month period ending September 30, 2010 and 1.7% for the same period in 2009.

Research and development ("R&D") expenses were $23 million in the third quarter of both 2010 and 2009.

Operating income increased to $493 million in the third quarter of 2010 from $451 million for the same period in 2009. Operating income margin increased to 16.1% for the period ending September 30, 2010 from 15.6% for the same period in 2009 as a result of the increase in gross profit margin as noted above, partially offset by the increased SG&A expenses as a percentage of sales as described above.

Interest expense decreased by 6% to $75 million in the third quarter of 2010 from $80 million for the same period in 2009 mainly as a result of decreased short-term interest rates.

Income tax expense increased to $153 million for the third quarter of 2010 from $131 million for the same period in 2009. The effective tax rate increased to 36.2% from 35.0% for the third quarter of 2009 as a result of higher tax expenses, reflecting a change in tax position related to both current and prior years.

Net income attributable to FMC-AG & Co. KGaA for the third quarter of 2010 increased to $248 million from $225 million for the same period in 2009 as a result of the combined effects of the items discussed above.

We employed 72,812 people (full-time equivalents) as of September 30, 2010 compared to 67,245 as of September 30, 2009, an increase of 8.3% primarily due to overall growth in our business and acquisitions.

The following discussions pertain to our business segments and the measures we use to manage these segments.

North America Segment

Key Indicators for North America Segment

	For the three months ended September 30,		
	2010	2009	Change in %
Number of treatments	5,281,436	5,060,911	4%
Same market treatment growth in %	4.3%	3.6%	
Revenue in $ million	2,071	1,950	6%
Depreciation and amortization in $ million	72	68	5%
Operating income in $ million	374	325	15%
Operating income margin in %	18.1%	16.7%	

Revenue

Treatments increased by 4% for the three-month period ended September 30, 2010 as compared to the same period in 2009 mostly due to same market growth (4%) and contributions from acquisitions (1%), partially offset by the effect of closed or sold clinics (1%). At September 30, 2010, 135,746 patients (a 4% increase over the same period in the prior year) were being treated in the 1,809 clinics that we own or operate in the North America segment, compared to 130,522 patients treated in 1,749 clinics at September 30, 2009. Average North America revenue per treatment was $351 for the three months ended September 30, 2010 and $342 in the same period in 2009. In the U.S., the average revenue per treatment was $359 for the three months ended September 30, 2010 and $348 for the same period in 2009. The increase was mainly attributable to increased commercial payor revenue and improvements in the payor mix. The 1% increase in the 2010 Medicare composite rate had a minimal positive impact.

Net revenue for the North America segment for the third quarter of 2010 increased as a result of increases in dialysis care revenue by 7% to $1,863 million from $1,741 million in the same period of 2009, partially offset by a slight decrease in dialysis product revenue to $208 million from $209 million in the third quarter of 2009.

The dialysis care revenue increase was driven by same market treatment growth (4%), increased revenue per treatment (3%) and contributions from acquisitions (1%), partially offset by the effect of closed or sold clinics (1%). The administration of EPO represented approximately 20% of total North America dialysis care revenue for the three-month period ended September 30, 2010 and 22% for the three-month period ended September 30, 2009.

The slight decrease in dialysis product revenue was due to lower dialyzer sales and lower Medicare average selling prices for the intravenous iron product Venofer ® partially offset by increased sales of bloodlines and machines as well as peritoneal dialysis products.

Operating Income

Operating income increased to $374 million for the three-month period ended September 30, 2010 from $325 million for the same period in 2009. Operating income margin increased to 18.1% for the third quarter of 2010 from 16.7% for the same period in 2009, primarily due to higher revenue per treatment as noted above, economies of scale and reduced costs for pharmaceuticals, partially offset by the increase in cost per treatment to $284 in the third quarter of 2010 from $283 in the same period of 2009. This cost per treatment increase was due to higher personnel expenses and donations to U.S. ESRD patient assistance charities.

International Segment

Key Indicators for International Segment

	For the three months ended September 30,		Change in %	
	2010	2009	as reported	at constant exchange rates
Number of treatments	2,868,115	2,427,410	18%	
Same market treatment growth in %	5.6%	4.5%		
Revenue in $ million	987	939	5%	9%
Depreciation and amortization in $ million	50	48	4%	
Operating income in $ million	156	156	0%	
Operating income margin in %	15.8%	16.7%		

Revenue

Treatments increased by 18% in the three-month period ended September 30, 2010 over the same period in 2009 mainly due to contributions from acquisitions of 13% and same market growth of 6%, partially offset by the effect of closed or sold clinics of 1%. As of September 30, 2010, 74,445 patients (a 20% increase over the same period of the prior year) were being treated at 907 clinics that we own, operate or manage in the International segment compared to 62,282 patients treated at 760 clinics at September 30, 2009. Average revenue per treatment decreased to $160 at September 30, 2010 from $167 in the same period of 2009 due to the weakening of local currencies against the U.S. dollar ($5) and growth in countries with lower reimbursement rates, partially offset by increased reimbursement rates ($2).

Net revenues for the International segment for the three-month period ended September 30, 2010 increased by 5% (9% increase at constant exchange rates) as compared to the same period in 2009 as a result of an increase in dialysis care revenue partially offset by a decrease in dialysis product revenue. Organic revenue growth was 5% and acquisitions during the period contributed 4%, partially offset by the negative effect of exchange rate fluctuations (4%).

Including the effects of acquisitions, European region revenue decreased 1% (8% increase at constant exchange rates), Latin America region revenue increased 8% (4% increase at constant exchange rates), and Asia-Pacific region revenue increased 26% (21% increase at constant exchange rates).

Total dialysis care revenue for the International segment increased during the third quarter of 2010 by 13% (17% increase at constant exchange rates) to $458 million from $406 million in the same period of 2009. This increase is a result of an increase in contributions from acquisitions (11%) and same market treatment growth (6%), partially offset by the negative effect of exchange rate fluctuations (4%).

Total dialysis product revenue for the third quarter of 2010 decreased slightly to $529 million from $533 million in the same period of 2009. Organic revenue growth of 3%, along with the contribution from acquisitions of 1%, was more than offset by the negative effect of exchange rate fluctuations (5%).The increase in product revenue at constant exchange rates was driven by increased sales of dialyzers, machines and bloodlines, as well as products for acute care treatments.

Operating Income

Operating income remained constant at $156 million for the three-month periods ended September 30, 2010 and 2009. Operating income margin decreased to 15.8% for the three-month period ended September 30, 2010 from 16.7% for the same period in 2009 due to lower margins of recently acquired clinics in Europe and Asia-Pacific, the impact of hyperinflation in Venezuela and higher bad debt expense, partially offset by economies of scale and favorable foreign exchange effects.

Nine months ended September 30, 2010 compared to nine months ended September 30, 2009

Consolidated Financials

Key Indicators for Consolidated Financial Statements

	For the nine months ended September 30,		Change in %	
	2010	2009	as reported	at constant exchange rates
Number of treatments	23,407,699	21,844,317	7%	
Same market treatment growth in %	4.4%	4.3%		
Revenue in $ million	8,886	8,212	8%	8%
Gross profit as a % of revenue	34.1%	33.8%		
Selling, general and administrative costs as a % of revenue	17.8%	17.6%		
Net income attributable to FMC-AG & Co. KGaA in $ million	707	645	10%	

Treatments increased by 7% for the nine months ended September 30, 2010 as compared to the same period in 2009. Same market treatment growth contributed 4% and growth from acquisitions contributed 3%.

Net revenue increased by 8% (8% at constant exchange rates) for the nine months ended September 30, 2010 over the comparable period in 2009 due to growth in both dialysis care and dialysis products revenues.

Dialysis care revenue grew by 10% to $6,716 million (9% at constant exchange rates) in the nine-month period ended September 30, 2010 from $6,124 million in the same period of 2009, mainly due to growth in same market treatments (4%), increases in revenue per treatment (3%) and contributions from acquisitions (2%), as well as a positive effect from exchange rate fluctuations (1%).

Dialysis product revenue increased by 4% to $2,170 million (increased by 3% at constant exchange rates) from $2,088 million in the same period of 2009, driven by increased sales of hemodialysis products, especially of bloodlines, solutions and concentrates and dialyzers, as well as products for acute care treatments, partially offset by lower sales of renal pharmaceuticals. Foreign exchange fluctuations contributed 1%.

The increase in gross profit margin reflects an increase in gross profit margin in North America, partially offset by a decrease in the International segment. The increase in North America was due to increased revenue per treatment and favorable costs for pharmaceuticals, partially offset by higher personnel expense. The decrease in International was due to the positive effect of an inventory adjustment during the same period of 2009, lower gross profit margins of recently acquired clinics in Europe and Asia-Pacific and a reimbursement reduction in Taiwan, partially offset by favorable foreign exchange effects in Latin America and Asia-Pacific as well as growth in the product business in China.

Selling, general and administrative ("SG&A") expenses increased to $1,578 million in the nine-month period ended September 30, 2010 from $1,443 million in the same period of 2009. SG&A expenses as a percentage of sales increased to 17.8% in the first nine months of 2010 from 17.6% in the same period of 2009 as a result of an increase in North America, partially offset by a decrease in the International segment. The increase in North America was due to higher personnel expenses and donations to U.S. ESRD patient assistance charities, partially offset by economies of scale. The decrease in the International segment was mainly due to economies of scale partially offset by the one-time revaluation of the balance sheet of our operations in Venezuela as a result of the devaluation of the Venezuelan bolivar driven by hyperinflation and the effect of stronger growth in the dialysis care business, which has lower SG&A margins. Bad debt expense for the nine-month period ended September 30, 2010 was $165 million as compared to $159 million for the same period of 2009, representing 1.9% of sales for the nine-month periods ended September 30, 2010 and 2009.

Research and development ("R&D") expenses increased to $67 million in the nine-month period ended September 30, 2010 as compared to $65 million in the same period in 2009.

Operating income increased to $1,385 million in the nine-month period ended September 30, 2010 from $1,265 million for the same period in 2009. Operating income margin increased to 15.6% for the nine-month period ended September 30, 2010 from 15.4% for the same period in 2009 as a result of the increase in gross profit margin as noted above partially offset by the increased SG&A expenses as a percentage of sales as described above.

Interest expense decreased by 7% to $225 million for the nine months ended September 30, 2010 from $242 million for the same period in 2009 mainly as a result of decreased short-term interest rates.

Income tax expense increased to $410 million for the nine-month period ended September 30, 2010 from $345 million for the same period in 2009. The effective tax rate increased to 34.7% from 33.2% for the same period of 2009, mainly due to a favorable $16.3 million tax benefit recognized in the second quarter of 2009 as a result of a change in judgment related to a complaint filed with the German tax court on the disallowance of certain tax deductions claimed by us for the tax year 1997, partially offset by the release of a $10 million valuation allowance in the second quarter of 2010 on deferred taxes for net operating losses due to a change in tax strategies.

Net income attributable to FMC-AG & Co. KGaA for the nine months ended September 30, 2010 increased to $707 million from $645 million for the same period in 2009 as a result of the combined effects of the items discussed above.

The following discussions pertain to our business segments and the measures we use to manage these segments.

North America Segment

Key Indicators for North America Segment

	For the nine months ended September 30,		
	2010	**2009**	**Change in %**
Number of treatments	15,505,111	14,750,610	5%
Same market treatment growth in %	4.3%	3.4%	
Revenue in $ million	6,058	5,600	8%
Depreciation and amortization in $ million	215	197	9%
Operating income in $ million	1,014	894	13%
Operating income margin in %	16.7%	16.0%	

Revenue

Treatments increased by 5% for the nine months ended September 30, 2010 as compared to the same period in 2009 mostly due to same market growth (4%) and contributions from acquisitions (2%), partially offset by the effect of closed or sold clinics (1%). Average North America revenue per treatment was $349 for the nine months ended September 30, 2010 and $337 in the same period in 2009. In the U.S., the average revenue per treatment was

$357 for the nine months ended September 30, 2010 and $343 for the same period in 2009. The increase was mainly attributable to increased commercial payor revenue, improvements in the payor mix and overall increased utilization of pharmaceuticals. In addition, there was an increase of 1% to the 2010 Medicare composite rate.

Net revenue for the North America segment for the first nine months of 2010 increased as a result of increases in dialysis care revenue by 9% to $5,441 million from $4,995 million in the same period of 2009 and in dialysis product revenue by 2% to $617 million from $605 million in the first nine months of 2009.

The dialysis care revenue increase was driven by same market treatment growth (4%) and increased revenue per treatment (4%), as well as contributions from acquisitions (1%). The administration of EPO represented approximately 20% and 21% of total North America dialysis care revenue for the nine-month periods ended September 30, 2010 and 2009, respectively.

The dialysis product revenue increase was driven mostly by increased sales of bloodlines and concentrates as well as dialysis machines.

Operating Income

Operating income increased to $1,014 million for the nine-month period ended September 30, 2010 from $894 million for the same period in 2009. Operating income margin increased to 16.7% for the nine months ended September 30, 2010 from 16.0% for the same period in 2009, primarily due to higher revenue per treatment and economies of scale, partially offset by an increase in cost per treatment to $286 for the nine-month period ended September 30, 2010 from $283 in the same period of 2009 due to higher personnel expenses and donations to U.S. ESRD patient assistance charities.

International Segment

Key Indicators for International Segment

	For the nine months ended September 30,		Change in %	
	2010	2009	as reported	at constant exchange rates
Number of treatments	7,902,588	7,093,707	11%	
Same market treatment growth in %	4.8%	6.1%		
Revenue in $ million	2,828	2,612	8%	7%
Depreciation and amortization in $ million	148	131	13%	
Operating income in $ million	480	457	5%	
Operating income margin in %	17.0%	17.5%		

Revenue

Treatments increased by 11% in the nine months ended September 30, 2010 over the same period in 2009 mainly due to contributions from acquisitions (7%) and same market growth (5%), partially offset by the effect of closed or sold clinics (1%). Average revenue per treatment for the nine months ended September 30, 2010 increased to $161 from $159 in the same period of 2009. The increase of $2 was a result of the strengthening of local currencies against the U.S. dollar.

Net revenues for the International segment for the nine-month period ended September 30, 2010 increased by 8% (7% increase at constant exchange rates) as compared to the same period in 2009 as a result of increases in both dialysis care and dialysis product revenues. Organic growth during the period was 5%, acquisitions during the period contributed 2% and the positive effect of exchange rate fluctuations contributed 1%.

Including the effects of acquisitions, European region revenue increased 4% (6% increase at constant exchange rates), Latin America region revenue increased 15% (7% increase at constant exchange rates), and Asia-Pacific region revenue increased 20% (12% increase at constant exchange rates).

Total dialysis care revenue for the International segment increased during the first nine months of 2010 by 13% (12% increase at constant exchange rates) to $1,275 million from $1,129 million in the same period of 2009. This increase is a result of increase in contributions from acquisitions (7%), same market treatment growth (5%), the positive impact increases in revenue per treatment (1%) and the positive effect of exchange rate fluctuations (1%), partially offset by the effect of closed or sold clinics (1%).

Total dialysis product revenue for the nine-month period ended September 30, 2010 increased by 5% (4% increase at constant exchange rates) to $1,553 million from $1,483 million in the same period of 2009. The increase in product revenue was driven by increased sales of dialyzers, hemodialysis solutions and concentrates as well as bloodlines and products for acute care treatments, partially offset by lower sales of pharmaceuticals. Exchange rate fluctuations contributed 1%.

Operating Income

Operating income increased by 5% to $480 million for the nine-month period ended September 30, 2010 from $457 million for the same period in 2009. Operating income margin decreased to 17.0% for the nine-month period ended September 30, 2010 from 17.5% for the same period in 2009 due to the positive effect of an inventory adjustment in the same period in 2009 and the one-time revaluation of the balance sheet of our operations in Venezuela which was required as a result of the devaluation of the local currency driven by hyperinflation as well as lower gross profit margins of recently acquired clinics in Europe and Asia-Pacific, partially offset by economies of scale.

Inflationary Accounting

As we are subject to foreign exchange risk, we monitor the economic conditions of the countries in which we operate. Effective January 1, 2010, our operations in Venezuela are considered to be operating in a highly inflationary economy, as the Venezuelan economy exceeded the three-year cumulative inflation rate of 100% during the fourth quarter of 2009. We use a blend of the National Consumer Price Index and the Consumer Price Index to determine whether Venezuela is a highly inflationary economy. As a result, our financial statements of our subsidiaries operating in Venezuela have been remeasured as if their functional currency were the U.S. dollar. All gains and losses resulting from the remeasurement of assets and liabilities are reflected in current earnings.

In addition, on January 8, 2010, and effective as of January 11, 2010, the Venezuelan government instituted a two-tier official exchange rate system, resulting in the devaluation of the official rate of the bolivar relative to the U.S. dollar. The rate was previously 2.15 bolivars per $1. A “preferential rate” of 2.6 bolivars per $1 was established for essential items such as medical, food and heavy machinery. All other non-essential items will be imported at the “oil rate” of 4.3 bolivars per $1. Consequently, we recorded a one-time, pre-tax loss of approximately $11.6 million in 2010, primarily reflecting the revaluation of the balance sheet. On a consolidated basis, Venezuela represented less than 1% of our total revenues in 2009, resulting in a minimal impact on our consolidated results of operations for 2010.

Year ended December 31, 2009 compared to year ended December 31, 2008

Highlights

Revenues increased by 6% to $11,247 million (9% at constant rates) mainly due to organic growth at 8% and acquisitions at 1%.

Operating income (EBIT) increased 5%.

Net Income increased by 12%.

Consolidated Financials

Key Indicators for Consolidated Financials

	2009	2008	Change in % as reported	Change in % at constant exchange rates
Number of treatments	29,425,758	27,866,573	6%	
Same market treatment growth in %	4.1%	4.5%		
Revenue in $ million	11,247	10,612	6%	9%
Gross profit in % of revenue	34.1%	34.2%		
Selling, general and administrative costs in % of revenue	17.6%	17.7%		
Net income attributable to FMC-AG & Co. KGaA in $ million	891	818	9%	

We provided 29,425,758 treatments during the year ended December 31, 2009, an increase of 6% over the same period in 2008. Same market treatment growth contributed 4% and growth from acquisitions contributed 2%.

At December 31, 2009, we owned, operated or managed (excluding those managed but not consolidated in the U.S.) 2,553 clinics compared to 2,388 clinics at December 31, 2008. During 2009, we acquired 73 clinics, opened 118 clinics and combined or closed 26 clinics. The number of patients treated in clinics that we own, operate or manage (excluding patients of clinics managed but not consolidated in the U.S.) increased by 6% to 195,651 at December 31, 2009 from 184,086 at December 31, 2008. Including 30 clinics managed but not consolidated in the U.S., the total number of patients was 197,358.

Net revenue increased by 6% (9% at constant exchange rates) for the year ended December 31, 2009 over the comparable period in 2008 due to growth in both dialysis care and dialysis products revenues.

Dialysis care revenue grew by 8% to $8,350 million (10% at constant exchange rates) in 2009 mainly due to growth in same market treatments (4%), revenue per treatment (5%) and acquisitions (1%), partially offset by exchange rate fluctuations (2%).

Dialysis product revenue increased by 1% to $2,897 million (increased by 6% at constant exchange rates) in the same period driven by pharmaceutical sales, especially of the newly licensed intravenous iron products and increased sales of dialyzers, bloodlines, solutions and concentrates, as well as sales of products for acute care treatments. These increases were partially offset by decreased sales of our phosphate binding drug PhosLo® following a competitor's launch of a generic version of the drug in the U.S. in October 2008 and lower sales of hemodialysis machines.

The slight decrease in gross profit margin reflects a decrease in gross profit margin in North America, partially offset by an increase in the International segment. North America was impacted by cost increases for pharmaceuticals as well as lower margin contribution from our pharmaceutical business due to a competitor's launch of a generic version of PhosLo® in the U.S. in October 2008, increased depreciation related to recently acquired computer equipment and recently installed leasehold improvements and higher personnel costs, partially offset by increased revenue rates. The increase in International was due to the positive effect of an inventory adjustment in the first quarter of 2009, lower production costs caused by lower prices for certain raw material and energy as well as economies of scale, partially offset by unfavorable foreign exchange transaction effects related to the purchase of products produced in Europe and Japan due to the appreciation of the Euro and the Yen against local currencies.

Selling, general and administrative ("SG&A") expenses increased to $1,982 million in 2009 from $1,876 million in the same period of 2008. SG&A costs as a percentage of sales decreased slightly to 17.6% in 2009 from 17.7% in the same period of 2008. The slight decrease was due to a decrease in North America driven by economies of scale and lower bad debt expenses partially offset by higher personnel expenses. Bad debt expense

for the year ended December 31, 2009 was $210 million as compared to $214 million in 2008, representing 1.9% of sales for the year ended December 31, 2009, as compared to 2.0% for the same period in 2008.

Research and development ("R&D") expenses increased to $94 million in 2009 from $80 million for the same period in 2008 due to additional programs in the field of hemodialysis equipment and extracorporeal critical care therapies.

Operating income increased to $1,756 million in 2009 from $1,672 million for the same period in 2008. Operating income margin decreased to 15.6% in 2009 as compared to 15.8% for the same period in 2008 due to the decreased gross profit margin as noted above partially offset by decreased SG&A expenses as a percentage of sales as described above.

Interest expense decreased by 11% to $321 million in 2009 from $361 million for the same period in 2008 as a result of decreased short-term interest rates.

Income tax expense increased to $491 million for the year ended December 31, 2009 from $476 million for the same period in 2008 as a result of higher earnings in 2009. The effective tax rate for 2009 decreased to 33.7% from 35.6% in 2008 mainly as a result of an increase in non-taxable noncontrolling interests in North America in 2009.

Net income attributable to FMC-AG & Co. KGaA for 2009 increased to $891 million from $818 million for the same period in 2008 as a result of the combined effects of the items discussed above.

We employed 67,988 people (full-time equivalents) as of December 31, 2009 compared to 64,666 as of December 31, 2008, an increase of 5.1% primarily due to overall growth in our business.

The following discussions pertain to our business segments and the measures we use to manage these segments.

North America Segment

Key Indicators for North America Segment

	2009	2008	Change in %
Number of treatments	19,867,465	19,146,084	4%
Same market treatment growth in %	3.5%	2.9%	
Revenue in $ million	7,612	7,005	9%
Depreciation and amortization in $ million	265	238	11%
Operating income in $ million	1,250	1,168	7%
Operating income margin in %	16.4%	16.7%	

Revenue

Treatments increased by 4% for the year ended December 31, 2009 as compared to the same period in 2008 mostly due to same market growth (4%) and acquisitions (1%), partially offset by the effect of one less dialysis day of 1%. At December 31, 2009, 132,262 patients (a 5% increase over the same period in the prior year) were being treated in the 1,784 clinics that we own or operate in the North America segment, compared to 125,857 patients treated in 1,686 clinics at December 31, 2008. Average North America revenue per treatment was $341 for the year ended December 31, 2009 and $326 in the same period in 2008. In the U.S., average revenue per treatment was $347 for the year ended December 31, 2009 and $330 for the same period in 2008. The increase was mainly attributable to a revenue per treatment increase, including increased commercial payor revenue, increased utilization of pharmaceuticals, including EPO, Medicare reimbursement increases for pharmaceuticals (ASP+6%) and the 1% 2009 Medicare composite rate increase.

Net revenue for the North America segment for 2009 increased as a result of increases in dialysis care revenue by 9% to $6,794 million from $6,247 million in the same period of 2008 and in dialysis product revenue by 8% to $818 million from $758 million in 2008.

The dialysis care revenue increase was driven by same market treatment growth (4%), increased revenue per treatment (4%) and acquisitions (1%). The administration of EPO represented approximately 21% of total North America dialysis care revenue for the year ended December 31, 2009 and 20% for the year ended December 31, 2008.

The dialysis product revenue increase was driven mostly by a higher pharmaceutical sales, especially of the newly licensed intravenous iron products, partially offset by lower PhosLo® revenues as a result of a competitor's launch of a generic version of PhosLo® in the United States in October 2008.

Operating Income

Operating income increased to $ 1,250 million for the year ended December 31, 2009 from $ 1,168 million for the same period in 2008. Operating income margin decreased to 16.4% in 2009 from 16.7% in 2008 due to increased costs for pharmaceuticals, lower margin contribution from our pharmaceutical business due to a competitor's launch of a generic version of PhosLo® in October 2008, higher personnel costs and increased depreciation related to recently acquired computer equipment and recently installed leasehold improvements, partially offset by increased revenue per treatment as described above and decreased bad debt expense. Cost per treatment increased to $283 in 2009 from $273 in 2008.

International Segment

Key Indicators for International Segment

	2009	2008	Change in % as reported	Change in % at constant exchange rates
Number of treatments	9,558,293	8,720,489	10%	
Same market treatment growth in %	5.3%	8.6%		
Revenue in $ million	3,635	3,606	1%	9%
Depreciation and amortization in $ million	183	171	8%	
Operating income in $ million	637	616	3%	
Operating income margin in %	17.5%	17.1%		

Revenue

Treatments increased by 10% in 2009 over 2008 mainly due to same market growth (5%) and acquisitions (5%). As of December 31, 2009, 63,389 patients (a 9% increase over the same period of the prior year) were being treated at 769 clinics that we own, operate or manage in the International segment compared to 58,229 patients treated at 702 clinics at December 31, 2008. Average revenue per treatment decreased to $163 from $171 due to the weakening of local currencies against the U.S. dollar ($15) partially offset by increased reimbursement rates and changes in country mix ($7).

Net revenues for the International segment for the year ended December 31, 2009 increased by 1% as compared to the same period in 2008 as a result of an increase in dialysis care revenue partially offset by a decrease in dialysis product revenue. Organic growth during the period of 8% and a contribution from acquisitions of approximately 2% were partially offset by a negative impact of exchange rate fluctuations of 8% as well as the effect of closed or sold clinics of 1%.

Including the effects of acquisitions, European region revenue decreased 1% (8% increase at constant exchange rates), Latin America region revenue increased 5% (16% increase at constant exchange rates), and Asia Pacific region revenue increased 6% (8% increase at constant exchange rates).

Total dialysis care revenue for the International segment increased during 2009 by 4% (14% increase at constant exchange rates) to $1,556 million from $1,490 million in the same period of 2008. This increase is a result of increases in revenue per treatment of 6%, same market growth of 5% and a 4% increase in contributions from

acquisitions, partially offset by of the negative impact of exchange rate fluctuations of approximately 10% as well as the effect of one less dialysis day of 1%.

Total dialysis product revenue for 2009 decreased by 2% (6% increase at constant exchange rates) to $2,079 million. Increased pharmaceutical sales especially related to newly licensed intraveneous iron products, and increased sales of dialyzers, bloodlines, hemodialysis solutions and concentrates as well as sales of products for acute care treatment were more than offset by the negative impact of exchange rate fluctuations (8%) and lower sales of hemodialysis machines.

Operating Income

Operating income increased by 3% to $637 million. Operating income margin increased to 17.5% for the year ended December 31, 2009 from 17.1% for the same period in 2008 due to lower production costs as a result of lower prices for certain raw material and energy, economies of scale and the positive effect of an inventory adjustment in the first quarter of 2009, partially offset by unfavorable foreign currency transaction effects related to the purchase of products produced in Europe and Japan due to the appreciation of the Euro and Yen against local currencies.

Year ended December 31, 2008 compared to year ended December 31, 2007

Consolidated Financials

Key Indicators for Consolidated Financials

			Change in %	
	2008	2007	as reported	at constant exchange rates
Number of treatments	27,866,573	26,442,421	5%	
Same market treatment growth in %	4.5%	3.9%		
Revenue in $ million	10,612	9,720	9%	8%
Gross profit in % of revenue	34.2%	34.5%		
Selling, general and administrative costs in % of revenue	17.7%	17.6%		
Net income attributable to FMC-AG & Co. KGaA in $ million	818	717	14%	

We provided 27,866,573 treatments during the year ended December 31, 2008, an increase of 5% over the same period in 2007. Same market treatment growth contributed 4% and growth from acquisitions contributed 1%.

At December 31, 2008, we owned, operated or managed (excluding those managed but not consolidated in the U.S.) 2,388 clinics compared to 2,238 clinics at December 31, 2007. During 2008, we acquired 48 clinics, opened 127 clinics and combined or closed 25 clinics. The number of patients treated in clinics that we own, operate or manage (excluding patients of clinics managed but not consolidated in the U.S.) increased by 6% to 184,086 at December 31, 2008 from 173,863 at December 31, 2007. Including 32 clinics managed but not consolidated in the U.S., the total number of patients was 185,768.

Net revenue increased by 9% (8% at constant exchange rates) for the year ended December 31, 2008 over 2007 due to growth in revenue in both dialysis care and dialysis products.

Dialysis care revenue grew by 7% to $7,737 million (6% at constant exchange rates) in 2008 mainly due to growth in same market treatments (4%), revenue per treatment (2%), acquisitions (1%), and exchange rate fluctuations (1%), partially offset by sold or closed clinics (1%).

Dialysis product revenue increased by 15% to $2,875 million (11% at constant exchange rates) mainly as a result of increased sales of hemodialysis machines, dialyzers, bloodlines, concentrates, and peritoneal dialysis products and higher revenues attributable to the phosphate binding drug, PhosLo® and to the sales of the newly licensed intravenous iron products.

The decrease in gross margin reflects reductions in gross margin in the International segment. North America was impacted by higher personnel and other operating costs, decreased utilization of and reduced reimbursement rates for EPO, higher material costs, and increased costs for the anticoagulant drug heparin, fully offset by increased commercial payor revenue. International was affected by strong growth in dialysis care business which has lower than average margins and unfavorable foreign currency transaction effects related to purchases from Europe due to the appreciation of the Euro against local currencies. Both segments experienced higher depreciation expense in 2008 as compared to 2007 as a result of expansion of production capacities. The availability of these new capacities allowed a more normalized summer maintenance program in our International facilities, in contrast to the prior year's shortened program.

Selling, general and administrative ("SG&A") costs increased to $1,876 million in 2008 from $1,709 million in 2007. SG&A costs as a percentage of sales increased to 17.7% in 2008 from 17.6% in 2007. The percentage increased in the North America segment and decreased in the International segment. North America was impacted by higher personnel costs and higher bad debt expense, partially offset by economies of scale and gains on the sale of noncontrolling interests in subsidiaries. International benefited from lower foreign currency losses in Europe, lower bad debt expense and with respect to SG&A as a percentage of sales, from revenue growth in excess of the increase of SG&A. These were partially offset by higher corporate expenses relating to the operating expenses of Renal Solutions Inc., reported under corporate, and compensation expense for stock options. Bad debt expense for the year ended December 31, 2008 was $214 million as compared to $202 million in 2007, representing 2.0% of sales for the year ended December 31, 2008 and 2.1% for 2007.

Research and development ("R&D") expenses increased to $80 million in 2008 from $67 million for the same period in 2007 mainly as a result of the additional R&D programs related to continued development of hemodialysis machines, field testing of new products and extracorporeal and home therapy programs.

Operating income increased to $1,672 million in 2008 from $1,580 million for 2007. Operating income margin decreased to 15.8% for the year ended December 31, 2008 from 16.3% for 2007 due to the decreased gross margins, increased SG&A as a percentage of sales, and increased R&D costs as discussed above.

Interest expense decreased 10% to $361 million in 2008 from $400 million for 2007 mainly as a result of decreased interest rates and the more favorable financing structure following the repayment of a portion of our trust preferred securities. This was partially offset by the slightly increased debt level resulting from the acquisition of Renal Solutions, Inc. in the fourth quarter of 2007 as well as higher capital expenditures in 2008.

Income tax expense increased to $476 million for the year ended December 31, 2008 from $454 million in 2007 due to increased earnings. The effective tax rate for 2008 decreased to 35.6% from 37.5% for 2007 mainly due to a German corporate tax rate reduction which became effective January 1, 2008.

Net income attributable to FMC-AG & Co. KGaA for 2008 increased to $818 million from $717 million for 2007 mainly as a result of the combined effects of the items discussed above.

We employed 64,666 people (full-time equivalents) as of December 31, 2008 compared to 61,406 as of December 31, 2007, an increase of 5% primarily due to our overall growth in business.

The following discussions pertain to our business segments and the measures we use to manage these segments.

North America Segment

Key Indicators for North America Segment

	2008	2007	Change in %
Number of treatments	19,146,084	18,451,381	4%
Same market treatment growth in %	2.9%	2.9%	
Revenue in $ million	7,005	6,663	5%
Depreciation and amortization in $ million	238	220	8%
Operating income in $ million	1,168	1,130	3%
Operating income margin in %	16.7%	17.0%	

Revenue

Treatments increased by 4% for the year ended December 31, 2008 as compared to 2007 due to same market growth (3%) and acquisitions (1%). At December 31, 2008, 125,857 patients (a 4% increase over the same period in the prior year) were being treated in the 1,686 clinics that we own or operate in the North America segment, compared to 121,431 patients treated in 1,602 clinics at December 31, 2007. Average North America revenue per treatment was $326 for the year ended December 31, 2008 and $323 for 2007. In the U.S., average revenue per treatment was $330 for the year ended December 31, 2008 and $327 in 2007, mainly due to increased commercial payor revenue.

Net revenue for the North America segment for 2008 increased as a result of increases in dialysis care revenue by 4% to $6,247 million from $6,002 million in 2007 and in dialysis product revenue by 15% to $758 million from $661 million in 2007.

The dialysis care revenue increase was driven by same market treatment growth of 3%, increased revenue per treatment (1%), and 1% resulting from acquisitions partially offset by the effects of sold or closed clinics (1%). The administration of EPO represented approximately 20% and 21% of total North America dialysis care revenue for 2008 and 2007, respectively.

The product revenue increase was driven mostly by a higher sales volume of dialysis machines, concentrate, bloodlines, dialyzers, and peritoneal products, as well as increased pricing and sales of the newly licensed intravenous iron products and higher revenue attributable to the phosphate binding drug, PhosLo®, which we acquired in late 2006. However, we experienced substantial reductions in our PhosLo® sales following a competitor's launch of a generic version of PhosLo® in the U.S. in October 2008.

Operating Income

Operating income increased by 3% to $1,168 million for 2008 from $1,130 million for 2007. Operating income margin decreased to 16.7% for 2008 as compared to 17.0% for 2007 primarily due to increased personnel and other operating costs, higher raw material costs, decreased utilization of and reduced reimbursement rates for EPO, heparin cost increases, and higher depreciation expense due to expansion of production capacities, partially offset by increased commercial payor revenue. Cost per treatment increased to $273 in 2008 from $267 in 2007.

International Segment

Key Indicators for International Segment

	2008	2007	Change in % as reported	Change in % at constant exchange rates
Number of treatments	8,720,489	7,991,040	9%	
Same market treatment growth in %	8.6%	6.2%		
Revenue in $ million	3,606	3,057	18%	13%
Depreciation and amortization in $ million	171	141	21%	
Operating income in $ million	616	544	13%	
Operating income margin in %	17.1%	17.8%		

Revenue

Treatments increased by 9% in 2008 over 2007 mainly due to same market growth (9%), and acquisitions (1%), partially offset by sold or closed clinics (1%). As of December 31, 2008, 58,229 patients (a 11% increase over the prior year) were being treated at 702 clinics that we own, operate or manage in the International segment compared to 52,432 patients treated at 636 clinics at December 31, 2007. Average revenue per treatment increased to $171 from $152 due to increased reimbursement rates and changes in country mix ($11) and the strengthening of local currencies against the U.S. dollar ($8).

The increase in net revenues for the International segment for 2008 over 2007 resulted from increases in both dialysis care and dialysis product revenues. Organic growth during the period was 12% and acquisitions contributed approximately 1%. Exchange rate fluctuations contributed 5%.

Including the effects of acquisitions, European region revenue increased 19% (12% at constant exchange rates), Latin America region revenue increased 23% (19% at constant exchange rates), and Asia Pacific region revenue increased 12% (11% at constant exchange rates).

Total dialysis care revenue for the International segment increased during 2008 by 23% (18% at constant exchange rates) to $1,490 million from $1,211 million for 2007. This increase is a result of same market treatment growth of 9% and a 1% increase in contributions from acquisitions and one additional dialysis day (1%), partially offset by sold or closed clinics (1%). Increases in revenue per treatment contributed 8% and exchange rate fluctuations contributed approximately 5%.

Total dialysis product revenue for 2008 increased by 15% (10% at constant exchange rates) to $2,117 million mostly due to higher dialyzer and machine sales.

Operating Income

Operating income increased by 13% to $616 million primarily as a result of increases in the number of treatments, revenue per treatment and increases in units of products sold. Operating income margin decreased to 17.1% for the year ended December 31, 2008 from 17.8% in 2007. The margin decrease resulted from the effects of stronger growth in dialysis care business which has lower than average margins and higher depreciation expense due to expansion of production capacities. The availability of these new capacities allowed a more normalized summer maintenance program in our facilities in 2008, in contrast to the prior year's shortened program. In addition, the International margin was impacted by unfavorable foreign currency transaction effects in Asia Pacific related to purchase of products from Europe due to the appreciation of the Euro against local currencies.

LIQUIDITY AND CAPITAL RESOURCES

Liquidity

Our primary sources of liquidity have historically been cash from operations, cash from borrowings from third parties and related parties, as well as cash from issuance of equity and debt securities. We require this capital primarily to finance working capital needs, to fund acquisitions and develop free-standing renal dialysis centers, to purchase equipment for existing or new renal dialysis centers and production sites, to repay debt and to pay dividends.

At September 30, 2010 and December 31, 2009, we had cash and cash equivalents of $572 million and $301 million, respectively and short-term bank deposits with an initial term in excess of three months of $136 million and $0, respectively. For information regarding utilization and availability under our Amended 2006 Senior Credit Agreement, see Note 6, "Long-term Debt and Capital Lease Obligations" in our Notes to unaudited Consolidated Financial Statements included in this offering memorandum.

Operations

In the first nine months of 2010 and 2009, we generated cash flows from operations of $1,027 million and $880 million, respectively, and in the years 2009, 2008 and 2007, we generated cash flows from operations of $1,339 million, $1,016 million and $1,200 million, respectively. Cash from operations is impacted by the profitability of our business, the development of our working capital (current assets less current liabilities "Working Capital"), principally receivables, and cash outflows that occur due to a number of singular specific items (especially payments in relation to disallowed tax deductions and legal proceedings). The increase in 2010 versus 2009 was mainly a result of improvements in elements of Working Capital, decreased levels of inventory and increased earnings, partially offset by higher income tax payments. In addition, there was unfavorable days sales outstanding ("DSO") development in first nine months of 2010 as compared to the same period in 2009.

The profitability of our business depends significantly on reimbursement rates. Approximately 76% of our revenues are generated by providing dialysis treatment, a major portion of which is reimbursed by either public healthcare organizations or private insurers. For the nine-month period ended September 30, 2010 and the year ended December 31, 2009, approximately 33% of our consolidated revenues were attributable to U.S. federal healthcare 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. In the past we experienced and, after the implementation of the new ESRD PPS, also expect in the future generally stable reimbursements for our dialysis services. This includes the balancing of unfavorable reimbursement changes in certain countries with favorable changes in other countries. See "Overview" above for a discussion of recent Medicare reimbursement rate changes including provisions for implementation of a "bundled rate" for dialysis services provided after January 1, 2011.

Our Working Capital was $1,576 million at September 30, 2010 which decreased from $2,118 million at December 31, 2009 and increased from $1,068 million at December 31, 2008. The net decrease from December 31, 2009 to September 30, 2010 was mainly as a result of the reclassification of the Trust Preferred Securities into short-term debt, increased short-term borrowings under the accounts receivable facility and an increase in accrued expenses and other current liabilities, partially offset by an increase in cash and cash equivalents, trade accounts receivable and prepaid expenses and other current assets. Our Trust Preferred Securities are due on June 15, 2011 and as a result, $634 million ($656 million at December 31, 2009 exchange rates) was reclassified as short-term debt during the second quarter of 2010. The increase from December 31, 2008 to December 31, 2009 was mainly as a result of decreases in short-term debt mostly as a result of the repayment of short-term Euro Notes in the third quarter of 2009 with the proceeds from the issuance of new long-term debt in the second quarter of 2009; increases in prepaid expenses, inventories, accounts receivables from related parties and cash, and a decrease in the accounts receivable facility. Our ratio of current assets to current liabilities was 1.4 at September 30, 2010.

We will focus our financing activities in the coming years on replacing subordinated debt, including our Trust Preferred Securities, as necessary with senior debt. We obtained some financing during 2010 through the January issuance of €250 million principal amount of senior notes and through the amendment and extension of our 2006 Senior Credit Agreement, see "Financing" below. We have sufficient financial resources, consisting of only partly drawn credit facilities and our accounts receivable facility, which was recently renewed and increased from $650 million to $700 million. We intend, through the issuance of the Notes offered hereby and by obtaining additional financing, to maintain sufficient financial resources in the coming years, with a minimum of $300 to $500 million of committed and unutilized credit facilities.

Cash from operations depends on the collection of accounts receivable. Customers and governments generally have different payment cycles. A lengthening of their payment cycles could have a material adverse effect on our capacity to generate cash flow. In addition, we could face difficulties in enforcing and collecting accounts receivable under some countries' legal systems. Accounts receivable balances at September 30, 2010, December 31, 2009 and December 31, 2008, net of valuation allowances, represented DSO of approximately 73, 72 and 77, respectively.

The development of DSO by operating segment is shown in the table below:

	September 30, 2010	December 31, 2009	December 31, 2008
North America days sales outstanding	53	52	60
International days sales outstanding	114	110	107
FMC-AG & Co. KGaA average days sales outstanding	73	72	77

DSO performance in the North America segment continued to be strong between December 31, 2009 and September 30, 2010. The increase in DSO for the International segment mainly reflects slight average payment delays by government and private entities most recently impacted by the worldwide financial crises. Due to the fact that a large portion of our reimbursement is provided by public healthcare organizations and private insurers, we expect that most of our accounts receivables will be collectable, albeit potentially slightly more slowly in the International segment in the immediate future, particularly in countries which continue to be severely affected by the global financial crisis. Interest and income tax payments also have a significant impact on our cash from operations. We anticipate a slight increase in DSO in the North America segment in 2011 as a result of the implementation of the ESRD PPS for dialysis services provided after January 1, 2011 due to the coordination of insurance coverage between the U.S. federal and state governments.

There are a number of tax and other items we have identified that will or could impact our cash flows from operations in the immediate future as follows:

We filed claims for refunds contesting the Internal Revenue Service's ("IRS") disallowance of FMCH's civil settlement payment deductions taken by Fresenius Medical Care Holdings, Inc. ("FMCH") in prior year tax returns. As a result of a settlement agreement with the IRS, we received a partial refund in September 2008 of $37 million, inclusive of interest and preserved our right to pursue claims in the United States Courts for refunds of all other disallowed deductions. On December 22, 2008, we 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 June 24, 2010, the court denied FMCH's motion for summary judgment and the litigation is proceeding towards trial.

For the tax year 1997, we recognized an impairment of one of our subsidiaries which the German tax authorities disallowed in 2003 at the conclusion of its audit for the years 1996 and 1997. We have filed a complaint with the appropriate German court to challenge the tax authority's decision.

The IRS tax audits of FMCH for the years 2002 through 2006 have been completed. The IRS has disallowed all deductions taken during these audit periods related to intercompany mandatorily redeemable preferred shares. We have protested the disallowed deductions and will avail ourselves of all remedies. An adverse determination with respect to the disallowed deductions related to intercompany mandatorily redeemable preferred shares could have a material adverse effect on our results of operations and liquidity. In addition, the IRS proposed other adjustments which have been recognized in our financial statements.

We are subject to ongoing and future tax audits in the U.S., Germany and other jurisdictions. We have received notices of unfavorable adjustments and disallowances in connection with certain of the audits, including those described above. We are contesting, including appealing, certain of these unfavorable determinations. If our objections and any final audit appeals are unsuccessful, we could be required to make additional tax payments, including payments to state tax authorities reflecting the adjustments made in our federal tax returns in the U.S. With respect to other potential adjustments and disallowances of tax matters currently under review, where tentative agreement has been reached, we do not anticipate that an unfavorable ruling could have a material impact on our results of operations. We are not currently able to determine the timing of these potential additional tax payments.

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. The settlement agreement with the asbestos creditors committees on behalf of the W.R. Grace & Co. bankruptcy estate (see Note 11, "Commitments and Contingencies — Legal Proceedings — Commercial Litigation," of the Notes to our unaudited consolidated financial statements included in this offering memorandum) provides for payment by the Company of $115 million upon approval of the settlement agreement by the U.S. District Court, which has occurred, and confirmation of a W.R. Grace & Co. bankruptcy reorganization plan that includes the settlement. The $115 million obligation was included in the special charge we recorded in 2001 to address 1996 merger-related legal matters. The payment obligation is not interest-bearing.

If the potential additional tax payments discussed above and the Grace Chapter 11 Proceedings settlement payment were to occur contemporaneously, there could be a material adverse impact on our operating cash flow in the relevant reporting period. Nonetheless, we anticipate that cash from operations and, if required, our senior credit agreement and other sources of liquidity will be sufficient to satisfy all such obligations if and when they come due.

Investing

We used net cash of $709 million and $445 million in investing activities in the nine-month periods ended September 30, 2010 and 2009, respectively and net cash of $698 million, $891 million and $777 million in investing activities in 2009, 2008 and 2007, respectively.

Capital expenditures for property, plant and equipment, net of disposals were $339 million in the first nine months of 2010 and $388 million in the same period in 2009. In the first nine months of 2010, capital expenditures were $200 million in the North America segment and $139 million for the International segment. Capital expenditures in the first nine months of 2009 were $208 million in the North America segment and $180 million for the International segment. The majority of our capital expenditures was used for maintaining existing clinics, equipping new clinics, and maintenance and expansion of production facilities primarily in North America and Germany and capitalization of machines provided to our customers, primarily in the International segment. Capital expenditures were approximately 4% and 5% of total revenue in the first nine months of 2010 and 2009, respectively.

Capital expenditures for property, plant and equipment, net of disposals were $562 million in 2009, $673 million in 2008 and $543 million in 2007. In 2009, capital expenditures were $295 million in the North America segment and $267 million for the International segment. Capital expenditures in 2008 were $384 million in the North America segment and $289 million for the International segment. In 2007, capital expenditures were $314 million in the North America Segment and $229 million for the International Segment. The majority of our capital expenditures was used for maintaining existing clinics, equipping new clinics, and maintenance and expansion of production facilities primarily in North America, Germany, France, Japan and China and capitalization of machines provided to our customers, primarily in the International segment. Capital expenditures were approximately 5%, 6% and 6% of total revenue for 2009, 2008 and 2007, respectively.

We invested approximately $247 million cash in the first nine months of 2010, primarily for acquisitions of dialysis clinics ($52 million in the North America segment, $189 million in the International segment and $6 million at Corporate), as compared to $109 million cash in the same period of 2009 ($52 million in the North America segment and $57 million in the International segment). In addition, we invested €100 million ($131 million at September 30, 2010) in short-term investments with banks during the first nine months of 2010. We

also received $8 million and $52 million in conjunction with divestitures in the first nine months of 2010 and 2009, respectively.

We invested approximately $188 million cash in 2009, primarily for acquisitions of dialysis clinics and recently acquired pharmaceutical licenses, ($124 million in the North America segment, $64 million in the International segment) as compared to $227 million cash in 2008 ($113 million in the North America segment, $57 million in the International segment and $57 million at Corporate) and $143 million in 2007 ($63 million in the North America segment and $80 million in the International segment). In addition, in 2007 we paid approximately $120 million in conjunction with the Renal Solutions acquisition. We also received $2 million, $59 million and $29 million in conjunction with divestitures in 2009, 2008 and 2007, respectively.

In 2008, we granted a loan of $50 million to Fresenius SE, our parent, which was repaid on April 30, 2009. See "Management — Related Party Transactions — Financing."

We anticipate capital expenditures of approximately $550 to $650 million and expect to make acquisitions of up to $500 million in 2010. See "Outlook" below.

Financing

Net cash used in financing was $51 million in the first nine months of 2010 compared to net cash used in financing of $437 million in the first nine months of 2009. Net cash used in financing was $558 million in 2009 compared to $156 million in 2008 and $341 million in 2007.

In the first nine months of 2010, cash was used to reduce borrowings under our credit facilities and to pay dividends. This was partially offset by the issuance of 5.50% Senior Notes in January 2010 and drawings under our accounts receivable facility. In the first nine months of 2009, cash was mainly used for the repayment of the current portion of long-term debt, reducing the amount outstanding under our accounts receivable securitization program and the payment of dividends, partially offset by the issuance of long-term debt and borrowings under other existing long-term debt facilities.

For further discussion of our 2010 acquisitions and investments, see "— Our Strategy and Competitive Strengths — Growth Paths — Path 2 — Acquisitions" and "— Path 3 — Horizontal Expansion."

In 2009, cash was mainly used for the repayment of the current portion of long-term debt including the Euro Notes in the amount of $279 million (€200 million) that were due and repaid on July 27, 2009, reducing the amount outstanding under our accounts receivable securitization program, and the payment of dividends partially offset by the issuance of long-term debt and borrowings under other existing long-term debt facilities. In 2008, cash was mainly used for redemption of trust preferred securities ($678 million), the payment of dividends ($252 million) and the payment in November 2008 of the remaining financial liability relating to the 2007 RSI Acquisition ($56 million); we raised cash from our accounts receivable securitization facility ("A/R Facility") and other existing long-term credit facilities. In 2007, cash was mainly used to pay down our A/R Facility and other debt and for payment of dividends; we raised net proceeds of $484 million from the issuance of our 6⅞% Senior Notes due 2017 ("6⅞% Senior Notes") in July 2007.

On September 29, 2010, we amended and extended the 2006 Senior Credit Agreement (as amended to-date and as it may be further modified or amended, our "Amended 2006 Senior Credit Agreement"). The significant changes are as follows:

- The $1,000 million revolving credit facility has been increased to $1,200 million and is now due and payable on March 31, 2013, an extension from the original due date of March 31, 2011.
- The Term Loan A facility, which was increased by $50 million to $1,365 million and its maturity extended from March 31, 2011 to March 31, 2013, will be repaid in quarterly payments of $30 million starting on December 31, 2010, with the remaining balance due and payable in full on March 31, 2013.
- The early repayment requirement for the Term Loan B, which stipulated that Term Loan B was subject to early retirement if the Trust Preferred Securities due June 15, 2011 were not paid, refinanced or extended prior to March 1, 2011, has been removed.

- The definition of the Company's Consolidated Leverage Ratio, which is used to determine the applicable margin, was amended to allow for the reduction of up to $250 million (increased from $30 million) of cash and cash equivalents from Consolidated Funded Debt, as defined in the initial 2006 Senior Credit Agreement. The applicable margin is then added to LIBOR to determine the interest rate for the appropriate period. In addition, the Amended 2006 Senior Credit Agreement includes increases in certain types of permitted borrowings outside of the Amended 2006 Senior Credit Agreement and provides further flexibility for certain types of investments.
- The limitation on dividends and other restricted payments ($300 million for dividends in 2010 under the 2006 Senior Credit Agreement) has been set for up to $330 million in 2011 and increases by $30 million each year through 2013.

On September 28, 2010, we renewed our accounts receivable facility and increased available borrowings under the facility from $650 million to $700 million.

On May 11, 2010, we paid a dividend with respect to 2009 of €0.61 per ordinary share (for 2008 paid in 2009: €0.58) and €0.63 per preference share (for 2008 paid in 2009: €0.60). The total dividend payment was €183 million ($232 million) compared to €173 million ($232 million) in 2009 with respect to 2008.

On February 17, 2010, a €50 million ($68.2 million at September 30, 2010) loan was disbursed from our 2009 agreement with the European Investment Bank ("EIB"). The loan is due in 2014. In addition, on March 15, 2010, we drew down the remaining $80.8 million available on our 2005 revolving credit agreement with the EIB, maturing in 2013. Both loans bear variable interest rates which are based on EURIBOR or LIBOR, as applicable, plus an applicable margin. These interest rates change every three months.

On January 20, 2010, our wholly owned subsidiary, FMC Finance VI S.A., issued €250 million ($353.3 million at date of issuance) aggregate principal amount of 5.50% Senior Notes at an issue price of 98.6636% of the principal amount. The 5.50% Senior Notes had a yield to maturity of 5.75% and are due July 15, 2016. Proceeds were used to repay short-term indebtedness and for general corporate purposes. The 5.50% Senior Notes are guaranteed on a senior basis jointly and severally by us, Fresenius Medical Care Holdings, Inc. and Fresenius Medical Care Deutschland GmbH.

The following table summarizes, as of December 31, 2009, our obligations and commitments to make future payments under our long-term debt, trust preferred securities and other long-term obligations, and our commitments and obligations under lines of credit and letters of credit.

Obligations

Contractual Obligations and Commitments	Total	Payments due by period of 1 Year	2-5 Years	Over 5 Years
			in millions	
Trust Preferred Securities[(a)]	$ 732	$ 50	$ 682	$ —
Long Term Debt[(b)(c)]	5,218	344	4,261	613
Capital Lease Obligations	20	5	10	5
Operating Leases	2,551	455	1,294	802
Unconditional Purchase Obligations	2,414	408	1,044	962
Other Long-term Obligations	48	35	12	1
Letters of Credit	97	97	—	—
	$11,080	$1,394	$7,303	$2,383

(a) Interest payments are determined on these debt instruments until their respective maturity dates and based on their applicable balances and fixed interest rates for each period presented.

(b) Includes expected interest payments which are based upon the principal repayment schedules and fixed interest rates or estimated variable interest rates considering the applicable interest rates (e.g. Libor, Prime), the applicable margins, and the effects of related interest rate swaps.

(c) Excludes our 5.50% Senior Notes due 2016 issued on January 20, 2010 ("5.50% Senior Notes").

Available Sources of Liquidity	Total	Expiration per period of 1 Year	2-5 Years
		in millions	
Accounts receivable facility[(a)]	$ 436	$436	$ —
2006 Senior Credit Agreement	308	—	308
Other Unused long-term Lines of Credit	98	—	98
Other Unused short-term Lines of Credit	209	209	—
	$1,051	$645	$406

(a) Subject to availability of sufficient accounts receivable meeting funding criteria.

The amount of guarantees and other commercial commitments at December 31, 2009 is not significant.

Outlook

In November 2010, we increased our estimated net income attributable to FMC-AG & Co. KGaA for 2010 from $950 - $980 million to $960 - $980 million. During the second quarter of 2010, we had increased our estimated expenditures for acquisitions in 2010 from up to $400 million to up to $500 million. Otherwise, we confirm our outlook for the full year 2010 as depicted in the table below:

	2010 ($ in millions)
Net Revenues	> $12,000
Net Income attributable to FMC-AG & Co. KGaA	$960-$980
Debt/EBITDA	< 2.5x
Capital Expenditures	~$550-$650

Debt covenant disclosure — EBITDA

EBITDA (earnings before interest, tax, depreciation and amortization expenses) was approximately $1,754 million, 19.7% of revenues for the nine-month period ended September 30, 2010, and $1,599 million, 19.5% of revenues for the same period of 2009. For the years ended December 31, 2009, 2008 and 2007, EBITDA was $2,213 million (19.7% of revenues), 2,088 million (19.7% of revenues) and $1,943 million (20.0% of revenues), respectively. EBITDA is the basis for determining compliance with certain covenants contained in our Amended 2006 Senior Credit Agreement, Euro Notes, EIB agreements, and the indentures relating to our 6⅞% Senior Notes, our 5.50% Senior Notes and our outstanding Trust Preferred Securities. 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. In addition, not all funds depicted by EBITDA are available for management's discretionary use. For example, a substantial portion of such funds are subject to contractual restrictions and functional requirements for debt service, to fund necessary capital expenditures and to meet other commitments from time to time as described in more detail elsewhere in this offering memorandum. EBITDA, as calculated, may not be comparable to similarly titled measures reported by other companies.

A reconciliation of EBITDA to cash flow provided by operating activities, which we believe to be the most directly comparable U.S. GAAP financial measure, is calculated as follows:

Reconciliation of measures for consolidated totals

	For the nine months ended September 30,	
	2010	2009
	(in thousands)	
Total EBITDA	$1,754,318	$1,598,937
Interest expense (net of interest income)	(206,016)	(224,669)
Income tax expense, net	(409,507)	(345,436)
Change in deferred taxes, net	16,346	59,469
Changes in operating assets and liabilities	(143,529)	(225,591)
Stock compensation expense	20,385	22,822
Other items, net	(4,863)	(5,047)
Net cash provided by operating activities	$1,027,134	$ 880,485

	For the years ended December 31,		
	2009	2008	2007
		(in thousands)	
Total EBITDA	$2,212,681	$2,088,103	$1,943,451
Interest expense (net of interest income)	(299,963)	(336,742)	(371,047)
Income tax expense, net	(490,413)	(475,702)	(453,765)
Change in deferred taxes, net	22,002	133,047	1,177
Changes in operating assets and liabilities	(139,494)	(403,123)	51,933
Compensation expense	33,746	31,879	24,208
Other items, net	58	(21,064)	3,617
Net cash provided by operating activities	$1,338,617	$1,016,398	$1,199,574

Balance Sheet Structure

Total assets as of September 30, 2010 increased to $16.7 billion compared to $15.8 billion at year-end 2009. Current assets as a percent of total assets increased to 32% at September 30, 2010 from 30% at December 31, 2009. The equity ratio, the ratio of our equity divided by total liabilities and shareholders' equity, was 43% at September 30, 2010 and December 31, 2009.

Recently Issued Accounting Standards

For a discussion of recently issued accounting standards, see Note 1, "The Company, Basis of Presentation and Summary of Significant Accounting Policies — Summary of Significant Accounting Policies — u) Recent Pronouncements" of the Notes to our audited consolidated financial statements included in this offering memorandum.

QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Market Risk

Our businesses operate in highly competitive markets and are subject to changes in business, economic and competitive conditions. Our business is subject to:

- changes in reimbursement rates;
- intense competition;
- 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 healthcare sector;and
- the availability of financing.

Our business is also subject to other risks and uncertainties that we describe from time to time in our public filings. See "Risk Factors." 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.

Reimbursement Rates

We obtained approximately 33% of our worldwide revenue for the nine months ended September 30, 2010 and the year ended December 31, 2009 from sources subject to regulations under U.S. government healthcare programs. In the past, U.S. budget deficit reduction and healthcare reform measures have changed the reimbursement rates under these programs, including the Medicare composite rate, the reimbursement rate for EPO, and the reimbursement rates for other dialysis and non-dialysis related services and products, as well as other material aspects of these programs which, commencing with 2011, provide for reimbursement on a "bundled" rate basis. See "Business — Regulatory and Legal Matters — Reimbursement" and "— Healthcare Reform."

We also obtain a significant portion of our net revenues from reimbursement by non-government payors. Historically, these payors' reimbursement rates generally have been higher than government program rates in their respective countries. However, non-governmental payors are imposing cost containment measures that are creating significant downward pressure on reimbursement levels that we receive for our services and products.

Inflation

The effects of inflation during the periods covered by the consolidated financial statements have not been significant to our results of operations. However, a major portion of our net revenues from dialysis care are subject to reimbursement rates regulated by governmental authorities, and a significant portion of other revenues, especially revenues from the U.S., is received from customers whose revenues are subject to these regulated reimbursement rates. Non-governmental payors are also exerting downward pressure on reimbursement rates. Increased operation 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

We are primarily exposed to market risk from changes in foreign exchange rates and changes in interest rates. In order to manage the risks from these foreign exchange rate and interest rate fluctuations, we enter into various hedging transactions, as authorized by the Management Board of the general partner, with banks which generally have ratings in the "A" Category or better. We do not use financial instruments for trading or other speculative purposes.

Fresenius SE, as provided for under a service agreement, conducts financial instrument activity for us and its other subsidiaries under the control of a single centralized department. Fresenius SE has established guidelines, that we have agreed to, for risk assessment procedures and controls for the use of financial instruments. They include a clear segregation of duties with regard to execution on one side and administration, accounting and controlling on the other.

Foreign Exchange Risk

We conduct our business on a global basis in various currencies, although our operations are located principally in the United States and Germany. For financial reporting purposes, we have chosen the U.S. dollar as our reporting currency. Therefore, changes in the rate of exchange between the U.S. dollar and the local currencies in which the financial statements of our international operations are maintained, affect our results of operations and financial position as reported in our consolidated financial statements. We have consolidated the

balance sheets of our non-U.S. dollar denominated operations into U.S. dollars at the exchange rates prevailing at the balance sheet date. Revenues and expenses are translated at the average exchange rates for the period.

Our exposure to market risk for changes in foreign exchange rates relates to transactions such as sales and purchases. We have significant amounts of sales of products invoiced in euro from our European manufacturing facilities to our other international operations. This exposes our subsidiaries to fluctuations in the rate of exchange between the euro and the currency in which their local operations are conducted. For the purpose of hedging existing and foreseeable foreign exchange transaction exposures we enter into foreign exchange forward contracts and, on a small scale, foreign exchange options. Our policy, which has been consistently followed, is that financial derivatives be used only for purposes of hedging foreign currency exposures. We have not used such instruments for purposes other than hedging.

In connection with intercompany loans in foreign currency, we normally use foreign exchange swaps thus assuring that no foreign exchange risks arise from those loans.

The Company is exposed to potential losses in the event of non-performance by counterparties to financial instruments. We do not expect any counterparty to fail to meet its obligations. The current credit exposure of foreign exchange derivatives is represented by the fair value of those contracts with a positive fair value at the reporting date. The table below provides information about our foreign exchange forward contracts at December 31, 2009. The information is provided in U.S. dollar equivalent amounts. The table presents the notional amounts by year of maturity, the fair values of the contracts, which show the unrealized net gain (loss) on existing contracts as of December 31, 2009, and the credit risk inherent to those contracts with positive market values as of December 31, 2009. All contracts expire within 35 months after the reporting date.

Foreign Currency Risk Management

December 31, 2009
(USD in millions)
Nominal Amount

	2010	2011	2012	Total	Fair value	Credit risk
Purchase of EUR against US$	$ 309	697	—	$1,006	$ 7	$ 9
Sale of EUR against US$	85	—	—	85	(1)	—
Purchase of EUR against others	595	39	—	634	(2)	9
Sale of EUR against others	40	—	—	40	—	—
Others	55	7	—	62	1	3
Total	$1,084	743	—	$1,827	$ 5	$21

A summary of the high and low exchange rates for the euro to U.S. dollars and the average exchange rates for the last five years is set forth below. The European Central Bank ("ECB") determines such rates ("Reference Rates") based on the regular daily averaging of rates between central banks within and outside the European banking system. The ECB normally publishes the Reference Rates daily at 2:15 p.m. (CET). In preparing our consolidated financial statements and in converting certain U.S. dollar amounts in this offering memorandum, we have used the following Year's Average Reference Rate of $1.3948 or Year's Close Reference Rate of $1.4406 per €1.00.

Year ending December 31,		Year's High	Year's Low	Year's Average	Year's Close
2005	US$ per EUR	1.3507	1.1667	1.2442	1.1797
2006	US$ per EUR	1.3331	1.1826	1.2558	1.3170
2007	US$ per EUR	1.4874	1.2893	1.3705	1.4721
2008	US$ per EUR	1.5990	1.2460	1.4713	1.3917
2009	US$ per EUR	1.5120	1.2555	1.3948	1.4406

Foreign Exchange Sensitivity Analysis

In order to estimate and quantify the transaction risks from foreign currencies, the Company considers the cash flows reasonably expected for the three months following the reporting date as the relevant assessment basis for a sensitivity analysis. For this analysis, the Company assumes that all foreign exchange rates in which the Company had unhedged positions as of the reporting date would be negatively impacted by 10%. By multiplying the calculated unhedged risk positions with this factor, the maximum possible negative impact of the foreign exchange transaction risks on the Company's results of operations would be $7 million.

Interest Rate Risk

We are exposed to changes in interest rates that affect our variable-rate borrowings. We enter into debt obligations and into accounts receivable securitizations to support our general corporate purposes including capital expenditures and working capital needs. Consequently, we enter into derivatives, particularly interest rate swaps to protect interest rate exposures arising from borrowings at floating rates by effectively swapping them into fixed rates.

We enter into interest rate swap agreements that are designated as cash flow hedges effectively converting the major part of variable interest rate payments due on our Amended 2006 Senior Credit Agreement denominated in U.S. dollars into fixed interest rate payments. The remaining interest rate swaps have been entered into in anticipation of future debt issuances, including the notes offered hereby. Those swap agreements, all of which expire at various dates between 2010 and 2012, bear an average interest rate of 4.29% plus an applicable margin. Interest payable and interest receivable under the swap agreements are accrued and recorded as an adjustment to interest expense at each reporting date. At December 31, 2009, the negative fair value of these agreements is $106 million.

The table below presents principal amounts and related weighted average interest rates by year of maturity for interest rate swaps and for our significant debt obligations.

Interest Rate Exposure

December 31, 2009
(in millions)

	2010	2011	2012	2013	2014	Thereafter	Totals	Fair Value Dec. 31, 2009
FLOATING RATE US$ DEBT								
Principal payments on Senior Credit Agreement.	$ 134	1,550	1,142	379			$3,205	$3,113
Variable interest rate = 1.37%								
Accounts receivable securitization programs	$ 214						$ 214	$ 214
Variable interest rate = 0.41%								
EIB loans	$			84			$ 84	$ 84
Variable interest rate = 0.38%								
FLOATING RATE € DEBT								
Principal payments on Senior Credit Agreement.	$	317					$ 317	$ 317
Variable interest rate = 1.19%								
Euro Notes 2009/2012	$		172				$ 172	$ 174
Variable interest rate = 6.019%								
Euro Notes 2009/2014	$		5	5	34		$ 44	$ 45
Variable interest rate = 6.519%								
EIB loan	$				130		$ 130	$ 130
Variable interest rate = 0.695%								
FIXED RATE US$ DEBT								
Company obligated mandatorily redeemable preferred securities of subsidiaries								
Fresenius Medical Care Capital Trusts								
Fixed interest rate = 7.875% / issued in 2001	$	224					$ 224	$ 233
Senior Notes 2007/2017; fixed interest rate = 6.875%	$					493	$ 493	$ 499

	2010	2011	2012	2013	2014	Thereafter	Totals	Fair Value Dec. 31, 2009
FIXED RATE € DEBT								
Company obligated mandatorily redeemable preferred securities of subsidiaries								
Fresenius Medical Care Capital Trusts								
Fixed interest rate = 7.375% / issued in 2001	$	432					$ 432	$ 455
Euro Notes 2009/2012	$		51				$ 51	$ 57
Fixed interest rate = 7.4065%								
Euro Notes 2009/2014	$		3	3	15		$ 21	$ 24
Fixed interest rate = 8.3835%								
INTEREST RATE DERIVATIVES								
US$ Payer Swaps Notional amount	$ 250	1,000	1,150				$2,400	$ (106)
Average fixed pay rate = 4.29%	4.28%	4.10%	4.45%				4.29%	
Receive rate = 3-month $LIBOR								

All variable interest rates depicted above are as of December 31, 2009

Interest Rate Sensitivity Analysis

For purposes of analyzing the impact of changes in the relevant reference interest rates on the Company's results of operations, the Company calculates the portion of financial debt which bears variable interest 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 Company assumes an increase in the reference rates of 0.5% compared to the actual rates as of reporting date. The corresponding additional annual interest expense is then compared to the Company's net income. 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 of the Company.

BUSINESS

Our Business

Based on publicly reported sales and number of patients treated, we are the world's largest kidney dialysis company, operating in both the field of dialysis products and the field of dialysis services. See "Renal Industry Overview" below, for a description of our internal information data gathering tool. Our dialysis business is vertically integrated, providing dialysis treatment at our own dialysis clinics and supplying these clinics with a broad range of products. In addition, we sell dialysis products to other dialysis service providers. At September 30, 2010, we provided dialysis treatment to 210,191 patients in 2,716 clinics worldwide located in more than 35 countries. In the U.S. we also perform clinical laboratory testing and provide inpatient dialysis services and other services under contract to hospitals. In the nine months ended September 30, 2010, we provided approximately 23.4 million dialysis treatments, an increase of approximately 7% over the comparable period of 2009, and in 2009, we provided approximately 29.4 million dialysis treatments, an increase of approximately 6% compared to 2008. We also develop and manufacture a full range of equipment, systems and disposable products, which we sell to customers in more than 120 countries. For the year ended December 31, 2009, we had net revenues of $11.2 billion, a 6% increase (9% in constant currency) over 2008 revenues and EBITDA of $2.2 billion. For the twelve months ended September 30, 2010, we had net revenues of $11.8 billion and EBITDA of $2.3 billion. We derived 68% of our revenues for the twelve months ended December 31, 2009 from our North America operations and 32% from our International operations, which include our operations in Europe (22%), Latin America (4%) and Asia Pacific (6%).

We use the insight we gain when treating patients in developing new and improved products. We believe that our size, our activities in both dialysis care and dialysis products and our concentration in specific geographic areas allow us to operate more cost-effectively than many of our competitors.

The following table summarizes net revenues for our North America segment and our International segment as well as our major categories of activity for the nine-month periods ended September 30, 2010 and 2009 and the three years ended December 31, 2009, 2008 and 2007.

	For the nine months ended September 30,				
	2010	2009	2009	2008	2007
			(in millions)		
North America					
Dialysis Care	$5,441	$4,995	$6,794	$6,247	$6,002
Dialysis Products	617	605	818	758	661
	6,058	5,600	7,612	7,005	6,663
International					
Dialysis Care	1,275	1,129	1,556	1,490	1,211
Dialysis Products	1,553	1,483	2,079	2,117	1,846
	2,828	2,612	3,635	3,607	3,057

Renal Industry Overview

We offer life-maintaining and life-saving dialysis services and products in a market which is characterized by favorable demographic development. As a global market leader in dialysis products and dialysis services, Fresenius Medical Care considers it important to possess accurate and current information on the status and development of the global, regional and national markets.

To obtain and manage this information, Fresenius Medical Care created an internal information tool called Market & Competitor Survey (the "MCS"). The MCS is used within the Company as a tool to collect, analyze and communicate current, accurate and essential information on the dialysis market, developing trends, the market position of Fresenius Medical Care and those of its competitors. Country – by – country surveys are performed at

the end of each calendar year which focus on the total number of patients treated for ESRD, the treatment modality selected, products used, treatment location and the structure of ESRD patient care providers. The survey has been refined over the years to facilitate access to more detailed information and to reflect changes in the development of therapies and products as well as changes to the structure of our competitive environment. The questionnaires are distributed to professionals in the field of dialysis who are in a position to provide ESRD-relevant country specific information themselves or who can coordinate appropriate input from contacts with the relevant know-how in each country. The surveys are then centrally validated and checked for consistency by cross-referencing them with the most recent sources of national ESRD information (e.g. registry data or publications if available) and with the results of surveys performed in previous years. All information received is consolidated at a global and regional level and analyzed and reported together with publicly available information published by our competitors.

Except as otherwise specified below, all patient and market data in this offering memorandum has been derived using our MCS.

End-Stage Renal Disease

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. Most patients suffering from ESRD must rely on dialysis, which is the removal of toxic waste products and excess fluids from the body by artificial means. A number of conditions — diabetes, hypertension, glomerulonephritis and inherited diseases — can cause chronic kidney disease. The majority of all people with ESRD acquire the disease as a complication of one or more of these primary conditions.

There are currently only two methods for treating ESRD: dialysis and kidney transplantation. Scarcity of compatible kidneys limits transplants. Therefore, most patients suffering from ESRD rely on dialysis.

We estimate that at the end of 2010, there were approximately 2.608 million ESRD patients worldwide, of which approximately 588,000 kidney patients were living with a transplanted kidney. For many years the number of donated organs worldwide has continued to be significantly lower than the number of patients on transplant waiting lists. Consequently, less than one quarter of the global ESRD population lives with a donor organ and the remainder receive renal replacement therapy in the form of dialysis. Despite ongoing efforts by many regional initiatives to increase awareness of and willingness for kidney donation, the distribution of patients between the various treatment modes has remained nearly unchanged over the past ten years. In both the U.S. and Germany, approximately 30% of all ESRD patients live with a functioning kidney transplant and approximately 70% require dialysis.

There are two major dialysis methods commonly used today, hemodialysis ("HD") and peritoneal dialysis ("PD"). These are described below under "Dialysis Treatment Options for ESRD." Of the estimated 2.020 million dialysis patients treated in 2010, approximately 1.802 million received HD and about 218,000 received PD. Generally, an ESRD patient's physician, in consultation with the patient, chooses the patient treatment method, which is based on the patient's medical conditions and needs. The number of dialysis patients grew by approximately 6-7% in 2010.

The present annual patient growth rate in North America, the largest dialysis market, is approximately 5% per year, while in many developing countries we see annual growth rates of up to or even above 10%. We believe that worldwide growth will continue at around 6% per year. At the end of 2010, there were approximately 487,000 patients in North America (including Mexico), approximately 323,000 dialysis patients in the 27 countries of the European Union (E.U.), approximately 250,000 patients in Europe (excluding the E.U. countries), the Middle East and Africa, approximately 215,000 patients in Latin America (excluding Mexico), and approximately 744,000 patients in Asia (including 301,000 patients in Japan).

Dialysis patient growth rates vary significantly from region to region. A below average increase in the number of patients is experienced in the U.S. and Japan, as well as Western and Central Europe, where patients with terminal kidney failure have had readily available access to treatment, usually dialysis, for many years. In contrast, growth rates in the economically weaker regions were above average, reaching double digit figures in some cases. This indicates that accessibility to treatment is still somewhat limited in these countries, but is gradually improving.

We estimate that about 20% of worldwide patients are treated in the U.S., around 16% in E.U. and approximately 15% in Japan. The remaining 49% of all dialysis patients are distributed throughout more than 120 countries in different geographical regions.

We believe that the continuing growth in the number of dialysis patients is principally attributable to:

- increased general life expectancy and the overall aging of the general population;
- shortage of donor organs for kidney transplants;
- improved dialysis technology that makes life-prolonging dialysis available to a larger patient population;
- greater access to treatment in developing countries; and
- better treatment and survival of patients with hypertension, diabetes and other illnesses that lead to ESRD.

Dialysis Treatment Options for ESRD

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 ours, where hemodialysis treatments are performed with the assistance of a nurse or dialysis technician under the general supervision of a physician.

Patients can receive treatment at a clinic run by (1) a public center (government or government subsidiary owned/run), (2) a healthcare organization (non-profit organizations for public benefit purposes), (3) a private center (owned or run by individual doctors or a group of doctors) or (4) a company-owned clinic, including multi-clinic providers (owned or run by a company such as Fresenius Medical Care). There were approximately 5,600 Medicare-certified ESRD treatment clinics in the U.S. in 2010 with only around 1% of patients receiving care in public centers. In 2010, there were approximately 5,100 dialysis clinics in the E.U. treating dialysis patients. Around 46% of dialysis patients received care through public centers, approximately 13% through centers owned by healthcare organizations, approximately 22% through private centers and approximately 19% through company-owned clinics, such as ours. In Latin America, private centers and company-owned clinics predominated, caring for over 83% of all dialysis patients. In Japan, nephrologists (doctors who specialize in the treatment of renal patients) cared for around 80% of the population in their private centers.

Among company-owned clinics, the two largest providers are Fresenius Medical Care, caring for approximately 215,000 patients and DaVita, caring for approximately 126,000 patients at the end of 2010. All other company-owned clinics care for less than 20,000 patients each.

Of the approximately 2.020 million patients who received dialysis care in 2010, more than 89% were treated with hemodialysis. Hemodialysis patients represented about 93% of all dialysis patients in the U.S., approximately 96% of all dialysis patients in Japan, and, 91% in the E.U. and 85% in the rest of the world. Within the 15 largest dialysis countries (measured by number of patients) that account for approximately 75% of the world dialysis population, hemodialysis is the predominant treatment method in all countries, except Mexico. Based on these data, it is clear that hemodialysis is the dominant therapy method worldwide.

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 own homes and workplaces, either by a treatment known as continuous ambulatory peritoneal dialysis or CAPD, or by a treatment known as continuous cycling peritoneal dialysis or 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" solution to and from the patient's peritoneal cavity while the patient sleeps. During the day, one and a half to two liters of dialysis solution remain in the abdominal cavity of the patient. The human peritoneum can only be used as a dialyzer for a limited period of time, ideally only if the kidneys are still functioning to some extent.

Our Strategy and Competitive Strengths

Growth Objectives

Goal 10 was our long term growth strategy for 2005 through 2010. Our annual progress toward achieving those objectives, which were met or exceeded, were as follows:

	Annual Progress						Goal 2010	Outlook 2010
	2004	2005	2006	2007	2008	2009		
Revenue ($ million)	6,228	6,772	8,499	9,720	10,612	11,247	>11,500	>12,000
Annual revenue growth	10%	8%	25%	12%	8%	9%	~6-9%	~7-9%
Share of dialysis market*	12%	13%	16%	16%	16%	17%	~18%	
Market volume* ($ in billion)	~50	~52.5	~55	~61.5	~65	~65	~67	
Annual net income attributable to FMC-AG & Co. KGaA growth percentage**	21%	17%	24%	25%	14%	9%		7-10%
Compound Annual Growth (Basis 2003)	21%	19%	21%	21%	20%	18%	Low to mid teens	

* Company estimates

** 2005 excluding one-time effects, 2006 excluding one-time effects and FAS 123(R) and 2007 excluding one-time effects, as a percent of revenue

Goal 13 is our long-term strategy for sustained growth through 2013. Goal 13 includes the following annual objectives for the years 2011, 2012 and 2013:

Annual revenue growth	6-8%
Annual average interest rate	6.0-6.5%
Net income attributable to FMC AG & Co. KGaA (growth in %)	High single to low double digits
Earnings per share (growth in %)	High single to low double digits
Cash flow from operations**	>10%
Capital expenditures and acquisitions**	>7%

** As a percent of revenue.

Growth Paths

We have established four paths that the Company continues to follow in order to perform successfully in a broader spectrum of the global dialysis market and to achieve our growth and profitability objectives:

Path 1: Organic Growth

For this path, we will continue to offer integrated, innovative treatment concepts such as UltraCare®, NephroCare and our recently introduced Protect, Preserve and Prolong ("P3") comprehensive PD therapy program as well as Cardioprotective Hemodialysis, which uses our Body Composition Monitor to measure patient water levels, a major factor in the cardiovascular health of dialysis patients (see "Business — Research and Development") and

combining these treatments, for example, with our dialysis drugs. With these measures, we want our portfolio of services to stand out from those of our competitors. In addition, we plan to increase our growth in revenue by opening 100-120 new dialysis clinics annually over the next three years and to further increase the number of patients whose treatments are covered by private health insurance.

We also intend to continue to innovate with dialysis products. High-quality products such as our recently introduced 2008T and 4008S classic HD machines and the 5008 therapy system in addition to cost-effective manufacturing are intended to contribute significantly to the further growth of our dialysis products sector.

Path 2: Acquisitions

We intend to make attractive, targeted acquisitions broadening our network of dialysis clinics. In North America we want to expand our clinic network in particularly attractive regions. The acquisition of Renal Care Group is an excellent example of this type of expansion although subsequent acquisitions have had and future acquisitions in North America will have a smaller financial scope.

Outside North America, we intend to participate in the privatization process of healthcare systems and seek to achieve above-average growth in Eastern Europe and Asia; acquisitions will support these activities. We have entered into a long-term, 10-year exclusive distribution agreement with Japanese-based Nikkiso Co. Ltd. for distribution of hemodialysis and peritoneal dialysis products in Japan and we acquired Nikkiso Medical Korea Co. Ltd., a wholly owned subsidiary of Nikkiso Co. Ltd. In our clinic network outside North America, we continue to focus on improving our strategic position in selected markets. In May 2010, we announced a significant expansion of our activities in the field of dialysis services in the Asia-Pacific region through the acquisition of Asia Renal Care Ltd., the second largest provider of dialysis and related services in the Asia-Pacific region (behind Fresenius Medical Care), with more than 100 clinics throughout Asia treating about 5,300 patients. In June 2010, we announced an agreement to acquire KNC (Kraevoy Nefrologocheskiy Centr), a private operator of dialysis clinics in Russia's Krasnodar region treating approximately 1,000 patients in five clinics, and in December 2010, we acquired Gambro AB's worldwide peritoneal dialysis (PD) business, which serves over 4,000 PD patients in more than 25 countries, expanding our activities in the home dialysis market, especially in Europe and Asia-Pacific. In January 2011, we entered into a definitive agreement to acquire International Dialysis Centers ("IDC"), the dialysis service business of Euromedic International, for €$485 million. IDC currently treats over 8,200 hemodialysis patients predominantly in Central and Eastern Europe and operates a total of 70 clinics in nine countries. The transaction is subject to necessary regulatory approvals by the relevant anti-trust authorities and we expect to close the acquisition in the first half of 2011.

Path 3: Horizontal Expansion

We plan on opening up new growth opportunities in the dialysis market by expanding our product portfolio beyond patient care and dialysis products. To this end, beginning in 2006 we increased our activities in some areas of dialysis medication and will continue to do so in the future. Initially, we focused on drugs regulating patients' mineral and blood levels, including phosphate binders, iron and Vitamin D supplements and calcimimetics. High phosphate levels in the blood can lead to medium-term damage of patients' bones and blood vessels. In 2006, we acquired the PhosLo® phosphate binder business of Nabi Biopharmaceuticals, and in 2008 we entered into license and distribution agreements to market and distribute intravenous iron products such as Venofer® and Ferinject® for dialysis treatment. In 2010, we extended those agreements by forming a new renal pharmaceutical company, Vifor-Fresenius Medical Care Renal Pharma Ltd., with Galenica Ltd. designed to develop and distribute on a worldwide basis products to treat iron deficiency anemia and bone mineral metabolism for pre-dialysis and dialysis patients. We own 45% of the new company. See the discussion of "Renal Pharmaceuticals" below.

Path 4: Home Therapies

Around 11% of all dialysis patients perform dialysis at home, principally PD, with the remaining 89% treated in clinics. Still, we aim to achieve a long-term leading global position in the relatively small field of home therapies, including peritoneal dialysis and home hemodialysis. To achieve this goal, we can combine our comprehensive and innovative product portfolio with our expertise in patient care. In 2007 we acquired Renal Solutions, Inc. which

owns technology that can be utilized to significantly reduce water volumes used in hemodialysis, an important step in advancing home hemodialysis, and in March 2010, a subsidiary of FMCH purchased substantially all the assets of Xcorporeal, Inc. ("Xcorporeal") and National Quality Care, Inc. ("NQCI"). Xcorporeal, under license from NQCI, has completed functional prototypes of a portable artificial kidney for attended and home dialysis care and has demonstrated a feasibility prototype of a wearable artificial kidney.

We expect these strategic steps, expansion of our product portfolio horizontally through an increase of our dialysis drug activities (Path 3), further development of our home therapies (Path 4) and organic growth (Path 1), to produce average annual revenue growth of about 6% to 8% through 2013. Between 2011 and 2013, we expect annual net income and earnings per share growth, in percent, in the high single to low double digits.

Our Competitive Strengths

We believe that we are well positioned to meet our strategic objectives. Our competitive strengths include:

Our Leading Market Position

Based on publicly reported sales and number of patients treated, we are the world's largest kidney dialysis company, operating in both the field of dialysis products and the field of dialysis services. We use the insight we gain when treating patients in developing new and improved products. We believe that our size, our activities in both dialysis care and dialysis products and our concentration in specific geographic areas allow us to operate more cost-effectively than many of our competitors.

Our Full Spectrum of Dialysis and Laboratory Services

We provide expanded and enhanced patient services, including renal pharmaceutical products and in the United States, laboratory services, to both our own clinics and those of third parties. We have developed disease state management methodologies, which involve the coordination of holistic patient care for ESRD patients and which we believe are attractive to managed care payors. We provide ESRD and chronic kidney disease management programs to about 4,000 patients. In the United States, we also operate a surgical center for the management and care of vascular access for ESRD patients, which can decrease hospitalization.

Differentiated Patient Care Programs from those of our Competitors

We believe that our UltraCare® Patient Care program offered at our North American dialysis facilities distinguishes and differentiates our patient care from that of our competitors. UltraCare® represents our commitment to deliver excellent care to patients through innovative programs, the latest technology, continuous quality improvement and a focus on superior customer service. UltraCare® is delivered by highly trained staff and executed by team members through dedication, leadership and compassion, every day.

Our Reputation for High Standards of Patient Care and Quality Products and our Extensive Clinic Network

We believe that our reputation for providing high standards of patient care is a competitive advantage. With our large patient population, we have developed proprietary patient statistical databases which enable us to improve dialysis treatment outcomes, and further improve the quality and effectiveness of dialysis products. Our extensive network of dialysis clinics enables physicians to refer their patients to conveniently located clinics.

Our Position as an Innovator in Product and Process Technology

We are committed to technological leadership in both hemodialysis and peritoneal dialysis products. Our research and development teams focus on offering patients new products and therapies in the area of dialysis and other extracorporeal therapies to improve their quality of life and increase their life expectancy. We believe that our extensive expertise in patient treatment and clinical data will further enhance our ability to develop more effective products and treatment methodologies. Our ability to manufacture dialysis products on a cost-effective and competitive basis results in large part from our process technologies. Over the past several years, we have reduced

manufacturing costs per unit through development of proprietary manufacturing technologies that have streamlined and automated our production processes.

Our Complete Dialysis Product Lines with Recurring Disposable Products Revenue Streams

We offer broad and competitive hemodialysis and peritoneal dialysis product lines. These product lines enjoy broad market acceptance and enable us to serve as our customers' single source for all of their dialysis machines, systems and disposable products.

Our Worldwide Manufacturing Facilities

We operate state-of-the-art production facilities in all major regions — North America, Europe, Latin America and Asia Pacific — to meet the demand for our dialysis products, including dialysis machines, dialyzers, and other equipment and disposables. We have invested significantly in developing proprietary processes, technologies and manufacturing equipment which we believe provides a competitive advantage in manufacturing our products. Our decentralized manufacturing structure adds to our economies of scale by reducing transportation costs.

Dialysis Care

Dialysis Services

We provide dialysis treatment and related laboratory and diagnostic services through our network of 2,716 outpatient dialysis clinics, 1,809 of which are in North America (including Mexico) and 907 of which are in more than 28 countries outside of North America. Our operations within North America generated 80% of our 2009 dialysis care revenue and our operations outside North America generated 20%. Our dialysis clinics are generally concentrated in areas of high population density. In 2009, we acquired a total of 94 existing clinics, opened 28 new clinics and sold or consolidated 5 clinics. The number of patients we treat at our clinics worldwide increased by about 6%, from 184,086 at December 31, 2008 to 195,651 at December 31, 2009 and to 210,191 at September 30, 2010. For 2009, dialysis services accounted for 74% of our total revenue.

With our large patient population, we have developed proprietary patient statistical databases which enable us to improve dialysis treatment outcomes, and further improve the quality and effectiveness of dialysis products. We believe that local physicians, hospitals and managed care plans refer their ESRD patients to our clinics for treatment due to:

- our reputation for quality patient care and treatment;
- our extensive network of dialysis clinics, which enables physicians to refer their patients to conveniently located clinics; and
- our reputation for technologically advanced products for dialysis treatment.

At our clinics, we provide 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. The capacity of a clinic is a function of the number of stations and such factors as type of treatment, patient requirements, length of time per treatment, and local operating practices and ordinances regulating hours of operation.

Each of our dialysis clinics is under the general supervision of a physician medical director. (See "Patients, Physician and Other Relationships.") Each dialysis clinic also has an administrator or clinical manager who supervises the day-to-day operations of the facility and the staff. The staff typically consists of registered nurses and licensed practical nurses. Our North America clinics also employ patient care technicians, a social worker, a registered dietician, a unit clerk and biomedical technicians, while in some countries within our International Segment, the staff also includes technicians, social workers and dieticians.

As part of the dialysis therapy, we provide a variety of services to ESRD patients at our dialysis clinics in the U.S. These services include administering EPO, a synthetic engineered hormone that stimulates the production of

red blood cells. EPO is used to treat anemia, a medical complication that ESRD patients frequently experience, and we administer EPO to most of our patients in the U.S. Revenues from EPO accounted for approximately 20% and 21% of our total dialysis care revenue in our North America segment for the nine months ended September 30, 2010 and the year ended December 31, 2009, respectively. We receive a substantial majority of this revenue as reimbursements through the Medicare and Medicaid programs. Amgen Inc. is the sole manufacturer of EPO in U.S. and any interruption of supply could materially adversely affect our business, financial condition and results of operations. Our current contract with Amgen covers the period from October 2006 to December 2011. As of January 1, 2011, Medicare no longer separately pays for EPO, which is now included in the PPS bundled rate. See "— Regulatory and Legal Matters — Reimbursement — U.S. — Erythropoietin stimulating agents" and "— ESRD Prospective Payment System."

Our clinics also offer services for home dialysis patients, the majority of whom receive peritoneal dialysis treatment. For those patients, we provide materials, training and patient support services, including clinical monitoring, follow-up assistance and arranging for delivery of the supplies to the patient's residence. (See "— Regulatory and Legal Matters — Reimbursement — U.S." for a discussion of billing for these products and services.)

We also provide dialysis services under contract to hospitals in the U.S. on an "as needed" basis for hospitalized ESRD patients and for patients suffering from acute kidney failure. Acute kidney failure can result from trauma or similar causes, and requires dialysis until the patient's kidneys recover their normal function. We service these patients either at their bedside, using portable dialysis equipment, or at the hospital's dialysis site. Contracts with hospitals provide for payment at negotiated rates that are generally higher than the Medicare reimbursement rates for chronic in-clinic outpatient treatments.

We employ a centralized approach with respect to certain administrative functions common to our operations. For example, each dialysis clinic uses our proprietary manuals containing our standardized operating and billing procedures. We believe that centralizing and standardizing these functions enhance our ability to perform services on a cost-effective basis.

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.

In the more than 35 countries outside North America in which we currently operate or manage dialysis clinics we face legal, regulatory and economic environments varying significantly from country to country. These individual environments can affect all aspects of providing dialysis services including our legal status, the extent to which we can provide dialysis services, the way we have to organize these services and the system under which we are reimbursed. (See "— Regulatory and Legal Matters — Reimbursement — International (Including Germany and Other Non-U.S.)" for further discussion of reimbursement.) Our approach to managing this complexity utilizes local management to ensure the strict adherence to the individual country rules and regulations and international functional departments supporting country management with processes and guidelines enabling the delivery of the highest possible quality level of dialysis treatment. We believe that with this bi-dimensional organization we will be able to provide superior care to dialysis patients under the varying local frameworks leading to improved patient well-being and to lower social cost.

Fresenius UltraCare® Program

The UltraCare® program of our North America dialysis services group represents our commitment to deliver excellent care to patients through innovative programs, state-of-the art technology, continuous quality improvement and a focus on superior patient service. It combines our latest product technology with our highly trained and skilled staff to offer our patients what we believe is a superior level of care. The basis for this form of treatment is the Optiflux® polysulfone single-use dialyzer. Optiflux® single use dialyzers are combined with our 2008™ Hemodialysis Delivery System series, which has advanced online patient monitoring and Ultra Pure Dialysate, all of which we feel

improve mortality rates and increase the quality of patient care. UltraCare® program also utilizes several systems to allow the tailoring of treatment to meet individual patient needs. Among the other capabilities of this system, staff will be alerted if toxin clearance is less than the target prescribed for the patient, and treatment can be adjusted accordingly. The Ultracare® program also includes an annual training program for staff recertification. In 2008 we launched UltraCare *at Home* ™ which emphasized patient-centered care: offering the full range of treatment modalities coupled with superior customer service for patients desiring care in the home setting.

Laboratory Services

We provide laboratory testing and marketing services in the U.S. through Spectra Laboratories ("Spectra"). 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. Spectra, the leading renal clinical laboratory provider in North America, provides testing for dialysis related treatments in its two operating laboratories located in New Jersey and Northern California. During the year ended December 31, 2010, Spectra performed nearly 60 million tests for approximately 168,000 dialysis patients in over 2,400 clinics across the U.S., including clinics that we own or operate.

Acquisitions and Investments

A significant factor in the growth in our revenue and operating earnings in prior years has been our ability to acquire healthcare businesses, particularly dialysis clinics, on reasonable terms. Worldwide, physicians own many dialysis clinics that are potential acquisition candidates for us. In the U.S., doctors might determine to sell their clinics to obtain relief from day-to-day administrative responsibilities and changing governmental regulations, to focus on patient care and to realize a return on their investment. Outside of the U.S., doctors might determine to sell to us and/or enter into joint ventures or other relationships with us to achieve the same goals and to gain a partner with extensive expertise in dialysis products and services.

During the first nine months of 2010 and the years ended December 31, 2009 and 2008, we had total acquisitions and investments of $262 million, $192 million and $324 million, respectively. We invested approximately $247 million cash in the nine-month period ended September 30, 2010, primarily for acquisitions of dialysis clinics and recently. Of the total 2009 acquisitions and investments, the cash consideration amounted to approximately $188 million, primarily for acquisitions of dialysis clinics and pharmaceutical licenses. Of the total 2008 acquisitions and investments, we paid aggregate cash consideration of approximately $277 million, approximately $227 million primarily for acquisitions of dialysis clinics and licenses and had an investment in a $50 million loan to Fresenius SE which was repaid on April 30, 2009. We continued to enhance our presence outside the U.S. in 2010 by acquiring individual or small groups of dialysis clinics in selected markets, expanding existing clinics, and opening new clinics. For further discussion of our 2010 acquisitions and investments, see "— Our Strategy and Competitive Strengths — Growth Paths — Path 2 — Acquisitions" and "— Path 3 — Horizontal Expansion."

Quality Assurance and Quality Management in Dialysis Care

In order to evaluate the quality of our dialysis treatments in our worldwide operations, we make use of quality parameters that are recognized by the dialysis industry, such as hemoglobin values, phosphate levels, Kt/V values (the ratio of treatment length to toxic molecule filtration), albumin levels for assessment of nutritional condition and the rate of patients dialyzed with a catheter. The number of days a patient spends hospitalized is also an important indicator of treatment quality. We also monitor the Standardized Mortality Rate ("SMR").

In our European region (includes our EU, European non-EU, Middle East and African operations), our quality management activities are primarily focused on comprehensive development and implementation of an Integrated Management System ("IMS") for quality management. Our goals in this area include not only meeting quality requirements for our dialysis clinics and environmental concerns, but also managing the quality of our dialysis care. This approach results in an IMS structure that closely reflects existing corporate processes. We are also able to use the IMS to fulfill many legal and normative regulations covering service lines. In addition, the quality management system standard offers a highly flexible structure that allows us to adapt to future regulations. The most important of

these include, among others, ISO 9001:2008 requirements for quality management systems in combination with the ISO 14001:2004 standard for environmental management systems. Our IMS fulfils the ISO-Norm 9001:2008 requirements for quality management systems and links it with the ISO-Norm 14001:2004 for environmental management systems. At the same time, the IMS conforms to the medical devices requirements of ISO-Norm 13485:2003.

Our dialysis clinics' processes and documentation are continuously inspected by internal auditors and external parties. The underlying quality management system is certified and found to be in compliance with relevant regulations, requirements and company policies. We introduced our quality management system in 45 dialysis clinics in 2010. Currently, 73% of our European region clinics in 18 countries meet quality management standard ISO 9001:2008.

Additionally, in 2010 in our European region, we developed the Nephro-Care Excellence Program, which aims to optimize the benefits of our dialysis care for all stakeholders was implemented. Nephro-Care seeks to improve knowledge, performance and satisfaction for our patients, our employees, our shareholders, and the community through the employment of highly skilled and motivated staff, innovative and efficient programs, the use of cutting edge technology, and process of continuing improvement through research and optimisation.

At each of our North America dialysis clinics, a quality assurance committee is responsible for reviewing quality of care data, setting goals for quality enhancement and monitoring the progress of quality assurance initiatives. We believe that we enjoy a reputation of providing high quality care to dialysis patients. In 2009, the Company continued to develop and implement programs to assist in achieving our quality goals. Our Access Intervention Management Program detects and corrects arteriovenous access failure in hemodialysis treatment and the percentage of patients who use catheters, which is the major cause of hospitalization and morbidity.

Our principal focus of our research and development activities is the development of new products, technologies and treatment concepts to optimize treatment quality for dialysis patients. See "Business — Research and Development."

Sources of U.S. Dialysis Care Net Revenue

The following table provides information for the years ended December 31, 2009, 2008 and 2007 regarding the percentage of our U.S. dialysis treatment services net revenues from (a) the Medicare ESRD program, (b) private/ alternative payors, such as commercial insurance and private funds, (c) Medicaid and other government sources and (d) hospitals.

	Year Ended December 31,		
	2009	**2008**	**2007**
Medicare ESRD program	50.0%	53.2%	53.2%
Private / alternative payors	41.1%	37.4%	36.5%
Medicaid and other government sources	3.6%	3.8%	4.2%
Hospitals	5.3%	5.6%	6.1%
Total	100.0%	100.0%	100.0%

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 and Legal Matters — Reimbursement."

Patient, Physician and Other Relationships

We believe that our success in establishing and maintaining dialysis clinics, both in the U.S. and in other countries, depends significantly on our ability to obtain the acceptance of and referrals from local physicians, hospitals and managed care plans. A dialysis patient generally seeks treatment at a conveniently located clinic at which the patient's nephrologist has staff privileges. In nearly all our dialysis clinics, local doctors, who specialize in the treatment of renal patients (nephrologists), act as practitioners. Our ability to provide high-quality dialysis

care and to fulfill the requirements of patients and doctors depends significantly on our ability to enlist nephrologists for our dialysis clinics and receive referrals from nephrologists, hospitals and general practitioners.

Medicare ESRD program reimbursement regulations require that a medical director generally supervise 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. Our medical directors also generally maintain their own private practices. We have entered into written agreements with physicians who serve as medical directors in our clinics. In North America these agreements generally have an initial term between 5 to 10 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 physician, their experience and their 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. As prescribed by law we do not require physicians to send patients to us or to specific clinics or to purchase or use specific medical products or ancillary services.

Competition

Dialysis Services. Our largest competitors in the North America segment are DaVita, Inc., Dialysis Clinic Inc., Renal Advantage Inc. and Diversified Specialty Institutes, Inc. and, in our International segment, our largest competitors are Kuratorium für Heimdialyse in Europe and Diaverum (formerly the non-U.S. dialysis services business of Gambro AB), Show-Kai and Zenjin-Kai in Asia Pacific, and Baxter International Inc. and Diaverum in Latin America. Ownership of dialysis clinics in the U.S. consists of a large number of company-owned clinic providers, each owning 10 or fewer clinics and a small number of larger company-owned, multi-clinic providers who own the majority of U.S. clinics, of which we are the largest. Over the last decade the dialysis industry has been characterized by ongoing consolidations. In December 2008, Renal Advantage Inc., the fourth largest provider of dialysis services in the United States, acquired National Renal Alliance, LLC, the tenth largest provider of dialysis services in the United States. Internationally, the dialysis services market is much more fragmented, with a higher degree of public ownership in many countries.

Many of our dialysis clinics are in urban areas, where there frequently are many competing clinics in proximity to our clinics. We experience direct competition from time to time from former medical directors, former employees or referring physicians who establish their own clinics. Furthermore, other healthcare providers or product manufacturers, some of which have significant operations, may decide to enter the dialysis business in the future.

Because in the U.S., government programs are the primary source of reimbursement for services to the majority of patients, competition for patients in the U.S. 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 have placed greater emphasis on service costs for patients insured with private insurance.

In most countries other than the U.S., we compete primarily against individual freestanding clinics and hospital-based clinics. In many of these countries, especially the 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.

Laboratory Services. Spectra competes in the U.S. 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 performance, including quality of laboratory testing, timeliness of reporting test results and cost-effectiveness. We believe that our services are competitive in these areas.

Dialysis Products

Based on internal estimates prepared using our MCS, publicly available market data and our data of significant competitors, we are 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. We sell our dialysis products directly and through distributors in over 120 countries. Most of our customers are dialysis clinics. For the year 2009, dialysis products accounted for 26% of our total revenue.

We produce a wide range of machines and disposables for hemodialysis ("HD"), peritoneal ("PD") and acute dialysis:

- HD machines and PD cyclers
- Dialyzers, our largest product group
- PD solutions in flexible bags
- HD concentrates, solutions and granulates
- Bloodlines
- Systems for water treatment

Our product business also includes adsorbers, which are specialized filters used in other extracorporeal therapies. In addition we sell products from other producers, including specific instruments for vascular access as well as other supplies, such as bandages, clamps and injections. We also include our PhosLo® and Venofer® products, and other renal pharmaceutical products business as part of our dialysis product revenues.

The three largest manufacturers of dialysis products accounted for more than 65% of the worldwide market in 2010. As the market leader in this segment, we had approximately 32% of the market share.

In 2010 in the U.S., our largest business region, our market share for dialyzers and dialysis machines exceeded 80% of the independent market, which is defined as all dialysis clinics not belonging to a major U.S.-wide company-owned clinic provider. We manufactured approximately 85% of all dialysis machines installed in dialysis clinics and centers and we manufactured more than 90% of all new machines purchased. Our 2008K HD machine is the leading dialysis system in the U.S., with more than 100,000 units currently in use there. Our second largest sales market for newly sold hemodialysis machines in 2010 was China, where we supplied more than 4,200 units and produced over 48% of all hemodialysis machines currently used in China. We estimate the annual growth rate for product sales in China to be as high as 34% for some product segments.

Overview

The following table shows the breakdown of our dialysis product revenues into sales of hemodialysis products, peritoneal dialysis products and other dialysis products.

	Year Ended December 31,					
	2009		2008		2007	
	Total Product Revenues	% of Total	Total Product Revenues	% of Total	Total Product Revenues	% of Total
	(in millions)					
Hemodialysis Products	$2,263.2	78	$2,291.9	80	$2,007.5	80
Peritoneal Dialysis Products	320.2	11	345.5	12	326.7	13
Other	313.8	11	237.4	8	173.1	7
Total	$2,897.2	100	$2,874.8	100	$2,507.3	100

Hemodialysis Products

We offer a comprehensive hemodialysis product line, including HD machines, modular components for dialysis machines, polysulfone dialyzers, bloodlines, HD solutions and concentrates, needles, connectors, machines for water treatment, data administration systems and dialysis chairs. We also include our PhosLo® and Venofer® iron products, and other renal drug products as part of our dialysis product revenues. We continually strive to expand and improve the capabilities of our hemodialysis systems to offer an advanced treatment mode at reasonable cost.

Dialysis Machines. We sell our 4008 and 5008 Series HD dialysis machines in our International segment. In North America, we sell our 2008® Series machines, modeled on the 4008 Series. The 4008/2008 series is the most widely sold machine for hemodialysis treatment. In our International segment in 2009, we introduced our 4008S classic machine which 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 in 2005, we concentrated on the continued improvement of the reliable operation of our model 5008 dialysis machine in clinical use and under increasingly varied conditions in international applications during 2010. These efforts for improvement have taken into account considerable feedback from our own dialysis clinics as well as from other customers while focusing on therapeutic, technical, and economic aspects of the machine. 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 is offering the most efficient therapy modality, Online-Hemodiafilitration, as a standard feature. Significant advances in the field of electronics enables highly complex treatment procedures to be controlled and monitored safely and clearly through dedicated interfaces.

Our dialysis machines offer the following features and advantages:

- Volumetric dialysate balancing and ultrafiltration control system. This system, which we introduced in 1977, provides for safe and more efficient use of highly permeable dialyzers, permitting efficient dialysis with controlled rates of fluid removal;
- Proven hydraulic systems, providing reliable operation and servicing flexibility;
- Compatibility with all manufacturers' dialyzers and a variety of bloodlines and dialysis solutions, permitting maximum flexibility in both treatment and disposable products usage;
- Modular design, which permits us to offer dialysis clinics a broad range of options to meet specific patient or regional treatment requirements and specialized modules that provide monitoring and response capability for selected biophysical patient parameters, such as body temperature and relative blood volume. Modular design also allows upgrading through module substitution without replacing the entire machine;
- Sophisticated microprocessor controls, touchscreen interfaces, displays and/or readout panels that are adaptable to local language requirements;
- Battery backup, which continues operation of the blood circuit and all protective systems up to 20 minutes following a power failure;
- Online clearance, measurement of dialyzer clearance for quality assurance with On-Line Clearance Monitoring, providing immediate effective clearance information, real time treatment outcome monitoring, and therapy adjustment during dialysis without requiring invasive procedures or blood samples;
- In the series 5008 and 4008H, the most efficient therapy mode Online-Hemodiafilitration as standard;
- Online data collection capabilities and computer interfacing with our TDMS and/or FDS08 systems. Our systems enable us to:
  - — monitor and assess prescribed therapy;
  - — connect a large number of hemodialysis machines and peripheral devices, such as patient scales, blood chemistry analyzers and blood pressure monitors, to a computer network;

— enter nursing records automatically at bedside;

— adapt to new data processing devices and trends;

— perform home hemodialysis with remote monitoring by a staff caregiver; and

— record and analyze trends in medical outcome factors in hemodialysis patients.

Dialyzers. We manufacture our F-Series and FX premium series of dialyzers using hollow fiber Fresenius Polysulfone® and Helixone membranes from synthetic materials, including our Optiflux® polysulfone single-use dialyzer. We estimate that we are the leading worldwide producer of polysulfone dialyzers. We believe that polysulfone offers the following superior performance characteristics compared to other materials used in dialyzers:

- higher biological compatibility, resulting in reduced incidence of adverse reactions to the fibers;
- greater capacity to clear uremic toxins from patient blood during dialysis, permitting more thorough, more rapid dialysis, resulting in shorter treatment time; and
- a complete range of permeability or membrane pore size, which permits dialysis at prescribed rates — high flux and low flux, as well as ultra flux for acute dialysis and allows tailoring of dialysis therapy to individual patients.

Other Hemodialysis Products

We manufacture and distribute arterial, venous, single needle and pediatric bloodlines. We produce both liquid and dry dialysate concentrates. Liquid dialysate concentrate is mixed with purified water by the hemodialysis machine to produce dialysis solution, which removes the toxins and excess water from the patient's blood during dialysis. Dry concentrate, developed more recently, is less labor-intensive to use, requires less storage space and may be less prone to bacterial growth than liquid solutions. We also produce dialysis solutions in bags, including solutions for priming and rinsing hemodialysis bloodlines, as well as connection systems for central concentrate supplies and devices for mixing dialysis solutions and supplying them to hemodialysis machines. Other products include solutions for disinfecting and decalcifying hemodialysis machines, fistula needles, hemodialysis catheters, and products for acute renal treatment.

Peritoneal Dialysis Products

We offer a full line of peritoneal dialysis systems and solutions which include both continuous ambulatory peritoneal dialysis ("CAPD") and continuous cycling peritoneal dialysis ("CCPD") also called automated peritoneal dialysis ("APD"). In 2008, we introduced our Body Composition Monitor for home dialysis, which determines a patient's body composition (water, body mass and fat) which assesses a patient's hydration state to assist in determining the patient's therapy. See "Business — Research and Development."

CAPD Therapy: We manufacture both systems and solutions for CAPD therapy. Our product range offers the following advantages for patients including:

- *Fewer possibilities for touch contamination.* Our unique PIN and DISC technology was designed to reduce the number of steps in the fluid exchange process and by doing so has lessened the risk of infection, particularly in the disconnection step in which the patient connector is closed automatically without the need for manual intervention.
- *Optimal biocompatibility.* Our PD balance and bicaVera® solutions are pH neutral and have very low glucose degradation products providing greater protection for the peritoneal membrane and allowing for the protection of the residual renal function of the PD patients.
- *Environmentally friendly material:* Our stay•safe® system is made of Biofine®, a material, developed by Fresenius, which upon combustion is reduced to carbon dioxide and water and does not contain any plasticizers.

APD Therapy: We have been at the forefront of the development of automated peritoneal dialysis machines since 1980. APD therapy differs from that of CAPD in that fluid is infused into the patient's peritoneal cavity while they sleep. The effectiveness of the therapy is dependant on the dwell time, the composition of the solution used, the volume of solution and the time of the treatment, usually 8-10 hours. APD offers a number of benefits to patients:

- *Improved quality of life.* The patient is treated at night and can lead a more normal life during the day without fluid exchange every few hours.
- *Improved adequacy of dialysis.* By adjusting the parameters of treatment it is possible to provide more dialysis to the patient compared to conventional CAPD therapy. This therapy offers important options to physicians such as improving the delivered dose of dialysis for certain patients.

Our automated peritoneal dialysis equipment incorporates microprocessor technology. This offers physicians the opportunity to program specific prescriptions for individual patients. Our APD equipment product line includes:

- *sleep•safe:* The sleep•safe machine has been used since 1999. It has automated connection technology thus further reducing the risk on touch contamination. Another key safety feature is the barcode recognition system for the types of solution bags used. This improves compliance and ensures that the prescribed dosage is administered to the patient. There is also a pediatric option for the treatment of infants. The sleep•safe machine allows for innovative and simple ways of individualizing APD prescriptions to achieve better treatment results. One of these is Adapted APD therapy in which, by using the same treatment volume and total treatment time but changing the profile of the cycles, better clearance and ultrafiltration are achieved.
- *North American cycler portfolio:* This includes: (a) the new Liberty® cycler introduced in 2008 incorporating many new operational and safety features with an innovative piston driven pumping cassette design, (b) the Freedom® and 90/2® cyclers for pediatric and acute markets, (c) the Freedom® Cycler PD+ with IQ card™ and (d) the Newton IQ® Cycler. The credit card-sized IQcard™ can provide actual treatment details and results for compliance monitoring to the physician and, when used with the Newton IQ® Cycler, can upload the patient's prescription into the machine. The Newton IQ® Cycler also pumps waste dialysate directly into a receptacle.
- *Patient Management Software:* We have developed specific patient management software tools to support both CAPD and APD therapies in the different regions of the world. These include: PatientOnLine, Pack-PD® and Finesse®. These tools can be used by physicians and nurses to design and monitor treatment protocols thus ensuring that therapy is optimized and that patient care is maximized.

In December 2010, we acquired the global PD business of Gambro AB, which serves over 4,000 patients in more than 25 countries (although acquisition of the Serbian business is subject to final approval by antitrust authorities). This acquisition expands our activities in the area of home dialysis particularly in the European and Asia-Pacific regions.

Renal Pharmaceuticals

We acquired the rights to PhosLo® from Nabi Pharmaceuticals in November 2006. During 2007, we submitted an application to the U.S. FDA to extend the PhosLo® label indication to pre-dialysis patients with chronic kidney disease. We also applied for approval of PhosLo® in selected European countries and of OsvaRen, another phosphate binder that supports bone health, in most EU member states. In October 2008, a competitor's generic phosphate binder that competes with PhosLo® was introduced in the U.S. market. See "Management Discussion and Analysis of Financial Condition and Results of Operations — Results of Operations — Year Ended December 31, 2009 Compared to Year Ended December 31, 2008." In October 2009, we launched a competing authorized generic version of the PhosLo® existing gelcap formulation in the U.S. In July 2009, a new drug application for Phoslyra™, the liquid formulation of PhosLo® was submitted to the FDA.

In July 2008, we entered into two separate and independent license and distribution agreements, one for the U.S. (with Galenica Ltd. and Luitpold Pharmaceuticals Inc.) and one for certain countries in Europe and the Middle East (with Galenica AG and Vifor (International) AG), to market and distribute intravenous iron products, such as

Venofer® (iron sucrose) and Ferinject® (ferric carboxymaltose). Both drugs are used to treat iron deficiency anemia experienced by dialysis patients. Venofer® is the leading intravenous iron product worldwide. The 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 our subsidiary FUSA Manufacturing Inc. ("FMI") with exclusive rights to manufacture and distribute Venofer® to freestanding (non-hospital based) U.S. dialysis facilities and, in addition, grants FMI similar rights for Ferinject® (ferric carboxymaltose), a proposed new intravenous iron medication currently under clinical study in the U.S. The U.S. license agreement has a term of ten years and includes FMI extension options. The international agreement has a term of 20 years. For additional information regarding the terms of the license, see Note 7, "Intangible Assets and Goodwill — Intangible Assets: License and Distribution Agreements" in the Notes to our audited consolidated financial statements included in this offering memorandum.

In December 2010, we announced the extension of our agreements with Galenica by forming a new renal pharmaceutical company, Vifor-Fresenius Medical Care Renal Pharma Ltd., to develop and distribute on a worldwide basis products to treat iron deficiency anemia and bone mineral metabolism for pre-dialysis and dialysis patients. Galenica will contribute to the new company its Venofer® and Ferinject® products for use in the dialysis and pre-dialysis market (Chronic Kidney Disease (CKD) stages III to V) on a worldwide basis. Commercialization of both of these products outside the field of CKD stages III to V will remain fully the responsibility of Galenica and its existing key partners. Galenica will also contribute to the new company exclusive worldwide rights for PA21, a novel iron-based phosphate binder currently in preparation for phase III clinical studies, but will maintain a recently announced agreement to develop and market this product in Japan through another partner. Fresenius Medical Care owns 45% of the new company with headquarters in Switzerland. The transaction is subject to final anti-trust approval in certain regions.

We estimate that the worldwide market for dialysis drugs used to treat CKD (currently vitamin D, iron, potassium binders and phosphate binders) in 2010 was more than $2.7 billion. As part of our horizontal expansion growth path, we intend to continue to integrate the use of dialysis drugs with our existing product technology, dialysis treatment and laboratory services.

Customers, Marketing, Distribution and Service

We sell most of our products to clinics, hospitals and specialized treatment clinics. With our comprehensive product line and years of experience in dialysis, we believe that we have been able to establish and maintain very close relationships with our clinic customer base on a global basis. Close interaction between our Sales & Marketing and R&D personnel enables us to integrate concepts and ideas that originate in the field into product development. We maintain a direct sales force of trained salespersons engaged in the sale of both hemodialysis and peritoneal dialysis products. Sales & Marketing engages in direct promotional efforts, including visits to physicians, clinical specialists, hospitals, clinics and dialysis clinics, and represents us at industry trade shows. We also sponsor medical conferences and scientific symposia as a means for disseminating scientific or technical information. Our clinical nurses provide clinical support, training and assistance to customers and assist our sales force. We also use outside distributors to provide sales coverage in countries that our internal sales force does not service.

In our basic distribution system, we ship products from factories to central warehouses which are frequently located near the factories. From these central warehouses, we distribute our dialysis products to regional warehouses. We distribute peritoneal dialysis products to the patient at home, and ship hemodialysis products directly to dialysis clinics and other customers. Local sales forces, independent distributors, dealers and sales agents sell all our products. In the U.S., products are sold at the customer's request.

In 2009, we consolidated our German warehouses in Gernsheim and Darmstadt into the new central distribution center in Biebesheim and all warehouse activities and business have been transferred, resulting in one distribution center servicing customers in approximately 140 countries worldwide. Through this consolidation, we have been able to increase service level, quality and responsiveness to customer demands, as well as decreased stock levels and lower costs.

We offer 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 we sell dialysis products. We provide training sessions on our equipment at our facilities in Schweinfurt, Germany, Waukegan, Illinois, Coppell, Texas and Manila, Philippines and we also maintain regional service centers that are responsible for day-to-day international service support.

Manufacturing Operations

We operate state-of-the-art production facilities worldwide to meet the demand for machines, cyclers, dialyzers, solutions, concentrates, mixes, bloodlines, and disposable tubing assemblies and equipment for water treatment in dialysis clinics. We have invested significantly in developing proprietary processes, technologies and manufacturing equipment which we believe provide a competitive advantage in manufacturing our products. Our strategically located production and distribution centers help to reduce transport costs. We are using our facilities in St. Wendel, Germany and Ogden, Utah as centers of competence for development and manufacturing. For example, in St. Wendel we developed in-house an automatic bundling machine for processing polysulfone fibers. The machine automatically carries out all steps required to convert hollow fibers for dialyzer production and to create bundles with a fixed number of fibers — the core of the dialyzer. We integrated the first automatic bundling machine into production in 2008 and as of the end of 2010, we had four spinning lines equipped with bundling machines.

We produce and assemble hemodialysis machines and CCPD cyclers in our Schweinfurt, Germany and our Walnut Creek, California facilities. We also maintain facilities at our service and local distribution centers in Argentina, Egypt, France, Italy, The Netherlands, China, Brazil and Russia for testing and calibrating dialysis machines manufactured or assembled elsewhere, to meet local end user market needs. We manufacture and assemble dialyzers and polysulfone membranes in our St. Wendel, Germany, L'Arbresle, France, Vrsac, Serbia and Inukai and Buzen, Japan facilities and at production facilities of our joint ventures in Belarus, Saudi Arabia and Japan. At our Ogden, Utah facilities, we manufacture and assemble dialyzers and polysulfone membranes and manufacture PD solutions. We manufacture hemodialysis concentrate at various facilities worldwide, including Italy, Great Britain, Spain, Turkey, Serbia, Morocco, Argentina, Brazil, Columbia, Australia, Germany, Canada, Mexico and the U.S. Our PD products are manufactured in North America, Europe, Latin America, and Asia, with two of our largest plants for production of PD products in Germany and the U.S. Our plant in Reynosa, Mexico is the world's largest (by volume) bloodline manufacturing facility. In 2009, our facility in Jiangsu, China, which produces bloodlines, received approval from health authorities to produce peritoneal dialysis solutions, and we are in a position to start the second and final phase of the process for obtaining pharmaceutical and medical product approval. We are also pursuing the approval process for manufacture of hemodialysis concentrate and dialyzers in Jiangsu. Our facilities are inspected on a regular basis by national and/or international authorities.

We estimate that in 2010, we supplied approximately 45% of global dialyzer production. To meet the ever-growing demand for dialyzers from Fresenius Medical Care, we put into operation in May 2008 a €38 million expansion of our production capacity for FX-class premium dialyzers in Germany. With this expansion, our installed dialyzer capacity has increased by almost 50% from 25 million to 37 million F- and FX-class dialyzers. We have also expanded our dialyzer production capacities in the U.S. (Ogden, Utah), from 35 million to 37 million, and a new assembly line scheduled to commence production in 2011 will further increase capacity to approximately 46 million dialyzers. In the coming years, our Ogden site will implement two additional production lines for polysulfone fiber bundles.

We estimate that we manufactured approximately 53-54% of all hemodialysis machines sold worldwide in 2010. Due to strong demand for our dialysis machines, we have kept our production of these machines for the U.S. market on an increased level since 2008. In 2010, production of series 5008 machines for our International segment rose by 11.8% compared to 2009, due to new sales of the series 5008 machines as well as replacement sales for the series 4008 machine. Total machine production quantities in 2010 rose by approximately 11% over 2009.

We operate a comprehensive quality management system in our 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. The 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. We provide regular ongoing training for our employees in the areas of quality control and proper production practice. In North America, we are gearing our manufacturing processes to the "Lean Six Sigma" management system which is also utilized in our Schweinfurt facility. The focus of Lean Six Sigma is to achieve a very low error rate which would result in better quality production results while shortening the time it takes to manufacture our products. IMS fulfills ISO 9001:2000 requirements for quality control systems in combination with the ISO norm 14001:2004 for environmental control systems. At the same time, IMS conforms to the requirements for medical devices of ISO norm 13485:2003. We have implemented our IMS in all our European production sites. (see also "— Regulatory and Legal Matters — Facilities and Operational Regulations".) At our production facilities in North America, we received a total of five comprehensive FDA facility inspections during 2010. Three of these were concluded without any citations, while two required remedial activities to address issues identified in the FDA's Observation Report. Additionally, all of our production facilities have undergone annual ISO 13485:2003 Quality Systems inspections, maintaining all certifications, with no major non-conformances to the standard being noted.

Environmental Management

We have integrated environmental protection targets into our operations. To reach these goals, our IMS has been in use at our production facilities as well as at a number of dialysis clinics. IMS fulfills 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.

We continually seek to improve our production processes for environmental compatibility, which frequently generates cost savings. Our European region production plants, dialysis clinics and research and development 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 2010, we continued the efficiency initiative "Energy squeeze" in our main European production plants. The target is to save 5% of energy consumption annually. In 2010, the implementation of the environmental management system was successfully completed in the production plants in Ober-Erlenbach, Germany and Vrsac, Serbia. Both plants have been audited externally and achieved the environmental certification in accordance with ISO 14001:2004.

In our dialysis facilities, we establish, depending on the facility and situation concerned, a priority environmental protection target on which our 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. We introduced our environmental management system in 55 dialysis clinics in 2010 and increased the proportion of our European region dialysis clinics that meet environmental management standard ISO 14001:2004 to 52%. We continued to roll out the integrated software solution e-con 5 for the management of eco-controlling data in over 300 clinics. This software is intended to reduce the working time effort while increasing the eco-controlling data quality and possibilities for data analysis at the place of origin. In our North America dialysis clinics, we have been able to reduce fresh water consumption by one third by means of a new system of production of purified water and to reduce electricity consumption, and have implemented recycling programs for corrugated materials and hemodialysis machines. Use of heat exchangers enables us to obtain residual heat from water used for industrial purposes, which we use to heat fresh water used for dialysis treatment. Our clinics in North America commenced a reusable sharp containers program in 2009. Targeted environmental performance criteria in other locations include fresh water consumption and improved separation of waste.

Sources of Supply

Our purchasing policy combines worldwide sourcing of high-quality materials with the establishment of long-term relationships with our suppliers. Additionally, we carefully assess the reliability of all materials purchased to ensure that they comply with the rigorous quality and safety standards required for our dialysis products and we outsource only if we believe that a supplier can exceed our own quality standards. An interactive information system links all our global projects to ensure that they are standardized and constantly monitored.

We focus on further optimizing procurement logistics and reducing purchasing costs. Supplemental raw material contracts for all manufacturers of semi-finished goods will enable us to improve purchasing terms for our complete network. We also plan to intensify, where appropriate, our use of internet-based procurement tools by purchasing raw materials through special on-line auctions. Our sophisticated routing software enables us to distribute our supplies to best accommodate customer requests while maintaining operational efficiency.

New Product Introductions

The field of dialysis products is mainly characterized by constant development and refinement of existing product groups and less by break-through innovations. In 2010, we introduced the 2008T hemodialysis machine featuring Fresenius Clinical Data Exchange software for the U.S. market, which we launched in November. In addition, we continued research to further improve treatment quality both in the clinical and home environment and are continuing to research ways to reduce water consumption per treatment. Actual expenditures on research and development for the nine months ended September 30, 2010 and for the year ended 2009 were $67 million and $94 million, respectively (see "Business — Research and Development").

Patents and Licenses

As the owner of patents or licensee under patents throughout the world, we currently hold rights in about 2,700 patents and patent applications in major markets. Patented technologies that relate to dialyzers include our generation of DiaSafe*plus*® filters and FX® dialyzers which are the subject of patents and pending patent applications.

The connector-container system for our biBag bicarbonate concentrate powder container for the 4008 dialysis equipment series has been patented in the United States, Norway, Japan and Europe. The German part of the European patent has been the subject of invalidity proceedings. A final court decision in 2009 confirmed the validity of the patent. For information regarding patent infringement claims made against us, see Note 11, "Commitments and Contingencies — Commercial Litigation" of the Notes to our unaudited consolidated financial statements and Note 19, "Legal Proceedings — Commercial Litigation" of the Notes to our audited consolidated financial statements included in this offering memorandum.

A number of 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 new applications are pending for the newly introduced North American 2008T HD machine including, for example, the CDX system for the display of medical information directly on the 2008T screen, a new wireless wet detector for sensing line disconnect and a U. S. version of the biBag filling system. New applications are also pending relating to our new Liberty® peritoneal dialysis cycler 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 our new table top portable HD machine and wearable kidney devices in development.

In 2007 Fresenius Medical Care acquired Renal Solutions Inc. and its substantial portfolio of patents and applications for renal sorbent technology. Many of the patents and applications represent new technology that the Company hopes to utilize in future products. We recently filed several new patent applications for improved sorbent designs/formulations developed since the acquisition as well as for future dialysis devices that utilize the acquired technology.

One of Fresenius Medical Care AG & Co. KGaA's more significant patents, the in-line sterilization method patent, expired in 2010 in Germany, the United States and other countries. The patent for the 4008 biBag connector expires in 2013 in Germany, the United States, and other countries. The dates given represent the maximum patent life of the corresponding patents. We believe that even after expiration of patents, our proprietary know how for the manufacture of our products and our continuous efforts in obtaining targeted patent protection for newly developed upgrade products will continue to constitute a competitive advantage.

For peritoneal dialysis, Fresenius Medical Care AG & Co. KGaA holds protective rights for our 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 Japanese patent was

revoked as a result of opposition proceedings. A further patent family describes and claims a special film for a peelable, non-PVC, multi chamber bag for peritoneal dialysis solutions. These patents have been granted in Brazil, Europe, Germany, Japan, South Korea and the United States. However, proceedings against the registration of this patent in Europe are currently pending.

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 have been patented. 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 claims made by competitors in formal proceedings (oppositions, trials, re-examinations, etc.) either in part or in whole. In addition, technological developments could suddenly and unexpectedly reduce the value of some of our existing intellectual property.

Research and Development

As a leading global dialysis company, we focus our research and development ("R&D") strategy on 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 our customers high-quality services while keeping our prices as low as possible; and third, to continue to expand our position as the dialysis market leader. Due to our vertical integration, our research and development department can apply our experience as the world's largest provider of dialysis treatments to product development, and our technical department benefits from our 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, our research and development units are usually located at production sites, enabling direct exchange of ideas with our production staff. We conduct annual internal R&D conferences which our employees attend every year. In addition, our employees visit research events worldwide and participate actively in scientific discourse. This not only enables them to inject new concepts into their work, but also strengthens our reputation in the international professional community. We also maintain close contacts with universities and research institutions. We are cooperating closely with the University of Michigan (on a longitudinal study of chronic kidney patients), Danube University Krems in Krems, Austria (on extracorporeal methods), and the Renal Research Institute ("RRI") in the United States. RRI was founded in 1997 as a joint venture between Fresenius Medical Care North America and the Beth Israel Medical Center, a hospital in New York. The goal of RRI is to improve the treatment and care of kidney patients by exploring new technologies. We are currently constructing a new research laboratory in Krems specializing in sorbent technology that is set to open in 2010.

The task of our research and development group, which employs approximately 477 full time equivalents, is to continually develop and improve our products and treatments. Our largest research and development department is R&D International with 303 employees, most of whom work at our Schweinfurt and Bad Homburg locations. Smaller teams also work in St. Wendel and in Romania, where an R&D competency center specializing in software development has been established. Apart from R&D International, we have research and development departments in North America and in the Asia Pacific regions. All of these units are closely connected and cooperate on many projects.

Research and development expenditures amounted to $67 million (equivalent to 3.1% of our total dialysis product sales), in the first nine months of 2010 and $94 million and $80 million in the twelve months ended December 31, 2009 and 2008, respectively. Our 2010 expenditures focused on continuously enhancing and improving our products and treatment concepts for our patients and users, on membrane development in connection with our work on a wearable artificial kidney, on dialysis patient overhydration, on software for enhanced patient safety during unattended dialysis and data management for dialysis clinics, and on an extracorporeal hepatic (liver) assist device. A discussion of each of these activities follows below.

Home Dialysis and Wearable Artificial Kidney

In HD, a dialyzer outside of the body filters the blood. Traditionally, 120 liters of water are needed for each treatment. For this reason, among others, PD is presently the home therapy of choice. However, we are researching ways of reducing water consumption per treatment, which would enable widespread use of HD as a therapy outside of dialysis clinics. In 2007, we acquired Renal Solutions, Inc. ("RSI"), which is continuing to do intensive research in the field of

sorbent-based technology, helping to create a potential platform for the eventual development of a wearable artificial kidney. Sorbents are substances that bind toxins in liquids so that they can be removed. These sorbents can be used to recycle dialysis solution, which absorbs toxins during HD or PD treatment that have been filtered out of the patients' blood. By cleansing and then recycling the dialysate with the help of sorbents, the amount of water typically needed during dialysis treatment can be reduced from 120 to 200 liters to approximately six to ten liters. This innovative sorbent technology is particularly important for our "wearable kidney" project, as a device of this kind must be able to function with a substantially smaller amount of liquid to be light and small enough to be worn on the body.

During 2010, we also worked on the development of "ion-rejecting" membranes. This two-layer membrane allows transport of urea while at the same time inhibiting the transport of electrolytes. Such membranes, combined with the use of sorbents to regenerate (rather than remove and replace) peritoneal dialysis solution, may provide the potential for a wearable dialysis system in a PD-based wearable artificial kidney. We have applied for a number of patents relating to our ion-rejecting membrane.

Body Composition Monitor (BCM)

We originally introduced our Body Composition Monitor in select markets in 2008 and successfully launched in additional markets in 2009. The BCM can determine the exact make-up of the human body and its fluids (body water, fat and fat-free body mass). This provides doctors with information on the patients' general health, such as the constitution of their blood vessels, and helps them to determine to what extent a patient may be suffering from overhydration. Such information can substantially improve the treatment quality of dialysis, as both heart and vascular diseases and overhydration are common side effects of chronic kidney disease. The BCM and the clinical analysis methods we developed made it possible for the first time to demonstrate conclusively that overhydration beyond a specified threshold carries a significant mortality risk for dialysis patients and that correction of this condition significantly improves a patient's survival chances. While these findings were expected in HD patients, our recent research has demonstrated that this "silent risk" of overhydration is even more prevalent in PD patients and that PD patients can also benefit immensely from professional "fluid management," a regular check of their fluid status with the treatment adjusted accordingly. Going forward, we plan to use the BCM for acute dialysis patients and also as a central monitoring element for the management of patient hydration balance as well as for management of ESA (erythropoiesis-stimulating agent) use, because overhydration tends to diminish the effectiveness of EPO and other ESAs.

Software Development

One of the most severe hazards during kidney dialysis and other extracorporeal blood purification treatments is blood loss due to technical or human error, which can occur suddenly, be dangerously high and lead to death in a short time. This risk is especially significant during dialysis performed while the patient sleeps. Because dialysis treatment while the patient sleeps is typically of longer duration, such treatment can be especially effective, but reducing the risk of blood loss during such unattended treatment is essential. "Wetness detectors" built into dialysis machines can monitor the patient's vascular access and set off an alarm if leakage is detected. During 2010, we successfully tested a software-based method of blood loss prevention — Venous Needle Disconnect, or "VND." The software uses intelligent signal analysis in the area of extracorporeal pressure to detect dangerous conditions in the bloodline system, including needle disconnects at the point of vascular access, leakage, and bent tubing. Based on a mathematical algorithm that accounts for normal disturbances and pressure deviations (such as those resulting from patient arm movement), the software detects pressure drops due to leakage or needle slip, sets off an alarm and turns off the blood pump and closes the venous clamp automatically. We have scheduled the market launch of VND for 2011. It will be integrated into the monitors in our dialysis machines as part of our regular software updates. Combined with wetness detectors, VND is expected to significantly reduce blood loss risk during dialysis.

During 2010, we also continued work on the creation of an integrated data management system for dialysis clinics reflecting the entire work flow and data base of these complex clinical units, enabling staff to have fast and efficient access to all required information from any point within the system.

Hepatic Assist

During 2010, we also conducted research on treatment of hepatorenal syndrome, or HRS, a life-threatening rapid deterioration in kidney function in patients with cirrhosis or liver failure. HRS is usually fatal unless a liver transplant is performed, but donor organs are in short supply. In some cases, the liver can recover its function, and research has explored extracorporeal treatment for liver failure — i.e., taking over a damaged liver's functions in a manner comparable to renal dialysis for kidney failure. We have developed Prometheus, which removes toxins from the liver through fractionated plasma separation (apheresis) and adsorption. The results of the HELIOS study of the Prometheus device, presented in 2010, did not show any significant overall difference in survival for patients treated with Prometheus and those treated with standard therapy. However, among patients having the most severe liver disease and the lowest life expectancy, the group treated with Prometheus showed a probability of survival that was 36% greater than the group receiving standard treatment. This offers some encouragement inasmuch as the longer a patient survives, the greater the chance that the liver will regenerate or that a suitable organ for transplant will become available.

Outlook

We intend 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. We plan to spend approximately $105 million on research and development in 2011.

In the coming years, we will place a greater overall focus on designing products and processes that are more environmentally compatible and cost effective. Cost efficiency combined with high-quality products is becoming an increasingly important factor in the healthcare industry, particularly in view of healthcare reform efforts in countries like the U.S. In addition, we will focus on the biochemical effects of uremia, a toxic condition of ESRD patients resulting from the presence of excessive amounts of urea in the blood. We will then use our findings to develop particularly high-performance membranes which, together with developments in sorbent technology, could be used in a "wearable kidney". In connection with the wearable kidney, we are also working on further reducing the size of dialysis machines and accessories to allow patients to carry the device on their body in the long term. Over the long term, we intend to conduct research in the transferability of the blood-cleansing dialysis process to other illnesses, such as liver disease or certain autoimmune and metabolic disorders.

Trademarks

Our principal trademarks are the name "Fresenius" and the "F" logo, for which we hold a perpetual, royalty-free license from Fresenius SE, our major shareholder and the sole shareholder of our general partner (see "Management — Related Party Transactions — Trademarks").

Competition

The markets in which we sell our dialysis products are highly competitive. Our competitors in the sale of hemodialysis and peritoneal dialysis products include Gambro AB, Baxter International Inc., Asahi Kasei Kuraray Medical Co. Ltd., Bellco S.r.l., B. Braun Melsungen AG, Nipro Corporation Ltd., Nikkiso Co., Ltd., NxStage Medical, Inc., Terumo Corporation, Kawasumi Laboratories Inc., Fuso Pharmaceuticals Industries Ltd., and Toray Industries, Inc.

Risk Management

We see risk management as the ongoing task of assessing, analyzing and evaluating the spectrum of possible and actual developments and, if necessary, taking corrective measures. Our far-reaching risk management system enables management to identify and reduce risks that could threaten our going concern or growth at an early stage and minimize their impact as much as possible.

Risk management is part of our integrated management information system and is based upon group-wide controlling as well as an internal monitoring system. Regional monitoring systems form the backbone of our risk management system and watch over all inherent industry- and market-specific risks. Our management board

receives status reports from the responsible risk managers twice yearly and immediate information regarding anticipated risks as the information is developed. These reports include qualitative and quantitative appraisals of the likelihood of risks that have been identified as potentially harmful to us as well as the potential extent of damage. Efficient reporting is essential for controlling and monitoring risks as well as for taking preventative measures. Management receives information on a monthly and quarterly basis about the state of the healthcare industry and our operative and non-operative business, as well as analyses of our asset, financial and earnings position.

Our risk management system is strengthened by the internal audit department. The department operates in compliance with the Institute of Internal Auditors (IIA) standards and is independent of the regions. Annual worldwide audit assignments are selected based on a risk assessment model. The audit plan is reviewed by the Management Board and approved by the Audit and Corporate Governance Committee of the Supervisory Board. This plan includes financial audits of individual units as well as full-scope audits of all business processes of a subsidiary or business unit. An audit reports resulting from the audit plan are sent to the Management Board and our external auditor. The internal audit department also monitors the implementation of measures documented in the audit reports. The Management Board is regularly informed about the implementation status. In addition, the Audit and Corporate Governance Committee of the Supervisory Board is informed about the audit results.

Since May 2009, we have been subject to the "German Act on the Modernisation of Accounting Law ("BilMoG"). The act contains a number of provisions intended to enhance and improve the corporate governance of companies participating in the capital markets. Management has taken BilMoG as an opportunity for additional review and, if necessary, improvement of the existing internal reporting and control processes.

As a company required to file reports under the Securities Exchange Act of 1934, we are subject to the provisions of the Sarbanes-Oxley Act of 2002 and related listing rules of the New York Stock Exchange applicable to foreign private issuers.

Regulatory and Legal Matters

Regulatory Overview

Our operations are subject to extensive governmental regulation by virtually every country in which we operate including, most notably, in the U.S., 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, 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 U.S., some states establish regulatory processes that must be satisfied prior to the establishment of new dialysis clinics. Outside the U.S., each country has its own payment and reimbursement rules and procedures, and some countries prohibit ownership of healthcare providers or establish other regulatory barriers to direct ownership by foreign companies. In such jurisdictions, we may 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 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. fraud and abuse laws; and
- changes resulting from healthcare reform or other government actions that reduce reimbursement or reduce or eliminate coverage for particular services we provide.

We must comply with all U.S., German and other legal and regulatory requirements under which we operate, including the U.S. federal Medicare and Medicaid Fraud and Abuse Amendments of 1977, as amended, generally referred to as the "Anti-Kickback Statute", the federal False Claims Act, the federal restrictions on certain physician referrals, commonly known as the "Stark Law", U.S. federal rules under the Health Insurance Portability and Accountability Act of 1996 that protect the privacy and security of patient medical records and prohibit inducements to patients to select a particular healthcare provider, commonly known as "HIPAA", and other fraud and abuse laws and similar state statutes, as well as similar laws in other countries. ACA 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 healthcare 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 healthcare laws that may create further restrictions.

We maintain a comprehensive worldwide compliance program under the overall supervision of our general partner's Member of the Management Board responsible for, amongst others, Legal, who is also our general counsel and chief compliance officer. The program includes a compliance staff, a written code of conduct applicable worldwide, training programs, regulatory compliance policies and procedures, 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 which we do business. 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 healthcare 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 Statute or the False Claims Act, among other laws. See Note 19, "Legal Proceedings — Other Litigation and Potential Exposures" of the Notes to our audited consolidated financial statements and Note 11, "Commitments and Contingencies — Other Litigation and Potential Exposures," of the Notes to our unaudited consolidated financial statements included in this offering memorandum.

Product Regulation

U.S.

In the U.S. numerous regulatory bodies, including the Food and Drug Administration ("FDA") and comparable state regulatory agencies impose requirements on certain of our subsidiaries as a manufacturer and a seller of medical products and supplies under their jurisdiction. We are required to register with the FDA as a device manufacturer. As a result, we are subject to periodic inspection by the FDA for compliance with the FDA's Quality System Regulation (21 C.F.R. Part 820) requirements and other regulations. These regulations require us to manufacture products in accordance with current Good Manufacturing Practices ("GMP") and that we comply with FDA requirements regarding the design, safety, labeling, record keeping and distribution of our products. Further, we are required to comply with various FDA and other agency requirements for labeling and promotion. The Medical Device Reporting regulations require that we provide information to the FDA whenever there is evidence to reasonably suggest that a device may have caused or contributed to a death or serious injury. In addition, the FDA prohibits us from promoting a product for unapproved indications.

If the FDA believes that a company is not in compliance with applicable regulations, it can pursue enforcement action including, for example, issuing a warning letter such as the letter issued to the Company on September 15,

2010, in response to which the Company has since taken corrective action and is awaiting a reinspection by the FDA. Other FDA action may include issuing a recall order, instituting proceedings to detain or seize products, imposing operating restrictions, enjoining future violations and assessing civil penalties against a company, its officers or its employees. The agency can also recommend criminal prosecution to the Department of Justice. In addition, companies may initiate voluntary recalls. For example, on January 14, 2011, the Company announced a voluntary Class l recall of certain blood tubing sets sold in the U.S. and Canada due to reports of arterial line kinks.

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. After approval or clearance to market is given, the FDA, upon the occurrence of certain events, has the power to withdraw the approval or clearance or require changes to a device, its manufacturing process, or its labeling 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.

We cannot assure that all necessary regulatory approvals, including approvals for new products or product improvements, will be granted on a timely basis, if at all. Delays in or failure to receive approval, product recalls or warnings and other regulatory actions and penalties can materially affect operating results.

Some of our products — including our peritoneal dialysis solutions, PhosLo®, and Venofer® — are designated as drugs by the FDA and, as such, are subject to additional regulation under the Food, Drug, and Cosmetic Act of 1938, as amended. Many of these requirements are similar to those for devices. Thus, we are required to register with the FDA and are required to comply with regulatory requirements regarding drug manufacturing, labeling, distribution, and recordkeeping. Our drug products must be manufactured in accordance with cGMP (21 C.F.R. Part 211), and 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. In addition, as with our medical devices, our drug products must satisfy mandatory procedures and safety and efficacy requirements before they can be marketed and the FDA prohibits us from promoting a pharmaceutical product for unapproved indications. Finally, if the FDA believes that a company is not in compliance with applicable drug regulations, it has similar enforcement authorities as those discussed above with respect to medical devices.

International (Including Germany and Other Non-U.S)

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.

Drugs. Some of our products, such as peritoneal dialysis solutions and PhosLo®, 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/EWG (January 26, 1965), as amended. Each member of the European Union is responsible for conforming its law to comply with this directive. In Germany the German Drug Law *(Arzneimittelgesetz)* ("AMG"), which implements European Union requirements, is the primary regulation applicable to medicinal products.

The provisions of the German Drug Law are comparable with the legal standards in other European countries. As in many other countries, the AMG provides that in principle 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 competent licensing authorities only if the quality, efficacy and safety of the medicinal product has 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 a 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 Commission or the Council of 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, *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 by the competent authorities of the relevant Member State for a specific manufacturing facility and for specific medicinal products and forms of medicinal products. The manufacturing license is granted only if the manufacturing facility, production techniques and production processes comply with the national drug law requirements, with the principles and guidelines of EU-good manufacturing practice ("EU-GMP") as well as the terms of the particular marketing authorization. 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 (QPP) 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 QPP must, among other things, collect and assess any reported risks associated with the medicinal products and coordinate any necessary measures according to German Drug Law. The QPP, 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"). In particular, the Pharmaceutical Inspection Co-operation Scheme ("PIC/S") an international treaty, contains rules binding many countries in which medicinal products are manufactured. Among other things, the European Commission, PIC/S, ICH, a.s.o. establish requirements for GMP which are then adopted at the national level. Another international standard, which is non-binding for medicinal products, is the ISO9001:2000 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.

Medical Devices. In the past, medical devices were subject to less stringent regulation than medicinal products in some countries. In the last decade, 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 20 June 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. With regard to the MD Directive, the Commission submitted an amendment, 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 31, 2008 and all manufacturers had to come into compliance by March 21, 2010. We are in compliance as of March 21, 2010.

According to the directives relating to medical devices, the CE mark (the abbreviation of Conformité Européenne signifying that the device complies with all applicable 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 ISO13485:2003 and AC2009, 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 EC requirements. If able to do so, the manufacturer has to put a "CE" mark on the products. Medical devices that do not bear the "CE" mark cannot be imported, sold or distributed within the European Community.

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 conformity mark. 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.

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 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 so-called "Notified Body" is binding 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.

To maintain the high quality standards and performance of our operations, we have subjected our entire European business to the most comprehensive procedural module, which is also the fastest way to launch a new product in the European Union. This module requires the certification of a full quality management system by a Notified Body charged with supervising the quality management system from design, manufacture, and distribution, to after sales service.

Our Series 4008 dialysis machines and their therapy modifications, our 5008 dialysis machine and its accessories and devices, our PD-NIGHT cycler, our Sleep-safe cycler for automated PD treatment, the multiFiltrate system, and our other active medical devices distributed in the European market, as well as our dialysis filters and dialysis tubing systems and accessories, all bear the "CE" mark. We expect to continue to obtain additional certificates for newly developed products or product groups.

Environmental Regulation

We are subject to a broad range of federal, foreign, state and local laws and regulations 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, the Company uses substances regulated under U.S. and European environmental laws, primarily in manufacturing and sterilization processes. While it is difficult to quantify, we believe the ongoing impact of compliance with environmental protection laws, rules and regulations will not have a material impact on the Company's financial position or results of operations.

The Environmental Management System ("EMS") based on ISO 14001:2004 has been established in the main production plants and in a high number of dialysis clinics in the European region. Compliance with environmental regulations is an essential requirement of the EMS. Internal and external audits are organized and performed to ensure that these EMS requirements are fulfilled.

Facilities and Operational Regulation

U.S.

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 Occupational Safety and Health Administration ("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 dialysis, or laboratory services as hazardous, although disposal of nonhazardous medical waste is subject to specific state regulation. Our operations are also subject to various air emission and wastewater discharge regulations.

Federal, state and local regulations require us to meet various standards relating to, among other things, the management of facilities, personnel qualifications and licensing, maintenance of proper records, equipment, quality assurance programs, the operation of pharmacies, and dispensing of controlled substances. All of our operations in the U.S. are subject to periodic inspection by federal and state agencies and other governmental authorities to determine if the operations, premises, equipment, personnel and patient care meet applicable standards. To receive Medicare reimbursement, our dialysis centers, renal diagnostic support business and laboratories must be certified by CMS, an agency within HHS. All of our dialysis centers, and laboratories that furnish Medicare or Medicaid services have the required certification.

Certain of our facilities and certain of their 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.

OSHA regulations require employers to provide employees who work with blood or other potentially infectious materials with prescribed protections against blood-borne and air-borne pathogens. The regulatory requirements apply to all healthcare facilities, including dialysis centers, vascular access 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 healthcare service or to expand an existing service to apply for and receive an administrative determination that the service is needed. We currently operate in several states, as well as the District of Columbia and Puerto Rico that have CON laws applicable to dialysis centers. These requirements could, as a result of a state's internal determination of its dialysis services 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 U.S. 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 are 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 are 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 dialysis care provider and supplier of dialysis services and products, we are represented in more than 120 countries throughout the world facing the challenge of meeting the needs of patients in and customers very different economic environments and healthcare systems.

The healthcare systems and rules for the reimbursement of the treatment of patients suffering from ESRD vary in the individual countries. In general, the government, in some countries in coordination with private insurers, is responsible for financing the healthcare system through tax payments and other sources of income, social security contributions or a combination of such sources.

However, in a large number of developing countries, the government or charitable institutions grant only minor aid so that dialysis patients must bear all or a large part of their treatment expenses themselves. In some countries, dialysis patients do not receive treatment on a regular basis, but only if and to the extent available funds so allow.

U.S.

Dialysis Services. Our dialysis centers provide outpatient hemodialysis treatment and related services for ESRD patients. In addition, some of the Company's centers offer services for the provision of peritoneal dialysis and hemodialysis treatment at home, and dialysis for hospitalized patients.

The Medicare program is the largest single source of dialysis services revenues from dialysis treatment. For example, we estimate that, approximately 53% of North America dialysis services revenues for 2010 were provided

by Medicare's ESRD program and Medicaid. As a preliminary matter, in order to be eligible for reimbursement by Medicare, ESRD facilities must meet conditions for coverage established by the Centers for Medicare and Medicaid Services ("CMS"). New conditions for coverage became effective in October of 2008, with the exception of two provisions relating to physical environment and infection control which became effective in February of 2009. We believe we have made the necessary modifications to meet these new requirements.

Medicare reimbursed our dialysis centers for certain products and services delivered prior to January 1, 2011 in accordance with a "basic case-mix adjusted prospective payment system," which provided a fixed payment for each dialysis treatment, comprised of a composite rate component, a drug add-on adjustment component, case-mix adjustments and a regional wage index adjustment. The payment rates under this system were subject to adjustment from time to time through changes in the Medicare statute (in the case of basic services included in the "composite rate") or through annual adjustments (in the case of a portion of the payment referred to as the drug add-on, case-mix and wage index adjustments). Effective January 2011, Medicare introduced a new ESRD Prospective Payment System ("ESRD PPS"), which encompasses those services that were paid under the composite rate as well as separately payable drugs and laboratory tests. The ESRD PPS is described in greater detail below.

For calendar year 2009, CMS set the drug add-on adjustment at $20.33 per treatment, or 15.2% of the total per-treatment composite payment. For calendar year 2010, CMS kept the drug add-on amount constant at the 2009 rate of $20.33 per treatment, while it increased the base portion of the composite rate by 1% pursuant to the requirement in the Medicare Improvements for Patients and Providers Act of 2008 ("MIPPA"). As a result, the drug add-on amount, constant in dollar terms, declined to 15% of the total per-treatment payment in 2010 and 14.7% for 2011. The base portion of the composite rate, unlike many other payment rates in Medicare, had not been automatically updated each year. As a result, this portion of the composite payment rate had not received an annual update in the absence of a statutory change. In MIPPA, Congress provided for a 1.0% increase in the base portion of the composite rate in each of 2009 and 2010. Further, Congress eliminated a provision that previously paid hospital-based facilities slightly more than independent (or "free-standing") facilities. Thus, in 2009, all facilities were paid at the 2008 independent facility rate increased by 1.0%.

For 2010, the base composite rate was $135.15 for both independent and hospital-based facilities, an increase of 1.0% from the 2009 rate. CMS updated the wage index adjustment applicable to ESRD facilities from the 25/75 blend between adjustments based on old metropolitan statistical areas ("MSA") and those based on new core-based statistical areas ("CBSA") used in 2008. For 2009, CMS completed the transition from the MSA definition to the CBSA definition, and facilities are now paid according to the CBSA rate. For 2010, CMS reduced the wage index floor from 0.70 to 0.65.

Certain other items and services that we furnish at our dialysis centers were not included in the composite rate and were eligible for separate Medicare reimbursement. The most significant of these items are drugs or biologicals, such as erythropoietin-stimulating agents ("ESAs"), vitamin D analogs, and iron, which were reimbursed at 106% of the average sales price as reported to CMS by the manufacturer. Products and support services furnished to ESRD patients receiving dialysis treatment at home were also reimbursed separately under a reimbursement structure comparable to the in-center composite rate.

Any significant decreases in Medicare reimbursement rates could have material adverse effects on our provider business and, because the demand for products is affected by Medicare reimbursement, on our products 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, our business and results of operations may be adversely affected. For a discussion of the rules CMS is using to implement recent Medicare reimbursement rate changes including provisions for implementation of an "expanded bundled rate" for dialysis services provided on or after January 1, 2011, see "— ESRD Prospective Payment System," below.

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 dialysis treatments and of the amounts for separately reimbursable drugs or biologicals. 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 we frequently do not fully collect despite reasonable collection efforts. In some states, Medicaid does not fully cover the cost-sharing obligations of Medicare-Medicaid dually eligible individuals, and we are 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, we and other similarly situated providers may make contributions to a non-profit organization that has agreed to make premium payments for supplemental medical insurance and/or "Medigap" insurance on behalf of indigent ESRD patients, including some of our patients.

Medicaid Rebate Program and Other Government Drug Pricing Program Requirements. Manufacturers of drugs that are covered by the Medicaid program or that are reimbursed by Part B of 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 us 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 ("FCP"), 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.

We participate in the federal Medicaid rebate program established by the Omnibus Budget Reconciliation Act of 1990, as well as several state supplemental rebate programs. We make our pharmaceutical products available to authorized users of the Federal Supply Schedule ("FSS") of the General Services Administration under an FSS contract negotiated by the VA. With the recent acquisition of a license to market and distribute the IV Iron product Venofer® to freestanding dialysis clinics, we also are considered, for statutory price reporting purposes, to be the "manufacturer" of Venofer® which is reimbursed under Part B of the Medicare program. Our products also are subject to a federal requirement that any company participating in the Medicaid rebate or Medicare Part B 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 the Health Resources and Services Administration of 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, we pay a rebate to each state Medicaid program based upon sales of our pharmaceutical products that are 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 our submission to CMS of our current average manufacturer price and best price for our pharmaceutical products. The Veterans Health Care Act of 1992 imposes a requirement that the prices we charge to certain federal entities under the FSS must be no greater than a Federal Ceiling Price determined by applying a statutory discount to the AMP charged to non-federal customers (a pricing metric referred to as "Non-FAMP"). 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 ASP charged by the manufacturer to purchasers of the drug, 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), we are responsible for compiling and utilizing a wide range of sales data elements to determine the ASP of Venofer® marketed under our labeler code, and reporting it to the CMS. We are subject to specific ASP reporting obligations with respect to our Venofer® sales under a consent order issued by the Federal Trade Commission in October 2008 (FTC File No. 081-0146). The ESRD PPS system incorporates payment for Venofer® starting January 1, 2011. While many facilities will move to the new system immediately, some facilities will transition to the new system over a four-

year period. The extent to which Medicare pays for Venofer® under the ASP-based system will thus diminish over this period.

Government agencies may make changes in program interpretations, requirements or conditions of participation, and retain the right to audit the accuracy of our computations of rebates and pricing, some of which may have or result in implications (such as recoupment) for amounts previously estimated or paid and may have a material adverse effect on the Company's revenues, profitability and financial condition.

Laboratory Tests. Spectra obtains a substantial portion of its net revenue from Medicare, which pays for clinical laboratory services provided to dialysis patients under the composite rate system in two ways.

First, payment for most tests is included in the new ESRD PPS bundled rate paid to our dialysis centers. 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 composite rate at the designated frequencies.

Second, the few laboratory tests performed by Spectra for Medicare beneficiaries that are not included in the ESRD PPS bundled rate are billed separately directly to Medicare. Such tests are paid at 100% of the Medicare clinical laboratory fee schedule amounts, which vary to some extent 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 Affordable Care Act 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.

With the introduction of the new ESRD PPS, most laboratory tests that have been separately paid are paid as part of the expanded bundle.

Erythropoietin stimulating agents. ESAs, including Epogen® and Aranesp® are used for anemia management of patients with renal disease. The administration of ESAs was separately billable under the composite rate payment system program, and accounted for 20% and 21% of our North America segment dialysis care revenues for the nine months ended September 30, 2010 and the year ended December 31, 2009, respectively. Starting January 2011, ESAs are included in the expanded bundle 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. 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.

We believe our policies on billing for ESAs in effect when ESAs were separately billable complied with CMS policies. We recommend to our treating physicians that they review and understand the package label insert and the K/DOQI guidelines as they make their anemia management decisions.

Any of the following changes relating to ESAs could adversely affect our business, and results of operations, possibly materially:

- future changes in the ESA reimbursement methodology and/or rate;
- a material reduction in the typical dosage per administration; or
- increases in the cost of ESAs without offsetting increases in the ESRD PPS reimbursement rate.
- reduction by the manufacturer of ESAs of the amount of overfill in the ESA vials

ESRD Prospective Payment System. With the enactment of MIPPA in 2008, Congress mandated the development of an expanded ESRD bundled payment system for services furnished on or after January 1, 2011. On July 26, 2010, CMS published a final rule implementing the case-mix adjusted bundled prospective payment system ("ESRD PPS") for ESRD dialysis facilities in accordance with MIPPA. 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 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) other items and

services furnished to individuals for the treatment of ESRD. ESRD-related drugs with only an oral form will be reimbursed under the ESRD PPS starting in January 2014 with an adjusted payment amount to be determined by the Secretary of Health and Human Services to reflect the additional cost to dialysis facilities of providing these medications. The initial ESRD PPS base reimbursement rate is set at $229.63 per dialysis treatment (representing 98% of the estimated 2011 Medicare program costs of dialysis care as calculated under the current reimbursement system). 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, (iv) wage-related costs in the geographic area in which the provider is located and (v) a blending of the old and new payment methodologies during the phase-in of the new system to ensure a budget-neutral transition (resulting in a 3.1% decrease in the base reimbursement rate, the "Transition Adjustor").

Beginning in 2012, the ESRD PPS payment amount will be subject to annual adjustment based on increases in the costs of a "market basket" of certain healthcare items and services less a productivity adjustment. The ESRD PPS's pay-for-performance standards, also known as the quality improvement performance or "QIP," focusing on anemia management and dialysis adequacy, will become effective January 1, 2012. Dialysis facilities that fail to achieve the established quality standards will have payments reduced by up to 2%, based on performance in 2010 as an initial performance period.

The ESRD PPS will be phased in over four years with full implementation for all dialysis facilities on January 1, 2014. However, providers may elect in November 2010 to become fully subject to the new system starting in January 2011.

Although, based upon CMS's assessment, we think that the ESRD PPS will result in a lower reimbursement rate on average as a result of the above measures by CMS, all of our U.S. dialysis facilities have elected to be fully subject to the ESRD PPS starting on January 1, 2011. Our plans to mitigate the impact of the ESRD PPS include three broad measures. First, we are working with other providers, CMS and the U.S. Congress toward favorably revising the calculation of the Transition Adjustor for 2011. Second, we are also working with medical directors and treating physicians to make protocol changes used in treating patients and are negotiating pharmaceutical acquisition cost savings. Finally, we are seeking to achieve greater efficiencies and better patient outcomes by introducing new initiatives to improve patient care upon initiation of dialysis, increase the percentage of patients using home therapies and achieve additional cost reductions in our clinics. We are currently evaluating the impact of ESRD PPS and the above mitigation plan on our business.

Coordination of Benefits. Medicare entitlement begins for most patients in the fourth month 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 are 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, our 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.

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 healthcare programs. 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. See "Risk Factors — Risks Relating to Litigation and Regulatory Matters — Proposals for healthcare reform could decrease our revenues and operating profit," and "— Healthcare Reform" below.

International (Including Germany and Other Non-U.S.)

As a global company delivering dialysis care and dialysis products in more than 120 countries worldwide, we face the challenge of addressing the needs of dialysis patients and customers in widely varying economic and healthcare environments.

Healthcare systems and reimbursement structures for ESRD treatment vary by country. In general, the government pays for health care and finances its payments through taxes and other sources of government income, from social contributions, or a combination of those sources. However, not all healthcare systems provide for dialysis treatment. In many developing countries, only limited subsidies from government or charitable institutions are available, and dialysis patients must finance all or substantially all of the cost of their treatment. In some countries patients in need of dialysis do not receive treatment on a regular basis but rather when the financial resources allow it.

In the major European and British Commonwealth countries, healthcare systems are generally based on one of two models. The "Bismarck system", is based on mandatory employer and employee contributions dedicated to healthcare financing. The "Beveridge system", provides a national healthcare system funded by taxes. Within these systems, provision for the treatment of dialysis has been made either through allocation of a national budget, a billing system reimbursing on a fee-for-service basis or by a weekly flat rate. The healthcare systems of countries such as Japan, France, Belgium, Austria, Czech Republic, Poland, Hungary, Turkey and the Netherlands are based on the Bismarck-type system. Countries like Canada, Denmark, Finland, Portugal, Sweden and Italy established their national health services using the Beveridge-type system. For information on the distribution of clinic ownership in various countries in which we operate, see "Renal Industry Overview — Dialysis Treatment Options for ESRD," above.

Financing policies for ESRD treatment also differ from country-to-country. There are three main types of reimbursement modalities: budget transfer, fee for service and flat rate. In some cases, the reimbursement modality varies within the same country depending on the type of provider (public or private). Budget transfer 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 countries (with exceptions, such as Germany, where reimbursement to private providers is based on a weekly flat rate) and for public providers in countries where the funding system is based on social security payments.

In 2008, the Portuguese Ministry of Health and Anadial, the national association of privately run dialysis centers, agreed on a new reimbursement model for ambulatory care to hemodialysis patients in Portugal. The new model "Comprehensive Price Payment" is an integrated and quality-driven approach that bundles a variety of dialysis related services and products. It requires the implementation and functioning of an integrated disease management model in order to achieve, simultaneously, health benefits, quality improvement and system rationalization. The "Comprehensive Price Payment" model includes all core necessary dialysis services, the deployment of dialysis-related products, laboratory services and other complementary medical tests and the administration of renal drugs for anemia management, bone management, blood pressure and cardiovascular control as well as vitamins. The new reimbursement structure provides for an outcome-oriented flat-rate payment of a national reimbursement rate per week per patient. The main characteristic is that the amount of this reimbursement will directly depend on the fulfillment of certain treatment results and quality control parameters with the dialysis services provided. 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. These goals mirror the good practices guidelines, both national and international, for dialysis care to patients, which will serve as support for contractual monitoring. The establishment of auditing, information, monitoring, attendance and evaluation mechanisms is a pre-requisite for a participating dialysis provider. We treat approximately 4,300 patients in 34 dialysis clinics in Portugal.

Treatment components included in the base reimbursement 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 a bundled reimbursement, (applied e.g., in Poland, Romania and Portugal) the dialysis reimbursement rate covers all — or almost all — directly and indirectly treatment-related components. Countries with a relatively low integration of the treatment components in the base reimbursement (such as Czech Republic, UK or Germany) dedicate correspondently diverse additional payments for services rendered to dialysis patients arising from different budgets (or payment streams), depending on the national healthcare 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 not appropriate to calculate a global reimbursement amount because the services and costs for which reimbursement is provided in any such 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 $100 to more than $300 per treatment. 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.

Healthcare expenditures are consuming an ever-increasing portion of gross domestic product worldwide. In the developed economies of Europe, Asia and Latin America, healthcare spending is in the range of 5%-15% of gross domestic product. In many countries, dialysis costs consume a disproportionately high amount of healthcare spending and these costs may be considered a target for implementation of cost containment measures. Today, there is increasing awareness of the correlation between the quality of care delivered in the dialysis unit and the total healthcare expenses incurred by the dialysis patient. Accordingly, developments in reimbursement policies might include higher reimbursement rates for practices which are believed to improve the overall state of health of the ESRD patient and reduce the need for additional medical treatment.

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 healthcare 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 healthcare 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 healthcare 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. In its most recent Work Plan for Fiscal Year 2011, the OIG has scheduled an ESRD-related review in the coming year on: (i) claims for ESRD beneficiaries who are entitled to Medicare coverage only because of special circumstances (e.g., beneficiaries who receive 36 months of coverage after a kidney transplant or 12 months after dialysis is terminated for beneficiaries who no longer require dialysis and (ii) the availability of dialysis services at Indian Health Service and tribal facilities.

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, 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. Also, recent "sunshine" legislation will require pharmaceutical and medical device manufacturers to record any payments made to physicians and hospitals beginning in 2012, with disclosures due in 2013.

Anti-Kickback Statutes

The federal Anti-Kickback Statute 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 healthcare programs. Sanctions for violations of the Anti-Kickback Statute include criminal and civil penalties, such as imprisonment and/or criminal fines of up to $25,000 per violation, and civil penalties of up to $50,000 per violation and up to three times the amount received from the healthcare 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.

False Claims Act and Related Criminal Provisions

The federal False Claims Act (the "False Claims Act") imposes 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. Under the interpretation of certain courts, claims submitted for services furnished in violation of the Anti-Kickback Statute or Stark Law could also violate the False Claims Act. Moreover, private individuals may bring qui tam or "whistle blower" 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 $5,500 to $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. Effective, January 1, 2007, section 1909 of the Social Security Act (enacted by section 6031 of the Deficit Reduction Act of 2005) provides a financial incentive for states to enact false claims acts that establish liability to the state for the submission of false or fraudulent claims to the state's Medicaid program. If a state false claims act is determined to meet certain enumerated requirements, the state is entitled to an increase in the amounts recovered under a state action brought under such law. The OIG, in consultation with the Attorney General of the United States and the Department of Justice, determines whether a state false claims act meets these enumerated requirements to qualify for the added financial incentive. As of November 2010, the OIG had reviewed and approved state false claims acts promulgated by California, Georgia, Hawaii, Illinois, Indiana, Massachusetts, Michigan, Nevada, New York, Rhode Island, Tennessee, Texas, Virginia, and Wisconsin.

The Health Insurance Portability and Accountability Act of 1996 ("HIPAA")

HIPAA was enacted in August 1996 and expanded federal fraud and abuse laws by increasing their reach to all federal healthcare 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 Secretary of Health and Human Services to issue advisory opinions, increasing civil money penalties to $10,000 (formerly $2,000) per item or service and assessments to three times (formerly twice) the amount claimed, creating a specific healthcare fraud offense and related health fraud crimes, and expanding investigative authority and sanctions applicable to healthcare fraud. It also prohibits a provider from offering anything of value which the provider knows or should know would be likely to induce a federal healthcare program beneficiary to select or continue with the provider.

HIPAA included a healthcare fraud provision which prohibits 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 healthcare fraud.

HIPAA regulations establish national standards for certain electronic healthcare transactions, the use and disclosure of certain individually identifiable patient health information, and the security of the electronic systems maintaining this information. These are commonly known as the HIPAA Privacy and Security Rules. Health insurance payers and healthcare providers like us must comply with the HIPAA regulations. Violations of these HIPAA regulations may include civil money penalties and potential criminal sanctions.

Many U.S. states also have enacted state healthcare 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 Privacy Rule establishes a minimum U.S. federal standard for protecting privacy and preempts all contrary U.S. state privacy laws. The Privacy Rule does not, however, preempt U.S. state privacy laws that are more stringent or more protective. In such instances, we would need to comply with the U.S. state privacy law. In addition, almost all U.S. states now regulate data breaches (unless the data is effectively encrypted) by requiring burdensome reporting and notification requirements, with significant financial penalties for noncompliance.

The Health Information Technology for Economic and Clinical Health Act ("HITECH Act"), pursuant to the American Recovery and Reinvestment Act of 2009 ("ARRA"), makes sweeping changes to the health information

privacy and security regulations of HIPAA by expanding the scope and application of the statute. These changes include, among other things, (i) establishing an affirmative obligation to provide patient data breach notification in the event of the unauthorized acquisition, access, use or disclosure of unsecured protected health information ("PHI"); (ii) defining the "minimum necessary" information that a covered entity may use, disclose or request in the event the disclosure of a limited data set (partially de-identified data) is insufficient to accomplish the appropriate objectives; (iii) restricting the use of PHI for marketing purposes (expanding definition of marketing activities requiring authorization); (iv) prohibiting the sale of PHI; (v) establishing an affirmative obligation to provide an accounting of disclosures made for payment, treatment and healthcare operations (up to 3 years); (vi) permitting individual requests to restrict disclosure in certain circumstances; (vii) applying the privacy and security rules to business associates; and (viii) limiting application of the amendments to personal health records (PHR) vendors. The U.S. government has promulgated interim final regulations, effective September 23, 2009, that address the obligation to provide patient data breach notifications, which subjects the Company to additional administrative requirements in the U.S. The Company cannot estimate the overall effect of the remaining regulatory changes until adoption of final regulations implementing those statutory provisions.

Civil Monetary Penalties Law

Individuals or entities who have either (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 healthcare programs; or (3) offered or received kickbacks may also 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 $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 $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 healthcare programs.

Stark Law

The original Ethics in Patient Referrals Act of 1989 (commonly referred to as the "Stark Law") was enacted as part of the Omnibus Budget Reconciliation Act ("OBRA") of 1989, and prohibited a physician from referring Medicare patients for clinical laboratory services to entities with which the physician (or an immediate family member) has a financial relationship, unless an exception applies. 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. In addition, the Stark Law prohibits the entity receiving the referral from filing a claim or billing for services arising out of the prohibited referral.

Provisions of OBRA 1993, known as "Stark II," amended the Stark Law to revise and expand upon various statutory exceptions, expanded the services regulated by the statute to a list of "Designated Health Services," and expanded the reach of the statute to the Medicaid program. The provisions of Stark II generally became effective on January 1, 1995. The additional Designated Health Services, in addition to clinical laboratory services, include: 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. The first phase of Stark regulations was finalized on January 4, 2001. Most portions of the first phase regulations became effective in 2002. The first phase of the final regulations implementing the Stark Law (the "Phase I regulations") contains an exception for Epogen® and certain other dialysis-related outpatient prescription drugs furnished in or by an ESRD facility under many circumstances. In addition, the regulations made clear that services reimbursed by Medicare to a dialysis facility under the ESRD composite rate do not implicate the Stark Law. Further, the final Phase I regulations also adopted a definition of durable medical equipment which effectively excludes ESRD equipment and supplies from the category of Designated Health Services. Phase II of the Stark regulations was published on March 26, 2004, and became effective on July 26, 2004. This phase of the regulations finalized all of the compensation exceptions to the Stark Law, including those for "personal services arrangements" and "indirect

compensation arrangements." In addition, Phase II revised the exception for Epogen® and certain other dialysis-related outpatient prescription drugs furnished in or by an ESRD facility to include certain additional drugs.

On September 5, 2007, CMS published Phase III of the Stark regulations. While this rulemaking was intended to be the final phase of the Stark rulemaking process, CMS has continued to address the Stark Law as part of its annual rulemaking process for reimbursement under the Medicare Part B Physician Fee Schedule.

Finally, it should be noted that 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.

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.

Healthcare Reform

The Patient Protection and Affordable Care Act was enacted in the United States on March 23, 2010. The Health Care and Educational Affordability Reconciliation Act was subsequently enacted on March 30, 2010, which modified a number of Medicare provisions in the Affordable Care Act (these two laws are collectively referred to as the "ACA"). The ACA contained broad healthcare 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 healthcare 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 healthcare program waste and fraud. ACA's medical device excise tax, Medicaid drug rebate increases and annual pharmaceutical industry fees will adversely impact our product business earnings and cash flows. We expect modest favorable impact from ACA's integrated care and commercial insurance consumer protection provisions.

There are many lawsuits challenging the constitutionality of ACA, and on January 19, 2011, the House of Representatives voted to repeal it. Several members of Congress have also expressed interest in repealing certain ACA provisions. It is difficult to predict at this time what the eventual outcome of the lawsuits will be once appeals have been exhausted or which proposals, if any, will be adopted or, if any lawsuit is successful or if any proposals are adopted, what the effect would be.

On December 16, 2010, the Department of Veterans Affairs ("VA") announced final reimbursement rules that would reduce its payment rates for non-contracted dialysis services to coincide with those of the Medicare program. The congressional review period for the final rule began December 17, 2010 and lasts 60 days. We expect to experience variability in our aggregated VA reimbursement rates for contracted and non-contracted services. In addition, we may also experience reductions in the volume of VA patients treated in our facilities.

Employees

At September 30, 2010, we had 72,812 employees (full-time equivalents) as compared to 67,245 as of September 30, 2009. At December 31, 2009, we had 67,988 employees (full-time equivalents) as compared to 64,666 at December 31, 2008, and 61,406 at December 31, 2007. The 5% increase in 2009 was mainly due to the

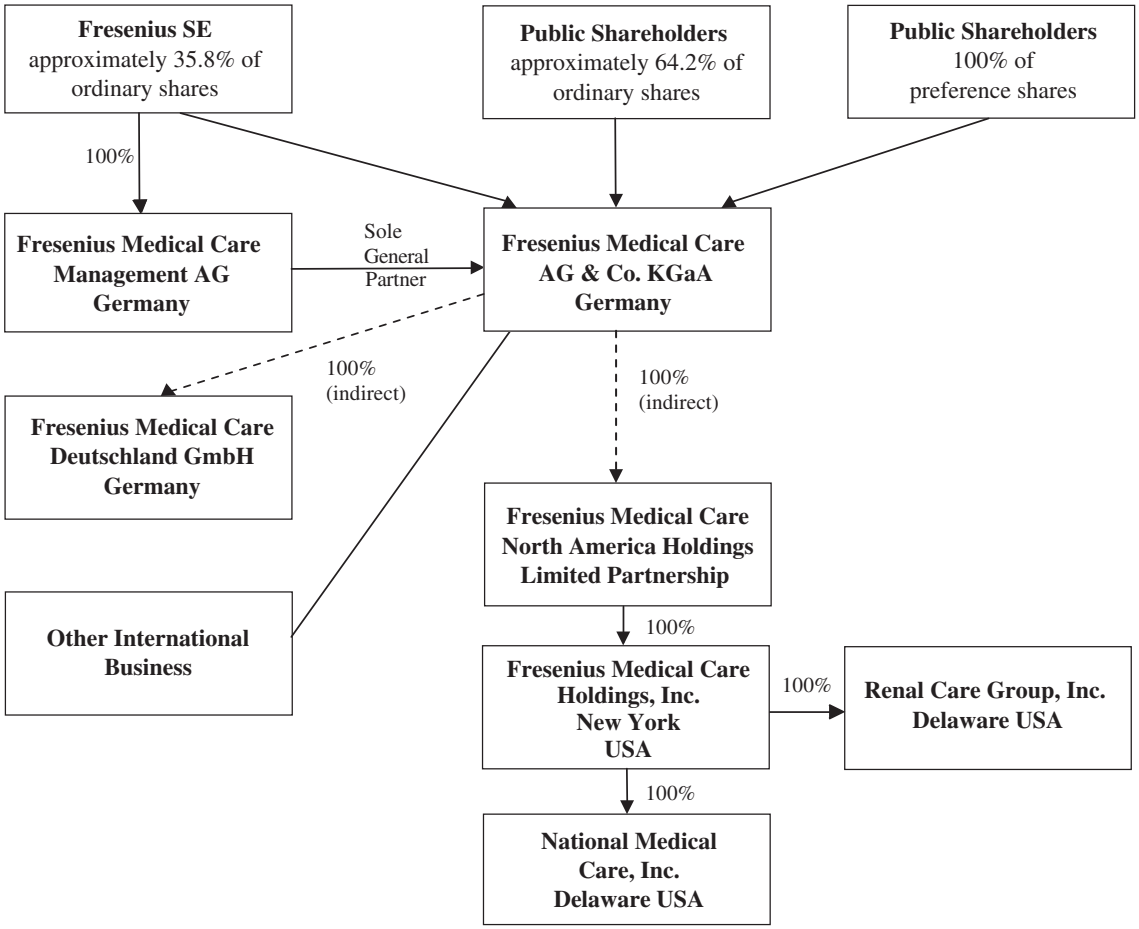
overall growth in our business. The following table shows the number of employees by our major category of activities for the last three fiscal years.

	2009	2008	2007
North America			
Dialysis Care	35,188	33,694	32,087
Dialysis Products	6,916	6,752	7,007
	42,104	40,446	39,094
International			
Dialysis Care	16,413	15,180	13,728
Dialysis Products	9,312	8,903	8,454
	25,725	24,083	22,182
Corporate	159	137	130
Total Company	67,988	64,666	61,406

We are members of the Chemical Industry Employers Association for most sites in Germany and we are bound by union agreements negotiated with the respective union representatives. We generally apply the principles of the association and the related union agreements for those sites where we are not members. We are also party to additional shop agreements negotiated with works councils at individual facilities that relate to those facilities. In addition, approximately 4% of our U.S. employees are covered by collective bargaining agreements. During the last three fiscal years, we have not suffered any labor-related work disruptions.

Organizational Structure

The following chart shows our organizational structure and our significant subsidiaries. Fresenius Medical Care Holdings, Inc. conducts its business as "Fresenius Medical Care North America."



Property, plant and equipment

Property

The table below describes our principal facilities. We do not own the land and buildings comprising our principal facilities in Germany. Rather, we lease those facilities on a long-term basis from Fresenius SE or one of its affiliates. These leases are described under "Management — Related Party Transactions — Real Property Lease."

Location	Floor Area (Approximate Square Meters)	Currently Owned or Leased by Fresenius Medical Care	Lease Expiration	Use
Bad Homburg, Germany	18,300	leased	December 2016	Corporate headquarters and administration
Bad Homburg, Germany	4,556	leased	December 2011	Administration Building FMC GmbH Central Europe
St. Wendel, Germany	58,767	leased	December 2016	Manufacture of polysulfone membranes, dialyzers and peritoneal dialysis solutions; research and development
Biebesheim, Germany	30,000	leased	December 2023	Central distribution Europe, Asia Pacific and Latin America
Schweinfurt, Germany	38,100	leased	December 2016	Manufacture of hemodialysis machines and peritoneal dialysis cyclers; research and development
Bad Homburg (OE), Germany	10,304	leased	December 2016	Manufacture of hemodialysis concentrate solutions / Technical Services / Logistics services
Stollberg, Germany	3,600	leased	July 2028	Manufacture of sub-assemblies for hemodialysis machines
Palazzo Pignano, Italy	19,990	owned		Manufacture of bloodlines and tubing, Office
L'Arbresle, France	13,524	owned		Manufacture of polysulfone dialyzers, special filters and dry hemodialysis concentrates
Nottinghamshire, UK	5,110	leased	June 2025	Manufacture of hemodialysis concentrate solutions
Vrsac, Serbia	3,331	owned		Production area, laboratory, maintenance, administration, logistics
Barcelona, Spain	2,000	owned		Manufacture of hemodialysis concentrate solutions
Antalya, Turkey	12,031	leased	December 2037	Manufacture of bloodlines
Casablanca, Morocco	2,823	owned		Manufacture of hemodialysis concentrate solutions
Guadalajara, México	26,984	owned		Manufacture of peritoneal dialysis bags
Buenos Aires, Argentina	20,000	owned		Manufacture of hemodialysis concentrate solutions, dry hemodialysis concentrates, bloodlines and disinfectants

Location	Floor Area (Approximate Square Meters)	Currently Owned or Leased by Fresenius Medical Care	Lease Expiration	Use
São Paulo, Brazil	8,615	owned		Manufacture of hemodialysis concentrate solutions, dry hemodialysis concentrates, peritoneal dialysis bags, intravenous solutions bags, peritoneal dialysis and blood lines sets
São Paulo, Brazil	5,430	leased	October 2011	Warehouse and Technical Service Office
Rio de Janeiro, Brazil	2,185	leased	July 2011	Head Office
Bogotá, Colombia	18,947	owned		Manufacture of hemodialysis concentrate solutions, peritoneal dialysis bags, intravenous solutions, administration
Valencia, Venezuela	3,562	leased	February 2011	Head Office and Warehouse
Hong Kong	1,770	leased	February 2012	Warehouse
Suzhou, China (Changshu Plant)	25,168	owned		Manufacture of hemodialysis bloodline sets / AV Fistula set
Smithfield NSW, Australia . .	5,350	owned		Manufacture of hemodialysis concentrate & Warehouse
Scoresby, Australia	6,263	leased	December 2019	VIC Warehouse / Seating & Packs / Production
Auckland, New Zealand . . .	2,170	leased	May 2030	Warehouse/Office
Selangor, Malaysia	3,149	leased	May 2012	Administration / Warehouse
Yongin, South Korea	2,645	leased	June 2011	Warehouse
Seoul, South Korea	1,905	leased	January 2012	Administration
Oita, Japan (Inukai Plant) . .	3,065	owned		Manufacture of polysulfone filters
Fukuoka, Japan (Buzen Plant)	37,092	owned		Manufacture of peritoneal dialysis bags
Fukuoka, Japan (Buzen Plant) — Site Area for future expansion	27,943	owned		Manufacture of peritoneal dialysis bags
Saga, Japan	3,307	leased	January 2011 with 1 year renewal option	Warehouse
Ibaragi, Japan	7,111	leased	August 2013	Clinic
Waltham, Massachusetts . . .	25,588	leased	April 2017 - July 2017 with a 10 year renewal and a second 5 year renewal option	North American corporate headquarters
Lexington, Massachusetts . .	6,425	leased	April 2017	IT headquarters and administration — North America
Nashville, Tennessee	4,487	leased	August 2012	IT administration / payroll administration
Walnut Creek, California . . .	7,897	leased	June 2012 with 5 year renewal option	Manufacture of Hemodialysis machines and peritoneal
Pittsburg, California	7,135	leased	July 2012 with 5 year renewal option	Warehouse

Location	Floor Area (Approximate Square Meters)	Currently Owned or Leased by Fresenius Medical Care	Lease Expiration	Use
Ogden, Utah	74,322	owned		Manufacture polysulfone membranes and dialyzers and peritoneal dialysis solutions; research and development
Ogden, Utah	9,755	leased	July 2033	Plant expansion, manufacturing operations
Ogden, Utah	24,452	leased	December 2011	Warehouse
Ogden, Utah	8,933	leased	December 2011	Warehouse
Ogden, Utah	2,072	leased	year-to-year lease	Warehouse
Oregon, Ohio	13,934	leased	April 2019	Manufacture of liquid hemodialysis concentrate solutions
Livingston, California	7,885	leased	December 2011 with 5-year renewal option	Manufacture of liquid hemodialysis concentrates and resupply
Milpitas, California	8,670	leased	December 2015 with 5-year renewal option	Clinical laboratory testing
Rockleigh, New Jersey	9,812	leased	May 2012	Clinical laboratory testing
Irving, Texas	8,374	leased	February 2014	Manufacture of liquid hemodialysis solution
Reynosa, Mexico	13,936	leased	June 2013	Manufacture of bloodlines
Reynosa, Mexico	7,079	leased	June 2013	Warehouse
Reynosa, Mexico	4,645	owned		Warehouse
Lachine, Canada	3,601	leased	March 2011	Warehouse
Montreal, Canada	4,036	leased	September 2020	Warehouse
Richmond , Canada	2,286	leased	April 2014	Warehouse
Richmond Hill, Canada	5,948	leased	November 2016	Warehouse and administrative offices
Oklahoma City, OK	3,665	leased	October 2015	Manufacture of sorbent cartridges

We lease most of our dialysis clinics, manufacturing, laboratory, warehousing and distribution and administrative and sales facilities in the U.S. and other countries on terms which we believe are customary in the industry. We own those dialysis clinics and manufacturing facilities that we do not lease.

Legal Proceedings

For a description of certain legal proceedings and other contingencies, see Note 11, "Commitments and Contingencies," of the Notes to our unaudited consolidated financial statements, and Note 19, "Legal Proceedings," of the Notes to our audited consolidated financial statements included in this offering memorandum.

MANAGEMENT

Directors and Senior Management

General

As a partnership limited by shares, under the German Stock Corporation Act (*Aktiengesetz*), our corporate bodies are our general partner, our supervisory board and our general meeting of shareholders. Our sole general partner is Fresenius Medical Care Management AG ("Management AG"), a wholly-owned subsidiary of Fresenius SE. Management AG is required to devote itself exclusively to the management of Fresenius Medical Care AG & Co. KGaA.

The general partner has a Supervisory Board and a Management Board. These two boards are separate and no individual may simultaneously be a member of both boards. A person may, however, serve on both the supervisory board of our general partner and on our supervisory board.

The General Partner's Supervisory Board

The Supervisory Board of Management AG consists of six members who are elected by Fresenius SE as the sole shareholder of Management AG. Pursuant to pooling agreements for the benefit of the public holders of our ordinary shares and the holders of our preference shares, at least one-third (but no fewer than two) of the members of the general partner's Supervisory Board are required to be independent directors as defined in the pooling agreements, i.e., persons with no substantial business or professional relationship with us, Fresenius SE, the general partner, or any affiliate of any of them.

Unless resolved otherwise by the general meeting of shareholders, the terms of each of the members of the Supervisory Board of Management AG will expire at the end of the general meeting of shareholders in which the shareholders discharge the Supervisory Board for the fourth fiscal year following the year in which the Management AG supervisory board member was elected by Fresenius SE, but not counting the fiscal year in which such member's term begins. Members of the general partner's Supervisory Board may be removed only by a resolution of Fresenius SE in its capacity as sole shareholder of the general partner. Neither our shareholders nor the separate supervisory board of FMC AG & Co. KGaA has any influence on the appointment of the Supervisory Board of the general partner.

The general partner's Supervisory Board ordinarily acts by simple majority vote and the Chairman has a tie-breaking vote in case of any deadlock. The principal function of the general partner's Supervisory Board is to appoint and to supervise the general partner's Management Board in its management of the Company, and to approve mid-term planning, dividend payments and matters which are not in the ordinary course of business and are of fundamental importance to us.

The table below provides the names of the members of the Supervisory Board of Management AG and their ages as of December 31, 2010.

Name	Age as of December 31, 2010
Dr. Ulf M. Schneider, Chairman[1]	45
Dr. Dieter Schenk, Vice Chairman[4]	58
Dr. Gerd Krick[1][2]	72
Dr. Walter L. Weisman[1][2][3]	75
Mr. John G. Kringel[3][4]	71
Mr. William P. Johnston[1][2][3][4]	66

(1) Members of the Human Resources Committee of the Supervisory Board of Management AG

(2) Members of the Audit and Corporate Governance Committee of FMC-AG & Co. KGaA

(3) Independent director for purposes of our pooling agreement

(4) Member of the Regulatory and Reimbursement Assessment Committee of the Supervisory Board of Management AG

DR. ULF M. SCHNEIDER has been Chairman of the Supervisory Board of Management AG from April 15, 2005. He was a member of the Fresenius Medical Care AG Supervisory Board from May 2004 and Chairman of its Supervisory Board until the effective date of the transformation when he resigned upon the Company's transformation to a KGaA. He was Chief Financial Officer of FMC-AG from November 2001 until May 2003. On March 7, 2003, Dr. Schneider announced his resignation from the FMC-AG Management Board to become Chairman of the Management Board of Fresenius AG (now Fresenius SE), effective May 28, 2003. Previously he was Group Finance Director for Gehe UK plc., a pharmaceutical wholesale and retail distributor, in Coventry, United Kingdom. He has held several senior executive and financial positions since 1989 with Gehe's majority shareholder, Franz Haniel & Cie. GmbH, Duisburg, a diversified German multinational company. Dr. Schneider is

Chairman of the Supervisory Board of Fresenius Kabi AG, HELIOS Kliniken GmbH and Fresenius Medical Care Groupe France S.A.S., France. He was a member of the Supervisory Board of Fresenius Kabi Austria GmbH, Austria, until June 30, 2010. Dr Schneider is a member of the Supervisory Boards of Fresenius Kabi Espana S.A., Spain and Fresenius HemoCare Nederlands B.V., Netherlands. Dr. Schneider is Chairman of the Board of Directors of APP Pharmaceuticals, Inc., USA. He remains a member of the Board of Directors of Fresenius Kabi Pharmaceuticals Holding, Inc., USA and is a member of the Board of Directors of FHC (Holdings), Ltd., Great Britain.

DR. DIETER SCHENK has been a member of the Supervisory Board of Management AG since April 8, 2005 and Vice Chairman of the Supervisory Board of Management AG since April 15, 2005 and was Vice Chairman of the Supervisory Board of FMC-AG from 1996 until the transformation of legal form to a KGaA. He is also Vice Chairman of the Supervisory Board of FMC-AG & Co. KGaA. He is an attorney and tax advisor and has been a partner in the law firm of Noerr LLP (formerly Nörr Stiefenhofer Lutz) since 1986. Dr. Schenk is also Vice Chairman of the Supervisory Board of Fresenius SE and Chairman of the Advisory Board of Else-Kröner-Fresenius-Stiftung, which owns approximately 58% of the ordinary shares of Fresenius SE. He also serves as the Chairman of the Supervisory Board of Gabor Shoes AG and TOPTICA Photonics AG and as a Vice-Chairman of the Supervisory Board of Greiffenberger AG. Dr. Schenk was Chairman of the Supervisory Board of NSL Consulting AG until September 2008.

DR. GERD KRICK has been a member of the Supervisory Board of Management AG since December 28, 2005 and was Chairman of the Supervisory Board of FMC-AG from January 1, 1998 until the transformation of legal form to a KGaA. He is also Chairman of the Supervisory Boards of FMC-AG & Co. KGaA and Fresenius SE. He was Chairman of the Fresenius AG Management Board from 1992 to May 2003 at which time he became chairman of its Supervisory Board. Prior to 1992, he was a Director of the Medical Systems Division of Fresenius AG and Vice-Chairman of the Fresenius AG Management Board. From September 1996 until December 1997, Dr. Krick was Chairman of the Management Board of FMC-AG. Dr. Krick was a member of the Advisory Board of HDI Haftpflichtverband der deutschen Industrie V.a.G until December 31, 2008. He is also the Chairman of the Supervisory Board of VAMED AG, Austria and was a member of the Supervisory Board of Allianz Private Krankenversicherungs-AG until April 16, 2008.

MR. JOHN G. KRINGEL has been a member of the Supervisory Board of Management AG since December 28, 2005 and was a member of the Supervisory Board of FMC-AG from October 20, 2004, when his appointment to fill a vacancy was approved by the local court, until the transformation of legal form to a KGaA. His election to the Supervisory Board was subsequently approved by the shareholders of FMC-AG at the Annual General Meeting held May 24, 2005. He is also a member of the Supervisory Board of FMC-AG & Co. KGaA. He has the following other mandates: Natures View, LLC, Alpenglow Development, LLC, Justice, LLC, River Walk, LLC. Formerly he was also an Advisory Board member of Visionary Medical Device Fund. Mr. Kringel spent 18 years with Abbott Laboratories prior to his retirement as Senior Vice President, Hospital Products, in 1998. Prior to Abbott Laboratories, he spent three years as Executive Vice President of American Optical Corporation, a subsidiary of Warner Lambert Co. and ten years in the U.S. Medical Division of Corning Glassworks.

DR. WALTER L. WEISMAN has been a member of the Supervisory Board of Management AG since December 28, 2005 and was a member of the Supervisory Board of FMC-AG from 1996 until the transformation of legal form to a KGaA. He is also a member of the Supervisory Board of FMC-AG & Co. KGaA. He is a private investor and a former Chairman, President and Chief Executive Officer of American Medical International, Inc., and is a member of the Board of Directors of Occidental Petroleum Corporation. He is Senior Trustee of the Board of Trustees for the California Institute of Technology, life trustee of the Board of Trustees of the Los Angeles County Museum of Art, and Chairman of the Board of Trustees of the Sundance Institute. Dr. Weisman was Chairman and Lead Director of Maguire Properties, Inc. until September 1, 2008 and was Vice-Chairman of the Board of Trustees of the Samuel H. Kress Foundation until November 1, 2008.

MR. WILLIAM P. JOHNSTON was elected to the Supervisory Board of Management AG on August 30, 2006. He has been a member of the Supervisory Board of FMC-AG & Co. KGaA since May 2006. He was the former Chairman of the Board of Directors of Renal Care Group, Inc. Mr. Johnston has been a Senior Advisor of The Carlyle Group since June 2006. He is also a member of the Board of Directors of The Hartford Mutual Funds,

Inc., HCR-Manor Care, Inc. and LifeCare Holdings, Inc. Mr. Johnston is a member of the Board of Directors of Georgia O'Keeffe Museum.

The General Partner's Management Board

Each member of the Management Board of Management AG is appointed by the Supervisory Board of Management AG for a maximum term of five years and is eligible for reappointment thereafter. Their terms of office expire in the years listed below.

The table below provides names, positions and terms of office of the members of the Management Board of Management AG and their ages as of December 31, 2010.

Name	Age as of December 31, 2010	Position	Year term expires
Dr. Ben J. Lipps	70	Chairman of the Management Board, Chief Executive Officer of FMC-AG & Co. KGaA	2012
Rice Powell	55	Deputy Chairman of the Management Board and Chief Executive Officer, Fresenius Medical Care North America	2014
Michael Brosnan	55	Chief Financial Officer of FMC-AG & Co. KGaA	2012
Roberto Fusté	58	Chief Executive Officer for Asia Pacific	2011
Dr. Emanuele Gatti	55	Chief Executive Officer for Europe, Middle East, Africa and Latin America and Chief Strategist for FMC-AG & Co. KGaA	2012
Dr. Rainer Runte	51	Chief Administrative Officer, General Counsel, Chief Compliance Officer and Labor Relations Director for Germany	2015
Kent Wanzek	51	Head of Global Manufacturing Operations	2012

DR. BEN J. LIPPS became Chairman and Chief Executive Officer of the Management Board of Management AG on December 21, 2005. He served as acting Chief Financial Officer from September 1, 2009 until December 31, 2009. He was Chairman and Chief Executive Officer of the Management Board of FMC-AG from May 1, 1999 until the transformation of legal form to a KGaA and was Vice Chairman of the Management Board until May 1999. He was Chief Executive Officer of Fresenius Medical Care North America until February 2004. He was President, Chief Executive Officer, Chief Operating Officer and a director of Fresenius USA from October 1989 through February 2004, and served in various capacities with Fresenius USA's predecessor from 1985 through 1989. He is a member of the management board of Fresenius SE. He has been active in the field of dialysis for more than 40 years. After earning his master's and doctoral degrees at the Massachusetts Institute of Technology in chemical engineering, Dr. Lipps led the research team that developed the first commercial hollow fiber artificial kidney at the end of the 1960s. Before joining the Fresenius Group in 1985, Dr. Lipps held several research management positions in various companies, among them with DOW Chemical.

RICE POWELL became Deputy Chairman of the Management Board and Chief Executive Officer of Fresenius Medical Care North America effective January 1, 2010. He was a member of the Management Board of FMC-AG from February 2004 until the transformation of legal form and was Co-Chief Executive Officer of Fresenius Medical Care North America and CEO of Renal Therapy Group (RTG) of Fresenius Medical Care North America. He has over 30 years of experience in the healthcare industry. From 1978 to 1996 he held various positions within Baxter International Inc. (USA), Biogen Inc. (USA) and Ergo Sciences Inc. (USA).

MICHAEL BROSNAN became a member of the Management Board of Management AG and Chief Financial Officer on January 1, 2010. Previously, he served as Chief Financial Officer and member of the Board of Directors of Fresenius Medical Care North America for seven years. Mr. Brosnan joined the Company in 1998 as Vice President of Finance and Administration for Spectra Renal Management, the Company's laboratory services

organization. Since then, he has held several executive positions in North America. Prior to joining Fresenius Medical Care, Mr. Brosnan held senior financial positions at Polaroid Corporation and was an audit partner at KPMG.

DR. EMANUELE GATTI became a member of the Management Board of Management AG and Chief Executive Officer for Europe, Latin America, Middle East and Africa on December 21, 2005. He became Chief Strategist effective January 1, 2010. He held such positions in FMC-AG from May 1997 until the transformation of legal form. After completing his studies in bioengineering, Dr. Gatti lectured at several biomedical institutions. He continues to be involved in comprehensive research and development activities focusing on dialysis and blood purification, biomedical signal analysis, medical device safety and healthcare economics. Dr. Gatti has been with the company since 1989. Before being appointed to the Management Board in 1997, he was responsible for the Company's dialysis business in Southern Europe.

ROBERTO FUSTÉ became a member of the Management Board of Management AG and Chief Executive Officer for Asia Pacific on December 21, 2005. He held such positions in FMC-AG from January 1, 1999 until the transformation of legal form. After finishing his studies in economic sciences at the University of Valencia, he founded the company Nephrocontrol S.A. in 1983. In 1991, Nephrocontrol was acquired by the Fresenius Group, where Mr. Fusté has since worked. Before being appointed to the Management Board of FMC-AG in 1999, Mr. Fusté held several senior positions within the Company in Europe and the Asia Pacific region.

DR. RAINER RUNTE is the Company's Chief Administrative Officer (General Counsel, Chief Compliance Officer and Labor Relations Director for Germany). He has been a member of the Management Board of Management AG since December 2005. He became Chief Administrative Officer including, among other responsibilities, Labor Relations Director for Germany, effective January 1, 2010. He was a member of the Management Board responsible for Law, Compliance and Intellectual Property of FMC-AG from January 1, 2004 until the transformation of legal form to a KGaA. He has worked for the Fresenius group for 20 years. Previously he served as scientific assistant to the law department of the Johann Wolfgang Goethe University in Frankfurt and as an attorney in a law firm specialized in economic law. Dr. Runte took the position as Senior Vice President for Law of Fresenius Medical Care in 1997 and was appointed as deputy member of the Management Board in 2002.

KENT WANZEK became a member of the Management Board of Management AG effective January 1, 2010, with responsibility for Global Manufacturing Operations. Previously, Mr. Wanzek was in charge of North American Operations for the Renal Therapies Group at Fresenius Medical Care North America since 2004. Prior to joining the Company in 2003, Mr. Wanzek held several senior executive positions with companies in the healthcare industry, including Philips Medical Systems, Perkin-Elmer, Inc. and Baxter Healthcare Corporation.

The business address of all members of our Management Board and Supervisory Board is Else-Kröner-Strasse 1, 61352 Bad Homburg, Germany.

The Supervisory Board of FMC-AG & Co. KGaA

The Supervisory Board of FMC-AG & Co. KGaA consists of six members who are elected by the shareholders of FMC-AG & Co. KGaA in a general meeting. Fresenius SE, as the sole shareholder of Management AG, the general partner, is barred from voting for election of the Supervisory Board of FMC-AG & Co. KGaA but, nevertheless has and will retain significant influence over the membership of the FMC-AG & Co. KGaA Supervisory Board in the foreseeable future.

The current Supervisory Board of FMC-AG & Co. KGaA consists of six persons, five of whom — Messrs. Schenk, Krick, Kringel, Weisman and Johnston — are also members of the Supervisory Board of our General Partner. For information regarding the names, ages, terms of office and business experience of those members of the Supervisory Board of FMC-AG & Co. KGaA, see "The General Partner's Supervisory Board," above. The sixth member of the Supervisory Board of FMC-AG & Co. KGaA is Prof. Dr. Bernd Fahrholz. Information regarding his age, term of office and business experience is as follows:

PROF. DR. BERND FAHRHOLZ, age 63, was a member of the Supervisory Board of Management AG from April 8, 2005 until August 30, 2006 and was a member of the Supervisory Board of FMC-AG from 1998 until the transformation of legal form to a KGaA and a member of the Supervisory Board of FMC-AG & Co. KGaA

following the transformation. He is a member of our Audit and Corporate Governance Committee. He is partner in the law firm of Dewey & LeBoeuf, LLP, and from 2004 until September 30, 2005 was a partner in the law firm of Nörr Stiefenhofer Lutz (now Noerr LLP). He was a member of the Management Board of Dresdner Bank AG since 1998 and was Chairman from April 2000 until he resigned in March of 2003. He also served as the vice-chairman of the Management Board of Allianz AG and chairman of the Supervisory Board of Advance Holding AG until March 25, 2003. He served on the Supervisory Boards of BMW AG until May 13, 2004 and Heidelberg Cement AG until May 6, 2004. Prof. Dr. Fahrholz is Chairman of the Supervisory Board of SMARTRAC N.V.

The terms of office of the aforesaid members of the Supervisory Board of FMC-AG & Co. KGaA will expire at the end of the general meeting of shareholders of FMC-AG & Co. KGaA, in which the shareholders discharge the Supervisory Board for the fourth fiscal year following the year in which they were elected, but not counting the fiscal year in which such member's term begins. Members of the FMC-AG & Co. KGaA Supervisory Board may be removed only by a resolution of the shareholders of FMC-AG & Co. KGaA with a majority of three quarters of the votes cast at such general meeting. Fresenius SE is barred from voting on such resolutions. The Supervisory Board of FMC-AG & Co. KGaA ordinarily acts by simple majority vote and the Chairman has a tie-breaking vote in case of any deadlock.

The principal function of the Supervisory Board of FMC-AG & Co. KGaA is to oversee the management of the Company but, in this function, the supervisory board of a partnership limited by shares has less power and scope for influence than the supervisory board of a stock corporation. The Supervisory Board of FMC-AG & Co. KGaA is not entitled to appoint the general partner or its executive bodies, nor may it subject the general partner's management measures to its consent or issue rules of procedure for the general partner. Only the Supervisory Board of Management AG, elected solely by Fresenius SE, has the authority to appoint or remove members of the general partner's Management Board. Among other matters, the Supervisory Board of FMC-AG & Co. KGaA will, together with the general partner, fix the agenda for the annual general meeting and make recommendations with respect to approval of the company's annual financial statements and dividend proposals. The Supervisory Board of FMC-AG & Co. KGaA will also propose nominees for election as members of its Supervisory Board and propose the Company's auditors for approval by shareholders.

Significant Shareholders

Security Ownership of Certain Beneficial Owners of the Company

Our outstanding share capital consists of Ordinary shares and non-voting Preference shares that are issued only in bearer form. Accordingly, unless we receive information regarding acquisitions of our shares through a filing with the Securities and Exchange Commission or through the German statutory requirements referred to below, or except as described below with respect to our shares held in American Depository Receipt ("ADR") form, we face difficulties precisely determining who our shareholders are at any specified time or how many shares any particular shareholder owns. Because we are a foreign private issuer under the rules of the Securities and Exchange Commission, our directors and officers are not required to report their ownership of our equity securities or their transactions in our equity securities pursuant to Section 16 of the Exchange Act. However, persons who become "beneficial owners" of more than 5% of our ordinary shares are required to report their beneficial ownership pursuant to Section 13(d) of the Exchange Act. In addition, under the German Securities Trading Act (*Wertpapierhandelsgesetz*), however, persons who discharge managerial responsibilities within an issuer of shares are obliged to notify the issuer and the German Federal Financial Supervisory Authority of their own transactions in shares of the issuer. This obligation also applies to persons who are closely associated with the persons discharging managerial responsibility. Additionally, 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 obligated to notify the company of the level of their holding whenever such holding reaches, exceeds or falls below certain thresholds, which have been set at 3%, 5%, 10%, 15%, 20%, 25%, 30%, 50% and 75% of a company's outstanding voting rights. Such notification obligations will also apply to option agreements (excluding the 3% threshold).

We have been informed that as of September 30, 2010, Fresenius SE owned approximately 35.8% of our Ordinary shares. In August 2008, an indirect wholly-owned subsidiary of Fresenius SE issued €554.4 million

aggregate principal amount of Mandatory Exchangeable Bonds due 2011 with each bond having a nominal value of €50,000 (the "FSE Bonds"). Upon maturity or redemption prior to maturity, Fresenius SE may redeem the FSE Bonds solely by delivery of our Ordinary shares. The actual number of Ordinary shares deliverable by Fresenius SE upon redemption of the FSE Bonds will depend upon the exchange ratio for the FSE Bonds at the time of exchange, subject to a minimum exchange price of €31.83 and a maximum exchange price of €37.56. Upon maturity of the FSE Bonds, Fresenius SE's holding of our Ordinary shares could decrease to between approximately 31% at the maximum exchange price and 30% at the minimum exchange price.

All of our ordinary shares have the same voting rights. However, as the sole shareholder of our general partner, Fresenius SE is barred from voting its Ordinary shares on certain matters.

Bank of New York Mellon, our ADR depositary, informed us, that as of December 31, 2010, 17,702,065 Ordinary ADSs, each representing one Ordinary share, were held of record by 4,571 U.S. holders and there were 86,191 Preference ADSs, each representing one Preference share, held of record by 1 U.S. holder.

Security Ownership of Management

As of September 30, 2010, no member of the Supervisory Board or the Management Board beneficially owned 1% or more of our outstanding Ordinary shares or our outstanding Preference shares. At September 30, 2010 Management Board members of the General Partner held options to acquire 2,178,699 ordinary shares of which options to purchase 1,055,799 ordinary shares were exercisable at a weighted average exercise price of €26.15 ($34.38). Those options expire at various dates between 2011 and 2016.

Security Ownership of Certain Beneficial Owners of Fresenius SE

Fresenius SE's share capital consists of ordinary shares and non-voting preference shares. Both classes of shares are issued only in bearer form. Accordingly, Fresenius SE has difficulties precisely determining who its shareholders are at any specified time or how many shares any particular shareholder owns. However, under the German Securities Trading Act, 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 obligated to notify the company of certain levels of holdings, as described above.

Based on the most recent information available, Else-Kröner-Fresenius Stiftung owns approximately 58% of the Fresenius SE Ordinary shares. According to Allianz Lebensversicherungs-AG, they hold between 5%-10% of the Fresenius SE Ordinary shares.

Related Party Transactions

In connection with the formation of FMC-AG, and the combination of the dialysis businesses of Fresenius SE and W.R. Grace & Co. in the second half 1996, Fresenius SE and its affiliates and Fresenius Medical Care and its affiliates entered into several agreements for the purpose of giving effect to the merger and defining our ongoing relationship. Fresenius SE and W.R. Grace & Co. negotiated these agreements. The information below summarizes the material aspects of certain agreements, arrangements and transactions between Fresenius Medical Care and Fresenius SE and their affiliates. The following descriptions are not complete and are qualified in their entirety by reference to those agreements, which have been filed with the Securities and Exchange Commission and the New York Stock Exchange. We believe that the leases, the supply agreements and the service agreements are no less favorable to us and no more favorable to Fresenius SE 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 Fresenius SE and W.R. Grace & Co., and, taken independently, are not necessarily indicative of market terms.

Dr. Gerd Krick, Chairman of our Supervisory Board, is also a member of the Supervisory Board of our general partner and Chairman of the Supervisory Board of Fresenius SE. Dr. Dieter Schenk, Vice Chairman of the Supervisory Board of our general partner and of the Supervisory Board of FMC-AG & Co. KGaA, is also a member of the Supervisory Board of Fresenius SE, and Dr. Ulf M. Schneider, Chairman of the Supervisory Board of our general partner and a former member of the Supervisory Board of FMC-AG, is Chairman of the Management Board

and CEO of Fresenius SE. Each of Mr. John G. Kringel, Dr. Walter L. Weisman and Mr. William P. Johnston is a member of both our Supervisory Board and our general Partner's Supervisory Board.

In the discussion below regarding our contractual and other relationships with Fresenius SE:

- the term "we (or us) and our affiliates" refers only to Fresenius Medical Care AG & Co. KGaA and its subsidiaries; and
- the term "Fresenius SE and its affiliates" refers only to Fresenius SE and affiliates of Fresenius SE other than Fresenius Medical Care AG & Co. KGaA and its subsidiaries.

Real Property Lease

We did not acquire the land and buildings in Germany that Fresenius Worldwide Dialysis used when we were formed in the second half of 1996. Fresenius SE or its affiliates have leased part of the real property to us, directly, and transferred the remainder of that real property to two limited partnerships. Fresenius SE 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 us and to our affiliates, as applicable, for use in our respective businesses. The aggregate annual rent payable by us under these leases is approximately €11.5 million and €16.0 million at September 30, 2010 and December 31, 2009, respectively, (approximately $15.1 million as of September 30, 2010 and $23.1 million as of December 31, 2009 respectively), exclusive of maintenance and other costs, and is subject to escalation, based upon development of the German consumer-price-index determined by the Federal Statistical Office. The leases for manufacturing facilities have a ten-year term, followed by two successive optional renewal terms of ten years each at our election. In December 2006, the Company exercised its option to renew the lease 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, we amended the lease for the Schweinfurt, Germany facility, to add additional manufacturing capacity. Based upon an appraisal, we believe that the rents under the leases represent fair market value for such properties. For information with respect to our principal properties in Germany, see "Business — Property."

Trademarks

Fresenius SE continues to own the name and mark "Fresenius" and its "F" logo. Fresenius SE and Fresenius Medical Care Deutschland GmbH, one of our German subsidiaries, have entered into agreements containing the following provisions. Fresenius SE has granted to our German subsidiary, for our benefit and that of our affiliates, an exclusive, worldwide, royalty-free, perpetual license to use "Fresenius Medical Care" in our company names, and to use the Fresenius marks, including some combination marks containing the Fresenius name that were used by the worldwide dialysis business of Fresenius SE, and the Fresenius Medical Care name as a trade name, in all aspects of the renal business. Our German subsidiary, for our benefit and that of our 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 Fresenius SE. 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 the renal business.

We and our affiliates have the right to use "Fresenius Medical Care" as a trade name in other medical businesses only with the consent of Fresenius SE. Fresenius SE may not unreasonably withhold its consent. In the U.S. and Canada, Fresenius SE 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 our principal German subsidiary. Our subsidiary will not unreasonably withhold its consent if the service mark includes one or more additional descriptive words or symbols. Similarly, in the U.S. and Canada, Fresenius SE 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 Fresenius SE is not confusingly similar to our marks and trade names. Fresenius SE's ten year covenant not to compete with us, granted in 1996, has expired, and Fresenius SE may use "Fresenius" in its corporate names if it is used in combination with one or more additional distinctive word or words, provided that the name used by Fresenius SE 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 our formation were also used by other divisions of Fresenius SE. For Biofine, the polyvinyl chloride-free packaging material, Fresenius SE has granted to our principal German subsidiary, for our benefit and for the benefit of our affiliates, an exclusive license for the renal business and a non-exclusive license for all other fields except other non-renal medical businesses. Our German subsidiary and Fresenius SE share equally any royalties from licenses of the Biofine intellectual property by either our German subsidiary or by Fresenius SE to third parties outside the renal business and the other non-renal medical businesses. In addition, Fresenius SE transferred to our German subsidiary the other patents, patent applications, inventions, know-how and trade secrets that were used predominantly in Fresenius SE's dialysis business. In certain cases Fresenius Worldwide Dialysis and the other Fresenius SE 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 our German subsidiary acquired those jointly funded patents, patent applications, inventions, know-how and trade secrets, our subsidiary licensed them back to Fresenius SE exclusively in the other non-renal medical businesses and non-exclusively in all other fields. Where Fresenius SE retained the jointly funded patents, patent applications, inventions, know-how and trade secrets, Fresenius SE licensed them to our German subsidiary exclusively in the renal business and non-exclusively in all other fields.

Supply Agreements and Arrangements

We produce most of our products in our own facilities. However, Fresenius Kabi AG, a subsidiary of Fresenius SE, manufactures some of our products for us, principally dialysis concentrate and other solutions. These facilities are located in Germany, Brazil, France and South Africa. Conversely, our facilities in Germany and Italy produce products for Fresenius Kabi AG.

Our local subsidiaries and those of Fresenius SE 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 the first nine months of 2010 and the year ended December 31, 2009, we sold products to Fresenius SE in the amount of $11.5 million and $13.6 million, respectively. In the first nine months of 2010 and the year ended December 31, 2009, we made purchases from Fresenius SE in the amount of $33.4 million and $43.3 million, respectively.

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.

In January and February 2008, Baxter Healthcare Corporation and/or its parent corporation, Baxter International, Inc., issued recalls and suspended production of its sodium heparin injection products in response to reports of adverse patient reactions. Heparin is a blood thinning drug that is widely and routinely used in the treatment of dialysis patients to prevent life-threatening blood clots. Prior to the recalls, FMCH purchased a majority of its heparin requirements from Baxter. As a result of the recalls, APP Pharmaceuticals, Inc. ("APP Inc."), is the only remaining US supplier of FDA-approved heparin used in dialysis. APP Inc. has substantially increased FMCH's acquisition costs for this product. On September 10, 2008, Fresenius Kabi AG, a wholly-owned subsidiary of Fresenius SE, acquired APP Inc. The acquisition has had no impact on the purchase price of heparin. FMCH currently purchases heparin supplied by APP Inc. through MedAssets, Inc. MedAssets Inc. is a publicly-traded

U.S. corporation that provides inventory purchasing services to healthcare providers through a group purchasing organization ("GPO") structure. A GPO is an organization that endeavors to manage supply and service costs for hospitals and healthcare 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. healthcare providers that participate in the MedAssets GPO. FMCH purchases pharmaceuticals and supplies used in its dialysis services business through the MedAssets GPO contract. During the first nine months of 2010 and the year ended December 31, 2009, we acquired $23.4 million and $31.3 million, respectively, of heparin from APP Inc. through the GPO.

We were party to a German consolidated trade tax return with Fresenius SE and certain of its German subsidiaries for the fiscal years 1997-2001. During the second quarter of 2009, we reclassified an account payable in the amount of €77.7 million ($110 million at June 30, 2009) to Fresenius SE to short-term borrowings from related parties. The amount represents taxes payable by the Company arising from the period 1997-2001 during which German trade taxes were paid by Fresenius SE on behalf of the Company. Of this amount, €5.75 million ($7.8 million at September 30, 2010) will be repaid in 2011 with an interest rate of 6%.

Services Agreement

We obtain administrative and other services from Fresenius SE headquarters and from other divisions and subsidiaries of Fresenius SE. These services relate to, among other things, administrative services, management information services, employee benefit administration, insurance, IT services, tax services and treasury services. For the first nine months of 2010 and the year ended December 31, 2009, Fresenius SE and its affiliates charged us approximately $44.6 million and $68.2 million, respectively, for these services. Conversely, we have provided certain services to other divisions and subsidiaries of Fresenius SE relating to research and development, central purchasing, patent administration and warehousing. For the first nine months of 2010 and the year ended December 31, 2009, we charged approximately $4.7 million and $13.5 million, respectively, to Fresenius SE and its subsidiaries for services we rendered to them.

We and Fresenius SE 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 agreements and the regulations of German law regarding dominating enterprises.

Financing

We are party to an Amended and Restated Subordinated Loan Note with Fresenius SE under which we or our subsidiaries may request and receive one or more advances up to an aggregate amount of $400 million during the period ending March 31, 2013. See Note 9, "Short-Term Borrowings, Other Financial Liabilities and Short-Term Borrowings from Related Parties — Short-Term Borrowings from Related Parties," of the Notes to our audited consolidated financial statements included in this offering memorandum. During 2009, we received advances between €1.3 million and €72 million which carried interest at rates between 1.05% and 2.05% per annum. On December 31, 2009, the Company had no advances outstanding due to Fresenius SE. On August 19, 2009, the Company borrowed $2.2 million from the general partner at 1.335%. The balance, originally due on August 19, 2010, was extended until August 19, 2011.

Other Interests

Dr. Gerd Krick, chairman of the Supervisory Board of FMC-AG & Co. KGaA and member of the supervisory board of Management AG, was a member of the administration board of Dresdner Bank, Luxembourg, S.A., a subsidiary of Dresdner Bank AG. See "— Security Ownership of Certain Beneficial Owners of Fresenius SE." Dresdner Bank AG, through its New York and Cayman branches, was a documentation agent and was one of the joint lead arrangers and book managers under our Senior Credit Agreement in effect prior to 2006 and our current Amended 2006 Senior Credit Agreement. Dr. Dieter Schenk, Vice Chairman of the Supervisory Boards of Management AG and of FMC-AG Co. KGaA and a member of the Supervisory Board of Fresenius SE, is a partner in the law firm of Noerr

LLP (formerly Nörr Stiefenhofer Lutz Partnerschaft), which has provided legal services to Fresenius SE and Fresenius Medical Care. The portion of said legal services to Fresenius Medical Care for the period January 1, 2010 through September 30, 2010 has been approved by our supervisory board, with Dr. Schenk abstaining from the vote, with payment of the invoices occurring only after board approval. Services for the fourth quarter of 2010 will be reviewed in the first quarter of 2011 and are subject to approval by the supervisory board. During 2009, Noerr LLP was paid approximately $1.4 million for these services by Fresenius Medical Care. Dr. Schenk is one of the executors of the estate of the late Mrs. Else Kröner. Else Kröner-Fresenius-Stiftung, a charitable foundation established under the will of the late Mrs. Kröner, owns the majority of the voting shares of Fresenius SE. Dr. Schenk is also the Chairman of the advisory board of Else-Kröner-Fresenius-Stiftung. See "— Security Ownership of Certain Beneficial Owners of Fresenius SE."

Under the articles of association of FMC AG & Co. KGaA, we will pay Fresenius SE a guaranteed return on its capital investment in our general partner.

General Partner Reimbursement

Management AG, the Company's general partner, is a 100% wholly-owned subsidiary of Fresenius SE. The Company's Articles of Association provide that the General Partner shall be reimbursed for any and all expenses in connection with management of the Company's business, including compensation of the members of the General Partner's supervisory board and the General Partner's management board. The aggregate amount reimbursed to Management AG for 2009 was approximately $7.8 million for its management services during 2009 including $0.08 million as compensation for their exposure to risk as General Partner. The Company's Articles of Association fix this compensation as a guaranteed return of 4% of the amount of the General Partner's invested capital (€1.5 million).

DESCRIPTION OF CERTAIN INDEBTEDNESS

The following table shows the indebtedness outstanding under our short-term borrowings, Senior Credit Agreement and other long-term debt and net debt at September 30, 2010, December 31, 2009 and 2008.

	September 30, 2010	December 31, 2009	December 31, 2008
		(in millions)	
Short-term borrowings[(a)] and other financial liabilities	$ 623	$ 316	$ 683
Short-term borrowings from related parties	10	10	1
Senior Credit Agreement[(b)]	2,938	3,522	3,366
6⅞% Senior Notes	494	493	492
5.50% Senior Notes	337	—	—
Euro Notes	273	288	278
EIB Agreements	356	213	174
Capital lease obligations	16	18	13
Other	55	51	88
Trust Preferred Securities	634	656	641
Total short term borrowings & long-term debt	5.736	5.568	5.738
Less: cash and cash equivalents	(572)	(301)	(222)
Net debt	$5.164	$5.267	$5.516

(a) Includes short-term borrowings under the Company's accounts receivable securitization facility and other short-term borrowings by its subsidiaries from local banks.

(b) Amounts outstanding under the Amended 2006 Senior Credit Agreement as of September 30, 2010 and under the 2006 Senior Credit Agreement as of December 31, 2009 and 2008.

In addition, at September 30, 2010, December 31, 2009 and December 31, 2008, $122 million, $97 million and $112 million, respectively, were utilized as letters of credit which are not included as part of the balances outstanding at those dates.

Amended 2006 Senior Credit Agreement

The Company, Fresenius Medical Care Holdings, and certain other subsidiaries of the Company that are borrowers and/or guarantors thereunder, including Fresenius Medical Care Deutschland GmbH, entered into a $4,600,000,000 syndicated credit facility (the "2006 Senior Credit Agreement") with Bank of America, N.A. ("BofA"); Deutsche Bank AG New York Branch; The Bank of Nova Scotia, Credit Suisse, Cayman Islands Branch; JPMorgan Chase Bank, National Association; and certain other lenders (collectively, the "Lenders") on March 31, 2006 which replaced its prior credit agreement.

Since entering into the 2006 Senior Credit Agreement, the Company arranged several amendments with the lenders and effected voluntary prepayments of the term loans, which led to a change in the total amount available under this facility. Pursuant to an amendment together with an extension arranged on September 29, 2010 the revolving facility was increased from $1,000 million to $1,200 million and the Term Loan A facility by $50 million to $1,365 million. The maturity for both tranches was extended from March 31, 2011 to March 31, 2013 (a 2 year extension). Additionally, the early repayment requirement for the Term Loan B, which stipulated that Term Loan B was subject to early retirement if the Trust Preferred Securities due June 15, 2011 were not paid, refinanced or extended prior to March 1, 2011, has been removed. The definition of the Company's Consolidated Leverage Ratio, which is used to determine the applicable margin, was amended to allow for the reduction of up to $250 million (increased from $30 million) of cash and cash equivalents from Consolidated Funded Debt, as defined in the initial 2006 Senior Credit Agreement. In addition, the amendment includes increases in certain types of permitted borrowings outside of the Amended 2006 Senior Credit Agreement and provides further flexibility for certain types

of investments. Furthermore, the parties agreed to change the limitation on dividends and other restricted payments for up to $330 million in 2011. Thereafter, these limitations increase by $30 million each year through 2013.

As of September 30, 2010, the Amended 2006 Senior Credit Agreement consists of:

- a $1,200 million revolving credit facility (of which up to $400 million is available for letters of credit, up to $400 million is available for borrowings in certain non-U.S. currencies, up to $150 million is available as swing line loans in U.S. dollars, up to $250 million is available as a competitive loan facility and up to $50 million is available as swing line loans in certain non-U.S. currencies, the total of which cannot exceed $1,200 million) which will be due and payable on March 31, 2013.
- a term loan facility ("Term Loan A") of $1,365 million, also scheduled to mature on March 31, 2013. Quarterly repayments of $30 million are required starting on December 31, 2010, with the remaining amount outstanding due on March 31, 2013.
- a term loan facility ("Term Loan B") of $1,542 million scheduled to mature on March 31, 2013 Repayment is arranged in 6 quarterly payments of $4.0 million followed by 4 quarterly payments of $379.4 million.

Interest on these facilities will be, at the Company's option, depending on the interest periods chosen, at a rate equal to either (i) LIBOR plus an applicable margin or (ii) the higher of (a) BofA's prime rate or (b) the Federal Funds rate plus 0.5%, plus an applicable margin.

The applicable margin is variable and depends on the Company's Consolidated Leverage Ratio which is a ratio of its Consolidated Funded Debt less up to $250 million cash and cash equivalents to Consolidated EBITDA (as these terms are defined in the Amended 2006 Senior Credit Agreement).

In addition to scheduled principal payments, indebtedness outstanding under the Amended 2006 Senior Credit Agreement will be reduced by mandatory prepayments utilizing portions of the net cash proceeds from certain sales of assets, securitization transactions other than the Company's existing A/R Facility, the issuance of subordinated debt other than certain intercompany transactions, certain issuances of equity and excess cash flow.

Obligations under the Amended 2006 Senior Credit Agreement are secured by pledges of capital stock of certain material subsidiaries in favour of the lenders. The Amended 2006 Senior Credit Agreement contains affirmative and negative covenants with respect to the Company and its subsidiaries and other payment restrictions. Certain of the covenants limit indebtedness of the Company and investments by the Company, and require the Company to maintain certain financial ratios. Additionally, the Amended 2006 Senior Credit Agreement provides for a limitation on dividends and other restricted payments which is $330 million for dividends in 2011, and increases by $30 million in each of the subsequent years. The Company paid dividends of $232 million in May of 2010 which was in compliance with the restrictions set forth in the 2006 Senior Credit Agreement. In default, the outstanding balance under the Amended 2006 Senior Credit Agreement becomes immediately due and payable at the option of the Lenders. As of September 30, 2010 and December 31, 2009, the Company was in compliance with all covenants under the Amended 2006 Senior Credit Agreement.

The Company incurred fees of approximately $86 million in conjunction with the 2006 Senior Credit Agreement and fees of approximately $21 million in conjunction with the Amended 2006 Senior Credit Agreement, which are being amortized over the life of this agreement.

6⅞% Senior Notes

In July 2007, FMC Finance III S.A. ("Finance III"), a wholly-owned subsidiary of the Company, issued $500 million aggregate principal amount of 6⅞% Senior Notes at a discount resulting in an effective interest rate of 7⅛%. The 6⅞% Senior Notes are due 2017 and are guaranteed on a senior basis jointly and severally by the Company and by FMCH and D-GmbH. Finance III may redeem the 6⅞% Senior Notes at any time at 100% of principal plus accrued interest and a premium calculated pursuant to the terms of the indenture. The holders have a right to request that Finance III repurchase the 6⅞% 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 6⅞% Senior Notes.

5.50% Senior Notes

In January 2010, FMC Finance VI S.A. ("Finance VI"), a wholly-owned subsidiary of the Company, issued €250 million aggregate principal amount of 5.50% Senior Notes at a discount resulting in an effective interest rate of 5.75%. The 5.50% Senior Notes are due 2016 and are guaranteed on a senior basis jointly and severally by the Company and by FMCH and D-GmbH. Finance VI may redeem the 5.50% Senior Notes at any time at 100% of principal plus accrued interest and a premium calculated pursuant to the terms of the indenture. The holders have a right to request that Finance VI repurchase the 5.50% 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 5.50% Senior Notes. Proceeds were used to repay short-term indebtedness and for general corporate purposes.

Euro Notes *(Schuldscheindarlehen)*

In April, 2009, the Company issued euro denominated notes or *Schuldscheindarlehen* ("Euro Notes") totalling €200 million. These Euro Notes, which are senior, unsecured and guaranteed by FMCH and D-GmbH, consist of 4 tranches having terms of 3.5 and 5.5 years with floating and fixed interest rate tranches. Proceeds were used to repay the 2005 Euro Notes.

EIB Agreements

We entered into various credit agreements with the European Investment Bank ("EIB") in 2005, 2006 and 2009 totalling €271 million. The EIB is a not-for-profit long-term lending institution of the European Union and lends funds at favorable rates for the purpose of capital investment and R&D projects, normally for up to half of the funds required for such projects.

We have four credit facilities available at September 30, 2010 under these agreements consisting of:

- a term loan of €41 million (the "2005 Term Loan") fully disbursed in 2005 and maturing in 2013 with the borrowing denominated in U.S. Dollars,
- a revolving facility of €90 million (the "2005 Revolving Facility") entered into in 2005 which matures in 2013. Borrowings are denominated in U.S. Dollars. On March 15, 2010, the Company drew down the remaining available balance of $80.8 million on the 2005 Revolving Facility. Under the agreement, the Company could effect borrowings under this facility only until March 15, 2010 and could draw down up to €90 million in total, which at the time of the initial borrowing equaled $115.8 million,
- a term loan of €90 million (the "2006 Term Loan") fully disbursed in 2008 and maturing in 2014 with the borrowing denominated in Euro,
- a term loan of €50 million (the "2009 Term Loan") fully disbursed in February 2010 and maturing in 2014 with the borrowing denominated in Euro.

Our U.S. dollar borrowings had an interest rate of 0.422% and the euro borrowings had interest rates of 0.872% and 3.107% at September 30, 2010.

Borrowings under the 2005 Term Loan, the 2005 Revolving Facility and the 2006 Term Loan are secured by bank guarantees. The 2009 Term Loan is guaranteed by D-GmbH and FMCH. All EIB agreements have customary covenants.

Trust Preferred Securities

We have issued Trust Preferred Securities through Fresenius Medical Care Capital Trusts, statutory trusts organized under the laws of the State of Delaware (the "Trust Preferred Securities"). The Company owns all of the common securities of these trusts. The sole asset of each trust is a senior subordinated note of the Company or a wholly-owned subsidiary of the Company. The Company, D-GmbH and FMCH have guaranteed payment and performance of the senior subordinated notes to the respective Fresenius Medical Care Capital Trusts. The Trust Preferred Securities are guaranteed by the Company through a series of undertakings by the Company and FMCH and D-GmbH.

The Trust Preferred Securities entitle the holders to distributions at a fixed annual rate of the stated amount and are mandatorily redeemable after 10 years. Earlier redemption at the option of the holders may also occur upon a change of control followed by a ratings decline or defined events of default including a failure to pay interest. Upon liquidation of the trusts, the holders of Trust Preferred Securities are entitled to a distribution equal to the stated amount. $225 million and €300 million aggregate amount of senior subordinated debt is due June 15, 2011, the mandatory redemption date of the related Trust Preferred Securities.

A/R Facility

Our A/R Facility is typically renewed in October of each year and was most recently renewed and increased from $650 million to $700 million in September 2010. Under the A/R Facility, certain receivables are sold to NMC Funding Corporation ("NMC Funding"), a wholly-owned subsidiary. NMC Funding then assigns percentage ownership interests in the accounts receivable to certain bank investors. Under the terms of the 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 our consolidated balance sheet and the proceeds from the transfer of percentage ownership interests are recorded as short-term borrowings.

At September 30, 2010 and December 31, 2009 there were outstanding short-term borrowings under the A/R Facility of $495 million and $214 million, respectively. NMC Funding pays interest to the bank investors, calculated based on the commercial paper rates for the particular tranches selected. The average interest rate at September 30, 2010 and December 31, 2009 was 3.12% and 3.89%, respectively.

Short-term borrowings from Fresenius SE

We are party to an Amended and Restated Subordinated Loan Note (the "FSE Note") with Fresenius SE dated March 31, 2006 which amended the Subordinated Loan Note dated May 18, 1999. Under the FSE Note, we or our subsidiaries may request and receive one or more advances (each an "Advance") up to an aggregate amount of $400 million during the period ending March 31, 2013. The Advances may be repaid and reborrowed during the period but Fresenius SE is under no obligation to make an Advance. Each Advance is repayable in full one, two or three months after the date of the Advance or any other date as agreed to by the parties to the Advance or, if no maturity date is so agreed, the Advance will have a one-month term. All Advances bear interest at a variable rate per annum equal to LIBOR plus an applicable margin that is based upon our consolidated leverage ratio, as defined in the Amended 2006 Senior Credit Agreement. Advances are subordinated to outstanding loans under the Amended 2006 Senior Credit Agreement and all our other indebtedness.

DESCRIPTION OF THE NOTES

The Dollar-denominated Notes and the Euro-denominated Notes were issued under and will be governed by separate Indentures, each dated February 3, 2011 (individually, an "Indenture" and collectively, the "Indentures"). Each Indenture will be entered into by the relevant Issuer, the Guarantors and U.S. Bank National Association, as Trustee. Copies of the forms of the Indentures are available upon request to the relevant 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 Medical Care AG & 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 Euro MTF market.

The Indentures will not be qualified under the Trust Indenture Act of 1939, as amended. The terms of the Notes will include those stated in the Indentures and those made part of each Indenture by reference to the Trust Indenture Act.

General

The Dollar-denominated Notes

The Dollar-denominated Notes:

- are general unsecured, senior obligations of the Dollar Issuer;
- are being offered in an aggregate principal amount of $650 million;
- mature on February 15, 2021;
- were issued in denominations of $2,000 and integral multiples of $1,000 in excess thereof;
- are represented by one or more registered Dollar-denominated Notes in global form, but in certain circumstances may be represented by registered Dollar-denominated 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 Dollar Issuer; and
- will be repaid at par in dollars at maturity and not be subject to any sinking fund provision.

The Euro-denominated Notes

The Euro-denominated Notes:

- are general unsecured, senior obligations of the Euro Issuer;
- are being offered in an aggregate principal amount of €300 million;
- mature on February 15, 2021;
- were issued in denominations of €1,000 and integral multiples of €1,000 in excess thereof;
- are represented by one or more registered Euro-denominated Notes in global form, but in certain circumstances may be represented by registered Euro-denominated 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 Euro Issuer; and
- will be repaid at par in Euros at maturity and not be subject to any sinking fund provision.

Additional Notes

An Issuer in a supplemental indenture relating to additional notes in the applicable currency may issue additional notes ("Additional Dollar-denominated Notes," or "Additional Euro-denominated Notes", as the case may be), from time to time after this offering subject to the provisions of the applicable 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 Dollar-denominated Notes or Additional Euro-denominated Notes subsequently issued under an Indenture will be treated as a single class for all purposes under that 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 CUSIP, if any).

Interest

Interest on the Dollar-denominated Notes and the Euro-denominated Notes will:

- accrue at the rates of 5.75% and 5.25%, respectively, per annum;
- accrue from the date of issuance or the most recent interest payment date;
- be payable in cash semi-annually in arrears on and, commencing on August 15, 2011, with the first interest payment covering the period from the Issue Date to August 15, 2011.

- be payable semi-annually on February 15 and August 15 of each year to the holders of record on February 1 and August 1, as the case may be, immediately preceding the related interest payment dates; and
- be computed on the basis of a 360-day year comprised of twelve 30-day months.

The yields calculated at issuance of the Dollar-denominated Notes and the Euro-denominated Notes were 5.875% and 5.250%, respectively. Your yield will depend on the price at which you purchase Dollar-denominated Notes or Euro-denominated Notes.

Guarantees

The obligations of the Issuers under their respective Notes, including the repurchase obligation of the Issuers resulting from a Change of Control, will be unconditionally guaranteed, on a joint and several basis, by the Company, Fresenius Medical Care Deutschland GmbH and Fresenius Medical Care Holdings, Inc. (the "Guarantors"). At a time when a Guarantor (other than the Company) is no longer an obligor under the Credit Facility, 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 Fresenius Medical Care Deutschland GmbH, 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 managing directors 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 each 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 an 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 its obligations under its Note Guarantees, subject to the limitations below under "— Certain Covenants — Limitation on Mergers and Sales of Assets." At the time a Guarantor (other than the Company) is no longer an obligor under the Credit Facility, such Guarantor will be released and relieved from all its obligations under its Note Guarantee.

Ranking

The Dollar-denominated Notes and the Euro-denominated Notes will be senior unsecured obligations of the applicable Issuer and the Note Guarantees will be senior unsecured obligations of the Guarantors. The payment of the principal of, premium, if any, and interest on the Notes and the obligations of the Guarantors under the Note Guarantees will:

- rank *pari passu* in right of payment with all other Indebtedness of the applicable Issuer and the Guarantors, as applicable, that is not by its terms expressly subordinated to other Indebtedness of the Issuer and the Guarantors, as applicable;
- rank senior in right of payment to all Indebtedness of the applicable Issuer and the Guarantors, as applicable, that is, by its terms, expressly subordinated to the senior Indebtedness of the Issuers and the Guarantors, as applicable;
- be effectively subordinated to the Secured Indebtedness of the applicable Issuer and the Guarantors, as applicable, to the extent of the value of the collateral securing such Indebtedness, and to the Indebtedness of the Subsidiaries that are not Guarantors of the Notes; and
- in the case of the Note Guarantee of Fresenius Medical Care Deutschland GmbH, be effectively subordinated to the claims of such Guarantor's third-party creditors as a result of limitations applicable to the Note Guarantee.

Form of Notes

The Notes will be represented initially by global notes in registered form. Dollar-denominated Notes and Euro-denominated Notes initially offered and sold in reliance on Rule 144A under the Securities Act ("Rule 144A") will be represented by global Notes (the "Rule 144A Global Notes"); Dollar-denominated Notes and Euro-denominated Notes initially offered and sold in reliance on Regulation S under the Securities Act ("Regulation S") will be represented by additional global Notes (the "Regulation S Global Notes"). The combined principal amounts of the Dollar Rule 144A Global Note and the Dollar Regulation S Global Note (together, the "Dollar Global Notes") will at all times equal the outstanding principal amount of the Dollar-denominated Notes represented thereby. The combined principal amounts of the Euro-denominated Rule 144A Global Note and the Euro-denominated Regulation S Global Note (together, the "Euro Global Notes" will at all times represent the total outstanding principal amount of the Euro-denominated Notes represented thereby.

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 — Certificated Notes." Title to the Definitive Registered Notes will pass upon registration of transfer in accordance with the provisions of the applicable Indenture. In no event will definitive Notes in bearer form be issued. Ownership of registered Notes shall be established by an entry in the noteholders' register maintained under each Indenture.

Payment on the Notes

Principal of, premium, if any, interest and Additional Amounts, if any, on the Global Notes will be payable at the office of the Paying Agent for the Dollar-denominated Notes or the Euro-denominated Notes, as the case may be, 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 Dollar-denominated 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 Dollar Global Notes, and payment of such amounts on Euro-denominated Notes in global form registered in the name of or held by the common depositary or its nominee will be made in immediately available funds to the common depositary or its nominee, as the case may be, as the registered holder of the Euro Global Notes, *provided*, that at the option of an Issuer, payment of interest on the Notes of such Issuer 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 Notes, holders of the Notes will be able to receive principal and interest on the Notes at the office of the applicable Paying and Transfer Agent, subject to the right of the Issuers to mail payments in accordance with the terms of each Indenture. The Issuers 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

U.S. Bank National Association and Deutsche Bank Aktiengesellschaft will initially act as paying agents (each a "Paying Agent") for the Dollar-denominated Notes and the Euro-denominated Notes, respectively. U.S. Bank National Association will initially act as registrar (the "Registrar") for the Notes. An Issuer may change the Paying Agent or Registrar for such Issuer's Notes, and an Issuer may act as Registrar for its Notes.

Transfer and Exchange

A holder of Notes may transfer or exchange Notes in accordance with the applicable 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 of such Note may require such holder to pay any taxes and fees required by law or permitted by the relevant Indenture. The Issuers are not required to transfer or exchange any Note selected for redemption. Also, the Issuers are 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 sufficient to cover any transfer tax or other similar governmental charge payable in connection therewith.

Optional Redemption

An 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 the 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 Treasury Rate (in the case of the Dollar-denominated Notes) or the Bund Rate (in the case of the Euro-denominated Notes) plus, in each case, 50 basis points; over
- 100% of the principal amount of the Notes being redeemed.

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 Notes are listed or, if the 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 Dollar-denominated Note of $2,000 in original principal amount or less, and no Euro-denominated Note of €1,000 in original principal amount or less, will be redeemed in part. If any Note is to be redeemed in part only, the notice of 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

Each Issuer is entitled to redeem the Notes issued by it, 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 such 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 such Notes, any additional amounts as a result of:

(a) a change in or an amendment to the laws, treaties, regulations or rulings of any Relevant Taxing Jurisdiction; 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 or official position is announced and becomes effective after the issuance of the Notes; *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 (as defined below) 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.

Additional Amounts

All payments made under or with respect to the Notes under an 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 the (1) the United States, Germany, Luxembourg, the United Kingdom or 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 a resident or engaged in 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 applicable Issuer or any Guarantor is required to withhold or deduct Taxes by law or by the interpretation or administration thereof by the relevant government authority or agency *provided, however,* that in determining what withholding is required by law for U.S. federal income and withholding tax purposes, the relevant Issuer and any Guarantor shall be entitled to treat any payments on or in respect of the Notes of such Issuer or any Note Guarantee as if the Notes or any Note Guarantee were issued by a U.S. person as defined in section 7701(a)(30) of the Internal Revenue Code. If an Issuer or any Guarantor 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, such 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 (including Additional Amounts) 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 with respect to payments made to any holder or beneficial owner to the extent such Taxes are imposed by reason of (i) such holder or beneficial owner being considered to be or to have been connected with a Relevant Taxing Jurisdiction, otherwise than by the acquisition, ownership, holding or disposition of the Notes, the enforcement of rights under the Notes or under any Note Guarantee or the receipt of payments in respect of the Notes or any Note Guarantee, or (ii) such holder or beneficial owner not completing any procedural formalities that it is legally eligible to complete and are necessary for the Issuer or the Guarantors to make or obtain authorization to make payments without such Taxes (including, without limitation, providing prior to the receipt of any payment on or in respect of a Note or any Note Guarantee a complete, correct and executed IRS Form W-8 or W-9 or successor form, as applicable, with all appropriate attachments); *provided, however*, that for purposes of this obligation to pay Additional Amounts, the Issuer and any Guarantor shall be entitled, for U.S. federal income and withholding tax purposes, to treat any payments on or in respect of the Notes as if the Notes were issued by a U.S. person as defined in section 7701(a)(30) of the Internal Revenue Code. Further, no Additional Amounts shall be payable with respect to (i) any Tax imposed by the United States or any political subdivision or governmental authority thereof or therein on interest by reason of any holder or beneficial owner holding or owning, actually or constructively, 10% or more of the total combined voting power of all classes of stock of an Issuer or any Guarantor entitled to vote or (ii) any Tax imposed by the United States or any political subdivision or governmental authority thereof or therein on interest by reason of any holder or beneficial owner being a controlled foreign corporation that is a related person within the meaning of Section 864(d)(4) of the Internal Revenue Code with respect to the Issuer or any Guarantor. Each Issuer or Guarantor (as applicable) will also make such withholding or deduction and remit the full amount deducted or withheld to the relevant authority as and when required in accordance with applicable law. Each Issuer or Guarantor (as applicable) will use all reasonable efforts to obtain certified copies of tax receipts evidencing the payment by such Issuer or Guarantor (as applicable) of any Taxes so deducted or withheld from each Relevant Taxing Jurisdiction imposing such Taxes and will provide such certified copies to the Trustee.

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 on or with respect to any of the Notes or any Note Guarantee, 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.

At least 30 days prior to each date on which payment of principal, premium, if any, interest or other amounts on the Notes is to be made (unless an obligation to pay Additional Amounts arises shortly before or after the 30th day prior to such date, in which case it shall be promptly thereafter), if an Issuer or any Guarantor will be obligated to pay Additional Amounts with respect to any such payment, such Issuer will promptly furnish the Trustee and the Paying Agent, if other than the Trustee, with an Officers' Certificate stating that such Additional Amounts will be

payable and the amounts so payable, and will set forth such other information necessary to enable the Trustee or the Paying Agent to pay such Additional Amounts to the holders on the payment date. The Issuer will pay to the Trustee or the Paying Agent such Additional Amounts and, if paid to a Paying Agent other than the Trustee, shall promptly provide the Trustee with documentation evidencing the payment of such Additional Amounts. Copies of such documentation shall be made available to the holders upon request.

The applicable 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 Luxembourg (in the case of the Euro Issuer) or the United States (in the case of the Dollar Issuer), or any political subdivision thereof or therein, from the execution, delivery and registration of Notes issued by it upon original issuance and initial resale of the Notes or any other document or instrument referred to therein, or in connection with the enforcement of the Notes or any Note Guarantee or any other document or instrument referred to therein. If at any time an Issuer changes its place of organization to outside of Luxembourg or the United States (as applicable) or there is a new issuer organized outside of Luxembourg or the United States (as applicable), the applicable 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) and are payable by the holders of the Notes in respect of the Notes or any other document or instrument referred to therein under any law, rule or regulation in effect at the time of such change.

The foregoing obligations 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 of such Notes 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, each Issuer will mail a notice to each holder of such Issuer's Notes with a copy to the Trustee stating:

(1) 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);

(2) the circumstances and relevant facts regarding such Change of Control Triggering Event (including information with respect to pro forma historical income, cash flow and capitalization after giving effect to such Change of Control Triggering Event);

(3) the repurchase date (which shall be no earlier than 30 days nor later than 60 days from the date such notice is mailed);

(4) that each Note will be subject to repurchase only in integral multiples of $2,000 (in the case of Dollar-denominated Notes), or €1,000 (in the case of Euro-denominated Notes); and

(5) the instructions determined by the Issuer, consistent with the covenant described hereunder, that a holder must follow in order to have its Notes purchased.

Each 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 Issuers 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. See "Management-Significant Shareholders — Security Ownership Certain Beneficial Owners of the Company" for information regarding the potential effects of Fresenius SE's Mandatory Exchangeable Bonds due 2011 on its ownership of our ordinary shares. 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 applicable Indenture. Except so long as the limitations contained in such covenants are effective, the Indentures will not contain any covenants or provisions that may afford holders of the Notes protection in the event of a highly leveraged transaction.

An Issuer's ability to repurchase Notes upon a Change of Control Triggering Event may be limited by a number of factors. The occurrence of some of the events that constitute a Change of Control would constitute a default under the Credit Facility 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 Issuers to repurchase 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, an 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 an 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 applicable Indenture.

Certain Covenants

Limitation on Incurrence of Indebtedness

(a) Neither an Issuer nor the Company shall, and they shall not permit any of their Subsidiaries to, Incur, directly or indirectly, any Indebtedness; *provided, however,* that the Company and any Subsidiary may Incur Indebtedness (and the Company and any Subsidiary may Incur 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 under the Revolving Credit Facility in an aggregate amount not to exceed $1.2 billion outstanding at any time;

(2) Indebtedness in respect of Receivables Financings in an aggregate principal amount which, together with all other Indebtedness in respect of Receivables Financings outstanding on the date of such Incurrence (other than Indebtedness permitted by paragraph (a) or clause (3) of this paragraph (b)), does not exceed 85% of the sum of (1) the total amount of accounts receivables shown on the Company's most recent consolidated quarterly balance sheet, plus (2) without duplication, the total amount of accounts receivable already subject to a Receivables Financing;

(3) Indebtedness of the Company owed to and held by another Guarantor, Indebtedness of a Wholly Owned Subsidiary owed to and held by another Wholly Owned Subsidiary or Indebtedness of a Wholly Owned Subsidiary owing to and held by the Company; *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 Wholly Owned Subsidiary or any subsequent transfer of such Indebtedness (other than to the Company or another Wholly Owned 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 other 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 of the type covered by clause (1) or clause (2)) 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 the 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 arising under the Cash Management Arrangements; and

(11) Indebtedness Incurred by the Company or a Subsidiary 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 (10) of this paragraph (b)), does not exceed $900 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, provided that any Indebtedness outstanding on the Issue Date and Indebtedness Incurred under clause (b)(5) above may not be reclassified to clause (a) above; and

(2) an item of Indebtedness may be divided and classified, or reclassified, in more than one of the types of Indebtedness described above, provided that any Indebtedness outstanding on the Issue Date and Indebtedness Incurred under clause (b)(5) above may not be reclassified to clause (a) above.

(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.

Limitation on Liens

Each Indenture provides that the Issuer thereunder and the Company may not, and may not permit any Guarantor or any of their respective 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 Incurrence 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.

Limitation on Mergers and Sales of Assets

Each Indenture provides that the Issuer thereunder and the Company may not, and may not permit any Guarantor to consolidate or merge with or into (whether or not such 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 such Issuer or any Guarantor; or, if the Surviving Person is an entity organized and existing under the laws of any other jurisdiction, such 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 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 such Issuer or a Guarantor) shall expressly assume, (A) in a transaction or series of transactions involving such Issuer, by a supplemental indenture in a form satisfactory to the Trustee, all of the obligations of such Issuer under the relevant 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) such 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.

Limitation on Sale and Leaseback Transactions

Each Indenture provides that the Issuer thereunder and the Company may not, and may not permit any Guarantor or any Subsidiary to, enter into any Sale and Leaseback Transaction unless:

(1) such Issuer or such Guarantor or Subsidiary, as the case may be, receives consideration at the time of such Sale and Leaseback Transaction at least equal to the fair market value (as evidenced by an Officers' Certificate of a Responsible Officer, or, if the value exceeds $25 million, a resolution of the Board of Directors of the Issuer or such Guarantor or Subsidiary), of the property subject to such transaction;

(2) such Issuer or such Guarantor or Subsidiary, as the case may be, could have created a Lien on the property subject to such Sale and Leaseback Transaction if such transaction was financed with Indebtedness without securing the Notes by the covenant described under "— Limitation on Liens"; and

(3) such Issuer or such Guarantor or Subsidiary, as the case may be, can Incur an amount of Indebtedness equal to the Attributable Debt in respect of such Sale and Leaseback Transaction.

Reports

For so long as any Notes are outstanding, the Company will provide the Trustee with:

(1) its 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, with appropriate reconciliation to U.S. GAAP, unless not then required under the rules of the SEC) and including segment data, together with an audit report thereon, together with a discussion of the "Operating Results" and "Liquidity" for such fiscal years prepared in a manner substantially consistent with the "Operating and Financial Review and Prospects" required by Form 20-F under the Exchange Act (or any replacement or successor form) appearing herein and a "Business Summary of the Financial Year" and discussion of "Business Segments" provided in a manner consistent with its annual report, a description of "Related Party Transaction", and a description of Indebtedness, within 90 days of the end of each fiscal year; and

(2) 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 Condition and Results of Operations" to the extent and in the form required under the Exchange Act providing a brief discussion of the results of operations for the period within 45 days following the end of the fiscal quarter.

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 Exchange Act other than by virtue of the exemption therefrom pursuant to Rule 12g3-2(b), 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 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 U.S. Securities Act of 1933.

Ownership of the Issuers

Each Indenture provides that the Company will continue to directly or indirectly maintain 100% ownership of the Capital Stock of the Issuer thereunder or any permitted successor of such Issuer, provided, that any permitted successor of the Company under an indenture may succeed to the Company's ownership of such Capital Stock.

The Company will cause each Issuer or its successor to engage only in those activities that are necessary, convenient or incidental to issuing and selling the Notes of such Issuer and any additional Indebtedness permitted by the Indenture (including the Issuer's Guarantee of the Credit Facility and any Additional Notes), 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.

Substitution of an Issuer

The Company, any other Guarantor or a Finance Subsidiary (a "Successor") may assume the obligations of an Issuer under the Notes of such Issuer, by executing and delivering to the Trustee (a) a supplemental indenture which subjects such person to all of the provisions of the relevant 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 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 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 relevant 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 the Notes.

Events of Default

Each 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 issued under such Indenture:

(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 us), 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 $100 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 $100 million shall be rendered against the Issuer thereunder or 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

(7) certain events in bankruptcy, insolvency or reorganization of the Company, the Guarantors, the Issuer thereunder or any of the Company's Significant Subsidiaries.

A default under clause (3) of this paragraph will not constitute an Event of Default under an Indenture unless the Trustee or holders of 25% in principal amount of the outstanding Notes under such Indenture notify the Issuer party to such Indenture 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 under the relevant Indenture may declare the principal of and interest (including any Additional Amounts) on such Notes due and payable immediately on the occurrence of an Event of Default; *provided, however,* that, after such acceleration, but before a judgment or decree based on acceleration, the holders of a majority in aggregate principal amount of the outstanding Notes may, under certain circumstances, rescind and annul such acceleration if all Events of Default, other than the nonpayment of accelerated principal, have been cured or waived as provided in the Indenture. For information as to waiver of defaults, see "— Amendments and Waivers."

Subject to the provisions of the Indentures 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 relevant Indenture at the request or direction of any holders of Notes issued thereunder unless such holders shall have offered to the Trustee reasonable indemnity. 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 governing such Note 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 such Indenture and reasonable 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 under such Indenture 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 Dollar-denominated Notes or the Euro-denominated Notes affected thereby may, on behalf of the holders of all the applicable issue of 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. Each Issuer and the Company are required to file annually with the Trustee a certificate as to whether or not such Issuer and the Company are in compliance with all the conditions and covenants under the applicable Indenture.

Amendments and Waivers

Subject to certain exceptions, each Indenture may be amended with the consent of the holders of a majority in principal amount of the Notes issued under such Indenture then outstanding (including without limitation, consents obtained in connection with a purchase of, or tender offer or exchange offer for, such 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 such Notes then outstanding (including, without limitation, consents obtained in connection with a purchase of, or tender offer or exchange offer for, such Notes). However, without the consent of each holder of an outstanding Note adversely affected, no amendment or waiver may, 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) reduce the premium payable upon the redemption of any such Note or 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;

(8) make any change in the amendment provisions which require each holder's consent or in the waiver provisions; or

(9) release the Company from its Note Guarantee.

Without the consent of any holder, an Issuer and the Trustee may amend the applicable 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 such Issuer and the Guarantors for the benefit of the holders or surrender any right or power conferred upon the Issuer;

(7) evidence and provide the acceptance and appointment of a successor trustee;

(8) comply with the rules of any applicable securities depositary;

(9) issue Additional Notes in accordance with such Indenture; or

(10) make any change that does not adversely affect the rights of any holder.

The consent of the holders is not necessary under either Indenture to approve the particular form of any proposed amendment or waiver to or under such Indenture. It is sufficient if such consent approves the substance of the proposed amendment or waiver. After an amendment, supplement or waiver under an Indenture becomes effective, the Issuer under such Indenture 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

An Issuer at any time may terminate all its obligations under the Notes issued by it and the related 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 Notes.

An 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").

An Issuer may exercise its legal defeasance option notwithstanding its prior exercise of its covenant defeasance option. If an Issuer exercises its legal defeasance option, payment of such Issuer's Notes may not be accelerated because of an Event of Default with respect to such Notes. If an Issuer exercises its covenant defeasance option, payment of such Issuer's Notes may not be accelerated because of an Event of Default specified in clause (3), (4), (5) or (7) 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, an Issuer must irrevocably deposit in trust (the "defeasance trust") with the Trustee for the benefit of the holders Designated Government Obligations for the payment of principal, premium, if any, and interest on the Notes of such Issuer to redemption or maturity, as the case may be, and must comply with certain other conditions, including delivery to the Trustee of:

(a) an Opinion of Counsel (subject to customary exceptions and exclusions) to the effect that holders of such 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;

(b) an Opinion of Counsel in the Federal Republic of Germany (subject to customary exceptions and exclusions) to the effect that holders of such 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; and

(c) an Opinion of Counsel in Luxembourg (or the jurisdiction of organization of any successor to the Issuer, subject to customary exceptions and exclusions) to the effect that holders of such Notes will not recognize income, gain or loss for income tax purposes of Luxembourg as a result of such deposit and defeasance and will be subject to income tax in Luxembourg 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 either Issuer, Fresenius SE, the Company, its General Partner or the Guarantors, as such, shall have any liability for any obligations of the Issuers 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 Indentures or the Note Guarantees to the extent that it would give rise to such personal liability. The waiver and release are part of the consideration for issuance of the Notes and the 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

Each Indenture provides that the Issuer thereunder and the Company irrevocably agree to accept notice and service of process in any suit, action or proceeding with respect to the Indentures and the Notes, as the case may be, brought in any U.S. federal or state court located in the Borough of Manhattan in the City of New York and that the Issuer thereunder and the Company submit to the jurisdiction thereof.

Concerning the Trustee

U.S. Bank National Association is the Trustee under each Indenture and has been appointed by each Issuer as Registrar (in the case of Definitive Registered Notes) with regard to the Notes. The Trustee is a national banking association organized under the laws of the United States of America. The Trustee's principal office is located at 800 Nicollet Mall, Minneapolis, Minnesota, U.S.A. 55402, and its corporate trust office is at 225 Asylum Street, 23rd Floor, Hartford, Connecticut, U.S.A. 06103. The Trustee authenticates each Global Note and each Definitive Note and, as Registrar, is responsible for the transfer and registration of Notes exchanged in accordance with the Indentures. Upon the occurrence of an Event of Default as defined under an Indenture, the Trustee must notify the holders of the Notes issued thereunder of such default and thereafter the Trustee may pursue various actions and remedies on behalf of the holders of such Notes as set out in the Indenture and approved by the holders of the Notes. In its capacity as Trustee, the Trustee may sue on its own behalf 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 in good faith on an Officers' Certificate, Issuer Order (as applicable) or Opinion of Counsel before taking action. The Trustee is indemnified by the Issuer under each Indenture for any and all loss, damage, claim 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 such Indenture. The Trustee may resign at any time by notifying the relevant Issuer in writing. The Trustee may be removed by the holders of a majority in principal amount of the Dollar-denominated Notes or the Euro-denominated Notes as the case may be, by notifying the relevant Issuer and the Trustee in writing, and such majority holders may appoint a successor trustee with the Issuer's consent. In addition an 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 each Indenture is six years from the date on which such payment is due.

Governing Law

Each 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

As used in each Indenture (except as specifically noted below):

"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.

"A/R Facility" means the accounts receivable facility established pursuant to the Fifth Amended and Restated Transfer and Administration Agreement dated as of November 17, 2009, by and among NMC Funding Corporation, as transferor, National Medical Care, Inc., as initial collection agent, Compass US Acquisition LLC, and the other conduit investors party thereto, the financial institutions party thereto, The Bank of Nova Scotia, Barclays Bank PLC, Credit Agricole Corporate and Investment Bank, New York Branch, and Royal Bank of Canada, as administrative agents, and WestLB AG, New York Branch, as administrative agent and as agent (as amended, modified, renewed, refunded, replaced, restated or refinanced from time to time).

"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 Wholly Owned 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 Wholly Owned Subsidiary,

(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 an Issuer or any Guarantor, 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).

"Bund Rate" means, solely for purposes of the Euro-denominated Notes, the yield to maturity at the time of computation of direct obligations of the Federal Republic of Germany (*Bund* or *Bundesanleihen*) with a constant maturity (as officially compiled and published in the most recent financial statistics that have become publicly available at least two Business Days (but not more than five Business Days) prior to the redemption date (or, if such financial statistics are 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 February 15, 2021; *provided, however* that if the period from the redemption date to February 15, 2021 is not equal to the constant maturity of the direct obligations of the Federal Republic of Germany for which a weekly average yield is given, the Bund Rate shall be obtained by linear interpolation (calculated to the nearest one-twelfth of a year) from the weekly average yields of direct obligations of the Federal Republic of Germany for which such yields are given, except that if the period from such redemption date to February 15, 2021 is less than one year, the weekly average yield on actually traded direct obligations of the Federal Republic of Germany adjusted to a constant maturity of one year shall be used.

"Business Day" means any day other than:

(1) a Saturday or Sunday,

(2) for purposes of the Dollar-denominated Notes only, a day on which banking institutions in New York City, Frankfurt am Main or the jurisdiction of organization of the Issuer or of the office of the Paying Agent (other than the Trustee) are authorized or required by law or executive order to remain closed,

(3) for purposes of the Euro-denominated Notes only, a day on which banking institutions in Frankfurt am Main or the jurisdiction of organization of the Issuer or of the office of the Paying Agent (other than the Trustee) are authorized or required by law or executive order to remain closed, or

(4) except for purposes of payments made on or in respect of the Euro-denominated 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 Obligations" 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 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 the cash management arrangements of the Company and its Affiliates (including any Indebtedness arising thereunder) which arrangements are in the ordinary course of business consistent with past practice.

"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 management of the Company shall at any time fail to be a Subsidiary of Fresenius SE, or if Fresenius SE shall fail at any time to own and control more than 25% 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 Sections 13(d) and 14(d) of the Exchange Act), other than Fresenius SE, is or becomes the beneficial owner (as defined in Rules 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 Holders do 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;

(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 a Change of Control and a Ratings Decline.

"Consolidated Coverage Ratio" of any Person as of any date of determination means the ratio of (x) the aggregate amount of 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, 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 of 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 and its consolidated Subsidiaries, including the amortization of debt discount and premium, the interest component under capital leases and the implied interest component (if any) under any Receivables Financing, in each case on a consolidated basis determined in accordance with Accounting Principles.

"Consolidated Net Income" means, with respect to any Person for any period, the net income of such Person and its consolidated Subsidiaries (including, for any period after January 1, 2009, any net income attributable to non-controlling interest of such Person and its consolidated Subsidiaries), in each case as determined on a consolidated basis in accordance with Accounting Principles; *provided* that extraordinary gains and losses shall be excluded from Consolidated Net Income.

"Consolidated Net Tangible Assets" means, as of any date of determination, the total amount of all assets of the Company and its Subsidiaries, determined on a consolidated basis in accordance with Accounting Principles, as of the end of the most recent fiscal quarter for which the Company's financial statements are available, less the sum of:

(1) the Company's consolidated current liabilities as of such quarter end, determined on a consolidated basis in accordance with Accounting Principles; and

(2) the Company's consolidated assets that are properly classified as intangible assets as of such quarter end, determined on a consolidated basis in accordance with Accounting Principles.

"Credit Facility" means (i) the bank credit agreement entered into as of March 31, 2006 among the Company, Fresenius Medical Care Holdings, Inc., the other borrowers identified therein, the guarantors identified therein, the lenders party thereto and Bank of America, N.A., as administrative agent, as extended on September 29, 2010 and as amended, modified, renewed, refunded, replaced, restated or refinanced from time to time (the "Revolving Credit Facility") and (ii) the term loan credit agreement entered into as of March 31, 2006 among the Company, Fresenius Medical Care Holdings, Inc., the other borrowers identified therein, the guarantors identified therein, the lenders party thereto and Bank of America, N.A., as administrative agent, as extended on September 29, 2010 and as amended, modified, renewed, refunded, replaced, restated or refinanced from time to time.

"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).

"Designated Government Obligations" means direct non-callable and non-redeemable obligations (in each case, with respect to the issuer thereof) of any member state of the European Union that is a member of the European Union as of the Issue Date or of the United States of America (including, in each case, any agency or instrumentality thereof), as the case may be, the payment of which is secured by the full faith and credit of the applicable member state or of the United States of America, as the case may be.

"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, and

(3) amortization expense, in each case for such period.

Notwithstanding the foregoing, the provision for taxes based on the income or profits of, and the depreciation and amortization of, a Subsidiary that is not a Wholly Owned 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.

"Exchange Act" means the U.S. Securities Exchange Act of 1934, as amended.

"Finance Subsidiary" means any Wholly Owned Subsidiary of the Company created for the sole purpose of issuing evidences of Indebtedness and which is subject to similar restrictions on its activities as the Issuer.

"General Partner" means Fresenius Medical Care Management AG, a German stock corporation, 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.

"Hedging Obligations" of any Person means the obligations of such Person pursuant to any Interest Rate Agreement or Currency Agreement.

"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),

(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),

(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 this 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;

(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 similar 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 BBB− or higher by S&P and Baa3 or higher by Moody's or the equivalent of such ratings by S&P or Moody's and the equivalent in respect of Rating Categories of any Rating Agencies substituted for S&P or Moody's.

"Investment Grade Status" exists as of any time if at such time both (i) the rating assigned to the Notes by Moody's is at least Baa3 (or the equivalent) or higher and (ii) the rating assigned to the Notes by S&P is at least BBB — (or the equivalent) or higher and the equivalent in respect of Rating Categories of any Rating Agencies substituted for S&P or Moody's.

"Issue Date" means February 3, 2011.

"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 an Issuer's obligations under the Notes of such Issuer.

"Officers' Certificate" means a certificate signed by two Responsible Officers of an Issuer or of any Guarantor.

"Opinion of Counsel" means a written opinion from legal counsel who is reasonably acceptable to the Trustee. The counsel may be an employee of or counsel to an Issuer, a Guarantor or the Trustee.

"Permitted Holders" means Fresenius SE.

"Permitted Liens" means, with respect to any Person:

(1) 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;

(2) 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;

(3) Liens for taxes, assessments or other governmental charges not yet subject to penalties for non-payment 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;

(4) 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;

(5) 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;

(6) Liens securing Hedging Obligations so long as the related Indebtedness is, and is permitted to be under the Indenture, secured by a Lien on the same property securing such Hedging Obligation or Interest Rate Agreement;

(7) 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;

(8) 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;

(9) 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 in the ordinary course of 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;

(10) 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 depositary institution; *provided* that such deposit account is not intended by the Company or any Subsidiary to provide collateral to the depositary institution;

(11) 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;

(12) Liens existing on the Issue Date (other than Liens under clause (19));

(13) 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;

(14) 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;

(15) Liens securing Indebtedness or other obligations of the Company to a Subsidiary or of a Subsidiary owing to the Company or a Subsidiary;

(16) Liens securing the Notes and all other Indebtedness which by its terms must be secured if the Notes are secured;

(17) Liens securing Indebtedness Incurred to refinance Indebtedness that was previously secured (other than Liens under clause (19)); *provided,* that such Lien is limited to all or part of the same property or assets that secured the Indebtedness refinanced;

(18) Liens arising by operation of law or by agreement to the same effect in the ordinary course of business;

(19) Liens securing Indebtedness and other obligations under the Credit Facility in an aggregate principal amount of Indebtedness secured thereby not to exceed the greater of (x) the maximum amount of Indebtedness that could be incurred under the Credit Facility as of March 31, 2006 (i.e., $4.6 billion), and (y) 2.5 times the Company's aggregate EBITDA for the most recently ended four full fiscal quarters for which internal financial statements are available;

(20) Liens securing the A/R Facility; and

(21) other Liens securing Indebtedness having an aggregate principal amount, measured as of the date of creation of any such Lien and the date of Incurrence of any such Indebtedness, not to exceed 5% of the Company's Consolidated Net Tangible Assets.

"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.

"Qualified Capital Stock" means any Capital Stock which is not Disqualified Stock.

"Rating Agencies" means:

(1) S&P and

(2) Moody's, or

(3) if S&P or Moody's or both shall not make a rating of the Notes publicly available, despite the Company using its commercially reasonable efforts to obtain such a rating, a nationally recognized securities rating agency or agencies, as the case may be, selected by the Company, which shall be substituted for S&P or Moody's or both, 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), and

(3) the equivalent of any such category of S&P or Moody's 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; 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+, which 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 Rating Agency has publicly announced that it is considering a possible downgrade of the Notes) of (1) in the event the Notes are rated by either Moody's or S&P on the Rating Date as Investment Grade, a decrease in the rating of the Notes by both Rating Agencies to a rating that is below Investment Grade, or (2) in the event the Notes are rated below Investment Grade by both Rating Agencies on the Rating Date, a decrease in the rating of the Notes by either Rating Agency by one or more gradations (including gradations within Rating Categories as well as between Rating Categories).

"Receivables Financings" means:

(1) the A/R Facility, and

(2) any financing transaction or series of financing transactions that have been or may be entered into by the Company or a Subsidiary pursuant to which the Company or a Subsidiary may sell, convey or otherwise transfer to a Subsidiary or Affiliate, or any other Person, or may grant a security interest in, any receivables or interests therein secured by the merchandise or services financed thereby (whether such receivables are then existing or arising in the future) of the Company or such Subsidiary, as the case may be, and any assets related thereto, including without limitation, all security interests in merchandise or services financed thereby, the proceeds of such receivables, and other assets which are customarily sold or in respect of which security interests are customarily granted in connection with securitization transactions involving such assets.

"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 (x) Indebtedness of a Subsidiary that Refinances Indebtedness of the Company or (y) Indebtedness of the Company or a Subsidiary that Refinances Indebtedness of another Subsidiary.

"Responsible Officer" means the chief executive officer, president, chief financial officer, senior vice president-finance, treasurer, assistant treasurer, managing director, management board member 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).

"S&P" means Standard & Poor's Corporation and its successors.

"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 Issuer or any Guarantor or a Subsidiary of any property, whether owned by the Issuer, a Guarantor or any Subsidiary at the Issue Date or later acquired, which has been or is to be sold or transferred by the Issuer, a Guarantor 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.

"Secured Indebtedness" means any Indebtedness of the Company secured by a Lien.

"Significant Subsidiary" means, with respect to any Person, 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.

"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 a Guarantor (whether outstanding on the Issue Date or thereafter Incurred) that is subordinate or junior in right of payment to the Notes or such Guarantor's Note Guarantee 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 of which more than 50% of the total voting power of shares of Voting Stock is at the time owned or controlled, directly or indirectly, by:

(1) such Person;

(2) such Person and one or more Subsidiaries of such Person; or

(3) one or more Subsidiaries of such Person.

Unless otherwise provided, all references to a Subsidiary shall be a Subsidiary of the Company.

"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, solely for purposes of the Dollar-denominated Notes, with respect to a Redemption Date, 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) that has become publicly available at least two Business Days prior to such Redemption Date (or, if such Statistical Release is no longer published, any publicly available source of similar market data)) most nearly equal to the period from such Redemption Date to February 15, 2021; provided, however, that if the period from the Redemption Date to such date 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 such date 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. GAAP" means generally accepted accounting principles in the United States of America as in effect from time to time, 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 Company or by one or more Wholly Owned Subsidiaries, or by the Company and one or more Wholly Owned Subsidiaries.

BOOK-ENTRY, DELIVERY AND FORM

General

Dollar-denominated Notes and Euro-Denominated Notes sold to qualified institutional buyers in reliance on Rule 144A under the Securities Act (the "Rule 144A Notes") will be represented by one or more global notes in registered form without interest coupons attached (collectively, the "Rule 144A Global Notes"). The Rule 144A Global Notes representing the Dollar-denominated Notes (the "Dollar Rule 144A Global 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. The Rule 144A Global Notes representing the Euro-denominated Notes (the "Euro Rule 144A Global Notes") will be deposited with, or on behalf of, a common depositary (the "Common Depositary") for the accounts of Euroclear and Clearstream and registered in the name of the nominee of the Common Depositary.

Dollar-denominated Notes and Euro-denominated Notes sold in reliance-on Regulation S under the Securities Act (the "Regulation S Notes") will be represented by one or more global notes in registered form without interest coupons attached (collectively, the "Regulation S Global Notes" and, together with the Rule 144A Global Notes, the "Global Notes"). The Regulation S Global Notes representing the Dollar-denominated Notes (the "Dollar Regulation S Global 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, and the Regulation S Global Notes representing the Euro-denominated Notes (the "Euro Regulation S Global Notes") will be deposited with, or on behalf of, the Common Depositary for the accounts of Euroclear and Clearstream and registered in the name of the nominee of the Common Depositary.

The Dollar Rule 144A Global Notes and the Dollar Regulation S Global Notes are collectively referred to herein as the "Dollar Global Notes." The Euro Rule 144A Global Notes and the Euro Regulation S Global Notes are collectively referred to herein as the "Euro Global Notes."

Ownership of interests in the Rule 144A Global Notes ("Restricted Book-Entry Interests") and in the Regulation S Global Notes (the "Unrestricted 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 Regulation 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 depositaries. 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 effected only through, records maintained by DTC, Euroclear and Clearstream and their participants. The laws of some jurisdictions, including some states of the United States, may require that certain purchasers of securities take physical delivery of those securities in definitive form. 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 (or their respective nominees), as applicable, will be considered the sole holders of the Global Notes for all purposes under the Indenture. In addition, participants in DTC, Euroclear, or Clearstream must rely on the procedures of DTC, Euroclear and Clearstream, as the case may be, and indirect participants must rely on the procedures of the participants through which they own Book-Entry Interests, to transfer their interests or to exercise any rights of holders of Notes under the Indenture.

None of the Issuers, the Guarantors, the Trustee, the Registrar, the Paying Agents, or any other agent 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 as applicable, (or their respective nominees) 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). We understand that, under the 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 on such other basis as they deem fair and appropriate; provided, however, that no Book-Entry Interest of less than $2,000 or €1,000 principal amount may be redeemed in part.

Payments on Global Notes

Payments of any amounts owing in respect of the Global Notes (including principal, premium, if any, interest and Additional Amounts, if any) will be made by the Dollar Issuer to DTC or its nominee, and by the Euro Issuer to the common depositary for Euroclear and Clearstream or its nominee, which will distribute such payments to their respective participants in accordance with their respective procedures, *provided*, that at the option of an Issuer, payment of interest on the Notes of such Issuer may be made by check mailed to the holders of such Notes as such addresses appear in the applicable Note register. Payments of all such amounts will be made 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. If any such deduction or withholding is required to be made by any applicable law or regulation or otherwise as described under "Description of the Notes — Payment of Additional Amounts" then, to the extent described under "Description of the Notes — Payment of Additional Amounts," such Additional Amounts will be paid as may be necessary in order that the net amounts received by any holder of the Global Notes or owner of Book-Entry Interests after such deduction or withholding will equal the net amounts that such holder or owner would have otherwise received in respect of such Global Note or Book-Entry Interest, as the case may be, absent such withholding or deduction. We expect that payments by participants to owners of Book-Entry Interests held through those participants will be governed by standing customer instructions and customary practices.

Under the terms of each Indenture, we, the Issuer under each Indenture, and the Trustee, the Registrar and the Agents will treat the registered holders of the Global Notes (e.g., DTC, Euroclear or Clearstream (or their respective nominees)) as the owners thereof for the purpose of receiving payments and for all other purposes. Consequently, none of us, either Issuer, the Trustee, the Registrar, the Agents or any of their respective agents has or will have any responsibility or liability for:

(1) 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 for any such payments made by DTC, Euroclear or Clearstream or any participant or indirect participant 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;

(2) DTC, Euroclear, Clearstream or any participant or indirect participant; or

(3) the records of the common depositary for the Euro Global Notes.

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 Dollar Global Notes will be paid to holders of interests in such Dollar-denominated Notes through DTC in U.S. dollars. Except as may otherwise be agreed between Euroclear and/or Clearstream and any holder, the principal of, premium, if any, and interest on, and all other amounts payable in respect of, the Euro Global Notes will be paid to holders of interests in such Notes through Euroclear or Clearstream in euro.

Action by Owners of Book-Entry Interests

DTC, Euroclear and Clearstream have advised us that they will take any action permitted to be taken by a holder of Notes (including the presentation of Notes for exchange as described above) 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, at the request of the holders of the Notes, reserve the right to exchange the Global Notes for definitive registered Notes in certificated form (the "Definitive Registered notes"), and to distribute such Definitive Registered Notes to its participants.

Transfers

Transfers between participants in DTC, Euroclear and Clearstream will be effected in accordance with DTC's Euroclear's and Clearstream's rules and will be settled in immediately available funds. If a holder of Notes requires physical delivery of Definitive Registered Notes for any reason, including to sell Notes to persons in states which require physical delivery of such securities or to pledge such securities, such holder of Notes must transfer its interest in the Global Notes in accordance with the normal procedures of DTC, Euroclear and Clearstream and in accordance with the procedures set forth in the applicable Indenture.

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 and certification requirements as discussed in "Notice to Investors."

Transfers of Restricted Book-Entry Interests to persons wishing to take delivery of Restricted Book-Entry Interests will at all times be subject to such transfer restrictions.

Restricted Book-Entry Interests may be transferred to a person who takes delivery in the form of any Unrestricted Book-Entry Interest only upon delivery by the transferor of a written certification (in the form provided in the relevant Indenture) to the effect that such transfer is being made in accordance with Regulation S or Rule 144 (if available) under the U.S. Securities Act. Unrestricted Book-Entry Interests may be transferred to a person who takes delivery in the form of Restricted Book-Entry Interests 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 "Transfer Restrictions" and in accordance with any applicable securities laws of any other jurisdiction.

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 the other Global Note 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.

Definitive Registered Notes

Under the terms of each Indenture, owners of the Book-Entry Interests will receive Definitive Registered Notes only:

(1) in the case of a Dollar Global Note, if DTC notifies the Dollar Issuer that it is unwilling or unable to continue as depositary for the Dollar Global Note, or DTC ceases to be a clearing agency registered under the Exchange Act and, in either case, a qualified successor depositary is not appointed by the Issuer within 120 days;

(2) in the case of a Euro Global Note, if either Euroclear or Clearstream notifies the Euro Issuer that it is unwilling or unable to continue to act as a depositary for the Euro Global Note and a successor is not appointed by the issuer within 120 days;

(3) if DTC, Euroclear or Clearstream so requests following an Event of Default under the Indenture; or

(4) at any time if we, in our sole discretion, determine that all the Dollar Global Notes or all Euro Global Notes, as the case may be, should be exchanged for Definitive Registered 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 an Issuer to mail payments in accordance with the terms of the applicable Indenture. An Issuer will pay interest on its 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 applicable Issuer shall issue and the Trustee shall authenticate a

replacement Definitive Registered Note if the Trustee's and such Issuer's requirements are met. The Trustee or the applicable 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 such Issuer to protect the Issuer, the Trustee or the 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 applicable 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 applicable Indenture and the Notes. See "Notice to Investors."

Information Concerning DTC, Euroclear and Clearstream

All Book-Entry Interests will be subject to the operations and procedures of DTC or of Euroclear and Clearstream, as applicable. The following summaries of those operations and procedures are provided solely for the convenience of investors. The operations and procedures of each settlement system are controlled by that respective settlement system and may be changed at any time. Neither the Issuers nor the initial purchasers are responsible for those operations or procedures.

We understand 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. 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.

Euroclear and Clearstream. Like DTC, Euroclear and Clearstream hold securities for participating organizations and 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 to their participants, among other things, services for safekeeping, administration, clearance and settlement of internationally traded securities and securities lending and borrowing. 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.

Because DTC, Euroclear and Clearstream can act only 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, Euroclear or Clearstream systems, as the case may be, or

otherwise take actions in respect of such interest, may be limited by the lack of a definitive certificate for that interest. The laws of some jurisdictions require that certain persons take physical delivery of securities in definitive form. Consequently, 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 Dollar Global Notes only through DTC participants, and owners of beneficial interests through Euroclear or Clearstream systems will receive distributions attributable to the Euro Global Notes only through Euroclear or Clearstream participants.

Global Clearance and Settlement Under the Book-Entry System

We have applied to list the Notes represented by the Global Notes on the Luxembourg Stock Exchange and for admission for trading on the Euro MTF market. The Dollar-denominated Notes are expected to trade in DTC's Same-Day Funds Settlement System, and any permitted secondary market trading activity in such Dollar-denominated Notes will, therefore, be required by DTC to be settled in immediately available funds. The Issuers expect 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 Dollar-denominated 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 Dollar 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 Dollar 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 Dollar 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 Dollar 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 Issuers, 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.

Trustee's Powers

In considering the interests of the holders of the Notes, while title to the Notes is registered in the name of a nominee for a clearing system, the Trustee may have regard to, and rely on, any information provided to it by that clearing system as to the identity (either individually or by category) or its accountholders with entitlements to Notes and may consider such interests as if such accountholders were the holders of the Notes.

Enforcement

For the purposes of enforcement of the provisions of the Indenture against the Trustee, the persons named in a certificate of the holder of the Notes in respect of which a Global Note is issued shall be recognized as the beneficiaries of the trust set out in the Indenture to the extent of the principal amounts of their interests in the Notes set out in the certificate of the holder, as if they were themselves the holders of Notes in such principal amounts.

CERTAIN INCOME TAX CONSIDERATIONS

Federal Republic of Germany

The following section is a discussion of certain German tax consequences resulting from the investment in the Notes. This discussion does not purport to be a comprehensive description of all the tax considerations which may be relevant to a decision to purchase the Notes. In particular, this discussion does not consider any specific facts or circumstances that may apply to a particular purchaser of notes but is of a general nature only and neither intended as, nor to be understood as, legal or tax advice. This summary is based on the laws of Germany in force as at the date of this offering memorandum, all of which are subject to change, including changes in effective dates or possibly differing interpretations. Although any information given hereafter reflects the opinion of the Issuer, it must not be misunderstood as a representation or guarantee, and courts or other relevant authorities may come to different interpretations of the applicable laws. Further, the information given hereafter is not intended as a sole basis for an investment in the Notes, and the individual tax position of the investor should always be investigated.

Prospective purchasers of notes are advised to consult their own tax advisors as to the tax consequences of the purchase, ownership and disposition of notes and the receipt of interest thereon, including the effect of any state or local taxes, under the tax laws of Germany and each country of which they are residents or citizens.

Taxation of German Resident Noteholders

Private Investors

For German resident private investors holding the Notes as private (and not as business assets), interest payments on the Notes and gains from the sale or redemption of the Notes qualify as investment income pursuant to Sec. 20 Income Tax Act and are basically subject to the flat tax rate ("*Abgeltungssteuer*") of 25% (plus 5.5% solidarity surcharge thereon, and, if applicable, church tax). Losses resulting from the sale or redemption of the Notes can only be off-set 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 and can be offset against investment income generated in future assessment periods.

Gains and losses are determined by taking the difference between the sales/redemption price (after the deduction of expenses incurred directly in connection with the sale/redemption) and the acquisition price of the Notes.

Withholding Tax

Interest payments on the Notes are subject to German withholding tax provided that the Notes are held in the custodial account with a German resident credit institution, financial services institution (including a German permanent establishment of such foreign institution), securities trading company or securities trading bank (the "Disbursing Agent" — inländische zahlstelle). The Disbursing Agent withholds tax at a rate of 25% (plus 5.5% solidarity surcharge thereon and, if applicable, church tax).

For private investors, the withholding tax regime should also apply to any gains from the sale or redemption of the Notes held in custody with the Disbursing Agent. The tax base is the difference between sales/redemption proceeds after the deduction of expenses directly connected to the sale/redemption and the acquisition costs for the Notes, if the Notes were held in custody by such institution since their acquisition. If the custody account has changed since the acquisition of the Notes and the relevant acquisition data (*Anschaffungsdaten*) has not been evidenced to the satisfaction of the Disbursing Agent, the withholding tax is imposed on an lump sum amount equal to 30% of the proceeds arising from the sale or redemption of the Notes.

For private investors the withholding tax is definitive. Private investors having a lower personal income tax rate may, upon application, include the capital investment income in their personal income tax return to achieve a lower tax rate. Income not subject to a definitive withholding tax must be included into the personal income tax return.

Business Investors

For investors holding the note as business assets, interest payments (if any) under the Notes and gains and losses from the investment in the Notes are subject to the corporate income tax or income tax plus solidarity surcharge at the level of the investor with the individual tax rate of the respective investor. Such income has also be considered for trade tax purposes, if the investor is subject to trade tax.

Any withholding tax withheld by the Disbursing Agent is credited against the investors's personal (corporate) income tax liability (and solidarity surcharge) in the course of the tax assessment or will be refunded. For German resident corporate investors and- after notifying the Disbursing Agent about the allocation of the Notes to a business in Germany — other business investors, no withholding tax should be levied on gains resulting from the sale or redemption of the Notes (i.e. for these investors only interest payments are subject to withholding tax).

Taxation of Foreign Resident Noteholders

Investors not being tax resident in Germany should basically not be subject to German withholding tax on interest payments on the Notes and gains resulting from the sale or redemption or the Notes even if the Notes are held in custody with a Disbursing Agent. Exceptions may apply, e.g. if the Notes are held as business assets of a German permanent establishment or by a German representative of the investor.

Inheritance and Gift Tax

The receipt of Notes in case of succession upon death, or by way of a gift among living persons is subject to German inheritance and/or gift tax if the deceased, donor and/or the recipient is a resident in Germany. German inheritance and gift tax is also triggered if neither the deceased, nor the donor, nor the recipient of the Notes, are residents in Germany should the Notes be attributable to German business activities for which a German permanent establishment is maintained or a permanent representative is appointed in Germany. In specific situations, German expatriates that are residents of Germany for tax purposes may be subject to inheritance and gift tax. However, double taxation treaties may provide for exceptions to the domestic inheritance and gift tax regulations.

Other Taxes

No stamp, issue, registration or similar direct or indirect taxes or duties will be payable in Germany in connection with the issuance, delivery or execution of the Notes. As at the date of the offering memorandum, net assets tax is not levied in Germany.

EU Directive on the Taxation of Savings Income

The European Union has adopted a Directive on the taxation of savings income under which Member States (as that term is defined therein) will generally be required to provide to the tax authorities of another Member State details of payments of interest or other similar income paid by a person within its jurisdiction to or for an individual resident in that other Member State. However, Austria, Belgium and Luxembourg have each instead imposed a withholding system for a transitional period.

United States

The following discussion sets forth certain U.S. federal income tax considerations relating to the purchase, ownership and disposition of the Notes. This discussion is based on the Internal Revenue Code of 1986, as amended (the "Code"), applicable U.S. Treasury regulations, published rulings, administrative pronouncements and court decisions, all as of the date of this offering memorandum and all of which are subject to change or differing interpretations at any time, possibly with retroactive effect. We have not and will not seek any rulings from the Internal Revenue Service ("IRS") regarding the matters discussed below. There can be no assurance that the IRS will not take positions concerning the tax consequences of the purchase, ownership or disposition of the Notes that are different from those discussed below. This summary does not discuss all aspects of U.S. federal income taxation that may be relevant to a prospective investor in light of the investor's particular circumstances, or to certain types of investors subject to special treatment under U.S. federal income tax laws (including, but not limited to, financial

institutions, tax-exempt organizations, insurance companies, regulated investment companies, partnerships or other pass through entities (or investors in such entities), U.S. expatriates, persons subject to the alternative minimum tax, dealers, persons holding notes as part of a straddle or a hedging transaction or U.S. Holders (as defined below) whose functional currency (as defined in section 985 of the Code) is not the U.S. dollar). In addition, this discussion does not consider the effect of any non-U.S. laws or U.S. state or local income tax laws and it does not discuss U.S. tax considerations other than income tax (e.g., estate or gift tax or the newly enacted Medicare tax on investment income) considerations. In addition, this discussion is limited to the U.S. federal income tax consequences to investors that purchase the Notes for cash, at their original issue price, pursuant to this offering and who hold the Notes as capital assets (generally property held for investment).

If a partnership or other entity taxable as a partnership holds the Notes, the tax treatment of a partner in such partnership will generally depend on the status of the partner and the activities of the partnership.

To ensure compliance with Internal Revenue Service Circular 230, you are hereby notified that: (i) any discussion of U.S. federal tax issues in this document is not intended or written to be used, and cannot be used, for the purpose of avoiding penalties that may be imposed under the Code; (ii) such discussion is written in connection with the promotion or marketing of the transactions or matters addressed herein; and (iii) prospective investors should seek advice based on their particular circumstances from their own independent tax advisors.

The following discussion does not purport to be legal advice to prospective investors generally or to any particular prospective investor. Each prospective investor in the Notes is urged to consult its own tax advisors concerning the application of U.S. federal income tax laws to its particular situation.

Certain debt instruments that provide for one or more contingent payments are subject to Treasury regulations governing contingent payment debt instruments. Payments are not treated as contingent payments under these regulations if, as of the issue date of the debt instrument, the likelihood that such payments will be made (in the aggregate) is remote or the payments (in the aggregate) are incidental. In certain circumstances, we may pay amounts on the Notes that are in excess of the stated interest or principal of the Notes. We intend to take the position that the possibility that such payments will be made is remote and/or the payments are incidental and therefore the Notes are not subject to the rules governing contingent debt instruments. Our determination that these contingencies are remote and/or incidental is binding on you unless you disclose your contrary position to the IRS in the manner that is required by applicable Treasury regulations. Our determination is not, however, binding on the IRS. It is possible that the IRS might take a different position from that described above, in which case the timing, character and amount of taxable income in respect of the Notes may differ adversely from that described herein. The remainder of this discussion assumes that the Notes will not be treated as contingent payment debt instruments.

U.S. Holders

As used herein, the term "U.S. Holder" means a beneficial owner of a Note that is for U.S. federal income tax purposes (i) an individual who is a citizen or resident of the U.S., (ii) a corporation (or other entity treated as a corporation for purposes of the Code) created or organized in or under the laws of the U.S. or of any state thereof or of the District of Columbia, (iii) an estate the income of which is subject to U.S. federal income taxation regardless of its source, or (iv) a trust the administration of which is subject to the primary supervision of a U.S. court and with respect to which one or more United States persons (within the meaning of section 7701(a)(30) of the Code) have the authority to control all substantial decisions, or a trust that has a valid election in effect to be treated as a U.S. person under the Code.

Interest

Generally, the amount of any stated interest payments on a Note (including Additional Amounts, if any) will be taxable to a U.S. Holder as ordinary income in accordance with the U.S. Holder's method of accounting for U.S. federal income tax purposes. See the discussion below of currency exchange income with respect to interest payments on Euro-denominated Notes.

In respect of the Euro-denominated Notes, it is uncertain whether the Issuer, or alternatively, one or more of the Guarantors, will be treated as the obligor under the Notes for U.S. federal income tax purposes. U.S. Holders should consult their own tax advisors regarding the source of payments of interest on the Notes for purposes of the U.S. foreign tax credit. Payments of interest on the Dollar-denominated Notes should be considered to have a U.S. source.

Disposition of a Note

Upon the sale, exchange, redemption, retirement or other disposition of a Note, a U.S. Holder generally will recognize taxable gain or loss equal to the difference between the amount realized on the sale, exchange, redemption, retirement or other disposition (other than amounts representing accrued interest, which will be taxable as such), and such U.S. Holder's adjusted tax basis in the Note. Your adjusted tax basis in a Note generally is the price you paid for the Note. Subject to the discussion below of currency exchange gain or loss, such gain or loss generally will be long-term capital gain or loss if the Note was held for more than one year at the time of disposition. Long-term capital gains of noncorporate U.S. holders are eligible for reduced rates of taxation. The deductibility of capital losses is subject to limitations.

Foreign Currency Considerations for Euro-denominated Notes

A U.S. Holder of a Euro-denominated Note will have a tax basis in the Note in U.S. dollars translated at the spot rate on the date of purchase. A U.S. Holder who purchases a Note with previously owned Euros will realize ordinary income or loss in an amount equal to the difference, if any, between such U.S. Holder's tax basis in the Euros and the U.S. dollar fair market value of the Note on the date of purchase.

A U.S. Holder will be required to convert Euro denominated interest (including a payment attributable to accrued but unpaid interest upon the sale, exchange, retirement, redemption or other disposition of a Euro-denominated Note) into U.S. dollars, based on its regular method of accounting for U.S. federal income tax purposes. A cash basis U.S. Holder will include in income as interest the U.S. dollar value of the interest payment, translated at the spot rate in effect on the date of receipt of the interest payment, regardless of whether the payment is in fact converted into U.S. dollars on that date. A cash basis U.S. Holder will not recognize any currency exchange gain or loss as a result of the interest payment.

Generally, an accrual basis U.S. Holder will include in income as interest (including a payment attributable to accrued but unpaid interest upon the sale, exchange, retirement, redemption or other disposition of a Euro-denominated Note) the U.S. dollar value of the accrued amounts, translated using the average spot rate in effect for each business day during the interest accrual period (unless an election is made pursuant to U.S. Treasury regulations to use a different exchange rate). Upon receipt of an interest payment, an accrual basis U.S. Holder will realize currency exchange gain or loss, treated as ordinary income or loss which is not interest income or expense, measured by the difference between the U.S. dollar value of the interest payment received, translated at the spot rate in effect on the date of receipt, and the U.S. dollar value of the interest income that has accrued during the accrual period or periods to which such interest payment relates (generally determined at the average rate as described above).

Gain or loss realized upon the sale, exchange, redemption, retirement or other disposition of a Euro-denominated Note that is attributable to currency exchange gain or loss will be treated as ordinary income or loss which is not interest income or expense. Subject to the discussion in the next paragraph, the amount of currency exchange gain or loss will be the difference between (1) the U.S. dollar amount value of the Euro principal amount of the Note, translated at the spot rate determined on the date of disposition, and (2) the U.S. dollar value of the Euro principal amount of the Note determined on the date the U.S. Holder acquired the Note. For purposes of determining currency exchange gain or loss, a Euro-denominated Note will be treated as having a principal amount equal to the U.S. Holder's purchase price (in Euros). A U.S. Holder's currency exchange gain or loss arising upon the disposition of a Euro-denominated Note, including gain or loss with respect to both principal and any accrued interest, will be realized only to the extent of the total gain or loss realized by the U.S. Holder on the disposition of the Note.

If the Notes are traded on an established securities market, there is a special rule for purchases and sales of those Notes by a cash basis taxpayer under which Euro paid or received are translated into U.S. dollars at the spot rate on the settlement date of the purchase or sale. An accrual basis taxpayer may elect the foregoing rule, provided the election is applied consistently. Such election cannot be changed without the consent of the IRS. An accrual basis taxpayer that does not make such an election will recognize ordinary income or loss if exchange rates change between the sale date and the settlement date.

A U.S. Holder will have a tax basis in any Euro received as interest, or as proceeds upon the sale, exchange, retirement, redemption or other disposition of a Note, equal to the U.S. dollar value thereof at the time the interest is or the proceeds are received. Any gain or loss realized by a U.S. Holder on a sale or other disposition of the Euro, including their exchange for U.S. dollars or their use to purchase Notes, will be ordinary income or loss.

Possible Disclosure Requirements

Certain Treasury regulations meant to require the reporting of certain tax shelter transactions ("Reportable Transactions") cover some transactions generally not regarded as tax shelters, including certain foreign currency transactions, such as the receipt or accrual of interest on, or a sale, exchange, retirement, redemption or other taxable disposition of, a foreign currency note. Persons considering the purchase of notes should consult with their own tax advisor to determine the tax return disclosure obligations, if any, with respect to an investment in the notes, including any requirement to file IRS Form 8886 (Reportable Transaction Statement).

Recently enacted legislation may require certain U.S. Holders to report to the IRS certain information with respect to their beneficial ownership of certain foreign financial assets, such as the Euro-denominated Notes, if the aggregate value of such assets exceeds $50,000. U.S. holders who fail to report required information could be subject to substantial penalties.

Information Reporting and Backup Withholding

Backup withholding (currently at a rate of 28%, scheduled to increase to 31% in 2013) of U.S. federal income tax may apply to interest payments (including payments of Additional Amounts, if any) on the Notes to U.S. Holders that are not exempt recipients and that fail to provide certain certifications and identifying information (such as the U.S. Holder's taxpayer identification number) in the required manner. Generally, corporations and certain other entities are exempt from backup withholding on interest payments, provided that they may be required to certify their exempt status. In addition, upon the sale, exchange, redemption, retirement or other taxable disposition of a Note to (or through) certain U.S. or U.S.-related brokers, the broker generally must withhold backup withholding tax from the purchase price, unless either (i) the broker determines that the seller is an exempt recipient or (ii) the seller provides, in the required manner, certain certifications and identifying information.

Backup withholding is not an additional tax. Any amounts withheld under the backup withholding rules from a payment to a beneficial owner would be allowed as a refund or a credit against such beneficial owner's U.S. federal income tax liability provided that such beneficial owner timely provides the required information to the IRS. We will furnish annually to the IRS and to record holders of the Notes to whom we are required to furnish such information, information relating to the amount of interest paid and the amount of tax withheld, if any, with respect to payments on the Notes. Information reporting also may apply to proceeds from the sale, exchange, redemption, retirement or other taxable disposition of a Note.

Non-U.S. Holders

You are a non-U.S. Holder for purposes of this discussion if you are a beneficial owner of Notes that, for U.S. federal income tax purposes, is an individual, corporation, estate or trust and is not a U.S. Holder.

Payments of Interest

With respect to the Dollar-denominated Notes, under the portfolio interest exemption ("Portfolio Interest Exemption"), payments of interest to a Non-U.S. Holder that are not effectively connected with a U.S. trade or business of the Non-U.S. Holder will not be subject to U.S. federal income or withholding tax, provided that:

(1) the Non-U.S. Holder does not actually or constructively own 10% or more of the total combined voting power of all classes of stock of the Dollar Issuer entitled to vote;

(2) the Non-U.S. Holder is not a controlled foreign corporation with respect to which the Dollar Issuer is a related person (within the meaning of section 864(d)(4) of the Code); and

(3) either (A) the beneficial owner of the Notes certifies to us or our paying agent on IRS Form W-8BEN (or successor form), under penalties of perjury, that it is not a U.S. person and provides its name and address, or (B) the Notes are held through certain foreign intermediaries that have entered into a "qualified intermediary" or similar agreement with the IRS and the beneficial owner of the Notes satisfies certification requirements of applicable Treasury Regulations.

With respect to the Euro-denominated Notes, it is uncertain whether the Euro Issuer, or alternatively, one or more of the Guarantors, will be treated as the obligor under the Notes for U.S. federal income and withholding tax purposes, and therefore, whether payments of interest on the Notes to a Non-U.S. Holder could be subject to U.S. federal withholding tax. In this respect, we intend to comply with the U.S. federal income tax withholding obligations that would apply if the obligor under the Euro-denominated Notes were considered a U.S. person. In any event, under the Portfolio Interest Exemption, payments of interest on the Notes to a Non-U.S. Holder that are not effectively connected with a U.S. trade or business of the Non-U.S. Holder will not be subject to U.S. federal income or withholding tax, *provided* that the tests set forth in the above paragraph, numbered (1) — (3) (applied by substituting "Fresenius Medical Care Holdings, Inc." for "the Dollar Issuer" under the tests numbered (1) and (2)) are satisfied.

Non-U.S. Holders that do not provide the appropriate tax certification (as described in "— Description of the Notes — Additional Amounts") may not be entitled to any Additional Amounts in respect of any U.S. federal income tax withholding.

If a Non-U.S. Holder of a Dollar-denominated Note or Euro-denominated Note cannot satisfy the requirements of the Portfolio Interest Exemption with respect to payments of interest that are not effectively connected with a U.S. trade or business of the Non-U.S. Holder, there will be withholding on such payments made to such Non-U.S. Holder at the regular 30% U.S. federal withholding tax rate unless a treaty applies to reduce or eliminate such withholding (as certified on IRS Form W-8BEN or successor form).

If interest on a Note is effectively connected with the conduct of a U.S. trade or business of the beneficial owner, the Non-U.S. Holder generally will be subject to U.S. federal income tax on such interest on a net income basis in the same manner as if it were a U.S. Holder (unless a treaty provides otherwise), and will not be subject to U.S. federal withholding tax provided that a properly completed IRS Form W-8ECI or IRS Form W-8BEN (or successor form) is delivered to us or our paying agent (or other person required to withhold). If you are a corporate Non-U.S. Holder, you should consult your own tax advisor regarding the possible application of the branch profits tax.

Disposition of Notes

Generally, no U.S. federal withholding tax will be required with respect to any gain realized by a Non-U.S. Holder upon the sale, exchange, retirement, redemption or other disposition of a Note. A Non-U.S. Holder will not be subject to U.S. federal income tax on gain realized on the sale, exchange, retirement, redemption or other disposition of a Note unless (a) the Non-U.S. Holder is an individual who is present in the United States for a period or periods aggregating 183 or more days in the taxable year of the disposition and certain other conditions are met (in which case, unless a treaty provides otherwise, the Non-U.S. Holder generally will be subject to a 30% U.S. federal income tax on any gain recognized, which may be offset by certain U.S. losses) or (b) such gain is

effectively connected with the Non-U.S. Holder's U.S. trade or business (in which case the Non-U.S. Holder will be subject to tax in the same manner as discussed above with respect to effectively connected interest).

If you are engaged in a U.S. trade or business, please see the discussion above under "Possible Disclosure Requirements" with respect to possible information reporting requirements.

Information Reporting and Backup Withholding

Information reporting may apply with respect to interest payments that we make to a Non-U.S. Holder and proceeds from the sale, exchange, redemption, retirement or other taxable disposition of a note. Backup withholding (currently at a rate of 28%, scheduled to increase to 31% in 2013) generally will not apply if the Non-U.S. Holder properly certifies its non-U.S. status.

Backup withholding is not an additional tax. Any amounts withheld under the backup withholding rules from a payment to a beneficial owner would be allowed as a refund or a credit against such beneficial owner's U.S. federal income tax liability provided that such beneficial owner timely provides the required information to the IRS.

Luxembourg

The following is a summary discussion of certain material Luxembourg tax consequences with respect to the Notes. The summary does not purport to be a comprehensive description of all of the tax considerations that may be relevant to any particular holder of notes, and does not purport to include tax considerations that arise from rules of general application or that are generally assumed to be known to holders of notes. It is not intended to be, nor should it be construed to be, legal or tax advice. This discussion is based on Luxembourg laws and regulations as they stand on the date of this offering memorandum and is subject to any change in law or regulations or changes in interpretation or application thereof that may take effect after such date. Prospective investors in the Notes should therefore consult their own professional advisers as to the effects of state, local or foreign laws and regulations, including Luxembourg tax law and regulations, to which they may be subject.

All payments of interest and principal by the Issuers under the Notes can be made free of withholding or deduction for or on account of any taxes of whatsoever nature imposed, levied, withheld, or assessed by Luxembourg or any political subdivision or taxing authority thereof or therein in accordance with applicable law, subject however to:

(i) the application of the Luxembourg law of 21 June 2005 implementing the EU Savings Directive and providing for the possible application of a withholding tax (15% from 1 July 2005 to 30 June 2008, 20% from 1 July 2008 to 30 June 2011 and 35% from 1 July 2011) on interest paid to certain non-Luxembourg resident investors (individuals and certain types of entities called "residual entities") in the event the Issuer appoints a paying agent in Luxembourg within the meaning of the above-mentioned directive (see *"— EU Savings Directive,"* below); and

(ii) the application of the Luxembourg law of 23 December 2005 which has introduced a 10% final withholding tax on savings income (i.e. with certain exemptions, savings income within the meaning of the Luxembourg law of 21 June 2005 implementing the EU Savings Directive) in respect of Luxembourg resident individuals. The law of 17 July 2008 (amending the law of 23 December 2005) extended the possibility to benefit, under conditions, from such final withholding tax of 10% for interest payments to Luxembourg resident individuals not holding the Notes as business assets, that are made through a paying agent established in another EU-Member State, in a Member State of the European Economic Area or in a jurisdiction that has concluded an international accord in relation to the EU Savings Tax Directive.

Responsibility for the withholding of tax in connection with the above-mentioned Luxembourg laws of 21 June 2005 and 23 December 2005 shall be assumed by the Luxembourg paying agent within the meaning of these laws and not by the relevant Issuer.

As of 1 January 2006 a 10% withholding tax applies on interest payments made by Luxembourg paying agents to Luxembourg individual residents. This withholding tax also applies on accrued interest received upon sale,

redemption or repurchase of the Notes. Regarding individual resident in another European Union member state, the withholding tax treatment is subject to the EU Savings Directive.

A holder of a Note who derives income from such Note or who realizes a gain on the disposal or redemption or exchange thereof will not be subject to Luxembourg taxation on income or capital gains unless:

(i) such holder is, or is deemed to be, resident in Luxembourg; or

(ii) such income or gain is attributable to an enterprise or part thereof which is carried on through a permanent establishment or a permanent representative in Luxembourg.

Luxembourg net wealth tax will not be levied on a holder of a Note unless:

(i) such holder is, or is deemed to be, resident in Luxembourg for the purpose of the relevant provisions; or

(ii) such Note is attributable to an enterprise or part thereof which is carried on through a permanent establishment or a permanent representative in Luxembourg.

In respect of individuals, the Luxembourg law of 23 December 2005 has abolished the net wealth tax with effect from 1 January 2006.

No Luxembourg inheritance tax is levied on the transfer of the Notes upon death of a Noteholder in cases where the deceased was not a resident of Luxembourg for inheritance tax purposes.

Luxembourg gift tax will be levied in case the gift is made pursuant to a notarial deed signed before a Luxembourg notary.

It is not compulsory that the Notes be filed, recorded or enrolled with any court, or other authority in Luxembourg or that registration tax, transfer tax, capital tax, stamp duty or any other similar tax or duty be paid in respect of or in connection with the execution, delivery and/or enforcement by legal proceedings (including any foreign judgment in the courts of Luxembourg) of the Notes, in accordance therewith, except that, in case of use of the Notes, either directly or by way of reference, (i) in a public deed, (ii) in a judicial proceeding in Luxembourg or (iii) before any other Luxembourg official authority *(autorité constituée),* registration will in principle be ordered which implies the application of a fixed or an ad valorem registration duty and calculated on the amounts mentioned in the Notes.

There is no Luxembourg value-added tax payable in respect of payments in consideration for the issue of the Notes or in respect of the payment of interest or principal under the Notes or the transfer of Notes, provided that Luxembourg value-added tax may, however, be payable in respect of fees charged for certain services rendered to the Issuer, if for Luxembourg value-added tax purposes such services are rendered, or are deemed to be rendered, in Luxembourg and an exemption from Luxembourg value-added tax does not apply with respect to such services.

A holder of a Note will not become resident, or deemed to be resident, in Luxembourg by reason only of the holding of such Note or the execution, performance, delivery and/or enforcement of that or any other Note.

EU Savings Directive

On 3 June 2003, the EU Council of Economic and Finance Ministers adopted a new directive regarding the taxation of savings income (the "EU Savings Directive"). The EU Savings Directive is, in principle, applied by Member States as from 1 July 2005 and has been implemented in Luxembourg by the Law of 21 June 2005.

Under the EU Savings Directive, each Member State is required to provide to the tax authorities of another Member State details of payments of interest or other similar income paid by a paying agent within the meaning of the EU Savings Directive to an individual resident or certain types of entities called "residual entities" established in that other Member State (or certain dependent and associated territories).

For a transitional period, however, Austria, Belgium and Luxembourg are permitted to apply an optional information reporting system whereby if a beneficial owner does not comply with one of two procedures for information reporting, the Member State will levy a withholding tax on payments to such beneficial owner. The

withholding tax system will apply for a transitional period during which the rate of withholding will be 15% from 1 July 2005 to 30 June 2008, 20% from 1 July 2008 to 30 June 2011 and 35% as of 1 July 2011. The transitional period is to terminate at the end of the first full fiscal year following agreement by certain non-EU countries to the exchange of information relating to such payments.

Also with effect from 1 July 2005, a number of non-EU countries (Switzerland, Andorra, Liechtenstein, Monaco and San Marino), have agreed to adopt similar measures (either provision of information or transitional withholding) in relation to payments made by a paying agent within its jurisdiction to, or collected by such a paying agent for, an individual resident or a residual entity established in a Member State. In addition, the Member States have entered into reciprocal provision of information or transitional withholding arrangements with certain of those dependent or associated territories (Jersey, Guernsey, Isle of Man, Montserrat, British Virgin Islands, Netherlands Antilles and Aruba) in relation to payments made by a paying agent in a Member State to, or collected by such a paying agent for, an individual residual or an entity established in one of those territories.

PLAN OF DISTRIBUTION

Under the terms and conditions contained in a purchase agreement to be dated the date of this offering memorandum, each Issuer will agree to sell the Notes to be issued by it to the initial purchasers and, subject to certain conditions contained therein, the initial purchasers will agree to purchase the Notes from such Issuer pursuant to the terms of the purchase agreement. The initial purchasers are obligated to purchase and accept delivery of all the Notes of an Issuer if any such Notes are purchased.

The following table sets forth the amount of Dollar-denominated Notes to be purchased by each initial purchaser in the offering:

Initial Purchasers[(1)]	Principal Amount of Dollar-denominated Notes
Merrill Lynch, Pierce, Fenner & Smith Incorporated	$162,500,000
Deutsche Bank Securities Inc.	162,500,000
Barclays Capital Inc.	71,500,000
J.P. Morgan Securities LLC	71,500,000
Scotia Capital (USA) Inc.	65,000,000
BNP Paribas Securities Corp.	19,500,000
DnB NOR Markets, Inc.	19,500,000
HSBC Securities (USA) Inc.	19,500,000
RBC Capital Markets, LLC	19,500,000
SunTrust Robinson Humphrey, Inc.	19,500,000
Well Fargo Securities, LLC	19,500,000
Total	$650,000,000

(1) Sales of Dollar-denominated Notes made outside the United States may be made through affiliates of the initial purchasers noted in the table above.

The following table sets forth the amount of Euro-denominated Notes to be purchased by each initial purchaser in the offering:

Initial Purchasers[(1)]	Principal Amount of Euro-denominated Notes
Merrill Lynch International	€ 75,000,000
Deutsche Bank AG, London Branch	75,000,000
Commerzbank Aktiengesellschaft	39,000,000
Crédit Agricole Corporate and Investment Bank	39,000,000
DZ BANK AG Deutsche Zentral-Genossenschaftsbank, Frankfurt am Main	12,000,000
Landesbank Baden-Württemberg	12,000,000
Mediobanca — Banca di Credito Finanziario S.p.A.	12,000,000
Société Générale	12,000,000
The Royal Bank of Scotland plc	12,000,000
WestLB AG	12,000,000
Total	€300,000,000

(1) Sales of Euro-denominated Notes made in the United States may be made through affiliates of the initial purchasers noted in the table above.

We have agreed to indemnify the initial purchasers and their controlling persons against certain liabilities in connection with this offering, including liabilities under the Securities Act, and to contribute to payments that the initial purchasers may be required to make in respect thereof.

We have been advised by the initial purchasers that they initially propose to offer and sell the Notes at the price set forth on the cover page of this offering memorandum. This initial price may be changed at any time without notice.

The initial purchasers propose to offer the Notes for resale in transactions not requiring registration under the Securities Act or applicable U.S. state securities laws, including sales pursuant to Rule 144A under the Securities Act. The initial purchasers will not offer or sell the Notes except to persons they reasonably believe to be "qualified institutional buyers" as defined in Rule 144A, or 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. Each purchaser of the Notes offered hereby in making its purchase will be deemed to have made by its purchase certain acknowledgments, representations, warranties and agreements as set forth under the section entitled "Transfer Restrictions."

In connection with sales outside the U.S., other than sales pursuant to Rule 144A, the initial purchasers have agreed that they will not offer, sell or deliver the Notes to, or for the account or benefit of, U.S. persons (1) as a part of the initial purchasers' distribution at any time or (2) otherwise until 40 days after the later of the commencement of the offering or the date the Notes are originally issued. The initial purchasers will send to each dealer to whom they sell such Notes during such 40-day period a confirmation or other notice setting forth the restrictions on offers and sales of the Notes within the U.S. or to, or for the account or benefit of, U.S. persons.

The initial purchasers may make offers and sales of the Dollar-denominated Notes outside the U.S. or the Euro-denominated Notes in the United States through certain affiliates of the initial purchasers. One or more of the initial purchasers may sell through affiliates or other appropriately licensed entities for sales of the Notes in jurisdictions in which they are otherwise not permitted.

The initial purchasers will represent, warrant and agree that:

- They have only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of section 21 of the Financial Services and Markets Act 2000 ("FSMA")) received by them in connection with the issue or sale of the Notes in circumstances in which Section 2(1) of the FSMA does not apply to the Issuer or the Guarantors; and

- They have complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to the Notes in, from or otherwise involving the United Kingdom.

Persons who purchase Notes from the initial purchasers may be required to pay stamp duty, taxes and other charges in accordance with the laws and practice of the country of purchase in addition to the offering price set forth on the cover page of this offering memorandum.

No action has been taken in any jurisdiction, including the United States and the United Kingdom, by us or the initial purchasers that would permit a public offering of the Notes or the possession, circulation or distribution of this offering memorandum or any other material relating to us or the Notes in any jurisdiction where action for this purpose is required. Accordingly, the Notes may not be offered or sold, directly or indirectly, and neither this offering memorandum 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 offering memorandum 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 offering memorandum comes are advised to inform themselves about and to observe any restrictions relating to the offering of the Notes, the distribution of this offering memorandum and resale of the Notes. See "Transfer Restrictions."

The Dollar-denominated Notes and the Euro-denominated Notes are new issues of securities for which there currently is no market. The Issuers have applied to list the Notes on the Official List of the Luxembourg Stock Exchange and for admission for trading on the Euro MTF market, however, the Issuer cannot assure you that such listing will be maintained. The initial purchasers have advised the Issuers 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 Exchange Act. Accordingly, the Issuers cannot assure you that any market for the Notes will develop, or that it will be liquid if it does develop.

We have agreed that, for a period of 30 days from the date of this offering memorandum, we will not, without the prior written consent of Merrill Lynch, Pierce, Fenner & Smith Incorporated and Merrill Lynch International, offer, sell or contract to sell, or otherwise dispose of, directly or indirectly, or announce the offering of any nonconvertible debt securities issued or guaranteed by an Issuer or any Guarantor. Merrill Lynch, Pierce, Fenner & Smith Incorporated and Merrill Lynch International in their sole discretion may release us from this lock-up agreement at any time without notice.

In connection with this offering, the Stabilizing Manager or any person acting for it may over-allot or effect transactions with a view to supporting the market price of the Notes at a level higher than that which might otherwise prevail for a limited period after the issue date. However, there may be no obligation on the Stabilizing Manager or its agent to do this. Such stabilizing, if commenced, may be discontinued at any time, and must be brought to an end after a limited period.

In connection with this offering, Merrill Lynch, Pierce, Fenner & Smith Incorporated with respect to the Dollar-denominated Notes and Merrill Lynch International with respect to Euro-denominated Notes (each a "Stabilizing Manager") or any person acting for them may engage in over-allotment, stabilizing, transactions, covering transactions and penalty bids in accordance with Regulation M under the Exchange Act.

Over-allotment involves sales in excess of the offering size, which creates a short position for the Stabilizing Manager.

Stabilizing transactions permit bids to purchase the underlying security so long as the stabilizing bids do not exceed a specified maximum.

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 Stabilizing Manager 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, covering transactions and penalty bid 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. Banc of America Securities LLC acted as joint lead arranger and joint bookrunning manager under our Amended 2006 Senior Credit Agreement, and Bank of America, N.A., an affiliate of Merrill Lynch, Pierce, Fenner & Smith Incorporated and Merrill Lynch International, acts as administrative agent and lender under our Amended 2006 Senior Credit Agreement. Deutsche Bank Securities Inc. acted as joint lead arranger and joint bookrunning manager under our 2006 Senior Credit Agreement, and Deutsche Bank AG New York Branch, an affiliate of Deutsche Bank Securities Inc. and Deutsche Bank AG, London Branch, acts as syndication agent and lender under our Amended 2006 Senior Credit Agreement. Barclays Bank PLC is a lender under our Amended 2006 Senior Credit Agreement and an administrative agent under the A/R Facility. Certain other initial purchasers or their affiliates are lenders under the Amended 2006 Senior Credit Agreement and other lines of credit or credit facilities of the Company and its subsidiaries. Barclays Bank PLC may receive a portion of the net proceeds from this offering in its capacity as administrative agent under the A/R Facility and lender under our Amended 2006 Senior Credit Facility. Bank of America, N.A., Deutsche Bank AG New York Branch, Barclays Bank PLC, Wells Fargo Bank, National Association, an affiliate of Wells Fargo Securities LLC, and affiliates of the other initial purchasers may each receive a portion of the net proceeds from this offering in their respective capacities as agents and/or lenders under the Amended 2006 Senior Credit Agreement.

In relation to each Member State of the European Economic Area which has implemented the Prospectus Directive (each, a "Relevant Member State"), each initial purchaser has 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 Notes which are the subject of the offering contemplated by the offering memorandum to the public in that Relevant Member State other than:

(a) to any legal entity which is a qualified investor as defined in the Prospectus Directive;

(b) to fewer than 100 or, if the Relevant Member State has implemented the relevant provision of the 2010 PD Amending Directive, 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 relevant Dealer or Dealers nominated by the Issuer for any such offer; or

(c) in any other circumstances falling within Article 3(2) of the Prospectus Directive,

provided that no such offer of Notes shall require the Issuers or any initial purchaser to publish a prospectus pursuant to Article 3 of the Prospectus Directive.

For the purposes of this provision, the expression of an "offer of Notes to the public" in relation to any Notes in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe the Notes, as the same may be varied in that Member State by any measure implementing the Prospectus Directive in that Member State, the expression "Prospectus Directive" means Directive 2003/71/EC (and amendments thereto, including the 2010 PD Amending Directive, to the extent implemented in the Relevant Member State), and includes any relevant implementing measure in the Relevant Member State and the expression "2010 PD Amending Directive" means Directive 2010/73/EU.

Each initial purchaser has represented and agreed that:

(a) (i) it is a person whose ordinary activities involve it in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of its business and (ii) it has not offered or sold and will not offer or sell the Notes other than to persons whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or as agent) for the purposes of their businesses or who it is reasonable to expect will acquire, hold, manage or dispose of investments (as principal or agent) for the

purposes of their businesses where the issue of the Notes would otherwise constitute a contravention of Section 19 of the FSMA by the Issuers;

(b) it has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of Section 21 of the FSMA) received by it in connection with the issue or sale of the Notes in circumstances in which Section 21(1) of the FSMA does not apply to the Issuers or the Guarantors; and

(c) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to the Notes in, from or otherwise involving the United Kingdom.

The Notes were delivered in book-entry form to investors on February 3, 2011.

TRANSFER RESTRICTIONS

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 (a) to Qualified Institutional Buyers in compliance with Rule 144A under the Securities Act and (b) 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 this offering memorandum, which memorandum 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 COMPANY 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 A FOREIGN PERSON 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 COMPANY IF THE COMPANY SO REQUESTS), (2) TO THE COMPANY 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 shall not sell or otherwise transfer such Notes to, and each purchaser represents and covenants that it is not acquiring the Notes for or on behalf of, and will not transfer the Notes to (i) any employee benefit plan (as defined in Section 3(3) of the Employee Retirement Income Security Act of 1974, as amended ("ERISA")), (ii) "plan" (as defined in Section 4975(e)(1) of the Code) or (iii) any entity whose underlying assets include assets of any such employee benefit plan or plan pursuant to 29 C.F.R. Section 2510.3-101 (as modified by Section 3(42) of ERISA) or otherwise (each of the foregoing, a "Plan"), except that such a purchase for or on behalf of a "Plan" shall be permitted:

(a) to the extent such purchase is made by or on behalf of a bank collective investment fund maintained by the purchaser in which no Plan (together with any other Plans maintained by the same employer or employee organization) has an interest in excess of 10% of the total assets in such collective investment fund and the conditions of Section III of Prohibited Transaction Class Exemption 91-38 issued by the Department of Labor are satisfied;

(b) to the extent such purchase is made by or on behalf of an insurance company pooled separate account maintained by the purchaser in which no Plan (together with any other Plans maintained by the same employer or employee organization) has an interest in excess of 10% of the total assets in such pooled separate account and the conditions of Section III of Prohibited Transaction Class Exemption 90-1 issued by the Department of Labor are satisfied;

(c) to the extent such purchase is made on behalf of a Plan by (i) an investment adviser registered under the U.S. Investment Advisers Act 1940, as amended (the "Advisers Act"), that has total client assets under its management and control in excess of $85,000,000 as of the last day of its most recent fiscal year, and had shareholders' or partners' equity in excess of $1,000,000 as shown in its most recent balance sheet prepared in accordance with generally accepted accounting principles, (ii) a bank as defined in Section 202(a)(2) of the Advisers Act, that has the power to manage, acquire or dispose of assets of a Plan, with equity capital in excess of $1,000,000 as of the last day of its most recent fiscal year, (iii) an insurance company which is qualified under the laws of more than one U.S. State to manage, acquire or dispose of any assets of a Plan, which insurance company has, as of the last day of its most recent fiscal year, net worth in excess of $1,000,000 and which is subject to supervision and examination by a U.S. State authority having supervision over insurance companies; or (iv) a savings and loan association, the accounts of which are insured by the Federal Deposit Insurance Corporation, that has made application for and been granted trust powers to manage, acquire or dispose of assets of a Plan by a U.S. State or Federal authority having supervision over savings and loan associations, which savings and loan association has, as of the last day of its most recent fiscal year, equity capital or net worth in excess of $1,000,000 and, in any case, such investment adviser, bank, insurance company or savings and loan is otherwise a "qualified professional asset manager" and is an "independent fiduciary" as such terms are used in Prohibited Transaction Class Exemption 84-14 issued by the Department of Labor, with respect to

such Plan, and the assets of such Plan managed by such investment advisor, bank, insurance company or savings and loan, when combined with the assets of other Plans established or maintained by the same employer (or affiliate thereof, as defined in such exemption) or employee organization and managed by such investment adviser, bank, insurance company or savings and loan do not represent more than 20% of the total client assets managed by such investment adviser, bank, insurance company or savings and loan, and the conditions of Part I of such exemption are otherwise satisfied;

(d) to the extent such purchase is made by or on behalf of an insurance company with assets in its insurance company general account, if no Plan (together with any other Plans maintained by the same employer or employee organization) has an interest in the general account, the amount of reserves and liabilities for which exceed 10% of the total reserves and liabilities of the general account plus surplus, determined as set forth in Prohibited Transaction Class Exemption 95-60 issued by the Department of Labor, and the conditions of Sections I and IV of such exemption are otherwise satisfied;

(e) to the extent such purchase is made on behalf of a Plan by an "in-house asset manager" (the "INHAM") as defined in Part IV of Prohibited Transaction Class Exemption 96-23 issued by the Department of Labor, Plans maintained by affiliates of the INHAM and/or the INHAM have aggregate assets in excess of $250 million, and the conditions of Part I of such exemption are otherwise satisfied;

(f) to the extent such Plan is a governmental plan (as defined in Section 3(32) of ERISA), church plan (as defined in Section 3(33) of ERISA) or foreign plan which is not subject to the provisions of Title I of ERISA, Section 4975 of the Code, or any other federal, state, local or foreign law or regulation that is substantially similar to the foregoing provisions of ERISA and the Code ("Similar Law") or

(g) to the extent such purchase is exempt from the prohibited transaction provisions of Section 406 of ERISA and Section 4975 of the Code pursuant to Section 408(b)(17) of ERISA and Section 4975(d)(20) of the Code.

SERVICE OF PROCESS AND ENFORCEABILITY OF CIVIL LIABILITIES

We are a German company. Some of our directors and executive officers and some of the experts named in this offering memorandum 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, Noerr LLP, 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 court judgments with respect to the civil liability provisions of the U.S. federal securities laws 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 consolidated financial statements of Fresenius Medical Care AG & Co. KGaA as of December 31, 2009 and 2008, and for each of the years in the three-year period ended December 31, 2009, have been included herein in reliance upon the report of KPMG AG Wirtschaftsprüfungsgesellschaft, independent registered public accounting firm, appearing elsewhere herein, and upon the authority of said firm as experts in accounting and auditing.

LEGAL MATTERS

The validity of the Notes and the guarantees and certain matters with respect to the Dollar Issuer and Fresenius Medical Care Holdings, Inc. will be passed upon for the Company by Baker & McKenzie LLP, and certain matters with respect to the Company and Fresenius Medical Care Deutschland GmbH will be passed upon by Noerr LLP. Dr. Dieter Schenk, a partner of Noerr LLP, is Vice Chairman of the Supervisory Board of the Company's general partner and of the Company's Supervisory Board, and is also a member of the Supervisory Board of Fresenius SE.

Dr. Schenk is one of the executors of the estate of the late Mrs. Else Kröner. Else Kröner-Fresenius-Stiftung, a charitable foundation established under the will of the late Mrs. Kröner, owns the majority of the voting shares of Fresenius SE. Dr. Schenk is also the Chairman of the administration board of Else Kröner-Fresenius-Stiftung. Certain matters with respect to the Euro Issuer will be passed on by Wildgen, Partners in Law. Certain matters will be passed upon for the initial purchasers by Cahill Gordon & Reindel LLP.

AVAILABLE INFORMATION

We file annual reports on Form 20-F and furnish periodic reports on Form 6-K to the United States Securities and Exchange Commission (the "SEC"). You may read and copy any of these reports at the SEC's public reference room at 100 F Street, N.E., Washington, D.C., 20549, U.S.A., and its public reference rooms in New York, New York, U.S.A. and Chicago, Illinois, U.S.A. Please call the SEC at 1-800-SEC-0330 for further information on the public reference rooms. The reports may also be obtained from the web site maintained by the SEC at http://www.sec.gov, which contains reports and other information regarding registrants that file electronically with the SEC. The New York Stock Exchange currently lists American Depositary Shares representing our ordinary shares and American Depositary Shares representing our preference shares. Our periodic reports, registration statements and other information that we file with the SEC are also available for inspection and copying at the offices of the New York Stock Exchange, 20 Broad Street, New York, New York 10005, U.S.A. Our SEC filings are also available to the public from commercial document retrieval services.

We prepare annual and quarterly reports, which are then distributed to our shareholders. Our annual reports contain financial statements examined and reported upon, with opinions expressed by, our independent auditors. The consolidated financial statements of Fresenius Medical Care AG & Co. KGaA included in these annual reports are prepared in conformity with U.S. generally accepted accounting principles. Our financial statements included in this offering memorandum contain condensed combining financial information relating to FMC Finance III S.A. and FMC Finance VI S.A., the issuers of prior issues of senior notes, the guarantors of those prior notes, and our non-guarantor subsidiaries. See Note 15 to our unaudited consolidated financial statements and note 24 to our audited consolidated financial statements. FMC Finance III S.A. and FMC Finance VI S.A. are non-guarantor subsidiaries with respect to the 5.25% Senior Notes and the 5.75% Senior Notes offered pursuant to this offering memorandum. Our annual and quarterly reports to our shareholders are posted on our web site at www.fmc-ag.com. In furnishing our web site address in this offering memorandum, however, we do not intend to incorporate any information on our web site into this offering memorandum, and you should not consider any information on our web site to be part of this offering memorandum.

GENERAL INFORMATION

Listing Information

We have applied to list the Notes on the Official List of the Luxembourg Stock Exchange and for admission for trading on the Euro MTF Market in accordance with the rules of that exchange. Notice of any optional redemption, change of control or any change in the rate of interest payable on the Notes will be published in a Luxembourg newspaper of general circulation (which is expected to be the *Luxemburger Wort*) or, to the extent and in the manner permitted by such rules, posted on the official website of the Luxembourg Stock Exchange (*www.bourse.lu*).

For so long as the Notes are listed on the Luxembourg Stock Exchange and the rules of that exchange require, copies of the following documents may be inspected and obtained at the registered office of the Euro Issuer or at the specified office of the listing agent in Luxembourg during normal business hours on any weekday:

- the organizational documents, including the by-laws, of each Issuer and the guarantors;
- each Issuer's most recent audited annual accounts;
- the most recent audited consolidated financial statements of FMC-AG & Co. KGaA, and any interim quarterly financial statements published by FMC-AG & Co. KGaA;
- the Purchase Agreement relating to the Dollar-denominated Notes;
- the Indenture relating to the Dollar-denominated Notes (which includes the form of the Dollar-denominated Notes);

- the guarantees of the Dollar-denominated Notes;
- the Purchase Agreement relating to the Euro-denominated Notes;
- the Indenture relating to the Euro-denominated Notes (which includes the form of the Euro-denominated Notes); and
- the guarantees of the Euro-denominated Notes.

According to Part 1, Chapter 5, Section 502 of the Rules and Regulations of the Luxembourg Stock Exchange, the Notes will be freely transferable on the Luxembourg Stock Exchange in accordance with applicable law.

Clearing Information

Transactions in the Dollar-denominated Notes sold pursuant to Regulation S and the Dollar-denominated Notes sold pursuant to Rule 144A under the Securities Act will clear through the facilities of DTC. The CUSIP number and the international securities identification number of the Dollar-denominated Notes sold pursuant to Regulation S are U31433 AA0 and USU31433AA03, respectively, and the CUSIP number and international securities identification number of the Dollar-denominated Notes sold pursuant to Rule 144A are 35803Q AA5 and US35803QAA58, respectively. The common codes of the Dollar-denominated Notes sold pursuant to Regulation S and the Dollar-denominated Notes sold pursuant to Rule 144A are 058230723 and 058230375, respectively.

The Euro-denominated Notes sold pursuant to Regulation S and the Euro-denominated Notes sold pursuant to Rule 144A of the Securities Act have been accepted for clearance through the facilities of Clearstream and Euroclear under common codes 057639547 and 057639555, respectively. The international securities identification number for the Euro-denominated Notes sold pursuant to Regulation S is XS0576395478 and the international securities identification number for the Euro-denominated Notes sold pursuant to Rule 144A is XS0576395551.

General Information

The directors of the Dollar Issuer, whose names appear under the caption "The Issuers — the Dollar Issuer" of this offering memorandum, and the directors of the Euro Issuer, who are identified under the caption the "Issuers — the Euro Issuer" and the Issuers accept responsibility, both individually and collectively, for the information contained in this offering memorandum. To the best of their knowledge, the information given in the offering memorandum is in accordance with the facts and contains no omissions likely to affect the import of the offering memorandum.

Except as described in the offering memorandum (including the footnotes to the financial statements included in this offering memorandum), none of the Dollar Issuer, the Euro Issuer or the Guarantors are involved in any pending litigation or arbitration proceedings that are material in the context of the Notes, nor so far as they are aware, is any such litigation or arbitration pending or threatened.

Except as described in the offering memorandum there has been no material adverse change in the financial position of the Dollar Issuer since January 26, 2011, in the financial position of the Euro Issuer since December 22, 2010 or in the consolidated financial position of Fresenius Medical Care AG & Co KGaA since December 31, 2009.

The Dollar-denominated Notes have been issued by virtue of a resolution of the board of directors of the Dollar Issuer passed on January 25, 2011. The Euro-denominated Notes have been issued by virtue of a resolution of the board of directors of the Euro Issuer passed on January 26, 2011. The guarantees of the Dollar-denominated Notes and the Euro-denominated Notes have been authorized by a resolution of the management board of the general partner of Fresenius Medical Care AG & Co KGaA on January 12, 2011 and resolutions of the supervisory board of the general partner of Fresenius Medical Care AG & Co KGaA on January 20, 2011, by a written resolution of the shareholder of D-GmbH dated January 26, 2011 and by a resolution of the board of directors of FMCH dated January 25, 2011.

INDEX TO FINANCIAL STATEMENTS

Information on the Dollar Issuer's opening balance sheet at January 26, 2011

Fresenius Medical Care US Finance, Inc. (000's)	**Balance at January 26, 2011**
Accounts receivable from related parties	$32,500
Total Assets	32,500
Subscribed capital	32,500
Total Equity	$32,500

Information on the Euro Issuer's opening balance sheet at December 22, 2010

FMC FINANCE VII S.A. (000's)	Balance at December 22, 2010 EUR[1]
Cash and cash equivalents	31
Total Assets	31
Subscribed capital	31
Total Equity	31

(1) At December 22, 2010, €1 equals $1.3146.

FRESENIUS MEDICAL CARE AG & Co. KGaA

Consolidated Statements of Income
(unaudited)
(in thousands, except share data)

	For the three months ended September 30,		For the nine months ended September 30,	
	2010	2009	2010	2009
Net revenue:				
Dialysis Care	$2,321,175	$2,146,349	$6,716,280	$6,123,774
Dialysis Products	736,930	742,320	2,170,153	2,088,274
	3,058,105	2,888,669	8,886,433	8,212,048
Costs of revenue:				
Dialysis Care	1,611,780	1,526,262	4,708,110	4,397,112
Dialysis Products	391,847	383,906	1,147,945	1,042,418
	2,003,627	1,910,168	5,856,055	5,439,530
Gross profit	1,054,478	978,501	3,030,378	2,772,518
Operating expenses:				
Selling, general and administrative	538,434	504,520	1,578,128	1,443,206
Research and development	22,794	22,656	67,256	64,508
Operating income	493,250	451,325	1,384,994	1,264,804
Other (income) expense:				
Interest income	(4,719)	(4,624)	(18,802)	(16,797)
Interest expense	75,086	79,769	224,818	241,466
Income before income taxes	422,883	376,180	1,178,978	1,040,135
Income tax expense	152,904	131,687	409,507	345,436
Net income	269,979	244,493	769,471	694,699
Less: Net income attributable to Noncontrolling interests	22,191	19,193	62,298	50,180
Net income attributable to FMC-AG & Co. KGaA	$ 247,788	$ 225,300	$ 707,173	$ 644,519
Basic income per ordinary share	$ 0.82	$ 0.76	$ 2.35	$ 2.16
Fully diluted income per ordinary share	$ 0.82	$ 0.76	$ 2.35	$ 2.16

See accompanying notes to unaudited consolidated financial statements.

FRESENIUS MEDICAL CARE AG & Co. KGaA

Consolidated Statements of Comprehensive Income
(unaudited)
(in thousands, except share data)

	For the three months ended September 30,		For the nine months ended September 30,	
	2010	2009	2010	2009
Net Income	$269,979	$244,493	$ 769,471	$694,699
(Loss) gain related to cash flow hedges	(20,353)	4,215	(93,304)	20,061
Actuarial gains on defined benefit pension plans	1,251	1,219	3,661	3,655
Gain (loss) related to foreign currency translation	230,723	74,884	(79,183)	103,145
Income tax benefit (expense) related to components of other comprehensive income	2,980	(2,904)	22,132	(11,622)
Other comprehensive income (loss), net of tax	214,601	77,414	(146,694)	115,239
Total comprehensive income	$484,580	$321,907	$ 622,777	$809,938
Comprehensive income attributable to Noncontrolling interests	24,228	19,712	63,435	51,606
Comprehensive income attributable to FMC-AG & Co. KGaA	$460,352	$302,195	$ 559,342	$758,332

See accompanying notes to unaudited consolidated financial statements.

FRESENIUS MEDICAL CARE AG & Co. KGaA

Consolidated Balance Sheets
At September 30, 2010 and December 31, 2009
(in thousands, except share data)

	September 30, 2010 (unaudited)	December 31, 2009 (audited)
Assets		
Current assets:		
Cash and cash equivalents	$ 571,708	$ 301,225
Trade accounts receivable less allowance for doubtful accounts of $277,335 in 2010 and $266,449 in 2009	2,495,015	2,285,909
Accounts receivable from related parties	211,576	272,886
Inventories	848,854	821,654
Prepaid expenses and other current assets	894,647	729,306
Deferred taxes	323,730	316,820
Total current assets	5,345,530	4,727,800
Property, plant and equipment, net	2,460,292	2,419,570
Intangible assets	635,942	859,195
Goodwill	7,924,188	7,511,434
Deferred taxes	76,630	64,749
Other assets	253,187	238,567
Total assets	$16,695,769	$15,821,315
Liabilities and shareholders' equity		
Current liabilities:		
Accounts payable	$ 410,680	$ 362,407
Accounts payable to related parties	203,119	277,429
Accrued expenses and other current liabilities	1,598,528	1,335,553
Short-term borrowings and other financial liabilities	622,888	316,344
Short-term borrowings from related parties	9,891	10,440
Current portion of long-term debt and capital lease obligations	158,531	157,634
Company-obligated mandatorily redeemable preferred securities of subsidiary Fresenius Medical Care Capital Trusts holding solely Company-guaranteed debentures of subsidiaries — current portion	633,940	—
Income tax payable	107,317	116,978
Deferred taxes	25,001	32,930
Total current liabilities	3,769,895	2,609,715
Long-term debt and capital lease obligations, less current portion	4,310,681	4,427,921
Other liabilities	315,276	307,112
Pension liabilities	150,507	147,327
Income tax payable	228,050	215,921
Deferred taxes	452,659	427,530
Company-obligated mandatorily redeemable preferred securities of subsidiary Fresenius Medical Care Capital Trusts holding solely Company-guaranteed debentures of subsidiaries	—	656,096
Total liabilities	9,227,068	8,791,622
Noncontrolling interests subject to put provisions	248,534	231,303
Shareholders' equity:		
Preference shares, no par value, €1.00 nominal value, 12,356,880 shares authorized, 3,919,486 issued and outstanding	4,389	4,343
Ordinary shares, no par value, €1.00 nominal value, 373,436,220 shares authorized, 297,956,247 issued and outstanding	368,564	365,672
Additional paid-in capital	3,333,543	3,243,466
Retained earnings	3,586,736	3,111,530
Accumulated other comprehensive (loss) income	(197,555)	(49,724)
Total FMC-AG & Co. KGaA shareholders' equity	7,095,677	6,675,287
Noncontrolling interests not subject to put provisions	124,490	123,103
Total equity	7,220,167	6,798,390
Total liabilities and equity	$16,695,769	$15,821,315

See accompanying notes to unaudited consolidated financial statements.

FRESENIUS MEDICAL CARE AG & Co. KGaA

Consolidated Statements of Cash Flows
For the nine months ended September 30, 2010 and 2009
(unaudited)
(in thousands)

	For the nine months ended September 30,	
	2010	**2009**
Operating Activities:		
Net income	$ 769,471	$ 694,699
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	369,324	334,133
Change in deferred taxes, net	16,346	59,469
(Gain) on sale of investments	(4,639)	(1,811)
(Gain) on sale of fixed assets	(225)	(3,236)
Compensation expense related to stock options	20,385	22,822
Changes in assets and liabilities, net of amounts from businesses acquired:		
Trade accounts receivable, net	(208,753)	(76,782)
Inventories	(20,812)	(104,302)
Prepaid expenses, other current and non-current assets	(56,587)	(92,701)
Accounts receivable from related parties	41,160	(160,775)
Accounts payable to related parties	(58,036)	147,668
Accounts payable, accrued expenses and other current and non-current liabilities	155,058	72,200
Income tax payable	4,442	(10,899)
Net cash provided by operating activities	1,027,134	880,485
Investing Activities:		
Purchases of property, plant and equipment	(350,018)	(398,347)
Proceeds from sale of property, plant and equipment	10,552	9,980
Acquisitions and investments, net of cash acquired, and net purchases of intangible assets	(378,048)	(109,045)
Proceeds from divestitures	8,494	51,738
Net cash (used in) investing activities	(709,020)	(445,674)
Financing Activities:		
Proceeds from short-term borrowings and other financial liabilities	156,041	69,291
Repayments of short-term borrowings and other financial liabilities	(145,950)	(120,619)
Proceeds from short-term borrowings from related parties	—	18,448
Repayments of short-term borrowings from related parties	—	(86,248)
Proceeds from long-term debt and capital lease obligations (net of debt issuance costs of $31,239 in 2010)	886,914	756,543
Repayments of long-term debt and capital lease obligations	(1,022,718)	(493,291)
Increase (decrease) of accounts receivable securitization program	281,000	(335,000)
Proceeds from exercise of stock options	93,092	25,772
Dividends paid	(231,967)	(231,940)
Distributions to Noncontrolling interests	(87,037)	(47,591)
Contributions from Noncontrolling interests	19,205	7,964
Net cash (used in) financing activities	(51,420)	(436,671)
Effect of exchange rate changes on cash and cash equivalents	3,789	3,846
Cash and Cash Equivalents:		
Net increase in cash and cash equivalents	270,483	1,986
Cash and cash equivalents at beginning of period	301,225	221,584
Cash and cash equivalents at end of period	$ 571,708	$ 223,570

See accompanying notes to unaudited consolidated financial statements.

FRESENIUS MEDICAL CARE AG & Co. KGaA

Consolidated Statement of Shareholders' Equity
For the nine months ended September 30, 2010 (unaudited) and year ended December 31, 2009 (audited)
(in thousands, except share data)

	Preference Shares		Ordinary Shares		Additional paid in capital	Retained earnings	Accumulated Other comprehensive income (loss)	Total FMC-AG & Co. KGaA shareholders' equity	Noncontrolling interests not subject to put provisions	Total equity
	Number of shares	No par value	Number of shares	No par value						
Balance at December 31, 2008	3,810,540	$4,240	293,932,036	$363,076	$3,188,089	$2,452,332	$(151,284)	$5,856,453	$104,167	$5,960,620
Proceeds from exercise of options and related tax effects	73,788	103	1,814,599	2,596	64,585	—	—	67,284	—	67,284
Compensation expense related to stock options	—	—	—	—	33,746	—	—	33,746	—	33,746
Dividends paid	—	—	—	—	—	(231,940)	—	(231,940)	(44,569)	(276,509)
Purchase/ sale of Noncontrolling interests	—	—	—	—	(3,138)	—	—	(3,138)	12,929	9,791
Contributions from Noncontrolling interests	—	—	—	—		—	—	—	3,285	3,285
Changes in fair value of Noncontrolling interests					(39,816)			(39,816)	—	(39,816)
Net income	—	—	—	—	—	891,138	—	891,138	45,487	936,625
Other comprehensive income (loss)	—	—	—	—	—	—	101,560	101,560	1,804	103,364
Comprehensive income	—	—	—	—	—	—	—	992,698	47,291	1,039,989
Balance at December 31, 2009	3,884,328	$4,343	295,746,635	$365,672	$3,243,466	$3,111,530	$ (49,724)	$6,675,287	$123,103	$6,798,390
Proceeds from exercise of options and related tax effects	35,158	46	2,209,612	2,892	84,188	—	—	87,126	—	87,126
Compensation expense related to stock options	—	—	—	—	20,385	—	—	20,385	—	20,385
Dividends paid	—	—	—	—	—	(231,967)	—	(231,967)	(43,912)	(275,879)
Purchase/ sale of Noncontrolling interests	—	—	—	—	(1,172)	—	—	(1,172)	(1,512)	(2,684)
Contributions from Noncontrolling interests									5,321	5,321
Changes in fair value of Noncontrolling interests					(13,324)			(13,324)	—	(13,324)
Net income	—	—	—	—	—	707,173	—	707,173	40,353	747,526
Other comprehensive (loss) income	—	—	—	—	—	—	(147,831)	(147,831)	1,137	(146,694)
Comprehensive income	—	—	—	—	—	—	—	559,342	41,490	600,832
Balance at September 30, 2010	3,919,486	$4,389	297,956,247	$368,564	$3,333,543	$3,586,736	$(197,555)	$7,095,677	$124,490	$7,220,167

See accompanying notes to unaudited consolidated financial statements.

FRESENIUS MEDICAL CARE AG & Co. KGaA

Notes to Consolidated Financial Statements
(unaudited)
(in thousands, except share and per share data)

1. The Company, Basis of Presentation, Significant Accounting Policies and Health Care Reform

The Company

Fresenius Medical Care AG & Co. KGaA ("FMC-AG & Co. KGaA" or the "Company"), a German partnership limited by shares (Kommanditgesellschaft auf Aktien), is the world's largest kidney dialysis company, operating in both the field of dialysis services and the field of dialysis products for the treatment of end-stage renal disease ("ESRD"). The Company's dialysis business is vertically integrated, providing dialysis treatment at dialysis clinics it owns or operates and supplying these clinics with a broad range of products. In addition, the Company sells dialysis products to other dialysis service providers. In the United States, the Company also performs clinical laboratory testing and provides inpatient dialysis services and other services under contract to hospitals.

In this Report, "FMC-AG & Co. KGaA," or the "Company," "we," "us" or "our" refers to the Company or the Company and its subsidiaries on a consolidated basis, as the context requires.

Basis of Presentation

The accompanying consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP").

The consolidated financial statements at September 30, 2010 and for the three- and nine-month periods ended September 30, 2010 and 2009 contained in this report are unaudited and should be read in conjunction with the consolidated financial statements contained in the Company's 2009 Annual Report on Form 20-F. The preparation of consolidated financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. Such financial statements reflect all adjustments that, in the opinion of management, are necessary for a fair presentation of the results of the periods presented. All such adjustments are of a normal recurring nature.

The results of operations for the three- and nine-month periods ended September 30, 2010 are not necessarily indicative of the results of operations for the year ending December 31, 2010.

The Company has reclassified and revalued noncontrolling interests subject to put provisions in the Consolidated Balance Sheets. As a result, at September 30, 2010 and December 31, 2009, the Company reclassified $89,565 and $85,658, respectively, from "Noncontrolling interests" and $158,969 and $145,645, respectively, from "Additional paid in capital" to "Noncontrolling interests subject to put provisions." The Company has also renamed the remaining balance of "Noncontrolling interests" as "Noncontrolling interests not subject to put provisions." The Consolidated Statement of Shareholders' Equity has been adjusted accordingly. There is no Consolidated Statements of Income impact, as the offsetting entry is to "Additional paid in capital."

Certain other items in the prior quarter's comparative consolidated financial statements have been reclassified to conform to the current period's presentation.

Summary of Significant Accounting Policies

Cash Equivalents and Short-term Investments

Cash equivalents include highly liquid short-term investments with original maturities of three months or less, readily convertible into known amounts of cash. Investments with original maturities greater than three months and remaining maturities of less than one year are classified as short-term investments. Short-term investments classified as available-for-sale are recorded at fair value with unrealized gains or losses reflected in accumulated

other comprehensive income until realized. Short-term investments designated as held-to-maturity securities are recorded at amortized cost. These investments are included in "Prepaid expenses and other current assets" on the balance sheet.

At September 30, 2010, the Company had $136,480 (€100,000) of held-to-maturity, short-term investments. These investments are shown at their carrying amounts, which are reasonable estimates of the fair value due to the relatively short period to maturity of these investments.

United States Health Care Reform

The Patient Protection and Affordable Care Act was enacted in the United States on March 23, 2010 and subsequently amended by the Health Care and Educational Affordability Reconciliation Act (as amended, "ACA"). ACA will implement broad healthcare 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 healthcare 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 healthcare program waste and fraud. ACA's medical device excise tax, Medicaid drug rebate increases and annual pharmaceutical industry fees will adversely impact the Company's product business earnings and cash flows. The Company expects modest favorable impact from ACA's integrated care and commercial insurance consumer protection provisions.

2. Related Party Transactions

a) Service and Lease Agreements

The Company is party to service agreements with Fresenius SE, the sole stockholder of its General Partner and its largest shareholder owning approximately 35.8% of the Company's voting shares, and with certain affiliates of Fresenius SE that are not also subsidiaries of the Company (collectively "Fresenius SE"), to receive services, including, but not limited to: administrative services, management information services, employee benefit administration, insurance, IT services, tax services and treasury management services. For the nine-month periods ended September 30, 2010 and 2009, amounts charged by Fresenius SE to the Company under the terms of these agreements are $44,607 and $51,042, respectively. The Company also provides certain services to Fresenius SE, including research and development, central purchasing, patent administration and warehousing. The Company charged $4,746 and $11,617 for services rendered to Fresenius SE during the first nine months of 2010 and 2009, respectively.

Under operating lease agreements for real estate entered into with Fresenius SE, the Company paid Fresenius SE $15,135 and $14,976 during the first nine months of 2010 and 2009, respectively. The majority of the leases expire in 2016 and contain renewal options.

The Company's Articles of Association provide that the General Partner shall be reimbursed for any and all expenses in connection with management of the Company's business, including remuneration of the members of the General Partner's supervisory board and the General Partner's management board. The aggregate amount reimbursed to the General Partner for the nine-month periods ended September 30, 2010 and 2009 was $8,773 and $5,862, respectively, for its management services during those nine-month periods.

(in thousands, except share and per share data)

b) Products

For the nine-month periods ended September 30, 2010, and 2009, the Company sold products to Fresenius SE for $11,468 and $9,231, respectively. During the nine-month periods ended September 30, 2010, and 2009, the Company made purchases from Fresenius SE in the amount of $33,443 and $32,404, respectively.

In addition to the purchases noted above, the Company currently purchases heparin supplied by APP Inc., through a group purchasing organization ("GPO"). In September 2008, Fresenius Kabi AG, a wholly-owned subsidiary of Fresenius SE, acquired 100% of APP Inc. The Company has no direct supply agreement with APP Inc. and does not submit purchase orders directly to APP Inc. During the nine-month periods ended September 30, 2010 and 2009, Fresenius Medical Care Holdings, Inc. ("FMCH") acquired approximately $23,365 and $23,199, respectively, of heparin from APP Inc. through the GPO contract, which was negotiated by the GPO at arm's length on behalf of all members of the GPO.

c) Financing Provided by and to Fresenius SE

Throughout the second quarter of 2010, the Company, under its cash pooling agreement, made cash advancements to Fresenius SE totaling €161,800 ($198,545 as of June 30, 2010) as of June 30, 2010. During the third quarter of 2010, the balance was reduced to €32,400 ($44,220 as of September 30, 2010) as of September 30, 2010, at an interest rate of 1.67% and was fully repaid on October 12, 2010.

During the second quarter of 2009, the Company reclassified an account payable to Fresenius SE in the amount of €77,745 ($109,885 at June 30, 2009) from accounts payable to related parties to short-term borrowings from related parties. The amount represents taxes payable by the Company arising from the period 1997-2001 during which German trade taxes were paid by Fresenius SE on behalf of the Company. Of this amount, €5,747 ($7,844 at September 30, 2010) was outstanding at September 30, 2010 at an interest rate of 6% and will be repaid in 2010.

On August 19, 2009, the Company borrowed €1,500 ($2,047 as of September 30, 2010) from the General Partner at 1.335%. The balance, originally due on August 19, 2010, was extended until August 19, 2011.

3. Inventories

As of September 30, 2010 and December 31, 2009, inventories consisted of the following:

	September 30, 2010	December 31, 2009
Raw materials and purchased components	$155,141	$154,599
Work in process	66,604	63,683
Finished goods	514,514	481,047
Health care supplies	112,595	122,325
Inventories	$848,854	$821,654

4. Intangible Assets and Goodwill

A change in New York state regulations allowed for the direct ownership of facilities in that state, which had previously been prohibited by state law. Due to this prohibition, the Company had historically used a combination of administrative service contracts, stock option agreements, and asset acquisitions to qualify for consolidation of such facilities under guidance originally issued as Emerging Issues Task Force 97-2, *Application of FASB Statement No. 94 and APB Opinion No. 16 to Physicians Practice Management Entities and Certain Other Entities with Contractual Management Arrangements* which is now included within FASB Accounting Standards Codification

(in thousands, except share and per share data)

Topic 810-10, *Consolidation: Overall*. In such qualifying transactions, a portion of the purchase price was allocated to identifiable intangible assets with the remainder classified as an "Administrative Services Agreement" intangible asset that was treated as an equivalent to goodwill and was shown on our Balance Sheet at December 31, 2009, under the category Management Contracts within Intangible Assets. With the regulatory approval gained on April 1, 2010, the Company obtained the full ownership of these facilities and reclassified the $214,706 of Administrative Services Agreement intangible asset to goodwill within our North America segment, effective April 1, 2010, to be consistent with other clinic acquisitions where the Company obtained control via legal ownership.

5. Short-Term Borrowings, Other Financial Liabilities and Short-Term Borrowings from Related Parties

As of September 30, 2010 and December 31, 2009, short-term borrowings, other financial liabilities and short-term borrowings from related parties consisted of the following:

	September 30, 2010	December 31, 2009
Borrowings under lines of credit	$119,203	$ 95,720
Accounts receivable facility	495,000	214,000
Other financial liabilities	8,685	6,624
Short-term borrowings and other financial liabilities	622,888	316,344
Short-term borrowings from related parties (see Note 2.c.)	9,891	10,440
Short-term borrowings, Other financial liabilities and Short-term borrowings from related parties	$632,779	$326,784

Accounts Receivable Facility

The asset securitization facility (the "A/R Facility"), which is typically renewed annually, was most recently renewed on September 28, 2010 until September 27, 2011 and the available borrowings under the facility were increased from $650,000 to $700,000. Annual refinancing fees, which include legal costs and bank fees, are amortized over the term of the facility.

(in thousands, except share and per share data)

6. Long-term Debt and Capital Lease Obligations

As of September 30, 2010 and December 31, 2009, long-term debt and capital lease obligations consisted of the following:

	September 30, 2010	December 31, 2009
Amended 2006 Senior Credit Agreement	$2,938,473	$3,522,040
6⅞% Senior Notes	494,009	493,344
5.50% Senior Notes	337,108	—
Euro Notes	272,960	288,120
EIB Agreements	355,690	213,460
Capital lease obligations	15,786	17,600
Other	55,186	50,991
	4,469,212	4,585,555
Less current maturities	(158,531)	(157,634)
	$4,310,681	$4,427,921

Amended 2006 Senior Credit Agreement

On September 29, 2010, the Company amended and extended the 2006 Senior Credit Agreement ("Amended 2006 Senior Credit Agreement"). The significant changes are as follows:

- The $1,000,000 revolving credit facility has been increased to $1,200,000 and is now due and payable on March 31, 2013, an extension from the original due date of March 31, 2011.
- The Term Loan A facility, which was increased by $50,443 to $1,365,000 and its maturity extended from March 31, 2011 to March 31, 2013, will be repaid in quarterly payments of $30,000 starting on December 31, 2010, with the remaining balance due and payable in full on March 31, 2013.
- The early repayment requirement for the Term Loan B, which stipulated that Term Loan B was subject to early retirement if the Trust Preferred Securities due June 15, 2011 were not paid, refinanced or extended prior to March 1, 2011, has been removed.
- The definition of the Company's Consolidated Leverage Ratio, which is used to determine the applicable margin, was amended to allow for the reduction of up to $250,000 (increased from $30,000) of cash and cash equivalents from Consolidated Funded Debt, as defined in the initial 2006 Senior Credit Agreement. The applicable margin is then added to LIBOR to determine the interest rate for the appropriate period. In addition, the Amended 2006 Senior Credit Agreement includes increases in certain types of permitted borrowings outside of the Amended 2006 Senior Credit Agreement and provides further flexibility for certain types of investments.
- The limitation on dividends and other restricted payments ($300,000 for dividends in 2010 under the 2006 Senior Credit Agreement) has been set for up to $330,000 in 2011 and increases by $30,000 each year through 2013.

The Company incurred fees of approximately $21,115 in conjunction with the Amended 2006 Senior Credit Agreement which will be amortized over the life of the credit agreement.

(in thousands, except share and per share data)

The following table shows the available and outstanding amounts under the Amended 2006 Senior Credit Agreement at September 30, 2010 and under the 2006 Senior Credit Agreement at December 31, 2009:

	Maximum Amount Available		Balance Outstanding	
	September 30, 2010	December 31, 2009	September 30, 2010	December 31, 2009
Revolving Credit	$1,200,000	$1,000,000	$ 31,673	$ 594,714
Term Loan A	1,365,000	1,373,418	1,365,000	1,373,418
Term Loan B	1,541,800	1,553,908	1,541,800	1,553,908
	$4,106,800	$3,927,326	$2,938,473	$3,522,040

In addition, at September 30, 2010 and December 31, 2009, the Company had letters of credit outstanding in the amount of $121,518 and $97,287, respectively, which are not included above as part of the balance outstanding at those dates but which reduce available borrowings under the revolving credit facility.

7. Stock Options

On July 26, 2010, the Company awarded 2,769,903 options under the amended Fresenius Medical Care AG and Co. KGaA Stock Option Plan 2006 (the "Amended 2006 Plan"), including 423,300 options granted to members of the Management Board of Fresenius Medical Care Management AG, the Company's general partner, at an exercise price of $55.19 (€42.68), a fair value of $10.44 each and a total fair value of $28,905 which will be amortized over the three year vesting period.

(in thousands, except share and per share data)

8. Earnings Per Share

The following table contains reconciliations of the numerators and denominators of the basic and diluted earnings per share computations for the three- and nine-month periods ended September 30, 2010 and 2009:

	For the three months ended September 30,		For the nine months ended September 30,	
	2010	2009	2010	2009
Numerators:				
Net income attributable to FMC-AG & Co. KGaA	$ 247,788	$ 225,300	$ 707,173	$ 644,519
less:				
Dividend preference on Preference shares	26	28	77	78
Income available to all classes of shares	$ 247,762	$ 225,272	$ 707,096	$ 644,441
Denominators:				
Weighted average number of:				
Ordinary shares outstanding	297,244,371	294,443,038	296,370,673	294,181,563
Preference shares outstanding	3,914,044	3,857,335	3,901,126	3,832,367
Total weighted average shares outstanding	301,158,415	298,300,373	300,271,799	298,013,930
Potentially dilutive Ordinary shares	1,375,974	—	1,072,429	—
Potentially dilutive Preference shares	43,389	70,925	41,626	69,494
Total weighted average Ordinary shares outstanding assuming dilution	298,620,345	294,443,038	297,443,102	294,181,563
Total weighted average Preference shares outstanding assuming dilution	3,957,433	3,928,260	3,942,752	3,901,861
Basic income per Ordinary share	$ 0.82	$ 0.76	$ 2.35	$ 2.16
Plus preference per Preference shares	0.01	—	0.02	0.02
Basic income per Preference share	$ 0.83	$ 0.76	$ 2.37	$ 2.18
Fully diluted income per Ordinary share	$ 0.82	$ 0.76	$ 2.35	$ 2.16
Plus preference per Preference shares	0.01	—	0.02	0.02
Fully diluted income per Preference share	$ 0.83	$ 0.76	$ 2.37	$ 2.18

9. Employee Benefit Plans

The Company currently has two principal pension plans, one for German employees, the other covering employees in the United States, the latter of which was curtailed in 2002. Plan benefits are generally based on years of service and final salary. Consistent with predominant practice in Germany, the Company's pension obligations in Germany are unfunded. Each year FMCH, a wholly-owned subsidiary of the Company and its principal North American subsidiary, contributes to the plan covering United States employees at least the minimum required by the Employee Retirement Income Security Act of 1974, as amended.

(in thousands, except share and per share data)

The following table provides the calculations of net periodic benefit cost for the three- and nine-month periods ended September 30, 2010 and 2009.

	Three months ended September 30,		Nine months ended September 30,	
	2010	2009	2010	2009
Components of net periodic benefit cost:				
Service cost	$ 1,939	$ 2,044	$ 5,904	$ 5,912
Interest cost	5,546	5,445	16,734	16,089
Expected return on plan assets	(4,366)	(3,965)	(13,098)	(11,895)
Amortization of unrealized losses	1,220	1,217	3,631	3,653
Net periodic benefit costs	$ 4,339	$ 4,741	$ 13,171	$ 13,759

10. Noncontrolling Interests Subject to Put Provisions

The Company 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 Company would be required to purchase all or part of third-party owners' noncontrolling interests at the appraised fair value. The methodology the Company uses to estimate the fair values of the noncontrolling interest subject to put provisions assumes the greater of net book value or a multiple of earnings, based on historical earnings, development stage of the underlying business and other factors. The estimated fair values of the noncontrolling interests subject to these put provisions can also fluctuate and the implicit multiple of earnings at which these noncontrolling interest obligations may ultimately be settled could vary significantly from our current estimates depending upon market conditions.

Following is a roll forward of noncontrolling interests subject to put provisions for the nine months ended September 30, 2010 and the year ended December 31, 2009:

	For the nine months ended September 30, 2010	For the twelve months ended December 31, 2009
Beginning balance	$231,303	$162,166
Dividends paid	(32,309)	(16,930)
Purchase/ sale of Noncontrolling interests	9,971	12,548
Contributions from Noncontrolling interests	4,300	5,108
Changes in fair value of Noncontrolling interests	13,324	39,816
Net income	21,945	28,595
Ending balance	$248,534	$231,303

11. Commitments and Contingencies

Legal Proceedings

The Company 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 healthcare services and products. The outcome of litigation and other legal matters is always difficult to accurately predict and outcomes that are not consistent with the Company's view of the merits can occur. The Company 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

The Company 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 the Company, 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, the Company 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 the Company that arise out of the bankruptcy of W.R. Grace & Co. Under the terms of the settlement agreement as amended (the "Settlement Agreement"), fraudulent conveyance and other claims raised on behalf of asbestos claimants will be dismissed with prejudice and the Company 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, the Company will pay a total of $115,000 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. 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.). The Company is engaged in litigation with Sealed Air to confirm its entitlement to indemnification from Sealed Air for all losses and expenses incurred by the Company relating to pre-Merger tax liabilities and Merger-related claims. Under the Settlement Agreement, upon confirmation of a plan that satisfies the conditions of the Company's payment obligation, this litigation will be dismissed with prejudice.

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 alleged patents concern the use of touch screen interfaces for hemodialysis machines. Baxter filed counterclaims against FMCH seeking more than $140,000 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 that all the asserted claims of the Baxter patents are 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 $14,300. 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. The Company appealed the court's rulings to the United States Court of Appeals for the Federal Circuit. In October 2008, the Company completed design modifications to the 2008K machine that eliminate any incremental hemodialysis machine royalty payment exposure under the original district court order. On September 10, 2009, the Court of Appeals 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 Court of Appeals affirmed the district court's decision; however, the Court of Appeals 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, although funds already contributed will remain in escrow until the case is finally concluded. On March 18, 2010, the U.S. Patent and Trademark Office (USPTO) and the Board of Patent Appeals and Interferences ruled in reexamination that the remaining Baxter patent is invalid. On October 5, 2010, Baxter appealed from the Board's ruling to the United States Court of Appeals for the Federal Circuit.

On April 28, 2008, Baxter filed suit in the U.S. District Court for the Northern District of Illinois, Eastern Division (Chicago), styled Baxter International, Inc. and Baxter Healthcare Corporation v. Fresenius Medical Care Holdings, Inc. and Fresenius USA, Inc., Case No. CV 2389, asserting that FMCH's hemodialysis machines infringe four patents issued in 2007 and 2008, all of which are based on one of the patents at issue in the April 2003 Baxter case described above. The new patents expire in April 2011 and relate to trend charts shown on touch screen interfaces and the entry of ultrafiltration profiles (ultrafiltration is the removing of liquid from a patient's body using osmotic pressure). This case is currently stayed pursuant to court order. The Company believes that its hemodialysis machines do not infringe any valid claims of the Baxter patents at issue. All the asserted patents now stand rejected in an ongoing reexamination at the USPTO.

On October 17, 2006, Baxter and DEKA Products Limited Partnership (DEKA) filed suit in the U.S. District Court for the Eastern District of Texas which was subsequently transferred to the Northern District of California, styled Baxter Healthcare Corporation and DEKA Products Limited Partnership v. Fresenius Medical Care Holdings, Inc. d/b/a Fresenius Medical Care North America and Fresenius USA, Inc., Case No. CV 438 TJW. The complaint alleged that FMCH's Liberty™ cycler infringes nine patents owned by or licensed to Baxter. During and after discovery, seven of the asserted patents were dropped from the suit. On July 28, 2010, at the conclusion of the trial, the jury returned a verdict in favor of FMCH finding that the Liberty™ cycler does not infringe any of the asserted claims of the Baxter patents.

A patent infringement action has been pending in Germany between Gambro Industries ("Gambro") on the one side and Fresenius Medical Care Deutschland GmbH ("D-GmbH") and FMC-AG & Co. KGaA on the other side (hereinafter collectively "Fresenius Medical Care"). Gambro herein alleged patent infringements by Fresenius Medical Care concerning a patent on a device for the preparation of medical solutions. The District Court of Mannheim rendered a judgment on June 27, 2008 deciding in favor of Gambro and declaring that Fresenius Medical Care has infringed a patent. Accordingly, the court ordered Fresenius Medical Care to pay compensation (to be determined in a separate court proceeding which was initiated by Gambro; after a first hearing in February 2010, the court ordered in May 2010 that the proceedings are stayed until there is a final court decision on the invalidity of the

patent) for alleged infringement and to stop offering the alleged patent infringing technology in its original form in Germany. D-GmbH brought an invalidity action in the Federal German Patent Court ("BPatG") against Gambro's patent. This case is currently pending with the Federal Court of Justice as the court of appeal. Fresenius Medical Care has also filed an appeal against the District Court's verdict. On January 5, 2009, Gambro enforced such verdict provisionally by way of security. However, preceding such enforcement Fresenius Medical Care had already developed design modifications, being an alternative technical solution, and replaced the alleged patent infringing technology in all of the affected devices. In view of the pending appeal against BPatG's verdict and Fresenius Medical Care's appeal against the District Court's verdict, Fresenius Medical Care continues to believe that the alleged patent infringing technology does not infringe any valid patent claims of Gambro. The patent expired in May 2010, meaning that the provisional enforced injunction is no longer effective.

Other Litigation and Potential Exposures

Renal Care Group, Inc. ("RCG") 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 claims for indemnification and reimbursement of expenses against the Company. The Company expects to continue as a defendant in the litigation, which is proceeding toward trial in the Chancery Court, and believes that defendants will prevail.

On July 17, 2007, resulting from an investigation begun in 2005, the United States Attorney filed a civil complaint in the United States District Court for the Eastern District of Missouri (St. Louis) against Renal Care Group, Inc., its subsidiary RCG Supply Company, and FMCH in its capacity as RCG's current corporate parent. The complaint seeks monetary damages and penalties with respect to issues arising out of the operation of RCG's Method II supply company through 2005, prior to FMCH's acquisition of RCG in 2006. The complaint is styled United States of America ex rel. Julie Williams et al. vs. Renal Care Group, Renal Care Group Supply Company and FMCH. On August 11, 2009, the Missouri District Court granted RCG's motion to transfer venue to the United States District Court for the Middle District of Tennessee (Nashville). On March 22, 2010, the Tennessee District Court entered judgment against defendants for approximately $23,000 in damages and interest under the unjust enrichment count of the complaint but denied all relief under the six False Claims Act counts of the complaint. The Company appealed the Tennessee District Court's decision to the United States Court of Appeals for the Sixth Circuit and secured a stay of enforcement of the judgment pending appeal. The United States Attorney filed a cross appeal, but also asked the Tennessee District Court for an indicative or supplemental ruling. On June 23, 2010, the Tennessee District Court issued an indicative ruling to the effect that, if the case were remanded to the District Court, it would expect to enter a judgment under the False Claims Act against the Company for approximately $104,000. On September 23, 2010, the Court of Appeals remanded the case to the Tennessee District Court to permit revision or supplementation of the original judgment, after which the Company may pursue its appeals to the Court of Appeals. The Company believes that RCG's operation of its Method II supply company was in compliance with applicable law, that no relief is due to the United States, and that its position in the litigation will ultimately be sustained.

On November 27, 2007, the United States District Court for the Western District of Texas (El Paso) unsealed and permitted service of two complaints previously filed under seal by a qui tam relator, a former FMCH local clinic employee. The first complaint alleged that a nephrologist unlawfully employed in his practice an assistant to perform patient care tasks that the assistant was not licensed to perform and that Medicare billings by the nephrologist and FMCH therefore violated the False Claims Act. The second complaint alleged that FMCH unlawfully retaliated against the relator by discharging her from employment constructively. The United States Attorney for the Western District of Texas declined to intervene and to prosecute on behalf of the United States. On March 30, 2010, the District Court issued final

judgment in favor of defendants on all counts based on a jury verdict rendered on February 25, 2010 and on rulings of law made by the Court during the trial. The plaintiff has appealed from the District Court judgment.

On June 25, 2009, FMCH received a subpoena from the U.S. Department of Justice, U.S. Attorney for the District of Massachusetts. The subpoena seeks information relating to the results of certain laboratory tests ordered for patients treated in FMCH's dialysis facilities during the years 2004 through 2009. The Company intends to cooperate fully in the government's investigation.

The Company filed claims for refunds contesting the Internal Revenue Service's ("IRS") disallowance of FMCH's civil settlement payment deductions taken by Fresenius Medical Care Holdings, Inc. ("FMCH") in prior year tax returns. As a result of a settlement agreement with the IRS, the Company received a partial refund in September 2008 of $37,000, inclusive of interest and preserved our right to pursue claims in the United States Courts for refunds of all other disallowed deductions. On December 22, 2008, the Company 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 June 24, 2010, the court denied FMCH's motion for summary judgment and the litigation is proceeding towards trial.

For the tax year 1997, the Company recognized an impairment of one of our subsidiaries which the German tax authorities disallowed in 2003 at the conclusion of its audit for the years 1996 and 1997. The Company has filed a complaint with the appropriate German court to challenge the tax authority's decision.

The IRS tax audits of FMCH for the years 2002 through 2006 have been completed. The IRS has disallowed all deductions taken during these audit periods related to intercompany mandatorily redeemable preferred shares. The Company has protested the disallowed deductions and will avail itself of all remedies. An adverse determination with respect to the disallowed deductions related to intercompany mandatorily redeemable preferred shares could have a material adverse effect on our results of operations and liquidity. In addition, the IRS proposed other adjustments which have been recognized in the financial statements.

From time to time, the Company 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 Company's defenses and insurance coverage and, as necessary, provides accruals for probable liabilities for the eventual disposition of these matters.

The Company, 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 Company must also comply with the Anti-Kickback Statute, the False Claims Act, the 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 the Company'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 "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, the Company'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 the Company's compliance with applicable laws and regulations. The Company 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 Company operates many facilities throughout the United States. 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 Company 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 Company may identify instances where employees, deliberately or inadvertently, have submitted inadequate or false billings. The actions of such persons may subject the Company and its subsidiaries to liability under the Anti-Kickback Statute, the Stark Law and the False Claims Act, among other laws.

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 Company 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 Company 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 Company 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 the Company's reputation and business.

The Company 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 Company has, when appropriate, asserted its own claims, and claims for indemnification. A successful claim against the Company 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 the Company's reputation and business.

Accrued Special Charge for Legal Matters

At December 31, 2001, the Company recorded a pre-tax special charge of $258,159 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 $115,000 payment under the Settlement Agreement in the Grace Chapter 11 Proceedings, all other matters included in the special charge have been resolved. While the Company 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.

12. Financial Instruments

As a global supplier of dialysis services and products in more than 115 countries throughout the world, the Company is faced with a concentration of credit risks due to the nature of the reimbursement systems which are often provided by the governments of the countries in which the Company operates. Changes in reimbursement rates or the scope of coverage could have a material adverse effect on the Company's business, financial condition and results of operations and thus on its capacity to generate cash flow. In the past the Company experienced and also expects in the future generally stable reimbursements for its dialysis services. This includes the balancing of unfavorable reimbursement changes in certain countries with favorable changes in other countries. Due to the fact that a large portion of the Company's reimbursement is provided by public health care organizations and private insurers, the Company expects that most of its accounts receivables will be collectable, albeit somewhat more slowly in the International segment in the immediate future, particularly in countries which continue to be severely affected by the global financial crisis.

(in thousands, except share and per share data)

Non-derivative Financial Instruments

The following table presents the carrying amounts and fair values of the Company's non-derivative financial instruments at September 30, 2010, and December 31, 2009.

	September 30, 2010		December 31, 2009	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Non-derivatives				
Assets				
Cash and cash equivalents	$ 571,708	$ 571,708	$ 301,225	$ 301,225
Short-term investments	136,480	136,480	—	—
Accounts Receivable	2,706,591	2,706,591	2,558,795	2,558,795
Liabilities				
Accounts payable	613,799	613,799	639,836	639,836
Short-term borrowings	622,888	622,888	316,344	316,344
Short-term borrowings from related parties	9,891	9,891	10,440	10,440
Long term debt, excluding Amended 2006 Senior Credit Agreement, Euro Notes and Senior Notes	426,662	426,662	282,051	282,051
Amended 2006 Senior Credit Agreement	2,938,473	2,922,140	3,522,040	3,429,470
Euro Notes	272,960	280,492	288,120	299,621
Senior Notes	831,117	896,613	493,344	498,750
Trust Preferred Securities	633,940	655,520	656,096	688,026
Noncontrolling interests subject to put provisions	248,534	248,534	231,303	231,303

The carrying amounts in the table are included in the consolidated balance sheet under the indicated captions or in the case of long-term debt, as noted in the captions shown in Note 6.

The significant methods and assumptions used in estimating the fair values of non-derivative financial instruments are as follows:

Cash and cash equivalents are stated at nominal value which equals the fair value.

Short-term financial instruments such as accounts receivable, short-term investments, accounts payable and short-term borrowings are valued at their carrying amounts, which are reasonable estimates of the fair value due to the relatively short period to maturity of these instruments.

The fair values of the major long-term financial liabilities are calculated on the basis of market information. Instruments for which market quotes are available are measured using these quotes. The fair values of the other long-term financial liabilities are calculated at the present value of the respective future cash flows. To determine these present values, the prevailing interest rates and credit spreads for the Company as of the balance sheet date are used.

The valuation of the noncontrolling interests subject to put provisions is determined using significant unobservable inputs (Level 3). See Note 10 for a discussion of the Company's methodology for estimating the fair value of these noncontrolling interests subject to put obligations.

Derivative Financial Instruments

The Company is exposed to market risk from changes in interest rates and foreign exchange rates. In order to manage the risk of interest rate and currency exchange rate fluctuations, the Company enters into various hedging transactions by means of derivative instruments with highly rated financial institutions as authorized by the Company's General Partner. On a quarterly basis the Company performs an assessment of its counterparty credit risk. The Company currently considers this risk to be low. The Company's policy, which has been consistently followed, is that financial derivatives be used only for the purpose of hedging foreign currency and interest rate exposure.

In certain instances, the Company enters into derivative contracts that do not qualify for hedge accounting but are utilized for economic purposes ("economic hedges"). The Company does not use financial instruments for trading purposes.

Foreign Exchange Risk Management

The Company conducts business on a global basis in various currencies, though its operations are mainly in Germany and the United States. For financial reporting purposes, the Company has chosen the U.S. dollar as its reporting currency. Therefore, changes in the rate of exchange between the U.S. dollar and the local currencies in which the financial statements of the Company's international operations are maintained affect its results of operations and financial position as reported in its consolidated financial statements.

The Company's exposure to market risk for changes in foreign exchange rates relates to transactions such as sales and purchases. The Company has significant amounts of sales of products invoiced in euro from its European manufacturing facilities to its other international operations and, to a lesser extent, sales of products invoiced in other non-functional currencies. This exposes the subsidiaries to fluctuations in the rate of exchange between the euro and the currency in which their local operations are conducted. For the purpose of hedging existing and foreseeable foreign exchange transaction exposures the Company enters into foreign exchange forward contracts and, on a small scale, foreign exchange options. As of September 30, 2010 the Company had no foreign exchange options.

Changes in the fair value of the effective portion of foreign exchange forward contracts designated and qualifying as cash flow hedges of forecasted product purchases and sales are reported in accumulated other comprehensive income (loss) ("AOCI"). Additionally, in connection with intercompany loans in foreign currency, the Company uses foreign exchange swaps thus assuring that no foreign exchange risks arise from those loans, which, if they qualify for hedge accounting, are also reported in AOCI. These amounts recorded in AOCI are subsequently reclassified into earnings as a component of cost of revenues for those contracts that hedge product purchases or SG&A for those contracts that hedge loans, in the same period in which the hedged transaction affects earnings. The notional amounts of foreign exchange contracts in place that are designated and qualify as cash flow hedges totaled $994,656 and $1,076,217 at September 30, 2010 and December 31, 2009, respectively.

The Company also enters into derivative contracts for forecasted product purchases and sales and for intercompany loans in foreign currency that do not qualify for hedge accounting but are utilized for economic hedges as defined above. In these cases, the change in value of the economic hedge is recorded in the income statement and usually offsets the change in value recorded in the income statement for the underlying asset or liability. The notional amounts of economic hedges that do not qualify for hedge accounting totaled $949,822 and $750,812 at September 30, 2010 and December 31, 2009, respectively.

(in thousands, except share and per share data)

Interest Rate Risk Management

The Company enters into derivatives, particularly interest rate swaps and to a certain extent, interest rate options, to protect against the risk of rising interest rates. These interest rate derivatives are designated as cash flow hedges. The majority of the interest rate swap agreements effectively convert the major part of payments based on variable interest rates applicable to the Company's Amended 2006 Senior Credit Agreement denominated in U.S. dollars into payments at a fixed interest rate. The remaining interest rate swaps have been entered into in anticipation of future debt issuances.

As of September 30, 2010 and December 31, 2009, the notional amounts of interest rate swaps in place were $3,175,000 and $2,400,000, respectively.

Derivative Financial Instruments Valuation

The following table shows the Company's derivatives at September 30, 2010 and December 31, 2009.

	September 30, 2010		December 31, 2009	
	Assets[2]	Liabilities[2]	Assets[2]	Liabilities[2]
Derivatives in cash flow hedging relationships[1]				
Current				
Foreign exchange contracts	3,226	(41,845)	8,899	(9,251)
Interest rate contracts (Dollar)	—	(89,986)	—	(305)
Interest rate contracts (Yen)	—	(2)	—	—
Non-current				
Foreign exchange contracts	2,129	(775)	5,284	(830)
Interest rate contracts (Dollar)	—	(105,306)	—	(105,810)
Interest rate contracts (Yen)	—	—	—	(3)
Total	$ 5,355	$(237,914)	$14,183	$(116,199)
Derivatives not designated as hedging instruments[1]				
Current				
Foreign exchange contracts	10,079	(27,701)	7,696	(6,217)
Non-current				
Foreign exchange contracts	28	(80)	9	—
Total	$10,107	$ (27,781)	$ 7,705	$ (6,217)

(1) As of September 30, 2010, the valuation of the Company's derivatives was determined using Significant Other Observable Inputs (Level 2) in accordance with the fair value hierarchy levels established in U.S. GAAP.

(2) Derivative instruments are marked to market each reporting period resulting in carrying amounts being equal to fair values at the reporting date.

The carrying amounts for the current portion of derivatives indicated as assets in the table above are included in Prepaid expenses and other current assets in the Consolidated Balance Sheets while the current portion of those indicated as liabilities are included in Accrued expenses and other current liabilities. The non-current portions indicated as assets or liabilities are included in the Consolidated Balance Sheets in Other assets or Other liabilities, respectively.

(in thousands, except share and per share data)

The significant methods and assumptions used in estimating the fair values of derivative financial instruments are 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 balance sheet date. 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 balance sheet date. The result is then discounted on the basis of the market interest rates prevailing at the balance sheet date for the applicable currency.

The Company includes its own credit risk for financial instruments deemed liabilities and counterparty-credit risks for financial instruments deemed assets when measuring the fair value of derivative financial instruments.

The Effect of Derivatives on the Consolidated Financial Statements

Derivatives in Cash Flow Hedging Relationships	Amount of Gain or (Loss) Recognized in OCI on Derivatives (Effective Portion) for the nine months ended September 30, 2010	Amount of Gain or (Loss) Recognized in OCI on Derivatives (Effective Portion) for the nine months ended September 30, 2009	Location of (Gain) or Loss Reclassified from AOCI in Income (Effective Portion)	Amount of (Gain) or Loss Reclassified from AOCI in Income (Effective Portion) for the nine months ended September 30, 2010	Amount of (Gain) or Loss Reclassified from AOCI in Income (Effective Portion) for the nine months ended September 30, 2009
Interest rate contracts (Dollar)	$ (89,178)	$25,777	Interest income/expense	$ —	$ (33)
Interest rate contracts (Yen)	1	4	Interest income/expense	—	—
Foreign exchange contracts	(13,435)	(1,468)	Costs of Revenue	9,308	(4,219)
	$(102,612)	$24,313		$9,308	$(4,252)

Derivatives not Designated as Hedging Instruments	Location of (Gain) or Loss Recognized in Income on Derivative	Amount of (Gain) or Loss Recognized in Income on Derivatives for the nine months ended September 30, 2010	Amount of (Gain) or Loss Recognized in Income on Derivatives for the nine months ended September 30, 2009
Foreign exchange contracts	Selling, general and administrative expense	$61,308	$(1,793)
	Interest income/expense	(8,229)	1,710
		$53,079	$ (83)

For foreign exchange derivatives, the Company expects to recognize $4,917 of losses deferred in accumulated other comprehensive income at September 30, 2010, in earnings during the next twelve months.

The Company expects to incur additional interest expense of $65,455 over the next twelve months which is currently deferred in accumulated other comprehensive income. This amount reflects the current fair value at September 30, 2010, of expected additional interest payments resulting from interest rate swaps entered into to reduce the volatility of interest payments for certain parts of the Amended 2006 Credit Agreement and for future debt issuances.

As of September 30, 2010, the Company had foreign exchange derivatives with maturities of up to 26 months and interest rate swaps with maturities of up to 23 months.

13. Business Segment Information

The Company has identified three business segments, North America, International, and Asia Pacific, which were determined based upon how the Company manages its businesses. All segments are primarily engaged in providing dialysis care services and the manufacturing and distribution of products and equipment for the treatment of ESRD. In the U.S., the Company is also engaged in performing clinical laboratory testing and providing inpatient dialysis services and other services under contract to hospitals. The Company has aggregated the International and Asia Pacific operating segments as "International." The segments are aggregated due to their similar economic characteristics. These characteristics include the same services provided and products sold, the same type patient population, similar methods of distribution of products and services and similar economic environments.

Management evaluates each segment using a measure that reflects all of the segment's controllable revenues and expenses. Management believes that the most appropriate measure in this regard is operating income which measures the Company's source of earnings. Financing is a corporate function, which the Company's segments do not control. Therefore, the Company does not include interest expense relating to financing as a segment measure. Similarly, the Company does not allocate "corporate costs," which relate primarily to certain headquarters overhead charges, including accounting and finance, professional services, etc., because the Company believes that these costs are also not within the control of the individual segments. In addition, certain acquisitions and intangible assets are not allocated to a segment but are accounted for as "corporate." The Company also regards income taxes to be outside the segment's control.

(in thousands, except share and per share data)

Information pertaining to the Company's business segments for the nine-month periods ended September 30, 2010 and 2009 is set forth below.

	North America	International	Segment Total	Corporate	Total
Three months ended September 30, 2010					
Net revenue external customers	$ 2,071,457	$ 986,569	$ 3,058,026	$ 79	$ 3,058,105
Inter-segment revenue	1,784	22,935	24,719	(24,719)	—
Revenue	2,073,241	1,009,504	3,082,745	(24,640)	3,058,105
Depreciation and amortization	(71,638)	(50,145)	(121,783)	(2,176)	(123,959)
Operating income	374,096	156,273	530,369	(37,119)	493,250
Capital expenditures, acquisitions and investments	73,486	137,765	211,251	(1,067)	210,184
Three months ended September 30, 2009					
Net revenue external customers	$ 1,949,384	$ 939,115	$ 2,888,499	$ 170	$ 2,888,669
Inter-segment revenue	572	20,668	21,240	(21,240)	—
Revenue	1,949,956	959,783	2,909,739	(21,070)	2,888,669
Depreciation and amortization	(67,995)	(48,005)	(116,000)	(2,291)	(118,291)
Operating income	324,723	156,589	481,312	(29,987)	451,325
Capital expenditures, acquisitions and investments	81,076	90,806	171,882	162	172,044
Nine months ended September 30, 2010					
Net revenue external customers	$ 6,057,728	$2,828,316	$ 8,886,044	$ 389	$ 8,886,433
Inter-segment revenue	3,611	66,087	69,698	(69,698)	—
Total net revenue	6,061,339	2,894,403	8,955,742	(69,309)	8,886,433
Depreciation and amortization	(214,562)	(147,863)	(362,425)	(6,899)	(369,324)
Operating Income	1,014,099	480,299	1,494,398	(109,404)	1,384,994
Segment assets	11,255,233	4,641,267	15,896,500	799,269	16,695,769
Capital expenditures, acquisitions and investments[1]	253,292	336,909	590,201	137,865	728,066
Nine months ended September 30, 2009					
Net revenue external customers	$ 5,599,543	$2,612,029	$ 8,211,572	$ 476	$ 8,212,048
Inter-segment revenue	1,805	59,661	61,466	(61,466)	—
Total net revenue	5,601,348	2,671,690	8,273,038	(60,990)	8,212,048
Depreciation and amortization	(196,450)	(131,178)	(327,628)	(6,505)	(334,133)
Operating Income	894,154	456,924	1,351,078	(86,274)	1,264,804
Segment assets	11,060,212	4,301,805	15,362,017	334,639	15,696,656
Capital expenditures, acquisitions and investments[2]	263,676	242,784	506,460	932	507,392

(1) International and Corporate acquisitions exclude $13,264 and $2,125, respectively, of non-cash acquisitions for 2010.

(2) International acquisitions exclude $3,056 of non-cash acquisitions for 2009.

(in thousands, except share and per share data)

14. Supplementary Cash Flow Information

The following additional information is provided with respect to the consolidated statements of cash flows:

	Nine Months Ended September 30,	
	2010	2009
Supplementary cash flow information:		
Cash paid for interest	$ 216,451	$ 264,741
Cash paid for income taxes[1]	$ 371,547	$ 308,508
Cash inflow for income taxes from stock option exercises	$ 10,824	$ 3,596
Supplemental disclosures of cash flow information:		
Details for acquisitions:		
Assets acquired	$(353,598)	$(135,990)
Liabilities assumed	71,729	13,516
Noncontrolling interest	9,072	16,889
Notes assumed in connection with acquisition	15,389	3,056
Cash paid	(257,408)	(102,529)
Less cash acquired	12,920	5,398
Net cash paid for acquisitions	$(244,488)	$ (97,131)

(1) Net of tax refund

15. Supplemental Condensed Combining Information

In June 2001 FMC Trust Finance S.à.r.l. Luxembourg III, a wholly-owned subsidiary of FMC-AG & Co. KGaA, issued euro-denominated and U.S. dollar-denominated senior subordinated debt securities, fully and unconditionally guaranteed, jointly and severally, on a senior subordinated basis, by FMC-AG & Co. KGaA, D-GmbH and FMCH (D-GmbH and FMCH being the "Guarantor Subsidiaries"). The senior subordinated debt securities were issued to Fresenius Medical Care Capital Trust IV and Fresenius Medical Care Capital Trust V, statutory trusts organized under the laws of the State of Delaware, which issued trust preferred securities that were guaranteed by the Company through a series of undertakings by the Company and the Guarantor Subsidiaries, and the Company acquired all of the common securities of the trusts. In December 2004, the Company assumed the obligations of its wholly owned subsidiary as the issuer of the euro-denominated senior subordinated notes held by Capital Trust V.

In addition, FMC Finance III S.A., a wholly-owned subsidiary of the Company, is the obligor on 6⅞% senior notes which are fully and unconditionally guaranteed, jointly and severally on a senior basis, by the Company and by the Guarantor Subsidiaries and FMC Finance VI S.A., a wholly-owned subsidiary of the Company, is the obligor on 5.50% senior notes which are fully and unconditionally guaranteed, jointly and severally on a senior basis, by the Company and by the Guarantor Subsidiaries (see Note 6). The financial statements in this report present the financial condition, results of operations and cash flows of the Company, the obligor on the above-mentioned euro-denominated senior subordinated notes, on a consolidated basis as of September 30, 2010 and December 31, 2009 and for the nine-month periods ended September 30, 2010 and 2009. The following combining financial information for the Company is as of September 30, 2010 and December 31, 2009 and for the nine-month periods ended September 30, 2010 and 2009, segregated between FMC Finance III S.A. and FMC Finance VI S.A. as

(in thousands, except share and per share data)

issuers, the Company, D-GmbH and FMCH as guarantors, and each of the Company's other businesses (the "Non-Guarantor Subsidiaries"). For purposes of the condensed combining information, the Company and the Guarantors carry their investments under the equity method. Other (income) expense includes income (loss) related to investments in consolidated subsidiaries recorded under the equity method for purposes of the condensed combining information. In addition, other (income) expense includes income and losses from profit and loss transfer agreements as well as dividends received.

	For the nine months period ended September 30, 2010							
	Issuer		Guarantors					
	FMC Finance III	FMC Finance VI	FMC-AG & Co. KGaA	D-GmbH	FMCH	Non-Guarantor Subsidiaries	Combining Adjustment	Combined Total
Net revenue	$ —	$ —	$ —	$1,168,900	$ —	$9,395,251	$(1,677,718)	$8,886,433
Cost of revenue	—	—	—	755,132	—	6,764,942	(1,664,019)	5,856,055
Gross profit	—	—	—	413,768	—	2,630,309	(13,699)	3,030,378
Operating expenses (income):								
Selling, general and administrative	11	19	77,987	116,441	13,508	1,378,079	(7,917)	1,578,128
Research and development	—	—	—	44,661	—	22,595	—	67,256
Operating (loss) income	(11)	(19)	(77,987)	252,666	(13,508)	1,229,635	(5,782)	1,384,994
Other (income) expense:								
Interest, net	(539)	(398)	25,391	2,053	42,254	139,713	(2,458)	206,016
Other, net	—	—	(859,362)	177,256	(474,925)	—	1,157,031	—
Income (loss) before income taxes	528	379	755,984	73,357	419,163	1,089,922	(1,160,355)	1,178,978
Income tax expense (benefit)	150	107	48,811	72,917	(21,970)	450,935	(141,443)	409,507
Net Income (loss)	378	272	707,173	440	441,133	638,987	(1,018,912)	769,471
Net Income attributable to Noncontrolling interests	—	—	—	—	—	—	62,298	62,298
Net income (loss) attributable to the group	$ 378	$ 272	$ 707,173	$ 440	$ 441,133	$ 638,987	$(1,081,210)	$ 707,173

	For the nine months period ended September 30, 2009						
	Issuer	Guarantors					
	FMC Finance III	FMC-AG & Co. KGaA	D-GmbH	FMCH	Non-Guarantor Subsidiaries	Combining Adjustment	Combined Total
Net revenue	$ —	$ —	$1,093,163	$ —	$7,909,841	$(1,709,311)	$8,212,048
Cost of revenue	—	—	722,050	—	6,433,816	(1,716,336)	5,439,530
Gross profit	—	—	371,113	—	1,476,025	7,025	2,772,518
Operating expenses (income):							
Selling, general and administrative	15	61,230	127,689	(24,492)	1,289,086	(10,322)	1,443,206
Research and development	—	—	45,266	—	19,242	—	64,508
Operating (loss) income	(15)	(61,230)	198,158	24,492	167,697	17,347	1,264,804
Other (income) expense:							
Interest, net	(540)	23,771	4,986	43,737	181,646	(28,931)	224,669
Other, net	—	(757,158)	130,324	(398,194)	—	1,025,028	—
Income (loss) before income taxes	525	672,157	62,848	378,949	(13,949)	(978,750)	1,040,135
Income tax expense (benefit)	151	27,638	59,408	(7,583)	363,305	(97,483)	345,436
Net Income (loss)	374	644,519	3,440	386,532	(377,254)	(881,267)	694,699
Net Income attributable to Noncontrolling interests	—	—	—	—	—	50,180	50,180
Net income (loss) attributable to the group	$ 374	$ 644,519	$ 3,440	$ 386,532	$ (377,254)	$ (931,447)	$ 644,519

(in thousands, except share and per share data)

	At September 30, 2010							
	Issuer		Guarantors					
	FMC Finance III	FMC Finance VI	FMC-AG & Co. KGaA	D-GmbH	FMCH	Non-Guarantor Subsidiaries	Combining Adjustment	Combined Total
Current assets:								
Cash and cash equivalents	$ 26	$ 16	$ 239,392	$ —	$ —	$ 287,718	$ 44,556	$ 571,708
Trade accounts receivable, less allowance for doubtful accounts	—	—	—	154,804	—	2,340,211	—	2,495,015
Accounts receivable from related parties	7,769	4,322	2,274,432	755,924	547,247	3,682,126	(7,060,244)	211,576
Inventories	—	—	—	195,117	—	745,527	(91,790)	848,854
Prepaid expenses and other current assets	1	1	250,385	26,632	100	630,702	(13,174)	894,647
Deferred taxes	—	—	25,123	—	—	275,956	22,651	323,730
Total current assets	7,796	4,339	2,789,332	1,132,477	547,347	7,962,240	(7,098,001)	5,345,530
Property, plant and equipment, net	—	—	394	175,246	—	2,379,366	(94,714)	2,460,292
Intangible assets	—	—	492	47,456	—	587,994	—	635,942
Goodwill	—	—	—	6,121	—	7,918,067	—	7,924,188
Deferred taxes	—	—	9,503	—	—	106,663	(39,536)	76,630
Other assets	494,009	337,108	6,934,382	647,644	9,297,148	(6,338,530)	(11,118,574)	253,187
Total assets	$501,805	$341,447	$9,734,103	$2,008,944	$9,844,495	$12,615,800	$(18,350,825)	$16,695,769
Current liabilities:								
Accounts payable	$ —	$ —	$ 513	$ 25,118	$ —	$ 385,049	$ —	$ 410,680
Accounts payable to related parties	83	5	953,830	701,544	1,530,194	4,056,890	(7,039,427)	203,119
Accrued expenses and other current liabilities	7,257	3,929	143,884	123,712	446	1,310,747	8,553	1,598,528
Short-term borrowings	—	—	123	56	—	622,709	—	622,888
Short-term borrowings from related parties	—	—	—	—	—	2,048	7,843	9,891
Current portion of long-term debt and capital lease obligations	—	—	—	—	131,145	27,386	—	158,531
Company obligated mandatorily redeemable preferred securities of subsidiary Fresenius Medical Care Capital Trusts holding solely Company-guaranteed debentures of subsidiaries - current portion	—	—	—	—	—	633,940	—	633,940
Income tax payable	23	111	54,908	—	—	55,510	(3,235)	107,317
Deferred taxes	—	—	—	8,013	—	22,906	(5,918)	25,001
Total current liabilities	7,363	4,045	1,153,258	858,443	1,661,785	7,117,185	(7,032,184)	3,769,895
Long term debt and capital lease obligations, less current portion	494,009	337,108	873,760	—	1,312,328	3,769,241	(2,475,765)	4,310,681
Long term borrowings from related parties	—	—	341,412	211,892	494,009	409,637	(1,456,950)	—
Other liabilities	—	—	105,312	7,360	—	177,516	25,088	315,276
Pension liabilities	—	—	4,636	116,727	—	29,144	—	150,507
Income tax payable	—	—	1,079	—	—	105,573	121,398	228,050
Deferred taxes	—	—	—	4,415	—	464,430	(16,186)	452,659
Total liabilities	501,372	341,153	2,479,457	1,198,837	3,468,122	12,072,726	(10,834,599)	9,227,068
Noncontrolling interests subject to put provisions	—	—	—	—	—	248,534	—	248,534
Total FMC-AG & Co. KGaA shareholders' equity	433	294	7,254,646	810,107	6,376,373	170,050	(7,516,226)	7,095,677
Noncontrolling interests not subject to put provisions	—	—	—	—	—	124,490	—	124,490
Total equity	433	294	7,254,646	810,107	6,376,373	294,540	(7,516,226)	7,220,167
Total liabilities and equity	$501,805	$341,447	$9,734,103	$2,008,944	$9,844,495	$12,615,800	$(18,350,825)	$16,695,769

(in thousands, except share and per share data)

	At December 31, 2009						
	Issuer	Guarantors					
	FMC Finance III	FMC-AG & Co. KGaA	D-GmbH	FMCH	Non-Guarantor Subsidiaries	Combining Adjustment	Combined Total
Current assets:							
Cash and cash equivalents	$ 108	$ 24	$ 194	$ —	$ 286,205	$ 14,694	$ 301,225
Trade accounts receivable, less allowance for doubtful accounts	—	—	158,089	—	2,128,308	(488)	2,285,909
Accounts receivable from related parties	16,543	1,837,748	628,819	539,867	2,600,656	(5,350,747)	272,886
Inventories	—	—	202,837	—	701,429	(82,612)	821,654
Prepaid expenses and other current assets	1	110,117	16,072	50	608,990	(5,924)	729,306
Deferred taxes	—	—	—	—	294,214	22,606	316,820
Total current assets	16,652	1,947,889	1,006,011	539,917	6,619,802	(5,402,471)	4,727,800
Property, plant and equipment, net	—	266	191,445	—	2,322,145	(94,286)	2,419,570
Intangible assets	—	622	50,263	—	808,310	—	859,195
Goodwill	—	—	3,508	—	7,507,926	—	7,511,434
Deferred taxes	—	—	—	—	91,346	(26,597)	64,749
Other assets	493,344	7,001,455	1,193,451	9,142,162	(6,254,725)	(11,337,120)	238,567
Total assets	$509,996	$8,950,232	$2,444,678	$9,682,079	$11,094,804	$(16,860,474)	$15,821,315
Current liabilities:							
Accounts payable	$ 4	$ 217	$ 19,131	$ —	$ 343,055	$ —	$ 362,407
Accounts payable to related parties	200	867,147	600,951	1,500,829	2,672,902	(5,364,600)	277,429
Accrued expenses and other current liabilities	15,868	42,304	98,966	791	1,178,644	(1,020)	1,335,553
Short-term borrowings	—	130	—	—	316,214	—	316,344
Short-term borrowings from related parties	—	—	—	—	2,161	8,279	10,440
Current portion of long-term debt and capital lease obligations	—	—	—	133,866	23,768	—	157,634
Income tax payable	30	32,342	—	—	83,958	648	116,978
Deferred taxes	—	2,569	8,692	—	24,288	(2,619)	32,930
Total current liabilities	16,102	944,709	727,740	1,635,486	4,644,990	(5,359,312)	2,609,715
Long term debt and capital lease obligations, less current portion	493,344	1,063,346	—	1,576,242	4,096,766	(2,801,777)	4,427,921
Long term borrowings from related parties	—	4,543	226,936	493,344	430,743	(1,155,566)	—
Other liabilities	—	105,810	7,693	—	170,121	23,488	307,112
Pension liabilities	—	3,702	114,666	—	28,959	—	147,327
Income tax payable	—	1,139	—	—	100,917	113,865	215,921
Deferred taxes	—	6,051	3,110	—	428,448	(10,079)	427,530
Company obligated mandatorily redeemable preferred securities of subsidiary Fresenius Medical Care Capital Trusts holding solely Company-guaranteed debentures of subsidiary	—	—	—	—	656,096	—	656,096
Total liabilities	509,446	2,129,300	1,080,145	3,705,072	10,557,040	(9,189,381)	8,791,622
Noncontrolling interests subject to put provisions	—	—	—	—	231,303	—	231,303
Total FMC-AG & Co. KGaA shareholders' equity	550	6,820,932	1,364,533	5,977,007	183,358	(7,671,093)	6,675,287
Noncontrolling interests not subject to put provisions	—	—	—	—	123,103	—	123,103
Total equity	550	6,820,932	1,364,533	5,977,007	306,461	(7,671,093)	6,798,390
Total liabilities and equity	$509,996	$8,950,232	$2,444,678	$9,682,079	$11,094,804	$(16,860,474)	$15,821,315

(in thousands, except share and per share data)

	For the nine months period ended September 30, 2010							
	Issuer		Guarantors					
	FMC Finance III	FMC Finance VI	FMC-AG & Co. KGaA	D-GmbH	FMCH	Non-Guarantor Subsidiaries	Combining Adjustment	Combined Total
Operating Activities:								
Net income (loss)	$ 378	272	$ 707,173	$ 440	$ 441,133	$ 638,987	$(1,018,912)	$ 769,471
Adjustments to reconcile net income to net cash provided by (used in) operating activities:								
Equity affiliate income	—	—	(470,783)	—	(474,925)	—	945,708	—
Depreciation and amortization	—	—	1,079	28,965	666	355,318	(16,704)	369,324
Change in deferred taxes, net	—	—	(7,279)	1,202	—	24,775	(2,352)	16,346
Loss (gain) on sale of fixed assets and investments	—	—	(6)	(59)	—	(4,799)	—	(4,864)
Loss (gain) on investments	—	—	(224)	27	—	224	(27)	—
Compensation expense related to stock options	—	—	20,385	—	—	—	—	20,385
Changes in assets and liabilities, net of amounts from businesses acquired:								
Trade accounts receivable, net	—	—	—	(4,850)	—	(203,903)	—	(208,753)
Inventories	—	—	—	(2,844)	—	(27,703)	9,735	(20,812)
Prepaid expenses and other current and non-current assets	—	—	4,493	(14,455)	14,711	(60,753)	(583)	(56,587)
Accounts receivable from / payable to related parties	8,657	(4,160)	250,006	27,929	27,035	(413,012)	86,669	(16,876)
Accounts payable, accrued expenses and other current and non-current liabilities	(8,615)	3,759	2,906	43,101	(345)	108,764	5,488	155,058
Income tax payable	(7)	107	23,381	—	(21,970)	(5,450)	8,381	4,442
Net cash provided by (used in) operating activities	413	(22)	531,131	79,456	(13,695)	412,448	17,403	1,027,134
Investing Activities:								
Purchases of property, plant and equipment	—	—	(280)	(22,580)	—	(345,168)	18,010	(350,018)
Proceeds from sale of property, plant and equipment	—	—	15	705	—	9,832	—	10,552
Disbursement of loans to related parties	—	(324,332)	234,386	133	322,854	—	(233,041)	—
Acquisitions and investments, net of cash acquired, and net purchases of intangible assets	—	—	(135,952)	(2,287)	—	(245,514)	5,705	(378,048)
Proceeds from divestitures	—	—	—	—	—	8,494	—	8,494
Net cash (used in) provided by investing activities	—	(324,332)	98,169	(24,029)	322,854	(572,356)	(209,326)	(709,020)
Financing Activities:								
Short-term borrowings, net	—	—	—	(55,604)	—	65,695	—	10,091
Long-term debt and capital lease obligations, net	—	324,332	(145,228)	—	(309,159)	(238,790)	233,041	(135,804)
Increase (decrease) of accounts receivable securitization program	—	—	—	—	—	281,000	—	281,000
Proceeds from exercise of stock options	—	—	82,267	—	—	10,825	—	93,092
Dividends paid	(495)	—	(231,967)	—	—	(8,613)	9,108	(231,967)
Capital increase (decrease)	—	—	—	—	—	5,705	(5,705)	—
Distributions to Noncontrolling interest	—	—	—	—	—	(87,037)	—	(87,037)
Contributions from Noncontrolling interest	—	—	—	—	—	19,205	—	19,205
Net cash (used in) provided by financing activities	(495)	324,332	(294,928)	(55,604)	(309,159)	47,990	236,444	(51,420)
Effect of exchange rate changes on cash and cash equivalents	—	(3)	(95,004)	(17)	—	98,778	35	3,789
Cash and Cash Equivalents:								
Net (decrease) increase in cash and cash equivalents	(82)	(25)	239,368	(194)	—	(13,140)	44,556	270,483
Cash and cash equivalents at beginning of period	108	41	24	194	—	300,858	—	301,225
Cash and cash equivalents at end of period	$ 26	16	$ 239,392	$ —	$ —	$ 287,718	$ 44,556	$ 571,708

(in thousands, except share and per share data)

	For the nine months period ended September 30, 2009						
	Issuer	Guarantors					
	FMC Finance III	FMC-AG & Co. KGaA	D-GmbH	FMCH	Non-Guarantor Subsidiaries	Combining Adjustment	Combined Total
Operating Activities:							
Net income (loss)	$ 374	$ 644,519	$ 3,440	$ 386,532	$ 541,101	$(881,267)	$ 694,699
Adjustments to reconcile net income to net cash provided by (used in) operating activities:							
Equity affiliate income	—	(447,187)	—	(398,194)	—	845,381	—
Depreciation and amortization	—	1,080	26,841	666	321,526	(15,980)	334,133
Change in deferred taxes, net	—	24,679	4,320	—	19,438	11,032	59,469
Loss (gain) on sale of fixed assets and investments	—	7	244	—	(5,298)	—	(5,047)
Compensation expense related to stock options	—	22,822	—	—	—	—	22,822
Changes in assets and liabilities, net of amounts from businesses acquired:							
Trade accounts receivable, net	—	—	(14,171)	—	(62,611)	—	(76,782)
Inventories	—	—	(32,787)	—	(59,696)	(11,819)	(104,302)
Prepaid expenses and other current and non-current assets	—	(2,860)	(3,381)	(23,412)	(51,253)	(11,795)	(92,701)
Accounts receivable from / payable to related parties	8,582	(393,888)	(46,020)	30,537	298,097	89,585	(13,107)
Accounts payable, accrued expenses and other current and non-current liabilities	(8,613)	19,384	28,651	(995)	32,225	1,548	72,200
Income tax payable	86	(29,548)	—	(7,583)	21,323	4,823	(10,899)
Net cash provided by (used in) operating activities	429	(160,992)	(32,863)	(12,449)	1,054,852	31,508	880,485
Investing Activities:							
Purchases of property, plant and equipment	—	(70)	(47,918)	—	(369,585)	19,226	(398,347)
Proceeds from sale of property, plant and equipment	—	—	340	—	9,640	—	9,980
Disbursement of loans to related parties	—	10,189	130	(31,479)	—	21,160	—
Acquisitions and investments, net of cash acquired, and net purchases of intangible assets	—	(11,563)	(1,572)	—	(107,182)	11,272	(109,045)
Proceeds from divestitures	—	13,109	—	—	1,696	36,933	51,738
Net cash provided by (used in) investing activities	—	11,665	(49,020)	(31,479)	(465,431)	88,591	(445,674)
Financing Activities:							
Short-term borrowings, net	—	(93,851)	81,895	—	(933)	(106,239)	(119,128)
Long-term debt and capital lease obligations, net	—	463,136	—	43,928	(222,652)	(21,160)	263,252
(Decrease) increase of accounts receivable securitization program	—	—	—	—	(335,000)	—	(335,000)
Proceeds from exercise of stock options	—	22,176	—	—	3,596	—	25,772
Dividends paid	(443)	(231,940)	—	—	(5,215)	5,658	(231,940)
Capital (decrease) increase	—	—	—	—	(1,837)	1,837	—
Distributions to Noncontrolling interest	—	—	—	—	(47,591)	—	(47,591)
Contributions from Noncontrolling interest	—	—	—	—	7,964	—	7,964
Net cash (used in) provided by financing activities	(443)	159,521	81,895	43,928	(601,668)	(119,904)	(436,671)
Effect of exchange rate changes on cash and cash equivalents	—	(9,873)	3	—	13,680	36	3,846
Cash and Cash Equivalents:							
Net (decrease) increase in cash and cash equivalents	(14)	321	15	—	1,433	231	1,986
Cash and cash equivalents at beginning of period	23	—	44	—	221,517	—	221,584
Cash and cash equivalents at end of period	$ 9	$ 321	$ 59	$ —	$ 222,950	$ 231	$ 223,570

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

The Supervisory Board

Fresenius Medical Care AG & Co. KGaA:

We have audited the accompanying consolidated balance sheets of Fresenius Medical Care AG & Co. KGaA and subsidiaries ("Fresenius Medical Care" or the "Company") as of December 31, 2009 and 2008 and the related consolidated statements of income, shareholders' equity, and cash flows for each of the years in the three-year period ended December 31, 2009. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Fresenius Medical Care as of December 31, 2009 and 2008, and the results of their operations and their cash flows for each of the years in the three-year period ended December 31, 2009, in conformity with U.S. generally accepted accounting principles.

Frankfurt am Main, Germany

February 24, 2010

/s/ KPMG AG
Wirtschaftsprüfungsgesellschaft

FRESENIUS MEDICAL CARE AG & Co. KGaA

Consolidated Statements of Income
For the years ended December 31,
(in thousands, except share data)

	2009	2008	2007
Net revenue:			
Dialysis Care	$ 8,350,233	$ 7,737,498	$7,213,000
Dialysis Products	2,897,244	2,874,825	2,507,314
	11,247,477	10,612,323	9,720,314
Costs of revenue:			
Dialysis Care	5,945,724	5,547,615	5,130,287
Dialysis Products	1,470,241	1,435,860	1,234,232
	7,415,965	6,983,475	6,364,519
Gross profit	3,831,512	3,628,848	3,355,795
Operating expenses:			
Selling, general and administrative	1,982,106	1,876,177	1,709,150
Research and development	93,810	80,239	66,523
Operating income	1,755,596	1,672,432	1,580,122
Other (income) expense:			
Interest income	(21,397)	(24,811)	(28,588)
Interest expense	321,360	361,553	399,635
Income before income taxes	1,455,633	1,335,690	1,209,075
Income tax expense	490,413	475,702	453,765
Net income	965,220	859,988	755,310
Less: Net income attributable to Noncontrolling interests	74,082	42,381	38,180
Net income attributable to FMC-AG & Co. KGaA	$ 891,138	$ 817,607	$ 717,130
Basic income per ordinary share	$ 2.99	$ 2.75	$ 2.43
Fully diluted income per ordinary share	$ 2.99	$ 2.74	$ 2.42

See accompanying notes to consolidated financial statements.

FRESENIUS MEDICAL CARE AG & Co. KGaA

Consolidated Statements of Comprehensive Income
For the years ended December 31,
(in thousands, except share data)

	2009	2008	2007
Net Income	$ 965,220	$ 859,988	$755,310
Gain (loss) related to cash flow hedges	30,082	(108,240)	(88,374)
Actuarial gains (losses) on defined benefit pension plans	9,708	(28,551)	35,729
Foreign currency translation	82,545	(170,748)	138,004
Income tax (expense) benefit related to components of other comprehensive income	(18,971)	55,692	21,891
Other comprehensive income (loss), net of tax	103,364	(251,847)	107,250
Total comprehensive income	$1,068,584	$ 608,141	$862,560
Comprehensive income attributable to Noncontrolling interests	75,886	42,696	39,136
Comprehensive income attributable to FMC-AG & Co. KGaA	$ 992,698	$ 565,445	$823,424

See accompanying notes to consolidated financial statements.

FRESENIUS MEDICAL CARE AG & Co. KGaA

Consolidated Balance Sheets
(in thousands, except share data)

	December 31, 2009	December 31, 2008
Assets		
Current assets:		
Cash and cash equivalents	$ 301,225	$ 221,584
Trade accounts receivable less allowance for doubtful accounts of $266,449 in 2009 and $262,836 in 2008	2,285,909	2,176,316
Accounts receivable from related parties	272,886	175,525
Inventories	821,654	707,050
Prepaid expenses and other current assets	729,306	607,399
Deferred taxes	316,820	324,123
Total current assets	4,727,800	4,211,997
Property, plant and equipment, net	2,419,570	2,236,078
Intangible assets	859,195	846,496
Goodwill	7,511,434	7,309,910
Deferred taxes	64,749	92,805
Other assets	238,567	222,390
Total assets	$15,821,315	$14,919,676
Liabilities and shareholders' equity		
Current liabilities:		
Accounts payable	$ 362,407	$ 366,017
Accounts payable to related parties	277,429	239,243
Accrued expenses and other current liabilities	1,335,553	1,288,433
Short-term borrowings and other financial liabilities	316,344	683,155
Short-term borrowings from related parties	10,440	1,330
Current portion of long-term debt and capital lease obligations	157,634	455,114
Income tax payable	116,978	82,468
Deferred taxes	32,930	28,652
Total current liabilities	2,609,715	3,144,412
Long-term debt and capital lease obligations, less current portion	4,427,921	3,957,379
Other liabilities	307,112	319,602
Pension liabilities	147,327	136,755
Income tax payable	215,921	171,747
Deferred taxes	427,530	426,299
Company-obligated mandatorily redeemable preferred securities of subsidiary Fresenius Medical Care Capital Trusts holding solely Company-guaranteed debentures of subsidiaries	656,096	640,696
Total liabilities	8,791,622	8,796,890
Noncontrolling interests subject to put provisions	231,303	162,166
Shareholders' equity:		
Preference shares, no par value, €1.00 nominal value, 12,356,880 shares authorized, 3,884,328 issued and outstanding	4,343	4,240
Ordinary shares, no par value, €1.00 nominal value, 373,436,220 shares authorized, 295,746,635 issued and outstanding	365,672	363,076
Additional paid-in capital	3,243,466	3,188,089
Retained earnings	3,111,530	2,452,332
Accumulated other comprehensive (loss) income	(49,724)	(151,284)
Total FMC-AG & Co. KGaA shareholders' equity	6,675,287	5,856,453
Noncontrolling interests not subject to put provisions	123,103	104,167
Total equity	6,798,390	5,960,620
Total liabilities and equity	$15,821,315	$14,919,676

See accompanying notes to consolidated financial statements.

FRESENIUS MEDICAL CARE AG & Co. KGaA

Consolidated Statements of Cash Flows
For the years ended December 31,
(in thousands)

	2009	2008	2007
Operating Activities:			
Net income	$ 965,220	$ 859,988	$ 755,310
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization	457,085	415,671	363,330
Change in deferred taxes, net	22,002	133,047	1,177
(Gain) loss on sale of investments	(1,250)	(24,049)	913
Loss on sale of fixed assets	1,308	2,985	2,703
Compensation expense related to stock options	33,746	31,879	24,208
Changes in assets and liabilities, net of amounts from businesses acquired:			
Trade accounts receivable, net	(41,994)	(241,967)	(62,735)
Inventories	(88,933)	(94,112)	(72,825)
Prepaid expenses, other current and non-current assets	(147,105)	(84,089)	(6,623)
Accounts receivable from related parties	(144,224)	(32,747)	56,538
Accounts payable to related parties	138,506	64,999	(78,803)
Accounts payable, accrued expenses and other current and non-current liabilities	71,092	(17,040)	113,960
Income tax payable	73,164	1,833	102,421
Net cash provided by operating activities	1,338,617	1,016,398	1,199,574
Investing Activities:			
Purchases of property, plant and equipment	(573,606)	(687,356)	(572,721)
Proceeds from sale of property, plant and equipment	11,730	13,846	29,668
Acquisitions and investments, net of cash acquired, and net purchases of intangible assets	(188,113)	(276,473)	(263,395)
Proceeds from divestitures	51,965	58,582	29,495
Net cash (used in) investing activities	(698,024)	(891,401)	(776,953)
Financing Activities:			
Proceeds from short-term borrowings and other financial liabilities	107,192	176,104	96,995
Repayments of short-term borrowings and other financial liabilities	(169,175)	(183,210)	(107,793)
Proceeds from short-term borrowings from related parties	18,830	168,641	43,554
Repayments of short-term borrowings from related parties	(118,422)	(169,573)	(46,071)
Proceeds from long-term debt and capital lease obligations (net of debt issuance costs of $16,703 in 2007)	709,540	458,951	516,762
Repayments of long-term debt and capital lease obligations	(566,241)	(135,492)	(486,513)
Redemption of trust preferred securities	—	(678,379)	—
(Decrease) increase of accounts receivable securitization program	(325,000)	454,000	(181,000)
Proceeds from exercise of stock options	72,394	43,887	46,934
Repurchase of preferred stock	—	—	(7,660)
Dividends paid	(231,940)	(252,395)	(188,407)
Distributions to Noncontrolling interests	(68,004)	(38,592)	(27,469)
Contributions from Noncontrolling interests	12,699	—	—
Net cash (used in) financing activities	(558,127)	(156,058)	(340,668)
Effect of exchange rate changes on cash and cash equivalents	(2,825)	7,955	3,727
Cash and Cash Equivalents:			
Net increase (decrease) in cash and cash equivalents	79,641	(23,106)	85,680
Cash and cash equivalents at beginning of period	221,584	244,690	159,010
Cash and cash equivalents at end of period	$ 301,225	$ 221,584	$ 244,690

See accompanying notes to consolidated financial statements.

FRESENIUS MEDICAL CARE AG & Co. KGaA

Consolidated Statement of Shareholders' Equity
For the years ended December 31, 2009, 2008 and 2007
(in thousands, except share data)

	Preference Shares		Ordinary Shares		Additional paid in capital	Retained earnings	Accumulated Other comprehensive Income (loss)	Total FMC-AG & Co. KGaA shareholders' equity	Noncontrolling interests not subject to put provisions	Total equity
	Number of shares	No par value	Number of shares	No par value						
Balance at December 31, 2006	3,711,435	$4,098	291,449,673	$359,527	$3,088.054	$1,358,397	$ (5,416)	$4,804,660	$ 59,067	$4,863,727
Proceeds from exercise of options and related tax effects	66,652	93	1,336,910	1,857	43,880	—		45,830		45,830
Compensation expense related to stock options	—	—	—	—	24,208	—		24,208		24,208
Dividends paid	—	—	—	—	—	(188,407)		(188,407)	(14,489)	(202,896)
Purchase/ sale of Noncontrolling interests								—	5,628	5,628
Contributions from Noncontrolling interests								—	1,740	1,740
Changes in fair value of Noncontrolling interests	—	—	—	—	(16.069)			(16.069)	—	(16.069)
Net income	—	—	—	—	—	717,130		717,130	20,356	737,486
Other comprehensive income (loss)							106,294	106,294	956	107,250
Comprehensive income	—	—	—	—	—	—	106,294	823,424	21,312	844,736
Balance at December 31, 2007	3,778,087	$4,191	292,786,583	$361,384	$3,140,073	$1,887,120	$ 100,878	$5,493,646	$ 73,258	$5,566,904
Proceeds from exercise of options and related tax effects	32,453	49	1,145,453	1,692	40,395	—		42,136	—	42,136
Compensation expense related to stock options	—	—	—	—	31,879	—		31,879	—	31,879
Dividends paid	—	—	—	—	—	(252,395)		(252,395)	(24,098)	(276,493)
Purchase/ sale of Noncontrolling interests								—	21,852	21,852
Contributions from Noncontrolling interests								—	4,105	4,105
Changes in fair value of Noncontrolling interests					(24,258)			(24,258)	0	(24,258)
Net income	—	—	—	—	—	817,607		817,607	28,735	846,342
Other comprehensive income (loss)							(252,162)	(252,162)	315	(251,847)
Comprehensive income	—	—	—	—	—	—	(252,162)	565,445	29,050	594,495
Balance at December 31, 2008	3,810,540	4,240	293,932,036	363,076	3,188,089	2,452,332	(151,284)	$5,856,453	$104,167	$5,960,620
Proceeds from exercise of options and related tax effects	73,788	103	1,814,599	2,596	64,585	—	—	67,284	—	67,284
Compensation expense related to stock options	—	—	—	—	33,746	—		33,746	—	33,746
Dividends paid	—	—	—	—	—	(231,940)		(231,940)	(44,569)	(276,509)
Purchase/ sale of Noncontrolling interests					(3,138)			(3,138)	12,929	9,791
Contributions from Noncontrolling interests								—	3,285	3,285
Changes in fair value of Noncontrolling interests					(39,816)			(39,816)	0	(39,816)
Net income	—	—	—	—	—	891,138		891,138	45,487	936,625
Other comprehensive income (loss)							101,560	101,560	1,804	103,364
Comprehensive income	—	—	—	—	—	—	101,560	992,698	47,291	1,039,989
Balance at December 31, 2009	3,884,328	$4,343	295,746,635	$365,672	$3,243,466	$3,111,530	$ (49,724)	$6,675,287	$123,103	$6,798,390

See accompanying notes to consolidated financial statements.

FRESENIUS MEDICAL CARE AG & Co. KGaA

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(in thousands, except share data)

1. The Company, Basis of Presentation and Summary of Significant Accounting Policies

The Company

Fresenius Medical Care AG & Co. KGaA ("FMC-AG & Co. KGaA" or the "Company," "we," "us" or "our" and together with its subsidiaries on a consolidated basis, as the context requires), a German partnership limited by shares (*Kommanditgesellschaft auf Aktien*), is the world's largest kidney dialysis company, operating in both the field of dialysis services and the field of dialysis products for the treatment of end-stage renal disease ("ESRD"). The Company's dialysis business is vertically integrated, providing dialysis treatment at dialysis clinics it owns or operates and supplying these clinics with a broad range of products. In addition, the Company sells dialysis products to other dialysis service providers. In the United States, the Company also performs clinical laboratory testing and provides inpatient dialysis services and other services under contract to hospitals.

Basis of Presentation

On July 1, 2009, the Financial Accounting Standards Board ("FASB") issued *FASB Accounting Standards Codification*™ ("ASC") 105, *Generally Accepted Accounting Principles* (originally issued *as FASB Statement No. 168-FASB accounting Standards Codification and the Hierarchy of Generally Accepted Accounting Principles*). ASC 105 establishes the FASB ASC as the exclusive authoritative reference for nongovernmental United States generally accepted accounting principles ("U.S. GAAP") for use in financial statements issued for interim and annual periods ending after September 15, 2009, except for SEC rules and interpretive releases, which are also authoritative GAAP for SEC registrants. This divides nongovernmental U.S. GAAP into the authoritative ASC and guidance that is nonauthoritative. The contents of the ASC carry the same level of authority, eliminating the four-level GAAP hierarchy previously set forth in FASB Statement No. 162, which has been superseded by the ASC. The ASC supersedes or makes nonauthoritative all other existing non-grandfathered, non-SEC accounting literature and reporting standards not included in the ASC. The accompanying consolidated financial statements have been prepared in accordance with U.S. GAAP.

The Company evaluated the financial statements for subsequent events through the date of the submission of this 20-F to the Securities and Exchange Commission. See Note 2.

Income tax expense in the amount of $13,440 and $11,887 for the years ended December 31, 2008 and 2007, in the prior year's comparative consolidated financial statements has been reclassified to income attributable to noncontrolling interests to conform with the current year's presentation.

The Company has reclassified and revalued noncontrolling interests subject to put provisions in the Consolidated Balance Sheets. As a result, at December 31, 2009 and 2008, the Company reclassified $85,658 and $56,337, respectively, from "Noncontrolling interests" and $145,645 and $105,829, respectively, from "Additional paid in capital" to "Noncontrolling interests subject to put provisions." The Company has also renamed the remaining balance of "Noncontrolling interests" as "Noncontrolling interests not subject to put provisions." The Consolidated Statement of Shareholders' Equity has been adjusted accordingly. There is no Consolidated Statements of Income impact, as the offsetting entry is to "Additional paid in capital."

Certain other items in the prior year's comparative consolidated financial statements have been reclassified to conform to the current year's presentation.

Summary of Significant Accounting Policies

a) Principles of Consolidation

The consolidated financial statements include all companies in which the Company has legal or effective control. In addition, the Company consolidates variable interest entities ("VIEs") for which it is deemed the primary

(in thousands, except share data)

beneficiary. In accordance with current accounting principles, the Company also consolidates certain clinics that it manages. The equity method of accounting is used for investments in associated companies (20% to 50% owned). Noncontrolling interests represent the proportionate equity interests of owners in the Company's consolidated entities that are not wholly owned. All significant intercompany transactions and balances have been eliminated.

The Company entered into various arrangements with certain dialysis clinics to provide management services, financing and product supply. A group of these clinics has negative equity and are unable to provide their own funding, therefore the Company has agreed to fund their operations for at least a six year period. The funding carries no interest but the Company is entitled to a pro rata share of profits, if any, and has a right of first refusal in the event the owners sell the business or assets. These clinics are VIEs in which the Company has been determined to be the primary beneficiary and which therefore have been fully consolidated. They generated approximately $87,999, $88,508, and $79,164 in revenue in 2009, 2008, and 2007, respectively. The table below shows the carrying amounts of the assets and liabilities of these VIEs:

Trade accounts receivable, net	$ 31,060
Other current assets	11,576
Property, plant and equipment, intangible assets & other non-current assets	8,921
Goodwill	18,941
Accounts payable, accrued expenses and other liabilities	(25,108)
Non-current loans to related parties	(4,016)
Equity	(41,375)

b) 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.

c) Allowance for Doubtful Accounts

Estimates for the allowances for accounts receivable from the dialysis care business are based mainly on past collection history. Specifically, the allowances for the North America services division are based on an analysis of collection experience, recognizing the differences between payors and aging of accounts receivable. From time to time, accounts receivable are reviewed for changes from the historic collection experience to ensure the appropriateness of the allowances. The allowances in the International Segment and the products business are based on estimates and consider various factors, including aging, debtor and past collection history.

d) Inventories

Inventories are stated at the lower of cost (determined by using the average or first-in, first-out method) or market value (see Note 5). Costs included in inventories are based on invoiced costs and/or production costs as applicable. Included in production costs are material, direct labor and production overhead, including depreciation charges.

e) Property, Plant and Equipment

Property, plant, and equipment are stated at cost less accumulated depreciation (see Note 6). Significant improvements are capitalized; repairs and maintenance costs that do not extend the useful lives of the assets are charged to expense as incurred. Property and equipment under capital leases are stated at the present value of future minimum lease payments at the inception of the lease, less accumulated depreciation. Depreciation on property,

plant and equipment is calculated using the straight-line method over the estimated useful lives of the assets ranging from 5 to 50 years for buildings and improvements with a weighted average life of 12 years and 3 to 15 years for machinery and equipment with a weighted average life of 10 years. Equipment held under capital leases and leasehold improvements are amortized using the straight-line method over the shorter of the lease term or the estimated useful life of the asset. Internal use platform software that is integral to the computer equipment it supports is included in property, plant and equipment. The Company capitalizes interest on borrowed funds during construction periods. Interest capitalized during 2009, 2008, and 2007 was $10,395, $8,723, and $5,323, respectively.

f) Intangible Assets and Goodwill

Intangible assets such as non-compete agreements, technology, distribution rights, patents, licenses to treat, licenses to manufacture, distribute and sell pharmaceutical drugs, trade names, management contracts, application software, acute care agreements, lease agreements, and licenses acquired in a purchase method business combination are recognized and reported apart from goodwill (see Note 7).

Goodwill and identifiable intangibles with indefinite useful lives are not amortized but tested for impairment annually or when an event becomes known that could trigger an impairment. The Company identified trade names and certain qualified management contracts as 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 Company. Intangible assets with finite useful lives are amortized over their respective useful lives to their residual values. The Company amortizes non-compete agreements over their average useful life of 8 years. Technology is amortized over its useful life of 15 years. Licenses to manufacture, distribute and sell pharmaceutical drugs are amortized over their average useful life of 10 years. The U.S. intravenous iron products distribution and manufacturing agreement is amortized over its 10 year contractual license period based upon the annual estimated units of sale of the licensed product. All other intangible assets are amortized over their weighted average useful lives of 6 years. The average useful life of all amortizable intangible assets is 9 years. Intangible assets with finite useful lives are evaluated for impairment when events have occurred that may give rise to an impairment.

To perform the annual impairment test of goodwill, the Company identified its reporting units and determined their carrying value 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. Two reporting units were identified in the segment North America (Renal Therapy Group and Fresenius Medical Services). The segment International is divided into two reporting units (Europe and Latin America), while only one reporting unit exists in the segment Asia Pacific.

In a first step, the Company compares the fair value of a reporting unit to its carrying amount. Fair value 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 Company utilizes for every reporting unit, its three-year budget, projections for years 4 to 10 and a corresponding growth rate for all remaining years. Projections for up to ten years are possible due to the stability of the Company's business which, due to the non-discretionary nature of the healthcare services we provide, the need for products utilized to provide such services and the availability of government reimbursement for a substantial portion of our services, has been largely independent from the economic cycle. The reporting units' respective expected growth rates for the period beyond ten years are: Renal Therapy Group 1%, Fresenius Medical Services 1%, Europe 0%, Latin America 4%, and Asia Pacific 4%. The discount factor is determined by the WACC of the respective reporting unit. The Company's WACC consists of a

basic rate of 6.45% for 2009. The basic rate is then adjusted by a country-specific risk rate within each reporting unit. In 2009, WACCs for the reporting units ranged from 6.45% to 12.05%.

In the case that the fair value of the reporting unit is less than its book value, a second step is performed which compares the fair value of the reporting unit's goodwill to the carrying value of its goodwill. If the fair value of the goodwill is less than the book value, the difference is recorded as an impairment.

To evaluate the recoverability of intangible assets with indefinite useful lives, the Company compares the fair values of intangible assets with their carrying values. An intangible asset's fair value is determined using a discounted cash flow approach or other methods, if appropriate.

g) Derivative Financial Instruments

Derivative financial instruments which primarily include foreign currency forward contracts and interest rate swaps are recognized as assets or liabilities at fair value in the balance sheet (see Note 20). 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. The ineffective portion of cash flow hedges is recognized in earnings immediately. The change in fair value of derivatives that do not qualify for hedge accounting are recorded in the income statement and usually offset the changes in value recorded in the income statement for the underlying asset or liability.

h) Foreign Currency Translation

For purposes of these consolidated financial statements, the U.S. dollar is the reporting currency. Substantially all assets and liabilities of the parent company and all non-U.S. subsidiaries are translated at year-end exchange rates, while revenues and expenses are translated at average exchange rates. Adjustments for 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 reported in accumulated other comprehensive income (loss).

i) Revenue Recognition Policy

Dialysis care revenues are recognized on the date services and related products are provided and the payor is obligated to pay at amounts estimated to be received under reimbursement arrangements with third party payors. Medicare and Medicaid in North America and programs involving other government payors in the International Segment are billed at pre-determined rates per treatment that are established by statute or regulation. Most non-governmental payors are billed at our standard rates for services net of contractual allowances to reflect the estimated amounts to be received under reimbursement arrangements with these payors.

Dialysis product revenues are recognized when 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 a return is required, the appropriate reductions to sales, accounts receivables and cost of sales are made. Sales are stated net of discounts and rebates.

A minor portion of International Segment product revenues is generated from arrangements which give the customer, typically a health care provider, the right to use dialysis machines. In the same contract the customer agrees to purchase the related treatment disposables at a price marked up from the standard price list. In this type of contract, FMC-AG & Co. KGaA does not recognize revenue upon delivery of the dialysis machine but recognizes revenue, including the mark-up, on the sale of disposables. In certain other contracts of this type, the contract is structured as a sales type lease whereby ownership of the dialysis machine is transferred to the user upon installation

of the dialysis machine at the customer site. In this type of contract, revenue is recognized in accordance with the accounting principles for sales type leases.

Any tax assessed by a governmental authority that is incurred as a result of a revenue transaction (e.g. sales tax) is excluded from revenues and reported on a net basis.

j) Research and Development expenses

Research and development expenses are expensed as incurred.

k) Income Taxes

The Company recognizes deferred tax assets and liabilities for future consequences attributable to temporary differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax basis as well as on consolidation procedures affecting net income and tax loss carryforwards which are more likely than not to be utilized. 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. A valuation allowance is recorded to reduce the carrying amount of the deferred tax assets unless it is more likely than not that such assets will be realized (see Note 17).

It is the Company's policy to recognize interest and penalties related to its tax positions as income tax expense.

l) Impairment

The Company reviews the carrying value of its long-lived assets or asset groups with definite useful lives to be held and used for impairment whenever events or changes in circumstances indicate that the carrying value of these assets may not be recoverable. Recoverability of these assets is measured by a comparison of the carrying value of an asset to the future net cash flows directly associated with the asset. If assets are considered to be impaired, the impairment recognized is the amount by which the carrying value exceeds the fair value of the asset. The Company 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 value or fair value less cost to sell and depreciation is ceased. Long-lived assets to be disposed of other than by sale are considered to be held and used until disposal.

m) Debt Issuance Costs

Costs related to the issuance of debt are amortized over the term of the related obligation (see Note 10).

n) Self-Insurance Programs

Under the insurance programs for professional, product and general liability, auto liability and worker's compensation claims, the Company's largest subsidiary is partially self-insured for professional liability claims. For all other coverages, the Company 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.

o) 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 and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

p) Concentration of Risk

The Company is engaged in the manufacture and sale of products for all forms of kidney dialysis, principally to health care providers throughout the world, and in providing kidney dialysis treatment, clinical laboratory testing, and other medical ancillary services. The Company performs ongoing evaluations of its customers' financial condition and, generally, requires no collateral.

Approximately 33%, 35%, and 36% of the Company's worldwide revenues were earned and subject to regulations under governmental health care programs, Medicare and Medicaid, administered by the United States government in 2009, 2008, and 2007, respectively.

See Note 5 for concentration of supplier risks.

q) Legal Contingencies

From time to time, during the ordinary course of the Company's operations, the Company is party to litigation and arbitration and is subject to investigations relating to various aspects of its business (see Note 19). The Company 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 Company utilizes its internal legal department as well as external resources for these assessments. In making the decision regarding the need for loss accrual, the Company 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 assessment, or the disclosure of any such suit or assertion, does not necessarily indicate that accrual of a loss is appropriate.

r) Earnings per Ordinary share and Preference share

Basic earnings per ordinary share and basic earnings per preference share for all years presented have been calculated using the two-class method required under U.S. GAAP based upon the weighted average number of ordinary and preference shares outstanding. Basic earnings per share is computed by dividing net income less preference amounts by the weighted average number of ordinary shares and preference shares outstanding during the year. Basic earnings per preference share is derived by adding the preference per preference share to the basic earnings per share. Diluted earnings per share include the effect of all potentially dilutive instruments on ordinary shares and preference shares that would have been outstanding during the year.

The awards granted under the Company's stock incentive plans (see Note 16), are potentially dilutive equity instruments.

s) Employee Benefit Plans

The Company recognizes the underfunded status of its defined benefit plans, measured as the difference between plan assets at fair value and the benefit obligation, as a liability. Changes in the funded status of a plan, net of tax, resulting from actuarial gains or losses and prior service costs or credits that are not recognized as components of the net periodic benefit cost will be recognized through accumulated other comprehensive income 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. The Company uses December 31 as the measurement date when measuring the funded status of all plans.

t) Stock Option Plans

Effective January 1, 2006, the Company adopted the provisions of the accounting standards for share-based payments using the modified prospective transition method (see Note 16). Under this transition method, compensation cost recognized in 2006 and subsequent years includes applicable amounts of: (a) compensation cost of all stock-based payments granted prior to, but not yet vested as of, January 1, 2006, and (b) compensation cost for all stock-based payments subsequent to January 1, 2006 based on the grant-date fair value estimated in accordance with the provisions of these standards.

u) Recent Pronouncements

Recently Implemented Accounting Statements

In January 2010, the Financial Accounting Standards Board ("FASB") issued *Accounting Standards Update 2010-06* ("ASU 2010-06"), an update for ASC (see "Basis of Presentation", above) 820-10, *Fair-Value Measurements and Disclosures,* resulting in new disclosure requirements with regard to the following areas:

- Fair-value measurements are to be disaggregated by class, as opposed to the current disclosure requirement of by major category
- Disclosure of significant transfers of assets and liabilities in and/or out of Level 1 and Level 2, in addition to transfers in and/or out of the Level 3 category
- Purchases, sales, issuances, and settlements of Level 3 assets and liabilities are to be disclosed separately
- Disclosure of the valuation techniques and inputs used to determine fair value for Level 2 and Level 3 fair-value measurements, as well as changes in valuation techniques used and the reasons for the changes

The disclosures required under ASU 2010-06 are effective for reporting periods beginning after December 15, 2009, with the exception of the disclosures about purchases, sales, issuances, and settlements in the roll forward of Level 3 activity, which are effective for fiscal years beginning after December 31, 2010, and for interim periods within those fiscal years. Early adoption is permitted for the additional disclosures. The Company adopted all disclosures required under this update as of December 31, 2009.

Recently Issued Accounting Statements

In June 2009, the FASB issued *Accounting Standards Update 2009-17* ("ASU 2009-17") (originally issued as FASB Statement No. 167), ASC 810, *Consolidations — Improvements to Financial Reporting by Enterprises Involved with Variable Interest Entities*. ASU 2009-17 requires reporting entities to evaluate former Qualifying Special Purpose Entities ("QSPE") for consolidation and changes the approach to determining a VIE's primary beneficiary from a quantitative assessment to a qualitative assessment designed to identify a controlling financial interest. In addition, ASU 2009-17 increases the frequency of required reassessments to determine whether a company is the primary beneficiary of a VIE. It also clarifies, but does not significantly change, the characteristics that identify a VIE. ASU 2009-17 also requires additional year-end and interim disclosures about risks related to continuing involvement in transferred financial assets.

The amendments contained in ASU 2009-17 are effective as of the beginning of a company's first fiscal year that begins after November 15, 2009 and for subsequent interim and annual reporting periods. All former QSPEs and other variable interest entities will need to be reevaluated under the amended consolidation requirements as of

the beginning of the first annual reporting period that begins after November 15, 2009. Early adoption is prohibited. The Company will implement the amendments prescribed by ASU 2009-17 as of January 1, 2010.

In June 2009, the FASB issued *Accounting Standards Update 2009-16* ("ASU 2009-16") (originally issued as FASB Statement No. 166), ASC 860, *Transfers and Servicing — Accounting for Transfers of Financial Assets*. ASU 2009-16 eliminates the QSPE concept, creates more stringent conditions for reporting a transfer of a portion of a financial asset as a sale, clarifies the derecognition criteria, revises how retained interests are initially measured, and removes the guaranteed mortgage securitization recharacterization provisions. ASU 2009-16 also requires additional year-end and interim disclosures about risks related to variable interest entities.

ASU 2009-16 is effective as of the beginning of a company's first fiscal year that begins after November 15, 2009, and for subsequent interim and annual reporting periods. ASU 2009-16's disclosure requirements must be applied to transfers that occurred before and after its effective date. Early adoption is prohibited. The Company will adopt provisions of ASU 2009-16 as of January 1, 2010.

2. Subsequent Event

On January 20, 2010, the Company's wholly owned subsidiary, FMC Finance VI S.A ("Finance VI"), issued €250,000 ($353,300 at date of issuance) of senior unsecured notes (the "5.50% Senior Notes") with a coupon of 5.50% at an issue price of 98.6636%. The 5.50% Senior Notes have a yield to maturity of 5.75% and are due July 15, 2016. Finance VI may redeem the 5.50% Senior Notes at any time at 100% of principal plus accrued interest and a premium calculated pursuant to the terms of the indenture. The holders have a right to request that Finance IV repurchase the 5.50% 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 5.50% Senior Notes. Proceeds were used to repay short-term indebtedness and for general corporate purposes. The 5.50% Senior Notes are guaranteed on a senior basis jointly and severally by the Company, Fresenius Medical Care Holdings, Inc. and Fresenius Medical Care Deutschland GmbH.

3. Acquisitions

RSI Acquisition

On November 26, 2007, the Company completed the acquisition of all the common stock of Renal Solutions, Inc. ("RSI"), an Indiana corporation with principal offices in Warrendale, PA. The RSI acquisition agreement provided for total consideration of up to $203,666, consisting of $20,000 previously advanced to RSI in the form of a loan, $99,854 paid at closing, $60,000 paid in November, 2008, $3,572 receivable related to a working capital adjustment which was received in 2008, and up to $30,000 in milestone payments over a three year period contingent upon the achievement of certain performance criteria, of which $20,000 was paid in 2009. In 2007, the Company recorded a liability of $27,384 representing the net present value of the $30,000 milestone payments. At December 31, 2009, the net book value of the remaining liability was $9,488. The purchase price was allocated to goodwill ($159,386), intangible assets ($34,480) and other net assets ($9,800). RSI holds key patents and other intellectual property worldwide related to sorbent-based technology ("SORB"). SORB technology purifies potable water to dialysate quality and allows dialysis for up to 8 hours with only 6 liters of potable water through a process of dialysate regeneration and toxin adsorption. This regeneration capability significantly reduces the water volume requirement for a typical hemodialysis treatment and is an important step in advancing home hemodialysis and helping to create a potential platform for eventual development of a wearable kidney.

The assets and liabilities of all acquisitions were recorded at their estimated fair values at the dates of the acquisitions and are included in the Company's Consolidated Financial Statements and operating results from the effective date of acquisition.

4. Related Party Transactions

a) Service Agreements and Leases

The Company is party to service agreements with Fresenius SE, the sole stockholder of its General Partner and its largest shareholder with approximately 36.0% ownership of the Company's voting shares, and certain affiliates of Fresenius SE that are not also subsidiaries of the Company to receive services, including, but not limited to: administrative services, management information services, employee benefit administration, insurance, IT services, tax services and treasury management services. Fees for these services are negotiated by the involved parties based on requested service volume and full absorption cost plus a 5% mark-up. For the years 2009, 2008, and 2007, amounts charged by Fresenius SE to the Company under the terms of these agreements are $68,234, $59,038, and $44,143, respectively. The Company also provides certain services to Fresenius SE and certain affiliates of Fresenius SE, including research and development, central purchasing, patent administration and warehousing. The fees for these services are negotiated on the same basis as the fees for services provided to the Company by Fresenius SE. The Company charged $13,540, $9,798, and $9,784 for services rendered to Fresenius SE in 2009, 2008, and 2007, respectively.

Under operating lease agreements for real estate entered into with Fresenius SE, the Company paid Fresenius SE $23,109, $23,485, and $19,211 during 2009, 2008, and 2007, respectively. The majority of the leases expires in 2016 and contain renewal options.

The Company's Articles of Association provide that the General Partner shall be reimbursed for any and all expenses in connection with management of the Company's business, including remuneration of the members of the General Partner's supervisory board and the General Partner's management board. The aggregate amount reimbursed to Management AG for 2009, 2008, and 2007 was $7,783, $9,230, and $10,348, respectively, for its management services during those years and included $84, $88, and $82 as compensation for their exposure to risk as General Partner for 2009, 2008, and 2007, respectively. The Company's Articles of Association set the annual compensation for assuming unlimited liability at 4% of the amount of the General Partner's invested capital (€1,500).

b) Products

During the years ended December 31, 2009, 2008, and 2007, the Company sold products to Fresenius SE for $13,601, $36,704 and $34,133 respectively. During 2009, 2008, and 2007, the Company made purchases from Fresenius SE in the amount of $43,320, $45,084 and $52,280 respectively.

In addition to the purchases noted above, the Company currently purchases heparin supplied by APP Inc., through a group purchasing organization ("GPO"). In September 2008, Fresenius Kabi AG, a wholly-owned subsidiary of Fresenius SE, acquired 100% of APP Inc. The Company has no direct supply agreement with APP Inc. and does not submit purchase orders directly to APP Inc. In the twelve-month periods ended December 31, 2009 and 2008, Fresenius Medical Care Holdings, Inc. ("FMCH") acquired approximately $31,300 and $19,564, respectively, of heparin from APP Inc. through the GPO contract, which was negotiated by the GPO at arm's length on behalf of all members of the GPO.

c) Financing Provided by and to Fresenius SE

The Company receives short-term financing from and provides short-term financing to Fresenius SE.

On August 19, 2009, the Company borrowed $2,161 (€1,500) from its General Partner at 1.335%, due on August 19, 2010.

(in thousands, except share data)

During the second quarter 2009, the Company reclassified an account payable to Fresenius SE in the amount of €77,745 ($109,885 at June 30, 2009) from account payable to related parties to short-term borrowings from related parties. The amount represents taxes payable by the Company arising from the period 1997-2001 during which German trade taxes were paid by Fresenius SE on behalf of the Company. Of this amount, €5,747 ($8,279 at December 31, 2009) was outstanding at December 31, 2009 and will be repaid in 2010 with an interest rate of 6%. Interest expense incurred on the €71,998 of the loan repaid in 2009 was $4,313 (€3,092).

See Note 9 for further information on the short-term borrowings from related parties balance at December 31, 2009.

In addition to the above, there was $1,330 owed to Fresenius SE at December 31, 2008 which was repaid in 2009.

On November 7, 2008, the Company entered into a loan agreement with Fresenius SE whereby it advanced Fresenius SE $50,000 at 6.45% interest which was due and repaid on April 30, 2009.

d) Other

During the third quarter of 2009 the Company acquired production lines from Fresenius SE for a purchase price of $3,416, net of value added tax (VAT).

The Chairman of the Company's Supervisory Board is also the Chairman of the Supervisory Board of Fresenius SE. He is also a member of the Supervisory Board of the Company's General Partner.

The Vice Chairman of the Company's Supervisory Board is a member of the Supervisory Board of Fresenius SE and Vice Chairman of the Supervisory Board of the Company's General Partner. He is also a partner in a law firm which provided services to the Company. The Company paid the law firm approximately $1,445, $1,098, and $969 in 2009, 2008, and 2007, respectively. Five of the six members of the Company's Supervisory Board, including the Chairman and Vice Chairman, are also members of the Supervisory Board of the Company's General Partner.

5. Inventories

As of December 31, 2009 and 2008, inventories consisted of the following:

	2009	2008
Raw materials and purchased components	$154,599	$145,756
Work in process	63,683	60,960
Finished goods	481,047	385,607
Health care supplies	122,325	114,727
Inventories	$821,654	$707,050

During the first quarter, 2009, inventory adjustments led to an increase in value of inventory at January 1, 2009, of $23,327 and a corresponding reduction in costs of revenues sold during the three month period ending March 31, 2009.

Under the terms of certain unconditional purchase agreements, the Company is obligated to purchase approximately $2,414,214 of materials, of which $407,889 is committed at December 31, 2009 for 2010. The terms of these agreements run 1 to 9 years.

Inventories as of December 31, 2009 and 2008 include $34,788 and $35,143, respectively, of Erythropoietin ("EPO"), which is supplied by a single source supplier in the United States. In October 2006, the Company entered into a five-year exclusive sourcing and supply agreement with its EPO supplier. Revenues from EPO accounted for

(in thousands, except share data)

approximately 21%, 20%, and 21% of total dialysis care revenue in the North America segment for 2009, 2008, and 2007, respectively. Delays, stoppages, or interruptions in the supply of EPO could adversely affect the operating results of the Company.

6. Property, Plant and Equipment

As of December 31, 2009 and 2008, property, plant and equipment consisted of the following:

	2009	2008
Land and improvements	$ 44,837	$ 40,156
Buildings and improvements	1,727,681	1,535,017
Machinery and equipment	2,630,925	2,352,344
Machinery, equipment and rental equipment under capitalized leases	29,557	22,718
Construction in progress	259,711	238,583
	4,692,711	4,188,818
Accumulated depreciation	(2,273,141)	(1,952,740)
Property, plant and equipment, net	$ 2,419,570	$ 2,236,078

Depreciation expense for property, plant and equipment amounted to $396,860, $368,300, and $328,595 for the years ended December 31, 2009, 2008, and 2007, respectively.

Included in property, plant and equipment as of December 31, 2009 and 2008 were $364,118 and $299,778, respectively, of peritoneal dialysis cycler machines which the Company leases to customers with end-stage renal disease on a month-to-month basis and hemodialysis machines which the Company leases to physicians under operating leases.

Accumulated depreciation related to machinery, equipment and rental equipment under capital leases was $14,010 and $10,984 at December 31, 2009 and 2008, respectively.

7. Intangible Assets and Goodwill

As of December 31, 2009 and 2008, the carrying value and accumulated amortization of intangible assets other than goodwill consisted of the following:

	2009		2008	
	Gross Carrying Amount	Accumulated Amortization	Gross Carrying Amount	Accumulated Amortization
Amortizable Intangible Assets				
Non-compete Agreements	$224,579	$(157,717)	$218,245	$(142,974)
Technology	100,016	(18,109)	100,016	(11,490)
License and distribution agreements	184,219	(59,677)	173,244	(41,336)
Self-developed Software	31,230	(9,405)	8,656	(1,815)
Other	277,468	(210,484)	261,816	(197,374)
Construction in progress	67,113	—	49,886	—
	$884,625	$(455,392)	$811,863	$(394,989)

(in thousands, except share data)

As of December 31, 2009 and 2008 the carrying value of non-amortizable intangible assets other than goodwill consisted of the following:

	2009 Carrying Amount	2008 Carrying Amount
Non-amortizable Intangible Assets		
Tradename	$210,348	$210,156
Management contracts	219,614	219,466
	$429,962	$429,622
Total Intangible Assets	$859,195	$846,496

The tables below show the amortization expense related to the amortizable intangible assets for the years presented and the estimated amortization expense of these assets for the following five years.

Amortization Expense	
2007	$34,003
2008	$47,384
2009	$60,225
Estimated Amortization Expense	
2010	$61,448
2011	$57,647
2012	$54,743
2013	$53,345
2014	$52,976

Intangible Assets: License and Distribution Agreements

In July 2008, Fresenius Medical Care entered into two separate license and distribution agreements, one for the U.S. (with Galenica Ltd. and Luitpold Pharmaceuticals Inc.), the "U.S. Agreement," and one for certain countries in Europe and the Middle East (with Galenica AG and Vifor (International) AG), the "International Agreement," to market and distribute Galenica Ltd's and Luitpold Pharmaceuticals Inc.'s intravenous iron products, such as Venofer® and Ferinject® for dialysis treatment. In North America, the license agreement among our subsidiary, FUSA Manufacturing Inc. ("FMI"), Luitpold Pharmaceuticals Inc, American Regent, Inc. and Vifor (International), Inc. provides FMI with exclusive rights to manufacture and distribute Venofer® to freestanding (non-hospital based) U.S. dialysis facilities. In addition, it grants FMI similar rights for Injectafer® (ferric carboxymaltose), a proposed new intravenous iron medication currently under clinical study in the U.S. The U.S. license agreement has a term of ten years, includes FMI extension options, and requires payment by FMI over the ten year term of approximately $2,000,000, which the Company will expense as incurred (based upon the annual estimated units of sale of the licensed product), subject to certain early termination provisions. In addition to these payments, the Company will pay a total of approximately $47,000 over a four year period for the U.S. Agreement of which $6,111 and $22,000 was paid in 2009 and 2008, respectively. The Company recorded a liability for the balance. The cost of the U.S. Agreement and related transaction costs of $5,957 will be amortized over their 10-year expected useful life (based upon the annual estimated units of sale of the licensed product). The Company paid $14,566 upon signing of the International Agreement in 2008 and could pay up to €40,000 more upon certain milestones being met. The International Agreement costs will be amortized over their expected 20-year useful life. Milestone payments will be

(in thousands, except share data)

capitalized and amortized over their useful lives at the time the milestone payments are made, of which $20,922 (€15,000) was paid in 2009.

Goodwill

Changes in the carrying amount of goodwill are mainly a result of acquisitions and the impact of foreign currency translations. During 2009 and 2008, the Company's acquisitions consisted primarily of clinics in the normal course of operations. The segment detail is as follows:

	North America	International	Corporate	Total
Balance as of January 1, 2008	$6,508,475	$577,729	$159,385	$7,245,589
Goodwill acquired	64,809	30,577	432	95,818
Reclassifications	(1,231)	12,773	—	11,542
Foreign Currency Translation Adjustment	(642)	(42,397)	—	(43,039)
Balance as of December 31, 2008	$6,571,411	$578,682	$159,817	$7,309,910
Goodwill acquired	123,303	52,011	—	175,314
Foreign Currency Translation Adjustment	(3)	26,213	—	26,210
Balance as of December 31, 2009	$6,694,711	$656,906	$159,817	$7,511,434

8. Accrued Expenses and Other Current Liabilities

As at December 31, 2009 and 2008 accrued expenses and other current liabilities consisted of the following:

	2009	2008
Accrued salaries and wages	$ 320,295	$ 301,923
Unapplied cash and receivable credits	192,626	205,187
Accrued insurance	169,866	125,713
Special charge for legal matters	115,000	115,000
Other	537,766	540,610
Total accrued expenses and other current liabilities	$1,335,553	$1,288,433

In 2001, the Company recorded a $258,159 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 SE (the "Merger"), estimated liabilities and legal expenses arising in connection with the W.R. Grace & Co. Chapter 11 proceedings (the "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 the Company, the committees representing the asbestos creditors and W.R. Grace & Co. Under the settlement agreement, the Company will pay $115,000, without interest, upon plan confirmation (see Note 19). With the exception of the proposed $115,000 payment under the Settlement Agreement, all other matters included in the special charge have been resolved.

The other item in the table above includes accruals for operating expenses, interest, withholding tax, value added tax, legal and compliance costs, physician compensation, commissions, short-term portion of pension liabilities, bonuses and rebates, derivatives and accrued rents.

(in thousands, except share data)

9. Short-Term Borrowings and Short-Term Borrowings from Related Parties

As of December 31, 2009 and 2008, short-term borrowings and short-term borrowings from related parties consisted of the following:

	2009	2008
Borrowings under lines of credit	$ 95,720	$121,476
Accounts receivable facility	214,000	539,000
Other financial liabilities	6,624	22,679
Short-term borrowings and other financial liabilities	316,344	683,155
Short-term borrowings from related parties	10,440	1,330
Short-term borrowings, Other financial liabilities and Short-term borrowings from related parties	$326,784	$684,485

Short-term Borrowings and Other Financial Liabilities

Lines of Credit

Short-term borrowings of $95,720 and $121,476 at December 31, 2009 and 2008, respectively, represent amounts borrowed by the Company and certain of its subsidiaries under lines of credit with commercial banks. The average interest rates on these borrowings at December 31, 2009 and 2008 were 2.94% and 5.30%, respectively.

Excluding amounts available under the 2006 Senior Credit Agreement (see Note 10 below), at December 31, 2009 and 2008, the Company had $208,952 and $226,221 available under other commercial bank agreements. In some instances, lines of credit are secured by assets of the Company's subsidiary that is party to the agreement or may require the Company's guarantee. In certain circumstances, the subsidiary may be required to meet certain covenants.

Accounts Receivable Facility

The Company has an asset securitization facility (the "A/R Facility") which is typically renewed in October of each year and was most recently renewed and increased from $550,000 to $650,000 on November 17, 2009. Under the AR Facility, certain receivables are sold to NMC Funding Corporation ("NMC Funding"), a wholly-owned subsidiary. NMC Funding then assigns percentage ownership interests in the accounts receivable to certain bank investors. Under the terms of the AR 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 Company's Consolidated Balance Sheet and the proceeds from the transfer of percentage ownership interests are recorded as short-term borrowings.

At December 31, 2009 there are outstanding short-term borrowings under the AR Facility of $214,000. 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 2009 was 2.90%. Annual refinancing fees, which include legal costs and bank fees (if any), are amortized over the term of the facility.

Other Financial Liabilities

At December 31, 2009 and 2008, the Company had $6,624 and $22,679 of other financial liabilities which were mainly related to the 2008 Venofer® transaction (see Note 7).

(in thousands, except share data)

Short-term Borrowings from related parties

From time to time during each of the years presented, the Company received advances under the existing loan agreements with Fresenius SE for those years. During the year ended December 31, 2009, the Company received advances ranging from €1,300 to €72,000 with interest rates ranging from 1.05% to 2.05%. During the year ended December 31, 2008, the Company received advances ranging from €13,200 to €153,400 with interest rates ranging from 4.02% to 5.11%. On December 31, 2009, the Company had advances outstanding with Fresenius SE in the amount of $8,279 (€5,747) with an interest rate of 6%. Furthermore the Company had advances outstanding with the Company's general partner in the amount of $2,161 (€1,500) with an interest rate of 1.335%. On December 31, 2008, the Company had advances outstanding with Fresenius SE in the amount of $1,330 with an interest rate of 7.25%. Annual interest expense on the borrowings during the years presented was $188, $3,388, and $652 for the years 2009, 2008, and 2007, respectively.

10. Long-term Debt and Capital Lease Obligations

As of December 31, 2009 and 2008, long-term debt and capital lease obligations consisted of the following:

	2009	2008
2006 Senior Credit Agreement	$3,522,040	$3,366,079
6⅞% Senior Notes	493,344	492,456
Euro Notes	288,120	278,340
EIB Agreements	213,460	174,059
Capital lease obligations	17,600	13,394
Other	50,991	88,165
	4,585,555	4,412,493
Less current maturities	(157,634)	(455,114)
	$4,427,921	$3,957,379

Senior Debt

The Company's senior debt consists mainly of borrowings related to its 2006 Senior Credit Agreement, its 6⅞% Senior Notes, its Euro Notes and borrowings under its European Investment Bank Agreements as follows:

2006 Senior Credit Agreement

The Company, Fresenius Medical Care Holdings, and certain other subsidiaries of the Company that are borrowers and/or guarantors thereunder, including Fresenius Medical Care Deutschland GmbH, entered into a $4,600,000 syndicated credit facility (the "2006 Senior Credit Agreement") with Bank of America, N.A. ("BofA"); Deutsche Bank AG New York Branch; The Bank of Nova Scotia, Credit Suisse, Cayman Islands Branch; JPMorgan Chase Bank, National Association; and certain other lenders (collectively, the "Lenders") on March 31, 2006 which replaced its prior credit agreement.

The 2006 Senior Credit Agreement consists of:

- a 5-year $1,000,000 revolving credit facility (of which up to $250,000 is available for letters of credit, up to $300,000 is available for borrowings in certain non-U.S. currencies, up to $150,000 is available as swing line loans in U.S. dollars, up to $250,000 is available as a competitive loan facility and up to $50,000 is available as swing line loans in certain non-U.S. currencies, the total of which cannot exceed $1,000,000) which will be due and payable on March 31, 2011.

- a 5-year term loan facility ("Term Loan A") of $1,850,000, also scheduled to mature on March 31, 2011. The 2006 Senior Credit Agreement requires 19 quarterly payments on Term Loan A of $30,000 each that permanently reduce the term loan facility which began June 30, 2006 and continue through December 31, 2010. The remaining amount outstanding is due on March 31, 2011. As a result of the voluntary repayment made in July 2007 from the proceeds of the issuance of the 6⅞% Senior Notes (see "6⅞% Senior Notes," below) which reduced the principal balance outstanding; the quarterly payments were reduced to $29,430 beginning with the payment for September 30, 2008.

- a 7-year term loan facility ("Term Loan B") of $1,750,000 scheduled to mature on March 31, 2013. The terms of the 2006 Senior Credit Agreement require 28 quarterly payments on Term Loan B that permanently reduce the term loan facility. The repayment began June 30, 2006. The first 24 quarterly payments are $4,375 and payments 25 through 28 are $411,250 with the final payment of the remaining balance due on March 31, 2013, subject to an early repayment requirement on March 1, 2011 if the Trust Preferred Securities due June 15, 2011 are not repaid or refinanced or their maturity is not extended prior to that date. As a result of the voluntary repayment made in July 2007 from the proceeds of the issuance of the 6⅞% Senior Notes (see "6⅞% Senior Notes," below) the balance of the remaining payments of $4,375 were reduced to $4,036 beginning with the September 30, 2008 payment, and payments 25 through 28 were reduced to $379,396.

Interest on these facilities will be, at the Company's option, depending on the interest periods chosen, at a rate equal to either (i) LIBOR plus an applicable margin or (ii) the higher of (a) BofA's prime rate or (b) the Federal Funds rate plus 0.5%, plus an applicable margin.

The applicable margin is variable and depends on the Company's Consolidated Leverage Ratio which is a ratio of its Consolidated Funded Debt less up to $30,000 cash and cash equivalents to Consolidated EBITDA (as these terms are defined in the 2006 Senior Credit Agreement).

In addition to scheduled principal payments, indebtedness outstanding under the 2006 Senior Credit Agreement will be reduced by mandatory prepayments utilizing portions of the net cash proceeds from certain sales of assets, securitization transactions other than the Company's existing A/R Facility, the issuance of subordinated debt other than certain intercompany transactions, certain issuances of equity and excess cash flow.

Obligations under the 2006 Senior Credit Agreement are secured by pledges of capital stock of certain material subsidiaries in favor of the lenders. The 2006 Senior Credit Agreement contains affirmative and negative covenants with respect to the Company and its subsidiaries and other payment restrictions. Certain of the covenants limit indebtedness of the Company and investments by the Company, and require the Company to maintain certain financial ratios defined in the agreement. Additionally, the 2006 Senior Credit Agreement provides for a limitation on dividends and other restricted payments which is $300,000 for dividends in 2010, and increases in subsequent years. The Company paid dividends of $231,940 in May of 2009 which was in compliance with the restrictions set forth in the 2006 Senior Credit Agreement. In default, the outstanding balance under the 2006 Senior Credit Agreement becomes immediately due and payable at the option of the Lenders. As of December 31, 2009, the Company is in compliance with all covenants under the 2006 Senior Credit Agreement.

The Company incurred fees of approximately $85,828 in conjunction with the 2006 Senior Credit Agreement which are being amortized over the life of this agreement and wrote off approximately $14,735 in unamortized fees related to its prior senior credit agreement in 2006.

(in thousands, except share data)

The following table shows the available and outstanding amounts under the 2006 Senior Credit Agreement at December 31, 2009 and 2008, respectively:

	Maximum Amount Available December 31,		Balance Outstanding December 31,	
	2009	2008	2009	2008
Revolving Credit	$1,000,000	$1,000,000	$ 594,714	$ 304,887
Term Loan A	1,373,418	1,491,139	1,373,418	1,491,139
Term Loan B	1,553,908	1,570,053	1,553,908	1,570,053
	$3,927,326	$4,061,192	$3,522,040	$3,366,079

In addition, at December 31, 2009 and 2008, respectively, $97,287 and $111,994 were utilized as letters of credit which are not included as part of the balances outstanding at those dates.

In January 2008, the 2006 Senior Credit Agreement was amended in order to increase certain types of permitted borrowings and to remove all limitations on capital expenditures.

6⅞% Senior Notes

In July 2007, FMC Finance III S.A. ("Finance III"), a wholly-owned subsidiary of the Company, issued $500,000 aggregate principal amount of 6⅞% senior notes due 2017 (the "6⅞% Senior Notes") at a discount resulting in an effective interest rate of 7⅛%. The 6⅞% Senior Notes are guaranteed on a senior basis jointly and severally by the Company and by its subsidiaries Fresenius Medical Care Holdings, Inc. ("FMCH") and Fresenius Medical Care Deutschland GmbH ("D-GmbH"). Finance III may redeem the 6⅞% Senior Notes at any time at 100% of principal plus accrued interest and a premium calculated pursuant to the terms of the indenture. The holders have a right to request that Finance III repurchase the 6⅞% 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 6⅞% Senior Notes. The proceeds, net of discounts, investment bank fees and other offering related expenses, were applied to reduce Term Loan A and Term Loan B under the Company's 2006 Senior Credit Agreement (See 2006 Senior Credit Agreement above) and were used to pay down the then outstanding balance under its short-term A/R Facility (See above). The discount is being amortized over the life of the 6⅞% Senior Notes.

Euro Notes

On April 27, 2009, the Company issued euro denominated notes ("Euro Notes") totaling €200,000 ($288,120 at December 31, 2009), which are senior, unsecured and guaranteed by FMCH and D-GmbH, consisting of 4 tranches having terms of 3.5 and 5.5 years with floating and fixed interest rate tranches. The initial average interest rate was 6.95%. Proceeds of €69,500 of the newly issued Euro Notes were used in April 2009 to voluntarily retire a portion of the 2005 Euro Notes (see below) that were due in July 2009 with the remaining proceeds used to repay the balance of those notes on their scheduled maturity date of July 27, 2009.

In July 2005, FMC Finance IV Luxembourg issued euro denominated notes ("2005 Euro Notes") (*Schuldscheindarlehen*) totaling $278,340 (€200,000) with a €126,000 tranche at a fixed interest rate and a €74,000 tranche with a floating rate at EURIBOR plus applicable margin. The 2005 Euro Notes, guaranteed by the Company, matured and were fully repaid on July 27, 2009 and were included in the short term portion of long-term debt in our balance sheet at December 31, 2008.

(in thousands, except share data)

European Investment Bank Agreements

The Company entered into various credit agreements with the European Investment Bank ("EIB") in 2005 and 2006 totaling €221,000. In addition, in December 2009, the Company entered into an additional EIB loan agreement providing for a term loan of €50,000. The loan has a four-year term and bears interest at the Euribor Rate plus an applicable margin. The EIB is a not-for-profit long-term lending institution of the European Union and lends funds at favorable rates for the purpose of capital investment and R&D projects, normally for up to half of the funds required for such projects.

The Company will use the proceeds of the 2009 EIB loan to refinance certain research and development projects carried out in 2007 through 2009 and uses the funds under the other agreements to refinance certain R&D projects, to make investments in expansion and optimization of existing production facilities in Germany, and for financing and refinancing of certain clinic refurbishing and improvement projects. Currently all agreements with the EIB have variable interest rates that change quarterly, with FMC-AG & Co. KGaA having options to convert the variable rates into fixed rates. Advances under some agreements can be denominated in certain foreign currencies including U.S. dollars.

The Company has four credit facilities available at December 31, 2009 under these agreements with the maximum amounts available and outstanding balances as follows:

	Maximum amount available December 31,		Balance outstanding December 31,	
	2009	2008	2009	2008
Revolving Credit	€ 90,000	€ 90,000	$ 35,000	$ —
Loan 2005	41,000	41,000	48,806	48,806
Loan 2006	90,000	90,000	129,654	125,253
Loan 2009	50,000	—	—	—
	€271,000	€221,000	$213,460	$174,059

The Company's U.S. dollar borrowings under the Loan 2005 agreement had interest rates of 0.384% and 2.03%, and the euro borrowings under the Loan 2006 agreement had interest rates of 0.695% and 4.77% at December 31, 2009 and 2008, respectively.

Borrowings under the 2005 and 2006 agreements are secured by bank guarantees while the 2009 agreement is guaranteed by FMCH and D-GmbH. All EIB agreements have customary covenants.

Annual Payments

Aggregate annual payments applicable to the 2006 Senior Credit Agreement, 6⅞% Senior Notes, Euro Notes, EIB agreements, capital leases and other borrowings (excluding the Company's trust preferred securities, see Note 12) for the five years subsequent to December 31, 2009 are:

2010	$ 157,634
2011	1,882,699
2012	1,385,638
2013	476,980
2014	181,675
Thereafter	507,585
	$4,592,211

11. Employee Benefit Plans

General

FMC-AG & Co. KGaA recognizes pension costs and related pension liabilities for current and future benefits to qualified current and former employees of the Company. The Company's pension plans are structured differently according to the legal, economic and fiscal circumstances in each country. The Company 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 Company is required to pay defined benefits to former employees when the defined benefits become due. Defined benefit plans may be funded or unfunded. The Company has two major defined benefit plans, one funded plan in North America and an unfunded plan in Germany.

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 the Company'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 differences between the actual and the estimated return on plan assets for that year. The company's pension liability is impacted by these actuarial gains or losses.

In the case of the Company's funded plan, the defined benefit obligation is offset against the fair value of plan assets. A pension liability is recognized in the balance sheet if the defined benefit obligation exceeds the fair value of plan assets. A pension asset is recognized (and reported under other assets in the balance sheet) if the fair value of plan assets exceeds the defined benefit obligation and if the Company has a right of reimbursement against the fund or a right to reduce future payments to the fund.

Under defined contribution plans, the Company pays defined contributions during the employee's service life which satisfies all obligations of the Company to the employee. The Company has a defined contribution plan in North America.

Defined Benefit Pension Plans

During the first quarter of 2002, FMCH, the Company's North America subsidiary, curtailed its defined benefit and supplemental executive retirement 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. The Company 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. There was no minimum funding requirement for FMCH for the defined benefit plan in 2009. FMCH voluntarily contributed $759 during 2009. Expected funding for 2010 is $607.

The benefit obligation for all defined benefit plans at December 31, 2009, is $386,852 (2008: $353,961) which consists of the benefit obligation of $261,282 (2008: $245,070) for the North America plan, which is funded by plan assets, and the benefit obligation of $125,570 (2008: $108,891) for the German unfunded plan.

(in thousands, except share data)

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 the Company's funded benefit plan.

	2009	2008
Change in benefit obligation:		
Benefit obligation at beginning of year	$353,961	$331,649
Foreign currency translation	4,235	(6,288)
Service cost	7,500	8,357
Interest cost	21,397	20,393
Transfer of plan participants	96	2,228
Actuarial (gain) loss	13,216	4,472
Benefits paid	(7,560)	(6,850)
Curtailments and Settlements	(5,993)	—
Benefit obligation at end of year	$386,852	$353,961
Change in plan assets:		
Fair value of plan assets at beginning of year	$214,616	$228,581
Actual return on plan assets	29,382	(9,092)
Employer contributions	759	684
Benefits paid	(6,063)	(5,557)
Settlements	(2,061)	—
Fair value of plan assets at end of year	$236,633	$214,616
Funded status at end of year	$150,219	$139,345

The Company had a pension liability of $150,219 and $139,345 at December 31, 2009 and 2008, respectively. The pension liability consists of a current portion of $2,892 (2008: $2,590) which is recognized as a current liability in the line item "accrued expenses and other current liabilities" in the balance sheet. The non-current portion of $147,327 (2008: $136,755) is recorded as non-current pension liability in the balance sheet. Approximately 85% of the beneficiaries are located in North America with the majority of the remaining 15% located in Germany.

The accumulated benefit obligation for all defined benefit pension plans was $367,182 and $334,951 at December 31, 2009 and 2008, respectively. The accumulated benefit obligation for all defined benefit pension plans with an obligation in excess of plan assets was $367,182 and $334,951 at December 31, 2009 and 2008, respectively; the related plan assets had a fair value of $236,633 and $214,616 at December 31, 2009 and 2008, respectively.

The pre-tax changes in the table below reflect actuarial losses (gains) in other comprehensive income relating to pension liabilities. As of December 31, 2009, there are no cumulative effects of prior service costs included in other comprehensive income.

(in thousands, except share data)

	Actuarial losses (gains)
Adjustments related to pensions at January 1, 2008	$48,375
Additions	30,494
Releases	(1,944)
Foreign Currency Translation Adjustment	1
Adjustments related to pensions at December 31, 2008	$76,926
Additions	(4,331)
Releases	(5,404)
Foreign Currency Translation Adjustment	27
Adjustments related to pensions at December 31, 2009	$67,218

The actuarial loss expected to be amortized from other comprehensive income into net periodic pension cost over the next year is $4,788.

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. The Company's discount rate is the weighted average of these plans based upon their benefit obligations at December 31, 2009. The following weighted-average assumptions were utilized in determining benefit obligations as of December 31:

in %	2009	2008
Discount rate	6.00	6.15
Rate of compensation increase	4.01	4.19

The defined benefit pension plans' net periodic benefit costs are comprised of the following components for each of the years ended December 31:

Components of net periodic benefit cost:	2009	2008	2007
Service cost	$ 7,500	$ 8,357	$ 8,835
Interest cost	21,397	20,393	18,506
Expected return on plan assets	(15,767)	(16,931)	(16,362)
Amortization of unrealized losses	4,592	1,944	5,163
Settlement loss	812	—	—
Net periodic benefit costs	$ 18,534	$ 13,763	$ 16,142

The following weighted-average assumptions were used in determining net periodic benefit cost for the year ended December 31:

in %	2009	2008	2007
Discount rate	6.15	6.16	5.52
Expected return of plan assets	7.50	7.50	7.50
Rate of compensation increase	4.19	4.16	4.18

(in thousands, except share data)

Expected benefit payments for the next five years and in the aggregate for the five years thereafter are as follows:

2010	$10,441
2011	11,070
2012	12,131
2013	13,356
2014	14,663
2015-2019	99,204

Plan Assets

The following table presents the fair values of the Company's pension plan assets at December 31, 2009.

		Fair Value Measurements at December 31, 2009	
Asset Category	Total	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Observable Inputs (Level 2)
Equity Investments			
Common Stocks	$ 5,904	$ 5,904	$ —
Index Funds[1]	71,406	71,406	—
Fixed Income Investments			
Government Bonds[2]	3,655	394	3,261
Corporate Bonds[3]	149,367	—	149,367
Other Bonds[4]	163	—	163
U.S. Treasury Money Market Funds[5]	5,776	5,776	—
Other types of investments			
Cash, Money Market and Mutual Funds[6]	362	362	—
Total	$236,633	$83,842	$152,791

(1) This Category comprises low-cost equity index funds not actively managed that track the S&P 500, S&P 400, Russell 2000, MSCI EAFE Index, MSCI Emerging Markets Index and the Barclays Capital Long Corporate Index
(2) This Category comprises government fixed income investments with the majority coming from U.S., Finland, Canada and Norway
(3) This Category represents investment grade bonds of U.S. issuers from diverse industries
(4) This Category comprises private placement bonds
(5) This Category represents funds that invest in treasury bills and treasury backed instruments
(6) This Category 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:

Common stocks and index funds are valued at their market prices as of the balance sheet date.

The majority of the fair values of the government bonds are measured based on market quotes. The remaining government bonds are valued at their market prices.

Corporate bonds and other bonds are valued based on market quotes as of the balance sheet date.

Cash is stated at nominal value which equals the fair value.

US Treasury money market funds as well as other money market and mutual funds are valued at their market price.

Plan Investment Policy and Strategy

For the North America funded plan, the Company periodically reviews the assumption 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 Company's expected rate of return on pension plan assets was 7.5% for 2009.

The Company's overall investment strategy is to achieve a mix of approximately 98% of investments for long-term growth and 2% for near-term benefit payments with a wide diversification of asset types, fund strategies and fund managers.

The investment policy, utilizing a revised target investment allocation of 35% equity and 65% long-term U.S. bonds, considers that there will be a time horizon for invested funds of more than 5 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 the Company 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 US Treasury Strip Index.

Defined Contribution Plans

Most FMCH employees are eligible to join a 401(k) savings plan. Employees can deposit up to 75% of their pay up to a maximum of $16.5 if under 50 years old ($22.0 if 50 or over) under this savings plan. The Company will match 50% of the employee deposit up to a maximum Company contribution of 3% of the employee's pay. The Company's total expense under this defined contribution plan for the years ended December 31, 2009, 2008, and 2007, was $28,567, $26,096, and $23,534, respectively.

12. Mandatorily Redeemable Trust Preferred Securities

The Company issued Trust Preferred Securities through Fresenius Medical Care Capital Trusts, statutory trusts organized under the laws of the State of Delaware. FMC-AG & Co. KGaA owns all of the common securities of these trusts. The sole asset of each trust is a senior subordinated note of FMC-AG & Co. KGaA or a wholly-owned subsidiary of FMC-AG & Co. KGaA. FMC-AG & Co. KGaA, D-GmbH and FMCH have guaranteed payment and performance of the senior subordinated notes to the respective Fresenius Medical Care Capital Trusts. The Trust Preferred Securities are guaranteed by FMC-AG & Co. KGaA through a series of undertakings by the Company, FMCH and D-GmbH.

The Trust Preferred Securities entitle the holders to distributions at a fixed annual rate of the stated amount and are mandatorily redeemable after 10 years. Earlier redemption at the option of the holders may also occur upon a change of control followed by a rating decline or defined events of default including a failure to pay interest. Upon liquidation of the trusts, the holders of Trust Preferred Securities are entitled to a distribution equal to the stated amount. The Trust Preferred Securities do not hold voting rights in the trust except under limited circumstances.

The indentures governing the notes held by the Fresenius Medical Care Capital Trusts contain affirmative and negative covenants with respect to the Company and its subsidiaries and other payment restrictions. Some of the

(in thousands, except share data)

covenants limit the Company's indebtedness and its investments, and require the Company to maintain certain ratios defined in the indentures. As of December 31, 2009, the Company is in compliance with all financial covenants under all Trust Preferred Securities agreements.

The Trust Preferred Securities outstanding as of December 31, 2009 and 2008 are as follows:

	Year Issued	Stated Amount	Interest Rate	Mandatory Redemption Date	2009	2008
Fresenius Medical Care Capital Trust IV	2001	$225,000	7⅞%	June 15, 2011	$224,451	$224,068
Fresenius Medical Care Capital Trust V	2001	€300,000	7⅜%	June 15, 2011	431,645	416,628
					$656,096	$640,696

The Company redeemed the securities issued by Trust II and Trust III which were due and paid on February 1, 2008, primarily with funds obtained under its existing credit facilities.

13. Noncontrolling Interests Subject to Put Provisions

The Company 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 Company would be required to purchase all or part of third-party owners' noncontrolling interests at the appraised fair value. The methodology the Company uses to estimate the fair values of the noncontrolling interest subject to put provisions assumes the greater of net book value or a multiple of earnings, based on historical earnings, development stage of the underlying business and other factors. The estimated fair values of the noncontrolling interests subject to these put provisions can also fluctuate and the implicit multiple of earnings at which these noncontrolling interest obligations may ultimately be settled could vary significantly from our current estimates depending upon market conditions.

As of December 31, 2009 and 2008 the Company's potential obligations under these put options are $231,303 and $162,166 of which, at December 31, 2009, $117,967 were exercisable. In the last three fiscal years ending December 31, 2009, three puts have been exercised for a total consideration of $13,000.

During 2008 and 2007, the Company received cash contributions from holders of noncontrolling interests in the amounts of $17,174 and $5,057, respectively. These amounts were recorded in net cash provided by operating activities in the respective cash flow statements.

Following is a roll forward of noncontrolling interests subject to put provisions for the years ended December 31,:

	2009	2008	2007
Beginning balance	$162,166	$116,539	$ 92,309
Dividends paid	(16,930)	(14,494)	(12,980)
Purchase/ sale of Noncontrolling interests	12,548	9,148	—
Contributions from Noncontrolling interests	5,108	13,069	3,317
Changes in fair value of Noncontrolling interests	39,816	24,258	16,069
Net income	28,595	13,646	17,824
Ending balance	$231,303	$162,166	$116,539

14. Shareholders' Equity

Capital Stock

The General Partner has no equity interest in the Company and, therefore, does not participate in either the assets or the profits and losses of the Company. However, the General Partner is compensated for all outlays in connection with conducting the Company's business, including the remuneration of members of the management board and the supervisory board (see Note 4).

The general meeting of a partnership limited by shares may approve Authorized Capital (*genehmigtes Kapital*). The resolution creating Authorized Capital requires the affirmative vote of a majority of three quarters of the capital represented at the vote and may authorize the management board to issue shares up to a stated amount for a period of up to five years. The nominal value of the Authorized Capital may not exceed half of the capital stock at the time of the authorization.

In addition, the general meeting of a partnership limited by shares may create Conditional Capital (*bedingtes Kapital*) for the purpose of issuing (i) shares to holders of convertible bonds or other securities which grant a right to shares, (ii) shares as the consideration in a merger with another company, or (iii) shares offered to management or employees. In each case, the authorizing resolution requires the affirmative vote of a majority of three quarters of the capital represented at the vote. The nominal value of the Conditional Capital may not exceed half or, in the case of Conditional Capital created for the purpose of issuing shares to management and employees, 10% of the company's capital at the time of the resolution.

All resolutions increasing the capital of a partnership limited by shares also require the consent of the General Partner for their effectiveness.

Authorized Capital

By resolution of the Extraordinary General Meeting ("EGM") of shareholders on August 30, 2005, Management AG was authorized, with the approval of the supervisory board, to increase, on one or more occasions, the Company's share capital until August 29, 2010 by a maximum amount of €35,000 through issue of new ordinary shares against cash contributions, Authorized Capital I. The General Partner is entitled, subject to the approval of the supervisory board, to decide on the exclusion of statutory pre-emption rights of the shareholders. However, such an exclusion of pre-emption rights will be permissible for fractional amounts. Additionally, the newly issued shares may be taken up by certain credit institutions determined by the General Partner if such credit institutions are obliged to offer the shares to the shareholders (indirect pre-emption rights).

In addition, by resolution of the EGM of shareholders on August 30, 2005, the General Partner was authorized, with the approval of the supervisory board, to increase, on one or more occasions, the share capital of the Company until August 29, 2010 by a maximum amount of €25,000 through the issue of new ordinary shares against cash contributions or contributions in kind, Authorized Capital II. The General Partner is entitled, subject to the approval of the supervisory board, to decide on an exclusion of statutory pre-emption rights of the shareholders. However, such exclusion of pre-emption rights will be permissible only if (i) in case of a capital increase against cash contributions, the nominal value of the issued shares does not exceed 10% of the nominal share value of the Company's share capital and the issue price for the new shares is at the time of the determination by the General Partner not significantly lower than the stock price in Germany of the existing listed shares of the same type and with the same rights or, (ii) in case of a capital increase against contributions in kind, the purpose of such increase is to acquire an enterprise, parts of an enterprise or an interest in an enterprise.

The Company's Authorized Capital I and Authorized Capital II became effective upon registration with the commercial register of the local court in Hof an der Saale on February 10, 2006.

Conditional Capital

By resolution of the Company's Annual General Meeting of shareholders ("AGM") on May 9, 2006, as amended by the AGM on May 15, 2007, resolving a three-for-one share split, the Company's share capital was conditionally increased by up to €15,000 corresponding to 15 million ordinary shares with no par value and a nominal value of €1.00. This Conditional Capital increase can only be effected by the exercise of stock options under the Company's Stock Option Plan 2006 with each stock option awarded exercisable for one ordinary share (see Note 14). The Company has the right to deliver ordinary shares that it owns or purchases in the market in place of increasing capital by issuing new shares.

Through the Company's other employee participation programs, the Company has issued convertible bonds and stock option/subscription rights (*Bezugsrechte*) to employees and the members of the Management Board of the General Partner and employees and members of management of affiliated companies that entitle these persons to receive preference shares or, following the conversion offer in 2005, ordinary shares. At December 31, 2009, 146,601 convertible bonds or options for preference shares remained outstanding with a remaining average term of 3.91 years and 11,894,063 convertible bonds or options for ordinary shares remained outstanding with a remaining average term of 5.01 years under these programs. For the year ending December 31, 2009, 73,788 options for preference shares and 1,814,599 options for ordinary shares had been exercised under these employee participation plans and $64,384 (€44,686) remitted to the Company.

As the result of the Company's three-for-one stock split for both preference and ordinary shares on June 15, 2007, and with the approval of the shareholders as the AGM on May 15, 2007, the Company's Conditional Capital was increased by €4,454 ($6,557). Conditional Capital available for all programs at December 31, 2009 is €26,162 ($37,689) which includes €14,444 ($20,808) for the 2006 Plan and €11,718 ($16,881) for all other plans.

Dividends

Under German law, the amount of dividends available for distribution to shareholders is based upon the unconsolidated retained earnings of Fresenius Medical Care AG & Co. KGaA as reported in its balance sheet determined in accordance with the German Commercial Code (*Handelsgesetzbuch*).

If no dividends on the Company's preference shares are declared for two consecutive years after the year for which the preference shares are entitled to dividends, then the holders of such preference shares would be entitled to the same voting rights as holders of ordinary shares until all arrearages are paid. In addition, the payment of dividends by FMC-AG & Co. KGaA is subject to limitations under the 2006 Senior Credit Agreement (see Note 9).

Cash dividends of $231,940 for 2008 in the amount of €0.60 per preference share and €0.58 per ordinary share were paid on May 8, 2009.

Cash dividends of $252,395 for 2007 in the amount of €0.56 per preference share and €0.54 per ordinary share were paid on May 21, 2008

Cash dividends of $188,407 for 2006 in the amount of €0.49 per preference share and €0.47 per ordinary share were paid on May 16, 2007.

(in thousands, except share data)

15. Earnings Per Share

The following table contains reconciliations of the numerators and denominators of the basic and diluted earnings per share computations for the years ending December 31:

	2009	2008	2007
Numerators:			
Net income attributable to FMC-AG & Co. KGaA	$ 891,138	$ 817,607	$ 717,130
less:			
Dividend Preference on Preference shares	107	112	103
Income available to all class of shares	$ 891,031	$ 817,495	$ 717,027
Denominators:			
Weighted average number of:			
Ordinary shares outstanding	294,418,795	293,233,477	291,929,141
Preference shares outstanding	3,842,586	3,795,248	3,739,470
Total weighted average shares outstanding	298,261,381	297,028,725	295,668,611
Potentially dilutive Ordinary shares	—	777,848	1,079,683
Potentially dilutive Preference shares	66,314	98,060	127,324
Total weighted average Ordinary shares outstanding assuming dilution	294,418,795	294,011,325	293,008,824
Total weighted average Preference shares outstanding assuming dilution	3,908,900	3,893,308	3,866,794
Basic income per Ordinary share	$ 2.99	$ 2.75	$ 2.43
Plus preference per Preference share	0.03	0.03	0.02
Basic income per Preference Share	$ 3.02	$ 2.78	$ 2.45
Fully diluted income per Ordinary share	$ 2.99	$ 2.74	$ 2.42
Plus preference per Preference share	0.03	0.03	0.02
Fully diluted income per Preference share	$ 3.02	$ 2.77	$ 2.44

16. Stock Options

In connection with its stock option program, the Company incurred compensation expense of $33,746, $31,879, and $24,208 for the years ending December 31, 2009, 2008, and 2007, respectively. There were no capitalized compensation costs in any of the three years presented. The Company also recorded a related deferred income tax of $9,740, $9,158, and $6,880 for the years ending December 31, 2009, 2008, and 2007, respectively.

Stock Options and other Share-Based Plans

At December 31, 2009, the Company has awards outstanding under various stock-based compensation plans.

Incentive plan

In 2009, Management Board members were eligible for performance-related compensation that depended upon achievement of individual and common targets. The targets are based upon operating earnings (EBIT), net consolidated earnings (EAT) and its growth, as well as the development of cash flow, and are in part developed by a comparison with the previous year's figures, budgeted figures and actually achieved figures. Targets are divided into Group level targets and those to be achieved in individual regions.

The bonus for fiscal year 2009 will, in principle, consist proportionately of a cash component and a share-based component which will be paid in cash. Upon meeting the annual targets, the cash component was or will be paid after the end of 2009. The share-based component is subject to a several year vesting period, although a shorter period may apply in special cases. The amount of cash payment relating to the share-based component will correspond to the share price of Fresenius Medical Care AG & Co. KGaA ordinary shares upon exercise after the several year vesting period. The amount of the maximum achievable bonus for each of the members of the Management Board is capped.

In 2006, Fresenius Medical Care Management AG adopted a three-year performance related compensation plan for fiscal years 2008, 2007 and 2006, for the members of its management board in the form of a variable bonus. A special bonus component (award) for some of the management board members consists in equal parts of cash payments and a share-based compensation based on development of the share price of Fresenius Medical Care AG & Co. KGaA's ordinary shares. The amount of the award in each case depends on the achievement of certain performance targets. The targets are measured by reference to revenue growth, operating income, consolidated net income, and cash flow development. Annual targets have been achieved, the cash portion of the award has been paid after the end of the respective fiscal year. The share-based compensation portion of the award has been granted but subject to a three-year vesting period beginning after the respective fiscal year in which the target has been met and is amortized over the same three-year vesting period. The payment of the share-based compensation portion corresponds to the share price of Fresenius Medical Care AG & Co. KGaA's ordinary shares on exercise, i.e. at the end of the vesting period, and is also made in cash. The share-based compensation is revalued each reporting period during the vesting period to reflect the market value of the stock as of the reporting date with any changes in value recorded in the reporting period.

The share-based compensation incurred under these plans for years 2009, 2008 and 2007 was $1,537, $2,189 and $4,595, respectively.

Fresenius Medical Care AG & Co. KGaA 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 (the "Amended 2006 Plan") was established by resolution of the Company's AGM with a conditional capital increase up to €15,000 subject to the issue of up to fifteen million no par value bearer ordinary shares with a nominal value of €1.00 each. Under the Amended 2006 Plan, up to fifteen million options can be issued, each of which can be exercised to obtain one ordinary share, with up to three million options designated for members of the Management Board of the General Partner, up to three million options designated for members of management boards of direct or indirect subsidiaries of the Company and up to nine million options designated for managerial staff members of the Company and such subsidiaries. With respect to participants who are members of the General Partner's Management Board, the general partner's Supervisory Board has sole authority to grant stock options and exercise other decision making powers under the Amended 2006 Plan (including decisions regarding certain adjustments and forfeitures). The General Partner has such authority with respect to all other participants in the Amended 2006 Plan.

Options under the Amended 2006 Plan can be granted the last Monday in July and/or the first Monday in December. The exercise price of options granted under the Amended 2006 Plan shall be the average closing price on the Frankfurt Stock Exchange of the Company's ordinary shares during the 30 calendar days immediately prior to each grant date. Options granted under the Amended 2006 Plan have a seven-year term but can be exercised only after a three-year vesting period. The vesting of options granted is subject to achievement of performance targets measured over a three-year period from the grant date. For each such year, the performance target is achieved if the Company's adjusted basic income per ordinary share ("EPS"), as calculated in accordance with the Amended 2006 Plan, increases by at least 8% year over year during the vesting period, beginning with EPS for the year of grant as compared to EPS for the year preceding such grant. Calculation of EPS under the Amended 2006 Plan excluded,

among other items, the costs of the transformation of the Company's legal form and the conversion of preference shares into ordinary shares. For each grant, one-third of the options granted are forfeited for each year in which EPS does not meet or exceed the 8% target. The performance targets for 2009, 2008 and 2007 were met. Vesting of the portion or portions of a grant for a year or years in which the performance target is met does not occur until completion of the entire three-year vesting period. Upon exercise of vested options, the Company has the right to reissue treasury shares or issue new shares.

During 2009, the Company awarded 2,585,196 options under the Amended 2006 Plan, including 348,600 options granted to members of the Management Board of Fresenius Medical Care Management AG, the Company's general partner, at a weighted average exercise price of $46.22 (€32.08), a weighted average fair value of $10.95 each and a total fair value of $28,318 which will be amortized over the three year vesting period.

During 2008, the Company awarded 2,523,729 options under the Amended 2006 Plan, including 398,400 options granted to members of the Management Board of the General Partner, at a weighted average exercise price of $49.38 (€35.48), a weighted average fair value of $15.37 each and a total fair value of $38,788, which will be amortized on a straight line basis over the three-year vesting period.

During 2007, the Company awarded 2,395,962 options under the Amended 2006 Plan, including 398,400 options granted to members of the Management Board of the General Partner, at a weighted average exercise price of $46.22 (€33.91), a weighted average fair value of $13.23 (€9.71) each and a total fair value of $31,709, which will be amortized on a straight line basis over the three-year vesting period.

Options granted under the Amended 2006 Plan to US 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.

Fresenius Medical Care 2001 International Stock Option Plan

Under the Fresenius Medical Care 2001 International Stock Incentive Plan (the "2001 Plan"), options in the form of convertible bonds with a principal of up to €10,240 were issued to the members of the Management Board and other employees of the Company 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 effected 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. Except for the members of the Management Board, eligible employees may purchase the bonds by issuing a non-recourse note with terms corresponding to the terms of and secured by the bond. The Company has the right to offset its obligation on a bond against the employee's obligation on the related note; therefore, the convertible bond obligations and employee note receivables represent stock options issued by the Company and are not reflected in the Consolidated Financial Statements. The options expire ten years from issuance and can be exercised beginning two, three or four years after issuance. Compensation costs related to awards granted under this plan are amortized on a straight-line basis over the vesting period for each separately vesting portion of the awards. Bonds issued to Management Board members who did not issue a note to the Company are recognized as a liability on the Company's balance sheet.

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 preference shares upon the first time the stock exchange quoted price exceeds the initial value by at least 25%. The initial value ("Initial Value") is the average price of the preference shares during the last 30 trading days prior to the date of grant. In the case of options not subject to a stock price target, the number of convertible bonds awarded to the eligible employee would be 15% less than if the employee elected options subject to the stock price target. The conversion price of the options without a stock price target is the Initial Value. Each option entitles the holder

thereof, upon payment of the respective conversion price, to acquire one preference share. Effective May 2006, no further grants can be issued under the 2001 Plan and no options were granted under the 2001 Plan after 2005.

At December 31, 2009, the Management Board members of the General Partner held 2,041,121 stock options for ordinary shares and employees of the Company held 9,852,942 stock options for ordinary shares and 146,601 stock options for preference shares, under the various stock-based compensation plans of the Company. The Table below provides reconciliations for options outstanding at December 31, 2009, as compared to December 31, 2008.

	Options	Weighted average exercise price	Weighted average exercise price
	(in thousands)	€	$
Ordinary shares			
Balance at December 31, 2008	11,280	29.15	41.99
Granted	2,585	32.08	46.22
Exercised	1,815	24.08	34.69
Forfeited	156	33.18	47.80
Balance at December 31, 2009	11,894	30.50	43.94
Preference shares			
Balance at December 31, 2008	242	16.18	23.31
Exercised	74	13.38	19.28
Forfeited	21	11.04	15.90
Balance at December 31, 2009	147	18.35	26.44

The following table provides a summary of fully vested options outstanding and exercisable for both preference and ordinary shares at December 31, 2009:

Fully Vested Outstanding and Exercisable Options

	Number of Options	Weighted average remaining contractual life in years	Weighted average exercise price	Weighted average exercise price	Aggregate intrinsic value	Aggregate intrinsic value
	(in thousands)		€	US$	€	US$
Options for preference shares	147	3.91	18.35	26.43	1,861	2,681
Options for ordinary shares	4,589	4.02	25.27	36.40	53,560	77,158

At December 31, 2009, there were $45,441 of total unrecognized compensation costs related to non-vested options granted under all plans. These costs are expected to be recognized over a weighted-average period of 1.6 years.

During the years ended December 31, 2009, 2008, and 2007, the company received cash of $64,271, $36,755, and $38,757, respectively, from the exercise of stock options. The intrinsic value of options exercised for the twelve-month periods ending December 31, 2009, 2008, and 2007, were $28,170, $27,135, and $27,591, respectively. The Company recorded a related tax benefit of $8,123, $7,132, and $8,177 for the years ending December 31, 2009, 2008, and 2007, respectively.

(in thousands, except share data)

Fair Value Information

The Company used a binomial option-pricing model in determining the fair value of the awards under the 2006 Plan. Option valuation models require the input of highly subjective assumptions including expected stock price volatility. The Company's assumptions are based upon its past experiences, market trends and the experiences of other entities of the same size and in similar industries. Expected volatility is based on historical volatility of the Company's shares. 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 155% of the exercise price. The Company'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 assumptions used to determine the fair value of the 2009 and 2008 grants are as follows:

	2009	2008
Expected dividend yield	2.39%	1.85%
Risk-free interest rate	3.11%	4.38%
Expected volatility	25.85%	25.58%
Expected life of options	7 years	7 years
Weighted average exercise price	€ 32.08	€ 35.48
(Weighted average exercise price in US$)	($46.22)	($49.38)

17. Income Taxes

Income before income taxes is attributable to the following geographic locations:

	2009	2008	2007
Germany	$ 296,326	$ 372,174	$ 281,633
United States	904,083	773,089	724,839
Other	255,224	190,427	202,603
	$1,455,633	$1,335,690	$1,209,075

Income tax expense (benefit) for the years ended December 31, 2009, 2008, and 2007, consisted of the following:

	2009	2008	2007
Current:			
Germany	$ 68,442	$ 62,609	$124,598
United States	318,589	198,763	272,032
Other	81,236	77,134	75,534
	468,267	338,506	472,164
Deferred:			
Germany	5,041	43,593	(11,377)
United States	22,498	105,152	3,483
Other	(5,393)	(11,549)	(10,505)
	22,146	137,196	(18,399)
	$490,413	$475,702	$453,765

In 2009 and 2008, the Company is 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.

(in thousands, except share data)

In 2007, the Company was subject to German federal corporation income tax at a base rate of 25% plus a solidarity surcharge of 5.5% on federal corporation taxes payable.

A reconciliation between the expected and actual income tax expense is shown below. 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 rates are 29.13%, 29.58% and 38.47% for the fiscal years ended December 31, 2009, 2008, and 2007.

	2009	2008	2007
Expected corporate income tax expense	$423,953	$395,097	$465,131
Tax free income	(33,284)	(49,309)	(50,131)
Foreign tax rate differential	96,237	93,877	(5,434)
Non-deductible expenses	3,947	5,494	5,081
Taxes for prior years	6,663	21,371	41,868
Change in valuation allowance	8,950	4,168	3,627
Book income of consolidated partnership attributable to Noncontrolling interests	(26,876)	(13,440)	(11,887)
Change of German tax rate	—	—	(4,257)
Other	10,823	18,444	9,767
Actual income tax expense	$490,413	$475,702	$453,765
Effective tax rate	33.7%	35.6%	37.5%

(in thousands, except share data)

The tax effects of the temporary differences that give rise to deferred tax assets and liabilities at December 31, 2009 and 2008, are presented below:

	2009	2008
Deferred tax assets:		
Accounts receivable, primarily due to allowance for doubtful accounts	$ 37,571	$ 37,431
Inventory, primarily due to additional costs capitalized for tax purposes, and inventory reserve accounts	33,798	35,029
Plant, equipment, intangible assets and other non current assets, principally due to differences in depreciation and amortization	50,925	41,103
Accrued expenses and other liabilities for financial accounting purposes, not currently tax deductible	291,767	305,898
Net operating loss carryforwards, tax credit carryforwards and interest carryforwards	78,730	79,389
Derivatives	52,283	67,800
Stock-based compensation expense	22,981	17,405
Other	21,530	10,679
Total deferred tax assets	$589,585	$594,734
Less: valuation allowance	(63,497)	(56,169)
Net deferred tax assets	$526,088	$538,565
Deferred tax liabilities:		
Accounts receivable	$ 10,670	$ 11,015
Inventory, primarily due to inventory reserve accounts for tax purposes	9,643	4,615
Accrued expenses and other liabilities deductible for tax prior to financial accounting recognition	14,941	50,229
Plant, equipment and intangible assets, principally due to differences in depreciation and amortization	513,254	432,367
Derivatives	3,128	11,830
Other	53,343	66,532
Total deferred tax liabilities	604,979	576,588
Net deferred tax assets (liabilities)	$ (78,891)	$ (38,023)

The valuation allowance increased by $7,328 in 2009 and by $4,843 in 2008.

The expiration of net operating losses is as follows:

2009	$ 45,648
2010	6,012
2011	8,444
2012	11,950
2013	17,337
2014	8,941
2015	9,517
2016	22,492
2017	10,450
2018 and thereafter	4,071
Without expiration date	84,558
Total	$229,420

In assessing the realizability of deferred tax assets, management considers whether it is more-likely-than-not that some portion or all of the deferred tax assets 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 become deductible. Management considers the scheduled reversal of deferred tax liabilities and projected future taxable income in making this assessment. Based upon the level of historical taxable income and projections for future taxable income over the periods in which the deferred tax assets are deductible, management believes it is more-likely-than-not the Company will realize the benefits of these deductible differences, net of the existing valuation allowances at December 31, 2009.

The Company provides for income taxes on the cumulative earnings of foreign subsidiaries that will not be reinvested. At December 31, 2009, the Company provided for $13,289 of deferred tax liabilities associated with earnings that are likely to be distributed in 2010 and the following years. Provision has not been made for additional taxes on $2,733,920 undistributed earnings of foreign subsidiaries as these earnings are considered permanently reinvested. The earnings could become subject to additional tax if remitted or deemed remitted as dividends; however calculation of such additional tax is not practical. These taxes would predominantly comprise foreign withholding tax on dividends of foreign subsidiaries, and German income tax of approx 1.5 percent on all dividends and capital gains.

FMC-AG & Co. KGaA companies are subject to tax audits in Germany and the U.S. on a regular basis and on-going tax audits in other jurisdictions. In Germany, the tax audit for the years 1998 until 2001 has been finalized. The Company recognized and recorded the results of the audit in 2006 and thereafter paid all amounts due to the tax authorities. Fiscal years 2002 through 2005 are currently under audit and fiscal years 2006, 2007, 2008 and 2009 are open to audit.

For the tax year 1997, the Company recognized an impairment of one of its subsidiaries which the German tax authorities disallowed in 2003 at the conclusion of its audit for the years 1996 and 1997. The Company has filed a complaint with the appropriate German court to challenge the tax authority's decision. The Company has included the related unrecognized tax benefit in the total unrecognized tax benefit noted below.

The Company filed claims for refunds contesting the Internal Revenue Service's ("IRS") disallowance of FMCH's civil settlement payment deductions taken by Fresenius Medical Care Holdings, Inc. ("FMCH") in prior year tax returns. As a result of a settlement agreement with the IRS to resolve the Company's appeal of the IRS's disallowance of deductions for the civil settlement payments made to qui tam relators in connection with the resolution of the 2000 U.S. government investigation, the Company received a refund in September 2008 of $37,000, inclusive of interest. The settlement agreement preserves the right to continue to pursue claims in the U.S. Federal courts for refunds of all other disallowed deductions. The unrecognized tax benefit relating to these deductions is included in the total unrecognized tax benefit noted below.

The IRS tax audits of FMCH for the years 2002 through 2006 have been completed. The IRS has disallowed all deductions taken during these audit periods related to intercompany mandatorily redeemable preferred shares. The Company has protested the disallowed deductions and will avail itself of all remedies. An adverse determination with respect to the disallowed deductions related to the intercompany mandatorily redeemable preferred shares could have a material adverse effect on the results of operations and liquidity. In addition, the IRS proposed other adjustments which have been recognized in the financial statements.

Fiscal years 2007, 2008 and 2009 are open to audit. There are a number of state audits in progress and various years are open to audit in various states. All expected results have been recognized in the financial statements.

Subsidiaries of FMC-AG & Co. KGaA in a number of countries outside of Germany and the U.S. are also subject to tax audits. The Company estimates that the effects of such tax audits are not material to these consolidated financial statements.

(in thousands, except share data)

The following table shows the reconciliation of the beginning and ending amounts of unrecognized tax benefits:

	2009	2008	2007
Unrecognized tax benefits (net of interest)			
Balance at January 1, 2009	$379,327	$354,050	$302,552
Increases in unrecognized tax benefits prior periods	59,833	24,074	29,236
Decreases in unrecognized tax benefits prior periods	(13,911)	(36,334)	9,965
Increases in unrecognized tax benefits current period	7,587	20,180	14,893
Changes related to settlements with tax authorities	(8,599)	(2,042)	2,960
Foreign currency translation	(14,221)	19,399	20,294
Balance at December 31, 2009	$410,016	$379,327	$354,050

Included in the balance at December 31, 2009 are $379,674 of unrecognized tax benefits which would affect the effective tax rate if recognized. The Company is currently not in a position to forecast the timing and magnitude of changes in the unrecognized tax benefits.

During the year ended December 31, 2009 the Company recognized $16,609 in interest and penalties. The Company had a total accrual of $47,383 of tax related interest and penalties at December 31, 2009.

18. Operating Leases

The Company leases buildings and machinery and equipment under various lease agreements expiring on dates through 2034. Rental expense recorded for operating leases for the years ended December 31, 2009, 2008 and 2007 was $532,465, $497,875 and $461,490, respectively.

Future minimum rental payments under noncancelable operating leases for the five years succeeding December 31, 2009 and thereafter are:

2010	$ 454,833
2011	403,366
2012	348,214
2013	298,414
2014	244,528
Thereafter	802,093
	$2,551,448

19. Legal Proceedings

Legal Proceedings

The Company 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 healthcare services and products. The outcome of litigation and other legal matters is always difficult to accurately predict and outcomes that are not consistent with the Company's view of the merits can occur. The Company 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

The Company 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 the Company, 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, the Company 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 the Company that arise out of the bankruptcy of W.R. Grace & Co. Under the terms of the settlement agreement as amended (the "Settlement Agreement"), fraudulent conveyance and other claims raised on behalf of asbestos claimants will be dismissed with prejudice and the Company 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, the Company will pay a total of $115,000 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. 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.). The Company is engaged in litigation with Sealed Air to confirm its entitlement to indemnification from Sealed Air for all losses and expenses incurred by the Company relating to pre-Merger tax liabilities and Merger-related claims. Under the Settlement Agreement, upon confirmation of a plan that satisfies the conditions of the Company's payment obligation, this litigation will be dismissed with prejudice.

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 alleged patents concern the use of touch screen interfaces for hemodialysis machines. Baxter filed counterclaims against FMCH seeking more than $140,000 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 that all the asserted claims of the Baxter patents are 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 $14,300. 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. We appealed the court's rulings to the Court of Appeals for the Federal Circuit. On September 10, 2009, the Court of Appeals 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 Court of Appeals affirmed the district court's decision; however, the Court of Appeals vacated the injunction and award of damages. These issues have been remanded to the lower 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, although funds already contributed will remain in escrow until the case is concluded. The remaining patent has been found invalid in re-examination by the U.S. Patent and Trademark Office (USPTO) and Baxter has appealed this finding. If we prevail with respect to the invalidity of the final remaining patent, the escrowed funds will be returned to us with interest. In October 2008, we completed design modifications to the 2008K machine that eliminate any incremental hemodialysis machine royalty payment exposure under the original district court order, irrespective of the outcome of the remanded issues.

On April 28, 2008, Baxter filed suit in the U.S. District Court for the Northern District of Illinois, Eastern Division (Chicago), styled Baxter International, Inc. and Baxter Healthcare Corporation v. Fresenius Medical Care Holdings, Inc. and Fresenius USA, Inc., Case No. CV 2389, asserting that FMCH's hemodialysis machines infringe four recently issued patents (late 2007-2008), all of which are based on one of the patents at issue in the April 2003 Baxter case described above. The new patents expire in April 2011 and relate to trend charts shown on touch screen interfaces and the entry of ultrafiltration profiles (ultrafiltration is the removing of liquid from a patient's body using osmotic pressure). This case is currently stayed pursuant to court order. The Company believes that its hemodialysis machines do not infringe any valid claims of the Baxter patents at issue, all of which are now subject to re-examination at, and to preliminary findings of invalidity by, the USPTO.

On October 17, 2006, Baxter and DEKA Products Limited Partnership (DEKA) filed suit in the U.S. District Court for the Eastern District of Texas which was subsequently transferred to the Northern District of California, styled Baxter Healthcare Corporation and DEKA Products Limited Partnership v. Fresenius Medical Care Holdings, Inc. d/b/a Fresenius Medical Care North America and Fresenius USA, Inc., Case No. CV 438 TJW. The complaint alleges that FMCH's Liberty peritoneal cyclers infringe certain patents owned by or licensed to Baxter. Sales of the Liberty cyclers commenced in July 2008. The Company believes that the Liberty peritoneal cycler does not infringe any valid claims of the Baxter/DEKA patents.

A patent infringement action has been pending in Germany between Gambro Industries ("Gambro") on the one side and Fresenius Medical Care Deutschland GmbH ("D-GmbH") and FMC-AG & Co. KGaA on the other side (hereinafter collectively "Fresenius Medical Care"). Gambro herein alleged patent infringements by Fresenius Medical Care concerning a patent on a device for the preparation of medical solutions. The District Court of Mannheim rendered a judgment on June 27, 2008 deciding in favor of Gambro and declaring that Fresenius Medical Care has infringed a patent. Accordingly, the court ordered Fresenius Medical Care to pay compensation (to be determined in a separate court proceeding which was recently initiated by Gambro; a hearing has been scheduled in February 2010) for alleged infringement and to stop offering the alleged patent infringing technology in its original form in Germany. D-GmbH brought an invalidity action in the Federal German Patent Court ("BPatG") against Gambro's patent. This case is currently pending with the Federal Court of Justice as the court of appeal. Fresenius Medical Care has also filed an appeal against the District Court's verdict. On January 5, 2009, Gambro enforced such verdict provisionally by way of security. However, preceding such enforcement Fresenius Medical Care had already developed design modifications, being an alternative technical solution, and replaced the alleged patent infringing technology in all of the affected devices. In view of the pending appeal against BPatG's verdict and

Fresenius Medical Care's appeal against the District Court's verdict, Fresenius Medical Care continues to believe that the alleged patent infringing technology does not infringe any valid patent claims of Gambro. Therefore, the Company has made no provision in the financial statements for any potential liability in this matter.

Other Litigation and Potential Exposures

Renal Care Group, Inc. ("RCG") was named as a nominal defendant in a second amended complaint filed September 13, 2006 in the Chancery Court for the State of Tennessee Twentieth Judicial District at Nashville against former officers and directors of RCG which purports to constitute a class action and derivative action relating to alleged unlawful actions and breaches of fiduciary duty in connection with the Company's acquisition of RCG (the "RCG Acquisition") and in connection with alleged improper backdating and/or timing of stock option grants by RCG. The amended complaint was styled Indiana State District Council of Laborers and Hod Carriers Pension Fund v. Gary Brukardt et al. The complaint sought damages against defendant and its former officers and directors but did not state a claim for money damages directly against RCG. As of August 24, 2009, appellate proceedings that reversed the trial court's dismissal of the complaint had concluded. The litigation is accordingly proceeding toward trial in the Chancery Court.

FMCH and its subsidiaries, including RCG (prior to the RCG Acquisition), received subpoenas from the U.S. Department of Justice, U.S. Attorney for the Eastern District of Missouri, in connection with a joint civil and criminal investigation. FMCH received its subpoena in April 2005. RCG received its subpoena in August 2005. The subpoenas require production of a broad range of documents relating to FMCH's and RCG's operations, with specific attention to documents related to clinical quality programs, business development activities, medical director compensation and physician relationships, joint ventures, and anemia management programs, RCG's supply company, pharmaceutical and other services that RCG provides to patients, RCG's relationships to pharmaceutical companies, and RCG's purchase of dialysis equipment from FMCH. The Office of Inspector General of the United States Department of Health and Human Services and the United States Attorney for the Eastern District of Texas participated in the Eastern District of Missouri's investigation of FMCH's and RCG's utilization of Epogen begun in 2005. Subsequently, the review of Epogen utilization was transferred to the Eastern District of Texas, where a qui tam relator's complaint has been pending under seal since 2005 (qui tam is a legal provision under the United States False Claims Act, which allows private individuals to bring suit on behalf of the U.S. federal government, as far as such individuals believe to have knowledge of presumable fraud committed by third parties). The qui tam relator's complaint was made public by the United States District Court for the Eastern District of Texas during the 4th quarter 2009 and was dismissed by the Court on January 11, 2010 with respect to FMCH and its subsidiaries following the relator's motion to dismiss FMCH and its subsidiaries and with the United States' consent.

On July 17, 2007, the U.S. Attorney's office filed a civil complaint against RCG and FMCH in its capacity as RCG's current corporate parent in United States District Court, Eastern District of Missouri. The complaint seeks monetary damages and penalties with respect to issues arising out of the operation of RCG's Method II supply company through 2005, prior to the date of FMCH's acquisition of RCG. The complaint is styled United States of America ex rel. Julie Williams et al. vs. Renal Care Group, Renal Care Group Supply Company and FMCH. On August 11, 2009, the Court granted RCG's motion to transfer venue to the Middle District of Tennessee (Nashville), where the case is proceeding toward trial. The Company believes that RCG's operation of its Method II supply company was in compliance with applicable law and will defend this litigation vigorously.

On November 27, 2007, the United States District Court for the Western District of Texas (El Paso) unsealed and permitted service of two complaints previously filed under seal by a qui tam relator, a former FMCH local clinic employee. The first complaint alleges that a nephrologist unlawfully employed in his practice an assistant to perform patient care tasks that the assistant was not licensed to perform and that Medicare billings by the nephrologist and FMCH therefore violated the False Claims Act. The second complaint alleges that FMCH

unlawfully retaliated against the relator by discharging her from employment constructively. The United States Attorney for the Western District of Texas declined to intervene and to prosecute on behalf of the United States. Litigation on the relator's complaint is proceeding to trial.

On June 25, 2009, FMCH received a subpoena from the U.S. Department of Justice, U.S. Attorney for the District of Massachusetts. The subpoena seeks information relating to the results of certain laboratory tests ordered for patients treated in FMCH's dialysis facilities during the years 2004 through 2009. The Company intends to cooperate fully in the government's investigation.

We have filed claims for refunds contesting the Internal Revenue Service's ("IRS") disallowance of FMCH's civil settlement payment deductions taken by Fresenius Medical Care Holdings, Inc. ("FMCH") in prior year tax returns. As a result of a settlement agreement with the IRS to resolve our appeal of the IRS's disallowance of deductions for the civil settlement payments made to qui tam relators in connection with the resolution of the 2000 U.S. government investigation, we received a refund in September 2008 of $37,000, inclusive of interest. The settlement preserves our right to continue to pursue claims in the U.S. Federal courts for refunds of all other disallowed deductions.

For the tax year 1997, the Company recognized an impairment of one of our subsidiaries which the German tax authorities disallowed in 2003 at the conclusion of its audit for the years 1996 and 1997. The Company has filed a complaint with the appropriate German court to challenge the tax authority's decision.

The IRS tax audits of FMCH for the years 2002 through 2006 have been completed. The IRS has disallowed all deductions taken during these audit periods related to intercompany mandatorily redeemable preferred shares. The Company has protested the disallowed deductions and will avail itself of all remedies. An adverse determination with respect to the disallowed deductions related to intercompany mandatorily redeemable preferred shares could have a material adverse effect on our results of operations and liquidity. In addition, the IRS proposed other adjustments which have been recognized in the financial statements.

Following Fresenius Medical Care & Co KGaA's Annual General Meeting of Shareholders ("AGM") on May 7, 2009, two shareholders challenged, on the basis of alleged insufficient disclosure during the AGM, resolutions taken by the shareholders on (i) the approval of the actions of the General Partner and (ii) the approval of the actions of the members of the Supervisory Board. Upon conclusion of the proceedings, the court will either uphold the respective resolutions or order their annulment. The Company is of the opinion that the challenges are without merit and will defend this litigation vigorously. A hearing has been scheduled in March 2010.

From time to time, the Company 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 Company's defenses and insurance coverage and, as necessary, provides accruals for probable liabilities for the eventual disposition of these matters.

The Company, 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 Company must also comply with the Anti-Kickback Statute, the False Claims Act, the 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 the Company'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 "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, the Company'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 the Company's compliance with applicable laws and regulations. The Company 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 Company operates many facilities throughout the United States. 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 Company 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 Company may identify instances where employees, deliberately or inadvertently, have submitted inadequate or false billings. The actions of such persons may subject the Company and its subsidiaries to liability under the Anti-Kickback Statute, the Stark Law and the False Claims Act, among other laws.

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 Company 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 Company 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 Company 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 the Company's reputation and business.

The Company 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 Company has, when appropriate, asserted its own claims, and claims for indemnification. A successful claim against the Company 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 the Company's reputation and business.

Accrued Special Charge for Legal Matters

At December 31, 2001, the Company recorded a pre-tax special charge of $258,159 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 $115,000 payment under the Settlement Agreement in the Grace Chapter 11 Proceedings, all other matters included in the special charge have been resolved. While the Company 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.

20. Financial Instruments

As a global supplier of dialysis services and products in more than 115 countries throughout the world, the Company is faced with a concentration of credit risks due to the nature of the reimbursement systems which are often provided by the governments of the countries in which the Company operates. Changes in reimbursement rates or the scope of coverage could have a material adverse effect on the Company's business, financial condition

(in thousands, except share data)

and results of operations and thus on its capacity to generate cash flow. In the past the Company experienced and also expects in the future generally stable reimbursements for its dialysis services. This includes the balancing of unfavorable reimbursement changes in certain countries with favorable changes in other countries. Due to the fact that a large portion of the Company's reimbursement is provided by public health care organizations and private insurers, the Company expects that most of its accounts receivables will be collectable, albeit potentially slightly more slowly in the International segment in the immediate future, particularly in countries most severely affected by the current global financial crisis.

Non-derivative Financial Instruments

The following table presents the carrying amounts and fair values of the Company's non-derivative financial instruments at December 31, 2009, and December 31, 2008.

	2009		2008	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Non-derivatives				
Assets				
Cash and cash equivalents	$ 301,225	$ 301,225	$ 221,584	$ 221,584
Receivables	2,558,795	2,558,795	2,351,841	2,351,841
Liabilities				
Accounts payable	639,836	639,836	605,260	605,260
Short-term borrowings	316,344	316,344	683,155	683,155
Short-term borrowings from related parties	10,440	10,440	1,330	1,330
Long term debt, excluding 2006 Senior Credit Agreement, Euro Notes and 6⅞% Senior Notes	282,051	282,051	275,618	275,618
2006 Senior Credit Agreement	3,522,040	3,429,470	3,366,079	3,366,079
Trust Preferred Securities	656,096	688,026	640,696	626,241
Euro Notes	288,120	299,621	278,340	276,154
6⅞% Senior Notes	493,344	498,750	492,456	465,625
Noncontrolling interests subject to put provisions	231,303	231,303	162,166	162,166

The carrying amounts in the table are included in the consolidated balance sheet under the indicated captions.

The significant methods and assumptions used in estimating the fair values of non-derivative financial instruments are as follows:

Cash and cash equivalents are stated at nominal value which equals the fair value.

Short-term financial instruments such as accounts receivable and accounts payable and short-term borrowings are valued at their carrying amounts, which are reasonable estimates of the fair value due to the relatively short period to maturity of these instruments.

The fair values of the major long-term financial liabilities are calculated on the basis of market information. Instruments for which market quotes are available are measured using these quotes. The fair values of the other long-term financial liabilities are calculated at the present value of the respective future cash flows. To determine these present values, the prevailing interest rates and credit spreads for the Company as of the balance sheet date are used.

The valuation of the noncontrolling interests subject to put provisions is determined using significant unobservable inputs (Level 3). See Note 13 for a discussion of the Company's methodology for estimating the fair value of these noncontrolling interests subject to put obligations.

Derivative Financial Instruments

The Company is exposed to market risk from changes in interest rates and foreign exchange rates. In order to manage the risk of interest rate and currency exchange rate fluctuations, the Company enters into various hedging transactions by means of derivative instruments with highly rated financial institutions as authorized by the Company's General Partner. On a quarterly basis an assessment of the Company's counterparty credit risk is performed, which we consider currently to be low. The Company does not use financial instruments for trading purposes.

The Company established guidelines for risk assessment procedures and controls for the use of financial instruments. They include a clear segregation of duties with regard to execution on one side and administration, accounting and controlling on the other.

Foreign Exchange Risk Management

The Company conducts business on a global basis in various currencies, though its operations are mainly in Germany and the United States. For financial reporting purposes, the Company has chosen the U.S. dollar as its reporting currency. Therefore, changes in the rate of exchange between the U.S. dollar and the local currencies in which the financial statements of the Company's international operations are maintained affect its results of operations and financial position as reported in its consolidated financial statements.

The Company's exposure to market risk for changes in foreign exchange rates relates to transactions such as sales and purchases. The Company has significant amounts of sales of products invoiced in euro from its European manufacturing facilities to its other international operations and, to a lesser extent, sales of products invoiced in other non-functional currencies. This exposes the subsidiaries to fluctuations in the rate of exchange between the euro and the currency in which their local operations are conducted. For the purpose of hedging existing and foreseeable foreign exchange transaction exposures the Company enters into foreign exchange forward contracts and, on a small scale, foreign exchange options. The Company's policy, which has been consistently followed, is that financial derivatives be used only for the purpose of hedging foreign currency exposure. As of December 31, 2009 the Company had no foreign exchange options.

Changes in the fair value of foreign exchange forward contracts designated and qualifying as cash flow hedges of forecasted product purchases and sales are reported in accumulated other comprehensive income (loss). These amounts are subsequently reclassified into earnings as a component of cost of revenues, in the same period in which the hedged transaction affects earnings. The notional amounts of foreign exchange forward contracts in place that are designated and qualify as cash flow hedges that hedge exposures from operations totaled $405,675.

In connection with intercompany loans in foreign currency the Company uses foreign exchange swaps thus assuring that no foreign exchange risks arise from those loans. At December 31, 2009 the notional amounts of contracts for which hedge accounting is applied totaled $670,542.

In certain instances, the Company enters into derivative contracts of forecasted product purchases and sales and for intercompany loans in foreign currency that do not qualify for hedge accounting but are utilized for economic purposes ("economic hedges"). In these cases, the change in value of the economic hedge is recorded in the income statement and usually offsets the change in value recorded in the income statement for the underlying asset or liability. The notional amounts of economic hedges for forecasted product purchases and sales totaled $343,725 and for intercompany loans totaled $407,087

(in thousands, except share data)

Interest Rate Risk Management

The Company enters into derivatives, particularly interest rate swaps and to a certain extent, interest rate options, to hedge interest rate exposures arising from long-term debt at floating rates by effectively swapping them into fixed rates.

Cash Flow Hedges of Variable Rate Debt

The Company enters into interest rate swap agreements that are designated as cash flow hedges effectively converting the major part of payments based on variable interest rates applicable to the Company's 2006 Senior Credit Agreement denominated in U.S. dollars into payments at a fixed interest rate. Those swap agreements, all of which expire at various dates between 2010 and 2012, in the notional amount of $2,400,000, effectively fix the Company's variable interest rate at an average interest rate of 4.29% plus an applicable margin. Gains and losses were deferred in accumulated other comprehensive income ("OCI"); an amount of $33 net gains are reclassified from accumulated OCI to interest income.

Interest payable and receivable under the swap agreements is accrued and recorded as an adjustment to interest expense.

Derivative Financial Instruments Valuation

The following table shows the Company's derivatives at December 31, 2009 and 2008.

	December 31, 2009		December 31, 2008	
	Assets[2]	Liabilities[2]	Assets[2]	Liabilities[2]
Derivatives in cash flow hedging relationships[1]				
Current				
Foreign exchange contracts	$ 8,899	$ (9,251)	$27,904	$ (12,216)
Interest rate contracts (Dollar)	—	(305)	—	(8,526)
Non—current				
Foreign exchange contracts	5,284	(830)	2,624	(2,547)
Interest rate contracts (Dollar)	—	(105,810)	—	(140,420)
Interest rate contracts (Yen)	—	(3)	—	(9)
Total	$14,183	$(116,199)	$30,528	$(163,718)
Derivatives not designated as hedging instruments[1]				
Current				
Foreign exchange contracts	$ 7,696	$ (6,217)	$22,182	$ (24,832)
Non-current				
Foreign exchange contracts	9	—	921	—
Total	$ 7,705	$ (6,217)	$23,103	$ (24,832)

(1) As of December 31, 2009, the valuation of the Company's derivatives was determined using Significant Other Observable Inputs (Level 2) in accordance with the fair value hierarchy levels established in the Codification.

(2) Derivative instruments are marked to market each reporting period resulting in carrying amounts being equal to fair values at reporting date.

The carrying amounts for the current portion of derivatives indicated as assets in the table above are included in Prepaid expenses and other current assets in the Consolidated Balance Sheets while the current portion of those indicated as liabilities are included in Accrued expenses and other current liabilities. The non-current portions indicated as assets or liabilities are included in the Consolidated Balance Sheets in Other assets or Other liabilities, respectively.

(in thousands, except share data)

The significant methods and assumptions used in estimating the fair values of derivative financial instruments are 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 balance sheet date. 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 balance sheet date. The result is then discounted on the basis of the market interest rates prevailing at the balance sheet date for the applicable currency.

The Company includes its own credit risk for financial instruments deemed liabilities and counterparty-credit risks for financial instruments deemed assets when measuring the fair value of derivative financial instruments.

The Effect of Derivatives on the Consolidated Financial Statements

Derivatives in Cash Flow Hedging Relationships	Amount of Gain or (Loss) Recognized in OCI on Derivative (Effective Portion) 2009	Location of (Gain) reclassified from Accumulated OCI in Income (Effective Portion)	Amount of (Gain) reclassified from Accumulated OCI in Income (Effective Portion) 2009
Interest rate contracts (Dollar)	$42,832	Interest income/expense	$ (33)
Interest rate contracts (Yen)	6	Interest income/expense	—
Foreign exchange contracts	(6,785)	Costs of Revenue	(5,938)
	$36,053		$(5,971)

Derivatives not Designated as Hedging Instruments	Location of (Gain) or Loss Recognized in Income on Derivative	Amount of (Gain) or Loss Recognized in Income on Derivative 2009
Foreign exchange contracts	Selling, general and administrative expense	$(3,309)
	Interest income/expense	3,883
		$ 574

The Company expects to recognize $ 4,277 of losses deferred in accumulated other comprehensive income at December 31, 2009, in earnings during the next twelve months.

As of December 31, 2009, the Company had foreign exchange derivatives with maturities of up to 35 months and interest rate swaps with maturities of up to 27 months.

(in thousands, except share data)

21. Other Comprehensive Income (Loss)

The changes in the components of other comprehensive income (loss) for the years ended December 31, 2009, 2008, and 2007 are as follows:

	Year ended December 31, 2009			Year ended December 31, 2008			Year ended December 31, 2007		
	Pretax	Tax Effect	Net	Pretax	Tax Effect	Net	Pretax	Tax Effect	Net
Other comprehensive income (loss) relating to cash flow hedges:									
Changes in fair value of cash flow hedges during the period	$ 36,053	$(16,419)	$ 19,634	$(107,316)	$42,764	$ (64,552)	$ (83,919)	$ 32,961	$ (50,958)
Reclassification adjustments	(5,971)	1,375	(4,596)	(924)	296	(628)	(4,455)	1,360	(3,095)
Total other comprehensive income (loss) relating to cash flow hedges:	30,082	(15,044)	15,038	(108,240)	43,060	(65,180)	(88,374)	34,321	(54,053)
Foreign-currency translation adjustment	82,545	—	82,545	(170,748)	—	(170,748)	138,004	—	138,004
Adjustments related to pension obligations	9,708	(3,927)	5,781	(28,551)	12,632	(15,919)	35,729	(12,430)	23,299
Other comprehensive income (loss)	$122,335	$(18,971)	$103,364	$(307,539)	$55,692	$(251,847)	$ 85,359	$ 21,891	$107,250

22. Business Segment Information

The Company has identified three business segments, North America, International, and Asia Pacific, which were determined based upon how the Company manages its businesses. All segments are primarily engaged in providing dialysis services and manufacturing and distributing products and equipment for the treatment of end-stage renal disease. In the U.S., the Company also engages in performing clinical laboratory testing and providing inpatient dialysis services, and other services under contract to hospitals. The Company has aggregated the International and Asia Pacific operating segments as "International." The segments are aggregated due to their similar economic characteristics. These characteristics include the same services provided and the same products sold, the same type patient population, similar methods of distribution of products and services and similar economic environments.

Management evaluates each segment using a measure that reflects all of the segment's controllable revenues and expenses. Management believes that the most appropriate measure in this regard is operating income which measures the Company's source of earnings. Financing is a corporate function, which the Company's segments do not control. Therefore, the Company does not include interest expense relating to financing as a segment measure. Similarly, the Company does not allocate "corporate costs" which relate primarily to certain headquarters overhead charges, including accounting and finance, professional services, etc., because the Company believes that these costs are also not within the control of the individual segments. The Company also regards income taxes to be outside the segment's control. In addition, certain acquisitions and intangible assets are not allocated to a segment but are accounted for as "corporate."

(in thousands, except share data)

	North America	International	Segment Total	Corporate	Total
2009					
Net revenue	$ 7,611,500	$3,635,373	$11,246,873	$ 604	$11,247,477
Inter-segment revenue	2,752	77,856	80,608	(80,608)	—
Revenue	7,614,252	3,713,229	11,327,481	(80,004)	11,247,477
Depreciation and amortization	(264,785)	(183,405)	(448,190)	(8,895)	(457,085)
Operating Income	1,249,769	636,665	1,886,434	(130,838)	1,755,596
Segment assets	11,202,999	4,253,058	15,456,057	365,258	15,821,315
Capital expenditures, acquisitions and investments[1]	422,537	338,000	760,537	1,182	761,719
2008					
Net revenue	$ 7,005,401	$3,606,270	$10,611,671	$ 652	$10,612,323
Inter-segment revenue	2,100	82,283	84,383	(84,383)	—
Revenue	7,007,501	3,688,553	10,696,054	(83,731)	10,612,323
Depreciation and amortization	(238,300)	(169,999)	(408,299)	(7,372)	(415,671)
Operating Income	1,168,173	616,034	1,784,207	(111,775)	1,672,432
Segment assets	10,960,264	3,557,247	14,517,511	402,165	14,919,676
Capital expenditures, acquisitions and investments[2]	497,612	358,930	856,542	107,287	963,829
2007					
Net revenue	$ 6,663,221	$3,057,030	$ 9,720,251	$ 63	$ 9,720,314
Inter-segment revenue	516	77,492	78,008	(78,008)	—
Revenue	6,663,737	3,134,522	9,798,259	(77,945)	9,720,314
Depreciation and amortization	(220,210)	(140,968)	(361,178)	(2,151)	(363,329)
Operating Income	1,129,801	544,214	1,674,015	(93,893)	1,580,122
Segment assets	10,586,316	3,330,955	13,917,271	252,994	14,170,265
Capital expenditures, acquisitions and investments[3]	396,705	319,105	715,810	120,306	836,116

(1) International acquisitions exclude $4,151 of non-cash acquisitions for 2009.

(2) North America and International acquisitions exclude $22,542 and $24,710, respectively, of non-cash acquisitions for 2008.

(3) International and Corporate acquisitions exclude $9,964 and $83,812, respectively, of non-cash acquisitions for 2007.

(in thousands, except share data)

For the geographic presentation, revenues are attributed to specific countries based on the end user's location for products and the country in which the service is provided. Information with respect to the Company's geographic operations is set forth in the table below:

	Germany	North America	Rest of the World	Total
2009				
Net revenue	$358,060	$7,611,500	$3,277,917	$11,247,477
Long-lived assets	350,194	8,864,165	1,809,114	11,023,473
2008				
Net revenue	$350,995	$7,005,401	$3,255,927	$10,612,323
Long-lived assets	306,963	8,706,790	1,597,576	10,611,329
2007				
Net revenue	$308,603	$6,663,221	$2,748,490	$ 9,720,314
Long-lived assets	195,846	8,471,870	1,558,364	10,226,080

23. Supplementary Cash Flow Information

The following additional information is provided with respect to the consolidated statements of cash flows:

	2009	2008	2007
Supplementary cash flow information :			
Cash paid for interest	$ 332,731	$ 357,295	$ 407,882
Cash paid for income taxes[(1)]	$ 425,945	$ 343,224	$ 349,058
Cash inflow for income taxes from stock option exercises	$ 8,123	$ 7,132	$ 8,177
Supplemental disclosures of cash flow information :			
Details for acquisitions:			
Assets acquired	$(241,745)	$(129,711)	$(431,289)
Liabilities assumed	20,574	9,858	47,779
Noncontrolling interests	35,448	(3,706)	13,040
Notes assumed in connection with acquisition	4,151	2,490	93,775
Cash paid	(181,572)	(121,069)	(276,695)
Less cash acquired	7,059	714	18,818
Net cash paid for acquisitions	$(174,513)	$(120,355)	$(257,877)

(1) net of tax refund

24. Supplemental Condensed Combining Information

In February 1998 FMC Trust Finance S.à.r.l. Luxembourg, and in June 2001 FMC Trust Finance S.à.r.l. Luxembourg III, each of which is a wholly-owned subsidiary of FMC-AG & Co. KGaA, issued senior subordinated debt securities, fully and unconditionally guaranteed, jointly and severally, on a senior subordinated basis, by FMC-AG & Co. KGaA, D-GmbH and FMCH (D-GmbH and FMCH being the "Guarantor Subsidiaries"). The senior subordinated debt securities were issued to statutory trusts organized under the laws of the State of Delaware, which issued trust preferred securities that were guaranteed by the Company through a series of undertakings by the

(in thousands, except share data)

Company and the Guarantor Subsidiaries, and the Company acquired all of the common securities of these trusts. (See Note 12). In December 2004, the Company assumed the obligations of its wholly owned subsidiaries as the issuer of senior subordinated notes denominated in Deutschmark and euro held by Fresenius Medical Care Capital Trust III and Fresenius Medical Care Capital Trust V, respectively. FMC Trust Finance S.à.r.l. Luxembourg repaid $450 and DM300 aggregate principal amount of senior subordinated debt securities on February 1, 2008 in connection with the mandatory redemption on the same date of the related trust preferred securities issued by Fresenius Medical Care Capital Trust II and Fresenius Medical Care Capital Trust III.

In addition, FMC Finance III S.A., a wholly-owned subsidiary of the Company, is the obligor on senior debt securities which are fully and unconditionally guaranteed, jointly and severally on a senior basis, by the Company and by the Guarantors (see Note 9). The following combining financial information for the Company is as of December 31, 2009 and 2008 and for the years ended December 31, 2009, 2008 and 2007, segregated between FMC Finance III S.A., the Company, D-GmbH, FMCH, and each of the Company's other businesses (the "Non-Guarantor Subsidiaries"). For purposes of the condensed combining information, the Company and the Guarantors carry their investments under the equity method. Other (income) expense includes income (loss) related to investments in consolidated subsidiaries recorded under the equity method for purposes of the condensed combining information. In addition, other (income) expense includes income and losses from profit and loss transfer agreements as well as dividends received.

	For the year ended December 31, 2009						
	Issuer	Guarantors					
	FMC Finance III	FMC-AG & Co. KGaA	D-GmbH	FMCH	Non-Guarantor Subsidiaries	Combining Adjustment	Combined Total
Net revenue	$ —	$ —	$2,818,124	$ —	$10,744,709	$(2,315,356)	$11,247,477
Cost of revenue	—	—	2,293,550	—	7,437,867	(2,315,452)	7,415,965
Gross profit	—	—	524,574	—	3,306,842	96	3,831,512
Operating expenses (income):							
Selling, general and administrative	28	87,774	173,215	(19,877)	1,753,586	(12,620)	1,982,106
Research and development	—	—	64,911	—	28,899	—	93,810
Operating (loss) income	(28)	(87,774)	286,448	19,877	1,524,357	12,716	1,755,596
Other (income) expense:							
Interest, net	(720)	35,184	6,070	56,269	231,559	(28,399)	299,963
Other, net	—	(1,032,515)	190,345	(560,286)	—	1,402,456	—
Income (loss) before income taxes	692	909,557	90,033	523,894	1,292,798	(1,361,341)	1,455,633
Income tax expense (benefit)	197	18,419	86,728	(14,338)	518,329	(118,922)	490,413
Net income (loss)	495	891,138	3,305	538,232	774,469	(1,242,419)	965,220
Net income attributable to Noncontrolling interests	—	—	—	—	—	74,082	74,082
Net income (loss) attributable to the group	$ 495	$ 891,138	$ 3,305	$ 538,232	$ 774,469	$(1,316,501)	$ 891,138

(in thousands, except share data)

	For the year ended December 31, 2008						
	Issuer	Guarantors					
	FMC Finance III	FMC-AG & Co. KGaA	D-GmbH	FMCH	Non-Guarantor Subsidiaries	Combining Adjustment	Combined Total
Net revenue	$ —	$ —	$2,875,322	$ —	$10,088,483	$(2,351,482)	$10,612,323
Cost of revenue	—	—	2,212,088	—	7,085,966	(2,314,579)	6,983,475
Gross profit	—	—	663,234	—	3,002,517	(36,903)	3,628,848
Operating expenses (income):							
Selling, general and administrative	93	49,245	208,299	(5,503)	1,600,385	23,658	1,876,177
Research and development	—	—	55,448	—	24,791	—	80,239
Operating (loss) income	(93)	(49,245)	399,487	5,503	1,377,341	(60,561)	1,672,432
Other (income) expense:							
Interest, net	(721)	13,597	14,565	79,688	260,600	(30,987)	336,742
Other, net	—	(945,938)	255,501	(568,804)	—	1,259,241	—
Income (loss) before income taxes	628	883,096	129,421	494,619	1,116,741	(1,288,815)	1,335,690
Income tax expense (benefit)	185	65,489	114,279	(29,118)	376,169	(51,302)	475,702
Net income (loss)	443	817,607	15,142	523,737	740,572	(1,237,513)	859,988
Net income attributable to Noncontrolling interests	—	—	—	—	—	42,381	42,381
Net income (loss) attributable to the group	$ 443	$ 817,607	$ 15,142	$ 523,737	$ 740,572	$(1,279,894)	$ 817,607

	For the year ended December 31, 2007						
	Issuer	Guarantors					
	FMC Finance III	FMC-AG & Co. KGaA	D-GmbH	FMCH	Non-Guarantor Subsidiaries	Combining Adjustment	Combined Total
Net revenue	$ —	$ —	$2,423,597	$ —	$9,239,917	$(1,943,200)	$9,720,314
Cost of revenue	—	—	1,871,403	—	6,400,239	(1,907,123)	6,364,519
Gross profit	—	—	552,194	—	2,839,678	(36,077)	3,355,795
Operating expenses (income):							
Selling, general and administrative	37	104,449	181,283	(1,900)	1,477,793	(52,512)	1,709,150
Research and development	—	—	45,047	—	21,476	—	66,523
Operating (loss) income	(37)	(104,449)	325,864	1,900	1,340,409	16,435	1,580,122
Other (income) expense:							
Interest, net	(358)	18,536	15,257	188,644	192,335	(43,367)	371,047
Other, net	—	(893,558)	196,415	(591,969)	—	1,289,112	—
Income (loss) before income taxes	321	770,573	114,192	405,225	1,148,074	(1,229,310)	1,209,075
Income tax expense (benefit)	94	53,443	123,247	(74,698)	413,981	(62,302)	453,765
Net income (loss)	227	717,130	(9,055)	479,923	734,093	(1,167,008)	755,310
Net income attributable to Noncontrolling interests	—	—	—	—	—	38,180	38,180
Net income (loss) attributable to the group	$ 227	$ 717,130	$ (9,055)	$ 479,923	$ 734,093	$(1,205,188)	$ 717,130

(in thousands, except share data)

	At December 31, 2009						
	Issuer	Guarantors					
	FMC Finance III	FMC-AG & Co. KGaA	D-GmbH	FMCH	Non-Guarantor Subsidiaries	Combining Adjustment	Combined Total
Current assets:							
Cash and cash equivalents	$ 108	$ 24	$ 194	$ —	$ 286,205	$ 14,694	$ 301,225
Trade accounts receivable, less allowance for doubtful accounts	—	—	158,089	—	2,128,308	(488)	2,285,909
Accounts receivable from related parties	16,543	1,837,748	628,819	539,867	2,600,656	(5,350,747)	272,886
Inventories	—	—	202,837	—	701,429	(82,612)	821,654
Prepaid expenses and other current assets	1	110,117	16,072	50	608,990	(5,924)	729,306
Deferred taxes	—	—	—	—	294,214	22,606	316,820
Total current assets	16,652	1,947,889	1,006,011	539,917	6,619,802	(5,402,471)	4,727,800
Property, plant and equipment, net	—	266	191,445	—	2,322,145	(94,286)	2,419,570
Intangible assets	—	622	50,263	—	808,310	—	859,195
Goodwill	—	—	3,508	—	7,507,926	—	7,511,434
Deferred taxes	—	—	—	—	91,346	(26,597)	64,749
Other assets	493,344	7,001,455	1,193,451	9,142,162	(6,254,725)	(11,337,120)	238,567
Total assets	$509,996	$8,950,232	$2,444,678	$9,682,079	$11,094,804	$(16,860,474)	$15,821,315
Current liabilities:							
Accounts payable	$ 4	$ 217	$ 19,131	$ —	$ 343,055	$ —	$ 362,407
Accounts payable to related parties	200	867,147	600,951	1,500,829	2,672,902	(5,364,600)	277,429
Accrued expenses and other current liabilities	15,868	42,304	98,966	791	1,178,644	(1,020)	1,335,553
Short-term borrowings	—	130	—	—	316,214	—	316,344
Short-term borrowings from related parties	—	—	—	—	2,161	8,279	10,440
Current portion of long-term debt and capital lease obligations	—	—	—	133,866	23,768	—	157,634
Income tax payable	30	32,342	—	—	83,958	648	116,978
Deferred taxes	—	2,569	8,692	—	24,288	(2,619)	32,930
Total current liabilities	16,102	944,709	727,740	1,635,486	4,644,990	(5,359,312)	2,609,715
Long term debt and capital lease obligations, less current portion	493,344	1,063,346	—	1,576,242	4,096,766	(2,801,777)	4,427,921
Long term borrowings from related parties	—	4,543	226,936	493,344	430,743	(1,155,566)	—
Other liabilities	—	105,810	7,693	—	170,121	23,488	307,112
Pension liabilities	—	3,702	114,666	—	28,959	—	147,327
Income tax payable	—	1,139	—	—	100,917	113,865	215,921
Deferred taxes	—	6,051	3,110	—	428,448	(10,079)	427,530
Company obligated mandatorily redeemable preferred securities of subsidiary Fresenius Medical Care Capital Trusts holding solely Company-guaranteed debentures of subsidiary	—	—	—	—	656,096	—	656,096
Total liabilities	509,446	2,129,300	1,080,145	3,705,072	10,557,040	(9,189,381)	8,791,622
Noncontrolling interests subject to put provisions	—	—	—	—	231,303	—	231,303
Total FMC-AG & Co. KGaA shareholders' equity	550	6,820,932	1,364,533	5,977,007	183,358	(7,671,093)	6,675,287
Noncontrolling interests not subject to put provisions	—	—	—	—	123,103	—	123,103
Total equity	550	6,820,932	1,364,533	5,977,007	306,461	(7,671,093)	6,798,390
Total liabilities and equity	$509,996	$8,950,232	$2,444,678	$9,682,079	$11,094,804	$(16,860,474)	$15,821,315

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
(in thousands, except share data)

	At December 31, 2008						
	Issuer	Guarantors					
	FMC Finance III	FMC-AG & Co. KGaA	D-GmbH	FMCH	Non-Guarantor Subsidiaries	Combining Adjustment	Combined Total
Current assets:							
Cash and cash equivalents	$ 23	$ —	$ 44	$ —	$ 221,003	$ 514	$ 221,584
Trade accounts receivable, less allowance for doubtful accounts	—	—	182,421	—	1,993,779	116	2,176,316
Accounts receivable from related parties	16,552	1,520,238	692,195	468,871	2,040,953	(4,563,284)	175,525
Inventories	—	—	182,223	—	614,879	(90,052)	707,050
Prepaid expenses and other current assets	1	82,188	28,794	50	496,393	(27)	607,399
Deferred taxes	—	—	—	—	300,068	24,055	324,123
Total current assets	16,576	1,602,426	1,085,677	468,921	5,667,075	(4,628,678)	4,211,997
Property, plant and equipment, net	—	272	176,148	—	2,141,714	(82,056)	2,236,078
Intangible assets	—	470	44,546	—	801,480	—	846,496
Goodwill	—	—	3,389	—	7,306,521	—	7,309,910
Deferred taxes	—	13,408	243	—	89,744	(10,590)	92,805
Other assets	492,456	6,511,354	1,207,785	8,305,121	(4,007,726)	(12,286,600)	222,390
Total assets	$509,032	$8,127,930	$2,517,788	$8,774,042	$11,998,808	$(17,007,924)	$14,919,676
Current liabilities:							
Accounts payable	$ —	$ 752	$ 28,714	$ —	$ 336,551	$ —	$ 366,017
Accounts payable to related parties	1	1,229,275	621,598	1,460,218	1,466,838	(4,538,687)	239,243
Accrued expenses and other current liabilities	15,887	37,994	104,128	1,939	1,121,326	7,159	1,288,433
Short-term borrowings	—	55,668	—	—	627,487	—	683,155
Short-term borrowings from related parties	—	—	—	—	111,232	(109,902)	1,330
Current portion of long-term debt and capital lease obligations	—	786	—	133,866	320,462	—	455,114
Income tax payable	190	13,958	—	—	71,649	(3,329)	82,468
Deferred taxes	—	1,177	7,250	—	23,339	(3,114)	28,652
Total current liabilities	16,078	1,339,610	761,690	1,596,023	4,078,884	(4,647,873)	3,144,412
Long term debt and capital lease obligations, less current portion	492,456	635,904	—	1,519,843	4,661,820	(3,355,137)	3,954,886
Long term borrowings from related parties	—	4,388	223,332	492,456	697,047	(1,414,730)	2,493
Other liabilities	—	140,420	11,497	—	148,172	19,513	319,602
Pension liabilities	—	3,030	107,152	—	26,573	—	136,755
Income tax payable	—	42,296	—	—	86,420	43,031	171,747
Deferred taxes	—	—	—	—	395,375	30,924	426,299
Company obligated mandatorily redeemable preferred securities of subsidiary Fresenius Medical Care Capital Trusts holding solely Company-guaranteed debentures of subsidiary	—	—	—	—	640,696	—	640,696
Total liabilities	508,534	2,165,648	1,103,671	3,608,322	10,734,987	(9,324,272)	8,796,890
Noncontrolling interests subject to put provisions	—	—	—	—	162,166	—	162,166
Total FMC-AG & Co. KGaA shareholders' equity	498	5,962,282	1,414,117	5,165,720	997,488	(7,683,652)	5,856,453
Noncontrolling interests not subject to put provisions	—	—	—	—	104,167	—	104,167
Total equity	498	5,962,282	1,414,117	5,165,720	1,101,655	(7,683,652)	5,960,620
Total liabilities and equity	$509,032	$8,127,930	$2,517,788	$8,774,042	$11,998,808	$(17,007,924)	$14,919,676

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
(in thousands, except share data)

	For the year ended December 31, 2009						
	Issuer	Guarantors					
	FMC Finance III	FMC-AG & Co. KGaA	D-GmbH	FMCH	Non-Guarantor Subsidiaries	Combining Adjustment	Combined Total
Operating Activities:							
Net income (loss)	$ 495	$ 891,138	$ 3,305	$ 538,232	$ 774,469	$(1,242,419)	$ 965,220
Adjustments to reconcile net income to net cash provided by (used in) operating activities:							
Equity affiliate income	—	(635,395)	—	(560,286)	—	1,195,681	—
Depreciation and amortization	—	1,470	38,029	888	439,196	(22,498)	457,085
Change in deferred taxes, net	—	23,191	4,707	—	(15,491)	9,595	22,002
(Gain) Loss on sale of fixed assets and investments	—	—	411	—	(353)	—	58
Loss (gain) on investments	—	7,063	—	—	—	(7,063)	—
Write-off of loans from related parties	—	50	—	—	—	(50)	—
Compensation expense related to stock options	—	33,746	—	—	—	—	33,746
Changes in assets and liabilities, net of amounts from businesses acquired:							
Trade accounts receivable, net	—	—	(13,874)	—	(28,120)	—	(41,994)
Inventories	—	—	(27,435)	—	(49,213)	(12,285)	(88,933)
Prepaid expenses and other current and non-current assets	—	(37,138)	9,921	(18,344)	(93,954)	(7,590)	(147,105)
Accounts receivable from / payable to related parties	208	(388,546)	7,308	39,091	256,906	79,315	(5,718)
Accounts payable, accrued expenses and other current and non-current liabilities	(15)	16,210	12,731	(1,149)	38,065	5,250	71,092
Income tax payable	(160)	(23,961)	—	(14,338)	71,931	39,692	73,164
Net cash provided by (used in) operating activities	528	(112,172)	35,103	(15,906)	1,393,436	37,628	1,338,617
Investing Activities:							
Purchases of property, plant and equipment	—	(152)	(65,684)	—	(537,167)	29,397	(573,606)
Proceeds from sale of property, plant and equipment	—	—	731	—	10,999	—	11,730
Disbursement of loans to related parties	—	(7,270)	178	17,240	—	(10,148)	—
Acquisitions and investments, net of cash acquired, and net purchases of intangible assets	—	(11,841)	(1,900)	—	(185,878)	11,506	(188,113)
Proceeds from divestitures	—	13,380	—	—	1,965	36,620	51,965
Net cash (used in) provided by investing activities	—	(5,883)	(66,675)	17,240	(710,081)	67,375	(698,024)
Financing Activities:							
Short-term borrowings, net	—	(95,795)	31,716	—	10,943	(108,439)	(161,575)
Long-term debt and capital lease obligations, net	—	396,013	—	(1,334)	(261,528)	10,148	143,299
(Decrease) increase of accounts receivable securitization program	—	—	—	—	(325,000)	—	(325,000)
Proceeds from exercise of stock options	—	64,271	—	—	8,123	—	72,394
Dividends paid	(443)	(231,940)	—	—	(5,321)	5,764	(231,940)
Capital increase (decrease)	—	—	—	—	(1,874)	1,874	—
Distributions to Noncontrolling interests	—	—	—	—	(68,004)	—	(68,004)
Contributions from Noncontrolling interests	—	—	—	—	12,699	—	12,699
Net cash (used in) provided by financing activities	(443)	132,549	31,716	(1,334)	(629,962)	(90,653)	(558,127)
Effect of exchange rate changes on cash and cash equivalents	—	(14,470)	6	—	11,590	49	(2,825)
Cash and Cash Equivalents:							
Net increase (decrease) in cash and cash equivalents	85	24	150	—	64,983	14,399	79,641
Cash and cash equivalents at beginning of period	23	—	44	—	221,517	—	221,584
Cash and cash equivalents at end of period	$ 108	$ 24	$ 194	$ —	$ 286,500	$ 14,399	$ 301,225

(in thousands, except share data)

	For the year ended December 31, 2008						
	Issuer	Guarantors					
	FMC Finance III	FMC-AG & Co. KGaA	D-GmbH	FMCH	Non-Guarantor Subsidiaries	Combining Adjustment	Combined Total
Operating Activities:							
Net income (loss)	$ 443	$ 817,607	$ 15,142	$ 523,737	$ 740,572	$(1,237,513)	$ 859,988
Adjustments to reconcile net income to net cash provided by (used in) operating activities:							
Equity affiliate income	—	(462,412)	—	(568,804)	—	1,031,216	—
Depreciation and amortization	—	1,472	40,895	888	393,558	(21,142)	415,671
Change in deferred taxes, net	—	(7,951)	3,169	—	97,726	40,103	133,047
(Gain) Loss on sale of fixed assets and investments	—	(422)	(55)	—	(21,009)	422	(21,064)
Write-up of loans from related parties	—	(17,727)	—	—	—	17,727	—
Compensation expense related to stock options	—	31,879	—	—	—	—	31,879
Changes in assets and liabilities, net of amounts from businesses acquired:							
Trade accounts receivable, net	—	—	(34,889)	—	(207,078)	—	(241,967)
Inventories	—	—	(27,549)	—	(82,328)	15,765	(94,112)
Prepaid expenses and other current and non-current assets	—	(32,757)	(25,384)	(3,964)	(30,156)	8,172	(84,089)
Accounts receivable from / payable to related parties	899	(318,373)	43,853	34,620	104,895	166,358	32,252
Accounts payable, accrued expenses and other current and non-current liabilities	(1,237)	1,140	22,438	(4,538)	(38,463)	3,620	(17,040)
Income tax payable	96	(49,994)	—	(29,118)	91,779	(10,930)	1,833
Net cash provided by (used in) operating activities	201	(37,538)	37,620	(47,179)	1,049,496	13,798	1,016,398
Investing Activities:							
Purchases of property, plant and equipment	—	(186)	(77,381)	—	(646,396)	36,607	(687,356)
Proceeds from sale of property, plant and equipment	—	16	1,348	—	12,482	—	13,846
Disbursement of loans to related parties	—	(123,908)	177	164,746	—	(41,015)	—
Acquisitions and investments, net of cash acquired, and net purchases of intangible assets	—	(36,148)	(39,721)	—	(186,477)	(14,127)	(276,473)
Proceeds from divestitures	—	—	—	—	58,582	—	58,582
Net cash (used in) provided by investing activities	—	(160,226)	(115,577)	164,746	(761,809)	(18,535)	(891,401)
Financing Activities:							
Short-term borrowings, net	—	36,847	78,179	—	(123,064)	—	(8,038)
Long-term debt and capital lease obligations, net	—	366,231	(221)	(117,567)	(644,378)	41,015	(354,920)
Increase (decrease) of accounts receivable securitization program	—	—	—	—	454,000	—	454,000
Proceeds from exercise of stock options	—	36,755	—	—	7,132	—	43,887
Dividends paid	(222)	(252,395)	—	—	163	59	(252,395)
Capital increase (decrease)	—	—	—	—	35,873	(35,873)	—
Distributions to Noncontrolling interests	—	—	—	—	(38,592)	—	(38,592)
Net cash (used in) provided by financing activities	(222)	187,438	77,958	(117,567)	(308,866)	5,201	(156,058)
Effect of exchange rate changes on cash and cash equivalents	—	10,326	(2)	—	(2,419)	50	7,955
Cash and Cash Equivalents:							
Net (decrease) increase in cash and cash equivalents	(21)	—	(1)	—	(23,598)	514	(23,106)
Cash and cash equivalents at beginning of period	44	—	45	—	244,601	—	244,690
Cash and cash equivalents at end of period	$ 23	$ —	$ 44	$ —	$ 221,003	$ 514	$ 221,584

(in thousands, except share data)

	For the year ended December 31, 2007						
	Issuer	Guarantors					
	FMC Finance III	FMC-AG & Co. KGaA	D-GmbH	FMCH	Non-Guarantor Subsidiaries	Combining Adjustment	Combined Total
Operating Activities:							
Net income (loss)	$ 227	$ 717,130	$ (9,055)	$ 479,923	$ 734,093	$(1,167,008)	$ 755,310
Adjustments to reconcile net income to net cash provided by (used in) operating activities:							
Equity affiliate income	—	(559,674)	—	(591,969)	—	1,151,643	—
Depreciation and amortization	—	2,025	33,620	—	344,844	(17,159)	363,330
Change in deferred taxes, net	—	(14,012)	396	—	21,821	(7,028)	1,177
(Gain) Loss on sale of fixed assets and investments	—	(303)	776	—	3,527	(384)	3,616
Write-up of loans from related parties	—	17,390	—	—	—	(17,390)	—
Compensation expense related to stock options	—	24,208	—	—	—	—	24,208
Changes in assets and liabilities, net of amounts from businesses acquired:							
Trade accounts receivable, net	—	—	(18,536)	—	(44,199)	—	(62,735)
Inventories	—	—	(13,322)	—	(72,294)	12,791	(72,825)
Prepaid expenses and other current and non-current assets	49	(7,907)	13,690	8,588	(406)	(20,637)	(6,623)
Accounts receivable from / payable to related parties	(17,450)	(77,549)	(53,019)	55,923	82,296	(12,466)	(22,265)
Accounts payable, accrued expenses and other current and non-current liabilities	17,124	15,247	17,312	(1,973)	74,258	(8,008)	113,960
Income tax payable	94	38,393	—	(74,698)	99,923	38,709	102,421
Net cash provided by (used in) operating activities	44	154,948	(28,138)	(124,206)	1,243,863	(46,937)	1,199,574
Investing Activities:							
Purchases of property, plant and equipment	—	(217)	(62,954)	—	(541,701)	32,151	(572,721)
Proceeds from sale of property, plant and equipment	—	4	1,153	—	28,511	—	29,668
Disbursement of loans to related parties	—	3,435	155	120,437	(9,527)	(114,500)	—
Acquisitions and investments, net of cash acquired, and net purchases of intangible assets	—	35,377	(1,015)	—	(261,738)	(36,019)	(263,395)
Proceeds from divestitures	—	—	—	—	29,495	—	29,495
Net cash provided by (used in) investing activities	—	38,599	(62,661)	120,437	(754,960)	(118,368)	(776,953)
Financing Activities:							
Short-term borrowings, net	—	(3,015)	91,080	—	(101,380)	—	(13,315)
Long-term debt and capital lease obligations, net	—	(38,916)	(274)	11,897	(56,958)	114,500	30,249
(Decrease) increase of accounts receivable securitization program	—	—	—	—	(181,000)	—	(181,000)
Proceeds from exercise of stock options	—	38,757	—	—	8,177	—	46,934
Cash paid for repurchase preferred stock	—	—	—	(7,660)	—	—	(7,660)
Dividends paid	—	(188,407)	—	—	(12,671)	12,671	(188,407)
Capital (decrease) increase	—	—	—	—	(36,018)	36,018	—
Distributions to Noncontrolling interests	—	—	—	(468)	(27,001)	—	(27,469)
Net cash (used in) provided by financing activities	—	(191,581)	90,806	3,769	(406,851)	163,189	(340,668)
Effect of exchange rate changes on cash and cash equivalents	—	(1,988)	4	—	3,595	2,116	3,727
Cash and Cash Equivalents:							
Net increase (decrease) in cash and cash equivalents	44	(22)	11	—	85,647	—	85,680
Cash and cash equivalents at beginning of period	—	22	34	—	158,954	—	159,010
Cash and cash equivalents at end of period	$ 44	$ —	$ 45	$ —	$ 244,601	$ —	$ 244,690

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Fresenius Medical Care

FRESENIUS MEDICAL CARE US FINANCE, INC.
$650,000,000 5.75% Senior Notes due 2021
Guaranteed on a senior basis by Fresenius Medical Care AG & Co. KGaA, Fresenius Medical Care Holdings, Inc. and Fresenius Medical Care Deutschland GmbH

FMC FINANCE VII S.A.
€300,000,000 5.25% Senior Notes due 2021
Guaranteed on a senior basis by Fresenius Medical Care AG & Co. KGaA, Fresenius Medical Care Holdings, Inc. and Fresenius Medical Care Deutschland GmbH

OFFERING MEMORANDUM
FEBRUARY 22, 2011

Global Coordinator
Lead Manager and Bookrunner
BofA Merrill Lynch

Joint Lead Managers and Bookrunners for the Dollar-denominated Notes

Deutsche Bank Barclays Capital J.P. Morgan

Joint Lead Managers and Bookrunners for the Euro-denominated Notes

Deutsche Bank Commerzbank Crédit Agricole CIB

Co-Lead Managers for the Dollar-denominated Notes

BNP PARIBAS DnB NOR Markets HSBC
RBC Capital Markets Scotia Capital
SunTrust Robinson Humphrey Wells Fargo Securities

Co-Lead Managers for the Euro-denominated Notes

DZ BANK AG Landesbank Baden-Württemberg
Mediobanca Société Générale Corporate and Investment Banking
The Royal Bank of Scotland WestLB AG