PROSPECTUS

NOT FOR GENERAL DISTRIBUTION
IN THE UNITED STATES

Fresenius Finance B.V.

Up to €[●] [●]% Senior Notes due 2024

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

Fresenius Finance B.V. (the "**Issuer**") will issue on or about February 11, 2014 (the "**Issue Date**") up to €[●] aggregate principal amount of its [●]% fixed rate senior notes due 2024 (the "**Notes due 2024**" or the "**Notes**") (the "**Offering**"). The Issuer will pay interest on the Notes semi-annually on February 1 and August 1 of each year, commencing August 1, 2014. The Notes due 2024 will mature on February 1, 2024.

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

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

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

This prospectus has been approved by the Commission de Surveillance du Secteur Financier (the "**CSSF**"), in its capacity as competent authority under the Luxembourg Prospectus Law, and will be published in electronic form on the website of the Luxembourg Stock Exchange (http://www.bourse.lu). We have requested that the CSSF provide the competent authority in the Federal Republic of Germany ("**Germany**") with a certificate of approval attesting that this prospectus has been prepared in accordance with the Luxembourg Prospectus Law (the "**Notification**"). Until such Notification is given in Germany, and at all times in other member states of the European Economic Area (the "**EEA**"), offers will be made only pursuant to an exception under Section 3 of the German Securities Prospectus Act (*Wertpapierprospektgesetz*, "**WpPG**") or an applicable exception under the national legislation of the relevant member state of the EEA implementing the Prospectus Directive, as the case may be. According to article 7 (7) of the Luxembourg Law on prospectuses for securities the CSSF assumes no responsibility as to the economical and financial soundness of the transaction and the quality or solvency of the Issuer.

Application has been made to list the Notes on the official list of the Luxembourg Stock Exchange and to admit the Notes to trading on the regulated market of the Luxembourg Stock Exchange, a market appearing on the list of regulated markets issued by the European Commission pursuant to Directive 2004/39/EC of April 21, 2004 on markets in financial instruments.

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

Notes due 2024 Issue Price: To be determined

Delivery of the Notes in book-entry form will be made through Euroclear and Clearstream, expected on or about February 11, 2014.

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

Joint Lead Managers and Bookrunners

Deutsche Bank **BNP PARIBAS** **Credit Suisse** **RBS**

Co-Lead Managers

CM-CIC **Danske Bank** **Morgan Stanley** **Nordea**

The date of this prospectus is January 28, 2014.

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

TABLE OF CONTENTS

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

NOTICE TO NEW HAMPSHIRE RESIDENTS

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

IMPORTANT INFORMATION ABOUT AND DEFINITIONS USED IN THIS PROSPECTUS

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

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

- "*Fresenius SE & Co. KGaA*", the "*Parent Guarantor*" and the "*Company*" refer to Fresenius SE & Co. KGaA (until January 28, 2011, known as Fresenius SE and previously, until July 13, 2007, known as Fresenius AG) only and not to any of its subsidiaries;
- "*we*", "*us*", "*our*", the "*Fresenius Group*", the "*Group*" and "*Fresenius*" refer to Fresenius SE & Co. KGaA and its subsidiaries on a consolidated basis;
- "*2012 FMC Senior Credit Agreement*" refers to Fresenius Medical Care's syndicated agreement which it entered into in order to refinance certain of its existing indebtedness.
- "*2013 Senior Credit Agreement*" refers to the syndicated credit agreement of the Guarantors and certain other Fresenius Group companies entered into in connection with the refinancing of the senior credit agreement made in 2008;
- "*Bridge Financing Facility*" refers to the bridge term loan facility agreement entered into on October 15, 2013, between Fresenius SE & Co. KGaA, as borrower, and Fresenius Kabi AG and Fresenius ProServe GmbH, as guarantors, in which a group of banks have agreed to

make available up to €1.8 billion to be utilized to partially fund the purchase of hospitals and certain other related companies from Rhön-Klinikum AG and to pay expenses in connection with such purchase;

- "*CVR*" refers to the contingent value rights that were issued in connection with the acquisition of Fresenius Kabi USA and were delisted in the first quarter of 2011;
- "*Damp Group*" refers collectively to Damp Holding GmbH (formerly Damp Holding AG) and those of its affiliates that together constitute a group of companies acquired by HELIOS on March 19, 2012;
- "*Dutch GAAP*" refers to accounting principles generally accepted in the Netherlands pursuant to the Dutch Civil Code;
- "*euro*" or "€" refers to Euro, the currency of the European Union member states participating in the European Monetary Union;
- "*Fenwal*" refers to Fenwal Holdings, Inc., a U.S.-based company acquired by Fresenius Kabi;
- "*FMCH*" refers to Fresenius Medical Care Holdings, Inc., only;
- "*FMC Management AG*" refers to Fresenius Medical Care Management AG, only;
- "*FPS Beteiligungs-AG*" refers to FPS Beteiligungs-AG, only;
- "*Fresenius AG*" was the legal name of the Company until July 13, 2007;
- "*Fresenius Biotech*" refers to Fresenius Biotech GmbH;
- "*Fresenius Finance II B.V.*" refers to Fresenius Finance II B.V., only;
- "*Fresenius Finance B.V.*" or the "Issuer" refers to Fresenius Finance B.V., only;
- "*Fresenius Helios*" and "HELIOS" refer to HELIOS Kliniken GmbH and Wittgensteiner Kliniken GmbH and their subsidiaries on a consolidated basis;
- "*Fresenius Kabi*" refers to Fresenius Kabi AG and its subsidiaries on a consolidated basis;
- "*Fresenius Kabi AG*" refers to Fresenius Kabi AG and not to any of its subsidiaries;
- "*Fresenius Kabi USA*" refers to Fresenius Kabi USA, Inc. (previously known as APP Pharmaceuticals, Inc.) and its subsidiaries on a consolidated basis;
- "*Fresenius Medical Care*" refers to Fresenius Medical Care AG & Co. KGaA and its subsidiaries on a consolidated basis, as a standalone company and/or as our consolidated subsidiary and business segment, as the context may require;
- "*FMC AG & Co. KGaA*" refers to Fresenius Medical Care AG & Co. KGaA only;
- "*FMC Germany*" refers to Fresenius Medical Care Deutschland GmbH;
- "*Fresenius ProServe*" refers to Fresenius ProServe GmbH and its subsidiaries on a consolidated basis;
- "*Fresenius ProServe GmbH*" refers to Fresenius ProServe GmbH and not to any of its subsidiaries;
- "*Fresenius SE*" was the legal name of the Company between July 13, 2007, until January 28, 2011;
- "*Fresenius US Finance I*" refers to Fresenius US Finance I, Inc.;
- "*Fresenius US Finance II*" refers to Fresenius US Finance II, Inc.;
- "*Fresenius Vamed*" and "*VAMED*" refer to VAMED AG and its subsidiaries on a consolidated basis;
- "*German GAAP*" refers to accounting principles generally accepted in Germany pursuant to the German Commercial Code (*Handelsgesetzbuch — HGB*);

- "*Guarantors*" refers to the Parent Guarantor and the Subsidiary Guarantors;
- "*IFRS*" refers to International Financial Reporting Standards of the International Accounting Standards Board, as adopted by the European Union;
- "*Initial Purchasers*" refers to Deutsche Bank AG, London Branch, BNP Paribas, Credit Suisse Securities (Europe) Limited, The Royal Bank of Scotland plc, CM-CIC Securities, Danske Bank A/S, Morgan Stanley & Co. International plc, and Nordea Bank Danmark A/S in their respective capacities as initial purchasers of Notes to be offered pursuant to private placements;
- "*Indenture*" refers to the indenture under which the Notes due 2024 will be issued;
- "*Leverage Ratio*" refers to the ratio of net debt to EBITDA for the consolidated Fresenius Group;
- "*MEB*" refers to the mandatory exchangeable bonds that were issued in connection with the acquisition of Fresenius Kabi USA and matured on August 14, 2011;
- "*Notes*" or "*Notes due 2024*" refers to the Issuer's fixed rate senior notes due 2024 that are the subject of this prospectus;
- "*Outstanding Senior Notes*" refers to the various outstanding senior unsecured notes to which the Guarantors are parties as guarantors thereof;
- "*Principal Paying and Transfer Agent*" refers to Deutsche Bank Aktiengesellschaft Frankfurt, Grosse Gallusstrasse 10-14, 60262 Frankfurt am Main, Germany;
- "*RCG*" refers to Renal Care Group, Inc. and its subsidiaries on a consolidated basis;
- "*Rhön-Klinikum*" and "*Rhön*" refer to Rhön-Klinikum AG and its subsidiaries on a consolidated basis;
- "*Subsidiary Guarantors*" refers to Fresenius Kabi AG and Fresenius ProServe GmbH;
- "*Trustee*" refers to Deutsche Trustee Company Limited, Winchester House, 1 Great Winchester Street, London EC2N 2D, United Kingdom;
- "*U.S. dollar*" or "*US$*" refers to the U.S. dollar, the currency of the United States of America; and
- "*U.S. GAAP*" refers to accounting principles generally accepted in the United States of America.

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

RESPONSIBILITY STATEMENT

Fresenius Finance B.V., Amersfoortseweg 10E, 3705 GJ, Zeist, Netherlands, along with Fresenius SE & Co. KGaA, Fresenius Kabi AG and Fresenius ProServe GmbH, all located at Else-Kröner-Strasse 1, 61352 Bad Homburg vor der Höhe, Germany, assume responsibility for the content of this prospectus and hereby declare that the information contained in this prospectus is, to the best of their knowledge, in accordance with the facts and that no material circumstances are omitted, and that they have taken all reasonable care to ensure that the information contained in this prospectus is, to the best of their knowledge, in accordance with the facts and contains no omission likely to affect its import.

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

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

NOTICE TO INVESTORS

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

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

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

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

Each person receiving this prospectus acknowledges that (1) we have afforded it an opportunity to request and to review, and it has received, all additional information considered by it to be necessary to verify the accuracy of or to supplement the information contained in this prospectus, (2) investing in the Notes involves risks, (3) it has not relied upon any Initial Purchaser or any person affiliated with any Initial Purchaser in connection with its investigation of the accuracy of such information or its investment decision, (4) this prospectus relates to offerings exempt from registration under the Securities Act and does not comply in important respects with Securities and

Exchange Commission ("**SEC**") rules that would apply to an offering document relating to a public offering of securities and (5) no person has been authorized to give information or to make any representation concerning us, this offering or the Notes, other than as contained in this prospectus and the incorporated documents, in connection with an investor's examination of us and the terms of this offering.

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

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

NOTICE TO INVESTORS IN THE EUROPEAN ECONOMIC AREA

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

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

(b) to fewer than 100 or, if the Relevant Member State has already implemented the relevant provision of the Directive 2010/73/EU, 150 natural or legal persons (other than qualified investors as defined in the Prospectus Directive), as permitted under the Prospectus Directive, subject to obtaining the prior consent of the Initial Purchasers nominated by the relevant Issuer for any such offer; or

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

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

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

NOTICE TO INVESTORS IN GERMANY

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

NOTICE TO INVESTORS IN THE NETHERLANDS

The Notes are not and may not be offered in The Netherlands other than to persons or entities who or which are "Qualified Investors" as defined in the Prospectus Directive.

NOTICE TO INVESTORS IN THE UNITED KINGDOM

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

DISCLOSURE REGARDING FORWARD-LOOKING STATEMENTS

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

- changes in general economic conditions, particularly economic conditions in our core markets;
- changes in the markets in which we operate;
- changes affecting interest rates;
- changes affecting currency exchange rates;
- changes in levels of competition;

- changes in governmental and commercial insurer reimbursement for our complete products and services portfolio, including the new Medicare reimbursement system for dialysis services;
- changes in utilization patterns for pharmaceuticals and in our costs of purchasing pharmaceuticals;
- the outcome of ongoing government investigations;
- the influence of private insurers and managed care organizations;
- the impact of recently enacted and possible future 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;
- risks relating to compliance with the myriad government regulations applicable to our business including anti-corruption acts and other comparable regulatory regimes in many of the countries in which we supply services or products;
- introduction of generic or new pharmaceuticals that compete with our pharmaceutical products;
- changes in supply costs; and
- the financial stability and liquidity of our governmental and commercial payers.

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

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

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

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

INDUSTRY INFORMATION

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

SUMMARY

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

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

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

A — INTRODUCTION AND WARNINGS

A.1 Introduction and warnings

Warning that:

- this summary should be read as introduction to the prospectus;
- any decision to invest in the Notes should be based on consideration of the prospectus as a whole by the investor;
- where a claim relating to the information contained in this prospectus is brought before a court, the plaintiff investor might, under the national legislation of the Member States, have to bear the costs of translating the prospectus before the legal proceedings are initiated; and
- civil liability attaches only to those persons who have tabled the summary including any translation thereof, but only if the summary is misleading, inaccurate or inconsistent when read together with the other parts of the prospectus or it does not provide, when read together with the other parts of the prospectus, key information in order to aid investors when considering whether to invest in the Notes.

A.2 Consent of the Issuer to subsequent resale or final placement

Deutsche Bank AG, London Branch, BNP Paribas, Credit Suisse Securities (Europe) Limited, The Royal Bank of Scotland plc, CM-CIC Securities, Danske Bank A/S, Morgan Stanley & Co. International plc, and Nordea Bank Danmark A/S (together, the "**Initial Purchasers**") and/or each further financial intermediary subsequently reselling or finally placing the Notes is entitled to use this prospectus for the subsequent resale or final placement of the Notes in Luxembourg and Germany during the offer period for the subsequent resale or final placement of the Notes from the end of the offer to the public until 11:59 p.m. (Central European Time) on January 30, 2014, provided however, that this prospectus is still valid in accordance with Article 11 of the Luxembourg Prospectus Law.

Fresenius Finance B.V. (the "**Issuer**") consents to the use of the prospectus by all financial intermediaries (general consent) and accepts responsibility for the content of the prospectus also with respect to subsequent resale or final placement of the Notes by any financial intermediary which was given consent to use the prospectus.

Each financial intermediary using this prospectus has to state on its website that it uses this prospectus in accordance with the consent and the conditions attached thereto.

In the event of an offer being made by any Initial Purchaser and/or a further financial intermediary, such Initial Purchaser and/or further financial intermediary shall provide information to investors on the terms and conditions of the Notes at the time of that offer.

B — ISSUER AND GUARANTORS

B.1 Legal and commercial name of the Issuer

The legal and commercial name of the Issuer is Fresenius Finance B.V.

B.2 Domicile, legal form, legislation, country of incorporation

Fresenius Finance B.V. is a private limited company (*besloten vennootschap met beperkte aansprakelijkheid*) incorporated under the laws of the Netherlands with its registered seat (*Sitz*) at Amersfoortseweg 10E, 3705 GJ, Zeist, Netherlands.

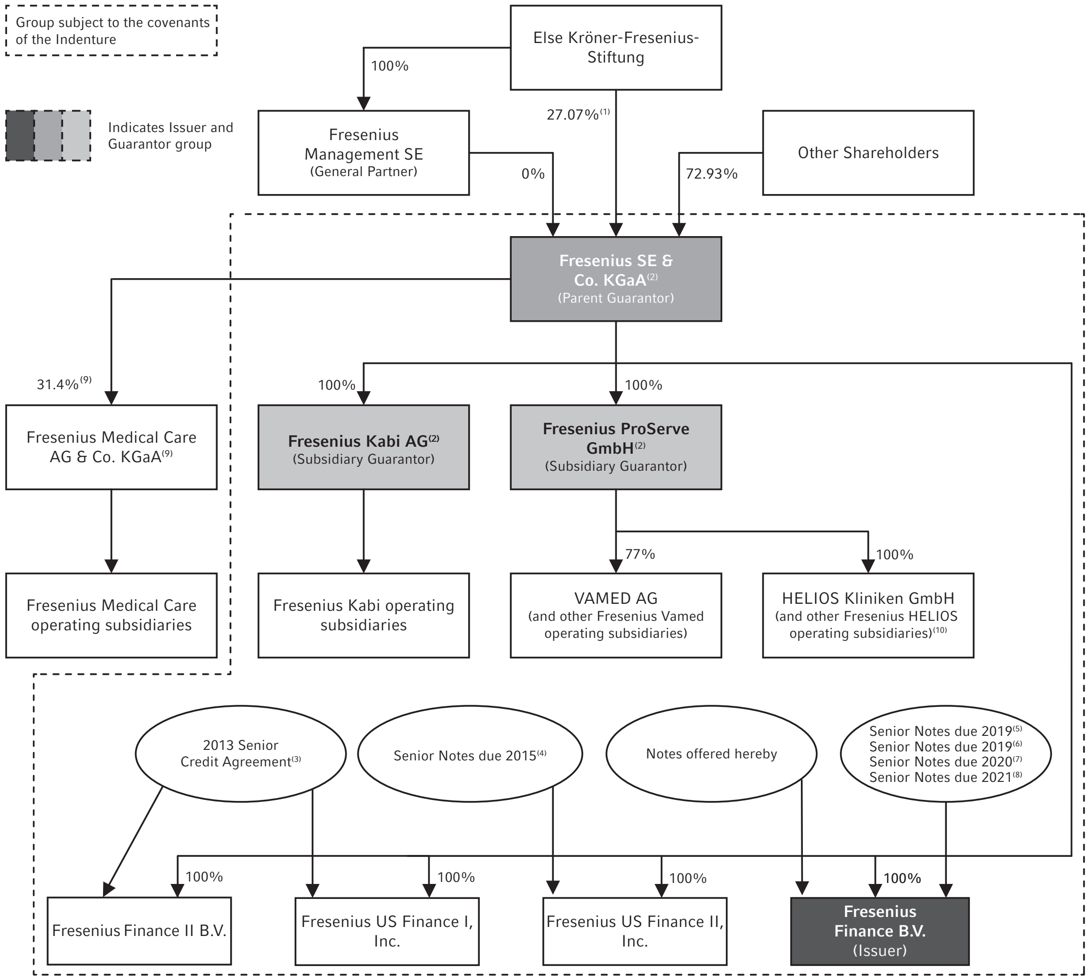
B.4b Description of any known trends affecting the Issuer and the industries in which it operates

Not applicable; there are no known trends which affect the Issuer.

B.5 Description of the Group and the Issuer's position within the Group

The Fresenius Group is headed by Fresenius SE & Co. KGaA which acts as holding company for the Group. Fresenius Finance B.V., Fresenius Kabi AG and Fresenius ProServe GmbH are wholly-owned subsidiaries of Fresenius SE & Co. KGaA; as of September 30, 2013, the stake in FMC AG & Co. KGaA amounts to 31.4%. Fresenius Kabi AG acts as the holding company for our business segment Fresenius Kabi. Fresenius ProServe GmbH acts as the holding company for our business segments Fresenius Helios and Fresenius Vamed. FMC AG & Co. KGaA acts as holding company for the fully consolidated Fresenius Medical Care which is again controlled by its general partner Fresenius Medical Care Management AG, a wholly-owned subsidiary of Fresenius SE & Co. KGaA.

The following diagram depicts, in abbreviated form, the corporate structure and certain debt obligations of Fresenius Group as of September 30, 2013 immediately after giving effect to the offering of the Notes. The Guarantors and certain of their respective subsidiaries will be subject to the (restrictive) covenants in the Indenture, e.g., limitation on incurrence of indebtedness, limitation on sale and leaseback transactions, existence, payment of taxes and other claims, payment of additional amounts, additional guarantors, quarterly and annual reports and compliance certificate.



(1) Our corporate structure as of the date of this prospectus did not materially change compared with our corporate structure as of September 30, 2013. The Else Kröner-Fresenius-Stiftung as major shareholder informed the Company in December 2012, that it held 48,231,698 ordinary shares of Fresenius SE & Co. KGaA which represents 27.07% of the subscribed capital on December 31, 2012.

(2) Each of the Guarantors has given senior guarantees for the Outstanding Senior Notes and the Notes offered hereby. Except for the covenants as described in this prospectus, the Notes will not be guaranteed by any of the other subsidiaries of the Parent Guarantor.

(3) As of September 30, 2013, an aggregate amount of €1,761 million was outstanding under the 2013 Senior Credit Agreement. The Guarantors and certain US subsidiaries of Fresenius Kabi AG have each given senior guarantees under the 2013 Senior Credit Agreement. The 2013 Senior Credit Agreement is secured by pledges of capital stock of certain material subsidiaries of Fresenius Kabi AG in favor of the lenders.

(4) On January 21, 2009, Fresenius US Finance II, Inc. issued US$500 million aggregate principal amount of 9.00% senior notes and €275 million aggregate principal amount of 8.75% senior notes, both due 2015.

(5) On March 28, 2012, the Issuer issued €500 million aggregate principal amount of 4.25% senior notes due 2019.

(6) On January 23, 2014 the Issuer issued €300 million aggregate principal amount of 2.375% senior notes due 2019.

(7) On January 24, 2013, the Issuer issued €500 million aggregate principal amount of 2.875% senior notes due 2020.

(8) On January 23, 2014, the Issuer issued €450 million aggregate principal amount 3.000% senior notes due 2021.

(9) As of September 30, 2013, Fresenius SE & Co. KGaA owned 31.4% of the outstanding ordinary voting shares of FMC AG & Co. KGaA. FMC AG & Co. KGaA is a German partnership limited by shares. Fresenius Medical Care Management AG, the general partner of FMC AG & Co. KGaA, is a wholly-owned subsidiary of Fresenius SE & Co. KGaA. Because corporate decisions are taken by the general partner for German partnerships limited by shares, Fresenius SE & Co. KGaA has and, as long as it maintains ownership of more than 25% of the share capital of FMC AG & Co. KGaA, will retain a factual controlling position (*faktische Kontrolle*) in FMC AG & Co. KGaA under the articles of association of FMC AG & Co. KGaA. Since this factual controlling position (*faktische Kontrolle*) meets the control test for purposes of consolidation, Fresenius SE & Co. KGaA fully consolidates Fresenius Medical Care in its consolidated financial statements.

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

(10) On September 13, 2013, Fresenius Helios announced that it has signed a binding agreement to acquire 43 hospitals and 15 outpatient facilities (as well as related service and real estate companies) from Rhön-Klinikum AG which will be owned, in whole or in part, by certain Fresenius Helios entities.

B.9 Profit forecast or estimate

Not applicable; no profit forecast or estimate is made.

B.10 Qualifications in the audit report on the historical financial information

Not applicable; KPMG Accountants N.V. issued unqualified auditor's reports on the unconsolidated financial statements of the Issuer for the fiscal years ended on December 31, 2012 and 2011.

B.12 Selected historical key financial information

Under Dutch GAAP, at June 30, 2013, the Issuer had total assets of €1,328 million, mainly consisting of financial fixed assets of €1,111 million and receivables from affiliated companies of €217 million, cash and cash equivalents of €584 thousand and shareholders' equity of €5 million.

	Six months ended June 30,		Year ended December 31,	
	2013	2012	2012	2011
	(unaudited)			
	(million €)			
Sales	0	0	0	0
Profit from operations	1	2	3	3
Cash provided by operating activities	5	(1)	2	4

	At June 30, 2013	At December 31, 2012	At December 31, 2011
	(unaudited)		
	(million €)		
Total assets	1,328	2,007	1,794
Equity	(5)	(3)	2

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

Other than the issuance of senior notes in the aggregate principal amount of €750 million on January 23, 2014, there has been no material adverse change in the prospects of the Issuer since December 31, 2012.

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

There has been no significant change in the financial or trading position of the Issuer since June 30, 2013.

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

Other than the issuance of senior notes in the aggregate principal amount of €750 million on January 23, 2014, there are no recent events particular to the Issuer which are to a material extent relevant to the evaluation of the Issuer's solvency.

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

Please see Element B.5.

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

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

B.15 Description of the Issuer's principal activities

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

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

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

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

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

However, the following credit ratings have been issued for senior notes of the Issuer:(1) (2)

	Standard & Poor's(3)	Moody's(4)
€500 million 4.250% senior notes due 2019	BB+	Ba1
€300 million 2.375% senior notes due 2019	BB+	Ba1
€500 million 2.875% senior notes due 2020	BB+	Ba1
€450 million 3.000% senior notes due 2021	BB+	Ba1

(1) The European Securities and Markets Authority publishes on its website (http://www.esma.europa.eu/page/List-registered-and-certified-CRAs) a list of credit rating agencies registered in accordance with the Regulation (EC) No 1060/2009 of the European Parliament and of the Council of 16 September 2009 on credit rating agencies, as amended (the "**CRA Regulation**"). That list is updated within five working days following the adoption of a decision under Article 16, 17 or 20 CRA Regulation. The European Commission shall publish that update list in the Official Journal of the European Union within 30 days following such update.

(2) A credit rating assesses the creditworthiness of an entity and informs an investor therefore about the probability of the entity being able to redeem invested capital. It is not a recommendation to buy, sell or hold securities and may be revised or withdrawn by the rating agency at any time.

(3) Standard & Poor's Credit Market Services Europe Limited (German Branch) is established in the European Community and is registered under the CRA Regulation. According to Standard & Poor's: "BB+ is considered the highest speculative grade by market participants." "An obligation rated 'BB' is less vulnerable to nonpayment than other speculative issues. However, it faces major ongoing uncertainties or exposure to adverse business, financial, or economic conditions which could lead to the obligor's inadequate capacity to meet its financial commitment on the obligation. The ratings … may be modified by the addition of a plus (+) or minus (-) sign to show relative standing within the major rating categories."

(4) Moody's Deutschland GmbH is established in the European Community and is registered under the CRA Regulation. According to Moody's: "Obligations rated Ba are judged to have speculative elements and are subject to substantial credit risk. Moody's appends numerical modifiers 1, 2, and 3 to each generic rating classification from Aa through Caa. The modifier 1 indicates that the obligation ranks in the higher end of its generic rating category."

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

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

B.19 Section B information about the guarantor as if it were the issuer of the same type of security that is the subject of the guarantee. Therefore provide such information as required for a summary for the relevant annex.

B.19 B.1 Legal and commercial name of the Parent Guarantor

The legal and commercial name of the Parent Guarantor is Fresenius SE & Co. KGaA.

B.19 B.2 Domicile, legal form, legislation, country of incorporation

Fresenius SE & Co. KGaA is a partnership limited by shares (*Kommanditgesellschaft auf Aktien*) incorporated under the laws of Germany with its registered seat (*Sitz*) at Else-Kröner-Strasse 1, 61352 Bad Homburg vor der Höhe, Germany.

B.19 B.4b Description of any known trends affecting the Guarantor and the industries in which it operates

Fresenius is an international healthcare group with products and services for dialysis, hospitals and outpatient medical care. The health care sector is one of the world's largest industries. It is relatively insensitive to economic fluctuations compared to other sectors and has posted above-average growth over the past years.

The major trends affecting the health care sector are:

- rising medical needs deriving from aging populations;
- the growing number of chronically ill or multimorbid patients;
- stronger demand for innovative products and therapies;
- advances in medical technology;
- growing health consciousness, increasing the demand for health care services and facilities; and

- ongoing cost-containment efforts and price pressure in the public healthcare sector,

In the emerging markets additional trends are:

- expanding availability and correspondingly greater demand for basic health care; and
- increasing national incomes and hence higher spending on health care.

B.19 B.5 Description of the Group and the Guarantor's position within the Group

Please see Element B.5.

B.19 B.9 Profit forecast or estimate

Not applicable; no profit forecast or estimate is made.

B.19 B.10 Qualifications in the audit report on the historical financial information

Not applicable; KPMG AG issued respective unqualified auditor's reports, in accordance with U.S. GAAP and with IFRS, on the consolidated financial statements of Fresenius SE & Co. KGaA for the fiscal years ended on December 31, 2012 and 2011.

B.19 B.12 Selected historical key financial information

The selected consolidated financial information below (including ratios) reflects the full consolidation of Fresenius Medical Care's financial statements in our financial statements. Dividends are received by the Company only in proportion to its economic interest in Fresenius Medical Care and are also limited by the terms of certain of Fresenius Medical Care's debt instruments. At September 30, 2013, the Company owned 31.4% of the outstanding ordinary voting shares of FMC AG & Co. KGaA.

The following tables present selected consolidated financial information and business segment data for our Group for the nine months ended September 30, 2013 and 2012, for the twelve months ended September 30, 2013 and each of the financial years ended December 31, 2012, 2011 and 2010. We derived the selected financial data from our consolidated financial statements prepared in accordance with U.S. GAAP. Business segment data is clearly identified as such in the tables. The interim consolidated financial statements for the periods ended September 30, 2013 and 2012 are unaudited.

The historical financial information for the twelve months ended September 30, 2013 set forth below was derived by adding the Group's consolidated financial data for the nine months ended September 30, 2013 to the Group's consolidated financial data for the twelve months ended December 31, 2012 and subtracting the Group's consolidated financial data for the nine months ended September 30, 2012. The financial information for the twelve months ended September 30, 2013 has been prepared for illustrative purposes only and is not necessarily representative of our results of operations for any future period or our financial condition at any future date.

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

Selected Consolidated Financial Data

Selected Consolidated Statement of Income Data

	Twelve months ended September 30, 2013	Nine months ended September 30, 2013	Nine months ended September 30, 2012	Year ended December 31, 2012	Year ended December 31, 2011	Year ended December 31, 2010
	(unaudited)	(unaudited)				
	(million €)					
Sales[(1)]	20,222	15,032	14,100	19,290	16,361	15,972
Cost of sales	(13,832)	(10,327)	(9,497)	(13,002)	(10,987)	(10,646)
Gross profit	6,390	4,705	4,603	6,288	5,374	5,326
Selling, general and administrative expenses	(3,113)	(2,285)	(2,172)	(3,000)	(2,544)	(2,664)
Research and development expenses	(343)	(252)	(214)	(305)	(267)	(244)
Operating income (EBIT)[(2)]	2,934	2,168	2,217	2,983	2,563	2,418
Net interest expense	(635)	(449)	(480)	(666)	(531)	(566)
Other financial result[(3)]	2	0	(37)	(35)	(100)	(66)
Investment gain[(4)]	0	0	109	109	0	0
Income taxes	(635)	(488)	(512)	(659)	(604)	(581)
Noncontrolling interest[(5)]	(698)	(504)	(612)	(806)	(638)	(583)
Net income attributable to Fresenius SE & Co. KGaA	968	727	685	926	690	622
Operating income (EBIT), adjusted[(6)]	3,053	2,202	2,224	3,075	2,563	2,418
Net income attributable to Fresenius SE & Co. KGaA, adjusted[(7)]	1,009	753	682	938	770	660

Selected Consolidated Statement of Financial Position Data

	At September 30, 2013	At December 31, 2012	At December 31, 2011	At December 31, 2010
	(unaudited)			
	(million €)			
Total assets	**30,678**	**30,664**	**26,321**	**23,577**
Total of Fresenius SE & Co. KGaA shareholders' equity	(7,846)	(7,633)	(5,971)	(4,965)
Total liabilities and shareholders' equity	**(30,678)**	**(30,664)**	**(26,321)**	**(23,577)**

Selected Consolidated Cash Flow Statement Data

	Twelve months ended September 30, 2013	Nine months ended September 30, 2013	Nine months ended September 30, 2012	Year ended December 31, 2012	Year ended December 31, 2011	Year ended December 31, 2010
	(unaudited)	(unaudited)				
	(million €)					
Cash provided by operating activities	2,197	1,566	1,807	2,438	1,689	1,911
Cash used in investing activities	(1,188)	(957)	(3,020)	(3,251)	(2,072)	(1,237)
Cash provided by (used in) financing activities	(1,072)	(600)	1,547	1,075	242	(352)

Selected Other Consolidated Financial Information

	Twelve months ended September 30, 2013	Nine months ended September 30, 2013	Nine months ended September 30, 2012	Year ended December 31, 2012	Year ended December 31, 2011	Year ended December 31, 2010
	(unaudited)	(unaudited)				
	(million €, except ratios)					
EBITDA[(8)(9)(10)]	3,770	2,790	2,779	3,759	3,237	3,057
EBITDA, adjusted[(8)(9)(10)]	3,889	2,824	2,786	3,851	3,237	3,057
Net debt (as of September 30 or December 31)[(11)]	10,206	10,206	9,556	10,143	9,164	8,015
Net interest expense	(635)	(449)	(480)	(666)	(531)	(566)
Capital expenditure	(1,072)	(676)	(611)	(1,007)	(783)	(758)
Acquisitions	(621)	(442)	(2,993)	(3,172)	(1,612)	(644)
Ratio of EBITDA, adjusted to net interest expense[(8)(9)(10)]	6.1	6.3	5.8	5.8	6.1	5.4
Ratio of net debt to EBITDA[(12)]	2.7	—	2.6	2.7	2.8	2.6
Ratio of net debt to EBITDA, adjusted[(12)(13)]	2.6	—	2.5	2.6	2.8	2.6

Selected Consolidated Business Segment Data

Fresenius Medical Care

	Twelve months ended September 30, 2013	Nine months ended September 30, 2013	Nine months ended September 30, 2012	Year ended December 31, 2012	Year ended December 31, 2011	Year ended December 31, 2010
	(unaudited)	(unaudited) (million €, except employees)				
Sales[1]	11,015	8,156	7,882	10,741	9,031	9,091
EBITDA[8][9]	2,127	1,575	1,644	2,196	1,891	1,830
EBIT	1,642	1,211	1,296	1,727	1,491	1,451
Net interest expense	(325)	(236)	(243)	(332)	(213)	(211)
Net income attributable to Fresenius Medical Care AG & Co. KGaA	776	578	726	924	770	738
EBITDA, adjusted[14]	2,213	1,575	1,644	2,282	1,891	1,830
EBIT, adjusted[14]	1,728	1,211	1,296	1,813	1,491	1,451
Net income attributable to Fresenius Medical Care AG & Co. KGaA, adjusted[15]	831	578	617	870	770	738
Operating cash flow	1,539	1,098	1,146	1,587	1,039	1,032
Capital expenditure	(564)	(389)	(351)	(526)	(429)	(395)
Acquisitions	(303)	(232)	(1,337)	(1,408)	(1,429)	(596)
Research and development expenses	(94)	(72)	(65)	(87)	(80)	(73)
Employees (headcount as of respective period end date)	94,080	94,080	90,039	90,866	83,476	77,442
Dividends paid	230	230	210	210	197	183
thereof to Fresenius SE & Co. KGaA	71	71	65	65	69	65

Fresenius Kabi

	Twelve months ended September 30, 2013	Nine months ended September 30, 2013	Nine months ended September 30, 2012	Year ended December 31, 2012	Year ended December 31, 2011	Year ended December 31, 2010
	(unaudited)	(unaudited) (million €, except employees)				
Sales	4,918	3,742	3,363	4,539	3,964	3,672
EBITDA[8][9]	1,136	852	817	1,101	955	893
EBIT	929	695	700	934	803	737
Net interest expense	(255)	(181)	(212)	(286)	(278)	(279)
Net income attributable to Fresenius Kabi AG	481	367	330	444	354	294
Operating cash flow	447	303	452	596	462	567
Capital expenditure	(304)	(187)	(159)	(276)	(177)	(174)
Acquisitions	(906)	(59)	(30)	(877)	(11)	(31)
Research and development expenses	(235)	(177)	(136)	(194)	(162)	(143)
Employees (headcount as of respective period end date)	31,010	31,010	25,521	30,214	24,106	22,851

Fresenius Helios

	Twelve months ended September 30, 2013	Nine months ended September 30, 2013	2012	Year ended December 31, 2012	2011	2010
	(unaudited)	(unaudited) (million €, except employees)				
Sales	3,390	2,537	2,347	3,200	2,665	2,520
EBITDA[8][9]	488	368	312	432	369	318
EBIT	372	282	232	322	270	235
Net interest expense	(56)	(39)	(50)	(67)	(51)	(55)
Net income attributable to HELIOS Kliniken GmbH	249	194	148	203	163	131
Operating cash flow	269	186	157	240	294	311
Capital expenditure	(177)	(85)	(88)	(180)	(157)	(166)
Acquisitions	(19)	(7)	(567)	(579)	(45)	(13)
Research and development expenses	—	—	—	—	—	—
Employees (headcount as of respective period end date)	42,980	42,980	42,544	42,881	37,198	33,321

Fresenius Vamed

	Twelve months ended September 30, 2013	Nine months ended September 30, 2013	2012	Year ended December 31, 2012	2011	2010
	(unaudited)	(unaudited) (million €, except employees)				
Sales	964	654	536	846	737	713
EBITDA[8][9]	61	32	30	59	51	49
EBIT	52	25	24	51	44	41
Net interest income	(3)	(2)	—	(1)	2	2
Net income attributable to VAMED AG	35	16	16	35	34	30
Operating cash flow	(46)	(13)	68	35	(83)	47
Capital expenditure	(13)	(8)	(6)	(11)	(7)	(9)
Acquisitions	(10)	(8)	(42)	(44)	(3)	(5)
Research and development expenses	0	0	0	0	0	0
Employees (headcount as of respective period end date)	6,365	6,365	4,439	4,432	3,724	3,110

(1) Sales were restated according to a U.S. GAAP accounting change in 2012. Certain bad debt expense was reclassified from selling, general and administrative expenses to sales. This reclassification has no impact on EBIT.

The sales adjustment for the twelve months ended December 31, 2011 of minus €161 million solely relates to Fresenius Medical Care North America.

(2) Operating income (EBIT) for the nine months ended September 30, 2013 has not been adjusted for the one-time integration costs of Fenwal of €34 million.

Operating income (EBIT) for the year ended December 31, 2012 has not been adjusted for one-time costs related to the takeover offer to the shareholders of Rhön-Klinikum AG, special items from the renegotiation of the Venofer contract and the donation to the American Society of Nephrology.

(3) Other financial result for 2011 and 2010 includes effects of mark-to-market accounting of the mandatory exchangable bonds ("**MEB**") and the contingent value rights ("**CVR**") relating to the acquisition of Fresenius Kabi USA. Both are non-cash items. The CVR were delisted in the first quarter of 2011. The MEB matured on August 14, 2011. For 2012 the other financial result includes one-time costs related to the takeover offer to the shareholders of Rhön-Klinikum AG.

The following table shows the components of "Other financial result":

	Twelve months ended September 30, 2013	Nine months ended September 30, 2013	2012	Year ended December 31, 2012	2011	2010
	(unaudited)	(unaudited) (million €)				
MEB	—	—	—	—	(105)	(98)
CVR	—	—	—	—	5	32
Financing costs, related to the offer of the shareholders of Rhön-Klinikum AG	2	—	(37)	(35)	—	—
Other financial result	**2**	**—**	**(37)**	**(35)**	**(100)**	**(66)**

(4) Investment gain includes non-cash fair valuation gain of Fresenius Medical Care's investment at the time of the acquisition of Liberty.

The following table shows how this fair valuation gain of Fresenius Medical Care affects net income attributable to Fresenius SE & Co. KGaA:

	Twelve months ended September 30, 2013	Nine months ended September 30, 2013	Nine months ended September 30, 2012	Year ended December 31, 2012	Year ended December 31, 2011	Year ended December 31, 2010
	(unaudited)	(unaudited) (million €)				
Investment gain	—	—	109	109	—	—
Thereof noncontrolling interest	—	—	(75)	(75)	—	—
Investment gain attributable to Fresenius SE&Co. KGaA	**—**	**—**	**34**	**34**	**—**	**—**

(5) Noncontrolling interest represents net income attributable to third parties. In the nine months ended September 30, 2013 95% of noncontrolling interest was attributable to the noncontrolling interest in Fresenius Medical Care.

(6) Nine months ended September 30, 2013 figures adjusted for the one-time integration costs of Fenwal of €34 million 2012 figures adjusted for €6 million one-time costs related to the takeover offer to the shareholders of Rhön-Klinikum AG and €86 million for special items from the renegotiation of the Venofer contract and the donation to the American Society of Nephrology.

(7) The following table shows the adjustments to net income made in respect of the one-time integration costs of Fenwal in 2013, the non-cash fair valuation gain of Fresenius Medical Care's investment at the time of the Liberty acquisition, the takeover offer to the shareholders of Rhön-Klinikum AG, special items from the renegotiation of the Venofer contract and the donation to the American Society of Nephrology in 2012 and the MEB and CVR for 2011 and 2010:

	Twelve months ended September 30, 2013	Nine months ended September 30, 2013	Nine months ended September 30, 2012	Year ended December 31, 2012	Year ended December 31, 2011	Year ended December 31, 2010
	(unaudited)	(unaudited) (million €)				
Net income attributable to Fresenius SE & Co. KGaA	**968**	**727**	**685**	**926**	**690**	**622**
Investment gain attributable to Fresenius SE & Co. KGaA	—	—	(34)	(34)	—	—
Venofer / donation attributable to Fresenius SE & Co. KGaA	17	—	—	17	—	—
MEB	—	—	—	—	85	70
CVR	—	—	—	—	(5)	(32)
Financing costs, related to the offer to the shareholders of Rhön-Klinikum AG	(1)	—	26	25	—	—
Other costs, related to the takeover offer to the shareholders of Rhön-Klinikum AG	(1)	—	5	4	—	—
One-time integration costs of Fenwal	26	26	—	—	—	—
Net income attributable to Fresenius SE & Co. KGaA, adjusted	**1,009**	**753**	**682**	**938**	**770**	**660**

(8) EBITDA means operating income plus depreciation and amortization and is derived from our operating income determined in accordance with U.S. GAAP.

(9) We are presenting this figure on the basis that investors may find it helpful as a measure of our performance. This figure is not recognized as a measure under U.S. GAAP and should not be construed as a substitute for income statement or cash flow data, as determined in accordance with U.S. GAAP, or as a measure of profitability or liquidity. It does not necessarily indicate whether cash flow will be sufficient or available for our cash requirements, nor is it necessarily indicative of our historical or future operating results. Because not all companies define this measure in the same way, our presentation of it is not necessarily comparable to similarly-titled measures used by other companies.

(10) You should not consider EBITDA to be an alternative to net earnings determined in accordance with U.S. GAAP or to cash flow from operations, investing activities or financing activities.

Group EBITDA can be reconciled to operating income as follows for the nine months ended September 30, 2013 as well as 2012, 2011 and 2010:

	Twelve months ended September 30, 2013	Nine months ended September 30, 2013	Nine months ended September 30, 2012	Year ended December 31, 2012	Year ended December 31, 2011	Year ended December 31, 2010
	(unaudited)	(unaudited) (million €)				
Operating income (EBIT)	2,934	2,168	2,217	2,983	2,563	2,418
Depreciation and amortization	836	622	562	776	674	639
EBITDA	**3,770**	**2,790**	**2,779**	**3,759**	**3,237**	**3,057**
One-time costs at Fresenius Medical Care	86	—	—	86	—	—
Costs for takeover offer to shareholders of Rhön-Klinikum AG	(1)	—	7	6	—	—
One-time integration costs of Fenwal	34	34	—	—	—	—
EBITDA, adjusted	**3,889**	**2,824**	**2,786**	**3,851**	**3,237**	**3,057**

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

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

(11) Net debt (including Fresenius Medical Care's accounts receivable facility) includes short-term borrowings, short-term borrowings from related parties, long term debt (including current portion) and Fresenius Medical Care's trust preferred securities (until June 15, 2011), less cash, cash equivalents and current investment of capital increase.

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

Net debt does not include the MEB or the CVR for any period during which the MEB or CVR were outstanding.

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

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

(13) For reasons of comparability, our Leverage Ratio (adjusted) as of September 30, 2013 includes the historical EBITDA of Fenwal for full 12 months since the net debt of Fenwal is also included in the net debt of Fresenius Group as of September 30, 2013. Furthermore EBITDA was adjusted for the one-time costs related to the takeover offer to the shareholders of Rhön-Klinikum AG, special items from the renegotiation of the Venofer contract, the donation to the American Society of Nephrology and the one-time integration costs of Fenwal. Fresenius Group EBITDA (adjusted) for the twelve months ended September 30, 2013 amounted to €3,901 million.

For reasons of comparability, our Leverage Ratio as of December 31, 2012 has been adjusted to include the historical EBITDA of Liberty, Damp Group and Fenwal for the full twelve months because the net debt figures of the Fresenius Group as of December 31, 2012 include the net debt acquired in the acquisitions of, or incurred in acquiring, Liberty, Damp Group and Fenwal. Furthermore EBITDA was adjusted for one-time costs of €6 million (non-financing expenses) related to the offer to Rhön-Klinikum AG shareholders and one-time costs of €86 million at Fresenius Medical Care. For the twelve months ended December 31, 2012, Fresenius Group EBITDA (adjusted) amounted to €3,960 million.

(14) 2012 adjusted for €86 million special items from the renegotiation of the Venofer contract and the donation to the American Society of Nephrology.

(15) 2012 adjusted for the non-cash fair valuation gain of Fresenius Medical Care's investment at the time of the Liberty acquisition, special items from the renegotiation of the Venofer contract and the donation to the American Society of Nephrology. Net income attributable to Fresenius Medical Care AG & Co. KGaA, adjusted for the nine months ended September 30, 2012 is solely adjusted for the non-cash fair valuation gain of Fresenius Medical Care's investment at the time of the Liberty acquisition.

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

There has been no material adverse change in the prospects of the Guarantor since December 31, 2012.

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

Other than a drawing under a bridge term loan facility agreement (the "**Bridge Financing Facility**") and increases in short term debt as shown in the capitalization table in this prospectus, respectively, there has been no significant change in the financial or trading position of the Guarantor since September 30, 2013.

B.19 B.13 Description of any recent events particular to the Guarantor which are to a material extent relevant to the evaluation of the Guarantor's solvency

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

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

Please see Element B.5.

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

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

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

Overview of the Fresenius Group and its Business

Fresenius is an international healthcare group with products and services for dialysis, hospitals and outpatient medical care. In addition, we focus on hospital operations, as well as on engineering and services for hospitals and other healthcare facilities. We have four business segments: Fresenius Medical Care, Fresenius Kabi, Fresenius Helios and Fresenius Vamed. In the twelve months ended September 30, 2013 we generated sales of €20,222 million and EBITDA of €3,889* million.

Fresenius Medical Care. Fresenius Medical Care operates in the fields of dialysis products and dialysis services. Based on publicly reported sales and number of patients treated, Fresenius Medical Care is the world's largest provider of dialysis products and dialysis services for patients with chronic kidney failure. In the twelve months ended September 30, 2013, Fresenius Medical Care's sales and EBITDA were US$14,448 million (€11,015 million) and US$2,899** million (€2,127** million), respectively, and represented approximately 54% of our Group's sales and 55% of our Group's EBITDA.

Fresenius Kabi. Fresenius Kabi is focused on the therapy and care of chronically and critically ill patients in hospitals and in the outpatient setting. Fresenius Kabi has four product segments: infusion therapy, I.V. drugs, clinical nutrition, and medical devices/transfusion technology. In the twelve months ended September 30, 2013, Fresenius Kabi's sales and EBITDA were €4,918 million and €1,136*** million, respectively, and represented approximately 24% of our Group's sales and 30% of our Group's EBITDA.

Fresenius ProServe GmbH. The principal activities of Fresenius ProServe GmbH are limited to holding interests in Fresenius Helios and Fresenius Vamed.

Fresenius Helios. Fresenius Helios is the largest German private hospital operator. The HELIOS Group operates 74 hospitals (as of September 30, 2013) exclusively in Germany, including six maximum care hospitals, and post-acute care clinics. In the twelve months ended September 30, 2013, Fresenius Helios's sales and EBITDA were €3,390 million and €488 million, respectively, and represented approximately 17% of our Group's sales and 13% of our Group's EBITDA. On September 13, 2013, Fresenius Helios signed a binding agreement to purchase the majority of Rhön-Klinikum AG's hospitals, including 43 hospitals with a total of approximately 11,800 beds as well as 15 outpatient facilities.

Fresenius Vamed. Fresenius Vamed is a market leader for engineering and other project development, planning, construction and technical management services for hospitals and other healthcare facilities worldwide, as well as in the general management of healthcare facilities in selected key markets. In the twelve months ended September 30, 2013, Fresenius Vamed's sales and EBITDA were €964 million and €61 million, respectively, and represented approximately 5% of our Group's sales and 2% of our Group's EBITDA.

---

* Figures for the nine months ended September 30, 2013 have been adjusted for the one-time integration costs of Fenwal. 2012 figures have been adjusted for one-time costs related to the takeover offer to the shareholders of Rhön-Klinikum AG, special items from the renegotiation of the Venofer contract, and the donation to the American Society of Nephrology.

** 2012 figures have been adjusted for special items from the renegotiation of the Venofer contract and the donation to the American Society of Nephrology.

*** Adjusted for one-time integration costs of Fenwal.

Overview of Our Key Strengths

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

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

Overview of Our Strategy

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

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

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

The Parent Guarantor is a listed company which is directly owned by the Else Kröner-Fresenius-Stiftung and other shareholders. The Else Kröner-Fresenius-Stiftung is the Parent Guarantor's major shareholder with a stake of 27.07% as of December 31, 2012. The Parent Guarantor is controlled by its sole general partner, Fresenius Management SE, a wholly-owned subsidiary of the Else Kröner-Fresenius-Stiftung.

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

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

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

	Standard & Poor's(3)	Moody's(4)	Fitch(5)
Rating	BB+	Ba1	BB+
Outlook	positive	Negative	on watch evolving

(1) The European Securities and Markets Authority publishes on its website (http://www.esma.europa.eu/page/List-registered-and-certified-CRAs) a list of credit rating agencies registered in accordance with the CRA Regulation. That list is updated within five working days following the adoption of a decision under Article 16, 17 or 20 CRA Regulation. The European Commission shall publish that update list in the Official Journal of the European Union within 30 days following such update.

(2) A credit rating assesses the creditworthiness of an entity and informs an investor therefore about the probability of the entity being able to redeem invested capital. It is not a recommendation to buy, sell or hold securities and may be revised or withdrawn by the rating agency at any time.

(3) Standard & Poor's Credit Market Services Europe Limited (German Branch) is established in the European Community and is registered under the CRA Regulation. According to Standard & Poor's: "BB+ is considered the highest speculative grade by market participants." "An obligation rated 'BB' is less vulnerable to nonpayment than other speculative issues. However, it faces major ongoing uncertainties or exposure to adverse business, financial, or economic conditions which could lead to the obligor's inadequate capacity to meet its financial commitment on the obligation. The ratings … may be modified by the addition of a plus (+) or minus (-) sign to show relative standing within the major rating categories."

(4) Moody's Deutschland GmbH is established in the European Community and is registered under the CRA Regulation. According to Moody's: "Obligations rated Ba are judged to have speculative elements and are subject to substantial credit risk. Moody's appends numerical modifiers 1, 2, and 3 to the respective rating classification … The modifier 1 indicates that the obligation ranks in the higher end of its generic rating category."

(5) Fitch Ratings Limited is established in the European Community and is registered under the CRA Regulation. According to Fitch: "'BB' ratings indicate an elevated vulnerability to default risk, particularly in the event of adverse changes in business or economic conditions over time; however, business or financial flexibility exists which supports the servicing of financial commitments. The modifiers '+' or '-' may be appended to a rating to denote relative status within major rating categories."

B.19 B.1 Legal and commercial name of the Subsidiary Guarantor, Fresenius Kabi AG

The legal and commercial name of the Subsidiary Guarantor is Fresenius Kabi AG.

B.19 B.2 Domicile, legal form, legislation, country of incorporation

Fresenius Kabi AG is a stock corporation (*Aktiengesellschaft*) incorporated under the laws of Germany with its registered seat (*Sitz*) at Else-Kröner-Strasse 1, 61352 Bad Homburg vor der Höhe, Germany.

B.19 B.4b Description of any known trends affecting the Subsidiary Guarantor and the industries in which it operates

Fresenius Kabi AG specializes in the therapy and care of chronically and critically ill patients in hospitals and in the out-patient setting. The health care sector is one of the world's largest industries. It is relatively insensitive to economic fluctuations compared to other sectors and has posted above-average growth over the past years.

The major trends affecting the health care sector are:

- rising medical needs deriving from aging populations;
- the growing number of chronically ill or multimorbid patients;
- stronger demand for innovative products and therapies;
- advances in medical technology;
- growing health consciousness, increasing the demand for health care services; and
- ongoing cost-containment efforts and price pressure in the public healthcare sector,

In the emerging markets additional trends are:

- expanding availability and correspondingly greater demand for basic health care; and
- increasing national incomes and hence higher spending on health care.

B.19 B.5 Description of the Group and the Subsidiary Guarantor's position within the Group

Please see Element B.5.

B.19 B.9 Profit forecast or estimate

Not applicable; no profit forecast or estimate is made.

B.19 B.10 Qualifications in the audit report on the historical financial information

Not applicable; KPMG AG issued respective unqualified auditor's reports on the unconsolidated financial statements of Fresenius Kabi AG for the fiscal years ended on December 31, 2012 and 2011.

B.19 B.12 Selected historical key financial information

Selected Unconsolidated Financial Data of Fresenius Kabi AG

In accordance with German GAAP as of September 30, 2013, Fresenius Kabi AG had total assets of €2,530 million, total liabilities of €852 million and, for the nine months ended September 30, 2013, a net income of €161 million (including income from participations).

	Nine months ended September 30,		Year ended December 31,	
	2013	2012	2012	2011
	(unaudited)			
	(million €)			
Sales	0	0	0	0
Profit from operations	161	145	132	148
Cash provided by operating activities	166	139	136	161

	At September 30, 2013	At December 31, 2012	At December 31, 2011
	(unaudited)		
	(million €)		
Total assets	2,530	2,205	2,044
Equity	(1,657)	(1,657)	(1,488)

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

There has been no material adverse change in the prospects of the Guarantor since December 31, 2012.

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

There has been no significant change in the financial or trading position of the Guarantor since September 30, 2013.

B.19 B.13 Description of any recent events particular to the Guarantor which are to a material extent relevant to the evaluation of the Guarantor's solvency

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

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

Please see Element B.5.

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

The Subsidiary Guarantor functions exclusively as a holding company for our business segment Fresenius Kabi and has no independent operations and derives substantially all of its revenue and cash from its operating subsidiaries. The Subsidiary Guarantor's ability to meet its obligations on its Guarantee is dependent upon the profitability and cash flow of its subsidiaries and payments by such subsidiaries to them in the form of loans, dividends, fees or otherwise.

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

Fresenius Kabi is focused on the therapy and care of chronically and critically ill patients in hospitals and in the outpatient setting. Fresenius Kabi has four product segments: infusion therapy, I.V. drugs, clinical nutrition, and medical devices/transfusion technology.

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

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

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

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

Not applicable; the Subsidiary Guarantor has not been assigned any credit rating with their cooperation or at its request.

B.19 B.1 Legal and commercial name of the Subsidiary Guarantor, Fresenius Proserve GmbH

The legal and commercial name of the Subsidiary Guarantor is Fresenius Proserve GmbH.

B.19 B.2 Domicile, legal form, legislation, country of incorporation

Fresenius ProServe GmbH is a private limited company (*Gesellschaft mit beschränkter Haftung*) incorporated under the laws of Germany with its registered seat (*Sitz*) at Else-Kröner-Strasse 1, 61352 Bad Homburg vor der Höhe, Germany.

B.19 B.4b Description of any known trends affecting the Subsidiary Guarantor and the industries in which it operates

Fresenius Proserve GmbH is a holding company for our Fresenius Vamed and Fresenius Helios business segments. Based on public sales figures, Fresenius Helios is the largest private hospital operator in Germany and owned 74 hospitals (as of September 30, 2013). Fresenius Vamed is one of the leading international providers of engineering, construction, and maintenance services to hospitals and other healthcare facilities worldwide. The health care sector is one of the world's largest industries. It is relatively insensitive to economic fluctuations compared to other sectors and has posted above-average growth over the past years.

The major trends affecting the health care sector are:

- rising medical needs deriving from aging populations;
- the growing number of chronically ill or multimorbid patients;
- stronger demand for innovative products and therapies;
- advances in medical technology;
- growing health consciousness, increasing the demand for health care services and facilities; and
- ongoing cost-containment efforts and price pressure in the public healthcare sector,

In the emerging markets additional trends are:

- expanding availability and correspondingly greater demand for basic health care; and
- increasing national incomes and hence higher spending on health care.

B.19 B.5 Description of the Group and the Subsidiary Guarantor's position within the Group

Please see Element B.5.

B.19 B.9 Profit forecast or estimate

Not applicable; no profit forecast or estimate is made.

B.19 B.10 Qualifications in the audit report on the historical financial information

Not applicable; KPMG AG issued respective unqualified auditor's reports on the unconsolidated financial statements of Fresenius Proserve GmbH for the fiscal years ended on December 31, 2012 and 2011.

B.19 B.12 Selected historical key financial information

Selected Unconsolidated Financial Data of Fresenius ProServe GmbH

In accordance with German GAAP as of September 30, 2013, Fresenius ProServe GmbH had total assets of €2,750 million, total liabilities of €638 million and, for the nine months ended September 30, 2013, a net income of €178 million (including income from participations).

	Nine months ended September 30,		Year ended December 31,	
	2013	2012	2012	2011
	(unaudited)			
	(million €)			
Sales	0	0	0	0
Profit from operations	178	182	139	153
Cash provided by operating activities	177	155	139	153

	At September 30,	At December 31,	
	2013	2012	2011
	(unaudited)		
	(million €)		
Total assets	2,750	2,623	2,057
Equity	(2,105)	(2,105)	(1,587)

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

There has been no material adverse change in the prospects of the Guarantor since December 31, 2012.

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

There has been no significant change in the financial or trading position of the Guarantor since September 30, 2013.

B.19 B.13 Description of any recent events particular to the Guarantor which are to a material extent relevant to the evaluation of the Guarantor's solvency

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

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

Please see Element B.5.

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

The Subsidiary Guarantor functions exclusively as a holding company for our business segments Fresenius Vamed and Fresenius Helios and has no independent operations and derives substantially all of its revenue and cash from its operating subsidiaries. The Subsidiary Guarantor's ability to meet its obligations on its Guarantee is dependent upon the profitability and cash flow of its subsidiaries and payments by such subsidiaries to them in the form of loans, dividends, fees or otherwise.

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

Fresenius Proserve GmbH is a holding company for our business segments Fresenius Vamed and Fresenius Helios.

Based on public sales figures, Fresenius Helios is the largest private hospital operator in Germany and owned 74 hospitals (as of September 30, 2013), including six maximum care hospitals, with more than 23,000 beds with a focus on providing acute treatment and post-acute care (medical rehabilitation) and treats more than 2.9 million patients per year, thereof more than 780,000 inpatients.

Fresenius Vamed is one of the leading international providers of engineering, construction, and maintenance services to hospitals and other healthcare facilities worldwide and is focused on the therapy and care of chronically and critically ill patients in hospitals and in the outpatient setting.

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

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

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

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

Not applicable; the Subsidiary Guarantor has not been assigned any credit rating with their cooperation or at its request.

C — SECURITIES

C.1 Type and class of securities offered and to be admitted to trading, including any securities identification numbers

Type	The securities are fixed interest bearing notes (the "**Notes**").	
Class	The Notes will be senior unsecured obligations of the Issuer and will rank equally with all of its existing and future senior unsecured indebtedness.	
Securities Identification Number	ISIN: XS1026109204 (Reg S) XS1026109543 (144A)	Common Code: 102610920 (Reg S) 102610954 (144A)

C.2 Currency of the Notes

The Notes will be denominated in euro.

C.5 Restrictions on the free transferability of the Notes

Transfer Restrictions	Not applicable; the Notes are freely transferable. However, the offer to the public and the sale of the Notes and distribution of the offering materials are subject to specific restrictions that vary depending on the jurisdiction where the Notes are offered or sold or the offering materials are distributed.

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

Optional Redemption	At any time, the Issuer may redeem all or part of the Notes at a redemption price equal to 100% of the principal amount thereof, together with accrued and unpaid interest, if any, to the date of redemption and plus a "make-whole" premium as set forth in this prospectus.
Change of Control	Upon the occurrence of a "Change of Control" and a "Ratings Decline" (each as defined herein), noteholders have the right to require us to redeem all or any part of your Notes at a redemption price in cash equal to 101% of their principal amount, together with accrued and unpaid interest, if any.
Ranking of the Notes	The Notes will be senior unsecured obligations of the Issuer and will: • rank equally in right of payment with all of the Issuer's existing and future indebtedness that is not subordinated in right of payment to the Notes, including the Outstanding Senior Notes of which it is the issuer; • rank senior in right of payment to all of the Issuer's existing and future indebtedness that is subordinated in right of payment to the Notes; • be effectively subordinated in right of payment to all of the Issuer's existing and future indebtedness that is secured by liens on assets to the extent of the value of the assets securing such indebtedness; and • be structurally subordinated in right of payment to any obligations of the Parent Guarantor's subsidiaries (other than the Subsidiary Guarantors).
Ranking of the Guarantees	The Guarantees will: • rank equally in right of payment with each of the Guarantors' existing and future indebtedness that is not subordinated in right of payment to the Guarantees (including obligations in respect of the 2013 Senior Credit Agreement and the Outstanding Senior Notes), subject to legal limitations on their enforceability; • rank senior in right of payment to all of the Guarantors' existing and future indebtedness that is subordinated in right of payment to the Guarantees; and • be effectively subordinated in right of payment to all of the Guarantors' existing and future indebtedness that is secured by liens on assets (including obligations in respect of the 2013 Senior Credit Agreement) to the extent of the value of the assets securing such indebtedness.
Limitation of the Rights (Tax Redemption)	No "make-whole" premium must be paid if the Notes are redeemed after certain changes in the law of any relevant taxing jurisdiction become effective that would impose withholding taxes or other deductions on the payments on the Notes.

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

Rights Attached to the Notes, Ranking, Limitation of the Rights	See C.8
Interest	The Notes will bear interest from and including February 11, 2014 to, but excluding, February 1, 2024 at a rate of [●]% per annum, payable semi-annually in arrears on February 1 and August 1 of each year, commencing August 1, 2014.
Maturity Date	February 1, 2024
Indication of yield	The yield of the Notes will be determined on the pricing date which is expected to be on or prior to the Issue Date of the Notes.
Trustee (Holders' Representative)	Deutsche Trustee Company Limited

C.10 Derivative component in interest on Notes

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

C.11 Admission to trading of the Notes on a regulated market

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

D — RISKS

D.2 Key information on the key risks that are specific to the Issuer and the Guarantors

Risks Relating to the Issuer

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

Risks Relating to the Guarantors

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

Risks Relating to Our Business

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

- If our joint ventures violate certain laws, our business could be adversely affected.
- A change in government reimbursement for our products or services, including dialysis care, could materially decrease our sales and operating profit.
- A change in the utilization of erythropoietin could materially reduce our revenues and operating profit. An interruption of supply or our inability to obtain satisfactory terms for erythropoietin could reduce our revenues and operating profit.
- Proposals for health care reform, or relating to regulatory approvals, or changes to legal practice, could decrease our revenues and operating profit.
- A significant portion of Fresenius Medical Care's North American profits are dependent on the services it provides to a minority of its patients who are covered by private insurance.
- Significant competition could adversely affect our sales in our business segments and our ability to grow.
- If physicians and other referral sources cease referring patients to Fresenius Medical Care's dialysis clinics or cease prescribing Fresenius Medical Care's products, sales could decrease.
- Global economic conditions could have an adverse effect on our businesses.
- Market developments and government actions regarding the sovereign debt crisis in Europe could adversely affect our business, financial condition, results of operations and liquidity.
- We operate in many different jurisdictions and we could be adversely affected by violations of the U.S. Foreign Corrupt Practices Act and similar worldwide anti-corruption laws.
- We face specific risks from international operations.
- We face risks and uncertainties from emerging markets.
- Changes in foreign exchange rates could have adverse effects on our financial results and on our ability to repay debt; our hedging efforts may be unsuccessful.
- Our indebtedness imposes restrictions.
- Despite our substantial indebtedness, we may still be able to incur significantly more debt; this could intensify the risks described above.
- Our leverage could adversely affect our financial condition, prevent us from fulfilling our debt-service obligations or pursuing certain aspects of our business strategy.
- Acquisitions may place a financial burden on us. We face competition from other companies for suitable acquisition targets. Our growth depends, in part, on our ability to continue to make acquisitions.
- The integration of past and future acquisitions, and the successful completion and integration of planned or proposed acquisitions, involves inherent uncertainties and risks.
- Our efforts to develop successful new products and therapies may fail to achieve the desired results or may fail to generate substantial revenue streams.
- Fresenius Helios' planned growth presents us with certain risks. In addition, we are dependent on contracts with German public health insurance funds and government social security insurance authorities.
- If we are unable to attract and retain skilled medical, technical and engineering personnel, it could limit our technological development and growth.
- Our in-licensing of rights to, or acquisition and commercialization of, proprietary or other specialty injectable products might not be successful, and we may never receive any return on our investment in these product candidates.
- We are exposed to product liability, patent infringement and other claims, which could result in significant liability that we may not be able to insure on acceptable terms in the future.

- Fresenius Medical Care's pharmaceutical product business could lose sales to generic drug manufacturers or new branded drugs.
- A failure of our products to meet the quality standards expected by our customers could materially adversely affect our business and reputation.
- The tax authorities could take positions that require us to make additional tax payments.

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

- The Notes are structurally subordinated to other creditors of non-guarantors or to secured creditors to the extent of the value of the collateral.
- We may not have the ability to raise the funds necessary to finance a change of control offer as required by the Indenture.
- There can be no guarantee regarding the development of the trading market for the Notes.
- Credit ratings may not reflect all risks of an investment in the Notes; they are not recommendations to buy or hold securities, and are subject to revision, suspension, or withdrawal at any time.
- Holders of Additional Notes may not have independent rights to give notice under the Indenture.
- Additional Notes that may be issued in subsequent offerings may have identical terms to the Notes issued in this offering, but may not be fungible with the Notes for U.S. federal income tax purposes, which may affect the market value of the Notes.
- An investment in the Notes inherently involves substantial risks, including the potential for default.
- The Notes may become subject to FATCA under certain circumstances upon a substitution of the Issuer.

E — OFFER

E.2b Reasons for the Offer and use of proceeds

Use of Proceeds	The net proceeds of this offering will be used to partially refinance the drawing under the Bridge Financing Facility.

E.3 Terms and conditions of the Offer

Offer of the Notes	The offer to the public will commence upon approval of this prospectus, but no earlier than 7:00 a.m. (Central European Time) on January 28, 2014 and will remain open until the latter of (i) the close of the book-building process to determine the price of the Notes and (ii) 5:00 p.m. (Central European Time) on January 28, 2014. The Notes will be offered to the public in Germany as well as Luxembourg following the effectiveness of the notification of the prospectus by the CSSF according to Article 18 of the Prospectus Directive and its relevant implementing measures.
Pricing Notice	The final issue price of the Notes, which corresponds to the offer price, the aggregate principal amount of Notes to be issued, the interest rate, the issue proceeds and the yield will be included in a pricing notice (the "**Pricing Notice**") which will be filed with the CSSF on or prior to the Issue Date of the Notes.
Conditions of the offer	There are no specific conditions to which the offer is subject.

Technical details of the offer	During the offer to the public, investors may submit offers to purchase Notes to the Initial Purchasers. In the case of an order prior to the determination of the pricing details, the investors shall specify at which price they would be prepared to purchase which amount of Notes. Following determination and notification of the pricing details the Initial Purchasers will offer Notes upon request in Germany and Luxembourg.
Confirmation of offers placed by, and allotments to, investors	Each investor who has submitted an order in relation to the Notes and whose order is accepted by the Initial Purchasers and the Issuer will receive a confirmation by electronic mail, fax or through Bloomberg or other commonly used information systems setting out its respective allotment of Notes.
Delivery of the Notes to investors ...	Following the determination of the pricing details and confirmation which orders have been accepted and which amounts have been allotted to particular investors, delivery and payment of the Notes will generally be made within ten business days after the date of pricing of the Notes and the confirmation of the allotment to investors. The Notes so purchased will be delivered via book-entry through the clearing systems and their depository banks against payment of the issue price of the Notes together with any fees and costs.

E.4 Description of any interest that is material to the issue/offer including conflicting interests

There are no interests of natural and legal persons other than the Issuers, the Guarantors and the Initial Purchasers involved in the issue, and the lenders under the Bridge Financing Facility, including conflicting ones, that are material to the issue.

The Notes will be subordinated to any of the Issuer's and the Guarantors' secured debt to the extent of the value of the assets securing such debt. As a result, the Notes will be subordinated to the debt under the 2013 Senior Credit Agreement, to the extent of the collateral granted to secure such debt. Certain Initial Purchasers or their affiliates are agents and/or lenders under the 2013 Senior Credit Agreement. In addition, proceeds of this offering will repay lenders under our Bridge Financing Facility. In addition, certain Initial Purchasers or their affiliates are lenders under the Bridge Financing Facility and the reduction of commitments may reduce the availability or utilization fees they receive as part of the bridge financing.

E.7 Estimated expenses charged to the investor by the Issuer or the Offeror

Not applicable; neither the Issuer nor any of its affiliates will charge any expense to investors in the Notes offered hereby.

GERMAN TRANSLATION OF THE SUMMARY OF THE PROSPECTUS
ZUSAMMENFASSUNG

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

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

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

A — EINLEITUNG UND WARNHINWEISE

Warnhinweis, dass

- diese Zusammenfassung als Einleitung zu diesem Prospekt verstanden werden sollte,
- sich der Anleger bei jeder Entscheidung, in die Schuldverschreibungen zu investieren, auf diesen Prospekt/dieses Offering Memorandum als Ganzen/Ganzes stützen sollte,
- ein Anleger, der wegen der in diesem Prospekt enthaltenen Angaben Klage einreichen will, nach den nationalen Rechtsvorschriften seines Mitgliedstaats möglicherweise für die Übersetzung dieses Prospekts aufkommen muss, bevor das Verfahren eingeleitet werden kann, und
- zivilrechtlich nur diejenigen Personen haften, die die Zusammenfassung samt etwaiger Übersetzungen vorgelegt und übermittelt haben, und dies auch nur für den Fall, dass die Zusammenfassung verglichen mit den anderen Teilen dieses Prospekts irreführend, unrichtig oder inkohärent ist oder verglichen mit den anderen Teilen dieses Prospekts wesentliche Angaben, die in Bezug auf Anlagen in die betreffenden Schuldverschreibungen für die Anleger eine Entscheidungshilfe darstellen, vermissen lassen.

A.2 Zustimmung des Emittenten zur Weiterveräußerung oder endgültigen Platzierung

Deutsche Bank AG, London Branch, BNP Paribas, Credit Suisse Securities (Europe) Limited, The Royal Bank of Scotland plc, CM-CIC Securities, Danske Bank A/S, Morgan Stanley & Co. International plc und Nordea Bank Danmark A/S (die „**Ersterwerber**") und/oder jeder weitere Finanzintermediär, der die emittierten Schuldverschreibungen nachfolgend weiter verkauft oder endgültig platziert, ist berechtigt, diesen Prospekt für den späteren Weiterverkauf oder die endgültige Platzierung der Schuldverschreibungen während der Angebotsperiode für den späteren Weiterverkauf oder die endgültige Platzierung in Luxemburg und Deutschland vom Ende des öffentlichen Angebots bis zum 23.59 Uhr am 30. Januar 2014 zu verwenden, vorausgesetzt jedoch, dass dieser Prospekt in Übereinstimmung mit Artikel 11 des Luxemburger Wertpapierprospektgesetzes noch gültig ist.

Fresenius Finance B.V. (der „**Emittent**") stimmt der Verwendung dieses Prospekts durch alle Finanzintermediäre und/oder jeden weiteren Finanzintermediär zu (generelle Zustimmung) und erklärt, dass er die Haftung für den Inhalt dieses Prospekts auch hinsichtlich einer späteren Weiterveräußerung oder endgültigen Platzierung von Schuldverschreibungen durch jeden Finanzintermediär übernimmt, der die Zustimmung zur Verwendung dieses Prospekts erhalten hat.

Jeder den Prospekt verwendende Finanzintermediär hat auf seiner Website anzugeben, dass er diesen/dieses Prospekt mit Zustimmung und gemäß den Bedingungen verwendet, an die diese Zustimmung gebunden ist.

Falls einer der Ersterwerber und/oder ein weiterer Finanzintermediär ein Angebot macht, wird dieser Ersterwerber und/oder dieser Finanzintermediär die Anleger zum Zeitpunkt der Angebotsvorlage über die Angebotsbedingungen unterrichten.

B — EMITTENT UND GARANTIEGEBER

B.1 Juristischer und kommerzieller Name des Emittenten

Der juristische und kommerzielle Name des Emittenten ist Fresenius Finance B.V.

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

Die Fresenius Finance B.V. ist eine nach niederländischem Recht errichtete Gesellschaft mit beschränkter Haftung (*besloten vennootschap met beperkte aansprakelijkheid*) mit eingetragenem Sitz in Amersfoortseweg 10E, 3705 GJ, Zeist, Niederlande.

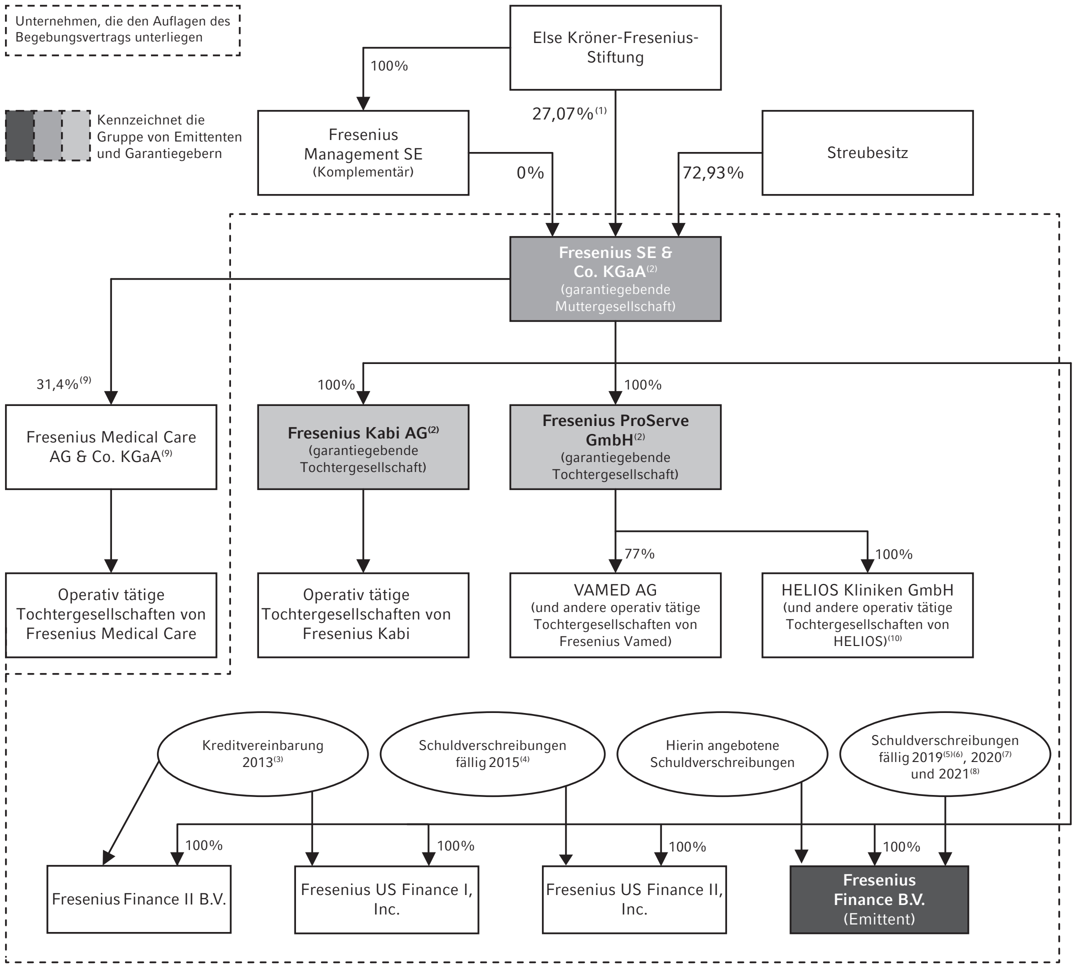
B.4b Beschreibung von bekannten Trends, die sich auf den Emittenten und die Branchen, in denen er tätig ist, auswirken

Nicht anwendbar. Es existieren keine bekannten Trends, die sich auf den Emittenten auswirken.

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

Die Konzernobergesellschaft des Fresenius-Konzerns ist die Fresenius SE & Co. KGaA, die als Holdinggesellschaft für den Konzern agiert. Fresenius Finance B.V., Fresenius Kabi AG und Fresenius ProServe GmbH sind jeweils 100%ige Tochtergesellschaften der Fresenius SE & Co. KGaA; der Anteil an der FMC AG & Co. KGaA betrug zum 30. September 2013 31,4 %. Fresenius Kabi AG ist die Holdinggesellschaft für das operative Segment Fresenius Kabi. Fresenius ProServe GmbH ist die Holdinggesellschaft für die operativen Segmente Fresenius Helios und Fresenius Vamed. FMC AG & Co. KGaA ist die Holdinggesellschaft für die vollkonsolidierte Fresenius Medical Care, die wiederum von ihrem Komplementär Fresenius Medical Care Management AG, einer 100%igen Tochtergesellschaft der Fresenius SE & Co. KGaA, beherrscht wird.

Das nachfolgende Schaubild stellt, in verkürzter Form, die Gesellschaftsstruktur und verschiedene Darlehensverpflichtungen des Fresenius-Konzerns zum 30. September 2013, unmittelbar nach der Emission der Schuldverschreibungen, dar. Die Garantiegeber und einige ihrer Tochtergesellschaften unterliegen verschiedenen Auflagen aus dem Begebungsvertrag (*Indenture*).



---

(1) Unsere Konzernstruktur zum Zeitpunkt der Veröffentlichung dieses Prospekts unterscheidet sich nicht wesentlich von unserer Konzernstruktur am 30. September 2013. Die Else Kröner-Fresenius-Stiftung als größter Anteilseigner hat der Gesellschaft im Dezember 2012 mitgeteilt, dass sie 48.231.698 Stammaktien der Fresenius SE & Co. KGaA hält. Dies entsprach am 31. Dezember 2012 einem Anteil von 27,07 % des gezeichneten Kapitals.

(2) Die Garantiegeber haben jeweils Garantien für die ausstehenden Schuldverschreibungen sowie die in diesem Prospekt angebotenen Schuldverschreibungen abgegeben. Mit Ausnahme der in diesem Prospekt beschriebenen Einschränkungen werden die Schuldverschreibungen von keiner anderen Tochtergesellschaft der garantiegebenden Muttergesellschaft garantiert.

(3) Zum 30. September 2013 stand unter der Kreditvereinbarung 2013 ein Gesamtbetrag von 1.761 Mio. € aus. Die Garantiegeber und verschiedene US-Tochtergesellschaften der Fresenius Kabi AG haben jeweils vorrangige Garantien im Rahmen der Kreditvereinbarung 2013 abgegeben. Die Kreditvereinbarung 2013 ist durch die Verpfändung von Anteilen an bestimmten wesentlichen Tochtergesellschaften der Fresenius Kabi AG zugunsten der Darlehensgeber besichert.

(4) Am 21. Januar 2009 emittierte die Fresenius US Finance II, Inc. 9,00 % Schuldverschreibungen (Senior Notes) mit einem Nennbetrag von insgesamt 500 Mio. US$ und 8,75 % Schuldverschreibungen mit einem Nennbetrag von insgesamt 275 Mio. €, jeweils mit Fälligkeit im Jahr 2015.

(5) Am 28. März 2012 emittierte der Emittent 4,25 % Schuldverschreibungen (Senior Notes) mit einem Nennbetrag von insgesamt 500 Mio. € mit Fälligkeit im Jahr 2019.

(6) Am 23. Januar 2014 emittierte der Emittent 2,375 % Schuldverschreibungen (Senior Notes) mit einem Nennbetrag von insgesamt 300 Mio. € mit Fälligkeit im Jahr 2019.

(7) Am 24. Januar 2013 emittierte der Emittent 2,875 % Schuldverschreibungen (Senior Notes) mit einem Nennbetrag von insgesamt 500 Mio. € mit Fälligkeit im Jahr 2020.

(8) Am 23. Januar 2014 emittierte der Emittent 3,000 % Schuldverschreibungen (Senior Notes) mit einem Nennbetrag von insgesamt 450 Mio. € mit Fälligkeit im Jahr 2021.

(9) Die Fresenius SE & Co. KGaA hielt am 30. September 2013 einen Anteil von 31,4 % der ausstehenden stimmberechtigten Stammaktien der FMC AG & Co. KGaA. Die FMC AG & Co. KGaA ist eine deutsche Kommanditgesellschaft auf Aktien. Die Fresenius Medical Care Management AG, der voll haftende Komplementär der FMC AG & Co. KGaA, ist eine 100%ige Tochtergesellschaft der Fresenius SE & Co. KGaA. Da bei deutschen Kommanditgesellschaften auf Aktien die Unternehmensentscheidungen durch den Komplementär getroffen werden, übt die Fresenius SE & Co. KGaA gemäß der Satzung der FMC AG & Co. KGaA die faktische Kontrolle über die FMC AG & Co. KGaA aus, solange ihr Anteil am Aktienkapital der FMC AG & Co. KGaA über 25 % beträgt. Da durch diese faktische Kontrolle die Konsolidierungsvoraussetzungen erfüllt sind, wird Fresenius Medical Care in den Konzernabschlüssen der Fresenius SE & Co. KGaA voll konsolidiert.

Obwohl Fresenius Medical Care aufgrund der Konzernstruktur in den Konzernabschlüssen der Fresenius SE & Co. KGaA vollkonsolidiert wird, ist die Finanzierung von Fresenius Medical Care vom restlichen Konzern getrennt. Es gibt weder gemeinsam genutzte externe Finanzierungsfazilitäten noch gegenseitige Garantien. Die Unternehmensbereiche Fresenius Kabi, Fresenius Helios und Fresenius Vamed werden vorwiegend durch die Fresenius SE & Co. KGaA und Finanzierungsgesellschaften finanziert, um strukturelle Nachrangigkeit zu vermeiden. Fresenius Medical Care hat keine Garantien in Bezug auf die Kreditvereinbarung 2013 oder die von den Finanzierungsgesellschaften der Fresenius SE & Co. KGaA ausgegebenen Schuldverschreibungen, einschließlich der in diesem Prospekt angebotenen Schuldverschreibungen, abgegeben. Daher wird weder Fresenius Medical Care an die Bedingungen der gemäß diesem Prospekt ausgegebenen Schuldverschreibungen gebunden sein noch wird sie selbst oder ihre Tochtergesellschaften den Auflagen des Begebungsvertrags oder den Bedingungen der noch ausstehenden Schuldverschreibungen unterliegen.

(10) Am 13. September 2013 gab Fresenius Helios bekannt, dass sie einen Vertrag über den Erwerb von 43 Kliniken und 15 medizinischen Versorgungszentren (und dazugehörige Service- und Immobiliengesellschaften) von der Rhön-Klinikum AG unterzeichnet hat. Diese werden insgesamt oder teilweise Eigentum bestimmter Gesellschaften von Fresenius Helios.

B.9 Gewinnprognosen oder Gewinnschätzungen

Nicht anwendbar. Es wurden keine Gewinnprognosen oder Gewinnschätzungen getätigt.

B.10 Einschränkungen in dem Prüfungsbericht bezüglich der historischen Finanzabschlüsse

Nicht anwendbar. Die KPMG Accountants N.V. hat einen uneingeschränkten Bestätigungsvermerk bezüglich der unkonsolidierten Finanzabschlüsse des Emittenten für die jeweils zum 31. Dezember 2012 und 2011 endenden Geschäftsjahre erteilt.

B.12 Ausgewählte wesentliche historische Finanzinformationen

Zusammenfassung ausgewählter unkonsolidierter Finanzdaten des Emittenten

Am 30. Juni 2013 verfügte der Emittent gemäß Dutch GAAP über Vermögenswerte in Höhe von insgesamt 1.328 Mio. €, die hauptsächlich aus Finanzanlagevermögen in Höhe von 1.111 Mio. €, Forderungen gegenüber verbundenen Unternehmen in Höhe von 217 Mio. €, flüssigen Mitteln in Höhe von 584.000 € und einem negativen Eigenkapital in Höhe von 5 Mio. € bestanden.

	1. Januar bis 30. Juni		1. Januar bis 31. Dezember	
	2013	2012	2012	2011
	(ungeprüft)			
	(in Mio. €)			
Umsatz	0	0	0	0
Ergebnis der gewöhnlichen Geschäftstätigkeit	1	2	3	3
Operativer Cashflow	5	(1)	2	4

	Am 30. Juni	Am 31. Dezember	
	2013	2012	2011
	(ungeprüft)		
	(in Mio. €)		
Bilanzsumme Aktiva	1.328	2.007	1.794
Eigenkapital	(5)	(3)	2

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

Mit Ausnahme der am 23. Januar 2014 stattgefundenen Emission von vorrangigen Schuldverschreibungen in einem Gesamtnennbetrag von 750 Mio. € sind keine wesentlichen nachteiligen Veränderungen in den Geschäftsaussichten des Emittenten seit dem 31. Dezember 2012 eingetreten.

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

Mit Ausnahme der am 23. Januar 2014 stattgefundenen Emission von vorrangigen Schuldverschreibungen in einem Gesamtnennbetrag von 750 Mio. € sind keine wesentlichen Veränderungen in der Finanzlage oder der Handelsposition des Emittenten seit dem 30. Juni 2013 eingetreten.

B.13 Beschreibung von kürzlich aufgetretenen, für den Emittenten besonderen Ereignissen, die in wesentlicher Hinsicht für die Bewertung der Solvenz des Emittenten relevant sind

Nicht anwendbar. Es sind kürzlich keine für den Emittenten besonderen Ereignisse aufgetreten, die in wesentlicher Hinsicht für die Bewertung der Solvenz des Emittenten relevant sind.

B.14 Falls der Emittent Teil eines Konzerns ist, eine Beschreibung des Konzerns sowie der Stellung des Emittenten innerhalb des Konzerns

Siehe Element B.5.

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

Der Emittent ist eine 100%ige Finanzierungstochtergesellschaft der garantiegebenden Muttergesellschaft und wird die Erlöse aus dem Verkauf der Schuldverschreibungen in Form von konzerninternen Darlehen weiterleiten. Der Emittent beabsichtigt, unter den Schuldverschreibungen zu leistende Zahlungen aus den Einnahmen aus den konzerninternen Darlehen zu tätigen. Der Emittent hat außer den Rückzahlungsansprüchen aus den konzerninternen Darlehen keine anderen wesentlichen Vermögenswerte oder Einnahmequellen. Dementsprechend hängt die Fähigkeit des Emittenten, Zahlungen unter den Schuldverschreibungen tätigen zu können, von der Fähigkeit der Schuldner unter den konzerninternen Darlehen ab, entsprechende Zahlungen leisten zu können. Deswegen ist der Emittent hinsichtlich der Erfüllung seiner Zahlungsverpflichtungen unter den Schuldverschreibungen vollumfänglich von der Profitabilität und den Zahlungsmittelzuflüssen der Schuldner der konzerninternen Darlehen, bei denen er Vertragspartei ist, abhängig.

B.15 Beschreibung der wesentlichen Geschäftstätigkeiten des Emittenten

Der Hauptgeschäftszweck des Emittenten ist die Finanzierung des Fresenius-Konzerns durch die Emission von Schuldverschreibungen und durch die Aufnahme von anderen Darlehensmitteln durch Darlehensverträge, wobei die Einnahmen an die Garantiegeber bzw. deren jeweilige Tochtergesellschaften weitergeleitet werden, um Geschäftsaktivitäten des Fresenius-Konzerns zu finanzieren. Neben diesen Geschäftstätigkeiten betreibt der Emittent keine weiteren wesentlichen geschäftlichen Aktivitäten.

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

Der Emittent steht in unmittelbaren Eigentum der garantiegebenden Muttergesellschaft und wird auch von dieser kontrolliert.

B.17 Ratings, die im Auftrag des Emittenten oder in Zusammenarbeit mit ihm beim Ratingverfahren für den Emittenten oder seine Schuldtitel erstellt wurden

Nicht anwendbar. Zum Zeitpunkt dieses Prospekts sind für den Emittenten selbst keine Ratings in seinem Auftrag oder in Zusammenarbeit mit ihm vergeben worden.

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

	Standard & Poor's(3)	Moody's(4)
€ 500 Mio. 4,250 % Schuldverschreibungen (Senior Notes) fällig 2019	BB+	Ba1
€ 300 Mio. 2,375 % Schuldverschreibungen (Senior Notes) fällig 2019	BB+	Ba1
€ 500 Mio. 2,875 % Schuldverschreibungen (Senior Notes) fällig 2020	BB+	Ba1
€ 450 Mio. 3,000 % Schuldverschreibungen (Senior Notes) fällig 2021	BB+	Ba1

(1) Die Europäische Wertpapier- und Marktaufsichtsbehörde veröffentlicht auf ihrer Webseite (http://www.esma.europa.eu/page/List-registered-and-certified-CRAs) ein Verzeichnis der nach der Verordnung (EG) Nr. 1060/2009 des Europäischen Parlaments und des Rates vom 16. September 2009 über Ratingagenturen in ihrer geänderten Fassung (die "**Ratingverordnung**") registrierten Ratingagenturen. Dieses Verzeichnis wird innerhalb von fünf Werktagen nach Annahme eines Beschlusses gemäß Artikel 16, 17 oder 20 der Ratingverordnung aktualisiert. Die Europäische Kommission veröffentlicht das aktualisierte Verzeichnis im Amtsblatt der Europäischen Union innerhalb von 30 Tagen nach der Aktualisierung.

(2) Ein Rating beurteilt die Bonität eines Unternehmens und informiert einen Anleger somit über die Wahrscheinlichkeit, mit der das Unternehmen zur Rückzahlung des investierten Kapitals in der Lage ist. Es ist keine Empfehlung zum Kauf, Verkauf oder Halten von Wertpapieren und kann von der Ratingagentur jederzeit geändert oder widerrufen werden.

(3) Standard & Poor's Credit Market Services Europe Limited (Zweigniederlassung Deutschland) ist eine in der Europäischen Gemeinschaft ansässige und gemäß der Ratingverordnung registrierte Ratingagentur. Nach Standard & Poor's wird BB+ von Marktteilnehmern als beste Bewertung für spekulative Anlagen angesehen. Nach Standard & Poor's ist bei einer mit „BB" bewerteten Verbindlichkeit ein Zahlungsausfall weniger wahrscheinlich als bei anderen spekulativen Emissionen. Dennoch ist die Verbindlichkeit größeren fortlaufenden Unwägbarkeiten und nachteiligen Geschäfts-, Finanz-, und Wirtschaftsbedingungen ausgesetzt, welche dazu führen könnten, dass der Schuldner nicht in der Lage ist, seine finanziellen Verpflichtungen aus der Verbindlichkeiten zu bedienen. Die Bewertungen ... können durch das Hinzufügen eines Plus- (+) oder eines Minuszeichen (-) ergänzt werden, die die relative Einordnung innerhalb der wesentlichen Ratingkategorien anzeigen.

(4) Moody's Deutschland GmbH ist eine in der Europäischen Gemeinschaft ansässige und gemäß der Ratingverordnung registrierte Ratingagentur. Nach Moody's sind mit „Ba" bewertete Verbindlichkeiten als solche zu werten, die spekulative Bestandteile besitzen und ein substantielles Kreditrisiko beinhalten. Moody's ergänzt seine jeweilige Ratingeinschätzung von Aa bis Caa um die numerischen Modifikationen 1, 2 und 3... Die Modifikation 1 zeigt an, dass die Verbindlichkeit am oberen Ende seiner jeweiligen Ratingkategorie befindet.

B.18 Beschreibung der Art und des Umfangs der Garantie

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

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

B.19 B.1 Juristischer und kommerzieller Name der garantiegebenden Muttergesellschaft

Der juristische und kommerzielle Name der garantiegebenden Muttergesellschaft ist Fresenius SE & Co. KGaA.

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

Fresenius SE & Co. KGaA ist eine nach deutschem Recht errichtete Kommanditgesellschaft auf Aktien mit eingetragenem Sitz in Else-Kröner-Straße 1, 61352 Bad Homburg vor der Höhe, Deutschland.

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

Fresenius ist ein internationaler Gesundheitskonzern mit Produkten und Dienstleistungen für die Dialyse, Krankenhäuser und die ambulante medizinische Versorgung von Patienten. Der Gesundheitssektor zählt zu den weltweit bedeutendsten Wirtschaftszweigen. Verglichen mit anderen Branchen ist er weitgehend unabhängig von konjunkturellen Schwankungen und konnte in den zurückliegenden Jahren überdurchschnittlich wachsen.

Wesentliche den Gesundheitssektor beeinflussende Trends sind:

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

Zusätzliche Trends in den Wachstumsmärkten sind:

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

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

Siehe Element B.5.

B.19 B.9 Gewinnprognosen oder Gewinnschätzungen

Nicht anwendbar. Es wurden keine Gewinnprognosen oder Gewinnschätzungen getätigt.

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

Nicht anwendbar. Die KPMG AG hat jeweils einen uneingeschränkten Bestätigungsvermerk nach U.S. GAAP und IFRS bezüglich der Konzernabschlüsse der Fresenius SE & Co. KGaA für die zum 31. Dezember 2012 und 2011 endenden Geschäftsjahre erteilt.

B.19 B.12 Ausgewählte wesentliche historische Finanzinformationen

Die folgende Zusammenfassung ausgewählter Konzernfinanzinformationen (einschließlich der Kennzahlen) spiegelt die Vollkonsolidierung der Fresenius Medical Care in unseren Abschlüssen wider. Die

Gesellschaft erhält Dividenden nur in dem ihrem wirtschaftlichen Anteil an der Fresenius Medical Care entsprechenden Verhältnis und ist beschränkt durch die Auflagen bestimmter Finanzierungsinstrumente der Fresenius Medical Care. Am 30. September 2013 hielt die Gesellschaft 31,4 % der ausstehenden stimmberechtigten Stammaktien der FMC AG & Co. KGaA.

Die folgenden Tabellen enthalten ausgewählte Konzernfinanzinformationen und Daten aus den Geschäftssegmenten unseres Konzerns für die zum 30. September 2013 und 2012 endenden neun Monate, die zum 30. September 2013 endenden zwölf Monate und die zum 31. Dezember 2012, 2011 und 2010 endenden Geschäftsjahre. Wir haben diese ausgewählten Finanzdaten aus unseren gemäß U.S. GAAP erstellten Konzernabschlüssen abgeleitet. Die Daten aus den Geschäftssegmenten sind in den Tabellen eindeutig als solche gekennzeichnet. KPMG AG Wirtschaftsprüfungsgesellschaft, The Squaire, Am Flughafen, 60549 Frankfurt am Main, hat jeden der Konzernabschlüsse für die zum 31. Dezember 2012, 2011 und 2010 endenden Geschäftsjahre geprüft und mit einem Bestätigungsvermerk versehen. Die Bestätigungsvermerke sind an anderer Stelle in diesem Prospekt enthalten. Der verkürzte Konzernzwischenabschluss für die zum 30. September 2013 und 2012 endenden neun Monate ist ungeprüft.

Die nachfolgend aufgeführten historischen Finanzinformationen für die zum 30. September 2013 endenden zwölf Monate wurden durch Addition der konsolidierten Finanzdaten für die zum 30. September 2013 endenden neun Monate zu den konsolidierten Finanzdaten für das zum 31. Dezember 2012 endende Geschäftsjahr abzüglich der konsolidierten Finanzdaten für die zum 30. September 2012 endenden neun Monate abgeleitet. Die Finanzinformationen für die zum 30. September 2013 endenden zwölf Monate wurden nur zu illustrativen Zwecken erstellt und sind nicht notwendigerweise repräsentativ für unsere operativen Ergebnisse in zukünftigen Perioden oder unsere finanzielle Situation zu einem zukünftigen Zeitpunkt.

Die folgende Auswahl an Finanz- und Geschäftsinformationen sollte nur als Einführung betrachtet werden. Jede Anlageentscheidung sollte sich auf die Prüfung des gesamten Prospekts stützen.

Zusammenfassung ausgewählter Konzernfinanzdaten

Zusammenfassung ausgewählter Daten der konsolidierten Gewinn- und Verlustrechnung

	1. Oktober 2012 bis 30. September 2013	1. Januar bis 30. September		Geschäftsjahr zum 31. Dezember		
	2013	2013	2012	2012	2011	2010
	(ungeprüft)	(ungeprüft)				
			(Mio. €)			
Umsatz[1]	20.222	15.032	14.100	19.290	16.361	15.972
Umsatzkosten	(13.832)	(10.327)	(9.497)	(13.002)	(10.987)	(10.646)
Bruttoergebnis vom Umsatz	6.390	4.705	4.603	6.288	5.374	5.326
Vertriebs- und allgemeine Verwaltungskosten	(3.113)	(2.285)	(2.172)	(3.000)	(2.544)	(2.664)
Forschungs- und Entwicklungsaufwendungen	(343)	(252)	(214)	(305)	(267)	(244)
EBIT (Operatives Ergebnis)[2]	2.934	2.168	2.217	2.983	2.563	2.418
Zinsergebnis	(635)	(449)	(480)	(666)	(531)	(566)
Sonstiges Finanzergebnis[3]	2	0	(37)	(35)	(100)	(66)
Beteiligungsertrag[4]	0	0	109	109	0	0
Steuern vom Einkommen und vom Ertrag	(635)	(488)	(512)	(659)	(604)	(581)
Auf andere Gesellschafter entfallender Gewinn[5]	(698)	(504)	(612)	(806)	(638)	(583)
Ergebnis, das auf die Anteilseigner der Fresenius SE & Co. KGaA entfällt	968	727	685	926	690	622
EBIT (Operatives Ergebnis), bereinigt[6]	3.053	2.202	2.224	3.075	2.563	2.418
Ergebnis, das auf die Anteilseigner der Fresenius SE & Co. KGaA entfällt, bereinigt[7]	1.009	753	682	938	770	660

Zusammenfassung ausgewählter Daten der Konzernbilanz

	Zum 30. September 2013	Zum 31. Dezember 2012	2011	2010
	(ungeprüft)	(Mio. €)		
Bilanzsumme Aktiva	**30.678**	**30.664**	**26.321**	**23.577**
Eigenkapital der Anteilseigner der Fresenius SE & Co. KGaA	(7.846)	(7.633)	(5.971)	(4.965)
Bilanzsumme Passiva	**(30.678)**	**(30.664)**	**(26.321)**	**(23.577)**

Zusammenfassung ausgewählter Daten der Konzernkapitalflussrechnung

	1. Oktober 2012 bis 30. September 2013	1. Januar bis 30. September 2013	2012	Geschäftsjahr zum 31. Dezember 2012	2011	2010
	(ungeprüft)	(ungeprüft)	(Mio. €)			
Operativer Cashflow	2.197	1.566	1.807	2.438	1.689	1.911
Mittelabfluss aus Investitionstätigkeit	(1.188)	(957)	(3.020)	(3.251)	(2.072)	(1.237)
Mittelabfluss/-zufluss aus Finanzierungstätigkeit	(1.072)	(600)	1.547	1.075	242	(352)

Zusammenfassung ausgewählter sonstiger Konzernfinanzinformationen

	1. Oktober 2012 bis 30. September 2013	1. Januar bis 30. September 2013	2012	Geschäftsjahr zum 31. Dezember 2012	2011	2010
	(ungeprüft)	(ungeprüft) (Mio. €, außer Verhältniszahlen)				
EBITDA[(8)(9)(10)]	3.770	2.790	2.779	3.759	3.237	3.057
EBITDA, bereinigt[(8)(9)(10)]	3.889	2.824	2.786	3.851	3.237	3.057
Netto-Finanzverbindlichkeiten (zum 30. September oder 31. Dezember)[(11)]	10.206	10.206	9.556	10.143	9.164	8.015
Zinsergebnis	(635)	(449)	(480)	(666)	(531)	(566)
Erwerb von Sachanlagen	(1.072)	(676)	(611)	(1.007)	(783)	(758)
Akquisitionen	(621)	(442)	(2.993)	(3.172)	(1.612)	(644)
EBITDA, bereinigt/Zinsergebnis[(8)(9)(10)]	6,1	6,3	5,8	5,8	6,1	5,4
Netto-Finanzverbindlichkeiten/EBITDA[(12)]	2,7	—	2,6	2,7	2,8	2,6
Netto-Finanzverbindlichkeiten/EBITDA, bereinigt[(12)(13)]	2,6	—	2,5	2,6	2,8	2,6

Zusammenfassung ausgewählter konsolidierter Daten aus den Geschäftssegmenten

Fresenius Medical Care

	1. Oktober 2012 bis 30. September 2013	1. Januar bis 30. September 2013	2012	Geschäftsjahr zum 31. Dezember 2012	2011	2010
	(ungeprüft)	(ungeprüft) (Mio. €, außer Mitarbeiter)				
Umsatz[(1)]	11.015	8.156	7.882	10.741	9.031	9.091
EBITDA[(8)(9)]	2.127	1.575	1.644	2.196	1.891	1.830
EBIT	1.642	1.211	1.296	1.727	1.491	1.451
Zinsergebnis	(325)	(236)	(243)	(332)	(213)	(211)
Ergebnis, das auf die Anteilseigner der Fresenius Medical Care AG & Co. KGaA entfällt	776	578	726	924	770	738
EBITDA, bereinigt[(14)]	2.213	1.575	1.644	2.282	1.891	1.830
EBIT, bereinigt[(14)]	1.728	1.211	1.296	1.813	1.491	1.451
Ergebnis, das auf die Anteilseigner der Fresenius Medical Care AG & Co. KGaA entfällt, bereinigt[(15)]	831	578	617	870	770	738
Operativer Cashflow	1.539	1.098	1.146	1.587	1.039	1.032
Erwerb von Sachanlagen	(564)	(389)	(351)	(526)	(429)	(395)

	1. Oktober 2012 bis 30. September 2013	1. Januar bis 30. September 2013	2012	Geschäftsjahr zum 31. Dezember 2012	2011	2010
	(ungeprüft)	(ungeprüft) (Mio. €, außer Mitarbeiter)				
Akquisitionen	(303)	(232)	(1.337)	(1.408)	(1.429)	(596)
Forschungs- und Entwicklungsaufwendungen	(94)	(72)	(65)	(87)	(80)	(73)
Mitarbeiter (Köpfe zum jeweiligen Periodenende)	94.080	94.080	90.039	90.866	83.476	77.442
Dividendenzahlungen	230	230	210	210	197	183
Hiervon an Fresenius SE & Co. KGaA	71	71	65	65	69	65

Fresenius Kabi

	1. Oktober 2012 bis 30. September 2013	1. Januar bis 30. September 2013	2012	Geschäftsjahr zum 31. Dezember 2012	2011	2010
	(ungeprüft)	(ungeprüft) (Mio. €, außer Mitarbeiter)				
Umsatz	4.918	3.742	3.363	4.539	3.964	3.672
EBITDA[(8)(9)]	1.136	852	817	1.101	955	893
EBIT	929	695	700	934	803	737
Zinsergebnis	(255)	(181)	(212)	(286)	(278)	(279)
Ergebnis, das auf Anteilseigner der Fresenius Kabi AG entfällt	481	367	330	444	354	294
Operativer Cashflow	447	303	452	596	462	567
Erwerb von Sachanlagen	(304)	(187)	(159)	(276)	(177)	(174)
Akquisitionen	(906)	(59)	(30)	(877)	(11)	(31)
Forschungs- und Entwicklungsaufwendungen	(235)	(177)	(136)	(194)	(162)	(143)
Mitarbeiter (Köpfe zum jeweiligen Periodenende)	31.010	31.010	25.521	30.214	24.106	22.851

Fresenius Helios

	1. Oktober 2012 bis 30. September 2013	1. Januar bis 30. September 2013	2012	Geschäftsjahr zum 31. Dezember 2012	2011	2010
	(ungeprüft)	(ungeprüft) (Mio. €, außer Mitarbeiter)				
Umsatz	3.390	2.537	2.347	3.200	2.665	2.520
EBITDA[(8)(9)]	488	368	312	432	369	318
EBIT	372	282	232	322	270	235
Zinsergebnis	(56)	(39)	(50)	(67)	(51)	(55)
Ergebnis, das auf Anteilseigner der HELIOS Kliniken GmbH entfällt	249	194	148	203	163	131
Operativer Cashflow	269	186	157	240	294	311
Erwerb von Sachanlagen	(177)	(85)	(88)	(180)	(157)	(166)
Akquisitionen	(19)	(7)	(567)	(579)	(45)	(13)
Forschungs- und Entwicklungsaufwendungen	—	—	—	—	—	—
Mitarbeiter (Köpfe zum jeweiligen Periodenende)	42.980	42.980	42.544	42.881	37.198	33.321

Fresenius Vamed

	1. Oktober 2012 bis 30. September 2013	1. Januar bis 30. September 2013	2012	Geschäftsjahr zum 31. Dezember 2012	2011	2010
	(ungeprüft)	(ungeprüft) (Mio. €, außer Mitarbeiter)				
Umsatz	964	654	536	846	737	713
EBITDA[(8)(9)]	61	32	30	59	51	49
EBIT	52	25	24	51	44	41
Zinsergebnis	(3)	(2)	—	(1)	2	2

	1. Oktober 2012 bis 30. September 2013	1. Januar bis 30. September 2013	1. Januar bis 30. September 2012	Geschäftsjahr zum 31. Dezember 2012	2011	2010
	(ungeprüft)	(ungeprüft) (Mio. €, außer Mitarbeiter)				
Ergebnis, das auf Anteilseigner der VAMED AG entfällt	35	16	16	35	34	30
Operativer Cashflow	(46)	(13)	68	35	(83)	47
Erwerb von Sachanlagen	(13)	(8)	(6)	(11)	(7)	(9)
Akquisitionen	(10)	(8)	(42)	(44)	(3)	(5)
Forschungs- und Entwicklungsaufwendungen	0	0	0	0	0	0
Mitarbeiter (Köpfe zum jeweiligen Periodenende)	6.365	6.365	4.439	4.432	3.724	3.110

(1) Die Position Umsatz wurde wegen einer Änderung der U.S. GAAP-Bilanzierungsvorschriften in 2012 adjustiert. Bestimmte Aufwendungen für Wertberichtigungen auf Forderungen wurden von der Position Vertriebs- und allgemeine Verwaltungskosten in die Position Umsatz reklassifiziert. Diese Reklassifizierung hatte keinen Einfluss auf das EBIT.

Die Anpassung in der Position Umsatz für das Geschäftsjahr zum 31. Dezember 2011 in Höhe von -161 Mio. € bezieht sich ausschließlich auf die Fresenius Medical Care North America.

(2) Das Operative Ergebnis (EBIT) für die zum 30. September 2013 endenden neun Monate wurde nicht um die Einmalkosten für die Integration von Fenwal in Höhe von 34 Mio. € bereinigt.

Das Operative Ergebnis (EBIT) für das Geschäftsjahr zum 31. Dezember 2012 wurde nicht um die Einmalkosten im Zusammenhang mit dem Übernahmeangebot an die Aktionäre der Rhön-Klinikum AG, Sondereinflüsse aus der Neuverhandlung des Venofer Vertrages und der Spende an die American Society of Nephrology bereinigt.

(3) Im Sonstigen Finanzergebnis für 2011 und 2010 wurden die Sondereinflüsse aus den Marktveränderungen der Pflichtumtauschanleihe (*Mandatory Exchangeable Bonds*, „**MEB**") und des Besserungsscheins (*Contingent Value Rights*, „**CVR**") im Zusammenhang mit dem Erwerb der Fresenius Kabi USA berücksichtigt. Beide Einflüsse sind nicht liquiditätswirksam. Die Börsennotierung des CVR wurde im ersten Quartal 2011 eingestellt. Die MEB wurde am 14. August 2011 fällig. In 2012 enthält das Sonstige Finanzergebnis Einmalkosten im Zusammenhang mit dem Übernahmeangebot an die Aktionäre der Rhön-Klinikum AG.

Die nachfolgende Tabelle zeigt die Zusammensetzung der Position „Sonstiges Finanzergebnis":

	1. Oktober 2012 bis 30. September 2013	1. Januar bis 30. September 2013	1. Januar bis 30. September 2012	Geschäftsjahr zum 31. Dezember 2012	2011	2010
	(ungeprüft)	(ungeprüft)	(Mio. €)			
MEB	—	—	—	—	(105)	(98)
CVR	—	—	—	—	5	32
Finanzierungskosten im Zusammenhang mit dem Angebot an die Aktionäre der Rhön-Klinikum AG	2	—	(37)	(35)	—	—
Sonstiges Finanzergebnis	**2**	**—**	**(37)**	**(35)**	**(100)**	**(66)**

(4) Der Beteiligungsertrag beinhaltet einen nicht liquiditätswirksamen Bewertungsgewinn im Zusammenhang mit dem Investment von Fresenius Medical Care zum Zeitpunkt der Akquisition von Liberty.

Die nachfolgende Tabelle zeigt, wie dieser Bewertungsgewinn der Fresenius Medical Care das Konzernergebnis der Fresenius SE & Co. KGaA beeinflusst hat:

	1. Oktober 2012 bis 30. September 2013	1. Januar bis 30. September 2013	1. Januar bis 30. September 2012	Geschäftsjahr zum 31. Dezember 2012	2011	2010
	(ungeprüft)	(ungeprüft)	(Mio. €)			
Beteiligungsertrag	—	—	109	109	—	—
Hiervon Anteile anderer Gesellschafter	—	—	(75)	(75)	—	—
Beteiligungsertrag, der auf die Fresenius SE & Co. KGaA entfällt	**—**	**—**	**34**	**34**	**—**	**—**

(5) Die Anteile anderer Gesellschafter beinhalten die Dritten zuzurechnenden Nettoerträge. In dem zum 30. September 2013 endenden Neunmonatszeitraum entfielen 95 % der Anteile anderer Gesellschafter auf die Anteile anderer Gesellschafter der Fresenius Medical Care.

(6) Die Zahlen für den am 30. September 2013 endenden Neunmonatszeitraum wurden um die Einmalkosten für die Integration von Fenwal in Höhe von 34 Mio. € bereinigt.

Die Zahlen für 2012 wurden um Einmalkosten im Zusammenhang mit dem Übernahmeangebot an die Aktionäre der Rhön-Klinikum AG in Höhe von 6 Mio. € und Sondereinflüsse aus der Neuverhandlung des Venofer Vertrages und der Spende an die American Society of Nephrology in Höhe von 86 Mio. € bereinigt.

(7) In der folgenden Tabelle werden die Bereinigungen des Ergebnisses um die Einmalkosten für die Integration von Fenwal in 2013, den nicht liquiditätswirksamen Bewertungsgewinn im Zusammenhang mit dem Investment von Fresenius Medical Care zum Zeitpunkt der Akquisition von Liberty, das Übernahmeangebot an die Aktionäre der Rhön-Klinikum AG, die Sondereinflüsse aus der Neuverhandlung des Venofer Vertrages und der Spende an die American Society of Nephrology in 2012 und die MEB und den CVR für die Jahre 2011 und 2010 dargestellt:

	1. Oktober 2012 bis 30. September	1. Januar bis 30. September		Geschäftsjahr zum 31. Dezember		
	2013	**2013**	**2012**	**2012**	**2011**	**2010**
	(ungeprüft)	**(ungeprüft)**				
			(Mio. €)			
Ergebnis, das auf die Anteilseigner der Fresenius SE & Co. KGaA entfällt (Konzernergebnis)	**968**	**727**	**685**	**926**	**690**	**622**
Beteiligungsertrag, der auf die Fresenius SE & Co. KGaA entfällt	—	—	(34)	(34)	—	—
Venofer / Spenden-Einflüsse, die auf die Fresenius SE & Co. KGaA entfallen	17	—	—	17	—	—
MEB	—	—	—	—	85	70
CVR	—	—	—	—	(5)	(32)
Finanzierungskosten im Zusammenhang mit dem Übernahmeangebot an die Aktionäre der Rhön-Klinikum AG	(1)	—	26	25	—	—
Sonstige Kosten im Zusammenhang mit dem Übernahmeangebot an die Aktionäre der Rhön-Klinikum AG	(1)	—	5	4	—	—
Einmalkosten für die Integration von Fenwal	26	26	—	—	—	—
Ergebnis, das auf die Anteilseigner der Fresenius SE & Co. KGaA entfällt (Konzernergebnis), bereinigt	**1.009**	**753**	**682**	**938**	**770**	**660**

(8) EBITDA ist das Betriebsergebnis plus Abschreibungen und wird von unserem nach U.S. GAAP ermittelten operativen Ergebnis (EBIT) abgeleitet.

(9) Wir geben diese Kennzahl an, weil sie von den Anlegern möglicherweise als hilfreiche Kennzahl für unsere Leistungsfähigkeit betrachtet wird. Diese Zahl wird nach U.S. GAAP nicht als Kennzahl anerkannt und sollte weder als Ersatz für die nach U.S. GAAP erstellte Gewinn- und Verlustrechnung oder Kapitalflussrechnung noch als Kennzahl für die Wirtschaftlichkeit oder Liquidität herangezogen werden. Sie gibt weder an, ob der Cashflow unseren Liquiditätsbedarf deckt oder für diesen frei verfügbar ist, noch lässt sie Rückschlüsse auf unser Betriebsergebnis in der Vergangenheit oder Zukunft zu. Da nicht alle Unternehmen diese Kennzahl auf dieselbe Art und Weise bestimmen, ist unsere Darstellung nur bedingt mit ähnlich bezeichneten Kennzahlen, die von anderen Unternehmen verwendet werden, vergleichbar.

(10) Sie sollten EBITDA nicht als eine Alternative für den nach U.S. GAAP ermittelten Bilanzgewinn oder den Cashflow aus laufender Geschäftstätigkeit, Investitionstätigkeit oder Finanzierungstätigkeit betrachten.

Der EBITDA des Konzerns kann für den zum 30. September 2013 endenden Neunmonatszeitraum sowie die Geschäftsjahre 2012, 2011 und 2010 wie folgt auf das Betriebsergebnis übergeleitet werden:

	1. Oktober 2012 bis 30. September	1. Januar bis 30. September		Geschäftsjahr zum 31. Dezember		
	2013	**2013**	**2012**	**2012**	**2011**	**2010**
	(ungeprüft)	**(ungeprüft)**				
			(Mio. €)			
EBIT (Operatives Ergebnis)	2.934	2.168	2.217	2.983	2.563	2.418
Abschreibungen	836	622	562	776	674	639
EBITDA	3.770	2.790	**2.779**	**3.759**	**3.237**	**3.057**
Einmalkosten bei Fresenius Medical Care	86	—	—	86	—	—
Kosten für das Übernahmeangebot an die Aktionäre der Rhön-Klinikum AG	(1)	—	7	6	—	—
Einmalkosten für die Integration von Fenwal	34	34	—	—	—	—
EBITDA, bereinigt	**3.889**	**2.824**	**2.786**	**3.851**	**3.237**	**3.057**

Der EBITDA, der verwendet wird, um die Einhaltung bestimmter Auflagen aus unserer Kreditvereinbarung 2013 und unseren anderen Finanzierungsvereinbarungen zu bestimmen, unterliegt einer Reihe von Anpassungen im Einklang mit den Bestimmungen dieser Verträge und unterscheidet sich daher von den hier dargelegten Zahlen für den EBITDA.

Da wir die FMC AG & Co. KGaA voll konsolidieren, ist im EBITDA der EBITDA der Fresenius Medical Care enthalten.

(11) Die Netto-Finanzverbindlichkeiten umfassen kurzfristige Kreditaufnahmen (einschließlich des Forderungsverkaufsprogramms von Fresenius Medical Care), kurzfristige Kreditaufnahmen von verbundenen Unternehmen, langfristige Verbindlichkeiten (einschließlich des kurzfristig fälligen Anteils) und genussscheinähnliche Wertpapiere von Fresenius Medical Care (bis zum 15. Juni 2011), abzüglich flüssiger Mittel und kurzfristiger Anlagen aus Kapitalerhöhung.

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

Die Netto-Finanzverbindlichkeiten beinhalten nicht die MEB oder den CVR für diejenigen Zeiträume, in denen die MEB oder der CVR ausstehen.

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

(12) Eine der Kennzahlen, die verwendet wird, um die Einhaltung bestimmter Auflagen aus unserer Kreditvereinbarung 2013 und unseren anderen Finanzierungsvereinbarungen zu bestimmen, ist unser Verschuldungsgrad. Diese Kennziffer unterscheidet sich aufgrund von bestimmten Anpassungen, die durch die jeweilig geltenden Verträge vorgeschrieben sind, von dem hier dargestellten Verhältnis der Netto-Finanzverbindlichkeiten zum EBITDA.

(13) Zu Zwecken der Vergleichbarkeit beinhaltet unser Verschuldungsgrad (bereinigt) für den zum 30. September 2013 endenden Zwölfmonatszeitraum den historischen EBITDA von Fenwal für volle zwölf Monate, da die Nettoschulden von Fenwal auch in den Nettoschulden des Fresenius-Konzerns zum 30. September 2013 enthalten sind. Ferner wurde der EBITDA um Einmalkosten im Zusammenhang mit dem Übernahmeangebot an die Aktionäre der Rhön-Klinikum AG, Sondereinflüsse aus der Neuverhandlung des Venofer Vertrages und der Spende an die American Society of Nephrology und die Einmalkosten für die Integration von Fenwal bereinigt. Der EBITDA des Fresenius Konzerns (bereinigt) für den zum 30. September 2013 endenden Zwölfmonatszeitraum belief sich auf 3.889 Mio. €.

Zu Zwecken der Vergleichbarkeit wurde unser Verschuldungsgrad zum 31. Dezember 2012 bereinigt, um den historischen EBITDA von Liberty, des Damp-Konzerns und von Fenwal für volle zwölf Monate zu berücksichtigen, da die Nettoschulden des Fresenius-Konzerns zum 31. Dezember 2012 die Nettoschulden enthalten, die in den Akquisitionen von Liberty, des Damp-Konzerns und von Fenwal übernommen oder durch diese Akquisitionen eingegangen wurden. Ferner wurde der EBITDA um Einmalkosten in Höhe von 6 Mio. € (nicht finanzierungsbezogene Aufwendungen) im Zusammenhang mit dem Angebot an die Aktionäre der Rhön-Klinikum AG und Einmalkosten von 86 Mio. € bei Fresenius Medical Care bereinigt. Der EBITDA des Fresenius Konzerns (bereinigt) für das Geschäftsjahr zum 31. Dezember 2012 belief sich auf 3.960 Mio. €.

(14) 2012 wurde bereinigt um die Sondereinflüsse von 86 Mio. € aus der Neuverhandlung des Venofer Vertrages und der Spende an die American Society of Nephrology.

(15) 2012 wurde bereinigt um den nicht liquiditätswirksamen Bewertungsgewinn im Zusammenhang mit dem Investment von Fresenius Medical Care zum Zeitpunkt des Erwerbs von Liberty, die Sondereinflüsse aus der Neuverhandlung des Venofer Vertrages und der Spende an die American Society of Nephrology. Das Ergebnis, das auf die Anteilseigner der Fresenius Medical Care AG & Co. KGaA entfällt, bereinigt für den zum 30. September 2012 endenden Neunmonatszeitraum wird nur um den nicht liquiditätswirksamen Bewertungsgewinn im Zusammenhang mit dem Investment von Fresenius Medical Care zum Zeitpunkt des Erwerbs von Liberty bereinigt.

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

Es sind keine wesentlichen nachteiligen Veränderungen in den Geschäftsaussichten von Garantiegebern seit dem 31. Dezember 2012 eingetreten.

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

Mit Ausnahme einer Inanspruchnahme der Zwischenfinanzierungsfazilität (*Bridge Financing Facility*) sowie höherer Kurzfristiger Finanzverbindlichkeiten gemäß der Kapitalisierungstabelle sind keine wesentlichen Veränderungen in der Finanzlage oder der Handelsposition eines Garantiegebers seit dem 30. September 2013 eingetreten.

B.19 B.13 Beschreibung von kürzlich aufgetretenen, für den Garantiegeber besonderen Ereignissen, die in wesentlicher Hinsicht für die Bewertung der Solvenz des Garantiegebers relevant sind

Nicht anwendbar. Es sind kürzlich keine für den Garantiegeber besonderen Ereignisse aufgetreten, die in wesentlicher Hinsicht für die Bewertung seiner Solvenz relevant sind.

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

Siehe Element B.5.

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

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

B.19 B.15 Beschreibung der wesentlichen Geschäftsaktivitäten der Garantiegeber

Überblick über den Fresenius-Konzern und seine Geschäftsfelder

Fresenius ist ein internationaler Gesundheitskonzern mit Produkten und Dienstleistungen für die Dialyse, das Krankenhaus und die ambulante medizinische Versorgung von Patienten. Weitere Geschäftsfelder sind das Krankenhausmanagement sowie Engineering- und Dienstleistungen für Krankenhäuser und andere Gesundheitseinrichtungen. Unsere vier Unternehmensbereiche sind Fresenius Medical Care, Fresenius Kabi, Fresenius Helios und Fresenius Vamed. In den zum 30. September 2013 endenden zwölf Monaten erzielten wir einen Umsatz von 20.222 Mio. € und ein EBITDA von 3.889* Mio. €.

Fresenius Medical Care. Fresenius Medical Care ist auf dem Gebiet der Dialyseprodukte und -dienstleistungen tätig. Auf Basis der veröffentlichten Umsatzzahlen und Zahlen behandelter Patienten ist Fresenius Medical Care der weltweit größte Anbieter von Dialyseprodukten und -dienstleistungen für Patienten mit chronischem Nierenversagen. Umsatz und EBITDA von Fresenius Medical Care beliefen sich in den zum 30. September 2013 endenden zwölf Monaten auf 14.448 Mio. US$ (11.015 Mio. €) bzw. 2.899** Mio. US$ (2.127** Mio. €) und machten etwa 54 % des Konzernumsatzes bzw. 56 % des Konzern-EBITDA aus.

Fresenius Kabi. Fresenius Kabi ist auf die Behandlung und Versorgung schwer und chronisch kranker Patienten im Krankenhaus und im ambulanten Bereich spezialisiert. Fresenius Kabi verfügt über vier Produktsegmente: Infusionstherapien, I.V.-Arzneimittel, Klinische Ernährung und Medizintechnische Produkte/Transfusionstechnologie. Auf dem Gebiet der Infusionstherapien bietet Fresenius Kabi Infusionslösungen und Blutvolumenersatzstoffe an. Auf dem Gebiet der I.V.-Arzneimittel bietet Fresenius Kabi ein umfangreiches Sortiment an intravenös zu verabreichenden Arzneimittel für die Bereiche Anästhesie, Analgesie, Infektionskrankheiten, Onkologie und kritische Erkrankungen an. Im Bereich der klinischen Ernährung bietet Fresenius Kabi parenterale (intravenös verabreichte) und enterale (über den Magen-Darm-Trakt verabreichte) Ernährungstherapien an. Einmalartikel und Infusionsmanagementsysteme sowie Produkte, die von Blutbanken und Blutspendezentren zur Herstellung von Blutprodukten verwendet werden. Im Jahr 2012 generierte Fresenius Kabi 43 % seines Umstazes in Europa, 27 % in Nordamerika, 19 % im Raum Asien-Pazifik, und 11 % in Lateinamerika/Afrika. Im Jahr 2012 beliefen sich Umsatz und EBITDA von Fresenius Kabi auf 4.539 Mio. € bzw. 1.101 Mio. € und stellten ungefähr 24 % des Konzernumsatzes und 29 % des Konzern-EBITDA dar. In den zum 30. September 2013 endenden zwölf Monaten beliefen sich Umsatz und EBITDA von Fresenius Kabi auf 4.918 Mio. € bzw. 1.136*** Mio. € und machten etwa 24 % des Konzernumsatzes bzw. 30 % des Konzern-EBITDA aus.

Fresenius ProServe GmbH. Die Hauptaktivität der Fresenius ProServe GmbH besteht aus dem Halten der Anteile an der Fresenius Helios und der Fresenius Vamed.

Fresenius Helios. Fresenius Helios ist der größte private Krankenhausbetreiber in Deutschland. Die HELIOS-Gruppe betreibt 74 eigene Kliniken (Stand: 30. September 2013), und zwar ausschließlich in Deutschland, darunter sechs Maximalversorger, sowie Rehabilitationskliniken. In den zum 30. September 2013 endenden zwölf Monaten beliefen sich Umsatz und EBITDA von Fresenius Helios auf 3.390 Mio. € bzw. 488 Mio. € und machten etwa 17 % des Konzernumsatzes bzw. 13 % des

---

* Bereinigt um Einmalkosten für die Integration von Fenwal, Einmalkosten im Zusammenhang mit dem Übernahmeangebot an die Aktionäre der Rhön-Klinikum AG und Sondereinflüsse aus der Neuverhandlung des Venofer Vertrages und der Spende an die American Society of Nephrology.

** Bereinigt um Sondereinflüsse aus der Neuverhandlung des Venofer Vertrages und der Spende an die American Society of Nephrology.

*** Bereinigt um Einmalkosten für die Integration von Fenwal.

Konzern-EBITDA aus. Am 13. September 2013 unterzeichnete Fresenius Helios einen Vertrag über den Erwerb der Mehrzahl der Kliniken der Rhön-Klinikum AG und übernimmt 43 Kliniken mit rund 11.800 Betten sowie 15 medizinische Versorgungszentren.

Fresenius Vamed. Fresenius Vamed gehört zu den führenden Unternehmen im Markt für Engineering- und andere Dienstleistungen für die Projektentwicklung, die Planung, den Bau und den technischen Betrieb von Krankenhäusern und anderen Gesundheitseinrichtungen weltweit sowie das allgemeine Management von Gesundheitseinrichtungen in ausgewählten Schlüsselmärkten. In den zum 30. September 2013 endenden zwölf Monaten beliefen sich Umsatz und EBITDA von Fresenius Vamed auf 964 Mio. € bzw. 61 Mio. € und machten etwa 5 % des Konzernumsatzes bzw. 2 % des Konzern-EBITDA aus.

Überblick unserer wichtigsten Stärken

Unser Unternehmen profitiert von einer Vielzahl von Stärken, dazu zählen u. a.:

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

Überblick unserer Strategie

Die wichtigsten Bestandteile unserer Geschäftsstrategie sind folgende:

- Ausbau unserer Marktposition.
- Ausbau der weltweiten Präsenz.
- Stärkung der Innovationskraft.
- Steigerung der Ertragskraft.

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

Die garantiegebende Muttergesellschaft ist eine an der Börse gelistete Gesellschaft, die in unmittelbarem Eigentum der Else Kröner-Fresenius-Stiftung und anderer Gesellschafter steht. Die Else Kröner-Fresenius-Stiftung ist der größte Gesellschafter der garantiegebenden Muttergesellschaft mit einem Gesellschaftsanteil von 27,07 % zum 31. Dezember 2012. Die garantiegebende Muttergesellschaft wird durch ihren einzigen Komplementär, die Fresenius Management SE, eine 100%ige Tochtergesellschaft der Else Kröner-Fresenius-Stiftung, kontrolliert.

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

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

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

	Standard & Poor's[(3)]	Moody's[(4)]	Fitch[(5)]
Rating	BB+	Ba1	BB+
Ausblick	positiv	negativ	offen (on watch evolving)

(1) Die Europäische Wertpapier- und Marktaufsichtsbehörde veröffentlicht auf ihrer Webseite (http://www.esma.europa.eu/page/List-registered-and-certified-CRAs) ein Verzeichnis der nach der Ratingverordnung registrierten Ratingagenturen. Dieses Verzeichnis wird innerhalb von fünf Werktagen nach Annahme eines Beschlusses gemäß Artikel 16, 17 oder 20 der Ratingverordnung aktualisiert. Die Europäische Kommission veröffentlicht das aktualisierte Verzeichnis im Amtsblatt der Europäischen Union innerhalb von 30 Tagen nach der Aktualisierung.

(2) Ein Rating beurteilt die Bonität eines Unternehmens und informiert einen Anleger somit über die Wahrscheinlichkeit, mit der das Unternehmen zur Rückzahlung des investierten Kapitals in der Lage ist. Es ist keine Empfehlung zum Kauf, Verkauf oder Halten von Wertpapieren und kann von der Ratingagentur jederzeit geändert oder widerrufen werden.

(3) Standard & Poor's Credit Market Services Europe Limited (Zweigniederlassung Deutschland) ist eine in der Europäischen Gemeinschaft ansässige und gemäß der Ratingverordnung registrierte Ratingagentur. Nach Standard & Poor's wird BB+ von Marktteilnehmern als beste Bewertung für spekulative Anlagen angesehen. Nach Standard & Poor's ist bei einer mit „BB" bewerteten Verbindlichkeit ein Zahlungsausfall weniger wahrscheinlich als bei anderen spekulativen Emissionen. Dennoch ist die Verbindlichkeit größeren fortlaufenden Unwägbarkeiten und nachteiligen Geschäfts-, Finanz-, und Wirtschaftsbedingungen ausgesetzt, welche dazu führen könnten, dass der Schuldner nicht in der Lage ist, seine finanziellen Verpflichtungen aus der Verbindlichkeiten zu bedienen. Die Bewertungen ... können durch das Hinzufügen eines Plus- (+) oder eines Minuszeichen (-) ergänzt werden, die die relative Einordnung innerhalb der wesentlichen Ratingkategorien anzeigen.

(4) Moody's Deutschland GmbH ist eine in der Europäischen Gemeinschaft ansässige und gemäß der Ratingverordnung registrierte Ratingagentur. Nach Moody's sind mit „Ba" bewertete Verbindlichkeiten als solche zu werten, die spekulative Bestandteile besitzen und ein substantielles Kreditrisiko beinhalten. Moody's ergänzt seine jeweilige Ratingeinschätzung um die numerischen Modifikationen 1, 2 und 3... Die Modifikation 1 zeigt an, dass die Verbindlichkeit am oberen Ende seiner jeweiligen Ratingkategorie befindet.

(5) Fitch Ratings Limited ist eine in der Europäischen Gemeinschaft ansässige und gemäß der Ratingverordnung registrierte Ratingagentur. Nach Fitch bezeichnet ein „BB"-Rating ein gehobenes Ausfallrisiko, insbesondere im Falle von nachteiligen Veränderungen der Geschäfts- und Wirtschaftsbedingungen, obwohl eine wirtschaftliche und finanzielle Flexibilität besteht, die das Bedienen der finanziellen Verpflichtungen begünstigt. Das Rating kann um die Modifikationen „+" oder „-" ergänzt werden, die die relative Einordnung innerhalb der wesentlichen Ratingkategorien deutlich machen.

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

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

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

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

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

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

Wesentliche den Gesundheitssektor beeinflussende Trends sind:

- der zunehmende Bedarf an medizinischer Behandlung, den eine alternde Gesellschaft mit sich bringt,
- die wachsende Zahl chronisch kranker und multimorbider Patienten,

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

Zusätzliche Trends in den Wachstumsmärkten sind:

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

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

Siehe Element B.5.

B.19 B.9 Gewinnprognosen oder Gewinnschätzungen

Nicht anwendbar. Es wurden keine Gewinnprognosen oder Gewinnschätzungen getätigt.

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

Nicht anwendbar. Die KPMG AG hat jeweils einen uneingeschränkten Bestätigungsvermerk bezüglich der unkonsolidierte Finanzabschlüsse des Garantiegebers für die zum 31. Dezember 2012 und 2011 endenden Geschäftsjahre erteilt.

B.19 B.12 Ausgewählte wesentliche historische Finanzinformationen

Ausgewählte unkonsolidierte Finanzdaten der Fresenius Kabi AG

Am 30. September 2013 verfügte die Fresenius Kabi AG nach den Vorschriften des HGB über Vermögenswerte in Höhe von insgesamt 2.530 Mio. €, Verbindlichkeiten in Höhe von insgesamt 852 Mio. € und, für die zum 30. September 2013 endenden neun Monate, über ein Ergebnis von 161 Mio. € (einschließlich des Beteiligungsertrags).

	1. Januar bis 30. September		Geschäftsjahr zum 31. Dezember	
	2013	2012	2012	2011
	(ungeprüft)			
	(Mio. €)			
Umsatz	0	0	0	0
Ergebnis der gewöhnlichen Geschäftstätigkeit	161	145	132	148
Operativer Cashflow	166	139	136	161

	Zum 30. September 2013	Zum 31. Dezember 2012	Zum 31. Dezember 2011
	(ungeprüft)		
	(Mio. €)		
Bilanzsumme Aktiva	2.530	2.205	2.044
Eigenkapital	1.657	(1.657)	(1.488)

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

Es sind keine wesentlichen nachteiligen Veränderungen in den Geschäftsaussichten des Garantiegebers seit dem 31. Dezember 2012 eingetreten.

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

Es sind keine wesentlichen Veränderungen in der Finanzlage oder der Handelsposition des Garantiegebers seit dem 30. September 2013 eingetreten.

B.19 B.13 Beschreibung von kürzlich aufgetretenen, für den Garantiegeber besonderen Ereignissen, die in wesentlicher Hinsicht für die Bewertung der Solvenz des Garantiegebers relevant sind

Nicht anwendbar. Es sind kürzlich keine für den Garantiegeber besonderen Ereignisse aufgetreten, die in wesentlicher Hinsicht für die Bewertung seiner Solvenz relevant sind.

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

Siehe Element B.5.

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

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

B.19 B.15 Beschreibung der wesentlichen Geschäftsaktivitäten der Garantiegeber

Fresenius Kabi ist auf die Behandlung und Versorgung schwer und chronisch kranker Patienten im Krankenhaus und im ambulanten Bereich spezialisiert. Fresenius Kabi verfügt über vier Produktsegmente: Infusionstherapien, I.V.-Arzneimittel, Klinische Ernährung und Medizintechnische Produkte/Transfusionstechnologie.

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

Die garantiegebende Tochtergesellschaft steht in unmittelbaren Eigentum der garantiegebenden Muttergesellschaft und wird auch von dieser kontrolliert.

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

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

Nicht anwendbar. Für die garantiegebende Tochtergesellschaft wurde in ihrem Auftrag oder in Zusammenarbeit mit ihr kein Rating erstellt.

B.19 B.1 Juristischer und kommerzieller Name der garantiegebenden Tochtergesellschaft Fresenius ProServe GmbH

Der juristische und kommerzielle Name der garantiegebenden Tochtergesellschaft ist **Fresenius ProServe GmbH**.

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

Fresenius ProServe GmbH ist eine nach deutschem Recht errichtete Gesellschaft mit beschränkter Haftung mit eingetragenem Sitz in Else-Kröner-Straße 1, 61352 Bad Homburg vor der Höhe, Deutschland.

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

Fresenius ProServe GmbH agiert ausschließlich als Holdinggesellschaften für die Geschäftssegmente Fresenius Vamed und Fresenius Helios. Fresenius Helios ist der größte private Krankenhausbetreiber in Deutschland. Die HELIOS-Gruppe betreibt 74 eigene Kliniken (Stand: 30. September 2013), und zwar ausschließlich in Deutschland, darunter sechs Maximalversorger, sowie Rehabilitationskliniken. Fresenius Vamed gehört zu den führenden Unternehmen im Markt für Engineering- und andere Dienstleistungen für die Projektentwicklung, die Planung, den Bau und den technischen Betrieb von Krankenhäusern und anderen Gesundheitseinrichtungen weltweit sowie das allgemeine Management von Gesundheitseinrichtungen in ausgewählten Schlüsselmärkten. Der Gesundheitssektor ist einer der weltweit größten Industriebereiche. Der Gesundheitssektor ist relativ unabhängig von wirtschaftlichen Schwankungen verglichen mit anderen Industriesektoren und hat in den vergangenen Jahren ein überdurchschnittliches Wachstum erzielt.

Wesentliche den Gesundheitssektor beeinflussende Trends sind:

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

Zusätzliche Trends in den Wachstumsmärkten sind:

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

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

Siehe Element B.5.

B.19 B.9 Gewinnprognosen oder Gewinnschätzungen

Nicht anwendbar. Es wurden keine Gewinnprognosen oder Gewinnschätzungen getätigt.

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

Nicht anwendbar. Die KPMG AG hat jeweils einen uneingeschränkten Bestätigungsvermerk bezüglich der unkonsolidierte Finanzabschlüsse des Garantiegebers für die zum 31. Dezember 2012 und 2011 endenden Geschäftsjahre erteilt.

B.19 B.12 Ausgewählte wesentliche historische Finanzinformationen

Ausgewählte unkonsolidierte Finanzdaten der Fresenius ProServe GmbH

Am 30. September 2013 verfügte die Fresenius ProServe GmbH nach den Vorschriften des HGB über Vermögenswerte in Höhe von insgesamt 2.750 Mio. €, Verbindlichkeiten in Höhe von insgesamt 638 Mio. € und, für die zum 30. September 2013 endenden neun Monate, über ein Ergebnis von 178 Mio. € (einschließlich des Beteiligungsertrags).

	1. Januar bis 30. September		Geschäftsjahr zum 31. Dezember	
	2013	2012	2012	2011
	(ungeprüft)			
	(Mio. €)			
Umsatz	0	0	0	0
Ergebnis der gewöhnlichen Geschäftstätigkeit	178	182	139	153
Operativer Cashflow	177	155	139	153

	Zum 30. September 2013	Zum 31. Dezember 2012	Zum 31. Dezember 2011
	(ungeprüft)		
	(Mio. €)		
Bilanzsumme Aktiva	2.750	2.623	2.057
Eigenkapital	(2.105)	(2.105)	(1.587)

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

Es sind keine wesentlichen nachteiligen Veränderungen in den Geschäftsaussichten des Garantiegebers seit dem 31. Dezember 2012 eingetreten.

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

Es sind keine wesentlichen Veränderungen in der Finanzlage oder der Handelsposition des Garantiegebers seit dem 30. September 2013 eingetreten.

B.19 B.13 Beschreibung von kürzlich aufgetretenen, für den Garantiegeber besonderen Ereignissen, die in wesentlicher Hinsicht für die Bewertung der Solvenz des Garantiegebers relevant sind

Nicht anwendbar. Es sind kürzlich keine für den Garantiegeber besonderen Ereignisse aufgetreten, die in wesentlicher Hinsicht für die Bewertung seiner Solvenz relevant sind.

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

Siehe Element B.5.

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

Die garantiegebende Tochtergesellschaft agiert ausschließlich als Holdinggesellschaften für die Geschäftssegmente Fresenius Helios und Fresenius Vamed. Sie übt keine eigenständigen Geschäftstätigkeiten aus und generiert grundsätzlich alle ihre Umsatzerlöse und Zahlungsmittelzuflüsse durch ihre operativen Tochtergesellschaften. Die Fähigkeit der garantiegebenden Tochtergesellschaft, ihre Verpflichtungen unter ihren Garantien erfüllen zu können, ist damit von der Profitabilität und dem Umfang der Zahlungsmittelzuflüsse ihrer Tochtergesellschaften sowie dem Umfang von Zahlungen der Tochtergesellschaften an die garantiegebende Tochtergesellschaft in Form von Darlehen, Dividenden, Vergütungen oder anderen Zahlungen abhängig.

B.19 B.15 Beschreibung der wesentlichen Geschäftsaktivitäten des Garantiegebers

Die Hauptaktivität der Fresenius ProServe GmbH besteht aus dem Halten der Anteile an der Fresenius Helios und der Fresenius Vamed.

Fresenius Helios ist der größte private Krankenhausbetreiber in Deutschland. Die HELIOS-Gruppe betreibt 74 eigene Kliniken (Stand: 30. September 2013), und zwar ausschließlich in Deutschland, darunter sechs Maximalversorger, sowie Rehabilitationskliniken und behandelt mehr als 2,9 Millionen Patienten pro Jahr, davon mehr als 780.000 stationär.

Fresenius Vamed gehört zu den führenden Unternehmen im Markt für Engineering- und andere Dienstleistungen für die Projektentwicklung, die Planung, den Bau und den technischen Betrieb von Krankenhäusern und anderen Gesundheitseinrichtungen weltweit sowie das allgemeine Management von Gesundheitseinrichtungen in ausgewählten Schlüsselmärkten.

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

Die garantiegebende Tochtergesellschaft steht in unmittelbaren Eigentum der garantiegebenden Muttergesellschaft und wird auch von dieser kontrolliert.

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

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

Nicht anwendbar. Für die garantiegebende Tochtergesellschaft wurde in ihren Auftrag oder in Zusammenarbeit mit ihr kein Rating erstellt.

C — WERTPAPIERE

C.1 Art und Gattung der angebotenen und zum Handel zuzulassenden Wertpapiere einschließlich der jeweiligen Wertpapieridentifikationsnummern

Art der angebotenen Schuldverschreibungen	Die Wertpapiere sind festverzinslichen Schuldverschreibungen (die"Schuldverschreibunden")	
Gattung der Schuldverschreibungen	Bei den Schuldverschreibungen wird es sich um unbesicherte, vorrangige Verbindlichkeiten des Emittenten handeln, die gleichrangig mit sämtlichen bestehenden und zukünftigen vorrangigen und unbesicherten Verbindlichkeiten des Emittenten sind.	
Wertpapierkennnummern	ISIN: XS1026109204 (Reg S) XS1026109543 (144A)	Common Code: 102610920 (Reg S) 102610954 (144A)

C.2 Währung der Schuldverschreibungen

Die Schuldverschreibungen werden in Euro denominiert.

C.5 Beschränkungen hinsichtlich der freien Übertragbarkeit der Schuldverschreibungen

Verkaufsbeschränkungen	Nicht anwendbar. Die Schuldverschreibungen sind frei übertragbar. Jedoch unterliegen das Angebot und der Verkauf von Schuldverschreibungen sowie die Verteilung von Angebotsmaterialien regulatorischen Beschränkungen, die abhängig von der jeweiligen Rechtsordnung, in der die Schuldverschreibungen angeboten oder verkauft werden oder die Angebotsmaterialien verteilt werden, variieren.

C.8 Mit den Schuldverschreibungen verbundene Rechte, Rangordnung, Beschränkungen dieser Rechte

Optionale Rückzahlung	Der Emittent kann die Schuldverschreibungen jederzeit vollständig oder teilweise zu einem Rückzahlungspreis in Höhe von 100 % des Nennbetrags der Schuldverschreibungen zurückzahlen, gegebenenfalls zuzüglich der bis zum Rückzahlungstag aufgelaufenen und nicht gezahlten Zinsen sowie einer „make whole" — Prämie nach Maßgabe dieses Prospekts.
Kontrollwechsel	Bei einem „Kontrollwechsel" (*Change of Control*) und einer „Herabstufung des Ratings" (*Ratings Decline*) (beide wie in diesem Prospekt definiert) haben die Inhaber der Schuldverschreibungen das Recht, die vollständige oder teilweise Rückzahlung der Schuldverschreibungen zu einem Rückzahlungspreis in Höhe von 101 % ihres Nennwerts in bar zu fordern, zuzüglich gegebenenfalls aufgelaufener und nicht gezahlter Zinsen.
Rangordnung der Schuldverschreibungen	Bei den Schuldverschreibungen wird es sich um unbesicherte vorrangige Verbindlichkeiten des Emittenten handeln, die: • hinsichtlich der Zahlungsverpflichtung gleichrangig mit sämtlichen bestehenden und zukünftigen Verbindlichkeiten des Emittenten sind, die gegenüber den Schuldverschreibungen hinsichtlich der Zahlungsverpflichtung nicht nachrangig sind, einschließlich der ausstehenden vorrangigen Schuldverschreibungen, die vom Emittenten ausgegeben wurden; • gegenüber allen bestehenden und zukünftigen Verbindlichkeiten des Emittenten hinsichtlich der Zahlungsverpflichtung vorrangig sind, die gegenüber diesen Schuldverschreibungen nachrangig sind; • faktisch gegenüber allen bestehenden und zukünftigen Verbindlichkeiten des Emittenten, die durch Sicherungsrechte an Vermögenswerten besichert wurden, hinsichtlich der Zahlungsverpflichtung nachrangig sind, und zwar bis zum Höchstbetrag des Wertes der Vermögenswerte, die diese Verbindlichkeiten besichern; und • strukturell hinsichtlich der Zahlungsverpflichtung nachrangig gegenüber sämtlichen Verpflichtungen der Tochtergesellschaften der garantiegebenden Muttergesellschaft sind (sofern diese Tochtergesellschaften keine garantiegebenden Tochtergesellschaften sind).
Rangordnung der Garantien ...	Die Garantien werden: • gegenüber allen bestehenden und zukünftigen Verbindlichkeiten jedes Garantiegebers (einschließlich der Verpflichtungen aus der Kreditvereinbarung 2013 und den ausstehenden vorrangigen Schuldverschreibungen) gleichrangig sein, die gegenüber den Garantien nicht nachrangig sind, vorbehaltlich der gesetzlichen Einschränkungen in Bezug auf ihre Vollstreckbarkeit;

- gegenüber denjenigen bestehenden und zukünftigen Verbindlichkeiten der Garantiegeber Vorrang haben, die gegenüber den Garantien nachrangig sind; und
- faktisch nachrangig gegenüber allen bestehenden und zukünftigen Verbindlichkeiten der Garantiegeber sein (einschließlich der Verbindlichkeiten aus der Kreditvereinbarung 2013), die durch Sicherungsrechte an Vermögenswerten besichert werden, in dem Ausmaß wie diese Verbindlichkeiten durch Vermögenswerte besichert sind.

Beschränkungen dieser Rechte (Rückzahlung aufgrund von Steueränderungen)	Es muss keine „make-whole"-Prämie gezahlt, wenn die Schuldverschreibungen zurückgezahlt werden, nachdem bestimmte Änderungen im Recht einer steuerlich relevanten Rechtsordnung in Kraft getreten sind, die zur Erhebung einer Quellensteuer oder anderen Abzügen von den Zahlungen für die Schuldverschreibungen führen würden.

C.9 Zinssatz; Fälligkeit der Zinszahlungen; Fälligkeitstermin; Rendite

Mit den Schuldverschreibungen verbundene Rechte, Rangordnung, Beschränkungen dieser Rechte	Siehe C.8
Zinssatz	Die Schuldverschreibungen werden vom 11. Februar 2014 (einschließlich) bis zum 1. Februar 2024 (ausschließlich), mit einem jährlichen Zinssatz von [●] % verzinst. Die Zinsen sind halbjährlich nachträglich am 1. Februar und 1. August eines jeden Jahres, erstmals am 1. August 2014 zahlbar.
Fälligkeitstermin	1. Februar 2024
Rückzahlungsrendite	Die Rendite der Emission wird am Preisfestsetzungstag festgesetzt, vorausichtlich am oder vor dem Tag der Begebung der Schuldverschreibungen.
Treuhänderin (Gläubigervertreter)	Deutsche Trustee Company Limited

C.10 Derivative Komponente für die auf die Schuldverschreibungen zu zahlenden Zinsen

Siehe Element C.9. Nicht anwendbar; es existiert keine derivative Komponente für die auf die Schuldverschreibungen zu zahlenden Zinsen.

C.11 Zulassung der Schuldverschreibungen zum Handel an einem geregelten Markt

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

D — RISIKEN

D.2 Wesentliche Informationen hinsichtlich der Hauptrisiken, die spezifisch für den Emittenten und die Garantiegeber sind

Risiken in Bezug auf den Emittenten

- Der Emittent verfügt, abgesehen von konzerninternen Forderungen gegen andere Konzerngesellschaften, über keine weiteren wesentlichen Vermögenswerte oder Einnahmequellen.

Risiken in Bezug auf die Garantiegeber

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

Risiken im Zusammenhang mit der Geschäftstätigkeit

- Sollten wir den Vorschriften für das Gesundheitswesen oder anderen gesetzlichen Vorschriften, die auf unsere Geschäftstätigkeit anwendbar sind, nicht Folge leisten, könnten wir u. U. zivil- oder strafrechtlichen Strafmaßnahmen ausgesetzt sein und von den Erstattungsprogrammen des öffentlichen Gesundheitswesens in den USA und anderen Ländern ausgeschlossen werden. Zudem könnte uns möglicherweise die Erlaubnis zum Geschäftsbetrieb entzogen werden. In jedem dieser Fälle könnte ein erhebliches Einbrechen unserer Umsatzerlöse die Folge sein.
- Bestimmte Gesetzesverstöße durch unsere Joint Ventures könnten erhebliche nachteilige Auswirkungen auf unsere Geschäftstätigkeit haben.
- Eine Senkung der staatlichen Erstattungsbeträge für unsere Produkte oder Dienstleistungen, einschließlich der Dialysebehandlungen könnte zu einem erheblichen Rückgang unserer Umsatzerlöse und unseres operativen Gewinns führen.
- Der Gebrauch von Erythropoietin könnte zu einem erheblichen Rückgang unserer Umsatzerlöse und unseres operativen Gewinns führen. Lieferunterbrechungen oder unsere Unfähigkeit, Erythropoietin zu angemessenen Bedingungen zu beschaffen, könnte zu einem erheblichen Rückgang unserer Umsatzerlöse und unseres operativen Gewinns führen.
- Vorschläge für eine Gesundheitsreform oder in Bezug auf behördliche Genehmigungen oder Änderungen der Rechtspraxis könnten zu einem Rückgang unserer Umsatzerlöse und unseres operativen Gewinns führen.
- Ein bedeutender Anteil der Gewinne von Fresenius Medical Care in Nordamerika hängt von Dienstleistungen ab, die für die Minderheit der privat versicherten Patienten erbracht werden.
- Ein verschärfter Wettbewerb könnte nachteilige Auswirkungen auf unsere Umsatzerlöse in unseren Unternehmensbereichen und unser Wachstumspotential haben.
- Sollten Ärzte und andere Stellen keine Patienten mehr an die Dialysekliniken von Fresenius Medical Care überweisen oder keine Erzeugnisse von Fresenius Medical Care mehr verschreiben, könnte dies einen Rückgang der Umsatzerlöse zur Folge haben.
- Die weltwirtschaftlichen Rahmenbedingungen könnten sich nachteilig auf unsere Geschäftstätigkeit auswirken.
- Marktentwicklungen und staatliche Maßnahmen in Bezug auf die staatliche Schuldenkrise in Europa könnten sich nachteilig auf unsere Vermögens-, Finanz- und Ertragslage sowie unsere Liquidität auswirken.

- Wir sind in vielen verschiedenen Rechtsordnungen tätig. Ein Verstoß gegen den U.S. Foreign Corrupt Practices Act und vergleichbare weltweit bestehende Anti-Korruptions-Gesetze könnte sich nachteilig auf unsere Geschäftstätigkeit auswirken.
- Wir sind besonderen Risiken durch internationale Geschäftstätigkeiten ausgesetzt.
- Wir sind in Bezug auf Schwellenländer Risiken und Unsicherheiten ausgesetzt.
- Schwankungen der internationalen Wechselkurse könnten nachteilige Auswirkungen auf unser Finanzergebnis und unsere Fähigkeit haben, Verbindlichkeiten zu bedienen; unsere Versuche, uns durch Sicherungsgeschäfte (*Hedging*) abzusichern, könnten fehlschlagen.
- Wir unterliegen Beschränkungen durch unsere Verschuldung.
- Trotz unserer erheblichen Verschuldung könnten wir weiterhin in der Lage sein, uns in erheblichem Maße weiter zu verschulden; dies könnte zu einer Verschärfung der vorstehend beschriebenen Risiken führen.
- Unser Verschuldungsgrad könnte sich nachteilig auf unsere Finanzlage auswirken und uns an der Erfüllung unserer Finanzverbindlichkeiten oder an der Umsetzung bestimmter Elemente unserer Geschäftsstrategie hindern.
- Wir könnten durch Akquisitionen finanziellen Belastungen ausgesetzt werden. In Bezug auf geeignete Akquisitionsziele stehen wir im Wettbewerb mit anderen Unternehmen. Unser Wachstum hängt zum Teil von unserer Fähigkeit ab, auch weiterhin Akquisitionen durchführen zu können.
- Die Integration abgeschlossener und künftiger Akquisitionen, und der erfolgreiche Abschluss und die erfolgreiche Integration unserer geplanten oder beabsichtigten Akquisitionen, sind mit Ungewissheiten und Risiken behaftet.
- Unsere Bemühungen, erfolgreiche neue Produkte und Therapien zu entwickeln, könnten nicht die gewünschten Ergebnisse bringen oder verfehlen, nennenswerte Erträge zu generieren.
- Das geplante Wachstum von Fresenius Helios birgt gewisse Risiken. Außerdem sind wir von den Verträgen mit den öffentlichen Krankenkassen und Sozialversicherungsbehörden in Deutschland abhängig.
- Sollte es uns nicht gelingen, medizinisches, technisches und Entwicklungspersonal anzuwerben und zu halten, könnte dies unsere technologische Entwicklung und unser Wachstum beeinträchtigen.
- Die Lizenzierung, der Ankauf und die Vermarktung rechtlich geschützter oder sonstiger spezieller Produkte zur Injektion könnte möglicherweise erfolglos sein und wir könnten bei diesen Produktarten u. U. nie einen Gegenwert für unsere Investitionen erhalten.
- Wir sind Ansprüchen aus Produkthaftung und Patentverletzung sowie sonstigen Ansprüchen ausgesetzt, die erhebliche Haftungsfolgen haben könnten, die wir möglicherweise nicht zu angemessenen Bedingungen versichern können.
- Fresenius Medical Care könnte im Geschäft mit pharmazeutischen Erzeugnissen Umsatzanteile an Hersteller von Generika oder neuer Markenmedikamente verlieren.
- Sollte die Qualität unserer Produkte nicht die Erwartungen unserer Kunden erfüllen, könnte dies erhebliche nachteilige Auswirkungen auf unsere Geschäftstätigkeit und unsere Reputation haben.
- Die Haltung der Steuerbehörden könnte dazu führen, dass wir zusätzliche Steuern zahlen müssen.

D.3 Wesentliche Informationen hinsichtlich der Hauptrisiken der Schuldverschreibungen

- Die Zahlungsverpflichtungen unter den Schuldverschreibungen sind gegenüber den Verbindlichkeiten der Nicht-Garantiegeber oder der gesicherten Gläubiger im Umfang des Werts der Sicherheiten strukturell nachrangig.
- Wir sind möglicherweise nicht in der Lage, die erforderlichen Mittel aufzubringen, um im Fall eines Kontrollwechsels (*Change of Control*) ein Angebot zu machen, wie es der Begebungsvertrag vorsieht.
- Es gibt keine Garantie für die Entwicklung eines Markts für den Handel mit den Schuldverschreibungen.
- Die Kreditratings könnten nicht alle Risiken einer Anlage in die Schuldverschreibungen reflektieren; sie stellen keine Empfehlungen zum Kauf oder Halten der Schuldverschreibungen dar und können jederzeit überprüft, aufgehoben oder zurückgenommen werden.
- Inhaber von Weiteren Schuldverschreibungen mögen keine eigenständigen Rechte haben, einen Kündigungstatbestand mitzuteilen unter dem Begebungsvertrag.
- Weitere Schuldverschreibungen, die in späteren Angeboten ausgegeben werden könnten, könnten dieselben Bedingungen haben wie die unter diesem Angebot ausgegebenen Schuldverschreibungen, können jedoch für die Zwecke der U.S.-Einkommenssteuer nicht durch diese Schuldverschreibungen ersetzt werden.
- Eine Anlage in die Schuldverschreibungen ist naturgemäß mit erheblichen Risiken, einschließlich des Risikos eines potentiellen Zahlungsausfalls, behaftet.
- In spezifischen Fällen in denen der Emittent ausgetauscht wird, könnten die Schuldverschreibungen FATCA unterliegen.

E — ANGEBOT

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

Verwendung des Emissionserlöses	Der Nettoerlös aus diesem Angebot soll verwendet werden, um einen Teil der in Anspruch genommen Zwischenfinanzierung zurückzuführen.

E.3 Bedingungen und Konditionen des Angebotes

Angebot der Schuldverschreibungen	Das öffentliche Angebot wird ab die Billigungszeit des Prospekts beginnen aber nicht vor 7.00 Uhr morgens am 28. Januar 2014 und findet bis zum Zeitpunkt der Veröffentlichung der Preisfestsetzungsmitteilung aber mindestens bis 17.00 Uhr am 28. Januar 2014 statt. Die Schuldverschreibungen werden nach Wirksamwerden der Notifizierung des Prospekts durch die CSSF gemäß Artikel 18 der Prospektrichtlinie und den maßgeblichen Umsetzungsvorschriften in Deutschland und Luxemburg öffentlich angeboten werden.
Preisfestsetzungsmitteilung	Der endgültige Ausgabepreis (der mit dem Angebotspreis übereinstimmt) der Schuldverschreibungen, der Gesamtnennbetrag der zu begebenden Schuldverschreibungen, der Zinssatz, der Emissionserlös und die Rendite werden in einer Preisfestsetzungsmitteilung (*Pricing Notice*) (die „**Pricing Notice**") enthalten sein, die am oder vor dem Ausgabetag der Schuldverschreibungen bei der CSSF hinterlegt wird.

Bedingungen für das Angebot	Das Angebot unterliegt keinen besonderen Bedingungen. Conditions of the offer
Technische Einzelheiten des Angebots	Innerhalb der Angebotsfrist können Anleger Angebote zum Kauf der Schuldverschreibungen übermitteln. Anleger, die vor der Festsetzung der Preisdetails ein Angebot abgeben, müssen darin angeben, zu welchem Preis sie zum Kauf welchen Betrages an Schuldverschreibungen bereit wären. Nach der Festsetzung und Bekanntmachung der Preisdetails werden die Ersterwerber die Schuldverschreibungen auf Anfrage in Deutschland und Luxemburg anbieten.
Bestätigung der von Anlegern abgegebenen Angebote und Zuteilung an Anleger:	Jeder Anleger, der ein Angebot bezüglich der Schuldverschreibungen abgegeben hat, das von den Ersterwerbern angenommen wurde, erhält per E-Mail, Fax oder über Bloomberg oder ein anderes üblicherweise verwendetes Informationssystem eine Bestätigung über den Betrag der Schuldverschreibungen, der ihm zugeteilt wurde.
Lieferung der Schuldverschreibungen	Nach der Festsetzung der Preisdetails und der Bestätigung, welche Angebote angenommen wurden und welche Beträge den einzelnen Anlegern zugeteilt wurden, erfolgt die Lieferung und Zahlung der Schuldverschreibungen in der Regel innerhalb von zehn Werktagen nach dem Tag der Preisfestsetzung der Schuldverschreibungen und der Bestätigung der Zuteilung an die Anleger. Die in dieser Weise gekauften Schuldverschreibungen werden durch buchmäßige Übertragung über die Clearingsysteme und ihre depotführenden Banken gegen Zahlung des Ausgabepreises der Schuldverschreibungen und etwaige Kosten und Gebühren geliefert.

E.4 Beschreibung von Interessen, die wesentliche für die Emission/das Angebot sind, einschließlich Interessenkonflikte

Außer den Interessen des Emittents, der garantiegebenden Gesellschaften, der Ersterwerber und Leiher unter unserer Zwischenfinanzierungsfazilität (*Bridge Financing Facility*) bestehen keinerlei Interessen von natürlichen oder juristischen Personen an der Begebung, auch nicht solche Interessen, die im Widerspruch stehen und wesentlich für die Begebung sein würden.

Die Schuldverschreibungen werden gegenüber allen besicherten Verbindlichkeiten des Emittenten und der Garantiegeber nachrangig sein, und zwar bis zur Höhe des Wertes der Vermögenswerte, die diese Verbindlichkeiten besichern. Im Ergebnis werden damit die Schuldverschreibungen nachrangig zu den Verbindlichkeiten gemäß der Kreditvereinbarung 2013 sein, und zwar bis zur Höhe des Wertes der bestellten Sicherheiten, die diese Verbindlichkeiten besichern. Einige der Ersterwerber oder die mit ihnen verbundenen Unternehmen sind Agenten oder Darlehensgeber im Rahmen der Kreditvereinbarung 2013. Ferner refinanzieren die Erlöse aus diesem Angebot unsere Zwischenfinanzierungsfazilität (*Bridge Financing Facility*). Bestimmte Ersterwerber oder mit ihnen verbundene Unternehmen sind Kreditgeber im Rahmen der Zwischenfinanzierungsfazilität und die Reduzierung der Zusagen könnte die Bereitstellungs- oder Inanspruchnahmegebühren reduzieren, die sie im Rahmen der Zwischenfinanzierung erhalten.

E.7 Schätzung der Ausgaben, die dem Anleger von Emittenten in Rechnung gestellt werden

Nicht anwendbar. Weder der Emittent noch ein mit ihm verbundenes Unternehmen werden Anlegern angebotsbezogene Auslagen in Rechnung stellen.

RISK FACTORS

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

RISKS RELATING TO THE ISSUER

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

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

RISKS RELATING TO THE GUARANTORS

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

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

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

- the transaction was entered into by the debtor (i.e., the Company or the Subsidiary Guarantors) and is directly detrimental to its insolvency creditors if the transaction was effected (i) during the three-month period prior to the petition for commencement of insolvency proceedings over the assets of the debtor and the debtor was unable to make payments when due at the time of the transaction and the beneficiary of the transaction (i.e., the holders of the Notes) had positive knowledge thereof at such time, or (ii) after a petition for the commencement of insolvency proceedings and the beneficiary of the transaction had knowledge of either the debtor's inability to make payments when due or of the petition for commencement of insolvency proceedings at the time of the transaction;

- the transaction was entered into during the ten-year period prior to the petition for the commencement of insolvency proceedings with the debtor's actual intent to disadvantage creditors, provided that the beneficiary of such transaction had positive knowledge of the debtor's intent at the time of the transaction;
- the transaction granting an insolvency creditor security (including a guarantor) or satisfaction to which such creditor had no right or no right to claim in such manner or at such time it was entered into and such transaction took place (i) within the month prior to the petition for commencement of insolvency proceedings; (ii) within the second or third month preceding such petition and the debtor was unable to make payments when due at the time of such transaction; or (iii) within the second and third month prior to the petition for commencement of insolvency proceedings and the creditor had positive knowledge at the time of the transaction that it was detrimental to the creditors of the debtor; or
- the transaction granting an insolvency creditor security or satisfaction to which such creditor had a right and such transaction took place (i) within the three-month period prior to the petition for the commencement of insolvency proceedings and the debtor was unable to make payments when due at the time of the transaction and the beneficiary of the transaction had positive knowledge thereof at such time, or (ii) following a petition for the commencement of insolvency proceedings and the creditor had positive knowledge of either the debtor's inability to make payments when due or of the petition for commencement of insolvency proceedings at the time of the transaction.

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

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

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

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

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

For example, our subsidiary Fresenius Medical Care generated approximately 65%, or €1,587 million, of our cash flow from operations in the year ended December 31, 2012. However, the Parent Guarantor has access to such cash flow only to the extent it is distributed to it as dividends. Such dividends are received in proportion to its economic interest, which was 31.4% as of September 30, 2013, and are limited by the financing agreements referred to above. See "*Management's Discussion and Analysis of Financial Condition and Results of Operation — Key Factors Affecting Our Results of Operations and Financial Condition*". The Notes will not be guaranteed by Fresenius Medical Care and will be structurally subordinated in right of payment to all existing and future indebtedness of Fresenius Medical Care. As of September 30, 2013, Fresenius Medical Care had €6,242 million of debt.

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

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

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

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

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

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

RISKS RELATING TO OUR BUSINESS

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

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

- the quality, safety, and efficacy of medical and pharmaceutical products and supplies;

- the operation of manufacturing facilities, laboratories, and clinics;
- the planning, equipment, construction, and management of pharmaceutical and medical-technical production plants;
- the construction and management of healthcare facilities, especially the operation of hospitals, dialysis clinics, and other healthcare facilities;
- the rate of, and accurate reporting and billing for, government and third-party reimbursement; and
- compensation of medical directors and other financial arrangements with physicians and other referral sources.

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

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

Our Group'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, e.g., the recently announced European Medicines Agency (EMA) position concerning the restricted use of HES blood volume replacement products, 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 regulatory approvals for new products or product improvements will be granted on a timely basis or at all.

In addition, our Group's facilities and procedures and those of its suppliers are subject to periodic inspection by the FDA and other regulatory authorities. If deficiencies are detected and complaints are filed, we are required to address these issues immediately, as for example during the inspections of our U.S. production facilities in Grand Island, New York (related to procedures, processes, operating environment in non-aseptic areas and documentation practices), our transfusion technology production facility in Maricao, Puerto Rico (primarily related to complaint-handling procedures, labeling issues, and filing of field alerts), and our active pharmaceutical ingredient ("**API**") production facility in Kalyani, India (related to GMP non-conformities regarding manufacturing, documentation practices and data integrity). We have received several warning letters, in response to which we have been taking corrective action and are subject to re-inspections by the FDA. In any re-inspection the FDA is not limited to reviewing only the processes and procedures that triggered the reinspection. We are engaged in ongoing dialogue with the FDA regarding remediation. The FDA and comparable regulatory authorities outside the U.S. may suspend, revoke, or adversely amend the authority necessary for manufacture, marketing, or sale of our products and those of our suppliers. Our Group and its suppliers must incur expense and spend time and effort to ensure compliance with these complex regulations, and if such compliance is not maintained, they could be subject to significant adverse regulatory actions in the future. These possible regulatory actions could include warning letters, injunctions, civil penalties, seizures of our Group's products, and criminal prosecution as well as other dissemination of information to the public about such regulatory actions. These actions could result in, among other things, substantial modifications to our Group's business practices and operations; refunds; product recalls; injunctions against the distribution of products, a total or partial shutdown of production while the alleged violation is remedied; and withdrawals or suspensions of current products from the market. Any of these events, in combination or alone, could disrupt our Group's business and have a material adverse effect on our Group's business, financial condition, and results of operations.

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

If our joint ventures violate certain laws, our business could be adversely affected.

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

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

For the twelve months ended December 31, 2012, approximately 32% of Fresenius Medical Care's consolidated revenues resulted from Medicare and Medicaid reimbursement. Legislative changes or changes in government reimbursement practice may affect the reimbursement rates for the services Fresenius Medical Care provides, as well as the scope of Medicare and Medicaid coverage. Any decrease in Medicare or Medicaid reimbursement rates or covered services could have a material adverse effect on Fresenius Medical Care's business, financial condition, and results of operations.

Effective January 1, 2011, Medicare implemented a new end stage renal disease ("**ESRD**") prospective payment system ("**ESRD PPS**") that expands the scope of the products and services covered by the bundled rate and results in lower reimbursement per treatment than under the reimbursement system in place until December 31, 2010. Under the ESRD PPS, the Centers for Medicare & Medicaid Services ("**CMS**") reimburse dialysis facilities with a single payment for each dialysis treatment. The ESRD PPS is being phased in over four years with full implementation for all dialysis facilities an January 1, 2014. The ESRD PPS payment amount is subject to annual adjustment based on increases in the costs of a "market basket" of certain healthcare items and services less a productivity adjustment. In addition, the ESRD PPS's quality incentive program

(“**QIP**”), initially focusing an anemia management and dialysis adequacy, began affecting payments for dialysis services in 2012. Dialysis facilities that fail to achieve the established quality standards have payments for a particular year reduced by up to 2%, based on a year’s performance. In the November 2011 final rule, CMS established the quality measures for payment year 2013, which focus on anemia management and dialysis adequacy (Urea Reduction Ratio or URR) for the payment year 2011 The 2013 payment is based on performance in 2011. For 2012 reporting (affecting payments in 2014), CMS adopted four additional measures; prevalence of catheter and AN fistula use, reporting of infections to the Centers for Disease Control and Prevention, administration of patient satisfaction surveys, and monthly monitoring of phosphorus and calcium levels. For payment year 2015, CMS has continued all of the 2014 QIP measures except URR dialysis adequacy, expanded the scope of infection reporting and mineral metabolism reporting, and added four new measures. Payment year 2015 measures consist of three new clinical measures (hemodialysis adequacy (adult patients), hemodialysis adequacy (pediatric patients), and peritoneal dialysis adequacy), and one new reporting measure (anemia management reporting). For payment year 2016, CMS has continued all of the 2015 QIP measures and added two new clinical measures, (proportion of patients with hypercalcemia and dialysis-related infections reported to the Centers for Disease Control and Prevention’s National Healthcare Safety Network by ESRD facilities treatment patients on an in-center basis).

Effective February 15, 2011, the Department of Veterans Affairs (“**VA**”) adopted payment rules which reduce its payment rates for non-contracted dialysis services to coincide with those of the Medicare program. As a result of the enactment of these new rules, Fresenius Medical Care expects to experience variability in Fresenius Medical Care’s aggregated VA reimbursement rates for contracted and non-contracted services. In addition, Fresenius Medical Care may also experience reductions in the volume of VA patients treated in Fresenius Medical Care’s facilities.

On February 4, 2013, CMS announced plans to test a new Comprehensive ESRD Care Model and issued a solicitation for applications. As currently proposed, CMS will work with up to 15 healthcare provider groups, known as ESRD Seamless Care Organizations (“**ESCOs**”), to test a new system of payment and care delivery that seeks to deliver better health outcomes for ESRD patients while lowering CMS’s costs. ESCOs that achieve the program’s minimum quality thresholds and generate reductions in CMS’s cost of care above certain thresholds for the ESRD patients covered by the ESCO will receive a share of the cost savings. ESCOs that include dialysis chains with more than 200 facilities are required to share in the risk of cost increases and reimburse CMS a share of any such increases. Organizations must apply and be approved by CMS to participate in the program. Fresenius Medical Care submitted an ESCO application in August of 2013.

The American Taxpayer Relief Act of 2012 (“**American Taxpayer Relief Act**”) also directed CMS to reduce the ESRD PPS payment rate, effective January 1, 2014, to account for changes in the utilization of certain drugs and biologicals that are included in the ESRD PPS. In making such reduction, the law requires CMS to use the most recently available pricing data for such drugs and biologicals. On November 22, 2013, CMS issued the final rule regarding the 2014 ESRD PPS rate. The base rate was reduced from $240.36 to $239.02 for 2014. This change reflects (a) a bundled market basket increase of 3.2%, reduced by an estimated multifactor productivity adjustment of 0.4%; (b) the application of a wage index budget neutrality factor and a home dialysis training add-on budget neutrality factor; and (c) the application of a portion ($8.16) of a $29.93 mandated overall reduction in reimbursement under the ESRD PPS to be phased in over three to four years to account for a decrease in the historical utilization of certain ESRD-related drugs and biologicals from 2007 to 2012. CMS intends that the transition of the drug utilization adjustment in 2014 and 2015 will largely offset increases in average payments to ESRD facilities as a whole resulting in essentially flat reimbursement rates year over year. In 2016, CMS will re-evaluate whether to apply the balance of the drug utilization adjustment over one or two years.

In addition, Fresenius Helios derives significant portions of its revenues from government reimbursement programs, primarily in Germany. A case-based reimbursement system for hospitals (based on diagnosis related groups or “**DRG**”) was introduced in Germany in 2003 for inpatients. This scheme, which phased in and was fully implemented in 2010, replaced the former composite scheme of mostly departmental per diem payments and a small share of case-based payments. Under the case-based reimbursement system, hospitals receive a flat fee per patient (more exactly for an inpatient case of the patient). The fee takes into account the individual conditions of each patient by evaluating the patient's principal and secondary diagnoses, age, the procedures undertaken on the patient, and the patient's discharge status. Hospitals receive additional payments for some specific services provided based on the procedure. Essentially, the DRG system is aimed at improving hospital efficiency and reducing healthcare spending. We will closely follow the further regulatory developments relating to the DRG system, as well as discussions regarding the end of dual financing in the hospital sector. Starting 2013, a new flat rate reimbursement scheme was introduced for psychiatric and psychosomatic clinics in Germany. It will be introduced in several stages and is expected to be fully implemented by 2021. The implementation is optional for 2013 and 2014 and will be mandatory thereafter. Changes to reimbursement schemes could also have a material adverse effect on our business, financial condition, and results of operations.

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

Erythropoietin stimulating agents (so-called "**ESAs**") are produced in the U.S. by Amgen Inc., under the brand names Epogen (*epoeitin alfa*) and Aranesp (*darbepoetin alfa*), and by Affymax, Inc., under the brand name Omontys (*peginesatide*). Any of the following developments could materially adversely affect Fresenius Medical Care's and, indirectly, our business, financial condition, and results of operations: (i) a reduction of the current overfill amount in vials of ESAs that we currently use (liquid medications, such as ESAs, typically include a small overfill amount to ensure that the fill volume can be extracted from the vial as administered to the patient), (ii) an interruption of supply of ESAs, or (iii) material increases in the utilization of or acquisition costs for ESAs. Under the ESRD PPS effective January 1, 2011, payment for ESAs is generally included in the bundled rate; previously, it was reimbursed separately. An interruption of supply of ESAs, or inability to obtain ESAs on satisfactory terms, could reduce our sales and profits.

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

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

The Patient Protection and Affordable Care Act, as amended by the Healthcare and Education Reconciliation Act of 2011 (collectively, "**ACA**"), implements 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 that began 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 that became 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 (also known as "**MIPPA**"), except to change the annual update provision by substituting a productivity adjustment to the market basket rate of increase for a MIPPA provision that specified a one percentage point reduction in the market basket rate of increase. ACA's medical device excise tax, Medicaid drug rebate increases and annual pharmaceutical industry fees will adversely impact Fresenius Medical Care's product business earnings and cash flows. We expect modest favorable impact to Fresenius Medical Care's business from ACA's integrated care and commercial insurance consumer protection provisions.

Many medical devices do not require premarketing approval by the FDA. For a medical device that is deemed to have a moderate risk to patients, the FDA grants marketing clearance through the 510(k) process if data submitted for the device establish that the device is "substantially equivalent" to a legally marketed "predicate" device. In recent years, concerns have been raised that the 510(k) process cannot adequately ensure that medical devices cleared for marketing are safe and effective. At the same time, others have raised concerns that the 510(k) process and the FDA's device premarket review programs generally, are inefficient and unpredictable, and are stifling innovation. Since 2010, the FDA has been evaluating and making improvements to its device premarket review programs, in particular the 510(k) clearance process. The stated goal of these improvements is to achieve regulation that promotes both safety/effectiveness and innovation. Substantially all of the dialysis products that our Group manufactures or distributes in the United States, other than peritoneal dialysis solutions and renal pharmaceuticals, are marketed on the basis of 510(k) clearances. At the present time, regulatory and legislative changes to the 510(k) clearance process continue to be proposed, and we cannot predict whether or to what extent the 510(k) process will be significantly modified or what the effects, if any, of a modified review process for medical devices would be on our Group's dialysis products business.

On August 2, 2011, the U.S. Budget Control Act of 2011 ("**Budget Control Act**") was enacted, raising the U.S.'s debt ceiling and putting into effect a series of actions for deficit reduction. Pursuant to the American Taxpayer Relief Act, the automatic across-the-board spending cuts over nine fiscal years (2013-2021), projected to total US$1.2 trillion for all U.S. Federal government programs required by the Budget Control Act, became effective as of March 1, 2013 and were implemented on April 1, 2013 for CMS reimbursement to providers. Pursuant to the American Taxpayer Relief Act, which was enacted on January 2, 2013, most of these reductions went into effect on March 1, 2013. Medicare payments to providers and suppliers are subject to these reductions beginning as of April 1, but reductions for such providers and suppliers are limited to one adjustment of no more than 2% through 2021. Moreover, the Medicare reimbursement reduction is independent of annual inflation update mechanisms, such as the market basket update pursuant to the ESRD PPS.

In the United States, the ACA authorized state and federal health care exchanges to provide greater access to private health insurance coverage. These exchanges are scheduled to go into effect in 2014, and it is not yet known how the exchanges will impact reimbursement for dialysis, if at all. There can be no assurance that Fresenius Medical Care can achieve future price increases from private insurers and managed care organizations offering coverage through the federal and state health care exchanges that are comparable to those we have historically received. Any reductions in reimbursement from private insurers and managed care organizations could materially and adversely impact our operating results. Moreover, further changes in the U.S. healthcare reforms may be debated by Congress; however, the U.S. Supreme Court has upheld its constitutionality. Whether significant changes in policy will result is unknown. Changes, if any, that may result from these events could, depending on the details, have positive or adverse effects, possibly material, on our businesses and results of operations. Any significant 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 or changes to legal practice that could affect regulatory procedures or decision-making for approving medical or pharmaceutical products. Such legislation or regulations or changes 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.

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

Government reimbursement programs generally pay less than private insurance. Medicare only pays Fresenius Medical Care 80% of the Medicare allowable amount (the patient, Medicaid, or secondary insurance being responsible for the remaining 20%), and Medicaid rates are comparable. As a result, the payments Fresenius Medical Care receives from private payors generate a substantial portion of the profits Fresenius Medical Care reports. Fresenius Medical Care estimates that Medicare and Medicaid are the primary payers for approximately 76% of the patients to whom Fresenius Medical Care provides care in North America but that for 2012, Fresenius Medical Care derived only 53% of the North America Dialysis Care net revenues from Medicare and Medicaid. Therefore, if the private payers who pay for the care of the other 24% of Fresenius Medical Care's patients reduce their payments for Fresenius Medical Care's services, or if Fresenius Medical Care experiences a material shift in the revenue mix toward Medicare or Medicaid reimbursement, then our revenue, cash flow, and earnings would materially decrease.

Over the last few years, Fresenius Medical Care has generally been able to implement modest annual price increases for private insurers and managed care organizations, but government reimbursement has remained flat or has been increased at rates below typical consumer price index ("**CPI**") increases. Under the ESRD PPS, Medicare payment rates are updated annually based on the CPI of relevant market inputs, less an adjustment, to account for productivity improvements (0.6% for 2013). There can be no assurance of future price increases to private insurers and managed care organizations comparable to those Fresenius Medical Care has received historically. With increased governmental reform and regulatory activity, reimbursement from private insurers may be subject to downward pressure in the coming years. The advent of the federal and state health care exchanges may also negatively impact reimbursement from private insurance. Any reductions in reimbursement from private insurers and managed care organizations could adversely impact our operating results. Any reduction in our ability to attract private pay patients to utilize Fresenius Medical Care's dialysis services relative to historical levels could adversely impact our operating results. Any of the following events could have a material adverse effect on our operating results:

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

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

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

Our Fresenius Medical Care business segment generated 56% of our consolidated sales in the year ended December 31, 2012. Fresenius Medical Care is one of the world's leading providers of dialysis services and dialysis products to patients with chronic kidney failure. We face a number of competitors in both our dialysis services business and our dialysis products business, some of which may possess substantial financial, marketing, or research and development resources. Competition and especially new competitive developments could materially adversely affect the future pricing and sale of our products and services. In particular, technological innovation has historically been a significant competitive factor in the dialysis products business. The introduction of new products by competitors could render one or more of our products or services less competitive or even obsolete.

Our Fresenius Kabi business segment generated 23% of our consolidated sales in the year ended December 31, 2012 with its four product segments: infusion therapy, I.V. drugs, clinical nutrition, and medical devices/transfusion technology. The markets in which Fresenius Kabi operates are characterized by price pressure, intense competition, and cost-saving measures in the healthcare sector. In the United States, almost all injectable pharmaceutical products are sold to customers through arrangements with group purchasing organizations ("**GPOs**") and distributors. The majority of hospitals contract with the GPO of their choice for their purchasing needs. Fresenius Kabi currently derives, and expects to continue to derive, a large percentage of its revenue through a small number of GPOs. Currently, fewer than ten GPOs control a large majority of sales to hospital customers. Fresenius Kabi has purchasing agreements with the major GPOs. To maintain these business relationships, Fresenius Kabi believes it needs to be a reliable supplier, offer a comprehensive high-quality product line, remain price-competitive, and comply with the regulations of the U.S. Food and Drug Administration (FDA). The GPOs also have purchasing agreements with other manufacturers and the bid process for products is highly competitive. Most of Fresenius Kabi's GPO agreements can be terminated at short- or medium-term notice. These market conditions could lead to a reduction in Fresenius Kabi's sales, which could have a material adverse effect on our business, financial condition, and results of operations.

Our Fresenius Helios business segment generated 17% of our consolidated sales in the year ended December 31, 2012. Fresenius Helios is one of the largest private hospital operators in Germany. In the course of its further expansion, Fresenius Helios may compete with other hospital operators for suitable expansion targets. If consolidation in the private hospital market results in material restraints on Fresenius Helios's future growth, it could have a material adverse effect on our business, financial condition, and results of operations.

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

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

The decision to purchase or prescribe Fresenius Medical Care's 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 Fresenius Medical Care's 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 the products or ancillary services would reduce Fresenius Medical Care's dialysis product and other services revenue, and would materially adversely affect our business, financial condition, and results of operations.

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

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 since then, the overall global economic outlook remains uncertain and current economic conditions could adversely affect our business and our profitability. Among other things, the potential decline in federal and state revenues that may result from such conditions may create additional pressures to contain or reduce reimbursements for our services from public payors around the world, including Medicare, Medicaid in the United States, and other government sponsored programs in the United States and other countries around the world. Increasing job losses or slow improvement in the unemployment rate in the United States as a result of current or recent economic conditions may result in a smaller percentage of our patients being covered by an employer group health plan and a larger percentage being covered by lower paying Medicare and Medicaid programs. Employers might also begin to select more restrictive commercial plans with lower reimbursement rates. To the extent that payors are negatively impacted by a decline in the economy, we may experience further pressure on commercial rates, a further slowdown in collections, and a reduction in the amounts we expect to collect. We depend on the financial markets for access to capital, as do our customers and commercial 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. In addition, uncertainty or even improvement in the financial markets could adversely affect the variable interest rates payable under our credit facilities or could make it more difficult to obtain or renew such facilities or to obtain other forms of financing in the future. Any or all of these factors, or other consequences of the continuation, or worsening, of domestic and global economic conditions, which cannot currently be predicted, could continue to adversely affect our businesses and results of operations.

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

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

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

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

We face specific risks from international operations.

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

- the economic situation in developing or other countries could deteriorate;
- fluctuations in exchange rates could adversely affect profitability;
- we could face difficulties in enforcing and collecting accounts receivable under some countries' legal systems;
- local regulations could restrict our ability to obtain a direct ownership interest in dialysis clinics or other operations;
- political, social, or economic instability, especially in developing and newly industrializing countries, could disrupt our operations;
- some customers and governments could increase their payment cycles, with resulting adverse effects on our cash flow;
- some countries could impose additional or higher taxes or restrict the import or export of our products;
- we could fail to receive or could lose required licenses, certifications, or other regulatory approvals for the operation of subsidiaries or dialysis clinics, sale of equipment, products, or services or acquisitions;
- civil unrest, turmoil or outbreak of disease in one or more countries in which we have material operations or material product revenue;
- differing labor regulations and difficulty in staffing and managing geographically widespread operations;
- different or less robust regulatory regimes controlling the protection of our intellectual property; and
- transportation delays or interruptions.

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

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

We face risks and uncertainties from emerging markets.

We intend to expand further in emerging markets. We expect that sales from countries outside of Europe and North America will account for an increasing portion of our sales in the future. Sales from these countries accounted for 18% of our Group sales in 2012. Emerging market economies can entail risks not commonly encountered in developed countries. These risks include, but are not limited to, underdeveloped or unstable political, legal and regulatory regimes, inconsistent enforcement of laws and regulations, limited or unreliable infrastructure, and a higher risk of conflict. Any one of these or other factors relating to our operations in emerging markets could increase our costs, reduce our sales, or disrupt our operations, with possible material adverse effects on our business, financial condition, and results of operations.

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

The reporting currency of Fresenius is the euro. For the year ended December 31, 2012, 40% of our consolidated sales came from our business segments in Europe, whose sales are mostly denominated in euro; and 42% of our consolidated sales came from our business in North America, whose sales are mostly denominated in U.S. dollars. Fluctuations in exchange rates between the euro and other non-euro currencies, primarily the U.S. dollar, will affect the translation of our consolidated financial results into euro and will also affect the value of any distributions that our business segments make to us. Exchange rate changes may also affect our consolidated balance sheet. Changes in the euro values of our consolidated assets and liabilities resulting from exchange rate movements may cause us to record foreign currency gains and losses. In addition, as of September 30, 2013, 53% of our consolidated debt was denominated in U.S. dollars. Our ability to use cash received in currencies other than the euro or U.S. dollar to service that debt could be adversely affected by changes in exchange rates against the euro or the U.S. dollar.

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

Our indebtedness imposes restrictions.

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

- incur additional indebtedness;
- create liens;
- impose limitations on the ability of our subsidiaries to pay dividends or make other payments to us;
- transfer or sell assets;
- engage in sale and leaseback transactions;
- merge or consolidate with other entities; and
- enter into transactions with affiliates.

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

In addition, the 2013 Senior Credit Agreement, the Bridge Financing Facility, as well as our outstanding tranches of euro-denominated notes (*Schuldscheindarlehen*) issued by us or Fresenius Finance B.V., include covenants that require us to maintain certain financial ratios. Under our 2013 Senior Credit Agreement, we are obligated to maintain a maximum leverage ratio and a minimum interest coverage ratio.

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

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

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

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

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

We have incurred substantial indebtedness. As of September 30, 2013, our total consolidated debt amounted to €11,079 million, while our total consolidated assets amounted to €30,678 million and our consolidated shareholders' equity amounted to €12,903 million, including noncontrolling interest. We had EBITDA for the twelve months ended September 30, 2013 of €3,770 million and net interest expense of €635 million. Our debt is likely to increase in the next few months as we draw on the Bridge Financing Facility, draw on the 2013 Senior Credit Agreement, or issue other debt in the capital markets to fund the announced acquisition of hospitals from Rhön-Klinikum AG.

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

- jeopardize the success of our business strategy;
- increase our vulnerability to general adverse economic conditions;
- limit our ability to obtain necessary financing to fund future working capital needs, capital expenditures, and other general corporate requirements;
- require us to dedicate a substantial portion of our cash flow from operations, as well as the proceeds of certain financings and asset dispositions, to payments on our indebtedness, thereby reducing the availability of our cash flow and such proceeds to fund other purposes;
- limit our flexibility in planning for, or reacting to, changes in our business and the industry in which we operate;
- place us at a competitive disadvantage compared to our competitors that have less debt;
- limit our ability to pursue possible future acquisitions and sell assets;
- make it more difficult for us to satisfy our obligations under our debt securities, including the Notes; and
- limit our ability to borrow additional funds.

As a result, our leverage makes us vulnerable to:

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

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

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

The healthcare industry has experienced significant consolidation in recent years. Our ability to make future acquisitions depends, in part, on our available financial resources and could be limited by restrictions imposed by the United States or other countries' competition laws or under our credit documents. For example, Fresenius Helios financed its recent acquisitions of a controlling interest in Katholisches Klinikum Duisburg and Damp Group, respectively, by cash flow from operations and debt. On September 13, 2013, we announced the acquisition of 43 hospitals and related companies from Rhön-Klinikum AG for a purchase price of €3.07 billion which will be debt financed. For our future acquisitions in our business segments, we may need to borrow additional debt or assume significant liabilities, either of which might increase our financial leverage and cause the prices of our debt securities to decline. In addition, any financing that we might need for future acquisitions might be available to us only on terms that restrict our business. Acquisitions that we complete are also subject to risks relating to, among other matters, integration of the acquired businesses (including combining the acquired company's infrastructure and management information systems with ours, harmonization of its marketing, patient service, and logistical procedures with ours, and, potentially, reconciling divergent corporate and management cultures), possible non-realization of anticipated synergies from the combination, potential loss of key personnel or customers of the acquired companies, and the risk of assuming unknown liabilities not disclosed by the seller or not uncovered during due diligence. If we are not able to effect acquisitions on reasonable terms, there could be an adverse effect on our business, financial condition, and results of operations.

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

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

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

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

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

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

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

In 2012, more than 90% of Fresenius Helios's patients were insured by German public health insurance and social security insurance authorities. Therefore, we are highly dependent on continuing contractual relations with German governmental authorities, especially as care agreements and referral arrangements, in line with industry practice, do not contain referral guarantees. Should some or all of these contractual arrangements be discontinued, or should the hospitals be unable to compensate for lower reimbursements, this could have a material adverse effect on our business, financial condition, and results of operations.

If we are unable to attract and retain skilled medical, technical, and engineering personnel, it could limit our technological development and growth.

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

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

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

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

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

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

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

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

Healthcare companies, including Fresenius Group, are often subject to actions alleging negligence, products liability, breach of warranty, malpractice, and other legal theories that may involve large claims and significant defense costs, whether or not liability is ultimately imposed on the defendant. The products of Fresenius Medical Care and Fresenius Kabi could also be subject to recalls or actions for patent infringement, which could result in our inability to sell any of our existing products that are deemed to be infringing. In addition, Fresenius Helios could be exposed to claims for negligence in the operation of its hospitals or patient treatment, for example claims relating to hospital-based infectious diseases. Fresenius Vamed could be exposed to claims arising from errors in the planning, construction and equipping of hospitals or other healthcare facilities or to claims arising from negligence regarding the facility management or the operational management and logistics of hospitals and other healthcare facilities. We cannot assure you that significant claims will not be asserted against us, that significant adverse verdicts will not be reached against us for patent infringements or that large scale recalls of our products will not become necessary. In addition, some of the countries in which we operate have legal protections relating to 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.

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

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

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

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

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

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

We are 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 and from time to time with other jurisdictions. We are also subject to ongoing tax audits in the United States, 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, 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.

RISKS RELATING TO THE NOTES

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

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

Accordingly, the Notes will be structurally subordinated to all creditors, including trade creditors, of the Parent Guarantor's subsidiaries (including Fresenius Medical Care) other than the Subsidiary Guarantors and the Group's financing subsidiaries (including the Issuer). As of September 30, 2013, our subsidiaries which are not Subsidiary Guarantors (including Fresenius Medical Care) or our financing subsidiaries had €6,641 million of debt. Any right of the Parent Guarantor or any of the Subsidiary Guarantors to receive assets of any subsidiary upon the insolvency or liquidation of the subsidiary (and the consequent rights of the holders of the Notes to participate in those assets) will be structurally subordinated to the claims of these subsidiary's creditors, except to the extent the Parent Guarantor's or the Subsidiary Guarantor's claims do not result from (i) their respective shareholdings, (ii) shareholder loans (or their economic equivalent) subordinated by law, or (iii) contractually subordinated claims, in which case their claims would still be subordinated with respect to any assets of the subsidiary pledged to secure other indebtedness, and any indebtedness of the subsidiary senior to that held by the Parent Guarantor or the Subsidiary Guarantors. In addition, holders of secured indebtedness of the Parent Guarantor or the Subsidiary Guarantors would have a claim on the assets securing such indebtedness that is prior to the holders of the Notes and would have a claim that is pari passu with the holders of the Notes to the extent the security did not satisfy such indebtedness. As of September 30, 2013, our Group (other than Fresenius Medical Care) had €1,866 million of secured indebtedness. Our secured indebtedness will increase as we purchase hospitals from Rhön-Klinikum AG in upcoming months.

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

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

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

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

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

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

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

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

One or more independent credit rating agencies may assign credit ratings to the Notes. The ratings may not reflect the potential impact of all risks related to the structure, market, additional risk factors discussed herein, and other factors that may affect the value of the Notes. A credit rating is not a recommendation to buy, sell, or hold securities and may be subject to revision, suspension, or withdrawal by the rating agency at any time. No assurance can be given that a credit rating will remain constant for any given period of time or that a credit rating will not be reduced or withdrawn entirely by the credit rating agency if, in its judgment, circumstances so warrant. As an example, S&P recently announced that it plans to apply new ratings criteria to corporate industrial companies and utilities effective on or about November 18, 2013 and accordingly, previously issued ratings, including those given to the notes, could change. Any suspension, reduction, or withdrawal of the credit rating assigned to the relevant Notes by one or more of the credit rating agencies may adversely affect the cost and terms and conditions of our financings and could adversely affect the value and trading of such Notes.

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

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

Additional Notes that may be issued in subsequent offerings may have identical terms to the Notes issued in this offering, but may not be fungible with the Notes for U.S. federal income tax purposes, which may affect the market value of the Notes.

We may issue additional notes that have identical terms to the Notes issued in this offering, but are not fungible with the Notes issued in this offering for U.S. federal income tax purposes. Depending on the price at which any additional notes are offered, U.S. holders of additional notes may be required to accrue original issue discount on the additional notes into income whether or not they receive cash payments. Because the additional notes may not be distinguishable from the previously outstanding Notes, that may adversely affect the market value of all of the Notes. (See "*Taxation Considerations — United States Federal Income Tax Considerations — Additional Notes*".)

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

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

The Notes may become subject to FATCA under certain circumstances upon a substitution of the Issuer or a future material modification of the Notes, and no gross-up will be paid if FATCA taxes are withheld.

Payments on the Notes are not expected to be subject to withholding tax under the FATCA rules because recent guidance would exempt from FATCA withholding debt instruments that were outstanding prior to six months after final regulations are issued defining the term "foreign passthru payment" for purposes of FATCA. FATCA withholding could apply if the (i) Issuer is considered a foreign financial institution for purposes of FATCA, and (ii) final regulations were to adopt an earlier date or if the terms of the Notes were modified materially after the date falling six months after the publication of final regulations defining the term "foreign pass-through payments". Substitution of a Successor for the Issuer may, depending on the circumstances, constitute a material modification of the Notes, and potentially result in FATCA withholding. If FATCA withholding taxes apply to any payments on the Notes, no Additional Amounts will be paid in respect of such taxes. See "*Description of the Notes — Additional Amounts*".

PRESENTATION OF FINANCIAL INFORMATION

GENERAL INFORMATION

Our consolidated financial statements and other financial information contained herein have been prepared in accordance with accounting principles generally accepted in the United States of America ("**U.S. GAAP**"), unless it is expressly indicated herein that financial statements or other financial information have been prepared in accordance with the International Financial Reporting Standards of the International Accounting Standards Board (IASB) as adopted by the European Union ("**IFRS**"). We use IFRS to comply with the reporting requirements of the German Commercial Code (*Handelsgesetzbuch*) and other German laws. In addition, we voluntarily prepare and publish our consolidated financial statements in accordance with U.S. GAAP. The unconsolidated financial statements of the Issuer included in this prospectus have been prepared in accordance with accounting principles generally accepted in the Netherlands ("**Dutch GAAP**"). The unconsolidated financial statements of both Subsidiary Guarantors included in this prospectus have been prepared in accordance with accounting principles generally accepted in Germany ("**German GAAP**"). References to "2012", "2011" and "2010" (unless otherwise specified) shall refer to the fiscal years ended December 31, 2012, 2011 and 2010, respectively.

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

The Company owned 31.4% of the outstanding ordinary voting shares of Fresenius Medical Care AG & Co. KGaA ("**FMC AG & Co. KGaA**") as at September 30, 2013. FMC AG & Co. KGaA is a German partnership limited by shares. Fresenius Medical Care Management AG, the general partner of FMC AG & Co. KGaA, is a wholly owned subsidiary of the Company. Because corporate decisions are taken by the general partner for German partnerships limited by shares, the Company has and, as long as it maintains ownership of more than 25% of the share capital of FMC AG & Co. KGaA, will retain a factual controlling position (*faktische Kontrolle*) in FMC AG & Co. KGaA under the articles of association of FMC AG & Co. KGaA. Since this factual controlling position (*faktische Kontrolle*) meets the control test for purposes of consolidation, the Company fully consolidates Fresenius Medical Care in its consolidated financial statements. As of November 29, 2013, the Company had a market capitalization of €18.7 billion, and FMC AG & Co. KGaA had a market capitalization of €15.9 billion.

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

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

Constant currency

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

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

EBITDA

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

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

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

EXCHANGE RATES

The table below shows for the period from January 1, 2009 through December 31, 2013, the period end, average, high, and low buying rates for euro expressed as U.S. dollars per €1.00, referred to here as the "dollar-euro exchange rate". These rates may differ from actual rates used in the preparation of the consolidated financial statements and other financial information appearing in this prospectus. We make no representation that the euro or U.S. dollar amounts referred to in this prospectus have been, could have been or could, in the future, be converted into U.S. dollars or euro, as the case may be, at any particular rate, if at all. On January 17, 2014, the dollar-euro exchange rate was 1.36.

Period	Period end	Average(1)	High	Low
2009	1.43	1.40	1.51	1.26
2010	1.33	1.32	1.45	1.20
2011	1.30	1.39	1.49	1.29
2012	1.32	1.29	1.35	1.21
2013	1.37	1.33	1.38	1.28

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

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

	January 1 to September 30, 2013	January 1 to December 31,		
		2012	2011	2010
Period-end	1.3505	1.3194	1.2939	1.3362
Period average	1.3171	1.2848	1.3920	1.3259

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

USE OF PROCEEDS

In connection with the offering of the Notes, the Issuer will receive net proceeds of up to €[●]. The net proceeds will be used to partially refinance the drawing under the Bridge Financing Facility.

The fees and expenses to be paid in connection with the issue and offer of the Notes are expected to amount to up to €3 million.

The approximate net proceeds will be included in the Pricing Notice (as defined in "*Underwriting, Sale and Offer of the Notes*" below) which will be filed with the CSSF on or prior to the Issue Date of the Notes.

CAPITALIZATION

The table below sets out our consolidated capitalization as of September 30, 2013 and as adjusted to reflect the issuance of the Notes and application of the net proceeds thereof.

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

	September 30, 2013	Adjusted for acquisition funding, the issuance of senior notes on January 23, 2014 and for this offering
	in € million	
Cash and cash equivalents[(1)]	**873**	**873**
Short term debt[(2)]	**467**	**1,145**
thereof Fresenius Medical Care	*83*	*83*
Fresenius Medical Care 2012 Senior Credit Agreement	**2,125**	**2,125**
Fresenius SE 2013 Senior Credit Agreement[(3)]	**1,761**	**1,761**
Senior Notes[(4)]	**5,165**	**5,908**
Fresenius Finance B.V. 2012/2019	*500*	*500*
Fresenius Finance B.V. 2013/2020	*500*	*500*
Fresenius US Finance II, Inc. 2009/2015	*270*	*270*
Fresenius US Finance II, Inc. 2009/2015	*363*	*363*
Fresenius Finance B.V. 2014/2019	—	*299*
Fresenius Finance B.V. 2014/2021	—	*444*
Notes offered hereby[(5)]	—	*[●]*
FMC Finance VI S.A. 2010/2016	*249*	*249*
FMC Finance VII S.A. 2011/2021	*295*	*295*
FMC Finance VIII S.A. 2011/2016	*100*	*100*
FMC Finance VIII S.A. 2011/2018	*396*	*396*
FMC Finance VIII S.A. 2012/2019	*243*	*243*
Fresenius Medical Care US Finance, Inc. 2007/2017	*368*	*368*
Fresenius Medical Care US Finance, Inc. 2011/2021	*478*	*478*
Fresenius Medical Care US Finance II, Inc. 2011/2018	*293*	*293*
Fresenius Medical Care US Finance II, Inc. 2012/2019	*592*	*592*
Fresenius Medical Care US Finance II, Inc. 2012/2022	*518*	*518*
Euro Notes (*Schuldscheindarlehen*)	**859**	**859**
thereof Fresenius SE & Co. KGaA	*825*	*825*
thereof FMC AG & Co. KGaA	*34*	*34*
Bridge Financing Facility[(6)]	**—**	**761**
Other Debt	**702**	**702**
Total Debt	**11,079**	**13,261**
thereof Fresenius Medical Care	*6,242*	*6,242*
Fresenius SE & Co. KGaA shareholders' equity	**7,846**	**7,846**
Noncontrolling interest subject to put provisions	**476**	**476**
Noncontrolling interest not subject to put provisions	**5,057**	**5,057**
Total Capitalization	**24,458**	**26,640**

(1) Of the amounts set forth in this line item, €446 million represent cash and cash equivalents held by Fresenius Medical Care.

(2) The adjusted figure reflects €678 million of short term debt raised and set aside under a fiduciary arrangement for the announced acquisition of hospitals from Rhön-Klinikum AG.

(3) The adjusted figure does not reflect undrawn amounts under the 2013 Senior Credit Agreement that, along with the proceeds from this offering and drawing under the Bridge Financing Facililty to be refinanced with proceeds from this offering and proceeds from capital markets transactions, may be used to purchase hospitals and related companies from Rhön-Klinikum AG up to a total purchase price of €3.07 billion.

(4) The adjusted figure does not reflect the issuance of Notes offered hereby.

(5) The adjusted figure reflects the proceeds of up to €[●] from the issuance of Notes offered hereby.

(6) The adjusted figure represents approximate amounts outstanding under the Bridge Financing Facility set aside under a fiduciary arrangement for the announced acquisition of hospitals from Rhön-Klinikum AG after repayment of €739 million based on the estimated net proceeds from the issuance of senior notes on January 23, 2014, but not after application of the proceeds from this offering.

Other than as indicated above, there has been no material change in our Group's consolidated capitalization or indebtedness since September 30, 2013. Please see "*Management's Discussion and Analysis of Financial Condition and Results of Operations — Recent Developments*".

SELECTED CONSOLIDATED FINANCIAL INFORMATION

The selected consolidated financial information below (including ratios) reflects the full consolidation of Fresenius Medical Care's financial statements in our financial statements. Fresenius Medical Care Management AG, a wholly owned subsidiary of the Company in the legal form of a stock corporation under German law (Aktiengesellschaft), is the general partner of FMC AG & Co. KGaA. Fresenius Medical Care Management AG, acting through its management board, is responsible for the management of FMC AG & Co. KGaA. Because corporate decisions are taken by the general partner for German partnerships limited by shares, the Company has, and as long as it maintains ownership of Fresenius Medical Care Management AG and more than 25% of the share capital of FMC AG & Co. KGaA will retain, a controlling position in FMC AG & Co. KGaA under the articles of association of FMC AG & Co. KGaA. Since this controlling position meets the control test for purposes of consolidation under U.S. GAAP, the Company fully consolidates Fresenius Medical Care in its consolidated financial statements under U.S. GAAP. Net income and net assets attributable to other shareholders of FMC AG & Co. KGaA are eliminated and recorded under noncontrolling interest in our consolidated statement of income and balance sheet. However, the Company receives cash flows generated by Fresenius Medical Care only to the extent they are distributed to the Company as dividends or payments under existing agreements, such as rental and service agreements. Dividends are received by the Company only in proportion to its economic interest in Fresenius Medical Care and are also limited by the terms of certain of Fresenius Medical Care's debt instruments. At September 30, 2013, the Company owned 31.4% of the outstanding ordinary voting shares of FMC AG & Co. KGaA. See also "Management's Discussion and Analysis of Financial Condition and Results of Operations — Key Factors Affecting Our Results of Operations and Financial Condition" and "General Information on Group Structure, Issuer and Guarantors — Interest of the Company in FMC AG & Co. KGaA".

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

U.S. GAAP

The following tables present selected consolidated financial information and business segment data for our Group for the nine months ended September 30, 2013 and 2012, for the twelve months ended September 30, 2013 and each of the financial years ended December 31, 2012, 2011 and 2010. We derived the selected financial data from our consolidated financial statements prepared in accordance with U.S. GAAP. Business segment data is clearly identified as such in the tables. KPMG AG Wirtschaftsprüfungsgesellschaft, The Squaire, Am Flughafen, 60549 Frankfurt am Main, Germany, audited and issued an auditors' report with respect to each of the consolidated financial statements of the financial years ended December 31, 2012, 2011 and 2010. These auditors' reports are included elsewhere in this prospectus. The interim consolidated financial statements for the periods ended September 30, 2013 and 2012 are unaudited.

The historical financial information for the twelve months ended September 30, 2013 set forth below was derived by adding the Group's consolidated financial data for the nine months ended September 30, 2013 to the Group's consolidated financial data for the twelve months ended December 31, 2012 and subtracting the Group's consolidated financial data for the nine months ended September 30, 2012. The financial information for the twelve months ended September 30, 2013 has been prepared for illustrative purposes only and is not necessarily representative of our results of operations for any future period or our financial condition at any future date. For information regarding the exchange rate between the U.S. dollar and the euro for selected time periods preceding the date of this prospectus, see "Exchange Rates".

Selected Consolidated Financial Data

Selected Consolidated Statement of Income Data

	Twelve months ended September 30, 2013	Nine months ended September 30, 2013	Nine months ended September 30, 2012	Year ended December 31, 2012	Year ended December 31, 2011	Year ended December 31, 2010
	(unaudited)	(unaudited)				
			(million €)			
Sales[1]	20,222	15,032	14,100	19,290	16,361	15,972
Cost of sales	(13,832)	(10,327)	(9,497)	(13,002)	(10,987)	(10,646)
Gross profit	6,390	4,705	4,603	6,288	5,374	5,326
Selling, general and administrative expenses	(3,113)	(2,285)	(2,172)	(3,000)	(2,544)	(2,664)
Research and development expenses	(343)	(252)	(214)	(305)	(267)	(244)
Operating income (EBIT)[2]	2,934	2,168	2,217	2,983	2,563	2,418
Net interest expense	(635)	(449)	(480)	(666)	(531)	(566)
Other financial result[3]	2	0	(37)	(35)	(100)	(66)
Investment gain[4]	0	0	109	109	0	0
Income taxes	(635)	(488)	(512)	(659)	(604)	(581)
Noncontrolling interest[5]	(698)	(504)	(612)	(806)	(638)	(583)
Net income attributable to Fresenius SE & Co. KGaA	968	727	685	926	690	622
Operating income (EBIT), adjusted[6]	3,053	2,202	2,224	3,075	2,563	2,418
Net income attributable to Fresenius SE & Co. KGaA, adjusted[7]	1,009	753	682	938	770	660

Selected Consolidated Statement of Financial Position Data

	At September 30, 2013	At December 31, 2012	At December 31, 2011	At December 31, 2010
	(unaudited)			
		(million €)		
Total assets	**30,678**	**30,664**	**26,321**	**23,577**
Total of Fresenius SE & Co. KGaA shareholders' equity	(7,846)	(7,633)	(5,971)	(4,965)
Total liabilities and shareholders' equity	**(30,678)**	**(30,664)**	**(26,321)**	**(23,577)**

Selected Consolidated Cash Flow Statement Data

	Twelve months ended September 30, 2013	Nine months ended September 30, 2013	Nine months ended September 30, 2012	Year ended December 31, 2012	Year ended December 31, 2011	Year ended December 31, 2010
	(unaudited)	(unaudited)				
			(million €)			
Cash provided by operating activities	2,197	1,566	1,807	2,438	1,689	1,911
Cash used in investing activities	(1,188)	(957)	(3,020)	(3,251)	(2,072)	(1,237)
Cash provided by (used in) financing activities	(1,072)	(600)	1,547	1,075	242	(352)

Selected Other Consolidated Financial Information

	Twelve months ended September 30, 2013	Nine months ended September 30, 2013	Nine months ended September 30, 2012	Year ended December 31, 2012	Year ended December 31, 2011	Year ended December 31, 2010
	(unaudited)	(unaudited) (million €, except ratios)				
EBITDA[8][9][10]	3,770	2,790	2,779	3,759	3,237	3,057
EBITDA, adjusted[8][9][10]	3,889	2,824	2,786	3,851	3,237	3,057
Net debt (as of September 30 or December 31)[11]	10,206	10,206	9,556	10,143	9,164	8,015
Net interest expense	(635)	(449)	(480)	(666)	(531)	(566)
Capital expenditure	(1,072)	(676)	(611)	(1,007)	(783)	(758)
Acquisitions	(621)	(442)	(2,993)	(3,172)	(1,612)	(644)
Ratio of EBITDA, adjusted to net interest expense[8][9][10]	6.1	6.3	5.8	5.8	6.1	5.4
Ratio of net debt to EBITDA[12]	2.7	—	2.6	2.7	2.8	2.6
Ratio of net debt to EBITDA, adjusted[12][13]	2.6	—	2.5	2.6	2.8	2.6

Selected Consolidated Business Segment Data

Fresenius Medical Care

	Twelve months ended September 30, 2013	Nine months ended September 30, 2013	Nine months ended September 30, 2012	Year ended December 31, 2012	Year ended December 31, 2011	Year ended December 31, 2010
	(unaudited)	(unaudited) (million €, except employees)				
Sales[1]	11,015	8,156	7,882	10,741	9,031	9,091
EBITDA[8][9]	2,127	1,575	1,644	2,196	1,891	1,830
EBIT	1,642	1,211	1,296	1,727	1,491	1,451
Net interest expense	(325)	(236)	(243)	(332)	(213)	(211)
Net income attributable to Fresenius Medical Care AG & Co. KGaA	776	578	726	924	770	738
EBITDA, adjusted[14]	2,213	1,575	1,644	2,282	1,891	1,830
EBIT, adjusted[14]	1,728	1,211	1,296	1,813	1,491	1,451
Net income attributable to Fresenius Medical Care AG & Co. KGaA, adjusted[15]	831	578	617	870	770	738
Operating cash flow	1,539	1,098	1,146	1,587	1,039	1,032
Capital expenditure	(564)	(389)	(351)	(526)	(429)	(395)
Acquisitions	(303)	(232)	(1,337)	(1,408)	(1,429)	(596)
Research and development expenses	(94)	(72)	(65)	(87)	(80)	(73)
Employees (headcount as of respective period end date)	94,080	94,080	90,039	90,866	83,476	77,442
Dividends paid	230	230	210	210	197	183
thereof to Fresenius SE & Co. KGaA	71	71	65	65	69	65

Fresenius Kabi

	Twelve months ended September 30, 2013	Nine months ended September 30,		Year ended December 31,		
		2013	2012	2012	2011	2010
	(unaudited)	(unaudited) (million €, except employees)				
Sales	4,918	3,742	3,363	4,539	3,964	3,672
EBITDA(8)(9)	1,136	852	817	1,101	955	893
EBIT	929	695	700	934	803	737
Net interest expense	(255)	(181)	(212)	(286)	(278)	(279)
Net income attributable to Fresenius Kabi AG	481	367	330	444	354	294
Operating cash flow	447	303	452	596	462	567
Capital expenditure	(304)	(187)	(159)	(276)	(177)	(174)
Acquisitions	(906)	(59)	(30)	(877)	(11)	(31)
Research and development expenses	(235)	(177)	(136)	(194)	(162)	(143)
Employees (headcount as of respective period end date)	31,010	31,010	25,521	30,214	24,106	22,851

Fresenius Helios

	Twelve months ended September 30, 2013	Nine months ended September 30,		Year ended December 31,		
		2013	2012	2012	2011	2010
	(unaudited)	(unaudited) (million €, except employees)				
Sales	3,390	2,537	2,347	3,200	2,665	2,520
EBITDA(8)(9)	488	368	312	432	369	318
EBIT	372	282	232	322	270	235
Net interest expense	(56)	(39)	(50)	(67)	(51)	(55)
Net income attributable to HELIOS Kliniken GmbH	249	194	148	203	163	131
Operating cash flow	269	186	157	240	294	311
Capital expenditure	(177)	(85)	(88)	(180)	(157)	(166)
Acquisitions	(19)	(7)	(567)	(579)	(45)	(13)
Research and development expenses	—	—	—	—	—	—
Employees (headcount as of respective period end date)	42,980	42,980	42,544	42,881	37,198	33,321

Fresenius Vamed

	Twelve months ended September 30, 2013	Nine months ended September 30, 2013	2012	Year ended December 31, 2012	2011	2010
	(unaudited)	(unaudited) (million €, except employees)				
Sales	964	654	536	846	737	713
EBITDA(8)(9)	61	32	30	59	51	49
EBIT	52	25	24	51	44	41
Net interest income	(3)	(2)	—	(1)	2	2
Net income attributable to VAMED AG	35	16	16	35	34	30
Operating cash flow	(46)	(13)	68	35	(83)	47
Capital expenditure	(13)	(8)	(6)	(11)	(7)	(9)
Acquisitions	(10)	(8)	(42)	(44)	(3)	(5)
Research and development expenses	0	0	0	0	0	0
Employees (headcount as of respective period end date)	6,365	6,365	4,439	4,432	3,724	3,110

(1) Sales were restated according to a U.S. GAAP accounting change in 2012. Certain bad debt expense was reclassified from selling, general and administrative expenses to sales. This reclassification has no impact on EBIT.

The sales adjustment for the twelve months ended December 31, 2011 of minus €161 million solely relates to Fresenius Medical Care North America.

(2) Operating income (EBIT) for the nine months ended September 30, 2013 has not been adjusted for the one-time integration costs of Fenwal of €34 million.

Operating income (EBIT) for the year ended December 31, 2012 has not been adjusted for one-time costs related to the takeover offer to the shareholders of Rhön-Klinikum AG, special items from the renegotiation of the Venofer contract and the donation to the American Society of Nephrology.

(3) Other financial result for 2011 and 2010 includes effects of mark-to-market accounting of the MEB and the CVR relating to the acquisition of Fresenius Kabi USA. Both are non-cash items. The CVR were delisted in the first quarter of 2011. The MEB matured on August 14, 2011. For 2012 the other financial result includes one-time costs related to the takeover offer to the shareholders of Rhön-Klinikum AG.

The following table shows the components of "Other financial result":

	Twelve months ended September 30, 2013	Nine months ended September 30, 2013	2012	Year ended December 31, 2012	2011	2010
	(unaudited)	(unaudited) (million €)				
MEB	—	—	—	—	(105)	(98)
CVR	—	—	—	—	5	32
Financing costs, related to the offer of the shareholders of Rhön-Klinikum AG	2	—	(37)	(35)	—	—
Other financial result	**2**	**—**	**(37)**	**(35)**	**(100)**	**(66)**

(4) Investment gain includes non-cash fair valuation gain of Fresenius Medical Care's investment at the time of the acquisition of Liberty.

The following table shows how this fair valuation gain of Fresenius Medical Care affects net income attributable to Fresenius SE & Co. KGaA:

	Twelve months ended September 30, 2013	Nine months ended September 30, 2013	2012	Year ended December 31, 2012	2011	2010
	(unaudited)	(unaudited) (million €)				
Investment gain	—	—	109	109	—	—
Thereof noncontrolling interest	—	—	(75)	(75)	—	—
Investment gain attributable to Fresenius SE&Co. KGaA	**—**	**—**	**34**	**34**	**—**	**—**

(5) Noncontrolling interest represents net income attributable to third parties. In the nine months ended September 30, 2013 95% of noncontrolling interest was attributable to the noncontrolling interest in Fresenius Medical Care.

(6) Nine months ended September 30, 2013 figures adjusted for the one-time integration costs of Fenwal of €34 million 2012 figures adjusted for €6 million one-time costs related to the takeover offer to the shareholders of Rhön-Klinikum AG and €86 million for special items from the renegotiation of the Venofer contract and the donation to the American Society of Nephrology.

(7) The following table shows the adjustments to net income made in respect of the one-time integration costs of Fenwal in 2013, the non-cash fair valuation gain of Fresenius Medical Care's investment at the time of the Liberty acquisition, the takeover offer to the shareholders of Rhön-Klinikum AG, special items from the renegotiation of the Venofer contract and the donation to the American Society of Nephrology in 2012 and the MEB and CVR for 2011 and 2010:

	Twelve months ended September 30,	Nine months ended September 30,		Year ended December 31,		
	2013	2013	2012	2012	2011	2010
	(unaudited)	(unaudited) (million €)				
Net income attributable to Fresenius SE & Co. KGaA	**968**	**727**	**685**	**926**	**690**	**622**
Investment gain attributable to Fresenius SE&Co. KGaA	—	—	(34)	(34)	—	—
Venofer / donation attributable to Fresenius SE & Co. KGaA	17	—	—	17	—	—
MEB	—	—	—	—	85	70
CVR	—	—	—	—	(5)	(32)
Financing costs, related to the offer to the shareholders of Rhön-Klinikum AG	(1)	—	26	25	—	—
Other costs, related to the takeover offer to the shareholders of Rhön-Klinikum AG	(1)	—	5	4	—	—
One-time integration costs of Fenwal	26	26	—	—	—	—
Net income attributable to Fresenius SE & Co. KGaA, adjusted	**1,009**	**753**	**682**	**938**	**770**	**660**

(8) EBITDA means operating income plus depreciation and amortization and is derived from our operating income determined in accordance with U.S. GAAP.

(9) We are presenting this figure on the basis that investors may find it helpful as a measure of our performance. This figure is not recognized as a measure under U.S. GAAP and should not be construed as a substitute for income statement or cash flow data, as determined in accordance with U.S. GAAP, or as a measure of profitability or liquidity. It does not necessarily indicate whether cash flow will be sufficient or available for our cash requirements, nor is it necessarily indicative of our historical or future operating results. Because not all companies define this measure in the same way, our presentation of it is not necessarily comparable to similarly-titled measures used by other companies.

(10) You should not consider EBITDA to be an alternative to net earnings determined in accordance with U.S. GAAP or to cash flow from operations, investing activities or financing activities.

Group EBITDA can be reconciled to operating income as follows for the nine months ended September 30, 2013 as well as 2012, 2011 and 2010:

	Twelve months ended September 30,	Nine months ended September 30,		Year ended December 31,		
	2013	2013	2012	2012	2011	2010
	(unaudited)	(unaudited) (million €)				
Operating income (EBIT)	2,934	2,168	2,217	2,983	2,563	2,418
Depreciation and amortization	836	622	562	776	674	639
EBITDA	**3,770**	**2,790**	**2,779**	**3,759**	**3,237**	**3,057**
One-time costs at Fresenius Medical Care	86	—	—	86	—	—
Costs for takeover offer to shareholders of Rhön-Klinikum AG	(1)	—	7	6	—	—
One-time integration costs of Fenwal	34	34	—	—	—	—
EBITDA, adjusted	**3,889**	**2,824**	**2,786**	**3,851**	**3,237**	**3,057**

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

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

(11) Net debt (including Fresenius Medical Care's accounts receivable facility) includes short-term borrowings, short-term borrowings from related parties, long term debt (including current portion) and Fresenius Medical Care's trust preferred securities (until June 15, 2011), less cash, cash equivalents and current investment of capital increase.

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

Net debt does not include the MEB or the CVR for any period during which the MEB or CVR were outstanding.

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

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

(13) For reasons of comparability, our Leverage Ratio (adjusted) as of September 30, 2013 includes the historical EBITDA of Fenwal for full 12 months since the net debt of Fenwal is also included in the net debt of Fresenius Group as of September 30, 2013. Furthermore EBITDA was adjusted for the one-time costs related to the takeover offer to the shareholders of Rhön-Klinikum AG, special items from the renegotiation of the Venofer contract, the donation to the American Society of Nephrology and the one-time integration costs of Fenwal. Fresenius Group EBITDA (adjusted) for the twelve months ended September 30, 2013 amounted to €3,901 million.

For reasons of comparability, our Leverage Ratio as of December 31, 2012 has been adjusted to include the historical EBITDA of Liberty, Damp Group and Fenwal for the full twelve months because the net debt figures of the Fresenius Group as of December 31, 2012 include the net debt acquired in the acquisitions of, or incurred in acquiring, Liberty, Damp Group and Fenwal. Furthermore EBITDA was adjusted for one-time costs of €6 million (non-financing expenses) related to the offer to Rhön-Klinikum AG shareholders and one-time costs of €86 million at Fresenius Medical Care. For the twelve months ended December 31, 2012, Fresenius Group EBITDA (adjusted) amounted to €3,960 million.

(14) 2012 adjusted for €86 million special items from the renegotiation of the Venofer contract and the donation to the American Society of Nephrology.

(15) 2012 adjusted for the non-cash fair valuation gain of Fresenius Medical Care's investment at the time of the Liberty acquisition, special items from the renegotiation of the Venofer contract and the donation to the American Society of Nephrology. Net income attributable to Fresenius Medical Care AG & Co. KGaA, adjusted for the nine months ended September 30, 2012 is solely adjusted for the non-cash fair valuation gain of Fresenius Medical Care's investment at the time of the Liberty acquisition

IFRS

*The Company uses the International Financial Reporting Standards of the International Accounting Standards Board (IASB) as adopted by the European Union ("**IFRS**") to comply with the reporting requirements of the German Commercial Code (Handelsgesetzbuch) and other German laws. The following tables present selected consolidated financial information for our Group prepared in accordance with IFRS for nine months ended September 30, 2013 and 2012, and each of the financial years ended December 31, 2012, December 31, 2011 and December 31, 2010. We derived the selected financial information from our consolidated financial statements prepared in accordance with IFRS. KPMG AG Wirtschaftsprüfungsgesellschaft, The Squaire, Am Flughafen, 60549 Frankfurt am Main, Germany, audited and issued an auditors' report with respect to each of the consolidated financial statements of the three years ended December 31, 2012, 2011 and 2010. The interim consolidated financial statements for the periods ended September 30, 2013 and 2012 are unaudited. For information regarding the exchange rate between the U.S. dollar and the euro for selected time periods preceding the date of this prospectus, see "Exchange Rates".*

Selected Statement of Operations Data

	Nine months ended September 30,		Year ended December 31,		
	2013	2012[7]	2012[7]	2011	2010
	(unaudited)		(million €)		
Sales	15,187	14,261	19,508	16,522	15,972
Operating income (EBIT)	2,126	2,222[1]	2,996	2,546	2,410
Net income attributable to Fresenius SE & Co. KGaA	700	686	932	678	619
Net income attributable to Fresenius SE & Co. KGaA, adjusted[3]	726	683	944	758	657

Selected Other Financial Data

	Nine months ended September 30, 2013	Nine months ended September 30, 2012[(7)]	Year ended December 31, 2012[(7)]	Year ended December 31, 2011	Year ended December 31, 2010
	(unaudited)				
	(million €, except ratios)				
Operating income (EBIT), adjusted	2,160	2,229[(2)]	3,088	2,546	2,410
EBITDA, adjusted[(4)(5)]	2,834	2,801[(2)]	3,880	3,263	3,072
Depreciation and amortization	(674)	(572)	(792)	(717)	(662)
Net interest expense	(449)	(480)	(666)	(531)	(566)
Net debt[(6)]	10,117	9,464	10,038	9,068	7,908
Capital expenditure	(685)	(619)	(1,022)	(797)	(768)
Acquisitions	(441)	(2,992)	(3,171)	(1,608)	(643)

Selected Balance Sheet Data

	At September 30, 2013	At December 31, 2012[(7)]	At December 31, 2011	At December 31, 2010
	(unaudited)			
	(million €)			
Total assets	30,800	30,899	26,510	23,831
Total shareholders' equity	(13,262)	(13,149)	(11,031)	(9,219)

(1) Operating income (EBIT) for the nine months ended September 30, 2012 has not been adjusted for one-time costs of €7 million (non-financing expense) related to the offer to the shareholders of Rhön-Klinikum AG.

(2) Operating income (EBIT), adjusted and EBITDA, adjusted for the nine months ended September 30, 2012 have been adjusted for one-time costs of €7 million (non-financing expense) related to the offer to the shareholders of Rhön-Klinikum AG.

(3) Nine months ended September 30, 2013 figures adjusted for the one-time integration costs of Fenwal of €26 million after tax.

2012 figures adjusted for the non-cash fair valuation gain of Fresenius Medical Care's investment at the time of the Liberty acquisition, for one-time costs related to the takeover offer to the shareholders of Rhön-Klinikum AG, special items from the renegotiation of the Venofer contract and the donation to the American Society of Nephrology.

Figures for the years 2011 and 2010 adjusted for the effects of the mark-to-market accounting of the MEB and the CVR related to the acquisition of Fresenius Kabi USA. All adjusted effects are non-cash items

The following table shows certain adjustments to net income including those made in respect of the fair valuation gain of Fresenius Medical Care's investment in 2012, the MEB and CVR for each of the nine-month periods ended September 30, 2013 and September 30, 2012, as well as for 2012, 2011 and 2010 and the costs for the offer to the shareholders of Rhön-Klinikum AG:

	Nine months ended September 30, 2013	Nine months ended September 30, 2012[(7)]	Year ended December 31, 2012[(7)]	Year ended December 31, 2011	Year ended December 31, 2010
	(unaudited)				
	(million €)				
Net income attributable to Fresenius SE & Co. KGaA	**700**	**686**	**932**	**678**	**619**
Investment gain attributable to Fresenius SE & Co. KGaA	—	(34)	(34)	—	—
Venofer / donation attributable to Fresenius SE & Co. KGaA	—	—	17	—	—
MEB	—	—	—	85	70
CVR	—	—	—	(5)	(32)
Financing costs, related to the takeover offer to the shareholders of Rhön-Klinikum AG	—	26	25	—	—
Other costs, related to the takeover offer to the shareholders of Rhön-Klinikum AG	—	5	4	—	—
One-time integration costs of Fenwal	26	—	—	—	—
Net income attributable to Fresenius SE & Co. KGaA, adjusted	**726**	**683**	**944**	**758**	**657**

(4) We are presenting this figure for comparison with EBITDA calculated on the basis of our IFRS financial information. You should not consider EBITDA to be an alternative to net earnings determined in accordance with U.S. GAAP or IFRS or to cash flow from operations, investing activities or financing activities.

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

(5) We are presenting this figure on the basis that investors may find it helpful as a measure of our performance. This figure is not recognized as a measure under U.S. GAAP or IFRS and should not be construed as a substitute for income statement or cash flow data, as determined in accordance with U.S. GAAP or IFRS, or as a measure of profitability or liquidity. It does not necessarily indicate whether cash flow will be sufficient or available for our cash requirements, nor is it necessarily indicative of our historical or future operating results. Because not all companies define this measure in the same way, our presentation of it is not necessarily comparable to similarly-titled measures used by other companies.

(6) Net debt (including Fresenius Medical Care's accounts receivable facility) includes short-term borrowings, short-term borrowings from related parties, long term debt (including current portion) and Fresenius Medical Care's trust preferred securities (until June 15, 2011), less cash and cash equivalents.

Net debt does not include the MEB or the CVR for any period during which the MEB or CVR were outstanding.

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

(7) 2012 figures have been adjusted as a result of the first time adoption of IAS 19R regarding Employee Benefits at January 1, 2013. For further information please see IFRS interim consolidated financial statements for the periods ended September 30, 2013 and 2012 note 1. III, "*Summary of significant accounting policies, classifications*".

Selected Exchange Rate Information

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

Differences between U.S. GAAP and IFRS Financial Information

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

DIFFERENCES BETWEEN U.S. GAAP AND IFRS FINANCIAL INFORMATION

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

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

1. *Recognition of gains resulting from operating sale and leaseback transactions.* We sell assets to leasing companies and lease them back under operating lease agreements. Under U.S. GAAP, the gain from the sale is deferred over the term of the lease whereas IFRS requires an immediate recognition of the gain. If the selling price is higher than the fair value, this difference is also deferred under IFRS.

2. *Different accounting requirements for deferred taxes on stock options.* Under U.S. GAAP, deferred taxes on compensation expense for stock options are based on the fair value of stock options. Under IFRS, deferred taxes on stock options are based on the intrinsic value of stock options. The resulting difference between deferred tax expense, deferred tax assets and additional paid in capital under IFRS and U.S. GAAP is usually completely offset at the date of the exercise of stock options and the associated receipt of tax benefits.

3. *Capitalization of development costs if specific requirements are fulfilled.* Costs for the development of new products or technologies are capitalized in accordance with IFRS whereas U.S. GAAP does not allow capitalization. Subsequent to initial measurement under IFRS, the costs for development of successful products or technologies are amortized over the useful life while the costs for development of unsuccessful products or technologies are written off.

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

We consider the differences between our net income determined in accordance with U.S. GAAP and our net income determined in accordance with IFRS to be largely immaterial for each of the nine-month periods ended September 30, 2013 and September 30, 2012, as well as for each of the years ended December 31, 2012, 2011 and 2010.

SELECTED UNCONSOLIDATED FINANCIAL DATA FOR THE ISSUER

Under Dutch GAAP, at June 30, 2013, the Issuer Finance B.V. had total assets of €1,328 million, mainly consisting of financial fixed assets of €1,111 million and receivables from affiliated companies of €217 million, cash and cash equivalents of €584 thousand and shareholders' equity of €5 million.

	Six months ended June 30,		Year ended December 31,	
	2013	2012	2012	2011
	(unaudited)			
	(million €)			
Sales	0	0	0	0
Profit from operations	1	2	3	3
Cash provided by operating activities	5	(1)	2	4

	At June 30, 2013	At December 31, 2012	At December 31, 2011
	(unaudited)		
	(million €)		
Total assets	1,328	2,007	1,794
Equity	(5)	(3)	2

At December 31, 2012, the Issuer Finance B.V. had total assets of €2,007 million, mainly consisting of financial fixed assets of €1,239 million and receivables from affiliated companies of €767 million, cash and cash equivalents of €352 thousand and shareholders' equity of €3 million. At December 31, 2011, the Issuer had total assets of €1,794 million, mainly consisting of financial fixed assets of €1,429 million and receivables from affiliated companies of €365 million, cash and cash equivalents of €86 thousand and shareholders' equity of negative €2 million. The financial statements of the Issuer for the financial years ending December 31, 2012 and 2011 are included in this prospectus on pages F-340 et seq.

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

Fresenius Kabi AG

In accordance with German GAAP as of September 30, 2013, Fresenius Kabi AG had total assets of €2,530 million, total liabilities of €852 million and, for the nine months ended September 30, 2013, a net income of €161 million (including income from participations).

	Nine months ended September 30,		Year ended December 31,	
	2013	2012	2012	2011
	(unaudited)			
	(million €)			
Sales	0	0	0	0
Profit from operations	161	145	132	148
Cash provided by operating activities	166	139	136	161

	At September 30,	At December 31,	
	2013	2012	2011
	(unaudited)		
	(million €)		
Total assets	2,530	2,205	2,044
Equity	(1,657)	(1,657)	(1,488)

At December 31, 2012, Fresenius Kabi AG had total assets of €2,205 million, mainly consisting of financial fixed assets of €1,778 million and accounts receivable from related parties of €416 million, cash and cash equivalents of €0 million and shareholders' equity €1,657 million. At December 31, 2011, Fresenius Kabi AG had total assets of €2,044 million, mainly consisting of financial fixed assets of €1,571 million and accounts receivable from related parties of €460 million, cash and cash equivalents of €1 million and shareholders' equity €1,488 million. The financial statements of Fresenius Kabi AG for the financial years ending December 31, 2012 and 2011 are included in this prospectus on pages F-430 et seq.

Fresenius ProServe GmbH

In accordance with German GAAP as of September 30, 2013, Fresenius ProServe GmbH had total assets of €2,750 million, total liabilities of €638 million and, for the nine months ended September 30, 2013, a net income of €178 million (including income from participations).

	Nine months ended September 30,		Year ended December 31,	
	2013	2012	2012	2011
	(unaudited)			
	(million €)			
Sales	0	0	0	0
Profit from operations	178	182	139	153
Cash provided by operating activities	177	155	139	153

	At September 30,	At December 31,	
	2013	2012	2011
	(unaudited)		
	(million €)		
Total assets	2,750	2,623	2,057
Equity	(2,105)	(2,105)	(1,587)

At December 31, 2012, Fresenius ProServe GmbH had total assets of €2,623 million, mainly consisting of financial fixed assets of €2,465 million, and accounts receivable due from related parties of €150 million and shareholders' equity of €2,105 million. At December 31, 2011, Fresenius ProServe GmbH had total assets of €2,057 million, mainly consisting of financial fixed assets of €1,901 million, and accounts receivable due from related parties of €148 million and shareholders' equity of €1,587 million. The financial statements of Fresenius ProServe GmbH for the financial years ending December 31, 2012 and 2011 are included in this prospectus on pages F-506 et seq.

The financial statements of the Subsidiary Guarantors for the financial years ending December 31, 2012 and 2011 are included in this prospectus on pages F-430 et seq. Our consolidated financial statements also contain financial information for our group of companies on a consolidated basis which includes the Guarantors as our principal subsidiaries.

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

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

Our consolidated financial statements are included on pages F-4 et seq. in this prospectus.

OVERVIEW

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

- ***Fresenius Medical Care*** is the world's largest provider of dialysis products and dialysis care for patients with chronic kidney failure according to publicly reported sales and number of patients treated;
- ***Fresenius Kabi*** is a leading supplier of infusion therapies, intravenously administered generic drugs (I.V. drugs), and clinical nutrition for critically and chronically ill people in hospitals and outpatient care in addition to medical devices and products in the area of transfusion technology;
- ***Fresenius Helios*** is the largest private hospital operator in Germany based on publicly available information on sales and beds and owned 74 hospitals (as of September 30, 2013), including six maximum care hospitals, with more than 23,000 beds with a focus on providing acute treatment and post-acute care (medical rehabilitation) and treats more than 2.9 million patients per year, thereof more than 780,000 inpatients; on September 13, 2013, Fresenius Helios signed a binding agreement to purchase the majority of Rhön-Klinikum's hospitals, including 43 hospitals with a total of approximately 11,800 beds as well as 15 outpatient facilities; and
- ***Fresenius Vamed*** is one of the leading international providers of engineering, construction, and maintenance services to hospitals and other healthcare facilities worldwide.

Fresenius is active in about 170 countries and has an international marketing and production network of approximately 90 production sites worldwide. In the nine months ended September 30, 2013, our Group generated sales of €15,032 million and EBIT of €2,202[(2)] million. Fresenius Medical Care is fully consolidated into the financial statements of our Group.

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

	Nine months ended September 30, 2013					
	Fresenius Medical Care	**Fresenius Kabi**	**Fresenius Helios**	**Fresenius Vamed**	**Corporate/ Other[1]**	**Total**
	(million €, except employees and percentages)					
Sales	8,156	3,742	2,537	654	(57)	15,032
EBITDA, adjusted[2]	1,575	852	368	32	(3)	2,824
Operating income (EBIT), adjusted[2]	1,211	695	282	25	(11)	2,202
Net income attributable to Fresenius SE & Co. KGaA, adjusted[3]	578	367	194	16	(402)	753
Operating cash flow	1,098	303	186	(13)	(8)	1,566
Capital expenditures	(389)	(187)	(85)	(8)	(7)	(676)
Acquisitions	(232)	(59)	(7)	(8)	(136)	(442)
Research and development	(72)	(177)	—	0	(3)	(252)
Employees (as of September 30)	94,080	31,010	42,980	6,365	814	175,249
Equity participation	31%	100%	100%	77%	—	—

(1) Corporate/Other consists of consolidation and certain corporate revenues and costs (which relate to certain Group overhead charges and the costs of Fresenius Biotech). Fresenius Biotech was sold effective June 28, 2013 as part of the Company's strategy to focus on its four established business segments.

(2) EBITDA, adjusted and operating income (EBIT), adjusted for the nine months ended September 30, 2013 is adjusted for the one-time integration costs of Fenwal of €34 million. The adjustment is reflected in the Corporate/Other segment.

(3) Nine months ended September 30, 2013 adjusted for the one-time integration costs of Fenwal of €26 million after tax.

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

	Year ended December 31, 2012					
	Fresenius Medical Care	**Fresenius Kabi**	**Fresenius Helios**	**Fresenius Vamed**	**Corporate/ Other[1]**	**Total**
	(million €, except employees and percentages)					
Sales	10,741	4,539	3,200	846	(36)	19,290
EBITDA, adjusted[2]	2,282	1,101	432	59	(23)	3,851
Operating income (EBIT), adjusted[2]	1,813	934	322	51	(45)	3,075
Net income attributable to Fresenius SE & Co. KGaA, adjusted[3]	870	444	203	35	(626)	926
Operating cash flow	1,587	596	240	35	(20)	2,438
Capital expenditures	(526)	(276)	(180)	(11)	(14)	(1,007)
Acquisitions	(1,408)	(877)	(579)	(44)	(264)	(3,172)
Research and development	(87)	(194)	—	0	(24)	(305)
Employees (as of December 31)	90,866	30,214	42,881	4,432	931	169,324
Equity participation	31%	100%	100%	77%	—	—

(1) Corporate/Other consists of consolidation and certain corporate revenues and costs (which relate to certain Group overhead charges and the costs of Fresenius Biotech, which is focused on immunotherapeutic products based on antibody technologies, but does not have the status of a business segment). Fresenius Biotech was sold effective June 28, 2013 as part of the Company's strategy to focus on its four established business segments.

(2) 2012 adjusted for one-time costs related to the takeover offer to the shareholders of Rhön-Klinikum AG, special items from the renegotiation of the Venofer contract and the donation to the American Society of Nephrology.

(3) 2012 adjusted for the non-cash fair valuation gain of Fresenius Medical Care's investment at the time of the Liberty acquisition, for one-time costs related to the takeover offer to the shareholders of Rhön-Klinikum AG, special items from the renegotiation of the Venofer contract and the donation to the American Society of Nephrology.

For additional information about our business segments, see "*Business*".

Our consolidated financial statements also include the segment Corporate/Other, to which certain corporate sales and costs are allocated. The costs relate to certain Group overhead charges and the costs of certain research and development projects relating to biotechnology. The segment is mainly comprised of Fresenius SE & Co. KGaA, our Group's holding company; Fresenius Netcare GmbH, which provides services in the field of information technology; and Fresenius Biotech, which does not fulfill the standards for a reportable segment under U.S. GAAP. In addition, Corporate/Other also reflects consolidation adjustments between our business segments.

KEY FACTORS AFFECTING OUR RESULTS OF OPERATIONS AND FINANCIAL CONDITION

Factors affecting our results of operations include the following:

- *Ownership of Fresenius Medical Care.* We owned 31.4% of the outstanding ordinary voting shares of FMC AG & Co. KGaA as at September 30, 2013. Fresenius Medical Care Management AG, a wholly owned subsidiary of Fresenius SE & Co. KGaA in the legal form of a stock corporation under German law (*Aktiengesellschaft)*, is the general partner of FMC AG & Co. KGaA. The management board of Fresenius Medical Care Management AG is responsible for the management of FMC AG & Co. KGaA. Because corporate decisions are taken by the general partner for German partnerships limited by shares, Fresenius SE & Co. KGaA has, and as long as it maintains ownership of more than 25% of the share capital of FMC AG & Co. KGaA will retain, a controlling position in FMC AG & Co. KGaA under the articles of association of FMC AG & Co. KGaA. Since this controlling position meets the control test for purposes of consolidation under U.S. GAAP, we fully consolidate Fresenius Medical Care in our consolidated financial statements under U.S. GAAP. Net income and net assets attributable to other shareholders of FMC AG & Co. KGaA are eliminated and recorded under noncontrolling interest in our consolidated statement of income and balance sheet.

  Although we fully consolidate the financial statements of Fresenius Medical Care in our financial statements, we receive the cash flows generated by the Fresenius Medical Care business segment only to the extent they are distributed to us as dividends. Such dividends are received in proportion to our ownership of the ordinary voting shares of FMC AG & Co. KGaA. We received dividend distributions from FMC AG & Co. KGaA in the amounts of €71 million in the second quarter of 2013, €65 million in 2012, €69 million in 2011 and €65 million in 2010. Our economic interest in FMC AG & Co. KGaA in the first nine months ended September 30, 2013 (the average over the period) was 30.98%. Our economic interest in FMC AG & Co. KGaA in 2012, 2011 and 2010 (in each case, the average for the year) was 30.85%, 33.24% and 35.45%, respectively. The Mandatory Exchangeable Bonds (MEB) matured in August 2011 and therefore Fresenius SE & Co. KGaA's shareholding in FMC AG & Co. KGaA was reduced. In addition, covenants contained in Fresenius Medical Care's 2012 senior credit agreement impose limitations on the amount of total annual dividends that Fresenius Medical Care may distribute in any one year. Under Fresenius Medical Care's 2012 FMC Senior Credit Agreement, dividends and other restricted payments are subject to a limitation of €300 million in 2013. This amount increases in subsequent years. For additional information about Fresenius Medical Care's indebtedness, see "*Description of Other Financing Arrangements — Fresenius Medical Care*".

  In addition to cash dividends, we receive cash payments, primarily in the form of service fees and rental payments and from Fresenius Medical Care under certain intercompany agreements. We received payments of €82.5 million in 2012, €73.2 million in 2011 and €62.9 million in 2010 under these agreements. These payments were partially offset by payments that we made to Fresenius Medical Care pursuant to other intercompany agreements in the amounts of €4.5 million in 2012 €4.7 million in 2011 and €4.6 million in 2010.

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

- *Acquisitions/Divestments.* We completed a number of acquisitions during the periods under review. These acquisitions include:
  - Fresenius Medical Care's acquisitions in the nine months ended September 30, 2013 totaled €232 million and were primarily related to the purchase of dialysis clinics. In

2012, acquisitions totaled €1,408 million, which mainly related to the acquisition of Liberty Dialysis Holdings, Inc. in the United States. In 2011, acquisitions totaled €1,429 million, mainly related to the acquisition of the dialysis service business of Euromedic in Europe, the investment of approximately US$300 million to acquire a 49% share in Renal Advantage, Inc., in the United States, and the takeover of American Access Care Holdings, LLC ("**AAC**"), also in the United States. AAC operates out-patient centers primarily dedicated to serving the vascular access needs of dialysis patients. In the year 2010, Fresenius Medical Care spent €596 million, primarily for acquisitions of dialysis clinics, the formation of a new renal pharmaceutical company with Galenica Ltd., the acquisition of licenses and the acquisition of Gambro's peritoneal dialysis business outside the United States.

- Fresenius Kabi's acquisitions totaled €59 million in the nine months ended September 30, 2013, mainly for a production plant in India and for compounding companies in Germany. Fresenius Kabi made acquisitions totaling €877 million in 2012, primarily relating to the acquisition of the U.S. company Fenwal, a leading supplier of transfusion technology products. In December 2012, Fresenius Kabi announced that it had signed an agreement to sell its subsidiary Calea France SAS ("**Calea**") to The Linde Group. Calea is active in the French homecare market and focuses on respiratory therapy, which is not a core business of Fresenius Kabi. The transaction was completed in January 2013. Fresenius Kabi spent €11 million in 2011. The largest single project in the year 2011 at Fresenius Kabi was the acquisition of a compounding center in Germany. In the year 2010, Fresenius Kabi spent €31 million on acquisitions, mainly for the purchase of two compounding centers in Germany.

- Fresenius Helios spent €7 million for acquisitions in the nine months ended September 30, 2013, which mainly related to the purchase of the St. Josef Krankenhaus, Wipperfürth, Germany. In 2012, acquisitions totaled €579 million, mainly relating to the acquisition of the Damp Group. Prior to its acquisition, Damp Group was one of the ten largest private hospital operators in Germany. In 2011 acquisitions totaled €45 million, mainly relating to the acquisition of 51% of the share capital of (and 100% of the economic interest in) Katholisches Klinikum Duisburg, a maximum care hospital, as well as one other acute care hospital in Rottweil, Germany. In 2010, Fresenius Helios spent €13 million on acquisitions, mainly for the purchase of the Kreiskrankenhaus St. Marienberg in Helmstedt, Germany and medical centres.

- Fresenius Vamed spent €8 million in the nine months ended September 30, 2013 primarily relating to the purchase of the hospital Nemocnice sv. Zdislavy a. s., Czech Republic. In 2012, acquisitions totaled €44 million, which mainly related to the acquisitions of the Italian H.C. Hospital Consulting S.p.A. and the intercompany acquisition of the Zihlschlacht rehabilitation clinic in Switzerland from Fresenius Helios. In 2011, its spending on acquisitions totaled €3 million, compared with €5 million in 2010.

- In the Corporate/Other segment, German government securities in the amount of €136 million were purchased for investment purposes in the nine months ended September 30, 2013. In addition, Fresenius Biotech was divested in June 2013. In 2012, acquisitions/investments totaled €264 million mainly relating to the takeover offer to the shareholders of Rhön-Klinikum AG and the purchase of approximately 2.1 million ordinary shares of FMC AG & Co. KGaA. In 2011, €124 million were spent, mainly relating to the purchase of approximately 1.4 million ordinary shares of FMC AG & Co. KGaA, as well as to acquire remaining shares of HELIOS Kliniken GmbH. Our Corporate/Other segment did not complete any material acquisitions in 2010.

- *Currency Translation.* We conduct our business on a global basis in several major international currencies, although our operations are primarily in Europe and the United States. Our reporting currency is the euro. In 2012, 40% of our consolidated sales came from our business segments in Europe, whose sales are mostly denominated in euro, and 42% of our consolidated sales came from our business in North America, whose sales are mostly denominated in U.S. dollars. Fluctuations in exchange rates between the euro and other, non-euro currencies, primarily the U.S. dollar, affect the translation of our consolidated financial results into euro and also affect the value of any distributions that our business segments contribute to our consolidated financial statements. Exchange rate changes also affect our consolidated balance sheet. Changes in the euro values of our consolidated assets and liabilities resulting from exchange rate movements may cause us to record foreign currency gains and losses.

In 2010, 2011 and 2012, the average exchange rate of the U.S. dollar against the euro had a strong impact on our reported sales mainly due to the large percentage of our sales that are generated in the United States. On average over the year, the U.S. dollar was 8% higher against the euro in 2012 as compared with 2011 and 5% lower in 2011 as compared with 2010. In translating the financial statements for 2012 of our consolidated subsidiaries that are stated in U.S. dollars, each US$0.01 increase in the value of the U.S. dollar against the euro increased our sales by approximately €65 million and increased our net income by approximately €3 million. In the first nine months of 2013, the U.S. dollar was an average of 3% lower against the euro compared to the previous year's period.

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

For additional information on the accounting treatment of currency translation effects see Note 1.IV.bb to our consolidated financial statements for the year ended December 31, 2012, included elsewhere in this prospectus. Please also see "*Risk Factors — Risks Relating to Our Business — Changes in foreign exchange rates could have adverse effects on our financial results and on our ability to repay debt; our hedging efforts may be unsuccessful*".

SEGMENT RESULTS

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

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

	Nine months ended September 30,				Year ended December 31,					
	2013		2012		2012		2011		2010	
	(unaudited)									
	(million €)	(margin in %)	(million €)	(margin in %)	(million €)	(margin in %)	(million €)	(margin in %)	(million €)	(margin in %)
Fresenius Medical Care										
Sales(1)	8,156	100.0	7,882	100.0	10,741	100.0	9,031	100.0	9,091	100.0
EBITDA	1,575	19.3	1,644	20.9	2,282	21.2	1,891	20.9	1,830	20.1
EBIT	1,211	14.8	1,296	16.4	1,813	16.9	1,491	16.5	1,451	16.0
Fresenius Kabi										
Sales	3,742	100.0	3,363	100.0	4,539	100.0	3,964	100.0	3,672	100.0
EBITDA	852	22.8	817	24.3	1,101	24.3	955	24.1	893	24.3
EBIT	695	18.6	700	20.8	934	20.6	803	20.3	737	20.1
Fresenius Helios										
Sales	2,537	100.0	2,347	100.0	3,200	100.0	2,665	100.0	2,520	100.0
EBITDA	368	14.5	312	13.3	432	13.5	369	13.8	318	12.6
EBIT	282	11.1	232	9.9	322	10.1	270	10.1	235	9.3
Fresenius Vamed										
Sales	654	100.0	536	100.0	846	100.0	737	100.0	713	100.0
EBITDA	32	4.9	30	5.6	59	7.0	51	6.9	49	6.9
EBIT	25	3.8	24	4.5	51	6.0	44	6.0	41	5.8
Fresenius Corporate/Other(2)										
Sales	(57)	100.0	(28)	100.0	(36)	100.0	(36)	100.0	(24)	100.0
EBITDA	(37)	—	(24)	—	(115)	—	(29)	—	(33)	—
EBIT	(45)	—	(35)	—	(137)	—	(45)	—	(46)	—
Fresenius Group										
Sales(1)	15,032	100.0	14,100	100.0	19,290	100.0	16,361	100.0	15,972	100.0
EBITDA	2,790	18.6	2,779	19.7	3,759	19.5	3,237	19.8	3,057	19.1
EBITDA, adjusted(3)	2,824	18.8	2,786	19.7	3,851	20.0	3,237	19.8	3,057	19.1
EBIT	2,168	14.4	2,217	15.7	2,983	15.5	2,563	15.7	2,418	15.1
EBIT, adjusted(3)	2,202	14.6	2,224	15.7	3,075	15.9	2,563	15.7	2,418	15.1

(1) For the year ended December 31, 2011, sales were adjusted according to a U.S. GAAP accounting change. The sales adjustment of minus €161 million solely relates to Fresenius Medical Care North America. The sales restatement in accordance with a U.S. GAAP accounting change affects all periods of the year 2011. In the business segment Fresenius Medical Care, certain debt write-offs were reclassified from selling, general and administrative expenses to sales. This reclassification has no impact on EBIT. 2013 and 2012 sales were not adjusted.

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

(3) EBITDA, adjusted and operating income (EBIT), adjusted for the nine months ended September 30, 2013 is adjusted for the one-time integration costs of Fenwal of €34 million. 2012 adjusted for one-time costs related to the takeover offer to the shareholders of Rhön-Klinikum AG, special items from the renegotiation of the Venofer contract and the donation to the American Society of Nephrology.

For additional information on the financial performance of our segments, see Note 23 to our quarterly financial report for the nine months ended September 30, 2013, and Note 34 to our consolidated financial statements for the financial year ended December 31, 2012, each included elsewhere in this prospectus.

SALES BY GEOGRAPHICAL REGION

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

	Nine months ended September 30,		Change	Organic growth	Currency translation effects	Acquisitions/ divestitures	Percentage of total sales in
	2013	2012	2013/2012				2013
				(unaudited)			
	(million €)		(%)	(%)	(%)	(%)	(%)
Europe	6,016	5,711	5	2	(1)	4	40
North America	6,447	5,977	8	5	(3)	6	43
Asia-Pacific	1,437	1,372	5	6	(3)	2	9
Latin America	860	815	6	13	(10)	3	6
Africa	272	225	21	27	(8)	2	2
Total Sales	**15,032**	**14,100**	**7**	**5**	**(2)**	**4**	**100**

	Year ended December 31,		Change	Organic growth	Currency translation effects	Acquisitions/ divestitures	Percentage of total sales in
	2012	2011	2012/2011				2012
	(million €)		(%)	(%)	(%)	(%)	(%)
Europe	7,797	6,919	13	4	1	8	40
North America[(1)]	8,144	6,601	23	5	9	9	42
Asia-Pacific	1,899	1,582	20	12	8	0	10
Latin America	1,126	899	25	22	0	3	6
Africa	324	360	(10)	(9)	(1)	0	2
Total Sales[(1)]	**19,290**	**16,361**	**18**	**6**	**5**	**7**	**100**

(1) For 2011, sales were adjusted according to a U.S. GAAP accounting change. The sales adjustment of minus €161 million solely relates to Fresenius Medical Care North America.

	Year ended December 31,		Change	Organic growth	Currency translation effects	Acquisitions/ divestitures	Percentage of total sales in
	2011	2010	2011/2010				2011
	(million €)		(%)	(%)	(%)	(%)	(%)
Europe	6,919	6,515	6	3	0	3	42
North America	6,762	7,020	(4)	1	(5)	0	41
Asia-Pacific	1,582	1,307	21	16	0	5	10
Latin America	899	814	10	13	(4)	1	5
Africa	360	316	14	16	(2)	0	2
Total Sales	**16,522**	**15,972**	**3**	**4**	**(3)**	**2**	**100**

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

RESULTS OF OPERATIONS

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

	Nine months ended September 30,				Year ended December 31,					
	2013		2012		2012		2011		2010	
	(unaudited)									
	(million €)	(% of sales)	(million €)	(% of sales)	(million €)	(% of sales)	(million €)	(% of sales)	(million €)	(% of sales)
Sales[(1)]	**15,032**	**100.0**	**14,100**	**100.0**	**19,290**	**100.0**	**16,361**	**100.0**	**15,972**	**100.0**
Cost of sales	(10,327)	(68.7)	(9,497)	(67.4)	(13,002)	(67.4)	(10,987)	(67.2)	(10,646)	(66.7)
Gross profit	4,705	31.3	4,603	32.6	6,288	32.6	5,374	32.8	5,326	33.3
Selling, general and administrative expenses	(2,285)	(15.2)	(2,172)	(15.4)	(3,000)	(15.6)	(2,544)	(15.5)	(2,664)	(16.7)
Research and development expenses	(252)	(1.7)	(214)	(1.5)	(305)	(1.6)	(267)	(1.6)	(244)	(1.5)
Operating income (EBIT)[(2)]	2,168	14.4	2,217	15.7	2,983	15.5	2,563	15.7	2,418	15.1
Net interest expense	(449)	(3.0)	(480)	(3.4)	(666)	(3.5)	(531)	(3.2)	(566)	(3.5)
Investment gain[(3)]	0	0	109	0.8	109	0.6	0	0	0	0
Other financial result[(4)]	0	0	(37)	(0.3)	(35)	(0.2)	(100)	(0.6)	(66)	(0.4)
Earnings before income taxes and minority interests	**1,719**	**11.4**	**1,809**	**12.8**	**2,391**	**12.4**	**1,932**	**11.8**	**1,786**	**11.2**
Income taxes	(488)	(3.2)	(512)	(3.6)	(659)	(3.4)	(604)	(3.7)	(581)	(3.6)
Noncontrolling interest[(5)]	(504)	(3.4)	(612)	(4.3)	(806)	(4.2)	(638)	(3.9)	(583)	(3.7)
Net income attributable to Fresenius SE & Co. KGaA	**727**	**4.8**	**685**	**4.9**	**926**	**4.8**	**690**	**4.2**	**622**	**3.9**
Operating income EBIT, adjusted[(6)]	2,202	14.6	2,224	15.8	3,075	15.9	2,563	15.7	2,418	15.1
Net income attributable to Fresenius SE & Co. KGaA, adjusted[(7)]	**753**	**5.0**	**682**	**4.8**	**938**	**4.9**	**770**	**4.7**	**660**	**4.1**

(1) For the year ended December 31, 2011, sales were adjusted according to a U.S. GAAP accounting change. The sales adjustment of minus €161 million solely relates to Fresenius Medical Care North America. The sales restatement in accordance with a U.S. GAAP accounting change affects all periods of the year 2011. In the business segment Fresenius Medical Care, certain debt write-offs were reclassified from selling, general and administrative expenses to sales. This reclassification has no impact on EBIT. 2013 and 2012 sales were not adjusted.

(2) Operating income (EBIT) for the nine months ended September 30, 2013 has not been adjusted for the one-time integration costs of Fenwal of €34 million.

Operating income (EBIT) for the year ended December 31, 2012 has not been adjusted for one-time costs related to the takeover offer to the shareholders of Rhön-Klinikum AG, special items from the renegotiation of the Venofer contract and the donation to the American Society of Nephrology

(3) Investment gain includes a non-cash fair valuation gain of Fresenius Medical Care's investment at the time of the acquisition of Liberty in the nine months ended September 30, 2012 and the year ended December 31, 2012.

(4) Other financial result for 2011 and 2010 includes effects of mark-to-market accounting of the MEB and the CVR relating to the acquisition of Fresenius Kabi USA. Both are non-cash items. The CVR were delisted in the first quarter of 2011. The MEB matured on August 14, 2011. For 2012 the other financial result includes one-time costs related to the takeover offer to the shareholders of Rhön-Klinikum AG. See "*Selected Consolidated Financial Information — U.S. GAAP — Selected Consolidated Financial Data — Selected Consolidated Statement of Income Data*".

(5) Noncontrolling interest represents net income attributable to third parties. In the nine months ended September 30, 2013, 95% of noncontrolling interest was attributable to the noncontrolling interest in Fresenius Medical Care.

(6) Operating income (EBIT), adjusted for the nine months ended September 30, 2013 is adjusted for the one-time integration costs of Fenwal of €34 million. 2012 adjusted for one-time costs related to the takeover offer to the shareholders of Rhön-Klinikum AG, special items from the renegotiation of the Venofer contract and the donation to the American Society of Nephrology.

(7) Nine months ended September 30, 2013 adjusted for the one-time integration costs of Fenwal of €26 million after tax.

2012 figures adjusted for the non-cash fair valuation gain of Fresenius Medical Care's investment at the time of the Liberty acquisition, for one-time costs related to the takeover offer to the shareholders of Rhön-Klinikum AG, special items from the renegotiation of the Venofer contract and the donation to the American Society of Nephrology. See "*Selected Consolidated Financial Information — U.S. GAAP — Selected Consolidated Financial Data — Selected Consolidated Statement of Income Data*".

Nine Months Ended September 30, 2013, compared with Nine Months Ended September 30, 2012

Sales

Our total sales increased 7% to €15,032 million for the nine months ended September 30, 2013 from €14,100 million for the nine months ended September 30, 2012. The 7% increase represents 5% organic growth and 5% growth from acquisitions and negative effect of 2% from currency translation. Divestitures also reduced sales growth by 1%. The average weakening of the U.S. dollar against the euro for the nine months ended September 30, 2013 (1.32 U.S. dollar per euro) compared with the nine months ended September 30, 2012 (1.28 U.S. dollar per euro) had a slightly negative impact on our sales.

- Fresenius Medical Care's sales increased 3% to €8,156 million for the nine months ended September 30, 2013 from €7,882 million for the nine months ended September 30, 2012 and, as a percentage of Fresenius Group total sales, decreased slightly from 56% to 54%. The 3% increase in sales represents 5% organic growth combined with 3% growth from acquisitions partially offset by a negative effect of minus 4% from currency translation and the effect of closed or sold clinics of minus 1%. In U.S. dollar terms, sales increased 6% to US$10,743 million for the nine months ended September 30, 2013 from US$10,095 million for the nine months ended September 30, 2012.

  At September 30, 2013, Fresenius Medical Care owned, operated or managed 3,225 clinics compared to 3,135 clinics at September 30, 2012. During the third quarter of 2013, it acquired 4 clinics, opened 22 clinics and combined or closed 13 clinics. Fresenius Medical Care treated 265,824 patients at September 30, 2013 (excluding patients of clinics managed but not consolidated in the United States), an increase of 4% from 256,521 patients at September 30, 2012. In the nine months ended September 30, 2013, 30.03 million treatments were provided, an increase of 5% from 28.60 million treatments in the nine months ended September 30, 2012.

  The following table sets forth information regarding Fresenius Medical Care's sales ("**FMC Sales**") derived from dialysis care and from dialysis products in its North America segment and in its International segment (markets outside of North America) in the nine months ended September 30, 2013 and 2012:

	Dialysis care sales			Dialysis product sales		
	Nine months ended September 30,		Change	Nine months ended September 30,		Change
	(unaudited) 2013	2012	2013/2012	(unaudited) 2013	2012	2013/2012
	(million US$)		(%)	(million US$)		(%)
North America sales	6,485	6,007	8	614	595	3
International sales	1,750	1,680	4	1,869	1,790	4
Total FMC Sales	**8,235**	**7,687**	**7**	**2,483**	**2,385**	**4**

  Accounting for 66% of sales, North America remained Fresenius Medical Care's largest business region. In the nine months ended September 30, 2013 sales in North America grew 8% to US$7,099 million compared to sales of US$6,602 million for the nine months ended September 30, 2012. Dialysis services were by far the largest contributor to sales, with a share of 91%. Dialysis services sales grew by 8% to US$6,485 million in the first nine months of 2013 compared to US$6,007 million in the first nine months of 2012. Dialysis product sales were US$614 million in the nine months ended September 30, 2013 compared to US$595 million in the nine months ended September 30, 2012.

  The International segment comprising the business regions Europe/Middle East/Africa, Asia-Pacific, and Latin America grew by 4%. Approximately 34% of Fresenius Medical Care's total sales were derived from these regions. Sales in the International segment grew by 4% to US$3,619 million in the nine months ended September 30, 2013, compared with sales of US$3,470 million in the nine months ended September 30, 2012. Sales in dialysis services increased by 4% to US$1,750 million compared to US$1,680 million in the nine months ended September 30, 2012. Dialysis product sales grew by 4% to US$1,869 million in the nine months ended September 30, 2013, compared to US$1,790 million in the nine months ended September 30, 2012.

- Fresenius Kabi's sales increased 11% to €3,742 million for the nine months ended September 30, 2013 from €3,363 million for the nine months ended September 30, 2012 primarily driven by the consolidation of Fenwal and, as a percentage of our total sales increased to 25% from 23% for the nine months ended September 30, 2012. The 11% increase in sales represents 5% organic growth. Acquisitions, mainly the Fenwal acquisition. contributed 10% for the nine months ended September 30, 2013, while divestitures reduced sales by 1%. Currency translation had a negative effect of 3% compared with the nine months ended September 30, 2012.

  Fresenius Kabi's sales in the nine months ended September 30, 2013 grew by 5% in Europe, compared with the nine months ended September 30, 2012. Sales in North America increased by 27%, driven by the consolidation of Fenwal as well as good operating performance. Fresenius Kabi achieved a growth rate of 7% in Asia-Pacific and a growth rate of 2% in Latin America/Africa. For the nine months ended September 30, 2013, Europe, North America, Asia-Pacific, and Latin America/Africa achieved organic sales growth of 2%, 7%, 6% and 8%, respectively. Fresenius Kabi has been the sole supplier for Propofol in the United States since the end of September 2012.

  Fresenius Kabi's sales growth in the nine months ended September 30, 2013 was driven by the product segments: infusion therapy, I.V. drugs and clinical nutrition. Infusion therapy's sales decreased 2% to €741 million for the nine months ended September 30, 2013 from €754 million for the nine months ended September 30, 2012. I.V. drugs sales increased 3% to €1,308 million for the nine months ended September 30, 2013 from €1,273 million for the nine months ended September 30, 2012. Clinical nutrition's sales increased 1% to €995 million for the nine months ended September 30, 2013 from €984 million for the nine months ended September 30, 2012. For the nine months ended September 30, 2013, infusion therapy, I.V. drugs and clinical nutrition achieved organic growth rates of 3%, 6% and 4%, respectively. Sales in Fresenius Kabi's medical devices/transfusion technology product business increased by 98% to €698 million for the nine months ended September 30, 2013 compared with €352 million for the nine months ended September 30, 2012, due to the acquisition of Fenwal.

- Sales by Fresenius Helios increased 8% to €2,537 million for the nine months ended September 30, 2013 compared to €2,347 million for the nine months ended September 30, 2012. Organic sales growth of 4% was due to a 1% organic increase in inpatient admissions to acute care clinics.

- Fresenius Vamed's sales increased 22% to €654 million for nine months ended September 30, 2013 from €536 million for the nine months ended September 30, 2012. Sales in Fresenius Vamed's project business increased by 16% to €322 million for the nine months ended September 30, 2013 from €285 million for the nine months ended September 30, 2012. Order intake for the project business increased to €380 million, compared with €322 million for the nine months ended September 30, 2012. Order backlog for the project business of Fresenius Vamed increased by 18% to €1,034 million at September 30, 2013 compared with €987 million at December 31, 2012. Fresenius Vamed's service business increased by 28% driven by organic growth as well as acquisitions to €322 million for the nine months ended September 30, 2013 from €251 million for the nine months ended September 30, 2012.

Cost of Sales

Cost of sales consists primarily of material costs, labor costs, and depreciation. Cost of sales increased 9% to €10,327 million for the nine months ended September 30, 2013 from €9,497 million for the nine months ended September 30, 2012 and, as a percentage of our total sales, increased to 69% for the nine months ended September 30, 2013 compared to 67% for the nine months ended

September 30, 2012. At constant currency, cost of sales increased to €10,580 million for the nine months ended September 30, 2013 from €9,497 million for the nine months ended September 30, 2012, and as a percentage of our total sales, increased to 69% for the nine months ended September 30, 2013 compared to 67% for the nine months ended September 30, 2012.

Gross Profit

Our gross profit increased 2% to €4,705 million for the nine months ended September 30, 2013 from €4,603 million for the nine months ended September 30, 2012. At constant currency, gross profit increased 5%. The gross margin decreased to 31% for the nine months ended September 30, 2013 from 33% for the nine months ended September 30, 2012.

Selling, General and Administrative Expenses

Selling, general and administrative expenses increased 5% to €2,285 million for the nine months ended September 30, 2013 from €2,172 million for the nine months ended September 30, 2012 and, as a percentage of sales, decreased to 15.2% for the nine months ended September 30, 2013 from 15.4% for the nine months ended September 30, 2012.

Adjusted for one-time costs of €30 million related to the integration of Fenwal, the selling, general and administrative expenses increased 4% to €2,255 million for the nine months ended September 30, 2013 from €2,165 million (adjusted for one-time costs of €7 million related to the takeover offer to the shareholders of Rhön-Klinikum AG) for the nine months ended September 30, 2012.

Research and Development Expenses

Research and development expenses were €252 million for the nine months ended September 30, 2013, compared with €214 million for the nine months ended September 30, 2012. We therefore invested approximately 4.5% of our product sales in research and development in the nine months ended September 30, 2013 compared with 4.2% in the nine months ended September 30, 2012. Fresenius Medical Care spent €72 million on research and development for the nine months ended September 30, 2013, compared with €65 million for the nine months ended September 30, 2012. Fresenius Kabi spent €177million on research and development for the nine months ended September 30, 2013, compared with €136 million for the nine months ended September 30, 2012, primarily on the development of new products and product enhancements in its core areas of clinical nutrition, infusion therapy, I.V. drugs and medical devices. Fresenius Helios had no significant and Fresenius Vamed had no research and development expenses for the nine months ended September 30, 2013 and for the nine months ended September 30, 2012. In the segment Corporate/Other, €3 million was spent at Fresenius Biotech on research and development. This was less than the €13 million spent for the nine months ended September 30, 2012. Fresenius Biotech was sold effective June 28, 2013 as Fresenius decided to focus on its four established business segments.

Operating Income (EBIT)

Group EBIT decreased 2% to €2,168 million for the nine months ended September 30, 2013 from €2,217 million for the nine months ended September 30, 2012. EBIT margin decreased to 14.4% for the nine months ended September 30, 2013 from 15.7% for the nine months ended September 30, 2012. At constant exchange rates, Group EBIT slightly decreased to €2,214 million for the nine months ended September 30, 2013 from €2,217 million for the nine months ended September 30, 2012, and Group EBIT margin decreased to 14.4% in the nine months ended September 30, 2013 from 15.7% in the nine months ended September 30, 2012. Adjusted for one-time integration costs of Fenwal, EBIT margin decreased to 14.6% in the nine months ended September 30, 2013 from 15.8% in the nine months ended September 30, 2012.

- Fresenius Medical Care's EBIT decreased 7% to €1,211 million for the nine months ended September 30, 2013 from €1,296 million for the nine months ended September 30, 2012. Its EBIT margin decreased to 14.8% in the nine months ended September 30, 2013 from

16.4% in the nine months ended September 30, 2012. In U.S. dollar terms, Fresenius Medical Care's EBIT decreased 4% to US$1,595 million in the first three quarters of 2013 from US$1,659 million in the first three quarters of 2012. Adjusted for special items related to the acquisition of Liberty Dialysis Holding Inc. and the impact from sequestration the operating income for the first nine months of 2013 decreased by 1% to US$1,625 million compared to US$1,645 million for the first nine months of 2012.

In North America, EBIT decreased 2% to US$1,178 million for the nine months ended September 30, 2013 from US$1,199 million for the nine months ended September 30, 2012, and EBIT margin decreased to 16.6% in the nine months ended September 30, 2013 from 18.2% in the nine months ended September 30, 2012.

In Fresenius Medical Care's International segment, EBIT remained constant at US$597 million for the nine months ended September 30, 2013 from US$597 million for the nine months ended September 30, 2012, while EBIT margin decreased to 16.5% in the nine months ended September 30, 2013 from 17.2% in the nine months ended September 30, 2012.

- Fresenius Kabi's EBIT decreased 1% to €695 million for the nine months ended September 30, 2013 from €700 million for the nine months ended September 30, 2012. EBIT margin decreased to 18.6% in the nine months ended September 30, 2013 from 20.8% in the nine months ended September 30, 2012. Excluding Fenwal, the EBIT margin was 19.6% in the nine months ended September 30, 2013.The nine months ended September 30, 2013 includes one-time charges of €32 million to remediate manufacturing issues following FDA audits at the Grand Island, USA, and Kalyani, India, facilities.

  Fresenius Kabi's EBIT in Europe decreased to €255 million for the nine months ended September 30, 2013 compared with €284 million for the nine months ended September 30, 2012. Its EBIT margin in Europe decreased to 16.7% from 19.6%.

  Fresenius Kabi's EBIT in North America increased to €430 million for the nine months ended September 30, 2013 compared with €377 million for the nine months ended September 30, 2012. Its EBIT margin in North America decreased to 37.1% compared with 41.4% for nine months ended September 30, 2012.

  Fresenius Kabi's EBIT in Asia-Pacific/Latin America/Africa decreased to €180 million for the nine months ended September 30, 2013 compared with €213 million for the nine months ended September 30, 2012. Its EBIT margin in Asia-Pacific/Latin America/Africa decreased to 17.0% compared with 21.2% for the nine months ended September 30, 2012.

  The integration of Fenwal progressed as planned with related one-time costs of €34 million pre-tax in the nine months ended September 30, 2013.

- Fresenius Helios achieved an excellent EBIT performance with an EBIT increase of 22% for the nine months ended September 30, 2013. The business segment reported EBIT of €282 million compared with €232 million for the nine months ended September 30, 2012 thanks to the very good business progress at the established clinics and the continued targeted progress at the clinics covered by development plans. EBIT margin increased to 11.1% in the nine months ended September 30, 2013 from 9.9% in the nine months ended September 30, 2012. Established hospitals' EBIT margin increased to 11.5% for the nine months ended September 30, 2013 from 10.0% for the nine months ended September 30, 2012.

- The EBIT of Fresenius Vamed increased 4% to €25 million for the nine months ended September 30, 2013 from €24 million for the nine months ended September 30, 2012. Its EBIT margin decreased to 3.8% for the nine months ended September 30, 2013 from 4.5% for the nine months ended September 30, 2012.

Net Interest Expense

Net interest expense decreased 6% to €449 million for the nine months ended September 30, 2013 from €480 million for the nine months ended September 30, 2013.

Not included in net interest expense for the nine months ended September 30, 2012 was the non-cash fair valuation gain of Fresenius Medical Care's investment at the time of the acquisition of Liberty of €109 million.

Income Taxes

Income taxes decreased 5% to €488 million for the nine months ended September 30, 2013 from €512 million for the nine months ended September 30, 2012. The effective income tax rate for the nine months ended September 30, 2013 (as a percentage of earnings before income taxes and noncontrolling interests) increased to 28.4% compared with 28.3% for the nine months ended September 30, 2012.

Excluding the effect of the one-time integration costs of Fenwal for the nine months ended September 30, 2013, income taxes decreased to €496 million for the nine months ended September 30, 2013 from €525 million for the nine months ended September 30, 2012. The adjusted group tax rate for the nine months ended September 30, 2013 decreased to 28.3% compared with the adjusted group tax rate of 30.1% for the nine months ended September 30, 2012. Group tax rate for the nine months ended September 30, 2012 was adjusted for the fair valuation gain of Fresenius Medical Care's investment at the time of the Liberty acquisition.

Noncontrolling Interests

Profits allocated to noncontrolling interests decreased 18% to €504 million for the nine months ended September 30, 2013 from €612 million for the nine months ended September 30, 2012. Of this, 95% was attributable to the noncontrolling interest in Fresenius Medical Care.

Excluding the non-cash fair valuation gain of Fresenius Medical Care's investment at the time of the acquisition of Liberty for the nine months ended September 30, 2012, noncontrolling interests decreased 6% to €504 million for the nine months ended September 30, 2013 from €537 million for the nine months ended September 30, 2012. In constant currency, adjusted profits allocated to noncontrolling interests decreased by 4% for nine months ended September 30, 2013.

Net Income

Net income increased 6% to €727 million for the nine months ended September 30, 2013 from €685 million for the nine months ended September 30, 2012. At constant exchange rates, net income increased by 7% to €735 million.

Excluding effects of the fair valuation gain and one-time integration costs of Fenwal, net income increased 10% to €753 million for the nine months ended September 30, 2013 compared to €682 million for the nine months ended September 30, 2012. Net income increased in constant currency by 12% to €761 million for the nine months ended September 30, 2013.

Year Ended December 31, 2012, compared with Year Ended December 31, 2011

Sales

Our total sales increased 18% to €19,290 million in 2012 from €16,361 million in 2011. The 18% increase represents 6% organic growth and 8% growth from acquisitions and positive effect of 5% from currency translation. Divestitures reduced sales growth by 1%. The average 8% strengthening of the U.S. dollar against the euro for 2012 (1.28 U.S. dollar per euro) compared with 2011 (1.39 U.S. dollar per euro) had a significant positive impact on our sales, since a large portion of our business is generated in North America.

- Fresenius Medical Care's sales increased 19% to €10,741 million in 2012 from €9,031 million in 2011 and, as a percentage of Fresenius Group total sales, increased slightly from 55% to 56%. The 19% increase in sales represents 5% organic growth combined with 8% growth from acquisitions, 7% from currency translation and the effect of closed or sold clinics of minus 1%. In U.S. dollar terms, sales increased 10% to US$13,800 million in 2012 from US$12,571 million in 2011. At year-end 2012, Fresenius Medical Care owned, operated or managed 3,160 clinics compared to 2,898 clinics at year-end 2011. During 2012, it acquired 276 clinics, opened 65 new clinics and sold or consolidated 79 clinics. Fresenius Medical Care treated 257,916 patients at December 31, 2012 (260,282 patients including 32 clinics in the United States managed by Fresenius Medical Care but not consolidated), an increase of 11% from 233,156 patients at December 31, 2011. In 2012, 38.59 million treatments were provided, an increase of 12% from 34.39 million treatments in 2011.

The following table sets forth information regarding FMC Sales derived from dialysis care and from dialysis products in its North America segment and in its International segment (markets outside of North America) in 2012 and 2011:

	Dialysis care sales			Dialysis product sales		
	Year ended December 31,		Change	Year ended December 31,		Change
	2012	2011	2012/2011	2012	2011	2012/2011
	(million US$)		(%)	(million US$)		(%)
North America sales	8,230	7,113	16	801	813	(1)
International sales	2,262	2,170	4	2,478	2,458	1
Total FMC Sales(1)	**10,492**	**9,283**	**13**	**3,308**	**3,288**	**1**

(1) Previous year's sales were adjusted according to a U.S. GAAP accounting change.

Accounting for 65% of sales, North America remained Fresenius Medical Care's largest business region. 2012 sales in North America grew by 14% to US$9,031 million compared to US$7,926 million for 2011. As in the previous year dialysis services was by far the largest contributor to sales, with a share of 91%. Sales in dialysis services grew by 16% to US$8,230 million in 2012, compared to US$7,113 million in 2011. In 2012, the average revenue per treatment in the United States increased to US$355 compared to US$348 in 2011. Dialysis product sales were US$801 million in 2012 (2011: US$813 million).

In 2012, the International segment, comprising the business regions Europe/Middle East/Africa, Asia-Pacific, and Latin America, achieved excellent results. About 35% of Fresenius Medical Care's total sales were derived from these regions. Sales in the International segment increased by 2% to US$4,740 million in 2012 compared to sales of US$4,628 million in 2011. Sales from dialysis services increased by 4% to US$2,262 million compared to US$2,170 million in 2011. Sales from dialysis products grew by 1% to US$2,478 million in 2012 compared to US$2,458 million in 2011.

- Fresenius Kabi's sales increased by 15% to €4,539 million in 2012 from €3,964 million in 2011 and as a percentage of our total sales decreased slightly to 23% from 24% in 2011. The 15% increase in sales represents 9% organic growth. Acquisitions contributed 1%. Currency translation had a positive effect of 5%.

  Fresenius Kabi's sales in 2012 grew by 7% in Europe, compared to 2011. In North America sales growth was 23%. Fresenius Kabi achieved a growth rate of 23% in Asia-Pacific and a growth rate of 12% in Latin America/Africa. In 2012, Europe, North America, Asia-Pacific, and Latin America/Africa achieved organic sales growth of 6%, 11%, 13% and 14%, respectively.

  Fresenius Kabi's sales growth in 2012 was driven by the product segments: infusion therapy, I.V. drugs and clinical nutrition. Infusion therapy's sales increased 13% to €1,010 million in 2012 from €895 million 2011. I.V. drugs sales increased 18% to €1,701 million in 2012 from €1,438 million in 2011. Clinical nutrition's sales increased 14% to €1,314 million in 2012 from €1,154 million in 2011. In 2012, infusion therapy, I.V. drugs and clinical nutrition achieved organic growth rates of 10%, 12% and 10%, respectively. Sales in Fresenius Kabi's medical devices/transfusion technology product business increased by 8% to €514 million in 2012 compared with €477 million in 2011.

- Sales by Fresenius Helios increased 20% to €3,200 million in 2012 compared to €2,665 million in 2011. Organic sales growth was 5% and acquisitions contributed 17%. Divestitures reduced sales growth by 2%. Also in 2012, HELIOS' Swiss post-acute care clinic was sold to Fresenius Vamed and retrospectively deconsolidated as of January 1, 2012. The sales growth of 20% was largely attributable to a 15% increase in inpatient admissions to acute care clinics to 729,673 in 2012 compared with 632,778 in 2011.

- Fresenius Vamed's sales increased by 15% to €846 million in 2012 compared to €737 million in 2011. Sales in Fresenius Vamed's project business increased to €506 million in 2012 from €494 million in 2011. Order intake for the project business increased by 9% to €657 million, compared with €604 million in 2011. Order backlog for the project business of Fresenius Vamed increased by 17% to €987 million at December 31, 2012 compared with €845 million at December 31, 2011. Fresenius Vamed's service business increased by 40% to €340 million in 2012 from €243 million 2011. In 2012, Fresenius Vamed acquired H.C. Hospital Consulting S.p.A., in Italy, and took over the post-acute care clinic Zihlschlacht, in Switzerland, from HELIOS.

Cost of Sales

Cost of sales consists primarily of material costs, labor costs, and depreciation. Cost of sales increased 18% to €13,002 million in 2012 from €10,987 million in 2011 and, as a percentage of our total sales, remained constant at 67%. At constant currency, cost of sales increased to €12,513 million in 2012 from €10,987 million in 2011, and as a percentage of our total sales, slightly increased to 68% from 67% in 2011.

Gross Profit

Our gross profit increased 17% to €6,288 million in 2012 from €5,374 million in 2011. At constant currency, gross profit increased 12%. The gross margin remained constant at 33% for the years 2012 and 2011.

Selling, General and Administrative Expenses

Selling, general and administrative expenses increased 18% to €3,000 million in 2012 from €2,544 million in 2011 and, as a percentage of sales, increased to 15.6% in 2012 from 15.5% in 2011.

Adjusted for one-time costs of €92 million related to the takeover offer to the shareholders of Rhön-Klinikum AG (€6 million) and special items from the renegotiation of the Venofer contract and the donation to the American Society of Nephrology (€86 million), the selling, general and administrative expenses increased 14% to €2,908 million in 2012 (15.1% of sales) from €2,544 million in 2011 (15.5% of sales).

Research and Development Expenses

Research and development expenses were €305 million in 2012, compared with €267 million in 2011. We therefore invested approximately 4.4% of our product sales in research and development in 2012 and 4.3% in 2011. Fresenius Medical Care spent €87 million on research and development for 2012, compared with €80 million for 2011, focussing on developing optimized or completely new therapies, treatment methods and services. Fresenius Kabi spent €194 million on research and development for 2012, compared with €162 million 2011, primarily on the development of new products and product enhancements in its core areas of clinical nutrition, infusion therapy, I.V. drugs and medical devices. Fresenius Helios had no significant and Fresenius Vamed had no research and development expenses for 2012 and 2011. In the segment Corporate/Other, €24 million was spent on research and development at Fresenius Biotech, slightly below 2011 with €25 million.

Operating Income (EBIT)

Group EBIT increased 16% to €2,983 million in 2012 from €2,563 million in 2011. EBIT margin decreased to 15.5% in 2012 from 15.7% in 2011. At constant exchange rates, Group EBIT increased 11% to €2,839 million in 2012 from €2,563 million in 2011, and Group EBIT margin decreased to 15.3%. Adjusted for one-time costs related to the takeover offer to the shareholders of Rhön-Klinikum AG, special items from the renegotiation of the Venofer contract and the donation to the American Society of Nephrology, EBIT margin increased to 15.9% in 2012 from 15.7% in 2011.

- Fresenius Medical Care's EBIT increased 22% to €1,813 million for the year ended December 31, 2012 from €1,491 million for the year ended December 31, 2011. Its EBIT margin increased to 16.9% in the year ended December 31, 2012 from 16.5% in the year ended December 31, 2011 primarily due to the improved operating margin in

North America. In U.S. dollar terms, Fresenius Medical Care's EBIT increased by 12% to US$2,329 million in the year ended December 31, 2012 from US$2,075 million in the year ended December 31, 2011.

In North America, EBIT (adjusted for special charges of US$100 million) increased 19% to US$1,715 million for the year ended December 31, 2012 from US$1,435 million for the year ended December 31, 2011, and EBIT margin increased to 19.0% in the year ended December 31, 2012 from 18.1% in the year ended December 31, 2011, partially due to special collection efforts for dialysis services performed in prior years.

In Fresenius Medical Care's International segment, EBIT slightly increased to US$809 million for the year ended December 31, 2012 from US$807 million for the year ended December 31, 2011, while EBIT margin decreased to 17.1% in the year ended December 31, 2012 from 17.4% in the year ended December 31, 2011.

- Fresenius Kabi's EBIT increased 16% to €934 million for the year ended December 31, 2012 from €803 million for the year ended December 31, 2011. Its EBIT margin increased to 20.6% in the year ended December 31, 2012 from 20.3% in the year ended December 31, 2011. EBIT growth was in particular driven by the region North America and the Asia-Pacific/Latin America/Africa region.

  Fresenius Kabi's EBIT in Europe increased 1% to €390 million for the year ended December 31, 2012 from €385 million for the year ended December 31, 2011. Its EBIT margin in Europe decreased to 20.0% from 21.1%.

  Fresenius Kabi's EBIT in North America increased 36% to €500 million for the year ended December 31, 2012 compared with €368 million for the year ended December 31, 2011. Its EBIT margin in North America improved to 40.5% compared with 36.7% for year ended December 31, 2011.

  Fresenius Kabi's EBIT in Asia-Pacific/Latin America/Africa increased 23% to €286 million for the year ended December 31, 2012 compared with €232 million for the year ended December 31, 2011. Its EBIT margin in Asia-Pacific/Latin America/Africa increased to 21.2% compared with 20.4% for the year ended December 31, 2011.

- Fresenius Helios achieved an EBIT increase of 19% for the year ended December 31, 2012. The business segment reported EBIT of €322 million compared with €270 million for the year ended December 31, 2011. The EBIT margin was at the previous year's level of 10.1% despite the consolidation of Damp Group and the hospitals of HELIOS Klinikum Duisburg. Established hospitals' EBIT margin increased to 11.7% for the year ended December 31, 2012 from 10.3% for the year ended December 31, 2011.

- The EBIT of Fresenius Vamed increased 16% to €51 million for the year ended December 31, 2012 from €44 million for the year ended December 31, 2011. The EBIT margin remained at the previous year's level of 6.0%. In the project business the EBIT was €25 million compared with €28 million for the year ended December 31, 2011. In the service business the EBIT was clearly above previous year's level at €26 million compared with €16 million for the year ended December 31, 2011.

Net Interest Expense

Net interest expense increased 25% to €666 million in 2012 from €531 million in 2011. Lower average interest rates were offset by higher incremental debt due to acquisition financing and currency translation effects.

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

Also not included in net interest expense for the year ended December 31, 2011 was the other financial result, consisting of the valuation changes of the fair redemption value of the MEB and the CVR. Both are non-cash items. As the CVR were delisted in the first quarter of 2011, the effect relates solely to the first quarter of 2011. The MEB came to maturity on August 14, 2011, therefore no further effect will occur after the third quarter of 2011. At maturity, the MEB was required to be converted into 15,722,644 common shares of FMC AG & Co. KGaA. See "*Selected Consolidated Financial Information — U.S. GAAP — Selected Consolidated Financial Data — Selected Consolidated Statement of Income Data*".

Income Taxes

Income taxes increased 9% to €659 million in 2012 from €604 million in 2011. The effective income tax rate for 2012 (as a percentage of earnings before income taxes and noncontrolling interests) decreased to 27.6% compared with 31.3% for 2011.

Adjusted for one-time costs related to the takeover offer to the shareholders of Rhön-Klinikum AG, special items from the renegotiation of the Venofer contract and the donation to the American Society of Nephrology, the adjusted group tax rate for 2012 was 29.1%. Excluding effects of mark-to-market accounting of the MEB and the CVR tax rate for 2011 was 30.7%.

Excluding effects of mark-to-market accounting of the MEB and the CVR for 2011 and the positive tax effects from the one-time costs related to the takeover offer to the shareholders of Rhön-Klinikum AG, special items from the renegotiation of the Venofer contract and the donation to the American Society of Nephrology for 2012, income taxes increased to €702 million for 2012 from €624 million for 2011.

Noncontrolling Interests

Profits allocated to noncontrolling interests increased 26% to €806 million in, 2012 from €638 million in 2011. Of this, 93% was attributable to the noncontrolling interest in Fresenius Medical Care.

Excluding the non-cash fair valuation gain of Fresenius Medical Care's investment at the time of the acquisition of Liberty for 2012, noncontrolling interests increased 21% to €769 million for 2012 from €638 million for 2011. In constant currency, adjusted profits allocated to noncontrolling interests increased by 13% for 2012.

Profits allocated to noncontrolling interests were not affected by mark-to-market accounting of the MEB and the CVR. See "*Selected Consolidated Financial Information — U.S. GAAP — Selected Consolidated Financial Data — Selected Consolidated Statement of Income Data*".

Net Income

Net income increased 34% to €926 million in 2012 from €690 million in 2011. At constant exchange rates, net income increased by 28% to €886 million.

Excluding effects of the fair valuation gain of Fresenius Medical Care's investment at the time of the acquisition of Liberty, one-time costs related to the takeover offer to the shareholders of Rhön-Klinikum AG, special items from the renegotiation of the Venofer contract and the donation to the American Society of Nephrology for 2012 and mark-to-market accounting of the MEB and the CVR for 2011, net income increased 22% to €938 million in 2012 compared to €770 million in 2011. Net income increased in constant currency by 17% in 2012.

Year Ended December 31, 2011, compared with Year Ended December 31, 2010

Sales

Our total sales increased 3% to €16,522 million in 2011 from €15,972 million in 2010. The 3% increase represents 4% organic growth and 2% growth from acquisitions, offset by 3% for currency translation effects. The average 5% weakening of the U.S. dollar against the euro in 2011 compared with 2010 had a significant negative impact on our sales, since a large portion of our business is generated in North America.

- Fresenius Medical Care's sales increased 1% to €9,192 million in 2011 from €9,091 million in 2010 and, as a percentage of Fresenius Group total sales, decreased slightly from 57% to 56%. The 1% increase in sales represents 2% organic growth combined with 3% growth from acquisitions, offset by 4% for currency translation effects. In U.S. dollar terms, sales increased 6% to US$12,795 million in 2011 from US$12,053 million in 2010.

At year-end 2011, Fresenius Medical Care owned, operated or managed 2,898 clinics compared with 2,757 clinics at year-end 2010. During 2011, it acquired 119 clinics, opened 64 new clinics and sold or consolidated 29 clinics. Fresenius Medical Care treated 233,156 patients at December 31, 2011 (234,516 patients including 21 clinics in the United States managed by Fresenius Medical Care but not consolidated), an increase of 9% from 214,648 patients at December 31, 2010. In 2011, 34.39 million treatments were provided, an increase of 9% from 31.67 million treatments in 2010.

The following table sets forth information regarding Fresenius Medical Care's sales ("**FMC Sales**") derived from dialysis care and from dialysis products in its North America segment and in its International segment (markets outside of North America) in 2011 and 2010:

	Dialysis care sales			Dialysis product sales		
	Year ended December 31,		Change	Year ended December 31,		Change
	2011	2010	2011/2010	2011	2010	2011/2010
	(million US$)		(%)	(million US$)		(%)
North America sales	7,337	7,303	0	813	827	(2)
International sales	2,170	1,767	23	2,458	2,156	14
Total FMC Sales	**9,507**	**9,070**	**5**	**3,271**	**2,983**	**10**

Accounting for 64% of sales, North America remained Fresenius Medical Care's largest business region. 2011 sales of US$8,150 million were slightly higher compared with sales in North America in 2010 of US$8,130 million. Dialysis services was by far the largest contributor to sales, with a share of 90%. Sales in dialysis services in 2011 were US$7,337 million, compared with US$7,303 million in 2010. In 2011, the average revenue per treatment in the United States decreased to US$348, compared with US$356 in 2010. This decrease was primarily the result of the introduction of the new bundled reimbursement system for dialysis treatments. Dialysis product sales declined by 2% to US$813 million from US$827 million in 2010, since increased sales of hemodialysis products did not entirely offset lower pricing of renal drugs.

In 2011, the International segment comprising the business regions Europe/Middle East/Africa, Asia-Pacific, and Latin America achieved excellent results. Approximately 36% of Fresenius Medical Care's total sales were derived from these regions. Sales in the International segment increased by 18% to US$4,628 million in 2011, compared with 2010 sales of US$3,923 million. This 18% increase represents 4% growth from currency translation effects due to the strengthening of the euro and certain other currencies against the U.S. dollar, 7% organic growth, and 7% growth from acquisitions net of divestitures. Sales from dialysis services increased by 23% to US$2,170 million, compared with US$1,767 million in 2010. This increase is the result of an increase in contributions from acquisitions of 11%, and organic growth of 8%. Currency translation had a positive effect of 4%. Sales from dialysis products increased by 14% to US$2,458 million in 2011, compared with US$2,156 million in 2010. This growth was mainly driven by higher sales of peritoneal dialysis products, dialyzers, dialysis machines and acute care products.

- Fresenius Kabi's sales increased 8% to €3,964 million in 2011 from €3,672 million in 2010 and, as a percentage of our total sales increased to 24% from 23% in 2010. The 8% increase in sales represents 9% organic growth. Sales growth in emerging markets was again very strong. New product launches and continuing drug shortages in the injectable drug market had a positive effect in the United States. Acquisitions had no significant effect on sales growth in 2011. Currency translation had a negative effect of 1%, which was mainly attributable to the U.S. dollar decreasing in value against the euro.

  Fresenius Kabi's sales were 7% higher in Europe, compared with 2010. In North America sales growth was 3%. Organic sales growth was 7%. Fresenius Kabi achieved a growth rate of 14% in Asia-Pacific/Latin America/Africa.

Fresenius Kabi's sales growth in 2011 was driven by all four product segments: infusion therapy, I.V. drugs, clinical nutrition, and medical devices/transfusion technology. Infusion therapy's sales increased 6% to €895 million in 2011 from €843 million 2010. I.V. drugs sales increased 8% to €1,438 million in 2011 from €1,328 million in 2010. Clinical nutrition's sales increased 9% to €1,154 million in 2011 from €1,062 million in 2010. In 2011, infusion therapy, I.V. drugs and clinical nutrition achieved organic growth rates of 4%, 12% and 9%, respectively. Sales in Fresenius Kabi's medical devices/transfusion technology product business grew organically by 9% to €477 million in 2011 compared with €439 million in 2010.

- Sales by Fresenius Helios increased 6% to €2,665 million in 2011 compared with €2,520 million in 2010. Organic sales growth accounted for 4% and acquisitions accounted for 2% of this growth. The sales growth of 6% was largely attributable to a 4% increase in inpatient admissions in acute care clinics to 632,778 in 2011 compared with 606,880 in 2010.
- Fresenius Vamed's sales increased 3% to €737 million in 2011 from €713 million in 2010. Prior-year sales included a substantial medical supply contract with the Ukraine. In addition, sales in 2011 were impacted by the unrest in the Middle East/North Africa region. Sales in Fresenius Vamed's project business slightly increased by 1% to €494 million in 2011 from €487 million in 2010. Order intake in the project business decreased 3% during 2011 to €604 million from €625 million in 2010. Order backlog in the project business of Fresenius Vamed increased by 5% to €845 million at year-end 2011 compared with €801 million at year-end 2010. Fresenius Vamed's service business grew by 8% to €243 million in 2011 from €226 million in 2010.

Cost of Sales

Cost of sales consists primarily of material costs, labor costs, and depreciation. Cost of sales increased 2% to €10,883 million in 2011 from €10,646 million in 2010 and, as a percentage of our total sales, decreased to 65.9% in 2011 from 66.7% in 2010. At constant currency, cost of sales increased to €11,131 million in 2011 from €10,646 million in 2010, and as a percentage of our total sales, decreased to 65.9% in 2011 from 66.7% in 2010.

Gross Profit

Our gross profit increased 6% to €5,639 million in 2011 from €5,326 million in 2010. At constant currency, gross profit increased 8%. We improved our gross margin to 34.1% in 2011 from 33.3% in 2010.

Selling, General and Administrative Expenses

Selling, general and administrative expenses increased 5% to €2,809 million in 2011 from €2,664 million in 2010 and, as a percentage of sales, increased to 17.0% from 16.7%.

Research and Development Expenses

Research and development expenses were €267 million in 2011, compared with €244 million in 2010. We therefore invested approximately 4% of our product sales in research and development, which was also the case in 2010. Fresenius Medical Care spent €80 million on research and development in 2011, compared with €73 million in 2010, primarily in the area of hemodialysis and home therapies, for example peritoneal dialysis. Fresenius Kabi spent €162 million on research and development in 2011, compared with €143 million in 2010, primarily on the development of new products and product enhancements in its core areas of clinical nutrition, infusion therapy, I.V. drugs and medical devices. Neither Fresenius Helios nor Fresenius Vamed had significant research and development expenses in 2011 or 2010. In the segment Corporate/Other, €25 million was spent on research and development at Fresenius Biotech, mostly on the clinical development of trifunctional antibodies. This was below the €28 million spent in 2010.

Operating Income (EBIT)

Group EBIT increased 6% to €2,563 million in 2011 from €2,418 million in 2010. EBIT margin increased to 15.5% in 2011 from 15.1% in 2010. At constant exchange rates, Group EBIT increased 9% in 2011, from €2,418 million to €2,624 million, and Group EBIT margin increased from 15.1% to 15.5%.

- Fresenius Medical Care's EBIT increased 3% to €1,491 million in 2011 from €1,451 million in 2010. Its EBIT margin rose to 16.2% compared with 16.0% in 2010. In U.S. dollar terms, Fresenius Medical Care's EBIT increased 8% to US$2,075 million in 2011 from US$1,924 million in 2010.

  In North America, EBIT increased 4% to US$1,435 million in 2011 from US$1,386 million in 2010, and EBIT margin increased to 17.6% in 2011 from 17.0% in 2010, mainly due to margin improvement in the United States. This margin improvement was primarily driven by the favorable development in pharmaceutical costs. Currency translation effects, particularly due to the decline in the U.S. dollar against other currencies, including the euro, had a negative impact on EBIT of 5%.

  In Fresenius Medical Care's International segment, EBIT increased 19% to US$807 million in 2011 from US$678 million in 2010, while EBIT margin improved to 17.4% in 2011 from 17.3% in 2010. This development is mainly due to strong growth in the Asia-Pacific region.

- Fresenius Kabi's EBIT increased 9% to €803 million in 2011 from €737 million in 2010. EBIT margin increased to 20.3% from 20.1%. All regions contributed to this EBIT growth.

  Fresenius Kabi's EBIT in Europe increased to €385 million in 2011 compared with €359 million in 2010. Its EBIT margin in Europe remained at its 2010 level of 21.1%.

  Fresenius Kabi's EBIT in North America increased to €368 million in 2011 compared with €335 million in 2010. Its EBIT margin in North America improved to 36.7% compared with 34.4% in 2010.

  Fresenius Kabi's EBIT in Asia-Pacific/Latin America/Africa increased to €232 million in 2011 compared with €183 million in 2010. Its EBIT margin in Asia-Pacific/Latin America/Africa increased to 20.4% compared with 18.4% in 2010.

- Fresenius Helios achieved an excellent EBIT performance with an EBIT increase of 15%. In 2011, this business segment reported EBIT of €270 million in 2011 compared with €235 million in 2010 thanks to the very good business progress at the established clinics and the continued targeted progress at the clinics covered by the restructuring plan. The latter are clinics which have been in the Fresenius Helios portfolio for less than five years. The EBIT margin improved to 10.1% compared with 9.3% in 2010.

- The EBIT of Fresenius Vamed increased to €44 million in 2011 compared with €41 million in 2010. Its EBIT margin improved to 6.0% compared with 5.8% in 2010.

Net Interest Expense

Net interest expense decreased 6% to €531 million in 2011 from €566 million in 2010. Aside from lower average interest rates for liabilities, the currency effects had a positive effect due to the weakness of the U.S. dollar against the euro.

Not included in net interest expense was the other financial result, consisting of the valuation changes of the fair redemption value of the MEB and the CVR. Both are non-cash items. As the CVR were delisted in the first quarter of 2011, the effect relates solely to the first quarter of 2011. The MEB came to maturity on August 14, 2011, therefore no further effect will occur after the third quarter of 2011. Upon having matured, the MEB had to be converted into 15,722,644 common shares of FMC AG & Co. KGaA. See "*Selected Consolidated Financial Information — U.S. GAAP — Selected Consolidated Financial Data — Selected Consolidated Statement of Income Data*".

Income Taxes

Income taxes increased 4% to €604 million in 2011 from €581 million in 2010. The effective income tax rate for 2011 (as a percentage of operating income) decreased to 31.3% compared with 32.5% in 2010.

Excluding effects of mark-to-market accounting of the MEB and the CVR, income taxes increased to €624 million in 2011 from €609 million in 2010. The adjusted group tax rate in the year 2011 decreased to 30.7% from 32.9% in 2010.

Noncontrolling Interests

Profits allocated to noncontrolling interests increased 9% to €638 million in 2011 from €583 million in 2010. Of this, 92% was attributable to the noncontrolling interest in Fresenius Medical Care. In constant currency, profits allocated to noncontrolling interests increased by 13% in 2011. Profits allocated to noncontrolling interests were not affected by mark-to-market accounting of the MEB and the CVR. See "*Selected Consolidated Financial Information — U.S. GAAP — Selected Consolidated Financial Data — Selected Consolidated Statement of Income Data*".

Net Income

Net income increased 11% to €690 million in 2011 from €622 million in 2010. Net income increased in constant currency by 12% in 2011.

Excluding effects of mark-to-market accounting of the MEB and the CVR, net income increased 17% to €770 million in 2011 compared to €660 million in 2010. At constant exchange rates, net income increased by 18% to €779 million.

LIQUIDITY AND CAPITAL RESOURCES

Overview

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

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

Historical Consolidated Cash Flow

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

	Nine months ended September 30,		Year ended December 31,		
	2013	2012	2012	2011	2010
	(unaudited) (million €)			(million €)	
Net cash provided by operating activities	1,566	1,807	2,438	1,689	1,911
Net cash used in investing activities	(957)	(3,020)	(3,251)	(2,072)	(1,237)
Net cash provided by (used in) financing activities	(600)	1,547	1,075	242	(352)
Net increase (decrease) in cash and cash equivalents	**(12)**	**333**	**250**	**(134)**	**349**
Cash and cash equivalents at beginning of period	**885**	**635**	**635**	**769**	**420**
Cash and cash equivalents at period-end	**873**	**968**	**885**	**635**	**769**

The discussion of our cash flows below is on a consolidated basis including Fresenius Medical Care. We receive the cash flows generated by Fresenius Medical Care only to the extent they are distributed to us as dividends in proportion to our interest of 31.4% in the total subscribed capital of FMC AG & Co. KGaA as at September 30, 2013, as payments under existing agreements, such as rental and service agreements, or as reimbursement of the general partner's expenses. The Company received dividend distributions from FMC AG & Co. KGaA in the amount of €65 million in 2012, €69 million in 2011 and €65 million in 2010. The majority of our subsidiaries place most of their excess liquidity in the form of short-term intercompany deposits or in cash pooling arrangements with Fresenius SE & Co. KGaA.

Nine Months Ended September 30, 2013, compared with Nine Months Ended September 30, 2012

Operating Activities. Our operating cash flow was €1,566 million for the nine months ended September 30, 2013, compared with €1,807 million for the nine months ended September 30, 2012. The primary movements in our operating cash flow for the nine months ended September 30, 2013, compared with for the nine months ended September 30, 2012 were the following:

- our net income for the period was €42 million higher for the nine months ended September 30, 2013 than for the nine months ended September 30, 2012. Excluding the one-time integration costs of Fenwal at Fresenius Kabi in the nine months ended September 30, 2013 and the one-time costs related to the takeover offer to the shareholders of Rhön-Klinikum AG, special items from the renegotiation of the Venofer contract and the donation to the American Society of Nephrology in the twelve months ended December 31, 2012, our net income was €71 million higher for the nine months ended September 30, 2013 than for the nine months ended September 30, 2012;
- noncontrolling interest was €108 million lower for the nine months ended September 30, 2013 than for the nine months ended September 30, 2012. Excluding effects of the fair valuation gain of Fresenius Medical Care's investment at the time of the acquisition of Liberty in the nine months ended September 30, 2012, our noncontrolling interest was €33 million lower for the nine months ended September 30, 2013 than for the nine months ended September 30, 2012;
- deferred taxes were €28 million lower at September 30, 2013 than at December 31, 2012;
- gain on sale of fixed assets was €1 million at September 30, 2013;
- net working capital was €216 million higher at September 30, 2013 than at December 31, 2012; net working capital consists of trade accounts receivable, net inventories, other current and non-current assets, accounts receivable from/payable to related parties, trade accounts payable, accrued expenses and other short-term and long-term liabilities, and accruals for income taxes;
- trade accounts receivable, inventories, prepaid expenses and other current and non-current assets, and accounts receivable from related parties were €217 million higher at September 30, 2013 than December 31, 2012. This increase reflects a €213 million increase in inventories, a €31 million decrease in prepaid expenses and other current and non-current asset, a €25 million increase in net trade accounts receivable primarily due to business expansion, and a €10 million increase in accounts receivable from/payable to related parties;
- trade accounts payable, accruals and other short and long-term liabilities were €4 million lower at September 30, 2013 than at December 31, 2012; and
- accruals for income taxes were €5 million higher at September 30, 2013 than at December 31, 2012.

Investing Activities. Net cash used in investing activities decreased to €957 million for the nine months ended September 30, 2013 from €3,020 million for the nine months ended September 30, 2012. We made acquisitions/investments (including acquisitions and investments financed with cash, equity and the assumption of debt) totaling €442 million for the nine months ended September 30, 2013 compared to €2,993 million for the nine months ended September 30, 2012. The investments mainly relating to the purchase of dialysis clinics. We paid €298 million for acquisitions/divestitures for the nine months ended September 30, 2013 (net of cash acquired and proceeds from investments and divestitures and including net purchases of intangible assets) compared with €2,456 million for the nine months ended September 30, 2012 that we used. Net cash used for capital expenditures on property, plant and equipment was €659 million for the nine months ended September 30, 2013, compared with €564 million for the nine months ended September 30, 2012. For more information about our acquisitions and capital expenditures, see "— *Acquisitions and Capital Expenditures*".

Financing Activities. Our financing activities used net cash in the amount of €600 million for the nine months ended September 30, 2013, and provided net cash in the amount of €1,547 million for the nine months ended September 30, 2012. The cash outflow from financing activities (without dividend payments) for the nine months ended September 30, 2013 was predominantly characterized by the repayments of liabilities from Senior Notes. Our free cash flow after investing activities and the payment of dividends was positive €151 million for the nine months ended September 30, 2013, compared with negative €1,624 million for the nine months ended September 30, 2012.

For the payment of dividends, we used cash of €458 million for the nine months ended September 30, 2013 and €411 million for the nine months ended September 30, 2012. These dividend payments relate to dividends paid to outside shareholders of certain Fresenius Group companies.

Total debt at September 30, 2013 was €11,079 million compared with €11,028 million at December 31, 2012. Short-term borrowings were €1,240 million at September 30, 2013, compared with €728 million at December 31, 2012. Long-term borrowings at September 30, 2013 were €9,839 million, compared with €10,300 million at December 31, 2012.

Cash and cash equivalents were €873 million at September 30, 2013, compared with €885 million at December 31, 2012.

Year Ended December 31, 2012, compared with Year Ended December 31, 2011

Operating Activities. Our operating cash flow was €2,438 million in 2012, compared with €1,689 million in 2011. The primary movements in our operating cash flow in 2012, compared with 2011 were the following:

- our net income for the year was €236 million higher in 2012 than in 2011. Excluding effects of the fair valuation gain of Fresenius Medical Care's investment at the time of the acquisition of Liberty and for one-time costs related to the offer to the shareholders of Rhön-Klinikum AG in the year ended December 31, 2012 and mark-to-market accounting of the MEB and the CVR for 2011, our net income was €168 million higher for the year ended December 31, 2012 than for the year ended December 31, 2011;
- noncontrolling interest was €168 million higher in 2012 than in 2011;
- deferred taxes were €22 million lower at December 31, 2012 than at December 31, 2011;
- gain on sale of fixed assets was €11 million in 2012;
- net working capital was €59 million higher at December 31, 2012 than at December 31, 2011; net working capital consists of trade accounts receivable, net; inventories; other current and non-current assets; accounts receivable from/payable to related parties; trade accounts payable, accrued expenses and other short-term and long-term liabilities; and accruals for income taxes:
    - trade accounts receivable, inventories, prepaid expenses and other current and non-current assets, and accounts receivable from related parties were €321 million higher at December 31, 2012 than at December 31, 2011. This increase reflects a €193 million increase in net trade accounts receivable primarily due to business expansion, a €68 million increase in prepaid expenses and other current and non-current assets, a €37 million increase in inventories, and a €23 million increase in accounts receivable from/payable to related parties. Scope of inventories decreased to 50 days at

December 31, 2012, from 57 days at December 31, 2011. This decrease was due to our inventory management and the omission of necessary prefinancing of projects at Fresenius Vamed since these were finalized in 2012. Average number of days of sales outstanding was 67 days at December 31, 2012, compared with 72 days at December 31, 2011. Through strict accounts receivable management, we were able to improve days sales outstanding despite the continued difficult financial operating environment. Overdue receivables from Spain and Portugal were collected;

- trade accounts payable, accruals and other short and long-term liabilities were €284 million higher at December 31, 2012 than at December 31, 2011; and
- accruals for income taxes were €22 million lower at December 31, 2012 than at December 31, 2011.

Investing Activities. Net cash used in investing activities increased to €3,251 million in 2012 from €2,072 million in 2011. We made acquisitions (including acquisitions financed with cash, equity and the assumption of debt) totalling €3,172 million in 2012 compared to €1,612 million in 2011. We used €2,299 million for acquisitions in 2012 (net of cash acquired and proceeds from investments and divestitures and including net purchases of intangible assets) compared with €1,314 million in 2011. Net cash used for capital expenditures on property, plant and equipment was €952 million in 2012, compared with €758 million in 2011. For more information about our acquisitions and capital expenditures, see "— *Acquisitions and Capital Expenditures*".

Financing Activities. Our financing activities provided net cash in the amount of €1,075 million in 2012 and €242 million in 2011. The cash inflow from financing activities (without dividend payments) in 2012 was predominantly characterized by the proceeds from the issuance of bearer ordinary shares and the partial debt financing of acquisitions. Our free cash flow after investing activities and the payment of dividends was negative €1,259 million in 2012, compared with €748 million in 2011.

For the payment of dividends, we used cash of €446 million in 2012 and €365 million in 2011, of which €155 million and €140 million, respectively, related to dividends paid by Fresenius SE & Co. KGaA. The remainder consisted of dividend payments of €210 million by Fresenius Medical Care to its shareholders, and dividends paid to third parties of €146 million. These payments were offset by the dividend of €65 million which Fresenius SE & Co. KGaA received as a shareholder of Fresenius Medical Care.

For many years, around half of the percentage increase in Group net income was paid out as a percentage increase in dividends. Our new dividend policy aligns dividend with earnings per share growth (before special items) and thus broadly maintains a pay-out ratio of 20% to 25%. Based on our positive earnings forecast we expect to offer our shareholders an earnings-linked dividend. Based on this earnings-linked dividend, for 2012, a dividend of €1.10 per share was distributed to our shareholders. This represents an increase of about 16% compared to 2011. Total dividend distribution increased by 26% to €196.0 million, compared with €155.1 million in 2011.

Total debt at December 31, 2012 was €11,028 million compared with €9,799 million at December 31, 2011. Short-term borrowings were €728 million at December 31, 2012, compared with €2,026 million at December 31, 2011. Long-term borrowings at December 31, 2012 were €10,300 million, compared with €7,773 million at December 31, 2011.

Cash and cash equivalents were €885 million at year-end 2012, compared with €635 million at year-end 2011.

Year Ended December 31, 2011, compared with Year Ended December 31, 2010

Operating Activities. Our operating cash flow was €1,689 million in 2011, compared with €1,911 million in 2010. The primary movements in our operating cash flow in 2011, compared with 2010 were the following:

- our net income for the year was €68 million higher in 2011 than in 2010. Excluding effects of the mark-to-market accounting of the MEB and the CVR related to the acquisition of APP Pharmaceuticals, our net income was €110 million higher in 2011 than in 2010;

- noncontrolling interest was €55 million higher in 2011 than in 2010;
- deferred taxes were €81 million higher at December 31, 2011 than at December 31, 2010;
- loss on sale of fixed assets was €3 million in 2011;
- net working capital was €391 million higher at December 31, 2011 than at December 31, 2010; net working capital consists of trade accounts receivable, net; inventories; other current and non-current assets; accounts receivable from/payable to related parties; trade accounts payable, accrued expenses and other short-term and long-term liabilities; and accruals for income taxes:
- trade accounts receivable, inventories, prepaid expenses and other current and non-current assets, and accounts receivable from related parties were €577 million higher at December 31, 2011 than at December 31, 2010. This increase reflects a €264 million increase in inventories, a €222 million increase in net trade accounts receivable primarily due to business expansion, a €114 million increase in prepaid expenses and other current and non-current assets, and a €23 million decrease in accounts receivable from/payable to related parties. Scope of inventories increased to 58 days at December 31, 2011, from 48 days at December 31, 2010. This increase was mainly due to the provisioning of inventories due to an increase in market demand, as well as the pre-financing of projects at Fresenius Vamed. Those projects will be finalized in 2012. Average number of days of sales outstanding was 72 days at December 31, 2011, compared with 68 days at December 31, 2010. Through strict accounts receivable management, we were able to keep average days sales outstanding roughly stable despite the continued difficult financial operating environment. The increase in the average days sales outstanding is mostly related to the expansion of our existing business;
- trade accounts payable, accruals and other short and long-term liabilities were €165 million higher at December 31, 2011 than at December 31, 2010; and
- accruals for income taxes were €21 million higher at December 31, 2011 than at December 31, 2010.

Investing Activities. Net cash used in investing activities increased to €2,072 million in 2011 from €1,237 million in 2010. We made acquisitions (including acquisitions financed with cash, equity and the assumption of debt) totalling €1,612 million in 2011 compared to €644 million in 2010. We used €1,314 million for acquisitions in 2011 (net of cash acquired and proceeds from investments and divestitures and including net purchases of intangible assets) compared with €504 million in 2010. Net cash used for capital expenditures on property, plant and equipment was €758 million in 2011, compared with €733 million in 2010. For more information about our acquisitions and capital expenditures, see "— *Acquisitions and Capital Expenditures*".

Financing Activities. Our financing activities provided net cash in the amount of €242 million in 2011, whereas in 2010 €352 million were used. The cash inflow from financing activities (without dividend payments) in 2011 was predominantly characterized by the partial debt financing of acquisitions. Our free cash flow after investing activities and the payment of dividends was negative €748 million in 2011, compared with €345 million in 2010.

For the payment of dividends, we used cash of €365 million in 2011 and €329 million in 2010, of which €140 million and €122 million, respectively, related to dividends paid by Fresenius SE & Co. KGaA. The remainder consisted of dividend payments of €197 million by Fresenius Medical Care to its shareholders, and dividends paid to third parties of €97 million. These payments were offset by the dividend of €69 million which Fresenius SE & Co. KGaA received as a shareholder of Fresenius Medical Care.

Continuity in our dividend policy remains an important priority. On average, we have distributed about half of the percentage growth in Group net income to our shareholders as a percentage dividend increase. Based on our positive earnings, we offered our shareholders an earnings-linked dividend in 2012, as well. Based on our Group's earnings-linked dividend policy, the general partner and the supervisory board of Fresenius SE & Co. KGaA proposed a dividend increase to the annual general meeting of the Company. For 2011, a dividend of €0.95 per share was distributed to our shareholders. This represents an increase of about 10% compared to 2010. Total dividend distribution increased by 11% to €155.1 million, compared with €139.7 million in 2010.

Total debt at December 31, 2011 was €9,799 million compared with €8,784 million at December 31, 2010. Short-term borrowings were €2,026 million at December 31, 2011, compared with €1,496 million at December 31, 2010. Long-term borrowings at December 31, 2011 were €7,773 million, compared with €7,288 million at December 31, 2010.

Cash and cash equivalents were €635 million at year-end 2011, compared with €769 million at year-end 2010.

Acquisitions and Capital Expenditures

Nine Months Ended September 30, 2013, compared with Nine Months Ended September 30, 2012

The following table shows the geographic distribution of our acquisitions expenditures for the nine months ended September 30, 2013 and the nine months ended September 30, 2012:

	Nine months ended September 30,	
	2013	**2012**
	(unaudited)) (million €)	
Europe	198	1,648
North America	176	1,326
Asia-Pacific	57	11
Latin America	9	8
Africa	2	0
Total	**442**	**2,993**

- Fresenius Medical Care made acquisitions totaling €232 million in the nine months ended September 30, 2013, compared with €1,337 million in the nine months ended September 30, 2012. The acquisitions in the nine months ended September 30, 2013 particularly related to the purchase of dialysis clinics.
- Fresenius Kabi made acquisitions totaling €59 million in the nine months ended September 30, 2013, compared with €30 million in the nine months ended September 30, 2012. Fresenius Kabi spent €59 million on acquisitions, mainly for a production plant in India and for compounding companies in Germany. In December 2012, Fresenius Kabi announced that it had signed an agreement to sell its subsidiary Calea France SAS ("**Calea**") to The Linde Group. Calea is active in the French homecare market and focuses on respiratory therapy, which is not a core business of Fresenius Kabi. The transaction was completed in January 2013.
- Fresenius Helios made acquisitions totaling €7 million in the nine months ended September 30, 2013, compared with €567 million in the nine months ended September 30, 2012. The acquisitions in the nine months ended September 30, 2013 particularly related to the purchase of the St. Josef Krankenhaus, Wipperfürth, Germany.
- Fresenius Vamed made acquisitions totaling €8 million in the nine months ended September 30, 2013, compared with €42 million in the nine months ended September 30, 2012. The acquisitions in the nine months ended September 30, 2013 related mainly to the recently transferred service companies from Fresenius Helios and two newly acquired Hospitals in the Czech Rep. (hospital Nemocnice sv. Zdislavy a. s. and Centrum lecby pohyboveho aparatu, s.r.o.), as well as the operating company of the API Betriebs gemeinnützige GmbH, Austria.
- In the Corporate/Other segment, acquisitions totaled €136 million in the nine months ended September 30, 2013 compared with €1,017 million in the nine months ended September 30, 2012. In the third quarter of 2013 short-term securities in the amount of €136 million were acquired. Furthermore, during the first three quarters of 2013, German government securities in the amount of €37 million were divested.

The following table shows the geographic distribution of our gross capital expenditures for the nine months ended September 30, 2013 and the nine months ended September 30, 2012:

	Nine months ended September 30,	
	2013	2012
	(unaudited)) (million €)	
Europe	312	301
North America	259	224
Asia-Pacific	57	41
Latin America	42	41
Africa	6	4
Total	**676**	**611**

- Fresenius Medical Care's capital expenditures for property, plant and equipment totaled €389 million in the nine months ended September 30, 2013, compared with €351 million in the nine months ended September 30, 2012.
- Fresenius Kabi's capital expenditures for property, plant and equipment were €187 million in the nine months ended September 30, 2013, compared with €159 million in the nine months ended September 30, 2012.
- Fresenius Helios' capital expenditures for property, plant and equipment were €85 million in the nine months ended September 30, 2013, compared with €88 million in the nine months ended September 30, 2012.
- Fresenius Vamed capital expenditures for property, plant and equipment were €8 million in the nine months ended September 30, 2013, compared with €6 million in the nine months ended September 30, 2012.

Year Ended December 31, 2012, compared with Year Ended December 31, 2011

The following table shows the geographic distribution of our acquisitions expenditures for 2012 and 2011:

	Year ended December 31,	
	2012	2011
	(million €)	
Europe	914	924
North America	2,238	596
Asia-Pacific	11	75
Latin America	9	17
Africa	—	—
Total	**3,172**	**1,612**

- Fresenius Medical Care made acquisitions totaling €1,408 million in 2012, compared with €1,429 million in 2011. The acquisitions in 2012 particularly related to the acquisition of Liberty Dialysis Holdings, Inc. in the United States.
- Fresenius Kabi made acquisitions totaling €877 million in 2012, compared with €11 million in 2011. Fresenius Kabi acquired the U.S. company Fenwal, a leading supplier of transfusion technology products.
- Fresenius Helios made acquisitions totaling €579 million in 2012, compared with €45 million in 2011. Expenditures for acquisitions in 2012 related mainly to the acquisition of the Damp Group.

- Fresenius Vamed made acquisitions totaling €44 million in 2012, compared with €3 million in 2011. Fresenius Vamed acquired the Italian company H.C. Hospital Consulting in 2012. Fresenius Vamed also took over the Zihlschlacht rehabilitation clinic in Switzerland from Fresenius Helios.
- In the Corporate/Other segment, acquisitions totaled €264 million in 2012 mainly relating to the takeover offer to the shareholders of Rhön-Klinikum AG and the purchase of approximately 2.1 million ordinary shares of FMC AG & Co. KGaA.

The following table shows the geographic distribution of our gross capital expenditures for 2012 and 2011:

	Year ended December 31,	
	2012	2011
	(million €)	
Europe	532	422
North America	326	210
Asia-Pacific	83	69
Latin America	59	71
Africa	7	11
Total	**1,007**	**783**

- Fresenius Medical Care's capital expenditures for property, plant and equipment totaled €526 million in 2012, compared with €429 million in 2011. Capital expenditures for property, plant and equipment in 2012 related primarily to the start-up of 64 de novo dialysis clinics, of which 33 were in the United States, and expansion and modernization of existing clinics and expansion and optimization of production facilities and expansion of warehouse capacity, especially for dialysis products in Germany and France.
- Fresenius Kabi's capital expenditures for property, plant and equipment were €276 million in 2012, compared with €177 million in 2011. Capital expenditures for property, plant and equipment in 2012 related primarily to the expansion and optimization of production facilities in Europe and the United States.
- Fresenius Helios's capital expenditures for property, plant and equipment in 2012 related primarily to hospital modernization. Capital expenditures for property, plant and equipment were €180 million in 2012, compared with €157 million in 2011. The largest single project was the HELIOS clinic in Krefeld.
- Fresenius Vamed's capital expenditures for property, plant and equipment were €11 million in 2012, compared with €7 million in 2011.

Year Ended December 31, 2011, compared with Year Ended December 31, 2010

The following table shows the geographic distribution of our acquisitions expenditures for 2011 and 2010:

	Year ended December 31,	
	2011	2010
	(million €)	
Europe	924	267
North America	596	277
Asia-Pacific	75	89
Latin America	17	11
Africa	—	—
Total	**1,612**	**644**

- Fresenius Medical Care made acquisitions totaling €1,429 million in 2011, compared with €596 million in 2010. The acquisitions in 2011 particularly related to the acquisition of the dialysis service business of Euromedic in Europe, the acquisition of a minority share in Renal Advantage, Inc., USA, and the purchase of American Access Care Holdings, LLC (AAC). AAC operates out-patient centers primarily dedicated to serving vascular access needs of dialysis patients.
- Fresenius Kabi made acquisitions totaling €11 million in 2011, compared with €31 million in 2010. There were no major acquisitions at Fresenius Kabi. The largest single project at Fresenius Kabi was the acquisition of a compounding center in Germany.
- Fresenius Helios made acquisitions totaling €45 million in 2011, compared with €13 million in 2010. Expenditures for acquisitions in 2011 related mainly to the acquisition of 51% of the share capital of (and a 100% economic interest in) Katholisches Klinikum Duisburg, a maximum care hospital, as well as two other acute care hospitals in Germany.
- Fresenius Vamed made acquisitions totaling €3 million in 2011, compared with €5 million in 2010. There were no major acquisitions at Fresenius Vamed.

The following table shows the geographic distribution of our gross capital expenditures for 2011 and 2010:

	Year ended December 31,	
	2011	**2010**
	(million €)	
Europe	422	400
North America	210	223
Asia-Pacific	69	73
Latin America	71	52
Africa	11	10
Total	**783**	**758**

- Fresenius Medical Care's capital expenditures for property, plant and equipment totaled €429 million in 2011, compared with €395 million in 2010. Capital expenditures for property, plant and equipment in 2011 related primarily to the start-up of 64 de novo dialysis clinics, of which 33 were in the United States, and expansion and modernization of existing clinics and expansion and optimization of production facilities and expansion of warehouse capacity, especially for dialysis products in Germany.
- Fresenius Kabi's capital expenditures for property, plant and equipment were €177 million in 2011, compared with €174 million in 2010. Capital expenditures for property, plant and equipment in 2011 related primarily to the expansion and optimization of production facilities and expansion of warehouse capacity primarily in Germany, India, South Africa and in the United States.
- Fresenius Helios's capital expenditures for property, plant and equipment in 2011 related primarily to hospital modernization. Capital expenditures for property, plant and equipment were €157 million in 2011, compared with €166 million in 2010. The largest single project was the HELIOS clinic in Krefeld. The first construction phase for the new building project was completed in July 2011.
- Fresenius Vamed's capital expenditures for property, plant and equipment were €7 million in 2011, compared with €9 million in 2010.

Historical Debt

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

	September 30, 2013	As of December 31, 2012	2011	2010
	(unaudited) (million €)		(million €)	
Short term debt	**468**	**209**	**174**	**608**
thereof Fresenius Medical Care	*83*	*89*	*76*	*502*
Fresenius Medical Care 2006 Senior Credit Agreement	**—**	**—**	**2,161**	**2,211**
Fresenius Medical Care 2012 Senior Credit Agreement	**2,125**	**2,016**	**—**	**—**
Fresenius SE 2008 Senior Credit Agreement	**—**	**1,170**	**1,326**	**1,484**
Fresenius SE 2013 Senior Credit Agreement	**1,761**	**—**	**—**	**—**
Senior Notes	**5,165**	**5,864**	**3,996**	**2,369**
Fresenius Finance B.V. 2006/2013	*—*	*500*	*500*	*500*
Fresenius Finance B.V. 2006/2016	*—*	*645*	*637*	*635*
Fresenius Finance B.V. 2012/2019	*500*	*500*	*—*	
Fresenius Finance B.V. 2013/2020 EUR	*500*	*—*	*—*	*—*
Fresenius US Finance II, Inc. 2009/2015	*270*	*267*	*264*	*261*
Fresenius US Finance II, Inc. 2009/2015	*363*	*369*	*372*	*356*
FMC Finance VI S.A. 2010/2016	*249*	*248*	*248*	*247*
FMC Finance VII S.A. 2011/2021	*295*	*294*	*294*	*—*
FMC Finance VIII S.A. 2011/2016	*100*	*100*	*100*	*—*
FMC Finance VIII S.A. 2011/2018	*396*	*396*	*395*	*—*
FMC Finance VIII S.A. 2012/2019	*243*	*243*	*—*	*—*
Fresenius Medical Care US Finance, Inc. 2007/2017	*368*	*376*	*383*	*370*
Fresenius Medical Care US Finance, Inc. 2011/2021	*478*	*489*	*498*	*—*
Fresenius Medical Care US Finance II, Inc. 2011/2018	*293*	*300*	*305*	*—*
Fresenius Medical Care US Finance II, Inc. 2012/2019	*592*	*606*	*—*	*—*
Fresenius Medical Care US Finance II, Inc. 2012/2022	*518*	*531*	*—*	*—*
Euro Notes (Schuldscheindarlehen)	**859**	**739**	**800**	**800**
thereof Fresenius SE & Co. KGaA	*525*	*400*	*—*	*—*
thereof Fresenius Finance B.V.	*300*	*300*	*600*	*600*
thereof FMC AG & Co. KGaA	*34*	*39*	*200*	*200*
Other Debt[(1)]	**701**	**1,030**	**1,342**	**1,312**
thereof: Fresenius Medical Care Capital Trust IV trust preferred securities due 2011	*—*	*—*	*—*	*468*
Total Debt	**11,079**	**11,028**	**9,799**	**8,784**
thereof Fresenius Medical Care	*6,242*	*6,290*	*5,573*	*4,400*
Fresenius SE & CO. KGaA shareholders' equity	**7,846**	**7,633**	**5,971**	**4,965**
Noncontrolling interest subject to put provisions	**476**	**398**	**317**	**209**
Noncontrolling interest not subject to put provisions	**5,057**	**5,125**	**4,606**	**3,879**
Total Capitalization	**24,458**	**24,184**	**20,693**	**17,837**

(1) Other debt includes Capital lease obligations and drawings under our accounts receivable facility.

In 2010, drawings under our accounts receivable facility are classified as short term debt

For additional information about the financial liabilities listed see the table above in "*Description of Other Financing Arrangements*" and Notes 13 and 14 to our consolidated financial statements for the nine months ended September 30, 2013, appearing on pages F-4 et seq. in this prospectus.

The ratio of net debt to shareholders' equity was 79% at September 30, 2013 compared with 80% at year-end, 2012, 87% at year-end 2011 and 91% at year-end 2010.

Available Sources of Liquidity

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

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

The following table gives an overview of the available sources of liquidity for FMC AG & Co. KGaA and its subsidiaries at December 31, 2012:

Available Sources of Liquidity	(million US$)
Fresenius Medical Care A/R Facility(1)	638
2012 FMC Senior Credit Agreement	1,123
Other Unused Lines of Credit	262
Total	**2,023**

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

The following table gives an overview of the available sources of liquidity for Fresenius SE & Co. KGaA and its subsidiaries other than FMC AG & Co. KGaA and its subsidiaries at December 31, 2012:

Available Sources of Liquidity	(million €)
2008 Senior Credit Agreement	416
Commercial Paper Program	500
Other Unused Lines of Credit	636
Total	**1,552**

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

For additional information about the financing arrangements discussed above, see "*Description of Other Financing Arrangements*" and Notes 22 to our consolidated financial statements for the year ended December 31, 2012.

We believe the proceeds of this offering and our existing credit facilities, cash generated from our operations and other current sources of financing will be adequate to meet our foreseeable needs, including our 2013 budget for acquisitions and capital expenditures.

Overview of Commitments and Contingent Liabilities

The table below gives an overview of our obligations and commitments to make future payments under our operating leases and rental payments, as of December 31, 2012.

For the fiscal years	(million €)(1)
2013	502
2014	434
2015	372
2016	310
2017	297
Thereafter	1,041
Total(2)	**2,956**

(1) All amounts exclude future interest payments.

(2) Our Group's subsidiaries lease office and manufacturing buildings, as well as machinery and equipment under various lease agreements expiring on dates through 2101. Rental expenses recorded for operating leases were €565 million in 2012, €497 million in 2011 and €480 million in 2010.

As of December 31, 2012, future investment commitments existed up to the year 2017 from acquisition contracts for hospitals at projected costs of up to €341 million. Thereof, €127 million related to the year 2013.

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

The table below gives an overview of our obligations and commitments to make future payments under our long-term debt and capital lease obligations, as of December 31, 2012.

	Payments due by period of			
	Total	Up to 1 year	1 to 5 years	Over 5 years
		(million €)(1)		
2008 Senior Credit Agreement	1,170	17	985	168
Fresenius Medical Care 2012 Senior Credit Agreement	2,016	76	1,940	0
Outstanding Senior Notes(2)(3)	2,304	500	1,304	500
Fresenius Medical Care Senior Notes(4)	3,612	0	729	2,883
Euro notes *(Schuldscheindarlehen)*	739	5	619	115
European Investment Bank Agreements	498	310	172	16
Fresenius Medical Care A/R Facility	123	0	123	0
Capital lease obligations	94	8	31	55
Other	315	103	167	45
Total(5)	**10,871**	**1,019**	**6,070**	**3,782**

(1) All amounts exclude future interest payments.

(2) Includes the Fresenius Finance B.V. €650 million 5.50% 2016 senior notes that have been called and refinanced in January 2013. The senior notes are categorized in the basket of payments due in 1-5 years.

(3) The various outstanding senior unsecured notes issued by our financing subsidiaries (excluding the financing subsidiaries of FMC AG & Co. KGaA) are collectively referred to as the "**Outstanding Senior Notes**". Amounts based on principal amounts due for repayment.

(4) The various outstanding senior unsecured notes issued by the financing subsidiaries of FMC AG & Co. KGaA are collectively referred to as the "**Fresenius Medical Care Senior Notes**". Amounts based on principal amounts due for repayment.

(5) For additional information about our long-term debt obligations, see "*— Liquidity and Capital Resources — Historical Debt*", "*Description of Other Financing Arrangements*" and Notes 21, 22, 23 and 24 to our consolidated financial statements for the year ended December 31, 2011.

The amount of guarantees and other commercial commitments as at December 31, 2012 was not significant.

The settlement agreement entered into by Fresenius Medical Care with the asbestos creditors committees on behalf of the W.R. Grace & Co. bankruptcy estate and W.R. Grace & Co. provided for payments by Fresenius Medical Care of US$115 million upon approval of the settlement agreement by the U.S. District Court, which has since occurred, and confirmation of a W.R. Grace & Co. bankruptcy reorganization plan that includes the settlement. The proposed settlement is subject to confirmation of a final plan of reorganization of W.R. Grace & Co. that meets the requirements of the settlement agreement. The US$115 million obligation is included in the special charge Fresenius Medical Care recorded in 2001 to address legal matters related to the merger with National Medical Care in 1996. See "*Business — Legal Proceedings — Commercial Litigation*".

Fresenius Group is subject to ongoing tax audits in the United States, Germany and other jurisdictions. Fresenius Group has received notices of unfavorable adjustments and disallowances in connection with certain of the audits. It is contesting these unfavorable adjustments and disallowances, including, if necessary, by way of appeal of these unfavorable determinations. Fresenius Group may be subject to additional unfavorable adjustments and disallowances in connection with ongoing audits. If its objections and any final audit appeals are unsuccessful, Fresenius Group could be required to make additional tax payments. With respect to adjustments and disallowances currently on appeal, we do not anticipate that an unfavorable ruling would have a material impact on our results of operations. We currently are not able to determine the timing of these potential additional tax payments.

If all potential additional tax payments and the Grace Chapter 11 Proceedings settlement were to occur contemporaneously, there could be a material adverse impact on Fresenius Medical Care's operating cash flow in the relevant reporting period. Fresenius Medical Care anticipates that other cash from operations and, if required, its available liquidity will be sufficient to satisfy all such obligations if and when they come due.

Off-Balance Sheet Arrangements

We are not a party to any off-balance sheet arrangements that have, or are reasonably likely to have, a current or future material effect on our financial condition, sales or expenses, results of operations, liquidity, capital expenditures or capital resources.

No Qualifications in the Audited Historical Financial Information

No qualifications are made in the audited reports of the historical financial information contained in or incorporated by reference into this prospectus.

QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Market Risk

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

- changes in reimbursement rates;
- intense competition;
- interest rate fluctuations;
- foreign exchange rate fluctuations;
- varying degrees of acceptance of new product introductions;
- technological developments in our industry;
- uncertainties in litigation or investigative proceedings and regulatory developments in the healthcare sector; and
- the availability of financing.

Developments in any of these risk areas could cause our results to differ materially from the results that we or others have projected or may project.

Below, please find additional information on various market risks we may face.

Reimbursement Rates

The profitability of our business depends significantly on reimbursement rates. Approximately 77% of our revenues are generated by providing dialysis services, a major portion of which is reimbursed by either public health care organizations or private insurers. For the nine months ended September 30, 2013, approximately 32% of our consolidated revenues were attributable to U.S. federal health care benefit programs, such as Medicare and Medicaid reimbursement. Legislative changes could affect Medicare reimbursement rates for a significant portion of the services we provide, as well as the scope of Medicare coverage. A decrease in reimbursement rates or the scope of coverage could have a material adverse effect on our business, financial condition and results of operations and thus on our capacity to generate cash flow. With the exception of (i) the implementation of the ESRD PPS in the U.S. in January 2011, (ii) the U.S. federal government sequestration cuts, and (ii) the current proposal to reduce reimbursement under the ESRD PPS effective January 1, 2014 to account for the decline in utilization of certain drugs and biologicals associated with dialysis, we experienced and also expect in the future to experience generally stable reimbursements for dialysis services globally. This includes the balancing of unfavorable reimbursement changes in certain countries with favorable changes in other countries. For more information see "*Business — Regulatory Matters*".

Fresenius Medical Care also obtains a significant portion of sales from reimbursement by non-government payers. Historically, these payers' reimbursement rates have generally been higher than government program rates in their respective countries. However, non-governmental payers are imposing cost containment measures that are creating significant downward pressure on reimbursement levels that Fresenius Medical Care receives for its services and products.

Inflation

The effects of inflation during the periods covered by our consolidated financial statements have not been significant to our results of operations. However, most of our service sales from dialysis care are subject to reimbursement rates regulated by governmental authorities, and a significant portion of other revenues, especially revenues from the United States, is received from customers whose revenues are also subject to regulation. Non-governmental payers are also exerting downward pressure on reimbursement rates. Increased operating costs that are subject to inflation, such as labor and supply costs, may not be recoverable through price increases in the absence of a compensating increase in reimbursement rates payable to us and our customers and could materially adversely affect our business, financial condition and results of operations.

Management of Foreign Exchange and Interest Rate Risks

General

The Fresenius Group is exposed to effects related to foreign exchange fluctuations in connection with its international business activities that are denominated in various currencies. In order to finance its business operations, the Fresenius Group issues senior notes and commercial papers and enters into mainly long-term credit agreements and euro notes (*Schuldscheindarlehen*) with banks. Due to these financing activities, the Fresenius Group is exposed to interest risk caused by changes in variable interest rates and the risk of changes in the fair value of statement of financial position items bearing fixed interest rates.

In order to manage the risk of interest rate and foreign exchange rate fluctuations, the Fresenius Group enters into certain hedging transactions with highly rated financial institutions as authorized by the Management Board. Derivative financial instruments are not entered into for trading purposes.

In general, the Fresenius Group conducts its derivative financial instrument activities under the control of a single centralized department. The Fresenius Group has established guidelines derived from best practice standards in the banking industry for risk assessment procedures and supervision concerning the use of financial derivatives. These guidelines require amongst other things a clear segregation of duties in the areas of execution, administration, accounting and controlling. Risk limits are continuously monitored and, where appropriate, the use of hedging instruments is adjusted to that extent.

The Fresenius Group defines benchmarks for individual exposures in order to quantify interest and foreign exchange risks. The benchmarks are derived from achievable and sustainable market rates. Depending on the individual benchmarks, hedging strategies are determined and generally implemented by means of micro hedges.

Earnings of the Fresenius Group were not materially affected by hedge ineffectiveness in the reporting period since the critical terms of the interest and foreign exchange derivatives mainly matched the critical terms of the underlying exposures.

Securities, which are predominantly held as German government securities and shares, are generally subject to the risk of changing stock exchange prices. Therefore, the stock exchange prices of these securities are continuously monitored to identify possible price risks on time.

Foreign Exchange Risk Management

The Fresenius Group has determined the euro as its financial reporting currency. Therefore, foreign exchange translation risks resulting from the fluctuation of exchange rates between the euro and the local currencies, in which the financial statements of the foreign subsidiaries are prepared, have an impact on results of operations and financial positions reported in the consolidated financial statements.

Besides translation risks, foreign exchange transaction risks exist, which mainly relate to transactions such as purchases and sales as well as engineering and services provided by the Fresenius Group which are denominated in foreign currencies. A major part of transaction risks arise from products manufactured in Fresenius Group's worldwide production sites which are usually denominated in the local currency of the respective manufacturer and are delivered worldwide to various Fresenius Group entities. These intragroup sales are mainly denominated in euros, U.S. dollars and yens. Therefore, Group companies are exposed to changes of the foreign exchange rates between the invoicing currencies and the local currencies in which they conduct their businesses. Solely for the purpose of hedging existing and foreseeable foreign exchange transaction exposures, the Fresenius Group enters into foreign exchange forward contracts and, on a small scale, foreign exchange options. To ensure that no foreign exchange risks result from loans in foreign currencies, the Fresenius Group enters into foreign exchange swap contracts.

As of December 31, 2012, the notional amounts of foreign exchange contracts totaled €2,950 million. These foreign exchange contracts have been entered into to hedge risks from operational business and in connection with loans in foreign currency. The predominant part of the foreign exchange forward contracts to hedge risks from operational business was recognized as cash flow hedge, while foreign exchange contracts in connection with loans in foreign currencies are partly recognized as fair value hedges. The fair values of cash flow hedges and fair value hedges were €5 million and negative €4 thousand, respectively.

The hedge-effective portion of changes in the fair value of foreign exchange forward contracts that are designated and qualified as cash flow hedges of forecasted product purchases and sales is reported in accumulated other comprehensive income (loss). These amounts are subsequently reclassified into earnings as a component of cost of sales or as selling, general and administrative expenses in the same period in which the hedged transaction affects earnings.

As of December 31, 2012, the Fresenius Group was party to foreign exchange contracts with a maximum maturity of 35 months.

The Fresenius Group uses a Cash-Flow-at-Risk (CFaR) model in order to estimate and quantify such transaction risks from foreign currencies. The basis for the analysis of the currency risks are the foreign currency cash flows that are reasonably expected to arise within the following 12 months, less any hedges. Under the CFaR approach, the potential currency fluctuations of these net exposures are shown as probability distributions based on historical volatilities and correlations of the preceding 250 business days. The calculation is made assuming a confidence level of 95% and a holding period of up to one year. The aggregation of currency risks has risk-mitigating effects due to correlations between the transactions concerned, i. e. the overall portfolio's risk exposure is generally less than the sum total of the underlying individual risks. As of December 31, 2012, the Fresenius Group's cash flow at risk amounts to €43 million, this means, with a probability of 95%, a potential loss in relation to the forecasted foreign exchange cash flows of the next 12 months will be not higher than €43 million.

Interest Rate Risk Management

Fresenius Group's interest rate risks mainly arise from money market and capital market transactions of the Group for financing its business activities.

The Fresenius Group enters into interest rate swaps and, on a small scale, into interest rate options in order to protect against the risk of rising interest rates. These interest rate derivatives are mainly designated as cash flow hedges and have been entered into in order to convert payments based on variable interest rates into payments at a fixed interest rate and in anticipation of future debt issuances. The U.S. dollar interest rate swaps with a notional volume of US$1,200 million (€909 million) and a fair value of negative US$29 million (negative €22 million) expire at various dates in the years 2013 and 2014. The euro interest rate swaps with a notional volume of €676 million and a fair value of negative €54 million expire in the years 2013 to 2022. The U.S. dollar interest rate swaps bear an average interest rate of 3.25% and the euro interest rate swaps bear an average interest rate of 2.95%.

Interest payables and interest receivables in connection with the swap agreements are accrued and recorded as an adjustment to the interest expense at each reporting date. Concerning interest rate contracts, unscheduled repayments or the renegotiation of hedged items may in some cases lead to the de-designation of the hedging instrument, which existed up to that point. From that date, the respective hedging transactions are recognized in the consolidated statement of income.

For purposes of analyzing the impact of changes in the relevant reference interest rates on Fresenius Group's results of operations, the Group calculates the portion of financial debt which bears variable interest rates and which has not been hedged by means of interest rate swaps or options against rising interest rates. For this particular part of its liabilities, the Fresenius Group assumes an increase in the reference rates of 0.5% compared to the actual rates as of the date of the statement of financial position. The corresponding additional annual interest expense is then compared to the net income attributable to shareholders of Fresenius SE & Co. KGaA. This analysis shows that an increase of 0.5% in the relevant reference rates would have an effect of less than 1% on the consolidated net income attributable to shareholders of Fresenius SE & Co. KGaA and Fresenius SE & Co. KGaA shareholders' equity.

Price risks arise from changing stock prices of available for sale financial assets. Gains and losses arising from available for sale financial assets are recognized directly in the consolidated statement of equity until the asset is disposed of or if it is considered to be impaired. A decline of 10% in prices of the recognized assets would have an effect of less than 0.2% on Fresenius SE & Co. KGaA shareholders' equity.

Credit Risk

The Fresenius Group is exposed to potential losses regarding financial instruments in the event of non-performance by counterparties. With respect to derivative financial instruments, it is not expected that any counterparty fails to meet its obligations as the counterparties are highly rated financial institutions. The maximum credit exposure of derivatives is represented by the fair value of those contracts with a positive fair value amounting to €53 million for foreign exchange derivatives at December 31, 2012. No credit exposure existed from interest rate derivatives. The maximum credit risk resulting from the use of non-derivative financial instruments is defined as the total amount of all receivables. In order to control this credit risk, the Management of the Fresenius Group performs an ageing analysis of trade accounts receivable. For details on the ageing analysis and on the allowance for doubtful accounts, please see note 15, Trade accounts receivable.

Liquidity Risk

The liquidity risk is defined as the risk that a company is potentially unable to meet its financial obligations. The Management of the Fresenius Group manages the liquidity of the Group by means of effective working capital and cash management as well as an anticipatory evaluation of refinancing alternatives. The Management of the Fresenius Group believes that existing credit facilities as well as the cash generated by operating activities and additional short-term borrowings are sufficient to meet the Company's foreseeable demand for liquidity (see note 22, Debt and capital lease obligations).

CRITICAL ACCOUNTING POLICIES

In the opinion of the members of the Management Board of the Fresenius Group, the following accounting policies and topics are critical for the consolidated financial statements in the present economic environment. The influences and judgments as well as the uncertainties which affect them are also important factors to be considered when looking at present and future operating earnings of the Fresenius Group.

Recoverability of Goodwill and Intangible Assets

The amount of intangible assets, including goodwill, product rights, tradenames and management contracts, represents a considerable part of the total assets of the Fresenius Group. At December 31, 2012 and December 31, 2011, the carrying amount of goodwill and non-amortizable intangible assets with indefinite useful lives was €15,195 million and €12,853 million, respectively. This represented 50% and 49%, respectively, of total assets.

An impairment test of goodwill and non-amortizable intangible assets with indefinite useful lives is performed at least once a year, or if events occur or circumstances change that would indicate the carrying amount might be impaired (Impairment test).

To determine possible impairments of these assets, the fair value of the reporting units is compared to their carrying amount. The fair value of each reporting unit is determined using estimated future cash flows for the unit discounted by a weighted-average cost of capital (WACC) specific to that reporting unit. Estimating the discounted future cash flows involves significant assumptions, especially regarding future reimbursement rates and sales prices, number of treatments, sales volumes and costs. In determining discounted cash flows, the Fresenius Group utilizes for every reporting unit its approved three-year budget, projections for years 4 to 10 and a corresponding growth rate for all remaining years. These growth rates are 0% to 4% for Fresenius Medical Care, 3% for Fresenius Kabi and 1% for Fresenius Helios and Fresenius Vamed. Projections for up to 10 years are possible due to historical experience and the stability of Fresenius Group's business, which is largely independent from the economic cycle. The discount factor is determined by the WACC of the respective reporting unit. Fresenius Medical Care's WACC consisted of a basic rate of 5.79% for 2012. This basic rate is then adjusted by a country-specific risk rate and, if appropriate, by a factor to reflect higher risks associated with the cash flow from recent material acquisitions, until they are appropriately integrated, within each reporting unit. In 2012, WACCs (after tax) for the reporting units of Fresenius Medical Care ranged from 6.35% to 13.51%. In the business segments Fresenius Kabi, Fresenius Helios and Fresenius Vamed, the WACC (after tax) was 5.37%, country-specific adjustments did not occur. If the fair value of the reporting unit is less than its carrying amount, the difference is recorded as an impairment of the fair value of the goodwill at first. An increase of the WACC (after tax) by 0.5% would not have resulted in the recognition of an impairment loss in 2012.

A prolonged downturn in the health care industry with lower than expected increases in reimbursement rates and / or higher than expected costs for providing health care services could adversely affect the estimated future cash flows of certain countries or segments. Future adverse changes in a reporting unit's economic environment could affect the discount rate. A decrease in the estimated future cash flows and / or a decline in the reporting unit's economic environment could result in impairment charges to goodwill and other intangible assets with indefinite useful lives which could materially and adversely affect Fresenius Group's future operating results.

Legal Contingencies

The Fresenius Group is involved in several legal matters arising from the ordinary course of its business. The outcome of these matters may have a material effect on the financial position, results of operations or cash flows of the Fresenius Group. For details, please see note 30, Commitments and contingent liabilities. The Fresenius Group regularly analyzes current information about such claims for probable losses and provides accruals for such matters, including estimated expenses for legal services, as appropriate. The Fresenius Group utilizes its internal legal department as well as external resources for these assessments. In making the decision regarding the need for a loss accrual, the Fresenius Group considers the degree of probability of an unfavorable outcome and its ability to make a reasonable estimate of the amount of loss.

The filing of a suit or formal assertion of a claim, or the disclosure of any such suit or assertion, does not necessarily indicate that an accrual of a loss is appropriate.

Allowance for Doubtful Accounts

Trade accounts receivable are a significant asset and the allowance for doubtful accounts is a significant estimate made by the Management. Trade accounts receivable were €3,650 million and €3,234 million in 2012 and 2011, respectively, net of allowance. Approximately 63% of receivables derive from the business segment Fresenius Medical Care and mainly relate to the dialysis care business in North America.

The major debtors or debtor groups of trade accounts receivable were U.S. Medicare and Medicaid health care programs with 14% and private insurers in the United States with 12% at December 31, 2012. Other than that, the Fresenius Group has no significant risk concentration, due to its international and heterogeneous customer structure.

The allowance for doubtful accounts was €406 million and €383 million as of December 31, 2012 and December 31, 2011, respectively.

The allowances are estimates comprised of customer-specific evaluations regarding their payment history, current financial stability, and applicable country-specific risks for overdue receivables. The Fresenius Group believes that these analyses result in a well-founded estimate of allowances for doubtful accounts. From time to time, the Fresenius Group reviews changes in collection experience to ensure the appropriateness of the allowances.

A valuation allowance is calculated if specific circumstances indicate that amounts will not be collectible. When all efforts to collect a receivable, including the use of outside sources where required and allowed, have been exhausted, and after appropriate management review, a receivable deemed to be uncollectible is considered a bad debt and booked out.

Deterioration in the ageing of receivables and collection difficulties could require that the Fresenius Group increases the estimates of allowances for doubtful accounts. Additional expenses for uncollectible receivables could have a significant negative impact on future operating results.

Self-Insurance Programs

Under the insurance programs for professional, product and general liability, auto liability and worker's compensation claims, the largest subsidiary of Fresenius Medical Care AG & Co. KGaA, located in North America, is partially self-insured for professional liability claims. For further details regarding the accounting policies for self-insurance programs, please see note 1. aa, Self-insurance programs.

Trend Information

Neither the Issuer nor any Guarantor is aware of any trends that would materially affect them or the respective industries in which they operate, other than as described under "*Risk Factors*" in this prospectus.

RECENT DEVELOPMENTS

On September 13, 2013, Fresenius Helios announced that it has signed a binding agreement to acquire 43 hospitals with a total of approximately 11,800 beds, as well as 15 outpatient facilities (*Medizinische Versorgungszentren*), from Rhön-Klinikum AG for a purchase price of €3.07 billion. The acquisition also includes certain related service companies and real estate companies. On the basis of estimated results for the year 2013, the acquisition is expected to add sales of approximately €2 billion and additional EBITDA of approximately €250 million. This acquisition will make Fresenius Helios the largest private hospital operator in Europe, with 117 hospitals across Germany and expected annual sales of nearly €5.5 billion for 2013. If the entire acquisition had closed and were to have been financed by December 31, 2013*, we would expect our total Leverage Ratio at year end 2013 to have been in the range of 3.0 to 3.5, before returning to the upper end of the 2.5 to 3.0 target range in 2014. The major part of the transaction is expected to close in the first quarter of 2014.

---

* If the acquisition of all of the assets had closed and been financed by September 30, 2013 and assuming that the hospitals and other assets acquired from Rhön-Klinikum AG had been included in our Group's consolidated financial statements for the twelve months ended September 30, 2013, we estimate that our total Leverage Ratio at September 30, 2013 would have been approximately 3.2. We calculated net debt by taking Group net debt as of September 30, 2013 of €10,206 million and adding €3,070 million to reflect the purchase price of the acquisition as well as the estimated financing fees and other expenses of €115 million. We calculated Group (pro forma) EBITDA for this ratio by taking LTM September 30, 2013 Group EBITDA adjusted and pro forma for Fenwal of €3,901 million and adding the estimated 2013 full year EBITDA for the acquisition of all of the assets of €250 million. The LTM September 30, 2013 EBITDA for the assets being acquired is not available.

On November 21, 2013, Rhön-Klinikum AG announced that B. Braun Melsungen AG had informed it that it had filed a lawsuit against the above sale. The lawsuit was, inter alia, aimed at determining that the agreement may only be completed subject to the approval by Rhön-Klinikum AG's general shareholders' meeting. Rhön-Klinikum AG's announcement stated that "the transaction with HELIOS does not fall within the competence of the general meeting. The share purchase agreement with HELIOS is lawful and valid. The lawsuit has no suspensive effect. The company will defend itself against this unfounded lawsuit and continues to expect that the transaction will be successfully completed." On December 5, 2013, Fresenius announced that Fresenius Helios would join Rhön-Klinikum AG in defending against the lawsuit filed by B. Braun Melsungen AG. On December 20, 2013, Fresenius announced that an agreement had been reached under which B. Braun Melsungen AG will withdraw its lawsuit.

On January 27, 2014 Fresenius announced that Fresenius Helios takes steps toward antritrust approval for the Acquisition. Fresenius Helios is moving to meet the conditions set by the German antitrust authority.

The German antitrust authority required that three Rhön-Klinikum hospitals — in Boizenburg, Cuxhaven and Waltershausen-Friedrichroda — be excluded from the acquisition due to their geographical proximity to existing HELIOS facilities. They will remain with Rhön-Klinikum AG. Based on the authority's market assessment for the Leipzig region, HELIOS is selling two hospitals in Borna and Zwenkau, which are close to two hospitals in Leipzig that Fresenius Helios is acquiring from Rhön-Klinikum. The Borna and Zwenkau hospitals are purchased by HCM SE, a healthcare management company. Annual sales of these five hospitals are approximately €160 million.

On October 15, 2013, Fresenius SE & Co. KGaA (as borrower) and Fresenius Kabi AG and Fresenius ProServe GmbH (as guarantors) entered into a bridge term loan facility agreement in the amount of €1.8 billion with a group of banks to partially fund the acquisition of hospitals and related companies from Rhön-Klinikum AG. The Bridge Financing Facility was partially drawn in December 2013 and the proceeds have been set aside for the acquisition of hospitals from Rhön-Klinikum AG under a fiduciary arrangement. For more information, see "*Description of Other Financing Arrangements — Fresenius SE & Co. KGaA and its Subsidiaries Other than Fresenius Medical Care — Bridge Financing Facility*".

On November 27, 2013, we increased our existing €2.6 billion senior secured credit agreement by €1.2 billion incremental facilities as a further step to finance the Acquisition. For more information, see "*Description of Other Financing Arrangements — Fresenius SE & Co. KGaA and its Subsidiaries Other than Fresenius Medical Care — 2013 Senior Credit Agreement*".

In August 2013, Fresenius Kabi formed a joint venture with PT Soho Global Health, a leading Indonesian pharmaceutical company, acquiring a 51 percent stake in its PT Ethica Industri Farmasi subsidiary. This joint venture will focus on I.V. generic drugs and infusion solutions, and will make Fresenius Kabi the market leader in I.V. generics in Indonesia. This transaction closed in October 2013.

On January 23, 2014, Fresenius Finance B.V. issued two tranches of senior notes. Its 2.375% senior notes in the aggregate principal amount of €300 million mature in February 2019, and its 3.000% senior notes in the aggregate principal amount of €450 million mature in February 2021. See "*Description of Other Financing Arrangements — Fresenius SE & Co. KGaA and its Subsidiaries Other than Fresenius Medical Care — Outstanding Senior Notes*".

BUSINESS

OVERVIEW

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

- ***Fresenius Medical Care*** is the world's largest provider of dialysis products and dialysis care for patients with chronic kidney failure according to publicly reported sales and number of patients treated;
- ***Fresenius Kabi*** is a leading supplier of infusion therapies, intravenously administered generic drugs (I.V. drugs), and clinical nutrition for critically and chronically ill people in hospitals and outpatient care in addition to medical devices and products in the area of transfusion technology;
- ***Fresenius Helios*** is the largest private hospital operator in Germany based on publicly available information on sales and beds and owned 74 hospitals (as of September 30, 2013), including six maximum care hospitals, with more than 23,000 beds with a focus on providing acute treatment and post-acute care (medical rehabilitation) and treats more than 2.9 million patients per year, thereof more than 780,000 inpatients; on September 13, 2013, Fresenius Helios signed a binding agreement to purchase the majority of Rhön-Klinikum's hospitals, including 43 hospitals with a total of approximately 11,800 beds as well as 15 outpatient facilities; and
- ***Fresenius Vamed*** is one of the leading international providers of engineering, construction, and maintenance services to hospitals and other healthcare facilities worldwide.

Fresenius is active in about 170 countries and has an international marketing and production network of approximately 90 production sites worldwide. In the year ended December 31, 2012, our Group generated sales of €19,290 million and EBIT of €3,075(2) million. Fresenius Medical Care is fully consolidated into the financial statements of our Group.

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

	Year ended December 31, 2012					
	Fresenius Medical Care	**Fresenius Kabi**	**Fresenius Helios**	**Fresenius Vamed**	**Corporate/ Other(1)**	**Total**
	(million €, except employees and percentages)					
Sales	10,741	4,539	3,200	846	(36)	19,290
EBITDA, adjusted(2)	2,282	1,101	432	59	(23)	3,851
Operating income (EBIT), adjusted(2)	1,813	934	322	51	(45)	3,075
Net income attributable to Fresenius SE & Co. KGaA, adjusted(3)	870	444	203	35	(626)	926
Operating cash flow	1,587	596	240	35	(20)	2,438
Capital expenditures	(526)	(276)	(180)	(11)	(14)	(1,007)
Acquisitions	(1,408)	(877)	(579)	(44)	(264)	(3,172)
Research and development	(87)	(194)	—	0	(24)	(305)
Employees (as of December 31)	90,866	30,214	42,881	4,432	931	169,324
Equity participation	31%	100%	100%	77%	—	—

(1) Corporate/Other consists of consolidation and certain corporate revenues and costs (which relate to certain Group overhead charges and the costs of Fresenius Biotech). Fresenius Biotech was sold effective June 28, 2013 as part of the Company's strategy to focus on its four established business segments.

(2) 2012 figures adjusted for one-time costs related to the takeover offer to the shareholders of Rhön-Klinikum AG, special items from the renegotiation of the Venofer contract and the donation to the American Society of Nephrology.

(3) 2012 figures adjusted for the non-cash fair valuation gain of Fresenius Medical Care's investment at the time of the Liberty acquisition, for one-time costs related to the takeover offer to the shareholders of Rhön-Klinikum AG, special items from the renegotiation of the Venofer contract and the donation to the American Society of Nephrology.

Unless otherwise indicated, the market data information set forth below is based on our internal estimates. See "*Industry Information*".

HISTORY AND DEVELOPMENT

Corporate History

Our company marked its 100th anniversary in 2012, but the Fresenius family has an even longer history in the medical industry. Fresenius AG (now Fresenius SE & Co. KGaA) became a listed company in December 1986. In 1996, we completed a series of transactions pursuant to which we combined the Fresenius dialysis product business with National Medical Care, Inc., W.R. Grace & Co.'s dialysis services business, to create Fresenius Medical Care. In the course of the initial public offering of Fresenius Medical Care in the National Medical Care acquisition, its ordinary shares were first traded on October 1, 1996 in New York and on October 2, 1996 in Frankfurt am Main, Germany. Its non-voting preference shares were admitted to trading on November 25, 1996 in New York and on November 27, 1996 in Frankfurt am Main, Germany. Fresenius Medical Care's American Depositary Shares evidencing its ordinary shares and its preference shares were also admitted to the New York Stock Exchange. In 1998, Fresenius acquired the international infusion and nutrition business of Pharmacia & Upjohn and created Fresenius Kabi by combining this business with its Fresenius Pharma Division. In 2008, Fresenius Kabi acquired APP Pharmaceuticals, Inc. and achieved a leading position in the U.S. I.V. generics market. In 1999, Fresenius AG became an operating holding company with legally independent business segments. In 2001, Fresenius acquired Wittgensteiner Kliniken AG, a German hospital operator that today is part of Fresenius Helios. In December 2005, HELIOS Kliniken GmbH, now the largest private hospital operators in Germany, was acquired. Fresenius Medical Care expanded significantly in 2006 with the acquisition of Renal Care Group (RCG), which at the time of acquisition provided dialysis and ancillary services at more than 450 owned outpatient dialysis centers and to more than 200 hospitals in the United States. In February 2006, Fresenius Medical Care initiated a share conversion in which most preference shares were converted into ordinary shares in conjunction with its change in the legal form of the Company from a stock corporation (*Aktiengesellschaft*) into a partnership limited by shares (*Kommanditgesellschaft auf Aktien — KGaA*). As of June 28, 2013, the residual preference shares were converted into ordinary shares.

Fresenius AG was converted into a European company (*SE — Societas Europaea*) effective on July 13, 2007. With effect as of January 28, 2011, the company's legal form was changed into a SE & Co. KGaA. As a result of this conversion, all non-voting preference shares in the company were mandatorily converted into voting ordinary shares at a 1:1 exchange ratio. Accordingly, the listing of the two classes of shares in Fresenius SE was discontinued on January 28, 2011. The voting ordinary shares of Fresenius SE & Co. KGaA commenced trading on January 31, 2011. The legal form SE & Co. KGaA combines the elements of a stock corporation with those of a limited partnership. For more details, see "*General Information on Group Structure, Issuer and Guarantors — Overview of Corporate and Finance Structure*" and "*— Guarantors — Fresenius SE & Co. KGaA*".

Recent Acquisitions

We have made a number of important acquisitions of complementary businesses and technologies in past years. Important recent acquisitions in our Fresenius Medical Care segment include:

- In February 2012, Fresenius Medical Care acquired 100% of the equity of Liberty Dialysis Holdings, Inc., the owner of Liberty Dialysis and owner of a 51% stake in Renal Advantage Partners, LLC (the "Liberty Acquisition"). Fresenius Medical Care accounted for this transaction as a business combination and finalized the acquisition on February 28, 2013. In connection with the Federal Trade Commission's consent order relating to the Liberty Acquisition, Fresenius Medical Care agreed to divest a total of 62 renal dialysis centers. Of the 61 clinics sold as of September 30, 2013, 24 were FMC-AG & Co. KGaA clinics. The total consideration of the Liberty Acquisition was US$2,181 million.

- In July 2011, Fresenius Medical Care acquired International Dialysis Centers ("**IDC**"), the dialysis service business of Euromedic International. With this acquisition, Fresenius Medical Care expanded its activities in the dialysis care market, especially in Central and Eastern Europe, where IDC was the market leader. The purchase price was €529 million.
- In October 2011, Fresenius Medical Care acquired the United States-based company American Access Care Holdings, LLC ("**AAC**") for US$385 million. AAC operated freestanding out-patient, interventional-radiology centers primarily dedicated to serving vascular access needs of dialysis patients. The acquisition enables Fresenius Medical Care to achieve critical mass in its vascular access business.

Important acquisitions in our Fresenius Kabi segment include:

- In December 2012, Fresenius Kabi acquired Fenwal, a leading U.S.-based provider of transfusion technology products for blood collection, separation, and processing, from TPG and Maverick Capital. In 2011, Fenwal had sales of US$614 million with an adjusted EBITDA of US$90 million. The acquisition has enhanced Fresenius Kabi's geographical presence as Fenwal generated more than half of its sales in the United States.

Important recent acquisitions in our Fresenius Helios business segment include:

- In September 2013, Fresenius Helios announced its agreement to acquire 43 hospitals with a total of approximately 11,800 beds, as well as 15 outpatient facilities, from Rhön-Klinikum AG for a purchase price of €3.07 billion. This acquisition will make Fresenius Helios the largest private hospital operator in Europe, with 117 hospitals across Germany and nearly €5.5 billion in sales. The major part of the transaction is expected to close in the first quarter of 2014.
- In March 2012, HELIOS completed the acquisition of Damp Group. The acquisition of Damp Group was an excellent geographic fit with the Fresenius Helios hospital network in the north and northeast of Germany. In 2010, Damp achieved sales of €487 million and operating profit (EBIT) of €21 million. Due to the geographic proximity of the HELIOS hospital, Schwerin, Fresenius Helios was required to divest Damp hospital Wismar (505 beds, sales of approximately €60 million in 2010) to secure regulatory clearance and complete the transaction.
- In December 2011, Fresenius Helios acquired 51% of the share capital of, and 100% of the economic interest in, Katholisches Klinikum Duisburg ("**KKD**"). The remaining share capital is held by local institutions related to the Catholic Church. In 2010, KKD achieved sales of approximately €134 million. Fresenius Helios will establish two new hospital buildings to consolidate KKD's acute care operations into two locations.

KEY STRENGTHS

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

Leading market positions. We are among the market leaders in each of the key markets in which our business segments operate. Based on publicly reported sales and number of patients treated, Fresenius Medical Care is the world's largest provider of dialysis products and dialysis care for patients with chronic kidney failure. We believe Fresenius Kabi is the market leader in Europe in clinical nutrition and infusion therapy and has strong market positions in the growth regions of Asia-Pacific, Latin America and South Africa, as well as being a leading supplier of generic I.V. drugs in the United States. Fresenius Kabi is also a leading supplier of medical devices/transfusion technology products. Based on publicly available information on sales and beds, Fresenius Helios is the largest private hospital operator in Germany. Fresenius Vamed is one of the world's leading companies specializing in engineering and services for hospitals and other health care facilities. We believe our leading positions and the scale and spread of our operations provide us with negotiating power with suppliers and with a cost-competitive advantage compared with our smaller competitors.

Globally diversified presence in growing non-cyclical markets. Our markets are relatively independent of economic cycles due to the intrinsic importance of the life-saving and life-sustaining products and treatments that we provide. These markets are also expanding due to demographic trends, the growing demand for innovative therapies in industrialized countries and the increasing availability of high-quality healthcare in developing and newly industrializing countries. We are one of the few globally active companies in our business areas and have subsidiaries in about 80 countries, providing us with the local presence needed to respond to differing national healthcare systems. Fresenius Medical Care sells its dialysis products to its own clinics, as well as to external dialysis providers. Fresenius Medical Care sells its products in over 120 countries, and Fresenius Kabi sells its products to hospitals and other purchasers in more than 160 countries. We operate a marketing and production network of approximately 90 production sites worldwide. Our key production facilities are in the United States, Germany, Sweden, China, Japan and India. We also have production facilities in other European and Asia-Pacific countries, Latin America and South Africa.

Comprehensive product range. With a comprehensive product portfolio, we believe we are one of a few companies able to meet our customers' needs for a broad range of therapies. Fresenius Medical Care offers a comprehensive range of products for both hemodialysis (i.e., the removal of impurities and waste products from the bloodstream through a dialyzer before returning the blood to the patient's body) and peritoneal dialysis (i.e., the removal of toxins from the blood using the peritoneum). Fresenius Kabi is one of the few healthcare companies that offer a complete range of both enteral and parenteral nutrition therapies. Fresenius Kabi also offers a broad range of products for infusion therapy, medical devices/transfusion technology and a comprehensive portfolio of I.V. drugs and has a strong registration pipeline.

High barriers to entry. Most of our healthcare products and service businesses are characterized by high barriers to entry. High regulatory standards and quality requirements, as well as the need for an international production and distribution network and established relationships with suppliers and customers make it difficult for companies to enter and be competitive in our markets. An existing platform of hospitals, in-depth experience and a proven track record are needed to participate successfully in the privatization of the German hospital market and to successfully manage the economic turnaround of acquired hospitals.

Vertically-integrated businesses. Within the framework of our vertically-integrated business model, each of our business segments operates at various stages of the value chain. Fresenius Medical Care provides its customers and patients with products and services for dialysis. By combining the development and manufacture of dialysis products with dialysis services for patients, Fresenius Medical Care gains valuable medical insights that it uses to improve both treatments and product quality. Fresenius Kabi also pursues an integrated product strategy in the areas of infusion therapy and clinical nutrition. In addition to infusion solutions, I.V. drugs and clinical nutrition, Fresenius Kabi also offers the corresponding application systems for the administration of these products to patients. We believe Fresenius Kabi has a strong market position as a vertically integrated supplier of generic I.V. drugs, with active pharmaceutical ingredients for the manufacture of antibiotics and oncology drugs.

Strong and stable cash flow and proven deleveraging track record. Our business has strong, recurring cash flow streams generated by sales of life-saving and life-sustaining products and services. Our operating cash flow in the year ended December 31, 2012 amounted to €2,438 million, compared with €1,689 million in 2011 and €1,911 million in 2010. As a result of our strong cash flow generation and EBITDA growth, we have been able to consistently reduce our Leverage Ratio following acquisitions of Fresenius Kabi USA, the Damp Group, Liberty and Fenwal. We maintained our Leverage Ratio within the target range of 2.5 to 3.0 despite intensified acquisition activity in 2012, and if the acquisition of all of the assets of our announced €3.07 billion acquisition of German hospitals and outpatient facilities from Rhön-Klinikum AG had closed and were to have been financed by December 31, 2013, we would expect our Leverage Ratio at year end 2013 to have been in the range of 3.0 to 3.5, before returning to the upper end of the 2.5 to 3.0 target range by the end of 2014.

Experienced management team. Fresenius has one of the most experienced management teams in the industry with a proven track record for organic growth, as well as completing and successfully integrating acquisitions, including the €1.5 billion acquisition of HELIOS Kliniken GmbH in 2005, the US$4.2 billion acquisition of RCG in 2006, the US$4.7 billion acquisition of Fresenius Kabi USA in 2008, and the US$2.2 billion acquisition of Liberty Dialysis Holdings in 2012.

STRATEGY

The following is an overview of the key elements of our business strategy:

Expand our market position. Fresenius' goal is to ensure the long-term future of our Group as a leading international provider of products and services in the healthcare industry and to grow its market share. Future opportunities in dialysis will arise from further international expansion in dialysis care and products. To strengthen its position, Fresenius Kabi plans to roll out more products from its portfolio to new markets. Market share is also to be expanded further through the launch of new products in the field of I.V. drugs and medical devices for infusion therapy and clinical nutrition. In addition, products from the existing portfolio are to be launched in the U.S. market. Fresenius Helios is in a strong position to take advantage of the further growth opportunities offered by the privatization process in the German hospital market. With the announced acquisition of hospitals from Rhön-Klinikum AG, HELIOS will create a country-wide clinic network and will be able to develop integrated care offerings. Investment decisions are based on the continued existence and long-term potential of the hospitals to be acquired. Fresenius Vamed will be further strengthening its position as a global specialist provider of engineering and services for hospitals and other healthcare facilities.

Extend our global presence. In addition to sustained organic growth in markets where Fresenius is already established, our strategy is to diversify into new growth markets, especially in the Asia-Pacific region and in Latin America. With our brand name, product portfolio, and existing infrastructure, we intend to focus on markets that offer attractive growth potential. Apart from organic growth, Fresenius also plans to make further small to mid-sized selective acquisitions to improve the Group's market position and to diversify its business geographically.

Strengthen innovation. Fresenius' strategy is to continue building on its strength in technology, its competence and quality in patient care, and its ability to manufacture cost-effectively. We intend to leverage our competence in research and development in our operations to develop products and systems that provide a high level of safety and user-friendliness and enable tailoring to individual patient needs. We intend to continue to meet the requirements of best-in-class medical standards by developing and producing more effective products and treatment methods for the critically and chronically ill. Fresenius Helios' goal is to widen brand recognition for its healthcare services and innovative therapies. Fresenius Vamed's goal is to realize further projects in integrated healthcare services and to support patient-oriented healthcare systems more efficiently.

Enhance profitability. Our goal is to continue to improve Group profitability. To contain costs, we are in particular concentrating on making our production plants more efficient, exploiting economies of scale, leveraging the existing marketing and distribution infrastructure more intensively, and practicing strict cost control. By focusing on our operating cash flow and employing efficient working capital management, we will increase our investment flexibility and improve our balance sheet ratios. Another goal is to optimize our weighted average cost of capital (WACC) by deliberately employing a balanced mix of equity and debt funding. In present capital market conditions, we believe we optimize our cost of capital if we hold our Leverage Ratio in a range between 2.5 and 3.0.

OUR BUSINESS

Fresenius Medical Care

Based on publicly reported sales and number of patients treated, Fresenius Medical Care is the largest kidney dialysis company, operating in both the field of dialysis care and the field of dialysis products. When the kidney function of a patient fails, dialysis takes over the vital task of cleansing the blood of toxins and surplus water. Fresenius Medical Care's dialysis business is vertically integrated, providing dialysis treatment at its own dialysis clinics and supplying these clinics with a broad range of products. Fresenius Medical Care also develops and manufactures a full range of equipment, systems and disposable products, which it sells to customers in more than 120 countries.

In 2012, Fresenius Medical Care generated approximately 65% of its sales in North America and 35% from its international operations, encompassing operations in Europe/Middle East/Africa (21%), Latin America (6%) and Asia-Pacific (8%). Fresenius Medical Care's sales represented 56% of our consolidated Group sales in 2012. As described under "*Management's Discussion and Analysis of Financial Condition and Results of Operations — Key Factors Affecting Our Results of Operations and Financial Condition*", although Fresenius Medical Care is fully consolidated in our financial statements, we had a 30.85% economic interest in Fresenius Medical Care in 2012 (the average for the year), and we receive cash flows from it only to the extent that dividends are paid to us and from existing agreements such as rental and service agreements. Our economic interest in Fresenius Medical Care was 31.4% as of September 30, 2013.

While dialysis services accounted for approximately 91% of Fresenius Medical Care's total sales in North America in 2012, dialysis products accounted for 52% of its sales in the rest of the world (Fresenius Medical Care's "International" segment) in 2012, down from 53% in 2011. The following tables give an overview of Fresenius Medical Care's sales ("**FMC Sales**") and Fresenius Medical Care's EBIT ("**FMC EBIT**") in its North America and International segments:

	Year ended December 31,					
	2012		2011		2010	
	(US$ million) (audited)	% of total FMC sales	(US$ million) (audited)	% of total FMC sales	(US$ million) (audited)	% of total FMC sales
North America sales	9,031	65	8,150	64	8,130	67
International sales	4,740	35	4,628	36	3,923	33
Total FMC Sales[(1)]	**13,800**	**100**	**12,795**	**100**	**12,053**	**100**

	Year ended December 31,					
	2012		2011		2010	
	(US$ million) (audited)	% of total FMC EBIT	(US$ million) (audited)	% of total FMC EBIT	(US$ million) (audited)	% of total FMC EBIT
North America operating profit (EBIT)	1,615	73	1,435	69	1,386	72
International operating profit (EBIT)	809	36	807	39	678	35
Total FMC EBIT[(2)]	**2,219[(3)]**	**100**	**2,075**	**100**	**1,924**	**100**

(1) This figure includes Fresenius Medical Care's sales internal to the Fresenius Group generated by corporate functions in the amounts of US$29 million for 2012 and US$17 million for 2011.

(2) This figure includes Fresenius Medical Care's corporate costs relating primarily to certain Fresenius Medical Care headquarters overhead charges (including but not limited to accounting, finance, global research and development) of US$205 million for 2012, US$167 million for 2011, and US$140 million for 2010.

(3) The operating income includes special charges in the amount of US$110 million, thereof US$100 million relating to North America.

Dialysis Overview

End-Stage Renal Disease

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. 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.

In dialysis, two treatment methods are distinguished: hemodialysis ("**HD**") and peritoneal dialysis ("**PD**"). With HD, the patient's blood is cleansed with a dialyzer, or "artificial kidney", a process that is controlled by a hemodialysis machine. In contrast, PD removes toxins from the blood using the peritoneum, the membrane lining covering the internal organs located in the abdominal area, as a filter. In 2012, hemodialysis patients comprised more than 89% of all dialysis patients worldwide; the remaining approximately 11% received peritoneal dialysis treatments.

Hemodialysis

Hemodialysis removes toxins and excess fluids from the blood outside the patient's body. 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. The machine can also monitor and record the patient's vital signs. Hemodialysis patients generally receive treatment three times per week, typically for three to five hours per treatment. The majority of hemodialysis patients receive treatment at outpatient dialysis clinics, such as those of Fresenius Medical Care.

Peritoneal Dialysis

Peritoneal dialysis removes toxins from the blood using the peritoneum, the membrane lining covering the internal organs located in the abdominal area, as a filter. Most peritoneal dialysis patients administer their own treatments in their homes or workplaces, either by a treatment known as continuous ambulatory peritoneal dialysis ("**CAPD**"), or by a treatment known as continuous cycling peritoneal dialysis ("**CCPD**"). In both of these treatments, a surgically implanted catheter provides access to the peritoneal cavity. A typical CAPD peritoneal dialysis program involves the introduction and disposal of dialysis solution four times a day. With CCPD, a machine pumps or "cycles" dialysis solution to and from the patient's peritoneal cavity while the patient sleeps. These treatments can usually be done over a limited period of time, ideally only if the kidneys are still functioning to some extent.

Dialysis Services

Fresenius Medical Care provides dialysis treatment and related laboratory and diagnostic services through its network of 3,160 outpatient dialysis clinics, 2,082 of which are in North America (including Mexico) and 1,078 of which are in other countries around the globe. In 2012, Fresenius Medical Care acquired 276 clinics, opened 65 new clinics and sold or consolidated 79 clinics. The number of patients treated in Fresenius Medical Care's clinics increased by 11% to 257,916 at December 31, 2012 from 233,156 at December 31, 2011. In 2012, dialysis services accounted for 76% of Fresenius Medical Care's total sales.

The following table sets forth the number of treatments, patients and dialysis clinics in 2012, 2011 and 2010:

	Year ended December 31,		
	2012	**2011**	**2010**
Treatments (in millions)	38.6	34.4	31.7
Patients (at December 31)	257,916	233,156	214,648
Dialysis clinics (at December 31)	3,160	2,898	2,757

At September 30, 2013, Fresenius Medical Care owned, operated or managed 3,225 (excluding those managed but not consolidated in the U.S.) clinics. During the third quarter of 2013, Fresenius Medical Care acquired four clinics, opened 22 clinics and combined or closed 13 clinics. The number of patients treated in Fresenius Medical Care's clinics was approximately 265,824 at September 30, 2013, excluding patients of clinics managed but not consolidated in the U.S.

As part of the dialysis therapy, Fresenius Medical Care provides a variety of services to ESRD patients at its dialysis clinics in the United States. These services include administering erythropoietin, a synthetic engineered hormone to treat anemia. Our supply contract for erythropoietin between Fresenius Medical Care and Amgen USA, Inc., a subsidiary of Amgen, Inc., and the only supplier of synthetic erythropoietin in the United States, covers the period from January 1, 2012 to December 31, 2014. Fresenius Medical Care also provides dialysis services under contract to hospitals in the United States on an "as needed" basis for hospitalized ESRD patients and for patients suffering from acute kidney failure. Fresenius Medical Care treats these patients either at their bedside, using portable dialysis equipment, or at the hospital's dialysis site.

Fresenius Medical Care's clinics also offer services for home dialysis patients, the majority of whom receive peritoneal dialysis treatment. For these patients, Fresenius Medical Care provides materials, training and patient-support services, including clinical monitoring, follow-up assistance and arranging for delivery of supplies to the patient's residence.

The manner in which each clinic conducts its business depends, in large part, upon applicable laws, rules and regulations of the jurisdiction in which the clinic is located, as well as our clinical policies. However, a patient's attending physician, who may be the clinic's medical director or an unaffiliated physician with staff privileges at the clinic, has medical discretion to prescribe the particular treatment modality and medications for that patient. Similarly, the attending physician has discretion in prescribing particular medical products, although the clinic typically purchases equipment, regardless of brand, in consultation with the medical director.

Laboratory Services

Fresenius Medical Care provides laboratory testing and marketing services in the United States, such as blood, urine and other bodily fluid testing services, through its subsidiary Spectra Laboratories ("**Spectra**"). Nephrologists use the results of laboratory tests 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 is the leading renal clinical laboratory provider in North America and provides testing for dialysis related treatments in its two laboratories located in New Jersey and Northern California. In 2012, Spectra provided around 60 million laboratory services for approximately 192,000 dialysis patients in the United States.

Dialysis Products

Fresenius Medical Care manufactures dialysis equipment and related products, including dialyzers, hemodialysis machines, peritoneal dialysis cyclers, solutions, flexible bags, bloodlines, and systems for water treatment. Fresenius Medical Care is currently the world's largest manufacturer and distributor of equipment and related products for hemodialysis and the second largest manufacturer of peritoneal dialysis products and sells its dialysis products directly or through subsidiaries in over 120 countries. The majority of Fresenius Medical Care's customers are dialysis clinics. In 2012, dialysis products sales accounted for 24% of Fresenius Medical Care's total sales.

Hemodialysis Products

Fresenius Medical Care offers a comprehensive hemodialysis product line and continually strives to expand and improve the capabilities of its hemodialysis systems to offer an advanced treatment at reasonable cost. Fresenius Medical Care sells its 4008 and 5008 series HD dialysis machines in its International Segment. In North America, Fresenius Medical Care sells its 2008 series machines, which are modeled on the 4008 series. The 2008/4008 series is the bestselling machine for hemodialysis treatment worldwide.

Fresenius Medical Care manufactures dialyzers using hollow fiber Fresenius Polysulfone and Helixone membranes, which are synthetic materials. According to its estimates, Fresenius Medical Care is worldwide the leading producer of polysulfone dialyzers. In addition, Fresenius Medical Care manufactures and distributes numerous other hemodialysis disposables and other hemodialysis products.

Peritoneal Dialysis Equipment and Products

Fresenius Medical Care offers a full line of peritoneal dialysis systems and solutions for both CAPD, which requires manually changing the dialysis solution four times a day, and CCPD, a machine-supported type of peritoneal dialysis that is used mostly at night.

Renal Pharmaceuticals

Renal pharmaceuticals broaden our portfolio vertically beyond dialysis products and dialysis services. Patients who receive dialysis treatment usually need to take drugs, for instance to maintain the right balance of minerals in the body or to prevent anemia. The spectrum of renal pharmaceuticals includes erythropoiesis-stimulating agents (EPO), phosphate binders, iron preparations, vitamin D preparations, and so-called calcimimetics.

Fresenius Medical Care acquired the rights to PhosLo in November 2006. It received approval of PhosLo in selected European countries and of OsvaRen, a phosphate binder that supports bone and cardiovascular health, in most European Union member states. In October 2008, a competitor's generic phosphate binder that competes with PhosLo was introduced in the United States market, which reduced our PhosLo sales in 2009. In October 2009, Fresenius Medical Care launched a competing authorized generic version of the PhosLo existing gelcap formulation in the United States. In April 2011, the FDA approved the new drug application for Phoslyra, the liquid formulation of PhosLo.

In 2008, Fresenius Medical Care entered into two separate and independent license and distribution agreements, one for certain countries in Europe and the Middle East (with Galenica AG and Vifor (International) AG), and one for the U.S. (with Luitpold Pharmaceuticals Inc. and American Regent, Inc.) to market and distribute intravenous iron products, such as Venofer (iron sucrose) and Ferinject (ferric carboxymaltose) (outside the U.S.). Both drugs are used to treat iron deficiency anemia experienced by non-dialysis ESRD patients as well as dialysis patients. Venofer is the leading intravenous iron product worldwide. The first agreement concerns all commercialization activities for these intravenous iron products in the field of dialysis and became effective on January 1, 2009. In North America, a separate license agreement effective November 1, 2008 provides Fresenius Medical Care's subsidiary Fresenius USA Manufacturing Inc. ("**FUSA**") with exclusive rights to manufacture and distribute Venofer to freestanding (non-hospital based) U.S. dialysis facilities and, in addition, grants FUSA similar rights for certain new formulations of the drug. The United States license agreement has a term of ten years and includes FUSA extension options. The international agreement has a term of 20 years.

In December 2010, Fresenius Medical Care announced the extension of its agreements with Galenica by forming a new renal pharmaceutical company, VFMCRP, to develop and distribute products to treat iron deficiency anemia and bone mineral metabolism for pre-dialysis and dialysis patients. Galenica contributed licenses (or the commercial benefit in the U.S.) to its Venofer and Ferinject products for use in the dialysis and pre-dialysis market CKD stages III to V). Commercialization of both of these products outside the renal field will remain fully the responsibility of Galenica and its existing key affiliates or partners. Galenica also contributed to the new company exclusive worldwide rights for PA21 (excluding Japan, where PA21 will be developed through another partner), a novel iron-based phosphate binder. The closing in December 2010 allowed Galenica and Fresenius Medical Care to participate in CKD stages III to V in the U.S. and to continue their collaboration in CKD stage V in selected other countries. The European antitrust authorities granted approval in October 2011, which allowed VFMCRP to proceed with the targeted expansion of its global operations on November 1, 2011. The closing on November 1, 2011 brought to fruition an agreement that superseded the agreement for certain countries in Europe and the Middle East, which was effective on January 1, 2009. Furthermore, in the fourth quarter of 2012, FUSA renegotiated and further amended the contract originally signed in 2008 with Luitpold Pharmaceuticals, Inc. The original term length of the agreement remained the same.

In September 2011, Fresenius Medical Care closed an agreement with the Japanese company Toray for co-development in Europe of the compound TRK820 for chronic itch (uremic pruritus). Conditional registration of this drug, which bears an orphan disease indication, is planned for late 2013, with further post market trials required after registration.

Fresenius Medical Care estimates that the worldwide market for dialysis drugs used to treat ESRD and CKD (currently vitamin D, iron, potassium binders and phosphate binders) in 2012 was more than $3.0 billion, a growth of +4% vs. prior year. As part of its horizontal expansion growth path, it intends to continue to integrate the use of dialysis drugs with its existing product technology, dialysis treatment and laboratory services.

In an increasing number of countries, Fresenius Medical Care is required by health care systems and reimbursement requirements to supply pharmaceuticals for many conditions as part of comprehensive treatment packages.

Fresenius Medical Care intends to continue to pursue development and commercialization partnerships with suppliers of branded and unbranded high quality pharmaceutical substances to cover this requirement. In addition, it will increasingly work toward the development of proprietary innovative pharmaceutical solutions that offer additional medical value to dialysis patients.

Marketing, Distribution and Service

A dialysis patient generally seeks treatment at a conveniently located clinic at which the patient's nephrologist has staff privileges. Fresenius Medical Care maintains a direct sales force of trained salespersons engaged in the sale of both hemodialysis and peritoneal dialysis products and engages in direct promotional efforts, including visits to physicians, clinical specialists, hospitals, clinics and dialysis clinics, and is represented at industry trade shows through its Sales and Marketing division. It also sponsors medical conferences and scientific symposia as a means for disseminating scientific or technical information. Fresenius Medical Care's clinical nurses provide clinical support, training and assistance to customers and assist the sales force. Fresenius Medical Care also uses outside distributors to provide sales coverage in countries that its internal sales force does not service.

Fresenius Medical Care ships products from factories to central warehouses frequently located near the production facilities. From these central warehouses, dialysis products are shipped to regional warehouses. Fresenius Medical Care then distributes peritoneal dialysis products to the patient at home, and hemodialysis products directly to clinics and other customers.

Fresenius Medical Care offers customer service, training and education in the applicable local language, and technical support such as field service, repair shops, maintenance, and warranty regulation for each country in which it sells dialysis products. Fresenius Medical Care provides training sessions on its equipment at selected facilities in Germany, the United States and the Philippines and it also maintains regional service centers that are responsible for day-to-day international service support.

Customers

The following table provides information for the years ended December 31, 2012, 2011 and 2010 regarding the percentage of Fresenius Medical Care's U.S. dialysis treatment services net revenues from (a) the Medicare ESRD program; (b) private/alternative payers, such as commercial insurance and private funds; (c) Medicaid and other government sources; and (d) hospitals.

	Year ended December 31,		
	2012	**2011**	**2010**
	(% of net sales)		
Medicare ESRD program	48.0	46.2	49.4
Private/alternative payers	42.6	42.8	42.3
Medicaid and other government sources	4.5	5.9	3.4
Hospitals	4.9	5.1	4.9
Total	**100**	**100**	**100**

Under the Medicare ESRD program, Medicare reimburses dialysis providers for the treatment of certain individuals who are diagnosed as having ESRD, regardless of age or financial circumstances. See "— *Regulatory Matters — Regulations Relating to Reimbursement*".

We believe that Fresenius Medical Care's success in establishing and maintaining dialysis clinics, both in the United States and in other countries, depends significantly on its ability to obtain the acceptance of and referrals from local physicians, hospitals and managed care plans. A dialysis patient generally seeks treatment at a conveniently located clinic at which the patient's nephrologist has staff privileges.

Medicare ESRD program reimbursement regulations require that a medical director generally supervises treatment at a dialysis clinic. Generally, the medical director must be board certified or board eligible in internal medicine or pediatrics and have at least twelve months of training or experience in the care of patients undergoing dialysis. Fresenius Medical Care's medical directors also generally maintain their own private practices.

Production Facilities

Fresenius Medical Care's global orientation also applies to the manufacture of its products. Fresenius Medical Care operates production facilities in numerous countries throughout the world — including in Germany, the United States, Japan, Mexico and China — to meet the demand for its machines, high-performance machines for CCPD ("**cyclers**"), dialyzers, solutions, concentrates, blood lines, disposable tubing components and equipment for water treatment in dialysis clinics. In addition, Fresenius Medical Care's decentralized structure helps to significantly reduce transportation costs. Another advantage of the decentralized structure of its production facilities is that this helps to reduce the impact of currency fluctuations.

Market Information

Based on Fresenius Medical Care's estimates, there were approximately 2.96 million ESRD patients worldwide in 2012, of which approximately 651,000 kidney patients were living with a transplanted kidney. Of the approximately 2.3 million patients receiving regular dialysis treatment in 2012, more than 89%, or approximately 2.06 million patients, are treated with hemodialysis, while about 11%, or approximately 250,000 patients, choose peritoneal dialysis. The majority of hemodialysis patients are treated in dialysis clinics. There are about 33,400 dialysis clinics worldwide with an average of 70 hemodialysis patients per clinic.

The number of dialysis patients grew by approximately 7% worldwide in 2012, but the growth in patient numbers has not been uniform across all regions. Fresenius Medical Care expects the worldwide number of dialysis patients to rise by approximately 6% in 2013, although significant regional differences will remain: For the United States, Japan, and the countries of Central and Western Europe, it forecasts patient growth in the region of 2% to 4%. In economically weaker regions, the growth rates are expected even higher with values of up to 10%, and in some countries even more. At the end of 2012, there were approximately 543,000 patients in North America (including Mexico), approximately 332,000 dialysis patients in the European Union, approximately 285,000 patients in Europe (excluding EU countries), the Middle East and Africa, approximately 240,000 patients in Latin America (excluding Mexico), and approximately 906,000 patients in Asia-Pacific (including approximately 309,000 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 United States 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. Fresenius Medical Care estimates that in 2012 about 19% of worldwide patients were treated in the United States, around 14% in the European Union and approximately 13% in Japan. The remaining 54% of all dialysis patients were distributed throughout approximately 120 countries in different geographical regions.

Competition

Dialysis Services

In the United States, the majority of the market for dialysis care is already highly consolidated. Taken together, Fresenius Medical Care and the second largest provider of dialysis care, DaVita, treated over 70% of all U.S. dialysis patients in 2012. Ownership of the remaining dialysis clinics in the United States is split between a large number of operators owning ten or fewer clinics each and a small number of larger multi-clinic operators. In 2012, Fresenius Medical Care maintained its market-leading position of approximately 37%. Outside the United States, the markets for dialysis care are much more fragmented. Competitors include Diaverum (formerly the non-United States-based dialysis services business of Gambro Lundia AB), Baxter International Inc. ("**Baxter**") and B. Braun Melsungen AG ("**B. Braun**"), as well as independent clinics and with clinics that are affiliated with hospitals. As of December 31, 2012, Fresenius Medical Care operated 1,078 dialysis clinics in about 40 countries treating over 93,000 patients.

Since government programs are the primary source of reimbursement for services to the majority of dialysis patients in the United States, competition is based primarily on quality and accessibility of service and the ability to obtain admissions from physicians with privileges at the facilities. However, the extension of periods during which commercial insurers are primarily responsible for reimbursement and the growth of managed care programs have placed greater emphasis on service costs for privately insured patients.

In most countries outside the United States, Fresenius Medical Care competes primarily against individual free-standing clinics and hospital-based clinics. In many of these countries, especially developed countries, governments directly or indirectly regulate prices and the opening of new clinics. Providers compete in all countries primarily on the basis of quality and availability of service and the development and maintenance of relationships with referring physicians.

Dialysis Products

Based on internal estimates prepared using our Market and Competitor Survey ("**MCS**"), publicly available market data and our data of significant competitors, Fresenius Medical Care is the world's largest manufacturer and distributor of equipment and related products for hemodialysis and the second largest manufacturer and distributer of peritoneal dialysis products, measured by publicly reported revenues. In the dialysis products market, the most important products are dialyzers, hemodialysis machines, concentrates and dialysis solutions, and products for peritoneal dialysis. Fresenius Medical Care held a market share of approximately 33%, followed by Baxter with approximately 19% and Gambro with approximately 12% in 2012. These top three manufacturers serve approximately 64% of the market demand. Each of the other competitors, mainly from Japan, has a single-digit percentage market share.

Fresenius Medical Care estimates that in 2012, it supplied approximately 45% of global dialyzer production and approximately 55% of all HD machines sold worldwide. In 2012, its market share for PD products sold worldwide, after its acquisition of Gambro's PD business, was 20%.

Fresenius Medical Care's biggest sales market for dialysis machines is the U.S. In 2012, more than 94% of the dialysis machines sold there were made by Fresenius Medical Care. In 2012, China was its second largest market for the sale of new hemodialysis machines. It delivered more than 7,000 machines there in 2012. Almost half (47%) of all HD machines currently in use in China were produced by Fresenius Medical Care.

Laboratory Services

Spectra competes in the United States with large nationwide laboratories, dedicated dialysis laboratories and numerous local and regional laboratories, including hospital laboratories. In the laboratory services market, companies compete on the basis of service performance, including quality of laboratory testing, timeliness of reporting test results and cost-effectiveness. We believe that Spectra's laboratory services are competitive in these areas.

Fresenius Kabi

Fresenius Kabi specializes in the therapy and care of chronically and critically ill patients in hospitals and in the out-patient setting. Representing approximately 23% of our consolidated Group sales in 2012, Fresenius Kabi has four product segments: infusion therapy, I.V. drugs, clinical nutrition, and medical devices/transfusion technology. Fresenius Kabi's products cover the full range of patient care: emergency cases, surgery, intensive care, hospital wards, and outpatient care.

Fresenius Kabi's portfolio of I.V. drugs includes anesthetics, analgesics, anti-infectives, and drugs for the treatment of oncological and other critical diseases. For infusion therapy, Fresenius Kabi provides infusion solutions and blood volume substitution products. In the area of clinical nutrition, Fresenius Kabi is one of the few companies worldwide that offers both parenteral and enteral nutrition products. For the administration of its products, Fresenius Kabi supplies infusion pumps, infusion management systems, nutrition pumps, and disposables. For transfusion technology, Fresenius Kabi offers a range of products used by blood banks and blood donation units to produce blood products.

Fresenius Kabi's total sales in 2012 were €4,539 million, with infusion therapy accounting for €1,010 million, I.V. drugs for €1,701 million, clinical nutrition for €1,314 million and medical devices/transfusion technology for €514 million.

The following table shows Fresenius Kabi's sales in 2012, 2011 and 2010 by region:

	Year ended December 31,							
	2012			2011			2010	
	(million €)	(change 2012/2011 %)	(% of total sales)	(million €)	(change 2011/2010 %)	(% of total sales)	(million €)	(% of total sales)
Europe	1,953	7	43	1,826	7	46	1,702	46
North America	1,236	23	27	1,002	3	25	975	27
Asia-Pacific	863	23	19	702	18	18	593	16
Latin America/Africa	487	12	11	434	8	11	402	11
Total	**4,539**	**15**	**100**	**3,964**	**8**	**100**	**3,672**	**100**

Infusion Therapy

For infusion therapy, Fresenius Kabi offers products for treating fluid loss or electrolyte deficiencies, and blood volume replacement products. For the administration of these therapies Fresenius Kabi provides infusion technologies and disposables. Infusion therapy products are used in general hospital wards, in intensive care units and in emergency medicine. Whether for treating fluid or electrolyte deficiencies or as a carrier solution for I.V. drugs, infusion therapy products are used every day in the medical field.

If the necessary care is not taken to replace the fluid and blood losses in time, patients may go into a state of shock, which acutely restricts blood and fluid supply to all vital organs. Restricted blood circulation leads to a shortage of oxygen and nutrients supply to the organs, which may result in organ failure, tissue damage and even death. Infusion therapy restores normal fluid volume, counteracting low blood pressure.

Fresenius Kabi provides a wide range of infusion therapy products, including the following:

- Infusion solutions consist primarily of salts (electrolytes), carbohydrates and water. They are infused when the body's water content or electrolyte balance has been disrupted, in acute need of energy supply and a lack of salt or lack of specific minerals in the blood. They also serve as carrier solutions for intravenously administered drugs. Fresenius Kabi offers a comprehensive range of products in infusion bags and bottles, such as freeflex PVC-free infusion bags and KabiPac plastic bottles.
- Blood volume replacement products (artificial colloids) are most often used in treating patients suffering from blood losses resulting from an accident or during surgery; colloids can be a safe alternative to blood transfusions. Fresenius Kabi develops and manufactures blood volume replacement solutions which are manufactured with hydroxyethyl starch derived from waxy maize starch.
- Fresenius Kabi also provides medical-technical equipment and disposables, cannulae, tubes and pumps used for administering infusion therapies, as well as infusion management systems.

I.V. Drugs

Fresenius Kabi is a leading global supplier of I.V. drugs. It has a comprehensive product portfolio for the therapy areas of anesthetics, pain-therapy products (analgesics), infectious diseases, oncology, and critical diseases. The portfolio is geared towards the treatment of and care for chronically and critically ill patients. Fresenius Kabi not only manufactures the drug, but also produces some of the active pharmaceutical ingredients (API), and thus has expertise to cover the entire pharmaceutical value chain — a factor of particular relevance to quality and cost competitiveness.

As an essential part of the acute, surgical and therapeutic treatment of patients, I.V. drugs are commonly used in today's medical routine. They are applied in emergency cases, during surgeries and for intensive care since in this way the drug reaches the entire human body directly through the bloodstream and can be effective within a few seconds.

In 2012, Fresenius Kabi further expanded its business. New products and the continued internationalization of the existing product portfolio has contributed to this success. In the United States, Fresenius Kabi offers a broad portfolio of anesthetics, anti-infectives, oncology drugs, and products for critical diseases. Supply constraints at competitors in the U.S. market continued. Based on its broad product portfolio, Fresenius Kabi has been able to contribute to a reliable I.V. drug supply in that market. As one example, we again shipped the anesthetic Propofol (Propoven) from our European facilities to the United States to prevent supply constraints.

Fresenius Kabi is one of the global leaders in I.V. anesthetics and I.V. analgesics. Our Propofol is the globally leading I.V. anesthetic. In the area of I.V. analgesics, the company improved its marketing of I.V. Paracetamol in Europe, being able to supply it to Italy and Spain as well.

Fresenius Kabi launched a large number of oncological I.V. drugs and improved the international distribution of this product portfolio. Examples include the successful introduction of Cytarabine, Bicalutamide, and Anastrozole to a number of countries in Europe.

In 2012, products to treat infectious diseases were introduced to additional countries. For example, the anti-infection drugs Meropenem and Imipenem/Cilastatin were launched in the U.S. market. In Vietnam and Chile, we began distributing the antibiotic Piperacillin/Tazobactam, which is already well established in Europe.

We offer a comprehensive product portfolio for treating critical illnesses in the United States, and remain the market leader with our high-molecular Heparin. In 2012, we launched additional products to the U.S. market, including Benztropine Mesylate, Levetiracetam, and Tranexamic Acid. These products were acquired from Nexus Pharmaceuticals, Inc. in order to expand our product range.

Clinical Nutrition

Clinical nutrition serves to supply patients who are unable to eat any (or sufficient) normal food. There are two types of clinical nutrition therapy: parenteral nutrition and enteral nutrition. Parenteral nutrition is administered intravenously when the intestinal function is impaired. Enteral nutrition is administered in the form of sip and tube feeds using the gastro-intestinal tract. Clinical nutrition products are administered predominantly to intensive care, trauma or cancer patients, patients who have undergone surgery and patients suffering from malnutrition. Clinical nutrition therapy is essential to maintaining or restoring normal body tissue and function during convalescence. Weight loss and deficiencies in essential nutrients can result in higher complication rates, longer recovery periods, a diminished quality of life, and elevated mortality rates. Fresenius Kabi is one of the few companies worldwide to offer both forms of clinical nutrition: parenteral and enteral.

Clinical Nutrition therapy meets a variety of nutritional needs, including the need for:

- protein or amino acids, the building blocks of the body's proteins to maintain protein synthesis and to preserve body muscle mass;
- fat for energy supply;

- glucose for immediate energy supply; and
- micronutrients: vitamins, minerals, trace elements, micronutrients and organic phosphates, which are essential to a number of complex functions within the body, such as the enzyme and hormone system.

Parenteral Nutrition

Parenteral nutrition is administered to patients intravenously. Fresenius Kabi has a comprehensive range of products, including:

- amino acid solutions, including formulations for pediatric use, standard adult use, organ specific amino acids for patients with conditions such as renal insufficiency or hepatic insufficiency (liver disease) and specific amino acids for intensive care;
- lipid emulsions;
- glucose products;
- water and fat soluble vitamins and trace elements; and
- medical-technical products and disposables for administering parenteral nutrition.

Enteral Nutrition

Enteral nutrition products are given as sip and tube feeds using the gastro-intestinal tract. Fresenius Kabi's enteral products that are taken orally (oral nutritional supplements) come in a variety of flavours and textures.

Fresenius Kabi's enteral nutrition products include:

- a range of standard tube and sip feeds with different energy and protein levels with and without fibre for patients with or at risk of malnutrition and other nutrition deficiencies;
- enteral products for intensive care patients to fulfill increased requirements of certain key nutrients such as glutamine and antioxidants;
- pediatric enteral nutrition products;
- disease specific products for the nutritional treatment of patients with, for example, renal insufficiency, hepatic insufficiency, diabetes, critical illness, dysphagia and cancer; and
- pumps and disposables for administering enteral nutrition.

Medical Devices/Transfusion Technology

Medical devices are used for the safe and precise administration of pharmaceuticals and include infusion and nutrition pumps, infusion management systems, as well as disposables. In transfusion technology, Fresenius Kabi offers products used by blood banks and blood-donation centers to manufacture blood products such as red cell concentrates, platelet concentrates and plasma. These are essential to clinical therapy and are derived from the patient's own blood (autologously) or from donor blood (homologously).

Fresenius Kabi's portfolio of medical devices and transfusion technology products includes the following:

- infusion technologies such as infusion systems (e.g., Orchestra, infusion workstations for critical care), syringe and volumetric pumps, and respective i.v. disposables;
- nutrition pumps and disposables to transfer clinical nutrition from a feed container to the patient;
- the disposables, including infusion sets, extension lines, valves, filters and transfer devices;
- a range of products for blood transfusion, including products for blood collection, processing, storage and transfusion;

- aphaeresis systems that allow the collection of specific blood components from a donor or patient;
- the Continuous Auto Transfusion System ("**C.A.T.S.**"), for blood salvage during or after an operation. C.A.T.S. collects and processes shed blood from surgical wounds or drainage to produce quality packed red blood cells for re-infusion;
- blood filters that remove leukocytes from donor blood; and
- a comprehensive range of standardized blood bags.

Production Facilities

Fresenius Kabi operates an international production network. Its most important production sites include plants in Austria, Germany, Sweden, the United States, China and India. In addition, Fresenius Kabi has production sites in other European countries, South and Central America, Asia and South Africa.

Customers

Fresenius Kabi has a broadly diversified customer base. This includes hospitals, wholesalers, purchasing associations, medical and similar institutions, hospital operators, and home care patients. Fresenius Kabi has no significant dependence on one source of revenue.

Many purchases by Fresenius Kabi's customers in the United States are made through arrangements with Group Purchasing Organizations ("**GPOs**"), which negotiate collective purchasing agreements on behalf of their members, or through specialty distributors, which specialize in particular therapeutic categories such as oncology. We sell to members of all of the major GPOs in the United States. We also sell products to the leading specialty distributors. Fresenius Kabi currently derives, and expects to continue to derive, a large percentage of its revenues from customers in the United States that are members of a small number of GPOs. Currently, fewer than ten GPOs control a large majority of sales to hospital customers. Fresenius Kabi has purchasing arrangements with the major GPOs in the United States. Our GPO agreements are typically multi-year in duration and may be terminated on short notice. Particularly in the international business, there is a growing tendency for government entities to award contracts by public tender processes, in which Fresenius Kabi also participates.

Market Information

In the market for infusion therapy and clinical nutrition, therapies that offer high standards of healthcare paired with cost advantages are increasingly gaining importance due to general cost pressure. Studies show that, in cases of health or age-induced nutritional deficiencies, the administration of food supplements can reduce hospital costs by an average of €1,000 per patient — through shorter stays and less nursing care. Nutrition estimates for the European Union indicate that as many as 20 million individuals are at risk for malnutrition. 10% of the population over 65 years and 20% of those aged 75 to 80 years and living at home are malnourished. Annual malnutrition-related costs in the European Union are calculated to be around €120 billion.

In Europe, the total market for infusion therapy is growing at a low single-digit rate. The total market for clinical nutrition is growing at a mid-single-digit rate. Growth rates are in the high single-to double-digits in the emerging markets of Asia-Pacific, Latin America, and Africa. Based on its own estimates, Fresenius Kabi considers its potential relevant market for infusion therapy to be about €5 billion and for clinical nutrition to be about €6 billion.

We also expect the demand for generics to continue growing. From a health economics standpoint, generic drugs are more advantageous than original drugs because of their significantly lower price and they already make a vital contribution to healthcare today. In our view, and judged from today's vantage point, the focus is mainly on the pricing of patented drugs and the prescription drugs segment in the pharmacy market.

The market for I.V. generics is characterized by moderate volume growth, steady price erosion, and fierce competition. Growth is mainly achieved through new generics that are brought to market when the original drug goes off-patent. In Europe and the United States, the market for I.V. generics is growing at a mid-single-digit rate. We expect the U.S. market for I.V. drugs that go off-patent from 2013 to 2022 to amount to approximately US$18 billion on a cumulative basis. These figures are based on the sales of the original preparations in 2011 and do not take account of the usual price erosions for generics. Based on its own estimates, Fresenius Kabi considers its potential relevant market for generic I.V. drugs to be around €10 billion.

The market for medical devices for infusion therapy, I.V. drugs, and clinical nutrition is growing in Europe at mid-single-digit rates. Here, the main growth drivers are technical innovations that focus on application safety and therapy efficiency. Fresenius Kabi considers its potential market for medical devices (excluding Japan) to be worth about €2.3 billion, based on its own estimates.

The worldwide market for transfusion technology is growing at mid-single-digit rates. The main growth driver is the increasing demand for products and devices that perform blood collection and processing. Based on our own estimates, the potential relevant market for transfusion technology (excluding Japan) is worth about €2 billion.

Sources: German Society for Nutritional Medicine (DGEM) 2009; IMS; Company research, market data refer to Fresenius Kabi's potential relevant and addressable markets. Those are subject to annual volatility due to currency fluctuations and patent expiries of original drugs in the I.V. drug market, among others; Ljungqvist O., Clinical Nutrition 2010, 29: 149-150.

Competition

Fresenius Kabi operates in highly competitive markets. In recent years, many smaller companies have withdrawn from the business, sparking a consolidation in some of the markets in which we operate. At the same time, a small number of new competitors have entered the market. In the infusion therapy and parenteral nutrition market, Fresenius Kabi's main competitors in Europe are Baxter and B. Braun. In the enteral nutrition market, Fresenius Kabi's main competitors are Danone, Abbott and Nestlé. Baxter, Sichuan Kelun Pharmaceutical, Abbott and Otsuka are primary competitors in Asia-Pacific; in addition, there are numerous local competitors. In the United States, Fresenius Kabi faces competition from major, brand name pharmaceutical companies, as well as generic manufacturers such as Hospira, Bedford Laboratories, Sandoz and Teva Pharmaceuticals USA.

Revenue and gross profit derived from sales of generic pharmaceutical products tend to follow a pattern based on regulatory and competitive factors. As patents for brand name products and related exclusivity periods expire, the first generic pharmaceutical manufacturer to receive regulatory approval for generic versions of these products is generally able to achieve significant market penetration and higher margins. As competing generic manufacturers receive regulatory approvals on similar products, market share, revenue and gross profit typically decline. The level of market share, revenue and gross profit attributable to a particular generic pharmaceutical product is normally related to the number of competitors in that product's market and the timing of that product's regulatory approval and launch in relation to competing approvals and launches. Fresenius Kabi continues to develop and introduce new products in a timely and cost-effective manner and identifies niche products in order to maintain its revenue and gross margins.

Fresenius Helios

Fresenius Helios is the largest German private hospital operator. The HELIOS Group operates 74 proprietary clinics (as of September 30, 2013) exclusively in Germany. In addition to 51 acute care hospitals, including six maximum care clinics in the German cities of Berlin-Buch, Duisburg, Erfurt, Krefeld, Schwerin and Wuppertal, the HELIOS Group has 23 post-acute-care clinics. 35 outpatient facilities and 13 nursing homes are also affiliated with the HELIOS Group. Fresenius Helios provides expertise in all areas (except transplantation medicine) and at all levels of clinical care. Fresenius Helios has more than 23,000 beds, and treats more than 2.9 million patients per year, thereof more than 780,000 inpatients. On September 13, 2013, Fresenius Helios signed a binding agreement to purchase the majority of Rhön-Klinikum AG's hospitals, acquiring 43 hospitals with a total of approximately 11,800 beds as well as 15 outpatient facilities.

Fresenius Helios has a proven track record of turning around hospitals and running complex maximum care hospitals. Fresenius Helios' business model is based on organic growth and on growth through acquisitions, particularly in the privatization of public hospitals. Public hospitals are typically operated at lower margins, offering Fresenius Helios the opportunity to create value through a combination of more efficient staff management, procurement synergies, general management best practices, and implementing Fresenius Helios' quality standards. One element of our acquisition strategy is the regional proximity of hospitals — sufficiently close to one another to form networks (clusters). Regional clustering enables cost savings, especially by concentrating nonmedical services (for example, laundry or catering) in one site. Moreover, patients benefit from the bundling of medical expertise and offerings from the HELIOS clinics in, and also outside, the region. In July 2013, Fresenius Helios defined a new development plan for acquired hospitals. The previous goal was to increase the EBITDA margin of an acute care hospital to 15% within five years after acquisition. This goal was recently changed to an EBIT margin target of 12 - 15% within six years after acquisition. Given that Fresenius Helios' consolidated depreciation and amortization charge amounted to about 3.5% of revenues recently, the new development plan represents a meaningfully more ambitious target. Even more so, as the new development plan also covers post-acute care hospitals, which generally carry a lower margin than acute hospitals.

Fresenius Helios' aims to continue to add approximately €150 million in sales from acquisitions each year on a multi-year average.

In 2012, Fresenius Helios generated 17% of our total Group sales. Fresenius Helios' total sales in 2012 were €3,200 million, up 20% from €2,665 million in 2011. Fresenius Helios achieved organic growth of 5% in 2012 and 4% in 2011, and acquisitions contributed 17%. Divestures reduced sales growth by 2%. Also in 2012, Fresenius Helios' Swiss post-acute care clinic was sold to Fresenius Vamed and retrospectively deconsolidated as of January 1, 2012.

The following table sets forth certain data regarding Fresenius Helios' facilities and the number of patients treated:

	Year ended December 31,		
	2012	2011	2010
Acute care clinics	50	45	42
Therefor beds	18,701	16,690	15,097
Therefor length of stay (days)	6.7	6.7	6.9
Post-acute care clinics	22	20	20
Therefor beds	4,585	3,422	3,467
Therefor length of stay (days)	27.0	29.6	29.5
Therefor occupancy	85%	78.4%	80.2%
Inpatient admissions	778,817	665,108	640,296
Thereof at acute care clinics	724,673	632,778	606,880
Thereof at post-acute care clinics	49,144	32,330	33,416
Outpatient admissions	2,118,112	1,726,704	1,696,919

Customers

The customers of Fresenius Helios include social security institutions, health insurers, and private patients.

Market Information

The total volume for hospital treatment (excluding research and teaching) in Germany was about €81 billion in 2011. Personnel costs account for about 61% of hospital costs, and material costs for 39%. Personnel and material costs rose by approximately 4% each in 2011.

The number of hospitals in Germany was 2,017 in 2012 (2011: 2,045). The number of beds fell slightly to 501,489 in 2012 (2011: 502,029). Over the last five years the number of beds has declined at an average annual rate of 0.1%. Nonetheless, with 6.1 beds per 1,000 population, Germany is still above the OECD average of 4.8 (2011). The average stay of a patient in an acute care clinic in Germany fell slightly over the same period and was 7.6 days in 2012 (2011: 7.7 days).

The following table shows key figures for inpatient care in Germany in 2012, 2011 and 2010:

	Year ended December 31,		
	2012	2011	2010
Hospitals	2,017	2,045	2,064
Available beds	501,489	502,029	502,749
Number of admissions (in million)	18.6	18.3	18.0
Length of stay (days)	7.6	7.7	7.9

Sources: German Federal Statistics Office (preliminary results).

On the other hand, the number of inpatient admissions has increased. This is largely due to changing demographics. In 2012, the number of admissions increased by about 280,000 to about 18.6 million. In the years 2007 to 2011, the number of admissions in Germany has risen at an average annual rate of 1.7%. The average costs per admission have increased by 3.0% on average over the five years leading up to 2011.

According to a survey by the German Hospital Institute (DKI), the economic situation at many hospitals in Germany worsened during 2011 as compared to 2010: 55% of the hospitals earned a surplus in 2011 (2010: 56%), 14% achieved break even (2010: 28%), and every third hospital (31%) made a loss (2010: 16%).

Many hospitals are facing a difficult financial and economic situation, as well as significant investment needs. This is due in large part to an investment backlog that has accumulated because the federal states have not met their statutory obligation to finance necessary investments and major maintenance measures sufficiently in the past due to budget constraints. Moreover, the investment needs are mainly driven by technological advances, higher quality requirements, and necessary modernizations. The Rheinisch-Westfällisches Institut für Wirtschaftsforschung (RWI) estimated that the investment gap at German hospitals is about €30 billion.

According to the German Federal Statistics Office, the privatization trend in the German hospital market continued in 2012, with the share of private hospital beds rising to 18.0% (2011: 17.3%). However, as the table below shows, with a share of 47.9%, the bulk of the hospital beds continued to be in the public sector (2011: 48.4%). According to our research, about €660 million in hospital transaction sales were acquired in 2012 (2011: €365 million, excluding Damp Group).

The following table shows the breakdown of the German hospital market by type of operator in 2012:

	Market share by beds (%)
Private hospitals	18.0
Public hospitals	47.9
Independent non-profit hospitals	34.1

Quality is increasingly becoming a key competitive factor for the hospital market. Transparency and comparability of the treatments for the patients and their doctors will play an ever more decisive role.

In 2012, the post-acute care market in Germany comprised a total of 1,215 clinics (2011: 1,233). The number of beds was 169,272 (2011: 170,544). 54,5% (2011: 55.2%) of the clinics were private clinics. An almost unchanged 26.4% (2011: 26.0%) were independent non-profit clinics and the share of public clinics was 19.1% (2011: 18.9%). Private clinics accounted for 65.9% of the total number of post-acute care beds (2011: 66.4%). Independent non-profit clinics and public clinics accounted for 16.0% (2011: 15.7%) and 18.1% (2011: 18.0%), respectively. In 2012, the total number of admissions in Germany increased by about 40,600 admissions to 1.97 million. The average length of stay remained almost unchanged at 25.5 days.

Sources: German Federal Statistics Office (preliminary results), German Hospital Institute (DKI) — Krankenhaus Barometer 2012, OECD Health Data 2012/2013, Krankenhaus Rating Report 2012.

Competition

Fresenius Helios is the leading private hospital operator in Germany. Together with its largest competitors, the German private hospital groups Asklepios and Rhön-Klinikum, these top three hospital operators had a combined market share of approximately 10% of the German hospital market (private, public and independent non-profit hospitals) in 2012.

Fresenius Vamed

Headquartered in Vienna, Austria, Fresenius Vamed specializes in international projects and services for hospitals and other healthcare facilities and is a market leader for engineering and other project development, planning, construction and technical management of healthcare facilities worldwide, as well as in general management of healthcare facilities in selected key markets. Founded in 1982, Fresenius Vamed has successfully completed more than 600 projects in approximately 70 countries in Europe, Africa, the Middle East, Asia and Latin America including hospitals and university clinics, health and rehabilitation centers, thermal spa and medical wellness resorts, laboratories and research facilities and other healthcare facilities.

Fresenius Vamed's portfolio ranges along the entire value chain in the healthcare area: from consulting, project development, planning, and turnkey construction, via maintenance, to administrative management and total operational management. This entire competency enables us to support complex healthcare facilities efficiently and successfully at each level of their life cycle, as Fresenius Vamed offers everything from one source. Fresenius Vamed is also a pioneer in public-private partnership ("**PPP**") models for hospitals in Central Europe.

Following its strategy "everything from one source", Fresenius Vamed believes its focus on health across the entire value chain gives it a competitive advantage and supports the company's strong position as a partner for healthcare facilities worldwide. Being able to meet distinct and constantly changing requirements of different international healthcare markets, Fresenius Vamed is well positioned to keep and secure its position as a market leader.

Fresenius Vamed generated 4% of our total Group sales in 2012. Fresenius Vamed's total sales in 2012 were €846 million, with its project business accounting for €506 million and its service business accounting for €340 million.

The following table sets forth Fresenius Vamed's sales in 2012, 2011 and 2010:

	Year ended December 31,					
	2012		2011		2010	
	(million €)	(% of total sales)	(million €)	(% of total sales)	(million €)	(% of total sales)
Project business	506	60	494	67	487	68
Service business	340	40	243	33	226	32
Total	**846**	**100**	**737**	**100**	**713**	**100**

Project Business

The project business comprises the consulting, project development, planning, turnkey construction, and financing solutions for projects. Fresenius Vamed responds flexibly to clients' local needs, providing custom-tailored solutions, all from one source. Fresenius Vamed also carries out projects in cooperation with partners. Among public clients in particular there is growing interest in PPP models. With these business models, hospitals or other healthcare facilities are planned, constructed, financed, and operated by public and private partners together through a joint project company.

Service Business

Fresenius Vamed offers a full range of facility management services for healthcare facilities. Modular in design, Fresenius Vamed's service offering encompasses every aspect of technical, commercial, and infrastructural facility management, ranging from building and equipment maintenance, medical technology management and waste management through to technical and operational management. With this integrated portfolio of services, Fresenius Vamed guarantees optimal operation of a facility over its entire life cycle, from the construction of the buildings to the end of primary use, modernization, or renewal. In addition to facility and operational management, Fresenius Vamed also specializes in logistics for the healthcare industry. By optimizing the processes, logistics costs are minimized while still maintaining the necessary supply standards.

Customers

Fresenius Vamed's customers are public institutions, e.g., ministries and authorities, public and private hospitals and other healthcare facilities.

Market Information

Fresenius Vamed operates in approximately 70 countries worldwide, mainly in Europe but also in the Middle East, Asia, Africa and Latin America. The market for engineering and services for hospitals and other healthcare facilities is very country-specific and depends to a large extent on factors such as public healthcare policies, government regulation, levels of privatization, economic conditions, and demographics.

In markets with established healthcare systems and mounting cost pressure, the challenge for hospitals and other healthcare facilities is to increase their efficiency. Here, demand is especially high for sustainable planning and energy-efficient construction, optimized hospital processes and the outsourcing of technical support services to external specialists. This enables hospitals to concentrate on their core competency — treating patients. In emerging markets the focus is on building and developing infrastructure and improving the level of healthcare.

Competition

With the exception of Fresenius Vamed, based on our own estimates, there is no company within the healthcare segment that offers such a comprehensive portfolio of services throughout the entire life cycle of a healthcare facility on a global scale (from planning through construction and operational start-up up to total management). Competitors of Fresenius Vamed only offer parts of Fresenius Vamed's service portfolio. In the service business, competitors of Fresenius Vamed are, for instance, Siemens Healthcare, Hochtief FM, HSG Zander or Dräger. In total management of healthcare facilities, Fresenius Vamed competes in Austria, for instance, with Vinzenz Group, Humanomed, PremiQaMed and in the international markets with John Hopkins Medicine, Cleveland Clinic or Bumrungrad International. For turnkey or general contractor services, Fresenius Vamed competes, for instance, with STRABAG, PORR, Hochtief or Bilfinger Berger.

Sales, Marketing and Logistics

Long-term, mutually trusting cooperation with our customers is an essential basis for sustainable growth. We strive to guarantee top quality and top service to our customers, together with reliable logistics and product availability. Thanks to its broad product portfolio and long experience, Fresenius has been able to build and maintain close relationships with its customers worldwide. Close cooperation between sales departments and research and development departments enables Fresenius to integrate concepts and ideas generated by the sales force with regard to the development of products. Fresenius has its own sales organizations with trained sales personnel. Fresenius also employs external distributors in countries where the company does not have their own sales team.

Fresenius' products are shipped from the production plants to central warehouses, mostly located not far from the production sites. These central warehouses dispatch the products to the regional warehouses, which then distribute them to the clinics and other customers, or directly to a patient's home.

The business segments offer after-sales services, training in the local language, technical support, servicing and maintenance, and warranty arrangements in every country in which Fresenius sells its products. Product training is also provided at Fresenius's production sites, while regional service centers are responsible for day-to-day international service support.

Suppliers

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 products. Global procurement processes are coordinated centrally within the Fresenius Group, enabling us to bundle similar requirements and negotiate global framework agreements. Current market and price developments are also analyzed on an ongoing basis. In addition, these central coordinating offices organize purchases for the production sites and arrange comprehensive quality and safety checks of purchased materials and goods.

In an environment characterized by ongoing cost-containment pressure from health insurers as well as price pressure, security of supply, and quality play a crucial role. For this reason we are constantly optimizing our procurement processes, tapping new procurement sources, and striving to achieve the best possible pricing agreements while remaining flexible and maintaining our strict quality and safety standards.

Investments

For information on the most important investments undertaken in 2010, 2011, 2012, as well as planned investments in "*Management's Discussion and Analysis of Financial Condition and Results of Operations — Liquidity and Capital Resources — Acquisitions and Capital Expenditures*".

Research and Development

Innovations are the cornerstones of our strategy and the basis of our economic success. We, therefore, place great importance on our research and development activities. Fresenius focuses its R & D efforts on its core competencies in the following areas:

- Dialysis;
- Infusion and nutrition therapies;
- Generic I.V. drugs; and
- Medical devices.

Apart from products, we are concentrating on developing optimized or completely new therapies, treatment methods, and services. In 2012, we successfully advanced numerous projects and a number of new products were launched.

Research and development expenses increased by 14% in 2012 to €305 million from €267 million in 2011 and €244 million in 2010. In each of 2010, 2011 and 2012, we invested between 4% and 5% of our product sales in research and development. Of our total research and development expenses in 2012, Fresenius Medical Care accounted for 29%, Fresenius Kabi for 64% and Corporate/Fresenius Biotech for 7%.

At December 31, 2012, 1,903 people in the Group were employed in research and development, compared with 1,592 at December 31, 2011 and 1,449 at December 31, 2010. Of the 1,903 employed at December 31, 2012, 550 worked for Fresenius Medical Care, 1,305 for Fresenius Kabi and 48 for Fresenius Biotech. Our main research sites are in Europe, the United States, and India. Product-related development activities are also carried out in China. Our research and development projects are mainly conducted in-house; external research is commissioned only on a limited scale.

Dialysis

Overview

Fresenius Medical Care's research and development strategy has three essential objectives: first, to continuously enhance the quality of life of patients with chronic kidney disease using innovative products and treatment concepts; second, to offer the patients and purchasers of its products high-quality services while keeping prices as low as possible; and third, to continue to expand its position as the dialysis market leader. Due to Fresenius Medical Care's vertical integration, its research and development department can apply its experience as the world's largest provider of dialysis treatments to product development, and its technical department benefits from Fresenius Medical Care's daily practical experience as a provider of dialysis treatment and being directly in-touch with doctors, nurses and patients to keep track of and meet customer and patient needs. In addition, Fresenius Medical Care's research and development units are usually located at production sites, enabling direct exchange of ideas with production staff. Fresenius Medical Care also maintains close contacts with universities and research institutions.

Fresenius Medical Care is focused on continuously enhancing and improving its products and treatment concepts for its patients and users, on dialysis patient overhydration, and on software for enhanced patient safety during unattended dialysis and data management for dialysis clinics. A discussion of each of these activities follows below.

The 5008 CorDiax therapeutic system was developed and launched specifically for Fresenius Medical Care's International Segment. This system was designed to emphasize top-quality therapy, maximum patient safety, simple handling and interface as well as produced from available sustainable resources. The device contains:

- The Venous Access Monitoring, or "VAM." The software, Venous Needle Disconnect 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;
- The AutoSub plus, which is software that enables optimized and fully automated regulation of the blood replacement volume that is individually tailored to each patient. The 5008 system works best if the volume of blood replaced during dialysis is as high as possible. However, adverse side effects can occur if the level is too high. The AutoSub plus monitors the blood replaced for a patient on an individual basis to ensure that the dialysis process is as safe and effective as possible; and
- The FX CorDiax dialyzer, which was introduced to the International market in 2011. It contains a Helixone plus membrane that allows for the selective filtering out of toxins that have a medium molecular size and a low molecular weight, such as phosphates. The removal of these toxins reduces the risk of cardiovascular diseases and ensures that beneficial substances that may be expelled during the normal course of treatment remain within the patient's system. Additionally, the 5008 CorDiax Therapeutic system contains the 5008 CorDiax HD-Paed, which was specifically designed to make dialysis treatment possible for children with a body weight of ten kilograms or more.

The 2008T therapeutic system incorporates an integrated software platform that allows physicians and clinic staff to enter and manage data as efficiently as possible. This system can be connected to various data management systems used in U.S. dialysis clinics, which allows for immediate access and adjustment of treatment plans. Fresenius Medical Care has or expects to release the enhancements noted below to the U.S. market in 2013:

- 2008MeDS — an infusion pump for intravenously administrated iron compounds that increase patient safety by providing an easier platform for preparing and administering the exact dosage.
- Bibag system — provides for a reduction in liquid concentrate storage and the subsequent disposal in the dialysis process as the necessary bicarbonate concentrate is now administered as a dry substance rather than in liquid form.
- Crit-Line — the device has been re-designed to provide further enhancement and a decrease in size, which allows it to now be integrated into the 2008T dialysis machine. Crit-Line is an analysis device that enables physicians and dialysis specialists to measure the changes in fluid levels for hemodialysis patients during treatment. Hemodialyis specialists also use Crit-Line to determine whether patients have become over hydrated by measuring the hematocrit

level during dialysis. Additionally, this innovative device can also be used in conjunction with the treatment of anemia and acute kidney failure by offering a solution for fluid control and allowing specialists to recognize and treat symptoms more assuredly.

Fresenius Medical Care intends to continue investing in developing and improving life-sustaining products and treatment concepts in the years to come, thus improving the quality of life for as many patients as possible with financially viable, environmentally-friendly innovations based on strategic technology platforms.

Fresenius Medical Care's research and development focus in the coming years will be to develop innovations that incorporate additional treatment elements into our products or to help better align them, with the goal of improving the quality, safety and cost efficiency of treatment. In addition, Fresenius Medical Care will continue to focus our software development efforts on developing integrated system solutions for clinical quality data management in order to enable a larger volume of data to be captured faster and more easily, enhance the quality of the data and thus improve treatment. In general, Fresenius Medical Care will continue to look into the issue of how new scientific and technological findings can be used to further improve the quality of life of patients with chronic kidney failure, such as through innovations in home therapies. Over the long term, Fresenius Medical Care is conducting research in the transferability of the blood-cleansing dialysis process to other illnesses, such as liver disease or certain autoimmune and metabolic disorders. Fresenius Medical Care is also researching new approaches to treating severe kidney and liver disease through regenerative medicine, through cooperations with scientific institutes and universities that conduct research on adult liver and kidney stem cells. Finally, Fresenius Medical Care wants to provide people in developing countries and emerging markets with more access to higher-quality dialysis treatment and to reduce the environmental impact of our products and services.

Infusion Therapy, I.V. Drugs and Clinical Nutrition

Fresenius Kabi's research and development activities concentrate on products for the treatment and care of critically and chronically ill patients. Fresenius Kabi's focus is on therapy areas with high medical needs, such as in the therapy of oncology patients. Fresenius Kabi develops products that help to support medical advancements in acute and post-acute care and improve the patients' quality of life. At the same time, Fresenius Kabi wants to make high-quality treatments available to patients worldwide through our comprehensive range of generics. Our focus in the medical device segment is to develop products significantly contributing to a safe and effective application of infusion solutions and clinical nutrition. With the Fenwal acquisition, Fresenius Kabi has strengthened its research and development competencies in transfusion technology to support medical advancements in the medical devices area as well.

Our research and development strategy has five focal points:

- develop innovative products in areas where we hold a leading position, such as clinical nutrition;
- develop new formulations for non-patented drugs;
- develop own generic drug formulations ready to launch at the time of market formation;
- continue to develop and refine our existing portfolio of pharmaceuticals; and
- develop innovative medical devices.

Fresenius Kabi has a comprehensive development expertise which includes all the related components: the drug raw material, the pharmaceutical formulation, the primary packaging, the medical device needed for application, and the production technology. Fresenius Kabi covers the entire production chain for I.V. drugs: from the processing of the raw materials and the production of the active ingredient through to the manufacture of the drug. This competence enables us to offer I.V. drugs that place special demands on development and especially on production, as is, for example, the case with oncological products. Here, Fresenius Kabi also develops and manufactures cytostatics both as finished products and as patient-specific compounding preparations. Wherever possible, Fresenius Kabi develops and produces the active pharmaceutical ingredient in its own research labs and production facilities in order to ensure first-rate quality.

Another important element of our activities regarding Fresenius Kabi is the preparations for obtaining marketing approval for new products. We are constantly working on dossiers for the registration of our products for all the world's major markets. This applies to Fresenius Kabi's established portfolio, which we roll out on a broader international basis through marketing authorizations for new local markets, while, at the same time, we work on applications for new products.

Infusion Therapy

In 2012, we continued to develop a manufacturing technology for our infusion solution plastic bottle. During the so-called "stretch blow molding" process, a preform of the plastic bottle is formed to its ultimate shape. After filling, the cap is molded onto the container as the last process step. One advantage of this manufacturing technology is the mechanical strength resistance of the container. In 2012, we began to set up our first production line for this manufacturing technology.

I.V. Drugs

In the development of I.V. drugs, we are working on developing a comprehensive range of generics for the areas of anesthesia, analgesics, infectious diseases, oncology, and critical diseases medicine, and developed both generic and also, if appropriate, new and improved drug formulations.

An example of this work is our ongoing development effort to provide ready-to-use solutions for I.V. drugs, which currently exist only in lyophilized powder form. The switch to a ready-to-use form requires modifying the drug formula in such a way that the pharmaceutical drug is stable in liquid form. We used such a new formulation for our cancer drug Docetaxel, and the European Medicines Agency (EMA), approved it in Europe. We are also increasingly utilizing our freeflex bag for our I.V. drugs. It provides excellent drug compatibility, and the port system allows for safe use in day-to-day medical care. The bag also plays a role in our development of ready-to-use solutions for I.V. drugs in an appropriate carrier solution.

Our development portfolio contains an extensive range of active drugs that we expect to bring to market over the next few years. We are working on more than 120 projects to develop generic drugs, of which more than a third were initiated in 2012 alone. The aim is to be able to offer a top-quality generic right after patent expiry of the originator or branded drug.

Our aim is to offer a comprehensive range of top-quality generic drugs on a global basis. To this end, we intensely focused on obtaining approvals in the various markets over the course of 2012. The following table lists important approvals obtained in 2012:

Product	Country/Region	Indication
Cytarabine	Several European Countries	Oncology
Docetaxel 1 Vial (RTU)	Europe	Oncology
Remifentanil	Additional European Countries	Anaesthesia
Imipenem Cilastatin	USA	Antiinfectives
Meropenem	USA	Antiinfectives
Methotrexate	USA	Oncology
Oxaliplatin (RTU)	USA	Oncology
Propofol LCT 100 ml	Japan	Anaesthesia

Clinical Nutrition

In parenteral nutrition we develop products which have a strong therapeutic effect in the care of critically and chronically ill patients. Our two main areas of focus are:

- parenteral nutrition products that improve the therapy of patients in hospital, and
- innovative containers, e. g., multi-chamber bags that allow maximum application safety and convenience in everyday use.

The regional rollout of our successful product portfolio is also a central part of our research and development activities, e.g., the planned introduction of our parenteral nutrition products in the United States. We have placed intensive effort on the documentation needed for approval of these products.

One focus of our development work in parenteral nutrition therapy involves the use of lipids, particularly for premature and new born infants, nurslings, and children. The fatty acid profile and especially the amount of fish oil in our product SMOFlipid make it an ideal lipid emulsion for pediatrics. We already supply this product to many countries in Europe for pediatric use. In 2012, we received supplemental approval for SMOFlipid to be applied when parenteral nutrition treatment is required over an extended period for children or adults.

In enteral nutrition, we focus on sip and tube feed products for malnourished — often geriatric — patients and on therapeutic products for dysphagia (difficulties in swallowing), diabetes, oncology, and critical illness. We are thus combining the latest insights in both medical and nutritional science as well as nutrition and process technology into our product development. This approach enables us to offer innovative nutrition products matched to the specific patient profile. We are also constantly working on new, improved flavors for our sip feed products to counter side effects that arise during long-term therapy, e. g. patients growing tired of the taste. Our broad range of products in different flavors increases patients' adherence to the dietetic regime and simultaneously helps to improve their quality of life.

We are intensively examining the consequences of malnutrition. Nutritional and energy deficiencies are often due to heightened needs, e. g. as a result of tumor diseases, injuries, or surgery, or due to insufficient intake resulting, for example, from difficulties chewing or swallowing. Neurological disorders or excessive loss of nutrients, possibly due to intestinal disorders, can also lead to malnutrition. We are working together with the European Society for Clinical Nutrition and Metabolism (ESPEN), the Dysphagia Research Society (DRS), the European Nutrition for Health Alliance (ENHA), and the International Medical Nutrition Industry Group (MNI) on ways to inform people about the consequences of malnutrition for patients and possible therapies.

A major focus of our development of medical devices is on the internationalization of our product portfolio. To this end, we adapt products to meet local regulatory and country-specific requirements. This involves not only language adaptations but also modifications to match the specific medical practice and routine in the various countries. In 2012, we continued to work on adapting our medical devices to meet specific requirements in the United States.

INTELLECTUAL PROPERTY

Patents

As the owner, directly or indirectly through our group companies, of or licensee under patents, patent applications, utility models and designs throughout the world, we hold about 5,600 industrial property rights in major markets through national and regional filings. However, we are not materially dependent on patents.

Fresenius Medical Care

Patented technologies that relate to dialyzers include our in line sterilization method and sterile closures for in line sterilized medical devices. The generation of DiaSafeplus filters and FX dialyzers are also the subject of patents and pending patent applications.

The connector-container system for Fresenius Medical Care's biBag bicarbonate concentrate powder container for the 4008 dialysis equipment series has been patented in the United States, Norway, Japan and Europe. These patents are expiring in 2013 and while Fresenius Medical Care expects there to be an impact, which is not yet quantifiable, it believes the price pressure will be mitigated by its strategic advantages in manufacturing and distribution. The 5008 biBag connector, a substantial part of the connector container system, is covered by further patents and pending patent applications with expiry dates beyond 2020. The dates given represent the maximum patent life of the corresponding patents.

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 applications are pending for the North American 2008T HD machine including, for example, the CDX sensing line disconnect and a United States version of the biBag filling system. Applications are also pending relating to Fresenius Medical Care's 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 Fresenius Medical Care's new table top portable HD machine and wearable kidney devices in development.

In 2011, Fresenius Medical Care acquired Hema Metrics LLC's assets related to noninvasive optical measurement of absolute blood parameters (the CRIT-LINE system). Fresenius Medical Care recently filed several new patent applications for improved blood chambers and related software developed since the acquisition.

For peritoneal dialysis, FMC 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 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, oppositions against the patents in Europe are currently pending.

Fresenius Kabi

Fresenius Kabi holds a comprehensive patent portfolio on packaging including specific port systems and multi chamber bags. These patents have been granted in many countries including Brazil, China, Mexico, Russia, Canada, Australia, the United States and the countries of the European Union.

Several patents have been granted on infusion pump technology. The focus of these patents is directed to safety features for the benefit of the patient.

Through the acquisition of Fenwal, Fresenius Kabi has broadened its patent portfolio in the field of transfusion technology.

HESylation technology is covered by a large patent portfolio covering different aspects of linkers, coupling chemistry and conjugates. Based on these patents, Fresenius Kabi enters partnering projects on HESylated compounds with third parties.

In the field of infusion therapy the more important patents held by Fresenius Kabi include the Voluven blood volume replacement product.

Expiring originator patents provide significant business opportunities in the generics market for pharmaceutical products in which Fresenius Kabi is active. In light of the competitive situation, patent disputes are occasionally occurring whereby originator companies seek to prevent generics manufacturers from entering the market. From time to time Fresenius Kabi is involved in such patent litigation.

We believe that our success will continue to depend significantly on our technology. As a standard practice, we obtain the legal protections we believe are appropriate for our intellectual property. Nevertheless, we are in a position to successfully market a material number of products for which patent protection has lapsed or where only particular features are patented. We believe that even after expiration of some of our patents, our proprietary know-how for the manufacturing of our products and our continuous efforts in obtaining targeted patent protection for newly developed upgrade products will continue to provide us with a competitive advantage. From time to time our patents may be infringed by third parties and in such case we will assert our rights. Initially registered patents may also be subject to invalidation or infringement claims made by competitors in formal proceedings (oppositions, trials, re-examinations, etc.) either in part or in whole. For information regarding patent-related legal proceedings, see "— *Legal Proceedings*". In addition, technological developments could suddenly and unexpectedly reduce the value of our existing intellectual property.

Trademarks

We hold a broad trademark portfolio, which includes, among many other trademarks, our company names "Fresenius", "Fresenius Medical Care", "Fresenius Kabi", "Fresenius Helios" and "Fresenius Vamed", as well as the "F" logos. The trademarks are owned by Fresenius SE & Co. KGaA or its relevant affiliates. The trademark portfolio is administered and protected by our trademark department in cooperation with our professional lawyers of correspondence throughout the world.

EMPLOYEES

Overview

We had 169,324 employees at the end of 2012, an increase of 19,973 or 13% (December 31, 2011: 149,351) due to organic growth (4% thereof) and acquisitions (9% thereof). We actively promote diversity amongst our employees and are convinced that our potential for success is tapped best through different perspectives, opinions, cultures, and backgrounds. As of September 30, 2013, Fresenius Group had 175,249 employees.

We are a member of the Chemical Industry Employers Association (*Bundesarbeitgeberverband Chemie*) in Germany. For Fresenius Medical Care and Fresenius Kabi we are bound by the collective bargaining agreements (*Tarifverträge*) this association negotiates with union representatives. As for the hospital business, Helios is directly negotiating with the unions Ver.di and Marburger Bund collective bargaining agreements. We are also party to shop agreements (*Betriebsvereinbarungen*) negotiated with works councils for certain parts or countries of the Group and at individual facilities. During the last three financial years, we have not suffered any major labor related work disruptions.

We believe we have, overall and in essence over all our global business, a good relationship with our employees, and with the trade unions, works councils, and other bodies representing our employees in the various countries in which we operate. Where this may temporarily not be the case in individual countries or situations, the potential impact on the business is usually immaterial. There is a shortage of specialized employees in many fields in which we operate.

Headcount by Business Segment

The following tables show the number of our employees (headcount) by business segment and region for the last three financial years:

	At December 31,		
	2012	2011	2010
Fresenius Medical Care	90,866	83,476	77,442
Fresenius Kabi	30,214	24,106	22,851
Fresenius Helios	42,881	37,198	33,321
Fresenius Vamed	4,432	3,724	3,110
Corporate/Other	931	847	828
Total	**169,324**	**149,351**	**137,552**

	At December 31,		
	2012	2011	2010
Europe	81,777	74,415	66,179
North America	58,264	47,701	46,082
Asia Pacific	14,315	13,134	12,258
Latin America	13,485	12,754	11,726
Africa	1,483	1,347	1,307
Total	**169,324**	**149,351**	**137,552**

The following table shows the average number of our employees by function during each of the last three financial years:

	Year ended December 31,		
	2012	2011	2010
Production and Service	132,666	115,581	107,807
Administration	20,518	17,924	17,095
Sales and Marketing	8,813	8,170	7,816
Research and Development	1,749	1,513	1,445
Total	**163,746**	**143,188**	**134,163**

FACILITIES

Fresenius, through various property companies, owns the Group's headquarters in Bad Homburg vor der Höhe, Germany, as well as the major production facilities in Germany that are located in Friedberg, Schweinfurt and St. Wendel.

Fresenius Medical Care operates state-of-the-art production facilities worldwide and has invested significantly in developing proprietary processes, technologies and manufacturing equipment which Fresenius Medical Care believes provide a competitive advantage in manufacturing its products. Fresenius Medical Care is using its facilities in St. Wendel, Germany and Ogden, Utah for development and manufacturing.

Fresenius Medical Care produces and assembles hemodialysis machines and CCPD cyclers in its Schweinfurt, Germany and its Walnut Creek, California facilities. It also maintains facilities at its 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. Fresenius Medical Care manufactures and assembles dialyzers and polysulfone membranes in its St. Wendel, Germany, L'Arbresle, France, Vrsac, Serbia and Inukai and Buzen, Japan facilities and at production facilities of our joint ventures in Belarus and Japan. At its Ogden, Utah facilities, it manufactures and assembles dialyzers and polysulfone membranes and manufactures PD solutions. Fresenius Medical Care manufactures hemodialysis concentrate at various facilities worldwide, including France, Italy, Great Britain, Spain, Turkey, Serbia, Morocco, Argentina, Brazil, Columbia, Australia, Germany, Canada, Mexico and the U.S. PD products are manufactured in North America, Europe, Latin America, and Asia, with two of its largest plants for production of PD products in Germany and the U.S. Additionally, Fresenius Medical Care's plant in Reynosa, Mexico is the world's largest (by volume) bloodline manufacturing facility and its facility in Jiangsu, China, which produces bloodlines, received approval from health authorities to produce peritoneal dialysis solutions, and it is in a position to start the second and final phase of the process for obtaining pharmaceutical and medical product approval. Fresenius Medical Care is also pursuing the approval process for manufacture of hemodialysis concentrate and dialyzers in Jiangsu. Its facilities are inspected on a regular basis by national and/or international authorities.

Fresenius Kabi has approximately 60 sales and marketing organizations, more than 60 production sites (including compounding centers) and approximately 15 research and development centers around the world. Fresenius Kabi's most important production facilities include factories in Austria, Germany, Sweden, the United States, China and India. Fresenius Kabi operates other production facilities in Europe, South and Central America, Asia and South Africa.

Fresenius Helios owned the majority and leased the remainder of the facilities for its 74 clinics. These facilities include hospitals, specialist clinics, health facilities and offices. Fresenius Helios' most important properties are the facilities for its clinics. Fresenius Helios owns and operates the clinic and hospital businesses.

Generally, Fresenius Vamed does not own facilities (with the exception of four hospitals it owns in the Czech Republic and one in Switzerland) and has some leased facilities within its network.

QUALITY MANAGEMENT

The quality of our products and therapies is the basis for best-in-class medical care. All processes are subject to the highest quality and safety standards for the benefit of the patients and to protect our employees. Our quality management has the following three objectives:

- to identify value-enhancing processes oriented toward efficiency and the needs of our customers,
- to monitor and steer these processes on the basis of performance indicators, and
- to improve procedures.

These objectives overlay the quality of our products and all services and therapies that we provide. Our quality management system integrates all product groups — drugs, medical devices, and nutrition — as well as our clinics.

We regularly evaluate our quality management system through internal audits and obtain certification from external bodies. Our products are already closely controlled at the development stage. Our drugs are subject to regulatory approval, so appropriate documentation has to be prepared and submitted in accordance with national and international regulations. Medical devices undergo — for instance in Europe — a conformity assessment procedure that documents compliance with the appropriate norms. In enteral nutrition, we already follow the Hazard Analysis Critical Control Point (HACCP) principle during the development process. The HACCP principle is a generally acknowledged method of identifying and examining risk areas in the production of food. We have established a quality assurance system in all our production plants. In addition to the controlled use of materials, validated production procedures, and ambience and in-process controls, each batch produced also undergoes final controls and a formal release procedure. Our quality assurance system also includes measures for the protection of employees, for instance when handling hazardous substances. Our production facilities are regularly inspected by regulatory authorities or other independent institutions. Sales and marketing are also an integral part of the quality management system. For example, at any given time we are able to trace where every batch has been supplied.

In recent years, HELIOS has developed and established a quality management system for hospitals. It measures the quality of medical results in the hospital, based on quality indicators compiled from administrative data about the respective treatment. This method has demonstrably raised the quality of medical treatment and improved patient safety. Case discussions between experts and based on patient files play a major role in the peer review process. This has proven to be an excellent tool for initiating mutual learning processes and changes.

ENVIRONMENTAL MATTERS

We orient our activities within the Fresenius Group to long-term goals, and thus ensure that our work is aligned to the needs of patients, employees, as well as shareholders and business partners in a sustainable manner. Our responsibility as a healthcare group goes beyond our business operations. We are committed to protecting nature as the basis of life and using its resources responsibly. It is our mission to constantly improve our performance in the areas of environmental protection, occupational health and technical safety, and product responsibility and logistics and to comply with legal requirements. The international ISO Standard 14001:2004 is the most important benchmark for environmental management in the corporate sector. Among other things, it stresses the need for continuous assessment of a production site's impact on the environment, for instance with respect to emissions and waste. These international standards are implemented at our various production plants and most of our dialysis clinics. Key environmental performance indicators are, for instance, not only energy and water consumption but also the volumes of waste and recycling rates at our locations. In Europe, our production sites are subject to the EU regulation REACH (Registration, Evaluation and Authorization of Chemicals). The aim of REACH is to protect human health and the environment against hazards and risks from chemical substances. We have implemented this regulation. Fresenius Medical Care is also an active member of the REACH Working Group of the German Federal Association of the Medical Device Industry (*Bundesverband Medizintechnologie* or *BVMed*). In the few cases where Fresenius Kabi produces within the EU or imports products into the European market, all the relevant substances are pre-registered in compliance with the REACH regulation.

Fresenius Medical Care

Fresenius Medical Care continually seeks to improve its production processes for environmental compatibility, which frequently generates cost savings. Its 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 its dialysis facilities, Fresenius Medical Care establishes, depending on the particular facility and circumstance, a priority environmental protection target on which its dialysis clinics concentrate for at least one year. Environmental performance in other dialysis facilities is used as the basis for comparisons and targets. Improvements are implemented on a site-by-site basis after evaluation of the site's performance.

In its European clinics, Fresenius Medical Care introduced its environmental management system in dialysis clinics in 2012 and it continues to monitor and assess the management system performance in clinics where it was previously implemented. Currently, dialysis clinics in 13 countries in its European region are certified according to the environmental management standard ISO 14001:2004.

In its North America dialysis clinics, Fresenius Medical Care implemented recycling programs for corrugated materials and hemodialysis machines. Use of heat exchangers enables it to obtain residual heat from water used for industrial purposes, which it use to heat fresh water used for dialysis treatment. Its 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.

Fresenius Kabi

An integral component of the quality management of Fresenius Kabi is an environmental management system that complies with the international standard ISO 14001. We are also pursuing the implementation of the occupational health and safety assessment system OHSAS 18001. Our goals:

- decrease the waste volume at our production sites and sales offices; and
- efficiently and carefully use energy to reduce emissions.

An environmental manual and standard process guidelines provide local units a framework for environmental management. In 2012, Fresenius Kabi continued the matrix certification for the environmental management system. We use this system to analyze and assess work flows and processes according to sustainability criteria. At the same time, we document the responsible use of energies and natural resources as well as employee safety and environmental protection. This has shown us where improvements can be made, both with regard to the value chain and how we deal with external partners. Our international production network improves, for example, distribution to our customers and reduces emissions associated with transportation. Our goal is to base all internal and external processes not only on economic, but also ecologic provisions, and to expand the matrix certification to other production sites and sales offices.

Fresenius Helios

Because of their great need for resources and energy, it is essential that hospitals deal carefully with both of them. And the requirements imposed on hospitals are increasing, both in terms of proper waste disposal and of hygiene. They must also avoid any health risks for patients, employees, and the local environment.

Fresenius Vamed

In the future, healthcare systems will also have to pay greater attention to sustainability. In project business Fresenius Vamed already integrates national environmental standards and regulations into the planning and construction of a hospital or other healthcare facility as an active contribution toward environmental protection. Fresenius Vamed's extensive expertise in environmental management is an important success factor especially in growth markets in Africa and Asia. For instance, VAMED built and now operates a hospital in Gabon, Africa, which features a modern sewage treatment plant and a high-temperature incineration plant designed to European standards.

INSURANCE

We are covered by comprehensive general liability insurance, liability insurance for pharmaceutical and healthcare operations, as well as property insurance and other types of insurance policies that are standard within the industry. We believe that our insurance coverage is sufficient and in line with industry practice.

For additional information on risks relating to product liability and other claims, see "— *Legal Proceedings*" and "*Risk Factors — Risks Relating to Our Business — We are exposed to product liability, patent infringement and other claims, which could result in significant liability that we may not be able to insure on acceptable terms in the future*".

MATERIAL CONTRACTS

Settlement Agreement

On February 6, 2003, Fresenius Medical Care entered into a settlement agreement with the asbestos creditors' committees for the final settlement of fraudulent conveyance claims and other legal matters resulting from the reorganization proceedings of W.R. Grace & Co. under Chapter 11 of the U.S. Bankruptcy Code. See "— *Legal Proceedings — Commercial Litigation*".

Other Agreements

In July 2008, Fresenius Medical Care entered into two separate and independent license and distribution agreements, one for the United States and one for certain countries in Europe and the Middle East, to market and distribute Galenica's intravenous iron products, such as Venofer and Ferinject for dialysis treatment. For an overview of these agreements, see "— *Fresenius Medical Care — Dialysis Products — Renal Pharmaceuticals*". In December 2010, Fresenius Medical Care and Galenica formed a new renal pharmaceutical company (Vifor-Fresenius Medical Care Renal Pharma Ltd.) designed to develop and distribute products to treat iron deficiency anaemia and bone mineral metabolism for pre-dialysis and dialysis patients. The newly formed company extended existing agreements with Galenica.

For a description of certain intercompany agreements and arrangements between Fresenius SE & Co. KGaA and its subsidiaries (other than Fresenius Medical Care) and Fresenius Medical Care and its subsidiaries, see "*Certain Relationships and Related-Party Transactions*". For a description of material credit agreements and other financing documents, see "*Description of Other Financing Arrangements*".

LEGAL PROCEEDINGS

Legal Proceedings

Our Group is routinely involved in numerous claims, lawsuits, regulatory and tax audits, investigations and other legal matters arising, for the most part, in the ordinary course of its business of providing healthcare services and products. Legal matters that we currently deem to be material are described below. For the matters described below in which we believe a loss is both reasonably possible and estimable, an estimate of the loss or range of loss exposure is provided. For the other matters described below, we believe that the loss probability is remote and/or the loss or range of possible losses cannot be reasonably estimated at this time. The outcome of litigation and other legal matters is always difficult to predict accurately and outcomes that are not consistent with our view of the merits can occur. We believe that we have valid defenses to the legal matters pending against us and are defending ourselves vigorously. Nevertheless, it is possible that the resolution of one or more of the legal matters currently pending or threatened could have a material adverse effect on our business, results of operations and financial condition.

Commercial Litigation

Fresenius Medical Care was originally formed as a result of a series of transactions it completed pursuant to the Agreement and Plan of Reorganization dated as of February 4, 1996, by and between W.R. Grace & Co. and Fresenius SE & Co. KGaA (the "**Merger**"). At the time of the Merger, a W.R. Grace & Co. subsidiary known as W.R. Grace & Co.-Conn. had, and continues to have, significant liabilities arising out of product-liability related litigation (including asbestos-related actions), pre-Merger tax claims and other claims unrelated to National Medical Care, Inc. ("**NMC**"), which was W.R. Grace & Co.'s dialysis business prior to the Merger. In connection with the Merger, W.R. Grace & Co.-Conn. agreed to indemnify Fresenius Medical Care (including Fresenius Medical Care Holding, Inc. ("**FMCH**"), and NMC) against all liabilities of W.R. Grace & Co., whether relating to events occurring before or after the Merger, other than liabilities arising from or relating to NMC's operations. W.R. Grace & Co. and certain of its subsidiaries filed for reorganization under Chapter 11 of the U.S. Bankruptcy Code (the "**Grace Chapter 11 Proceedings**") on April 2, 2001.

Prior to and after the commencement of the Grace Chapter 11 Proceedings, class action complaints were filed against W.R. Grace & Co. and FMCH by plaintiffs claiming to be creditors of W.R. Grace & Co.-Conn., and by the asbestos creditors' committees on behalf of the W.R. Grace & Co. bankruptcy estate in the Grace Chapter 11 Proceedings, alleging, among other things that the Merger was a fraudulent conveyance, violated the uniform fraudulent transfer act and constituted a conspiracy. All such cases have been stayed and transferred to or are pending before the U.S. District Court as part of the Grace Chapter 11 Proceedings.

In 2003, Fresenius Medical Care reached agreement with the asbestos creditors' committees on behalf of the W.R. Grace & Co. bankruptcy estate and W.R. Grace & Co. in the matters pending in the Grace Chapter 11 Proceedings for the settlement of all fraudulent conveyance and tax claims against it and other claims related to Fresenius Medical Care that arise out of the bankruptcy of W.R. Grace & Co. Under the terms of the settlement agreement as amended (the "Settlement Agreement"), fraudulent conveyance and other claims raised on behalf of asbestos claimants will be dismissed with prejudice and Fresenius Medical Care will receive protection against existing and potential future W.R. Grace & Co. related claims, including fraudulent conveyance and asbestos claims, and indemnification against income tax claims related to the non-NMC members of the W.R. Grace & Co. consolidated tax group upon confirmation of a W.R. Grace & Co. bankruptcy reorganization plan that contains such provisions. Under the Settlement Agreement, Fresenius Medical Care will pay a total of US$115 million without interest to the W.R. Grace & Co. bankruptcy estate, or as otherwise directed by the Court, upon plan confirmation. No admission of liability has been or will be made. The Settlement Agreement has been approved by the U.S. District Court. In January and February 2011, the U.S. Bankruptcy Court entered orders confirming the joint plan of reorganization and the confirmation orders were affirmed by the U.S. District Court on January 31, 2012. Multiple parties have appealed to the Third Circuit Court of Appeals and the plan of reorganization will not be implemented until the appeals are finally resolved.

Subsequent to the Merger, W.R. Grace & Co. was involved in a multi-step transaction involving Sealed Air Corporation ("**Sealed Air**", formerly known as Grace Holding, Inc.). Fresenius Medical Care is engaged in litigation with Sealed Air to confirm its entitlement to indemnification from Sealed Air for all losses and expenses incurred by Fresenius Medical Care relating to pre-Merger tax liabilities and Merger-related claims. Under the Settlement Agreement, upon final confirmation of a plan of reorganization that satisfies the conditions of Fresenius Medical Care's payment obligation, this litigation will be dismissed with prejudice.

On April 4, 2003, FMCH filed a suit in the U.S. District Court for the Northern District of California, styled Fresenius USA, Inc., et al., v. Baxter International Inc., et al., Case No. C 03-1431, seeking a declaratory judgment that FMCH does not infringe patents held by Baxter International Inc. and its subsidiaries and affiliates ("**Baxter**"), that the patents are invalid, and that Baxter is without right or authority to threaten or maintain suit against FMCH for alleged infringement of Baxter's patents. In general, the asserted patents concern the use of touch screen interfaces for hemodialysis machines. Baxter filed counterclaims against FMCH seeking more than US$140 million in monetary damages and injunctive relief, and alleging that FMCH willfully infringed on Baxter's patents. On July 17, 2006, the court entered judgment on a jury verdict in favor of FMCH finding all the asserted claims of the Baxter patents invalid as obvious and/or anticipated in light of prior art.

On February 13, 2007, the court granted Baxter's motion to set aside the jury's verdict in favor of FMCH and reinstated the patents and entered judgment of infringement. Following a trial on damages, the court entered judgment on November 6, 2007 in favor of Baxter on a jury award of US$14.3 million. On April 4, 2008, the court denied Baxter's motion for a new trial, established a royalty payable to Baxter of 10% of the sales price for continuing sales of FMCH's 2008K hemodialysis machines and 7% of the sales price of related disposables, parts and service beginning November 7, 2007, and enjoined sales of the touchscreen-equipped 2008K machine effective January 1, 2009. Fresenius Medical Care appealed the court's rulings to the U.S. Court of Appeals for the Federal Circuit ("**Federal Circuit**"). In October 2008, Fresenius Medical Care completed design modifications to the 2008K machine that are expected to eliminate any incremental hemodialysis machine royalty payment exposure under the District Court order. On September 10, 2009, the Federal Circuit reversed the district court's decision and determined that the asserted claims in two of the three patents at issue are invalid. As to the third patent, the Federal Circuit affirmed the district court's decision; however, the Court also vacated the injunction and award of damages. These issues were remanded to the District Court for reconsideration in light of the invalidity ruling on most of the claims. As a result, FMCH is no longer required to fund the court-approved escrow account set up to hold the royalty payments ordered by the district court. Funds of US$70 million were contributed to the escrow fund. Upon remand, the district court reduced the post verdict damages award to US$10 million and US$61 million of the escrowed funds was returned to FMCH. In the parallel reexamination of the last surviving patent, the U.S. Patent and Trademark Office ("USPTO") and the Board of Patent Appeals and Interferences ruled that the remaining Baxter patent is invalid. On May 17, 2012 the Federal Circuit affirmed the USPTO's ruling and invalidated the final remaining Baxter patent. Baxter's request to the Federal Circuit for a rehearing has been denied and the Federal Circuit has issued a mandate to the USPTO to cancel the claims of the last remaining asserted Baxter hemodialysis patent. Baxter appealed to the Federal Circuit claiming that approximately US$20 million of damages awarded to it by the District Court before the Federal Circuit affirmed the USPTO ruling constitutes a final judgment that may be collected. On July 2, 2013, the Federal Circuit denied Baxter's appeal and ordered the District Court to dismiss the case.

On August 27, 2012, Baxter filed suit in the U.S. District Court for the Northern District of Illinois, styled Baxter International Inc., et al., v. Fresenius Medical Care Holdings, Inc., Case No. 12-cv-06890, alleging that Fresenius Medical Care's Liberty™ cycler infringes certain U.S. patents that were issued to Baxter between October 2010 and June 2012. Fresenius Medical Care believes it has valid defenses to these claims, and will defend this litigation vigorously.

On April 5, 2013, the U.S. Judicial Panel on Multidistrict Litigation ordered that lawsuits filed in various federal courts alleging wrongful death and personal injury claims against FMCH and certain of its affiliates relating to FMCH's dialysate concentrate products NaturaLyte® and Granuflo® be transferred and consolidated for pretrial management purposes into a consolidated multidistrict litigation in the United States District Court for the District of Massachusetts, *styled In Re: Fresenius Granuflo/Naturalyte Dialysate Products Liability Litigation*, Case No. 2013-md-02428. These lawsuits allege generally that inadequate labeling and warnings for these products caused harm to patients. In addition, similar cases have been filed in several state courts that will not be formally consolidated with the federal multidistrict litigation. FMCH believes that these lawsuits are without merit, and will defend them vigorously.

In several cases with the same subject matter in dispute, complaints were formally served on the Company and the Management SE causing both companies to become formally involved in the litigation. Also for these cases, both companies believe the lawsuits to be without merit and intend to defend them vigorously.

Other Litigation and Other Potential Exposure

On February 15, 2011, a qui tam relator's complaint under the False Claims Act against FMCH was unsealed by order of the United States District Court for the District of Massachusetts and served by the relator. The United States has not intervened in the case United States ex rel. Chris Drennen v. Fresenius Medical Care Holdings, Inc., 2009 Civ. 10179 (D. Mass.). The relator's complaint, which was first filed under seal in February 2009, alleges that Fresenius Medical Care seeks and receives reimbursement from government payors for serum ferritin and hepatitis B laboratory tests that are medically unnecessary or not properly ordered by a physician. FMCH has filed a motion to dismiss the complaint. On March 6, 2011, the United States Attorney for the District of Massachusetts issued a Civil Investigative Demand seeking the production of documents related to the same laboratory tests that are the subject of the relator's complaint. FMCH has cooperated fully in responding to the additional Civil Investigative Demand, and will vigorously contest the relator's complaint.

On June 29, 2011, FMCH received a subpoena from the United States Attorney for the Eastern District of New York ("**E.D.N.Y.**"). On December 6, 2011, a single Fresenius Medical Care facility in New York received a subpoena from the OIG that was substantially similar to the one issued by the U.S. Attorney for the E.D.N.Y. These subpoenas are part of a criminal and civil investigation into relationships between retail pharmacies and outpatient dialysis facilities in the State of New York and into the reimbursement under government payor programs in New York for medications provided to patients with ESRD. Among the issues encompassed by the investigation is whether retail pharmacies may have provided or received compensation from the New York Medicaid program for pharmaceutical products that should be provided by the dialysis facilities in exchange for the New York Medicaid payment to the dialysis facilities. Fresenius Medical Care is cooperating in the investigation.

Civil investigative demands were issued under the supervision of the United States Attorneys for Rhode Island and Connecticut to American Access Care LLC (AAC) and certain affiliated entities prior to Fresenius Medical Care's acquisition of AAC in October 2011. In March 2012, a third subpoena was issued under the supervision of the United States Attorney for the Southern District of Florida (Miami). In May 2013, a fourth subpoena was served by the United States Attorney for the Eastern District of Virginia (Richmond). Also in May 2013, updated document productions were requested by the United States Attorneys for Rhode Island and Connecticut. Although the subpoenas cover a wide range of documents and activities of AAC, the focus of the investigation is procedure coding and related billing practices and procedures. As of October 18, 2013, a group of prior owners of AAC assumed responsibility for responding to the subpoenas and committed to indemnify the Company pursuant to the terms of the acquisition agreement.

Fresenius Medical Care has received communications alleging certain conduct in certain countries outside the United States and Germany that may violate the U.S. Foreign Corrupt Practices Act ("**FCPA**") or other anti-bribery laws. The Audit and Corporate Governance Committee of Fresenius Medical Care's supervisory board is conducting an internal review with the assistance of independent counsel retained for such purpose. Fresenius Medical Care voluntarily advised the U.S. Securities and Exchange Commission ("**SEC**") and the U.S. Department of Justice ("**DOJ**") that allegations have been made and of Fresenius Medical Care's internal review. The review has identified conduct that Fresenius Medical Care has reported to the SEC and the DOJ. Fresenius Medical Care's review and dialogue with the SEC and DOJ are ongoing. Fresenius Medical Care cannot predict the final outcome of this matter.

Fresenius Medical Care's independent counsel, in conjunction with Fresenius Medical Care's Compliance Department, have reviewed Fresenius Medical Care's anti-corruption compliance program, including internal controls related to compliance with international anti-bribery laws, and appropriate enhancements are being implemented. Fresenius Medical Care is fully committed to FCPA compliance.

In December 2012 and January 2013, FMCH received subpoenas from the United States Attorneys for the District of Massachusetts and the Western District of Louisiana requesting production of a range of documents relating to products manufactured by FMCH, including the GranuFlo® and NaturaLyte® dialysate concentrate products. FMCH is cooperating fully in responding to these subpoenas.

Fresenius Medical Care filed claims for refunds contesting the Internal Revenue Service's ("**IRS**") disallowance of FMCH's civil settlement payment deductions taken by FMCH in prior year tax returns. As a result of a settlement agreement with the IRS, Fresenius Medical Care received a partial refund in September 2008 of US$37 million, inclusive of interest and preserved our right to pursue claims in the United States Courts for refunds of all other disallowed deductions, which totaled approximately US$126 million. On December 22, 2008, Fresenius Medical Care filed a complaint for complete refund in the United States District Court for the District of Massachusetts, styled as Fresenius Medical Care Holdings, Inc. v. United States. On August 15, 2012, a jury entered a verdict for FMCH granting additional deductions of US$95 million. On May 31, 2013, the District Court entered final judgment for FMCH in the amount of US$50.4 million. On September 18, 2013, the IRS appealed the District Court's ruling to the United States Court of Appeals for the First Circuit (Boston).

In the ordinary course of Fresenius Group's operations, our Group is subject to litigation, arbitration and investigations relating to various aspects of its business. Our Group regularly analyzes current information about such claims for probable losses and provides accruals for such matters, including estimated expenses for legal services, as appropriate.

Like other healthcare providers, we conduct our operations under intense government regulation and scrutiny. We and our subsidiaries must comply with regulations which relate to or govern the safety and efficacy of medical products and supplies, the operation of manufacturing facilities, laboratories and dialysis clinics, and environmental and occupational health and safety. We (and, in particular, the U.S.-based operations of Fresenius Medical Care and Fresenius Kabi) must also comply with laws of the United States, such as the U.S. federal Medicare and Medicaid Fraud and Abuse Amendments of 1977, as amended (the "**Anti-Kickback Statute**"), the False Claims Act, the Ethics in Patient Referrals Act of 1989 (the "**Stark Law**") and other U.S. federal and state fraud and abuse laws. See "— *Regulatory Matters*". Applicable laws or regulations may be amended, or enforcement agencies or courts may make interpretations that differ from our interpretations or the manner in which we conduct our business. Enforcement has become a high priority for the U.S. federal government and some states of the United States.

In addition, the provisions of the False Claims Act authorizing payment of a portion of any recovery to the party bringing the suit encourage private plaintiffs to commence "qui tam" or "whistle blower" actions. In May 2009, the scope of the False Claims Act was expanded and additional protections for whistle blowers and procedural provisions to aid whistle blowers' ability to proceed in a False Claims Act case were added. By virtue of this regulatory environment, our business activities and practices are subject to extensive review by regulatory authorities and private parties, and continuing audits, investigative demands, subpoenas, other inquiries, claims and litigation relating to our compliance with applicable laws and regulations. We may not always be aware that an inquiry or action has begun, particularly in the case of "whistle blower" actions, which are initially filed under court seal.

We operate many facilities throughout the United States and other parts of the world. In such a decentralized system, it is often difficult to maintain the desired level of oversight and control over the thousands of individuals employed by many affiliated companies. We rely upon our management structure, regulatory and legal resources, and the effective operation of our compliance program to direct, manage and monitor the activities of these employees. On occasion, we may identify instances where employees, deliberately or inadvertently, have submitted inadequate or false billings. The actions of such persons may subject us and our subsidiaries, particularly those in the United States, to liability under the Anti-Kickback Statute, the Stark Law and the False Claims Act, among other laws, and comparable laws of other countries.

Physicians, hospitals and other participants in the healthcare industry are also subject to a large number of lawsuits alleging professional negligence, malpractice, product liability, worker's compensation or related claims, many of which involve large claims and significant defense costs. We and our subsidiaries have been and are currently subject to these suits due to the nature of our business and expect that these types of lawsuits may continue. Although we maintain insurance at a level that we believes to be prudent, we cannot assure that the coverage limits will be adequate or that insurance will cover all asserted claims. A successful claim against us or any of our subsidiaries, including Fresenius Medical Care, for an amount exceeding our applicable insurance coverage could have a material adverse effect upon our business and results of its operations. Any claim, regardless of its merit or eventual outcome, could have a material adverse effect on our reputation and business.

We and our subsidiaries also have been the subject of claims and lawsuits relating to alleged patent infringements or businesses that we have acquired or divested. These claims and suits relate both to operation of the businesses and to the acquisition and divestiture transactions. We have, when appropriate, asserted our own claims, and claims for indemnification. A successful claim against us or any of our subsidiaries could have a material adverse effect on our business, financial condition, and results of operations. Any claim, regardless of its merit or eventual outcome, could have a material adverse effect on our reputation and business.

REGULATORY MATTERS

Overview

Our operations are subject to extensive governmental regulation by virtually every country in which we operate, including, most notably, in the United States, at the federal, state and local levels. Although these regulations differ from country to country, in general, non-U.S. regulations are designed to accomplish the same objectives as U.S. regulations regarding the operation of dialysis clinics, laboratories and manufacturing facilities, the provision of quality healthcare for patients, compliance with labor laws, the maintenance of occupational, health, safety and environmental standards and the provision of accurate reporting and billing for governmental payments and/or reimbursement. In the United States, some states establish regulatory processes that must be satisfied prior to the establishment of new dialysis clinics. Outside the United States, 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 all jurisdictions, we work within the framework of applicable laws to establish alternative contractual arrangements to provide services to those facilities.

Any of the following matters could have a material adverse effect on our business, financial condition and results of operations:

- failure to receive required licenses, certifications, clearances or other approvals for new facilities or products or significant delays in such receipt;
- complete or partial loss of various federal certifications, licenses, or other permits required under the laws of any state or other governmental authority by withdrawal, revocation, suspension, or termination or restrictions of such certificates and licenses by the imposition of additional requirements or conditions, or the initiation of proceedings possibly leading to such restrictions or the partial or complete loss of the required certificates, licenses or permits;
- a non-appealable finding of material violations of U.S. healthcare laws; and
- changes resulting from healthcare reform or other government actions that restrict our operations, 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", the U.S. Civil Monetary Penalties Law, including the prohibition on inducements to patients to select a particular healthcare provider, U.S. federal rules protecting the privacy and security of patient medical information, as promulgated under the Health Insurance Portability and Accountability Act of 1996 ("**HIPAA**") and the Health Information Technology for Economic and Clinical Health ("**HITECH**") Act (enacted as part of the American Recovery and Reinvestment Act of 2009) and other fraud and abuse laws and similar state statutes, as well as similar laws in other countries. The Patient Protection and Affordable Care Act (Pub.L. 111-148), as amended by the Health Care and Education Reconciliation Act (Pub.L. 111-152) (collectively, "**ACA**"), enacted in the U.S. in 2010, 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.

Product Regulation

United States

In the United States 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 or a seller of medical devices and drug products under their jurisdiction.

Pharmaceuticals. Many of our products are designated as drugs by the FDA and, as such, are subject to regulation under the Federal Food, Drug, and Cosmetic Act of 1938, as amended (“**FDCA**”) and FDA’s implementing regulations. Many of these requirements are similar to those for medical devices, as described below. We are required to register as an establishment with the FDA, submit a list of every drug in commercial distribution and comply with regulatory requirements governing drug manufacturing, labeling, promotion, distribution, postmarketing safety reporting, and recordkeeping. Our pharmaceutical products must be manufactured in accordance with the Current Good Manufacturing Practices (“**cGMP**”) regulations, which provide for systems that assure proper design, monitoring, and control of manufacturing processes and facilities to ensure that drug products possess adequate strength, quality and purity. We are required to provide information to the FDA whenever we become aware of a report of an adverse drug experience associated with the use of one of our drug products that is both serious and unexpected, as defined in FDA regulations and guidance. In addition, as with the marketing of our medical devices, in order to obtain marketing approval of our drug products, we must satisfy mandatory procedures and safety and efficacy requirements. Furthermore, the FDA prohibits our products division from promoting our manufactured drug products in a false or misleading manner or for unapproved indications and from otherwise misbranding or adulterating them. Finally, if the FDA believes that a company is not in compliance with applicable drug regulations, it has similar enforcement authorities as those discussed below with respect to medical devices.

Medical Devices. Our subsidiaries engaged in the manufacture of medical devices are required to register with the FDA as device manufacturers, and submit listing information for devices in commercial distribution. As a manufacturer of medical devices, we are subject to requirements governing premarket approval and clearance, labeling and promotion, medical device adverse event reporting, good manufacturing practices, reporting of corrections and removals and recordkeeping, and we are also subject to periodic inspection by the FDA for compliance with these requirements. With respect to manufacturing, we are subject to the FDA’s Quality System Regulation (21 C.F.R. Part 820), which requires us to manufacture products in accordance with cGMP, including standards governing product design. The medical device reporting regulations require that we report to the FDA whenever we receive or become aware of information that reasonably suggests that a device may have caused or contributed to a death or serious injury, or that a device has malfunctioned and a device or similar device would be likely to cause or contribute to a death or serious injury if the malfunction were to recur. In addition, the FDA prohibits our products division from promoting our manufactured products for unapproved or uncleared indications or in an otherwise false or misleading manner.

If the FDA believes that a company is not in compliance with applicable laws and regulations, it can pursue various regulatory and enforcement actions, including, for example, issuing a warning letter, mandating a recall, initiating a seizure or seeking an injunction or consent decree. We have received several warning letters, in response to which we have been taking corrective action and are subject to re-inspections by the FDA. In any re-inspection the FDA is not limited to reviewing only the processes and procedures that triggered the reinspection. We are engaged in ongoing dialogue with the FDA regarding remediation.

In order to clinically test, manufacture and market certain medical products and other disposables for human use, we must also satisfy mandatory procedures and safety and efficacy requirements established by the FDA or comparable foreign governmental agencies. In the U.S., unless 510(k) exempt, medical devices generally require approval of a Premarket Approval Application ("**PMA**") or clearance of a Section 510(k) Premarket Notification ("**510(k)**") prior to commercial marketing. After approval or clearance to market is given, the FDA, upon the occurrence of certain events, has the authority to withdraw the approval or clearance or require changes to a device, its manufacturing process, or its labeling or may require additional proof that regulatory requirements have been met. PMA approval is based on a determination by FDA that the PMA contains sufficient valid scientific evidence to assure that the device is safe and effective for its intended use(s). Many medical devices do not require PMA approval by the FDA. For these devices, applicants must submit a 510(k) unless the device is exempt from the 510(k) requirements. To obtain 510(k) marketing clearance, the applicant must demonstrate that the device is at least as safe and effective, that is, "substantially equivalent" to a legally marketed "predicate" device. Moreover, FDA regulations also require prior approval or clearance for certain modifications to a legally marketed device.

In recent years, concerns have been raised that the 510(k) process cannot adequately ensure that medical devices cleared for marketing are safe and effective. At the same time, others have raised concerns that the 510(k) process and the FDA's device premarket review programs generally, are inefficient and unpredictable, and are stifling innovation. Since 2010, the FDA has been evaluating and making improvements to its device premarket review programs, in particular the 510(k) clearance process. The stated goal of these improvements is to achieve regulation that promotes both safety/effectiveness and innovation. Substantially, all of the dialysis products that Fresenius Medical Care manufactures or distributes in the United States, other than peritoneal dialysis solutions and renal pharmaceuticals, are marketed on the basis of 510(k) clearances. At the present time, regulatory and legislative changes to the 510(k) clearance process continue to be proposed, and we cannot predict whether or to what extent the 510(k) process will be significantly modified or what the effects, if any, of a modified review process for medical devices would be on Fresenius Medical Care's dialysis products business.

We cannot assure that all necessary regulatory clearances or approvals, including those for new products or product improvements, will be granted on a timely basis, if at all. Delays in or failure to receive clearance or approval, carrying out product recalls or corrective actions, or receiving warning letters or being subject to other regulatory actions and penalties can materially affect operating results.

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

We sell our products on a global basis. Most countries maintain different regulatory regimes for medicinal products and for medical devices. In almost every country, there are rules regarding the quality, effectiveness, and safety of products and regulating their testing, production, and distribution. Treaties or other international law and standards and guidelines under treaties or laws may supplement or supersede individual country regulations.

Medicinal products. Many of our products are considered medicinal products and are, therefore, subject to the specific drug law provisions in the various countries. The European Union has issued a directive on medicinal products, No. 65/65/EEC (January 26, 1965), which was replaced by Directive 2001/83/EC of November 6, 2001 on the Community Code relating to medicinal products for human use. In addition, the EU has adopted Regulation No. 726/2004 (replacing Regulation No. 2209/93/EC), which sets out community procedures for the authorization and supervision of medicinal products as amended. In Germany the German Drug Act (*Arzneimittelgesetz*) ("**AMG**"), which implements European Union requirements, is the primary regulation applicable to medicinal products.

The provisions of the German Drug Act are in principle comparable with the legal standards in other European countries. As in many other countries, the AMG provides that a medicinal product may only be placed on the market if it has been granted a corresponding marketing authorization. Such marketing authorization is granted by the licensing authorities only if the quality, efficacy and safety of the medicinal product 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 reason arises subsequently, or if the medicinal product is not an effective therapy or its therapeutic effect has been insufficiently proven according to the relevant state of scientific knowledge. Such a reason for refusal is, inter alia, found to exist if there is a well-founded suspicion that the medicinal product has not been sufficiently examined in accordance with the current state of scientific knowledge, that the medicinal product does not show the appropriate quality, or that the medicinal product, when properly used as intended, produces detrimental effects going beyond the extent justifiable according to the current state of knowledge of medicinal science. The marketing authorization can also be withdrawn or revoked in the case of incorrect or incomplete information supplied in the authorization documents, if the quality checks prescribed for the medicinal product were insufficient or have not been sufficiently carried out, or if the withdrawal or revocation is required to comply with a decision made by the European Community or the European Union. Instead of a withdrawal or revocation, the suspension of the marketing authorization may be ordered for a limited period.

The provisions of the AMG and a statutory order, the Ordinance on the Production of Pharmaceuticals and Active Pharmaceutical Ingredients (*Arzneimittel- und Wirkstoffherstellungsverordnung*, "**AMWHV**"), also contain special requirements for the manufacture of medicinal products. The production of medicinal products requires a corresponding manufacturing license which is granted for a specific manufacturing facility and for specific medicinal products and forms of medicinal products. A manufacturer of medicinal products must, inter alia, employ pharmacists, chemists, biologists, or physicians responsible for the quality, safety and efficacy of the medicinal products. The manufacturer must name several responsible persons: a Qualified Person ("**QP**") for the release of the medicinal product into the market possessing the expert knowledge specified by the AMG, a head of production, a head of quality control, and, if the manufacturer markets the medicinal products itself, a commissioner for the so-called graduated plan ("*Stufenplanbeauftragter*" for Germany, a Qualified Person for Pharmacovigilance ("**QPPV**") for the European Union) and an information officer. It is the responsibility of the QP to ensure that each batch of the medicinal products is produced and examined in compliance with the statutory provisions of the AMG. The QPPV must, among other things, collect and assess any reported risks associated with the medicinal products and coordinate any necessary measures according to German Drug Act. The QPPV, residing within the European Economic Area, is responsible for pharmacovigilance and the establishment of a system for handling of all suspected adverse reactions that need to be reported. The information officer is in charge of the scientific information relating to the medicinal products. All these persons may be held personally liable under German criminal law for any breach of the AMG.

International guidelines also govern the manufacture of medicinal products and, in many cases, overlap with national requirements. Material regulations concerning manufacture and registration related to medicinal products have been issued by the European Commission and the International Conference on Harmonization of Technical Requirements for Human Use ("**ICH**") and Pharmaceutical Inspection Co-operation Scheme ("**PIC/S**"). Among other things, the European Commission, PIC/S and ICH establish requirements for GMP which are then adopted at the national level. Another international standard, which is non-binding for medicinal products, is the ISO9001:2008 system for assuring quality management system requirements. This system has a broader platform than EU-GMP, which is more detailed and is primarily acknowledged outside the field of medicinal products, e.g., with respect to medical devices.

Medical Devices. In the past, medical devices were subject to less stringent regulation than medicinal products in some countries. In the last decades, however, statutory requirements have been increased. In the EU, the requirements to be satisfied by medical devices are laid down in three European directives to be observed by all Member States and all Member States of the European Economic Area ("**EEA**"), as well as all future accession states: (1) Directive 90/385/EEC of June 20, 1990 relating to active implantable medical devices ("**AIMDs**"), as last amended ("**AIMD Directive**"), (2) Directive 93/42/EEC of June 14, 1993 relating to medical devices, as last amended ("**MD Directive**"), and (3) Directive 98/79/EC of October 27, 1998 relating to in vitro diagnostic medical devices as last amended ("**IVD Directive**"). In addition, Directive 2001/95/EC of December 3, 2001, as last amended, concerning product safety should be noted. The AIMD and MD Directives were amended, inter alia, by Directive 2007/47/EC, intended to achieve improvements, for instance in the following areas: clinical assessment by specification of the requirements in more detail; monitoring of the devices after their placing on the market; and decision making by enabling the Commission to make binding decisions in case of contradictory opinions of states regarding the classification of a product as a medical device. Member States had to incorporate the new Directive into national law by December 21, 2008 and all manufacturers had to come into compliance by March 21, 2010. In the future, the industry will face increasing regulatory requirements for medical devices. In September 2012, the first draft of two new regulations on medical devices to replace the three existing medical devices directives were published by the European Commission. These regulations are currently in the legislative process.

According to the directives relating to medical devices, the CE mark (the abbreviation of Conformité Européenne signifying that the device complies with the essential EU law requirements) shall serve as a general product passport for all Member States of the EU and the EEA. Upon receipt of a CE certificate for a product according to the applicable conformity assessment procedure, e.g., a certified full quality management system for medical devices according to ISO13485:2012, and the documented declaration and proof of conformity of our products to the harmonized European norms (Declaration of Conformity), we as the legal manufacturer are able to mark products as being in compliance with the European Union ("**EU**") requirements. If able to do so, the manufacturer 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 EU.

The right to affix the CE mark is granted to any manufacturer who has observed the conformity assessment procedure prescribed for the relevant medical device and submitted the EC declaration of conformity before placing the medical device on the market. The conformity assessment procedures were standardized by Council Decision 93/465/EEC of July 22, 1993, which established modules for the various phases of the conformity assessment procedures intended to be used in the technical harmonization norms and the rules for the affixing and use of the CE mark. It was replaced by Decision 768/2008/EC of the European Parliament and of the Council of 9 July 2008. The conformity assessment modules to be used differ depending on the risk class of the medical device to be placed on the market. The classification rules for medical devices are, as a general rule, based upon the potential risk of causing harm to the human body. Annex IX to the MD Directive (making a distinction between four product classes I, IIa, IIb, and III) and Annex II to the IVD Directive (including a list of the products from lists A and B) contain classification criteria for products and product lists that are, in turn, assigned to specific conformity assessment modules. AIMDs represent a product class of their own and are subject to the separate AIMD Directive. Special rules apply, for example, to custom-made medical devices, medical devices manufactured in-house, medical devices intended for clinical investigation or in vitro diagnostic medical devices intended for performance evaluation, as well as for diagnostic medical devices for in-house use ("lay use"), combination devices and accessories to medical devices.

Under the MD Directive, the conformity assessment procedures for Class I devices with a low degree of invasiveness in the human body (e.g., devices without a measuring function that are not subject to any sterilization requirements), can, as a general rule, be made under the sole responsibility of the manufacturer by submitting an EC declaration of conformity (a self-certification or self-declaration). For Class IIa devices, the participation of a body designated by an EU Member State to carry out specific tasks pertaining to conformity assessment procedures (a "**Notified Body**") is mandatory for the production phase. Devices of classes IIb and III involving a high risk potential are subject to inspection by the Notified Body not only in relation to their manufacture (as for class

IIa devices), but also in relation to their specifications and design. Class III is reserved for the most critical devices the marketing of which is subject to an explicit prior authorization with regard to their conformity. In risk categories IIa, IIb and III, the manufacturer can make use of several different conformity assessment modules.

Environmental Regulation

Our Group is subject to a broad range of federal, state and local laws and regulations in a number of countries throughout the world relating to pollution and the protection of the environment. These laws regulate, among other things, the discharge of materials into the environment, the handling and disposal of wastes, remediation of contaminated sites and other matters relating to worker and consumer health, and safety and to the protection of the environment. Noncompliance with these regulations can result in significant fines or penalties or limitations on our operations. The applicable environmental, health and safety laws and regulations, and any changes to them or their enforcement, may require us to make material expenditures with respect to ongoing compliance with or remediation under these laws and regulations or require that we modify our products or processes in a manner that increases our costs or reduces revenues.

In addition, we use substances regulated under U.S. and European environmental laws, primarily in manufacturing and sterilization processes. 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 our financial position or results of operations. An Environmental Management System ("EMS") based on ISO 14001:2004 has been established in our main European production plants and in a high number of dialysis clinics in the European region. Compliance with environmental laws and regulations is a core objective of our EMS. Internal and external audits are organized and performed to verify compliance with the EMS and applicable environmental laws and regulations.

Facilities and Operational Regulation

United States

Federal, state and local regulations (implemented by CMS, FDA, the Occupational Health and Safety Administration ("**OSHA**"), the Drug Enforcement Administration, and state departments or boards of public health, public welfare, medicine, nursing, pharmacy, and medical assistance, among others) require us to meet various standards relating to, among other things, the management, licensing, safety, security and operation of facilities (including, e.g., laboratories, pharmacies, and clinics), personnel qualifications and licensing, the maintenance of proper records, equipment, and quality assurance programs, and the dispensing, storage, and administration of controlled substances. All of our operations in the United States are subject to periodic inspection by federal, state and local agencies to determine if the operations, premises, equipment, personnel and patient care meet applicable standards. To receive Medicare/Medicaid reimbursement, our dialysis centers, renal diagnostic support business and laboratories must be certified by CMS. While all of our entities that furnish Medicare or Medicaid services maintain and renew the required certifications, it is possible that any such entity could lose or be delayed in renewing a certification, which could have a material adverse effect on our business, financial condition, and results of operations.

Certain of our facilities and certain employees are also subject to state licensing statutes and regulations. These statutes and regulations are in addition to federal and state rules and standards that must be met to qualify for payments under Medicare, Medicaid and other government reimbursement programs. Licenses and approvals to operate these centers and conduct certain professional activities are customarily subject to periodic renewal and to revocation upon failure to comply with the conditions under which they were granted.

The Clinical Laboratory Improvement Amendments of 1988 ("**CLIA**") subjects virtually all clinical laboratory testing facilities, including ours, to the jurisdiction of the Department of Health and Human Services ("**HHS**"). CLIA establishes national standards for assuring the quality of laboratories based upon the complexity of testing performed by a laboratory. Certain of our operations are also subject to federal laws governing the repackaging and dispensing of drugs and the maintenance and tracking of certain life sustaining and life-supporting equipment.

Our operations are subject to various U.S. Department of Transportation, Nuclear Regulatory Commission, Environmental Protection Agency, and OSHA requirements and other federal, state and local hazardous and medical waste disposal laws. As currently in effect, laws governing the disposal of hazardous waste do not classify most of the waste produced in connection with the provision of 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.

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. These 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 clinics and vascular access centers. These requirements could, as a result of a state's internal determination of its dialysis service needs, prevent entry to new companies seeking to provide services in these states, and could constrain our ability to expand our operations in these states.

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

Most countries outside of the United States regulate operating conditions of dialysis clinics and hospitals and the manufacturing of dialysis products, medicinal products and medical devices.

We are subject to a broad spectrum of regulation in almost all countries. Our operations must comply with various environmental and transportation regulations in the various countries in which we operate. Our manufacturing facilities and dialysis clinics are also subject to various standards relating to, among other things, facilities, management, personnel qualifications and licensing, maintenance of proper records, equipment, quality assurance programs, the operation of pharmacies, the protection of workers from blood-borne diseases and the dispensing of controlled substances. All of our operations may be subject to periodic inspection by various governmental authorities to determine if the operations, premises, equipment, personnel and patient care meet applicable standards. Our dialysis clinic operations and our related activities generally require licenses, which may be subject to periodic renewal and may be revoked for violation of applicable regulatory requirements.

In addition, many countries impose various investment restrictions on foreign companies. For instance, government approval may be required to enter into a joint venture with a local partner. Some countries do not permit foreign investors to own a majority interest in local companies or require that companies organized under their laws have at least one local shareholder. Investment restrictions therefore affect the corporate structure, operating procedures and other characteristics of our subsidiaries and joint ventures in these and other countries.

We believe our facilities are currently in compliance in all material respects with the applicable national and local requirements in the jurisdictions in which they operate.

Reimbursement

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

Healthcare systems and reimbursement structures for end stage renal disease (ESRD) treatment vary significantly by country. In general, the government (in some countries in coordination with private insurers) or social insurance programs pay for health care and finances their payments through taxes and other sources of government income, from social security contributions, or a combination of those sources. However, not all healthcare systems provide for dialysis treatment. In some developing countries, only limited subsidies from government, social insurances or charitable institutions are available, and dialysis patients must finance all or substantially all of the cost of their treatment out of pocket. Irrespective of the funding structure, in some countries patients in need of dialysis do not receive treatment on a regular basis but rather when the financial resources allow it.

United States

Dialysis Services. Fresenius Medical Care's dialysis centers provide outpatient hemodialysis treatment and related services for ESRD patients. In addition, some of Fresenius Medical Care'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. Approximately 53% of North America dialysis services revenues for 2012 were for services rendered patients covered by Medicare's ESRD program and Medicaid. In order to be eligible for reimbursement by Medicare, ESRD facilities must meet conditions for coverage established by CMS.

Medicare pays as the primary insurer for Medicare-eligible individuals under some circumstances. For details, see "— *Coordination of Benefits*" below. For Medicare-primary patients, Medicare pays 80% of the prospective payment amount for the ESRD PPS items and services. The beneficiary or third-party insurance payors (including employer-sponsored health insurance plans, commercial insurance carriers and the Medicaid program) on behalf of the beneficiary are responsible for paying the beneficiary's cost-sharing obligations (typically the annual deductible and 20% co-insurance), subject to the specific coverage policies of such payors. Each third-party payor, including Medicaid, makes payment under contractual or regulatory reimbursement provisions that may or may not cover the full 20% co-payment or annual deductible. Where the beneficiary has no third-party insurance or the third-party insurance does not fully cover the co-payment or deductible, the beneficiary is responsible for paying the co-payments or the deductible, which Fresenius Medical Care frequently cannot fully collect despite collection efforts. In some states, Medicaid does not fully cover the cost-sharing obligations of Medicare-Medicaid dually eligible individuals, and Fresenius Medical Care is precluded from collecting directly from these beneficiaries. Under an advisory opinion from the Office of the Inspector General of the Department of Health and Human Services, subject to specified conditions, Fresenius Medical Care and other similarly situated providers may make contributions to a non-profit organization that has created a program to subsidize premium payments for supplemental medical insurance and/or "Medigap" insurance on behalf of indigent ESRD patients, including some of our patients.

Vascular Care. Fresenius Vascular Care, Inc. ("**FVC**") owns and/or manages a number of vascular access centers located in the U.S., which provide interventional services for the maintenance of ESRD patients' vascular access. Dialysis requires access to the bloodstream, which is accomplished by catheters, grafts, or arteriovenious fistulas. Maintaining the patency of a patient's vascular access is an ongoing challenge and may occasionally require arthroplasty or other interventional services. In addition, the vascular access centers provide services to address peripheral artery disease, which is common in dialysis patients. For Medicare patients, who comprise the largest patient group served by FVC, these services are paid under Medicare's physician fee schedule. CMS, usually acting in response to recommendations from the American Medical Association's Relative Value Scale Update Committee, may revise the relative value units (a measure of the cost, complexity and risk of providing a specific healthcare service) and hence the payment rates of services paid under this fee schedule. In addition, all payment amounts under this fee schedule are subject to updates determined in part by the Medicare program sustainable growth rate ("**SGR**") provision. The SGR seeks to limit annual increases in Medicare program costs to no more than the annual increase in the nation's gross domestic product.

Medicaid Rebate Program and Other Government Drug Pricing Program Requirements. Manufacturers of certain drugs that are covered by the Medicaid program or that are reimbursed by the Medicare program are subject to various price determination and reporting requirements under federal statutes, including the Medicaid and Medicare statutes as well as the Public Health Service Act ("**PHSA**") and the Veterans Health Care Act ("**VHCA**"). Compliance with the Medicaid rebate statute, the VHCA, the Medicare statute, and Section 340B of the PHSA requires Fresenius Medical Care to calculate and/or report a number of different pricing metrics (e.g., Average Manufacturer Price ("**AMP**"), Best Price ("**BP**"), Average Sales Price ("**ASP**"), Federal Ceiling Price ("**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.

Fresenius Medical Care participates in the federal Medicaid rebate program established by the Omnibus Budget Reconciliation Act of 1990, as well as several state supplemental rebate programs. Fresenius Medical Care makes its pharmaceutical products available to authorized users of the Federal Supply Schedule ("**FSS**") of the General Services Administration under an FSS contract negotiated by the department of Veterans Affairs ("**VA**"). Under Fresenius Medical Care's license to market and distribute the I.V. Iron medication Venofer to freestanding dialysis clinics, Fresenius Medical Care also is considered, for statutory price reporting purposes, to be the manufacturer of Venofer (when sold by Fresenius Medical Care under one of Fresenius Medical Care's national drug codes ("**NDCs**")), which is reimbursed under Part B of the Medicare program. Fresenius Medical Care's products also are subject to a federal requirement that any company participating in the Medicaid rebate or Medicare program extend discounts comparable to the rebates paid to State Medicaid agencies to qualified purchasers under the Public Health Services ("**PHS**") pharmaceutical pricing program managed by HHS (also known as the "**340B program**" by virtue of the section of the PHSA that created the program). The PHS pricing program extends these deep discounts on drugs to a variety of community health clinics and other entities that receive health services grants from the PHS, as well as hospitals that serve a disproportionate share of poor Medicare and Medicaid beneficiaries. ACA expanded the 340B program to include additional providers.

Under the Medicaid rebate program, Fresenius Medical Care pays a rebate to each state Medicaid program based upon sales of Fresenius Medical Care's covered outpatient drugs that are separately reimbursed by those programs. The ACA increased the minimum federal Medicare rebate percentages, effective January 1, 2010. Rebate calculations are complex and, in certain respects, subject to interpretations of law, regulation, or policy guidance by us, government or regulatory agencies and the courts. The Medicaid rebate amount is computed each quarter based on Fresenius Medical Care's submission to CMS of Fresenius Medical Care's current AMP and BP for Fresenius Medical Care's pharmaceutical products. The VHCA imposes a requirement that the prices Fresenius Medical Care charges to certain federal entities under the FSS must be no greater than the FCP, which is determined by applying a statutory discount to the non-FAMP charged to non-federal customers. Because the amount the government pays to reimburse the cost of a drug under Part B of the Medicare program is ordinarily based on the drug's ASP additional price calculation and reporting obligations are imposed on the manufacturers of Part B drugs under that program. Since Venofer is a Part B drug (i.e., one ordinarily administered incident to a physician service), Fresenius Medical Care is responsible for compiling and utilizing a wide range of sales data elements to determine the ASP of Venofer marketed under Fresenius Medical Care's NDC, and reporting it to CMS. Fresenius Medical Care is subject to specific ASP reporting obligations with respect to Fresenius Medical Care's Venofer sales under a consent order issued by the Federal Trade Commission in October 2008 in connection with establishment of Fresenius Medical Care's licensing and distribution arrangements with Galenica and Luitpold (File No. 081-0146) described under "*Business Overview — Dialysis Products — Renal Pharmaceuticals*." The Medicare ESRD PPS system incorporated payment for Venofer starting January 1, 2011. While most facilities have moved to the new system, some facilities will not fully transition to the ESRD PPS reimbursement until January 1, 2014. The extent to which Medicare pays separately 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 Fresenius Medical Care's computations of rebates and pricing, some of which may result in implications (such as recoupment) for amounts previously estimated or paid which have a material adverse effect on Fresenius Medical Care's revenues, profitability and financial condition.

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

First, payment for most tests is included in the ESRD PPS bundled rate paid to dialysis 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 ESRD PPS rate at the frequencies designated in the capitation agreement.

Second, the few laboratory tests performed by Spectra for Medicare beneficiaries that are not included in the ESRD PPS bundled rate are billed separately to Medicare. Such tests are paid at 100% of the Medicare clinical laboratory fee schedule amounts, which vary across different geographic areas but which cannot exceed national ceilings on payment rates, called national limitation amounts ("**NLAs**"). Medicare updates the payment rates to reflect inflation by the change in consumer price index, subject to certain reductions. The ACA imposed a 1.75 percentage point reduction from the rate of change in the consumer price index for calendar years 2011 to 2015 together with a "productivity adjustment," expected to be slightly above 1 percentage point, applicable (with some restrictions) for years starting with 2011. In addition, the Middle Class Tax Relief and Job Creation Act of 2012 rebased payment amounts under the clinical laboratory fee schedule, reducing them by two percent effective January 1, 2013, and the sequester resulting from the Budget Control Act of 2011 produced an additional cut of two percent effective April 1, 2013.

Erythropoietin stimulating agents (ESAs). ESAs, including Epogen and Aranesp, are used for anemia management of patients with renal disease. ESAs are included in the bundled payment under the ESRD PPS.

The amount of ESA that is appropriate for a patient varies by several factors, including the severity of the patient's anemia and the patient's clinical response to the ESA. Anemia severity is commonly monitored by measuring a patient's hematocrit, an indicator of the proportion of red blood cells in a patient's whole blood, or by evaluating a patient's hemoglobin level. Until recently, product labels for ESAs recommended dosing to achieve and maintain hemoglobin levels within the range of 10 to 12 grams/deciliter (g/dl) in patients with ESRD. On June 24, 2011, the FDA recommended more conservative dosing guidelines for ESAs, including EPO, when used to achieve a normal or nearly normal hemoglobin level in ESRD patients, due to the increased risks of cardiovascular events such as stroke, thrombosis and death. The recommendation is to initiate ESA treatment when the patient's hemoglobin level is less than 10 g/dcl and reduce or interrupt the dose of ESA if the patient's hemoglobin level approaches or exceeds 11 g/dcl. The recommendation, which was added to the "black-box" warning on ESA packages and the package insert, states that for each patient, therapy should be individualized, using the lowest ESA dose possible to reduce the need for red blood cell transfusions.

Any of the following changes relating to ESAs could adversely affect Fresenius Medical Care's business, and results of operations, possibly materially:

- a material reduction in the typical dosage per administration;
- an interruption in the supply of ESAs;
- increases in the cost of ESAs without offsetting increases in the ESRD PPS reimbursement rate; or
- reduction by the manufacturer of ESAs of the amount of overfill in the ESA vials.

Medicare's ESRD Prospective Payment System. 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 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 pre-2011 ESRD composite rate, (ii) oral vitamin D analogues, oral levocarnitine (an amino acid derivative) and all ESAs and other pharmaceuticals (other than vaccines) furnished to ESRD patients that were previously reimbursed separately under Part B of the Medicare program, (iii) most diagnostic laboratory tests and (iv) certain other items and services furnished to individuals for the treatment of ESRD. ESRD-related drugs with only an oral form, including PhosLo, are expected to be reimbursed under the ESRD PPS starting in January 2016 with adjusted payment amounts to be determined by the Secretary of Health and Human Services to reflect the additional cost to dialysis facilities of providing these medications. The base ESRD PPS payment is subject to case mix adjustments that take into account individual patient characteristics (e.g., age, body surface area, body mass, time on dialysis) and certain co-morbidities. The base payment is also adjusted for (i) certain high cost patient outliers due to unusual variations in medically necessary care, (ii) disparately high costs incurred by low volume facilities relative to other facilities, (iii) provision of home dialysis training and (iv) wage-related costs in the geographic area in which the provider is located.

The ESRD PPS payment amounts are 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 2013 ESRD PPS base rate is US$240.36 per treatment. This amount reflects a productivity adjusted market basket update of 2.3 percent, which was based on a market basket update over 2012 reimbursement rates of 2.9 percent less a productivity adjustment of 0.6 percent and a wage index budget-neutrality adjustment factor of 1.000613 applied to the 2012 ESRD PPS base rate of US$234.81 per treatment.

The 2011 ESRD PPS resulted in a lower reimbursement rate on average at our U.S. dialysis facilities. We mitigated the impact of the ESRD PPS with two broad measures. First, we worked with medical directors and treating physicians to find efficiencies consistent with the ESRD PPS's quality incentive program ("**QIP**") and good clinical practices, and we negotiated pharmaceutical acquisition cost savings. In addition, we achieved 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.

The ESRD PPS's QIP began affecting payments starting January 1, 2012. Dialysis facilities that fail to achieve the established quality standards now have payments reduced by up to 2%. Performance on specified measures in 2010 affected payments in 2012. The payments we receive during 2013 will be affected by our performance measures from 2011. Based on our performance from 2010 through 2012, we expect the QIP's impact on our results through 2014 to be immaterial. The initial QIP measures for 2010 and 2011 focused on anemia management and dialysis adequacy (Urea Reduction Ratio or URR). For 2012 reporting (affecting payments in 2014), CMS adopted four additional measures: prevalence of catheter and A/V fistula use, reporting of infections to the Centers for Disease Control and Prevention, administration of patient satisfaction surveys and monthly monitoring of phosphorus and calcium levels. For payment year 2015, CMS has continued all of the 2014 QIP measures except URR dialysis adequacy, expanded the scope of infection reporting, and mineral metabolism reporting, and added four new measures. The new payment year 2015 measures consist of three new clinical measures (hemodialysis adequacy (adult patients), hemodialysis adequacy (pediatric patients) and peritoneal dialysis adequacy), and one new reporting measure (anemia management reporting). For payment year 2016, CMS has continued all of the 2015 QIP measures and added two new clinical measures (proportion of patients with hypercalcemia and dialysis-related infections reported to the Centers for Disease Control and Preventions's National Healthcare Safety Network by ESRD facilities treatment patients on an in-center basis).

On February 4, 2013, CMS announced plans to test a new Comprehensive End-Stage Renal Disease (ESRD) Care Model and issued a solicitation for applications. CMS initially proposed to work with up to 15 healthcare provider groups, known as ESRD Seamless Care Organizations ("**ESCOs**"), to test a new system of payment and care delivery that seeks to deliver better health outcomes for ESRD patients while lowering CMS's costs. ESCOs that achieve the program's minimum quality thresholds and generate reductions in CMS's cost of care above certain thresholds for the ESRD patients covered by the ESCO will receive a share of the cost savings. ESCOs that include dialysis chains with more than 200 facilities are required to share in the risk of cost increases and reimburse CMS a share of any such increases. Organizations must apply and be approved by CMS to participate in the program. Fresenius Medical Care submitted an ESCO application in August of 2013.

Any significant decreases in Medicare reimbursement rates could have material adverse effects on Fresenius Medical Care's provider business and, because the demand for dialysis products is affected by Medicare reimbursement, on Fresenius Medical Care's 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, Fresenius Medical Care's business and results of operations may be adversely affected.

Effective February 15, 2011, the Department of Veterans Affairs ("**VA**") adopted payment rules which reduce its payment rates for non-contracted dialysis services to coincide with those of the Medicare program. As a result of the enactment of these new rules, Fresenius Medical Care expects to experience variability in Fresenius Medical Care's aggregated VA reimbursement rates for contracted and non-contracted services. In addition, Fresenius Medical Care may also experience reductions in the volume of VA patients treated in Fresenius Medical Care's facilities.

Coordination of Benefits. Medicare entitlement begins for most patients at least three months after the initiation of chronic dialysis treatment at a dialysis center. During the first three months, considered to be a waiting period, the patient or patient's insurance, Medicaid or a state renal program is generally responsible for payment.

Patients who are covered by Medicare and are also covered by an employer group health plan ("**EGHP**") are subject to a 30-month coordination period during which the EGHP is the primary payor and Medicare the secondary payor. During this coordination period the EGHP pays a negotiated rate or in the absence of such a rate, Fresenius Medical Care's standard rate or a rate defined by its plan documents. The EGHP payments are generally higher than the Medicare payment. EGHP insurance, when available, will therefore generally cover as the primary payor a total of 33 months, the 3-month waiting period plus the 30-month coordination period. Any significant decreases in EGHP reimbursement rates could have material adverse effects on Fresenius Medical Care's provider business and, because the demand for products is affected by provider reimbursement, on Fresenius Medical Care's products business.

Budget Control Act and American Taypayer Relief Act. On August 2, 2011, the U.S. Budget Control Act of 2011 ("**Budget Control Act**") was enacted, raising the U.S.'s debt ceiling and putting into effect a series of actions for deficit reduction. Pursuant to the American Taxpayer Relief Act of 2012 ("**American Taxpayer Relief Act**"), which was enacted on January 3, 2013, automatic across-the-board spending cuts over nine fiscal years (2013-2021), projected to total $1.2 trillion for all Federal government programs required under the Budget Control Act became effective as of March 1, 2013, and were implemented on April 1, 2013 for CMS reimbursement to providers. The reduction in Medicare payments to providers and suppliers is limited to one adjustment of no more than 2 percent through 2021 (the "**Sequestration**"). Through the first nine months of 2013, the year-to-date impact of the Sequestration based on Fresenius Medical Care's dialysis care revenue from Medicare since the implementation date resulted in a decrease of approximately $38 million in Fresenius Medical Care's operating income. The Medicare reimbursement reduction is independent of annual inflation update mechanisms, such as the market basket update pursuant to the ESRD PPS.

The American Taxpayer Relief Act also directed CMS to reduce the ESRD PPS payment rate, effective January 1, 2014, to account for changes in the utilization of certain drugs and biologicals that are included in the ESRD PPS. In making such reduction, the law requires CMS to use the most recently available pricing data for such drugs and biologicals. On November 22, 2013, CMS issued the final rule regarding the 2014 ESRD PPS rate. The base rate was reduced from $240.36 to $239.02 for 2014. This change reflects (a) a bundled market basket increase of 3.2%, reduced by an estimated multifactor productivity adjustment of 0.4%; (b) the application of a wage index budget neutrality factor and a home dialysis training add-on budget neutrality factor; and (c) the application of a portion ($8.16) of a $29.93 mandated overall reduction in reimbursement under the ESRD PPS to be phased in over three to four years to account for a decrease in the historical utilization of certain ESRD-related drugs and biologicals from 2007 to 2012. CMS intends that the transition of the drug utilization adjustment in 2014 and 2015 will largely offset increases in average payments to ESRD facilities as a whole resulting in essentially flat reimbursement rates year over year. In 2016, CMS will re-evaluate whether to apply the balance of the drug utilization adjustment over one or two years.

Possible future legislation. In the current legislative environment, increases in government spending may need to be accompanied by corresponding offsets. For example, the Budget Control Act did not address reductions in physician payments mandated by the sustainable growth rate ("**SGR**"). The Middle Class Tax Relief and Job Creation Act of 2012 delayed implementation of these reductions until December 31, 2012 and the American Taxpayer Relief Act further delayed them until December 31, 2013. A cut of approximately 20.1 percent in physician fees will ensue for 2014 unless Congress acts, at it has in the past, to prevent it. In order to reduce or eliminate SGR physician payment reductions and not adversely affect deficit reduction, Congress would have to reduce other spending (or raise revenues). In addition, budget and debt ceiling deliberations may result in further reductions in spending. We cannot predict whether other reductions in Medicare or Medicaid spending would be required.

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.

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

As a global health care company, we face the challenge of addressing the needs of patients and customers in widely varying economic and healthcare environments. In the major European and British Commonwealth countries, healthcare systems are generally based on one of two funding models. The "Bismarck system", is based on mandatory employer and employee contributions dedicated to healthcare financing. The "Beveridge system", provides a national healthcare system financed by taxes. The healthcare systems of countries such as Germany, Japan, France, Belgium, Austria, Czech Republic, Poland, Hungary, Turkey and the Netherlands are based on the Bismarck-type system. Countries such as the United Kingdom, Canada, Denmark, Finland, Portugal, Sweden and Italy established their national health services using the Beveridge-type system. However, during the last decade, healthcare financing under many social security systems has also been significantly subsidized with tax money.

Remuneration for ESRD treatment widely differs between countries. There are three main types of reimbursement modalities: national budget allocation, reimbursement on a fee for basic service and flat periodic rate. In some cases, the reimbursement modalities also vary within the same country depending on the type of healthcare 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 within the statutory health insurance system is based on a weekly flat rate) and for public providers in countries where the funding system is based on social security payments.

Regarding Fresenius Medical Care, treatment components included in the base reimbursement amount may vary from country-to-country or even within countries, depending on the structure and cost allocation principles. In the highly integrated reimbursement models for dialysis, also often referred to as "bundled" reimbursement, (applicable e.g., in Poland, Romania as noted above) the dialysis reimbursement rate covers all — or almost all — treatment related components, including the dialysis session, laboratory services and ESAs. Under such reimbursement models, the amount of reimbursement can depend on the fulfillment of specified treatment results and quality control parameters by the dialysis services that are provided. In such systems, the therapeutic goals include, among others, the adequacy of dialysis, targets for hemoglobin levels, bone metabolism status, water quality as well as outcome measures such as mortality rate and hospitalization days. Countries with a relatively low integration of the treatment components in the base reimbursement (such as the Czech Republic, the United Kingdom and Germany) dedicate correspondently diverse additional payments for other services rendered to dialysis patients arising from different budgets (or payment streams), depending on the national 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 difficult to judge reimbursement based on an average global reimbursement amount because the services and costs for which reimbursement is provided in any such average global amount would likely bear little relation to the actual reimbursement system in any one country. Generally, in European countries with established dialysis programs, reimbursements range from US$100 to more than US$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 portion of the healthcare budget. In times of increasing financial constraints, e.g., the current Eurozone financial crisis, these costs among others may be considered a target for implementation of cost containment measures.

However, past experiences have shown that legislators are often willing to combine austerity measure with a healthcare regulation reform. This offers significant chances for industrialized integrated medical service providers to take up more responsibilities in the care cycle towards outcome-based reimbursement models.

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, thereby reducing overall healthcare costs for dialysis patients. There can be no assurance, however, that any such reimbursement will be adopted.

Anti-Kickback Statutes, False Claims Act, Health Insurance Portability and Accountability Act of 1996, Civil Monetary Penalties Law, Stark Law and Other Fraud and Abuse Laws in the United States

Some of our operations are subject to federal and state statutes and regulations governing financial relationships between 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 2013, the OIG has scheduled an ESRD-related review on: (i) Medicare's oversight of facilities that provide outpatient maintenance dialysis services to Medicare beneficiaries with ESRD, (ii) Medicare pricing and utilization related to renal dialysis services under the bundled prospective payment system for renal dialysis services and Medicare payments under the new ESRD PPS to determine that payments were made in accordance with Medicare requirements and (iii) costs and payments for ESRD drugs under the bundled prospective payment system.

Recent health reform legislation has also enhanced the government's ability to pursue actions against potential violators, by expanding the government's investigative authority, expanding criminal and administrative penalties, by increasing funding for enforcement, and providing the government with expanded opportunities to pursue actions under the federal Anti-Kickback Statute, the False Claims Act, and the Stark Law. For example, ACA narrowed the public disclosure bar under the False Claims Act, allowing increased opportunities for whistleblower litigation. In addition, the legislation modified the intent standard under the federal Anti-Kickback Statute, making it easier for prosecutors to prove that alleged violators had met the requisite knowledge requirement. ACA also requires providers and suppliers to report any Medicare or Medicaid overpayment and return the overpayment on the later of 60 days of identification of the overpayment or the date the cost report is due (if applicable), or all claims associated with the overpayment will become false claims. The ACA also provides that any claim submitted from an arrangement that violates the Anti-Kickback Statute is a false claim. Also, final regulations promulgating recent "sunshine" legislation were issued in early February 2013, requiring pharmaceutical and medical device manufacturers to record any payments made to physicians and teaching hospitals, requiring information collection to begin August 1, 2013 and reporting of data to CMS by March 31, 2014.

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 US$25,000 per violation, and civil penalties of up to US$50,000 per violation and up to three times the amount received from the 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, and now ratified by legislation, claims submitted for services furnished in violation of the Anti-Kickback Statute or Stark Law 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 US$5,500 to US$11,000 per claim and for treble damages, resulting in the possibility of substantial financial penalties for small billing errors that are replicated in a large number of claims, as each individual claim could be deemed to be a separate violation of the False Claims Act. Some states also have enacted statutes similar to the False Claims Act which may include criminal penalties, substantial fines, and treble damages.

The Social Security Act provides financial incentives to states that enact state false claims acts that meet specified requirements (i.e., general conformance with the terms of the federal False Claims Act). 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. Due to certain changes in the law, including the enactment of the ACA, the OIG's specified requirements for obtaining financial incentives were revised effective March 2013. Because of these changes, states that formerly were approved for financial incentives were given until March 31, 2013 to bring their false claims acts up to date to conform with the changes to the law. Currently, the OIG's website indicates that the false claims acts of 28 states have been reviewed. Of those 28 states, OIG has determined that the state false claims acts of at least 9 states (California, Connecticut, Hawaii, Illinois, Iowa, Massachusetts, Tennessee, Texas, and Washington) meet the OIG's revised requirements (effective March 15, 2013).

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

HIPAA, which was enacted in August 1996, expanded federal fraud and abuse laws by increasing their reach to all federal 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 ("**HHS**") to issue advisory opinions, increasing civil money penalties to US$10,000 (formerly US$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. HIPAA 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 includes a healthcare fraud provision prohibiting knowingly and willfully executing a scheme or artifice to defraud any "healthcare 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.

Pursuant to HIPAA, HHS has promulgated regulations that (1) establish national standards for certain electronic healthcare transactions, (2) restrict the use and disclosure of certain individually identifiable patient health information, and (3) regulate the security of the electronic systems maintaining such information (the "**HIPAA Regulations**"). Health insurance payers and healthcare providers like us must comply with the HIPAA Regulations. Violations of the HIPAA Regulations may result in civil money penalties and criminal sanctions.

Many U.S. states also have enacted 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 regulations ("**Privacy Rule**") and the HIPAA security regulations ("**Security Rule**") establish minimum U.S. federal standards for protecting the privacy and security of protected health information ("**PHI**"). These federal regulations preempt conflicting U.S. state laws, but they do not preempt U.S. state laws that are more stringent or more protective of individual privacy or the security of personal health information. In such instances, we would need to comply with both the Privacy and Security Rules and U.S. state privacy law. In addition, almost all U.S. states require notification to affected individuals and state authorities, as well as the media in certain cases, in the event of a breach of security of personal information (including personal health information in a few states), often with significant financial penalties for noncompliance.

The Health Information Technology for Economic and Clinical Health Act ("**HITECH Act**"), enacted as part of the American Recovery and Reinvestment Act of 2009 ("**ARRA**"), required changes to HIPAA Privacy and Security Rules that, among other things, (i) require HIPAA covered entities to provide patients (as well as HHS and in some cases the media) with notifications in the event of a breach in the security of their unsecured PHI; (ii) reinforce the standard for "minimum necessary" uses and disclosures of PHI by a covered entity; (iii) restrict certain uses of PHI for marketing purposes (by expanding the definition of marketing activities requiring authorization); (iv) prohibit certain sales of PHI; (v) require granting individual requests to restrict disclosures of PHI to insurers in certain circumstances; (vi) apply the Security Rule and certain portions of the Privacy Rule to "business associates" of covered entities; and (vii) enhance an individuals' right to access PHI in electronic form. HHS issued modifications to the HIPAA Regulations, effective March 26, 2013, implementing these changes. The HITECH Act also provides for rules requiring HIPAA covered entities to provide patients with an accounting of disclosures (within the past 3 years) of PHI for purposes of payment, treatment and healthcare operations; HHS may issues those regulations in the upcoming year. The HITECH Act also included measures to strengthen enforcement of HIPAA and increased applicable penalties for HIPAA violations. Penalties are now tiered and range from US$100 to US$50,000 per violation with an annual cap for the same violations of US$25,000 to US$1,500,000. The HHS Office for Civil Rights ("**OCR**") has increased enforcement activities and has recently levied large penalties for violations. In addition, as mandated by the HITECH Act, OCR has been conducting audits to assess compliance by covered entities and their business associates with the HIPAA Privacy and Security Rules and the security breach notification standards.

Civil Monetary Penalties Law

Individuals or entities who have, among other things, (1) directly submitted, or caused to be submitted, claims which are improper or false; (2) arranged or contracted with an individual or entity that the person knows or should know is excluded from participation in federal healthcare programs; (3) offered or transferred remuneration to an indicidual to influence such individual to order or receive healthcare services form a particular healthcare provider or (4) 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 US$10,000 for each item or service. However, under the CMPL, violators of the federal Anti-Kickback Statute provisions may also be subject to additional civil money penalties of US$50,000 per violation. Violators are also subject to an assessment of up to three times the amount claimed for each item or service in lieu of damages sustained by the United States or a state agency because of such claim, or damages of up to three times the total amount of remuneration offered, paid, solicited, or received. In addition, any person or entity who violates this section may be excluded from participation in the federal or state 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 ("**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. Certain of our vascular access centers perform and bill Designated Health Services and those centers' financial arrangements with referring physicians are subject to the Stark Law.

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 continues to address the Stark Law as part of its annual rulemaking process for reimbursement under the Medicare Part B Physician Fee Schedule or under the Inpatient Prospective Payment System.

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, and to prevent remuneration in exchange for referrals or purchases of items which may be reimbursed by the government or which may lead to overutilization, corruption of healthcare provider judgment, or a lack of transparency in costs or charges. Failure to remain in compliance with any of these rules by any of our subject businesses could result in a material adverse effect on our business, financial condition or results of operations.

Healthcare Reform

ACA contains 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.

ACA also contains the Physician Payment Sunshine Act (section 6002) ("**PPSA**"). On February 8, 2013, CMS issued final regulations under the PPSA that require applicable pharmaceutical, medical device, biological, and medical supply manufacturers to report annually to the Secretary of Health and Human Services (HHS) certain "payments or other transfers of value" to physicians and teaching hospitals. The PPSA also requires applicable manufacturers to report certain information regarding the ownership or investment interests held by physicians or the immediate family members of physicians in such entities. The first reports will be due March 31, 2014 for the initial reporting period (August – December 2013), and thereafter for each calendar year. The report must include, among other things, information about the amount of the payment, the date on which the payment was made, the form of payment, and the nature of the payment (e.g., consulting fees, compensation for services, gifts, entertainment and research).

German Regulations Relating to Hospital Management

General

The German healthcare sector is dominated by a statutory insurance system which provides a basic protection against most serious hazards. Statutory cost carriers bear the costs that result from a realized risk. The cost carriers in the German healthcare sector are, inter alia, statutory health insurers, statutory pension funds, statutory accident funds, statutory nursing care insurers and social security and welfare authorities. Healthcare providers, like acute care hospitals, post-acute care clinics (medical rehabilitation) or outpatient facilities (*Medizinische Versorgungszentren*) require an accreditation to provide services to statutorily insured patients on behalf of, and in return for, payment from the statutory cost carriers. The relations between statutory cost carriers, healthcare providers and policyholders are governed by the German Social Security Code Book (Sozialgesetzbuch). Furthermore, there are provisions on licensing and public subsidies. In consequence of this system, the operation of healthcare providers is heavily dependent on the following factors:

- Accreditation for provision of healthcare services on behalf of statutory cost carriers;
- Remuneration agreements with statutory cost carriers;
- Permits;
- Quality requirements; and
- Public subsidies.

Accreditation

Acute care hospitals may provide services to statutorily insured patients on behalf of, and in return for payment from the statutory health insurers, provided they have been included in a state hospital supply plan (*Krankenhausplan*), or they are registered as a university hospital, or they have entered into a medical care contract (*Versorgungsvertrag*) with the relevant state association(s) of health insurers. Accredited hospitals are obliged to supply hospital treatment to statutorily insured patients under the terms of their healthcare mandate. However, there is no referral guarantee.

The hospital supply plan (*Krankenhausplan*) is the result of a governmental planning process designed to ensure that the supply of acute care hospital services available meets public demand. Acceptance as a "plan hospital" is an administrative act issued to the operator of the hospital according to the Hospitals Financing Act (*Krankenhausfinanzierungsgesetz*, "**KHG**"). Status as plan hospital can be cancelled if the requirements for its inclusion in the plan cease to exist; this can be the case if the hospital either cannot guarantee the effective and economic provision of healthcare services or if the hospital is no longer required to fulfill the public demand for healthcare services. The withdrawal of plan hospital status can be restricted to specific parts of the hospital, such as individual beds or departments.

A written medical care contract (*Versorgungsvertrag*) is concluded with the relevant state association(s) of health insurers and defines the scope of the services provided, particularly in relation to the accommodation capacity, the number and function of departments and the general principles underlying the treatment offered. There is no strict obligation on state associations of health insurers to enter into a contract with all hospitals. In fact, the state associations have a duty to select the most suitable hospitals. The state associations of health insurers may (partially) terminate a contract with one year's notice only if the relevant hospital either cannot guarantee the effective and economic provision of healthcare services or if the hospital is no longer required for the provision of healthcare services to statutorily insured patients. The termination, as well as the conclusion of a medical care contract, is only effective upon approval by the competent authority at state level.

For post-acute care services (medical rehabilitation) statutory health insurers and statutory pension funds are the main cost carriers. Operators of post-acute care services may provide such services to statutorily insured patients on behalf of, and in return for, payment from the cost carriers, provided they have entered into a written medical care contract (with the state associations of health insurers) or a so-called "occupancy-contract" (with statutory pension funds). The contracts do not contain referral guarantees. Since the service provision is based on demand, the operator cannot require a cost carrier to contract and utilize their services. Contracts can be terminated if the services are no longer needed or are inadequate. Whereas a one year notice period applies with regard to contracts concluded with the state associations of health insurers, there is no statutory termination period for contracts concluded with statutory pension funds.

Remuneration

With regard to acute care hospitals, remuneration is subject to the regulation of the KHG and the Hospitals Remuneration Act (*Krankenhausentgeltgesetz*, "**KHEntgG**") and requires written remuneration agreements for each hospital. Such remuneration agreements are negotiated individually for each hospital with the statutory health insurers and the negotiated rates are subject to the approval of the competent regulatory authority at state level. Remuneration agreements generally have a duration of one year. If renegotiation of the remuneration agreement is delayed, the old remuneration continues to apply. For acute care general hospitals, the yearly budget is based on lump sums for diagnosis-related groups ("**DRG**") and additional fees for certain other services (e.g., for emergency treatment).

2013 was the first year in which the price increase for hospital services in DRG acute care hospitals was limited to the so-called change value (*Veränderungswert*) instead of the so-called rate of change (*Veränderungsrate*). The change value shall be negotiated by the competent association(s) of health insurers and the German Hospital Society (*Deutsche Krankenhausgesellschaft*) in the corridor between the rate of change and the so-called orientation value (*Orientierungswert*) in order to achieve better compensation of increasing costs. The orientation value represents the average percentage change in hospital costs per year whereas the rate of change, which expresses the change in the income assessable for contributions received by all members of the statutory health insurance funds. In fact, the orientation value was 2.0% for 2013, and therefore slightly lower than the rate of change in the same year (2.03%) so that the change value is equivalent to the orientation value without any scope left for negotiations on the federal level. After the amendment of the relevant provision of the KHEntG in August 2013, if the orientation value is lower than the rate of change, the change value shall be equivalent to the rate of change. As a result, the applicable change value for 2014 is 2.81% (orientation value: 2.02%; rate of change: 2.81%).

In respect of acute care psychiatric hospitals remuneration a new flat-rate compensation system (PEPP-Entgeltsystem 2013) was introduced in 2013 for psychiatric and psychosomatic facilities. The new compensation catalogue is broken down into many more categories than the former remuneration system. The aim is to improve transparency concerning the services provided at psychiatric and psychosomatic facilities. After a four-year introductory phase from 2013 through 2016, the system provides for a five-year transition phase from 2017 through 2021. In 2013 and 2014, psychiatric and psychosomatic facilities will be free to choose whether they wish to use the new compensation system. Its application does not become compulsory for all such facilities until 2015.

With regard to post-acute care clinics (medical rehabilitation) remuneration for in-patient treatments is based upon written agreements between the operator and the relevant cost carrier (statutory health insurer/pension funds) and is usually fixed as a daily rate per bed. There are no legal requirements concerning the level of payment agreed. It can be stipulated independently, bearing in mind that post acute care clinics do not benefit from public subsidies. However, the increase of remuneration as a rule is limited to the rate of change (2014: 2.81%), whereas the orientation value does not apply to this sector.

Permits

Commercially operated acute hospitals and post acute care clinics that provide in-patient treatment require an operating permit according to the German Trade Regulation Act (*Gewerbeordnung*). The permit will be granted upon application if the relevant statutory criteria are met, in particular with regard to the reliability of the operator and the standards of service provision. The permit is issued to the operator and relates to the premises and the business exercised.

Quality Requirements

Compliance with legal quality requirements is of vital importance. If a healthcare provider fails to comply with the relevant quality requirements the care rates can be reduced, and in the worst case, the medical care contract and the operating permit may be terminated. Acute hospitals and post acute care clinics (medical rehabilitation) are required to both participate in external quality assessment programs and ensure internal quality management within their facilities.

Public Subsidies

Acute care hospitals included in the hospital supply plan at state level can be granted investment subsidies for specific investment projects and yearly lump sum subsidies for the replacement of assets with a short economic lifetime and for smaller construction measures by state authorities. If subsidies are used contrary to the terms and conditions set out in the administrative act granting the subsidy, they can be reclaimed along with interest. Repayment claims might generally arise if a hospital is released from the hospital supply plan. Furthermore, the subsidy grant, inter alia, requires the recipient not to dispose of assets bought with the subsidy during the fixed obligation term without approval of the granting authority.

Outpatient Facilities (Medizinische Versorgungszentren)

In particular with respect to certain medical care centers, particularly outpatient facilities (*Medizinische Versorgungszentren*), an accreditation from the accreditation committee of the competent Association of Statutory Health Insurance Physicians (*Kassenärztliche Vereinigung*) is required to take part in statutory healthcare. Moreover, also the employment of physicians in a medical care center must be permitted by the accreditation committee. Since January 1, 2012 outpatient facilities must be medically managed by a physician who is working in the center and who may decide autonomously. Also pre-existing outpatient facilities have to comply with this requirement until June 30, 2012. Furthermore, since January 1, 2012 only physicians in private practice, acute hospitals, providers of paramedical renal care and non-profit operators who have been accredited for the provision of healthcare services on behalf of the statutory healthcare insurers are eligible to operate a medical care center. With regard to the legal status of the operator of the medical care center, only a company with limited liability, a partnership or an association is permitted. However, pre-existing outpatient facilities remain unaffected from the new regulations with regard to the eligible operators and the legal entity and are still subject to the former regulations.

MANAGEMENT

OVERVIEW

General

Fresenius SE & Co. KGaA is the ultimate holding company of our Group. The Issuer and the Subsidiary Guarantors are all wholly owned subsidiaries of the Parent Guarantor. As a partnership limited by shares (*Kommanditgesellschaft auf Aktien*) with a European Company (*Societas Europaea — SE*) as general partner, the corporate bodies of the Company are the general partner, the supervisory board and the general shareholders' meeting.

Fresenius Management SE

The sole general partner of the Company is Fresenius Management SE (the "**Management SE**"), a wholly-owned subsidiary of the Else Kröner-Fresenius-Stiftung. The corporate bodies of the Management SE are the management board, the supervisory board and the general shareholders' meeting. The Management SE has a two-tier management and control system consisting of the management board and the supervisory board. The powers of these bodies are governed by the Regulation (EC) No. 2157/2001, the German Law on Implementation of the Regulation (EC) No. 2157/2001 (*SE-Ausführungsgesetz*), the German Stock Corporation Act (*Aktiengesetz*), the Articles of Association and the rules of procedure of the management board and the supervisory board. The two boards work independently of each other. No one is allowed to be a member of both bodies simultaneously.

The management board of the Management SE is responsible for managing Management SE's day-to-day business. The supervisory board of the Management SE advises and supervises the management board, in particular the managing of the Company by the Management SE, and is responsible for appointing and removing members of the management board. The supervisory board generally may not exercise any management functions. However, according to the rules of procedure of the management board, certain types of transactions may not be carried out by the management board without the consent of the supervisory board.

Fresenius SE & Co. KGaA

As general partner of the Company, the Management SE is solely responsible for the management of the Company, including all exceptional management measures, and solely represents the Company in its dealings with third parties. Members of the management board of the Management SE are not permitted to simultaneously be members of the supervisory boards of the Management SE or the Company. When acting in its capacity as general partner for the Company, the Management SE is always acting through its management board. Therefore, any reference to "Management Board" below refers to the management board of the Management SE, which has replaced the respective management boards of Fresenius AG and Fresenius SE as legal predecessors of the Company (the "**Management Board**"). The supervisory board of Fresenius SE & Co. KGaA oversees and advises Management SE in its acting as general partner of Fresenius SE & Co. KGaA. In addition, the supervisory board represents Fresenius SE & Co. KGaA in transactions between Management SE and Fresenius SE & Co. KGaA. A member of the supervisory board of Management SE can simultaneously be a member of the supervisory board of Fresenius SE & Co. KGaA.

MANAGEMENT BOARD OF THE MANAGEMENT SE

As of the date of this prospectus, the Management Board consists of seven members. The members of the Management Board are appointed and dismissed by the supervisory board of the Management SE.

The rules of procedures of the Management Board assign each member of the board a specific area of responsibility. The members of the Management Board are nevertheless jointly responsible for managing our Group.

The table below lists the members of the Management Board as of the date of this prospectus and includes their ages, principal areas of responsibility, the year in which each member was first appointed (such date, if before 2011, indicating the date of appointment to the management board of Fresenius SE or Fresenius AG, as applicable) and all companies in which the members held seats on an administrative, management or supervisory body as of December 31, 2012. This table also indicates the principal activities performed by the members of the Management Board where these are significant with respect to the Company, by listing, in particular, their memberships on an administrative, management or supervisory body at all subsidiaries of the Company.

Name	Age	Area of responsibility/ activity	Year first appointed	Year term expires	Memberships on other supervisory or administrative boards or boards of directors
Dr. Ulf M. Schneider	48	Chairman of the management board of the Management SE, as such Chief Executive Officer ("CEO") of Fresenius SE & Co. KGaA	2003	2018	**Supervisory Board:** FPS Beteiligungs AG (Chairman) Fresenius HemoCare Netherlands B.V., Netherlands Fresenius Kabi AG (Chairman) Fresenius Kabi España S.A.U., Spain Fresenius Medical Care Groupe France S.A.S., France (Chairman) Fresenius Medical Care Management AG (Chairman) HELIOS Kliniken GmbH (Chairman) **Board of Directors:** Fresenius Kabi USA, Inc., USA FHC (Holdings) Ltd., United Kingdom
Mats Henriksson	46	CEO of Fresenius Kabi	2013	2017	**Supervisory Board:** Fresenius Kabi Austria GmbH, Austria (Chairman) Fresenius Kabi España S.A.U., Spain Fresenius Kabi Japan K.K., Japan Labesfal — Laboratórios Almiro, S.A., Portugal **Administrative Board:** Fresenius Kabi Groupe France S.A., France (Chairman) Fresenius Kabi Italia S.p.A., Italy (Chairman) **Board of Directors:** Beijing Fresenius Kabi Pharmaceutical Co., Ltd., China Fenwal, Inc., USA Fenwal Holdings, Inc., USA FHC (Holdings) Ltd., United Kingdom Fresenius Kabi Asia Pacific Ltd., Hong Kong Fresenius Kabi Oncology Ltd., India Fresenius Kabi Pharmaceuticals Holding, Inc., USA Fresenius Kabi (Singapore) Pte Ltd., Singapore Fresenius Kabi USA, Inc., USA Sino-Swed Pharmaceutical Corp. Ltd., Beijing, China
Dr. Francesco De Meo	50	CEO of Fresenius Helios	2008	2016	**Supervisory Board:** HELIOS Beteiligungs AG (Chairman) HELIOS Kliniken Mansfeld-Südharz GmbH (Chairman) HELIOS Kliniken Schwerin GmbH (Chairman)
Dr. Jürgen Götz	50	Chief Legal and Compliance Officer, and Labor Relations Director of Fresenius SE & Co. KGaA	2007	2015	**Supervisory Board:** FPS Beteiligungs AG (Deputy Chairman) HELIOS Kliniken GmbH Wittgensteiner Kliniken GmbH (Chairman)

Name	Age	Area of responsibility/ activity	Year first appointed	Year term expires	Memberships on other supervisory or administrative boards or boards of directors
Rice Powell	58	CEO of Fresenius Medical Care	2013	2017	**Management Board:** Fresenius Medical Care Management AG (Chairman) **Administrative Board:** Vifor Fresenius Medical Care Renal Pharma Ltd., Switzerland (Deputy Chairman) **Board of Directors:** Fresenius Medical Care Holdings, Inc., USA (Chairman)
Stephan Sturm	50	Chief Financial Officer of Fresenius SE & Co. KGaA	2005	2017	**Supervisory Board:** FPS Beteiligungs AG Fresenius HemoCare Netherlands B.V., Netherlands Fresenius Kabi AG (Deputy Chairman) Fresenius Kabi España S.A.U., Spain HELIOS Kliniken GmbH Labesfal — Laboratórios Almiro, S.A. Portugal VAMED AG, Austria (Deputy Chairman) Wittgensteiner Kliniken GmbH **Administrative Board:** Fresenius Kabi Groupe France S.A., France **Board of Directors:** FHC (Holdings) Ltd., United Kingdom
Dr. Ernst Wastler	55	CEO of Fresenius Vamed	2008	2015	**Supervisory Board:** Charité CFM Facility Management GmbH (Deputy Chairman) VAMED-KMB Krankenhausmanagement und Betriebsführungsges. m.b.H, Austria (Chairman)

Dr. Ulf M. Schneider is the Chairman of the Management Board. He joined the Company in November 2001 and served as Chief Financial Officer of Fresenius Medical Care before assuming his current position on May 28, 2003. Previously, he was Group Finance Director for Gehe UK plc., a pharmaceutical wholesale and retail distributor, in Coventry, United Kingdom. Dr. Ulf M. Schneider held several senior executive positions since 1989 with Gehe's majority shareholder, Franz Haniel & Cie. GmbH, a diversified German multinational company. Dr. Ulf M. Schneider holds a Lic. oec. degree in Finance and Accounting, a Ph.D. in Economics from the University of St. Gallen and an MBA from Harvard University.

Mats Henriksson joined the Management Board of Fresenius Kabi AG on September 1, 1999 and served as President of the region Asia Pacific from 2001 until February 2012. Since March 1, 2012 he had been Deputy Chairman of the Management Board of Fresenius Kabi AG and was appointed as CEO effective as of January 1, 2013. Prior to joining the Fresenius Group, Mats Henriksson held several management positions in controlling and finance at Pharmacia. Mats Henriksson holds a Bachelor of Science degree in Business Administration and Economics from Gothenburg School of Economics in Sweden.

Dr. Francesco De Meo joined the Management Board on January 1, 2008 as the CEO of Fresenius Helios. In 2000, Dr. Francesco De Meo became head of the legal and human resources departments of HELIOS Kliniken GmbH. On January 1, 2001, he was appointed to the HELIOS Kliniken Management Board with responsibilities for human resources, legal affairs, research and science. At the same time, he was also appointed Labor Relations Director. Before joining HELIOS, Dr. Francesco De Meo was director of Rauser AG, a management consultancy in Reutlingen, as well as a practicing attorney. He studied law and earned a doctorate at Tübingen University.

Dr. Jürgen Götz has been Chief Legal and Compliance Officer and the Labor Relations Director of the Company since July 1, 2007. From April 1, 2005 until his appointment to the Management Board, Jürgen Götz led the Legal and Insurance Department of the Company as Senior Vice President and General Counsel. He began his career in 1993 at Hoechst AG, where he held several senior management positions. In 1997, he became head of the Legal Department of Hoechst Marion Roussel AG. In 1999, Jürgen Götz took over the Legal — Global Corporate department of Aventis Pharma AG, the successor company to Hoechst Marion Roussel. Jürgen Götz studied law in Bonn, Munich and Frankfurt am Main, where he also earned his doctorate.

Rice Powell has been CEO of Fresenius Medical Care since January 1, 2013. He joined Fresenius Medical Care in 1997 and was appointed to that company's Management Board and Co-CEO of Fresenius Medical Care North America in January 2004. In 2010, he assumed the position of Vice Chairman of the Management Board and Member of the Management Board responsible for the region North America. He has over 30 years of experience in the healthcare industry. From 1978 to 1996 he held various positions, among others at Baxter International Inc. and Biogen Inc in the United States

Stephan Sturm has been Chief Financial Officer of the Company since January 1, 2005. Prior to that, he was a Managing Director of Credit Suisse First Boston ("**CSFB**"), from 2000 as Head of Investment Banking for Germany and Austria, and also served on CSFB's European Management Committee. During his more than thirteen years in investment banking, Stephan Sturm held various executive positions with BHF-Bank, Union Bank of Switzerland and CSFB in Frankfurt and London. Prior to entering investment banking in 1991, he was a management consultant at McKinsey & Co in Duesseldorf and Frankfurt. Stephan Sturm holds a degree in Business from Mannheim University.

Dr. Ernst Wastler has served as CEO of VAMED AG since July 1, 2001, and joined the Fresenius Management Board on January 1, 2008. Ernst Wastler became a member of the VAMED AG Management Board in 1998 and was responsible for projects and services central Europe. Prior to that, he held several management positions at international business segments of the VAMED Group. His career began in 1981 in international consulting, engineering and project management at Austroplan GmbH in Vienna. Ernst Wastler studied international business at the Vienna University of Economics and Business Administration and earned a doctorate there in 1983.

Members of the Management Board can be contacted under the business address of the Company.

Compensation

In 2012, the members of the Management Board received compensation totaling €17,751 thousand for their services to the Management SE. Of this amount, €4,498 thousand was non-performance related compensation, €6,027 thousand performance-related compensation and €555 thousand of other benefits (such as insurance premiums, private use of company cars, contributions to pension and health insurance) and €6,671 thousand in long-term incentive components, including stock options based on the Company's Stock Option Plan 2008 (as defined below) and the 2011 stock option plan of FMC AG & Co. KGaA as well as a share-based compensation with cash settlement (performance shares) introduced in 2011. The components with long-term incentive effect can be exercised only after the expiry of the specified vesting period. In particular, the performance shares are subject to a four-year vesting period although a shorter period may apply in special cases (e.g., professional incapacity, retirement, non-renewal of expired service agreements by the Company). The amount of cash payment corresponds to the share price of the Company's ordinary shares upon exercise at the end of the four-year vesting period. The payment is subject to the achievement of the performance target of an 8% increase of the consolidated net income attributable to the Company on a constant currency basis (adjusted for extraordinary effects) year over year during the four-year vesting period. For each year in which the success target has not been met, one-fourth of the entitlement shall forfeit. Apart from that, the total entitlement for payment is earned if an average increase of the consolidated net income attributable to the Company of 8% is achieved over the four-year vesting period. For more information, see the notes to our consolidated financial statements for the year ended December 31, 2012 found on pages F-4 et seq. in this prospectus. According to the articles of association of the Company, the Management SE shall be reimbursed by the Company for its management expenses, including the compensation of the Management Board.

Additional accruals totalling €4,234 thousand for the Group were recognized in 2012 for pension commitments for the active members of the Management Board. With regard to these pension commitments, our Group had pension obligations of €12,912 thousand as of December 31, 2012.

Compensation for retired members of the management board of Fresenius SE & Co. KGaA and its predecessor companies (Fresenius SE and Fresenius AG) and their surviving dependents amounted to €778 thousand in 2012. Provisions for pension obligations for these individuals amounted to €11,310 thousand.

The contracts of the members of the management board of the Management SE do not provide for any payments if their employment is terminated.

The Company has concluded a consequential loss liability insurance policy (D&O insurance), on an excess amount basis, for the members of the management board and supervisory board of the Management SE and the supervisory board of the Company and for all representative bodies of affiliates in Germany and elsewhere. The D&O policy applies throughout the world and runs until mid 2015. The policy covers the legal defense costs of a member of a representative body when a claim is made and, where relevant, any damages to be paid which are covered by the policy.

No Loans or Family Relationships

Neither the Management SE nor the Company have made any loans to the members of the Management Board. The members of the Management Board have not completed any transactions with the Management SE or the Company outside the course of any normal business activities.

There are no family relationships between any members of the Management Board. There are no family relationships between any members of the Management Board and any members of the supervisory board of the Management SE or of the Company.

SUPERVISORY BOARD OF THE MANAGEMENT SE

As of the date of this prospectus, the supervisory board of the Management SE consists of six members. All six members of the supervisory board of the Management SE are appointed by the general shareholders' meeting of the Management SE.

Resolutions of the supervisory board of the Management SE require a majority of the votes cast, unless otherwise required by mandatory law, the articles of association of the Management SE or the rules of procedures of the supervisory board of the Management SE. In the case of a parity of votes, the vote of the Chairman shall be decisive.

The supervisory board must meet at least twice during each six-month calendar period.

The table below lists the members of and their positions on the supervisory board of the Management SE. This table also indicates the principal activities performed by the members of the supervisory board of the Management SE where these are significant with respect to the Management SE, by listing, in particular, not all, but relevant memberships on an administrative, management or supervisory body (as of December 31, 2012).

Name (Principal occupation)	Position	Member since	Memberships on other supervisory or administrative boards or boards of directors
Dr. Gerd Krick Former CEO of Fresenius AG	Chairman	2010	**Supervisory Board:** Fresenius SE & Co. KGaA (Chairman) Fresenius Medical Care AG & Co. KGaA (Chairman) Fresenius Medical Care Management AG VAMED AG, Austria (Chairman)

Name (Principal occupation)	Position	Member since	Memberships on other supervisory or administrative boards or boards of directors
Prof. Dr. h. c. Roland Berger Management consultant		2010	**Supervisory Board:** Fresenius SE & Co. KGaA Prime Office REIT-AG (Chairman) Schuler AG Wilhelm von Finck AG (Deputy Chairman) WMP EuroCom AG (Chairman) **Administrative Board:** Wittelsbacher Ausgleichsfonds **Board of Directors:** Geox S.p.A., Italy RSC Mediagroup S.p.A.
Klaus-Peter Müller Chairman of the supervisory board of Commerzbank AG		2010	**Supervisory Board:** Commerzbank AG (Chairman) Fresenius SE & Co. KGaA Linde AG **Administrative Board:** Landwirtschaftliche Rentenbank **Board of Directors:** Parker Hannifin Corporation, USA
Dr. Gerhard Rupprecht Former member of the management board of Allianz SE		2010	**Supervisory Board:** Euler Hermes Deutschland AG Fresenius SE & Co. KGaA Heidelberger Druckmaschinen AG
Dr. Dieter Schenk Lawyer and tax consultant	Deputy Chairman	2010	**Supervisory Board:** Fresenius Medical Care AG & Co. KGaA (Deputy Chairman) Fresenius Medical Care Management AG (Deputy Chairman) Gabor Shoes AG (Chairman) Greiffenberger AG (Deputy Chairman) TOPTICA Photonics AG (Chairman) **Administrative Board:** Else Kröner-Fresenius-Stiftung (Chairman)
Dr. Karl Schneider Former spokesman of Südzucker AG		2010	**Administrative Board:** Else Kröner-Fresenius-Stiftung (Deputy Chairman)

The term of appointment of all members expires upon completion of the ordinary shareholders' meeting of the Management SE in 2015. Members of the supervisory board of the Management SE can be contacted under the business address of the Company.

No Loans or Family Relationships

Neither the Management SE nor the Company have made any loans to the members of the supervisory board of the Management SE. The members of the supervisory board of the Management SE have not completed any transactions with the Management SE or the Company outside the course of any normal business activities.

There are no family relationships between any members of the supervisory board of the Management SE or between them and any other members of the supervisory board of the Company. There are no family relationships between any members of the supervisory board of the Management SE and any members of the management board of the Management SE.

SUPERVISORY BOARD OF FRESENIUS SE & CO. KGAA

The supervisory board of the Company is composed of six shareholder representatives and six employee representatives. Six members who represent the shareholders are appointed by the general shareholders' meeting, whereby the Else Kröner-Fresenius-Stiftung has no vote in such appointment. Six employee representatives are elected by the Company's European Works Council.

Unless other majorities are mandatory by law, the supervisory board of the Company passes its resolutions by a simple majority of the votes submitted in the voting. If a vote is tied, the Chairman has the casting vote or, if he does not take part in the voting, the matter is decided by the vote of the Deputy Chairman, who is a shareholder representative.

The supervisory board of the Company should convene once each calendar quarter, and must convene twice each calendar half-year.

The table below lists the members of and their positions on the supervisory board of the Company and includes the year in which each member was first appointed (such date, if before 2011, indicating the date of appointment to the supervisory board of Fresenius SE or Fresenius AG, as applicable). For those members of the supervisory board of the Company who are not simultaneous members of the supervisory board of the Management SE this table also indicates the principal activities performed by the members of the supervisory board of the Company where these are significant with respect to the Company, by listing, in particular, not all, but relevant memberships on an administrative, management or supervisory body (as at December 31, 2012).

Name (Principal occupation)	Position	Member since	Memberships on other supervisory or administrative boards or boards of directors
Dr. Gerd Krick	Chairman	2003	**Supervisory Board:** Fresenius Management SE For others, please see "— *Supervisory Board of the Management SE*".
Prof. Dr. med. D. Michael Albrecht Medical director and spokesman of the management board of the Universitätsklinikum Carl Gustav Carus Dresden		2011	**Supervisory Board:** GÖK Consulting AG Universitätsklinikum Aachen Universitätsklinikum Magdeburg Universitätsklinikum Rostock
Niko Stumpfögger Secretary of the trade union ver.di, head of Betriebs-und Branchenpolitik im Bereich Gesundheit und Soziales	Deputy Chairman	2007	**Supervisory Board:** HELIOS Kliniken GmbH (Deputy Chairman)
Prof. Dr. h. c. Roland Berger		2008	**Supervisory Board:** Fresenius Management SE For others, please see "— *Supervisory Board of the Management SE*".
Dario Ilossi Trade union officer FEMCA Cisl — Energy, Fashion and Chemicals		2007	
Konrad Kölbl Full-time works council member Member of the Manual Workers' Works Council VAMED-KMB Krankenhausmanagement und Betriebsführungsges. m.b.H. Chairman of the group works council of VAMED AG Deputy chairman of the European works council of Fresenius SE & Co. KGaA		2007	**Supervisory Board:** VAMED-KMB Krankenhausmanagement und Betriebsführungsges. m.b.H., Austria
Klaus-Peter Müller		2008	**Supervisory Board:** Fresenius Management SE For others, please see "— *Supervisory Board of the Management SE*".
Gerhard Roggemann Vice Chairman Investment Banking Canaccord Genuity Ltd., London (formerly Hawkpoint Partners Ltd.)		2011	**Supervisory Board:** Deutsche Beteiligungs AG Deutsche Börse AG (Deputy Chairman) GP Günter Papenburg AG (Chairman) **Board of Directors:** Friends Life Group plc, United Kingdom Resolution Ltd., Guernsey

Name (Principal occupation)	Position	Member since	Memberships on other supervisory or administrative boards or boards of directors
Dr. Gerhard Rupprecht	Deputy Chairman	2004	**Supervisory Board:** Fresenius Management SE For others, please see "— *Supervisory Board of the Management SE*".
Dieter Reuß Full-time works council member Chairman of the joint works council of Fresenius SE & Co. KGaA, Bad Homburg site; Member of the general works council of Fresenius SE & Co. KGaA		2011	
Stefan Schubert Hospital nurse and full-time Works Council member Chairman of the Works council of HELIOS Klinik Bad Schwalbach and of HELIOS Klinik Idstein Chairman of the Group Works Council of Wittgensteiner Kliniken GmbH Member of the European Works Council of Fresenius SE & Co. KGaA		2007	**Supervisory Board:** Wittgensteiner Kliniken GmbH
Rainer Stein Full-time works council member Chairman of the group works council of HELIOS Kliniken GmbH Member of the European works council of Fresenius SE & Co. KGaA		2007	**Supervisory Board:** HELIOS Kliniken GmbH

The term of the current members of the supervisory board of the Company representing the shareholders expires upon completion of the ordinary general shareholders' meeting of the Company in 2016. The term of the employee representatives expires upon new election of these representatives in the same year.

Members of the supervisory board of the Company may be contacted as the business address of the Company.

Audit and Nomination Committee

The supervisory board of the Company has set up two committees: the Audit Committee (*Prüfungsausschuss*) and the Nomination Committee (*Nominierungsausschuss*). The main responsibility of the Audit Committee, whose five members are Prof. Dr. h. c. Roland Berger (Chairman), Konrad Kölbl, Dr. Gerd Krick, Gerhard Roggemann and Rainer Stein, is to prepare the review by the supervisory board of the Company to approve the annual financial statements and the consolidated financial statements; to review the interim reports and, following consultation with Management SE, to engage the auditors (including agreement on fees). The Nomination Committee, whose three members are Dr. Gerd Krick, Prof. Dr. Roland Berger and Dr. Gerhard Rupprecht, deliberates on the proposal of the supervisory board of the Company to the ordinary general shareholders' meeting regarding the nomination of the supervisory board members of the Company.

Compensation

The compensation paid to the supervisory board of the Company is determined by Section 13 of the articles of association of the Company as duly approved by the ordinary general shareholders' meeting. The members of the supervisory board of the Company (including the Management SE) received a total compensation of approximately €2,592 thousand in 2012, approximately €213 thousand of which related to fixed compensation, €2,279 thousand variable compensation and €100 thousand compensation for committee services. Each member of the supervisory board of the Company shall receive a fixed compensation of €13 thousand. The Chairman of the supervisory board of the Company receives twice this amount and the Deputy Chairmen one and a half times the amount of a regular member of the supervisory board of the Company. For each full fiscal year, the remuneration increases by 10% per percentage point by which that year's dividend paid on each ordinary bearer share (calculated based on the gross dividend according to the resolution of the annual general shareholders' meeting of the Company) exceeds 3.6% of the amount equal to the subscribed capital of the Company divided by the number of non-par value voting ordinary shares; residual amounts are interpolated. The members of the Audit Committee and the Nomination Committee receive an additional €10 thousand each and the Chairman of the committee a further €10 thousand. All members of the supervisory board of the Company receive appropriate reimbursement for costs of travel and accommodation incurred in connection with their duties as members of the supervisory board. The Company provides to the members of its supervisory board insurance coverage in an adequate amount (relating to their function) and on an adequate excess amount basis.

The Company has concluded a consequential loss liability insurance policy (D&O insurance), on an excess amount basis, for the members of the management board and supervisory board of the Management SE and the supervisory board of the Company and for all representative bodies of affiliates in Germany and elsewhere. The D&O insurance policy applies throughout the world and runs until mid 2015. The policy covers the legal defense costs of a member of a representative body when a claim is made and, where relevant, any damages to be paid which are covered by the policy.

No Loans or Family Relationships

Neither the Management SE nor Fresenius SE & Co. KG have made any loans to the members of the supervisory board of the Company. The members of the supervisory board of the Company have not completed any transactions with the Management SE or Fresenius SE & Co. KGaA outside the course of any normal business activities.

There are no family relationships between any members of the supervisory board of the Company or between them and any other members of the supervisory board of the Management SE. There are no family relationships between any members of the supervisory board of the Company and any members of the management board of the Management SE.

MANAGEMENT AND EMPLOYEE PARTICIPATION PLANS

The Company has established three long-term incentive programs for members of the Management Board and employees in management positions: the 2003 stock option plan (the "**2003 Stock Option Plan**"), the 2008 stock option plan (the "**2008 Stock Option Plan**") and the 2013 long-term incentive program (the "**2013 LTIP**"). The 2013 LTIP is the only program under which options can be granted.

2013 LTIP

The 2013 LTIP comprises the Fresenius SE & Co. KGaA Stock Option Plan 2013 (the "**2013 SOP**") and the Fresenius SE & Co. KGaA Phantom Stock Plan 2013 (2013 PSP). It combines the granting of stock options with the granting of phantom stock awards which entitle the holder to receive cash payments upon exercising the phantom stock. Each of the 2013 SOP and 2013 PSP making up the 2013 LTIP have been established under stand-alone legal documentation.

2013 SOP

Under the 2013 SOP, which was approved by the annual general shareholders' meeting of the Company on May 17, 2013, the Management SE has been authorized to issue up to 8.4 million subscription rights for an amount of 8.4 million non-par value ordinary bearer shares until May 16, 2018.

Of the up to 8.4 million options, up to 1.6 million options are designated for members of the Management Board of the Management SE; up to 4.4 million options are designated for members of the management of directly or indirectly affiliated companies (except for Fresenius Medical Care) and up to 2.4 million options are designated for executive employees of Fresenius SE & Co. KGaA and its affiliated companies (except for Fresenius Medical Care).

The granting of the options shall occur in five annual tranches, each on the last Monday in July or the first Monday in December. With respect to new options, the supervisory board of the Management SE determines the stock options granted to members of the Management SE's Management Board, whereas the Management Board of the Management SE determines the other participants in the 2013 Stock Option Plan and the stock options granted to them.

The exercise price of an option shall equal the volume-weighted average stock market price (closing price) of the non-par value ordinary bearer share of the Company in the electronic XETRA trading of Deutsche Börse AG in Frankfurt am Main, or a comparable successor system, on the last 30 calendar days prior to the respective grant date.

The exercise of options is subject to the condition precedent, in each case, that the annual success target within a four-year waiting period is achieved. The success target is considered achieved in each case if, after the granting of the options to the respective entitled person, either (i) the consolidated net income attributable to shareholders of the Company, adjusted for extraordinary effects and on a constant currency basis, has increased by at least 8% per annum in comparison to the previous year in each case within the waiting period, or (ii) — if this is not the case — the compounded annual growth rate of the consolidated net income attributable to shareholders of the Company, adjusted for extraordinary effects and on a constant currency basis, during the four years of the waiting period amounts to at least 8%. In the event that the success target within the four-year waiting period is not achieved for the individual years or for the compounded annual growth rate, the options issued in each case are forfeited in proportion to the non-achievement of the success target within the waiting period, i. e. by one quarter, two quarters, three quarters, or completely.

The adjusted net income attributable to shareholders of the Company (currency adjusted) and changes thereto compared to the adjusted net income (without currency adjustment) of the relevant comparison year shall be verified with binding effect in each case by the auditors of the Company on the basis of the audited consolidated financial statements. Upon exercise of vested options, the Company has the right to grant treasury shares or a cash payment in lieu of increasing capital by the issuance of new shares.

After the expiration of the waiting period, all options in respect of which the success target has been achieved may be exercised at any time outside the designated black-out periods.

2013 PSP

The Company's 2013 PSP was established in May 2013, together with the 2013 SOP. Awards of phantom stock can be granted on each stock option grant date. Phantom stock awarded under the 2013 PSP may be granted to the members of the Management SE's Management Board, the members of the management of directly or indirectly affiliated companies (except for Fresenius Medical Care) and for executive employees of the Company and its affiliated companies (except for Fresenius Medical Care).

As under the 2013 SOP, the supervisory board of the Management SE determines the phantom stock granted to members of the Management SE's Management Board, whereas the Management Board of the Management SE determines the other participants in the 2013 PSP and the phantom stock granted to them.

Phantom stock awards under the 2013 PSP entitle the holder to receive a cash payment. Each phantom stock award shall entitle the holder to receive the volume-weighted average stock market price (closing price) of the non-par value ordinary bearer share of the Company in the electronic XETRA trading of Deutsche Börse AG in Frankfurt am Main, or a comparable successor system, during the last three months prior to the date the phantom stock is exercised.

The exercise of phantom stock is subject to the condition precedent, in each case, that the annual success target within a four-year waiting period is achieved. The success target is considered achieved in each case if, after the granting of the subscription rights to the respective entitled person, either (i) the consolidated net income of the Company attributable to shareholders, adjusted for extraordinary effects and on a constant currency basis, has increased by at least 8% per annum in comparison to the previous year in each case within the waiting period, or (ii) — if this is not the case — the compounded annual growth rate of the consolidated net income attributable to shareholders of Fresenius SE & Co. KGaA, adjusted for extraordinary effects and on a constant currency basis, during the four years of the waiting period amounts to at least 8%. In the event that the success target within the four-year waiting period is not achieved for the individual years or for the compounded annual growth rate, the phantom stock awards issued in each case are forfeited in proportion to the non-achievement of the success target within the waiting-period, i.e. by one quarter, two quarters, three quarters, or completely.

The adjusted net income attributable to shareholders of the Company (currency adjusted) and changes thereto compared to the adjusted net income (without currency adjustment) of the relevant comparison year shall be verified with binding effect in each case by the auditors of Fresenius SE & Co. KGaA on the basis of the audited consolidated financial statements.

After the expiration of the waiting period, all exercisable phantom stock will be deemed to be exercised and cashed out on March 1 following the end of the waiting period (or the following banking day).

2008 Stock Option Plan

Under the 2008 Stock Option Plan of Fresenius SE, now Fresenius SE & Co. KGaA, which was approved by the ordinary general shareholders' meeting of Fresenius SE on May 21, 2008, the management board was authorized to issue up to 6,200,000 subscription rights for an amount of 3,100,000 ordinary bearer shares and 3,100,000 preference bearer shares of Fresenius SE until May 20, 2013. Following the conversion of all preference shares of Fresenius SE into voting ordinary shares of Fresenius SE & Co. KGaA, subscription rights for preference bearer shares which were granted under the 2008 Stock Option Plan prior to such conversion will be satisfied with voting ordinary shares of the Company. Furthermore, any new subscription rights have been granted exclusively for voting ordinary shares of the Company.

Of the up to 6,200,000 option, up to 1,200,000 options have designated for members of the Management Board, up to 3,200,000 options have been designated for members of the management of directly or indirectly affiliated companies of Fresenius SE & Co. KGaA; and up to 1,800,000 options have been designated for managerial staff members of Fresenius SE & Co. KGaA and its affiliated companies. However, members of the management board of Fresenius Medical Care Management AG, in its capacity as general partner of FMC AG & Co. KGaA, as well as employees of FMC AG & Co. KGaA and of the companies which are connected to the Company solely through FMC AG & Co. KGaA, to the extent that they are in an employment or service relationship solely with FMC AG & Co. KGaA or solely with a company affiliated with the Company only through FMC AG & Co. KGaA, shall be excluded.

The granting of the subscription rights shall occur in five annual tranches, in each case with effect as of the first bank working day in July and/or with effect as of the first bank working day in December (each of them a "Day of Issue"). With respect to new subscription rights, the supervisory board of the Management SE determines the stock options granted to members of the Management Board, whereas the Management Board determines the other participants in the 2008 Stock Option Plan and the stock options granted to them.

The exercise price of a subscription right shall equal the average stock market price (closing price) of the ordinary bearer share or the preference bearer share, respectively, of Fresenius SE or the Company, respectively, in the electronic XETRA trading of Deutsche Börse AG in Frankfurt am Main, or a comparable successor system, on the last 30 exchange trading days before the granting of the subscription right. For U.S. participants the exercise price may be calculated on the basis of the average share price over the last 30 calendar days prior to the grant date, should such calculation reveal a higher exercise price. The minimum exercise price shall be the proportionate amount of the subscribed capital of the Company attributable to an ordinary bearer share (Section 9 para. 1 German Stock Corporation Act (*AktG*)).

The exercise of subscription rights shall be subject to the condition precedent, in each case, that the annual success target within a three-year waiting period is achieved. The success target shall be achieved in each case if, after the granting of the subscription rights to the respective entitled person, the adjusted net income, in each case compared with the respective adjusted net income of the previous financial year, has increased by at least eight percent. In the event that for one comparison period or more than one of the three comparison periods within the waiting period the success target is not achieved, the issued subscription rights shall forfeit, in each case, to such proportionate extent as to which the success target has not been achieved during the waiting period, i.e., to the extent of one third, of two thirds or entirely, with an equal share of subscription rights being allocated to ordinary shares and preference shares.

The waiting period for the first-time exercise shall be three years from the respective day of issue. After the expiry of the waiting period, all subscription rights in respect of which the success target has been achieved may be exercised at any time outside the black-out periods. As of September 30, 2013, out of 3,874,346 outstanding stock options issued under the 2008 Stock Option Plan, 1,635,386 were exercisable and 786,640 were held by the members of the Fresenius Management SE Management Board.

For details on all stock options outstanding and the prices at which they may be excercised, please see "— *Transactions Relating to and Outstanding Stock Options*".

2003 Stock Option Plan

The 2003 Stock Option Plan of Fresenius AG, later Fresenius SE and now Fresenius SE & Co. KGaA, which was approved by the ordinary general shareholders' meeting of Fresenius AG on May 28, 2003, is the only stock option plan under which options in the form of convertible bonds were granted. Such convertible bonds were granted exclusively to the members of the management board of Fresenius AG, later Fresenius SE, to members of the management or affiliated companies, to employees of Fresenius AG, later Fresenius SE, and to employees of its affiliated companies at an interest rate of 5.5% p.a. for a term of ten years. Members of the management board and employees of FMC AG & Co. KGaA and its affiliated companies which were only affiliated with Fresenius AG, later Fresenius SE, through FMC AG & Co. KGaA were excluded.

Under the 2003 Stock Option Plan, up to 1,440,000 convertible bonds with a par value of €2.56 each could be granted in total before the 1:3 shares split in 2006 (the "**Share Split**"). Of these convertible bonds, those granted and converted before the Share Split entitled beneficiaries to subscribe one ordinary or preference share of Fresenius AG, later Fresenius SE, subject to payment of the conversion price; and those granted after the Share Split entitled beneficiaries to subscribe three ordinary of preference shares of Fresenius AG, later Fresenius SE. Following the entry of the Share Split into the commercial register on January 24, 2007, up to 1,080,000 convertible bonds with a par value of €1.00 each could be granted in total, beneficiaries of which were entitled to subscribe one ordinary or preference share of Fresenius AG, later Fresenius SE, subject to payment of the conversion price.

The 2003 stock option plan of Fresenius AG was followed by the 2008 Stock Option Plan of Fresenius SE, now Fresenius SE & Co. KGaA. Since May 27, 2008, no further stock options have been issued from the 2003 Stock Option Plan. Following the conversion of all preference shares of Fresenius SE into ordinary shares of Fresenius SE & Co. KGaA, convertible bonds which were granted under the 2003 Stock Option Plan and not converted prior to such conversion will be satisfied with ordinary shares of Fresenius SE & Co. KGaA. As of September 30, 2013, 763,666 convertible bonds were outstanding and exercisable under the 2003 Plan. The members of the Fresenius Management SE Management Board held 203,838 convertible bonds. For details on all stock options outstanding and the prices at which they may be excercised, please see "— *Transactions Relating to and Outstanding Stock Options*".

Transactions Relating to and Outstanding Stock Options

The transactions relating to stock options are summarized as follows:

Ordinary shares at December 31,	Number of options	Weighted-average exercise price in €	Number of exercisable options
Balance in 2010	**2,644,661**	**43.87**	**906,895**
Granted	1,143,440	71.28	
Exercised	786,358	38.85	
Forfeited	151,389	48.38	
Converted from preference shares	2,643,773	43.87	
Balance in 2011	**5,494,127**	**50.25**	**2,248,083**
Granted	1,206,145	78.54	
Exercised	1,150,924	39.83	
Forfeited	164,596	55.90	
Balance in 2012	**5,384,752**	**58.72**	**2,061,329**

Preference shares at December 31,	Number of options	Weighted-average exercise price in €	Number of exercisable options
Balance in 2010	**2,644,661**	**44.74**	**906,895**
Exercised	888	48.71	
Forfeited			
Converted into ordinary shares	2,643,773	44.74	
Balance in 2011	**0**	**not applicable**	

The following tables set forth the outstanding and exercisable stock options as of December 31, 2012:

Ordinary shares price range in €	Number of outstanding options	Weighted-average remaining contractual life in years	Weighted-average exercise price in €	Number of exercisable options	Weighted-average remaining contractual life in years	Weighted-average exercise price in €
10.01 – 15.00	19,881	0.50	13.65	19,881	0.50	13.65
15.01 – 20.00	4,608	0.50	18.18	4,608	0.50	18.18
20.01 – 25.00	54,922	1.50	21.96	54,922	1.50	21.96
25.01 – 30.00	150,438	2.47	28.60	150,438	2.47	28.60
30.01 – 35.00	634,848	3.50	33.81	634,848	3.50	33.81
35.01 – 40.00	292,172	3.39	39.21	292,172	3.39	39.21
40.01 – 45.00	11,482	2.92	41.62	11,482	2.92	41.62
45.01 – 50.00	11,664	3.50	48.81	11,664	3.50	48.81
50.01 – 55.00	1,508,790	3.88	53.89	483,352	2.58	54.69
55.01 – 60.00	382,908	4.50	56.43	382,908	4.50	56.43
60.01 – 65.00	9,000	4.92	63.53	0		
70.01 – 75.00	1,111,694	5.49	71.27	15,054	4.50	70.79
75.01 – 80.00	1,173,585	6,50	78.39	0		
85.01 – 90.00	18,760	6.92	87.36	0		
Total	**5,384,752**	**4.69**	**58.72**	**2,061,329**	**3.30**	**43.15**

CONFLICTS OF INTEREST

Some members of Management Board and other members of the Company's management are also members of the management board and/or members of the management of subsidiaries of the Company. Members of the Management Board also serve on the managing bodies of FMC AG & Co. KGaA, Fresenius Kabi AG, HELIOS Kliniken GmbH and VAMED AG, as well as of the subsidiaries of these companies. Furthermore, some members of supervisory board of the Management SE are also members of the supervisory board and/or members of supervisory boards of subsidiaries of the Company.

Although the interests of the Company and its subsidiaries are generally in line with each other, there can be no assurance that conflicts of interests will not arise in certain instances. These potential conflicts of interests could be particularly important in light of the minority ownership of the Company in FMC AG & Co. KGaA. The German Stock Corporation Act and the German Corporate Governance Code contain provisions that aim to protect affected companies from the negative effects of potential conflicts of interest.

Beyond this, there are no potential conflicts of interests between the obligations of the members of the Management Board and the supervisory board of Management SE towards the Company and their private interests or other obligations. As far as the Company is aware, there are no other potential conflicts of interests between the supervisory board members' obligations towards the Company and their private interests or other obligations other than those transactions set forth under "*Certain Relationships and Related-Party Transactions*".

None of the members of the Management Board and the supervisory boards were appointed or hired on the basis of an obligation contained in an agreement between the relevant company and a third party.

CORPORATE GOVERNANCE

The German Corporate Governance Code (the "**Code**") contains recommendations and suggestions for managing and monitoring listed companies in Germany. It is based on internationally and nationally recognized standards for good and responsible corporate governance. The purpose of the Code is to make the German corporate governance system transparent for investors. The Code was passed by the Government Commission of the German Corporate Governance Code on February 26, 2002 and was last amended on May 15, 2012.

There is no legal obligation to comply with the recommendations or suggestions of the Code. However, the German Stock Corporation Act requires that the management board and the supervisory board of a German listed company either declare on an annual basis that the recommendations of the Code were and will be adhered to or state which recommendations were or will not be followed. This declaration must be available to shareholders on a constant basis. No disclosure is required when companies deviate from the suggestions in the Code.

The supervisory board of the Company and the Management Board have adopted the following declaration of compliance (*Entsprechenserklärung*) in December 2013, and have made it available to shareholders. In accordance with clause 3.10 of the Code, this declaration, as well as past declarations, is available on the Company's website, at www.fresenius.com, under the heading "Who we are/Corporate Governance":

"The management board of the general partner of Fresenius SE & Co. KGaA, Fresenius Management SE, (hereafter the Management Board) and the supervisory board of Fresenius SE & Co. KGaA declare that since issuance of the previous declaration of conformity in December 2012 (amended in May 2013) the recommendations of the "Government Commission on the German Corporate Governance Code" published by the Federal Ministry of Justice (*Justizministerium*) in the official section of the Federal Gazette (*Bundesanzeiger*) (hereafter the Code) in the version of May 15, 2012 as well as in the version of May 13, 2013 since its publication in the Federal Gazette have been met and that the recommendations of the Code in the version of May 13, 2013 will be met in the future. Only the following recommendations of the code in the versions of May 15, 2012 and of May 13, 2013 have not been and will not be met:

- Code number 4.2.3 paragraph 4: Severance payment cap

  Pursuant to code number 4.2.3 paragraph 4, in concluding Management Board contracts, care shall be taken to ensure that payments made to a Management Board member on premature termination of his/her contract, including fringe benefits, do not exceed the value of two years' compensation (severance payment cap) and compensate no more than the remaining term of the employment contract. The severance payment cap shall be calculated on the basis of the total compensation for the past full financial year and if appropriate also the expected total compensation for the current financial year. These recommendations are not met insofar as the employment contracts of the members of the Management Board do not contain severance payment arrangements for the case of premature termination of the contract and consequentially insofar do not contain a limitation of any severance payment amount. Uniform severance payment arrangements of this kind would contradict the concept practiced by Fresenius in accordance with the German Stock Corporation Act (*Aktiengesetz*) according to which employment contracts of the members of the Management Board are, in principle, concluded for the period of their appointment. They would also not allow for a well-balanced assessment of the individual case.

- Code number 5.1.2 paragraph 2 sentence 3: Age limit for members of the Management Board

  Pursuant to code number 5.1.2 paragraph 2 sentence 3, an age limit shall be specified for members of the Management Board. As in the past, Fresenius will refrain from determining an age limit for members of the Management Board in the future since this would unduly limit the selection of qualified candidates.

- Code number 5.3.2 sentence 3: Independence of the Chairman of the Audit Committee

  Pursuant to code number 5.3.2 sentence 3, the chairman of the Audit Committee shall be independent. Pursuant to code number 5.4.2 sentence 2, a Supervisory Board member is not to be considered independent in particular if he/she has personal or business relations with the company, its executive bodies, a controlling shareholder or an enterprise associated with the latter which may cause a substantial and not merely temporary conflict of interests. The chairman of the Audit Committee of Fresenius SE & Co. KGaA, Prof. Dr. h.c. Roland Berger, is at the same time a shareholder of Roland Berger Strategy Consultants Holding GmbH and the honorary chairman of the Supervisory Board of Roland Berger Strategy Consultants Holding GmbH. The Fresenius Group is being advised by Roland Berger Strategy Consultants GmbH (hereafter RBSC), an associated enterprise of the management consulting firm Roland Berger Strategy Consultants Holding GmbH. In the context of a project in the course of the 2013 financial year, the Fresenius Group has been sourcing advisory services from RBSC. The Fresenius Group will pay an estimated fee of approximately EUR 8 million to RBSC in case of successful finalization of the project. The Management Board and Supervisory Board believe that these business relations neither constitute a substantial or long-term conflict of interest, nor do they interfere with the tasks of the chairman of the Audit Committee. For reasons of precaution, however, a deviation from code number 5.3.2 sentence 3 is being declared against the background of the possible fee volume given the legal views taken with regards to the question of independence.

- Code number 5.4.1 paragraph 2 and paragraph 3: Specification of concrete objectives regarding the composition of the Supervisory Board and their consideration when making recommendations to the competent election bodies

  Pursuant to code number 5.4.1 paragraph 2 and paragraph 3, the Supervisory Board shall specify concrete objectives regarding its composition and, when making recommendations to the competent election bodies, take these objectives into account. The objectives specified by the Supervisory Board and the status of the implementation shall be published in the Corporate Governance Report. These recommendations are not met. As the composition of the Supervisory Board needs to be aligned to the enterprise's interest and has to ensure the effective supervision and consultation of the Management Board, it is a matter of principle and of prime importance that each member is suitably qualified. When discussing its recommendations to the competent election bodies, the Supervisory Board will take into account the international activities of the enterprise, potential conflicts of interest, the number of independent Supervisory Board members within the meaning of code number 5.4.2, and diversity. This includes the aim to establish an appropriate female representation on a long-term basis. In the enterprise's interest not to limit the selection of qualified candidates in a general way, the Supervisory Board confines itself to a general declaration of intent and particularly refrains from fixed diversity quotas and from an age limit. As the next regular elections of the Supervisory Board will take place in the year 2016, reasonably a report on implementation of the general declaration of intent cannot be made till then.

- Code number 5.4.6 paragraph 2 sentence 2: A performance-related compensation of the members of the Supervisory Board oriented toward sustainable growth of the enterprise

  Pursuant to code number 5.4.6 paragraph 2 sentence 2, a performance-related compensation, if promised to the members of the Supervisory Board, shall be oriented toward sustainable growth of the enterprise. The variable compensation of the Supervisory Board members of Fresenius SE & Co. KGaA does not have a calculation basis of several years and is, therefore, not oriented, in this sense, toward the sustainable growth of the enterprise. The Supervisory Board rather receives a performance-related compensation which pursuant to section 13 paragraph 1 of the articles of association of Fresenius SE & Co. KGaA depends on the dividend. This compensation model has been in existence since the year 1995. It continues to bring forth an adequate compensation of the Supervisory Board in line with the law and with the interests of the shareholders. In addition, the following recommendations of the code in the version of May 13, 2013 have not been and will not be met:

- Code number 4.2.3 paragraph 2 sentence 6: Caps regarding specific compensation amounts

  Pursuant to code number 4.2.3 paragraph 2 sentence 6 in the version of May 13, 2013, the amount of compensation shall be capped, both overall and for variable compensation components. This recommendation is not met. The Management Board contracts do not provide for caps regarding specific amounts for all compensation components and accordingly not for caps regarding specific amounts for the overall compensation. The performance-based short-term compensation (the variable bonus) is capped. As regards stock options and phantom stocks as compensation components with long- term incentives, the Management Board contracts do provide for a possibility of limitation but not for caps regarding specific amounts. Introducing caps regarding specific amounts in relation to such stock-based compensation components would contradict the basic idea of the members of the Management Board participating appropriately in the economic risks and opportunities of the company. Instead of that, Fresenius pursues a flexible concept considering each individual case. In situations of extraordinary developments in relation to the stock-based compensation which are not related to the performance of the Management Board, the Supervisory Board may cap the stock-based compensation.

- Code number 4.2.5 paragraph 3: Presentation in the compensation report

  Pursuant to code number 4.2.5 paragraph 3 in the version of May 13, 2013, the presentation of the compensation for each individual member of the Management Board in the compensation report shall for financial years starting after December 31, 2013 *inter alia* present the maximum and minimum achievable compensation by using corresponding model tables. Since Fresenius in deviation from code number 4.2.3 paragraph 2 sentence 6 does not provide for caps regarding specific amounts for all compensation components and, therefore, does not provide for caps regarding specific amounts for the overall compensation, the compensation report cannot meet all recommendations of the code in the future. Irrespective thereof, Fresenius will continue to present its compensation system and the amounts paid to members of the Management Board in its compensation report in a comprehensive and transparent manner in the future. This will also include the maximum and minimum achievable variable bonus."

PRINCIPAL SHAREHOLDERS

The Issuer is a wholly-owned subsidiary of Fresenius SE & Co. KGaA. The share capital of Fresenius SE & Co. KGaA consists of no-par value voting ordinary shares in bearer form. The Company's shares are admitted to trading on the regulated market segment (*regulierter Markt*) and the sub-segment of the regulated market with further post-admission obligations (Prime Standard) of the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*) and on the stock exchanges in Dusseldorf and Munich, and are included in the DAX30 performance index (*Deutscher Aktienindex*) of Deutsche Börse AG. In addition, the Company set up a sponsored Level I American Depositary Receipt Program (the "**ADR-Program**") in October 2011 to allow U.S. investors to acquire, hold and trade indirect participations in the Company (the "**Fresenius ADRs**"). In the United States, the Fresenius ADRs are traded on the over-the-counter market. Under the ADR-Program, eight Fresenius ADRs represent one share of the Company.

Unless Fresenius SE & Co. KGaA receives information regarding acquisitions of its shares pursuant to German statutory notification requirements, it has no way of determining who its shareholders are or how many shares any particular shareholder owns. Under the German Securities Trading Act (*Wertpapierhandelsgesetz*), holders of voting securities of a German company listed on the regulated market (*regulierter Markt*) of a German stock exchange or a corresponding trading segment of a stock exchange within the European Union are required to notify the issuer of the level of their holding whenever such holding reaches, exceeds or falls below certain thresholds, which are set at 3%, 5%, 10%, 15%, 20%, 25%, 30%, 50% and 75% of an issuer's outstanding voting rights.

The following notification(s) disclosed in accordance with Sections 21 et seq. of the German Securities Trading Act (*WpHG*) reflect the level of investments held in Fresenius SE & Co. KGaA at the date of the statement of financial position:

- The Capital Group Companies, Inc., Los Angeles, USA, held, directly or indirectly, 5,557,985 ordinary shares of Fresenius SE & Co. KGaA representing 3.12% of the voting rights in November 2, 2012.

All notifications made by shareholders in accordance with the German Securities Trading Act (*Wertpapierhandelsgesetz*) are published on the website of the Company www.fresenius.com under Investor Relations — Fresenius Share / ADR — Shareholder Structure. The Else Kröner-Fresenius-Stiftung as major shareholder informed Fresenius SE & Co. KGaA in December 2012, that it held 48,231,698 ordinary shares of Fresenius SE & Co. KGaA which represents 27.07% of the subscribed capital on December 31, 2012.

The remaining shares of Fresenius SE & Co. KGaA are in free float. All shares of Fresenius SE & Co. KGaA have identical voting rights, with the exception of certain voting restrictions that apply only to shares held by the Else Kröner-Fresenius-Stiftung. There are no multiple voting rights.

CERTAIN RELATIONSHIPS AND RELATED-PARTY TRANSACTIONS

In connection with the formation of FMC AG, now FMC AG & Co. KGaA, which resulted from the combination of Fresenius Worldwide Dialysis (the dialysis business of Fresenius) and the dialysis business of W.R. Grace, Fresenius SE, now Fresenius SE & Co. KGaA, and its affiliates and Fresenius Medical Care AG, now FMC AG & Co. KGaA, and its affiliates entered into several agreements for the purpose of giving effect to the merger and defining their ongoing relationship. Fresenius SE, now Fresenius SE & Co. KGaA, and W.R. Grace negotiated these agreements. The information below gives an overview of the material aspects of certain agreements, arrangements and transactions between the Company, FMC AG & Co. KGaA and their affiliates. The Company believes that the leases, the supply agreements and the service agreements are no less favorable to it and no more favorable to FMC AG & Co. KGaA than would have been obtained in arm's length bargaining between independent parties. The trademark and other intellectual property agreements summarized below were negotiated by the Company and W.R. Grace, and, taken independently, are not necessarily indicative of market terms.

REAL PROPERTY LEASE

Fresenius Medical Care AG, now FMC AG & Co. KGaA, did not acquire the land and buildings in Germany that Fresenius Worldwide Dialysis used when it was formed in September 1996. The legal predecessors of the Company or its affiliates have leased part of the real property to Fresenius Medical Care AG (now FMC AG & Co. KGaA) directly, and transferred the remainder of that real property to two limited partnerships. The Company is the sole limited partner of each partnership and the sole shareholder of the general partner of each partnership. These limited partnerships, as landlords, have leased the properties to FMC AG & Co. KGaA and other subsidiaries of the Company, as applicable, for use in their respective businesses. The aggregate annual rent payable by Fresenius Medical Care under these leases was approximately €19.6 million, which was approximately US$25.2 million as of December 31, 2012, exclusive of maintenance and other costs, and is subject to escalation, based upon the German consumer-price-index determined by the Federal Statistical Office, a specified German cost of living index. The leases for manufacturing facilities have a ten-year term, followed by two successive optional renewal terms of ten years each at the election of Fresenius Medical Care. In December 2006, Fresenius Medical Care exercised its option to renew the leases for manufacturing facilities and the other leases were amended to extend their terms and add renewal options. The leases for the other facilities have a term of ten years. In December 2007, Fresenius SE, now Fresenius SE & Co. KGaA, amended the lease for the Schweinfurt, Germany facility to add additional manufacturing capacity. Based upon an appraisal, we and Fresenius Medical Care believe that the rents under the leases represent fair market value for such properties.

INTELLECTUAL PROPERTY

Trademarks

The Company continues to own the name and mark "Fresenius" and its "F" logo. The Company and FMC Germany, the principal German subsidiary of Fresenius Medical Care, have entered into agreements containing the following provisions. The Company has granted to FMC Germany, for the benefit of Fresenius Medical Care and its affiliates, an exclusive, worldwide, royalty-free, perpetual license to use "Fresenius Medical Care" in its company names, and to use the Fresenius marks, including some combination marks containing the Fresenius name that were used by the Company's dialysis business, and the Fresenius Medical Care name as a trade name, in all aspects of the renal business. FMC Germany, for the benefit of Fresenius Medical Care and its affiliates, has also been granted a worldwide, royalty-free, perpetual license:

- to use the "Fresenius Medical Care" mark in the then current National Medical Care non-renal business if it is used as part of "Fresenius Medical Care" together with one or more descriptive words, such as "Fresenius Medical Care Home Care" or "Fresenius Medical Care Diagnostics";

- to use the "F" logo mark in the National Medical Care non-renal business, with the consent of the Company. That consent will not be unreasonably withheld if the mark using the logo includes one or more additional descriptive words or symbols; and
- to use "Fresenius Medical Care" as a trade name in both the renal business and the National Medical Care non-renal business.

Fresenius Medical Care and its affiliates have the right to use "Fresenius Medical Care" as a trade name in other medical businesses only with the consent of the Company. The Company may not unreasonably withhold its consent. In the United States and Canada, the Company will not use "Fresenius" or the "F" logo as a trademark or service mark, except that it is permitted to use "Fresenius" in combination with one or more additional words such as "Pharma Home Care" as a service mark in connection with its home care business and may use the "F" logo as a service mark with the consent of FMC Germany. FMC Germany will not unreasonably withhold its consent if the service mark includes one or more additional descriptive words or symbols. Similarly, in the United States and Canada, the Company has the right to use "Fresenius" as a trade name, but not as a mark, only in connection with its home care and other medical businesses other than the renal business and only in combination with one or more other descriptive words, provided that the name used by the Company is not confusingly similar to Fresenius Medical Care's marks and trade names. After the expiration of the Company's ten-year covenant not to compete with Fresenius Medical Care, which has occurred, the Company may use "Fresenius" in its corporate names if it is used in combination with one or more additional descriptive word or words, provided that the name used by the Company is not confusingly similar to the Fresenius Medical Care marks or corporate or trade names.

Other Intellectual Property

Some of the patents, patent applications, inventions, know-how and trade secrets that Fresenius Worldwide Dialysis used prior to the formation of Fresenius Medical Care AG, now FMC AG & Co. KGaA were also used by other divisions of the Company. For Biofine, the polyvinyl chloride-free packaging material, the Company has granted to FMC Germany, for the benefit of Fresenius Medical Care and its affiliates, an exclusive license for the renal business and a non-exclusive license for all other fields except other non-renal medical businesses. FMC Germany and the Company will share equally any royalties from licenses of the Biofine intellectual property by either FMC Germany or by the Company to third parties outside the renal business and the other non-renal medical businesses. In addition, the Company transferred to FMC Germany the other patents, patent applications, inventions, know-how and trade secrets that were used predominantly in the Company's dialysis business prior to the formation of Fresenius Medical Care AG, now FMC AG & Co. KGaA. In certain cases Fresenius Worldwide Dialysis and the other the Company divisions as a whole each paid a significant part of the development costs for patents, patent applications, inventions, know-how and trade secrets that were used by both prior to the merger. Where FMC Germany acquired those jointly funded patents, patent applications, inventions, know-how and trade secrets, FMC Germany licensed them back to the Company exclusively in the other non-renal medical businesses and non-exclusively in all other fields. Where Fresenius Medical Care retained the jointly funded patents, patent applications, inventions, know-how and trade secrets, Fresenius Medical Care licensed them to FMC Germany exclusively in the renal business and non-exclusively in all other fields.

Supply Agreements

Fresenius Kabi manufactures some products, principally dialysis concentrates and other solutions, for FMC AG & Co. KGaA at facilities located in Germany, Brazil, South Africa and France.

Fresenius Medical Care manufactures and supplies products for Fresenius Kabi AG at its facilities in Germany and Italy.

Our local subsidiaries and those of FMC AG & Co. KGaA have entered into supply agreements for the purchase and sale of products from the above facilities. Prices under the supply agreements are determined by good-faith negotiation. During 2012, Fresenius Medical Care sold products to our Group in the amount of US$22.1 million. In 2012, Fresenius Medical Care purchased from our Group in the amount of US$46.1 million.

The parties may modify existing, or enter into additional, supply agreements, arrangements and transactions. Any future modifications, agreements, arrangements and transactions will be negotiated between the parties and will be subject to the approval provisions of the pooling agreements and the regulatory provisions of German law regarding dominating enterprises.

FMCH currently purchases heparin supplied by Fresenius Kabi USA, Inc. through MedAssets, Inc. MedAssets Inc. is a publicly-traded U.S. corporation that provides inventory purchasing services to 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 health care providers by negotiating discounted prices with manufacturers, distributors and other vendors. Vendors discount their prices and pay administrative fees to GPOs because GPOs provide access to a large customer base, thus reducing vendors' sales and marketing costs and overhead. FMCH is one of many U.S. 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 2012, Fresenius Medical Care acquired US$14.1 million of heparin from Fresenius Kabi USA, Inc. through the GPO.

Services Agreement

The Company and certain of its subsidiaries carry out administrative and other services for FMC AG & Co. KGaA at their Bad Homburg headquarters. These services relate to, among other things, administrative services, management information services, employee benefit administration, insurance, IT services, tax services and treasury services. For 2012, the Company and its subsidiaries charged FMC AG & Co. KGaA approximately US$80.8 million for these services. Conversely, the Company and its subsidiaries have obtained certain services from FMC AG & Co. KGaA, in particular services relating to research and development, central purchasing, patent administration and warehousing. For 2012, FMC AG & Co. KGaA charged approximately US$5.8 million to the Company and its subsidiaries for services rendered to them. FMC AG & Co. KGaA and the Company may modify existing or enter into additional services agreements, arrangements and transactions. Any such future modifications, agreements, arrangements and transactions will be negotiated between the parties and will be subject to the approval provisions of the pooling agreement and the regulatory provisions of German law regarding dominating enterprises.

Loans to Fresenius Medical Care

At September 30, 2013, a loan of €9.3 million from the Company to FMC AG & Co. KGaA was outstanding, which mainly related to cash management arrangements.

Other Interests

Prof. Dr. med. D. Michael Albrecht, a member of the supervisory board of the Company, is medical director and spokesman of the management board of the Universitätsklinikum Carl Gustav Carus Dresden and a member of the supervisory boards of the Universitätsklinika Aachen, Rostock and Magdeburg. Our Group maintains business relations with these clinics in the ordinary course and under customary conditions.

Prof. Dr. h. c. Roland Berger, a member of the supervisory board of the Management SE and the Company, is a partner of Roland Berger Strategy Consultants Holding GmbH. In 2012, after discussion and approval by the supervisory board of the Management SE, our Group paid €0.6 million to the Roland Berger group for consulting services rendered (2011: €0.7 million).

Klaus-Peter Müller, a member of the supervisory board of the Management SE and the Company, is the chairman of the supervisory board of Commerzbank AG. Our Group maintains business relations with Commerzbank under customary conditions. In 2012, our Group paid €1.9 million in total to Commerzbank for financing commitments, in connection with senior notes issuances as well as the capital increase (2011: €0.6 million).

Dr. Franceso De Meo, a member of the Management Board of the sole general partner of the Company, was a member of the supervisory board of Allianz Private Krankenversicherungs-AG until July 6, 2011. In 2011, our Group paid €4.3 million for insurance premiums to Allianz.

Dr. Dieter Schenk, Deputy Chairman of the supervisory board of Fresenius SE, is a partner in the international law firm Noerr LLP, which provides legal services to our Group. In 2012, after discussion and approval of each mandate by the supervisory board of the Management SE, our Group paid, or processed for payment, in December 2012 €1.8 million to this law firm for services rendered (2011: €1.4 million).

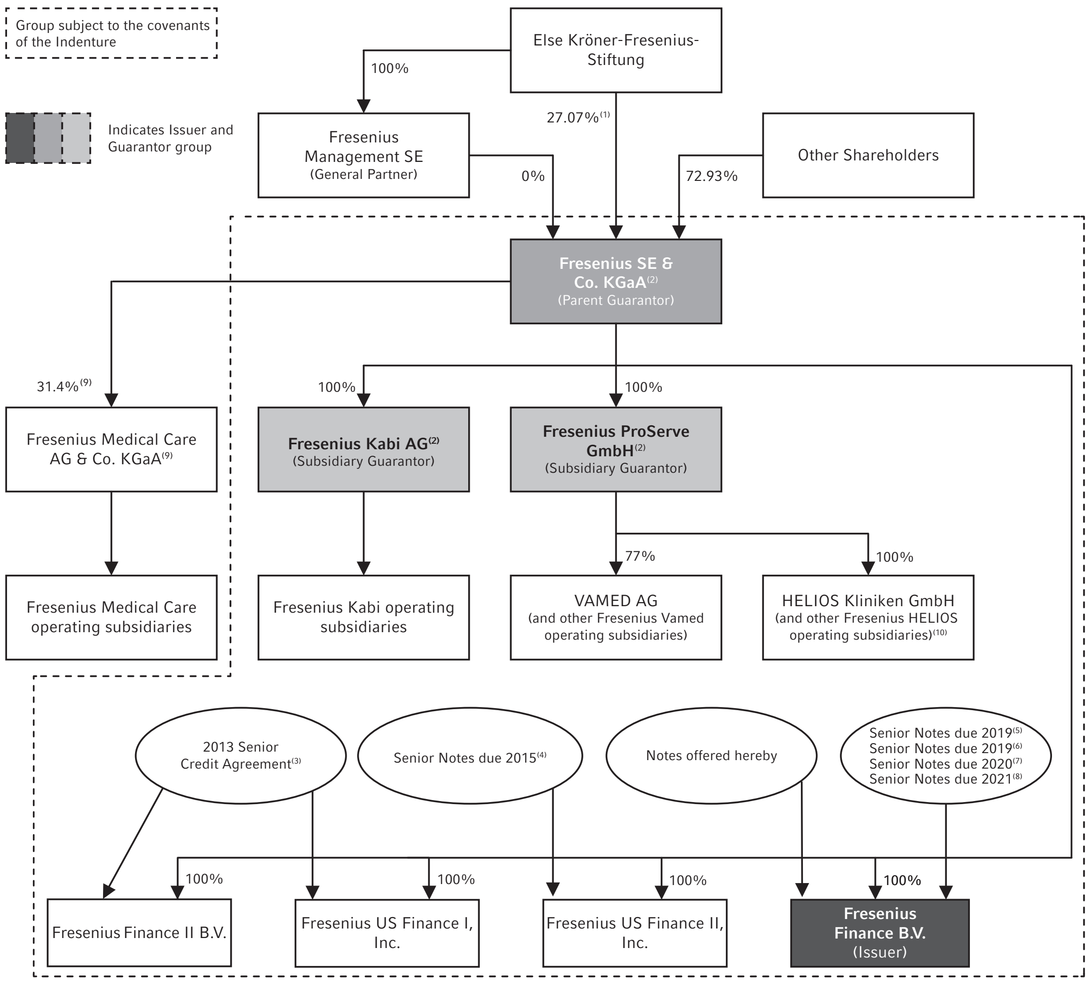
The payments mentioned in this subsection are net amounts. In addition, VAT and insurance tax were paid.

GENERAL INFORMATION ON GROUP STRUCTURE, ISSUER AND GUARANTORS

Overview Corporate and Finance Structure

The Fresenius Group is headed by Fresenius SE & Co. KGaA which acts as holding company for the Group. Fresenius Finance B.V., Fresenius Kabi AG and Fresenius ProServe GmbH are wholly-owned subsidiaries of Fresenius SE & Co. KGaA; as of September 30, 2013, the stake in FMC AG & Co. KGaA amounts to 31.4%. Fresenius Kabi AG acts as the holding company for our business segment Fresenius Kabi. Fresenius ProServe GmbH acts as the holding company for our business segments Fresenius Helios and Fresenius Vamed. FMC AG & Co. KGaA acts as holding company for the fully consolidated Fresenius Medical Care which is again controlled by its general partner Fresenius Medical Care Management AG, a wholly-owned subsidiary of Fresenius SE & Co. KGaA.

The following diagram depicts, in abbreviated form, the corporate structure and certain debt obligations of Fresenius Group as of September 30, 2013 immediately after giving effect to the offering of the Notes. The Guarantors and certain of their respective subsidiaries will be subject to the (restrictive) covenants in the Indenture, e.g., limitation on incurrence of indebtedness, limitation on sale and leaseback transactions, existence, payment of taxes and other claims, payment of additional amounts, additional guarantors, quarterly and annual reports and compliance certificate. See "*Description of the Notes*".



(1) Our corporate structure as of the date of this prospectus did not materially change compared with our corporate structure as of September 30, 2013. The Else Kröner-Fresenius-Stiftung as major shareholder informed the Company in December 2012, that it held 48,231,698 ordinary shares of Fresenius SE & Co. KGaA which represents 27.07% of the subscribed capital on December 31, 2012.

(2) Each of the Guarantors has given senior guarantees for the Outstanding Senior Notes and the Notes offered hereby. Except as provided under *"Description of the Notes — Certain Covenants"*, the Notes will not be guaranteed by any of the other subsidiaries of the Parent Guarantor. See *"Risk Factors — Risks Relating to the Subsidiary Guarantors — Enforcement of the Guarantees against the Subsidiary Guarantors may be limited, and the Subsidiary Guarantors derive substantially all of their revenue and cash from their operating subsidiaries"*, *"Risk Factors — Risks Relating to the Guarantors — German insolvency laws may preclude the recovery of payments due under the Guarantees"* and *"Risk Factors — Risks Relating to the Notes — The Notes are subordinate to other creditors of non-guarantors" and "Description of the Notes"*.

(3) As of September 30, 2013, an aggregate amount of €1,761 million was outstanding under the 2013 Senior Credit Agreement. The Guarantors and certain US subsidiaries of Fresenius Kabi AG have each given senior guarantees under the 2013 Senior Credit Agreement. The 2013 Senior Credit Agreement is secured by pledges of capital stock of certain material subsidiaries of Fresenius Kabi AG in favor of the lenders. See *"Description of Other Financing Arrangements"*.

(4) On January 21, 2009, Fresenius US Finance II, Inc. issued US$500 million aggregate principal amount of 9.00% senior notes and €275 million aggregate principal amount of 8.75% senior notes, both due 2015. See *"Description of Other Financing Arrangements"*.

(5) On March 28, 2012, the Issuer issued €500 million aggregate principal amount of 4.25% senior notes due 2019. See *"Description of Other Financing Arrangements"*.

(6) On January 23, 2014 the Issuer issued €300 million aggregate principal amount of 2.375% senior notes due 2019.

(7) On January 24, 2013, the Issuer issued €500 million aggregate principal amount of 2.875% senior notes due 2020. See *"Description of Other Financing Arrangements"*.

(8) On January 23, 2014, the Issuer issued €450 million aggregate principal amount 3.000% senior notes due 2021.

(9) As of September 30, 2013, Fresenius SE & Co. KGaA owned 31.4% of the outstanding ordinary voting shares of FMC AG & Co. KGaA. FMC AG & Co. KGaA is a German partnership limited by shares. Fresenius Medical Care Management AG, the general partner of FMC AG & Co. KGaA, is a wholly-owned subsidiary of Fresenius SE & Co. KGaA. Because corporate decisions are taken by the general partner for German partnerships limited by shares, Fresenius SE & Co. KGaA has and, as long as it maintains ownership of more than 25% of the share capital of FMC AG & Co. KGaA, will retain a factual controlling position (*faktische Kontrolle*) in FMC AG & Co. KGaA under the articles of association of FMC AG & Co. KGaA. Since this factual controlling position (*faktische Kontrolle*) meets the control test for purposes of consolidation, Fresenius SE & Co. KGaA fully consolidates Fresenius Medical Care in its consolidated financial statements. See *"General Information on Group Structure, Issuer and Guarantors — Interest of the Company in FMC AG & Co. KGaA"*.

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

(10) On September 13, 2013, Fresenius Helios announced that it has signed a binding agreement to acquire 43 hospitals and 15 outpatient facilities from Rhön-Klinikum AG which will be owned, in whole or in part, by certain Fresenius Helios entities.

THE ISSUER

Foundation, Name, Registered Office, Duration, Business Name and Corporate Purpose

The Issuer was incorporated under the laws of the Netherlands on September 24, 1998 as a private company with limited liability (*besloten vennootschap met beperkte aansprakelijkheid*). The Issuer is registered with the commercial register of Midden-Nederland with the identification number 17108080 under the name Fresenius Finance B.V. The Issuer has its registered office at Amersfoortseweg 10E, 3705 GJ, Zeist, Netherlands. Its telephone number is +31 30 2428 383. The duration of the Issuer is indefinite. It conducts its business under its legal name. Pursuant to section 3 of its articles of association, the corporate purpose of the Issuer is:

- to incorporate, to participate in any way whatsoever, to manage, to supervise, to operate and to promote enterprises, businesses and companies;
- to finance businesses and companies;
- to borrow, to lend and to raise funds, including the issue of bonds, promisory notes or other securities or evidence indebtedness, as well as to enter into agreements in connection with the aforementioned;
- to supply advice and to render services to enterprises and companies with which the company forms a group and to third parties;

- to render guarantees, to bind the company and to pledge its assets for obligations of the companies and enterprises with which it forms a group and on behalf of third parties;
- to obtain, alienate, manage and exploit registered property and items of property in general; and
- to perform any activity and all activity of industrial, financial or commercial nature;

as well as everything pertaining to the foregoing, relating thereto or conducive thereto, all in the widest sense of the word.

Registered Capital, Major Shareholder and Assets

As of the date of this prospectus, the Issuer had a registered capital of €18,151 represented by 200 voting shares, which have been fully paid in. The Issuer is a wholly-owned subsidiary of the Company. The principal assets of the Issuer are intercompany loans.

Management, Corporate Governance

The Issuer has a management board which consists of two Managing Directors. The Managing Directors of the Issuer are Mr. Joseph Simons and Mr. Bernard Dierickx. Mr. Simons is also the Managing Director of Fresenius Kabi Netherlands B.V. Mr. Dierickx is also the Commercial Director of Fresenius Kabi Netherlands B.V. The managers can be contacted at the registered office of the Issuer. There are no potential conflicts between any of the Managing Directors' duties to the Issuer and their private interests and or other of their duties. The Issuer does not have a supervisory board and, therefore, has no audit committee.

The Dutch Corporate Governance Code (*De Nederlandse corporate governance code*) of December 10, 2008, which has entered into force on January 1, 2009, does not apply to the Issuer as the Issuer is a company with limited liability the shares in which are neither admitted to trading on a regulated market nor admitted to trading on a multilateral trading facility.

Financial Year, Financial Statements and Auditor

The Issuer's financial year is the calendar year. The Issuer has appointed KPMG Accountants N.V., Fascinatio Boulevard 200, 3065 WB Rotterdam, Netherlands, as independent auditor of its financial statements. KPMG Accountants N.V. is a member of the Royal Dutch Institute of Chartered Accountants.

GUARANTORS

The guarantors of the Notes are Fresenius SE & Co. KGaA, Fresenius Kabi AG and Fresenius ProServe GmbH, whereby the Company acts as Parent Guarantor and Fresenius Kabi AG and Fresenius ProServe GmbH act as Subsidiary Guarantors. The Company directly owns all of the capital stock in Fresenius Kabi AG and Fresenius ProServe GmbH with Fresenius Kabi AG acting as the holding company for its business segment Fresenius Kabi, and Fresenius ProServe GmbH acting as the holding company for its business segments Fresenius Helios and Fresenius Vamed. For a description of the guarantees granted, please see section "*Description of the Notes — Description of the Guarantees*".

Fresenius SE & Co. KGaA

Foundation, Name, Registered Office, Duration, Business Name

The Company was originally incorporated on August 20, 1966 as Chemisch-pharmazeutische Verwaltungsgesellschaft mbH, a limited liability company organized under German law. This company was registered with the commercial register of the local court (*Amtsgericht*) of Bad Homburg vor der Höhe, Germany, under registration number HRB 1152. On October 30, 1981, the shareholders' meeting of Chemisch-pharmazeutische Verwaltungsgesellschaft mbH resolved to change the legal form of the Company into a stock corporation (*Aktiengesellschaft*) organized under German law and the Company's name to Fresenius Verwaltungs-Aktiengesellschaft. These changes became effective upon registration of Fresenius Verwaltungs-Aktiengesellschaft with the commercial register of Bad Homburg vor der Höhe, Germany, under registration number HRB 2617, on December 9, 1981.

On December 23, 1981, the general shareholders' meeting of Fresenius Verwaltungs-Aktiengesellschaft resolved to change the name of the Company to Fresenius AG. This change became effective upon entry into the commercial register on December 28, 1981. On December 4, 2006, the general shareholders' meeting of Fresenius AG resolved to change the Company's legal form into a European Company (*Societas Europaea — SE*) organized under German and European law and the Company's name to Fresenius SE. These changes became effective upon registration of Fresenius SE with the commercial register of Bad Homburg vor der Höhe, Germany, under registration number HRB 10660, on July 13, 2007.

On May 12, 2010, the general shareholders' meeting of Fresenius SE resolved to change the legal form of the Company into a partnership limited by shares (*Kommanditgesellschaft auf Aktien*) with an SE as general partner, organized under German and European law, the Company's name to Fresenius SE & Co. KGaA; and, so as to simplify the company's share structure by creating one share class while maintaining the control position of the Else Kröner-Fresenius-Stiftung, to convert the at that time also existing non-voting no-par value preference bearer shares into voting ordinary shares at a 1:1 exchange ratio. These changes became effective upon registration of the Company with the commercial register of Bad Homburg vor der Höhe, Germany, under registration number HRB 11852, on January 28, 2011.

The Company has its registered office in Bad Homburg vor der Höhe, Germany. Its business address is Else-Kröner-Strasse 1, 61352 Bad Homburg vor der Höhe, Germany, and its telephone number is +49 (0) 6 172-608-0. The duration of the Company is indefinite. The Company conducts its business under its legal name.

Corporate Purpose

Pursuant to section 2 of its articles of association, the corporate purpose of the Company is:

- the development, manufacture, and distribution of, as well as trading in, products, systems, and processes in the healthcare sector;
- the construction, development, and operation of medical and curative facilities, as well as of hospitals; and
- consulting in the medical and pharmaceutical fields, as well as scientific information and documentation.

The Company will operate directly or through associated companies (*Beteiligungsgesellschaften*) in Germany and abroad.

The Company is entitled to enter into any and all business transactions and to take any and all measures that are deemed necessary or useful in accomplishing the corporate purpose of the Company and may, in particular, participate in other undertakings of the same or a related kind, take over the management and/or the representation of such undertakings, transfer company divisions, including major company divisions, to undertakings in which the Company holds at least a majority of the voting capital and/or a controlling interest, and establish branch offices in Germany and abroad."

Share Capital, Admission to Trading, Major Shareholders and Assets

As of the date of this prospectus, the Company had issued a share capital of €178,839,237.00 represented by 178,839,237 voting ordinary shares, each of which grants one vote in the general shareholders' meeting of the Company. All shares have been fully paid up. As to the principal characteristics of the shares, please see section "*Management*". The major shareholders of the Company are listed in section "*Principal Shareholders*".

In accordance with U.S. GAAP as of September 30, 2013, the Company had total assets of €30,678 million, total liabilities and equity of €30,678 million and, for the nine months ended September 30, 2013, a net income of €727 million (including income from participations).

General Partner, Management and Corporate Governance

The sole general partner of the Company is Fresenius Management SE ("**Management SE**"). Management SE is a wholly-owned subsidiary of the Else Kröner-Fresenius-Stiftung. Management SE is registered with the commercial register of the local court (*Amtsgericht*) of Bad Homburg vor der Höhe under the registration number HRB 11673 and has issued a share capital of €1,500,000 as of September 30, 2013. The registered office of the Management SE is Bad Homburg vor der Höhe, Germany. Its business address is Else-Kröner-Strasse 1, 61352 Bad Homburg vor der Höhe, Germany, and its telephone number is +49 (0) 6 172-608-0. Management SE has not made a contribution to and, therefore, has no share in the Company, and does neither participate in any profit or loss nor in any assets of the Company. The sole corporate purpose of the Management SE is its being general partner of the Company.

For further information on the management of the Company, please see section "*Management*". For information on the compliance of the Company with the German Corporate Governance Code (*Deutscher Corporate Governance Kodex*), please see section "*Management — Corporate Governance*".

Financial Year, Auditor of the Financial Statements

The financial year of the Company is the calendar year.

KPMG AG Wirtschaftsprüfungsgesellschaft, The Squaire, Am Flughafen, 60549 Frankfurt am Main, Germany, a member of the German Chamber of Public Accountants (*Wirtschaftsprüferkammer*), Berlin, is the auditor of the consolidated and unconsolidated financial statements of the Company.

KPMG audited the consolidated financial statements of the Company as of and for the years ended December 31, 2012, 2011 and 2010, prepared in accordance with U.S. GAAP, which have been included in this prospectus and the consolidated financial statements of the Company as of and for the years ended December 31, 2012, 2011 and 2010 prepared in accordance with IFRS, and in each case issued an auditors' report (*Bestätigungsvermerk*).

Fresenius Kabi AG

Foundation, Name, Registered Office, Duration, Business Name

Fresenius Kabi AG was incorporated as a stock corporation (*Aktiengesellschaft*) organized under German law on August 21, 1998. It was originally registered with the commercial register of the local court (*Amtsgericht*) of Frankfurt am Main, Germany, under registration number HRB 45881. On May 10, 2010, the general shareholders' meeting of Fresenius Kabi AG resolved to move Fresenius Kabi AG's registered office to Bad Homburg vor der Höhe. The change became effective upon registration of Fresenius Kabi AG with the commercial register of the local court (*Amtsgericht*) of Bad Homburg vor der Höhe, Germany, under registration number HRB 11654, on June 22, 2010.

Fresenius Kabi AG has its registered office in Bad Homburg vor der Höhe, Germany. Its business address is Else-Kröner-Strasse 1, 61352 Bad Homburg vor der Höhe, Germany, and its telephone number is +49 (0) 6 172-686-0. The duration of the Company is indefinite. The Company conducts its business under its legal name.

Corporate Purpose

Pursuant to section 2 of its articles of association of Fresenius Kabi AG, the corporate purpose of Fresenius Kabi AG is the participation in German and foreign companies engaged in the development, production and/or distribution of pharmaceutical and dietary products, in particular for enteral and parenteral nutrition, and infusion solutions: furthermore the development, production and distribution of medical devices and IT software for hospitals.

Share Capital, Major Shareholder and Assets

As of the date of this prospectus, Fresenius Kabi AG had issued a share capital of €66,000,000.00 represented by 25,781,250 voting ordinary shares, each of which grants one vote in the general shareholders' meeting of Fresenius Kabi AG. All shares have been fully paid in. Fresenius Kabi AG is a wholly-owned subsidiary of the Company.

In accordance with German GAAP as of September 30, 2013, Fresenius Kabi AG had total assets of €2,530 million, total liabilities of €852 million and, for the nine months ended September 30, 2013, a net income of €161 million (including income from participations).

Management and Corporate Governance

Fresenius Kabi AG has a management board and a supervisory board which has no audit committee.

The management board of Fresenius Kabi AG consists of seven members: Mats Henriksson (Chairman), Marc Crouton, John Ducker, Manfred Köhler, Dr. Christian Hauer, Dr. Michael Schönhofen and Gerrit Steen. The supervisory board of Fresenius Kabi AG consists of three members: Dr. Ulf. M. Schneider (Chairman), Stephan Sturm (Deputy Chairman) and Christian Fischer. There are no potential conflicts between any duties to Fresenius Kabi AG of the members of the management board and supervisory board of Fresenius Kabi AG and their private interests and or other of their duties. For the principal activities of Mats Henriksson, Dr. Ulf M. Schneider and Stephan Sturm outside Fresenius Kabi AG, see "*Management — Management Board of the Management SE*". Christian Fischer is also Senior Vice President Group Controlling of Fresenius SE & Co. KGaA.

Members of the management board and the supervisory board of Fresenius Kabi AG can be contacted under the business address of the Company.

The German Corporate Governance Code does not apply to Fresenius Kabi AG as Fresenius Kabi AG is a stock corporation the shares in which are not admitted to trading on a regulated market.

Financial Year, Financial Statements and Auditor

The financial year of Fresenius Kabi AG is the calendar year. Fresenius Kabi AG has appointed KPMG AG Wirtschaftsprüfungsgesellschaft, The Squaire, Am Flughafen, 60549 Frankfurt am Main, Germany, as independent auditor. KPMG AG is a member of the German Chamber of Public Accountants (*Wirtschaftsprüferkammer*), Berlin, Germany.

Fresenius ProServe GmbH

Foundation, Name, Registered Office, Duration, Business Name

Fresenius ProServe GmbH was incorporated as a company with limited liability (*Gesellschaft mit beschränkter Haftung*) organized under the laws of Germany on February 24, 1999. It was originally registered with the commercial register of the local court (*Amtsgericht*) of Frankfurt am Main, Germany, under registration number HRB 46909. On May 10, 2010, the shareholders' meeting of Fresenius ProServe GmbH resolved to move the company' registered office to Bad Homburg vor der Höhe. The change became effective upon registration of Fresenius ProServe GmbH with the commercial register of the local court (*Amtsgericht*) of Bad Homburg vor der Höhe, Germany, under registration number HRB 7302.

Fresenius ProServe GmbH has its registered office in Bad Homburg vor der Höhe, Germany. Its business address is Else-Kröner-Strasse 1, 61352 Bad Homburg vor der Höhe, Germany, and its telephone number is +49 (0) 6 172-608-0. The duration of Fresenius ProServe GmbH is indefinite. Fresenius ProServe GmbH conducts its business under its legal name.

Corporate Purpose

Pursuant to section 2 of its articles of association, the corporate purpose of Fresenius ProServe GmbH is the acquisition, holding and management of participations in German and foreign companies engaged in the following activities: the planning and construction of production facilities, in particular for pharmaceutical and dietary products and medical devices; the planning, construction and operation of curative facilities and hospitals; and project services.

Registered Capital, Major Shareholder and Assets

As of the date of this prospectus, Fresenius ProServe GmbH had a registered capital of €40,000,000. All shares have been fully paid in. Fresenius ProServe GmbH is a wholly-owned subsidiary of the Company.

In accordance with German GAAP as of September 30, 2013, Fresenius ProServe GmbH had total assets of €2,750 million, total liabilities of €638 million and, for the nine months ended September 30, 2013, a net income of €178 million (including income from participations).

Management and Corporate Governance

Fresenius ProServe GmbH has a management board which consists of three Managing Directors, The Managing Directors of Fresenius ProServe GmbH are Dr. Franceso De Meo, Dr. Jürgen Götz and Joachim Weith. There are no potential conflicts between any duties to Fresenius ProServe GmbH of the members of the management board of Fresenius ProServe GmbH and their private interests and or other of their duties. Fresenius ProServe GmbH does not have a supervisory board and, therefore, has no audit committee. For the principal activities of Dr. Francesco De Meo and Dr. Jürgen Götz outside Fresenius ProServe GmbH, see "*Management — Management Board of the Management SE*". Joachim Weith is also the Senior Vice President Corporate Communications and Public Affairs of Fresenius SE & Co. KGaA.

Members of the management board of Fresenius ProServe GmbH can be contacted at the registered office of Fresenius SE & Co. KGaA.

The German Corporate Governance Code does not apply to Fresenius ProServe GmbH as Fresenius ProServe GmbH is a company with limited liability the shares in which are not admitted to trading on a regulated market.

Financial Year, Financial Statements and Auditor

The financial year of Fresenius ProServe GmbH is the calendar year. Fresenius ProServe GmbH has appointed KPMG AG Wirtschaftsprüfungsgesellschaft, The Squaire, Am Flughafen, 60549 Frankfurt am Main, Germany, as independent auditor. KPMG AG is a member of the German Chamber of Public Accountants (*Wirtschaftsprüferkammer*), Berlin, Germany.

DOCUMENTS AVAILABLE FOR INSPECTION

For as long as this prospectus is valid, the following documents, or copies thereof, may be inspected during regular business hours as the offices of the Company at Else-Kröner-Strasse 1, 61352 Bad Homburg vor der Höhe, Germany:

- the articles of association of the Issuer and the Guarantors;
- the unaudited interim consolidated financial statements of the Company as of and for the nine months ended September 30, 2013, prepared in accordance with U.S. GAAP;
- the audited consolidated financial statements of the Company as of and for the years ended December 31, 2012, 2011 and 2010, prepared in accordance with U.S. GAAP;
- the unaudited interim consolidated financial statements of the Company as of and for the nine months ended September 30, 2013, prepared in accordance with IFRS;
- the audited consolidated financial statements of the Company as of and for the years ended December 31, 2012, 2011 and 2010, prepared in accordance with IFRS;
- unconsolidated financial statements of the Issuer for the financial years ending December 31, 2012 and 2011;
- unconsolidated financial statements of Fresenius Kabi AG for the financial years ending December 31, 2012 and 2011; and
- unconsolidated financial statements of Fresenius ProServe GmbH for the financial years ending December 31, 2012 and 2011.

INTEREST OF THE COMPANY IN FMC AG & CO. KGAA

FMC AG & Co. KGaA is a partnership limited by shares (*Kommanditgesellschaft auf Aktien*) organized under German law with its registered office in Hof an der Saale, Germany and registered with the commercial register of the local court (*Amtsgericht*) of Hof an der Saale, Germany, under registration number HRB 4019. As of September 30, 2013, the Company owned 31.4% of FMC AG & Co. KGaA's 307,549,688 outstanding ordinary voting shares. FMC AG & Co. KGaA's general partner is Fresenius Medical Care Management AG, a wholly-owned subsidiary of the Company in the legal form of a stock corporation (*Aktiengesellschaft*) organized under German law ("**FMC Management AG**") with its registered office in Hof an der Saale, Germany and registered with the commercial register of the local court (*Amtsgericht*) of Hof an der Saale, Germany, under registration number HRB 3894. FMC Management AG, represented by its management board, is responsible for the management of FMC AG & Co. KGaA. Because corporate decisions are taken by the general partner for German partnerships limited by shares, the Company has, and as long as it maintains ownership of FMC Management AG and more than 25% of the share capital of FMC AG & Co. KGaA will retain, a controlling position in FMC AG & Co. KGaA under the articles of association of FMC AG & Co. KGaA. Since this controlling position meets the control test for purposes of consolidation under U.S. GAAP, the Company fully consolidates Fresenius Medical Care in its consolidated financial statements under U.S. GAAP.

The Company receives the cash flows generated by Fresenius Medical Care only to the extent they are distributed to the Company as dividends. The Company receives such dividends in proportion to its economic interest in FMC AG & Co. KGaA. The Company received dividend distributions from FMC AG & Co. KGaA in the amount of €71 million in 2013, €65 million in 2012, €69 million in 2011 and €65 million in 2010. In addition, covenants that are contained in the 2012 FMC Senior Credit Agreement (as defined below) impose limitations on the amount of total annual dividends that Fresenius Medical Care may distribute in any one year, with total dividend distributions capped at €300 million for dividends paid in 2013, For more information about Fresenius Medical Care's senior credit facility, see "*Description of Other Financing Arrangements — Fresenius Medical Care*".

In addition to cash dividends, the Company receives cash payments, primarily in the form of service fees and rental payments, from Fresenius Medical Care under certain intercompany agreements. See "*Certain Relationships and Related Party Transactions*". The Company received payments of €80.8 million in 2012, €73.2 million in 2011 and €62.9 million in 2010.

These payments were partially offset by payments that the Company made to Fresenius Medical Care pursuant to other intercompany agreements in the amount of €4.5 million in 2012, €4.7 million in 2011 and €4.6 million in 2010.

The Company does not possess a majority of the outstanding voting ordinary shares of FMC AG & Co. KGaA and is precluded from voting on certain matters that are submitted to the shareholders of FMC AG & Co. KGaA. However, through its ownership of 100% of the outstanding shares of the general partner of FMC AG & Co. KGaA, the Company has the sole right to elect the supervisory board of the general partner, which, in turn, elects the management board of the general partner. The management board of the general partner is responsible for the management of FMC AG & Co. KGaA, but the actions and decisions of the general partner's management board are fully reviewable by the supervisory board of the general partner and by the supervisory board of FMC AG & Co. KGaA. Actions of the management board require only the approval of the supervisory board of the general partner. However, a pooling agreement for the benefit of minority ordinary shareholders and preference shareholders of FMC AG & Co. KGaA provides that at least one-third of the supervisory board members be independent, that a majority of such independent members approve certain related party transactions involving the Company and its affiliates and that certain extraordinary transactions involving the Company and its affiliates comply with all provisions of German law regarding such transactions.

The articles of association of FMC AG & Co. KGaA can be amended only through a resolution of the general meeting adopted by a qualified 75% majority of shareholders and with the consent of the general partner. Accordingly, neither group of owners (i.e., the shareholders or the general partner) can unilaterally amend the articles of association without the consent of the other group. The Company, however, is able to exert significant influence over amendments to the articles of association of FMC AG & Co. KGaA through its ownership of a significant percentage of FMC AG & Co. KGaA's ordinary shares, since such amendments require a 75% vote of the shares present at the meeting rather than three quarters of the outstanding shares.

Under the articles of association, FMC Management AG is required to withdraw as general partner of FMC AG & Co. KGaA if the Company's holdings decrease to (i) 25% or less of FMC AG & Co. KGaA's share capital or (ii) less than 100% of FMC Management AG's share capital. Alternatively, the Company may sell its interests in the general partner to a third party if the sale also includes more than 25% of FMC AG & Co. KGaA's share capital.

DESCRIPTION OF OTHER FINANCING ARRANGEMENTS

The following table shows our indebtedness outstanding at September 30, 2013 and December 2012, 2011 and 2010.

	As of September 30, 2013	As of December 31, 2012	As of December 31, 2011	As of December 31, 2010
	(million €)			
Short-term borrowings and other financial liabilities	**467**	**205**	**171**	**606**
Short term debt from related parties	1	4	3	2
Fresenius 2008 Senior Credit Agreement(1)	—	1,170	1,326	1,484
Fresenius 2013 Senior Credit Agreement(1)	1,761	—	—	—
Fresenius Medical Care 2006 Senior Credit Agreement	—	0	2,161	2,211
Fresenius Medical Care 2012 Senior Credit Agreement	2,125	2,016	0	0
Outstanding Senior Notes(2)	1,633	2,281	1,773	1,752
Fresenius Medical Care Senior Notes	3,532	3,583	2,223	617
Euro notes (*Schuldscheindarlehen*)	859	739	800	800
Other	701	1,030	1,342	1,312
Total debt	**11,079**	**11,028**	**9,799**	**8,784**

(1) We refinanced the 2008 Senior Credit Agreement by drawing on the 2013 Senior Credit Agreement on June 28, 2013.

(2) Includes the following outstanding senior notes issued by finance subsidiaries of Fresenius SE & Co. KGaA: Fresenius Finance B.V. 4.25% senior notes due 2019; Fresenius Finance B.V. 2.875% senior notes due 2020; Fresenius US Finance II Inc. 8.75% senior notes due 2015; and Fresenius US Finance II Inc. 9.00% senior notes due 2015. Does not include Fresenius Finance B.V.'s 2.375% senior notes due 2019 and its 3.000% senior notes due 2021, both issued on January 23, 2014.

For information on maturities of our long-term debt and capital lease obligations, see "*Management's Discussion and Analysis of Financial Condition and Results of Operations — Liquidity and Capital Resources — Historical Debt*", "*Management's Discussion and Analysis of Financial Condition and Results of Operations — Liquidity and Capital Resources — Historical Consolidated Cash Flow — Nine Months Ended September 30, 2013, compared with Nine Months Ended September 30, 2012 — Financing Activities*", "*Management's Discussion and Analysis of Financial Condition and Results of Operations — Liquidity and Capital Resources — Historical Consolidated Cash Flow — Year Ended December 31, 2012, compared with Year Ended December 31, 2011 — Financing Activities*" and "*Management's Discussion and Analysis of Financial Condition and Results of Operations — Liquidity and Capital Resources — Historical Consolidated Cash Flow — Year Ended December 31, 2011, compared with Year Ended December 31, 2010 — Financing Activities*".

FRESENIUS SE & CO. KGAA AND ITS SUBSIDIARIES OTHER THAN FRESENIUS MEDICAL CARE

Bridge Financing Facility

On October 15, 2013, Fresenius SE & Co. KGaA, as borrower, and Fresenius Kabi AG and Fresenius ProServe GmbH, as guarantors, entered into a bridge term loan facility agreement (the "**Bridge Financing Facility**") in the amount of €1.8 billion with a group of banks. Net proceeds of this offering and any other capital markets transactions which take place before the facility is repaid must be used to refinance utilized amounts. The facility had been drawn in an amount of €1.5 billion to partially fund the purchase of hospitals and certain other related companies from Rhön-Klinikum, refinance existing financial indebtedness of the hospital companies to be acquired from Rhön-

Klinikum and pay costs, fees and expenses incurred in relation to such purchases and refinancings and has been repaid in the amount of approximately €739 million from the proceeds of the issuance of senior notes on January 23, 2014. The Company expects to refinance amounts drawn under the Bridge Financing Facility through capital markets transactions as soon as practicable in the first half of 2014.

The Bridge Financing Facility has a one year tenor. The Bridge Financing Facility contains a number of customary affirmative and negative covenants. These covenants include, among others, an undertaking to use reasonable efforts to complete the announced purchase of hospital companies from Rhön-Klinikum and limitations on liens, sale of assets, incurrence of financial indebtedness and investments and acquisitions. The Bridge Financing Facility also includes a financial covenant.

The interest rate on each borrowing under the Bridge Financing Facility is a rate equal to EURIBOR plus the applicable margin. The applicable margin increases after three months and six months from the date of first utilization.

2013 Senior Credit Agreement

Fresenius SE & Co. KGaA and various subsidiaries entered into a delayed draw syndicated credit agreement on December 20, 2012, as amended on July 31, 2013 and further amended on November 20, 2013 (the "**2013 Senior Credit Agreement**"), in the amount of US$1,800 million and €1,250 million.

The following table shows the available and outstanding amounts under the 2013 Senior Credit Agreement at September 30, 2013.

	Maximum Amount Available		Balance Outstanding	
	in million	in million €	in million	in million €
Revolving Credit Facilities €	€600	600	€0	0
Revolving Credit Facility US-$	US$300	222	US$0	0
Term Loan A €	€650	650	€650	650
Term Loan A US-$	US$1,000	741	US$1,000	741
Term Loan B US-$	US$500	370	US$500	370
Total		**2,583**		**1,761**

As of September 30, 2013 the 2013 Senior Credit Agreement consisted of:

- 5 year revolving credit facilities consisting of a US$300 million U.S. dollar-denominated facility, a €400 million euro denominated facility and a €200 million multi-currency facility, each with a final repayment date on June 28, 2018;
- 5 year term loan facilities in the aggregate principal amount of US$1,000 million and €650 million (together the "**Term Loan A**"). Term Loan A amortizes and is repayable in unequal quarterly installments with a final maturity on June 28, 2018; and
- 6 year term loan facility in the aggregate principal amount of US$500 million (the "**Term Loan B**") which was funded on August 7, 2013. Term Loan B1 amortizes and is repayable in quarterly installments with a final maturity on June 28, 2019.

The 2013 Senior Credit Agreement allows for establishment of incremental facilities if certain conditions are met. In line with these provisions, the 2013 Senior Credit Agreement has been increased on November 27, 2013 by term loan tranches of €600 million (Incremental Term Loan A) and €300 million (Incremental Term Loan B) and a revolving facility of €300 million (together the "Incremental Facilities"). The Incremental Facilities will be used together with the proceeds of this offering and / or the Bridge Financing Facility to fund the acquisition of hospitals and related companies from Rhön-Klinikum AG.

The interest rate on each borrowing under the 2013 Senior Credit Agreement is a rate equal to either (i) LIBOR or EURIBOR (as applicable) plus an applicable margin or (ii) the Base Rate as defined in the 2013 Senior Credit Agreement plus an applicable margin. The applicable margin is variable and depends on the leverage ratio as defined in the 2013 Senior Credit Agreement. In addition to scheduled principal payments, indebtedness outstanding under the 2013 Senior Credit

Agreement will be reduced by mandatory prepayments in the case of certain sales of assets and the incurrence of certain additional indebtedness, with the amount to be prepaid depending on the proceeds which are generated by the respective transaction.

The 2013 Senior Credit Agreement is guaranteed by Fresenius SE & Co. KGaA, Fresenius ProServe GmbH, Fresenius Kabi AG and certain US subsidiaries of Fresenius Kabi AG. Obligations under the 2013 Senior Credit Agreement are secured by pledges of capital stock of certain material subsidiaries of Fresenius Kabi AG, and upon funding of the Incremental Facilities will be additionally secured by a pledge of the capital stock of Helios Kliniken GmbH owned by Fresenius ProServe GmbH, in favor of the lenders.

The 2013 Senior Credit Agreement contains a number of customary affirmative and negative covenants and other payment restrictions. These covenants include, among others, limitations on liens, sale of assets, incurrence of debt, investments and acquisitions and restrictions on the payment of dividends. The 2013 Senior Credit Agreement also includes financial covenants — as defined in the agreement — that require Fresenius SE & Co. KGaA and its subsidiaries (other than Fresenius Medical Care and its subsidiaries) to maintain a maximum leverage ratio and a minimum interest coverage ratio.

Other Bank Facilities

As of September 30, 2013, subsidiaries of Fresenius SE & Co. KGaA (other than Fresenius Medical Care) had approximately €286 million in indebtedness outstanding under bilateral bank facilities. We had additional borrowing capacity of approximately €330 million under committed bilateral facilities available and approximately €160 million of uncommitted short-term lines available. Borrowings under these facilities are generally used to finance our working capital needs and are generally unsecured.

Fresenius Euro Notes *(Schuldscheindarlehen)*

As of September 30, 2013, our outstanding tranches of euro-denominated notes (*Schuldscheindarlehen*) issued by the Issuer and Fresenius SE & Co. KGaA (the "**Fresenius Euro Notes**") consist of:

Tranche	Maturity	Interest rate	Book value/ nominal value (million €) Amount
Fresenius Finance B.V. 2008/2014	**April 2, 2014**	**5.98%**	**112**
Fresenius Finance B.V. 2008/2014	**April 2, 2014**	**variable**	**88**
Fresenius Finance B.V. 2007/2014	**July 2, 2014**	**5.75%**	**38**
Fresenius Finance B.V. 2007/2014	**July 2, 2014**	**variable**	**62**
Fresenius SE & Co. KGaA 2012/2016	**April 4, 2016**	**3.36%**	**156**
Fresenius SE & Co. KGaA 2012/2016	**April 4, 2016**	**variable**	**129**
Fresenius SE & Co. KGaA 2013/2017	**Aug 22, 2017**	**2.65%**	**51**
Fresenius SE & Co. KGaA 2013/2017	**Aug 22, 2017**	**variable**	**74**
Fresenius SE & Co. KGaA 2012/2018	**April 4, 2018**	**4.09%**	**72**
Fresenius SE & Co. KGaA 2012/2018	**April 4, 2018**	**variable**	**43**
Total			**825**

The Fresenius Euro Notes issued by Fresenius Finance B.V. are guaranteed by Fresenius SE & Co. KGaA, and the Fresenius Euro Notes issued by Fresenius SE & Co. KGaA are guaranteed by Fresenius Kabi AG and Fresenius ProServe GmbH.

Commercial Paper Program

Fresenius SE & Co. KGaA has a commercial paper program for the issuance of a maximum of €500 million of short-term notes. Notes issued under this program may be denominated in euros or in any other freely convertible currency of an OECD member state. The maturity may not exceed two years less one day. The obligations represented by the notes rank pari passu with all other senior unsecured obligations of Fresenius SE & Co. KGaA. As of September 30, 2013, an amount of €286 million was outstanding under the commercial paper program.

Outstanding Senior Notes

US$500 Million 9.00% Senior Notes Due 2015 and €275 Million 8.75% Senior Notes Due 2015

On January 21, 2009, Fresenius US Finance II issued US$500 million aggregate principal amount of 9.00% senior notes and €275 million aggregate principal amount of 8.75% senior notes. The notes were issued at a price of 93.076% and 93.024%, respectively. Both tranches mature on July 15, 2015 and are guaranteed by Fresenius SE & Co. KGaA, Fresenius Kabi AG and Fresenius ProServe GmbH. The holders have the right to request that Fresenius US Finance II repurchases the senior notes for 101% of their principal amount plus accrued interest upon the occurrence of a change of control of Fresenius SE & Co. KGaA followed by a decline in the rating of the respective senior notes. Fresenius US Finance II may redeem the senior notes prior to their maturity at the option of Fresenius US Finance II, in whole but not in part, at a price of 100% plus accrued interest and a premium calculated pursuant to the terms of the indentures under observance of certain notice periods. Fresenius US Finance II's senior notes due 2015 contain covenants that are customary for senior notes issued in the European market or by companies with a European parent guarantor.

€500 Million 4.25% Senior Notes Due 2019

On March 28, 2012, Fresenius Finance B.V. issued €500 million aggregate principal amount of 4.25% senior notes due 2019. The notes bear an interest rate of 4.25% per annum and mature on April 15, 2019. Fresenius Finance B.V. may redeem the senior notes at any time at a price of 100% plus accrued interest and a premium calculated pursuant to the terms of the indenture. The holders have the right to request that Fresenius Finance B.V. repurchases the senior notes for 101% of their principal amount plus accrued interest upon the occurrence of a change of control of Fresenius SE & Co. KGaA followed by a decline in the rating of the senior notes. The 4.25% senior notes due 2019 contain covenants that are customary for senior notes issued by European issuers. Fresenius SE & Co. KGaA, Fresenius Kabi AG and Fresenius ProServe GmbH have provided senior unsecured guarantees of the notes.

€500 Million 2.875% Senior Notes Due 2020

On January 24, 2013, Fresenius Finance B.V. issued €500 million aggregate principal amount of 2.875% senior notes due 2020. Net proceeds were used to refinance the Senior Notes which were due in January 2013. The notes bear an interest rate of 2.875% per annum and mature on July 15, 2020. Fresenius Finance B.V. may redeem the senior notes at any time at a price of 100% plus accrued interest and a premium calculated pursuant to the terms of the indenture. The holders have the right to request that Fresenius Finance B.V. repurchases the senior notes for 101% of their principal amount plus accrued interest upon the occurrence of a change of control of Fresenius SE & Co. KGaA followed by a decline in the rating of the senior notes. The 2.875% senior notes due 2020 contain covenants that are customary for senior notes issued by European issuers. Fresenius SE & Co. KGaA, Fresenius Kabi AG and Fresenius ProServe GmbH have provided senior unsecured guarantees of the notes

€300 Million 2.375% Senior Notes Due 2019 and €450 Million 3.000% Senior Notes Due 2021

On January 23, 2014, Fresenius Finance B.V. issued €300 million aggregate principal amount of 2.375% senior notes due 2019 and €450 million aggregate principal amount of 3.000% senior notes due 2021. The notes were issued at a price of 99.647% and 98.751%, respectively. Both tranches mature on February 1: the 2.375% senior notes mature in 2019 and the 3.000% senior notes mature in 2021. Both tranches are guaranteed by Fresenius SE & Co. KGaA, Fresenius Kabi AG and Fresenius Proserve GmbH. The holders have the right to request that Fresenius Finance B.V. repurchases the senior notes for 101% of their principal amount plus accrued interest upon the occurrence of a change of control of Fresenius SE & Co. KGaA followed by a decline in the rating of the respective senior notes. Fresenius Finance B.V. may redeem the senior notes at any time at a price of 100% plus accrued interest and a premium calculated pursuant to the terms of the indentures. The 2.375% senior notes due 2019 and the 3.000% senior notes due 2021 contain covenants that are customary for senior notes issued by European issuers.

FRESENIUS MEDICAL CARE

2012 Senior Credit Agreement

On October 30, 2012, FMC AG & Co. KGaA entered into a US$3,850 million syndicated credit agreement (the "**2012 FMC Senior Credit Agreement**") with a large group of banks and institutional investors which replaced a prior credit agreement.

The following table shows the available and outstanding amounts under the 2012 FMC Senior Credit Agreement at September 30, 2013:

	Maximum amount available		Balance outstanding	
	(million)	(million €)	(million)	(million €)
Revolving Credit (in USD)	$600	444	$49	37
Revolving Credit (in EUR)	€500	500	€200	200
Term Loan A	$2,550	1,888	$2,550	1,888
Total		**2,832**		**2,125**

The 2012 FMC Senior Credit Agreement consists of:

- a 5-year revolving credit facility of approximately $1.25 billion comprising a $400 million multicurrency revolving facility, a $200 million revolving facility and a €500 million revolving facility which will be due and payable on October 30, 2017.
- a 5-year term loan facility of initially $2.6 billion, scheduled to mature on October 30, 2017. The 2012 Credit Agreement requires quarterly payments of $50 million each, which began in the third quarter of 2013, that permanently reduce the term loan facility. The remaining balance is due on October 30, 2017.

Interest on the credit facilities is, at Fresenius Medical Care's option, at a rate equal to either (i) LIBOR or EURIBOR (as applicable) plus an applicable margin or (ii) the Base Rate as defined in the 2012 FMC Credit Agreement plus an applicable margin.

The applicable margin is variable and depends on Fresenius Medical Care's consolidated leverage ratio which is a ratio of its consolidated funded debt less cash and cash equivalents to consolidated EBITDA (as these terms are defined in the 2012 FMC Senior Credit Agreement).

In addition to scheduled principal payments, indebtedness outstanding under the 2012 FMC Senior Credit Agreement will be reduced by portions of the net cash proceeds received from certain sales of assets and the issuance of certain additional debt.

Obligations under the 2012 FMC Senior Credit Agreement are secured by pledges of capital stock of certain material subsidiaries in favor of the lenders.

The 2012 FMC Senior Credit Agreement contains affirmative and negative covenants with respect to the company and its subsidiaries and other payment restrictions. Certain of the covenants limit indebtedness of Fresenius Medical Care and investments by Fresenius Medical Care and require Fresenius Medical Care to maintain certain financial ratios defined in the agreement. Additionally, the 2012 FMC Senior Credit Agreement provides for a limitation on dividends and other restricted payments which is €300 million for dividends to be paid in 2013, and increases in subsequent years. In default, the outstanding balance under the 2012 FMC Senior Credit Agreement becomes immediately due and payable at the option of the lenders.

Fresenius Medical Care's Senior Notes

In 2007, 2010, 2011 and 2012 Fresenius Medical Care issued various senior unsecured notes through its wholly owned subsidiaries FMC Finance VI S.A., FMC, Finance VII S.A., FMC Finance VIII S.A., Fresenius Medical Care US Finance, Inc. and Fresenius Medical Care US Finance II, Inc.

The table below lists the currently outstanding senior notes of Fresenius Medical Care:

Tranche	Notional amount in millions	Maturity	Coupon
Fresenius Medical Care Finance VI S.A. 2010/2016	€250	July 15, 2016	5.50%
Fresenius Medical Care Finance VIII S.A. 2011/2016	€100	October 15, 2016	floating
Fresenius Medical Care US Finance, Inc. 2007/2017	US$500	July 15, 2017	6.875%
Fresenius Medical Care Finance VIII S.A. 2011/2018	€400	September 15, 2018	6.50%
Fresenius Medical Care US Finance II, Inc. 2011/2018	US$400	September 15, 2018	6.50%
Fresenius Medical Care Finance VIII S.A. 2012/2019	€250	July 31, 2019	5.25%
Fresenius Medical Care US Finance II, Inc. 2012/2019	US$800	July 31, 2019	5.625%
Fresenius Medical Care US Finance, Inc. 2011/2021	US$650	February 15, 2021	5.75%
Fresenius Medical Care Finance VII S.A. 2011/2021	€300	February 15, 2021	5.25%
Fresenius Medical Care US Finance II, Inc. 2012/2022	US$700	January 31, 2022	5.875%

All of Fresenius Medical Care's existing senior notes are unsecured and guaranteed on a senior basis jointly and severally by FMC AG & Co. KGaA and by its subsidiaries, FMCH and FMC Germany. The issuers of the respective notes may redeem the senior notes (except the floating rate notes issued by FMC Finance VIII S.A.) at any time at 100% of principal plus accrued interest and a premium calculated pursuant to the terms of the indenture. The holders have the right to request that the respective issuers repurchase the applicable issue of notes at 101% of principal plus accrued interest upon the occurrence of a change of control of FMC AG & Co. KGaA followed by a decline in the rating of the respective senior notes.

The indentures governing Fresenius Medical Care's senior notes contain various negative covenants that restrict the ability of Fresenius Medical Care to incur debt, incur liens, engage in sale-leaseback transactions and merge or consolidate with other companies or sell assets.

For additional information regarding Fresenius Medical Care's senior notes, see Note 23, "Senior Notes" in the notes to our 2012 audited consolidated financial statements.

Accounts Receivable Facility

On January 17, 2013, the asset securitization facility (the "**Fresenius Medical Care A/R Facility**") of Fresenius Medical Care was refinanced for a term expiring on January 15, 2016 with available borrowings of US$800 million. Under the Fresenius Medical Care A/R Facility, certain receivables are sold to NMC Funding Corporation ("**NMC Funding**"), a wholly-owned subsidiary of Fresenius Medical Care. NMC Funding then assigns percentage ownership interests in the accounts receivable to certain bank investors. Under the terms of the Fresenius Medical Care A/R Facility, NMC Funding retains the right, at any time, to recall all the then outstanding transferred interests in the accounts receivable. Consequently, the receivables remain on Fresenius Medical Care's consolidated balance sheet and the proceeds from the transfer of percentage ownership interests are recorded as debt.

As of September 30, 2013, Fresenius Medical Care had an amount of US$199 million outstanding under the Fresenius Medical Care A/R Facility.

DESCRIPTION OF THE NOTES

The Issuer will issue up to €[●] million aggregate principal amount of its [●]% fixed rate senior notes due 2024 (the "**Notes due 2024**" or the "**Notes**"). The Issuer will pay interest on the Notes semi-annually on February 1 and August 1 of each year, commencing August 1, 2014. The Notes due 2024 will mature on February 1, 2024.

The Notes due 2024 will be issued under an indenture (the "**Indenture**") expected to be dated February 11, 2014, among the Issuer, the Guarantors and Deutsche Trustee Company Limited, as Trustee. Copies of the forms of the Indenture are available upon request to the Issuer.

You will find the definitions of capitalized terms used in this description either in the body of this section or at the end of this section under "*— Certain Definitions*". For purposes of this description, references to the "Company" refer only to Fresenius SE & Co. KGaA and not to its subsidiaries.

We have applied to list the Notes on the Official List of the Luxembourg Stock Exchange and for admission for trading on the regulated market of the Luxembourg Stock Exchange.

This Description of the Notes is intended to be a useful overview of the material provisions of the Notes and the Indenture. Since this description is only an overview, you should refer to the Indenture for a complete description of the obligations of the Issuer and your rights. The Indenture will not be qualified under the U.S. Trust Indenture Act of 1939 (the "**Trust Indenture Act**"), as amended. The terms of the Notes will include those stated in the Indenture and those made part of the Indenture by reference to the Trust Indenture Act.

The Notes

The Notes:

- mature on February 1, 2024;
- have a yield-to-maturity of [●]% based on issuance at [●]% and an interest coupon of [●]% per annum;
- are being offered in an aggregate principal amount of up to €[●] million;
- are general unsecured, senior obligations of the Issuer;
- will be represented by one or more registered Notes in global form, but in certain circumstances may be represented by registered Notes in definitive form. See "*Book-Entry, Delivery, and Form*";
- rank equally in right of payment to any existing and future senior Indebtedness of the Issuer;
- will be issued in minimum denominations of €1,000 and integral multiples of €1,000 in excess thereof; and
- will be repaid at par in Euros at maturity and will not be subject to any sinking fund provision.

The yield calculated at issuance of the Notes is calculated in accordance with the ICMA (International Capital Market Association) method, which determines the effective interest rate of notes taking into account accrued interest on a daily basis. Your yield will depend on the price at which you purchase the Notes.

Additional Notes

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

Interest

Interest on the Notes due 2024 will accrue at [●]% per annum.

Interest on the Notes will compound semi-annually and will:

- accrue from the date of issuance or the most recent interest payment date;
- be payable in cash semi-annually in arrears on February 1 and August 1, commencing on August 1, 2014, with the first interest payment covering the period from the Issue Date to August 1, 2014;
- be payable to the holders of record on the date that is one business day in New York, Brussels and Luxembourg immediately preceding the related interest payment dates; and
- be computed on the basis of a 360-day year comprised of twelve 30-day months.

Description of the Guarantees

The obligations of the Issuer under the Notes, including the repurchase obligation of the Issuer resulting from a Change of Control, will be unconditionally and irrevocably guaranteed, on a joint and several basis, by the Guarantors. At a time when (i) a Guarantor (other than the Company) is no longer an obligor under the 2013 Senior Credit Agreement, and (ii) the 2015 Notes (as each such term is defined below) are no longer outstanding, such Guarantor will no longer be a Guarantor of the Notes. Each Note Guarantee by a Subsidiary will not exceed the maximum amount that can be guaranteed by the applicable Subsidiary Guarantor without rendering the Subsidiary's Guarantee, as it relates to the Subsidiary Guarantor, voidable or unenforceable under applicable laws affecting the rights of creditors generally. In the case of each Subsidiary Guarantor, the maximum amount of its Note Guarantee and its enforcement may be limited in circumstances that could otherwise give rise to personal liability of the management board members or managing directors of the Subsidiary Guarantors under applicable laws of Germany, including German Federal Supreme Court decisions. In this description, we refer to the guarantee of each of the Guarantors as the "**Note Guarantees**".

Under the Indenture, a Guarantor may consolidate with, merge with or into, or transfer all or substantially all of its assets to any other Person as described below under "— *Certain Covenants — Limitation on Mergers and Sales of Assets*". However, if the other Person is not the Issuer or a Guarantor, such Guarantor's obligations under its Note Guarantees must be expressly assumed by such other Person. Upon the sale or other disposition (including by way of consolidation or merger) of a Guarantor, or the sale or disposition of all or substantially all the assets of a Guarantor (in each case other than to the Issuer or, for so long as any of the 2015 Notes remain outstanding, to any Affiliate thereof), such Guarantor will be released and relieved from all of its obligations under its Note Guarantees, subject to the limitations below under "— *Certain Covenants — Limitation on Mergers and Sales of Assets*".

Ranking

The Notes will be general unsecured obligations of the Issuer that rank senior in right of payment to all of the Issuer's existing and future Indebtedness that is expressly subordinated in right of payment to the Notes. The Notes will rank equally in right of payment with all existing and future Indebtedness of the Issuer that is not so subordinated. The Notes will be effectively subordinated in right of payment to all of the Issuer's existing and future Indebtedness that is secured by liens on assets to the extent of the value of the collateral securing such Indebtedness, and will be structurally subordinated in right of payment to any obligations of the Parent Guarantor's subsidiaries, other than Subsidiary Guarantors and Finance Subsidiaries (as defined below).

The Notes will be equal in right of payment with each other and Fresenius Finance B.V.'s 4.25% senior notes due 2019 (the "**2019 Notes**"), 2.875% senior notes due 2020 (the "**2020 Notes**"), the 2.375% senior notes due 2019 and 3% senior notes due 2021, as well as Fresenius US Finance II, Inc.'s 9% senior dollar notes due 2015 (the "**2015 Dollar Notes**") and 8.75% senior euro notes due 2015 (the "**2015 Euro Notes**" and, together with the 2015 Dollar Notes, the "**2015 Notes**").

The guarantees of the Notes granted by the Subsidiary Guarantors will rank equal in right of payment with the guarantees of the previously issued notes. For more information, see "*Risk Factors — Risks Relating to the Notes — The Notes are subordinate to other creditors of non-guarantors*".

Form of Notes

The Notes will be represented initially by global notes in registered form. Notes sold to qualified institutional buyers in reliance on Rule 144A (the "**Rule 144A Notes**") under the Securities Act (as defined below) will be represented by one or more global notes without interest coupons attached (collectively, the "**Rule 144A Global Notes**"). The Rule 144A Global Notes representing the Notes will be deposited with, 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.

Notes initially offered and sold in reliance on Regulation S (the "**Reg S Notes**") under the Securities Act will be represented by one or more global notes without interest coupons attached (collectively, the "**Reg S Global Notes**" and, together with the Rule 144A Global Notes, the "**Global Notes**"). The Reg S Global Notes representing the Notes will be deposited with, or on behalf of, a common depositary for the accounts of Euroclear and Clearstream and registered in the name of the nominee of the common depositary.

The combined principal amounts of the Rule 144A Global Notes and the Reg S Global Notes will at all times represent the total outstanding principal amount of the Notes represented thereby.

Ownership of interests in the Rule 144A Global Notes ("**Restricted Book-Entry Interests**") and in the Reg S Global Notes (the "**Reg S Book-Entry Interests**" and, together with the Restricted Book-Entry Interests, the "**Book-Entry Interests**") will be limited to persons that have accounts with Euroclear and/or Clearstream, or persons that hold interests through such participants. Prior to the 40th day after the later of the commencement of this offering and the date the Notes were originally issued (the "**Distribution Compliance Period**"), interests in the Reg S Global Notes may only be held through Euroclear or Clearstream. 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 done only through, records maintained in book-entry form by Euroclear and Clearstream and their participants. The foregoing limitations may impair your ability to own, transfer or pledge Book-Entry Interests. In addition, while the Notes are in global form, holders of Book-Entry Interests will not be considered the owners or "holders" of notes for any purpose.

So long as the Notes are held in global form, Euroclear and/or Clearstream, as applicable (or their respective nominees), will be considered the sole holders of Global Notes for all purposes under the Indenture. In addition, participants in Euroclear and/or Clearstream must rely on the procedures of Euroclear and/or Clearstream, as the case may be, and indirect participants must rely on the procedures of Euroclear, Clearstream and the participants through which they own Book-Entry Interests, to transfer their interests or to exercise any rights of holders under the Indenture. The Notes in global form may be transferred only to a successor of the Common Depositary.

Neither the Issuer nor the Trustee will have any responsibility or be liable for any aspect of the records relating to the Book-Entry Interests.

Holders of beneficial interest in the Notes will be entitled to receive definitive Notes in registered form ("**Definitive Registered Notes**") in exchange for their holdings of beneficial interest in the

Notes only in the limited circumstances set forth in "*Book Entry, Delivery, and Form — Issuance of Definitive Registered Notes.*" Title to the Definitive Registered Notes will pass upon registration of transfer in accordance with the provisions of the Indenture. In no event will definitive Notes in bearer form be issued. Ownership of registered Notes shall be established by an entry in the holders' register maintained under the Indenture.

Payment of the Notes

Principal of, premium, if any, interest and Additional Amounts (as defined below), if any, on the Global Notes will be payable at the office of the Paying Agent and the Global Notes may be exchanged or transferred at the corporate trust office or agency of the Trustee. Payment of principal of, premium, if any, interest and Additional Amounts, if any, on the Notes in global form registered in the name of or held by 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 Global Notes; *provided* that at the option of the Issuer, payment of interest on the Notes may be made by check mailed to the holders of such Notes as such addresses appear in the applicable Note register. Upon the issuance of Definitive Registered Notes, holders of the Notes will be able to receive principal and interest on the Notes at the office of the Paying and Transfer Agent, subject to the right of the Issuer to mail payments in accordance with the terms of the Indenture. The Issuer will pay interest on the Notes to Persons who are registered holders at the close of business on the record date immediately preceding the interest payment date for such interest. Such holders must surrender the Notes to the Paying Agent to collect principal payments.

Paying Agent and Registrar

Deutsche Bank Aktiengesellschaft will initially act as paying agent and registrar for the Notes (the "**Paying Agent**" or "**Registrar**"). The Issuer may change the Paying Agent or Registrar for the Notes, and the Issuer may act as Registrar for the Notes.

Transfer and Exchange

A holder of Notes may transfer or exchange Notes in accordance with the Indenture. The Registrar and the Trustee for the Notes may require a holder of a Note, among other things, to furnish appropriate endorsements and transfer documents, and the Issuer may require such holder to pay any taxes and fees required by law or permitted by the Indenture. The Issuer is not required to transfer or exchange any Note selected for redemption. Also, the Issuer is not required to transfer or exchange any Note for a period of 15 days before a selection of Notes to be redeemed. The registered holder of a Note will be treated as the owner of it for all purposes. No service charge will be made for any registration of transfer or exchange of Notes, but the Issuer may require payment of a sum to cover any transfer tax or other similar governmental charge payable in connection therewith.

Optional Redemption

The Issuer may redeem all or, from time to time, a part of the Notes issued by it, at its option, at redemption prices equal to 100% of the principal amount of such Notes being redeemed plus accrued interest, if any, to the redemption date, plus the excess of:

- as determined by the calculation agent (which shall initially be the Trustee), the sum of the present values of the remaining scheduled payments of principal and interest on the Notes being redeemed not including any portion of such payment of interest accrued on the date of redemption, from the redemption date to the maturity date, discounted to the redemption date on a semi-annual basis (assuming a 360-day year consisting of twelve 30-day months) at the relevant Bund Rate plus 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 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 due 2024 for redemption in compliance with the requirements of the principal securities exchange, if any, on which the respective Notes are listed or, if the respective Notes are not listed, then on a pro rata basis, by lot or by such other method as the Trustee in its sole discretion will deem to be fair and appropriate, although no Note of €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 redemption relating to that Note will state the portion of the principal amount thereof to be redeemed. A new Note in principal amount equal to the unredeemed portion thereof will be issued and delivered to the Trustee, or in the case of Definitive Registered Notes, issued in the name of the holder thereof upon cancellation of the original Note.

Redemption for Changes in Withholding Taxes

The Issuer is entitled to redeem the Notes at its option, in whole but not in part, upon not less than 30 nor more than 60 days' notice, at 100% of the principal amount of the Notes, plus accrued and unpaid interest (if any) to the date of redemption (subject to the right of holders of record on the relevant record date to receive interest due on the relevant interest payment date), in the event the Issuer has become or would become obligated to pay, on the next date on which any amount would be payable with respect to the Notes, any Additional Amounts as a result of:

(a) any change in or amendment to the laws, treaties or regulations of any Relevant Taxing Jurisdiction (as defined below); or

(b) any change in or amendment to any official position regarding the application, administration or interpretation of such laws, treaties, regulations or rulings (including by virtue of a holding, judgment or order by a court of competent jurisdiction);

which change or amendment to such laws, treaties, regulations or official position is announced and becomes effective on or after the date of issuance of the Notes (or, if the applicable Relevant Taxing Jurisdiction did not become a Relevant Taxing Jurisdiction until a later date, after such later date); *provided* that the Issuer determines, in its reasonable judgment, that the obligation to pay such additional amounts cannot be avoided by the use of reasonable measures available to it; *provided, further*, that at the time such notice is given, such obligation to pay Additional Amounts remains in effect.

Notice of any such redemption must be given within 270 days of the earlier of the announcement or effectiveness of any such change or amendment.

Additional Amounts

All payments made under or with respect to the Notes under the Indenture or pursuant to any Note Guarantee must be made free and clear of and without withholding or deduction for or on account of any present or future tax, duty, levy, impost, assessment or other governmental charge (including penalties, interest and other liabilities related thereto) imposed or levied by or on behalf of (1) the United States, Germany, Luxembourg, the Netherlands, the United Kingdom or in each case any political subdivision or governmental authority thereof or therein having the power to tax, (2) any jurisdiction from or through which payment on the Notes or any Note Guarantee is made, or any political subdivision or governmental authority thereof or therein having the power to tax or (3) any other jurisdiction in which the payor is organized or otherwise considered to be resident or doing business for tax purposes, or any political subdivision or governmental authority thereof or therein having the power to tax (each a "**Relevant Taxing Jurisdiction**"), collectively, "**Taxes**", unless the Issuer, Guarantor or other applicable withholding agent is required to withhold or deduct Taxes by law or by the interpretation or administration thereof by the relevant government authority or agency. If the Issuer, any Guarantor or other applicable withholding agent is so required to withhold or deduct any amount for or on account of Taxes from any payment made under or with respect to the Notes or any Note Guarantee, the Issuer or such Guarantor, as the case may be, will be required to pay such amount — "**Additional Amounts**" — as may be necessary so that the net amount received by each holder after such withholding or deduction (including any withholding or deduction on such Additional Amounts) will not be less than the amount such holder would have received if such Taxes had not been withheld or deducted; *provided, however,* that no Additional Amounts will be payable for or on account of:

(a) any Taxes that would not have been so imposed but for the existence of any present or former connection between such holder (or between a fiduciary, settlor, beneficiary, member or shareholder of, or a person having a power over, such holder) and any Relevant Taxing Jurisdiction including, without limitation, such holder (or such fiduciary, settlor, beneficiary, member, shareholder or person having such a power) being or having been a citizen or resident or treated as a resident of, being or having been engaged in a trade or business in, or having or having had a permanent establishment in, a Relevant Taxing Jurisdiction other than any connections arising solely from a holder acquiring, holding or disposing of, receiving any payment under or with respect to or enforcing a Note or any Note Guarantee;

(b) any Taxes that would not have been so imposed but for the presentation by the holder of such Note for payment on a date more than 30 days after the date on which such payment became due and payable or the date on which payment thereof is duly provided for, whichever occurs later;

(c) any estate, inheritance, gift, sales, transfer, personal property, wealth or any similar Taxes;

(d) any Taxes that are payable otherwise than by withholding from payments under or with respect to the Notes or any Note Guarantee;

(e) any Taxes that would not have been imposed but for the failure to comply with certification, information, documentation or other reporting requirements concerning the nationality, residence, identity or connection with a Relevant Taxing Jurisdiction of the holder or beneficial owner of such Note or coupon, if such holder is legally eligible to comply with such requirement and such compliance is required by statute or by regulation or pursuant to an applicable tax treaty as a precondition to relief or exemption from such Taxes, assessment or other governmental charge (including, without limitation, providing prior to the receipt of any payment under or with respect to a Note a complete, correct and executed IRS Form W-8 or W-9 or successor form, as applicable, with all appropriate attachments);

(f) any Taxes that are payable by a holder that is not the beneficial owner of such Note but only to the extent that a beneficial owner would not have been entitled to the payment of any additional amounts had the beneficial owner owned such Note directly;

(g) any withholding or deduction that is imposed on a payment pursuant to (i) European Council Directive 2003/48/EC or any other Directive implementing the conclusions of the ECOFIN Council meeting of November 26-27, 2000 on the taxation of savings or any law implementing or complying with, or introduced in order to conform to, such Directive, or (ii) section 1471 - 1474 (including under an agreement described in section 1471(b)(1)) of the United States Internal Revenue Code of 1986 (as amended) (the "**Code**") or any intergovernmental agreements (or non-U.S. laws relating thereto) implementing such provisions; or

(h) any combination of items (a) through (g) above.

The Issuer or applicable Guarantor, if it is the applicable withholding agent, will make any required withholding or deduction and remit the full amount deducted or withheld to the relevant authority as and when required in accordance with applicable law. The Issuer will furnish to the Trustee, within 30 days after the date the payment of any Taxes is due under applicable law, certified copies of tax receipts evidencing such payment by the Issuer or any Guarantor.

Wherever in the Indenture or the Notes or any Note Guarantee there are mentioned, in any context, (1) the payment of principal, (2) purchase prices in connection with a purchase of Notes under the Indenture or the Notes, (3) interest or (4) any other amount payable under or with respect to any of the Notes, such reference shall be deemed to include payment of Additional Amounts as described under this heading to the extent that, in such context, Additional Amounts are, were or would be payable in respect thereof.

The Issuer will pay any present stamp, court or documentary taxes, or any other excise, property or similar taxes, charges or levies (including any penalties, interest or other liabilities related thereto) which arise in The Netherlands (or any political subdivision thereof or therein having the power to tax) from the execution, delivery and registration of Notes upon original issuance and initial resale of the Notes (in connection with their underwriting) or any Note Guarantee or any other document or instrument referred to therein. If at any time the Issuer changes its place of organization to outside of The Netherlands or there is a new issuer organized outside of The Netherlands, the Issuer or new issuer, as applicable, will pay any stamp, court or documentary taxes, or any other excise, property or similar taxes, charges or levies (including any penalties, interest or other liabilities related thereto) which arise in the jurisdiction in which the Issuer or new issuer is organized (or any political subdivision thereof or therein having the power to tax) and are payable by the holders of the Notes in respect of the Notes or any Note Guarantee or any other document or instrument referred to therein under any law, rule or regulation in effect at the time of such change, or in connection with, the enforcement of the Notes or any Note Guarantee or any such other document or instrument.

The foregoing obligations in this section will survive any termination, defeasance or discharge of the Indenture. References in this section ("— *Additional Amounts*") to the Issuer or any Guarantor shall apply to any successor(s) thereto.

Change of Control

Each holder of the Notes, upon the occurrence of a Change of Control Triggering Event, will have the right to require that the Issuer repurchase such holder's Notes, at a purchase price in cash equal to 101% of the principal amount thereof plus accrued and unpaid interest, if any, to the date of purchase (subject to the right of holders of record on the relevant record date to receive interest due on the relevant interest payment date).

Within 30 days following a Change of Control Triggering Event, the Issuer will mail a notice to each holder with a copy to the Trustee stating:

(a) that a Change of Control Triggering Event has occurred and that such holder has the right to require the Issuer to purchase such holder's Notes, at a purchase price in cash equal to 101% of the principal amount thereof plus accrued and unpaid interest, if any, to the date of purchase (subject to the right of holders of record on the relevant record date to receive interest on the relevant interest payment date);

(b) the circumstances and relevant facts regarding such Change of Control Triggering Event;

(c) the repurchase date (which shall be no earlier than 30 days nor later than 60 days from the date such notice is mailed);

(d) that each Note will be subject to repurchase only in integral multiples of €1,000; and

(e) the instructions determined by the Issuer, consistent with the covenant described hereunder, that a holder must follow in order to have its Notes purchased.

The Issuer will comply, to the extent applicable, with the requirements of Section 14(e) of the Exchange Act and any other securities laws or regulations in connection with the repurchase of Notes pursuant to this covenant. To the extent that the provisions of any securities laws or regulations or applicable listing requirements conflict with the provisions of this covenant, the Issuer will comply with the applicable securities laws and regulations and will not be deemed to have breached its obligations under this covenant by virtue thereof.

The Change of Control Triggering Event repurchase feature is a result of negotiations between the Company and the Initial Purchasers. We have no present intention to engage in a transaction involving a Change of Control, although it is possible that we would decide to do so in the future. Subject to the limitations discussed below, we could, in the future, enter into certain transactions, including acquisitions, refinancings or other recapitalizations, that would not constitute a Change of Control under the Indenture, but that could increase the amount of Indebtedness outstanding at such time or otherwise affect our capital structure or credit ratings. Restrictions on our ability to Incur additional Indebtedness are contained in the covenant described under "— *Certain Covenants — Limitation on Incurrence of Indebtedness*". These restrictions can only be waived with the consent of the holders of a majority in principal amount of the Notes then outstanding under the Indenture. Except for the limitations contained in such covenant (for so long as such covenant is effective), the Indenture will not contain any covenants or provisions that may afford holders of the Notes protection in the event of a highly leveraged transaction.

The Issuer's ability to repurchase Notes upon a Change of Control Triggering Event may be limited by a number of factors. The occurrence of certain events that constitute a Change of Control would constitute a default under the 2013 Senior Credit Agreement and could constitute a default under certain other Indebtedness of the Company or its Subsidiaries which, in the event of a Change of Control, could make it difficult for the Issuer to repurchase the Notes. Our future indebtedness may contain prohibitions on the occurrence of certain events that would constitute a Change of Control Triggering Event or require such indebtedness to be repurchased upon a Change of Control Triggering Event. Moreover, the exercise by the holders of their right to require the Issuer to repurchase the Notes could cause a default under such Indebtedness, even if the Change of Control Triggering Event itself does not, due to the financial effect of such repurchase on us. Finally, the Issuer's ability to pay cash to the holders of Notes following the occurrence of a Change of Control Triggering Event may be limited by our then existing financial resources. We cannot assure you that sufficient funds will be available when necessary to make any required repurchases. The provisions under the Indenture relating to the Issuer's obligation to make an offer to repurchase Notes as a result of a Change of Control Triggering Event may be waived or modified with the written consent of the holders of a majority in principal amount of the Notes issued under the Indenture.

Certain Covenants

For purposes of the Indenture, FMC AG & Co. KGaA and its Subsidiaries are not treated as Subsidiaries of the Company. As a result, these covenants will not apply to FMC AG & Co. KGaA and its Subsidiaries and the term "Subsidiary" in these covenants, the events of default and the related definitions do not include FMC AG & Co. KGaA and its Subsidiaries. However, it will be an event of default under the Indenture if, at any time that FMC AG & Co. KGaA is a Subsidiary of the Company (other than during such time that the Notes have achieved and continue to maintain Investment Grade Status), the principal amount of any Indebtedness of FMC AG & Co. KGaA or its Subsidiaries that has been accelerated or not paid at maturity exceeds €300 million and such acceleration has not been rescinded or principal amount paid for 60 days.

Limitation on Incurrence of Indebtedness

(a) The Company shall not, and shall not permit any of its Subsidiaries to, Incur, directly or indirectly, any Indebtedness; *provided, however,* that the Company and any Subsidiary may Incur Indebtedness (including Acquired Indebtedness) if on the date thereof:

    (1) the Consolidated Coverage Ratio of the Company is at least 2.0 to 1.0; and

    (2) no Default or Event of Default will have occurred and be continuing or would occur as a consequence of Incurring the Indebtedness.

(b) The foregoing limitations contained in paragraph (a) do not apply to the Incurrence of any of the following Indebtedness:

    (1) Indebtedness incurred pursuant to the 2013 Senior Credit Agreement and the guarantees thereof in an aggregate amount not to exceed €4,600 million principal amount outstanding at any time;

    (2) Indebtedness Incurred to fund working capital requirements and other general corporate purposes under bank agreements, commercial paper programs or other agreements, facilities or programs, outstanding from time to time in an aggregate amount of €1,200 million;

(3) Indebtedness of the Company owed to and held by a Subsidiary or Indebtedness of a Subsidiary owing to and held by the Company or another Subsidiary; *provided, however*, that any subsequent issuance or transfer of any Capital Stock that results in any such Indebtedness being held by a Person other than the Company or another Subsidiary or any subsequent transfer of such Indebtedness (other than to the Company or another Subsidiary) shall be deemed, in each case, to constitute the Incurrence of such Indebtedness by the Company or the Subsidiary, as the case may be;

(4) Indebtedness in respect of the Notes issued on the Issue Date, and the related Note Guarantees by the Company and the Subsidiary Guarantors;

(5) Capital Lease Obligations and Indebtedness Incurred, in each case, to provide all or a portion of the purchase price or cost of construction of an asset or, in the case of a Sale and Leaseback Transaction to finance the value of such asset owned by the Company or a Subsidiary;

(6) Indebtedness (other than Indebtedness described in clause (1)) outstanding on the Issue Date after giving effect to the application of proceeds from the Notes;

(7) Refinancing Indebtedness in respect of Indebtedness Incurred pursuant to paragraph (a) or pursuant to clause (4) or (6) of this paragraph (b);

(8) Hedging Obligations entered into in the ordinary course of business and not for speculative purposes as determined in good faith by the Company;

(9) customer deposits and advance payments received from customers for goods purchased in the ordinary course of business;

(10) Indebtedness of the Company owed to FMC AG & Co. KGaA or the Subsidiaries of FMC AG & Co. KGaA;

(11) Indebtedness of a Finance Subsidiary arising from such Finance Subsidiary guaranteeing the Indebtedness of the Company or any other Subsidiary;

(12) Indebtedness arising under Cash Management Arrangements; and

(13) Indebtedness Incurred by the Company or a Subsidiary of the Company in an aggregate principal amount which, together with all other Indebtedness of the Company and its Subsidiaries outstanding on the date of such Incurrence (other than Indebtedness permitted by paragraph (a) or clauses (1) through (12) of this paragraph (b)), does not exceed €1,100 million.

(c) For purposes of determining compliance with the foregoing covenant:

(1) in the event that an item of Indebtedness meets the criteria of more than one of the types of Indebtedness described above, the Company, in its sole discretion, will classify and from time to time may reclassify such item of Indebtedness and only be required to include the amount and type of such Indebtedness in one of the above clauses;

(2) an item of Indebtedness may be divided and classified, or reclassified, in more than one of the types of Indebtedness described above; and

(3) in the event Indebtedness relates to Guarantees of Indebtedness otherwise permitted by this covenant by Kabi or ProServe (or any Subsidiary that is required to guarantee the Issuer's obligations under the Notes pursuant to the terms of the Indenture), such Guarantees shall not be treated as an additional Incurrence of Indebtedness, *provided* that the respective Note Guarantees of such Guarantors remain in full force and effect.

(d) If during any period the Notes have achieved and continue to maintain Investment Grade Status and no Event of Default has occurred and is continuing (such period is referred to herein as an "Investment Grade Status Period"), then upon notice by the Company to the

Trustee by the delivery of an Officers' Certificate that it has achieved Investment Grade Status, this covenant and clause (5) of "— *Events of Default*" 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 and clause (5) of "— *Event of Default*". No action taken during an Investment Grade Status Period or prior to an Investment Grade Status Period in compliance with this covenant will require reversal or constitute a default under the Notes in the event that this covenant is subsequently reinstated or suspended, as the case may be. An Investment Grade Status Period will not commence until the Company has delivered the Officers' Certificate referred to above and will terminate immediately upon the failure of the Notes to maintain Investment Grade Status or an Event of Default.

Limitation on Liens

The Company will not, and will not permit any of its Subsidiaries to directly, or indirectly, create, Incur or suffer to exist any Lien (other than Permitted Liens) upon any of its property or assets (including Capital Stock), whether owned on the date of the Indenture or acquired after that date, securing any Indebtedness, unless contemporaneously with (or prior to) the Incurrences of the Liens effective provision is made to secure the Indebtedness due under the Indenture and the Notes, equally and ratably with (or prior to in the case of Liens with respect to Subordinated Obligations) the Indebtedness secured by such Lien for so long as such Indebtedness is so secured.

Limitation on Mergers and Sales of Assets

The Indenture provides that the Issuer and the Company may not, and may not permit any Guarantor to, consolidate or merge with or into (whether or not the Issuer or such Guarantor is the Surviving Person), or sell, assign, transfer, lease, convey or otherwise dispose of all or substantially all of its properties and assets in one or more related transactions, to another Person unless:

(1) the Surviving Person is an entity organized and existing under the laws of Germany, the United Kingdom, any other member state of the European Union (as of December 31, 2003), Luxembourg, Switzerland, the United States of America, or any State thereof or the District of Columbia, or the jurisdiction of formation of the Issuer or any Guarantor; or, if the Surviving Person is an entity organized and existing under the laws of any other jurisdiction, the Issuer delivers to the Trustee an Opinion of Counsel to the effect that the rights of the holders of the Notes, would not be affected adversely as a result of the law of the jurisdiction of organization of the Surviving Person, insofar as such law affects the ability of the Surviving Person to pay and perform its obligations and undertakings in connection with the Notes (in a transaction involving the Issuer) or its Note Guarantee or the ability of the Surviving Person to obligate itself to pay and perform such obligations and undertakings or the ability of the holders to enforce such obligations and undertakings;

(2) the Surviving Person (if other than the Issuer or a Guarantor) shall expressly assume, (A) in a transaction or series of transactions involving the Issuer, by a supplemental indenture in a form satisfactory to the Trustee, all of the obligations of the Issuer under the Indenture, or (B) in a transaction or series of transactions not involving the Issuer, by a Guarantee Agreement, in a form satisfactory to the Trustee, all of the obligations of such Guarantor under its Note Guarantee;

(3) at the time of and immediately after such transaction, no Default or Event of Default shall have occurred and be continuing; and

(4) the Issuer or such Guarantor delivers to the Trustee an Officers' Certificate and an Opinion of Counsel, each stating that such consolidation, merger, transfer, assignment, sale, lease or other disposition and such supplemental indenture and Guarantee Agreement, if any, comply with the Indenture.

Limitation on Sale and Leaseback Transactions

The 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) the 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 €50 million, a resolution of the Board of Directors of the Issuer or such Guarantor or Subsidiary), of the property subject to such transaction;

(2) the 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) the 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.

Additional Subsidiary Note Guarantees

To the extent not prohibited by applicable law and for only so long as the 2015 Notes are outstanding, if any Subsidiary Guarantor transfers or causes to be transferred, in one transaction or a series of related transactions, any property to any Subsidiary of the Company that is not a Subsidiary Guarantor, then such transferee Subsidiary shall:

(1) execute and deliver to the Trustee a supplemental indenture in form reasonably acceptable to the Trustee pursuant to which such Subsidiary shall unconditionally guarantee all of the Issuer's obligations under the Notes and the Indenture on the terms set forth in the Indenture; and

(2) deliver to the Trustee an Opinion of Counsel that such supplemental indenture has been duly authorized, executed and delivered by such Subsidiary and constitutes a legal, valid, binding and enforceable obligation of such Subsidiary. Thereafter, such Subsidiary shall be a Guarantor for all purposes of the Indenture.

Notwithstanding the foregoing, any Subsidiary Guarantor may transfer (or cause to be transferred) in one transaction or a series of related transactions property representing in aggregate not more than 5% of its EBITDA as reflected on its financial statements.

So long as the Notes are listed on the Official List of the Luxembourg Stock Exchange and the rules of such exchange still require, notice of any additional Subsidiary becoming a Subsidiary Guarantor will be provided to the Luxembourg Stock Exchange for publication on its website (www.bourse.lu), and the Issuer will prepare a supplement in relation to such Subsidiary Guarantor for the Luxembourg Stock Exchange.

Reports

For so long as any Notes are outstanding, the Company will provide the Trustee (in physical form or electronic form as the Company and the Trustee may agree) with:

(1) its consolidated annual financial statements and related notes thereto for the most recent two fiscal years prepared in accordance with U.S. GAAP (or IFRS, with appropriate reconciliation to U.S. GAAP, in the event the Company is required by applicable law to prepare its financial statements in accordance with IFRS) and including segment data, together with an audit report thereon, together with a discussion of the "Results of Operations and Liquidity" for such fiscal years prepared in a manner substantially consistent with the "*Management's Discussion and Analysis of Financial Conditions and Results of Operations*" appearing herein and a "Summary of the Fiscal Year" and a discussion of "Business Segments" provided in a manner consistent with its annual report, a description of "Related Party Transactions" and a description of Indebtedness, within 90 days of the end of each fiscal year; and

(2) consolidated quarterly financial information as of and for the period from the beginning of each year to the close of each quarterly period (other than the fourth quarter), together with comparable information for the corresponding period of the preceding year, and a summary "Management's Discussion and Analysis of Financial Conditions and Results of Operations" providing a brief discussion of the results of operations for the period within 45 days following the end of the fiscal quarter.

Contemporaneously with the provision of each report discussed above, the Company will also file a press release with the appropriate internationally recognized wire services with respect to such report and (i) post copies of such reports on such website as may be then maintained by the Company or (ii) otherwise provide substantially comparable public availability of such reports.

In addition, so long as the Notes remain outstanding and during any period when the Issuer or the Company is not subject to Section 13 or 15(d) of the U.S. Securities Exchange Act of 1934, as amended (the "**Exchange Act**"), nor exempt therefrom pursuant to Rule 12g3-2(b) under the Exchange Act, the Company will furnish to any holder or beneficial owner of Notes initially offered and sold in the United States to "qualified institutional buyers" as defined in Rule 144A under the U.S. Securities Act of 1933, as amended (the "**Securities Act**"), pursuant to such rule and any prospective purchaser in the United States designated by such holder or beneficial owner, upon request, any information required to be delivered pursuant to Rule 144A(d)(4) under the Securities Act.

Ownership of the Issuer

The Indenture provides that the Company will continue to directly or indirectly maintain 100% ownership of the Capital Stock of the Issuer or any permitted successor of the Issuer, *provided* that any permitted successor of the Company under the Indenture may succeed to the Company's ownership of such Capital Stock.

The Company will cause the Issuer or its successor to engage in those activities that are necessary, convenient or incidental to (i) issuing and selling the Notes and any additional Indebtedness permitted by the Indenture, and advancing or distributing the proceeds thereof to the Company and its Subsidiaries and performing its obligations relating to the Notes and any such additional Indebtedness, pursuant to the terms thereof and of the Indenture and any other applicable indenture, and/or (ii) engaging in intercompany financing transactions with the Company or any of its Subsidiaries, which transactions would include the acquisition, disposition or other receipt or transfer of financial instruments to or from the Company or any of its Subsidiaries and guaranteeing the Indebtedness of the Company or any of its Subsidiaries in accordance with the Indenture.

Substitution of the Issuer

The Company, any other Guarantor or a Finance Subsidiary (a "**Successor**") may assume the obligations of the Issuer under the Notes by executing and delivering to the Trustee (a) a supplemental indenture which subjects such Person to all of the provisions of the Indenture and (b) an opinion of counsel to the effect that such supplemental indenture has been duly authorized and executed by such Person, and constitutes the legal, valid, binding and enforceable obligation of such Person, subject to customary exceptions; *provided that* (i) the Successor is formed under the laws of the United States of America, or any State thereof or the District of Columbia, Germany, the Netherlands, the United Kingdom or any other member state of the European Union (as of December 31, 2003) and (ii) no Additional Amounts would be or become payable with respect to the Notes at the time of such assumption, or as a result of any change in the laws of the jurisdiction of formation of such Successor that was reasonably foreseeable at such time. The Successor shall succeed to, and be substituted for, and may exercise every right and power of, the Issuer under the Indenture with the same effect as if it were the Issuer thereunder, and the former Issuer shall be discharged from all obligations and covenants under the Indenture and Notes.

Events of Default

The Indenture provides that any one or more of the following described events, which has occurred and is continuing, constitutes an "Event of Default" with respect to the Notes:

(1) failure for 30 days to pay interest on the Notes, including any Additional Amounts in respect thereof, when due; or

(2) failure to pay principal of or premium, if any, on the Notes when due, whether at maturity, upon redemption, by declaration or otherwise; or

(3) failure to observe or perform any other covenant contained in the Indenture for 60 days after notice as provided in the Indenture; or

(4) default under any mortgage, indenture or instrument under which there may be issued or by which there may be secured or evidenced any indebtedness for money borrowed by us or any of our Subsidiaries (or the payment of which is guaranteed by the Company), whether such Indebtedness or Guarantee now exists or is Incurred after the Issue Date, if (A) such default results in the acceleration of such Indebtedness prior to its express maturity or will constitute a default in the payment of such Indebtedness and (B) the principal amount of any such Indebtedness that has been accelerated or not paid at maturity, when added to the aggregate principal amount of all other such Indebtedness, at such time, that has been accelerated or not paid at maturity, exceeds €75 million; or

(5) at any time that FMC AG & Co. KGaA is a Subsidiary of the Company, the principal amount of any Indebtedness of FMC AG & Co. KGaA or its Subsidiaries in an amount in excess of €300 million shall have been accelerated or not paid at maturity and such acceleration shall not have been rescinded or any such amount due (whether by acceleration or at maturity) shall have remained unpaid for at least 60 days from the date of such acceleration or maturity; or

(6) any final judgment or judgments (not covered by insurance) which can no longer be appealed for the payment of money in excess of €75 million shall be rendered against the Company or any of its Subsidiaries and shall not be discharged for any period of 60 consecutive days during which a stay of enforcement shall not be in effect; or

(7) any Note Guarantee shall cease to be in full force and effect in accordance with its terms for any reason except pursuant to the terms of the Indenture governing the release of Note Guarantees or the satisfaction in full of all the obligations thereunder or shall be declared invalid or unenforceable other than as contemplated by its terms, or any Guarantor shall repudiate, deny or disaffirm any of its obligations thereunder or under the Indenture; or

(8) certain events in bankruptcy, insolvency or reorganization of the Company, the Issuer or any of the Company's Significant Subsidiaries.

A default under clause (3) of this paragraph will not constitute an Event of Default under the Indenture unless the Trustee or holders of 25% in principal amount of the outstanding Notes under the Indenture notify the Issuer and the Company of such default and such default is not cured within the time specified in clause (3). During any period of time the Notes shall have Investment Grade Status, the occurrence or continuation of an event described under clause (5) above shall not constitute an Event of Default with respect to the Notes.

The Trustee or the holders of not less than 25% in aggregate outstanding principal amount of the Notes may declare the principal of and interest (including any Additional Amounts) on the Notes due and payable immediately on the occurrence of an Event of Default under the Indenture; *provided, however,* that, after such acceleration, the holders of a majority in aggregate principal amount of the outstanding Notes may, under certain circumstances, rescind and annul such acceleration if the rescission would not conflict with any judgment or decree of a court of competent jurisdiction and all Events of Default under the Indenture, other than the nonpayment of accelerated principal, have been cured or waived as provided under the Indenture.

Subject to the provisions of the Indenture relating to the duties of the Trustee, in case an Event of Default shall occur and be continuing, the Trustee will be under no obligation to exercise any of its rights or powers under the Indenture at the request or direction of any holders of Notes issued thereunder unless such holders shall have agreed in writing to fully indemnify the Trustee. Subject to the provisions for the indemnification of the Trustee, the holders of a majority in aggregate principal amount of the Notes issued thereunder, then outstanding, will have the right to direct the time, method and place of conducting any proceeding for any remedy available to the Trustee, or exercising any trust or power conferred on the Trustee.

No holder of any Note will have any right to institute any proceeding with respect to the Indenture or for any remedy thereunder, unless written notice of a continuing Event of Default shall have previously been given in accordance with the terms of the Indenture and full indemnity shall have been offered, to the Trustee to institute such proceeding as Trustee, and the Trustee will not have received from the holders of a majority in aggregate principal amount of the outstanding Notes issued thereunder a direction inconsistent with such request and shall have failed to institute such proceeding within 60 days. However, such limitations do not apply to a suit instituted by a holder of a Note for enforcement of payment of the principal of and premium, if any, or interest on such Note on or after the respective due dates expressed in such Note.

The holders of a majority in aggregate outstanding principal amount of the Notes may, on behalf of the holders of all the Notes, waive any existing default, except a default in the payment of principal, premium, if any, or interest or a default in respect of a covenant or provision that cannot be modified or amended without consent of the holder of each Note affected. The Issuer is required to file annually with the Trustee a certificate as to whether or not the Issuer is in compliance with all the conditions and covenants under the Indenture.

Amendments and Waivers

Subject to certain exceptions, the Indenture may be amended or supplemented with the consent of the holders of a majority in principal amount of the Notes then outstanding (including without limitation, consents obtained in connection with a purchase of, or tender offer or exchange offer for Notes) and, subject to certain exceptions, any existing default or compliance with any provisions may be waived with the consent of the holders of a majority in principal amount of the Notes then outstanding (including, without limitation, consents obtained in connection with a purchase of, or tender offer or exchange offer for Notes).

However, without the consent of each holder of an outstanding Note affected, an amendment may not (with respect to any Notes held by a non-consenting holder), among other things:

(1) reduce the percentage of principal amount of Notes whose holders must consent to an amendment;

(2) reduce the stated rate of or extend the stated time for payment of interest on any Note;

(3) reduce the principal of or extend the Stated Maturity of any Note;

(4) change the time at which any Note may be redeemed as described above under "*— Optional Redemption*";

(5) reduce the premium payable upon the repurchase of any Note, change the time at which any Note may be repurchased or change any of the associated definitions related to the provisions of "*Change of Control*" once the obligation to repurchase the Notes has arisen;

(6) make any Note payable in money other than that stated in the Note;

(7) impair the right of any holder to receive payment of premium, if any, principal of and interest on such holder's Notes on or after the due dates therefor or to institute suit for the enforcement of any payment on or with respect to such holder's Notes; or

(8) make any change in the amendment provisions which require each holder's consent or in the waiver provisions.

Without the consent of any holder, the Issuer and the Trustee may amend the Indenture to:

(1) cure any ambiguity, omission, defect or inconsistency;

(2) provide for the assumption by an entity of the obligations of the Issuer under the Indenture or of a Guarantor (other than the Company) under the Note Guarantees;

(3) provide for uncertificated Notes in addition to or in place of certificated Notes;

(4) add Note Guarantees with respect to the Notes;

(5) secure the Notes;

(6) add to the covenants of the Issuer and the Guarantors for the benefit of the holders or surrender any right or power conferred upon the Issuer;

(7) provide for the issuance of Additional Notes in accordance with the Indenture;

(8) make any change that does not adversely affect the rights of any holder;

(9) evidence and provide for the acceptance and appointment under the Indenture by any successor Trustee;

(10) conform the text of the Indenture, the Notes or the Note Guarantees to any provision of this *"Description of the Notes"* to the extent such provision in this *"Description of the Notes"* was intended to be a verbatim recitation of a provision of the Indenture, the Notes or the Note Guarantees; or

(11) comply with the rules of any applicable securities depositary.

The consent of the holders is not necessary under the Indenture to approve the particular form of any proposed amendment to, or waiver of, the Indenture. It is sufficient if such consent approves the substance of the proposed amendment or waiver. After an amendment, supplement or waiver under the Indenture becomes effective, the Issuer is required to mail to the holders a notice briefly describing such amendment, supplement or waiver. However, the failure to give such notice to all the holders, or any defect in the notice, will not impair or affect the validity of the amendment, supplement or waiver.

Defeasance

The Issuer at any time may terminate all its obligations under the Notes and the Indenture (*"legal defeasance"*), except for certain obligations, including those respecting the defeasance trust and obligations to register the transfer or exchange of the Notes, to replace mutilated, destroyed, lost or stolen Notes and to maintain a registrar and paying agent in respect of the relevant Notes.

The Issuer at any time may terminate its obligations under covenants described under *"Certain Covenants"* (other than *"— Limitation on Mergers and Sales of Assets"*), the operation of the cross-default upon a payment default, cross-acceleration provisions, the bankruptcy provisions with respect to Subsidiaries, the judgment default provision described under *"Events of Default"* above and the limitations contained in clause (4) under *"Certain Covenants — Limitation on Mergers and Sales of Assets"* above (*"covenant defeasance"*).

The Issuer may exercise its legal defeasance option notwithstanding its prior exercise of its covenant defeasance option. If the Issuer exercises its legal defeasance option, payment of the Notes may not be accelerated because of an Event of Default with respect to the Notes. If the Issuer exercises its covenant defeasance option, payment of the Notes may not be accelerated because of an Event of Default specified in clause (3), (4), (5) or (6) (with respect only to Subsidiaries other than the Issuer) under *"— Events of Default"* above or because of the failure of the Issuer to comply with clause (4) under *"— Certain Covenants — Limitation on Mergers and Sales of Assets"* above.

In order to exercise either defeasance option, the Issuer must irrevocably deposit in trust (the "defeasance trust") with the Trustee for the benefit of the holders euro or euro-denominated designated government obligations for the payment of principal, premium, if any, and interest on the Notes to redemption or maturity, as the case may be, and must comply with certain other conditions, including delivery to the relevant Trustee of

(1) an Opinion of Counsel (subject to customary exceptions and exclusions) to the effect that holders of the Notes will not recognize income, gain or loss for U.S. federal income tax

purposes as a result of such deposit and defeasance and will be subject to U.S. federal income tax on the same amount and in the same manner and at the same times as would have been the case if such deposit and defeasance had not occurred. In the case of legal defeasance only, such Opinion of Counsel must be based on a ruling of the Internal Revenue Service or other change in applicable U.S. federal income tax law; and

(2) an Opinion of Counsel in the Federal Republic of Germany (subject to customary exceptions and exclusions) to the effect that holders of the Notes will not recognize income, gain or loss for income tax purposes of the Federal Republic of Germany as a result of such deposit and defeasance and will be subject to income tax in the Federal Republic of Germany on the same amount and in the same manner and at the same times as would have been the case if such deposit and defeasance had not occurred.

No Personal Liability of Directors, Officers, Employees and Stockholders

No member of the Board of Directors, director, officer, employee, incorporator or stockholder of the Issuer, the Company, the General Partner of the Company, or the other Guarantors, as such, shall have any liability for any obligations of the Issuer or any Guarantor under the Notes, the Indenture or the Note Guarantees or for any claim based on, in respect of, or by reason of, such obligations or their creation. Each holder by accepting a Note waives and releases all such liability and agrees not to enforce any claim in respect of the Notes, the Indenture or the Note Guarantees to the extent it would give rise to such personal liability. The waiver and release are part of the consideration for issuance of the Notes and Note Guarantees. Such waiver and release may not be effective to waive liabilities under the U.S. federal securities laws and it is the view of the SEC that such a waiver is against public policy. In addition, such waiver and release may not be effective under the laws of the Federal Republic of Germany.

Consent to Jurisdiction and Service of Process

The Indenture provides that the Issuer irrevocably agrees to accept notice and service of process in any suit, action or proceeding with respect to the Indenture and the Notes, as the case may be, brought in any federal or state court located in the Borough of Manhattan in the City of New York and that the Issuer submit to the jurisdiction thereof.

Concerning the Trustee (Holders' Representative)

Deutsche Trustee Company Limited is the Trustee under the Indenture and has been appointed by the Issuer as Registrar (in the case of Definitive Registered Notes) with regard to the Notes. The Trustee's principal office is located at Winchester House, 1 Great Winchester Street, London EC2N 2D, United Kingdom. Until an Event of Default occurs and is continuing, the Trustee shall have only its express duties under the Indenture, and no other duties may be implied. Following an Event of Default that is continuing, the Trustee shall perform its duties as a prudent person would conduct its affairs. An affiliate of the Trustee has been appointed as Paying Agent with regard to the Notes. The Trustee authenticates each Global Note and each Definitive Registered Note in accordance with the Indenture. Following the occurrence of an Event of Default as defined under the Indenture, the Trustee shall notify the holders of the Notes of such Event of Default in accordance with the terms and exceptions in the Indenture and thereafter the Trustee may pursue various actions and remedies on behalf of the holders of the Notes as set out in the Indenture and directed and indemnified by the holders of the Notes. In its capacity as Trustee, the Trustee may bring an action in its own name on behalf of the holders of the Notes. The Trustee will not be liable for any action it takes or omits to take in good faith which it reasonably believes to be authorized under the Indenture. The Trustee is further entitled to require and rely conclusively on an Officers' Certificate or Opinion of Counsel before taking action. The Trustee is indemnified by the Issuer under the Indenture for any and all losses, damages, claims, proceedings, demands, costs, expenses or liability including taxes incurred by the Trustee without negligence or wilful misconduct on its part in connection with the acceptance of administration of the trust under the Indenture. The Trustee may resign at any time by notifying the Issuer in writing. The Trustee may be removed by the holders of a majority in principal amount of the Notes by notifying the Issuer and the Trustee in writing, and such majority holders may appoint a successor trustee with the Issuer's consent. In addition, the Issuer may remove the Trustee upon certain bankruptcy and similar events relating to the Trustee or if the Trustee becomes incapable of acting with respect to its duties under the Indenture.

Validity of Claims

The time of validity for a payment of interest, principal, the redemption price or another amount payable under the Indenture is six years from the date on which such payment is due.

Governing Law

The Indenture and the Notes will be governed by, and construed in accordance with, the laws of the State of New York. The Note Guarantees will be governed by, and construed in accordance with, the laws of the State of New York, except that certain matters concerning the limitations thereof will be construed in accordance with the laws of the Federal Republic of Germany.

Certain Definitions

In the discussion below, the "Company" refers to Fresenius SE & Co. KGaA. As used in the Indenture:

"*2013 Senior Credit Agreement*" means the syndicated credit agreement, dated as of December 20, 2012, as amended, restated, modified, extended, renewed and/or supplemented or as refinanced or replaced from time to time, among the Company, Deutsche Bank AG New York Branch, as administrative agent, and the other borrowers, guarantors and lenders identified therein.

"*Acquired Indebtedness*" means Indebtedness of a Person existing at the time such Person becomes a Subsidiary or is merged into or consolidated with any other Person or that is assumed in connection with the acquisition of assets from such Person and, in each case, not Incurred by such Person in connection with, or in anticipation or contemplation of, such Person becoming a Subsidiary or such merger, consolidation or acquisition.

"*Affiliate*" of any specified Person means:

(1) any other Person, directly or indirectly, controlling or controlled by, or

(2) under direct or indirect common control with such specified Person.

For the purposes of this definition, "control" when used with respect to any Person means the power to direct the management and policies of such Person, directly or indirectly, whether through the ownership of voting securities, by contract or otherwise; and the terms "controlling" and "controlled" have meanings correlative to the foregoing.

"*Asset Disposition*" means any direct or indirect sale, issuance, conveyance, transfer, lease (other than operating leases entered into in the ordinary course of business), assignment or other transfer for value by the Company or any of its Subsidiaries (including any Sale and Leaseback Transaction) to any Person other than the Company or a Subsidiary of the Company, including any disposition by means of a merger, consolidation or similar transaction (each referred to for the purposes of this definition as a "disposition"), of:

(1) any shares of Capital Stock of any Subsidiary (other than directors qualifying shares or shares required by applicable law to be held by a Person other than the Company or a Subsidiary),

(2) all or substantially all the assets of any division or line of business of the Company or any Subsidiary, or

(3) any other assets of the Company or any Subsidiary outside of the ordinary course of business of the Company or such Subsidiary,

other than, in the case of (1), (2) and (3) above,

(a) a disposition of assets or issuance of Capital Stock by a Subsidiary to the Company or by the Company or a Subsidiary to a Person that becomes a Subsidiary at the time of such disposition or issue,

(b) transactions permitted under *"Certain Covenants — Limitation on Mergers and Sales of Assets"*, and

(c) dispositions in connection with Permitted Liens, foreclosures on assets and any release of claims which have been written down or written off.

"*Attributable Debt*" means, in respect of any Sale and Leaseback Transaction, as of the time of determination, the total obligation (discounted to present value at the rate per annum equal to the discount rate which would be applicable to a Capital Lease Obligation with the like term in accordance with U.S. GAAP) of the lessee for rental payments (other than amounts required to be paid on account of property taxes, maintenance, repairs, insurance, water rates and other items which do not constitute payments for property rights) during the remaining portion of the initial term of the lease included in such Sale and Leaseback Transaction.

"*Average Life*" means, as of the date of determination, with respect to any Indebtedness or Preferred Stock, the quotient obtained by dividing:

(1) the sum of the products of numbers of years from the date of determination to the dates of each successive scheduled principal payment of such Indebtedness or redemption or similar payment with respect to such Preferred Stock multiplied by the amount of such payment by

(2) the sum of all such payments.

"*Board of Directors*" means, with respect to the Issuer, the Company or a Subsidiary, as the case may be, the Board of Directors (or other body performing functions similar to any of those performed by a Board of Directors including those performed, in the case of a German stock corporation, by the Management Board, or in the case of a KGaA, by the general partner) of such person or any committee thereof duly authorized to act on behalf of such Board (or other body).

"*Bund Rate*" means 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 1, 2024; *provided, however* that if the period from the redemption date to such date 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 such date 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) 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 for the Notes (other than the Trustee) are authorized or required by law or executive order to remain closed,

(3) except for purposes of payments made on or in respect of the Notes by a Paying Agent other than the Trustee, a day on which the corporate trust office of the Trustee is closed for business.

"*Capital Lease Obligation*" means an obligation that is required to be classified and accounted for as a capital lease for financial reporting purposes in accordance with U.S. GAAP, and the amount of Indebtedness represented by such obligation shall be the capitalized amount of such obligation determined in accordance with U.S. GAAP; 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.

"C*ash Management Arrangements*" means any cash management arrangement (including cash pool, virtual cash pool, treasury, depository, overdraft, credit or debit card, electronic funds transfer or other arrangements in respect of cash (including restricted cash) and cash equivalents or similar assets) of the Company and its Affiliates (including any Indebtedness arising thereunder) which arrangement is (i) in the ordinary course of business consistent with past practice, (ii) designed to provide cash management services, designed to enhance the rate of return on available cash and cash equivalents and entered into for investment and not speculative purposes as determined in good faith by the Company, or (iii) designed to reduce the overall tax liability of the Company and its Affiliates and for which the Company determines in good faith to be in compliance with tax laws applicable to it.

"*Change of Control*" means the occurrence of one or more of the following events:

(1) so long as the Company is organized as a KGaA, if the General Partner of the Company charged with the management of the Company shall at any time fail to be a Subsidiary of Else Kröner-Fresenius-Stiftung, or if Else Kröner-Fresenius-Stiftung shall fail at any time to own or control more than 10% of the capital stock with ordinary voting power in the Company;

(2) if the Company is no longer organized as a KGaA, any event the result of which is that (A) any "person" or "group" (as such terms are used in Section 13(d) and 14(d) of the Exchange Act), other than the Permitted Holder, is or becomes the beneficial owner (as defined in Rule 13d-3 and 13d-5 under the Exchange Act, except that such Person or group shall be deemed to have "beneficial ownership" of all shares that any such Person or group has the right to acquire, whether such right is exercisable immediately or only after the passage of time), directly or indirectly, of more than 35% of the total voting power of the Voting Stock of the Company, and (B) the Permitted Holder does not "beneficially own" (as defined in Rules 13d-3 and 13d-5 of the Exchange Act), directly or indirectly, in the aggregate a greater percentage of the total voting power of the Voting Stock of the Company;

(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);

(4) any event following which the financial results of FMC AG & Co. KGaA are not fully consolidated with the financial results of the Company in accordance with U.S. GAAP; or

(5) the occurrence of a Change of Control Triggering Event (as such term is defined in the indenture referred to in the following clause) pursuant to, for only so long as any of the 2015 Notes remain outstanding, the indenture dated as of January 21, 2009 among Fresenius US Finance II, Inc., the Guarantors and Deutsche Trustee Company Limited, as Trustee.

"*Change of Control Triggering Event*" means (i) the occurrence of the event specified in clause (5) of the definition of Change of Control, (ii) for so long as any of the 2019 Notes or the 2020 Notes remain outstanding, the occurrence of the event specified in clause (4) of the definition of Change of Control or (iii) the occurrence of any of the events specified in clause (1), (2), (3) or (4) of the definition of 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 (but not, for the avoidance of doubt, for the purpose of any other defined terms used in this definition), whenever pro forma effect is to be given to an acquisition of assets, the amount of income or earnings relating thereto and the amount of Consolidated Interest Expense associated with any Indebtedness Incurred in connection therewith, the pro forma calculations shall be determined in good faith by a responsible financial or accounting officer of the Company, as applicable. If any Indebtedness bears a floating rate of interest and is being given pro forma effect, the interest on such Indebtedness shall be calculated as if the rate in effect on the date of determination had been the applicable rate for the entire period (taking into account any Interest Rate Agreement applicable to such Indebtedness if such Interest Rate Agreement has a remaining term in excess of 12 months); and, in the case of the Company, Subsidiaries will include FMC AG & Co. KGaA and its Subsidiaries.

"*Consolidated Interest Expense*" means, with respect to any Person for any period, the total interest expense of such Person (the "Relevant Person") and its consolidated Subsidiaries (which, in the case of the Company, will include FMC AG & Co. KGaA and its Subsidiaries), plus, to the extent not included in such total interest expense, and to the extent Incurred by such Relevant Person or its Subsidiaries,

(1) interest expense attributable to capital leases,

(2) amortization of debt discount and debt issuance cost,

(3) capitalized interest,

(4) non-cash interest expenses,

(5) commissions, discounts and other fees and charges owed with respect to letters of credit and bankers' acceptance financing,

(6) net costs associated with Hedging Obligations (including amortization of fees),

(7) Preferred Stock dividends in respect of all Preferred Stock held by Persons other than the Relevant Person or a Subsidiary of the Relevant Person,

(8) interest Incurred in connection with Investments in discontinued operations,

(9) interest accruing on any Indebtedness of any other Person to the extent such Indebtedness is Guaranteed by the Relevant Person or any of its Subsidiaries, and

(10) the cash contributions to any employee stock ownership plan or similar trust to the extent such contributions are used by such plan or trust to pay interest or fees to any Person (other than the Relevant Person) in connection with Indebtedness Incurred by such plan or trust.

Notwithstanding the above, for purposes of calculating Consolidated Interest Expense of the Company and its Subsidiaries, for so long as Consolidated Net Income of the Company does not include the full Consolidated Net Income of FMC AG & Co. KGaA and its Subsidiaries as a result of clause (3) of the definition thereof, the Consolidated Interest Expense of FMC AG & Co. KGaA and its Subsidiaries shall be excluded as well.

"*Consolidated Net Income*" means, with respect to any Person for any period, the net income of such Person (the "Relevant Person") and its consolidated Subsidiaries (which, in the case of the Company, will include FMC AG & Co. KGaA and its Subsidiaries); *provided, however,* that there shall not be included in such Consolidated Net Income:

(1) any net income of any Person if such Person is not a Subsidiary, except that (A) subject to the exclusion contained in clause (4) below, the Relevant Person's equity in the net income of any such Person for such period shall be included in such Consolidated Net Income up to the aggregate amount of cash actually distributed by such Person during such period to the Relevant Person or a Subsidiary of the Relevant Person as a dividend or other distribution (subject, in the case of a dividend or other distribution paid to a Subsidiary, to the limitations contained in clause (3) below) and (B) the Relevant Person's equity in a net loss of any such Person for such period shall be included in determining such Consolidated Net Income,

(2) any net income (or loss) of any Person acquired by the Relevant Person or a Subsidiary in a pooling of interests transaction for any period prior to the date of such acquisition,

(3) any net income of any Subsidiary of the Relevant Person if such Subsidiary is subject to contractual, governmental or regulatory restrictions, directly or indirectly, on the payment of dividends or the making of distributions by such Subsidiary, directly or indirectly, to the Relevant Person, except that (A) subject to the exclusion contained in clause (4) below, the Relevant Person's equity in the net income of any such Subsidiary for such period shall be included in such Consolidated Net Income up to the aggregate amount of cash actually distributed by such Subsidiary during such period to the Relevant Person or another of its

Subsidiaries as a dividend or other distribution (subject, in the case of a dividend or other distribution paid to another Subsidiary, to the limitation contained in this clause) and (B) the Relevant Person's equity in a net loss of any such Subsidiary for such period shall be included in determining such Consolidated Net Income,

(4) any gain or loss realized upon the sale or other disposition of any assets of the Relevant Person or its consolidated Subsidiaries (including pursuant to any sale and leaseback arrangement) that is not sold or otherwise disposed of in the ordinary course of business and any gain or loss realized upon the sale or other disposition of any Capital Stock of any Person,

(5) extraordinary gains or losses, and

(6) the cumulative effect of a change in accounting principles.

"*Currency Agreement*" means any foreign currency exchange contract, currency swap agreement or other similar agreement or arrangement.

"*Default*" means any event that is, or after notice or passage of time or both would be, an Event of Default (as defined herein).

"*Disqualified Stock*" means, with respect to any Person, any Capital Stock that by its terms (or by the terms of any security into which it is convertible or for which it is exchangeable) or upon the happening of any event:

(1) matures or is mandatorily redeemable pursuant to a sinking fund obligation or otherwise;

(2) is convertible or exchangeable for Indebtedness or Disqualified Stock; or

(3) is redeemable at the option of the holder thereof, in whole or in part,

in each case on or prior to the first anniversary of the Stated Maturity of the Notes; *provided, however*, that any Capital Stock that would not constitute Disqualified Stock but for provisions thereof giving holders thereof the right to require such Person to repurchase or redeem such Capital Stock upon the occurrence of an "asset sale" or "change of control" occurring prior to the first anniversary of the Stated Maturity of the Notes shall not constitute Disqualified Stock if the "asset sale" or "change of control" provisions applicable to such Capital Stock are not more favorable to the holders of such Capital Stock than the provisions described under "*— Change of Control*".

"*EBITDA*" for any Person for any period means the sum of Consolidated Net Income of such Person, plus Consolidated Interest Expense of such Person plus the following to the extent deducted in calculating such Consolidated Net Income:

(1) all income tax expense of such Person and its Subsidiaries (which, in the case of the Company, will include FMC AG & Co. KGaA and its Subsidiaries);

(2) depreciation expense;

(3) amortization expense, in each case for such period; and

(4) other non-cash charges (excluding (1) restructuring charges which do not initially involve a cash payment but as for which there will be a subsequent cash payment and (2) charges resulting from accruals of costs incurred in the ordinary course of business, other than those relating to pension liabilities).

Notwithstanding the foregoing, the provision for taxes based on the income or profits of, and the depreciation and amortization and other non-cash charges of, a Subsidiary shall be added to Consolidated Net Income to compute EBITDA only to the extent (and in the same proportion) that the net income of such Subsidiary was included in calculating Consolidated Net Income and only if a corresponding amount would be permitted at the date of determination to be dividended to such Person by such Subsidiary without prior approval (that has not been obtained), pursuant to the terms of its charter and all agreements, instruments, judgments, decrees, orders, statutes, rules and governmental regulations applicable to such Subsidiary or its stockholders.

"€" or "*euro*" means the single currency of the Participating Member States.

"*Exchange Act*" means the U.S. Securities Exchange Act of 1934, as amended.

"*Finance Subsidiary*" means the Issuer and any other Wholly Owned Subsidiary of the Company created for the purpose of issuing evidences of Indebtedness or guaranteeing Indebtedness and which is subject to similar restrictions on its activities as the Issuer.

"*Fitch*" means Fitch, Inc. and its successors.

"*FMC AG & Co. KGaA*" means Fresenius Medical Care AG & Co. KGaA (or any successor thereto) but not any of its subsidiaries.

"*FSE EBITDA*" means EBITDA for the Company but, for purposes of this definition, excluding the results of operations of FMC AG & Co. KGaA and its Subsidiaries in calculating Consolidated Interest Expense, Consolidated Net Income and EBITDA (but, for the avoidance of doubt, including any distributions actually paid to the Company or one of its Subsidiaries (other than FMC AG & Co. KGaA and its Subsidiaries) by FMC AG & Co. KGaA in the relevant period); *provided, however*, that:

(1) if since the beginning of such period the Company or any of its Subsidiaries (other than FMC AG & Co. KGaA and its Subsidiaries) shall have made any Asset Disposition, the EBITDA for such period shall be reduced by an amount equal to the EBITDA (if positive) directly attributable to the assets which are the subject of such Asset Disposition for such period, or increased by an amount equal to the EBITDA (if negative), directly attributable thereto for such period,

(2) if since the beginning of such period the Company or any of its Subsidiaries (other than FMC AG & Co. KGaA and its Subsidiaries) (by merger or otherwise) shall have made an Investment in any Subsidiary (or any Person which becomes a Subsidiary) or an acquisition of assets, including any acquisition of assets occurring in connection with a transaction requiring a calculation to be made hereunder, which constitutes all or substantially all of an operating unit of a business, EBITDA for such period shall be calculated after giving pro forma effect thereto as if such Investment or acquisition occurred on the first day of such period, and

(3) if since the beginning of such period the Company or any of its Subsidiaries (other than FMC AG & Co. KGaA and its Subsidiaries) (that subsequently became a Subsidiary or was merged with or into the Company or such Subsidiary since the beginning of such period) shall have made any Asset Disposition, any Investment or acquisition of assets that would have required an adjustment pursuant to clause (1) or (2) above if made by the Company or such Subsidiary during such period, EBITDA for such period shall be calculated after giving pro forma effect thereto as if such Asset Disposition, Investment or acquisition occurred on the first day of such period.

For purposes of this definition (but not, for the avoidance of doubt, for the purpose of any other defined terms used in this definition): whenever pro forma effect is to be given to an acquisition of assets, the amount of income or earnings relating thereto, the pro forma calculations shall be determined in good faith by a responsible financial or accounting officer of the Company, as applicable.

"*General Partner*" means Fresenius Management SE, a *societas europaea* organized under the laws of Germany, including its successors and assigns and other Persons, in each case who serve as the general partner (*persönlich haftender Gesellschafter*) of the Company from time to time.

"*Guarantee*" means any obligation, contingent or otherwise, of any Person directly or indirectly guaranteeing any Indebtedness or other obligation of any Person (other than, in the case of subsidiaries, obligations which would not constitute Indebtedness) and any obligation, direct or indirect, contingent or otherwise, of such Person:

(1) to purchase or pay (or advance or supply funds for the purchase or payment of) such Indebtedness or other obligation of such Person (whether arising by virtue of partnership arrangements, or by agreements to keep-well, to purchase assets, goods, securities or services, to take-or-pay or to maintain financial statement conditions or otherwise); or

(2) entered into for the purpose of assuring in any other manner the obligee of such Indebtedness or other obligation of the payment thereof or to protect such obligee against loss in respect thereof (in whole or in part);

provided, however, that the term "Guarantee" shall not include endorsements for collection or deposit in the ordinary course of business. The term "Guarantee" used as a verb has a corresponding meaning. The term "Guarantor" shall mean any Person Guaranteeing any obligation.

"*Guarantee Agreement*" means, in the context of a consolidation, merger or sale of all or substantially all of the assets of a Guarantor, an agreement by which the Surviving Person from such a transaction expressly assumes all of the obligations of such Guarantor under its Note Guarantee.

"*Guarantor*" means each of the Company, Fresenius Kabi AG and Fresenius ProServe GmbH unless released from all obligations under their Note Guarantee in accordance with the terms of the Indenture.

"*Hedging Obligations*" of any Person means the obligations of such Person pursuant to any Interest Rate Agreement, Currency Agreement or Securities Hedging Agreement.

"*HELIOS Group*" means HELIOS Kliniken GmbH and its Subsidiaries.

"*IFRS*" means international financial reporting standards and interpretations issued by the International Accounting Standards Board and adopted by the European Commission, as in effect from time to time.

"*Incur*" means issue, assume, Guarantee, incur or otherwise become liable for; *provided, however*, that any Indebtedness or Capital Stock of a Person existing at the time such Person becomes a Subsidiary (whether by merger, consolidation, acquisition or otherwise) shall be deemed to be Incurred by such Subsidiary at the time it becomes a Subsidiary. The term "Incurrence" when used as a noun shall have a correlative meaning. The accretion of principal of a non-interest bearing or other discount security shall be deemed the Incurrence of Indebtedness.

"*Indebtedness*" means, with respect to any Person on any date of determination (without duplication):

(1) the principal of and premium (if any) in respect of (A) indebtedness of such Person for money borrowed and (B) indebtedness evidenced by notes, debentures, bonds or other similar instruments for the payment of which such Person is responsible or liable,

(2) all Capital Lease Obligations of such Person,

(3) all obligations of such Person issued or assumed as the deferred purchase price of property or services, all conditional sale obligations of such Person and all obligations of such Person under any title retention agreement (other than (x) customary reservations or retentions of title under agreements with suppliers entered into in the ordinary course of business, (y) trade debt Incurred in the ordinary course of business and not overdue by 90 days or more and (z) obligations Incurred under a pension, retirement or deferred compensation program or arrangement regulated under the Employee Retirement Income Security Act of 1974, as amended, or the laws of a foreign government, or referred to in clause (1) below),

(4) all obligations of such Person for the reimbursement of any obligor on any letter of credit, bank guarantee, banker's acceptance or similar credit transaction (except to the extent such reimbursement obligation relates to trade debt in the ordinary course of business and such reimbursement obligation is paid within 30 days after payment of the trade debt or is referred to in clause (1) below),

(5) the amount of all obligations of such Person with respect to the redemption, repayment or other repurchase of any Disqualified Stock or, with respect to any subsidiary of such Person, any Preferred Stock (but excluding, in each case, any accrued dividends),

(6) all obligations of the type referred to in clauses (1) through (5) of other Persons and all dividends of other Persons for the payment of which, in either case, such Person is responsible or liable, directly or indirectly, as obligor, guarantor or otherwise, including by means of any Guarantee,

(7) all obligations of the type referred to in clauses (1) through (6) of other Persons secured by any Lien on any property or asset of such Person (whether or not such obligation is assumed by such Person), the amount of such obligation being deemed to be the lesser of the value of such property or assets or the amount of the obligation so secured, and

(8) to the extent not otherwise included in this definition, Hedging Obligations of such Person.

The amount of Indebtedness of any Person at any date shall be the outstanding balance at such date of all unconditional obligations as described above and the maximum liability, upon the occurrence of the contingency giving rise to the obligation, of any contingent obligations at such date. For the avoidance of doubt, the following will not be treated as Indebtedness:

(1) Indebtedness incurred in respect of workers' compensation claims, self insurance obligations, performance, surety and similar bonds and completion guarantees provided in the ordinary course of business;

(2) Indebtedness arising from agreements providing for indemnification, adjustment of purchase price or similar obligations, in each case, incurred or assumed in connection with the disposition or acquisition of any business, assets or Capital Stock of a Subsidiary, provided, that the maximum aggregate liability in respect of all such Indebtedness (other than in respect of tax and environmental indemnities) shall at no time exceed, in the case of a disposition, the gross proceeds actually received by the Company and its Subsidiaries in connection with such disposition and, in the case of an acquisition, the fair market value of any business assets or Capital Stock acquired; and

(3) Indebtedness arising from the honoring by a bank or other financial institution of a check, draft or similar instrument (except in the case of daylight overdrafts) drawn against insufficient funds in the ordinary course of business, provided that such Indebtedness is extinguished within five business days of the Incurrence.

"*Interest Rate Agreement*" means any interest rate swap agreement, interest rate cap agreement or other financial agreement or arrangement.

"*Investmen*t" in any Person means any direct or indirect advance, loan (other than advances to customers in the ordinary course of business that are recorded as accounts receivable on the balance sheet of such Person) or other extensions of credit (including by way of Guarantee or similar arrangement) or capital contribution to (by means of any transfer of cash or other property to others or any payment for property or services for the account or use of others), or any purchase or acquisition of Capital Stock, Indebtedness or other similar instruments issued by such Person; *provided, however*, that advances, loans or other extensions of credit arising under the Cash Management Arrangements shall not be deemed Investments.

"*Investment Grade*" means a rating of (i) BBB- or higher by S&P, (ii) Baa3 or higher by Moody's and (iii) BBB- or higher by Fitch, or the equivalent of such ratings by S&P, Moody's or Fitch and the equivalent in respect of rating categories of any Rating Agencies substituted for S&P, Moody's or Fitch.

"*Investment Grade Status*" exists as of any time if at such time any two of the following three are satisfied: (i) the rating assigned to the Notes by Moody's is at least Baa3 (or the equivalent) or higher, (ii) the rating assigned to the Notes by S&P is at least BBB- (or the equivalent) or higher or (iii) the rating assigned to the Notes by Fitch is at least BBB- (or the equivalent) or higher.

"*Issue Date*" means the first date on which any Notes are issued.

"*KGaA*" means a German partnership limited by shares (*Kommanditgesellschaft auf Aktien*).

"*Lien*" means any mortgage, pledge, security interest, encumbrance, lien or charge of any kind (including any conditional sale or other title retention agreement or lease in the nature thereof).

"*Moody's*" means Moody's Investors Service, Inc. and its successors.

"*Note Guarantee*" means the Guarantee by a Guarantor of the Issuer's obligations under the Notes.

"*Officers' Certificate*" means a certificate signed by two Responsible Officers of the Issuer, the Company or any of the Guarantors, as applicable.

"*Opinion of Counsel*" means a written opinion from legal counsel, which opinion is acceptable to the Trustee. The counsel may be an employee of or counsel to the Issuer.

"*Participating Member State*" means a member state of the European Union which has adopted or adopts the single currency in accordance with the treaty establishing the European Community (as that treaty is amended from time to time).

"*Permitted Holder*" means Else Kröner-Fresenius-Stiftung and any of its Affiliates.

"*Permitted Liens*" means, with respect to any Person:

(1) Liens on assets of the Company or any of its Subsidiaries securing Indebtedness permitted under paragraph (a) and clause (1), (7) and (13) of paragraph (b) set forth under "*— Limitation on Incurrence of Indebtedness*" above; *provided*, *however*, that the aggregate principal amount of indebtedness secured thereby does not exceed the greater of (i) €4,600 million and (ii) the multiple of 2.5 times FSE EBITDA;

(2) pledges or deposits by such Person under workmen's compensation laws, unemployment insurance laws or similar legislation, or good faith deposits in connection with bids, tenders, contracts (other than for the payment of Indebtedness) or leases to which such Person is a party, or deposits to secure public or statutory obligations of such Person or deposits or cash or designated government obligations to secure surety or appeal bonds to which such Person is a party, or deposits as security for contested taxes or import or customs duties or for the payment of rent, in each case Incurred in the ordinary course of business;

(3) Liens imposed by law, including carriers', warehousemen's and mechanics' Liens, in each case for sums not yet due or being contested in good faith if a reserve or other appropriate provisions, if any, as are required by U.S. GAAP have been made in respect thereof;

(4) Liens for taxes, assessments or other governmental charges not yet subject to penalties for nonpayment or which are being contested in good faith provided appropriate reserves, if any, as are required by U.S. GAAP have been made in respect thereof;

(5) Liens in favor of issuers of surety or performance bonds or letters of credit or bankers' acceptances issued pursuant to the request of and for the account of such Person in the ordinary course of its business;

(6) encumbrances, easements or reservations of, or rights of others for, licenses, rights of way, sewers, electric lines, telegraph and telephone lines and other similar purposes, or zoning or other restrictions as to the use of real properties or liens incidental to the conduct of the business of such Person or to the ownership of its properties which do not in the aggregate materially adversely affect the value of said properties or materially impair their use in the operation of the business of such Person;

(7) Liens securing Hedging Obligations entered into in the ordinary course of business and not for speculation purposes as determined in good faith by the Company;

(8) Liens securing any Cash Management Arrangement;

(9) leases, subleases and licenses of real property which do not materially interfere with the ordinary conduct of the business of the Company or any of its Subsidiaries and leases, subleases and licenses of other assets in the ordinary course of business;

(10) judgment Liens not giving rise to an Event of Default so long as such Lien is adequately bonded and any appropriate legal proceedings which may have been duly initiated for the review of such judgment have not been finally terminated or the period within which such proceedings may be initiated has not expired;

(11) Liens for the purpose of securing the payment (or the refinancing of the payment) of all or a part of the purchase price of, or Capital Lease Obligations with respect to, assets or property acquired or constructed for use in a Related Business; provided that:

(a) the aggregate principal amount secured by such Liens does not exceed the cost of the assets or property so acquired or constructed; and

(b) such Liens are created within 180 days of construction or acquisition of such assets or property (or, upon a refinancing, replace Liens created within such period) and do not encumber any other assets or property of the Company or any Subsidiary other than such assets or property and assets affixed or appurtenant thereto;

(12) Liens arising solely by virtue of any statutory or common law provisions relating to banker's Liens, rights of set-off or similar rights and remedies as to deposit accounts or other funds maintained with a depositary institution; *provided* that such deposit account is not intended by the Company or any Subsidiary to provide collateral to the depository institution;

(13) Liens arising from United States Uniform Commercial Code financing statement filings (or similar filings in other applicable jurisdictions) regarding operating leases entered into by the Company and its Subsidiaries in the ordinary course of business;

(14) Liens existing on the Issue Date, other than Liens described in clause (1) above and clause (21) below;

(15) Liens on property or shares of stock of a Person at the time such Person becomes a Subsidiary; *provided, however,* that such Liens are not created, Incurred or assumed in connection with, or in contemplation of, such other Person becoming a Subsidiary; *provided further, however,* that any such Lien may not extend to any other property owned by the Company or any Subsidiary;

(16) Liens on property at the time the Company or a Subsidiary acquired the property, including any acquisition by means of a merger or consolidation with or into the Company or any Subsidiary; *provided, however,* that such Liens are not created, Incurred or assumed in connection with, or in contemplation of, such acquisition; *provided further, however,* that such Liens may not extend to any other property owned by the Company or any Subsidiary (except in the case of an acquisition by the Helios Group, in which case the Liens may be granted in connection with, or in contemplation of, such acquisition on assets of any member of the Helios Group);

(17) Liens securing the Notes and all other Indebtedness which by its terms must be secured if the Notes are secured;

(18) Liens securing Indebtedness or other obligations of the Company to a Subsidiary or of a Subsidiary owing to the Company or a Subsidiary;

(19) Liens securing Refinancing Indebtedness Incurred to refinance Indebtedness that was previously secured; *provided,* that such Lien is limited to all or part of the same property or assets that secured the Indebtedness refinanced;

(20) Liens arising by operation of law or by agreement to the same effect in the ordinary course of business; and

(21) Liens on assets of any Subsidiary of the Company securing Indebtedness of such Subsidiary permitted under clauses (a), (b)(2) and (b)(13) set forth under "— *Limitation on Incurrence of Indebtedness*", which Indebtedness shall not exceed €1,100 million.

"*Person*" means any individual, corporation, partnership, joint venture, association, joint-stock company, trust, unincorporated organization, government or any agency, instrumentality or political subdivision thereof, or any other entity.

"*Preferred Stock*", as applied to the Capital Stock of any corporation, means Capital Stock of any class or classes (however designated) which is preferred as to the payment of dividends, or as to the distribution of assets upon any voluntary or involuntary liquidation or dissolution of such corporation, over shares of Capital Stock of any other class of such corporation.

"*Rating Agencies*" means:

(1) S&P,

(2) Moody's, and

(3) Fitch, or

(4) if S&P, Moody's or Fitch, or all three shall not make rating of the Notes publicly available, a European-wide reputable securities rating agency or agencies, as the case may be, selected by the Company, which shall be substituted for S&P, Moody's or Fitch or all three, as the case may be.

"*Rating Category*" means:

(1) with respect to S&P, any of the following categories: BB, B, CCC, CC, C and D (or equivalent successor categories),

(2) with respect to Moody's, any of the following categories: Ba, B, Caa, Ca, C and D (or equivalent successor categories),

(3) with respect to Fitch, any of the following categories: BB, B, CCC, CC, C and D (or equivalent successor categories), and

(4) the equivalent of any such category of S&P, Moody's or Fitch used by another rating agency in determining whether the rating of the Notes has decreased by one or more gradations, gradations within rating categories (+ and — for S&P, 1, 2 and 3 for Moody's, (+ and — for Fitch; or the equivalent gradations for another rating agency) shall be taken into account (e.g., with respect to S&P, a decline in a rating from BB+ to BB, as well as from BB- to B+, will constitute a decrease of one gradation).

"*Rating Date*" means the date which is 90 days prior to the earlier of (1) a Change of Control and (2) public notice of the occurrence of a Change of Control or of the intention by the Company or any Person to effect a Change of Control.

"*Ratings Decline*" means the occurrence on or within 90 days after the date of the first public notice of either the occurrence of a Change of Control or of a transaction which will effect a Change of Control, whichever is earlier (which period shall be extended so long as any of the Rating Agencies have publicly announced that it is considering a possible downgrade of the Notes) of: (1) in the event the Notes are rated by each of (i) Moody's, (ii) S&P and (iii) Fitch on the Rating Date as Investment Grade, a decrease in the rating of the Notes by two of the three Rating Agencies to a rating that is below Investment Grade, or (2) in the event the Notes are rated below Investment Grade by two of the three Rating Agencies on the Rating Date, a decrease in the rating of the Notes by either such Rating Agency by one or more gradations (including gradations within Rating Categories as well as between Rating Categories).

"*Refinance*" means, in respect of any Indebtedness, to refinance, extend, renew, refund, repay, prepay, redeem, defease or retire, or to issue other Indebtedness in exchange or replacement for, such Indebtedness. "Refinanced" and "Refinancing" shall have correlative meanings.

"*Refinancing Indebtedness*" means Indebtedness that Refinances any Indebtedness of the Company or any Subsidiary existing on the Issue Date or Incurred in compliance with the Indenture, including Indebtedness that Refinances Refinancing Indebtedness; *provided, however*, that:

(1) such Refinancing Indebtedness has a Stated Maturity no earlier than the Stated Maturity of the Indebtedness being Refinanced,

(2) such Refinancing Indebtedness has an Average Life at the time such Refinancing Indebtedness is Incurred that is equal to or greater than the Average Life of the Indebtedness being Refinanced, and

(3) such Refinancing Indebtedness has an aggregate principal amount (or if Incurred with original issue discount, an aggregate issue price) that is equal to or less than the aggregate principal amount (or if Incurred with original issue discount, the aggregate accreted value)

then outstanding or committed (plus fees and expenses, including any premium and defeasance costs) under the Indebtedness being Refinanced; *provided further, however,* that Refinancing Indebtedness shall not include (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.

"*Related Business*" means the businesses of the Company and its Subsidiaries on the Issue Date and any business related, ancillary or complementary to such businesses.

"*Responsible Officer*" means with respect to the Issuer, the Company or any Guarantor, the chief executive officer, president, chief financial officer, senior vice president-finance, treasurer, assistant treasurer, managing director, management board member, other authorized signatory (*Prokurist*) or director of a company (or in the case of the Company, a Responsible Officer of its General Partner, other managing entity or other Person authorized to act on its behalf, and if such Person is also a partnership, limited liability company or similarly organized entity, a Responsible Officer of the entity that may be authorized to act on behalf of such Person).

"*Sale and Leaseback Transaction*" means any direct or indirect arrangement with any Person or to which any such Person is a party, providing for the leasing to the Company or a Subsidiary of any property, whether owned by the Company or any Subsidiary at the Issue Date or later acquired, which has been or is to be sold or transferred by the Company or such Subsidiary to such Person or to any other Person from whom funds have been or are to be advanced by such Person on the security of such property.

"*SEC*" means the U.S. Securities and Exchange Commission.

"*Securities Hedging Agreement*" means any swap transaction, forward transaction, equity or equity swap or option, forward equity or forward equity price or forward equity index transaction, bond or bond price or bond index swap or option or forward bond or forward bond price or forward bond index transaction, interest rate option, forward foreign exchange transaction, cap transaction, floor transaction, collar transaction, currency swap transaction, cross-currency rate swap transaction, currency option, spot contract or any other similar transaction or any combination of any of the foregoing (including any option or agreement to enter into any of the foregoing) entered into in connection with a Cash Management Arrangement.

"*Significant Subsidiary*", with respect to any Person, means any Subsidiary of such Person that satisfies the criteria for a "significant subsidiary" set forth in Rule 1.02 of Regulation S-X under the Exchange Act.

"*S&P*" means Standard & Poor's Corporation and its successors.

"*Stated Maturity*" means, with respect to any security, the date specified in such security as the fixed date on which the final payment of principal of such security is due and payable, including pursuant to any mandatory redemption provision (but excluding any provision providing for the repurchase of such security at the option of the holder thereof upon the happening of any contingency unless such contingency has occurred).

"*Subordinated Obligation*" means any Indebtedness of the Issuer or the Company (whether outstanding on the Issue Date or thereafter Incurred) that is subordinate or junior in right of payment to the Notes pursuant to a written agreement to that effect.

"*Subsidiary*" means, with respect to any Person, any corporation, limited liability company, association, partnership or other business entity whose results of operations are consolidated in accordance with U.S. GAAP with those of:

(1) such Person;

(2) such Person and one or more Subsidiaries of such Person; or

(3) one or more Subsidiaries of such Person;

provided, however, that for purposes of the covenants described under "— *Certain Covenants*" above and the related definitions, and the events described under "— *Events of Default*" above and the related definitions, subsidiaries of the Company shall not include FMC AG & Co. KGaA and its subsidiaries unless otherwise specified.

"*Subsidiary Guarantor*" means any person that executes the Indenture or who in the future executes a supplemental indenture in which such person agrees to be bound by the terms of the Indenture as a Subsidiary Guarantor.

"*Surviving Person*" means, with respect to any Person involved in any merger, consolidation or other business combination or the sale, assignment, transfer, lease, conveyance or other disposition of all or substantially all of such Person's assets, the Person formed by or surviving such transaction or the Person to which such disposition is made.

"*U.S. GAAP*" means generally accepted accounting principles in the United States of America as in effect as of the Issue Date, including those set forth in:

(1) the opinions and pronouncements of the Accounting Principles Board of the American Institute of Certified Public Accountants,

(2) statements and pronouncements of the Financial Accounting Standards Board,

(3) such other statements by such other entity as approved by a significant segment of the accounting profession, and

(4) the rules and regulations of the SEC governing the inclusion of financial statements (including pro forma financial statements) in periodic reports required to be filed pursuant to Section 13 of the Exchange Act, including opinions and pronouncements in staff accounting bulletins and similar written statements from the accounting staff of the SEC.

"*Voting Stock*" of a Person means all classes of Capital Stock or other interests (including partnership interests) of such Person then outstanding and normally entitled (without regard to the occurrence of any contingency) to vote in the election of directors, managers or trustees thereof.

"*Wholly Owned Subsidiary*" means a Subsidiary all the Capital Stock of which (other than directors' qualifying shares and shares held by other Persons to the extent such shares are required by applicable law to be held by a Person other than its parent or a Subsidiary of its parent) is owned by the relevant Person or by one or more Wholly Owned Subsidiaries of the relevant Person, or by the relevant Person and one or more of its Wholly Owned Subsidiaries.

GERMAN TRANSLATION OF THE DESCRIPTION OF THE NOTES

Non-Binding German Translation of the Description of the Notes

Unverbindliche deutsche Übersetzung

Dieses Dokument ist eine Übersetzung eines englischsprachigen Dokuments in die deutsche Sprache. Es wurde angemessene Sorgfalt aufgewandt, um die Richtigkeit der Übersetzung sicherzustellen. Es wird jedoch keine Gewähr für die Richtigkeit der Übersetzung übernommen. Insbesondere wird darauf hingewiesen, dass Begriffe und rechtliche Konzepte in einer Sprache nicht immer ihre genaue Entsprechung in der anderen Sprache finden. Verbindlich ist allein die englische Sprachfassung, die im Prospekt/Offering Memorandum im Abschnitt „Description of the Notes" abgedruckt ist.

BESCHREIBUNG DER SCHULDVERSCHREIBUNGEN

Der Emittent wird vorrangige Schuldverschreibungen in einem Gesamtnennbetrag von [●] Mio. €, bestehend aus [●] % Schuldverschreibungen mit Fälligkeit in 2024 (die **„2024 fälligen Schuldverschreibungen"** oder die „**Schuldverschreibungen**") begeben. Der Emittent wird halbjährlich jeweils am 1. Februar und 1. August eines jeden Jahres Zinsen auf die Schuldverschreibungen zahlen, erstmals am 1. August 2014. Die 2024 fälligen Schuldverschreibungen werden am 1. Februar 2024 fällig.

Die 2024 fälligen Schuldverschreibungen werden gemäß einem Begebungsvertrag (*Indenture*) (der„**Begebungsvertrag**") begeben, die voraussichtlich am 11. Februar 2014 zwischen dem Emittenten, den Garantiegebern und Deutsche Trustee Company Limited als Treuhänder geschlossen werden. Muster des Begebungsvertrages sind auf Anfrage bei dem Emittenten erhältlich.

Sie finden die in diesem Abschnitt verwendeten Definitionen entweder im Hauptteil dieses Abschnitts oder am Ende des Abschnitts unter *„— Verschiedene Definitionen".* Für Zwecke dieser Beschreibung beziehen sich Verweise auf die „Gesellschaft" ausschließlich auf die Fresenius SE & Co. KGaA, jedoch nicht auf ihre Tochtergesellschaften.

Wir haben einen Antrag auf Einbeziehung der Schuldverschreibungen in die offizielle Liste der Luxemburger Wertpapierbörse und auf Zulassung zum Handel im regulierten Markt der Luxemburger Wertpapierbörse gestellt.

Die Beschreibung der Schuldverschreibungen soll einen nützlichen Überblick über die wesentlichen Bestimmungen der Schuldverschreibungen und des Begebungsvertrages geben. Da es sich bei dieser Beschreibung nur um eine Zusammenfassung handelt, sollten Sie den Begebungsvertrag lesen, um eine vollständige Beschreibung der Verpflichtungen des Emittenten und Ihrer Rechte zu erhalten. Der Begebungsvertrag ist nicht nach dem U.S. Trust Indenture Act von 1939 (der **„Trust Indenture Act"**) in der jeweils gültigen Fassung qualifiziert. Die Bedingungen der Schuldverschreibungen werden die Bedingungen umfassen, die in dem Begebungsvertrag enthalten sind, sowie diejenigen, die durch Verweis auf den Trust Indenture Act in den Begebungsvertrag aufgenommen wurden.

ALLGEMEINES

Die Schuldverschreibungen

Die 2024 fälligen Schuldverschreibungen:

- sind generell unbesicherte, vorrangige Verbindlichkeiten des Emittenten;
- werden durch eine oder mehrere auf den Namen lautende Globalurkunden verbrieft, können jedoch unter bestimmten Umständen durch auf den Namen lautende Einzelurkunden verbrieft werden. Siehe „*Book-Entry, Delivery, and Form*";
- sind in Bezug auf Zahlungsansprüche gleichrangig mit allen bestehenden und zukünftigen vorrangigen Verbindlichkeiten des Emittenten;
- werden in einer Mindeststückelung von 1.000 € und in ganzzahligen Vielfachen von 1.000 € begeben;

- werden bei Fälligkeit zum Nennbetrag in Euro zurückgezahlt und keinen Verpflichtungen zur Tilgung in Teilbeträgen (*sinking fund provision*) unterliegen;
- sind am 1. Februar 2024 fällig;
- haben eine Rückzahlungsrendite von [●] % bei Ausgabe zu [●] % des Nennbetrags und einem Zinskupon von [●] % p. a.; und
- werden in einem Gesamtnennbetrag in Höhe von 300 Mio. € angeboten.

Die Renditen der Schuldverschreibungen betrugen bei Ausgabe [●] %. Diese Renditen wurden nach Maßgabe der ICMA (International Capital Market Association)-Methode berechnet, welche die effektive Verzinsung der Schuldverschreibungen unter Berücksichtigung der aufgelaufenen Zinsen auf Tagesbasis bestimmt. Ihre Rendite wird vom Preis, zu dem Sie die Schuldverschreibungen erwerben, abhängig sein.

Weitere Schuldverschreibungen

Der Emittent kann mit einem Nachtrag zum Begebungsvertrag weitere Schuldverschreibungen („**Weitere Schuldverschreibungen**") nach diesem Angebot begeben, vorbehaltlich der Bestimmungen des Begebungsvertrages wie nachstehend unter „— *Bestimmte Auflagen*" beschrieben, einschließlich der unter „— *Bestimmte Auflagen — Beschränkungen in Bezug auf das Eingehen von Verschuldung*" dargelegten Auflagen. Die hiermit angebotenen Schuldverschreibungen und, soweit begeben, die Weiteren Schuldverschreibungen, die nachträglich unter dem Begebungsvertrag begeben werden, werden für jegliche Zwecke desjenigen Begebungsvertrages ohne Einschränkungen, unter anderem in Bezug auf Verzichtserklärungen, Anpassungen, Rückzahlungen und Kaufangebote als einheitliche Gattung behandelt (vorausgesetzt, dass — soweit irgendwelche Weiteren Schuldverschreibungen nicht mit den bestehenden Schuldverschreibungen derselben Gattung für Zwecke der U.S. Bundes-Einkommensteuer austauschbar sind — diese Weiteren Schuldverschreibungen eine gesonderte ISIN-Nummer erhalten). Dies hat unter anderem zur Folge, dass Inhaber jeder Serie von Schuldverschreibungen keine gesonderten und eigenständigen Rechte haben, einen Kündigungstatbestand mitzuteilen oder den Treuhänder anzuweisen, im Fall einer Pflichtverletzung Rechtsansprüche in Bezug auf die Schuldverschreibungen oder in anderer Weise geltend zu machen. Der Begriff „Schuldverschreibungen" enthält, sofern nicht ausdrücklich anders angegeben, die Weiteren Schuldverschreibungen.

Zinsen

Die 2024 fälligen Schuldverschreibungen werden mit [●] % p. a. verzinst.

Die Zinsen auf die Schuldverschreibungen fallen halbjährlich an und

- laufen vom Ausgabetag oder dem zuletzt vorausgegangenen Zinszahlungstag an auf;
- sind halbjährlich nachträglich am 1. Februar und am 1. August in bar zu zahlen, erstmals am 1. August 2014, wobei die erste Zinszahlung den Zeitraum vom Ausgabetag bis zum 1. August 2014 abdeckt;
- sind an diejenigen Inhaber zu zahlen, die einen Tag, der ein Geschäftstag in New York, Brüssel und Luxemburg ist, vor dem jeweiligen Zinszahlungstag als solche registriert sind; und
- werden auf der Grundlage eines Jahres bestehend aus 360 Tagen mit 12 Monaten zu je 30 Tagen berechnet.

Beschreibung der Garantien

Die Verpflichtungen des Emittenten aus den jeweiligen Schuldverschreibungen, einschließlich seiner Rückkaufverpflichtungen im Falle eines Kontrollwechsels, werden unbedingt und unwiderruflich gesamtschuldnerisch durch die Garantiegeber garantiert. Sobald (i) ein Garantiegeber (außer die Gesellschaft) nicht mehr Verpflichteter unter der Kreditvereinbarung 2013 ist, und (ii) die

2015 fälligen Schuldverschreibungen (wie unten definiert) nicht mehr ausstehen, ist dieser Garantiegeber nicht mehr Garantiegeber der Schuldverschreibungen. Keine Schuldverschreibungsgarantie durch eine Tochtergesellschaft übersteigt den Betrag, für den die betreffende garantiegebende Tochtergesellschaft garantieren kann, ohne dass die Garantie im Verhältnis zur garantiegebenden Tochtergesellschaft nach allgemein für Gläubigerrechte geltenden Bestimmungen unwirksam oder nicht durchsetzbar wird. Im Falle jeder garantiegebenden Tochtergesellschaft ist der Höchstbetrag ihrer Schuldverschreibungsgarantie und deren Durchsetzbarkeit möglicherweise eingeschränkt, wenn andernfalls eine persönliche Haftung der Vorstandsmitglieder oder Geschäftsführer der garantiegebenden Tochtergesellschaft nach deutschem Recht, einschließlich Entscheidungen des Bundesgerichtshofs, entstehen würde. In dieser Beschreibung wird die Garantie jedes Garantiegebers als „**Schuldverschreibungsgarantie**" bezeichnet.

Gemäß dem Begebungsvertrag steht einem Garantiegeber das Recht zu, alle oder wesentliche Teile seiner Vermögenswerte, wie unter „*Bestimmte Auflagen — Beschränkungen in Bezug auf Zusammenschlüsse und die Veräußerung von Vermögenswerten*" beschrieben, mit anderen Rechtsträgern zu verschmelzen oder an diese zu übertragen. Sofern ein solcher Rechtsträger nicht der Emittent oder ein Garantiegeber ist, ist er verpflichtet, die Verpflichtungen des betreffenden Garantiegebers aus den Schuldverschreibungsgarantien ausdrücklich zu übernehmen. Nach dem Verkauf oder einer sonstigen Veräußerung (einschließlich im Wege der Konsolidierung oder Verschmelzung) eines Garantiegebers oder dem Verkauf oder der Veräußerung aller oder wesentlicher Teile der Vermögenswerte eines Garantiegebers (jeweils an andere Personen als den Emittenten oder, solange die 2015 fälligen Schuldverschreibungen ausstehen, eine seiner Tochtergesellschaften) wird dieser Garantiegeber mit den unter „— *Bestimmte Auflagen — Beschränkungen in Bezug auf Zusammenschlüsse und die Veräußerung von Vermögenswerten*" beschriebenen Einschränkungen von allen seinen Verpflichtungen aus seinen Schuldverschreibungsgarantien befreit und von diesen entbunden.

Rangfolge

Die Schuldverschreibungen sind generell unbesicherte Verbindlichkeiten des Emittenten, die in Bezug auf Zahlungsansprüche aller bestehenden und zukünftigen Verbindlichkeiten, die gegenüber den Schuldverschreibungen in Bezug auf Zahlungsansprüche ausdrücklich nachrangig sind, im Rang vorgehen. Die Schuldverschreibungen sind in Bezug auf Zahlungsansprüche mit bestehender und zukünftiger Verschuldung des Emittenten, die nicht in dieser Weise nachrangig sind, gleichrangig. Die Schuldverschreibungen sind in Bezug auf Zahlungsansprüche gegenüber bestehender und zukünftiger Verschuldung des Emittenten, die durch Sicherungsrechte an Vermögenswerten besichert sind, im Umfang des Wertes dieser Sicherheiten, effektiv nachrangig und sind in Bezug auf Zahlungsansprüche gegenüber allen Verbindlichkeiten der Tochtergesellschaften der garantiegebenden Muttergesellschaft mit Ausnahme der garantiegebenden Tochtergesellschaften und der Finanzierungstochtergesellschaften strukturell nachrangig (wie nachfolgend definiert).

Die Schuldverschreibungen sind in Bezug auf Zahlungsansprüche untereinander und im Verhältnis zu den 2019 fällig werdenden 4,25 % Senior Notes der Fresenius Finance B.V. (die „**2019 fälligen Schuldverschreibungen**"), den 2020 fälligen 2,875 % Senior Notes (die „**2020 fälligen Schuldverschreibungen**") der Fresenius Finance B.V., den 2019 fällig werdenden 2,375% Senior Notes der Fresenius Finance B.V. und den 2021 fälligen 3,000% Senior Notes der Fresenius Finance B.V. sowie den 2015 fällig werdenden 9 % Senior Dollar Notes der Fresenius US Finance II, Inc. (die „**2015 fälligen Dollar-Schuldverschreibungen**") und den 2015 fällig werdenden 8,75 % Senior Euro Notes der Fresenius US Finance II, Inc. (die „**2015 fälligen Euro-Schuldverschreibungen**" und zusammen mit den 2015 fälligen Dollar-Schuldverschreibungen die „**2015 fälligen Schuldverschreibungen**") gleichrangig.

Die von den garantiegebenden Tochtergesellschaften gewährten Garantien für die Schuldverschreibungen sind in Bezug auf Zahlungsansprüche mit den Garantien, die für die vorher begebenen Schuldverschreibungen gewährt wurden, gleichrangig. Für weitere Informationen siehe „*Risk Factors — Risks Relating to the Notes — The Notes are subordinate to other creditors or non-guarantors*".

Form der Schuldverschreibungen

Die Schuldverschreibungen werden anfänglich durch auf den Namen lautende Globalurkunden verbrieft. Schuldverschreibungen, die in Übereinstimmung mit Rule 144A des Securities Act (wie nachstehend definiert) an qualifizierte institutionelle Anleger (*qualified institutional buyers*) verkauft werden (die „**Rule 144A-Schuldverschreibungen**"), werden durch eine oder mehrere Globalurkunden ohne Zinsscheine (zusammen die „**Rule 144A-Globalurkunden**") verbrieft. Die Rule 144A-Globalurkunden, die die Schuldverschreibungen verbriefen, werden bei einer oder im Auftrag einer gemeinsamen Verwahrstelle („**Gemeinsame Verwahrstelle**") für Rechnung von Euroclear und Clearstream verwahrt und auf den Namen der durch die gemeinsame Verwahrstelle genannten Person registriert.

Schuldverschreibungen, die anfänglich in Übereinstimmung mit der Regulation S des Securities Act angeboten und verkauft werden, werden durch eine oder mehrere Globalurkunden ohne Zinsscheine (zusammen die „**Reg S-Globalurkunden**" und zusammen mit den Rule 144A-Globalurkunden die „**Globalurkunden**") verbrieft. Die Reg S-Globalurkunden, die die Schuldverschreibungen verbriefen, werden bei einer oder im Auftrag einer gemeinsamen Verwahrstelle für Rechnung von Euroclear und Clearstream verwahrt und auf den Namen der durch die gemeinsame Verwahrstelle genannten Person registriert.

Die Summe der Nennbeträge der Rule 144A-Globalurkunden und der Reg S-Globalurkunden wird jederzeit dem ausstehenden Gesamtnennbetrag der durch diese Globalurkunden verbrieften Schuldverschreibungen entsprechen.

Inhaber von Eigentumsanteilen an den Rule 144A-Globalurkunden („**Beschränkte girosammelverwahrte Eigentumsanteile**") und an den Reg S-Globalurkunden („**Reg S girosammelverwahrte Eigentumsanteile**") und, zusammen mit den Beschränkten girosammelverwahrten Eigentumsanteilen, die „**Girosammelverwahrten Eigentumsanteile**") können nur solche Personen sein, die bei Euroclear und/oder Clearstream Konten führen, oder solche Personen, die durch derartige Teilnehmer Eigentumsanteile halten. Vor dem 40. Tag nach dem späteren der folgenden Ereignisse, entweder dem Beginn des vorliegenden Angebots oder an dem ursprünglichen Ausgabetag der Schuldverschreibungen („**Distribution Compliance Period**"), dürfen Eigentumsanteile an den Reg S-Globalurkunden nur durch Euroclear oder Clearstream gehalten werden. Euroclear und Clearstream werden im Auftrag ihrer Teilnehmer Eigentumsanteile an den Globalurkunden durch die Wertpapierkonten der Kunden auf ihren jeweiligen Namen und durch entsprechenden Eintrag bei den jeweiligen Verwahrstellen halten. Außer in den nachstehend abschließend aufgeführten Fällen sind die wirtschaftlichen Eigentümer der Globalurkunden nicht berechtigt, die physische Herausgabe der verbrieften Schuldverschreibungen entgegenzunehmen. Girosammelverwahrte Eigentumsanteile werden durch Buchungen in girosammelverwahrfähiger Form, die durch Euroclear und Clearstream und deren Teilnehmer vorgenommen werden, angezeigt und deren Übertragung wird ebenso nur in dieser Form durchgeführt. Die oben genannten Beschränkungen können Sie darin beeinträchtigen, die Girosammelverwahrten Eigentumsanteile zu besitzen, zu übertragen und zu verpfänden. Darüber hinaus werden Inhaber von Girosammelverwahrten Eigentumsanteilen zu keinem Zweck als Eigentümer oder „Inhaber" von Schuldverschreibungen angesehen, solange die Schuldverschreibungen in Form einer Globalurkunde existieren.

Solange die Schuldverschreibungen in Form einer Globalurkunde verwahrt sind, werden für alle Zwecke des Begebungsvertrages jeweils Euroclear und/oder Clearstream (oder ihre jeweiligen Vertreter) als alleinige Inhaber der Globalurkunden behandelt. Darüber hinaus müssen sich Teilnehmer von Euroclear und/oder Clearstream der jeweiligen Abläufe von Euroclear und/oder Clearstream bedienen, und indirekte Teilnehmer müssen sich der jeweiligen Abläufe von Euroclear und/oder Clearstream sowie derjenigen Teilnehmer, durch die sie die Eigentumsanteile halten, bedienen, um ihren Eigentumsanteil zu übertragen oder die ihnen unter dem Begebungsvertrag zustehenden Eigentümerrechte auszuüben. Die Schuldverschreibungen in Form einer Globalurkunde dürfen nur an einen Rechtsnachfolger der gemeinsamen Verwahrstelle übertragen werden.

Weder der Emittent noch der Treuhänder ist verantwortlich oder haftbar für irgendeinen Aspekt der Buchungen in Zusammenhang mit den Girosammelverwahrten Eigentumsanteilen.

Die wirtschaftlichen Eigentümer der Schuldverschreibungen steht im Austausch gegen ihren Miteigentumsanteil an den Schuldverschreibungen lediglich in den eingeschränkten, unter „*Book Entry, Delivery, and Form — Issuance of Definitive Registered Notes*" beschriebenen Fällen ein Anspruch auf Einzelurkunden zu, die auf den Namen lauten („**auf den Namen lautende Einzelurkunden**"). Das Eigentum an den auf den Namen lautenden Einzelurkunden geht mit Registrierung der jeweiligen Übertragung in Übereinstimmung mit den Bestimmungen des Begebungsvertrags über. Es werden in keinem Fall auf den Inhaber lautende Einzelurkunden ausgegeben. Das Eigentum der auf den Namen lautenden Schuldverschreibungen entsteht durch einen Eintrag in das Schuldverschreibungsregister, das nach dem Begebungsvertrag zu führen ist.

Zahlungen auf die Schuldverschreibungen

Kapitalrückzahlungen und Zahlungen eines etwaigen Aufschlags (*premium*), von Zinsen und etwaiger Zusätzlicher Beträge (wie nachfolgend definiert) auf die Globalurkunden erfolgen bei der Geschäftsstelle der Zahlstelle und die Globalurkunden können bei der Corporate Trust-Geschäftsstelle oder -Filiale des Treuhänders ausgetauscht oder übertragen werden. Kapitalrückzahlungen und Zahlungen eines etwaigen Aufschlags (*premium*), von Zinsen und etwaiger Zusätzlicher Beträge auf Schuldverschreibungen in Form einer Globalurkunde, die unter dem Namen der gemeinsamen Verwahrstelle (*common depository*) oder einer durch sie benannten Person registriert ist oder von ihr verwahrt wird, erfolgen in sofort verfügbaren Mitteln an die gemeinsame Verwahrstelle bzw. die durch sie benannte Person als registrierten Inhaber der Globalurkunde, wobei nach Wahl des Emittenten Zinszahlungen auf die Schuldverschreibungen durch die Zustellung von Schecks an die Inhaber der Schuldverschreibungen unter ihren jeweils im Schuldverschreibungsregister genannten Anschriften erfolgen können. Nach der Ausgabe von auf den Namen lautenden, verbrieften Einzelurkunden können die Inhaber der Schuldverschreibungen Kapitalrückzahlungen und Zinszahlungen auf die Schuldverschreibungen bei der Geschäftsstelle der jeweiligen Zahl- und Transferstelle erhalten, vorbehaltlich des Rechts des Emittenten, die Zahlungen in Übereinstimmung mit dem jeweiligen Begebungsvertrag durch Zustellung zu leisten. Der Emittent wird Zinsen auf die Schuldverschreibungen an Personen zahlen, die zum Geschäftsschluss (*close of business*) an dem Stichtag, der dem Zinszahlungstag für derartige Zinsen unmittelbar vorausgeht, als Inhaber registriert sind. Diese Inhaber müssen die Schuldverschreibungen der Zahlstelle aushändigen, um Kapitalrückzahlungen zu erhalten.

Zahl- und Registerstelle

Deutsche Bank Aktiengesellschaft, Frankfurt wird anfangs als Zahl und Registerstelle (die „**Zahlstelle**" bzw. „**Registerstelle**") für die Schuldverschreibungen fungieren. Der Emittent kann die Zahlstelle bzw. Registerstelle für die Schuldverschreibungen wechseln und der Emittent kann als Registerstelle für die Schuldverschreibungen fungieren.

Übertragung und Umtausch

Ein Inhaber von Schuldverschreibungen kann die Schuldverschreibungen in Übereinstimmung mit dem jeweils anwendbaren Begebungsvertrag übertragen oder umtauschen. Die Registerstelle und der Treuhänder können von dem Inhaber der Schuldverschreibungen unter anderem verlangen, geeignete Indossamente und Übertragungsdokumente beizubringen. Der Emittent kann von dem Inhaber außerdem verlangen, dass er die gesetzlich geforderten oder nach dem Begebungsvertrag vorgesehenen Steuern und Gebühren zahlt. Der Emittent ist nicht verpflichtet, eine zur Rückzahlung ausgewählte Schuldverschreibung zu übertragen und umzutauschen. Darüber hinaus ist der Emittent für einen Zeitraum von 15 Tagen vor einer Auswahl von Schuldverschreibungen zur Rückzahlung nicht verpflichtet, Schuldverschreibungen zu übertragen oder umzutauschen. Der registrierte Inhaber einer Schuldverschreibung wird für alle Zwecke als Eigentümer der Schuldverschreibung behandelt. Für die Registrierung einer Übertragung oder eines Umtauschs wird keine Gebühr berechnet, der Emittent kann jedoch die Zahlung einer Summe verlangen, die sämtliche Steuern und vergleichbare staatliche Abgaben in diesem Zusammenhang abdeckt.

Optionale Rückzahlung

Der Emittent kann nach seiner Wahl alle oder einen Teil der von ihm begebenen Schuldverschreibungen zu einem Rückzahlungspreis zurückkaufen, der 100 % des Nennbetrags der zurückzukaufenden Schuldverschreibungen zuzüglich der gegebenenfalls bis zum Rückzahlungstag aufgelaufenen Zinsen entspricht, zuzüglich des Betrages, um den

- die durch die Berechnungsstelle (die anfänglich der Treuhänder sein soll) ermittelte Summe der Barwerte der verbleibenden planmäßigen Kapitalrückzahlungen und Zinszahlungen auf die zurückzukaufenden Schuldverschreibungen (nicht eingerechnet der am Rückzahlungstag aufgelaufene Teil dieser Zinszahlungen) vom Rückzahlungstag bis zum Fälligkeitstag, halbjährlich abgezinst auf den Rückzahlungstag (unter der Annahme eines Jahres mit 360 Tagen und zwölf Monaten mit jeweils 30 Tagen) auf Basis der maßgeblichen Bund Rate, jeweils zuzüglich 50 Basispunkten,
- 100 % des Nennbetrags der zurückzukaufenden Schuldverschreibungen übersteigt.

Sofern der Tag der optionalen Rückzahlung an oder nach einem Zinstag und an oder vor dem entsprechenden Zinszahlungstag liegt, werden die bis dahin gegebenenfalls aufgelaufenen und nicht gezahlten Zinsen an denjenigen Rechtsträger gezahlt, unter dessen Name die Schuldverschreibungen an diesem Tag zu Geschäftsschluss (*close of business*) registriert sind. Es werden keine weiteren Zinsen an wirtschaftliche Eigentümer gezahlt, deren Schuldverschreibungen der Rückzahlung durch den Emittenten unterliegen.

Im Falle einer teilweisen Rückzahlung wählt der Treuhänder jeweils die 2024 fälligen Schuldverschreibungen für die Rückzahlung in Übereinstimmung mit den Anforderungen der gegebenenfalls maßgeblichen Hauptwertpapierbörse aus, an der die jeweiligen Schuldverschreibungen zugelassen sind. Falls die jeweiligen Schuldverschreibungen nicht zugelassen sind, erfolgt die Auswahl auf einer pro rata Basis, durch Los oder durch eine andere Methode, die der Treuhänder nach alleinigem Ermessen als geeignet und angemessen erachtet, wobei jedoch keine Schuldverschreibung mit einem anfänglichen Nennbetrag von 1.000 € oder weniger in Teilen zurückgezahlt wird. Falls eine Schuldverschreibung nur in Teilen zurückgezahlt wird, wird die Bekanntmachung über die Rückzahlung dieser Schuldverschreibungen den zurückzuzahlenden Teilbetrag des Nennbetrags angeben. Eine neue Schuldverschreibung mit einem Nennbetrag, der dem nicht zurückgezahlten Teilbetrag entspricht, wird ausgestellt und an den Treuhänder geliefert, oder im Falle einer auf den Namen lautenden Einzelurkunde, nach Außerkraftsetzung der ursprünglichen Schuldverschreibung auf den Namen des Inhabers ausgestellt.

Rückzahlung aufgrund von Änderungen in der Quellensteuer

Der Emittent ist berechtigt, aber nicht verpflichtet, die Schuldverschreibungen, insgesamt jedoch nicht nur teilweise nach Mitteilung mit einer Frist von nicht weniger als 30 Tagen und nicht mehr als 60 Tagen zu 100 % des Nennbetrags der Schuldverschreibungen zuzüglich etwaiger bis zum Rückzahlungstag aufgelaufener und noch nicht gezahlter Zinsen (vorbehaltlich des Rechts der am jeweiligen Registrierungstag registrierten Inhaber auf Erhalt fälliger Zinsen am jeweiligen Zinszahlungstag) zurückzuzahlen, falls er zum nächsten Zeitpunkt, zu dem Zahlungen in Bezug auf die Schuldverschreibungen erfolgen würden, aus folgenden Gründen verpflichtet wäre, zusätzliche Beträge zu zahlen:

(a) jeglicher Änderung oder einer Anpassung der Gesetze, Verträge oder Verordnungen jeder Maßgeblichen Steuerrechtsordnung (wie unten definiert); oder

(b) jeder Änderung oder Anpassung amtlicher Auslegungen bezüglich der Anwendung, Ausführung oder Auslegung solcher Gesetze, Verträge oder Verordnungen oder Entscheidungen (einschließlich der Entscheidung, des Urteils oder Verfügung eines Gerichts einer zuständigen Rechtsordnung);

sofern die Änderung oder Anpassung dieser Gesetze, Verträge, Verordnungen oder der amtlichen Auslegungen an oder nach dem Tag der Begebung der Schuldverschreibungen bekannt gemacht wird und in Kraft tritt (oder, sofern die Maßgebliche Steuerrechtsordnung zu einem späteren Zeitpunkt eine Maßgebliche Steuerrechtsordnung wird, an oder nach diesem späteren

Zeitpunkt); vorausgesetzt, dass der Emittent nach vernünftigem Ermessen feststellt, dass die Verpflichtung zur Zahlung solcher zusätzlicher Beträge nicht durch anwendbare angemessene Maßnahmen vermieden werden kann; weiterhin vorausgesetzt, dass zu dem Zeitpunkt, zu dem eine solche Mitteilung erfolgt, eine derartige Verpflichtung zur Zahlung Zusätzlicher Beträge nach wie vor besteht.

Die Mitteilung über eine solche Rückzahlung hat innerhalb von 270 Tagen nach der Bekanntgabe oder dem Inkrafttreten einer solchen Änderung oder Anpassung — je nachdem, welches Ereignis früher liegt — zu erfolgen.

Zusätzliche Beträge

Sämtliche Zahlungen aus bzw. in Zusammenhang mit den Schuldverschreibungen, die gemäß dem Begebungsvertrag oder einer Schuldverschreibungsgarantie zu leisten sind, erfolgen frei und ohne Abzug oder Einbehalt von bzw. aufgrund von gegenwärtigen oder künftigen Steuern, Abgaben, Veranlagungen oder sonstigen staatlichen Gebühren (einschließlich Strafzahlungen, Zinsen und damit in Zusammenhang stehender sonstiger Verbindlichkeiten), die durch oder im Namen (1) der Vereinigten Staaten, Deutschlands, Luxemburgs, der Niederlande, des Vereinigten Königreichs oder einer jeweiligen Gebietskörperschaft oder staatlichen Behörde eines dieser Länder oder in einem dieser Länder mit der Befugnis zu Erhebung von Steuern, (2) einer Rechtsordnung, von der aus bzw. über die Zahlungen auf die Schuldverschreibungen oder eine der Schuldverschreibungsgarantien erfolgen, oder einer Gebietskörperschaft oder staatlichen Behörde dieser Rechtsordnung oder in dieser Rechtsordnung mit der Befugnis zur Erhebung von Steuern, (3) einer anderen Rechtsordnung, in der die zahlende Partei errichtet ist oder anderweitig als gebietsansässig gilt oder für Steuerzwecke geschäftlich tätig ist, oder von einer Gebietskörperschaft oder staatlichen Behörde dieser Rechtsordnung oder in dieser Rechtsordnung mit der Befugnis zur Erhebung von Steuern (jeweils eine „**Maßgebliche Steuerrechtsordnung**") auferlegt oder erhoben werden (zusammen „**Steuern**"), es sei denn, der Emittent, der Garantiegeber oder die jeweilige sonstige einbehaltende Stelle ist gesetzlich oder aufgrund der Auslegung von Rechtsnormen durch die entsprechende staatliche Behörde oder Stelle oder deren diesbezügliche Verwaltungspraxis zum Einbehalt oder Abzug von Steuern verpflichtet. Falls der Emittent, der Garantiegeber oder die jeweilige sonstige einbehaltende Stelle zum Einbehalt oder Abzug eines Betrages von bzw. aufgrund von Steuern von einer unter den bzw. auf die Schuldverschreibungen oder eine der Schuldverschreibungsgarantien zu leistenden Zahlung verpflichtet ist, so muss der Emittent bzw. der betreffende Garantiegeber diesen Betrag — „**Zusätzliche Beträge**" — in der erforderlichen Höhe zahlen, um sicherzustellen, dass der Nettobetrag, den jeder Inhaber nach dem Einbehalt oder Abzug (einschließlich etwaiger einbehaltener oder abgezogener Beträge in Bezug auf diese Zusätzlichen Beträge) erhält, nicht geringer als der Betrag ist, den der Inhaber ohne den Einbehalt oder Abzug dieser Steuern erhalten hätte. Dabei gilt jedoch, dass keine Zusätzlichen Beträge für oder aufgrund von Folgendem zu zahlen sind:

(a) Steuern, die nicht erhoben worden wären, wenn nicht eine gegenwärtige oder ehemalige Verbindung zwischen dem betreffenden Inhaber (oder einem Treuhänder, Treugeber, Begünstigten, Mitglied oder Gesellschafter dieses Inhabers oder einer Person, die eine Befugnis über diesen Inhaber verfügt) und einer Maßgeblichen Steuerrechtsordnung bestehen würde, unter anderem in der Form, dass der betreffende Inhaber (bzw. Treuhänder, Treugeber, Begünstigte, Mitglied, Gesellschafter oder befugte Person) Staatsbürger der Maßgeblichen Steuerrechtsordnung ist oder war oder dort ansässig ist oder war oder als dort ansässig behandelt wird oder dort ein Gewerbe oder eine Geschäftstätigkeit betreibt oder betrieben hat oder dort eine Betriebsstätte unterhält oder unterhalten hat, mit Ausnahme von Verbindungen, die allein dadurch entstehen, dass ein Inhaber eine Schuldverschreibung oder eine Schuldverschreibungsgarantie erwirbt, hält oder veräußert bzw. eine Zahlung hierfür oder in Bezug auf diese erhält oder darauf Ansprüche geltend macht;

(b) Steuern, die nicht erhoben worden wären, wenn nicht der Inhaber die betreffende Schuldverschreibung an einem Datum zur Zahlung vorgelegt hätte, das mehr als 30 Tage nach dem Tag liegt, an dem diese Zahlung fällig war oder an dem diese Zahlung ordnungsgemäß bereitgestellt wurde, je nachdem, welcher Tag später eintritt;

(c) jegliche Nachlass- oder Erbschaftsteuer, Schenkungsteuer, Umsatzsteuer, Übertragungssteuer, Steuer auf bewegliche Sachen, Vermögensteuer oder ähnliche Steuern;

(d) Steuern, die auf andere Weise zahlbar sind als durch Einbehalt von Zahlungen auf oder in Bezug auf die betreffende Schuldverschreibung oder eine der Schuldverschreibungsgarantien;

(e) Steuern, die nicht erhoben worden wären, wenn nicht versäumt worden wäre, Bescheinigungs-, Informations-, Dokumentations- oder sonstige Berichtspflichten bezüglich der Nationalität, der Ansässigkeit oder der Identität des Inhabers oder wirtschaftlichen Eigentümers der betreffenden Schuldverschreibung bzw. des Zinsscheins oder seiner Verbindung mit einer Maßgeblichen Steuerrechtsordnung einzuhalten, falls der Inhaber gesetzlich berechtigt ist, solche Pflichten einzuhalten, und eine solche Einhaltung aufgrund von Gesetzen oder Vorschriften oder gemäß einem anwendbaren Steuerabkommen als Voraussetzung für eine Entlastung oder Befreiung von solchen Steuern bzw. einer solchen Veranlagung oder sonstigen staatlichen Gebühr vorgeschrieben ist (u.a. die Vorlage eines vollständig und richtig ausgefüllten und unterzeichneten IRS-Formulars W-8 oder W-9 bzw. eines Nachfolgeformulars mit allen erforderlichen Anlagen vor dem Erhalt einer Zahlung auf oder in Bezug auf eine Schuldverschreibung);

(f) Steuern, die von einem Inhaber zu zahlen sind, der nicht der wirtschaftliche Eigentümer der betreffenden Schuldverschreibung ist, jedoch nur soweit ein wirtschaftlicher Eigentümer keinen Anspruch auf Zahlung zusätzlicher Beträge gehabt hätte, wäre er unmittelbarer Inhaber der Schuldverschreibungen gewesen;

(g) Einbehalte oder Abzüge von einer Zahlung gemäß (i) der Richtlinie des Rates der Europäischen Union 2003/48/EG oder einer anderen Richtlinie, welche die Ergebnisse der Sitzung des ECOFIN-Rates vom 26. bis 27. November 2000 zur Besteuerung von Zinserträgen umsetzt, oder gemäß einem Gesetz, das diese Richtlinie umsetzt oder befolgt oder erlassen wird, um diese Richtlinie zu befolgen, (ii) Sections 1471-1474 des Internal Revenue Code der Vereinigten Staaten von 1986 in der gültigen Fassung („**Code**") oder andere Vereinbarungen oder Nicht-U.S.-Gesetze im Zusammenhang damit; oder

(h) eine Kombination der vorstehenden Punkte (a) bis (g).

Der Emittent — oder der entsprechende Garantiegeber, falls dieser die für den Abzug der Quellensteuer zuständige Stelle ist — wird jeden erforderlichen Einbehalt oder Abzug vornehmen und den abgezogenen oder einbehaltenen Betrag in voller Höhe und unter Einhaltung der Frist, in der dies nach anwendbarem Recht erforderlich ist, an die zuständige Behörde überweisen. Der Emittent wird dem Treuhänder innerhalb von 30 Tagen nach dem Datum, an dem eine Zahlung von Steuern nach anwendbarem Recht fällig ist, beglaubigte Kopien der Steuerbescheinigungen übersenden, die belegen, dass die betreffende Zahlung von dem Emittenten oder einem der Garantiegeber geleistet wurde.

Verweise im Begebungsvertrag oder in den Schuldverschreibungen oder einer der Schuldverschreibungsgarantien — ganz gleich in welchem Zusammenhang — auf (1) die Kapitalrückzahlung, (2) Kaufpreise in Verbindung mit dem Erwerb von Schuldverschreibungen im Rahmen des Begebungsvertrages oder der Schuldverschreibungen, (3) Zinsen oder (4) sonstige unter den oder in Bezug auf die Schuldverschreibungen zu leistenden Zahlungen beziehen sich auch auf die in diesem Abschnitt beschriebene Zahlung Zusätzlicher Beträge, soweit in dem betreffenden Zusammenhang Zusätzliche Beträge in Bezug auf die Schuldverschreibungen zu entrichten sind, waren oder wären.

Der Emittent trägt alle derzeit geltenden Stempel-, Gerichts- oder Urkundensteuern sowie etwaige sonstige Verbrauchs- oder Vermögenssteuern oder ähnliche Steuern, Gebühren oder Abgaben (einschließlich etwaiger Strafzahlungen, Zinsen und damit im Zusammenhang stehender sonstiger Verbindlichkeiten), die in den Niederlanden (oder einer Gebietskörperschaft der Niederlande oder in den Niederlanden mit der Befugnis Steuern zu erheben) in Verbindung mit der Ausfertigung, Lieferung und Registrierung der Schuldverschreibungen zum Zeitpunkt der Erstausgabe und des erstmaligen Weiterverkaufs der Schuldverschreibungen (im Zusammenhang mit ihrer erstmaligen Übernahme) oder eines anderen darin genannten Dokuments oder einer anderen darin genannten Urkunde entstehen. Verlegt der Emittent seinen Sitz an einen Ort außerhalb der Niederlande oder liegt der Sitz eines neuen Emittenten außerhalb der Niederlande, so wird der Emittent bzw. neue Emittent sämtliche Stempel-, Gerichts- oder Urkundensteuern sowie etwaige sonstige Verbrauchs- oder Vermögenssteuern oder ähnliche Steuern, Gebühren oder Abgaben (einschließlich etwaiger Strafzahlungen, Zinsen oder damit in Zusammenhang stehender sonstiger Verbindlichkeiten) tragen, die in der Rechtsordnung, in der der Emittent bzw. neue Emittent seinen Sitz hat (oder in einer Gebietskörperschaft von oder in dieser Rechtsordnung, welche die Ermächtigung besitzt, Steuern zu erheben), anfallen und gemäß den zum Zeitpunkt dieser Verlegung geltenden Rechtsnormen von den Inhabern der Schuldverschreibungen in Verbindung mit den Schuldverschreibungen oder einer der Schuldverschreibungsgarantien oder einem anderen darin genannten Dokument oder einer anderen hierin genannten Urkunde oder im Zusammenhang mit der Geltendmachung von Ansprüchen aus den Schuldverschreibungen oder einer der Schuldverschreibungsgarantien oder einem solchen anderen Dokument bzw. einer solchen anderen Urkunde zu zahlen sind.

Die vorstehenden, in diesem Abschnitt enthaltenen Verpflichtungen behalten auch bei einer Beendigung oder Aufhebung des Begebungsvertrages oder der Erfüllung aller Verpflichtungen aus dem Begebungsvertrag ihre Gültigkeit. Bezugnahmen in diesem Abschnitt („— *Zusätzliche Beträge*") auf den Emittenten oder einen Garantiegeber beziehen sich auch auf deren etwaige Rechtsnachfolger.

Kontrollwechsel

Jeder Inhaber von Schuldverschreibungen hat im Falle des Eintritts eines Kontrollwechselereignisses das Recht, von dem Emittenten den Rückkauf der von ihm gehaltenen Schuldverschreibungen zu einem Kaufpreis in bar in Höhe von 101 % des Nennbetrags zuzüglich etwaiger bis zum Tag des Rückkaufs aufgelaufener und noch nicht gezahlter Zinsen (vorbehaltlich des Rechts der am jeweiligen Registrierungstag registrierten Inhaber auf Erhalt fälliger Zinsen am jeweiligen Zinszahlungstag) zu verlangen.

Innerhalb von 30 Tagen nach dem Eintritt eines Kontrollwechselereignisses wird der Emittent jeden Inhaber sowie in Kopie den Treuhänder schriftlich über folgende Tatbestände in Kenntnis setzen:

(a) dass ein Kontrollwechselereignis eingetreten ist, und dass damit der jeweilige Inhaber der Schuldverschreibungen das Recht hat, von dem Emittenten den Rückkauf der von ihm gehaltenen Schuldverschreibungen zu einem Kaufpreis in bar von 101 % des Nennbetrags zuzüglich etwaiger bis zum Tag des Rückkaufs aufgelaufener und noch nicht gezahlter Zinsen (vorbehaltlich des Rechts der am jeweiligen Registrierungstag registrierten Inhaber auf Erhalt fälliger Zinsen am jeweiligen Zinszahlungstag) zu verlangen;

(b) über die Umstände und relevanten Tatsachen betreffend das Kontrollwechselereignis;

(c) über das Rückkaufdatum (welches nicht früher als 30 Tage und nicht später als 60 Tage nach dem Absenden der schriftlichen Mitteilung liegen darf);

(d) dass jede Schuldverschreibung nur in einem ganzzahligen Vielfachen von 1.000 € zurückgekauft werden wird; und

(e) über die durch den Emittenten im Einklang mit den nachfolgend beschriebenen Auflagen festgelegten Anweisungen, die ein Inhaber befolgen muss, damit seine Schuldverschreibungen zurückgekauft werden.

Der Emittent wird, soweit anwendbar, die Vorschriften von Section 14(e) des Exchange Act sowie aller sonstigen einschlägigen Wertpapiergesetze oder Regelungen des Wertpapierrechts im Zusammenhang mit dem Rückkauf von Schuldverschreibungen gemäß dieser Auflage einhalten. Soweit die Bestimmungen einschlägiger Wertpapiergesetze oder Regelungen des Wertpapierrechts oder einschlägige Börsenzulassungsvoraussetzungen im Widerspruch zu den Regelungen dieser Auflage stehen, wird der Emittent die einschlägigen Wertpapiergesetze oder Regelungen des Wertpapierrechts einhalten, wobei insoweit nicht geltend gemacht werden kann, dass er dadurch seine Verpflichtungen aus dieser Auflage verletzt.

Die Rückkaufmöglichkeit für den Fall des Eintritts eines Kontrollwechselereignisses ist das Ergebnis von Verhandlungen zwischen der Gesellschaft und der Konsortialbank, die die Schuldverschreibungen zunächst übernehmen (*Initial Purchasers*). Wir haben derzeit nicht die Absicht, Transaktionen vorzunehmen, die zu einem Kontrollwechsel führen würden, obgleich es möglich ist, dass wir dies in Zukunft tun werden. Unter Beachtung der unten dargestellten Beschränkungen besteht die Möglichkeit, dass wir in Zukunft Transaktionen einschließlich Akquisitionen, Refinanzierungen und sonstige Neufinanzierungen vornehmen, die nach Maßgabe des jeweiligen Begebungsvertrags keinen Kontrollwechsel darstellen, jedoch die Höhe der dann ausstehenden Verschuldung oder in sonstiger Weise unsere Kapitalstruktur oder unsere Bonitätsratings beeinflussen könnten. Eine Beschreibung, in welcher Weise unsere Möglichkeit, zusätzliche Verschuldung einzugehen, beschränkt ist, ist in der Auflage unter der Überschrift „— *Bestimmte Auflagen — Beschränkungen in Bezug auf das Eingehen von Verschuldung*" enthalten. Diese Beschränkungen können nur mit Zustimmung der Mehrheit des Nennbetrags der dann unter dem jeweiligen Begebungsvertrag ausstehenden Schuldverschreibungen abbedungen werden. Außer den in dieser Auflage enthaltenen Beschränkungen (solange diese Auflage wirksam ist) wird kein Begebungsvertrag Auflagen oder Bestimmungen enthalten, die den Inhabern der Schuldverschreibungen im Fall einer durch hohen Fremdkapitaleinsatz finanzierten Transaktion Schutz gewähren.

Die Fähigkeit des Emittenten, Schuldverschreibungen im Falle des Eintritts eines Kontrollwechselereignisses zurückzukaufen, kann durch eine Reihe von Faktoren eingeschränkt sein. Der Eintritt bestimmter Ereignisse, die einen Kontrollwechsel darstellen, würde einen Kündigungstatbestand nach Maßgabe der Kreditvereinbarung 2013 und könnte nach Maßgabe der Bestimmungen verschiedener sonstiger Verschuldung der Gesellschaft oder ihrer Tochtergesellschaften einen Kündigungstatbestand darstellen. Dies könnte es dem Emittenten erschweren, die Schuldverschreibungen zurückzukaufen. Die Bestimmungen unserer zukünftigen Verschuldung können Verbote bei Eintritt bestimmter Ereignisse enthalten, die Kontrollwechselereignisse darstellen, oder vorschreiben, dass derartige Verbindlichkeiten bei Auftreten eines Kontrollwechselereignisses zurückzuführen sind. Ferner könnte die Ausübung des Rechts der Inhaber, von dem Emittenten den Rückkauf der Schuldverschreibungen zu verlangen, selbst dann zum Vorliegen eines Kündigungstatbestandes nach Maßgabe der Bestimmungen dieser Verbindlichkeiten führen, wenn das Kontrollwechselereignis an sich nicht dazu führt. Schließlich kann die Fähigkeit des Emittenten, nach dem Eintritt eines Kontrollwechselereignisses den Inhabern der Schuldverschreibungen Zahlung in bar zu leisten, aufgrund unserer dann tatsächlich bestehenden finanziellen Ressourcen eingeschränkt sein, jedoch die finanziellen Auswirkungen eines solchen Rückkaufs auf uns. Wir können Ihnen nicht garantieren, dass ausreichende finanzielle Mittel zur Verfügung stehen, wenn diese für die jeweiligen Rückkäufe benötigt werden. Die Bestimmungen des Begebungsvertrages, die sich auf die Pflicht des Emittenten beziehen, ein Angebot zum Rückkauf der Schuldverschreibungen aufgrund des Eintritts eines Kontrollwechselereignisses abgeben zu müssen, können mit schriftlichem Einverständnis der Mehrheit des Nennbetrags der unter dem jeweiligen Begebungsvertrag begebenen Schuldverschreibungen abbedungen oder geändert werden.

Bestimmte Auflagen

Für die Zwecke des Begebungsvertrages werden die FMC AG & Co. KGaA und ihre Tochtergesellschaften nicht als Tochtergesellschaften der Gesellschaft behandelt. Daher gelten diese Auflagen nicht für die FMC AG & Co. KGaA und ihre Tochtergesellschaften und der Begriff „Tochtergesellschaft" in diesen Auflagen, die Kündigungsgründe und die damit zusammenhängenden Definitionen umfassen nicht die FMC AG & Co. KGaA und ihre Tochtergesellschaften. Allerdings gilt es als Kündigungsgrund unter jedem Begebungsvertrag, wenn zu einem Zeitpunkt, zu dem FMC AG & Co. KGaA eine Tochtergesellschaft der Gesellschaft ist (außer zu einem Zeitpunkt, zu dem die Schuldverschreibungen Investment Grade Status erreicht haben und diesen Status behalten) der Nennbetrag von der Verschuldung der FMC AG & Co. KGaA oder ihrer Tochtergesellschaften, die vorzeitig fällig gestellt wurden oder welche bei Fälligkeit nicht geleistet wurden, 300 Mio. € übersteigt, und diese vorzeitige Fälligstellung nicht rückgängig gemacht wurde bzw. der Nennbetrag nicht innerhalb von 60 Tagen gezahlt wurde.

Beschränkungen in Bezug auf das Eingehen von Verschuldung

(a) Die Gesellschaft darf unmittelbar oder mittelbar keine Verschuldung eingehen und ihren Tochtergesellschaften nicht gestatten, unmittelbar oder mittelbar Verschuldung einzugehen. Dies gilt nicht (auch in Bezug auf Übernommene Verschuldung), sofern und soweit zu diesem Zeitpunkt

(1) der Konsolidierte Zinsdeckungsgrad der Gesellschaft wenigstens 2,0 zu 1,0 beträgt; und

(2) kein Kündigungstatbestand und kein Kündigungsgrund eingetreten ist und fortbesteht oder in Folge des Eingehens von Verschuldung eintreten würde.

(b) Die in Absatz (a) enthaltenen Beschränkungen sind nicht auf das Eingehen von Verschuldung unter den nachfolgenden Tatbeständen anwendbar:

(1) Verschuldung, die gemäß der Kreditvereinbarung 2013 und den damit zusammenhängenden Garantien eingegangen wird, in einem ausstehenden Gesamtnennbetrag, der zu keinem Zeitpunkt 4.600 Mio € überschreitet;

(2) Verschuldung, die zur Deckung des Betriebsmittelbedarfs und zu anderen allgemeinen Unternehmenszwecken im Rahmen von Bankverträgen, Commercial Paper-Programmen oder anderen Verträgen, Fazilitäten oder Programmen eingegangen wird, in einem ausstehenden Gesamtbetrag von 1,200 Mrd. € zu jeder Zeit;

(3) Verschuldung der Gesellschaft gegenüber einer Tochtergesellschaft oder Verschuldung einer Tochtergesellschaft gegenüber der Gesellschaft oder einer anderen Tochtergesellschaft, wobei jedoch jede spätere Ausgabe oder Übertragung von Capital Stock, die dazu führt, dass der Gläubiger dieser Verschuldung ein anderer Rechtsträger als die Gesellschaft oder eine andere Tochtergesellschaft ist, bzw. jede spätere Übertragung der Verschuldung (an eine andere Person als die Gesellschaft oder eine Tochtergesellschaft) jeweils so behandelt wird, als wäre die Verschuldung durch die Gesellschaft bzw. die Tochtergesellschaft eingegangen worden;

(4) Verschuldung bedingt durch die Ausgabe der Schuldverschreibungen am Ausgabetag sowie bedingt durch die entsprechenden Schuldverschreibungsgarantien der Gesellschaft und der garantiegebenden Tochtergesellschaft;

(5) Finanzierungsleasing-Verpflichtungen bzw. eingegangene Verschuldung, sofern diese ganz oder teilweise zur Finanzierung des Kaufpreises oder zur Abdeckung von Herstellungskosten eines Vermögensgegenstandes oder, im Fall einer Sale- and Lease-back-Transaktion, zur Finanzierung des Werts des der Gesellschaft oder einer Tochtergesellschaft gehörenden Vermögensgegenstandes eingegangen werden;

(6) Verschuldung (ausgenommen der in Ziffer (1) genannten Verschuldung), die zum Ausgabetag nach Verwendung des Erlöses aus den Schuldverschreibungen aussteht;

(7) Refinanzierungsverschuldung für nach Ziffer (4) oder (6) dieses Absatzes (b) eingegangene Verschuldung;

(8) Hedging-Verpflichtungen, die im Rahmen des gewöhnlichen Geschäftsbetriebs eingegangen werden und nicht spekulativer Natur sind, wobei dies nach Treu und Glauben durch die Gesellschaft zu beurteilen ist;

(9) Kundenguthaben und Vorauszahlungen von Kunden für im Rahmen des gewöhnlichen Geschäftsbetriebs erworbene Produkte;

(10) Verschuldung der Gesellschaft gegenüber der FMC AG & Co. KGaA oder gegenüber Tochtergesellschaften der FMC AG & Co. KGaA;

(11) Verschuldung einer Finanzierungstochtergesellschaft, die durch eine Garantie dieser Finanzierungstochtergesellschaft für die Verschuldung der Gesellschaft oder einer ihrer anderen Tochtergesellschaften entsteht;

(12) Verschuldung resultierend aus Cash Management-Vereinbarungen; und

(13) von der Gesellschaft oder einer Tochtergesellschaft der Gesellschaft eingegangene Verschuldung in einem Gesamtnennbetrag, der zusammen mit allen sonstigen Verschuldung der Gesellschaft und ihrer Tochtergesellschaften (mit Ausnahme der nach Absatz (a) oder Ziffer (1) bis (12) dieses Absatzes (b) gestatteten Verschuldung) zum Zeitpunkt des Eingehens der Verschuldung 1.100 Mio. € nicht überschreiten darf.

(c) Für die Überprüfung der Einhaltung der zuvor genannten Auflage gilt das Folgende:

(1) Für den Fall, dass eine Verschuldung unter mehr als einen der zuvor genannten Tatbestände von Verschuldung fällt, steht es der Gesellschaft frei, diese Verschuldung nach eigenem Ermessen zu klassifizieren und gegebenenfalls von Zeit zu Zeit neu zu klassifizieren, wobei es nur erforderlich ist, dass der Betrag und die Art dieser Verschuldung einer der oben genannten Ziffern zugeordnet werden;

(2) eine Verschuldung kann auf mehr als eine der vorstehend genannten Arten von Verschuldung aufgeteilt und jeweils unterschiedlich klassifiziert bzw. neu klassifiziert werden; und (3) für den Fall, dass sich Verschuldung auf durch diese Auflage zulässige Garantien für Verschuldung durch Kabi oder Proserve (oder durch irgendeine Tochtergesellschaft, von der verlangt wird, die Verpflichtungen des Emittenten hinsichtlich der Schuldverschreibungen nach Maßgabe der Bestimmungen des jeweiligen Begebungsvertrags zu garantieren) bezieht, sollen derartige Garantien nicht als zusätzliches Eingehen von Verschuldung gewertet werden, vorausgesetzt, dass die entsprechenden Schuldverschreibungsgarantien seitens der Garantiegeber in Kraft bleiben.

(d) Sofern die Schuldverschreibungen während eines Zeitraums den Investment Grade Status erreicht haben und diesen Status behalten sowie kein Kündigungsgrund vorliegt und weiter besteht (dieser Zeitraum wird nachfolgend als „Investment Grade Status-Zeitraum" bezeichnet), wird, nachdem die Gesellschaft den Treuhänder mittels eines Officers' Certificate davon in Kenntnis gesetzt hat, dass der Investment Grade Status erreicht wurde, diese Auflage und Ziffer (5) des Abschnitts „— *Kündigungsgründe*" für die Gesellschaft und ihre Tochtergesellschaften außer Kraft gesetzt und bleibt für die Dauer des Investment Grade Status-Zeitraums außer Kraft und tritt erst wieder in Kraft, wenn der Investment Grade Status-Zeitraum endet.

In der Folge verlieren die Schuldverschreibungen während dieses Zeitraums den Schutz, der ihnen ursprünglich durch diese Auflage und Ziffer (5) des Abschnitts „— *Kündigungsgründe*" zuteil wurde. Keine Handlung, die während eines Investment Grade Status-Zeitraums vorgenommen wurde oder vor dem Investment Grade Status-Zeitraum unter Einhaltung dieser Auflage erfolgte, muss rückgängig gemacht werden oder stellt einen Verstoß gegen die Schuldverschreibungen dar, sofern diese Auflage später wieder auflebt bzw. außer Kraft gesetzt wird. Der Investment Grade Status-Zeitraum beginnt erst, wenn die Gesellschaft das zuvor genannte Officers' Certificate zugestellt hat, und endet sofort mit dem Zeitpunkt, zu dem die Schuldverschreibungen den Investment Grade Status verlieren oder ein Kündigungsgrund eintritt.

Beschränkungen in Bezug auf die Gewährung von Sicherheiten

Die Gesellschaft wird unmittelbar oder mittelbar keine Sicherheiten (mit Ausnahme Zulässiger Sicherheiten) an Eigentum oder Vermögensgegenständen (einschließlich Capital Stock) zur Besicherung von Verschuldung bestellen oder eingehen bzw. deren Bestehen zulassen, und nicht gestatten, dass eine ihrer Tochtergesellschaften unmittelbar oder mittelbar eine solche Sicherheit bestellt, eingeht oder deren Bestehen zulässt. Dies gilt unabhängig davon, ob die Vermögenswerte zur Besicherung von Verschuldung bereits zum Zeitpunkt des jeweiligen Begebungsvertrages der Schuldverschreibungen in deren Eigentum standen oder erst danach erworben wurden. Dies gilt nicht, sofern gleichzeitig (oder vorhergehend) mit oder vor der Gewährung der Sicherheiten wirksame Vorkehrungen getroffen werden, um die Verschuldung aus dem Begebungsvertrag und den Schuldverschreibungen im Verhältnis zu der Besicherung der betreffenden Verschuldung anteilsmäßig und gleichrangig und für den gleichen Zeitraum (oder vorhergehend im Fall von Sicherheiten für Nachrangige Verpflichtungen) zu besichern.

Beschränkungen in Bezug auf Zusammenschlüsse und die Veräußerung von Vermögensgegenständen

Der Begebungsvertrag sieht vor, dass nach dem jeweiligen Begebungsvertrag der Emittent und die Gesellschaft nicht mit oder auf einen anderen Rechtsträger verschmelzen und nicht gestatten dürfen, dass ein Garantiegeber mit einem bzw. auf einen anderen Rechtsträger verschmilzt (unabhängig davon, ob der Emittent oder der betreffende Garantiegeber der Fortbestehende Rechtsträger ist). Gleiches gilt für die Veräußerung, Abtretung, Übertragung, Vermietung sowie jede sonstige Form der Verfügung über das gesamte Vermögen oder wesentliche Teile des Vermögens im Rahmen einer oder mehrerer zusammenhängenden Transaktionen an einen anderen Rechtsträger. Es sei denn:

(1) der Fortbestehende Rechtsträger ist eine Gesellschaft, die nach dem Recht Deutschlands, des Vereinigten Königreichs, eines anderen Mitgliedstaates der Europäischen Union (zum Stand vom 31. Dezember 2003), Luxemburgs, der Schweiz, der USA oder eines Bundesstaates der USA oder des District of Columbia oder des Gründungsstaates des Emittenten oder eines Garantiegebers gegründet ist und besteht; oder sofern der Fortbestehende Rechtsträger eine Gesellschaft ist, die nach dem Recht eines anderen Staates gegründet ist und besteht, und der Emittent dem Treuhänder ein Anwaltsgutachten vorlegt, aus dem sich ergibt, dass die Rechte der Inhaber der Schuldverschreibungen hierdurch nicht nachteilig beeinträchtigt werden, soweit als das Recht dieses Staates die Fähigkeit des Fortbestehenden Rechtsträgers betrifft, die mit den Schuldverschreibungen verbundenen Zahlungen und Pflichten zu erfüllen (sofern der Emittent an der Transaktion beteiligt ist) bzw. die mit der Schuldverschreibungsgarantie verbundenen Pflichten zu erfüllen, bzw. die Fähigkeit des Fortbestehenden Rechtsträgers betrifft, sich dazu zu verpflichten, diese Zahlungen zu leisten und Pflichten zu erfüllen, bzw. die Fähigkeit der Schuldverschreibungsinhaber betrifft, diese Verpflichtungen durchsetzen zu können;

(2) der Fortbestehende Rechtsträger (sofern es sich nicht um den Emittenten oder einen Garantiegeber handelt) übernimmt ausdrücklich (A) im Rahmen einer oder mehrerer Transaktionen mit dem Emittenten durch Abschluss eines den Anforderungen des Treuhänders entsprechenden Nachtrags zu einem Begebungsvertrag alle Pflichten des Emittenten nach dem Begebungsvertrag, oder (B) im Rahmen einer oder mehrerer Transaktionen mit einer anderen Partei als den Emittenten durch eine den Anforderungen des Treuhänders entsprechenden Garantievereinbarung sämtliche Verpflichtungen des betreffenden Garantiegebers nach der Schuldverschreibungsgarantie;

(3) zum Zeitpunkt einer und unmittelbar nach einer solchen Transaktion ist kein Kündigungstatbestand oder kein Kündigungsgrund eingetreten und besteht fort; und

(4) der Emittent oder der betreffende Garantiegeber übermittelt dem Treuhänder ein Officers' Certificate und ein Anwaltsgutachten, aus denen sich jeweils ergibt, dass diese Verschmelzung, Übertragung, Abtretung, Veräußerung, Vermietung oder sonstige Form der Verfügung und der jeweilige Nachtrag zu einem Begebungsvertrag sowie gegebenenfalls die Garantievereinbarung im Einklang mit dem Begebungsvertrag stehen.

Beschränkungen in Bezug auf Sale- and Lease-back-Transaktionen

Jeder Begebungsvertrag sieht vor, dass nach dem jeweiligen Begebungsvertrag der Emittent und die Gesellschaft keine Sale- and Leaseback-Transaktionen vornehmen und es auch keinem Garantiegeber und keiner Tochtergesellschaft gestatten dürfen, Sale- and Lease-back-Transaktionen vorzunehmen, es sei denn:

(1) der Emittent bzw. der jeweilige Garantiegeber bzw. die jeweilige Tochtergesellschaft erhält zum Zeitpunkt der Vornahme einer Sale- and Lease-back-Transaktion eine Gegenleistung,

die mindestens dem Marktwert der von der Transaktion erfassten Vermögensgegenstände entspricht (nachgewiesen durch ein Officers' Certificate durch einen Zuständigen Officer oder bei einem Wert von über 50 Mio. € durch einen Beschluss des Board of Directors des Emittenten, des jeweiligen Garantiegebers oder der jeweiligen Tochtergesellschaft);

(2) der Emittent bzw. der jeweilige Garantiegeber bzw. die jeweilige Tochtergesellschaft hätte eine Sicherheit an den von der Sale- and Lease-back-Transaktion erfassten Vermögensgegenständen bestellen können, wäre die Transaktion durch Verschuldung finanziert worden, ohne dass dabei die Schuldverschreibungen nach Maßgabe der im Abschnitt „— *Beschränkungen in Bezug auf die Gewährung von Sicherheiten*" beschriebenen Auflage hätten besichert werden müssen; und

(3) der Emittent bzw. der jeweilige Garantiegeber oder die jeweilige Tochtergesellschaft kann Verschuldung in Höhe der Zurechenbaren Verschuldung bezüglich der jeweiligen Sale- and Lease-back-Transaktion eingehen.

Zusätzliche Schuldverschreibungsgarantien

Falls eine der garantiegebenden Tochtergesellschaften Eigentum, in einer einzigen Transaktion oder eine Reihe verbundener Transaktionen, an eine Tochtergesellschaft der Gesellschaft überträgt, die keine garantiegebende Tochtergesellschaft ist, oder eine solche Übertragung veranlasst, muss die erwerbende Tochtergesellschaft, soweit nicht durch geltendes Recht verboten und nur so lange wie die 2015 fälligen Schuldverschreibungen ausstehen:

(1) einen zusätzlichen Begebungsvertrag in einer für den Treuhänder angemessenen Form ausfertigen und an den Treuhänder aushändigen, indem die Tochtergesellschaft eine unbedingte Garantie für alle Verpflichtungen des Emittenten unter den Schuldverschreibungen und dem Begebungsvertrag nach Maßgabe der im Begebungsvertrag enthaltenen Bedingungen abgibt; und

(2) dem Treuhänder eine entsprechende rechtliche Stellungnahme übergeben, dass der zusätzliche Begebungsvertrag von dieser Tochtergesellschaft ordnungsgemäß genehmigt, ausgefertigt und geliefert worden ist und eine rechtmäßige, gültige, verbindliche und durchsetzbare Verpflichtung dieser Tochtergesellschaft darstellt. Danach ist diese Tochtergesellschaft ein Garant für alle Zwecke des Begebungsvertrags.

Ungeachtet dessen kann jede garantiegebende Tochtergesellschaft Eigentum in einem Wert von nicht mehr als 5 % ihres EBITDA, wie in ihrem Abschluss ausgewiesen, in einer einzigen Transaktion oder einer Reihe verbundener Transaktionen übertragen (oder die Übertragung veranlassen).

Solange die Schuldverschreibungen in der offiziellen Liste der Luxemburger Wertpapierbörse gelistet sind und die Regeln dieser Börse es erfordern, wird die Mitteilung für jede weitere Tochtergesellschaft, die eine garantiegebende Tochtergesellschaft geworden ist, der Luxemburger Wertpapierbörse für die Veröffentlichung auf ihrer Internetseite (www.bourse.lu) zur Verfügung gestellt werden, und der Emittent wird einen Nachtrag in Bezug auf diese garantiegebende Tochtergesellschaft für die Luxemburger Wertpapierbörse vorbereiten.

Berichte

Solange die Schuldverschreibungen ausstehen, wird die Gesellschaft dem Treuhänder die folgenden Dokumente (in physischer oder elektronischer Form, wie zwischen der Gesellschaft und dem Treuhänder vereinbart) vorlegen:

(1) ihren Konzernjahresabschluss und den dazugehörigen Anhang für die letzten zwei Geschäftsjahre, erstellt in Übereinstimmung mit U.S. GAAP (oder IFRS mit einer entsprechenden Überleitung auf U.S. GAAP, sofern die Gesellschaft nach geltendem Recht verpflichtet ist, ihren Jahresabschluss nach IFRS zu erstellen), einschließlich Segmentangaben mitsamt eines darüber erstellten Bestätigungsvermerks, zusammen mit einer Erläuterung der „Ertragslage" und der „Liquidität" für diese Geschäftsjahre in einer Form, die im Wesentlichen dem in diesem Dokument enthaltenen Abschnitt „Management's Discussion and Analysis of Financial Condition and Results of Operation"

entspricht, sowie einen „Überblick über das Geschäftsjahr" und eine Darstellung der „Unternehmensbereiche" in einer Form, die ihrem Geschäftsbericht entspricht, eine Beschreibung der „Geschäftsbeziehungen mit nahe stehenden Personen" sowie eine Beschreibung der Verschuldung, wobei diese Dokumente innerhalb von 90 Tagen nach Ende eines jeden Geschäftsjahres vorzulegen sind; und

(2) Konzernquartalsberichte für den Zeitraum vom Beginn eines jeden Jahres bis zum Ende jedes Geschäftsquartals (ausgenommen das vierte Geschäftsquartal) zusammen mit vergleichbaren Informationen für das entsprechende Quartal des Vorjahres sowie eine Zusammenfassung in Form der "Management's Discussion and Analysis of Financial Conditions and Results of Operations", die eine kurze Erläuterung der Ertragslage in dem Quartal enthält, wobei diese Dokumente innerhalb von 45 Tagen nach Ende des Geschäftsquartals vorzulegen sind.

Gleichzeitig mit der Vorlage jedes vorstehend genannten Berichts wird die Gesellschaft außerdem an geeignete international anerkannte Wirtschaftsinformationsdienste eine Pressemitteilung bezüglich des jeweiligen Berichts übermitteln und (i) die jeweiligen Berichte auf der zum jeweiligen Zeitpunkt von der Gesellschaft unterhaltenen Internetseite veröffentlichen oder (ii) diese Berichte in anderer im Wesentlichen vergleichbarer Weise öffentlich zugänglich machen.

Ferner wird die Gesellschaft, solange die Schuldverschreibungen ausstehen und während aller Zeiträume, in denen der Emittent oder die Gesellschaft nicht Section 13 oder 15(d) des Securities Exchange Act der Vereinigten Staaten von 1934 in seiner jeweils geltenden Fassung (der „**Exchange Act**") unterliegt und nicht gemäß Rule 12g3-2(b) des Exchange Act eine Ausnahmeregelung auf sie anwendbar ist, an jeden Inhaber bzw. wirtschaftlichen Eigentümer von Schuldverschreibungen, die ursprünglich in den Vereinigten Staaten an „qualifizierte institutionelle Anleger" (*qualified institutional buyer*) im Sinne von Rule 144A des Securities Act der Vereinigten Staaten von 1933 in seiner jeweils geltenden Fassung (der „**Securities Act**") gemäß dieser Rules angeboten und verkauft wurden, sowie an jeden zukünftigen Kaufinteressenten der Schuldverschreibungen in den Vereinigten Staaten, der von dem Inhaber oder wirtschaftlichen Eigentümer benannt wird, auf Anfrage die gemäß Rule 144A(d)(4) des Securities Act bereitzustellenden Informationen übersenden.

Beteiligung an dem Emittenten

Der Begebungsvertrag bestimmt, dass die Gesellschaft weiterhin unmittelbar oder mittelbar 100 % des Capital Stock des Emittenten bzw. eines zulässigen Rechtsnachfolgers des Emittenten halten wird, vorausgesetzt, dass ein nach dem Begebungsvertrag zulässiger Rechtsnachfolger der Gesellschaft in die Eigentümerstellung der Gesellschaft an dem Capital Stock eintreten kann.

Die Gesellschaft wird den Emittenten bzw. ihren Rechtsnachfolger veranlassen, Handlungen vorzunehmen, die (i) für die Ausgabe und den Verkauf der Schuldverschreibungen und aller nach dem Begebungsvertrag zulässigen zusätzlichen Verschuldung und die Weiterleitung oder Ausschüttung der entsprechenden Erlöse an die Gesellschaft und ihre Tochtergesellschaften und die Erfüllung ihrer Verpflichtungen hinsichtlich der Schuldverschreibungen und dieser zusätzlichen Verschuldung nach Maßgabe der entsprechenden Bedingungen bzw. des Begebungsvertrages oder eines sonstigen Begebungsvertrages erforderlich oder zweckdienlich sind oder damit verbunden sind und/oder (ii) für konzerninterne Finanzierungstransaktionen mit der Gesellschaft oder einer ihrer Tochtergesellschaften (einschließlich des Erwerbs, der Veräußerung oder eines sonstigen Erhalts oder einer sonstigen Übertragung von Finanzinstrumenten an die Gesellschaft bzw. eine ihrer Tochtergesellschaften und das Geben einer Garantie für die Verschuldung der Gesellschaft oder einer ihrer Tochtergesellschaften) oder von der Gesellschaft oder einer ihrer Tochtergesellschaften gemäß dem Begebungsvertrag, erforderlich oder zweckdienlich sind oder damit verbunden sind.

Ersetzung des Emittenten

Die Gesellschaft, jeder sonstige Garantiegeber oder eine Finanzierungstochtergesellschaft (ein „**Rechtsnachfolger**") kann die Verpflichtungen des Emittenten aus den Schuldverschreibungen durch Unterzeichnung und Übersendung folgender Dokumente an den Treuhänder übernehmen: (a) eines Nachtrags zu dem Begebungsvertrag, durch welchen der betreffende Rechtsträger den Bestimmungen des Begebungsvertrages unterworfen wird sowie (b) eines Anwaltsgutachtens, welches bestätigt, dass der Nachtrag zum Begebungsvertrag von dem Rechtsträger ordnungsgemäß genehmigt und unterzeichnet wurde und für den Rechtsträger eine gültige, rechtlich verpflichtende und durchsetzbare Verpflichtung begründet, vorbehaltlich der üblichen Ausnahmen. Dies gilt mit der Maßgabe, dass (i) der Rechtsnachfolger nach dem Recht der Vereinigten Staaten von Amerika oder eines Bundesstaates der Vereinigten Staaten oder des Districts of Columbia, Deutschlands, der Niederlande, des Vereinigten Königreichs oder eines anderen Mitgliedstaates der Europäischen Union (zum Stand vom 31. Dezember 2003) gegründet worden sein muss und (ii) keine Zusätzlichen Beträge hinsichtlich der Schuldverschreibungen zum Zeitpunkt der Übernahme bzw. aufgrund einer zu diesem Zeitpunkt nach vernünftigem Ermessen absehbaren Änderung der Gesetze des Gründungsstaates des Rechtsnachfolgers zu zahlen sind bzw. in der Zukunft zu zahlen wären. Der Rechtsnachfolger ersetzt den Emittenten und kann alle Rechte und Befugnisse des Emittenten gemäß dem Begebungsvertrag mit derselben Wirkung ausüben als wäre er der Emittent. Gleichzeitig wird der bisherige Emittent von allen Verpflichtungen und Auflagen gemäß dem Begebungsvertrag und den Schuldverschreibungen befreit.

Kündigungsgründe

Der Begebungsvertrag bestimmt, dass jedes einzelne oder mehrere der nachfolgenden Ereignisse, das eingetreten ist und noch anhält, einen „Kündigungsgrund" für die Schuldverschreibungen darstellt:

(1) Nichtzahlung von Zinsen auf die Schuldverschreibungen innerhalb von 30 Tagen nach Fälligkeit, einschließlich etwaiger Zusätzlicher Beträge; oder

(2) Nichtzahlung des Kapitalbetrags oder eines eventuellen Aufschlags (*premium*) der Schuldverschreibungen bei Fälligkeit, unabhängig davon, ob die Fälligkeit durch Laufzeitablauf, Rückzahlung, Erklärung oder auf sonstige Art und Weise eingetreten ist; oder

(3) Nichtbeachtung oder Nichterfüllung jeglicher anderer in dem Begebungsvertrag enthaltener Auflagen über einen Zeitraum von 60 Tagen ab Benachrichtigung in Übereinstimmung mit den Vorschriften des Begebungsvertrages; oder

(4) Vorliegen eines Kündigungstatbestandes unter einer Hypothek (*mortgage*), dem Begebungsvertrag oder einem sonstigen Instrument, mit der bzw. dem Verbindlichkeiten aus von uns oder einer unserer Tochtergesellschaften als Darlehen aufgenommenen Geldern begründet, besichert oder nachgewiesen werden (oder deren Zahlung durch die Gesellschaft garantiert worden ist), unabhängig davon, ob die Verschuldung oder Garantie gegenwärtig bestehen oder erst nach dem Ausgabetag eingegangen werden, wenn (A) durch den Kündigungstatbestand die Verschuldung vorzeitig — vor Ablauf des festgelegten Fälligkeitsdatums — fällig gestellt werden oder ein Zahlungsverzug in Bezug auf diese Verschuldung begründet wird und (B) der Nennbetrag dieser Verschuldung, die vorzeitig fällig gestellt wurde oder welche bei Fälligkeit nicht geleistet wurde, wenn er zu dem Gesamtnennbetrag der gesamten sonstigen Verschuldung zu diesem Zeitpunkt, die vorzeitig fällig gestellt wurde oder welche bei Fälligkeit nicht geleistet wurde, hinzuaddiert wird, 75 Mio. € übersteigt, oder

(5) zu irgendeinem Zeitpunkt, zu dem die FMC AG & Co. KGaA eine Tochtergesellschaft der Gesellschaft ist, wurde der Gesamtnennbetrag von der Verschuldung der FMC AG & Co. KGaA oder ihrer Tochtergesellschaften in Höhe von mehr als 300 Mio. € vorzeitig fällig gestellt oder bei Fälligkeit nicht gezahlt, und diese vorzeitige Fälligstellung wurde nicht rückgängig gemacht bzw. der (aufgrund vorzeitiger Fälligstellung oder Endfälligkeit) fällige Betrag wurde nicht innerhalb von mindestens 60 Tagen ab dem Tag der vorzeitigen Fälligstellung oder Endfälligkeit gezahlt; oder

(6) jedes rechtskräftige Urteil (nicht durch eine Versicherung abgedeckt) auf Verurteilung zu einer Geldleistung in Höhe von mehr als 75 Mio. € gegen die Gesellschaft oder eine ihrer Tochtergesellschaften, deren Zahlung nicht innerhalb von 60 aufeinanderfolgenden Tagen, während derer kein Vollstreckungshindernis besteht, geleistet wird; oder

(7) eine Schuldverschreibungsgarantie ist in Übereinstimmung mit den auf diese anwendbaren Regelungen aus irgendeinem Grund nicht mehr wirksam, es sei denn, dies beruht auf den Regelungen des Begebungsvertrages für die Entbindung von Schuldverschreibungsgarantien oder der vollständigen Erfüllung aller diesbezüglicher Verpflichtungen, oder die Schuldverschreibungsgarantie wird, aus anderen Gründen als in ihren Bedingungen festgelegt, für unwirksam oder undurchsetzbar erklärt oder einer der Garantiegeber weist die Verpflichtungen aus der Schuldverschreibungsgarantie oder aus dem Begebungsvertrag zurück, leugnet diese oder lehnt sie ab; oder

(8) bestimmte Ereignisse im Rahmen einer Insolvenz oder Restrukturierung der Gesellschaft, des Emittenten oder einer Wesentlichen Tochtergesellschaft der Gesellschaft.

Ein Kündigungstatbestand im Sinne von (3) dieses Abschnitts stellt keinen Kündigungsgrund für den Begebungsvertrag dar, solange nicht der Treuhänder oder die Inhaber von 25 % des Nennbetrags der aufgrund des Begebungsvertrages begebenen Schuldverschreibungen dies dem Emittenten und der Gesellschaft anzeigen und dieser Kündigungstatbestand nicht innerhalb der in (3) festgelegten Frist geheilt wird. Während eines Zeitraums, in dem die Schuldverschreibungen Investment Grade Status haben, gilt das Eintreten oder Beibehalten eines Kündigungstatbestandes im Sinne von (5) dieses Abschnitts nicht als Kündigungsgrund für die Schuldverschreibungen.

Der Treuhänder oder die Inhaber von mindestens 25 % des ausstehenden Gesamtnennbetrages der Schuldverschreibungen sind befugt, unmittelbar mit dem Eintritt eines Kündigungsgrundes gemäß dem Begebungsvertrag den Kapitalbetrag sowie aufgelaufene und noch nicht gezahlte Zinsen (einschließlich Zusätzlicher Beträge) auf die Schuldverschreibungen fällig zu stellen; vorausgesetzt, dass nach einer solchen vorzeitigen Fälligstellung die Inhaber einer Mehrheit des Gesamtnennbetrags der ausstehenden Schuldverschreibungen das Recht haben, unter bestimmten Voraussetzungen die vorgenannte vorzeitige Fälligstellung rückgängig zu machen und aufzuheben, sofern und soweit die Rückgängigmachung nicht im Widerspruch zu einem Urteil oder einem Beschluss eines zuständigen Gerichts steht und alle Kündigungsgründe gemäß dem jeweiligen Begebungsvertrag außer der Nichtzahlung des vorzeitig fällig gestellten Kapitalbetrags geheilt wurden oder diesbezüglich Verzicht erklärt wurde, wie in dem Begebungsvertrag vorgesehen.

Vorbehaltlich der Regelungen des Begebungsvertrages, die sich auf die Pflichten des Treuhänders beziehen, ist der Treuhänder für den Fall, dass ein Kündigungsgrund besteht und andauert, nicht verpflichtet, die ihm unter dem Begebungsvertrag zustehenden Rechte und Befugnisse auf Aufforderung oder Anweisung von Inhabern von den unter dem Begebungsvertrag begebenen Schuldverschreibungen hin auszuüben, sofern nicht diese Inhaber schriftlich zugestimmt haben, den Treuhänder in vollem Umfang freizustellen. Vorbehaltlich der Regelungen für die Freistellung des Treuhänders haben die Inhaber einer Mehrheit des Gesamtnennbetrags der auf der Grundlage des Begebungsvertrages begebenen und ausstehenden Schuldverschreibungen das Recht, die Zeit, den Ort und die Art und Weise der Durchführung eines Verfahrens zur Durchsetzung von Rechtsansprüchen des Treuhänders oder die Ausübung der dem Treuhänder übertragenen Rechte und Befugnisse zu wählen.

Kein Inhaber von Schuldverschreibungen hat das Recht, Verfahren in Bezug auf den Begebungsvertrag oder in Bezug auf Rechtsansprüche anzustrengen, es sei denn, dem Treuhänder wurde der andauernde Kündigungsgrund nach den Bestimmungen des Begebungsvertrags schriftlich mitgeteilt und eine vollumfängliche Freistellung für die Anstrengung eines Verfahrens als Treuhänder angeboten, und der Treuhänder hat von den Inhabern der Mehrheit des Gesamtnennbetrags der gemäß dem Begebungsvertrag ausgegebenen und ausstehenden Schuldverschreibungen keine diesem widersprechende Anweisung erhalten und innerhalb von 60 Tagen kein Verfahren angestrengt. Die vorgenannten Einschränkungen gelten nicht für eine Klage auf Kapitalrückzahlung und Zahlung eines etwaigen Aufschlags (*premium*) oder Zinsen auf eine Schuldverschreibung an oder nach den in den Bedingungen der Schuldverschreibung angegebenen Fälligkeitsterminen, die durch einen Inhaber dieser Schuldverschreibung erhoben wird.

Die Inhaber der Mehrheit des ausstehenden Gesamtnennbetrags der Schuldverschreibungen haben das Recht, im Namen aller Inhaber der Schuldverschreibungen auf die Geltendmachung von Kündigungstatbeständen zu verzichten, mit Ausnahme von Kündigungstatbeständen in Bezug auf die

Kapitalrückzahlung oder die Zahlung eventueller Aufschläge (*premium*) oder von Zinsen oder Kündigungstatbeständen in Bezug auf eine Auflage oder Bestimmung, die nicht ohne die Zustimmung aller Inhaber der Schuldverschreibungen geändert oder angepasst werden darf. Der Emittent ist verpflichtet, einmal jährlich bei dem Treuhänder eine Bescheinigung einzureichen, in der ausgeführt wird, ob er sich in Übereinstimmung mit allen Bestimmungen und Auflagen des Begebungsvertrages befindet.

Änderungen und Verzicht

Mit bestimmten Ausnahmen kann der Begebungsvertrag mit Zustimmung der Inhaber der Mehrheit des Nennbetrags der zu diesem Zeitpunkt ausstehenden Schuldverschreibungen geändert oder ergänzt werden (einschließlich Zustimmungen, die im Zusammenhang mit dem Rückkauf von Schuldverschreibungen oder im Rahmen eines Rückkauf- oder Umtauschangebots für Schuldverschreibungen abgegeben wurden). Ebenso kann mit bestimmten Ausnahmen mit Zustimmung der Inhaber der Mehrheit des Nennbetrags der zu diesem Zeitpunkt ausstehenden Schuldverschreibungen auf die Rechte, die sich aus einem bestehenden Kündigungstatbestand ergeben, oder auf die Einhaltung von bestimmten Vorschriften verzichtet werden (einschließlich Zustimmungen, die im Zusammenhang mit dem Rückkauf von Schuldverschreibungen oder im Rahmen eines Rückkauf- oder Umtauschangebots für Schuldverschreibungen abgegeben wurden).

Ohne die Zustimmung sämtlicher Inhaber der ausstehenden Schuldverschreibungen dürfen jedoch keine Änderungen beschlossen werden, die (in Bezug auf von einem nicht zustimmenden Inhaber gehaltene Schuldverschreibungen) unter anderem

(1) den prozentualen Anteil des Nennbetrags der Schuldverschreibungen, deren Inhaber einer Änderung zustimmen müssen, reduzieren;

(2) den Nominalzinssatz der Schuldverschreibungen verringern oder die Fälligkeit der Zinszahlung hinausschieben;

(3) den Nennbetrag der Schuldverschreibungen reduzieren oder die Vereinbarte Laufzeit der Schuldverschreibungen verlängern;

(4) den Zeitpunkt verändern, zu dem die Schuldverschreibungen zurückgezahlt werden können (siehe hierzu oben unter „— Optionale Rückzahlung“);

(5) den Aufschlag (*premium*) der Schuldverschreibungen verringern, der bei Rückzahlung zahlbar ist, den Zeitpunkt ändern, zu dem die Schuldverschreibungen zurückgekauft werden kann, oder die zu den Bestimmungen im Abschnitt „*Kontrollwechsel*“ gehörigen Definitionen ändern, nachdem die Verpflichtung zum Rückkauf der Schuldverschreibungen entstanden ist;

(6) die Tilgung der Schuldverschreibungen in einer anderen als der unter den Schuldverschreibungen angegebenen Währung vorsehen;

(7) das Recht eines Inhabers der Schuldverschreibungen, die Zahlung eines etwaigen Aufschlags (*premium*), die Kapitalrückzahlung oder Zinszahlungen am oder nach den jeweiligen Fälligkeitszeitpunkten zu erhalten oder ein Verfahren zur Durchsetzung von Zahlungen auf oder im Zusammenhang mit den Schuldverschreibungen dieses Inhabers einzuleiten, beeinträchtigen; oder

(8) Änderungen an den Änderungsbestimmungen, zu deren Wirksamkeit die Zustimmung jedes Inhabers der Schuldverschreibungen erforderlich ist, oder an den Bestimmungen über Verzichte vorsehen.

Ohne Zustimmung der Inhaber von Schuldverschreibungen dürfen der Emittent und der Treuhänder den Begebungsvertrag dahingehend ändern, dass

(1) nicht eindeutige Teile des Begebungsvertrages sowie Lücken, Fehler oder Widersprüche geheilt werden;

(2) die Verpflichtungen des Emittenten aus dem Begebungsvertrag oder eines Garantiegebers (der nicht die Gesellschaft ist) aus Schuldverschreibungsgarantien durch eine juristische Person übernommen werden;

(3) nicht in Einzelurkunden verbriefte Schuldverschreibungen neben oder anstatt in Einzelurkunden verbriefter Schuldverschreibungen ausgegeben werden;

(4) zusätzliche Garantien für die Schuldverschreibungen gestellt werden;

(5) die Schuldverschreibungen besichert werden;

(6) für den Emittenten und die Garantiegeber zusätzliche Auflagen zugunsten der Inhaber von Schuldverschreibungen gelten oder dem Emittenten zugewiesene Rechte aufgegeben werden;

(7) die Ausgabe Weiterer Schuldverschreibungen gemäß diesem Begebungsvertrag vorgesehen wird;

(8) Änderungen vorgenommen werden, die die Rechte der Inhaber von Schuldverschreibungen nicht beeinträchtigen;

(9) die Annahme und Bestellung eines Nachfolgetreuhänders gemäß diesem Begebungsvertrag nachgewiesen und vorgesehen wird;

(10) der Wortlaut des Begebungsvertrages, der Schuldverschreibungen oder der Schuldverschreibungsgarantien mit einer Bestimmung dieser „*Beschreibung der Schuldverschreibungen*" in Einklang gebracht wird, sofern eine Bestimmung dieser „*Beschreibung der Schuldverschreibungen*" ein wörtliches Zitat einer Bestimmung des Begebungsvertrages, der Schuldverschreibungen oder der Schuldverschreibungsgarantien sein sollte; oder

(11) die Bestimmungen einer maßgeblichen Wertpapierverwahrstelle eingehalten werden.

Für die Genehmigung der Form einer beabsichtigten Änderung des Begebungsvertrages oder eines Verzichts auf Rechte unter dem Begebungsvertrag ist gemäß dem Begebungsvertrag nicht die Zustimmung der Inhaber erforderlich. Es ist ausreichend, wenn die Zustimmung zum Inhalt der Änderung oder des Verzichts erteilt wird. Nachdem eine Änderung oder Ergänzung des Begebungsvertrages oder ein Verzicht auf Rechte unter dem Begebungsvertrag wirksam wird, muss der Emittent die Inhaber der Schuldverschreibungen über die Änderung, Ergänzung oder den Verzicht auf dem Postweg schriftlich benachrichtigen und die Änderung, Ergänzung oder den Verzicht darin kurz inhaltlich beschreiben. Das Versäumnis der Benachrichtigung oder eine fehlerhafte oder unvollständige Benachrichtigung haben auf die Wirksamkeit einer Änderung, Ergänzung oder eines Verzichts keinen Einfluss.

Aufhebung (Defeasance)

Der Emittent kann jederzeit alle seine Verpflichtungen aus den Schuldverschreibungen und dem Begebungsvertrag kündigen („rechtliche Aufhebung"), mit Ausnahme bestimmter Verpflichtungen, insbesondere solcher betreffend die Aufhebungs-Treuhand (*defeasance trust*) und Verpflichtungen, die Übertragung oder den Umtausch der Schuldverschreibungen zu registrieren, sowie beschädigte, zerstörte, verlorengegangene oder gestohlene Schuldverschreibungen zu ersetzen und in Bezug auf die maßgeblichen Schuldverschreibungen ein Register und eine Zahlstelle zu führen.

Der Emittent kann jederzeit seine Verpflichtungen aus den Auflagen kündigen, die unter „*Bestimmte Auflagen*" (mit Ausnahme derjenigen unter „*— Beschränkungen in Bezug auf Zusammenschlüsse und die Veräußerung von Vermögensgegenständen*") beschrieben sind, den Eintritt eines Cross Default bei Zahlungsverzug, die wechselseitigen Regelungen zur vorzeitigen Fälligstellung, die Insolvenzregelungen in Bezug auf Tochtergesellschaften, die Regelungen des Urteils-Kündigungsgrundes im Abschnitt „*Kündigungsgründe*" und die Beschränkungen in Ziffer (4) des Abschnitts „*Bestimmte Auflagen — „Beschränkungen in Bezug auf Zusammenschlüsse und die Veräußerung von Vermögensgegenständen*" („Auflagen-Aufhebung").

Der Emittent darf sein Recht zur rechtlichen Aufhebung (*legal defeasance*) auch dann ausüben, wenn er im Vorfeld bereits Gebrauch von dem Recht zur Auflagen-Aufhebung gemacht hat. Übt der Emittent sein Recht zur rechtlichen Aufhebung aus, darf die Zahlung für die Schuldverschreibungen nicht wegen eines Kündigungsgrundes in Bezug auf diese Schuldverschreibungen vorzeitig fällig gestellt werden. Übt der Emittent sein Recht zur Auflagen-Aufhebung aus, darf die Zahlung für die Schuldverschreibungen nicht wegen eines in Ziffer (3), (4), (5) oder (6) (nur in Bezug auf andere Tochtergesellschaften als den Emittenten) des obigen Abschnitts „— *Kündigungsgründe*" dargestellten Kündigungsgrundes oder wegen der Nichteinhaltung durch den Emittenten von Ziffer (4) des Abschnitts „Bestimmte Auflagen — „*Beschränkungen in Bezug auf Zusammenschlüsse und die Veräußerung von Vermögensgegenständen*" vorzeitig fällig gestellt werden.

Um das Recht zur Aufhebung ausüben zu können, muss der Emittent zugunsten der Inhaber unwiderruflich Euro oder in Euro denominierte festgelegte Staatsschuldtitel für die Zwecke der Kapitalrückzahlung, der Zahlung eines etwaigen Aufschlags (*premium*) und der eventuellen Zahlung von Zinsen auf die Schuldverschreibungen bis zur Rückzahlung oder Fälligkeit bei dem Treuhänder zur treuhänderischen Verwahrung hinterlegen (die „**Aufhebungs-Treuhand**") (*defeasance trust*) und darüber hinaus bestimmte zusätzliche Anforderungen erfüllen, zu denen unter anderem gehört, dem jeweiligen Treuhänder folgende Dokumente zu übermitteln:

(1) ein Anwaltsgutachten (unter Berücksichtigung üblicher Ausnahmen und Ausschlüsse) dahingehend, dass die Hinterlegung und die Aufhebung für Inhaber der Schuldverschreibungen nach Maßgabe des U.S. Bundes-Einkommensteuerrechts weder als Einkommen, Gewinn noch als Verlust zu qualifizieren ist und dass die Inhaber in identischem Umfang, identischer Art und Weise und zum identischen Zeitpunkt einkommensteuerpflichtig sind, wie es der Fall wäre, wenn die Hinterlegung und Aufhebung nicht eingetreten wären. Für den Fall einer rechtlichen Aufhebung muss das Anwaltsgutachten auf einer Entscheidung der U.S. Bundessteuerbehörde (*Internal Revenue Service*) oder einer anderweitigen Anpassung des U.S. Bundeseinkommensteuerrechts basieren; und

(2) ein Anwaltsgutachten aus der Bundesrepublik Deutschland (unter Berücksichtigung üblicher Ausnahmen und Ausschlüsse) dahingehend, dass die Hinterlegung und die Aufhebung für Inhaber der Schuldverschreibungen nach Maßgabe des Einkommensteuerrechts der Bundesrepublik Deutschland weder als Einkommen, Gewinn noch als Verlust zu qualifizieren ist und dass die Inhaber in Deutschland in identischem Umfang, identischer Art und Weise und zum identischen Zeitpunkt einkommensteuerpflichtig sind, wie es der Fall wäre, wenn die Hinterlegung und Aufhebung nicht eingetreten wären.

Keine persönliche Haftung der Geschäftsführer, leitenden Angestellten, Mitarbeiter und Anteilseigner

Die Mitglieder des Board of Directors, die Geschäftsführer, die leitenden Angestellten, die Mitarbeiter, die Gründer oder die Anteilseigner des Emittenten, der Gesellschaft, der Komplementärin der Gesellschaft oder der anderen Garantiegeber haften jeweils nicht persönlich für die Verpflichtungen des Emittenten oder eines Garantiegebers aus den Schuldverschreibungen, dem Begebungsvertrag oder den Schuldverschreibungsgarantien sowie ferner nicht für jeden sonstigen Anspruch, der sich basierend auf, in Bezug auf oder aufgrund dieser Verpflichtungen oder deren Entstehen ergibt. Jeder Inhaber erteilt durch die Annahme der Schuldverschreibungen einen Verzicht auf und eine Freistellung von derartigen Haftungsansprüchen. Jeder Inhaber erklärt sich ferner damit einverstanden, keine Ansprüche im Zusammenhang mit den Schuldverschreibungen, dem Begebungsvertrag oder den Schuldverschreibungsgarantien geltend zu machen, soweit hieraus eine solche persönliche Haftung resultieren würde. Dieser Verzicht und die Freistellung sind Teil der Gegenleistung für die Ausgabe der Schuldverschreibungen und der Schuldverschreibungsgarantien. Der Verzicht und die Freistellung sind unter Umständen nicht geeignet, Ansprüche nach Maßgabe der U.S.-amerikanischen bundesstaatlichen Wertpapiergesetze auszuschließen und verstoßen nach Auffassung der SEC gegen die öffentliche Ordnung. Des Weiteren könnte der Verzicht und die Freistellung unter Umständen nach deutschem Recht nicht wirksam.

Einverständnis mit Gerichtsstand und Zustellungsregeln

Nach Maßgabe des Begebungsvertrages stimmt der Emittent unwiderruflich jedweder Zustellung im Rahmen von Rechtsstreitigkeiten bezüglich des Begebungsvertrages und der Schuldverschreibungen durch einen Federal Court oder State Court im Bezirk Manhattan, New York, USA, zu und erkennt die Zuständigkeit dieses Federal Court oder State Court an.

Betreffend den Treuhänder

Die Deutsche Trustee Company Limited ist der Treuhänder nach Maßgabe des Begebungsvertrages und wurde von jedem Emittenten als Registerstelle (im Fall von auf den Namen lautenden Einzelurkunden) für die Schuldverschreibungen bestimmt. Der Hauptsitz des Treuhänders befindet sich in Winchester House, 1 Great Winschester Street, London EC2N 2D, Vereinigtes Königreich. Bis ein Kündigungsgrund eintritt und fortbesteht, hat der Treuhänder ausschließlich die ausdrücklich im Begebungsvertrag für den Treuhänder festgelegten Pflichten und es dürfen keine anderen Pflichten unterstellt werden. Nach Eintritt eines Kündigungsgrundes, der fortbesteht, wird der Treuhänder seine Pflichten so erfüllen, wie eine gewissenhafte Person ihre Geschäfte ausüben würde. Ein mit dem Treuhänder verbundenes Unternehmen wurde zur Zahlstelle für die Schuldverschreibungen bestellt. Der Treuhänder authentifiziert jede Globalurkunde sowie jede auf den Namen lautende Einzelurkunde nach Maßgabe des Begebungsvertrages. Im Falle des Eintritts eines Kündigungsgrundes, wie in dem Begebungsvertrag definiert, muss der Treuhänder die Inhaber der Schuldverschreibungen nach Maßgabe der Bestimmungen und Ausnahmen des Begebungsvertrages über den Kündigungsgrund informieren. Im Anschluss daran kann der Treuhänder auf Weisung der Inhaber der Schuldverschreibungen (und unter Freistellung durch diese) verschiedene sich aus dem Begebungsvertrag ergebende Rechte und Ansprüche für die Inhaber der Schuldverschreibungen geltend machen. In seiner Funktion als Treuhänder kann der Treuhänder im eigenen Namen für die Inhaber der Schuldverschreibungen rechtliche Schritte einleiten. Der Treuhänder haftet nicht für nach Treu und Glauben vorgenommene Handlungen bzw. unterlassene Handlungen, welche nach seiner Einschätzung nach Maßgabe des Begebungsvertrages zulässig waren. Der Treuhänder ist ferner berechtigt, vor der Vornahme von Handlungen ein Officers' Certificate oder ein Anwaltsgutachten anzufordern und abschließend auf deren Inhalt zu vertrauen. Der Treuhänder wird gemäß dem Begebungsvertrag durch den Emittenten hinsichtlich aller Verluste, Schäden, Ansprüche, Forderungen, Kosten, Auslagen und Haftungstatbestände einschließlich etwaiger Steuern, welche der Treuhänder weder fahrlässig noch vorsätzlich herbeigeführt hat und welche durch die Übernahme der Verwaltung der Treuhand nach Maßgabe des Begebungsvertrages entstanden sind, freigestellt. Der Treuhänder kann zu jedem Zeitpunkt sein Amt aufgeben, indem er den Emittenten hierüber schriftlich informiert. Der Treuhänder kann durch die Inhaber einer Mehrheit des Nennbetrags der Schuldverschreibungen von seiner Aufgabe entbunden werden, indem der Emittent und der Treuhänder hierüber schriftlich informiert werden, und diese Mehrheit der Inhaber kann mit Zustimmung des Emittenten einen Nachfolgetreuhänder bestellen. Ferner kann der Emittent den Treuhänder von seinen Aufgaben entbinden, sofern der Treuhänder insolvent ist oder vergleichbare Umstände in Bezug auf den Treuhänder eingetreten sind oder wenn der Treuhänder nicht mehr in der Lage ist, seine Pflichten aus dem Begebungsvertrag wahrzunehmen.

Gültigkeit von Ansprüchen

Der Zeitraum, in dem die Zahlung von Zinsen, des Kapitalbetrags, des Rückzahlungspreises oder einer anderen nach dem Begebungsvertrag anfallenden Zahlung verlangt werden kann, beträgt sechs Jahre ab Fälligkeit des Anspruchs.

Anwendbares Recht

Der Begebungsvertrag und die Schuldverschreibungen unterliegen dem Recht des Staates New York, USA, und sind entsprechend auszulegen. Die Schuldverschreibungsgarantien unterliegen dem Recht des Staates New York, USA, und sind entsprechend auszulegen, mit Ausnahme der Reglungen betreffend etwaige Beschränkungen, die dem Recht der Bundesrepublik Deutschland unterliegen.

Verschiedene Definitionen

Im nachstehenden Abschnitt bezeichnet „Gesellschaft" die Fresenius SE & Co. KGaA. Nachstehende Begriffe haben entsprechend ihrer Verwendung in dem Begebungsvertrag jeweils die folgende Bedeutung:

„*Anwaltsgutachten*" („*Opinion of Counsel*") bezeichnet ein für den Treuhänder akzeptables Gutachten eines Anwalts. Der Anwalt kann Mitarbeiter oder Berater des Emittenten sein.

„*Ausgabetag*" („*Issue Date*") ist der erste Tag, an dem Schuldverschreibungen ausgegeben werden.

„*Board of Directors*" bezeichnet in Bezug auf den Emittenten, die Gesellschaft bzw. eine Tochtergesellschaft das Board of Directors (oder ein anderes Gremium, das Aufgaben ausübt, die mit denen eines Board of Directors vergleichbar sind, einschließlich der Aufgaben, die im Falle einer deutschen Aktiengesellschaft vom Vorstand oder im Falle einer KGaA durch den Komplementär ausgeübt werden) dieser Person oder einen Ausschuss, der ordnungsgemäß ermächtigt wurde, im Namen des Board of Directors (oder Gremiums) zu handeln.

„*Bund Rate*" bezeichnet die Rückzahlungsrendite zum Zeitpunkt der Berechnung von direkten Bundesanleihen der Bundesrepublik Deutschland mit einer Festlaufzeit (laut der offiziellen Aufstellung und Veröffentlichung in den aktuellsten Finanzstatistiken, die mindestens zwei Geschäftstage (jedoch nicht länger als fünf Geschäftstage) vor dem Rückzahlungstag öffentlich verfügbar sind (oder, falls diese Finanzstatistiken nicht auf die genannte Weise veröffentlicht werden bzw. zur Verfügung stehen, eine von dem Emittenten in gutem Glauben gewählte öffentlich zugängliche Quelle vergleichbarer Marktdaten)), die möglichst genau der Zeitspanne zwischen dem Rückzahlungstag und dem 1. Februar 2024 entspricht. Sollte jedoch diese Zeitspanne zwischen dem Rückzahlungstag und dem genannten Tag nicht der Festlaufzeit der direkten Bundesanleihen der Bundesrepublik Deutschland, deren wöchentlicher Durchschnittssatz herangezogen wird, entsprechen, so ist die Bund Rate im Wege der linearen Interpolation (berechnet auf das nächste Zwölftel eines Jahres) aus den wöchentlichen Durchschnittsrenditen dieser direkten Bundesanleihen, für die diese Renditen angegeben werden, zu ermitteln, es sei denn, die Zeitspanne zwischen dem Rückzahlungstag und dem genannten Tag ist kürzer als ein Jahr. In diesem Fall sind die auf eine Festlaufzeit von einem Jahr angepassten wöchentlichen Durchschnittsrenditen von tatsächlich gehandelten direkten Bundesanleihen der Bundesrepublik Deutschland anzuwenden.

„*Capital Stock*" eines Rechtsträgers bezeichnet alle Aktien, Anteile, Bezugsrechte, Optionsscheine, Optionen, Beteiligungen oder andere Eigenkapitaläquivalente oder Beteiligungen am Eigenkapital (unabhängig von der jeweiligen Bezeichnung) dieses Rechtsträgers, einschließlich des Preferred Stock, jedoch mit Ausnahme aller in Eigenkapital umwandelbaren Schuldtitel.

„*Cash Management-Vereinbarungen*" („*Cash Management Arrangements*") bezeichnet Cash Management-Vereinbarungen (einschließlich Cash-Pools, virtueller Cash-Pools, eigene Aktien, Verwahrungen, Kreditlinien, Kredit- oder Debitkarten, elektronische Zahlungsinstrumente oder andere Vereinbarungen in Bezug auf Zahlungsmittel (einschließlich solcher mit Verfügungsbeschränkung) oder Zahlungsmitteläquivalente oder ähnlicher Vermögenswerte) der Gesellschaft und der mit ihr verbundenen Unternehmen(einschließlich der sich in diesem Rahmen ergebenden Verschuldung), die (i) in den Rahmen des normalen und des mit den bisherigen Praktiken übereinstimmenden Geschäftsbetriebs fallen, (ii) Cash Management-Dienstleistungen bereitstellen sollen, (iii) die Rendite von verfügbaren flüssigen Mitteln erhöhen sollen und zu Anlagezwecken und nicht zu Spekulationszwecken abgeschlossen werden, wie von der Gesellschaft nach Treu und Glauben bestimmt, oder (iv) die Steuergesamtschuld der Gesellschaft und ihrer Tochtergesellschaften reduzieren sollen und für die die Gesellschaft nach Treu und Glauben bestimmt, dass sie in Übereinstimmung mit den anwendbaren Steuerrechten sind.

„*Disqualified Stock*" bezeichnet in Bezug auf einen Rechtsträger Capital Stock, welcher gemäß seinen Bedingungen (oder gemäß den Bedingungen eines Wertpapiers, in das er umgewandelt oder gegen das er ausgetauscht werden kann) oder bei Eintritt eines Ereignisses:

(1) aufgrund einer Verpflichtung zur Tilgung in Teilbeträgen (*sinking fund obligation*) oder aus sonstigen Gründen fällig oder Gegenstand einer Zwangsrücknahme wird;

(2) in Finanzverbindlichkeiten oder Disqualified Stock umgewandelt oder gegen Finanzverbindlichkeiten oder Disqualified Stock ausgetauscht werden kann; oder

(3) nach Wahl des jeweiligen Inhabers in seiner Gesamtheit oder in Teilen zurückgegeben werden kann;

jeweils am oder vor dem ersten Jahrestag der Vereinbarten Fälligkeit der Schuldverschreibungen, allerdings unter der Voraussetzung, dass Capital Stock, der nur aufgrund von Bestimmungen Disqualified Stock darstellt, die den jeweiligen Inhabern das Recht gewähren, von dem betreffenden Rechtsträger den Rückkauf oder die Rücknahme dieses Capital Stock bei einem Verkauf aller Einzelwirtschaftsgüter („Asset Sale") oder einem „Kontrollwechsel" vor dem ersten Jahrestag der Vereinbarten Fälligkeit der Schuldverschreibungen zu verlangen, nicht als Disqualified Stock zu erachten ist, wenn die für diesen Capital Stock geltenden Bestimmungen zu „Asset Sale" oder „Kontrollwechsel" für die Inhaber dieses Capital Stock nicht günstiger sind als die im Abschnitt „Kontrollwechsel" beschriebenen Bestimmungen.

„*Durchschnittslaufzeit*" („*Average Life*") bezeichnet zum Zeitpunkt der Festlegung in Bezug auf Verschuldung oder Preferred Stock den Quotienten aus:

(1) der Summe der Produkte aus der Anzahl der Jahre, die zwischen dem Zeitpunkt der Festlegung und den einzelnen nachfolgenden planmäßigen Terminen für die Zahlungen zur Tilgung dieser Verschuldung oder Rückzahlung oder Leistung einer ähnlichen Zahlung in Bezug auf diesen Preferred Stock liegen, und dem Betrag der betreffenden Zahlung, und

(2) der Summe aus allen diesen Zahlungen.

„€" oder „*Euro*" bezeichnet die gemeinsame Währung der Teilnehmenden Mitgliedstaaten.

„*EBITDA*" eines Rechtsträgers für einen bestimmten Zeitraum bezeichnet das gesamte Konsolidierte Ergebnis nach Ertragsteuern dieses Rechtsträgers zuzüglich Konsolidiertem Zinsaufwand dieses Rechtsträgers und zuzüglich folgender Posten, soweit diese bei der Berechnung des Konsolidierten Ergebnisses nach Ertragsteuern subtrahiert werden:

(1) sämtlicher Aufwand für Ertragsteuern dieses Rechtsträgers oder seiner Tochtergesellschaften (welche im Fall der Gesellschaft auch die FMC AG & Co. KGaA und ihre Tochtergesellschaften umfassen);

(2) Abschreibungen auf Sachanlagen;

(3) Abschreibungen auf immaterielle Vermögensgegenstände, jeweils für den entsprechenden Zeitraum, und

(4) sonstige nicht liquiditätswirksame Aufwendungen (mit Ausnahme von (1) Restrukturierungsaufwendungen, die zunächst keine Zahlung erfordern, für die jedoch nachträgliche Zahlungen anfallen werden und (2) Aufwendungen, die aus der Rückstellung von Kosten resultieren, die im Rahmen des gewöhnlichen Geschäftsbetriebes entstanden sind, mit Ausnahme von Pensionsverpflichtungen).

Ungeachtet des Vorstehenden werden die Rückstellungen für Steuern auf Einkünfte oder Erträge einer Tochtergesellschaft sowie deren Abschreibungen und sonstige nicht liquiditätswirksame Aufwendungen zur Berechnung des EBITDA zum Konsolidierten Ergebnis nach Ertragsteuern addiert, soweit (und im entsprechenden Umfang) die Nettoerträge dieser Tochtergesellschaft bei der Berechnung des Konsolidierten Ergebnisses nach Ertragsteuern berücksichtigt wurden und sofern ein entsprechender Betrag zum Datum der Bestimmung von der betreffenden Tochtergesellschaft ohne vorherige Zustimmung gemäß den Bedingungen ihrer Gründungsdokumente und sämtlicher für diese Tochtergesellschaft und ihre Anteilsinhaber geltenden Vereinbarungen, Instrumente, Urteile, Gerichtsbeschlüsse, Anordnungen, Statuten, Regelungen und gesetzlichen Bestimmungen (die nicht eingeholt wurde), an diesen Rechtsträger als Dividende ausgeschüttet werden kann.

„*Eingehen*" („*Incur*") bezeichnet eine Ausgabe, Übernahme, Garantie oder sonstige Verpflichtung, wobei jedoch eine Verschuldung oder der Capital Stock eines Rechtsträgers zu dem Zeitpunkt als durch eine Tochtergesellschaft eingegangen gilt, zu dem dieser Rechtsträger (durch Verschmelzung, Verfügung, Übernahme oder anderweitig) eine Tochtergesellschaft wird. Das Verb

„eingehen“ hat die entsprechende Bedeutung. Zuwächse der Nennbeträge aus nicht verzinslichen oder sonstigen mit einem Abschlag erworbenen Wertpapieren gelten als Eingehen von Verschuldung.

„*Exchange Act*“ bezeichnet den U.S. Securities Exchange Act von 1934 in seiner jeweils geltenden Fassung.

„*Finanzierungsleasing-Verpflichtung*“ („*Capital Lease Obligation*“) bezeichnet eine Verpflichtung, die für die Zwecke der Finanzberichterstattung gemäß U.S. GAAP als Finanzierungsleasing (*capital lease*) zu klassifizieren und zu bilanzieren ist und der Betrag der Verschuldung, für den diese Verpflichtung steht, ist der nach U.S. GAAP ermittelte aktivierte Betrag; als deren Vereinbarte Fälligkeit gilt das Datum der letzten Zahlung der Miete oder eines anderen gemäß diesem Leasingvertrag fälligen Betrags vor dem ersten Datum, an dem dieses Leasingverhältnis vom Leasingnehmer ohne Zahlung einer Vertragsstrafe beendet werden kann.

„*Finanzierungstochtergesellschaft*“ („*Finance Subsidiary*“) bezeichnet den Emittenten und jede andere 100%ige Tochtergesellschaft der Gesellschaft, die zum Zweck der Aufnahme von oder Garantie für Verschuldung gegründet wurde, und deren Geschäftstätigkeit ähnlichen Beschränkungen unterliegt, wie die des Emittenten.

„*Fitch*“ bezeichnet Fitch, Inc. und ihre Rechtsnachfolger.

„*FMC AG & Co. KGaA*“ bezeichnet die Fresenius Medical Care AG & Co. KGaA (oder einen Rechtsnachfolger), jedoch keine ihrer Tochtergesellschaften.

„*FSE EBITDA*“ bezeichnet den EBITDA für die Gesellschaft, jedoch für die Zwecke dieser Definition ohne Berücksichtigung des Ergebnisses der FMC AG & Co. KGaA und ihrer Tochtergesellschaften bei der Berechnung des Konsoliderten Zinsaufwands, des Konsolidierten Ergebnisses nach Ertragsteuern und des EBITDA (jedoch zur Klarstellung einschließlich der von der FMC AG & Co. KGaA in dem maßgeblichen Zeitraum an die Gesellschaft oder eine ihrer Tochtergesellschaften (außer der FMC AG & Co. KGaA und ihrer Tochtergesellschaften) tatsächlich gezahlten Ausschüttungen). Dabei gilt jedoch Folgendes:

(1) Wenn die Gesellschaft oder eine ihrer Tochtergesellschaften (außer der FMC AG & Co. KGaA und ihrer Tochtergesellschaften) seit Beginn dieses Zeitraums eine Vermögensübertragung vorgenommen haben, ist der EBITDA für diesen Zeitraum um einen Betrag zu reduzieren, der dem den von der Vermögensübertragung betroffenen Vermögenswerten für diesen Zeitraum direkt zuzuordnenden EBITDA (falls positiv) entspricht, bzw. ist der EBITDA um einen Betrag zu erhöhen, der dem entsprechend für diesen Zeitraum direkt zuzuordnenden EBITDA (falls negativ) entspricht;

(2) Wenn die Gesellschaft oder eine ihrer Tochtergesellschaften (außer der FMC AG & Co. KGaA und ihrer Tochtergesellschaften) seit Beginn dieses Zeitraums (durch Verschmelzung oder auf andere Weise) ein Investment in eine Tochtergesellschaft (oder einen Rechtsträger, der eine Tochtergesellschaft wird) oder einen Erwerb von Vermögenswerten, einschließlich dem Erwerb von Vermögenswerten im Rahmen einer Transaktion, die eine diesbezügliche Berechnung verlangt, und die den gesamten oder im Wesentlichen den gesamten operativen Bereich eines Unternehmens bilden, vorgenommen haben, muss der EBITDA für diesen Zeitraum unter der Annahme berechnet werden, dass das Investment oder der Erwerb am ersten Tag dieses Zeitraums erfolgt ist; und

(3) Wenn seit Beginn dieses Zeitraums die Gesellschaft oder eine ihrer Tochtergesellschaften (außer der FMC AG & Co. KGaA und ihrer Tochtergesellschaften) (die anschließend eine Tochtergesellschaft wurde oder die seit Beginn dieses Zeitraums mit der Gesellschaft oder einer ihrer Tochtergesellschaften verschmolzen wurde) eine Vermögensübertragung, ein Investment oder den Erwerb von Vermögenswerten vorgenommen hat, wodurch eine Anpassung gemäß vorstehender Ziffer (1) oder (2) erforderlich gewesen wäre, wenn die Gesellschaft oder eine ihrer Tochtergesellschaften diese Aktivitäten während dieses Zeitraums vorgenommen hätte, muss die Berechnung des EBITDA für diesen Zeitraum unter der Annahme erfolgen, dass die Vermögensübertragung, das Investment oder der Erwerb jeweils am ersten Tag dieses Zeitraums erfolgt ist.

Für die Zwecke dieser Definition (jedoch, zur Klarstellung, nicht für die Zwecke anderer definierter Begriffe, die in dieser Definition verwendet werden) gilt Folgendes: Sofern und soweit Pro Forma Effekte in Bezug auf den Erwerb von Vermögenswerten, den diesbezüglichen Ertrag oder Gewinn mit bestimmten Annahmen zu berücksichtigen sind, so sind die auf Basis dieser Annahmen erfolgten Berechnungen nach Treu und Glauben durch einen zuständigen Finanz- bzw. Rechnungslegungsexperten der Gesellschaft vorzunehmen.

„*Fortbestehender Rechtsträger*" („*Surviving Person*") bezeichnet in Bezug auf einen Rechtsträger, der in eine Verschmelzung oder einen sonstigen Zusammenschluss oder in den Verkauf, die Abtretung, Übertragung, das Leasing oder die anderweitige Veräußerung aller oder im Wesentlichen aller seiner Vermögenswerte involviert ist, den Rechtsträger, der aus einer solchen Transaktion hervorgeht oder danach verbleibt, oder den Rechtsträger, an den eine entsprechende Veräußerung erfolgt.

„*Garantie*" („*Guarantee*") bezeichnet jede Eventual- oder sonstige Verpflichtung eines Rechtsträgers, die eine direkte oder indirekte Garantie für eine Verschuldung oder sonstige Verpflichtung eines Rechtsträgers darstellt (mit Ausnahme von Verpflichtungen von Tochtergesellschaften, die keine Verschuldung darstellen) sowie sämtliche direkten oder indirekten Eventual- oder sonstigen Verpflichtungen dieses Rechtsträgers:

(1) zum Erwerb oder zur Zahlung (oder Vorleistung bzw. Bereitstellung von Mitteln für den Kauf oder die Zahlung) dieser Verschuldung oder einer sonstiger Verpflichtungen dieses Rechtsträgers (aus Partnerschaftsvereinbarungen, Patronatserklärungen, Kaufvereinbarungen für Vermögensgegenstände, Güter, Wertpapiere oder Dienstleistungen, Take-or-Pay-Verträgen oder im Rahmen der Einhaltung der Bilanzierungsvorschriften oder anderweitig), oder

(2) eingegangen zum Zwecke von Zusicherungen jedweder Art gegenüber dem Begünstigten in Bezug auf diese Verschuldung oder eine sonstige Verpflichtung zur jeweiligen Zahlung bzw. zum Zwecke des Schutzes des Begünstigen vor diesbezüglichen (Teil- oder Total-) Verlusten;

wobei jedoch der Begriff „Garantie" keine Verpflichtungen in Bezug auf Indossamente und Einlagen im Rahmen des normalen Geschäftsbetriebs umfasst. Das Verb „garantieren" hat die entsprechende Bedeutung. Der Begriff „Garantiegeber" bezeichnet einen eine Verpflichtung garantierenden Rechtsträger.

„*Garantiegeber*" („*Guarantor*") bezeichnet die Gesellschaft, Fresenius Kabi AG und Fresenius ProServe GmbH, sofern sie nicht gemäß den Bestimmungen des Begebungsvertrages von allen ihren Verpflichtungen aus ihrer jeweiligen Schuldverschreibungsgarantie befreit ist.

„*Garantiegebende Tochtergesellschaft*" („*Subsidiary Guarantor*") bezeichnet eine Person, die den Begebungsvertrag unterzeichnet oder die in Zukunft einen Nachtrag zu dem Begebungsvertrag unterzeichnet, in dem sie sich verpflichtet, als garantiegebende Tochtergesellschaft an die Bestimmungen des Begebungsvertrages gebunden zu sein.

„*Garantievereinbarung*" („*Guarantee Agreement*") bezeichnet in Zusammenhang mit einer Zusammenführung, Verschmelzung oder einer Veräußerung aller oder einen wesentlichen Teil aller Vermögenswerte des Garantiegebers eine Vereinbarung, im Rahmen derer der Fortbestehende Rechtsträger aus einer Transaktion ausdrücklich alle Verbindlichkeiten des betreffenden Garantiegebers aus der Schuldverschreibungsgarantie übernimmt.

„*Geschäftstag*" („*Business Day*") ist jeder Tag mit Ausnahme der folgenden Tage:

(1) Samstag und Sonntag,

(2) ein Tag, an dem die Banken in Frankfurt am Main oder in der Rechtsordnung der Gründung des Emittenten oder des Sitzes der Zahlstelle für die Schuldverschreibungen (es sei denn, es handelt sich um den Treuhänder) von Gesetzes wegen oder aufgrund einer hoheitlichen Verfügung befugt oder verpflichtet sind, geschlossen zu bleiben,

(3) soweit es nicht Zahlungen der Zahlstelle (es sei denn, es handelt sich um den Treuhänder) betrifft, die auf oder in Hinsicht auf Schuldverschreibungen vorgenommen wurden: ein Tag, an dem das Büro des Treuhänders geschlossen ist.

„*Hedging-Verpflichtungen*" („*Hedging Obligations*") eines Rechtsträgers bezeichnen die Verpflichtungen dieses Rechtsträgers im Rahmen einer Zinssatzvereinbarung, einer Währungsvereinbarung oder einer Wertpapier-Hedging-Vereinbarung.

„*HELIOS-Gruppe*" („*Helios Group*") bezeichnet die HELIOS Kliniken GmbH und ihre Tochtergesellschaften.

„*Herabstufung*" („*Ratings Decline*") bezeichnet (1), wenn die Schuldverschreibungen am Ratingdatum sowohl durch (i) Moody's als auch durch (ii) S&P als auch durch (iii) Fitch mit Investment Grade bewertet sind, eine Herabstufung des Ratings der Schuldverschreibungen durch zwei der drei Ratingagenturen auf unter Investment Grade, oder (2), wenn die Schuldverschreibungen am Ratingdatum von zwei der drei Ratingagenturen unter Investment Grade bewertet sind, eine Herabstufung des Ratings der Schuldverschreibungen durch eine dieser Ratingagenturen um eine oder mehrere Stufen (einschließlich Untergliederungen innerhalb von sowie zwischen Ratingkategorien), jeweils innerhalb von 90 Tagen nach dem Datum, an dem entweder ein eingetretener Kontrollwechsel oder eine eingetretene Transaktion, die einen Kontrollwechsel zur Folge hat, erstmals öffentlich bekannt gegeben wird — je nachdem, welches dieser Ereignisse früher eintritt (wobei sich dieser Zeitraum entsprechend verlängert, wenn eine der Ratingagenturen öffentlich bekannt gegeben hat, dass sie eine mögliche Herabstufung der Schuldverschreibungen prüft).

„*100% ige Tochtergesellschaft*" („*Wholly Owned Subsidiary*") bezeichnet eine Tochtergesellschaft, deren gesamter Capital Stock (ausgenommen Pflichtanteile der Mitglieder des Board of Directors sowie von anderen Rechtsträgern gehaltene Anteile, soweit solche Anteile gemäß geltenden Rechtsvorschriften von einem anderen Rechtsträger gehalten werden müssen, der nicht ihre Muttergesellschaft oder eine Tochtergesellschaft ihrer Muttergesellschaft ist) von dem betreffenden Rechtsträger oder einer oder mehreren 100%igen Tochtergesellschaften des betreffenden Rechtsträgers oder von dem betreffenden Rechtsträger und einer oder mehreren seiner 100%igen Tochtergesellschaften gehalten wird.

„*Investment*" in einen Rechtsträger bezeichnet direkte oder indirekte Darlehen (bei denen es sich nicht um Forderungen gegen Kunden im Rahmen des normalen Geschäftsbetriebs handelt, die in der Bilanz dieses Rechtsträgers unter den Forderungen ausgewiesen werden), andere Formen der Kreditgewährung (u.a. in Form einer Garantie oder ähnlicher Vereinbarungen), Kapitaleinlagen (durch Übertragung von Liquidität oder sonstigem Vermögen auf Dritte oder durch Bezahlung für Vermögensgegenstände oder Dienstleistungen für Rechnung oder Nutzung Dritter) oder den Erwerb bzw. die Übernahme von Capital Stock, Finanzverbindlichkeiten oder anderen ähnlichen von diesem Rechtsträger begebenen Instrumenten, wobei Darlehen und andere Formen der Kreditgewährung im Rahmen der Cash Management-Vereinbarungen nicht als Investments gelten.

„*Investment Grade*" bezeichnet ein Rating von (i) ein Rating von BBB- oder höher von S&P bzw. (ii) Baa3 oder höher von Moody's und (iii) ein Rating von BBB- oder höher von Fitch, oder ein entsprechendes Rating von S&P oder Moody's oder Fitch sowie entsprechende Ratingkategorien von S&P oder Moody's oder Fitch ersetzenden Ratingagenturen.

„*Investment Grade Status*" haben die Schuldverschreibungen dann, wenn zu diesem Zeitpunkt zwei der folgenden drei Bedingungen erfüllt sind: (i) das den Schuldverschreibungen von Moody's erteilte Rating beträgt mindestens Baa3 (oder eine entsprechende Ratingstufe), (ii) das den Schuldverschreibungen von S&P erteilte Rating beträgt mindestens BBB- (oder eine entsprechende Ratingstufe) oder (iii) das den Schuldverschreibungen von Fitch erteilte Rating beträgt mindestens BBB- (oder eine entsprechende Ratingstufe).

„*KGaA*" bezeichnet eine Kommanditgesellschaft auf Aktien nach deutschem Recht.

„*Komplementär*" („*General Partner*") bezeichnet die Fresenius Management SE, eine *societas europaea* nach deutschem Recht, sowie ihre Nachfolger, Abtretungsempfänger und sonstige Rechtsträger, die zum jeweiligen Zeitpunkt als persönlich haftender Gesellschafter der Gesellschaft auftreten.

„Konsolidierter Zinsdeckungsgrad" (*„Consolidated Coverage Ratio"*) eines Rechtsträgers an einem Bestimmungszeitpunkt ist das Verhältnis zwischen (x) dem EBITDA für die letzten vier vollständigen Geschäftsquartale dieses Rechtsträgers, für die unmittelbar vor diesem Bestimmungszeitpunkt interne Abschlüsse zur Verfügung stehen, und (y) dem Konsolidierten Zinsaufwand für diese vier Geschäftsquartale. Dabei gilt jedoch Folgendes:

(1) Wenn dieser Rechtsträger oder eine seiner Tochtergesellschaften seit Beginn eines solchen Zeitraums Verschuldung eingegangen ist, zurückgezahlt, zurückgekauft, aufgehoben oder anderweitig erfüllt hat (jeweils mit Ausnahme von Verschuldung im Rahmen revolvierender Kreditvereinbarungen, sofern diese Verschuldung nicht vollständig zurückgezahlt wurden und die entsprechende Vereinbarung damit beendet wurde), die danach noch weiterbesteht oder damit erfüllt ist, oder wenn die die Berechnung des Konsolidierten Zinsdeckungsgrads erforderlich machende Transaktion das Eingehen oder die Erfüllung von Verschuldung oder beides darstellt, dann müssen der EBITDA und der Konsolidierte Zinsaufwand für diesen Zeitraum unter Pro Forma Berücksichtigung dieser Verschuldung berechnet werden, in dem unterstellt wird, dass die Verschuldung am ersten Tag dieses Zeitraums eingegangen oder erfüllt worden sind, bzw. in Bezug auf sonstige Verschuldung, dass diese Verschuldung am ersten Tag dieses Zeitraums eingegangen oder erfüllt worden sind;

(2) Wenn ein solcher Rechtsträger oder seine Tochtergesellschaften seit Beginn dieses Zeitraums eine Vermögensübertragung vorgenommen haben, ist der EBITDA für diesen Zeitraum um einen Betrag zu reduzieren, der dem den von der Vermögensübertragung betroffenen Vermögenswerten für diesen Zeitraum direkt zuzuordnenden EBITDA (falls positiv) entspricht, bzw. ist der EBITDA um einen Betrag zu erhöhen, der dem entsprechend für diesen Zeitraum direkt zuzuordnenden EBITDA (falls negativ) entspricht; der Konsolidierte Zinsaufwand für diesen Zeitraum ist um einen Betrag zu reduzieren, der dem Konsolidierten Zinsaufwand entspricht, der Finanzverbindlichkeiten dieses Rechtsträgers oder seiner Tochtergesellschaften direkt zuzuordnen ist, die in Bezug auf diesen Rechtsträger und seine fortgeführten Tochtergesellschaften in Verbindung mit der Vermögensübertragung in diesem Zeitraum zurückgezahlt, zurückgekauft, annulliert oder anderweitig erfüllt wurden (oder, wenn der Capital Stock einer Tochtergesellschaft verkauft wurde, der Konsolidierte Zinsaufwand für diesen Kreditzeitraum, der direkt den Finanzverbindlichkeiten dieser Tochtergesellschaft zuzuordnen ist, soweit dieser Rechtsträger und seine fortgeführten Tochtergesellschaften nach der Vermögensübertragung nicht länger für diese Finanzverbindlichkeiten haften);

(3) Wenn ein solcher Rechtsträger oder seine Tochtergesellschaften seit Beginn dieses Zeitraums (durch Verschmelzung oder auf andere Weise) ein Investment in eine Tochtergesellschaft (oder einen Rechtsträger, der eine Tochtergesellschaft wird) oder einen Erwerb von Vermögenswerten, die den gesamten oder im Wesentlichen den gesamten operativen Bereich eines Unternehmens bilden, vorgenommen haben, müssen der EBITDA und der Konsolidierte Zinsaufwand für diesen Zeitraum unter der Annahme berechnet werden, dass das Investment oder der Erwerb (einschließlich des Eingehens von Verschuldung) am ersten Tag dieses Zeitraums erfolgt ist; und

(4) Wenn ein Rechtsträger (der anschließend eine Tochtergesellschaft wurde oder der seit Beginn dieses Zeitraums mit einem solchen Rechtsträger oder einer seiner Tochtergesellschaften verschmolzen wurde) seit Beginn dieses Zeitraums eine Vermögensübertragung, ein Investment oder den Erwerb von Vermögenswerten vorgenommen hat, wodurch eine Anpassung gemäß vorstehender Ziffer (2) oder (3) erforderlich, muss die Berechnung des EBITDA und des Konsolidierten Zinsaufwands für diesen Zeitraum unter der Annahme erfolgen, dass die Vermögensübertragung, das Investment oder der Erwerb jeweils am ersten Tag dieses Zeitraums erfolgt ist.

Für die Zwecke dieser Definition (jedoch, zur Klarstellung, nicht für die Zwecke anderer definierter Begriffe, die in dieser Definition verwendet werden) gilt Folgendes: Sofern und soweit Pro Forma Effekte in Bezug auf den Erwerb von Vermögenswerten, den diesbezüglichen Ertrag oder Gewinn und den mit diesbezüglich eingegangenen Finanzverbindlichkeiten verbundenen

Konsolidierten Zinsaufwand mit bestimmten Annahmen zu berücksichtigen sind, so sind die auf Basis dieser Annahmen erfolgten Berechnungen nach Treu und Glauben durch einen zuständigen Finanz- bzw. Rechnungslegungsexperten der Gesellschaft vorzunehmen. Wenn Finanzverbindlichkeiten einem variablen Zinssatz unterliegen und Pro Forma berücksichtigt werden sollen, wird der Zinssatz für diese Finanzverbindlichkeiten so berechnet, als sei der zum Bestimmungszeitpunkt geltende Zinssatz für den gesamten Zeitraum anwendbar gewesen (unter Berücksichtigung von für diese Finanzverbindlichkeiten geltenden Zinssatzvereinbarungen, wenn diese eine Restlaufzeit von mehr als 12 Monaten aufweisen), und im Fall der Gesellschaft, umfassen Tochtergesellschaften die FMC AG & Co. KGaA und ihre Tochtergesellschaften.

„*Konsolidiertes Ergebnis nach Ertragsteuern*" („*Consolidated Net Income*") bezeichnet in Bezug auf einen Rechtsträger für einen beliebigen Zeitraum das Ergebnis nach Ertragssteuern für diesen Rechtsträger (der „Maßgebliche Rechtsträger") und seine konsolidierten Tochtergesellschaften (zu denen im Falle der Gesellschaft die FMC AG & Co. KGaA und ihre Tochtergesellschaften zählen), wobei in diesem Ergebnis nach Ertragsteuern jedoch nicht zu erfassen sind:

(1) das Ergebnis nach Ertragsteuern eines Rechtsträgers, der keine Tochtergesellschaft ist, es sei denn, dass (A) der Eigenkapitalanteil des Maßgeblichen Rechtsträgers am Ergebnis nach Ertragsteuern dieses Rechtsträgers für diesen Zeitraum vorbehaltlich der Ausnahmeregelung in (4) bis in Höhe des Gesamtbarbetrags, der von diesem Rechtsträger in diesem Zeitraum tatsächlich als Dividende oder sonstige Ausschüttung an den Maßgeblichen Rechtsträger oder eine Tochtergesellschaft des Maßgeblichen Rechtsträgers ausgezahlt wird, in dem Konsolidierten Ergebnis nach Ertragsteuern zu erfassen ist (vorbehaltlich der Beschränkungen in (3) im Falle einer an eine Tochtergesellschaft gezahlten Dividende oder sonstigen Ausschüttung) und dass (B) der Eigenkapitalanteil des Maßgeblichen Rechtsträgers an einem Nettoverlust eines solchen Rechtsträgers für diesen Zeitraum bei der Ermittlung des Konsolidierten Ergebnisses nach Ertragsteuern zu erfassen ist,

(2) das Ergebnis nach Ertragsteuern (oder der Nettoverlust) eines Rechtsträgers, der von dem Maßgeblichen Rechtsträger oder einer Tochtergesellschaft in einer organschaftlichen Transaktion übernommen wurde, für einen beliebigen Zeitraum vor dem Tag der Übernahme,

(3) das Ergebnis nach Ertragsteuern einer Tochtergesellschaft des Maßgeblichen Rechtsträgers, wenn diese Tochtergesellschaft direkt oder indirekt vertraglichen, behördlichen oder regulatorischen Beschränkungen unterliegt, welche direkt oder indirekt die Zahlung von Dividenden oder Ausschüttungen an den Maßgeblichen Rechtsträger durch die Tochtergesellschaft betreffen, es sei denn, dass (A) der Eigenkapitalanteil des Maßgeblichen Rechtsträgers am Ergebnis nach Ertragsteuern einer solchen Tochtergesellschaft für diesen Zeitraum vorbehaltlich der Ausnahmeregelung in (4) bis in Höhe des Gesamtbarbetrags, der von dieser Tochtergesellschaft in diesem Zeitraum tatsächlich als Dividende oder sonstige Ausschüttung tatsächlich an den Maßgeblichen Rechtsträger oder eine andere seiner Tochtergesellschaften ausgezahlt wird, in dem Konsolidierten Ergebnis nach Ertragsteuern zu erfassen ist (vorbehaltlich der Beschränkungen in (3) im Falle einer an eine andere Tochtergesellschaft gezahlten Dividende oder sonstigen Ausschüttung) und dass (B) der Eigenkapitalanteil des Maßgeblichen Rechtsträgers an einem Nettoverlust einer solchen Tochtergesellschaft für diesen Zeitraum bei der Ermittlung des Konsolidierten Ergebnisses nach Ertragsteuern zu erfassen ist,

(4) Gewinne oder Verluste, die beim Verkauf oder der anderweitigen Veräußerung von Vermögenswerten des Maßgeblichen Rechtsträgers oder seiner konsolidierten Tochtergesellschaften realisiert werden (einschließlich der im Rahmen von Sale- and Lease-back-Transaktionen realisierten) und die nicht im Rahmen des gewöhnlichen Geschäftsbetriebes verkauft oder anderweitig veräußert werden, sowie Gewinne und Verluste, die beim Verkauf oder der anderweitigen Veräußerung eines Capital Stock eines Rechtsträgers realisiert werden,

(5) außerordentliche Gewinne oder Verluste, und

(6) der kumulative Effekt einer Änderung der Bilanzierungsgrundsätze.

„*Konsolidierter Zinsaufwand*" („*Consolidated Interest Expense*") bezeichnet in Bezug auf einen Rechtsträger für einen beliebigen Zeitraum den gesamten Zinsaufwand dieses Rechtsträgers (der „Maßgebliche Rechtsträger") und seiner konsolidierten Tochtergesellschaften (zu denen im Falle der Gesellschaft die FMC AG & Co. KGaA und ihre Tochtergesellschaften zählen) zuzüglich, soweit nicht in dem gesamten Zinsaufwand enthalten, aber vom Maßgeblichen Rechtsträger oder seinen Tochtergesellschaften eingegangen,

(1) des auf Finanzierungsleasing entfallenden Zinsaufwands,

(2) Abschreibungen auf Disagio und Emissionskosten,

(3) kapitalisierter Zinsen,

(4) der nicht liquiditätswirksamen Zinsaufwendungen,

(5) Provisionen, Abschlagszinsen und sonstiger Gebühren und Aufwendungen, die in Bezug auf Akkreditive und Bankakzepte geschuldet werden,

(6) Nettokosten in Verbindung mit Hedging-Verpflichtungen (einschließlich Abschreibungen auf Gebühren),

(7) Dividenden auf Preferred Stock in Bezug auf das gesamte Preferred Stock, welches von anderen Rechtsträgern als dem Maßgeblichen Rechtsträger oder einer Tochtergesellschaft des Maßgeblichen Rechtsträgers gehalten wird,

(8) im Zusammenhang mit Investments in aufgegebenen Geschäftsbereichen aufgelaufener Zinsen,

(9) Zinsen, die für beliebige Finanzverbindlichkeiten anderer Rechtsträger auflaufen, soweit diese Finanzverbindlichkeiten vom Maßgeblichen Rechtsträger oder einer seiner Tochtergesellschaften garantiert werden, und

(10) der Bareinlagen in ein Mitarbeiterkapitalbeteiligungsmodell oder einen ähnlichen Trust, soweit solche Einlagen von diesem Modell oder Trust verwendet werden, um einem Rechtsträger (bei dem es sich nicht um den Maßgeblichen Rechtsträger handelt) Zinsen oder Gebühren im Zusammenhang mit diesem Modell oder Trust eingegangenen Finanzverbindlichkeiten zu zahlen.

Ungeachtet des Vorstehenden ist, solange das Konsolidierte Ergebnis nach Ertragsteuern der FMC AG & Co. KGaA und ihrer Tochtergesellschaften aufgrund von (3) der Definition des Konsolidierten Ergebnisses nach Ertragsteuern nicht vollständig im Konsolidierten Ergebnis nach Ertragsteuern der Gesellschaft erfasst wird, auch der Konsolidierte Zinsaufwand der FMC AG & Co. KGaA und ihrer Tochtergesellschaften bei der Berechnung des Konsolidierten Zinsaufwands der Gesellschaft und ihrer Tochtergesellschaften auszuklammern.

„*Kontrollwechsel*" („*Change of Control*") bezeichnet den Eintritt eines oder mehrerer der folgenden Ereignisse:

(1) Solange die Gesellschaft die Rechtsform einer KGaA hat: Wenn es sich bei dem mit der Führung der Gesellschaft beauftragten Komplementär der Gesellschaft zu irgendeinem Zeitpunkt nicht um eine Tochtergesellschaft der Else Kröner-Fresenius-Stiftung handelt oder wenn die Else Kröner-Fresenius-Stiftung nicht mehr als 10 % der stimmberechtigten Kapitalanteile (*capital stock with ordinary voting power*) der Gesellschaft besitzt und kontrolliert,

(2) Wenn die Gesellschaft nicht mehr die Rechtsform einer KGaA hat: Ein Ereignis, in dessen Folge (A) eine „Person" (*person*) oder „Gruppe" (*group*) (gemäß der Verwendung dieser Begriffe in den Sections 13(d) und 14(d) des Exchange Act) mit Ausnahme des Zulässigen Inhabers unmittelbar oder mittelbar wirtschaftlicher Eigentümer (*beneficial owner*, gemäß der Bedeutung in Rule 13d-3 und 13d-5 des Exchange Act, wobei diese Person oder Gruppe als wirtschaftlicher Eigentümer aller Gesellschaftsanteile zu erachten ist, die von

einer solchen Person oder Gruppe erworben werden dürfen, unabhängig davon, ob dieses Erwerbsrecht unmittelbar oder erst nach einer gewissen Zeit ausgeübt werden darf) von mehr als 35 % aller Stimmrechte des stimmberechtigten Kapitals der Gesellschaft ist oder wird und (B) sich nicht unmittelbar oder mittelbar ein insgesamt höherer prozentualer Anteil an der Gesamtheit der Stimmrechte des Voting Stock der Gesellschaft im wirtschaftlichen Eigentum (*beneficially own*, gemäß der Bedeutung in den Rules 13d-3 und 13d-5 des Exchange Act) des Zulässigen Inhabers befindet,

(3) Ein Verkauf, ein Leasing, ein Tausch oder eine sonstige Übertragung (im Rahmen einer einzigen Transaktion oder einer Reihe miteinander zusammenhängender Transaktionen) aller oder aller wesentlichen Vermögenswerte der Gesellschaft an einen bzw. mit einem Rechtsträger oder eine(r) Gruppe verbundener Rechtsträger im Sinne von Section 13(d) des Exchange Act (eine „Gruppe") zusammen mit deren Verbundenen Unternehmen (unabhängig davon, ob dies ansonsten unter Einhaltung der Bestimmungen des Begebungsvertrages erfolgt),

(4) Ein Ereignis, in dessen Folge die Ergebnisse der FMC AG & Co. KGaA nicht gemäß U.S. GAAP vollständig mit den Ergebnissen der Gesellschaft konsolidiert werden; oder

(5) Der Eintritt eines Kontrollwechselereignisses (*Change of Control Triggering Event*) (wie in dem im folgenden Satzteil genannten Begebungsvertrag definiert), nur solange noch 2015 fällige Schuldverschreibungen ausstehen, gemäß dem Begebungsvertrag (*indenture*) vom 21. Januar 2009 zwischen der Fresenius US Finance II, Inc., den Garantiegebern und Deutsche Trustee Company Limited als Treuhänder.

„*Kontrollwechselereignis*" („*Change of Control Triggering Event*") ist (i) der Eintritt des in Ziffer (5) der Definition von „Kontrollwechsel" genannten Ereignisses, (ii) solange eine der 2019 fälligen Euro-Schuldverschreibungen oder, der 2020 fälligen Schuldverschreibungen ausstehen, der Eintritt des in Ziffer (4) der Definition von „Kontrollwechsel" genannten Ereignisses, oder (iii) der Eintritt eines der in Ziffer (1), (2), (3) oder (4) der Definition von „Kontrollwechsel" genannten Ereignisse und eine Herabstufung.

„*Kreditvereinbarung 2013*" („*2013 Senior Credit Agreement*") bezeichnet die Kreditvereinbarung vom 20. Dezember 2012 (in der jeweils neugefassten, geänderten, erweiterten, verlängerten und/oder ergänzten Fassung oder wie jeweils refinanziert oder ersetzt) zwischen der Gesellschaft, Deutsche Bank AG, New York Branch, als Verwaltungsstellte und den anderen darin genannten Kreditnehmern, Garanten und Kreditgebern.

„*Kündigungstatbestand*" („*Default*") bezeichnet ein Ereignis, das ein Kündigungsgrund (wie hierin definiert) ist oder nach Mitteilung oder Zeitablauf oder bei dem ein Kündigungsgrund wäre.

„*Moody's*" bezeichnet Moody's Investors Service, Inc. und deren Nachfolger.

„*Nachrangige Verpflichtung*" („*Subordinated Obligation*") bezeichnet eine (am Ausgabetag ausstehende oder danach eingegangene) Verschuldung des Emittenten oder der Gesellschaft, die gemäß den Bedingungen einer schriftlichen Vereinbarung gegenüber den Schuldverschreibungen bezüglich der Zahlungsansprüche nachrangig (*subordinate or junior*) ist.

„*Officers' Certificate*" bezeichnet eine von zwei Zuständigen Officern des Emittenten, der Gesellschaft oder eines Garantiegebers unterzeichnete Bescheinigung.

„*Preferred Stock*" bezeichnet in Bezug auf den Capital Stock einer Kapitalgesellschaft Capital Stock beliebiger Gattungen (unabhängig von deren Bezeichnung), welcher bei der Dividendenausschüttung oder der Auskehrung eines Liquidationserlöses bei Abwicklung oder Auflösung dieser Gesellschaft durch Gesellschafterbeschluss oder aber durch Gläubiger- oder Gerichtsbeschluss gegenüber einer anderen Aktiengattung dieser Gesellschaft bevorrechtigt ist.

„*Ratingagenturen*" („*Rating Agencies*") bezeichnet:

(1) S&P,

(2) Moody's, und

(3) Fitch, oder

(4) sofern S&P oder Moody's oder Fitch bzw. alle drei kein Rating der Schuldverschreibungen veröffentlichen, eine oder mehrere von der Gesellschaft ausgewählte europaweit anerkannte Ratingagentur(en), die S&P oder Moody's oder Fitch bzw. alle drei ersetzt bzw. ersetzen.

„*Ratingdatum*" („*Rating Date*") bezeichnet das Datum 90 Tage vor (1) einem Kontrollwechsel oder (2) der öffentlichen Bekanntgabe eines bereits eingetretenen Kontrollwechsels bzw. durch die Gesellschaft oder einen Rechtsträger beabsichtigten Kontrollwechsels, je nachdem, welches dieser Ereignisse früher eintritt.

„*Ratingkategorie*" („*Rating Category*") bezeichnet:

(1) in Bezug auf S&P eine der folgenden Kategorien: BB, B, CCC, CC, C und D (bzw. entsprechende Nachfolgekategorien);

(2) in Bezug auf Moody's eine der folgenden Kategorien: Ba, B, Caa, Ca, C und D (bzw. entsprechende Nachfolgekategorien);

(3) in Bezug auf Fitch eine der folgenden Kategorien: BB, B, CCC, CC, C und D (bzw. entsprechende Nachfolgekategorien);

(4) eine diesen Kategorien von S&P oder Moody's oder Fitch entsprechende Ratingkategorie einer anderen Ratingagentur. Bei der Bestimmung, ob das Rating der Schuldverschreibungen um eine oder mehrere Stufen herabgestuft wurde, werden die jeweiligen Ratingkategorien weiter untergliedernde Zusätze („+" und „-" bei S&P„ ‚1"„ ‚2" und „3" bei Moody's„ ‚+" und „-" bei Fitch bzw. entsprechende Zusätze anderer Ratingagenturen) berücksichtigt (z.B. entspricht bei S&P eine Ratingänderung von BB+ auf BB oder von BB- auf B+ jeweils einer Herabstufung um eine Stufe).

„*Rechtsträger*" („*Person*") bezeichnet eine natürliche Person, Kapitalgesellschaft, Personengesellschaft, ein Joint Venture, einen Trust, eine Organisation ohne eigene Rechtspersönlichkeit, eine staatliche Stelle oder Behörde, eine Gebietskörperschaft oder einen sonstigen Rechtsträger.

„*Refinanzierung*" („*Refinance*") bezeichnet in Bezug auf eine Verschuldung eine Refinanzierung, Verlängerung, Erneuerung, Rückzahlung, Vorauszahlung, Rücknahme oder Annullierung, oder die Ausgabe einer anderweitigen Verschuldung im Tausch gegen oder anstelle einer solchen Verschuldung. „Refinanziert" und „Refinanzierung" werden gleichbedeutend verwendet.

„*Refinanzierungsverschuldung*" („*Refinancing Indebtedness*") bezeichnet Verschuldung zwecks Refinanzierung von Verschuldung der Gesellschaft oder einer Tochtergesellschaft, die am Ausgabetag besteht oder unter Einhaltung des Begebungsvertrages eingegangen wurde, einschließlich der Verschuldung zur Refinanzierung von Refinanzierungsverschuldung, jedoch unter der Maßgabe, dass:

(1) eine solche Refinanzierungsverschuldung eine Vereinbarte Fälligkeit aufweist, die nicht vor der vereinbarten Fälligkeit der Verschuldung liegt, die dadurch refinanziert werden;

(2) diese Refinanzierungsverschuldung zum Zeitpunkt ihrer Übernahme eine Durchschnittslaufzeit aufweisen, die mindestens der Durchschnittslaufzeit der Verschuldung entspricht, die dadurch refinanziert werden; und

(3) diese Refinanzierungsverschuldung einen Gesamtnennbetrag (bzw., im Falle einer Übernahme mit einem Emissionsdisagio, einen Gesamtausgabepreis) aufweist, der höchstens dem im Rahmen der Verschuldung, die dadurch refinanziert wird, zum entsprechenden Zeitpunkt ausstehenden oder zugesagten Gesamtnennbetrag (bzw., im Falle des Eingehens von Verschuldung mit einem Emissionsdisagio, dem gesamten erhöhten Wert) (zuzüglich Gebühren und Aufwendungen sowie einschließlich etwaiger Aufschläge und Annullierungskosten) entspricht, wobei jedoch gilt, dass Refinanzierungsverschuldung weder (x) die Verschuldung einer Tochtergesellschaft zur

Refinanzierung der Verschuldung der Gesellschaft noch (y) die Verschuldung der Gesellschaft oder einer Tochtergesellschaft zur Refinanzierung der Verschuldung einer anderen Tochtergesellschaft einschließt.

„*Sale- and Lease-back-Transaktion*" („*Sale and Leaseback Transaction*") bezeichnet eine direkte oder indirekte Vereinbarung, die mit einem Rechtsträger geschlossen wird bzw. bei der der Rechtsträger Vertragspartei ist und die das Leasing von Vermögensgegenständen an die Gesellschaft oder eine Tochtergesellschaft vorsieht, die am Ausgabetag Eigentum der Gesellschaft oder einer Tochtergesellschaft sind oder später erworben wurden und die von der Gesellschaft oder der Tochtergesellschaft an diesen Rechtsträger oder an einen anderen Rechtsträger, von dem mit diesen Vermögensgegenständen als Sicherheit finanzielle Mittel bereitgestellt wurden oder bereitgestellt werden sollen, verkauft oder übertragen wurden oder werden sollen.

„*Schuldverschreibungsgarantie*" („*Note Guarantee*") bezeichnet die Garantie eines Garantiegebers für die Verpflichtungen des Emittenten aus den Schuldverschreibungen.

„*SEC*" bezeichnet die U.S. Securities and Exchange Commission.

„*Sicherheit*" („*Lien*") bezeichnet jede Hypothek, Verpfändung, Sicherungsrecht, Belastung oder dingliche Sicherungsrechte aller Art (einschließlich Strukturen mit Eigentumsvorbehalt oder ähnlich gearteter Leasingverhältnisse).

„*S&P*" bezeichnet die Standard & Poor's Corporation und etwaige Nachfolgeunternehmen.

„*Teilnehmende Mitgliedstaaten*" („*Participating Member States*") bezeichnet einen Mitgliedsstaat der Europäischen Union, der die gemeinsame Währung in Übereinstimmung mit dem EG-Vertrag in seiner jeweils geltenden Fassung eingeführt hat oder einführt.

„*Tochtergesellschaft*" („*Subsidiary*") bezeichnet in Bezug auf einen Rechtsträger eine Kapitalgesellschaft, eine Gesellschaft mit Haftungsbeschränkung, eine Vereinigung, eine Personengesellschaft oder ein sonstiges Unternehmen, dessen Ergebnisse gemäß U.S. GAAP mit den Ergebnissen folgender Personen konsolidiert werden:

(1) dieses Rechtsträgers;

(2) dieses Rechtsträgers und einer oder mehreren Tochtergesellschaften dieses Rechtsträgers; oder

(3) einer oder mehrerer Tochtergesellschaften dieses Rechtsträgers,

wobei jedoch für die Zwecke der in vorstehendem Abschnitt „— *Bestimmte Auflagen*" beschriebenen Auflagen und der damit verbundenen Definitionen und der im vorstehenden Abschnitt „— *Kündigungsgründe*" beschriebenen Ereignisse und der damit verbundenen Definitionen FMC AG & Co. KGaA und ihre Tochtergesellschaften, sofern nicht anders angegeben, nicht zu den Tochtergesellschaften der Gesellschaft zählen.

„*Übernommene Verschuldung*" („*Acquired Indebtedness*") bezeichnet die Verschuldung eines Rechtsträgers, die zu dem Zeitpunkt besteht, zu dem dieser Rechtsträger eine Tochtergesellschaft wird oder mit einem anderen Rechtsträger verschmolzen oder konsolidiert wird, oder die in Verbindung mit dem Erwerb von Vermögenswerten dieses Rechtsträgers übernommen werden, und die von diesem Rechtsträger in jedem Fall nicht im Zusammenhang mit bzw. in der Erwartung bzw. Erwägung seiner Übernahme als Tochtergesellschaft bzw. dieser Konsolidierung bzw. dieser Verschmelzung bzw. dieses Erwerbs eingegangen worden sind.

„*US$" oder „US-Dollar*" bezeichnet die Währung der Vereinigten Staaten von Amerika.

„*U.S. GAAP*" bezeichnet die jeweils geltenden, in den Vereinigten Staaten von Amerika allgemein anerkannten Rechnungslegungsgrundsätze, u.a. aus folgenden Quellen:

(1) Einschätzungen und Verlautbarungen (*Opinions und Pronouncements*) des Accounting Principles Board of the American Institute of Certified Public Accountants,

(2) Stellungnahmen (Statements) und Verlautbarungen des Financial Accounting Standards Board,

(3) Stellungnahmen anderer Rechtsträger, die von einem wesentlichen Teil der Rechnungslegungsbranche anerkannt sind, und

(4) den Bestimmungen und Vorschriften der SEC bezüglich der Einbeziehung von Abschlüssen (einschließlich Pro-forma-Abschlüssen) in regelmäßigen Berichten, die gemäß Section 13 des Exchange Act einzureichen sind, einschließlich Einschätzungen und Verlautbarungen in Staff Accounting Bulletins und vergleichbaren schriftlichen Stellungnahmen von Rechnungslegungsexperten der SEC.

„*Verbundener Geschäftsbereich*" („*Related Business*") bezeichnet die Geschäftsbereiche der Gesellschaft und ihrer Tochtergesellschaften am Ausgabetag und alle mit diesen Geschäftsbereichen verbundenen, diesen untergeordneten oder diese ergänzenden Geschäftsbereiche.

„*Verbundenes Unternehmen*" („*Affiliate*") eines bestimmten Rechtsträgers ist

(1) jeder andere Rechträger, der diesen Rechtsträger direkt oder indirekt kontrolliert bzw. direkt oder indirekt von ihm kontrolliert wird, oder

(2) mit diesem Rechtsträger unter direkter oder indirekter einheitlicher Kontrolle steht.

Für den Zweck dieser Definition bezeichnet „Kontrolle" bei Verwendung in Bezug auf einen Rechtsträger die Befugnis, dessen Geschäftsführung und Unternehmenspolitik direkt oder indirekt zu bestimmen, sei es durch den Besitz von stimmberechtigten Kapitalanteilen, gemäß Vertrag oder anderweitig, und die Bedeutung der Begriffe „kontrolliert" und „kontrollieren" ist entsprechend zu verstehen.

„*Vereinbarte Fälligkeit*" („*Stated Maturity*") bezeichnet in Bezug auf ein Wertpapier den für dieses Wertpapier angegebenen festgelegten Termin, an dem die endgültige Tilgungszahlung für dieses Wertpapier fällig wird, unter Berücksichtigung etwaiger Bestimmungen für eine Rücknahmepflicht (jedoch ohne Berücksichtigung etwaiger Bestimmungen, die im Falle bestimmter Ereignisse eine Rücknahme dieses Wertpapiers nach Wahl des Inhabers vorsehen, es sei denn, ein entsprechendes Ereignis ist eingetreten).

„*Vermögensübertragung*" („*Asset Disposition*") bezeichnet die direkte oder indirekte Veräußerung, Ausgabe, Übertragung, Leasing (ausgenommen im Rahmen des normalen Geschäftsbetriebs eingegangener Operating Lease-Verhältnisse), Übereignung oder anderweitige entgeltliche Übertragung durch die Gesellschaft oder eine ihrer Tochtergesellschaften (einschließlich aller Sale- and Lease-back-Transaktionen) an bzw. auf einen Rechtsträger, der nicht die Gesellschaft oder eine Tochtergesellschaft der Gesellschaft ist, einschließlich aller Übertragungen im Wege einer Verschmelzung oder ähnlichen Transaktion (für die Zwecke dieser Definition jeweils als „Übertragung" bezeichnet) von

(1) Anteilen des Capital Stock einer Tochtergesellschaft (sofern es sich nicht um Pflichtanteile der Mitglieder des Board of Directors oder um Anteile handelt, die von Gesetzes wegen von einem Rechtsträger zu halten sind, der nicht die Gesellschaft oder eine Tochtergesellschaft ist),

(2) allen oder allen wesentlichen Vermögenswerten einer Geschäftssparte oder eines Geschäftsbereichs der Gesellschaft oder einer Tochtergesellschaft, oder

(3) anderen Vermögenswerten der Gesellschaft oder einer Tochtergesellschaft, die nicht im Rahmen des normalen Geschäftsbetriebs der Gesellschaft oder der betreffenden Tochtergesellschaft erfolgt,

sofern es sich in den vorstehend unter Ziffer (1), (2) und (3) dargelegten Fällen nicht um Folgendes handelt:

(a) eine Übertragung von Vermögenswerten oder die Ausgabe von Capital Stock durch eine Tochtergesellschaft auf bzw. an die Gesellschaft oder durch die Gesellschaft oder eine Tochtergesellschaft auf bzw. an einen Rechtsträger, der zum Zeitpunkt dieser Übertragung oder Ausgabe eine Tochtergesellschaft wird,

(b) gemäß dem Abschnitt „*Bestimmte Auflagen — Beschränkungen in Bezug auf Zusammenschlüsse und die Veräußerung von Vermögensgegenständen*" zulässige Transaktionen, und

(c) Übertragungen in Verbindung mit Zulässigen Sicherheiten, Zwangsvollstreckungsverfahren in Bezug auf Vermögenswerte und einen Verzicht auf wertgeminderte oder abgeschriebene Forderungen.

„*Verschuldung*" („*Indebtedness*") bezeichnet in Bezug auf einen Rechtsträger an einem Tag, an dem dies bestimmt wird (ohne Doppelzählung):

(1) den Kapitalbetrag und den (gegebenenfalls anfallenden) Aufschlag (*premium*) in Bezug auf (A) die Verschuldung dieses Rechtsträgers im Rahmen von Fremdmitteln und (B) die Verschuldung im Rahmen von Schuldverschreibungen, Schuldtiteln, Anleihen oder sonstigen ähnlichen Instrumenten, für deren Zahlung dieser Rechtsträger verantwortlich oder haftbar ist,

(2) sämtliche Finanzierungsleasing-Verpflichtungen dieses Rechtsträgers,

(3) sämtliche ausgegebenen oder übernommenen Verbindlichkeiten dieses Rechtsträgers, die den Teil eines Kaufpreises von Vermögensgegenständen oder Dienstleistungen darstellen, der zu einem späteren Zeitpunkt entrichtet wird (*deferred purchase price*), alle bedingten Verkaufsverpflichtungen dieses Rechtsträgers sowie sämtliche Verpflichtungen mit Eigentumsvorbehalt dieses Rechtsträgers (sofern es sich nicht um (x) übliche Beschränkungen oder Eigentumsvorbehalte aus mit Zulieferern im Rahmen des normalen Geschäftsbetriebs geschlossenen Verträgen, (y) im Rahmen des normalen Geschäftsbetriebs entstandene Außenstände, die nicht länger als 90 Tage offen sind, oder (z) Verpflichtungen aus Pensions- oder Altersvorsorgeplänen oder -vereinbarungen oder im Rahmen der arbeitgeberfinanzierten Altersversorgung (*deferred compensation*) gemäß dem Employee Retirement Income Security Act von 1974 in der jeweils geltenden Fassung bzw. den Bestimmungen eines ausländischen Gesetzgebers handelt oder darauf in untenstehender Ziffer 1 Bezug genommen wird),

(4) sämtliche Verpflichtungen dieses Rechtsträgers zur Erstattung gegenüber einem Schuldner in Bezug auf Akkreditive, Bankgarantien, oder ähnliche Kredittransaktionen (sofern sich eine entsprechende Erstattungsverpflichtung nicht auf während des normalen Geschäftsbetriebs entstandene Außenstände bezieht und die Erstattungsverpflichtung innerhalb von 30 Tagen nach Begleichung der entsprechenden Außenstände erfüllt wird oder darauf in untenstehender Ziffer 1 Bezug genommen wird),

(5) die Summe aller Verpflichtungen dieses Rechtsträgers in Bezug auf die Rücknahme, Rückzahlung oder den anderweitigen Rückkauf von Disqualified Stock bzw. in Bezug auf eine Tochtergesellschaft dieses Rechtsträgers, Preferred Stock (jeweils ohne aufgelaufene Dividenden),

(6) alle unter (1) bis (5) aufgeführten Verpflichtungen anderer Rechtsträger und sämtliche Dividenden sonstiger Rechtsträgers, für deren jeweilige Zahlung dieser Rechtsträger direkt oder indirekt als Schuldner, Garantiegeber oder anderweitig verantwortlich oder haftbar ist, einschließlich im Rahmen einer Garantie,

(7) alle unter (1) bis (6) aufgeführten Verpflichtungen anderer Rechtsträgers, die durch eine Sicherheit an Vermögen dieses Rechtsträgers (unabhängig davon, ob eine entsprechende Verpflichtung von diesem Rechtsträger übernommen wird) besichert sind, wobei der Betrag der jeweiligen Verpflichtung dem niedrigeren der folgenden Werte entsprechen muss: dem Wert des Vermögens oder dem Betrag der Verpflichtung, die mit diesem Vermögen besichert ist, und

(8) Hedging-Verpflichtungen dieses Rechtsträgers, soweit diese nicht anderweitig in dieser Definition enthalten sind.

Der Betrag der Verschuldung eines Rechtsträgers zu einem bestimmten Zeitpunkt entspricht der zu diesem Datum ausstehenden Summe aller unbedingten Verpflichtungen wie vorstehend beschrieben, und bei Eintritt eines bestimmten Ereignisses, das in einer entsprechenden Verpflichtung resultiert, der Haftungsobergrenze von zu diesem Zeitpunkt bestehenden Eventualverbindlichkeiten. Zur Klarstellung: Folgendes gilt nicht als Verschuldung:

(1) Verschuldung in Bezug auf Forderungen aus Unfallversicherungen, Forderungen im Rahmen der Eigenversicherung (*self insurance*), Erfüllungs-, Bürgschafts-, Fertigstellungs- oder ähnliche Garantien im Rahmen des normalen Geschäftsbetriebs;

(2) Verschuldung aus Vereinbarungen zur Schadloshaltung, Anpassungen des Kaufpreises oder ähnlichen Verpflichtungen, die jeweils in Zusammenhang mit der Veräußerung oder dem Erwerb von Unternehmensteilen, Vermögenswerten oder Capital Stock einer Tochtergesellschaft entstehen oder übernommen werden, sofern der Höchstbetrag der Verbindlichkeit in Bezug auf die gesamte Verschuldung (ausgenommen Steuern und Schadloshaltung in Bezug auf Umweltangelegenheiten) zu keinem Zeitpunkt die von der Gesellschaft und ihren Tochtergesellschaften bei einer Veräußerung tatsächlich erhaltenen Bruttoerlöse (bei einer Veräußerung) und den Marktwert der erworbenen Unternehmensteile, Vermögenswerte oder des erworbenen Capital Stock (bei einem Erwerb) übersteigt.

(3) Verschuldung aus der Einlösung eines Schecks, Wechsels oder ähnlichen Instruments (ausgenommen Überziehungskredite, die nur während eines Geschäftstages bestehen) bei einer Bank oder einem sonstigen Finanzinstitut aus ungedeckten Mitteln im normalen Geschäftsverlauf, sofern die Verschuldung innerhalb von fünf Geschäftstagen nach Eingehen erlöschen.

„*Voting Stock*" eines Rechtsträgers bezeichnet sämtliche Klassen von Capital Stock oder sonstige Anteile (einschließlich Gesellschaftsanteilen) dieses Rechtsträgers, die jeweils ausstehen und normalerweise (ohne Berücksichtigung des Eintritts bestimmter Eventualitäten) ein Stimmrecht bei der Wahl von Geschäftsführungsverantwortlichen, Führungskräften oder Treuhändern dieses Rechtsträgers verbriefen.

„*Währungsvereinbarung*" („*Currency Agreement*") bezeichnet einen Devisenkontrakt, eine Vereinbarung über einen Währungsswap oder eine sonstige ähnliche Vereinbarung.

„*Wertpapier-Hedging-Vereinbarung*" („*Securities Hedging Agreement*") bezeichnet ein Swap-Geschäft, ein Forward-Geschäft, ein auf Aktien, Aktienkurse oder Aktienindizes bezogenes Swap-, Options- oder Termingeschäft, ein auf Anleihen, Anleihenkurse oder Rentenindizes bezogenes Swap-, Options- oder Termingeschäft, ein Zinssatzoption- oder Devisentermingeschäft, ein Cap-, Floor- oder Collar-Geschäft, ein Devisen- oder Währungsswap-Geschäft, ein Währungsoptions- oder Spot-Geschäft oder ein anderes ähnliches Geschäft oder eine Kombination der vorstehenden Geschäfte (einschließlich einer Option oder Vereinbarung über den Abschluss eines der vorstehenden Geschäfte), das im Zusammenhang mit einer Cash-Management-Vereinbarung abgeschlossen wird.

„*Wesentliche Tochtergesellschaft*" („*Significant Subsidiary*") bezeichnet in Bezug auf einen Rechtsträger eine Tochtergesellschaft dieses Rechtsträgers, die die Kriterien für eine „significant subsidiary" im Sinne von Rule 1.02 der Regulation S-X des Exchange Act erfüllt.

„*Zinssatzvereinbarung*" („*Interest Rate Agreement*") bezeichnet eine Vereinbarung über einen Zinsswap, einen Zinscap oder eine ähnliche Vereinbarung finanzieller Art.

„*Zulässige Inhaber*" („*Permitted Holder*") bezeichnet die Else Kröner-Fresenius-Stiftung und alle mit ihr Verbundenen Unternehmen.

„*Zulässige Sicherheiten*" („*Permitted Liens*") bezeichnet in Bezug auf einen Rechtsträger:

(1) Sicherheiten an Vermögensgegenständen der Gesellschaft oder einer ihrer Tochtergesellschaften, die Verschuldung besichern, welche gemäß Absatz (a) und Ziffer (1), (7) und (13) von Absatz (b) von vorstehendem Abschnitt „— *Beschränkungen in Bezug auf das Eingehen von Verschuldung*" zulässig sind soweit der Gesamtbetrag der besicherten Verschuldung dabei nicht den größeren Betrag von (i) 4.600 Mio. €oder (ii) 2,5 x FSE EBITDA übersteigt;

(2) Zahlungsverpflichtungen (*pledges*) oder Einzahlungen (*deposits*) dieses Rechtsträgers aufgrund gesetzlicher Regelungen zur Unfallversicherung, Arbeitslosenversicherung oder ähnlicher gesetzlicher Regelungen, in gutem Glauben geleistete Garantiezahlungen im Zusammenhang mit Ausschreibungen, Verträgen (außer denen für die Tilgung der Verschuldung) oder Mietverträge, an denen dieser Rechtsträger sich beteiligt hat bzw. die er eingegangen ist, als Sicherheit für öffentlich-rechtliche oder gesetzliche Verpflichtungen dieses Rechtsträgers geleistete Zahlungen sowie Zahlungen, Geldmittel oder festgelegte Staatsschuldtitel als Sicherheit für eine Bürgschaft (*surety bond*) oder eine Garantie für die Berufungskosten (*appeal bond*) mit diesem Rechtsträger als Partei, Zahlungen als Sicherheit für streitige Steuern, Import- oder sonstige Zölle oder Mietkautionen, die jeweils im Rahmen der normalen Geschäftstätigkeit eingegangen wurden;

(3) Gesetzliche Sicherheiten, so u.a. Carriers' Liens, Warehousemen's Liens und Mechanics' Liens jeweils in Bezug auf noch nicht fällige oder nach Treu und Glauben streitige Beträge, wenn dafür Rücklagen oder entsprechende Rückstellungen, sofern diese nach U.S. GAAP vorgeschrieben sind, gebildet wurden;

(4) Sicherheiten im Zusammenhang mit Steuern oder sonstigen staatlichen Abgaben, für die noch keine Säumniszuschläge angefallen oder die nach Treu und Glauben streitig sind, wenn dafür nach U.S. GAAP gegebenenfalls vorgeschriebene Rückstellungen gebildet wurden;

(5) Sicherheiten, die zugunsten der Aussteller einer Bürgschafts- oder Erfüllungsgarantie, eines Akkreditivs oder einer Bankgarantie auf Verlangen und für Rechnung des jeweiligen Rechtsträgers im Rahmen des normalen Geschäftsbetriebs bestellt wurden;

(6) Belastungen, Grunddienstbarkeiten (Wegerecht, Wasserrecht, Rechte in Bezug auf Stromversorgung, Anbindung ans Telefonnetz und ähnliche Rechte), Bebauungs- oder sonstige Beschränkungen in der Nutzung von Grundvermögen (*real property*), im Rahmen des Geschäftsbetriebs dieses Rechtsträgers begründete oder mit dem Eigentum an ihrem Vermögen verbundene Sicherungsrechte, die in ihrer Gesamtheit den Wert dieses Vermögens nicht wesentlich mindern oder die Nutzung dieses Vermögens im Geschäftsbetrieb dieses Rechtsträgers nicht wesentlich beeinträchtigen;

(7) Sicherheiten für Hedging-Verpflichtungen, die im Rahmen des gewöhnlichen Geschäftsbetriebs eingegangen werden und nicht spekulativer Natur sind, wobei dies nach Treu und Glauben durch die Gesellschaft zu beurteilen ist;

(8) Sicherheiten, die eine Cash Management-Vereinbarung besichern;

(9) Nutzungsrechte (leases, subleases, licenses) in Bezug auf Grundvermögen, die den normalen Geschäftsbetrieb der Gesellschaft oder einer ihrer Tochtergesellschaften nicht wesentlich beeinträchtigen, sowie Nutzungsrechte in Bezug auf anderes Vermögen im Rahmen des normalen Geschäftsbetriebs;

(10) Keinen Kündigungsgrund begründende Judgement Liens, sofern für diese adäquate Garantien bestehen und in dem ordnungsgemäß eingeleiteten entsprechenden Rechtsverfahren zur Überprüfung des Urteils noch keine endgültige Entscheidung ergangen oder die Frist für die Einleitung eines solchen Verfahrens noch nicht abgelaufen ist;

(11) Sicherheiten für die Zahlung (oder Refinanzierung der Zahlung) des gesamten oder eines Teils des Kaufpreises von für die Nutzung in einem Verbundenen Geschäftsbereich erworbenem oder geschaffenem Vermögen oder Finanzierungsleasingverbindlichkeiten in Bezug auf solches Vermögen, sofern:

   (a) der gesamte Nennbetrag, über den diese Sicherheiten bestellt wurden, nicht die Kosten für den Erwerb oder die Schaffung dieses Vermögens übersteigt; und

   (b) diese Sicherheiten innerhalb von 180 Tagen ab Schaffung oder Erwerb des entsprechenden Vermögens bestellt werden (oder, im Refinanzierungsfall, innerhalb dieser Frist bestellte Sicherheiten ersetzen) und damit kein anderes Vermögen als dieses Vermögen und damit verbundene(s) Vermögen oder Rechte der Gesellschaft oder einer Tochtergesellschaft belastet werden;

(12) Sicherheiten, die ausschließlich durch gesetzliche Vorschriften oder Vorschriften des Common Law in Bezug auf Banker's Liens, Aufrechnungsrechten oder ähnlichen Rechten und Ansprüchen in Bezug auf Depotkonten oder andere bei einem Einlagenkreditinstitut geführte Guthaben begründet werden, sofern die Gesellschaft oder eine Tochtergesellschaft mit dem Depotkonto keine Besicherungsabsicht gegenüber dem Kreditinstitut verfolgt;

(13) Sicherheiten, die aufgrund von Einreichungen von Finanzausweisen auf der Grundlage des Uniform Commercial Code der Vereinigten Staaten (oder ähnlichen Einreichungen in anderen einschlägigen Rechtsordnungen) in Bezug auf Operating Leasing-Verpflichtungen begründet werden, die die Gesellschaft im Rahmen des normalen Geschäftsbetriebs eingegangen ist;

(14) Am Ausgabetag bestehende Sicherheiten (mit Ausnahme der in vorstehender Ziffer (1) und in nachstehender Ziffer (20) genannten Sicherheiten);

(15) An Vermögen oder Aktien eines Rechtsträgers zu dem Zeitpunkt bestehende Sicherheiten, zu dem dieser Rechtsträger eine Tochtergesellschaft wird, unter der Voraussetzung, dass diese Sicherheiten nicht in Verbindung damit oder im Hinblick darauf eingegangen oder übernommen werden, dass dieser andere Rechtsträger eine Tochtergesellschaft wird, und sich diese Sicherheit nicht auf anderes Vermögen der Gesellschaft oder einer Tochtergesellschaft erstreckt;

(16) An Vermögen zu dem Zeitpunkt bestehende Sicherheiten, zu dem die Gesellschaft oder eine Tochtergesellschaft das Vermögen erworben hat, auch im Rahmen einer Verschmelzung oder Konsolidierung mit der oder auf die Gesellschaft oder eine(r) Tochtergesellschaft, unter der Voraussetzung, dass diese Sicherheiten nicht in Verbindung mit oder im Hinblick auf diesen Erwerb bestellt oder übernommen werden und sich diese Sicherheiten nicht auf anderes Vermögen der Gesellschaft oder einer Tochtergesellschaft erstrecken (außer im Fall eines Erwerbs durch die HELIOS-Gruppe, in welchem Fall die Sicherheiten im Zusammenhang mit oder im Hinblick auf einen solchen Erwerb an Vermögen eines Mitglieds der HELIOS-Gruppe bestellt werden können);

(17) Sicherheiten in Zusammenhang mit den Schuldverschreibungen und der gesamten sonstigen Verschuldung, die gemäß ihren Bedingungen besichert werden muss, wenn die Schuldverschreibungen besichert sind;

(18) Sicherheiten, die Verschuldung oder andere Verpflichtungen der Gesellschaft gegenüber einer Tochtergesellschaft oder Verschuldung oder andere Verpflichtungen einer Tochtergesellschaft gegenüber der Gesellschaft oder einer Tochtergesellschaft besichern;

(19) Sicherheiten, die Refinanzierungsverschuldung besichern, welche zur Refinanzierung von bislang besicherter Verschuldung eingegangen wurden, vorausgesetzt, diese Sicherheit ist auf das Gesamtvermögen oder den Teil des Vermögens beschränkt, der als Sicherheit für die refinanzierte Verschuldung diente;

(20) Sicherheiten, die auf gesetzlicher Grundlage oder mit derselben Wirkung auf vertraglicher Grundlage im Rahmen des normalen Geschäftsbetriebs begründet werden; und

(21) Sicherheiten an Vermögen einer Tochtergesellschaft der Gesellschaft, die Verschuldung dieser Tochtergesellschaft besichert, welche gemäß den Abschnitten (a), (b)(2) und (b)(13) des Abschnitts „— *Beschränkungen in Bezug auf das Eingehen von Verschuldung*" zulässig sind, wobei diese Verschuldung 1.100 Mio. € nicht übersteigen dürfen.

„*Zurechenbare Verschuldung*" („*Attributable Debt*") bezeichnet in Bezug auf Sale- and Lease-back-Transaktionen zum Zeitpunkt der Festlegung die Gesamtverbindlichkeit (nach Abzinsung auf den Barwert anhand eines Jahressatzes in Höhe des Abzinsungsfaktors, der gemäß U.S. GAAP für eine Finanzierungsleasing-Verpflichtung mit ähnlicher Laufzeit angewendet würde), die auf Seiten des Leasingnehmers für Mietzahlungen bestehen und im Laufe der Restdauer der anfänglichen Laufzeit des in der Sale- and Lease-back-Transaktion enthaltenen Leasingverhältnisses zu leisten sind (nicht berücksichtigt werden Beträge, die für Grundsteuer, Instandhaltung, Reparaturen, Versicherungen, Wasserabgaben und sonstige Zwecke zu zahlen sind, die keine Zahlungen für Eigentumsrechte darstellen).

„*Zuständiger Officer*" („*Responsible Officer*") bezeichnet in Bezug auf den Emittenten, die Gesellschaft oder einen Garantiegeber den Vorstandsvorsitzenden, Präsidenten, Finanzvorstand, Senior Vice President Finanzen, Treasurer, stellvertretenden Treasurer, Geschäftsführer, ein Vorstands- oder Board-Mitglied eines Unternehmens oder einen Prokuristen (bzw. im Falle der Gesellschaft einen Zuständigen Officer ihres Komplementärs bzw. einer anderen geschäftsführenden Person oder eines anderen Rechtsträgers, der befugt ist, in ihrem Namen zu handeln, sowie, sofern es sich bei diesem Rechtsträger um eine Personengesellschaft, Gesellschaft mit Haftungsbeschränkung oder einen vergleichbar organisierten Rechtsträger handelt, einen Zuständigen Officer des Rechtsträgers, der gegebenenfalls befugt ist, im Namen dieses Rechtsträgers zu handeln).

BOOK-ENTRY, DELIVERY AND FORM

GENERAL

The 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 Notes will be deposited with, or on behalf of, a common depositary (the "**Common Depositary**") for the accounts of Euroclear Bank S.A./N.V. ("**Euroclear**"), Boulevard due Roi Albert II, 1210 Brussels, Belgium and Clearstream Banking S.A., Luxembourg ("**Clearstream**"), 42 Avenue JF Kennedy, 1855 Luxembourg, Luxembourg and registered in the name of the nominee of the Common Depositary.

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 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.

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 Euroclear and/or Clearstream, or persons that hold interests through such participants.

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, owner 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, record maintained by 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 for, holders of Book-Entry Interests will not be considered the owners of "holders" of Notes for any purpose.

As long as the Notes are held in global form, Euroclear and/or Clearstream, as applicable (or their respective nominees), will be considered the sole holders of Global Notes for all purposes under the Indenture. In addition, participants in Euroclear and/or Clearstream must rely on the procedures of Euroclear and/or Clearstream, as the case may be, and indirect participants must rely on the procedures of Euroclear, Clearstream and the participants through which they own Book-Entry Interests in order to transfer their interests or to exercise any rights of holders under the Indenture.

Neither the Issuer, the Guarantors, the Trustee, the Registrar, the Paying Agent nor any other agent will have any responsibility or be liable for any aspect of the records relating to the Book-Entry Interests.

ISSUANCE OF DEFINITIVE REGISTERED NOTES

Under the terms of the Indenture, owners of Book-Entry Interests will receive definitive Notes in registered form ("**Definitive Registered Notes**"):

- if Euroclear or Clearstream notifies the Issuer that it is unwilling or unable to continue to act as depositary and a successor depositary is not appointed by the Issuer within 120 days;
- in whole, but not in part, if the Issuer, Euroclear or Clearstream so request following an event of default under the Indenture; or
- if the owner of a Book-Entry Interest requests such exchange in writing delivered through Euroclear and/or Clearstream or the Issuer following an event of default under the Indenture.

In such an event, the Registrar will issue Definitive Registered Notes, registered in the name or names and issued in any approved denominations, requested by or on behalf of Euroclear and/or Clearstream or the Issuer, as applicable (in accordance with their respective customary procedures and applicable legal requirements and based upon directions received from participants reflecting the beneficial ownership of Book-Entry Interests).

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 received principal and interest on the Notes at the Luxembourg office of the Paying Agent, subject to the right of the Issuer to mail payments in accordance with the terms of the applicable Indenture. The Issuer will pay interest in the Notes to Persons who are registered holders at the close of business on the record date immediately preceding the interest payment date for such interest. Such holders must surrender the Notes to a Paying Agent to collect principal payments.

If Definitive Registered Notes are issued and a holder thereof claims that such Definitive Registered Notes have been lost, destroyed or wrongfully taken or if such Definitive Registered Notes are mutilated and are surrendered to the Registrar or at the office of a transfer agent, the Issuer shall issue and the Trustee shall authenticate a replacement Definitive Registered Note of the Trustee's and the Issuer's requirements are met. The Trustee of the Issuer may require a holder requesting replacement of a Definitive Registered Note to furnish an indemnity bond sufficient in the judgment of both the Trustee and the Issuer to protect the Issuer, the Trustee or 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 and 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 exchange 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*".

REDEMPTION OF GLOBAL NOTES

In the event any Global Note, or any portion thereof, is redeemed, Euroclear and/or Clearstream, as applicable, will distribute the amount received by it in respect of the Global Note so redeemed to the holders 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 Euroclear or Clearstream, as applicable, in connection with the redemption of such Global Note (or any portion thereof). The Issuer understands that under existing practices of Euroclear and Clearstream, if fewer than all of the Notes are to be redeemed at any time, Euroclear and Clearstream will credit their respective participants' accounts on a proportionate basis (with adjustments to prevent fractions) or by lot or on such other basis as they deem fair and appropriate; provided, however, that no Book-Entry Interest of less than €1,000 principal amount or less, may be redeemed in part.

PAYMENTS ON GLOBAL NOTES

Payments of amounts owing in respect of the Global Notes (including principal, premium, interest, and Additional Amounts, if any) will be made by the Issuer to the Principal Paying Agent. The Principal Paying Agent will, in turn, make such payments 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 the Issuer payment of interest on the Notes may be made by check mailed to the holders of such Notes as such addresses appear in the applicable Note register. Payments of all such amounts will be made without deduction or withholding for or an 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 described under "*Description of the Notes — Additional Amounts*" then, to the extent described under "*Description of the Notes — 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 any customary practices.

Under the terms of the Indenture, the Issuer, the Trustee and the Registrar will treat the registered holder of the Global Notes (i.e., Euroclear or Clearstream (or their respective nominees)) as the owner thereof for the purpose of receiving payments and for all other purposes. Consequently, neither the Issuer, the Trustee nor the Registrar nor any of their respective agents has or will have any responsibility or liability for:

- any aspects of the records of Euroclear, Clearstream or any participant or indirect participant relating to, or payments made on account of, a Book-Entry Interest for any such payments made by Euroclear, Clearstream or any participant or indirect participants, or for maintaining supervising or reviewing the records of Euroclear, Clearstream or any participant or indirect participant relating to, or payments made on account of, a Book-Entry Interest;
- Euroclear, Clearstream or any participant or indirect participant; or
- the records of the common depositary for the Global Notes.

Payments by participants to owners of Book-Entry Interests held through participants are the responsibility of such participants, as is now the case with securities held for the accounts of customers registered in "street name".

CURRENCY OF PAYMENT FOR THE GLOBAL NOTES

Payments will be subject in all cases to any fiscal or other laws and regulations (including any regulations of the applicable clearing system) applicable thereto. None of the Issuer, the Trustee, the Initial Purchasers or any of their respective agents will be liable to any holder of a Global Note or any other person for any commissions, costs, losses or expenses in relation to or resulting from any currency conversion or rounding effected in connection with any such payment.

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 Notes will be paid to holders of interests in such Notes through Euroclear or Clearstream in euro.

ACTION BY OWNERS OF BOOK-ENTRY INTERESTS

Euroclear and Clearstream have advised the Issuer that they will take any action permitted to be taken by a holder of Notes (including the presentation of Notes for exchange as described below) only at the direction of one or more participants to whose account the Book-Entry Interests in the Global Notes are credited and only in respect of such portion of the aggregate principal amount of Notes as to which such participant or participants has or have given such direction. 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 Euroclear and Clearstream reserves the right to exchange the Global Notes for Definitive Registered Notes in certificated form, and to distribute such Definitive Registered Notes to their respective participants.

TRANSFERS

Transfers between participants in Euroclear and Clearstream will be done in accordance with Euroclear and Clearstream rules and will be settled in immediately available funds. If a holder requires physical delivery of Definitive Registered Notes for any reason, including to sell the Notes to persons in states which require physical delivery of such securities or to pledge such securities, such holder must transfer its interest in the Global Notes in accordance with the normal procedures of Euroclear and Clearstream and in accordance with the provisions of the 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 Unrestricted Book-Entry Interest 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 in accordance with Regulation S or Rule 144 (if available) under the 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 believed is a "qualified institutional buyer" within the meaning of Rule 144A in a transaction meeting the requirements of Rule 144A or otherwise in accordance with the transfer restrictions described under "*Notice to Investors*" and in accordance with any applicable securities laws of any 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.

INFORMATION CONCERNING EUROCLEAR AND CLEARSTREAM BANKING

All Book-Entry Interests will be subject to the operations and procedures of Euroclear and Clearstream, as applicable. We provide the following brief overviews of those operations and procedures solely for the convenience of investors. The operations and procedures of each settlement system are controlled by that settlement system and may be changed at any time. None of the Issuer or the Initial Purchasers is responsible for those operations or procedures.

We understand as follows with respect to:

Euroclear and Clearstream. Euroclear and Clearstream hold securities for participating organizations. They also facilitate the clearance and settlement of securities transactions between their respective participants through electronic book-entry changes in the accounts of such participants. Euroclear and Clearstream provide various services to their participants, including the safekeeping, administration, clearance, settlement, lending and borrowing of internationally traded securities. Euroclear and Clearstream interface with domestic securities markets. Euroclear and Clearstream participants are financial institutions such as underwriters, securities brokers and dealers, banks, trust companies and certain other organisations. Indirect access to Euroclear and 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 and Clearstream Banking participant, either directly or indirectly.

Because Euroclear and Clearstream can only act on behalf of participants, who in turn act on behalf of indirect participants and certain banks, the ability of an owner of a beneficial interest to pledge such interest to persons or entities that do not participate in the Euroclear or Clearstream systems, or otherwise take actions in respect of such interest, may be limited by the lack of a definite 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 Euroclear or Clearstream systems will receive distributions attributable to the Global Notes only through Euroclear or Clearstream participants.

GLOBAL CLEARANCE AND SETTLEMENT UNDER THE BOOK-ENTRY SYSTEM

The Issuer expects that secondary trading in any certificated Notes will also be settled in immediately available funds.

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.

Secondary Market Trading

The Book-Entry Interests will trade through participants Euroclear or Clearstream and will settle in same-day funds. Since the purchase determines the place of delivery, it is important to establish at the time of trading of any Book-Entry Interests where both the purchaser's and the seller's accounts are located to ensure that settlement can be made on the desired value date.

TAXATION CONSIDERATIONS

NETHERLANDS TAX CONSIDERATIONS

This is a general overview and the tax consequences as described here may not apply to a holder of Notes. Any potential investor should consult his own tax adviser for more information about the tax consequences of acquiring, owning and disposing of Notes in his particular circumstances.

This taxation overview solely addresses the principal Netherlands tax consequences of the acquisition, the ownership and disposition of Notes issued by Issuer after the date hereof held by a holder of Notes who is not a resident of the Netherlands. It does not consider every aspect of taxation that may be relevant to a particular holder of Notes under special circumstances or who is subject to special treatment under applicable law. Where in this overview English terms and expressions are used to refer to Netherlands concepts, the meaning to be attributed to such terms and expressions shall be the meaning to be attributed to the equivalent Netherlands concepts under Netherlands tax law.

This overview is based on the tax laws of the Netherlands as they are in force and in effect on the date of this Prospectus. The Netherlands means the part of the Kingdom of the Netherlands located in Europe. The laws upon which this overview is based are subject to change, potentially with retroactive effect. A change to such laws may invalidate the contents of this overview, which will not be updated to reflect any such change. This overview assumes that each transaction with respect to Notes is at arm's length.

Issuer has been advised that under the existing laws of the Netherlands:

Withholding Tax

All payments by Issuer under Notes can be made free of withholding or deduction of any taxes of whatever nature imposed, levied, withheld or assessed by the Netherlands or any political subdivision or taxing authority thereof or therein.

Taxes on Income and Capital Gains

A holder of Notes will not be subject to any Netherlands taxes on income or capital gains in respect of Notes, including such tax on any payment under Notes or in respect of any gain realised on the disposal, deemed disposal or exchange of Notes, provided that:

(i) such holder is neither a resident nor deemed to be a resident of the Netherlands, nor, if he is an individual, has elected to be taxed as a resident of the Netherlands;

(ii) such holder does not have an enterprise or an interest in an enterprise that is, in whole or in part, carried on through a permanent establishment or a permanent representative in the Netherlands and to which enterprise or part of an enterprise, as the case may be, Notes are attributable;

(iii) if such holder is an individual, neither such holder nor any of his spouse, his partner, a person deemed to be his partner, or other persons sharing such person's house or household, or certain other of such persons' relatives (including foster children), whether directly and/or indirectly as (deemed) settlor, grantor or similar originator (the "**Settlor**"), or upon the death of the Settlor, his/her beneficiaries (the "**Beneficiaries**") in proportion to their entitlement to the estate of the Settlor of a trust, foundation or similar arrangement (a "**Trust**"), (a) indirectly has control of the proceeds of Notes in the Netherlands, nor (b) has a substantial interest in Issuer and/or any other entity that legally or *de facto*, directly or indirectly, has control of the proceeds of Notes in the Netherlands. For purposes of this clause (iii), a substantial interest is generally not present if a holder does not hold, alone or together with his spouse, his partner, a person deemed to be his partner, other persons sharing such person's house or household, certain other of such person's relatives (including foster children), or a Trust of which he or any of the aforementioned persons is a Settlor or a Beneficiary, whether directly or indirectly, (a) the ownership of, certain other rights, such as usufruct, over, or rights to acquire (whether or not already issued), shares representing five per cent. or more of the total issued and outstanding capital (or the issued and outstanding capital of any class of shares) of a company; (b) the ownership of, or certain other rights, such as usufruct, over profit participating certificates (*winstbewijzen*), or membership rights in a co-operative association, that relate to five per cent. or more of the annual profit of a company or co-operative association or to five per cent. or more of the liquidation proceeds of a company or co-operative association; or (c) membership rights representing five per cent. or more of the voting rights in a co-operative association's general meeting;

(iv) if such holder is a company, such holder (a) has no substantial interest in the Issuer or (b) has a substantial interest in the Issuer that is not held with the avoidance of Netherlands income tax or dividend withholding tax as (one of) the main purpose(s), or (c) has a substantial interest in the Issuer that it can be allocated to its business assets. For purpose of this clause (iv), a substantial interest is generally not present if a holder does not hold, whether directly or indirectly, (a) the ownership of, certain other rights, such as usufruct, over, or rights to acquire (whether or not already issued) shares representing five per cent. or more of the total issued and outstanding capital (or of the issued and outstanding capital of any class of shares) of a company; or (b) the ownership of, or certain other rights, such as usufruct, over profit participating certificates (*winstbewijzen*) that relate to five per cent. or more of the annual profit of a company or to five per cent. or more of the liquidation proceeds of a company; and

(v) if such holder is an individual, such income or capital gain does not form a "benefit from miscellaneous activities" in the Netherlands *(resultaat uit overige werkzaamheden)* which, for instance, would be the case if the activities in the Netherlands with respect to Notes exceed "normal active asset management" (*normaal, actief vermogensbeheer*) or if income and gains are derived from the holding, whether directly or indirectly, of (a combination of) shares, debt claims or other rights (together, a "**lucrative interest**"; *lucratief belang*) that the holder thereof has acquired under such circumstances that such income and gains are intended to be remuneration for work or services performed by such holder (or a related person) in the Netherlands, whether within or outside an employment relation, where such lucrative interest provides the holder thereof, economically speaking, with certain benefits that have a relation to the relevant work or services.

A holder of Notes will not be subject to taxation in the Netherlands by reason only of the execution, delivery and/or enforcement of the documents relating to an issue of Notes or the performance by Issuer of its obligations thereunder or under Notes.

Gift, Estate or Inheritance Taxes

No gift, estate or inheritance taxes will arise in the Netherlands with respect to an acquisition of Notes by way of a gift by, or on the death of, a holder who is neither resident nor deemed to be resident in the Netherlands for Netherlands inheritance and gift tax purposes, unless in the case of a gift of Notes by an individual who at the date of the gift was neither resident nor deemed to be resident in the Netherlands, such individual dies within 180 days after the date of the gift, while being resident or deemed to be resident in the Netherlands.

For purposes of Netherlands gift and inheritance tax, an individual with the Netherlands nationality will be deemed to be resident in the Netherlands if he has been resident in the Netherlands at any time during the ten years preceding the date of the gift or his death.

For purposes of Netherlands gift tax, an individual not holding the Netherlands nationality will be deemed to be resident in the Netherlands if he has been resident in the Netherlands at any time during the twelve months preceding the date of the gift.

For purposes of Netherlands gift and inheritance tax, a gift that is made under a condition precedent is deemed to have been made at the moment such condition precedent is satisfied. If the condition precedent is fulfilled after the death of the donor, the gift is deemed to be made upon the death of the donor.

For purposes of Netherlands gift, estate and inheritance taxes, (i) a gift by a Trust, will be construed as a gift by the Settlor, and (ii) upon the death of the Settlor, as a rule, his/her Beneficiaries, will be deemed to have inherited directly from the Settlor. Subsequently, the Beneficiaries will be deemed the Settlor of the Trust for purposes of the Netherlands gift, estate and inheritance tax in case of subsequent gifts or inheritances.

Value Added Tax

There is no Netherlands value added tax payable in respect of payments in consideration for the issue of Notes, in respect of the payment of interest or principal under Notes, or the transfer of Notes.

Other Taxes and Duties

There is no Netherlands registration tax, capital tax, stamp duty or any other similar tax or duty payable in the Netherlands by a holder of Notes in respect of or in connection with the execution, delivery and/or enforcement by legal proceedings (including any foreign judgment in the courts of the Netherlands) of the Notes or the performance of the obligations of Issuer under the Notes.

Residence

A holder of Notes will not be treated as a resident of the Netherlands by reason only of the holding of Notes or the execution, performance, delivery and/or enforcement of Notes.

GERMAN TAX CONSIDERATIONS

General

The following tax section deals in a general manner with the taxation of interest income and capital gains derived from the Notes and the deduction of withholding tax to be made under German law from the proceeds from the investment in the Notes. This tax section is based on the laws in force on the date of this prospectus, and it is of general nature only and neither intended as, nor to be understood as, legal or tax advice. Any information given hereafter reflects the opinion of the Issuer. It must not be misunderstood as a representation or guarantee with regard to a specific tax treatment, and courts or other relevant authorities may come to different interpretations of applicable law. Further, this tax section is not intended as the sole basis for an investment in the Notes, and the individual tax position of the investor should always be investigated because the tax consequences depend on the individual facts and circumstances at the level of the investor and may be subject to alteration due to future changes in law, possibly with retroactive effect.

Prospective investors are recommended to consult their own tax advisors as to the individual tax consequences arising from the investment in the Notes.

Withholding Tax

For German tax residents (e.g., persons whose residence, habitual abode, statutory seat or place of management is located in Germany), interest payments on the Notes are generally subject to withholding tax, provided that the Notes are held in custody with a German custodian, who is required to deduct the withholding tax from such interest payments (the "**Disbursing Agent**"). Disbursing Agents are German resident credit institutions, financial services institutions (including German permanent establishments of foreign institutions), securities trading companies or securities trading banks. The applicable withholding tax rate is 25% (plus 5.5% solidarity surcharge thereon and, if applicable, church tax). Individuals subject to church tax may apply in writing for church tax to be levied by way of withholding. Absent such application, individuals subject to church tax have to include their investment income in their income tax return and will then be assessed to church tax. For German investors, an electronic information system for church withholding tax purposes will apply in relation to investment income received after 31 December 2014, with the effect that church tax will be collected by the Disbursing Agent by way of withholding unless the investor has filed a blocking notice (*Sperrvermerk*) with the German Federal Central Tax Office (*Bundeszentralamt für Steuern*) in which case the investor will be assessed to church tax.

The withholding tax regime should also apply to any gains from the sale or redemption of the Notes realized by private investors holding the Notes as private (and not as business) assets in custody with a Disbursing Agent. Subject to exceptions, the amount of capital gains on which the withholding tax charge is applied is generally determined by taking the difference between the proceeds received upon the disposition or redemption of the Notes and (after the deduction of actual expenses directly related thereto) the acquisition costs. If custody has changed since the acquisition and the acquisition data is not proved or not permitted to be proved to the Disbursing Agent, the tax at a rate of 25% (plus 5.5% solidarity surcharge and, if applicable, church tax) will be imposed on an amount equal to 30% of the proceeds from the sale or redemption of the Notes. "If the Issuer exercises the right to substitute the debtor of the Notes, the substitution might, for German tax purposes, be treated as an exchange of the Notes for new notes issued by the Successor and might be subject to similar taxation rules as the Notes. In particular, such a substitution could result in the recognition of a taxable gain or loss for any holder of a Note.

Accrued interest (*Stückzinsen*) received by the investor upon disposal of the Notes between two interest payment dates is considered as part of the sales proceeds thus increasing a capital gain or reducing a capital loss from the Notes. Accrued interest paid by the investor upon an acquisition of the Notes after the issue date qualifies as negative investment income either to be deducted from positive investment income generated in the same assessment period or to be carried forward to future assessment periods.

According to the German tax authorities, losses resulting from a sale where the sales proceeds do not exceed the transaction costs are treated as non-deductible for German taxation purposes. Further, losses resulting from a bad debt loss (*Forderungsausfall*) in the case of an Issuer default or from a waiver of a receivable (*Forderungsverzicht*) in relation to the Notes are not treated as tax-deductible.

The withholding tax is not applied to the extent the total investment income of a private investor is not exceeding the lump sum deduction (*Sparer-Pauschbetrag*) of €801 (€1,602 for married couples filing jointly) provided the investor has filed a corresponding withholding tax exemption certificate *(Freistellungsauftrag)* with the Disbursing Agent but only to the extent the annual aggregate investment income does not exceed the lump sum deduction amount stated in the withholding tax exemption certificate. Expenses actually incurred are not deductible. Similarly, no withholding tax is deducted if the investor has submitted to the Disbursing Agent a certificate of non-assessment (*Nichtveranlagungs-Bescheinigung*) issued by the competent local tax office of the investor.

German resident corporate and, upon application, other German resident business investors should in essence not be subject to the withholding tax on gains from the disposition, sale or redemption of the Notes subject to certain formal requirements (i.e., for these investors only interest payments, but not gains from the sale or redemption of the Notes are subject to the withholding tax regime).

The Issuer of the Notes should under German law not be required to deduct withholding tax from the proceeds from the investment in the Notes. The Issuer does not assume any responsibility for the deduction of German withholding tax at the source (including solidarity surcharge and, where applicable, church tax thereon).

Private Investors

For German tax resident private investors the withholding tax is — without prejudice to certain exceptions — definite under a special flat tax regime (*Abgeltungsteuer*). Private investors can apply to have their income from the investment into the Notes assessed in accordance with the general rules on determining an individual's tax bracket if this results in a lower tax burden. An assessment is mandatory for income from the investment into the Notes where the Notes are held in custody outside of Germany. Losses resulting from the sale or redemption of the Notes can only be offset against other investment income. In the event that a set-off is not possible in the assessment period in which the losses have been realized, such losses can be carried forward into future assessment periods only and can be offset against investment income generated in future assessment periods.

Business Investors

Interest payments and capital gains from the disposition or redemption of the Notes held as business assets by German tax resident business investors are generally subject to German income tax or corporate income tax (plus 5.5% solidarity surcharge thereon and, if applicable in the case of an individual holding the Notes as business assets, church tax). Any withholding tax deducted from interest payments is — subject to certain requirements — creditable. To the extent the amount withheld exceeds the (corporate) income tax liability, the withholding tax is — as a rule — refundable. The interest payments and capital gains are also subject to trade tax if the Notes are attributable to a trade or business.

Foreign Tax Residents

Investors not resident in Germany should, in essence, not be taxable in Germany with the proceeds from the investment in the Notes, and no German withholding tax should be withheld from such income, even if the Notes are held in custody with a German credit (or comparable) institution. Exceptions apply, e.g., where the Notes are held as business assets in a German permanent establishment or by a German permanent representative of the investor.

Inheritance and Gift Tax

No inheritance or gift taxes with respect to the Notes will generally arise under the laws of Germany if, in the case of inheritance tax, neither the decedent nor the beneficiary, or, in the case of gift tax, neither the donor nor the donee, is a resident of Germany and such Notes are not attributable to a German trade or business for which a permanent establishment is maintained or for which a permanent representative has been appointed in Germany. Exceptions from this rule apply to certain German citizens who previously maintained a residence in Germany.

Other Taxes

No stamp, issue, registration or similar taxes or duties will be payable in Germany in connection with the issuance, delivery or execution of the Notes. Currently, net wealth tax (*Vermögensteuer*) is not levied in Germany.

LUXEMBOURG TAX CONSIDERATIONS

The following is an overview of certain material Luxembourg tax consequences of purchasing, owning and disposing of the Notes. It does not purport to be a complete analysis of all possible tax situations that may be relevant to a decision to purchase, own or deposit the Notes. It is included herein solely for preliminary information purposes and is not intended to be, nor should it construed to be, legal or tax advice. Prospective purchasers of the Notes should consult their own tax advisers as to the applicable tax consequences of the ownership of the Notes, based on their particular circumstances. The following description of Luxembourg tax law is based upon the Luxembourg law and regulations as in effect and as interpreted by the Luxembourg tax authorities on the date of this Prospectus and is subject to any amendments in law (or in interpretation) later introduced, whether or not on a retroactive basis.

Please be aware that the residence concept used under the respective headings below applies for Luxembourg income tax assessment purposes only. Any reference in the present section to a tax, duty, levy impost or other charge or withholding of a similar nature refers to Luxembourg tax laws and/or concepts only. Also, please note that a reference to Luxembourg income tax encompasses corporate income tax (*impôt sur le revenu des collectivités*), municipal business tax (*impôt commercial communal*), a solidarity surcharge (*contribution au fonds pour l'emploi*) and personal income tax (*impôt sur le revenu*) generally. Corporate taxpayers may further be subject to net worth tax (*impôt sur la fortune*), as well as other duties, levies or taxes. Corporate income tax, municipal business tax, as well as the solidarity surcharge invariably applies to most corporate taxpayers resident of Luxembourg for tax purposes. Individual taxpayers are generally subject to personal income tax and the solidarity surcharge. Under certain circumstances, where an individual taxpayer acts in the course of the management of a professional or business undertaking, municipal business tax may apply as well.

Withholding Tax

Non-resident holders of Notes

Under current Luxembourg tax laws and subject to the application of the Luxembourg laws dated June 21, 2005 (the "**June 2005 Laws**") implementing Council Directive 2003/48/EC of June 3, 2003 on taxation of savings income in the form of interest payments (the "**EU Savings Directive**") and related agreements (the "**Agreements**") concluded between Luxembourg and certain dependent and associated territories of the European Union (i.e. Aruba, British Virgin Islands, Guernsey, Isle of Man, Jersey, Montserrat, Curaçao and Sint Maarten — collectively the "**Associated Territories**"), there is no withholding tax on interest (paid or accrued) and other payments (e.g., repayment of principal) to non-resident holders of Notes.

Under the June 2005 Laws, a Luxembourg-based paying agent (within the meaning of the EU Savings Directive) is required since July 1, 2005 to withhold tax on interest and similar income paid by it to (or under certain circumstances, to the benefit of) an individual or a residual entity in the sense of article 4.2. of the EU Savings Directive (i.e. an entity (i) without legal personality, except for a Finnish *avoin yhtiö and kommandiittiyhtiö / öppet bolag and kommanditbolag* and a Swedish *handelsbolag and kommanditbolag*, (ii) whose profits are not taxed under the general arrangements for the business taxation and (iii) that is not, or has not opted to be considered as, an undertaking for collective investment in transferable securities ("**UCITS**") recognised in accordance with Council Directive 2009/65/EC), resident or established in another EU Member State as Luxembourg or in any of the Associated Territories, unless the beneficiary of the interest payments elects for the exchange of information procedure or for the tax certificate procedure.

The withholding tax is currently levied at the rate of 35%. The withholding tax system should be applicable for a transitional period only. It has been publicly announced by the Luxembourg government that as from January 1st, 2015 the withholding tax system will be replaced in Luxembourg by the exchange of information.

The EU Savings Directive is currently under review and the impact of possible amendments should be closely monitored. Holders of Notes should inform themselves of, and where appropriate take advice on, the impact of the EU Savings Directive on their investment. Responsibility for the withholding tax will be assumed by the Luxembourg paying agent.

Resident holders of Notes

The terms "interest", "paying agent" and "residual entity" used hereafter have the same meaning as in the June 2005 Laws.

Under current Luxembourg tax laws and subject to the application of the Luxembourg law dated December 23, 2005 (the "**December 2005 Law**") there is no withholding tax on interest (paid or accrued) and other payments (e.g., repayment of principal) made by the Issuer (or its paying agent, if any) to Luxembourg resident holders of Notes.

According to the December 2005 Law, a 10% withholding tax is levied on payments of interest or similar income made by Luxembourg paying agents to (or for the benefit of) Luxembourg resident individuals holders of Notes or to certain foreign residual entities securing the interest for such Luxembourg resident individuals holders of Notes. This withholding tax also applies on accrued interest received upon sale, disposal, redemption or repurchase of the Notes. Such withholding tax is in full discharge of income tax if the beneficial owner is an individual acting in the course of the management of his/her private wealth who does not hold the Notes as business assets. Responsibility for the withholding tax will be assumed by the Luxembourg paying agent.

Luxembourg resident individuals beneficial owners of payments of interest or similar income made by a paying agent established outside Luxembourg in a Member State of the European Union or the European Economic Area or in a jurisdiction having concluded an agreement with Luxembourg in connection with the EU Savings Directive may opt for a final 10% levy. In such case, the 10% levy is calculated on the same amounts as for the payments made by Luxembourg paying agents. The option for the 10% final levy must cover all interest payments made by paying agents to the beneficial owner during the entire civil year.

Taxation of the holders of Notes

Tax Residence

A holder of Notes will not become resident, or be deemed to be resident, in Luxembourg by reason only of the holding of such Notes or the execution, performance, delivery and/or enforcement of the Notes.

Income Tax

For the purposes of this paragraph, a disposal may include a sale, an exchange, a contribution, a redemption and any other kind of transfer of the Notes.

Non-Resident holder of Notes

A non-resident holder of Notes, who has neither a permanent establishment nor a permanent representative in Luxembourg to which or whom the Notes are attributable, is not liable to any Luxembourg income tax on interest received or accrued on the Notes, or on capital gains realised on the disposal of the Notes.

A non-resident holder of Notes who has a permanent establishment or a permanent representative in Luxembourg to which or whom the Notes are attributable, must include any interest accrued or received, as well as any gain realised on the disposal of the Notes, in his taxable income for Luxembourg tax assessment purposes.

Resident Individual holders of Notes

An individual holder of the Notes acting in the course of the management of his/her private wealth, is subject to Luxembourg income tax in respect of interest received, redemption premiums or issue discounts under the Notes except if the 10% final withholding tax has been levied on such payments.

Under Luxembourg domestic tax law, gains realised upon the disposal of the Notes by an individual holder of the Notes, who is a resident of Luxembourg for tax purposes and who acts in the course of the management of his/her private wealth, are not subject to Luxembourg income tax, provided the disposal takes place more than six months after the acquisition of the Notes and the Notes do not constitute zero coupon Notes. Gain realised by an individual holder of zero coupon Notes who acts in the course of the management of his/her private wealth and who is a resident of Luxembourg for tax purposes must include the difference between the sale, repurchase, exchange or redemption price and the issue price of a zero coupon Note in his/her taxable income.

An individual holder of the Notes, who acts in the course of the management of his/her private wealth and who is a resident of Luxembourg for tax purposes, has further to include the portion of the gains realised on the Notes corresponding to accrued but unpaid income in respect of the Notes in his/her taxable income, insofar as the accrued but unpaid interest is indicated separately in the agreement.

Gains realised upon a disposal of the Notes by an individual holder of the Notes acting in the course of the management of a professional or business undertaking and who is resident of Luxembourg for tax purposes are subject to Luxembourg income taxes.

Resident Corporate holders of Notes

Luxembourg resident corporate holders of Notes must include any interest received or accrued, as well as any gain realised on the disposal of the Notes, in their taxable income for Luxembourg income tax assessment purposes.

Resident holders of Notes benefiting from a special tax regime

Luxembourg resident holders of Notes benefiting from a special tax regime, such as (i) undertakings for collective investment governed by the amended law of December 17, 2010, (ii) specialised investment funds governed by the amended law of February 13, 2007 or (iii) family wealth management companies governed by the amended law of May 11, 2007, are exempt from income tax in Luxembourg. Interest, paid or accrued on the Notes, as well as gains realised thereon, are thus not subject to Luxembourg income taxes in their hands.

Net Wealth Tax

Luxembourg resident holders of Notes, as well as non-resident holders of Notes who have a permanent establishment or a permanent representative in Luxembourg to which the Notes are attributable, are subject to Luxembourg net wealth tax on such Notes, except if the holder of Notes is (i) a resident or non-resident individual taxpayer, (ii) an undertaking for collective investment subject to the amended law of December 17, 2010, (iii) a securitisation company governed by the amended law of March 22, 2004 on securitisation, (iv) a company governed by the amended law of 15 June 2004 on venture capital vehicles, (v) a specialised investment fund governed by the amended law of February 13, 2007 or (vi) a family wealth management company governed by the amended law of May 11, 2007.

Other Taxes

No estate or inheritance taxes are levied on the transfer of the Notes, upon death of a holder of Notes, in cases where the deceased was not a resident of Luxembourg for inheritance tax purposes. Gift tax may be due on a gift or donation of the Notes, if the gift is recorded in a Luxembourg notarial deed or otherwise registered in Luxembourg.

There is no Luxembourg registration tax, stamp duty or any other similar tax or duty payable in Luxembourg by the holders of Notes as a consequence of the issuance of the Notes, nor will any of these taxes be payable as a consequence of a subsequent transfer or redemption of 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 payments under the Notes or the transfer of the Notes.

EU SAVINGS DIRECTIVE

Under the EU Savings Directive, each EU Member State must require paying agents (within the meaning of such directive) established within its territory to provide to the competent authority of the relevant state details of the payment of interest made to any individual resident in another EU Member State as the beneficial owner of the interest. The competent authority of the EU Member State of the paying agent is then required to communicate this information to the competent authority of the EU Member State of which the beneficial owner of the interest is a resident.

For a transitional period, Austria and Luxembourg may instead operate a withholding system in relation to such payments (unless they elect otherwise during that period). Belgium elected to abandon the transitional withholding system and to provide information in accordance with the EU Savings Directive as of January 1, 2010. Luxembourg has announced to abandon the transitional withholding system as of January 1, 2015.

Conforming with the prerequisites for the application of the EU Savings Tax Directive, a number of non-EU countries and territories, including Switzerland and Liechtenstein, agreed to apply measures equivalent to those contained in such directive (in particular, a withholding system).

On May 14, 2013 the EU Council gave a mandate to the EU Commission to renegotiate savings tax agreements with Switzerland, Liechtenstein, Monaco, Andorra and San Marino. The aim is to ensure that the five countries continue to apply measures that are equivalent to the EU's directive on the taxation of savings income, which is being updated. The Commission will negotiate on the basis of a draft directive amending the EU Savings Directive.

THE PROPOSED FINANCIAL TRANSACTION TAX ("FTT")

The European Commission has published a proposal for a Directive for a common FTT in certain participating Member States.

The proposed FTT has very broad scope and could apply to certain dealings in financial instruments (including secondary market transactions).

The FTT could apply to persons both within and outside of the participating Member States. Generally, it would apply to certain dealings in financial instruments where at least one party is a financial institution, and either (i) at least one party is established or deemed to be established in a participating Member State or (ii) the financial instruments are issued in a participating Member State.

The proposed Directive remains subject to negotiation between the participating Member States and is the subject of legal challenge. It may therefore be altered prior to any implementation, the timing of which remains unclear.

U.S. FEDERAL INCOME TAX CONSIDERATIONS

General

The following discussion is an overview based on present law of certain U.S. federal income tax considerations relevant to the purchase, ownership and disposition of the Notes. Changes in law may adversely affect the consequences summarized below, possibly with retroactive effect. The discussion addresses only U.S. Holders (as defined below) who purchase Notes in the original offering at the original offering price, hold the Notes as capital assets and use the U.S. dollar as their functional currency. The discussion is not a complete description of all U.S. federal income tax considerations that may be relevant to particular purchasers. It does not address the tax treatment of prospective purchasers subject to special rules, such as banks, dealers, traders that elect to mark-to-market, insurance companies, investors liable for the alternative minimum tax, U.S. expatriates, tax-exempt entities or persons holding the Notes as part of a hedge, straddle, conversion or other integrated financial transaction, or U.S. Holders that hold their Notes through a non-U.S. broker or other non-U.S. intermediary. It also does not address the tax treatment of prospective U.S. Holders that will hold the Notes in connection with a permanent establishment outside of the United States. It does not consider U.S. state or local tax matters, non-U.S. tax matters or U.S. federal tax matters other than U.S. income taxes (such as estate or gift taxes). It also does not consider the Medicare tax on certain investment income.

The Issuer believes, and this discussion assumes, that the Notes will be treated as debt of the Issuer for U.S. federal income tax purposes.

THE FOLLOWING STATEMENTS ABOUT U.S. FEDERAL TAX ISSUES ARE MADE TO SUPPORT MARKETING OF THE NOTES. NO TAXPAYER CAN RELY ON THEM TO AVOID TAX PENALTIES. EACH PROSPECTIVE PURCHASER SHOULD SEEK ADVICE FROM AN INDEPENDENT TAX ADVISOR ABOUT THE TAX CONSEQUENCES UNDER ITS OWN PARTICULAR CIRCUMSTANCES OF INVESTING IN THE NOTES UNDER THE LAWS OF THE NETHERLANDS, THE UNITED STATES, ITS CONSTITUENT JURISDICTIONS AND ANY OTHER JURISDICTION WHERE THE PURCHASER MAY BE SUBJECT TO TAXATION.

For purposes of this discussion, a "U.S. Holder" is a beneficial owner of a Note that is for U.S. federal income tax purposes (i) a citizen or individual resident of the United States, (ii) a corporation created or organized under the laws of the United States, any state thereof or the District of Columbia, (iii) a trust subject to the control of a U.S. person and the primary supervision of a U.S. court or (iv) an estate the income of which is subject to U.S. federal income taxation regardless of its source.

The tax treatment of a partner in an entity treated as a partnership for U.S. federal income tax purposes that holds the Notes generally will depend upon the status of the partner and the activities of the partnership. An entity treated as a partnership for U.S. federal income tax purposes considering an investment in the Notes should consult its own tax advisors about the tax consequences for its partners.

Interest

A U.S. Holder must include stated interest on the Notes in gross income as such interest is received or accrued in accordance with its regular method of tax accounting. Interest on the Notes, including any additional amounts paid on account of withholding tax, will be ordinary income from sources outside the United States.

A cash basis U.S. Holder receiving interest in euro must include in income a U.S. dollar amount based on the spot exchange rate on the date of receipt whether or not the payment is converted to U.S. dollars. An accrual basis U.S. Holder generally must include in income a U.S. dollar amount based on the average exchange rate during the accrual period (or, for an accrual period that spans two taxable years, the partial accrual period within each taxable year), unless such U.S. Holder elects to translate accrued interest into U.S. dollars at the spot exchange rate on the last day of the accrual period (or the last day of each portion of an accrual period, in the case of an accrual period that spans two taxable years) or the spot exchange rate on the date of receipt in the case of interest received within five business days of the last day of the accrual period. Currency translation elections apply to all debt instruments that the electing U.S. Holder holds or acquires, and they cannot be revoked without the consent of the U.S. Internal Revenue Service. Upon receipt of an interest payment in euro, an accrual basis U.S. Holder will recognize exchange gain or loss equal to any difference between the U.S. dollar amount accrued and the U.S. dollar value of the payment received at the spot exchange rate on the date of receipt. Exchange gain or loss will be U.S. source ordinary income or loss (and generally will not be considered additional income or expense).

Disposition

A U.S. Holder generally will recognize gain or loss on a sale, redemption or other disposition of a Note in an amount equal to the difference, if any, between the amount realized (less any accrued but unpaid interest, which will be taxable as interest to the extent not previously taxed) and the U.S. Holder's adjusted tax basis in the Note. A U.S. Holder's adjusted U.S. dollar tax basis in a Note generally will be the U.S. dollar value of the amount paid for the Note (based on the spot exchange rate on the date of purchase, or if the Notes are considered to be traded on an established securities market for applicable U.S. federal income tax purposes and the U.S. Holder is a cash basis taxpayer or an accrual basis taxpayer that so elects, the spot exchange rate on the settlement date (if such date differs from the purchase date)).

A U.S. Holder that receives currency other than U.S. dollars upon a sale or other disposition of the Notes will have an amount realized equal to the U.S. dollar value of the currency on the date of sale; provided that if the Notes are considered to be traded on an established securities market for applicable U.S. federal income tax purposes, a cash basis U.S. Holder or electing accrual basis taxpayer will determine the amount realized based on the spot exchange rate on the settlement date.

Any gain or loss on disposition of a Note generally will be U.S. source capital gain or loss except to the extent of any exchange gain or loss (as described below). Any capital gain or loss will be long-term capital gain or loss if the U.S. Holder has held the Note for more than one year. A non-corporate U.S. Holder's long-term capital gain may be taxed at lower rates. Deductions for capital losses are subject to limitations.

To the extent any gain or loss recognized on the disposition of a Note arises from currency exchange gain or loss attributable to changes in the euro exchange rate between the dates of acquisition and disposition of the Note (or, in some cases, the settlement dates of the acquisition and/or disposition), such gain or loss will be treated as U.S. source ordinary income or loss and generally will not be considered additional interest income or expense. Exchange gain or loss (including with respect to any accrued interest) is taken into account only to the extent of total gain or loss realized on the transaction.

A U.S. Holder will have a tax basis in any currency other than U.S. dollars equal to the U.S. dollar amount realized. Any gain or loss realized by a U.S. Holder on a subsequent conversion of currency for U.S. dollars will be U.S. source ordinary income or loss.

Additional Notes

Additional Notes issued in subsequent offerings by the Issuer may have identical terms to the Notes issued in this offering, but may not be fungible for U.S. federal income tax purposes with the Notes issued in this offering. Additional Notes may not be fungible unless they are issued in a qualified reopening of the offering. Whether the issuance of Additional Notes is a qualified reopening will depend on the interval after the original offering, the yield of the outstanding Notes at that time (based on their fair market value), whether the Additional Notes would otherwise be issued with original issue discount and whether any outstanding Notes are publicly traded or quoted at the time of the new issuance. If issuance of the Additional Notes is not a qualified reopening, the Additional Notes may have original issue discount. If the Additional Notes have original issue discount, that may adversely affect the market value of the previously outstanding Notes unless the Additional Notes can be distinguished from the Notes.

Substitution of the Issuer

If a Successor is substituted for the Issuer, the substitution may depending on the circumstances be treated as an exchange of the Notes for deemed new notes of the Successor. In such an event, unless a nonrecognition provision applies, a U.S. Holder generally will recognize any gain or loss realized in the deemed exchange in an amount equal to the difference, if any, between (i) the issue price of the new notes (which would be their fair market value assuming the Notes are trading on an established market) and (ii) the U.S. Holder's adjusted tax basis in the Notes. If the stated principal amount of the new notes received in the deemed exchange exceeds their issue price by as much as 0.25% multiplied by the number of complete years to maturity, a U.S. Holder may be required to recognize original issue discount ("**OID**") as ordinary income on the new notes as a result of the substitution. The OID would be the amount by which the stated principal amount of the new notes exceeds their issue price. Regardless of its regular method of tax accounting, a U.S. Holder would be required to accrue any OID as ordinary income on a constant yield to maturity basis whether or not it received cash payments. US holders should consult their own advisors regarding the foregoing, including the manner of accounting for OID under the foreign currency rules.

Reporting and Backup Withholding

Payments of interest and proceeds from the sale, redemption or other disposition of a Note may be reported to the U.S. Internal Revenue Service unless the holder establishes a basis for exemption. Backup withholding tax may apply to amounts subject to reporting if the U.S. Holder fails to provide an accurate taxpayer identification number or has become subject to backup withholding due to a prior failure to report its interest and dividend income. A holder can claim a credit against its U.S. federal income tax liability for the amount of any backup withholding tax and a refund of any excess if it timely follows proper procedures.

Tax Filing Disclosure Requirements

Certain U.S. Holders are required to report to the Internal Revenue Service information with respect to Notes not held through an account with a U.S. financial institution. Certain U.S. Holders are required to report to the U.S. Internal Revenue Service information regarding foreign currency losses in excess of certain threshold amounts, if recognized by a U.S. Holder. Investors who fail to report required information could become subject to substantial penalties. Potential investors should consult their own tax advisors regarding the possible implications of this new legislation for their investment in Notes.

THE DISCUSSION ABOVE IS A GENERAL OVERVIEW. IT DOES NOT COVER ALL TAX MATTERS THAT MAY BE OF IMPORTANCE TO A PARTICULAR PURCHASER. EACH PROSPECTIVE PURCHASER IS URGED TO CONSULT ITS OWN TAX ADVISOR ABOUT THE TAX CONSEQUENCES TO IT OF AN INVESTMENT IN THE NOTES IN LIGHT OF THE PURCHASER'S OWN CIRCUMSTANCES.

UNDERWRITING, SALE AND OFFER OF THE NOTES

General

The Initial Purchasers will, pursuant to an agreement to be signed on or about January 28, 2014, agree to procure purchasers for or, failing which, to purchase the Notes to be issued by the Issuer and guaranteed by the Guarantor. The Initial Purchasers will be entitled, under certain circumstances, to terminate the agreement reached with the Issuer and the Guarantor. In such event, no Notes will be delivered to investors. Furthermore, the Issuer and the Guarantor will agree to indemnify the Initial Purchasers against certain liabilities in connection with the offer and sale of the Notes.

The fees payable to the Initial Purchasers in connection with the offering, placement and subscription of the Notes (i.e. the underwriting and placing commission) will be up to €2,500,000.

The Initial Purchasers and certain of their affiliates have provided and may provide in the future certain commercial banking, financial advisory and investment banking services for us, our subsidiaries, the guarantors and certain of our affiliates, for which they receive, or will receive customary fees and expense reimbursement. Certain of the Initial Purchasers and/or their affiliates have acted as managers and/or arrangers on several of our offerings of debt securities and have acted and/or currently act as agents and/or lenders under our credit facilities or other lines of credit, including the 2013 Senior Credit Agreement and the Bridge Financing Facility, where in each case, we have paid customary fees in connection therewith. Certain of the Initial Purchasers or their affiliates are lenders under the Bridge Financing Facility. The Proceeds of this offering will be used to partially refinance the drawing under the Bridge Financing Facility and as a result certain of the Initial Purchasers (or their affiliates) will receive proceeds from the issuance of the Notes in their capacity as lenders under the Bridge Financing Facility. In addition, in the ordinary course of their business activities, the Initial Purchasers and their affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (including bank loans) for their own account and for the accounts of their customers. Such investments and securities activities may involve securities and/or instruments of ours or our affiliates. If any Initial Purchaser or its affiliates have a lending relationship with us, the Initial Purchaser or its affiliates routinely hedge, and the Initial Purchaser or its affiliates may hedge, their credit exposure to us consistent with their customary risk management policies. Typically, an Initial Purchaser and its affiliates would hedge such exposure by entering into transactions which consist of either the purchase of credit default swaps or the creation of short positions in our securities, including potentially the Notes offered hereby. Any such credit default swaps or short positions could adversely affect future trading prices of the Notes offered hereby. The Initial Purchasers and their respective affiliates may also make investment recommendations and/or publish or express independent research views in respect of such securities or financial instruments and may hold, or recommend to clients that they acquire, long and/or short positions in such securities and instruments.

Interests that are material to the issue/offer

The Notes will be subordinated to any of the Issuer's and the Guarantors' secured debt to the extent of the value of the assets securing such debt. As a result, the Notes will be subordinated to the debt under the 2013 Senior Credit Agreement, to the extent of the collateral granted to secure such debt. Certain of the Initial Purchasers or their affiliates are agents and/or lenders under the 2013 Senior Credit Agreement. In addition, the proceeds of this offering will be used to partially refinance the drawing under the Bridge Financing Facility and as a result certain of the Initial Purchasers (or their affiliates) will receive proceeds from the issuance of the Notes in their capacity as lenders under the Bridge Financing Facility.

Offer of the Notes

Public offer, offer period and determination of pricing details

The Notes will be offered to institutional investors and retail investors in compliance with applicable public offer restrictions by the Initial Purchasers in Germany and Luxembourg during an offer period which will commence not earlier than the time of CSSF approval of the prospectus, but no earlier than 7:00 a.m. (Central European Time) on January 28, 2014 and which will remain open until the latter of (i) the close of the book-building process to determine the price of the Notes and (ii) 5:00 p.m. (Central European Time) on January 28, 2014.

The Notes will be offered to the public in both Germany and Luxembourg following the effectiveness of the notification of the prospectus by the CSSF according to Article 18 of the Prospectus Directive and its relevant implementing measures.

The aggregate principal amount of Notes to be issued will be determined on the basis of the number and volume of orders received which offer a yield acceptable to the Issuer. The issue price of the Notes, which corresponds to the offer price, and the interest rate of the Notes will be determined as described in "Method of determination of the pricing details" below on the pricing date which is expected to be on or about January 28, 2014 (the "**Pricing Date**"). Such information as well as the aggregate principal amount of Notes, the issue proceeds and the yield relating to the Notes will be set out in a notice (the "**Pricing Notice**") which will be filed with the CSSF on or after the Pricing Date and prior to the Issue Date. Any sale of the Notes on the secondary market will be subject to market conditions.

Conditions of the offer

There are no conditions to which the offer to the public is subject.

Subscription rights for the Notes will not be issued; therefore, there are no procedures in place for the exercise of any rights of pre-emption, the negotiability of subscription rights or the treatment of subscription rights not exercised. In particular, there is no minimum or maximum amount of the Notes required to be purchased. Investors may place offers to purchase the Notes in any amount.

Technical details of the offer

During the offer period of the offer to the public, investors may submit offers to purchase Notes to the Initial Purchasers using the information system Bloomberg, electronic mail, or any other commonly used information systems. In the case of an order prior to the determination of the pricing details, investors shall specify at which price or in which price range they would be prepared to purchase which amount of Notes. Following determination and notification of the pricing details, the Initial Purchasers will offer the Notes upon request in Germany and Luxembourg.

Method of determination of the pricing details

The Issue Price and the interest rate will be determined on the Pricing Date on the basis of a yield which is determined by adding a credit spread (the "**Pricing Credit Spread**") to the level of the Midswaps (as defined below) at the time of pricing. The Pricing Credit Spread will be fixed on the basis of the orders received and confirmed by the Initial Purchasers. The level of the Midswaps will be determined as the average yield of the bid and ask prices of Interest-Swap Transactions ("**Midswaps**") with a maturity similar to the maturity of the Notes shown on Reuters page ICAPEURO and/or Bloomberg page ICAE1 or on any other screen page which is conventionally used to price Eurobond transactions at the time of pricing.

The resulting yield will be used to determine the Issue Price (which may be less than or more than par) and the rate of interest (which is generally expected to be a percentage figure which can be evenly divided by 1/8 or 1/10 of a full percent and which will be correspondingly higher if a higher Issue Price is determined and which will be correspondingly lower if a lower Issue Price is determined), all to correspond to the yield which reflects the level of the Midswaps and the Pricing Credit Spread. In the event that the figures for the relevant Midswaps will not be shown as set out above, the Midswaps will be determined in a manner which banks and other institutional market participants apply at that time.

Confirmation of offers placed by, and allotments to, investors

Each investor who has submitted an order in relation to the Notes and whose order is accepted by the Initial Purchasers will receive a confirmation by electronic mail, fax or through Bloomberg or other commonly used information systems setting out its respective allotment of Notes.

Delivery of the Notes to investors

Following the determination of the pricing details and confirmation which orders have been accepted and which amounts have been allotted to particular investors, delivery and payment of the Notes will generally be made within ten business days after the date of pricing of the Notes and the confirmation of the allotment to investors. The Notes so purchased will be delivered via book-entry through the Clearing Systems (see "*Listing and General Information — Clearing and Settlement*") and their depository banks against payment of the issue price of the Notes together with any fees and costs.

Costs and expenses relating to the offer

The Issuer and Guarantors will not charge any costs, expenses or taxes directly to any investor. Investors must, however, inform themselves about any costs, expenses or taxes in connection with the Notes which are generally applicable in their respective country of residence, including any charges their own depository banks charge them for purchasing or holding securities.

Consent to the use of the Prospectus

Each Initial Purchaser and each further financial intermediary subsequently reselling or finally placing the Notes is entitled to use the prospectus in Germany and Luxembourg for the subsequent resale or final placement of the Notes from the end of the offer to the public until 11:59 p.m. (Central European Time) on January 30, 2014, provided however, that the prospectus is still valid in accordance with Article 11 of the Luxembourg act relating to prospectuses for securities (*Loi relative aux prospectus pour valeurs mobilières*) which implements Directive 2003/71/EC of the European Parliament and of the Council of November 4, 2003 (as amended by Directive 2010/73/EU of the European Parliament and of the Council of November 24, 2010). The Issuer accepts responsibility for the information given in this prospectus also with respect to such subsequent resale or final placement of the Notes.

The prospectus may only be delivered to potential investors together with all supplements published before such delivery. Any supplement to the prospectus will be submitted for approval by the CSSF and published on the website of the Luxembourg Stock Exchange (www.bourse.lu).

When using the prospectus, each relevant further financial intermediary must make certain that it complies with all applicable laws and regulations in force in the respective jurisdictions.

Information with respect to financial intermediaries unknown at the time of approval, if any, may be found on the Company's website. In the event of an offer being made by a further financial intermediary, the further financial intermediary shall provide information to investors on the description of the Notes at the time of that offer.

Any further financial intermediary using the prospectus shall state on its website that it uses the prospectus in accordance with the consent of the Issuer and the conditions attached to this consent.

Selling Restrictions

General

Each Initial Purchaser has or will have acknowledged that other than explicitly mentioned in this Prospectus no action is taken or will be taken by the Issuer or the Guarantors in any jurisdiction that would permit a public offering of the Notes, or possession or distribution of any offering material relating to them, in any jurisdiction where action for that purpose is required.

Each Initial Purchaser has or will have represented and agreed that it will comply with all applicable laws and regulations in each jurisdiction in which it purchases, offers, sells or delivers Notes or has in its possession or distributes any offering material relating to them.

European Economic Area

The respective Notes will be offered and sold by the Initial Purchasers (i) to institutional investors in the European Economic Area in compliance with Regulation S under the Securities Act, (ii) to "qualified institutional buyers" as defined in Rule 144A under the Securities Act, (iii) in offerings to the public in Luxembourg only following the approval of the prospectus/offering memorandum and publication of the prospectus/offering memorandum and (iv) in offerings to the public in Germany only following the Notification of the prospectus/offering memorandum by the CSSF according to Article 18 of the Prospectus Directive and publication of the prospectus/offering memorandum. Following the publication of the approved prospectus/ offering memorandum in Luxembourg and Germany, the Notes may be offered with the approval of the Issuer to the public in Luxembourg and Germany in compliance with all applicable laws, rules and regulations in such jurisdiction. Unless and until such publication is made in Luxembourg and Germany, and at all times in other Relevant Member States (as defined below), offers will be made only pursuant to an exception under Article 3 of the Prospectus Directive as implemented in the Relevant Member State. In the case of a secondary market public offer, specific procedures relating to the (i) time period, including any possible amendments, during which the offer will be open and the description of the application process, (ii) details of the minimum and/or maximum amount of application (whether in number of Notes or aggregate amount to invest), (iii) method and time limits for paying and for delivery of the Notes, (iv) the full description of the manner in and the date on which results of the offer are to be made public and (v) plan of distribution and allotment (including the various categories of potential investors to which the Notes are offered, the process for notification to applicants of the amount allotted and indication whether dealing may begin before this notification is made) may be determined and communicated by any person making an offer. Any investor intending to acquire or acquiring any Notes from any person making an offer ("**Offeror**") should be aware that, in the context of an offer to the public as defined in the Prospectus Directive, the Issuer may be responsible to the investor for the prospectus/offering memorandum only if the Issuer is acting in association with that Offeror to make the offer to the investor. **Each investor should therefore verify with the Offeror whether or not the Offeror is acting in association with the Issuer. If the Offeror is not acting in association with the Issuer, the investor should confirm with the Offeror whether anyone is responsible for a prospectus for the purposes of Article 6 of the Prospectus Directive as implemented by the national legislation of each Relevant Member State in the context of the offer to the public and, if so, who that person is. If the investor is in any doubt about whether it can rely on the prospectus and/or who is responsible for its contents it should seek legal advice**.

In relation to each member state of the EEA 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 the Notes to the public in that Relevant Member State, unless and until a prospectus has been approved by the competent regulatory authority and, as applicable, published and notified to the relevant competent authority in another Relevant Member State in accordance with the Prospectus Directive as implemented in such other Relevant Member State, except that it may make an offer of such Notes in such Relevant Member State:

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

(b) to fewer than 100 or, if the Relevant Member State has already implemented the relevant provision of the Directive 2010/73/EU, 150 natural or legal persons (other than qualified investors as defined in the Prospectus Directive), as permitted under the Prospectus Directive, subject to obtaining the prior consent of the Initial Purchasers nominated by the relevant Issuer for any such offer; or

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

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

For the purposes of this provision, the expression an "**offer 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, and 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 each Relevant Member State, and the expression "**2010 PD Amending Directive**" means Directive 2010/73/EU.

United States and its Territories

These Notes have not been registered under the Securities Act and they may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. Accordingly, the Notes offered hereby are being offered and sold only (i) to Qualified Institutional Buyers in compliance with Rule 144A under the Securities Act and (ii) pursuant to offers and sales that occur outside the United States to persons other than U.S. persons ("foreign purchasers", which term includes dealers or other professional fiduciaries in the United States acting on a discretionary basis for foreign beneficial owners, other than an estate or trust) in offshore transactions meeting the requirements of Rule 903 of Regulation S under the Securities Act. As used herein, the terms "offshore transaction," "United States" and "U.S. person" have the respective meanings given to them in Regulation S.

Each purchaser of Notes, by its acceptance thereof, will be deemed to have acknowledged, represented to and agreed with us and the Initial Purchasers as follows:

(1) It understands and acknowledges that the Notes have not been registered under the Securities Act or any other applicable securities law, are being offered for resale in transactions not requiring registration under the Securities Act or any other securities laws, including sales pursuant to Rule 144A under the Securities Act, and may not be offered, sold or otherwise transferred except in compliance with the registration requirements of the Securities Act or any other applicable securities law, pursuant to an exemption therefrom, or in a transaction not subject thereto, and in each case in compliance with the conditions for transfer set forth in paragraph (4) below.

(2) It is not an "affiliate," as defined in Rule 144 under the Securities Act, of us, or acting on our behalf and it is either:

   (a) a Qualified Institutional Buyer within the meaning of Rule 144A under the Securities Act and is aware that any sale of Notes to it will be made in reliance on Rule 144A. Such acquisition will be for its own account or for the account of another Qualified Institutional Buyer, or

   (b) an institution that, at the time the buy order for the Notes was originated, was outside the United States and was not a U.S. person (and was not purchasing for the account or benefit of a U.S. person) within the meaning of Regulation S under the Securities Act.

(3) It acknowledges that none of us or the Initial Purchasers or any person representing us or the Initial Purchasers has made any representation to it with respect to us or the offering or sale of any Notes, other than the information contained in the prospectus, which has been delivered to it and upon which it is relying in making its investment decision with respect to the Notes. Accordingly, it acknowledges that no representation or warranty is made by the Initial Purchasers as to the accuracy or completeness of such materials. It has had access to such financial and other information concerning us and the Notes as it has deemed necessary in connection with its decision to purchase any of the Notes, including an opportunity to ask questions of and request information from us and the Initial Purchasers.

(4) It is purchasing the Notes for its own account, or for one or more investor accounts for which it is acting as a fiduciary agent, in each case for investment, and not with a view to, or for offer or sale in connection with, any distribution thereof in violation of the Securities Act, subject to any requirement of law that the disposition of its property or the property of such investor account or accounts be at all times within its or their control and subject to its or their ability to resell Notes pursuant to Rule 144A, Regulation S or any exemption from registration available under the Securities Act. It agrees on its own behalf and on behalf of any investor account for which it is purchasing the Notes, and each subsequent holder of

the Notes by its acceptance thereof will agree, to offer, sell or otherwise transfer such Notes during the holding period then imposed by Rule 144, or its successor, after the later of the date of the original issue and the last date on which we or any of our affiliates were the owner of such Notes, or any predecessor thereto (the "**Resale Restriction Termination Date**"), only:

(a) to us or any of our subsidiaries,

(b) pursuant to a registration statement which has been declared effective under the Securities Act,

(c) for so long as the Notes are eligible for resale pursuant to Rule 144A, to a person it reasonably believes is a Qualified Institutional Buyer that purchases for its own account or for the account of a Qualified Institutional Buyer to whom notice is given that the transfer is being made in reliance on Rule 144A,

(d) pursuant to offers and sales to non-U.S. persons that occur outside the United States within the meaning of Regulation S under the Securities Act, or

(e) pursuant to any other available exemption from the registration requirements of the Securities Act, subject in each of the foregoing cases to any requirement of law that the disposition of its property or the property of such investor account or accounts be at all times within its or their control and in compliance with any applicable state securities laws.

Each purchaser acknowledges that we and the trustee reserve the right prior to any offer, sale or other transfer of the Notes pursuant to clause (e) above prior to the Resale Restriction Termination Date to require delivery of an opinion of counsel, certifications and/or other information satisfactory to us and the trustee.

Each purchaser acknowledges that each security will contain a legend substantially to the following effect:

"THE SECURITY (OR ITS PREDECESSOR) EVIDENCED HEREBY WAS ORIGINALLY ISSUED IN A TRANSACTION EXEMPT FROM REGISTRATION UNDER SECTION 5 OF THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), AND THE SECURITY EVIDENCED HEREBY MAY NOT BE OFFERED, SOLD OR OTHERWISE TRANSFERRED IN THE ABSENCE OF SUCH REGISTRATION OR AN APPLICABLE EXEMPTION THEREFROM. EACH PURCHASER OF THE SECURITY EVIDENCED HEREBY IS HEREBY NOTIFIED THAT THE SELLER MAY BE RELYING ON THE EXEMPTION FROM THE PROVISIONS OF SECTION 5 OF THE SECURITIES ACT PROVIDED BY RULE 144A THEREUNDER. THE HOLDER OF THE SECURITY EVIDENCED HEREBY AGREES FOR THE BENEFIT OF THE ISSUER THAT (A) SUCH SECURITY MAY BE RESOLD, PLEDGED OR OTHERWISE TRANSFERRED, ONLY (1)(a) INSIDE THE UNITED STATES TO A PERSON WHO THE SELLER REASONABLY BELIEVES IS A QUALIFIED INSTITUTIONAL BUYER (AS DEFINED IN RULE 144A UNDER THE SECURITIES ACT) PURCHASING FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF A QUALIFIED INSTITUTIONAL BUYER IN A TRANSACTION MEETING THE REQUIREMENTS OF RULE 144A UNDER THE SECURITIES ACT, (b) OUTSIDE THE UNITED STATES TO NON-U.S. PERSONS IN A TRANSACTION MEETING THE REQUIREMENTS OF RULE 903 OR RULE 904 OF REGULATION S UNDER THE SECURITIES ACT, (c) PURSUANT TO AN EXEMPTION FROM REGISTRATION UNDER THE SECURITIES ACT PROVIDED BY RULE 144 THEREUNDER (IF APPLICABLE) OR (d) IN ACCORDANCE WITH ANOTHER EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT (AND BASED UPON AN OPINION OF COUNSEL ACCEPTABLE TO THE ISSUER IF THE ISSUER SO REQUESTS), (2) TO THE ISSUER OR (3) PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT AND, IN EACH CASE, IN ACCORDANCE WITH ANY APPLICABLE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES OR ANY OTHER APPLICABLE JURISDICTION AND (B) THE HOLDER WILL, AND EACH SUBSEQUENT HOLDER IS REQUIRED TO, NOTIFY ANY PURCHASER OF THE SECURITY EVIDENCED HEREBY OF THE RESALE RESTRICTIONS SET FORTH IN CLAUSE (A) ABOVE. NO REPRESENTATION CAN BE MADE AS TO THE AVAILABILITY OF THE EXEMPTION PROVIDED BY RULE 144 FOR RESALE OF THE SECURITY EVIDENCED HEREBY."

(5) It agrees that it will give to each person to whom it transfers Notes notice of any restrictions on transfer of such security.

(6) If it is a purchaser in a sale that occurs outside the United States within the meaning of Regulation S, it acknowledges that until the expiration of the 40-day distribution compliance period within the meaning of Rule 903 of Regulation S, any offer or sale of the Notes shall not be made by it to a U.S. person or for the account or benefit of a U.S. person within the meaning of Rule 902(k) of the Securities Act except in accordance with Regulation S.

(7) It acknowledges that the trustee will not be required to accept for registration of transfer any Notes acquired by it, except upon presentation of evidence satisfactory to us and the trustee that the restrictions set forth herein have been complied with.

(8) It acknowledges that we, the Initial Purchasers and others will rely upon the truth and accuracy of the foregoing acknowledgments, representations, warranties and agreements, and agrees that if any of the acknowledgments, representations, warranties and agreements deemed to have been made by it by its purchase of the Notes are no longer accurate, it shall promptly notify us and the Initial Purchasers. If it is acquiring any Notes as a fiduciary or agent for one or more investor accounts, it represents that it has sole investment discretion with respect to each such investor account and that it has full power to make the foregoing acknowledgments, representations and agreements on behalf of each such investor account.

(9) It understands that no action has been taken in any jurisdiction (including the United States) by us or the Initial Purchasers that would result in a public offering of the Notes or the possession, circulation or distribution of this Prospectus any other material relating to us or the Notes in any jurisdiction where action for such purpose is required, except that we have or will request the CSSF to provide the competent authority in Germany with a certificate of approval attesting that the prospectus has been prepared in accordance with the Luxembourg Prospectus Law (the "**Notification**"). Consequently, any transfer of the Notes will be subject to the selling restrictions set forth under "*Notice to Investors*", "*Notice to Investors in the European Economic Area*", "*Notice to Investors in The Netherlands*", "*Notice to Investors in the United Kingdom*", "*Plan of Distribution*" and, unless and until the Notification is given in Germany, "*Notice to Investors in Germany*".

United Kingdom

Each Initial Purchaser has agreed that:

(a) it has only communicated or caused to be communicated and will only communicate or cause to be communicated any invitation or inducement to engage in investment activity (within the meaning of section 21 of FSMA) received by it in connection with the issue or sale of any Securities in circumstances in which section 21(1) of FSMA does not apply to the Issuer or the Parent Guarantor; and

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

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 prospectus are residents of Germany. A substantial portion of our assets and the assets of those individuals is located outside the U.S. As a result, it may be difficult or impossible for investors to effect service of process upon those persons within the U.S. with respect to matters arising under the U.S. federal securities laws or to enforce against them in U.S. courts judgments of U.S. courts predicated on the civil liability provisions of the U.S. federal securities laws. We have been advised by our German counsel that there may be doubt as to the enforceability in Germany, in original actions, of liabilities predicated on the U.S. federal securities laws and that in Germany both recognition and enforcement of U.S. court judgments are solely governed by the provisions of the German Civil Procedure Code (*Zivilprozessordnung*). In some cases, especially when according to the German statutory provisions, the international jurisdiction of the U.S. court will not be recognized or if the judgment conflicts with basic principles of German law (e.g., the restrictions to compensatory damages and pre-trial discovery), the U.S. judgment might not be recognized by a German court. The service of process in U.S. proceedings on persons in Germany is regulated by a multilateral treaty guaranteeing service of writs and other legal documents in civil cases if the current address of the defendant is known.

INDEPENDENT AUDITORS

The (i) consolidated financial statements of Fresenius SE & Co. KGaA for the years ended December 31, 2012, 2011, and 2010, (ii) unconsolidated financial statements of Fresenius Kabi AG for the years ended December 31, 2012 and 2011, and (iii) unconsolidated financial statements of Fresenius ProServe GmbH for the years ended December 31, 2012 and 2011 and 2010 included in this prospectus have been audited by KPMG AG Wirtschaftsprüfungsgesellschaft. The auditors' address is The Squaire, Am Flughafen, 60549 Frankfurt am Main, Germany. KPMG AG is a member of the German Chamber of Public Accountants (*Wirtschaftsprüferkammer*), Berlin, Germany.

The unconsolidated financial statements of Fresenius Finance B.V. for the years ended December 31, 2012, and December 31, 2011, included in this prospectus have been audited by KPMG Accountants, N.V., Fascinatio Boulevard 200, 3065 WB Rotterdam, Netherlands. KPMG Accountants N.V. is a member of the Royal Dutch Institute of Chartered Accountants.

LEGAL MATTERS

The validity of the Notes and the Guarantees will be passed upon for us by Freshfields Bruckhaus Deringer LLP, Frankfurt am Main, Germany, and certain matters will be passed upon for the Initial Purchasers by Cahill Gordon & Reindel LLP, London, England.

LISTING AND GENERAL INFORMATION

LISTING AND ADMISSION TO TRADING

Application has been made to admit the Notes to listing on the Official List of the Luxembourg Stock Exchange and to trading on the regulated market of the Luxembourg Stock Exchange.

For so long as the Notes are listed on the regulated market of the Luxembourg Stock Exchange and as the rules of that stock exchange require, copies of the following documents may be inspected and obtained free of charge at the specified office of the listing agent in Luxembourg during normal business hours of any business day in Luxembourg:

- the Indenture (including forms of the guarantees);
- the articles of association and/or articles of incorporation of the Issuer and each of the Guarantors;
- the most recent audited consolidated financial statements published by the Parent Guarantor; and
- the most recent audited unconsolidated financial statements published by the Issuer and each of the Subsidiary Guarantors.

For so long as the Notes are listed on the Official List of the Luxembourg Stock Exchange and admitted to trading on the regulated market and the rules of the Luxembourg Stock Exchange so require, the Issuer will make available the notices to the public on the website of the Luxembourg Stock Exchange, www.bourse.lu, or in a leading newspaper having general circulation in Luxembourg (which is expected to be the *Luxemburger Wort* or the 'Benelux' edition of the *Financial Times*) or in written form at places indicated by announcements to be so published as described before, or by any other means considered equivalent by the Luxembourg Stock Exchange.

As of the date of this prospectus, our most recent audited financial statements available were as of and for the year ended December 31, 2012. KPMG AG Wirtschaftsprüfungsgesellschaft, our auditor, has given and not withdrawn its consent to the inclusion in this prospectus of their audit reports for the years ended December 31, 2012, 2011 and 2010. Fresenius SE & Co. KGaA's consolidated financial statements are published annually and are audited.

CLEARING INFORMATION

The Regulation S Notes and the Rule 144A Notes represent a new issue of fixed rate, senior-ranking securities and have been accepted for clearance through the facilities of Clearstream and Euroclear under the following common codes and international securities identification numbers:

ISIN:	Common Code:
XS1026109204 (Reg S)	102610920 (Reg S)
XS1026109543 (144A)	102610954 (144A)

LITIGATION

Except as disclosed under "*Business — Legal Proceedings*" in this prospectus, none of the Issuer or the Guarantors has, during the last twelve months prior to the date of this prospectus, been involved in any governmental, legal or arbitration proceeding which is material in the context of the issue of the Notes and, so far as we are aware, no such material governmental, legal or arbitration proceeding is pending or threatened.

NO SIGNIFICANT CHANGE

Other than the issuance of senior notes in the aggregate principal amount of €750 million on January 23, 2014, there has been no significant change in the financial or trading position of the Issuer since June 30, 2013. Other than a drawing under the Bridge Financing Facility and increases in short term debt as described in footnote 5 and footnote 2 to the capitalization table, respectively, there has been no significant change in the financial or trading position of the Group or any Guarantor since September 30, 2013. See "*Management's Discussion and Analysis of Financial Condition and Results of Operations — Recent Developments*".

TREND INFORMATION

There has been no material adverse change in the prospects of the Issuer or any of the Guarantors since the date of the last published audited financial statements as of December 31, 2012.

GENERAL INFORMATION ABOUT THE ISSUER AND THE GUARANTORS

The Issuer

Fresenius Finance B.V. is a wholly owned subsidiary of the Company. The Issuer was formed under the laws of the Netherlands on September 24, 1998 as a private company with limited liability (*besloten vennootschap met beperkte aansprakelijkheid*), with the identification number 17108080, to act as a financing company in connection with the issuance of securities. Its registered office is located at Amersfoortseweg 10E, 3705 GJ, Zeist, Netherlands.

The Guarantors

The Parent Guarantor

Fresenius SE & Co. KGaA is registered with the commercial register of the local court (*Amtsgericht*) of Bad Homburg vor der Höhe, Germany, under registration number HRB 11852. The Company's registered office is Bad Homburg vor der Höhe, Germany. Its business address is Else-Kröner-Strasse 1, 61352 Bad Homburg vor der Höhe, Germany, and its telephone number is +49 (0) 6 172-608-0.

The Subsidiary Guarantors

Fresenius Kabi AG is a wholly owned subsidiary of the Company. It was incorporated as a stock corporation (*Aktiengesellschaft*) organized under the laws of Germany and registered with the commercial register of the local court (*Amtsgericht*) of Bad Homburg vor der Höhe under registration number HRB 11654. Fresenius Kabi AG acts as the holding company for our business segment Fresenius Kabi. Its business address is Else-Kröner-Strasse 1, 61352 Bad Homburg vor der Höhe, Germany.

Fresenius ProServe GmbH is a wholly owned subsidiary of the Company. Fresenius ProServe GmbH is a company with limited liability (*Gesellschaft mit beschränkter Haftung*) organized under the laws of Germany and registered in the commercial register of the local court (*Amtsgericht*) of Bad Homburg vor der Höhe, under registration number HRB 7302. Fresenius ProServe GmbH acts as the holding company for our business segments Fresenius Helios and Fresenius Vamed. Its business address is Else-Kröner-Strasse 1, 61352 Bad Homburg vor der Höhe, Germany.

Credit Ratings

A credit rating assesses the creditworthiness of an entity and informs an investor therefore about the probability of the entity being able to redeem invested capital. It is not a recommendation to buy, sell or hold securities and may be revised or withdrawn by the rating agency at any time. A suspension, reduction or withdrawal of the rating assigned to the Issuer may adversely affect the market price of the Notes.

As of the date of this prospectus, none of the Issuer, Fresenius Kabi AG, or Fresenius ProServe GmbH have been assigned any credit rating with its cooperation or at its request.

Standard & Poor's Credit Market Services Europe Limited (German Branch)[(1)(2)(3)] has assigned a long-term credit rating of BB+ (positive) to the Parent Guarantor.

Moody's Deutschland GmbH[(1)(2)(4)] has assigned a long-term credit rating of Ba1 (negative) to the Parent Guarantor.

Fitch Ratings Limited[(1)(5)] has assigned a long-term credit rating of BB+ (on watch evolving) to the Parent Guarantor.

In addition, the following credit ratings have been issued for senior notes of the Issuer:[(1)(2)]

	Standard & Poor's[(3)]	Moody's[(4)]
€500 million 4.250% senior notes due 2019	BB+	Ba1
€300 million 2.375% senior notes due 2019	BB+	Ba1
€500 million 2.875% senior notes due 2020	BB+	Ba1
€450 million 3.000% senior notes due 2021	BB+	Ba1

AUTHORIZATION

The issue of the Notes was authorized by the Management board and the Shareholders' meeting of the Parent Guarantor on September 3, 2013 and of the Subsidiary Guarantors on October 10, 2013. The issue of the Notes was authorized by the management board and shareholders' meeting of the Issuer on December 3, 2013.

(1) The European Securities and Markets Authority publishes on its website (http://www.esma.europa.eu/page/List-registered-and-certified-CRAs) a list of credit rating agencies registered in accordance with the CRA Regulation. That list is updated within five working days following the adoption of a decision under Article 16, 17 or 20 CRA Regulation. The European Commission shall publish that update list in the Official Journal of the European Union within 30 days following such update.

(2) A credit rating assesses the creditworthiness of an entity and informs an investor therefore about the probability of the entity being able to redeem invested capital. It is not a recommendation to buy, sell or hold securities and may be revised or withdrawn by the rating agency at any time.

(3) Standard & Poor's Credit Market Services Europe Limited (German Branch) is established in the European Community and is registered under the CRA Regulation. According to Standard & Poor's: "BB+ is considered the highest speculative grade by market participants." "An obligation rated 'BB' is less vulnerable to nonpayment than other speculative issues. However, it faces major ongoing uncertainties or exposure to adverse business, financial, or economic conditions which could lead to the obligor's inadequate capacity to meet its financial commitment on the obligation. The ratings … may be modified by the addition of a plus (+) or minus (-) sign to show relative standing within the major rating categories."

(4) Moody's Deutschland GmbH is established in the European Community and is registered under the CRA Regulation. According to Moody's: "Obligations rated Ba are judged to have speculative elements and are subject to substantial credit risk. Moody's appends numerical modifiers 1, 2, and 3 to the respective rating classification … The modifier 1 indicates that the obligation ranks in the higher end of its generic rating category."

(5) Fitch Ratings Limited is established in the European Community and is registered under the CRA Regulation. According to Fitch: "'BB' ratings indicate an elevated vulnerability to default risk, particularly in the event of adverse changes in business or economic conditions over time; however, business or financial flexibility exists which supports the servicing of financial commitments. The modifiers '+' or '-' may be appended to a rating to denote relative status within major rating categories."

DOCUMENTS INCORPORATED BY REFERENCE

The pages specified below of the following documents which have previously been published or are published simultaneously with this Prospectus and which have been filed with the CSSF are incorporated by reference into this Prospectus: (i) the Interim Financial Report of Fresenius SE & Co. KGaA for the nine-month period ended September 30, 2013, (ii) the Annual Report of Fresenius SE & Co. KGaA for the fiscal year ended December 31, 2012 and (ii) the Annual Report of Fresenius SE & Co. KGaA for the fiscal year ended December 31, 2011.

(1) Extracted from: Fresenius SE & Co. KGaA — Interim Financial Report Q1-Q3 2013 (IFRS)

- Management Report . . . . pages 6 to 19
- Consolidated income statement . . . . page 20
- Consolidated statement of comprehensive income . . . . page 20
- Consolidated statement of financial position . . . . page 21
- Consolidated cash flow statement . . . . page 22
- Consolidated statement of changes in equity . . . . pages 23 to 24
- Segment reporting . . . . pages 25 to 28
- Notes to the financial statements . . . . pages 30 to 58

(2) Extracted from: Fresenius SE & Co. KGaA — Group Annual Report 2012 (IFRS)

- Management Report . . . . pages 2 to 70
- Consolidated income statement . . . . page 72
- Consolidated statement of comprehensive income . . . . page 72
- Consolidated statement of financial position . . . . page 73
- Consolidated cash flow statement . . . . pages 74 to 75
- Consolidated statement of changes in equity . . . . pages 76 to 77
- Segment reporting . . . . pages 78 to 79
- Notes to the financial statements . . . . pages 81 to 154
- Audit Opinion* . . . . page 163

(3) Extracted from: Fresenius SE & Co. Co. KGaA — Group Annual Report 2011 (IFRS)

- Management Report . . . . pages 2 to 72
- Consolidated income statement . . . . page 74
- Consolidated statement of comprehensive income . . . . page 75
- Consolidated statement of financial position . . . . pages 76 to 77
- Consolidated cash flow statement . . . . pages 78 to 79
- Consolidated statement of changes in equity . . . . pages 80 to 81
- Segment reporting . . . . pages 82 to 85
- Notes to the financial statements . . . . pages 86 to 159
- Audit Opinion* . . . . page 168

The information incorporated by reference that is not included in the cross-reference list, is considered as additional information and is not required by the relevant schedules of the Commission Regulation (EC) 809/2004.

Copies of documents incorporated by reference in this Prospectus may be obtained (without charge) from the registered office of the Issuer and the website of the Luxembourg Stock Exchange (www.bourse.lu).

* The audit opinion refers to the respective consolidated financial statements and the combined management report of the Group and the Issuer as a whole and not solely to the respective consolidated financial statements incorporated by reference.

GLOSSARY

Acute care hospital	a hospital for the inpatient and outpatient of acute diseases and injuries, as well as for scheduled surgery
Antibodies	antibodies are proteins that bind specifically to a particular substance, its antigen; antibodies are known collectively as immunoglobulin; antibodies are produced by B-lymphocytes and plasma cells in response to infection or immunization, and bind to and neutralize specific pathogens thus preparing them for uptake and destruction of phagocytes
Arteriovenous fistula	a direct, surgically created connection between an artery and a vein in a patient's forearm (vascular access)
Ascites	accumulation of excess fluid in the abdomen due to disturbed balance of influx and efflux as a result of a malignant disease
Blood volume replacement	infusion solution to compensate for blood loss
Clinical nutrition	clinical nutrition is medically administered nutritional support; when normal nutritional intake is insufficient, clinical nutrition is necessary; there are two types of clinical nutrition: parenteral nutrition and enteral nutrition
Colloids	blood and plasma substitutes
Dialysis	a type of renal replacement therapy where a semi-permeable membrane — in peritoneal dialysis the peritoneum of the patient, and in hemodialysis the membrane of the dialyzer — is used for selective solute removal
Dialysis machine	the hemodialysis process is controlled by a dialysis machine which pumps blood, adds anticoagulants, regulates the cleansing process, and controls the mixture of dialysate and its flow rate through the system
Dialysis solution	fluid used in the process of dialysis
Dialyzer	special filter used in hemodialysis for removing toxic substances and excess water from the blood
Diagnosis related group (DRG)	a case-based reimbursement system for hospitals introduced in Germany in 2003 for inpatients
End-Stage Renal Disease (ESRD)	chronic kidney failure that is accompanied by severe complications, such as rental anemia, high blood pressure and other cardiovascular problems, as well as bone diseases, loss of appetite and malnutrition
Enteral nutrition	application of liquid nutrition as tube or sip feed via the gastrointestinal tract
EPO	EPO stands for erythropoietin, which is a hormone that stimulates red blood cell production. Recombinant (i.e., artificially produced) human EPO is commonly prescribed to patients on dialysis who suffer from anemia
ESA	ESA stands for erythropoietin stimulating agents, which is the generic term for artificially produced human erythropoietin
FATCA	any withholding or deduction that is imposed on a payment pursuant to section 1471-1474 (including under an agreement described in section 1471(b)(1)) of the United States Internal

	Revenue Code of 1986 (as amended), or any intergovernmental agreements (or non-U.S. laws relating thereto) implementing such provisions
HACCP (Hazard Analysis Critical Control Point)	a process that proves conformity with valid norms
Hemodiafiltration (HDF)	special mode of ESRD (end-stage renal disease) treatment, combining advantages of hemodialysis and hemofiltration, i.e., high elimination rates for small and large molecular weight substances via diffusive and convective mechanisms, respectively
Hemodialysis (HD)	a treatment method for dialysis patients where the blood of the patient is cleansed by a dialyzer; the solute exchange between blood and dialysate is dominated by diffusive processes
Immunosuppressive agent	an immunosuppressive agent is a drug that artificially suppresses or weakens the immune reaction of the organism; it is used in the treatment of autoimmune diseases or to prevent transplanted organs being rejected
Infusion management system	a modular infusion system, consisting of infusion and syringe pumps, which allows the simultaneous administration of different intravenously administered drugs and infusion solutions and at the same time records the infused volume
I.V. drugs	intravenously administered generic drugs
Lipid emulsions/fatty emulsions	lipid emulsions are elements of parenteral nutrition and primarily provide energy and essential fatty acids
Maximum care hospital	a hospital with the capability to provide all levels of clinical care; hospitals in this category offer the highest level of care and medical-technical equipment, including large medical installations (1,000 beds and above)
Outpatient facility	a health care facility, also called a clinic or medical care center (*Medizinische Versorgungszentrum*), that is primarily devoted to the care of outpatients
Parenteral nutrition	application of nutrients directly into the bloodstream of the patient (intravenously)
Peritoneal dialysis (PD)	dialysis treatment method using the patient's peritoneum as a "filter" to cleanse the patient's blood
Polyclonal antibodies	antibodies that recognize one specific structure, but are produced by different cell clones
Trifunctional antibodies	antibodies that bind to three different cell types in parallel (e.g., tumor cells, T-cells and accessory cells) resulting in a tumor-specific immune reaction

INDEX TO FINANCIAL STATEMENTS

Interim Report of Fresenius SE & Co. KGaA as of September 30, 2013 (U.S. GAAP, unaudited)

FRESENIUS SE & CO. KGAA
CONSOLIDATED STATEMENT OF INCOME (UNAUDITED)

€ in millions	Q3/2013	Q3/2012	Q1–3/2013	Q1–3/2012
Sales	5,045	4,864	15,032	14,100
Cost of sales	-3,460	-3,285	-10,327	-9,497
Gross profit	1,585	1,579	4,705	4,603
Selling, general and administrative expenses	-753	-721	-2,285	-2,172
Research and development expenses	-85	-74	-252	-214
Operating income (EBIT)	747	784	2,168	2,217
Investment gain	0	1	0	109
Net interest	-136	-167	-449	-480
Other financial result	0	-8	0	-37
Financial result	-136	-174	-449	-408
Income before income taxes	611	610	1,719	1,809
Income taxes	-172	-175	-488	-512
Net income	439	435	1,231	1,297
Less noncontrolling interest	174	192	504	612
Net income attributable to shareholders of Fresenius SE & Co. KGaA	265	243	727	685
Earnings per ordinary share in €	1.48	1.37	4.07	4.00
Fully diluted earnings per ordinary share in €	1.47	1.35	4.03	3.95

The following notes are an integral part of the unaudited condensed interim financial statements.

FRESENIUS SE & CO. KGAA
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)

€ in millions	Q3/2013	Q3/2012	Q1–3/2013	Q1–3/2012
Net income	439	435	1,231	1,297
Other comprehensive income (loss)				
Foreign currency translation	-274	-197	-317	16
Cash flow hedges	2	10	35	24
Change of fair value of available for sale financial assets	8	-12	25	-10
Actuarial gains on defined benefit pension plans	10	7	18	10
Income taxes related to components of other comprehensive income (loss)	5	-4	-7	-23
Other comprehensive income (loss), net	-249	-196	-246	17
Total comprehensive income	190	239	985	1,314
Comprehensive income attributable to noncontrolling interest subject to put provisions	8	1	48	32
Comprehensive income (loss) attributable to noncontrolling interest not subject to put provisions	5	94	304	593
Comprehensive income attributable to shareholders of Fresenius SE & Co. KGaA	177	144	633	689

The following notes are an integral part of the unaudited condensed interim financial statements.

FRESENIUS SE & CO. KGAA
CONSOLIDATED STATEMENT OF FINANCIAL POSITION (UNAUDITED)

ASSETS

€ in millions	September 30, 2013	December 31, 2012
Cash and cash equivalents	**873**	885
Trade accounts receivable, less allowance for doubtful accounts	**3,574**	3,650
Accounts receivable from and loans to related parties	**24**	18
Inventories	**1,986**	1,840
Other current assets	**1,377**	1,319
Deferred taxes	**354**	401
I. Total current assets	**8,188**	8,113
Property, plant and equipment	**4,967**	4,918
Goodwill	**14,864**	15,014
Other intangible assets	**1,182**	1,284
Other non-current assets	**1,196**	1,077
Deferred taxes	**281**	258
II. Total non-current assets	**22,490**	22,551
Total assets	**30,678**	30,664

LIABILITIES AND SHAREHOLDERS' EQUITY

€ in millions	September 30, 2013	December 31, 2012
Trade accounts payable	**778**	961
Short-term accounts payable to related parties	**1**	2
Short-term accrued expenses and other short-term liabilities	**3,133**	3,211
Short-term debt	**467**	205
Short-term loans from related parties	**1**	4
Current portion of long-term debt and capital lease obligations	**772**	519
Short-term accruals for income taxes	**261**	230
Deferred taxes	**31**	66
A. Total short-term liabilities	**5,444**	5,198
Long-term debt and capital lease obligations, less current portion	**4,674**	4,436
Senior Notes	**5,165**	5,864
Long-term accrued expenses and other long-term liabilities	**424**	410
Pension liabilities	**725**	705
Long-term accruals for income taxes	**193**	213
Deferred taxes	**674**	682
B. Total long-term liabilities	**11,855**	12,310
I. Total liabilities	**17,299**	17,508
II. Noncontrolling interest subject to put provisions	**476**	398
A. Noncontrolling interest not subject to put provisions	**5,057**	5,125
Subscribed capital	**179**	178
Capital reserve	**3,265**	3,225
Other reserves	**4,624**	4,358
Accumulated other comprehensive loss	**-222**	-128
B. Total Fresenius SE & Co. KGaA shareholders' equity	**7,846**	7,633
III. Total shareholders' equity	**12,903**	12,758
Total liabilities and shareholders' equity	**30,678**	30,664

The following notes are an integral part of the unaudited condensed interim financial statements.

FRESENIUS SE & CO. KGAA
CONSOLIDATED STATEMENT OF CASH FLOWS (UNAUDITED)

€ in millions	Q1–3/2013	Q1–3/2012
Operating activities		
Net income	**1,231**	1,297
Adjustments to reconcile net income to cash and cash equivalents provided by operating activities		
Depreciation and amortization	**622**	562
Gain on sale of investments and divestitures	**-44**	0
Change in deferred taxes	**-28**	31
Loss on sale of fixed assets	**1**	8
Changes in assets and liabilities, net of amounts from businesses acquired or disposed of		
Trade accounts receivable, net	**-25**	-145
Inventories	**-213**	-13
Other current and non-current assets	**31**	2
Accounts receivable from/payable to related parties	**-10**	-19
Trade accounts payable, accrued expenses and other short-term and long-term liabilities	**-4**	136
Accruals for income taxes	**5**	-52
Net cash provided by operating activities	**1,566**	1,807
Investing activities		
Purchase of property, plant and equipment	**-679**	-583
Proceeds from sales of property, plant and equipment	**20**	19
Acquisitions and investments, net of cash acquired and net purchases of intangible assets	**-445**	-2,635
Proceeds from sale of investments and divestitures	**147**	179
Net cash used in investing activities	**-957**	-3,020
Financing activities		
Proceeds from short-term loans	**354**	128
Repayments of short-term loans	**-79**	-116
Proceeds from short-term loans from related parties	**–**	–
Repayments of short-term loans from related parties	**–**	–
Proceeds from long-term debt and capital lease obligations	**1,944**	713
Repayments of long-term debt and capital lease obligations	**-1,439**	-1,505
Proceeds from the issuance of bearer ordinary shares	**0**	1,014
Payments of additional costs of the capital increase	**0**	-16
Proceeds from the issuance of Senior Notes	**500**	1,755
Repayments of liabilities from Senior Notes	**-1,150**	0
Payments for the share buy-back program of Fresenius Medical Care	**-385**	0
Changes of accounts receivable securitization program	**28**	10
Proceeds from the exercise of stock options	**86**	110
Dividends paid	**-458**	-411
Change in noncontrolling interest	**-2**	-134
Exchange rate effect due to corporate financing	**1**	-1
Net cash used in/provided by financing activities	**-600**	1,547
Effect of exchange rate changes on cash and cash equivalents	**-21**	-1
Net decrease/increase in cash and cash equivalents	**-12**	333
Cash and cash equivalents at the beginning of the reporting period	**885**	635
Cash and cash equivalents at the end of the reporting period	**873**	968

The following notes are an integral part of the unaudited condensed interim financial statements.

FRESENIUS SE & CO. KGAA
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)

	Subscribed Capital			Reserves	
	Number of ordinary shares in thousand	Amount € in thousands	Amount € in millions	Capital reserve € in millions	Other reserves € in millions
As of December 31, 2011	163,237	163,237	163	2,136	3,658
Issuance of bearer ordinary shares	13,800	13,800	14	989	
Proceeds from the exercise of stock options	908	908	1	58	
Compensation expense related to stock options				16	
Dividends paid					-155
Purchase of noncontrolling interest not subject to put provisions					
Purchase of ordinary shares of Fresenius Medical Care AG & Co. KGaA					-71
Change in fair value of noncontrolling interest subject to put provisions				-10	
Comprehensive income (loss)					
Net income					685
Other comprehensive income (loss)					
Cash flow hedges					
Change of fair value of available for sale financial assets					
Foreign currency translation					
Actuarial gains on defined benefit pension plans					
Comprehensive income					685
As of September 30, 2012	177,945	177,945	178	3,189	4,117
As of December 31, 2012	178,188	178,188	178	3,225	4,358
Proceeds from the exercise of stock options	651	651	1	46	
Compensation expense related to stock options				18	
Dividends paid					-196
Sale of noncontrolling interest not subject to put provisions					
Share buy-back program of Fresenius Medical Care AG & Co. KGaA					-265
Change in fair value of noncontrolling interest subject to put provisions				-24	
Comprehensive income (loss)					
Net income					727
Other comprehensive income (loss)					
Cash flow hedges					
Change of fair value of available for sale financial assets					
Foreign currency translation					
Actuarial gains on defined benefit pension plans					
Comprehensive income (loss)					727
As of September 30, 2013	**178,839**	**178,839**	**179**	**3,265**	**4,624**

FRESENIUS SE & CO. KGAA
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)

	Accumulated other comprehensive income (loss) € in millions	Total Fresenius SE & Co. KGaA shareholders' equity € in millions	Noncontrolling interest not subject to put provisions € in millions	Total shareholders' equity € in millions
As of December 31, 2011	14	5,971	4,606	10,577
Issuance of bearer ordinary shares		1,003	0	1,003
Proceeds from the exercise of stock options		59	51	110
Compensation expense related to stock options		16	11	27
Dividends paid		-155	-227	-382
Purchase of noncontrolling interest not subject to put provisions		0	62	62
Purchase of ordinary shares of Fresenius Medical Care AG & Co. KGaA		-71	-43	-114
Change in fair value of noncontrolling interest subject to put provisions		-10	-23	-33
Comprehensive income (loss)				
Net income		685	580	1,265
Other comprehensive income (loss)				
Cash flow hedges	10	10	-4	6
Change of fair value of available for sale financial assets	-10	-10	–	-10
Foreign currency translation	2	2	13	15
Actuarial gains on defined benefit pension plans	2	2	4	6
Comprehensive income	4	689	593	1,282
As of September 30, 2012	18	7,502	5,030	12,532
As of December 31, 2012	-128	7,633	5,125	12,758
Proceeds from the exercise of stock options		47	39	86
Compensation expense related to stock options		18	9	27
Dividends paid		-196	-196	-392
Sale of noncontrolling interest not subject to put provisions		0	-50	-50
Share buy-back program of Fresenius Medical Care AG & Co. KGaA		-265	-120	-385
Change in fair value of noncontrolling interest subject to put provisions		-24	-54	-78
Comprehensive income (loss)				
Net income		727	447	1,174
Other comprehensive income (loss)				
Cash flow hedges	17	17	9	26
Change of fair value of available for sale financial assets	25	25	–	25
Foreign currency translation	-139	-139	-160	-299
Actuarial gains on defined benefit pension plans	3	3	8	11
Comprehensive income (loss)	-94	633	304	937
As of September 30, 2013	**-222**	**7,846**	**5,057**	**12,903**

The following notes are an integral part of the unaudited condensed interim financial statements.

FRESENIUS SE & CO. KGAA

CONSOLIDATED SEGMENT REPORTING FIRST THREE QUARTERS (UNAUDITED)

	Fresenius Medical Care			Fresenius Kabi			Fresenius Helios			Fresenius Vamed			Corporate/Other			Fresenius Group		
by business segment, € in millions	**2013**	2012[3]	Change	**2013[4]**	2012	Change	**2013**	2012	Change	**2013**	2012	Change	**2013[5]**	2012[6]	Change	**2013**	2012	Change
Sales	**8,156**	7,882	3%	**3,742**	3,363	11%	**2,537**	2,347	8%	**654**	536	22%	**-57**	-28	-104%	**15,032**	14,100	7%
thereof contribution to consolidated sales	**8,139**	7,868	3%	**3,711**	3,326	12%	**2,537**	2,347	8%	**629**	536	17%	**16**	23	-30%	**15,032**	14,100	7%
thereof intercompany sales	**17**	14	21%	**31**	37	-16%	**0**	0		**25**	–	--	**-73**	-51	-43%	**0**	0	
contribution to consolidated sales	**54%**	56%		**25%**	23%		**17%**	17%		**4%**	4%		**0%**	0%		**100%**	100%	
EBITDA	**1,575**	1,644	-4%	**852**	817	4%	**368**	312	18%	**32**	30	7%	**-37**	-24	-54%	**2,790**	2,779	0%
Depreciation and amortization	**364**	348	5%	**157**	117	34%	**86**	80	8%	**7**	6	17%	**8**	11	-27%	**622**	562	11%
EBIT	**1,211**	1,296	-7%	**695**	700	-1%	**282**	232	22%	**25**	24	4%	**-45**	-35	-29%	**2,168**	2,217	-2%
Net interest	**-236**	-243	3%	**-181**	-212	15%	**-39**	-50	22%	**-2**	–	--	**9**	25	-64%	**-449**	-480	6%
Income taxes	**-320**	-361	11%	**-129**	-131	2%	**-45**	-29	-55%	**-6**	-7	14%	**12**	16	-25%	**-488**	-512	5%
Net income attributable to shareholders of Fresenius SE & Co. KGaA	**578**	617	-6%	**367**	330	11%	**194**	148	31%	**16**	16	0%	**-428**	-426	0%	**727**	685	6%
Operating cash flow	**1,098**	1,146	-4%	**303**	452	-33%	**186**	157	18%	**-13**	68	-119%	**-8**	-16	50%	**1,566**	1,807	-13%
Cash flow before acquisitions and dividends	**723**	803	-10%	**114**	322	-65%	**105**	79	33%	**-21**	62	-134%	**-14**	-23	39%	**907**	1,243	-27%
Total assets[1]	**16,686**	16,921	-1%	**8,764**	8,662	1%	**4,440**	4,408	1%	**734**	676	9%	**54**	-3	--	**30,678**	30,664	0%
Debt[1]	**6,242**	6,290	-1%	**4,958**	4,964	0%	**1,340**	1,293	4%	**148**	74	100%	**-1,609**	-1,593	-1%	**11,079**	11,028	0%
Capital expenditure, gross	**389**	351	11%	**187**	159	18%	**85**	88	-3%	**8**	6	33%	**7**	7	0%	**676**	611	11%
Acquisitions, gross/investments[2]	**232**	1,337	-83%	**59**	30	97%	**7**	567	-99%	**8**	42	-81%	**136**	1,017	-87%	**442**	2,993	-85%
Research and development expenses	**72**	65	11%	**177**	136	30%	**–**	–	--	**0**	0		**3**	13	-77%	**252**	214	18%
Employees (per capita on balance sheet date)[1]	**94,080**	90,866	4%	**31,010**	30,214	3%	**42,980**	42,881	0%	**6,365**	4,432	44%	**814**	931	-13%	**175,249**	169,324	3%
Key figures																		
EBITDA margin	**19.3%**	20.9%		**22.8%**	24.3%		**14.5%**	13.3%		**4.9%**	5.6%					**18.8%[4]**	19.8%[8]	
EBIT margin	**14.8%**	16.4%		**18.6%**	20.8%		**11.1%**	9.9%		**3.8%**	4.5%					**14.6%[4]**	15.8%[8]	
Depreciation and amortization in % of sales	**4.5%**	4.4%		**4.2%**	3.5%		**3.4%**	3.4%		**1.1%**	1.1%					**4.1%**	4.0%	
Operating cash flow in % of sales	**13.5%**	14.5%		**8.1%**	13.4%		**7.3%**	6.7%		**-2.0%**	12.7%					**10.4%**	12.8%	
ROOA[1]	**10.8%**	11.4%		**11.9%**	12.3%		**9.1%**	8.2%		**11.5%**	12.8%					**10.6%[7]**	11.0%[9]	

[1] 2012: December 31
[2] 2012: includes an investment of cash in the amount of €801 million by Fresenius SE & Co. KGaA
[3] Excluding special item from the acquisition of Liberty Dialysis Holdings, Inc.
[4] Excluding one-time integration costs of Fenwal Holdings, Inc.
[5] Including one-time integration costs of Fenwal Holdings, Inc.
[6] Including special item from the acquisition of Liberty Dialysis Holdings, Inc. and one-time costs related to the takeover offer to the shareholders of Rhön-Klinikum AG
[7] The underlying pro forma EBIT does not include one-time integration costs of Fenwal Holdings, Inc., one-time costs related to the takeover offer to the shareholders of Rhön-Klinikum AG, special items from the renegotiation of the Venofer contract and the donation to the American Society of Nephrology.
[8] Before one-time costs related to the takeover offer to the shareholders of Rhön-Klinikum AG
[9] The underlying pro forma EBIT does not include one-time costs related to the takeover offer to the shareholders of Rhön-Klinikum AG, special items from the renegotiation of the Venofer contract and the donation to the American Society of Nephrology.

The consolidated segment reporting is an integral part of the notes.
The following notes are an integral part of the unaudited condensed interim financial statements.

FRESENIUS SE & CO. KGAA

CONSOLIDATED SEGMENT REPORTING THIRD QUARTER (UNAUDITED)

	Fresenius Medical Care			Fresenius Kabi			Fresenius Helios			Fresenius Vamed			Corporate/Other			Fresenius Group		
by business segment, € in millions	**2013**	2012	Change	**2013[2]**	2012	Change	**2013**	2012	Change	**2013**	2012	Change	**2013[3]**	2012[4]	Change	**2013**	2012	Change
Sales	**2,768**	2,732	1%	**1,223**	1,129	8%	**842**	822	2%	**233**	188	24%	**-21**	-7	-200%	**5,045**	4,864	4%
thereof contribution to consolidated sales	**2,763**	2,728	1%	**1,214**	1,117	9%	**842**	822	2%	**225**	188	20%	**1**	9	-89%	**5,045**	4,864	4%
thereof intercompany sales	**5**	4	25%	**9**	12	-25%	**0**	0		**8**	–	--	**-22**	-16	-38%	**0**	0	
contribution to consolidated sales	**55%**	56%		**24%**	23%		**17%**	17%		**4%**	4%		**0%**	0%		**100%**	100%	
EBITDA	**545**	575	-5%	**277**	287	-3%	**133**	111	20%	**13**	12	8%	**-11**	-5	-120%	**957**	980	-2%
Depreciation and amortization	**124**	121	2%	**51**	39	31%	**30**	29	3%	**3**	2	50%	**2**	5	-60%	**210**	196	7%
EBIT	**421**	454	-7%	**226**	248	-9%	**103**	82	26%	**10**	10	0%	**-13**	-10	-30%	**747**	784	-5%
Net interest	**-78**	-86	9%	**-51**	-70	27%	**-12**	-17	29%	**-1**	–	--	**6**	6	0%	**-136**	-167	19%
Income taxes	**-112**	-122	8%	**-45**	-47	4%	**-16**	-7	-129%	**-2**	-3	33%	**3**	4	-25%	**-172**	-175	2%
Net income attributable to shareholders of Fresenius SE & Co. KGaA	**206**	216	-5%	**125**	120	4%	**75**	57	32%	**7**	6	17%	**-148**	-156	5%	**265**	243	9%
Operating cash flow	**458**	427	7%	**65**	164	-60%	**106**	78	36%	**-16**	10	--	**6**	-8	175%	**619**	671	-8%
Cash flow before acquisitions and dividends	**326**	295	11%	**-6**	123	-105%	**71**	48	48%	**-19**	8	--	**4**	-9	144%	**376**	465	-19%
Capital expenditure, gross	**135**	137	-1%	**76**	41	85%	**35**	42	-17%	**3**	2	50%	**2**	1	100%	**251**	223	13%
Acquisitions, gross/investments[1]	**146**	33	--	**4**	24	-83%	**2**	5	-60%	**2**	21	-90%	**138**	-139	199%	**292**	-56	--
Research and development expenses	**25**	22	14%	**60**	48	25%	**–**	–	--	**0**	0		**0**	4	-100%	**85**	74	15%
Key figures																		
EBITDA margin	**19.7%**	21.1%		**22.6%**	25.4%		**15.8%**	13.5%		**5.6%**	6.4%					**19.1%[2]**	20.1%	
EBIT margin	**15.2%**	16.6%		**18.5%**	22.0%		**12.2%**	10.0%		**4.3%**	5.3%					**14.9%[2]**	16.1%	
Depreciation and amortization in % of sales	**4.5%**	4.5%		**4.2%**	3.5%		**3.6%**	3.5%		**1.3%**	1.1%					**4.2%**	4.0%	
Operating cash flow in % of sales	**16.5%**	15.7%		**5.3%**	14.5%		**12.6%**	9.5%		**-6.9%**	5.3%					**12.3%**	13.8%	

[1] 2012: includes a reduction in the amount of €150 million of investment of cash by Fresenius SE & Co. KGaA
[2] Excluding one-time integration costs of Fenwal Holdings, Inc.
[3] Including one-time integration costs of Fenwal Holdings, Inc.
[4] Including one-time costs related to the takeover offer to the shareholders of Rhön-Klinikum AG

The consolidated segment reporting is an integral part of the notes.
The following notes are an integral part of the unaudited condensed interim financial statements.

GENERAL NOTES

1. PRINCIPLES

I. GROUP STRUCTURE

Fresenius is a worldwide operating health care group with products and services for dialysis, the hospital and the medical care of patients at home. Further areas of activity are hospital operations as well as engineering and services for hospitals and other health care facilities. In addition to the activities of the parent company Fresenius SE & Co. KGaA, Bad Homburg v. d. Höhe, the operating activities were split into the following legally independent business segments (subgroups) as of September 30, 2013:

- Fresenius Medical Care
- Fresenius Kabi
- Fresenius Helios
- Fresenius Vamed

The reporting currency in the Fresenius Group is the euro. In order to make the presentation clearer, amounts are mostly shown in million euros. Amounts under €1 million after rounding are marked with "–".

II. BASIS OF PRESENTATION

The accompanying condensed consolidated financial statements have been prepared in accordance with the United States Generally Accepted Accounting Principles (U.S. GAAP).

Fresenius SE & Co. KGaA, as a stock exchange listed company with a domicile in a member state of the European Union, fulfills its obligation to prepare and publish the consolidated financial statements in accordance with the International Financial Reporting Standards (IFRS) applying Section 315a of the German Commercial Code (HGB). Simultaneously, the Fresenius Group voluntarily prepares and publishes the consolidated financial statements in accordance with U.S. GAAP.

The accounting policies underlying these interim financial statements are mainly the same as those applied in the consolidated financial statements as of December 31, 2012.

III. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Principles of consolidation

The condensed consolidated financial statements and management report for the first three quarters and the third quarter ended September 30, 2013 have not been audited nor reviewed and should be read in conjunction with the notes included in the consolidated financial statements as of December 31, 2012, published in the 2012 Annual Report.

Except for the reported acquisitions (see note 2, Acquisitions, divestitures and investments), there have been no other major changes in the entities consolidated.

The consolidated financial statements for the first three quarters and the third quarter ended September 30, 2013 include all adjustments that, in the opinion of the Management Board, are of a normal and recurring nature and are necessary to provide an appropriate view of the assets and liabilities, financial position and results of operations of the Fresenius Group.

The results of operations for the first three quarters ended September 30, 2013 are not necessarily indicative of the results of operations for the fiscal year 2013.

Classifications

Certain items in the consolidated financial statements for the first three quarters of 2012 and for the year 2012 have been reclassified to conform with the current year's presentation.

Use of estimates

The preparation of consolidated financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of income and expenses during the reporting period. Actual results could differ from those estimates.

IV. RECENT PRONOUNCEMENTS, APPLIED

The Fresenius Group has prepared its consolidated financial statements at September 30, 2013 in conformity with U.S. GAAP in force for interim periods on January 1, 2013.

The Fresenius Group applied the following standards, as far as they are relevant for Fresenius Group's business, for the first time:

In December 2011, the Financial Accounting Standards Board (FASB) issued **Accounting Standards Update 2011-11** (ASU 2011-11), FASB Accounting Standards Codification (ASC)

Topic 210, Balance Sheet – Disclosures about Offsetting Assets and Liabilities. This amendment requires disclosing and reconciling the gross and net amounts for financial instruments that are offset in the statement of financial position, and the amounts for financial instruments that are subject to master netting arrangements and other similar clearing and repurchase arrangements. In January 2013, the FASB issued **Accounting Standards Update 2013-01** (ASU 2013-01), an update to FASB ASC Topic 210, Balance Sheet – Clarifying the Scope of Disclosures about Offsetting Assets and Liabilities. The main purpose of ASU 2013-01 is to clarify the scope of balance sheet offsetting under ASU 2011-11 to include derivatives, repurchase agreements and reverse repurchase agreements, and securities borrowing and securities lending transactions that are offset or subject to master netting agreements. The disclosures required under ASU 2011-11 would apply to these transactions and other types of financial assets or liabilities will no longer be subject to ASU 2011-11. These updates are effective for periods beginning on or after January 1, 2013. The Fresenius Group does not utilize balance sheet offsetting for their derivative transactions. For further information see note 20, Financial instruments.

V. RECENT PRONOUNCEMENTS, NOT YET APPLIED

The FASB issued the following relevant new standards for the Fresenius Group:

In July 2013, the FASB issued **Accounting Standards Update 2013-11** (ASU 2013-11), FASB ASC Topic 740, Income Taxes – Presentation of an Unrecognized Tax Benefit when a Net Operating Loss Carryforward, a Similar Tax Loss, or a Tax Credit Carryforward Exists. The purpose of ASU 2013-11 is to align the financial statement presentation of an unrecognized tax benefit when a net operating loss carryforward, a similar tax loss or a tax credit carryforward exists. In most cases, the unrecognized tax benefit should be presented as a reduction to a deferred tax asset for a net operating loss carryforward, a similar tax loss or a tax credit carryforward. The update is effective for periods beginning on or after December 15, 2013. The Fresenius Group is currently evaluating the impact of ASU 2013-11 on its consolidated financial statements.

In July 2013, the FASB issued **Accounting Standards Update 2013-10** (ASU 2013-10), FASB ASC Topic 815, Derivatives and Hedging – Inclusion of the Fed Funds Effective Swap Rate (or Overnight Index Swap Rate) as a Benchmark Interest Rate for Hedge Accounting Purposes. The purpose of ASU 2013-10 is to provide the inclusion of the Fed Funds Effective Swap Rate as a U.S. benchmark interest rate for hedge accounting purposes. This rate will now be available to use along with the U.S. government interest rates and the London Interbank Offered Rate. This update is effective prospectively for new or designated hedging relationships entered into on or after July 17, 2013. Currently, the Fresenius Group does not intend to utilize the newly available Fed Funds Effective Swap Rate for its hedge accounting.

In March 2013, the FASB issued **Accounting Standards Update 2013-05** (ASU 2013-05), FASB ASC Topic 830, Foreign Currency Matters – Parent's Accounting for the Cumulative Translation Adjustment upon Derecognition of Certain Subsidiaries or Groups of Assets within a Foreign Entity or of an Investment in a Foreign Entity. The purpose of ASU 2013-05 is to provide clarification and further refinement regarding the treatment of the release of a cumulative translation adjustment into net income. This occurs in instances where the parent either sells a part or all of its investment in a foreign entity. Another possibility is if a company no longer holds a controlling interest in a subsidiary or group of assets that is a nonprofit activity or business within a foreign entity. The update is effective for periods beginning on or after December 15, 2013. The Fresenius Group is currently evaluating the impact of ASU 2013-05 on its consolidated financial statements.

In February 2013, the FASB issued **Accounting Standards Update 2013-04** (ASU 2013-04), FASB ASC Topic 405, Liabilities – Obligations Resulting from Joint and Several Liability Arrangements for which the Total Amount of the Obligations is Fixed at the Reporting Date. ASU 2013-04's objective is to provide guidance and clarification on the recognition, measurement and disclosure of obligations resulting from joint and several liability arrangements such as debt arrangements, other contractual obligations and settled litigation and judicial rulings. The update is effective for periods beginning on or after December 15, 2013. The Fresenius Group is currently evaluating the impact of ASU 2013-04 on its consolidated financial statements.

In July 2011, the FASB issued **Accounting Standards Update 2011-06** (ASU 2011-06), FASB ASC Topic 720, Other Expenses – Fees Paid to the Federal Government by Health Insurers. The amendments in ASU 2011-06 address how health insurers should recognize and classify their income statement fees mandated by the Health Care and Educational Affordability Reconciliation Act. These amendments require that the liability for the fee be estimated and recorded in full once the entity provides qualifying health insurance in the applicable calendar year in which the fee is payable. In conjunction, the corresponding deferred cost is amortized to expense using a straight-line allocation method unless another method better allocates the fee over the entire calendar year for which it is payable. In addition, the ASU states that this fee does not meet the definition of an acquisition cost. The disclosures required under ASU 2011-06 are effective for calendar years beginning after December 31, 2013, when the fee initially becomes effective. The Fresenius Group will apply the guidance under ASU 2011-06 beginning January 1, 2014. The Fresenius Group is currently not expecting any impact on its consolidated financial statements.

2. ACQUISITIONS, DIVESTITURES AND INVESTMENTS

The Fresenius Group made acquisitions and investments of €442 million and €2,993 million in the first three quarters of 2013 and 2012, respectively. Of this amount, €431 million was paid in cash and €11 million was assumed obligations in the first three quarters of 2013. Furthermore, in the first three quarters of 2013, €14 million was paid in cash for acquisitions made in 2012.

FRESENIUS MEDICAL CARE

In the first three quarters of 2013, Fresenius Medical Care spent €232 million on acquisitions, mainly for the purchase of dialysis clinics.

Acquisition of Liberty Dialysis Holdings, Inc.

On February 28, 2012, Fresenius Medical Care acquired 100% of the equity of Liberty Dialysis Holdings, Inc. (LD Holdings), the owner of Liberty Dialysis and owner of a 51% stake in Renal Advantage Partners, LLC (the Liberty Acquisition). Fresenius Medical Care accounted for this transaction as a business combination and finalized the acquisition accounting on February 28, 2013.

Total consideration for the Liberty Acquisition was US$2,181 million, consisting of US$1,696 million cash, net of cash acquired and US$485 million non-cash consideration. Accounting standards for business combinations require previously held equity interests to be fair valued at the time of the acquisition with the difference to book value to be recognized as a gain or loss in income. Prior to the Liberty Acquisition, Fresenius Medical Care had a 49% equity investment in Renal Advantage Partners, LLC, the fair value of which, US$202 million, was included as part of the non-cash consideration. The fair value was determined based on the discounted cash flow method, utilizing a discount rate of approximately 13%. In addition to Fresenius Medical Care's investment, it also had a loan receivable from Renal Advantage Partners, LLC of US$279 million, at a fair value of US$283 million, which was retired as part of the transaction.

The following table summarizes the final fair values of assets acquired and liabilities assumed at the date of the acquisition. Any adjustments to acquisition accounting from December 31, 2012 until finalization, net of related income tax effects, were recorded with a corresponding adjustment to goodwill.

US$ in millions	
Assets held for sale	164
Trade accounts receivable	150
Other current assets	17
Deferred tax assets	15
Property, plant and equipment	168
Intangible assets and other assets	85
Goodwill	2,003
Accounts payable, accrued expenses and other short-term liabilities	-105
Income tax payable and deferred taxes	-34
Short-term borrowings and other financial liabilities and long-term debt and capital lease obligations	-72
Other liabilities	-40
Noncontrolling interests (subject and not subject to put provisions)	-170
Total acquisition cost	**2,181**
Less, at fair value, non-cash contributions	
Investment at acquisition date	-202
Long-term Notes Receivable	-283
Total non-cash items	-485
Net Cash paid	**1,696**

The amortizable intangible assets acquired in this acquisition have weighted-average useful lives of 6–8 years.

Goodwill in the amount of US$2,003 million was acquired as part of the Liberty Acquisition. Goodwill is an asset representing the future economic benefits arising from other assets acquired in a business combination that are not individually identified and separately recognized. Goodwill arises principally due to the fair value placed on an estimated stream of future cash flows versus building a similar franchise. Of the goodwill recognized in this acquisition, approximately US$436 million is deductible for tax purposes and will be amortized over a 15 year period beginning on the date of the acquisition.

The noncontrolling interests acquired as part of the acquisition are stated at fair value based upon contractual multiples typically utilized by Fresenius Medical Care for such arrangements as well as Fresenius Medical Care's overall experience.

The fair valuation of Fresenius Medical Care's investment at the time of the Liberty Acquisition resulted in a non-taxable gain of US$140 million. The retirement of the loan receivable resulted in a gain of US$9 million.

Divestitures

In connection with the United States Federal Trade Commission consent order relating to the Liberty Acquisition, Fresenius Medical Care agreed to divest a total of 62 renal dialysis centers. By the end of the third quarter of 2012 and by December 31, 2012, 61 clinics were sold, 24 of which were FMC-AG & Co. KGaA clinics, which generated a gain of US$33.5 million. In the second quarter of 2013, the remaining clinic was sold for a gain of US$7.7 million. The 38 clinics acquired and subsequently sold were categorized as assets held for sale in the previous table at the time of the Liberty Acquisition.

FRESENIUS KABI

In the first three quarters of 2013, Fresenius Kabi spent €59 million on acquisitions, mainly for production plants in India and China as well as for compounding companies in Germany.

Acquisition of Fenwal Holdings, Inc.

On July 20, 2012, Fresenius Kabi announced the signing of a purchase agreement to acquire 100% of the share capital in Fenwal Holdings, Inc. (Fenwal), a leading U.S.-based provider of transfusion technology products for blood collection, separation and processing.

The transaction could be closed on December 13, 2012 after approval by the antitrust authorities. The Fresenius Group has consolidated Fenwal as of December 2012.

The transaction was accounted for as a business combination. The following table summarizes the current estimated fair values of assets acquired and liabilities assumed at the date of the acquisition. This allocation of the purchase price is based upon the best information available to management at present. Due to the relatively short interval between the closing date of the acquisition and the date of the statement of financial position, this information may be incomplete. Any adjustments to acquisition accounting, net of related income tax effects, will be recorded with a corresponding adjustment to goodwill.

€ in millions	
Trade accounts receivable	61
Working capital and other assets	210
Assets	120
Liabilities	-519
Goodwill	383
Identifiable immaterial assets	331
Consideration transferred	**586**
Net debt acquired	259
Transaction amount	**845**

It is currently estimated that amortizable intangible assets acquired in this acquisition will have weighted-average useful lives of 10 to 15 years. The acquired amortizable intangible assets primarily consist of customer relationships in the amount of €70 million and technology in the amount of €237 million.

The goodwill in the amount of €383 million that was acquired as part of the Fenwal Acquisition is not deductible for tax purposes.

Divestitures

In December 2012, Fresenius Kabi announced that it had signed an agreement to sell its subsidiary Calea France SAS (Calea) to The Linde Group. Calea is active in the French homecare market and focuses on respiratory therapy, which is not a core business of Fresenius Kabi.

The transaction was completed in January 2013. The assets and liabilities of Calea were thus shown as held for sale in the consolidated statement of financial position as of December 31, 2012 under other assets and other liabilities.

FRESENIUS HELIOS

In the first three quarters of 2013, Fresenius Helios spent €7 million on acquisitions, mainly for the purchase of the St. Josef Krankenhaus, Wipperfürth, Germany.

Acquisition of hospitals of Rhön-Klinikum AG

On September 13, 2013, Fresenius Helios announced the signing of a binding agreement to purchase 43 hospitals with a total of approximately 11,800 beds as well as 15 outpatient facilities of Rhön-Klinikum AG, Germany. In the fiscal year 2013, the acquisition is expected to add sales of approximately €2,000 million and an EBITDA of approximately €250 million.

The purchase price of €3,070 million will be entirely debt-financed. Under the transaction, Fresenius will not assume any financial debt of Rhön-Klinikum AG.

The acquisition is subject to antitrust approval as well as certain approvals of former municipal owners or current minority shareholders. The vast majority of the transaction is expected to close by the end of 2013.

Acquisition of Damp Holding AG

In March 2012, Fresenius Helios closed the acquisition of Damp Holding AG (Damp), Germany. 100% of the share capital was acquired.

The Fresenius Group has consolidated Damp as of March 31, 2012. The transaction was accounted for as a business combination and the acquisition accounting was finalized on March 31, 2013.

The following table summarizes the final fair values of assets acquired and liabilities assumed at the date of the acquisition. Any adjustments to acquisition accounting from December 31, 2012 until finalization, net of related income tax effects, were recorded with a corresponding adjustment to goodwill.

€ in millions	
Trade accounts receivable	43
Working capital and other assets	56
Assets	241
Liabilities	-431
Goodwill	445
Consideration transferred	**354**
Net debt acquired	207
Transaction amount	**561**

The goodwill in the amount of €445 million that was acquired as part of the Damp Acquisition is not deductible for tax purposes.

Damp's results have been included in the consolidated statement of income since April 1, 2012.

FRESENIUS VAMED

In the first three quarters of 2013, Fresenius Vamed spent €8 million on acquisitions, mainly for the purchase of the hospital Nemocnice sv. Zdislavy a. s., Czech Republic.

CORPORATE / OTHER

In the third quarter of 2013 short-term securities in the amount of €136 million were acquired. Furthermore, during the first three quarters of 2013, German government securities in the amount of €37 million were divested.

On June 28, 2013, the sale of Fresenius Biotech to the Fuhrer family, owners of Neopharm, Israel's second-largest pharmaceutical company, was closed. The transaction includes both the trifunctional antibody Removab as well as the immunosuppressive drug ATG-Fresenius S.

Already in December 2012, Fresenius has decided to focus on its four established business segments Fresenius Medical Care, Fresenius Kabi, Fresenius Helios and Fresenius Vamed.

As a result of this decision, the assets and liabilities of Fresenius Biotech were shown as held for sale in the consolidated statement of financial position as of December 31, 2012 under other assets and other liabilities.

PRO FORMA FINANCIAL INFORMATION

The following unaudited financial information, on a pro forma basis, reflects the consolidated results of operations as if the acquisitions of Liberty, Damp and Fenwal had been consummated on January 1, 2012.

With respect to the Liberty Acquisition, the pro forma information is based on the assumption that the divestiture of the clinics had already been consummated on January 1, 2012.

With respect to the acquisition of Damp and Fenwal, the pro forma financial information mainly includes adjustments for interest expenses in connection with the acquisition of Damp and income taxes.

The pro forma financial information is not necessarily indicative of the results of operations as it would have been had the transactions been consummated on January 1, 2012.

	Q1–3/2012	
€ in millions	as reported	pro forma
Sales	14,100	14,632
Net income attributable to shareholders of Fresenius SE & Co. KGaA	685	679
Basic earnings per ordinary share in €	4.00	3.97
Fully diluted earnings per ordinary share in €	3.95	3.92

NOTES ON THE CONSOLIDATED STATEMENT OF INCOME

3. SPECIAL ITEMS

Net income attributable to shareholders of Fresenius SE & Co. KGaA for the first three quarters of 2013 in the amount of €727 million includes as special item one-time costs from the integration of Fenwal Holdings, Inc. in the amount of €26 million (€34 million before tax).

4. SALES

Sales by activity were as follows:

€ in millions	Q1–3/2013	Q1–3/2012
Sales of services	9,265	8,800
less patient service bad debt provision	-155	-161
Sales of products and related goods	5,576	5,156
Sales from long-term production contracts	337	287
Other sales	9	18
Sales	**15,032**	14,100

5. INVESTMENT GAIN

Fresenius Medical Care's acquisition of the remaining 51% stake in Renal Advantage Partners, LLC, in addition to its 49% equity investment held previously, represents a business combination achieved in stages in the course of the acquisition of Liberty Dialysis Holdings, Inc. The previous equity investment was measured at its fair value at the date of the acquisition of Liberty Dialysis Holdings, Inc. by Fresenius Medical Care. In the first three quarters of 2012, the resultant non-taxable income of US$140 million (€109 million) was presented in the separate line item investment gain in the consolidated statement of income.

6. TAXES

In the United States, Fresenius Medical Care filed claims for refunds contesting the Internal Revenue Service's (IRS) disallowance of Fresenius Medical Care Holdings, Inc.'s (FMCH) civil settlement payment deductions taken by FMCH in prior year tax returns. As a result of a settlement agreement with the IRS, Fresenius Medical Care received a partial refund in September 2008 of US$37 million, inclusive of interest, and preserved its right to pursue claims in the United States Courts for refunds of all other disallowed deductions, which totaled approximately US$126 million. On December 22, 2008, Fresenius Medical Care filed a complaint for complete refund in the United States District Court for the District of Massachusetts, styled as Fresenius Medical Care Holdings, Inc. v. United States. On August 15, 2012, a jury entered a verdict for FMCH granting additional deductions of US$95 million. On May 31, 2013, the District Court entered final judgment for FMCH in the amount of US$50 million. On September 18, 2013, the IRS appealed the District Court's ruling to the United States Court of Appeals for the First Circuit (Boston).

During the first three quarters of 2013, there were no further material changes relating to tax audits, accruals for income taxes, unrecognized tax benefits as well as recognized and accrued payments for interest and penalties. Explanations regarding the tax audits and further information can be found in the consolidated financial statements in the 2012 Annual Report.

7. EARNINGS PER SHARE

The following table shows the earnings per share including and excluding the dilutive effect from stock options issued:

	Q1–3/2013	Q1–3/2012
Numerators, € in millions		
Net income attributable to shareholders of Fresenius SE & Co. KGaA	**727**	685
less effect from dilution due to Fresenius Medical Care shares	**1**	2
Income available to all ordinary shares	**726**	683
Denominators in number of shares		
Weighted-average number of ordinary shares outstanding	**178,455,438**	171,263,663
Potentially dilutive ordinary shares	**1,628,473**	1,563,508
Weighted-average number of ordinary shares outstanding assuming dilution	**180,083,911**	172,827,171
Basic earnings per ordinary share in €	**4.07**	4.00
Fully diluted earnings per ordinary share in €	**4.03**	3.95

NOTES ON THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION

8. CASH AND CASH EQUIVALENTS

As of September 30, 2013 and December 31, 2012, cash and cash equivalents were as follows:

€ in millions	Sept. 30, 2013	Dec. 31, 2012
Cash	856	865
Time deposits and securities (with a maturity of up to 90 days)	17	20
Total cash and cash equivalents	**873**	885

As of September 30, 2013 and December 31, 2012, earmarked funds of €57 million and €38 million, respectively, were included in cash and cash equivalents.

9. TRADE ACCOUNTS RECEIVABLE

As of September 30, 2013 and December 31, 2012, trade accounts receivable were as follows:

€ in millions	Sept. 30, 2013	Dec. 31, 2012
Trade accounts receivable	4,020	4,056
less allowance for doubtful accounts	446	406
Trade accounts receivable, net	**3,574**	3,650

10. INVENTORIES

As of September 30, 2013 and December 31, 2012, inventories consisted of the following:

€ in millions	Sept. 30, 2013	Dec. 31, 2012
Raw materials and purchased components	464	433
Work in process	324	291
Finished goods	1,264	1,216
less reserves	66	100
Inventories, net	**1,986**	1,840

11. OTHER CURRENT AND NON-CURRENT ASSETS

As of September 30, 2013, investments, securities and long-term loans comprised investments of €474 million (December 31, 2012: €484 million), mainly regarding the joint venture between Fresenius Medical Care and Galenica Ltd., that were accounted for under the equity method. In the first three quarters of 2013, income of €11 million (Q1–3 2012: €11 million) resulting from this valuation was included in selling, general and administrative expenses in the consolidated statement of income. Moreover, investments, securities and long-term loans included €316 million financial assets available for sale as of September 30, 2013 (December 31, 2012: €182 million). Furthermore, investments and long-term loans included €123 million as of September 30, 2013 that Fresenius Medical Care loaned to a middle-market dialysis provider.

12. GOODWILL AND OTHER INTANGIBLE ASSETS

As of September 30, 2013 and December 31, 2012, intangible assets, split into amortizable and non-amortizable intangible assets, consisted of the following:

AMORTIZABLE INTANGIBLE ASSETS

	Sept. 30, 2013			Dec. 31, 2012		
€ in millions	Acquisition cost	Accumulated amortization	Carrying amount	Acquisition cost	Accumulated amortization	Carrying amount
Patents, product and distribution rights	570	233	337	585	216	369
Technology	312	47	265	321	32	289
Non-compete agreements	241	173	68	242	162	80
Other	696	361	335	684	319	365
Total	**1,819**	**814**	**1,005**	1,832	729	1,103

Estimated regular amortization expenses of intangible assets for the next five years are shown in the following table:

€ in millions	Q4/2013	2014	2015	2016	2017	Q1–3/2018
Estimated amortization expenses	46	132	125	118	116	80

NON-AMORTIZABLE INTANGIBLE ASSETS

€ in millions	Sept. 30, 2013			Dec. 31, 2012		
	Acquisition cost	**Accumulated amortization**	**Carrying amount**	Acquisition cost	Accumulated amortization	Carrying amount
Tradenames	**171**	**0**	**171**	175	0	175
Management contracts	**6**	**0**	**6**	6	0	6
Goodwill	**14,864**	**0**	**14,864**	15,014	0	15,014
Total	**15,041**	**0**	**15,041**	15,195	0	15,195

The carrying amount of goodwill has developed as follows:

€ in millions	Fresenius Medical Care	Fresenius Kabi	Fresenius Helios	Fresenius Vamed	Corporate/ Other	**Fresenius Group**
Carrying amount as of January 1, 2012	**7,100**	**3,793**	**1,722**	**48**	**6**	**12,669**
Additions	1,707	396	447	11	0	2,561
Disposals	0	-1	–	0	0	-1
Reclassifications	0	0	-18	18	0	0
Foreign currency translation	-150	-65	0	0	0	-215
Carrying amount as of December 31, 2012	**8,657**	**4,123**	**2,151**	**77**	**6**	**15,014**
Additions	97	34	15	6	0	152
Disposals	0	-4	0	0	0	-4
Reclassifications	–	0	0	0	0	–
Foreign currency translation	-223	-75	0	0	0	-298
Carrying amount as of September 30, 2013	**8,531**	**4,078**	**2,166**	**83**	**6**	**14,864**

As of September 30, 2013 and December 31, 2012, the carrying amounts of the other non-amortizable intangible assets were €161 million and €165 million, respectively, for Fresenius Medical Care as well as €16 million, respectively, for Fresenius Kabi.

13. DEBT AND CAPITAL LEASE OBLIGATIONS

SHORT-TERM DEBT

The Fresenius Group had short-term debt of €467 million and €205 million at September 30, 2013 and December 31, 2012, respectively. As of September 30, 2013, this debt consisted of borrowings by certain entities of the Fresenius Group under lines of credit with commercial banks of €181 million. Furthermore, €286 million were outstanding under the commercial paper program of Fresenius SE & Co. KGaA.

LONG-TERM DEBT AND CAPITAL LEASE OBLIGATIONS

As of September 30, 2013 and December 31, 2012, long-term debt and capital lease obligations consisted of the following:

€ in millions	Sept. 30, 2013	Dec. 31, 2012
Fresenius Medical Care 2012 Credit Agreement	**2,125**	2,016
2013 Senior Credit Agreement	**1,761**	0
2008 Senior Credit Agreement	**0**	1,170
Euro Notes	**859**	739
European Investment Bank Agreements	**192**	498
Accounts receivable facility of Fresenius Medical Care	**147**	123
Capital lease obligations	**95**	94
Other	**267**	315
Subtotal	**5,446**	4,955
less current portion	**772**	519
Long-term debt and capital lease obligations, less current portion	**4,674**	4,436

Fresenius Medical Care 2012 Credit Agreement

Fresenius Medical Care AG & Co. KGaA (FMC-AG & Co. KGaA) entered into a US$3,850 million syndicated credit facility (Fresenius Medical Care 2012 Credit Agreement) with a large group of banks and institutional investors on October 30, 2012 which replaced the 2006 Senior Credit Agreement.

The following tables show the available and outstanding amounts under the Fresenius Medical Care 2012 Credit Agreement at September 30, 2013 and at December 31, 2012:

	Sept. 30, 2013			
	Maximum amount available		Balance outstanding	
		€ in millions		€ in millions
Revolving Credit (in US$)	US$600 million	444	**US$49 million**	**37**
Revolving Credit (in €)	€500 million	500	**€200 million**	**200**
Term Loan A	US$2,550 million	1,888	**US$2,550 million**	**1,888**
Total		2,832		**2,125**

	Dec. 31, 2012			
	Maximum amount available		Balance outstanding	
		€ in millions		€ in millions
Revolving Credit (in US$)	US$600 million	454	**US$59 million**	**45**
Revolving Credit (in €)	€500 million	500	**€0 million**	**0**
Term Loan A	US$2,600 million	1,971	**US$2,600 million**	**1,971**
Total		2,925		**2,016**

In addition, at September 30, 2013 and December 31, 2012, Fresenius Medical Care had letters of credit outstanding in the amount of US$11 million and US$77 million, respectively, which were not included above as part of the balance outstanding at those dates but which reduce available borrowings under the Revolving Credit Facility.

As of September 30, 2013, FMC-AG & Co. KGaA and its subsidiaries were in compliance with all covenants under the Fresenius Medical Care 2012 Credit Agreement.

2013 Senior Credit Agreement

On December 20, 2012, Fresenius SE & Co. KGaA and various subsidiaries entered into a delayed draw syndicated credit agreement (2013 Senior Credit Agreement) in the amount of US$1,300 million and €1,250 million. The 2013 Senior Credit Agreement was funded on June 28, 2013 and replaced the 2008 Senior Credit Agreement. On August 7, 2013, the 2013 Senior Credit Agreement was extended by a term loan B facility in the amount of US$500 million.

The following tables show the available and outstanding amounts under the 2013 Senior Credit Agreement at September 30, 2013 and under the 2008 Senior Credit Agreement at December 31, 2012:

2013 SENIOR CREDIT AGREEMENT

	Sept. 30, 2013			
	Maximum amount available		**Balance outstanding**	
		€ in millions		**€ in millions**
Revolving Credit Facilities (in €)	€600 million	600	**€0 million**	**0**
Revolving Credit Facilities (in US$)	US$300 million	222	**US$0 million**	**0**
Term Loan A (in €)	€650 million	650	**€650 million**	**650**
Term Loan A (in US$)	US$1,000 million	741	**US$1,000 million**	**741**
Term Loan B	US$500 million	370	**US$500 million**	**370**
Total		2,583		**1,761**

2008 SENIOR CREDIT AGREEMENT

	Dec. 31, 2012			
	Maximum amount available		**Balance outstanding**	
		€ in millions		**€ in millions**
Revolving Credit Facilities	US$550 million	416	**US$0 million**	**0**
Term Loan A	US$375 million	284	**US$375 million**	**284**
Term Loan D (in US$)	US$959 million	728	**US$959 million**	**728**
Term Loan D (in €)	€158 million	158	**€158 million**	**158**
Total		1,586		**1,170**

The 2013 Senior Credit Agreement consists of:

- 5-year revolving credit facilities in the aggregate principal amount of US$300 million, €400 million and a €200 million multicurrency facility with a final repayment date on June 28, 2018.
- 5-year term loan facilities in the aggregate principal amount of US$1,000 million and €650 million (together Term Loan A). Term Loan A amortizes and is repayable in unequal quarterly installments with a final maturity on June 28, 2018.
- a 6-year term loan facility in the aggregate principal amount of US$500 million (Term Loan B). Term Loan B amortizes and is repayable in quarterly installments with a final maturity on June 28, 2019.

The 2013 Senior Credit Agreement may be increased by establishing additional incremental facilities if certain conditions are met.

The interest rate on each borrowing under the 2013 Senior Credit Agreement is a rate equal to either (i) LIBOR or EURIBOR (as applicable) plus an applicable margin or (ii) the Base Rate as defined in the 2013 Senior Credit Agreement plus an applicable margin. The applicable margin is variable and depends on the leverage ratio as defined in the 2013 Senior Credit Agreement.

In addition to scheduled principal payments, indebtedness outstanding under the 2013 Senior Credit Agreement will be reduced by mandatory prepayments in the case of certain sales of assets and the incurrence of certain additional indebtedness, with the amount to be prepaid depending on the proceeds which are generated by the respective transaction.

The 2013 Senior Credit Agreement is guaranteed by Fresenius SE & Co. KGaA, Fresenius ProServe GmbH, Fresenius Kabi AG and certain U.S. subsidiaries of Fresenius Kabi AG. Obligations under the 2013 Senior Credit Agreement are secured by pledges of capital stock of certain material subsidiaries of Fresenius Kabi AG in favor of the lenders.

The 2013 Senior Credit Agreement contains a number of customary affirmative and negative covenants and other payment restrictions. These covenants include limitations on liens, sale of assets, incurrence of debt, investments and acquisitions and restrictions on the payment of dividends, among other items. The 2013 Senior Credit Agreement also includes financial covenants – as defined in the agreement – that require Fresenius SE & Co. KGaA and its subsidiaries (other than Fresenius Medical Care and its subsidiaries) to maintain a maximum leverage ratio and a minimum interest coverage ratio.

As of September 30, 2013, the Fresenius Group was in compliance with all covenants under the 2013 Senior Credit Agreement.

Euro Notes

As of September 30, 2013 and December 31, 2012, Euro Notes (Schuldscheindarlehen) of the Fresenius Group consisted of the following:

			Book value/nominal value € in millions	
	Maturity	Interest rate	**Sept. 30, 2013**	Dec. 31, 2012
Fresenius Finance B.V. 2008/2014	April 2, 2014	5.98%	**112**	112
Fresenius Finance B.V. 2008/2014	April 2, 2014	variable	**88**	88
Fresenius Finance B.V. 2007/2014	July 2, 2014	5.75%	**38**	38
Fresenius Finance B.V. 2007/2014	July 2, 2014	variable	**62**	62
Fresenius SE & Co. KGaA 2012/2016	April 4, 2016	3.36%	**156**	156
Fresenius SE & Co. KGaA 2012/2016	April 4, 2016	variable	**129**	129
Fresenius SE & Co. KGaA 2013/2017	Aug. 22, 2017	2.65%	**51**	0
Fresenius SE & Co. KGaA 2013/2017	Aug. 22, 2017	variable	**74**	0
Fresenius SE & Co. KGaA 2012/2018	April 4, 2018	4.09%	**72**	72
Fresenius SE & Co. KGaA 2012/2018	April 4, 2018	variable	**43**	43
Fresenius Medical Care AG & Co. KGaA 2009/2014	Oct. 27, 2014	8.38%	**11**	12
Fresenius Medical Care AG & Co. KGaA 2009/2014	Oct. 27, 2014	variable	**23**	27
Euro Notes			**859**	739

On February 22, 2013, Fresenius SE & Co. KGaA issued Euro Notes in an amount of €125 million. Proceeds were used for general corporate purposes. The new Euro Notes are guaranteed by Fresenius Kabi AG and Fresenius ProServe GmbH.

The Euro Notes issued by Fresenius Finance B.V. in the amount of €200 million and €100 million, which are due on April 2, 2014 and on July 2, 2014, respectively, are shown as current portion of long-term debt and capital lease obligations in the consolidated statement of financial position.

As of September 30, 2013, the Fresenius Group was in compliance with all of its covenants under the Euro Notes.

European Investment Bank Agreements

The following table shows the amounts outstanding under the European Investment Bank (EIB) facilities as of September 30, 2013 and December 31, 2012:

		Book value € in millions	
	Maturity	Sept. 30, 2013	Dec. 31, 2012
Fresenius SE & Co. KGaA	2013	**0**	196
Fresenius Medical Care AG & Co. KGaA	2013/2014	**140**	246
HELIOS Kliniken GmbH	2019	**52**	56
Loans from EIB		**192**	498

The majority of the loans are denominated in euros. At September 30, 2013, all credit lines were utilized.

At June 14, 2013, €96 million borrowings of Fresenius SE & Co. KGaA and US$91 million borrowings of FMC-AG & Co. KGaA were due. The loans were repaid as scheduled. In addition, loans borrowed by Fresenius SE & Co. KGaA of €100 million and FMC-AG & Co. KGaA of US$49 million, which were due at September 10 and 13, 2013, respectively, were repaid as scheduled.

The loans borrowed by FMC-AG & Co. KGaA which are due in February 2014 are shown as current portion of long-term debt and capital lease obligations in the consolidated statement of financial position.

As of September 30, 2013, the Fresenius Group was in compliance with the respective covenants.

CREDIT LINES

In addition to the financial liabilities described before, the Fresenius Group maintains additional credit facilities which have not been utilized, or have only been utilized in part, as of the reporting date. At September 30, 2013, the additional financial cushion resulting from unutilized credit facilities was approximately €2.4 billion.

14. SENIOR NOTES

As of September 30, 2013 and December 31, 2012, Senior Notes of the Fresenius Group consisted of the following:

				Book value € in millions	
	Notional amount	Maturity	Interest rate	Sept. 30, 2013	Dec. 31, 2012
Fresenius Finance B.V. 2006/2013	€500 million	Jan. 31, 2013	5.00%	**0**	500
Fresenius Finance B.V. 2006/2016	€650 million	Jan. 31, 2016	5.50%	**0**	645
Fresenius Finance B.V. 2012/2019	€500 million	Apr. 15, 2019	4.25%	**500**	500
Fresenius Finance B.V. 2013/2020	€500 million	July 15, 2020	2.875%	**500**	0
Fresenius US Finance II, Inc. 2009/2015	€275 million	July 15, 2015	8.75%	**270**	267
Fresenius US Finance II, Inc. 2009/2015	US$500 million	July 15, 2015	9.00%	**363**	369
FMC Finance VI S.A. 2010/2016	€250 million	July 15, 2016	5.50%	**249**	248
FMC Finance VII S.A. 2011/2021	€300 million	Feb. 15, 2021	5.25%	**295**	294
FMC Finance VIII S.A. 2011/2016	€100 million	Oct. 15, 2016	variable	**100**	100
FMC Finance VIII S.A. 2011/2018	€400 million	Sept. 15, 2018	6.50%	**396**	396
FMC Finance VIII S.A. 2012/2019	€250 million	July 31, 2019	5.25%	**243**	243
Fresenius Medical Care US Finance, Inc. 2007/2017	US$500 million	July 15, 2017	6.875%	**368**	376
Fresenius Medical Care US Finance, Inc. 2011/2021	US$650 million	Feb. 15, 2021	5.75%	**478**	489
Fresenius Medical Care US Finance II, Inc. 2011/2018	US$400 million	Sept. 15, 2018	6.50%	**293**	300
Fresenius Medical Care US Finance II, Inc. 2012/2019	US$800 million	July 31, 2019	5.625%	**592**	606
Fresenius Medical Care US Finance II, Inc. 2012/2022	US$700 million	Jan. 31, 2022	5.875%	**518**	531
Senior Notes				**5,165**	5,864

On January 7, 2013, Fresenius announced the early redemption of the 5.5% Senior Notes due in 2016 that were issued in 2006. The aggregate principal amount of €650 million was completely repaid on February 7, 2013 at a price of 100.916% plus accrued and unpaid interest. Initially, the redemption was financed by utilizing existing credit lines. From the end of June 2013, the 2013 Senior Credit Agreement was used for the refinancing.

On January 24, 2013, Fresenius Finance B.V. issued unsecured Senior Notes of €500 million at par which are due in 2020. Net proceeds were used to refinance the Senior Notes which were due in January 2013.

The Senior Notes are guaranteed by Fresenius SE & Co. KGaA, Fresenius Kabi AG and Fresenius ProServe GmbH.

The Senior Notes issued by Fresenius Finance B.V. which were due on January 31, 2013 were shown as long-term debt in the consolidated statement of financial position as of December 31, 2012.

As of September 30, 2013, the Fresenius Group was in compliance with all of its covenants.

15. PENSIONS AND SIMILAR OBLIGATIONS

DEFINED BENEFIT PENSION PLANS

At September 30, 2013, the pension liability of the Fresenius Group was €739 million. The current portion of the pension liability of €14 million is recognized in the consolidated statement of financial position within short-term accrued expenses and other short-term liabilities. The non-current portion of €725 million is recorded as pension liability.

Contributions to Fresenius Group's pension fund were €13 million in the first three quarters of 2013. The Fresenius Group expects approximately €15 million contributions to the pension fund during 2013.

Defined benefit pension plans' net periodic benefit costs of €57 million (Q1–3 2012: €42 million) were comprised of the following components:

€ in millions	Q1–3/2013	Q1–3/2012
Service cost	21	14
Interest cost	30	28
Expected return on plan assets	-11	-12
Amortization of unrealized actuarial losses, net	16	12
Amortization of prior service costs	1	–
Amortization of transition obligations	–	–
Settlement loss	–	0
Net periodic benefit cost	**57**	42

16. NONCONTROLLING INTEREST

NONCONTROLLING INTEREST SUBJECT TO PUT PROVISIONS

Noncontrolling interest subject to put provisions changed as follows:

€ in millions	Q1–3/2013
Noncontrolling interest subject to put provisions as of January 1, 2013	**398**
Noncontrolling interest subject to put provisions in profit	57
Purchase of noncontrolling interest subject to put provisions	18
Dividend payments	-66
Currency effects, first-time consolidations and other changes	69
Noncontrolling interest subject to put provisions as of September 30, 2013	**476**

As of September 30, 2013 and December 31, 2012, put options with an aggregate purchase obligation of €187 million and €173 million, respectively, were exercisable. One put option was exercised for a total consideration of €2 million during the first three quarters of 2013.

NONCONTROLLING INTEREST NOT SUBJECT TO PUT PROVISIONS

As of September 30, 2013 and December 31, 2012, noncontrolling interest not subject to put provisions in the Fresenius Group was as follows:

€ in millions	Sept. 30, 2013	Dec. 31, 2012
Noncontrolling interest not subject to put provisions in Fresenius Medical Care AG & Co. KGaA	4,643	4,692
Noncontrolling interest not subject to put provisions in VAMED AG	34	33
Noncontrolling interest not subject to put provisions in the business segments		
Fresenius Medical Care	180	201
Fresenius Kabi	82	86
Fresenius Helios	115	111
Fresenius Vamed	3	2
Total noncontrolling interest not subject to put provisions	**5,057**	5,125

Noncontrolling interest not subject to put provisions changed as follows:

€ in millions	Q1–3/2013
Noncontrolling interest not subject to put provisions as of January 1, 2013	**5,125**
Noncontrolling interest not subject to put provisions in profit	447
Stock options	48
Sale of noncontrolling interest not subject to put provisions	-50
Share buy-back program of Fresenius Medical Care AG & Co. KGaA	-120
Dividend payments	-196
Currency effects, first-time consolidations and other changes	-197
Noncontrolling interest not subject to put provisions as of September 30, 2013	**5,057**

17. FRESENIUS SE & CO. KGAA SHAREHOLDERS' EQUITY

SUBSCRIBED CAPITAL

During the first three quarters of 2013, 650,977 stock options were exercised. Consequently, as of September 30, 2013, the subscribed capital of Fresenius SE & Co. KGaA consisted of 178,839,237 bearer ordinary shares. The shares are issued as non-par value shares. The proportionate amount of the subscribed capital is €1.00 per share.

AUTHORIZED CAPITAL

By resolution of the Annual General Meeting on May 17, 2013, the previous Authorized Capital I was revoked and a new Authorized Capital I was created.

In accordance with the new provision in the articles of association of Fresenius SE & Co. KGaA, the general partner, Fresenius Management SE, is authorized, with the approval of the Supervisory Board, until May 16, 2018, to increase Fresenius SE & Co. KGaA's subscribed capital by a total amount of up to €40,320,000 through a single issue or multiple issues of new bearer ordinary shares against cash contributions and/or contributions in kind (Authorized Capital I). A subscription right must be granted to the shareholders in principle. In defined cases, the general partner is authorized, with the consent of the Supervisory Board, to decide on the exclusion of the shareholders' subscription right (e.g. to eliminate fractional amounts). For cash contributions, the authorization can only be exercised if the issue price is not significantly below the stock exchange price of the already listed shares at the time the issue price is fixed with final effect by the general partner. Furthermore, the proportionate amount of the shares issued with exclusion of subscription rights may not exceed 10% of the subscribed capital neither at the time of the resolution on the authorization nor at the time of the utilization of the authorization. In the case of a contribution in kind, the subscription right can be excluded only in order to acquire a company, parts of a company or a participation in a company. The authorizations granted concerning the exclusion of subscription rights can be used by the general partner only to such extent that the proportional amount of the total number of shares issued with exclusion of the subscription rights does not exceed 20% of the subscribed capital, neither at the time of the resolution on the authorization nor at the time of the utilization of the authorization.

The changes to the Authorized Capital became effective upon registration of the amendments to the articles of association with the commercial register on June 3, 2013.

CONDITIONAL CAPITAL

Corresponding to the stock option plans, the Conditional Capital of Fresenius SE & Co. KGaA is divided into Conditional Capital I, Conditional Capital II, Conditional Capital III and Conditional Capital IV. These are used to satisfy the subscription rights in connection with previously issued stock options or convertible bonds, as the case may be, for bearer ordinary shares under the stock option plans of 2003, 2008 and 2013 (see note 24, Stock options).

By resolution of the Annual General Meeting on May 17, 2013, the previous Conditional Capital I was revoked. Additionally, the change of the previous Conditional Capital II in Conditional Capital I, the change of the previous Conditional Capital III in Conditional Capital II as well as the change of the previous Conditional Capital IV in Conditional Capital III were resolved.

By resolution on May 17, 2013, the Annual General Meeting of Fresenius SE & Co. KGaA authorized the general partner until May 16, 2018, to issue up to 8,400,000 subscription rights for up to 8,400,000 non-par value bearer ordinary shares of Fresenius SE & Co. KGaA in the framework of the 2013 Stock Option Plan. The authorization shall fall to the Supervisory Board alone, if members of the Management Board of the general partner are concerned. To fulfill the granted subscription rights, the subscribed capital of Fresenius SE & Co. KGaA was increased conditionally by up to €8,400,000 through issuing of up to 8,400,000 new bearer ordinary shares (Conditional Capital IV). The change of Fresenius SE & Co. KGaA's articles of association with regard to the Conditional Capital I, II, III and IV became effective upon registration with the commercial register on June 3, 2013. The conditional capital increase shall only be implemented to the extent that subscription rights were or are issued according to the 2013 Stock Option Plan, the holders of subscription rights exercise their option rights and as long as no other forms of settlement are used. The new bearer ordinary shares shall participate in the profits from the start of the fiscal year in which they are issued.

The following table shows the development of the Conditional Capital:

in €	Ordinary shares
Conditional Capital I Fresenius AG Stock Option Plan 1998 (until June 3, 2013)	857,970
Conditional Capital I Fresenius AG Stock Option Plan 2003 (until June 3, 2013: Conditional Capital II)	2,497,254
Conditional Capital II Fresenius SE Stock Option Plan 2008 (until June 3, 2013: Conditional Capital III)	5,383,434
Conditional Capital III, approved on May 11, 2012 (until June 3, 2013: Conditional Capital IV)	16,323,734
Total Conditional Capital as of January 1, 2013	**25,062,392**
Cancellation of the previous Conditional Capital I Fresenius AG Stock Option Plan 1998	-857,970
Fresenius AG Stock Option Plan 2003 – options exercised	-163,893
Fresenius SE Stock Option Plan 2008 – options exercised	-487,084
Creation of Conditional Capital IV Fresenius SE & Co. KGaA Stock Option Plan 2013	8,400,000
Total Conditional Capital as of September 30, 2013	**31,953,445**

DIVIDENDS

Under the German Stock Corporation Act (AktG), the amount of dividends available for distribution to shareholders is based upon the unconsolidated retained earnings of Fresenius SE & Co. KGaA as reported in its statement of financial position determined in accordance with the German Commercial Code (HGB).

In May 2013, a dividend of €1.10 per bearer ordinary share was approved by Fresenius SE & Co. KGaA's shareholders at the Annual General Meeting and paid. The total dividend payment was €196 million.

SHARE BUY-BACK PROGRAM OF FRESENIUS MEDICAL CARE

Fresenius Medical Care completed a share buy-back program in the third quarter of 2013. At September 30, 2013, 7,548,951 ordinary shares were repurchased in the intended amount of €385 million (US$505 million).

18. OTHER COMPREHENSIVE INCOME (LOSS)

Other comprehensive income (loss) comprises all amounts recognized directly in equity (net of tax) resulting from the currency translation of foreign subsidiaries' financial statements and the effects of measuring financial instruments at their fair value as well as the change in benefit obligation.

Changes in accumulated other comprehensive income (loss) net of tax by component were as follows:

€ in millions	Cash flow hedges	Change of fair value of available for sale financial assets	Foreign currency translation	Actuarial gains/losses on defined benefit pension plans	Total, before non-controlling interest	Non-controlling interest	Total
Balance as of December 31, 2011	-145	-8	248	-81	14	132	146
Other comprehensive income (loss) before reclassifications	0	-10	2	-1	-9	5	-4
Amounts reclassified from accumulated other comprehensive income (loss)	10	0	–	3	13	8	21
Other comprehensive income (loss), net	10	-10	2	2	4	13	17
Balance as of September 30, 2012	-135	-18	250	-79	18	145	163
Balance as of December 31, 2012	-122	-17	168	-157	-128	13	-115
Other comprehensive income (loss) before reclassifications	9	25	-139	-2	-107	-163	-270
Amounts reclassified from accumulated other comprehensive income (loss)	8	0	–	5	13	11	24
Other comprehensive income (loss), net	17	25	-139	3	-94	-152	-246
Balance as of September 30, 2013	**-105**	**8**	**29**	**-154**	**-222**	**-139**	**-361**

Reclassifications out of accumulated other comprehensive income (loss) were as follows:

€ in millions	Amount of gain or loss reclassified from accumulated other comprehensive (income) loss		Affected line item in the consolidated statement of income
	Q1–3/2013	Q1–3/2012	
Details about accumulated other comprehensive (income) loss components			
Cash flow hedges			
Interest rate contracts	**23**	23	Interest income/expense
Foreign exchange contracts	**-1**	-3	Cost of sales
Foreign exchange contracts	**-1**	-2	Selling, general and administrative expenses
Foreign exchange contracts	**–**	–	Interest income/expense
Other comprehensive income	**21**	18	
Tax expense or benefit	**-6**	-3	
Other comprehensive income, net	**15**	15	
Amortization of defined benefit pension items			
Prior service costs	**1**	–	[1]
Transition obligations	**–**	–	[1]
Actuarial gains/losses on defined benefit pension plans	**13**	9	[1]
Other comprehensive income	**14**	9	
Tax expense or benefit	**-5**	-3	
Other comprehensive income, net	**9**	6	
Total reclassifications for the period	**24**	21	

[1] Net periodic benefit cost is allocated as personnel expense within cost of sales or selling, general and administrative expenses as well as research and development expenses.

OTHER NOTES

19. LEGAL PROCEEDINGS

The Fresenius Group is routinely involved in numerous claims, lawsuits, regulatory and tax audits, investigations and other legal matters arising, for the most part, in the ordinary course of its business of providing health care services and products. Legal matters that the Fresenius Group currently deems to be material are described below. For the matters described below in which the Fresenius Group believes a loss is both reasonably possible and estimable, an estimate of the loss or range of loss exposure is provided. For the other matters described below, the Fresenius Group believes that the loss probability is remote and/or the loss or range of possible losses cannot be reasonably estimated at this time. The outcome of litigation and other legal matters is always difficult to predict accurately and outcomes that are not consistent with Fresenius Group's view of the merits can occur. The Fresenius Group believes that it has valid defenses to the legal matters pending against it and is defending itself vigorously. Nevertheless, it is possible that the resolution of one or more of the legal matters currently pending or threatened could have a material adverse effect on its business, results of operations and financial condition.

Further information regarding legal disputes, court proceedings and investigations can be found in detail in the consolidated financial statements in the 2012 Annual Report. In the following, only the changes during the first three quarters ended September 30, 2013 compared to the information provided in the consolidated financial statements are described. These changes should be read in conjunction with the overall information in the consolidated financial statements in the 2012 Annual Report; defined terms or abbreviations having the same meaning as in the 2012 Annual Report.

BAXTER PATENT DISPUTE "TOUCHSCREEN INTERFACES" (1)

On July 2, 2013, the Federal Circuit denied Baxter's appeal and ordered the District Court to dismiss the case. Baxter has requested a rehearing before the full Federal Circuit.

PRODUCT LIABILITY LITIGATION

On April 5, 2013, the U.S. Judicial Panel on Multidistrict Litigation ordered that lawsuits filed in various federal courts alleging wrongful death and personal injury claims against Fresenius Medical Care Holdings, Inc.'s (FMCH) and certain of its affiliates relating to FMCH's dialysate concentrate products NaturaLyte® and Granuflo® be transferred and consolidated for pretrial management purposes into a consolidated multidistrict litigation in the United States District Court for the District of Massachusetts, styled In Re: Fresenius Granuflo/Naturalyte Dialysate Products Liability Litigation, Case No. 2013-md-02428. These lawsuits allege generally that inadequate labeling and warnings for these products caused harm to patients. In addition, similar cases have been filed in several state courts that will not be formally consolidated with the federal multidistrict litigation. FMCH believes that these lawsuits are without merit, and will defend them vigorously.

In several further cases with the same subject matter in dispute, complaints were formally served on Fresenius SE & Co. KGaA and Fresenius Management SE causing both companies to become formally involved in the litigation. Also for these cases, both companies believe the lawsuits to be without merit and intend to defend them vigorously.

RENAL CARE GROUP – CLASS ACTION "ACQUISITION"

On January 11, 2013, the period for objection to a settlement agreed to by plaintiff expired. The settlement calls for dismissal of the complaint with prejudice against the plaintiff and all other class members in exchange for a payment that is not material to Fresenius Medical Care. The settlement has been funded and distribution is being overseen by the Nashville Chancery Court.

SUBPOENA "AMERICAN ACCESS CARE, LLC"

In May 2013, a fourth subpoena was served by the United States Attorney for the Eastern District of Virginia (Richmond). Also in May 2013, updated document productions were requested by the U.S. Attorneys for Rhode Island and Connecticut. Although the subpoenas cover a wide range of documents and activities of AAC, the focus of the investigation is procedure coding and related billing practices and procedures. As of October 18, 2013, a group of the prior owners of AAC assumed responsibility for responding to the subpoenas and committed to indemnify Fresenius Medical Care pursuant to the terms of the acquisition agreement.

INTERNAL REVIEW

The review has identified conduct that Fresenius Medical Care has reported to the U.S. Securities and Exchange Commission (SEC) and the U.S. Department of Justice (DOJ). Fresenius Medical Care's review and dialogue with the SEC and DOJ are ongoing. Fresenius Medical Care cannot predict the final outcome of this matter. Fresenius Medical Care's independent counsel, in conjunction with Fresenius Medical Care's Compliance Department, have reviewed Fresenius Medical Care's anti-corruption compliance program, including internal controls related to compliance with international anti-bribery laws, and appropriate enhancements are being implemented.

The Fresenius Group regularly analyzes current information about claims for probable losses and provides accruals for such matters, including estimated expenses for legal services, as appropriate.

The Fresenius Group, like other health care providers, conducts its operations under intense government regulation and scrutiny. It must comply with regulations which relate to or govern the safety and efficacy of medical products and supplies, the marketing and distribution of such products, the operation of manufacturing facilities, laboratories and dialysis clinics, and environmental and occupational health and safety. With respect to its development, manufacture, marketing and distribution of medical products, if such compliance is not maintained, the Fresenius Group could be subject to significant adverse regulatory actions by the U.S. Food and Drug Administration (FDA) and comparable regulatory authorities outside the U.S. These regulatory actions could include warning letters or other enforcement notices from the FDA and/or comparable foreign regulatory authority, which may require the Fresenius Group to expend significant time and resources in order to implement appropriate corrective actions. If the Fresenius Group does not address matters raised in warning letters or other enforcement notices to the satisfaction of the FDA and/or comparable regulatory authorities outside the U.S., these regulatory authorities could take additional actions, including product recalls, injunctions against the distribution of products or operation of manufacturing plants, civil penalties, seizures of Fresenius Group's products, and/or criminal prosecution. The Fresenius Group must also comply with the laws of the United States, including the federal Anti-Kickback Statute, the federal False Claims Act, the federal Stark Law and the federal Foreign Corrupt Practices Act as well as other federal and state fraud and abuse laws. Applicable laws or regulations may be amended, or enforcement agencies or courts may make interpretations that differ from Fresenius Group's interpretations or the manner in which it conducts its business. Enforcement has become a high priority for the federal government and some states. In addition, the provisions of the False Claims Act authorizing payment of a portion of any recovery to the party bringing the suit encourage private plaintiffs to commence "qui tam" or "whistle blower" actions. In May 2009, the scope of the False Claims Act was expanded and additional protections for whistle blowers and procedural provisions to aid whistle blowers' ability to proceed in a False Claims Act case were added. By virtue of this regulatory environment, Fresenius Group's business activities and practices are subject to extensive review by regulatory authorities and private parties, and continuing audits, investigative demands, subpoenas, other inquiries, claims and litigation relating to Fresenius Group's compliance with applicable laws and regulations. The Fresenius Group may not always be aware that an inquiry or action has begun, particularly in the case of "whistle blower" actions, which are initially filed under court seal.

20. FINANCIAL INSTRUMENTS

VALUATION OF FINANCIAL INSTRUMENTS

The following table presents the carrying amounts and fair values as well as the fair value hierarchy levels of Fresenius Group's financial instruments as of September 30, 2013 and December 31, 2012, classified into classes:

€ in millions	Fair value hierarchy level	**Sept. 30, 2013** Carrying amount	**Sept. 30, 2013** Fair value	Dec. 31, 2012 Carrying amount	Dec. 31, 2012 Fair value
Cash and cash equivalents	1	**873**	**873**	885	885
Assets recognized at carrying amount	3	**3,721**	**3,726**	3.668	3.668
Assets recognized at fair value	1	**316**	**316**	182	182
Liabilities recognized at carrying amount	2	**11,858**	**12,245**	11.991	12.593
Liabilities recognized at fair value	2	**17**	**17**	23	23
Noncontrolling interest subject to put provisions recognized at fair value	3	**476**	**476**	398	398
Derivatives for hedging purposes	2	**6**	**6**	-35	-35

The significant methods and assumptions used to estimate the fair values of financial instruments as well as classification of fair value measurements according to the three-tier fair value hierarchy are as follows:

Cash and cash equivalents are stated at nominal value, which equals the fair value.

The nominal value of short-term financial instruments such as accounts receivable and payable and short-term debt represents its carrying amount, which is a reasonable estimate of the fair value due to the relatively short period to maturity for these instruments.

The fair values of major long-term financial instruments are calculated on the basis of market information. Financial instruments for which market quotes are available are measured with the market quotes at the reporting date. The fair values of the other long-term financial liabilities are calculated at the present value of respective future cash flows. To determine these present values, the prevailing interest rates and credit spreads for the Fresenius Group as of the date of the statement of financial position are used.

The class assets recognized at carrying amount consists of a loan which Fresenius Medical Care granted to a middle-market dialysis provider and of trade accounts receivable. The fair value of the loan is based on significant unobservable inputs of comparable instruments and thus the class is classified as fair value hierarchy Level 3.

The class assets recognized at fair value comprises European government bonds and shares as well as shares in funds. The fair values of these assets are calculated on the basis of market information. Therefore, this class is classified as Level 1.

The class liabilities recognized at carrying amount is classified as hierarchy Level 2.

The class liabilities recognized at fair value is classified as hierarchy Level 2.

The valuation of the class noncontrolling interest subject to put provisions recognized at fair value is determined using significant unobservable inputs. It is therefore classified as Level 3.

Derivatives, mainly consisting of interest rate swaps and foreign exchange forward contracts, are valued as follows: The fair value of interest rate swaps is calculated by discounting the future cash flows on the basis of the market interest rates applicable for the remaining term of the contract as of the date of the statement of financial position. To determine the fair value of foreign exchange forward contracts, the contracted forward rate is compared to the current forward rate for the remaining term of the contract as of the date of the statement of financial position. The result is then discounted on the basis of the market interest rates prevailing at the date of the statement of financial position for the respective currency.

Fresenius Group's own credit risk is incorporated in the fair value estimation of derivatives that are liabilities. Counterparty credit-risk adjustments are factored into the valuation of derivatives that are assets.

For the fair value measurement of the class derivatives for hedging purposes, significant other observable inputs are used. Therefore, they are classified as Level 2 in accordance with the defined fair value hierarchy levels.

Currently, there is no indication that a decrease in the value of Fresenius Group's financing receivables is probable. Therefore, the allowances on credit losses of financing receivables are immaterial.

FAIR VALUES OF DERIVATIVE FINANCIAL INSTRUMENTS

€ in millions	Sept. 30, 2013 Assets	Sept. 30, 2013 Liabilities	Dec. 31, 2012 Assets	Dec. 31, 2012 Liabilities
Interest rate contracts (current)	**0**	**9**	0	50
Interest rate contracts (non-current)	**0**	**3**	0	18
Foreign exchange contracts (current)	**14**	**3**	15	11
Foreign exchange contracts (non-current)	**–**	**1**	1	–
Derivatives designated as hedging instruments [1]	**14**	**16**	16	79
Interest rate contracts (current)	**0**	**1**	0	6
Interest rate contracts (non-current)	**0**	**1**	0	2
Foreign exchange contracts (current) [1]	**15**	**7**	37	9
Foreign exchange contracts (non-current) [1]	**1**	**1**	–	–
Derivatives not designated as hedging instruments	**16**	**10**	37	17

[1] Derivatives designated as hedging instruments and foreign exchange contracts not designated as hedging instruments are classified as derivatives for hedging purposes.

Derivative financial instruments are marked to market each reporting period, resulting in carrying amounts equal to fair values at the reporting date.

Derivatives not designated as hedging instruments, which are derivatives that do not qualify for hedge accounting, are also solely entered into to hedge economic business transactions and not for speculative purposes.

Derivatives for hedging purposes were recognized at gross value within other assets in an amount of €30 million and other liabilities in an amount of €24 million.

The current portion of interest rate contracts and foreign exchange contracts indicated as assets in the previous table is recognized within other current assets in the consolidated statement of financial position, while the current portion of those indicated as liabilities is included in short-term accrued expenses and other short-term liabilities. The non-current portions indicated as assets or liabilities are recognized in other non-current assets or in long-term accrued expenses and other long-term liabilities, respectively.

EFFECT OF DERIVATIVES DESIGNATED AS HEDGING INSTRUMENTS ON THE CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

€ in millions	Q1–3/2013 Gain or loss recognized in other comprehensive income (loss) (effective portion)	Q1–3/2013 Gain or loss reclassified from accumulated other comprehensive income (loss) (effective portion)	Q1–3/2013 Gain or loss recognized in the consolidated statement of income
Interest rate contracts	17	23	2
Foreign exchange contracts	-3	-2	0
Derivatives in cash flow hedging relationships [1]	**14**	**21**	**2**
Foreign exchange contracts			-2
Derivatives in fair value hedging relationships			**-2**
Derivatives designated as hedging instruments	**14**	**21**	**0**

€ in millions	Q1–3/2012 Gain or loss recognized in other comprehensive income (loss) (effective portion)	Q1–3/2012 Gain or loss reclassified from accumulated other comprehensive income (loss) (effective portion)	Q1–3/2012 Gain or loss recognized in the consolidated statement of income
Interest rate contracts	-20	23	1
Foreign exchange contracts	26	-5	0
Derivatives in cash flow hedging relationships [1]	**6**	**18**	**1**
Foreign exchange contracts			-1
Derivatives in fair value hedging relationships			**-1**
Derivatives designated as hedging instruments	**6**	**18**	**0**

[1] The amount of gain or loss recognized in the consolidated statement of income solely relates to the ineffective portion.

EFFECT OF DERIVATIVES NOT DESIGNATED AS HEDGING INSTRUMENTS
ON THE CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

€ in millions	Gain or loss recognized in the consolidated statement of income	
	Q1–3/2013	Q1–3/2012
Interest rate contracts	**6**	-2
Foreign exchange contracts	**6**	-10
Derivatives not designated as hedging instruments	**12**	-12

Gains from derivatives in fair value hedging relationships and from foreign exchange contracts not designated as hedging instruments recognized in the consolidated statement of income are faced by losses from the underlying transactions in the corresponding amount.

The Fresenius Group expects to recognize a net amount of €1 million of the existing gains for foreign exchange contracts deferred in accumulated other comprehensive income (loss) in the consolidated statement of income within the next 12 months. For interest rate contracts, the Fresenius Group expects to recognize €37 million of losses in the course of normal business during the next 12 months in interest expense.

Gains and losses from foreign exchange contracts and the corresponding underlying transactions are accounted for as cost of sales, selling, general and administrative expenses and net interest. Gains and losses resulting from interest rate contracts are recognized as net interest in the consolidated statement of income.

In the first three quarters of 2013, gains of €25 million (Q1–3 2012: losses of €10 million) for available for sale financial assets were recognized in other comprehensive income (loss).

MARKET RISK

General

The Fresenius Group is exposed to effects related to foreign exchange fluctuations in connection with its international business activities that are denominated in various currencies. In order to finance its business operations, the Fresenius Group issues senior notes and commercial papers and enters into mainly long-term credit agreements and euro notes (Schuldscheindarlehen) with banks. Due to these financing activities, the Fresenius Group is exposed to interest risk caused by changes in variable interest rates and the risk of changes in the fair value of statement of financial position items bearing fixed interest rates.

In order to manage the risk of interest rate and foreign exchange rate fluctuations, the Fresenius Group enters into certain hedging transactions with highly rated financial institutions as authorized by the Management Board. Derivative financial instruments are not entered into for trading purposes.

The Fresenius Group defines benchmarks for individual exposures in order to quantify interest and foreign exchange risks. The benchmarks are derived from achievable and sustainable market rates. Depending on the individual benchmarks, hedging strategies are determined and generally implemented by means of micro hedges.

Securities, which are predominantly held as European government bonds, shares and shares in funds, are generally subject to the risk of changing stock exchange prices. Therefore, the stock exchange prices of these securities are continuously monitored to identify possible price risks on time.

Derivative financial instruments

Classification

To reduce the credit risk arising from derivatives, the Fresenius Group concluded Master Netting Agreements with banks. Through such agreements, positive and negative fair values of the derivative contracts could be offset against one another if a partner becomes insolvent. This offsetting is valid for transactions where the aggregate amount of obligations owed to and receivable from are not equal. If insolvency occurs, the party which owes the larger amount is obliged to pay the other party the difference between the amounts owed in the form of one net payment.

Fresenius elects not to offset the fair values of derivative financial instruments subject to master netting agreements in the statement of financial position.

At September 30, 2013 and December 31, 2012, the Fresenius Group had €26 million and €51 million of derivative financial assets subject to netting arrangements and €25 million and €92 million of derivative financial liabilities subject to netting arrangements. Offsetting these derivative financial instruments would have resulted in net assets of €20 million and €34 million as well as net liabilities of €19 million and €75 million at September 30, 2013 and December 31, 2012, respectively.

Foreign exchange risk management

Solely for the purpose of hedging existing and foreseeable foreign exchange transaction exposures, the Fresenius Group enters into foreign exchange forward contracts and, on a small scale, foreign exchange options. To ensure that no foreign exchange risks result from loans in foreign currencies, the Fresenius Group enters into foreign exchange swap contracts.

As of September 30, 2013, the notional amounts of foreign exchange contracts totaled €1,613 million. These foreign exchange contracts have been entered into to hedge risks from operational business and in connection with loans in foreign currency. The predominant part of the foreign exchange forward contracts to hedge risks from operational business was recognized as cash flow hedge, while foreign exchange contracts in connection with loans in foreign currencies are partly recognized as fair value hedges. The fair values of cash flow hedges and fair value hedges were €10 million and €48 thousand, respectively.

As of September 30, 2013, the Fresenius Group was party to foreign exchange contracts with a maximum maturity of 26 months.

Interest rate risk management

The Fresenius Group enters into interest rate swaps and, on a small scale, into interest rate options in order to protect against the risk of rising interest rates. These interest rate derivatives are mainly designated as cash flow hedges and have been entered into in order to convert payments based on variable interest rates into payments at a fixed interest rate.

As of September 30, 2013, the interest rate swaps had a notional volume of US$1,200 million (€889 million) and €271 million as well as fair values of -US$8 million and -€8 million, respectively, which expire between 2013 and 2022.

Stock price risk management

Price risks arise from changing stock prices of available for sale financial assets. Gains and losses arising from available for sale financial assets are recognized directly in the consolidated statement of equity until the asset is disposed of or if it is considered to be impaired. A decline of 10% in prices of the recognized assets would have an effect of less than 0.2% on Fresenius SE & Co. KGaA shareholders' equity.

21. SUPPLEMENTARY INFORMATION ON CAPITAL MANAGEMENT

The Fresenius Group has a solid financial profile. As of September 30, 2013, the equity ratio was 42.1% and the debt ratio (debt/total assets) was 36.1%. As of September 30, 2013, the net debt/EBITDA ratio (before special items) was 2.6. Due to the acquisition of 43 hospitals from Rhön-Klinikum AG, this ratio is expected to temporarily exceed 3.0 in 2013 but remain below 3.5, before returning to the upper end of the 2.5 to 3.0 target range in 2014.

The aims of the capital management and further information can be found in the consolidated financial statements in the 2012 Annual Report.

Fresenius is covered by the rating agencies Moody's, Standard & Poor's and Fitch.

The following table shows the company rating of Fresenius SE & Co. KGaA:

	Standard & Poor's	Moody's	Fitch
Company rating	BB+	Ba1	BB+
Outlook	positive	negative	watch evolving

Following the signing of a binding agreement to purchase the majority of the clinics of Rhön-Klinikum AG, the rating agencies reviewed and largely confirmed the company ratings. On September 13, 2013, Fitch placed the rating on "watch evolving" indicating a possible change of the positive outlook. On September 17, 2013, Moody's confirmed the Ba1 company rating and changed the outlook to negative from positive. Standard & Poor's affirmed on October 10, 2013, the BB+ company rating and the positive outlook.

22. SUPPLEMENTARY INFORMATION ON THE CONSOLIDATED STATEMENT OF CASH FLOWS

The following table provides additional information with regard to the consolidated statement of cash flows:

€ in millions	Q1–3/2013	Q1–3/2012
Interest paid	**487**	505
Income taxes paid	**463**	475

Cash paid for acquisitions (without investments in licenses) consisted of the following:

€ in millions	Q1–3/2013	Q1–3/2012
Assets acquired	**370**	3,557
Liabilities assumed	**-39**	-261
Noncontrolling interest	**-16**	-150
Notes assumed in connection with acquisitions	**-11**	-244
Cash paid	**304**	2,902
Cash acquired	**-6**	-141
Cash paid for acquisitions, net	**298**	2,761
Cash paid for investments, net of cash acquired	**143**	–
Cash paid for intangible assets, net	**4**	5
Total cash paid for acquisitions and investments, net of cash acquired, and net purchases of intangible assets	**445**	2,766

23. NOTES ON THE CONSOLIDATED SEGMENT REPORTING

GENERAL

The consolidated segment reporting shown on pages 25 to 26 of this interim report is an integral part of the notes.

The Fresenius Group has identified the business segments Fresenius Medical Care, Fresenius Kabi, Fresenius Helios and Fresenius Vamed, which corresponds to the internal organizational and reporting structures (Management Approach) at September 30, 2013.

The business segments were identified in accordance with FASB ASC Topic 280, Segment Reporting, which defines the segment reporting requirements in the annual financial statements and interim reports with regard to the operating business, product and service businesses and regions. The business segments of the Fresenius Group are as follows:

Fresenius Medical Care is the world's leading provider of dialysis products and dialysis care for the life-saving treatment of patients with chronic kidney failure. Fresenius Medical Care treats 265,824 patients in its 3,225 own dialysis clinics.

Fresenius Kabi is a globally active company, providing infusion therapies, intravenously administered generic drugs, clinical nutrition and the related medical devices. The products are used for the therapy and care of critically and chronically ill patients in and outside the hospital. In Europe, Fresenius Kabi is the market leader in infusion therapies and clinical nutrition, in the United States, the company is a leading provider of intravenously administered generic drugs.

Fresenius Helios is one of the largest private hospital operators in Germany.

Fresenius Vamed provides engineering and services for hospitals and other health care facilities internationally.

The segment Corporate/Other mainly comprises the holding functions of Fresenius SE & Co. KGaA as well as Fresenius Netcare GmbH, which provides services in the field of information technology and, until June 28, 2013, Fresenius Biotech, which does not fulfill the characteristics of a reportable segment. In addition, the segment Corporate/Other includes intersegment consolidation adjustments as well as special items (see note 3, Special items).

NOTES ON THE BUSINESS SEGMENTS

Explanations regarding the notes on the business segments can be found in the consolidated financial statements in the 2012 Annual Report.

RECONCILIATION OF KEY FIGURES TO CONSOLIDATED EARNINGS

€ in millions	Q1–3/2013	Q1–3/2012
Total EBIT of reporting segments	**2,213**	2,252
General corporate expenses Corporate/Other (EBIT)	**-45**	-35
Group EBIT	**2,168**	2,217
Investment gain	**0**	109
Net interest	**-449**	-480
Other financial result	**0**	-37
Income before income taxes	**1,719**	1,809

RECONCILIATION OF NET DEBT WITH THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION

€ in millions	Sept. 30, 2013	Dec. 31, 2012
Short-term debt	**467**	205
Short-term loans from related parties	**1**	4
Current portion of long-term debt and capital lease obligations	**772**	519
Long-term debt and capital lease obligations, less current portion	**4,674**	4,436
Senior Notes	**5,165**	5,864
Debt	**11,079**	11,028
less cash and cash equivalents	**873**	885
Net debt	**10,206**	10,143

24. STOCK OPTIONS

FRESENIUS SE & CO. KGAA STOCK OPTION PLANS

As of September 30, 2013, Fresenius SE & Co. KGaA had three stock option plans in place: the Fresenius AG Stock Option Plan 2003 (2003 Plan) which is based on convertible bonds, the stock option based Fresenius SE Stock Option Plan 2008 (2008 Plan) and the Fresenius SE & Co. KGaA Long Term Incentive Program 2013 (2013 LTIP) which is based on stock options and phantom stocks. On June 30, 2012, the term of the options granted under the Fresenius AG Stock Option Plan 1998 expired. The 2013 LTIP is the only program under which options can be granted.

2013 LTIP

The 2013 LTIP comprises the Fresenius SE & Co. KGaA Stock Option Plan 2013 (2013 SOP) and the Fresenius SE & Co. KGaA Phantom Stock Plan 2013 (2013 PSP). It combines the granting of stock options with the granting of phantom stock awards which entitle the holder to receive cash payments upon exercising the phantom stock. Each of the 2013 SOP and 2013 PSP making up the 2013 LTIP have been established under a standalone legal documentation.

2013 SOP

Under the 2013 SOP, which was approved by the Annual General Meeting of Fresenius SE & Co. KGaA on May 17, 2013, Fresenius Management SE is authorized to issue up to 8.4 million subscription rights for an amount of 8.4 million non-par value ordinary bearer shares of Fresenius SE & Co. KGaA until May 16, 2018.

Of the up to 8.4 million options, up to 1.6 million options are designated for members of the Management Board of Fresenius Management SE; up to 4.4 million options are designated for members of the management of directly or indirectly affiliated companies (except for Fresenius Medical Care) and up to 2.4 million options are designated for executive employees of Fresenius SE & Co. KGaA and its affiliated companies (except for Fresenius Medical Care).

The granting of the options shall occur in five annual tranches, each to the last Monday in July or the first Monday in December. With respect to new options, the Supervisory Board of Fresenius Management SE determines the stock options granted to members of Fresenius Management SE's Management Board, whereas the Management Board of Fresenius Management SE determines the other participants in the 2013 Stock Option Plan and the stock options granted to them.

The exercise price of an option shall equal the volume-weighted average stock market price (closing price) of the non-par value ordinary bearer share of Fresenius SE & Co. KGaA in the electronic XETRA trading of Deutsche Börse AG in Frankfurt am Main, or a comparable successor system, on the last 30 calendar days prior to the respective grant date.

Options granted have an eight-year term but can be exercised only after a four-year vesting period. The exercise of options is subject to the condition precedent, in each case, that the annual success target within a four-year waiting period is achieved. The success target is achieved in each case if, after the granting of the options to the respective entitled person, either (i) the consolidated net income attributable to shareholders of Fresenius SE & Co. KGaA, adjusted for extraordinary effects and on a constant currency basis, has increased by at least 8% per annum in comparison to the previous year in each case within the waiting period, or (ii) – if this is not the case – the compounded annual growth rate of the consolidated net income attributable to shareholders of Fresenius SE & Co. KGaA, adjusted for extraordinary effects and on a constant currency basis, during the four years of the waiting period amounts to at least 8%. In the event that the success target within the four-year waiting period is not achieved for the individual years or for the compounded annual growth rate, the options issued in each case are forfeited in proportion to the non-achievement of the success target within the waiting period, i.e. by one quarter, two quarters, three quarters, or completely.

The adjusted net income attributable to shareholders of Fresenius SE & Co. KGaA (currency adjusted) and changes thereto compared to the adjusted net income (without currency adjustment) of the relevant comparison year shall be verified with binding effect in each case by the auditors of Fresenius SE & Co. KGaA on the basis of the audited consolidated financial statements. Upon exercise of vested options, Fresenius SE & Co. KGaA has the right to grant treasury shares or a cash payment in lieu of increasing capital by the issuance of new shares.

After the expiration of the waiting period, all options in respect of which the success target has been achieved may be exercised at any time outside the designated black-out periods.

2013 PSP

Fresenius SE & Co. KGaA's 2013 PSP was established in May 2013, together with the 2013 SOP. Awards of phantom stock can be granted on each stock option grant date. Phantom stock awarded under the 2013 PSP may be granted to the members of Fresenius Management SE's Management Board, the members of the management of directly or indirectly affiliated companies (except for Fresenius Medical Care) and for executive employees of Fresenius SE & Co. KGaA and its affiliated companies (except for Fresenius Medical Care).

As under the 2013 Stock Option Plan, the Supervisory Board of Fresenius Management SE determines the phantom stock granted to members of Fresenius Management SE's Management Board, whereas the Management Board of Fresenius Management SE determines the other participants in the 2013 PSP and the phantom stock granted to them.

Phantom stock awards under the 2013 PSP entitle the holder to receive a cash payment. Each phantom stock award shall entitle the holder to receive the volume-weighted average stock market price (closing price) of the non-par value ordinary bearer share of Fresenius SE & Co. KGaA in the electronic XETRA trading of Deutsche Börse AG in Frankfurt am Main, or a comparable successor system, during the last three months prior to the date the phantom stock is exercised.

The exercise of phantom stock is subject to the condition precedent, in each case, that the annual success target within a four-year waiting period is achieved. The success target is achieved in each case if, after the granting of the subscription rights to the respective entitled person, either (i) the consolidated net income attributable to shareholders of Fresenius SE & Co. KGaA, adjusted for extraordinary effects and on a constant currency basis, has increased by at least 8% per annum in comparison to the previous year in each case within the waiting period, or (ii) – if this is not the case – the compounded annual growth rate of the consolidated net income attributable to shareholders of Fresenius SE & Co. KGaA, adjusted for extraordinary effects and on a constant currency basis, during the four years of the waiting period amounts to at least 8%. In the event that the success target within the four-year waiting period is not achieved for the individual years or for the compounded annual growth rate, the phantom stock awards issued in each case are forfeited in proportion to the non-achievement of the success target within the waiting-period, i. e. by one quarter, two quarters, three quarters, or completely.

The adjusted net income attributable to shareholders of Fresenius SE & Co. KGaA (currency adjusted) and changes thereto compared to the adjusted net income (without currency adjustment) of the relevant comparison year shall be verified with binding effect in each case by the auditors of Fresenius SE & Co. KGaA on the basis of the audited consolidated financial statements.

After the expiration of the waiting period, all exercisable phantom stock will be deemed to be exercised and cashed out on March 1 following the end of the waiting period (or the following banking day).

Transactions during the first three quarters of 2013

On July 29, 2013, under the LTIP 2013, Fresenius SE & Co. KGaA awarded 615,206 stock options at an exercise price of €96.35, a fair value of €25.77 each and a total fair value of €16 million, which will be amortized over the four year vesting period. Fresenius SE & Co. KGaA also awarded 84,022 shares of phantom stock at a measurement date fair value of €86.33 each and a total fair value of €7 million, which will be revalued if the fair value changes, and amortized over the four year vesting period.

During the first three quarters of 2013, Fresenius SE & Co. KGaA received cash of €29 million from the exercise of 650,977 stock options.

763,666 convertible bonds were outstanding and exercisable under the 2003 Plan at September 30, 2013. The members of the Fresenius Management SE Management Board held 203,838 convertible bonds. At September 30, 2013, out of 3,874,346 outstanding stock options issued under the 2008 Plan, 1,635,386 were exercisable and 786,640 were held by the members of the Fresenius Management SE Management Board. 613,706 stock options and 83,888 phantom stocks issued under the 2013 LTIP were outstanding at September 30, 2013.

As of September 30, 2013, 2,399,052 options for ordinary shares were outstanding and exercisable. On September 30, 2013, total unrecognized compensation cost related to non-vested options granted under the 2008 Plan and the 2013 LTIP was €32 million. This cost is expected to be recognized over a weighted-average period of 2.5 years.

FRESENIUS MEDICAL CARE AG & CO. KGAA STOCK OPTION PLANS

On July 30, 2013, Fresenius Medical Care AG & Co. KGaA (FMC-AG & Co. KGaA) awarded 2,110,388 options under the Long Term Incentive Program 2011, including 328,680 stock options granted to members of the Management Board of Fresenius Medical Care Management AG, at an exercise price of €49.76, a fair value of €8.92 each and a total fair value of €19 million, which will be amortized over the four-year vesting period. FMC-AG & Co. KGaA awarded 183,661 shares of phantom stock, including 25,006 shares of phantom stock granted to members of the Management Board of Fresenius Medical Care Management AG, at a measurement date fair value of €44.61 each and a total fair value of €8 million, which will be revalued if the fair value changes, and amortized over the four-year vesting period.

During the first three quarters of 2013, 1,602,226 stock options for ordinary shares and 2,200 options for preference shares were exercised. FMC-AG & Co. KGaA received cash of €52.6 million upon exercise of these stock options and €4.8 million from a related tax benefit.

25. RELATED PARTY TRANSACTIONS

Prof. Dr. med. D. Michael Albrecht, a member of the Supervisory Board of Fresenius SE & Co. KGaA, is medical director and spokesman of the management board of the Universitätsklinikum Carl Gustav Carus Dresden and a member of the supervisory boards of the Universitätsklinika Aachen, Magdeburg and Rostock. The Fresenius Group maintains business relations with these hospitals in the ordinary course and under customary conditions.

Prof. Dr. h. c. Roland Berger, a member of the Supervisory Board of Fresenius Management SE and of Fresenius SE & Co. KGaA, is a partner of Roland Berger Strategy Consultants Holding GmbH. In the first three quarters of 2013, after discussion and approval by the Supervisory Board of Fresenius Management SE, the Fresenius Group paid €0.6 million to affiliated companies of the Roland Berger group for consulting services rendered.

Klaus-Peter Müller, a member of the Supervisory Board of Fresenius Management SE and of Fresenius SE & Co. KGaA, is the chairman of the supervisory board of Commerzbank AG. The Fresenius Group maintains business relations with Commerzbank under customary conditions. In the first three quarters of 2013, the Fresenius Group paid in aggregate €0.7 million to Commerzbank for financing commitments, in connection with Senior Notes issuances and the share conversion of Fresenius Medical Care AG & Co. KGaA.

Dr. Dieter Schenk, deputy chairman of the Supervisory Board of Fresenius Management SE, is a partner in the international law firm Noerr LLP, which provides legal services to the Fresenius Group. In the first three quarters of 2013, after discussion and approval of each mandate by the Supervisory Board of Fresenius Management SE, the Fresenius Group paid €1 million to this law firm for legal services rendered.

The payments mentioned in this note are net amounts. In addition, VAT and insurance tax were paid.

26. SUBSEQUENT EVENTS

On October 15, 2013, Fresenius SE & Co. KGaA entered into a Bridge Financing Facility in the amount of €1,800 million with a group of banks. It is planned to temporarily utilize this facility to fund the acquisition of 43 hospitals and 15 outpatient facilities from Rhön-Klinikum AG. Further sources of financing will be the increase of the 2013 Senior Credit Agreement by €1,200 million along with available cash and credit lines. Amounts drawn under the Bridge Financing Facility shall be refinanced through capital markets transactions in the first half of 2014.

There have been no significant changes in the Fresenius Group's operating environment following the end of the first three quarters of 2013. No other events of material importance on the assets and liabilities, financial position, and results of operations of the Group have occurred following the end of the first three quarters of 2013.

27. CORPORATE GOVERNANCE

For each consolidated stock exchange listed entity, the declaration pursuant to Section 161 of the German Stock Corporation Act (Aktiengesetz) has been issued and made available to shareholders on the website of Fresenius SE & Co. KGaA www.fresenius.com under Who we are – Corporate Governance – Declaration of Conformity and of Fresenius Medical Care AG & Co. KGaA www.fmc-ag.com under Investor Relations – Corporate Governance – Declaration of Compliance, respectively.

(This page intentionally left blank)

Consolidated Financial Statements of Fresenius SE & Co. KGaA for 2012 (U.S. GAAP)

(This page intentionally left blank)

FRESENIUS SE & CO. KGAA
CONSOLIDATED STATEMENT OF INCOME

€ in millions	Note	2012	2011
Sales	4	19,290	16,361
Cost of sales	5	-13,002	-10,987
Gross profit		6,288	5,374
Selling, general and administrative expenses	8	-3,000	-2,544
Research and development expenses		-305	-267
Operating income (EBIT)		2,983	2,563
Investment gain	9	109	0
Interest income	10	54	56
Interest expenses	10	-720	-587
Other financial result	11	-35	-100
Financial result		-592	-631
Income before income taxes		2,391	1,932
Income taxes	12	-659	-604
Net income		1,732	1,328
Less noncontrolling interest	27	806	638
Net income attributable to shareholders of Fresenius SE & Co. KGaA		926	690
Earnings per ordinary share in €	13	5.35	4.24
Fully diluted earnings per ordinary share in €	13	5.29	4.18

The following notes are an integral part of the consolidated financial statements.

FRESENIUS SE & CO. KGAA
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

€ in millions	Note	2012	2011
Net income		1,732	1,328
Other comprehensive income (loss)			
Foreign currency translation	29, 31	-164	79
Cash flow hedges	29, 31	41	-81
Change of fair value of available for sale financial assets	29, 31	-9	-8
Actuarial losses on defined benefit pension plans	26, 29	-160	-66
Income taxes related to components of other comprehensive income (loss)	29	31	48
Other comprehensive loss		-261	-28
Total comprehensive income		1,471	1,300
Comprehensive income attributable to noncontrolling interest subject to put provisions		66	39
Comprehensive income attributable to noncontrolling interest not subject to put provisions		621	592
Comprehensive income attributable to shareholders of Fresenius SE & Co. KGaA		784	669

The following notes are an integral part of the consolidated financial statements.

FRESENIUS SE & CO. KGAA
CONSOLIDATED STATEMENT OF FINANCIAL POSITION

ASSETS

as of December 31, € in millions	Note	2012	2011
Cash and cash equivalents	14	**885**	635
Trade accounts receivable, less allowance for doubtful accounts	15	**3,650**	3,234
Accounts receivable from and loans to related parties		**18**	13
Inventories	16	**1,840**	1,717
Other current assets	17	**1,319**	1,184
Deferred taxes	12	**401**	368
I. Total current assets		**8,113**	7,151
Property, plant and equipment	18	**4,918**	4,210
Goodwill	19	**15,014**	12,669
Other intangible assets	19	**1,284**	981
Other non-current assets	17	**1,077**	1,185
Deferred taxes	12	**258**	125
II. Total non-current assets		**22,551**	19,170
Total assets		**30,664**	26,321

LIABILITIES AND SHAREHOLDERS' EQUITY

as of December 31, € in millions	Note	2012	2011
Trade accounts payable		**961**	807
Short-term accounts payable to related parties		**2**	21
Short-term accrued expenses and other short-term liabilities	20, 21	**3,211**	2,898
Short-term debt	22	**205**	171
Short-term loans from related parties		**4**	3
Current portion of long-term debt and capital lease obligations	22	**519**	1,852
Short-term accruals for income taxes		**230**	184
Deferred taxes	12	**66**	52
A. Total short-term liabilities		**5,198**	5,988
Long-term debt and capital lease obligations, less current portion	22	**4,436**	3,777
Senior Notes, less current portion	23	**5,864**	3,996
Long-term accrued expenses and other long-term liabilities	20, 21	**436**	409
Pension liabilities	26	**679**	484
Long-term accruals for income taxes		**213**	200
Deferred taxes	12	**682**	573
B. Total long-term liabilities		**12,310**	9,439
I. Total liabilities		**17,508**	15,427
II. Noncontrolling interest subject to put provisions	27	**398**	317
A. Noncontrolling interest not subject to put provisions	27	**5,125**	4,606
Subscribed capital	28	**178**	163
Capital reserve	28	**3,225**	2,136
Other reserves	28	**4,358**	3,658
Accumulated other comprehensive income (loss)	29	**-128**	14
B. Total Fresenius SE & Co. KGaA shareholders' equity		**7,633**	5,971
III. Total shareholders' equity		**12,758**	10,577
Total liabilities and shareholders' equity		**30,664**	26,321

The following notes are an integral part of the consolidated financial statements.

FRESENIUS SE & CO. KGAA
CONSOLIDATED STATEMENT OF CASH FLOWS

January 1 to December 31, € in millions	Note	2012	2011
Operating activities			
Net income		**1,732**	1,328
Adjustments to reconcile net income to cash and cash equivalents provided by operating activities			
Depreciation and amortization	17, 18, 19	**776**	674
Change in deferred taxes	12	**-22**	81
Gain / loss on sale of fixed assets		**11**	-3
Changes in assets and liabilities, net of amounts from businesses acquired or disposed of			
Trade accounts receivable, net	15	**-193**	-222
Inventories	16	**-37**	-264
Other current and non-current assets	17	**-68**	-114
Accounts receivable from / payable to related parties		**-23**	23
Trade accounts payable, accrued expenses and other short-term and long-term liabilities		**284**	165
Accruals for income taxes		**-22**	21
Net cash provided by operating activities		**2,438**	1,689
Investing activities			
Purchase of property, plant and equipment		**-970**	-783
Proceeds from sales of property, plant and equipment		**18**	25
Acquisitions and investments, net of cash acquired and net purchases of intangible assets	2, 33	**-2,500**	-1,326
Proceeds from divestitures		**201**	12
Net cash used in investing activities		**-3,251**	-2,072
Financing activities			
Proceeds from short-term loans	22	**161**	146
Repayments of short-term loans	22	**-168**	-191
Proceeds from short-term loans from related parties		**–**	–
Repayments of short-term loans from related parties		**–**	–
Proceeds from long-term debt and capital lease obligations	22	**2,937**	543
Repayments of long-term debt and capital lease obligations	22	**-3,881**	-936
Proceeds from the issuance of bearer ordinary shares	28	**1,014**	0
Payments of additional costs of the capital increase	28	**-16**	0
Proceeds from the issuance of Senior Notes	23	**1,755**	1,471
Changes of accounts receivable securitization program	22	**-290**	18
Proceeds from the exercise of stock options	35	**140**	99
Redemption of trust preferred securities of Fresenius Medical Care Capital Trusts	25	**0**	-470
Dividends paid		**-446**	-365
Change in noncontrolling interest	27	**-131**	-73
Exchange rate effect due to corporate financing		**–**	–
Net cash provided by financing activities		**1,075**	242
Effect of exchange rate changes on cash and cash equivalents		**-12**	7
Net increase / decrease in cash and cash equivalents		**250**	-134
Cash and cash equivalents at the beginning of the reporting period	14	**635**	769
Cash and cash equivalents at the end of the reporting period	14	**885**	635

The following notes are an integral part of the consolidated financial statements.

FRESENIUS SE & CO. KGAA
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

		Ordinary shares		Preference shares		Subscribed Capital	
	Note	Number of shares in thousand	Amount € in thousands	Number of shares in thousand	Amount € in thousands	Amount € in thousands	Amount € in millions
As of December 31, 2010		81,225	81,225	81,225	81,225	162,450	162
Conversion of the preference shares into ordinary shares	1	81,225	81,225	-81,225	-81,225	0	0
Proceeds from the exercise of stock options	35	787	787	0	0	787	1
Compensation expense related to stock options	35						
Dividends paid	28						
Purchase of noncontrolling interest not subject to put provisions	27						
Maturity of Mandatory Exchangeable Bonds	24						
Purchase of ordinary shares of Fresenius Medical Care AG & Co. KGaA	2, 27						
Change in fair value of noncontrolling interest subject to put provisions	27						
Comprehensive income (loss)							
Net income							
Other comprehensive income (loss)							
Cash flow hedges	29, 31						
Change of fair value of available for sale financial assets	29, 31						
Foreign currency translation	29, 31						
Actuarial losses on defined benefit pension plans	26, 29						
Comprehensive income							
As of December 31, 2011		163,237	163,237	0	0	163,237	163
Issuance of bearer ordinary shares	28	13,800	13,800	0	0	13,800	14
Proceeds from the exercise of stock options	35	1,151	1,151	0	0	1,151	1
Compensation expense related to stock options	35						
Dividends paid	28						
Purchase of noncontrolling interest not subject to put provisions	27						
Purchase of ordinary shares of Fresenius Medical Care AG & Co. KGaA	2, 27						
Change in fair value of noncontrolling interest subject to put provisions	27						
Comprehensive income (loss)							
Net income							
Other comprehensive income (loss)							
Cash flow hedges	29, 31						
Change of fair value of available for sale financial assets	29, 31						
Foreign currency translation	29, 31						
Actuarial losses on defined benefit pension plans	26, 29						
Comprehensive income (loss)							
As of December 31, 2012		**178,188**	**178,188**	**0**	**0**	**178,188**	**178**

	Note	Reserves: Capital reserve € in millions	Reserves: Other reserves € in millions	Accumulated other comprehensive income (loss) € in millions	Total Fresenius SE & Co. KGaA shareholders' equity € in millions	Noncontrolling interest not subject to put provisions € in millions	Total shareholders' equity € in millions
As of December 31, 2010		2,085	2,683	35	4,965	3,879	8,844
Conversion of the preference shares into ordinary shares	1				0	0	0
Proceeds from the exercise of stock options	35	51			52	47	99
Compensation expense related to stock options	35	20			20	15	35
Dividends paid	28		-140		-140	-192	-332
Purchase of noncontrolling interest not subject to put provisions	27				0	42	42
Maturity of Mandatory Exchangeable Bonds	24		467		467	298	765
Purchase of ordinary shares of Fresenius Medical Care AG & Co. KGaA	2, 27		-42		-42	-28	-70
Change in fair value of noncontrolling interest subject to put provisions	27	-20			-20	-47	-67
Comprehensive income (loss)							
Net income			690		690	605	1,295
Other comprehensive income (loss)							
Cash flow hedges	29, 31			-21	-21	-33	-54
Change of fair value of available for sale financial assets	29, 31			-8	-8	–	-8
Foreign currency translation	29, 31			22	22	47	69
Actuarial losses on defined benefit pension plans	26, 29			-14	-14	-27	-41
Comprehensive income			690	-21	669	592	1,261
As of December 31, 2011		2,136	3,658	14	5,971	4,606	10,577
Issuance of bearer ordinary shares	28	989			1,003	0	1,003
Proceeds from the exercise of stock options	35	74			75	65	140
Compensation expense related to stock options	35	22			22	14	36
Dividends paid	28		-155		-155	-204	-359
Purchase of noncontrolling interest not subject to put provisions	27				0	56	56
Purchase of ordinary shares of Fresenius Medical Care AG & Co. KGaA	2, 27		-71		-71	-43	-114
Change in fair value of noncontrolling interest subject to put provisions	27	4			4	10	14
Comprehensive income (loss)							
Net income			926		926	734	1,660
Other comprehensive income (loss)							
Cash flow hedges	29, 31			23	23	-1	22
Change of fair value of available for sale financial assets	29, 31			-9	-9	–	-9
Foreign currency translation	29, 31			-80	-80	-76	-156
Actuarial losses on defined benefit pension plans	26, 29			-76	-76	-36	-112
Comprehensive income (loss)			926	-142	784	621	1,405
As of December 31, 2012		**3,225**	**4,358**	**-128**	**7,633**	**5,125**	**12,758**

The following notes are an integral part of the consolidated financial statements.

FRESENIUS SE & CO. KGAA
CONSOLIDATED SEGMENT REPORTING

BY BUSINESS SEGMENT

€ in millions	Fresenius Medical Care			Fresenius Kabi		
	2012[4]	2011	Change	2012	2011	Change
Sales	**10,741**	9,031	19%	**4,539**	3,964	15%
thereof contribution to consolidated sales	**10,724**	9,016	19%	**4,489**	3,916	15%
thereof intercompany sales	**17**	15	13%	**50**	48	4%
contribution to consolidated sales	**56%**	55%		**23%**	24%	
EBITDA	**2,282**	1,891	21%	**1,101**	955	15%
Depreciation and amortization	**469**	400	17%	**167**	152	10%
EBIT	**1,813**	1,491	22%	**934**	803	16%
Net interest	**-332**	-213	-56%	**-286**	-278	-3%
Income taxes	**-502**	-432	-16%	**-166**	-145	-14%
Net income attributable to shareholders of Fresenius SE & Co. KGaA	**870**	770	13%	**444**	354	25%
Operating cash flow	**1,587**	1,039	53%	**596**	462	29%
Cash flow before acquisitions and dividends	**1,069**	629	70%	**357**	289	24%
Total assets	**16,921**	15,096	12%	**8,662**	7,282	19%
Debt	**6,290**	5,573	13%	**4,964**	4,395	13%
Capital expenditure, gross	**526**	429	23%	**276**	177	56%
Acquisitions, gross/investments	**1,408**	1,429	-1%	**877**	11	--
Research and development expenses	**87**	80	9%	**194**	162	20%
Employees (per capita on balance sheet date)	**90,866**	83,476	9%	**30,214**	24,106	25%
Key figures						
EBITDA margin	**21.2%**	20.9%		**24.3%**	24.1%	
EBIT margin	**16.9%**	16.5%		**20.6%**	20.3%	
Depreciation and amortization in % of sales	**4.4%**	4.4%		**3.7%**	3.8%	
Operating cash flow in % of sales	**14.8%**	11.5%		**13.1%**	11.7%	
ROOA	**11.4%**	12.0%		**12.3%**	12.4%	

[1] Including special items from the acquisition of APP Pharmaceuticals, Inc. (since 2012: Fresenius Kabi USA, Inc.)
[2] Including special items from the acquisition of Liberty Dialysis Holdings, Inc., from the renegotiation of the Venofer contract and the donation to the American Society of Nephrology
[3] Including one-time costs related to the takeover offer to the shareholders of RHÖN-KLINIKUM AG
[4] Excluding special items from the acquisition of Liberty Dialysis Holdings, Inc., from the renegotiation of the Venofer contract and the donation to the American Society of Nephrology
[5] Before one-time costs related to the takeover offer to the shareholders of RHÖN-KLINIKUM AG, special items from the renegotiation of the Venofer contract and the donation to the American Society of Nephrology
[6] The underlying pro forma EBIT does not include one-time costs related to the takeover offer to the shareholders of RHÖN-KLINIKUM AG, special items from the renegotiation of the Venofer contract and the donation to the American Society of Nephrology.

BY REGION

€ in millions	Europe			North America		
	2012	2011	Change	2012	2011	Change
Sales	**7,797**	6,919	13%	**8,144**	6,601	23%
contribution to consolidated sales	**40%**	42%		**42%**	40%	
EBIT	**746**	758	-2%	**1,700**	1,382	23%
Depreciation and amortization	**357**	322	11%	**328**	268	22%
Total assets	**11,089**	9,759	14%	**16,424**	13,670	20%
Capital expenditure, gross	**532**	422	26%	**326**	210	55%
Acquisitions, gross/investments	**914**	924	-1%	**2,238**	596	--
Employees (per capita on balance sheet date)	**81,777**	74,415	10%	**58,264**	47,701	22%

Fresenius Helios			Fresenius Vamed			Corporate/Other			Fresenius Group		
2012	2011	Change	**2012**	2011	Change	**2012**[2,3]	2011[1]	Change	**2012**	2011	Change
3,200	2,665	20%	**846**	737	15%	**-36**	-36	0%	**19,290**	16,361	18%
3,200	2,665	20%	**846**	737	15%	**31**	27	15%	**19,290**	16,361	18%
0	0		**–**	–	--	**-67**	-63	-6%	**0**	0	
17%	16%		**4%**	5%		**0%**	0%		**100%**	100%	
432	369	17%	**59**	51	16%	**-115**	-29	--	**3,759**	3,237	16%
110	99	11%	**8**	7	14%	**22**	16	38%	**776**	674	15%
322	270	19%	**51**	44	16%	**-137**	-45	--	**2,983**	2,563	16%
-67	-51	-31%	**-1**	2	-150%	**20**	9	122%	**-666**	-531	-25%
-42	-43	2%	**-14**	-11	-27%	**65**	27	141%	**-659**	-604	-9%
203	163	25%	**35**	34	3%	**-626**	-631	1%	**926**	690	34%
240	294	-18%	**35**	-83	142%	**-20**	-23	13%	**2,438**	1,689	44%
69	138	-50%	**24**	-89	127%	**-33**	-36	8%	**1,486**	931	60%
4,408	3,495	26%	**676**	594	14%	**-3**	-146	98%	**30,664**	26,321	17%
1,293	1,104	17%	**74**	44	68%	**-1,593**	-1,317	-21%	**11,028**	9,799	13%
180	157	15%	**11**	7	57%	**14**	13	8%	**1,007**	783	29%
579	45	--	**44**	3	--	**264**	124	113%	**3,172**	1,612	97%
–	–	--	**0**	0		**24**	25	-4%	**305**	267	14%
42,881	37,198	15%	**4,432**	3,724	19%	**931**	847	10%	**169,324**	149,351	13%
13.5%	13.8%		**7.0%**	6.9%					**20.0%**[5]	19.8%	
10.1%	10.1%		**6.0%**	6.0%					**15.9%**[5]	15.7%	
3.4%	3.7%		**0.9%**	0.9%					**4.0%**	4.1%	
7.5%	11.0%		**4.1%**	-11.3%					**12.6%**	10.3%	
8.2%	8.4%		**12.8%**	16.0%					**11.0%**[6]	10.9%	

The consolidated segment reporting by business segment is an integral part of the notes.
The following notes are an integral part of the consolidated financial statements.

Asia-Pacific			Latin America			Africa			Fresenius Group		
2012	2011	Change	**2012**	2011	Change	**2012**	2011	Change	**2012**	2011	Change
1,899	1,582	20%	**1,126**	899	25%	**324**	360	-10%	**19,290**	16,361	18%
10%	10%		**6%**	6%		**2%**	2%		**100%**	100%	
321	251	28%	**158**	125	26%	**58**	47	23%	**2,983**	2,563	16%
52	50	4%	**33**	29	14%	**6**	5	20%	**776**	674	15%
2,085	1,888	10%	**929**	877	6%	**137**	127	8%	**30,664**	26,321	17%
83	69	20%	**59**	71	-17%	**7**	11	-36%	**1,007**	783	29%
11	75	-85%	**9**	17	-47%	**–**	–	--	**3,172**	1,612	97%
14,315	13,134	9%	**13,485**	12,754	6%	**1,483**	1,347	10%	**169,324**	149,351	13%

The consolidated segment reporting by region is an integral part of the notes.
The following notes are an integral part of the consolidated financial statements.

(This page intentionally left blank)

GENERAL NOTES

1. PRINCIPLES

I. GROUP STRUCTURE

Fresenius is a worldwide operating health care group with products and services for dialysis, the hospital and the medical care of patients at home. Further areas of activity are hospital operations as well as engineering and services for hospitals and other health care facilities. In addition to the activities of the parent company Fresenius SE & Co. KGaA, Bad Homburg v. d. Höhe, the operating activities were split into the following legally independent business segments (subgroups) in the fiscal year 2012:

- Fresenius Medical Care
- Fresenius Kabi
- Fresenius Helios
- Fresenius Vamed

Fresenius Medical Care is the world's leading provider of dialysis products and dialysis care for the life-saving treatment of patients with chronic kidney failure. Fresenius Medical Care treats 257,916 patients in its 3,160 own dialysis clinics.

Fresenius Kabi is a globally active company, providing infusion therapies, intravenously administered generic drugs, clinical nutrition and the related medical devices. The products are used for the therapy and care of critically and chronically ill patients in and outside the hospital. In Europe, Fresenius Kabi is the market leader in infusion therapies and clinical nutrition, in the United States, the company is a leading provider of intravenously administered generic drugs.

Fresenius Helios is one of the largest private hospital operators in Germany.

Fresenius Vamed provides engineering and services for hospitals and other health care facilities internationally.

Fresenius SE & Co. KGaA owned 31.18% of the ordinary voting shares of Fresenius Medical Care AG & Co. KGaA (FMC-AG & Co. KGaA) and 30.77% of the total subscribed capital of FMC-AG & Co. KGaA at the end of the fiscal year 2012. Fresenius Medical Care Management AG, the general partner of FMC-AG & Co. KGaA, is a wholly owned subsidiary of Fresenius SE & Co. KGaA. Therefore, FMC-AG & Co. KGaA is fully consolidated in the consolidated financial statements of the Fresenius Group. Fresenius SE & Co. KGaA continued to hold 100% of the management companies of the business segments Fresenius Kabi (Fresenius Kabi AG) as well as Fresenius Helios and Fresenius Vamed (both held through Fresenius ProServe GmbH) on December 31, 2012. Through Fresenius ProServe GmbH, Fresenius SE & Co. KGaA holds 100% in HELIOS Kliniken GmbH and a 77% stake in VAMED AG. In addition, Fresenius SE & Co. KGaA holds interests in companies with holding functions regarding real estate, financing and insurance, as well as in Fresenius Netcare GmbH which offers services in the field of information technology and in Fresenius Biotech Beteiligungs GmbH.

The reporting currency in the Fresenius Group is the euro. In order to make the presentation clearer, amounts are mostly shown in million euros. Amounts under €1 million after rounding are marked with "–".

II. CHANGE OF FRESENIUS SE'S LEGAL FORM INTO A PARTNERSHIP LIMITED BY SHARES (KOMMANDITGESELLSCHAFT AUF AKTIEN) AND CONVERSION OF THE PREFERENCE SHARES INTO ORDINARY SHARES

On May 12, 2010, Fresenius SE's Annual General Meeting approved the change of Fresenius SE's legal form into a partnership limited by shares (Kommanditgesellschaft auf Aktien, KGaA) with the name Fresenius SE & Co. KGaA in combination with the conversion of all non-voting preference shares into voting ordinary shares. The change of legal form as well as the conversion of shares was also approved by the preference shareholders through a special resolution.

Upon registration with the commercial register of the local court in Bad Homburg v. d. H., the change of legal form into Fresenius SE & Co. KGaA became effective on January 28, 2011. According to the resolution passed, the holders of preference shares received one ordinary share of Fresenius SE & Co. KGaA for each preference share held in Fresenius SE; the ordinary shareholders received one ordinary share of Fresenius SE & Co. KGaA for each ordinary share held in Fresenius SE. The notional proportion of each non-par value share in the subscribed capital as well as the subscribed capital itself remained unchanged.

III. BASIS OF PRESENTATION

The accompanying consolidated financial statements have been prepared in accordance with the United States Generally Accepted Accounting Principles (U.S. GAAP).

Fresenius SE & Co. KGaA, as a stock exchange listed company with a domicile in a member state of the European Union, fulfills its obligation to prepare and publish the consolidated financial statements in accordance with the International Financial Reporting Standards (IFRS) applying Section 315a of the German Commercial Code (HGB). Simultaneously, the Fresenius Group voluntarily prepares and publishes the consolidated financial statements in accordance with U.S. GAAP.

In order to improve readability, various items are aggregated in the consolidated statement of financial position and in the consolidated statement of income. These items are shown separately in the notes to provide useful information to the readers of the consolidated financial statements.

The consolidated statement of financial position is classified on the basis of the maturity of assets and liabilities; the consolidated statement of income is classified using the cost-of-sales accounting format.

IV. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a) Principles of consolidation

The financial statements of consolidated entities have been prepared using uniform accounting methods.

Capital consolidation is performed by offsetting investments in subsidiaries against the underlying revaluated equity at the date of acquisition. The identifiable assets and liabilities of subsidiaries as well as the noncontrolling interest are recognized at their fair values. Any remaining debit balance between the investments in subsidiaries plus the noncontrolling interest and the revaluated equity is recognized as goodwill and is tested at least once a year for impairment.

Associated companies (over which Fresenius SE & Co. KGaA has significant exercisable influence, even when it holds 50% or less of the common stock of the company) are consolidated using the equity method. Investments that are not classified as in associated companies are recorded at acquisition costs or at fair value, respectively.

All significant intercompany sales, expenses, income, receivables and payables are eliminated. Profits and losses on items of property, plant and equipment and inventory acquired from other Group entities are also eliminated. Deferred tax assets and liabilities are recognized on temporary differences resulting from consolidation procedures.

Noncontrolling interest subject to put provisions is recognized between liabilities and equity in the consolidated statement of financial position. Noncontrolling interest not subject to put provisions comprises the interest of noncontrolling shareholders in the consolidated equity of Group entities. Profits and losses attributable to the noncontrolling shareholders are separately disclosed in the consolidated statement of income. Noncontrolling interest not subject to put provisions of recently acquired entities is valuated at fair value.

b) Composition of the Group

The consolidated financial statements include all material companies in which Fresenius SE & Co. KGaA has legal or effective control. In addition, the Fresenius Group consolidates variable interest entities (VIEs) for which it is deemed the primary beneficiary.

Fresenius Medical Care has entered into various arrangements with certain dialysis clinics and a dialysis product distributor to provide management services, financing and product supply. The dialysis clinics and the dialysis product distributor have either negative equity or are unable to provide their own funding for their operations. Therefore, Fresenius Medical Care has agreed to fund their operations through loans.

The compensation for the funding can carry interest, exclusive product supply agreements or entitle Fresenius Medical Care to a prorata share of profits, if any. Fresenius Medical Care has a right of first refusal in the event the owners sell the business or assets. These clinics and the dialysis product distributor are VIEs, in which Fresenius Medical Care has been determined to be the primary beneficiary and which therefore have been fully consolidated. They generated approximately €151 million (US$194 million) and €140 million (US$195 million) in sales in 2012 and 2011, respectively. Fresenius Medical Care provided funding to these VIEs through loans and accounts receivable of €111 million (US$147 million) and €114 million (US$148 million) in 2012 and 2011, respectively. Relating to the VIEs, in 2012, Fresenius Medical Care consolidated assets in an amount of €152 million (US$200 million), liabilities in an amount of €102 million (US$134 million) and €50 million (US$66 million) in equity. In 2011, €168 million (US$217 million) assets, €125 million (US$162 million) liabilities and €43 million (US$55 million) equity were consolidated. The interest held by the other shareholders in the consolidated VIEs is reported as noncontrolling interest in the consolidated statement of financial position at December 31, 2012.

Fresenius Vamed participates in long-term project entities which are set up for long-term defined periods of time and for the specific purpose of constructing and operating thermal centers. Some of these project entities qualify as VIEs, in which Fresenius Vamed is not the primary beneficiary based on the cash flow analysis of the involved parties. The project entities generated approximately €86 million in sales in 2012 (2011: €78 million). The VIEs finance themselves mainly through debt, profit participation rights and investment grants. Assets and liabilities relating to the VIEs are not material. Fresenius Vamed made no payments to the VIEs other than contractually stipulated. From today's perspective and due to the contractual situation, Fresenius Vamed is not exposed to any material risk of loss from these VIEs.

The consolidated financial statements of 2012 included, in addition to Fresenius SE & Co. KGaA, 221 (2011: 163) German and 1,481 (2011: 1,094) foreign companies.

The composition of the Group changed as follows:

	Germany	Abroad	Total
December 31, 2011	**163**	**1,094**	**1,257**
Additions	**60**	**427**	**487**
of which newly founded	17	82	99
of which acquired	42	334	376
Disposals	**2**	**40**	**42**
of which no longer consolidated	1	34	35
of which merged	1	6	7
December 31, 2012	**221**	**1,481**	**1,702**

29 companies (2011: 19) were accounted for under the equity method.

The complete list of the investments of Fresenius SE & Co. KGaA, registered office in Bad Homburg v. d. H., will be submitted to the electronic Federal Gazette and the electronic companies register.

In 2012, the following fully consolidated German subsidiaries of the Fresenius Group applied the exemption provided in Sections 264 (3) and 264b, respectively, of the German Commercial Code (HGB):

Name of the company	Registered office
Corporate/Other	
Fresenius Biotech GmbH	Gräfelfing
Fresenius Biotech Beteiligungs GmbH	Bad Homburg v. d. H.
Fresenius Immobilien-Verwaltungs-GmbH & Co. Objekt Friedberg KG	Bad Homburg v. d. H.
Fresenius Immobilien-Verwaltungs-GmbH & Co. Objekt St. Wendel KG	Bad Homburg v. d. H.
Fresenius Immobilien-Verwaltungs-GmbH & Co. Objekt Schweinfurt KG	Bad Homburg v. d. H.
Fresenius Netcare GmbH	Bad Homburg v. d. H.
Fresenius ProServe GmbH	Bad Homburg v. d. H.
FPS Beteiligungs AG	Düsseldorf
FPS Immobilien Verwaltungs GmbH & Co. Reichenbach KG	Bad Homburg v. d. H.
ProServe Krankenhaus Beteiligungsgesellschaft mbH & Co. KG	München
ProServe Zweite Krankenhaus Beteiligungsgesellschaft mbH & Co. KG	München
Fresenius Kabi	
CFL GmbH	Frankfurt am Main
Fresenius HemoCare GmbH	Bad Homburg v. d. H.
Fresenius HemoCare Beteiligungs GmbH	Bad Homburg v. d. H.
Fresenius Kabi AG	Bad Homburg v. d. H.
Fresenius Kabi Deutschland GmbH	Bad Homburg v. d. H.
Hosped GmbH	Friedberg
MC Medizintechnik GmbH	Alzenau
Rheinische Compounding GmbH	Bonn
V. Krütten Medizinische Einmalgeräte GmbH	Idstein

Name of the company	Registered office
Fresenius Helios	
Ahrenshoop Service GmbH	Ahrenshoop
Akademie Damp GmbH	Damp
Baltic Service GmbH	Damp
Betriebsführungsgesellschaft Schloß Schönhagen GmbH	Damp
Damp Diagnostik und Physio Holding GmbH	Kiel
Damp Holding GmbH	Damp
Damp Touristik GmbH	Damp
Deutsches Zentrum für Präventivmedizin GmbH	Damp
D.i.a.-Solution GmbH	Erfurt
Gesundheitsmanagement Damp GmbH	Hamburg
HELIOS Agnes Karll Krankenhaus GmbH	Bochum
HELIOS Care GmbH	Berlin
HELIOS Catering GmbH	Berlin
HELIOS ENDO-Klinik Hamburg GmbH	Hamburg
HELIOS Hanseklinikum Stralsund GmbH	Stralsund
HELIOS Kids in Pflege GmbH	Geesthacht
HELIOS Klinik Ahrenshoop GmbH	Ahrenshoop
HELIOS Klinik Dresden-Wachwitz GmbH	Dresden
HELIOS Klinik Geesthacht GmbH	Geesthacht
HELIOS Klinik Lehmrade GmbH	Lehmrade
HELIOS Klinik Lengerich GmbH	Lengerich
HELIOS Klinik Schloss Schönhagen GmbH	Damp
HELIOS Kliniken GmbH	Berlin
HELIOS Kliniken Breisgau-Hochschwarzwald GmbH	Müllheim
HELIOS Kliniken Leipziger Land GmbH	Borna
HELIOS Kliniken Mansfeld-Südharz GmbH	Sangerhausen
HELIOS Klinikum Aue GmbH	Aue
HELIOS Klinikum Bad Saarow GmbH	Bad Saarow
HELIOS Klinikum Erfurt GmbH	Erfurt
HELIOS Klinikum Schwelm GmbH	Schwelm
HELIOS Klinikum Wuppertal GmbH	Wuppertal
HELIOS Ostseeklinik Damp GmbH	Damp
HELIOS Privatkliniken GmbH	Bad Homburg v. d. H.
HELIOS Rehaklinik Damp GmbH	Damp
HELIOS Service GmbH	Berlin
HELIOS Versorgungszentren GmbH	Berlin
HELIOS Versorgungszentrum Bad Saarow GmbH	Bad Saarow
HELIOS Vogtland-Klinikum Plauen GmbH	Plauen
HUMAINE Kliniken GmbH	Berlin
Poliklinik am HELIOS Klinikum Buch GmbH	Berlin
Senioren- und Pflegeheim Erfurt GmbH	Erfurt
St. Josefs-Hospital GmbH	Bochum
Therapie Centrum Damp GmbH	Damp
Verwaltungsgesellschaft ENDO-Klinik mbH	Hamburg
Zentrale Service-Gesellschaft Damp mbH	Damp

c) Classifications

Certain items in the consolidated financial statements of 2011 have been reclassified to conform with the presentation in 2012.

In the business segment Fresenius Medical Care, sales have been restated to reflect the adoption of Accounting Standards Update 2011-07. Specifically, bad debt expense in the amount of US$225 million (€161 million) was reclassified from selling, general and administrative expenses as a reduction of sales for 2011. In addition, in the business segment Fresenius Medical Care, freight expense in the amount of US$144 million (€104 million) was reclassified from selling, general and administrative expenses to cost of sales to harmonize the presentation for all business segments for 2011.

d) Sales recognition policy

Sales from services are recognized at the amount estimated to be received under reimbursement arrangements with third party payors. Sales are recognized on the date services and related products are provided and the customer is obligated to pay.

Product sales are recognized when the title to the product passes to the customers, either at the time of shipment, upon receipt by the customer or upon any other terms that clearly define passage of title. As product returns are not typical, no return allowances are established. In the event that a return is required, the appropriate reductions to sales, cost of sales and accounts receivable are made. Sales are presented net of discounts, allowances and rebates.

In the business segment Fresenius Vamed, sales for long-term production contracts are recognized using the percentage of completion (PoC) method when the accounting conditions are met. The sales to be recognized are calculated as a percentage of the costs already incurred based on the estimated total cost of the contract, milestones laid down in the contract or the percentage of completion. Profits are only recognized when the outcome of a production contract accounted for using the PoC method can be measured reliably.

Any tax assessed by a governmental authority that is in-curred as a result of a sales transaction (e. g. sales tax) is excluded from sales and the related sale is reported on a net basis.

e) Government grants

Public sector grants are not recognized until there is reasonable assurance that the respective conditions are met and the grants will be received. Initially, the grant is recorded as a liability and as soon as the asset is acquired, the grant is offset against the acquisition costs. Expense-related grants are recognized as income in the periods in which related costs occur.

f) Research and development expenses

Research is original and planned investigation undertaken with the prospect of gaining new scientific or technical knowledge and understanding. Development is the technical and commercial implementation of research findings. Research and development expenses are expensed as incurred.

g) Impairment

The Fresenius Group reviews the carrying amounts of its property, plant and equipment, intangible assets and other non-current assets for impairment whenever events or changes in circumstances indicate that the carrying amount of these assets may not be recoverable. Recoverability of these assets is measured by comparing the carrying amount of an asset to the future net cash flow directly associated with the asset. If assets are considered to be impaired, the impairment recognized is the amount by which the carrying amount exceeds the fair value of the asset. The Fresenius Group uses a discounted cash flow approach or other methods, if appropriate, to assess fair value. Long-lived assets to be disposed of by sale are reported at the lower of carrying amount or fair value less cost to sell and depreciation is ceased.

h) Capitalized interest

The Fresenius Group includes capitalized interest as part of the cost of the asset if it is directly attributable to the acquisition, construction or manufacture of qualifying assets. For the fiscal years 2012 and 2011, interest of €3 million and €4 million, respectively, based on an average interest rate of 4.53% and 4.12%, respectively, was recognized as a component of the cost of assets.

i) Income taxes

Current taxes are calculated based on the earnings of the fiscal year and in accordance with local tax rules of the respective tax jurisdiction. Expected and executed additional tax payments and tax refunds for prior years are also taken into account.

Deferred tax assets and liabilities are recognized for the future consequences attributable to temporary differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax basis. Furthermore, deferred taxes are recognized on consolidation procedures affecting net income attributable to shareholders of Fresenius SE & Co. KGaA. Deferred tax assets also include claims to future tax reductions which arise from the more likely than not expected usage of existing tax losses available for carryforward. The recognition of deferred tax assets from net operating losses and their utilization is based on the budget planning of the Fresenius Group and implemented tax strategies.

Deferred taxes are computed using enacted or adopted tax rates in the relevant national jurisdictions when the amounts are recovered. Tax rates which will be valid in the future but are not adopted till the date of the statement of financial position are not considered.

The realizability of the carrying amount of a deferred tax asset is reviewed at each date of the statement of financial position. In assessing the realizability of deferred taxes, the Management considers whether it is more likely than not that some portion or all of a deferred tax asset will be realized or whether deferred tax liabilities will be reversed. The ultimate realization of deferred tax assets is dependent upon the generation of future taxable income during the periods in which those temporary differences become deductible. The Management considers the scheduled reversal of deferred tax liabilities and projected future taxable income in making this assessment.

If it is no longer more likely than not that sufficient taxable income will be available to allow the benefit of part or of the entire deferred tax asset to be utilized, the carrying amount of the deferred tax asset is reduced to that certain extent. The reduction is reversed to the date and extent that it becomes probable that sufficient taxable profit will be available.

j) Unrecognized tax benefits

The recognition and measurement of all tax positions taken or expected to be taken on a tax return requires a two step approach. The Fresenius Group must determine whether it is more likely than not that a tax position will be sustained upon examination, including resolution of any related appeals or litigation processes, based on the technical merits of the position. If the threshold is met, the tax position is measured at the largest amount of benefit that is greater than 50% likely of being realized upon ultimate settlement and is recognized in the consolidated financial statements.

k) Earnings per ordinary share

Basic earnings per ordinary share are computed by dividing net income attributable to shareholders of Fresenius SE & Co. KGaA by the weighted-average number of ordinary shares outstanding during the year. Diluted earnings per share include the effect of all potentially dilutive instruments on ordinary shares that would have been outstanding during the fiscal year. The equity-settled awards granted under Fresenius' and Fresenius Medical Care's stock option plans can result in a dilutive effect.

l) Cash and cash equivalents

Cash and cash equivalents comprise cash funds and all short-term, liquid investments with original maturities of up to three months (time deposits and securities).

m) Trade accounts receivable

Trade accounts receivable are stated at their nominal value less an allowance for doubtful accounts. The allowances are estimates comprised of customer specific evaluations regarding their payment history, current financial stability, and applicable country-specific risks for receivables that are overdue more than one year. From time to time, accounts receivable are reviewed for changes from the historic collection experience to ensure the appropriateness of the allowances.

n) Inventories

Inventories comprise all assets which are held for sale in the normal course of business (finished goods), in the process of production for such sale (work in process) or consumed in the production process or in the rendering of services (raw materials and purchased components).

Inventories are stated at the lower of acquisition and manufacturing cost (determined by using the average or first-in, first-out method) or market value. Manufacturing costs comprise direct costs, production and material overhead, including depreciation charges.

o) Available for sale financial assets

Investments in equity instruments, debt instruments and fund shares are classified as available for sale financial assets and measured at fair value provided that this fair value can be determined reliably. Equity instruments that do not have a quoted price in an active market and a reliably measurable fair value, are recognized at acquisition cost. The Fresenius Group regularly reviews if objective substantial evidence occurs that would indicate an impairment of a financial asset or a portfolio of financial assets. After testing the recoverability of these assets, a possible impairment loss is recorded in the consolidated statement of financial position. Gains and losses of available for sale financial assets are recognized directly in the consolidated statement of equity until the financial asset is disposed of or if it is considered to be impaired. In the case of an impairment, the accumulated net loss is retrieved from the consolidated statement of equity and recognized in the consolidated statement of income.

p) Property, plant and equipment

Property, plant and equipment are stated at acquisition and manufacturing cost less accumulated depreciation. Significant improvements are capitalized; repairs and maintenance costs that do not extend the useful lives of the assets are charged to expense as incurred. Depreciation on property, plant and equipment is calculated using the straight-line method over the estimated useful lives of the assets ranging from 3 to 50 years for buildings and improvements (with a weighted-average life of 16 years) and 2 to 15 years for machinery and equipment (with a weighted-average life of 11 years).

q) Intangible assets with finite useful lives

Intangible assets with finite useful lives, such as patents, product and distribution rights, non-compete agreements, technology as well as licenses to manufacture, distribute and sell pharmaceutical drugs, are amortized using the straight-line method over their respective useful lives to their residual values and reviewed for impairment (see note 1. g, Impairment). The useful life of patents, product and distribution rights ranges from 5 to 20 years, the average useful life is 13 years. Non-compete agreements with finite useful lives have useful lives ranging from 2 to 25 years with an average useful life of 8 years. The useful life of management contracts with finite useful lives ranges from 5 to 40 years. Technology has a finite useful live of 15 years. Licenses to manufacture, distribute and sell pharmaceutical drugs are amortized over the contractual license period based upon the annual estimated units of sale of the licensed product. All other intangible assets are amortized over their individual estimated useful lives between 3 and 15 years.

Losses in value of a lasting nature are recorded as an impairment.

r) Goodwill and other intangible assets with indefinite useful lives

The Fresenius Group identified intangible assets with indefinite useful lives because, based on an analysis of all of the relevant factors, there is no foreseeable limit to the period over which those assets are expected to generate net cash inflows for the Group. The identified intangible assets with indefinite useful lives such as trade names and certain qualified management contracts acquired in a purchase method business combination are recognized and reported apart from goodwill. They are recorded at acquisition costs. Goodwill and intangible assets with indefinite useful lives are not amortized but tested for impairment annually or when an event becomes known that could trigger an impairment (impairment test).

To perform the annual impairment test of goodwill, the Fresenius Group identified several reporting units and determined their carrying amount by assigning the assets and liabilities, including the existing goodwill and intangible assets, to those reporting units. A reporting unit is usually defined one level below the segment level based on regions or legal entities. Four reporting units were identified in the segment Fresenius Medical Care (Europe, Latin America, Asia-Pacific and North America). In the segment Fresenius Kabi, there is one reporting unit for the region North America and one reporting unit for the business outside of North America. According to the regional organizational structure, the segment Fresenius Helios consists of seven reporting units, which are managed by a central division. The segment Fresenius Vamed consists of two reporting units (Project business and Service business). At least once a year, the Fresenius Group compares the fair value of each reporting unit to the reporting unit's carrying amount. The fair value of a reporting unit is determined using a discounted cash flow approach based upon the cash flow expected to be generated by the reporting unit. In case that the fair value of the reporting unit is less than its carrying amount, the difference is at first recorded as an impairment of the fair value of the goodwill.

To evaluate the recoverability of separable intangible assets with indefinite useful lives, the Fresenius Group compares the fair values of these intangible assets with their carrying amounts. An intangible asset's fair value is determined using a discounted cash flow approach and other methods, if appropriate.

The recoverability of goodwill and other separable intangible assets with indefinite useful lives recorded in the Group's consolidated statement of financial position was verified. As a result, the Fresenius Group did not record any impairment losses in 2012 and 2011.

Any excess of the net fair value of identifiable assets and liabilities over cost (badwill) still existing after reassessing the purchase price allocation is recognized immediately in profit or loss.

s) Leases

Leased assets assigned to the Fresenius Group based on the risk and rewards approach (finance leases) are recognized as property, plant and equipment and measured on receipt date at the present values of lease payments as long as their fair values are not lower. Leased assets are depreciated in straight-line over their useful lives. If there is doubt as to whether title to the asset passes at a later stage and there is no opportune purchase option, the asset is depreciated over the lease term if this is shorter. An impairment loss is recognized if the recoverable amount is lower than the amortized cost of the leased asset.

Finance lease liabilities are measured at the present value of the future lease payments and are recognized as a financial liability.

Property, plant and equipment that is rented by the Fresenius Group is accounted for at its purchase cost. Depreciation is calculated using the straight-line method over the leasing time and its expected residual value.

t) Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. The following categories (according to International Accounting Standard 39, Financial Instruments: Recognition and Measurement) are relevant for the Fresenius Group: loans and receivables, financial liabilities measured at amortized cost, available for sale financial assets as well as financial liabilities/assets measured at fair value in the consolidated statement of income. Other categories are immaterial or not existing in the Fresenius Group. According to their character, the Fresenius Group classifies its financial instruments into the following classes: cash and cash equivalents, assets recognized at carrying amount, liabilities recognized at carrying amount, derivatives for hedging purposes as well as assets recognized at fair value, liabilities recognized at fair value and noncontrolling interest subject to put provisions recognized at fair value.

The relationship between classes and categories as well as the reconciliation to the consolidated statement of financial position is shown in tabular form in note 31, Financial instruments.

The Fresenius Group has potential obligations to purchase the noncontrolling interests held by third parties in certain of its consolidated subsidiaries. These obligations are in the form of put provisions and are exercisable at the third-party owners' discretion within specified periods as outlined in each specific put provision. If these put provisions were exercised, the Fresenius Group would be required to purchase all or part of the third-party owners' noncontrolling interests at the appraised fair value at the time of exercise. To estimate the fair values of the noncontrolling interest subject to put provisions, the Fresenius Group recognizes the higher of net book value or a multiple of earnings, based on historical earnings, the development stage of the underlying business and other factors. Depending on the market conditions, the estimated fair values of the noncontrolling interest subject to these put provisions can also fluctuate and the implicit multiple of earnings at which the noncontrolling interest subject to put provisions may ultimately be settled could vary significantly from Fresenius Group's current estimates.

Derivative financial instruments, which primarily include foreign currency forward contracts and interest rate swaps, are recognized at fair value as assets or liabilities in the consolidated statement of financial position. Changes in the fair value of derivative financial instruments classified as fair value hedges and in the corresponding underlyings are recognized periodically in earnings. The effective portion of changes in fair value of cash flow hedges is recognized in accumulated other comprehensive income (loss) in shareholders' equity until the secured underlying transaction is realized (see note 31, Financial instruments). The ineffective portion of cash flow hedges is recognized in current earnings. Changes in the fair value of derivatives that are not designated as hedging instruments are recognized periodically in earnings.

u) Liabilities

Liabilities are generally stated at present value, which normally corresponds to the value of products or services which are delivered. As a general policy, short-term liabilities are measured at their repayment amount.

v) Legal contingencies

In the ordinary course of Fresenius Group's operations, the Fresenius Group is involved in litigation, arbitration, administrative procedure and investigations relating to various aspects of its business. The Fresenius Group regularly analyzes current information about such claims for probable losses and provides accruals for such matters, including estimated expenses for legal services, as appropriate. The Fresenius Group utilizes its internal legal department as well as external resources for these assessments. In making the decision regarding the need for a loss accrual, the Fresenius Group considers the degree of probability of an unfavorable outcome and its ability to make a reasonable estimate of the amount of loss.

The filing of a suit or formal assertion of a claim, or the disclosure of any such suit or assertion, does not necessarily indicate that an accrual of a loss is appropriate.

w) Accrued expenses

Accruals for taxes and other obligations are recognized when there is a present obligation to a third party arising from past events, it is probable that the obligation will be settled in the future and the amount can be reliably estimated.

Tax accruals include obligations for the current year and for prior years.

x) Pension liabilities and similar obligations

The Fresenius Group recognizes the underfunded status of its defined benefit plans, measured as the difference between the benefit obligation and plan assets at fair value, as a liability. Changes in the funded status of a plan, net of tax, resulting from unrecognized actuarial gains or losses, unrecognized prior service costs or costs that are not recognized as components of the net periodic benefit cost, will be recognized through accumulated other comprehensive income (loss) in the year in which they occur. Actuarial gains or losses and prior service costs are subsequently recognized as components of net periodic benefit cost when realized.

y) Debt issuance costs

Debt issuance costs are capitalized separately from the underlying debt and are amortized over the term of the related obligation.

z) Stock option plans

In line with the standard for share-based payment, the Fresenius Group uses the modified prospective transition method. Under this transition method, in 2011 and 2012, the Fresenius Group recognized compensation cost for all stock-based payments subsequent to January 1, 2007 (based on the grant-date fair value estimated).

aa) Self-insurance programs

Under the insurance programs for professional, product and general liability, auto liability and worker's compensation claims, the largest subsidiary of Fresenius Medical Care AG & Co. KGaA (FMC-AG & Co. KGaA), located in North America, is partially self-insured for professional liability claims. For all other coverages, FMC-AG & Co. KGaA assumes responsibility for incurred claims up to predetermined amounts, above which third party insurance applies. Reported liabilities for the year represent estimated future payments of the anticipated expense for claims incurred (both reported and incurred but not reported) based on historical experience and existing claim activity. This experience includes both the rate of claims incidence (number) and claim severity (cost) and is combined with individual claim expectations to estimate the reported amounts.

bb) Foreign currency translation

The reporting currency is the euro. Substantially all assets and liabilities of the foreign subsidiaries are translated at the mid-closing rate on the date of the statement of financial position, while income and expense are translated at average exchange rates. Adjustments due to foreign currency translation fluctuations are excluded from net earnings and are reported in accumulated other comprehensive income (loss). In addition, the translation adjustments of certain intercompany borrowings, which are considered foreign equity investments, are also reported in accumulated other comprehensive income (loss).

Gains and losses arising from the translation of foreign currency positions as well as those arising from the elimination of foreign currency intercompany loans are recorded as general and administrative expenses, as far as they are not considered foreign equity instruments. In the fiscal year 2012, only immaterial losses resulted out of this transaction.

The exchange rates of the main currencies affecting foreign currency translation developed as follows:

	Year-end exchange rate[1]		Average exchange rate	
	Dec. 31, 2012	Dec. 31, 2011	**2012**	2011
U.S. dollar per €	**1.3194**	1.2939	**1.2848**	1.3920
Pound sterling per €	**0.8161**	0.8353	**0.8109**	0.8679
Swedish krona per €	**8.5820**	8.9120	**8.7041**	9.0298
Chinese renminbi per €	**8.2207**	8.1588	**8.1052**	8.9960
Japanese yen per €	**113.61**	100.20	**102.49**	110.96

[1] Mid-closing rate on the date of the statement of financial position

cc) Fair value hierarchy

The three-tier fair value hierarchy as defined in Financial Accounting Standards Boards Accounting Standards Codification Topic 820, Fair Value Measurements and Disclosures, classifies assets and liabilities recognized at fair value based on the inputs used in estimating the fair value. Level 1 is defined as observable inputs, such as quoted prices in active markets. Level 2 is defined as inputs other than quoted prices in active markets that are directly or indirectly observable. Level 3 is defined as unobservable inputs for which little or no market data exists, therefore requiring the company to develop its own assumptions. The three-tier fair value hierarchy is used in note 26, Pensions and similar obligations, and in note 31, Financial instruments.

dd) Use of estimates

The preparation of consolidated financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of income and expenses during the reporting period. Actual results could differ from those estimates.

ee) Receivables management

The entities of the Fresenius Group perform ongoing evaluations of the financial situation of their customers and generally do not require a collateral from the customers for the supply of products and provision of services. Approximately 18% and 17% of Fresenius Group's sales were earned and subject to the regulations under governmental health care programs, Medicare and Medicaid, administered by the United States government in 2012 and 2011, respectively.

ff) Recent pronouncements, applied

The Fresenius Group has prepared its consolidated financial statements at December 31, 2012 in conformity with U.S. GAAP that have to be applied for fiscal years beginning on January 1, 2012 or U.S. GAAP that can be applied earlier on a voluntary basis.

The Fresenius Group applied the following standards, as far as they are relevant for Fresenius Group's business, for the first time in 2012:

In July 2011, the Financial Accounting Standards Board (FASB) issued **Accounting Standards Update 2011-07** (ASU 2011-07), FASB Accounting Standards Codification (ASC) Topic 954, Health Care Entities – Presentation and Disclosure of Patient Service Revenue, Provision for Bad Debts and the Allowance for Doubtful Accounts for Certain Health Care Entities, in order to provide financial statement users with greater transparency about a health care entity's net patient service revenue and the related allowance for doubtful accounts. The standard requires health care entities that recognize significant amounts of patient service revenue at the time the services are rendered even though they do not assess the patient's ability to pay to present the provision for bad debts related to patient service revenue as a deduction from patient service revenue (net of contractual allowances and discounts) on their statement of operations. The provision for bad debts which the Fresenius Group presented as an operating expense before 2012 has been reclassified to a deduction from patient service revenue. The amendments to the presentation of the provision for bad debts related to patient service revenue in the statement of operations have been applied retrospectively to all prior periods presented. The Fresenius Group adopted the provisions of ASU 2011-07 as of January 1, 2012 and has restated the financial results of 2011 accordingly.

In June 2011, the FASB issued **Accounting Standards Update 2011-05** (ASU 2011-05), FASB ASC Topic 220, Comprehensive Income – Presentation of Comprehensive Income. In December 2011, the FASB issued **Accounting Standards Update 2011-12** (ASU 2011-12), FASB ASC Topic 220, Comprehensive Income – Deferral of the Effective Date for Amendments to the Presentation of Reclassifications of Items out of Accumulated Other Comprehensive Income in Accounting Standards Update No. 2011-05. The FASB additionally issued **Accounting Standards Update 2013-02** (ASU 2013-02), FASB ASC Topic 220, Comprehensive Income – Reporting of Amounts Reclassified out of Accumulated Other Comprehensive Income, in February 2013, which is effective for reporting periods beginning after December 15, 2012. The requirements established in ASU 2011-05 oblige that all components of other comprehensive income (OCI) be presented either in a single continuous statement of comprehensive income or in two separate but continuous statements. ASU 2013-02 will require the adjustments to the components of accumulated OCI and their related tax effects to be presented on the face of the statement in which the components of OCI are presented or in the notes to the financial statements remains for year-end disclosure. The Fresenius Group presents two separate but continuous statements of net income and comprehensive income and as such the Fresenius Group is in compliance with presentation of FASB ASC Topic 220, Comprehensive Income – Presentation of Comprehensive Income and Presentation of Items Reclassified out of Accumulated Other Comprehensive Income. Additionally, the Fresenius Group has early adopted ASU 2013-02 for the adjustments to the components and their tax effects.

In May 2011, the FASB issued **Accounting Standards Update 2011-04** (ASU 2011-04), FASB ASC Topic 820, Fair Value Measurement – Amendments to Achieve Common Fair Value Measurement and Disclosure Requirements in U.S. GAAP and IFRSs. The amendments in ASU 2011-04 result in common fair value measurement and disclosure requirements in U.S. GAAP and IFRSs. These amendments include clarifications of the application of highest and best use and valuation premise concepts, the measurement of the fair value of an instrument classified in a reporting entity's shareholders' equity, and disclosures about fair value measurements. ASU 2011-04 also changes the measurement or disclosure requirements related to measuring the fair value of financial instruments that are managed within a portfolio, the application of premiums and discounts in a fair value measurement, and additional disclosure about fair value measurements. The disclosures required under ASU 2011-04 are effective for interim and annual reporting periods beginning on or after December 15, 2011. Earlier adoption by public entities is not permitted. The Fresenius Group has applied the guidance under ASU 2011-04 since January 1, 2012, and there has not been a material impact on the results of the Fresenius Group.

gg) Recent pronouncements, not yet applied

The Financial Accounting Standards Board (FASB) issued the following for the Fresenius Group relevant new standards, which are mandatory for fiscal years commencing on or after January 1, 2013:

In December 2011, the FASB issued **Accounting Standards Update 2011-11** (ASU 2011-11), FASB ASC Topic 210, Balance Sheet – Disclosures about Offsetting Assets and Liabilities. This amendment requires disclosing and reconciling the gross and net amounts for financial instruments that are offset in the statement of financial position, and the amounts for financial instruments that are subject to master netting arrangements and other similar clearing and repurchase arrangements. In January 2013, the FASB issued **Accounting Standards Update 2013-01** (ASU 2013-01), an update to FASB ASC Topic 210, Balance Sheet – Clarifying the Scope of Disclosures about Offsetting Assets and Liabilities. The main purpose of ASU 2013-01 is to clarify the scope of balance sheet offsetting under ASU 2011-11, FASB ASC Topic 210, Balance Sheet – Disclosures about Offsetting Assets and Liabilities to include derivatives, repurchase agreements and reverse repurchase agreements, and securities borrowing and securities lending transactions that are offset or subject to master netting agreements. The disclosures required under ASU 2011-11 would apply to these transactions and other types of financial assets or liabilities will no longer be subject to ASU 2011-11. The update and ASU 2011-11 are effective for periods beginning on or after January 1, 2013. The Fresenius Group is currently evaluating the impact of ASU 2011-11 on its consolidated financial statements.

In July 2011, the FASB issued **Accounting Standards Update 2011-06** (ASU 2011-06), FASB ASC Topic 720, Other Expenses – Fees Paid to the Federal Government by Health Insurers. The amendments in ASU 2011-06 address how health insurers should recognize and classify their income statement fees mandated by the Health Care and Educational Affordability Reconciliation Act. These amendments require that the liability for the fee be estimated and recorded in full once the entity provides qualifying health insurance in the applicable calendar year in which the fee is payable. In conjunction, the corresponding deferred cost is amortized to expense using a straight-line allocation method unless another method better allocates the fee over the entire calendar year for which it is payable. In addition, the ASU states that this fee does not meet the definition of an acquisition cost. The disclosures required under ASU 2011-06 are effective for calendar years beginning after December 31, 2013, when the fee initially becomes effective. The Fresenius Group will apply the guidance under ASU 2011-06 beginning January 1, 2014.

V. CRITICAL ACCOUNTING POLICIES

In the opinion of the Management of the Fresenius Group, the following accounting policies and topics are critical for the consolidated financial statements in the present economic environment. The influences and judgments as well as the uncertainties which affect them are also important factors to be considered when looking at present and future operating earnings of the Fresenius Group.

a) Recoverability of goodwill and intangible assets with indefinite useful lives

The amount of intangible assets, including goodwill, product rights, tradenames and management contracts, represents a considerable part of the total assets of the Fresenius Group. At December 31, 2012 and December 31, 2011, the carrying amount of goodwill and non-amortizable intangible assets with indefinite useful lives was €15,195 million and €12,853 million, respectively. This represented 50% and 49%, respectively, of total assets.

An impairment test of goodwill and non-amortizable intangible assets with indefinite useful lives is performed at least once a year, or if events occur or circumstances change that would indicate the carrying amount might be impaired (Impairment test).

To determine possible impairments of these assets, the fair value of the reporting units is compared to their carrying amount. The fair value of each reporting unit is determined using estimated future cash flows for the unit discounted by a weighted-average cost of capital (WACC) specific to that reporting unit. Estimating the discounted future cash flows involves significant assumptions, especially regarding future reimbursement rates and sales prices, number of treatments, sales volumes and costs. In determining discounted cash flows, the Fresenius Group utilizes for every reporting unit its approved three-year budget, projections for years 4 to 10 and a corresponding growth rate for all remaining years.

These growth rates are 0% to 4% for Fresenius Medical Care, 3% for Fresenius Kabi and 1% for Fresenius Helios and Fresenius Vamed. Projections for up to 10 years are possible due to historical experience and the stability of Fresenius Group's business, which is largely independent from the economic cycle. The discount factor is determined by the WACC of the respective reporting unit. Fresenius Medical Care's WACC consisted of a basic rate of 5.79% for 2012. This basic rate is then adjusted by a country-specific risk rate and, if appropriate, by a factor to reflect higher risks associated with the cash flow from recent material acquisitions, until they are appropriately integrated, within each reporting unit. In 2012, WACCs (after tax) for the reporting units of Fresenius Medical Care ranged from 6.35% to 13.51%. In the business segments Fresenius Kabi, Fresenius Helios and Fresenius Vamed, the WACC (after tax) was 5.37%, country-specific adjustments did not occur. If the fair value of the reporting unit is less than its carrying amount, the difference is recorded as an impairment of the fair value of the goodwill at first. An increase of the WACC (after tax) by 0.5% would not have resulted in the recognition of an impairment loss in 2012.

A prolonged downturn in the health care industry with lower than expected increases in reimbursement rates and/or higher than expected costs for providing health care services could adversely affect the estimated future cash flows of certain countries or segments. Future adverse changes in a reporting unit's economic environment could affect the discount rate. A decrease in the estimated future cash flows and/or a decline in the reporting unit's economic environment could result in impairment charges to goodwill and other intangible assets with indefinite useful lives which could materially and adversely affect Fresenius Group's future operating results.

b) Legal contingencies

The Fresenius Group is involved in several legal matters arising from the ordinary course of its business. The outcome of these matters may have a material effect on the financial position, results of operations or cash flows of the Fresenius Group. For details, please see note 30, Commitments and contingent liabilities.

The Fresenius Group regularly analyzes current information about such claims for probable losses and provides accruals for such matters, including estimated expenses for legal services, as appropriate. The Fresenius Group utilizes its internal legal department as well as external resources for these assessments. In making the decision regarding the need for a loss accrual, the Fresenius Group considers the degree of probability of an unfavorable outcome and its ability to make a reasonable estimate of the amount of loss.

The filing of a suit or formal assertion of a claim, or the disclosure of any such suit or assertion, does not necessarily indicate that an accrual of a loss is appropriate.

c) Allowance for doubtful accounts

Trade accounts receivable are a significant asset and the allowance for doubtful accounts is a significant estimate made by the Management. Trade accounts receivable were €3,650 million and €3,234 million in 2012 and 2011, respectively, net of allowance. Approximately 63% of receivables derive from the business segment Fresenius Medical Care and mainly relate to the dialysis care business in North America.

The major debtors or debtor groups of trade accounts receivable were U.S. Medicare and Medicaid health care programs with 14% and private insurers in the United States with 12% at December 31, 2012. Other than that, the Fresenius Group has no significant risk concentration, due to its international and heterogeneous customer structure.

The allowance for doubtful accounts was €406 million and €383 million as of December 31, 2012 and December 31, 2011, respectively.

The allowances are estimates comprised of customer-specific evaluations regarding their payment history, current financial stability, and applicable country-specific risks for overdue receivables. The Fresenius Group believes that these analyses result in a well-founded estimate of allowances for doubtful accounts. From time to time, the Fresenius Group reviews changes in collection experience to ensure the appropriateness of the allowances.

A valuation allowance is calculated if specific circumstances indicate that amounts will not be collectible. When all efforts to collect a receivable, including the use of outside sources where required and allowed, have been exhausted, and after appropriate management review, a receivable deemed to be uncollectible is considered a bad debt and booked out.

Deterioration in the ageing of receivables and collection difficulties could require that the Fresenius Group increases the estimates of allowances for doubtful accounts. Additional expenses for uncollectible receivables could have a significant negative impact on future operating results.

d) Self-insurance programs

Under the insurance programs for professional, product and general liability, auto liability and worker's compensation claims, the largest subsidiary of Fresenius Medical Care AG & Co. KGaA, located in North America, is partially self-insured for professional liability claims. For further details regarding the accounting policies for self-insurance programs, please see note 1. aa, Self-insurance programs.

2. ACQUISITIONS, DIVESTITURES AND INVESTMENTS

ACQUISITIONS, DIVESTITURES AND INVESTMENTS

The Fresenius Group made acquisitions and investments of €3,172 million and €1,612 million in 2012 and 2011, respectively. Of this amount, €2,630 million was paid in cash and €542 million was assumed obligations in 2012.

Fresenius Medical Care

In 2012, Fresenius Medical Care spent €1,408 million on acquisitions, mainly for the acquisition of Liberty Dialysis Holdings, Inc., United States.

Acquisition of Liberty Dialysis Holdings, Inc.

On February 28, 2012, Fresenius Medical Care acquired 100% of the equity of Liberty Dialysis Holdings, Inc. (LD Holdings), the owner of Liberty Dialysis and owner of a 51% stake in Renal Advantage Partners, LLC (the Liberty Acquisition). This transaction was accounted for as a business combination, subject to finalization of the acquisition accounting which will be finalized during the first quarter of 2013. LD Holdings mainly provided dialysis care in the United States through the 263 clinics it owned (the Acquired Clinics).

Total consideration for the Liberty Acquisition was US$2,181 million, consisting of US$1,696 million cash, net of cash acquired and US$485 million non-cash consideration. Accounting standards for business combinations require previously held equity interests to be fair valued with the difference to book value to be recognized as a gain or loss in income. Prior to the Liberty Acquisition, Fresenius Medical Care had a 49% equity investment in Renal Advantage Partners, LLC, the fair value of which, US$202 million, is included as non-cash consideration. Fresenius Medical Care has determined the estimated fair value based on the discounted cash flow method, utilizing an approximately 13% discount rate. In addition to Fresenius Medical Care's investment, it also had a loan receivable from Renal Advantage Partners, LLC of US$279 million, at a fair value of US$283 million, which was retired as part of the transaction.

The following table summarizes the estimated fair values as of the date of the acquisition based upon information available as of December 31, 2012, of assets acquired and liabilities assumed at the date of the acquisition. Any adjustments to acquisition accounting, net of related income tax effects, will be recorded with a corresponding adjustment to goodwill.

US$ in millions	
Assets held for sale	164
Trade accounts receivable	156
Other current assets	21
Deferred tax assets	15
Property, plant and equipment	167
Intangible assets and other assets	84
Goodwill	2,000
Accounts payable, accrued expenses and other short-term liabilities	-116
Income tax payable and deferred taxes	-43
Short-term borrowings and other financial liabilities and long-term debt and capital lease obligations	-72
Other liabilities	-30
Noncontrolling interests (subject and not subject to put provisions)	-165
Total acquisition cost	**2,181**
Less, at fair value, non-cash contributions	
Investment at acquisition date	-202
Long-term Notes Receivable	-283
Total non-cash items	-485
Net Cash paid	**1,696**

As of December 31, 2012, it is estimated that amortizable intangible assets acquired in this acquisition will have weighted-average useful lives of 6 – 8 years.

Goodwill in the amount of US$2,000 million was acquired as part of the Liberty Acquisition. Of the goodwill recognized in this acquisition, approximately US$436 million is expected to be deductible for tax purposes and amortized over a 15 year period.

The noncontrolling interests acquired as part of the acquisition are stated at estimated fair value, subject to finalization of the acquisition accounting, based upon utilized implied multiples used in conjunction with the Liberty Acquisition, as well as Fresenius Medical Care's overall experience and contractual multiples typical for such arrangements.

LD Holdings' results have been included in the consolidated statement of income since February 29, 2012. Specifically, LD Holdings has contributed sales and operating income in the amount of US$714 million (€556 million) and US$182 million (€142 million), respectively, to the consolidated income. This amount for operating income does not include synergies which may have resulted at consolidated entities outside LD Holdings since the acquisition closed. In addition, the results include those of divested Fresenius Medical Care AG & Co. KGaA (FMC-AG & Co. KGaA) clinics prior to their divestiture.

The fair valuation of Fresenius Medical Care's 49% equity investment in Renal Advantage Partners, LLC at the time of the Liberty Acquisition resulted in a non-taxable gain of US$140 million and is presented in the separate line item investment gain in the consolidated statement of income. The retirement of the loan receivable resulted in a gain of US$9 million which was recognized in net interest.

Divestitures

In connection with the United States Federal Trade Commission consent order relating to the Liberty Acquisition, Fresenius Medical Care agreed to divest a total of 62 renal dialysis centers. In 2012, 24 of the 61 clinics sold were FMC-AG & Co. KGaA clinics, which resulted in a US$33.5 million gain.

In 2012, the income tax expense related to the sale of these clinics of approximately US$20.8 million has been recorded in the line item income taxes in the consolidated statement of income, resulting in a net gain of approximately US$12.7 million. The after-tax gain was offset by the after-tax effects of the costs associated with the Liberty Acquisition.

In 2011, Fresenius Medical Care spent €1,429 million on acquisitions, primarily for acquisitions of International Dialysis Centers, the dialysis service business of Euromedic International, and American Access Care Holdings, LLC, which operates vascular access centers, and for loans provided to, as well as the purchase of a 49% ownership of, the related party Renal Advantage Partners, LLC, the parent company of Renal Advantage, Inc., a provider of dialysis services.

In December 2010, Fresenius Medical Care announced a renal pharmaceutical joint venture between Fresenius Medical Care and Galenica Ltd., Vifor Fresenius Medical Care Renal Pharma Ltd. (VFMCRP), to develop and distribute products to treat iron deficiency anemia and bone mineral metabolism for pre-dialysis and dialysis patients. Closing in the United States occurred at the end of 2010. In the fourth quarter of 2011, VFMCRP received approval from the responsible European Union antitrust commission and formal closing occurred on November 1, 2011.

Further acquisition spending in 2011 related mainly to the purchase of dialysis clinics.

Fresenius Kabi

In 2012, Fresenius Kabi spent €877 million on acquisitions.

Acquisition of Fenwal Holdings, Inc.

On July 20, 2012, Fresenius Kabi announced the signing of a purchase agreement to acquire 100% of the share capital in Fenwal Holdings, Inc. (Fenwal), a leading U.S.-based provider of transfusion technology products for blood collection, separation and processing.

In 2011, Fenwal had sales of US$614 million with an adjusted EBITDA of US$90 million. The company, with about 4,900 employees worldwide, runs a state-of-the-art R & D center and operates five manufacturing facilities.

The transaction was financed from the proceeds of the May 2012 capital increase.

The transaction could be closed on December 13, 2012 after approval by the antitrust authorities. The Fresenius Group has consolidated Fenwal as of December 2012.

The transaction was accounted for as a business combination. The following table summarizes the current estimated fair values of assets acquired and liabilities assumed at the date of the acquisition. This allocation of the purchase price is based upon the best information available to management at present. Due to the relatively short interval between the closing date of the acquisition and the date of the statement of financial position, this information may be incomplete. Any adjustments to acquisition accounting, net of related income tax effects, will be recorded with a corresponding adjustment to goodwill.

€ in millions	
Trade accounts receivable	61
Working capital and other assets	212
Assets	115
Liabilities	-522
Goodwill	379
Identifiable immaterial assets	343
Consideration transferred	**588**
Net debt acquired	259
Transaction amount	**847**

It is currently estimated that amortizable intangible assets acquired in this acquisition will have weighted-average useful lives of 10 to 15 years. The acquired amortizable intangible assets primarily consist of customer relationships in the amount of €82 million and technology in the amount of €237 million.

The goodwill in the amount of €379 million that was acquired as part of the Fenwal Acquisition is not deductible for tax purposes.

In December 2012, Fenwal has contributed sales in the amount of €39 million and operating income in the amount of €1 million to the consolidated income.

Divestitures

In December 2012, Fresenius Kabi announced that it had signed an agreement to sell its subsidiary Calea France SAS (Calea) to The Linde Group. Calea is active in the French homecare market and focuses on respiratory therapy, which is not a core business of Fresenius Kabi.

The transaction was completed in January 2013. The assets and liabilities of Calea were thus shown as held for sale in the consolidated statement of financial position as of December 31, 2012 under other assets and other liabilities.

In 2011, Fresenius Kabi spent €11 million on acquisitions, mainly for compounding companies in Germany.

Fresenius Helios

In 2012, Fresenius Helios spent €579 million on acquisitions, mainly for the acquisition of Damp Holding AG.

Acquisition of Damp Holding AG

In March 2012, Fresenius Helios closed the acquisition of Damp Holding AG (Damp), Germany, after approval by antitrust and other governmental authorities. 100% of the share capital was acquired.

Damp is among the 10 largest private hospital operators in Germany.

The Fresenius Group has consolidated Damp as of March 31, 2012.

The transaction was accounted for as a business combination, subject to finalization of the acquisition accounting which will be finalized in the near future. The following table summarizes the current estimated fair values of assets acquired and liabilities assumed at the date of the acquisition. This allocation of the purchase price is based upon the best information available to management at present. Any adjustments to acquisition accounting, net of related income tax effects, will be recorded with a corresponding adjustment to goodwill.

€ in millions	
Trade accounts receivable	43
Working capital and other assets	56
Assets	247
Liabilities	-431
Goodwill	439
Consideration transferred	**354**
Net debt acquired	207
Transaction amount	**561**

The goodwill in the amount of €439 million that was acquired as part of the Damp Acquisition is not deductible for tax purposes.

Damp's results have been included in the consolidated statement of income since April 1, 2012. Specifically, Damp has contributed sales and operating income in the amount of €306 million and €8 million, respectively, to the consolidated income.

In 2011, Fresenius Helios spent €45 million on acquisitions, mainly for the acquisition of 51% of the share capital in the Katholisches Klinikum Duisburg GmbH, Germany, in December 2011 and for the acquisition of the Gesundheitszentren Landkreis Rottweil GmbH, Germany, in May 2011. Furthermore, Fresenius Helios made an additional purchase price payment for the HELIOS St. Marienberg Klinik Helmstedt GmbH, Germany.

Fresenius Vamed

In 2012, Fresenius Vamed spent €44 million on acquisitions, mainly for the acquisition of H.C. Hospital Consulting S.p.A., Italy, and the intercompany acquisition of the HELIOS Klinik Zihlschlacht AG, Switzerland, from HELIOS Kliniken GmbH.

In 2011, Fresenius Vamed did not make any material acquisition.

Corporate/Other

In November and December 2011, Fresenius SE & Co. KGaA purchased 1,399,996 ordinary shares of Fresenius Medical Care AG & Co. KGaA (FMC-AG & Co. KGaA). In January and February 2012, Fresenius SE & Co. KGaA purchased further 2,100,004 ordinary shares of FMC-AG & Co. KGaA. Therefore, the voting rights in FMC-AG & Co. KGaA increased to 31.18% at December 31, 2012. A total of 3.5 million ordinary shares were acquired with a total transaction volume of approximately €184 million, whereof €113 million were spent in the year 2012.

Takeover offer to the shareholders of RHÖN-KLINIKUM AG

On April 26, 2012, Fresenius announced its intention to make a voluntary public takeover offer to RHÖN-KLINIKUM AG shareholders of €22.50 per share in cash. The total purchase price for all outstanding shares in the company was approximately €3.1 billion. The takeover offer was contingent upon a minimum acceptance threshold of 90% and one share of RHÖN-KLINIKUM AG's share capital at the end of the offer period, amongst others, and on antitrust approval.

At the end of the offer period, 84.3% of RHÖN-KLINIKUM AG shares had been tendered. The minimum acceptance threshold of more than 90% was not met. Consequently, the takeover offer was not consummated.

Relating to the takeover offer to the shareholders of RHÖN-KLINIKUM AG, until September 5, 2012, Fresenius acquired 6.9 million shares of RHÖN-KLINIKUM AG. This is equivalent to 5.0% of the subscribed capital of RHÖN-KLINIKUM AG.

Divestitures

In December 2012, Fresenius has decided to focus on its four established business segments Fresenius Medical Care, Fresenius Kabi, Fresenius Helios and Fresenius Vamed. The Fresenius Biotech subsidiary will be discontinued. Fresenius assesses the option of continuing the immunosuppressive drug ATG-Fresenius S within the Group, but will divest the trifunctional antibody Removab business.

As a result of this decision, the assets and liabilities of Fresenius Biotech were shown as held for sale in the consolidated statement of financial position as of December 31, 2012 under other assets and other liabilities.

In the first quarter of 2011, in the segment Corporate/Other, the remaining shares of HELIOS Kliniken GmbH, Germany, were acquired for a purchase price of €54 million.

IMPACTS ON FRESENIUS GROUP'S CONSOLIDATED FINANCIAL STATEMENTS RESULTING FROM ACQUISITIONS

In the fiscal year 2012, all acquisitions have been accounted for applying the purchase method and accordingly have been consolidated starting with the date of acquisition. The excess of the total acquisition costs over the fair value of the net assets acquired was €2,561 million and €931 million in 2012 and 2011, respectively.

The purchase price allocations are not yet finalized for all acquisitions. Based on preliminary purchase price allocations, the recognized goodwill was €2,561 million and the other intangible assets were €471 million. Of this goodwill, €1,707 million is attributable to the acquisitions of Fresenius Medical Care, €396 million to Fresenius Kabi's acquisitions, €447 million to the acquisitions of Fresenius Helios and €11 million to the acquisitions of Fresenius Vamed.

Goodwill is an asset representing the future economic benefits arising from other assets acquired in a business combination that are not individually identified and separately recognized. Goodwill arises principally due to the fair value placed on acquiring an established stream of future cash flows versus building a similar business.

The acquisitions completed in 2012 or included in the consolidated statements for the first time for a full year, contributed the following amounts to the development of sales and earnings:

€ in millions	2012
Sales	1,145
EBITDA	200
EBIT	150
Net interest	-77
Net income attributable to shareholders of Fresenius SE & Co. KGaA	6

The acquisitions increased the total assets of the Fresenius Group by €3,857 million.

The following unaudited financial information, on a pro forma basis, reflects the consolidated results of operations as if the acquisitions of Liberty, Damp and Fenwal had been consummated on January 1, 2012.

With respect to the Liberty Acquisition, the pro forma information is based on the assumption that the divestiture of the clinics had already been consummated on January 1, 2012.

With respect to the acquisition of Damp and Fenwal, the pro forma financial information mainly includes adjustments for interest expenses in connection with the acquisition of Damp and income taxes.

The pro forma financial information is not necessarily indicative of the results of operations as it would have been had the transactions been consummated on January 1, 2012.

	2012	
€ in millions	as reported	pro forma
Sales	19,290	19,912
Net income attributable to shareholders of Fresenius SE & Co. KGaA	926	916
Basic earnings per ordinary share in €	5.35	5.29
Fully diluted earnings per ordinary share in €	5.29	5.24

NOTES ON THE CONSOLIDATED STATEMENT OF INCOME

3. SPECIAL ITEMS

Net income attributable to shareholders of Fresenius SE & Co. KGaA for the year 2012 in the amount of €926 million includes several special items.

An expense in the amount of €17 million resulted from Fresenius Medical Care's renegotiation of the license, distribution, manufacturing and supply agreement for iron products sold under the Venofer® brand and from a donation to the American Society of Nephrology.

The special item relating to the acquisition of Liberty Dialysis Holdings, Inc. by Fresenius Medical Care in an amount of €34 million is described in note 9, Investment gain.

Furthermore, net income attributable to shareholders of Fresenius SE & Co. KGaA for the year 2012 includes special items in the amount of -€29 million relating to the takeover offer to the shareholders of RHÖN-KLINIKUM AG.

The special items comprised the following:

€ in millions	EBIT	Investment gain	Other financial result	Net income attributable to shareholders of Fresenius SE & Co. KGaA
Earnings 2012, adjusted				938
Venofer/donation Fresenius Medical Care	-86			-17
Investment gain Fresenius Medical Care		109		34
Financing costs RHÖN-KLINIKUM AG			-35	-25
Other costs RHÖN-KLINIKUM AG	-6			-4
Total special items	**-92**	**109**	**-35**	**-12**
Earnings 2012 according to U.S. GAAP				**926**

The consolidated statement of income for the year 2011 ultimately included several special items relating to the acquisition of APP Pharmaceuticals, Inc. (since 2012: Fresenius Kabi USA, Inc.) in 2008. The table below reconciles adjusted earnings to earnings according to U.S. GAAP in 2011.

€ in millions	Other financial result	Net income attributable to shareholders of Fresenius SE & Co. KGaA
Earnings 2011, adjusted		770
Mandatory Exchangeable Bonds (mark-to-market)	-105	-85
Contingent Value Rights (mark-to-market)	5	5
Earnings 2011 according to U.S. GAAP		**690**

For further information regarding Mandatory Exchangeable Bonds and Contingent Value Rights see note 11, Other financial result.

4. SALES

Sales by activity were as follows:

€ in millions	2012	2011
Sales of services	**11,990**	9,788
less patient service bad debt provision	**-218**	-161
Sales of products and related goods	**7,007**	6,230
Sales from long-term production contracts	**510**	498
Other sales	**1**	6
Sales	**19,290**	16,361

A sales analysis by business segment and region is shown in the segment information on pages 128 to 129.

5. COST OF SALES

Cost of sales comprised the following:

€ in millions	2012	2011
Cost of services	**9,003**	7,247
Manufacturing cost of products and related goods	**3,559**	3,316
Cost of long-term production contracts	**440**	424
Other cost of sales	**–**	–
Cost of sales	**13,002**	10,987

6. COST OF MATERIALS

Cost of materials comprised cost of raw materials, supplies and purchased components and of purchased services:

€ in millions	2012	2011
Cost of raw materials, supplies and purchased components	**5,097**	4,508
Cost of purchased services	**741**	663
Cost of materials	**5,838**	5,171

7. PERSONNEL EXPENSES

Cost of sales, selling, general and administrative expenses and research and development expenses included personnel expenses of €6,732 million and €5,555 million in 2012 and 2011, respectively.

Personnel expenses comprised the following:

€ in millions	2012	2011
Wages and salaries	**5,347**	4,392
Social security contributions, cost of retirement pensions and social assistance	**1,385**	1,163
thereof retirement pensions	**181**	144
Personnel expenses	**6,732**	5,555

Fresenius Group's annual average number of employees by function is shown below:

	2012	2011
Production	**29,669**	26,240
Service	**102,997**	89,341
Administration	**20,518**	17,924
Sales and marketing	**8,813**	8,170
Research and development	**1,749**	1,513
Total employees (per capita)	**163,746**	143,188

8. SELLING, GENERAL AND ADMINISTRATIVE EXPENSES

Selling expenses were €746 million (2011: €677 million) and mainly included expenditures for sales personnel of €366 million (2011: €336 million).

General and administrative expenses amounted to €2,254 million (2011: €1,867 million) and were related to expenditures for administrative functions not attributable to research and development, production or selling.

9. INVESTMENT GAIN

Fresenius Medical Care's acquisition of the remaining 51% stake in Renal Advantage Partners, LLC, in addition to its 49% equity investment held previously, represents a business combination achieved in stages in the course of the acquisition of Liberty Dialysis Holdings, Inc. The previous equity investment was measured at its fair value at the date of the acquisition of Liberty Dialysis Holdings, Inc. by Fresenius Medical Care. The resultant non-taxable income of US$140 million (€109 million) is presented in the separate line item investment gain in the consolidated statement of income.

10. NET INTEREST

Net interest of -€666 million included interest expenses of €720 million and interest income of €54 million. The main portion of the interest expenses resulted from Fresenius Group's financial liabilities, which are not recognized at fair value in the consolidated statement of income (see note 31, Financial instruments).

11. OTHER FINANCIAL RESULT

In 2012, the item other financial result in the amount of -€35 million comprises the financing costs, mainly the costs for the financing commitment, related to the takeover offer to the shareholders of RHÖN-KLINIKUM AG.

In 2011, this item included the following special expenses and income with regard to the acquisition of APP Pharmaceuticals, Inc. (APP) (since 2012: Fresenius Kabi USA, Inc.) and its financing:

The Contingent Value Rights (CVR) awarded to the APP shareholders were traded on the NASDAQ Stock Exchange in the United States. Following a request to the U.S. Securities and Exchange Commission, in the first quarter of 2011, the CVR were deregistered and delisted from the NASDAQ due to the expiration of the underlying agreement and became valueless. As a result, an income of €5 million was recognized in 2011.

The issued Mandatory Exchangeable Bonds matured on August 14, 2011. Due to their contractual definition, they included derivative financial instruments that were measured at fair value. This measurement resulted in an expense (before tax) of €105 million in 2011.

12. TAXES

INCOME TAXES

Income before income taxes was attributable to the following geographic regions:

€ in millions	2012	2011
Germany	414	404
International	1,977	1,528
Total	**2,391**	1,932

Income tax expenses (benefits) for 2012 and 2011 consisted of the following:

€ in millions	Current taxes	Deferred taxes	Income taxes
2012			
Germany	82	-17	65
International	599	-5	594
Total	681	-22	659
2011			
Germany	96	9	105
International	427	72	499
Total	523	81	604

In 2012 and 2011, Fresenius SE & Co. KGaA was subject to German federal corporation income tax at a base rate of 15% plus a solidarity surcharge of 5.5% on federal corporation taxes payable.

A reconciliation between the expected and actual income tax expense is shown in the following table. The expected corporate income tax expense is computed by applying the German corporation tax rate (including the solidarity surcharge) and the effective trade tax rate on income before income taxes. The respective combined tax rate was 29.5% for the fiscal year 2012 (2011: 29.0%).

€ in millions	2012	2011
Computed "expected" income tax expense	705	560
Increase (reduction) in income taxes resulting from:		
Items not recognized for tax purposes	18	12
Tax rate differential	37	56
Tax-free income	-64	-12
Taxes for prior years	21	4
Changes in valuation allowances on deferred tax assets	-20	5
Noncontrolling interests	-38	-22
Other	–	1
Income tax	**659**	604
Effective tax rate	**27.6%**	31.3%

DEFERRED TAXES

The tax effects of the temporary differences that gave rise to deferred tax assets and liabilities at December 31 are presented below:

€ in millions	2012	2011
Deferred tax assets		
Accounts receivable	16	14
Inventories	96	79
Other current assets	74	93
Other non-current assets	145	127
Accrued expenses	251	183
Other short-term liabilities	64	86
Other liabilities	36	28
Benefit obligations	139	92
Losses carried forward from prior years	253	151
Deferred tax assets, before valuation allowance	**1,074**	853
less valuation allowance	101	121
Deferred tax assets	**973**	732
Deferred tax liabilities		
Accounts receivable	15	23
Inventories	22	22
Other current assets	16	11
Other non-current assets	736	560
Accrued expenses	120	23
Other short-term liabilities	50	123
Other liabilities	103	102
Deferred tax liabilities	**1,062**	864
Net deferred taxes	**-89**	-132

In the consolidated statement of financial position, the net amounts of deferred tax assets and liabilities are included as follows:

€ in millions	2012	2012 thereof short-term	2011	2011 thereof short-term
Deferred tax assets	**659**	**401**	493	368
Deferred tax liabilities	**748**	**66**	625	52
Net deferred taxes	**-89**	**335**	-132	316

As of December 31, 2012, Fresenius Medical Care has not recognized a deferred tax liability on approximately €4.2 billion of undistributed earnings of its foreign subsidiaries, because those earnings are intended to be indefinitely reinvested.

NET OPERATING LOSSES

The expiration of net operating losses is as follows:

for the fiscal years	€ in millions
2013	17
2014	21
2015	23
2016	27
2017	48
2018	21
2019	20
2020	13
2021	10
2022 and thereafter	124
Total	**324**

The total remaining operating losses of €347 million can mainly be carried forward for an unlimited period.

Based upon the level of historical taxable income and projections for future taxable income, the Management of the Fresenius Group believes it is more likely than not that the Fresenius Group will realize the benefits of these deductible differences, net of the existing valuation allowances, at December 31, 2012.

UNRECOGNIZED TAX BENEFITS

Fresenius SE & Co. KGaA and its subsidiaries are subject to tax audits in Germany and the United States on a regular basis and ongoing tax audits in other jurisdictions.

In Germany, the tax years 2002 to 2009 are currently under audit by the tax authorities. The Fresenius Group recognized and recorded the current proposed adjustments of this audit period in the consolidated financial statements. All proposed adjustments are deemed immaterial. Fiscal years 2010, 2011 and 2012 are open to audit.

In the United States, Fresenius Medical Care filed claims for refunds contesting the Internal Revenue Service's (IRS) disallowance of Fresenius Medical Care Holdings, Inc.'s (FMCH) civil settlement payment deductions taken by FMCH in prior year tax returns. As a result of a settlement agreement with the IRS, Fresenius Medical Care received a partial refund in September 2008 of US$37 million, inclusive of interest, and preserved its right to pursue claims in the United States Courts for refunds of all other disallowed deductions, which totaled approximately US$126 million. On December 22, 2008, Fresenius Medical Care filed a complaint for complete refund in the United States District Court for the District of Massachusetts, styled as Fresenius Medical Care Holdings, Inc. v. United States. On August 15, 2012, a jury entered a verdict for FMCH granting additional deductions of

US$95 million. The District Court is now considering post trial motions by the IRS to set aside the verdict and the terms of the judgment to be entered against the United States to reflect the amount of the tax refund due to FMCH.

In the United States, the tax years 2009 and 2010 are currently under audit by the tax authorities. Fiscal years 2011 and 2012 are open to audit. FMCH is also subject to audit in various state jurisdictions. A number of these audits are in progress and various years are open to audit in various state jurisdictions. All expected results for both federal and state income tax audits have been recognized in the consolidated financial statements.

Subsidiaries of Fresenius SE & Co. KGaA in a number of countries outside of Germany and the United States are also subject to tax audits. The Fresenius Group estimates that the effects of such tax audits are not material to these consolidated financial statements.

The following table shows the changes to unrecognized tax benefits during the year 2012:

€ in millions	2012
Balance at January 1, 2012	**224**
Increase in unrecognized tax benefits prior periods	42
Decrease in unrecognized tax benefits prior periods	-6
Increase in unrecognized tax benefits current periods	17
Changes related to settlements with tax authorities	-13
Reductions as a result of a lapse of the statute of limitations	-2
Foreign currency translation	-10
Balance at December 31, 2012	**252**

Included in the balance at December 31, 2012 are €234 million of unrecognized tax benefits, which would affect the effective tax rate if recognized. The Fresenius Group is currently not in a position to forecast the timing and magnitude of changes in other unrecognized tax benefits.

It is Fresenius Group's policy to recognize interest and penalties related to its tax positions as income tax expense. During the fiscal year 2012, the Fresenius Group recognized €2 million in interest and penalties. The Fresenius Group had a total accrual of €29 million of tax related interest and penalties at December 31, 2012.

13. EARNINGS PER SHARE

The following table shows the earnings per share including and excluding the dilutive effect from stock options issued:

	2012	2011
Numerators, € in millions		
Net income attributable to shareholders of Fresenius SE & Co. KGaA	**926**	690
less effect from dilution due to Fresenius Medical Care shares	**2**	3
Income available to all ordinary shares	**924**	687
Denominators in number of shares		
Weighted-average number of ordinary shares outstanding	**172,977,633**	162,797,197
Potentially dilutive ordinary shares	**1,547,170**	1,522,534
Weighted-average number of ordinary shares outstanding assuming dilution	**174,524,803**	164,319,731
Basic earnings per ordinary share in €	**5.35**	4.24
Fully diluted earnings per ordinary share in €	**5.29**	4.18

NOTES ON THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION

14. CASH AND CASH EQUIVALENTS

As of December 31, cash and cash equivalents were as follows:

€ in millions	2012	2011
Cash	**865**	627
Time deposits and securities (with a maturity of up to 90 days)	**20**	8
Total cash and cash equivalents	**885**	635

As of December 31, 2012 and December 31, 2011, earmarked funds of €38 million and €40 million, respectively, were included in cash and cash equivalents.

15. TRADE ACCOUNTS RECEIVABLE

As of December 31, trade accounts receivable were as follows:

€ in millions	2012	2011
Trade accounts receivable	**4,056**	3,617
less allowance for doubtful accounts	**406**	383
Trade accounts receivable, net	**3,650**	3,234

All trade accounts receivable are due within one year.

The following table shows the development of the allowance for doubtful accounts during the fiscal year:

€ in millions	2012	2011
Allowance for doubtful accounts at the beginning of the year	**383**	317
Change in valuation allowances as recorded in the consolidated statement of income	**251**	216
Write-offs and recoveries of amounts previously written-off	**-221**	-154
Foreign currency translation	**-7**	4
Allowance for doubtful accounts at the end of the year	**406**	383

The following table shows the ageing analysis of trade accounts receivable and their allowance for doubtful accounts:

€ in millions	not overdue	up to 3 months overdue	3 to 6 months overdue	6 to 12 months overdue	more than 12 months overdue	Total
Trade accounts receivable	2,333	734	295	273	421	**4,056**
less allowance for doubtful accounts	24	60	39	61	222	**406**
Trade accounts receivable, net	2,309	674	256	212	199	**3,650**

16. INVENTORIES

As of December 31, inventories consisted of the following:

€ in millions	2012	2011
Raw materials and purchased components	**433**	385
Work in process	**291**	326
Finished goods	**1,216**	1,076
less reserves	**100**	70
Inventories, net	**1,840**	1,717

The companies of the Fresenius Group are obliged to purchase approximately €863 million of raw materials and purchased components under fixed terms, of which €552 million was committed at December 31, 2012 for 2013. The terms of these agreements run one to nine years. Advance payments from customers of €174 million (2011: €236 million) have been offset against inventories.

Inventories as of December 31, 2012 and December 31, 2011 included approximately €23 million and approximately €37 million, respectively, of the product Erythropoietin (EPO). On January 1, 2012, Fresenius Medical Care entered into a three-year sourcing and supply agreement with its EPO supplier. In the remaining two years, delays, stoppages, or interruptions in the supply of EPO could adversely affect the operating results of Fresenius Medical Care.

17. OTHER CURRENT AND NON-CURRENT ASSETS

As of December 31, other current and non-current assets comprised the following:

€ in millions	2012	thereof short-term	2011	thereof short-term
Investments, securities and long-term loans	**762**	**55**	847	9
Tax receivables	**257**	**235**	311	287
Accounts receivable resulting from German hospital law	**164**	**149**	101	82
Capitalized debt financing costs	**106**	**11**	98	9
Leasing receivables	**81**	**36**	72	29
Advances made	**75**	**74**	77	76
Prepaid rent and insurance	**61**	**61**	48	48
Prepaid expenses	**56**	**25**	45	18
Assets held for sale	**55**	**55**	0	0
Derivative financial instruments	**53**	**52**	54	52
Deposits	**52**	**20**	44	16
Discounts	**47**	**47**	143	143
Accounts receivable from management contracts in hospitals	**13**	**13**	8	8
Other assets	**622**	**493**	530	414
Other assets, gross	**2,404**	**1,326**	2,378	1,191
less allowances	**8**	**7**	9	7
Other assets, net	**2,396**	**1,319**	2,369	1,184

As of December 31, 2012, investments, securities and long-term loans comprised investments of €484 million (2011: €537 million), mainly regarding the joint venture between Fresenius Medical Care and Galenica Ltd., that were accounted for under the equity method. In 2012, income of €14 million (2011: €22 million) resulting from this valuation was included in selling, general and administrative expenses in the consolidated statement of income. Moreover, investments, securities and long-term loans included €182 million financial assets available for sale as of December 2012 (2011: €26 million). Furthermore, investments, securities and long-term loans comprised €181 million as of December 31, 2011 that Fresenius Medical Care loaned to Renal Advantage Partners, LLC.

The receivables resulting from the German hospital law primarily contain approved but not yet received earmarked subsidies of the Fresenius Helios operations. The approval is evidenced in a letter written by the granting authorities that Fresenius Helios has already received.

Depreciation on other non-current assets in an amount of €2 million was recognized in the fiscal year 2012 (2011: depreciation in an immaterial amount).

18. PROPERTY, PLANT AND EQUIPMENT

As of December 31, the acquisition and manufacturing costs as well as accumulated depreciation of property, plant and equipment consisted of the following:

ACQUISITION AND MANUFACTURING COSTS

€ in millions	As of Jan. 1, 2012	Foreign currency translation	Changes in entities consolidated	Additions	Reclassifi-cations	Disposals	As of Dec. 31, 2012
Land and land facilities	230	-1	55	7	2	8	**285**
Buildings and improvements	3,270	-29	202	86	181	38	**3,672**
Machinery and equipment	4,157	-37	147	442	132	176	**4,665**
Machinery, equipment and rental equipment under capital leases	105	-1	35	3	1	4	**139**
Construction in progress	430	-4	18	438	-331	9	**542**
Property, plant and equipment	8,192	-72	457	976	-15	235	**9,303**

DEPRECIATION

€ in millions	As of Jan. 1, 2012	Foreign currency translation	Changes in entities consolidated	Additions	Reclassifi-cations	Disposals	**As of Dec. 31, 2012**
Land and land facilities	5	–	0	–	1	–	**6**
Buildings and improvements	1,431	-16	–	215	2	34	**1,598**
Machinery and equipment	2,503	-16	-3	422	-6	159	**2,741**
Machinery, equipment and rental equipment under capital leases	42	-1	-8	10	–	4	**39**
Construction in progress	1	–	0	0	–	–	**1**
Property, plant and equipment	3,982	-33	-11	647	-3	197	**4,385**

ACQUISITION AND MANUFACTURING COSTS

€ in millions	As of Jan. 1, 2011	Foreign currency translation	Changes in entities consolidated	Additions	Reclassifi-cations	Disposals	**As of Dec. 31, 2011**
Land and land facilities	221	1	5	2	1	–	**230**
Buildings and improvements	2,976	31	44	84	175	40	**3,270**
Machinery and equipment	3,796	16	50	372	100	177	**4,157**
Machinery, equipment and rental equipment under capital leases	98	–	–	9	3	5	**105**
Construction in progress	419	–	-1	310	-286	12	**430**
Property, plant and equipment	7,510	48	98	777	-7	234	**8,192**

DEPRECIATION

€ in millions	As of Jan. 1, 2011	Foreign currency translation	Changes in entities consolidated	Additions	Reclassifi-cations	Disposals	**As of Dec. 31, 2011**
Land and land facilities	4	–	0	1	0	–	**5**
Buildings and improvements	1,246	20	4	190	3	32	**1,431**
Machinery and equipment	2,269	13	1	367	–	147	**2,503**
Machinery, equipment and rental equipment under capital leases	36	–	0	10	1	5	**42**
Construction in progress	1	–	0	0	–	–	**1**
Property, plant and equipment	3,556	33	5	568	4	184	**3,982**

CARRYING AMOUNTS

€ in millions	**Dec. 31, 2012**	Dec. 31, 2011
Land and land facilities	**279**	225
Buildings and improvements	**2,074**	1,839
Machinery and equipment	**1,924**	1,654
Machinery, equipment and rental equipment under capital leases	**100**	63
Construction in progress	**541**	429
Property, plant and equipment	**4,918**	4,210

Depreciation on property, plant and equipment for the years 2012 and 2011 was €647 million and €568 million, respectively. It is allocated within cost of sales, selling, general and administrative expenses and research and development expenses, depending upon the use of the asset.

LEASING

Machinery and equipment as of December 31, 2012 and 2011 included peritoneal dialysis cycler machines which Fresenius Medical Care leases to customers with end-stage renal disease on a month-to-month basis and hemodialysis machines which Fresenius Medical Care leases to physicians under operating leases in an amount of €403 million and €349 million, respectively.

To a lesser extent, property, plant and equipment are also leased for the treatment of patients by other business segments.

For details of minimum lease payments see note 22, Debt and capital lease obligations.

19. GOODWILL AND OTHER INTANGIBLE ASSETS

As of December 31, the acquisition cost and accumulated amortization of intangible assets consisted of the following:

ACQUISITION COST

€ in millions	As of Jan. 1, 2012	Foreign currency translation	Changes in entities consolidated	Additions	Reclassifi-cations	Disposals	**As of Dec. 31, 2012**
Goodwill	12,669	-215	2,555	6	0	1	**15,014**
Patents, product and distribution rights	582	-9	13	2	1	4	**585**
Technology	86	-2	240	0	-3	0	**321**
Tradenames	178	-3	0	–	–	–	**175**
Non-compete agreements	201	-5	46	–	0	–	**242**
Management contracts	6	–	0	0	0	–	**6**
Other	596	-14	122	48	-58	10	**684**
Goodwill and other intangible assets	14,318	-248	2,976	56	-60	15	**17,027**

AMORTIZATION

€ in millions	As of Jan. 1, 2012	Foreign currency translation	Changes in entities consolidated	Additions	Reclassifi-cations	Disposals	**As of Dec. 31, 2012**
Goodwill	0	0	0	0	0	0	**0**
Patents, product and distribution rights	182	-3	1	41	-1	4	**216**
Technology	25	-1	0	8	–	0	**32**
Tradenames	0	0	0	0	0	0	**0**
Non-compete agreements	144	-3	-1	22	0	–	**162**
Management contracts	0	0	0	0	0	0	**0**
Other	317	2	–	56	-47	9	**319**
Goodwill and other intangible assets	668	-5	–	127	-48	13	**729**

ACQUISITION COST

€ in millions	As of Jan. 1, 2011	Foreign currency translation	Changes in entities consolidated	Additions	Reclassifi-cations	Disposals	**As of Dec. 31, 2011**
Goodwill	11,464	274	875	56	–	–	**12,669**
Patents, product and distribution rights	617	13	2	5	–	55	**582**
Technology	83	3	–	0	0	0	**86**
Tradenames	173	5	0	–	1	1	**178**
Non-compete agreements	184	6	11	0	0	–	**201**
Management contracts	4	–	–	0	2	0	**6**
Other	484	7	72	36	5	8	**596**
Goodwill and other intangible assets	13,009	308	960	97	8	64	**14,318**

AMORTIZATION

€ in millions	As of Jan. 1, 2011	Foreign currency translation	Changes in entities consolidated	Additions	Reclassifi-cations	Disposals	**As of Dec. 31, 2011**
Goodwill	0	0	0	0	0	0	**0**
Patents, product and distribution rights	139	4	0	45	0	6	**182**
Technology	19	1	0	5	0	0	**25**
Tradenames	0	0	0	0	0	0	**0**
Non-compete agreements	125	5	–	14	0	0	**144**
Management contracts	0	0	0	0	0	0	**0**
Other	278	4	–	42	–	7	**317**
Goodwill and other intangible assets	561	14	–	106	–	13	**668**

CARRYING AMOUNTS

€ in millions	**Dec. 31, 2012**	Dec. 31, 2011
Goodwill	**15,014**	12,669
Patents, product and distribution rights	**369**	400
Technology	**289**	61
Tradenames	**175**	178
Non-compete agreements	**80**	57
Management contracts	**6**	6
Other	**365**	279
Goodwill and other intangible assets	**16,298**	13,650

The split of intangible assets into amortizable and non-amortizable intangible assets is shown in the following tables:

AMORTIZABLE INTANGIBLE ASSETS

	Dec. 31, 2012			Dec. 31, 2011		
€ in millions	**Acquisition cost**	**Accumulated amortization**	**Carrying amount**	Acquisition cost	Accumulated amortization	Carrying amount
Patents, product and distribution rights	**585**	**216**	**369**	582	182	400
Technology	**321**	**32**	**289**	86	25	61
Non-compete agreements	**242**	**162**	**80**	201	144	57
Other	**684**	**319**	**365**	596	317	279
Total	**1,832**	**729**	**1,103**	1,465	668	797

Estimated regular amortization expenses of intangible assets for the next five years are shown in the following table:

€ in millions	2013	2014	2015	2016	2017
Estimated amortization expenses	137	131	124	118	113

NON-AMORTIZABLE INTANGIBLE ASSETS

€ in millions	Dec. 31, 2012 Acquisition cost	Dec. 31, 2012 Accumulated amortization	Dec. 31, 2012 Carrying amount	Dec. 31, 2011 Acquisition cost	Dec. 31, 2011 Accumulated amortization	Dec. 31, 2011 Carrying amount
Tradenames	**175**	**0**	**175**	178	0	178
Management contracts	**6**	**0**	**6**	6	0	6
Goodwill	**15,014**	**0**	**15,014**	12,669	0	12,669
Total	**15,195**	**0**	**15,195**	12,853	0	12,853

Amortization on intangible assets amounted to €127 million and €106 million for the years 2012 and 2011, respectively. It is allocated within cost of sales, selling, general and administrative expenses and research and development expenses, depending upon the use of the asset.

The carrying amount of goodwill has developed as follows:

€ in millions	Fresenius Medical Care	Fresenius Kabi	Fresenius Helios	Fresenius Vamed	Corporate/ Other	**Fresenius Group**
Carrying amount as of January 1, 2011	**6,092**	**3,691**	**1,627**	**48**	**6**	**11,464**
Additions	822	14	95	0	0	931
Foreign currency translation	186	88	0	0	0	274
Carrying amount as of December 31, 2011	**7,100**	**3,793**	**1,722**	**48**	**6**	**12,669**
Additions	1,707	396	447	11	0	2,561
Disposals	0	-1	–	0	0	-1
Reclassifications	0	0	-18	18	0	0
Foreign currency translation	-150	-65	0	0	0	-215
Carrying amount as of December 31, 2012	**8,657**	**4,123**	**2,151**	**77**	**6**	**15,014**

As of December 31, 2012 and December 31, 2011, the carrying amounts of the other non-amortizable intangible assets were €165 million and €168 million, respectively, for Fresenius Medical Care as well as €16 million, respectively, for Fresenius Kabi.

20. ACCRUED EXPENSES

As of December 31, accrued expenses consisted of the following:

€ in millions	**2012**	**2012 thereof short-term**	2011	2011 thereof short-term
Personnel expenses	**665**	**567**	568	497
Invoices outstanding	**279**	**279**	215	215
Self-insurance programs	**142**	**142**	126	126
Bonuses and discounts	**122**	**122**	108	108
Special charge for legal matters	**87**	**87**	89	89
Warranties and complaints	**59**	**58**	40	39
Legal matters, advisory and audit fees	**56**	**56**	70	70
Commissions	**29**	**29**	27	27
Other accrued expenses	**544**	**508**	453	400
Accrued expenses	**1,983**	**1,848**	1,696	1,571

The following table shows the development of accrued expenses in the fiscal year:

€ in millions	As of Jan. 1, 2012	Foreign currency translation	Changes in entities consolidated	Additions	Reclassifi-cations	Utilized	Reversed	As of Dec. 31, 2012
Personnel expenses	568	-3	22	476	19	-376	-41	**665**
Invoices outstanding	215	–	17	207	-1	-130	-29	**279**
Self-insurance programs	126	-4	0	22	0	-2	–	**142**
Bonuses and discounts	108	-1	4	184	–	-166	-7	**122**
Special charge for legal matters	89	-2	0	0	0	0	0	**87**
Warranties and complaints	40	-1	1	35	1	-13	-4	**59**
Legal matters, advisory and audit fees	70	-1	2	28	-1	-21	-21	**56**
Commissions	27	–	–	32	–	-27	-3	**29**
Other accrued expenses	453	-4	117	512	-32	-411	-91	**544**
Total	1,696	-16	163	1,496	-14	-1,146	-196	**1,983**

Accruals for personnel expenses mainly refer to bonus, severance payments, contribution of partial retirement and holiday entitlements.

In 2001, Fresenius Medical Care recorded a US$258 million special charge to address legal matters relating to transactions pursuant to the Agreement and Plan of Reorganization dated as of February 4, 1996 by and between W.R. Grace & Co. and Fresenius AG, estimated liabilities and legal expenses arising in connection with the W.R. Grace & Co. Chapter 11 proceedings (Grace Chapter 11 Proceedings) and the cost of resolving pending litigation and other disputes with certain commercial insurers. During the second quarter of 2003, the court supervising the Grace Chapter 11 Proceedings approved a definitive settlement agreement entered into among Fresenius Medical Care, the committee representing the asbestos creditors and W.R. Grace & Co. Under the settlement agreement, Fresenius Medical Care will pay US$115 million (€87 million), without interest, upon plan confirmation. In January and February 2011, the U.S. Bankruptcy Court entered orders confirming the plan of reorganization and the confirmation orders were affirmed by the U.S. District Court on January 31, 2012. Multiple parties have appealed to the Third Circuit Court of Appeals and the plan of reorganization will not be implemented until the appeals are finally resolved (see note 30, Commitments and contingent liabilities). With the exception of the proposed US$115 million payment under the Settlement Agreement in the Grace Chapter 11 Proceedings, all other matters included in the special charge have been resolved.

21. OTHER LIABILITIES

As of December 31, other liabilities consisted of the following:

	2012		2011	
€ in millions		**thereof short-term**		thereof short-term
Personnel liabilities	**193**	**188**	173	169
Accounts payable resulting from German hospital law	**174**	**168**	133	127
Interest liabilities	**163**	**163**	131	131
Tax liabilities	**162**	**160**	155	152
Debtors with credit balances	**158**	**158**	127	127
Accounts receivable credit balance	**118**	**39**	103	23
Derivative financial instruments	**96**	**76**	269	200
Leasing liabilities	**66**	**66**	59	59
Advance payments from customers	**59**	**58**	77	77
Liabilities held for sale	**36**	**36**	0	0
All other liabilities	**439**	**251**	384	262
Other liabilities	**1,664**	**1,363**	1,611	1,327

The payables resulting from the German hospital law primarily contain earmarked subsidies received but not yet spent appropriately by Fresenius Helios. The amount not yet spent appropriately is classified as liability.

At December 31, 2012, the total amount of other non-current liabilities was €301 million, thereof €149 million was due between one and five years and €152 million was due after five years. The statement of financial position line item long-term accrued expenses and other long-term liabilities of €436 million also included other long-term accrued expenses of €135 million as of December 31, 2012.

22. DEBT AND CAPITAL LEASE OBLIGATIONS

SHORT-TERM DEBT

The Fresenius Group had short-term debt of €205 million and €171 million at December 31, 2012 and December 31, 2011, respectively. As of December 31, 2012, this debt consisted of borrowings by certain subsidiaries of the Fresenius Group under lines of credit with commercial banks. The average interest rates on these borrowings at December 31, 2012 and 2011 were 5.98% and 6.62%, respectively.

LONG-TERM DEBT AND CAPITAL LEASE OBLIGATIONS

As of December 31, long-term debt and capital lease obligations consisted of the following:

€ in millions	2012	2011
Fresenius Medical Care 2012 Credit Agreement	**2,016**	0
Fresenius Medical Care 2006 Senior Credit Agreement	**0**	2,161
2008 Senior Credit Agreement	**1,170**	1,326
Euro Notes	**739**	800
European Investment Bank Agreements	**498**	527
Accounts receivable facility of Fresenius Medical Care	**123**	413
Capital lease obligations	**94**	53
Other	**315**	349
Subtotal	**4,955**	5,629
less current portion	**519**	1,852
Long-term debt and capital lease obligations, less current portion	**4,436**	3,777

Maturities of long-term debt and capital lease obligations are shown in the following table:

€ in millions	up to 1 year	1 to 3 years	3 to 5 years	more than 5 years
Fresenius Medical Care 2012 Credit Agreement	76	303	1,637	0
2008 Senior Credit Agreement	17	929	56	168
Euro Notes	5	334	285	115
European Investment Bank Agreements	310	156	16	16
Accounts receivable facility of Fresenius Medical Care	0	0	123	0
Capital lease obligations	8	14	17	55
Other	103	129	38	45
Long-term debt and capital lease obligations	**519**	**1,865**	**2,172**	**399**

On September 30, 2012, €1,631 million was reclassified from current portion of long-term debt and capital lease obligations to long-term debt and capital lease obligations as a result of entering into the new Fresenius Medical Care 2012 Credit Agreement on October 30, 2012.

Aggregate annual repayments applicable to the above listed long-term debt and capital lease obligations for the years subsequent to December 31, 2012 are:

for the fiscal years	€ in millions
2013	519
2014	1,639
2015	226
2016	632
2017	1,540
Subsequent years	399
Total	**4,955**

Fresenius Medical Care 2012 Credit Agreement

Fresenius Medical Care AG & Co. KGaA (FMC-AG & Co. KGaA) entered into a new US$3,850 million syndicated credit facility (Fresenius Medical Care 2012 Credit Agreement) with a large group of banks and institutional investors (collectively, the Lenders) on October 30, 2012 which replaced the 2006 Senior Credit Agreement.

The Fresenius Medical Care 2012 Credit Agreement consists of:

- A 5-year revolving credit facility of US$1,250 million comprising a US$400 million multicurrency revolving facility, a US$200 million revolving facility and a €500 million revolving facility which will be due and payable on October 30, 2017.
- A 5-year term loan facility (Term Loan A) of US$2,600 million, also scheduled to mature on October 30, 2017. The Fresenius Medical Care 2012 Credit Agreement requires 17 quarterly payments of US$50 million each, beginning in the third quarter of 2013 that permanently reduce the term loan facility. The remaining balance is due on October 30, 2017.

Interest on the new credit facilities will be, at Fresenius Medical Care's option, at a rate equal to either (i) LIBOR or EURIBOR (as applicable) plus an applicable margin or (ii) the Base Rate as defined in the Fresenius Medical Care 2012 Credit Agreement plus an applicable margin. As of December 31, 2012, the tranches outstanding under the Fresenius Medical Care 2012 Credit Agreement had a weighted-average interest rate of 2.35%.

The applicable margin is variable and depends on Fresenius Medical Care's consolidated leverage ratio which is a ratio of its consolidated funded debt (less cash and cash equivalents) to consolidated EBITDA (as these terms are defined in the Fresenius Medical Care 2012 Credit Agreement).

In addition to scheduled principal payments, indebtedness outstanding under the Fresenius Medical Care 2012 Credit Agreement will be reduced by portions of the net cash proceeds received from certain sales of assets and the issuance of certain additional debt.

Obligations under the Fresenius Medical Care 2012 Credit Agreement are secured by pledges of capital stock of certain material subsidiaries in favor of the Lenders.

The Fresenius Medical Care 2012 Credit Agreement contains affirmative and negative covenants with respect to FMC-AG & Co. KGaA and its subsidiaries and other payment restrictions. Certain of the covenants limit indebtedness of Fresenius Medical Care and investments by Fresenius Medical Care, and require Fresenius Medical Care to maintain certain financial ratios defined in the agreement. Additionally, the Fresenius Medical Care 2012 Credit Agreement provides for a limitation on dividends and other restricted payments which is €300 million for dividends to be paid in 2013, and increases in subsequent years. In default, the outstanding balance under the Fresenius Medical Care 2012 Credit Agreement becomes immediately due and payable at the option of the Lenders.

As of December 31, 2012, FMC-AG & Co. KGaA and its subsidiaries were in compliance with all covenants under the Fresenius Medical Care 2012 Credit Agreement.

Fresenius Medical Care incurred fees of approximately US$27 million in conjunction with the Fresenius Medical Care 2012 Credit Agreement. Certain fees related to the Fresenius Medical Care 2006 Senior Credit Agreement of approximately

US$4 million are also applicable to the Fresenius Medical Care 2012 Credit Agreement. These fees and the US$22 million of newly incurred fees will be amortized over the life of the Fresenius Medical Care 2012 Credit Agreement.

The following tables show the available and outstanding amounts under the Fresenius Medical Care 2012 Credit Agreement at December 31, 2012 and under the Fresenius Medical Care 2006 Senior Credit Agreement at December 31, 2011:

FRESENIUS MEDICAL CARE 2012 CREDIT AGREEMENT

	2012			
	Maximum amount available		**Balance outstanding**	
		€ in millions		**€ in millions**
Revolving Credit (in US$)	US$600 million	454	**US$59 million**	**45**
Revolving Credit (in €)	€500 million	500	**€0 million**	**0**
Term Loan A	US$2,600 million	1,971	**US$2,600 million**	**1,971**
Total		2,925		**2,016**

FRESENIUS MEDICAL CARE 2006 SENIOR CREDIT AGREEMENT

	2011			
	Maximum amount available		**Balance outstanding**	
	US$ in millions	€ in millions	**US$ in millions**	**€ in millions**
Revolving Credit	1,200	927	**59**	**46**
Term Loan A	1,215	939	**1,215**	**939**
Term Loan B	1,522	1,176	**1,522**	**1,176**
Total	3,937	3,042	**2,796**	**2,161**

In addition, at December 31, 2012 and December 31, 2011, Fresenius Medical Care had letters of credit outstanding in the amount of US$77 million and US$181 million, respectively, which were not included above as part of the balance outstanding at those dates but which reduce available borrowings under the Revolving Credit Facility.

2013 Senior Credit Agreement

On December 20, 2012, Fresenius SE & Co. KGaA and various subsidiaries entered into a delayed draw syndicated credit agreement (2013 Senior Credit Agreement) in the amount of US$1,300 million and €1,250 million. Funding of the 2013 Senior Credit Agreement is expected for June 28, 2013. Upon funding, proceeds will be used to refinance the 2008 Senior Credit Agreement and for general corporate purposes.

The 2013 Senior Credit Agreement consists of:

- 5-year revolving credit facilities in the aggregate principal amount of US$300 million, €400 million and a €200 million multicurrency facility with a final repayment date on June 28, 2018; and
- 5-year term loan facilities in the aggregate principal amount of US$1,000 million and €650 million (together Term Loan A). Term Loan A amortizes and is repayable in unequal quarterly installments with a final maturity on June 28, 2018.

Until funding of the revolving facilities and Term Loan A, the 2013 Senior Credit Agreement allows for establishment of a term loan facility in the aggregate principal amount of US$500 million (Term Loan B). After funding, the 2013 Senior Credit Agreement may be further increased by establishing additional incremental facilities if certain conditions are met.

The interest rate on each borrowing under the 2013 Senior Credit Agreement will be a rate equal to either (i) LIBOR or EURIBOR (as applicable) plus an applicable margin or (ii) the

Base Rate as defined in the 2013 Senior Credit Agreement plus an applicable margin. The applicable margin will be variable and depends on the leverage ratio as defined in the 2013 Senior Credit Agreement.

In addition to scheduled principal payments, indebtedness outstanding under the 2013 Senior Credit Agreement will be reduced by mandatory prepayments in the case of certain sales of assets and the incurrence of certain additional indebtedness, with the amount to be prepaid depending on the proceeds which are generated by the respective transaction.

The 2013 Senior Credit Agreement is guaranteed by Fresenius SE & Co. KGaA, Fresenius ProServe GmbH, Fresenius Kabi AG and certain U.S. subsidiaries of Fresenius Kabi AG. Obligations under the 2013 Senior Credit Agreement will be secured by pledges of capital stock of certain material subsidiaries of Fresenius Kabi AG in favor of the lenders.

The 2013 Senior Credit Agreement contains a number of customary affirmative and negative covenants and other payment restrictions. These covenants include limitations on liens, sale of assets, incurrence of debt, investments and acquisitions and restrictions on the payment of dividends, among other items. The 2013 Senior Credit Agreement also includes financial covenants – as defined in the agreement – that require Fresenius SE & Co. KGaA and its subsidiaries (other than Fresenius Medical Care and its subsidiaries) to maintain a maximum leverage ratio and a minimum interest coverage ratio.

2008 Senior Credit Agreement

On August 20, 2008, in connection with the acquisition of APP Pharmaceuticals, Inc. (since 2012: Fresenius Kabi USA, Inc.), the Fresenius Group entered into a syndicated credit agreement (2008 Senior Credit Agreement) in an original amount of US$2.45 billion. The 2008 Senior Credit Agreement will be replaced by the 2013 Senior Credit Agreement in June 2013. Therefore, the 2008 Senior Credit Agreement is mainly shown as long-term debt in the consolidated statement of financial position.

Since entering into the 2008 Senior Credit Agreement, amendments and voluntary prepayments have been made which have resulted in a change of the total amount available under this facility. In March 2011, after negotiations with the lenders, Fresenius SE & Co. KGaA improved the conditions of the 2008 Senior Credit Agreement. The amendments led to a reduction of the interest rate of Term Loan D (previously: Term Loan C). Since then, the interest rate is a rate equal to the money market interest rate (LIBOR and EURIBOR) with a minimum of 1.00% and a current margin of 2.50%.

The following tables show the available and outstanding amounts under the 2008 Senior Credit Agreement at December 31:

	2012			
	Maximum amount available		**Balance outstanding**	
		€ in millions		**€ in millions**
Revolving Credit Facilities	US$550 million	416	**US$0 million**	**0**
Term Loan A	US$375 million	284	**US$375 million**	**284**
Term Loan D (in US$)	US$959 million	728	**US$959 million**	**728**
Term Loan D (in €)	€158 million	158	**€158 million**	**158**
Total		1,586		**1,170**

	2011			
	Maximum amount available		**Balance outstanding**	
		€ in millions		**€ in millions**
Revolving Credit Facilities	US$550 million	425	**US$0 million**	**0**
Term Loan A	US$537 million	415	**US$537 million**	**415**
Term Loan D (in US$)	US$971 million	751	**US$971 million**	**751**
Term Loan D (in €)	€160 million	160	**€160 million**	**160**
Total		1,751		**1,326**

As of December 31, 2012, the 2008 Senior Credit Agreement consisted of:

- Revolving credit facilities in the aggregate principal amount of US$550 million (of which US$150 million is available to Fresenius Kabi USA, LLC (until 2012: APP Pharmaceuticals, LLC) and US$400 million is available as multicurrency facility to Fresenius Finance I S.A., a wholly owned subsidiary of Fresenius SE & Co. KGaA).
- Term loan facilities (Term Loan A) in the aggregate principal amount of US$374.6 million (of which equal shares are available to Fresenius US Finance I, Inc., a wholly owned subsidiary of Fresenius SE & Co. KGaA, and to Fresenius Kabi USA, LLC (until 2012: APP Pharmaceuticals, LLC)).
- Term loan facilities (Term Loan D) in the aggregate principal amount of US$959.3 million and €158.5 million (of which US$565.1 million and €158.5 million are available to Fresenius US Finance I, Inc. and US$394.2 million is available to Fresenius Kabi USA, LLC (until 2012: APP Pharmaceuticals, LLC)).

The interest rate on each borrowing under the 2008 Senior Credit Agreement is a rate equal to the aggregate of (a) the applicable margin (as described below) and (b) LIBOR or, in relation to any loan in euros, EURIBOR for the relevant interest period. The applicable margin is variable and depends on the Leverage Ratio as defined in the 2008 Senior Credit Agreement. In the case of Term Loan D, a minimum LIBOR or EURIBOR was set for 1.00%.

To hedge large parts of the interest rate risk connected with the floating rate borrowings under the 2008 Senior Credit Agreement, the Fresenius Group entered into interest rate hedges.

In addition to scheduled principal payments, indebtedness outstanding under the 2008 Senior Credit Agreement will be reduced by mandatory prepayments in the case of certain sales of assets, incurrence of additional indebtedness and certain intercompany loan repayments, with the amount to be prepaid depending on the proceeds which are generated by the respective transaction.

The 2008 Senior Credit Agreement is guaranteed by Fresenius SE & Co. KGaA, Fresenius ProServe GmbH and Fresenius Kabi AG. The obligations of Fresenius Kabi USA, LLC (until 2012: APP Pharmaceuticals, LLC) under the 2008 Senior Credit Agreement that refinanced indebtedness under the former APP Pharmaceuticals, Inc. credit facility are secured by the assets of Fresenius Kabi USA, Inc. (FK USA) (until 2012: APP Pharmaceuticals, Inc.) and its subsidiaries and guaranteed by FK USA's subsidiaries on the same basis as the former APP Pharmaceuticals, Inc. credit facility. All lenders also benefit from indirect security through pledges over the shares of certain subsidiaries of Fresenius Kabi AG and pledges over certain intercompany loans.

The 2008 Senior Credit Agreement contains a number of customary affirmative and negative covenants and other payment restrictions. These covenants include limitations on liens, sale of assets, incurrence of debt, investments and acquisitions and restrictions on the payment of dividends, among other items. The 2008 Senior Credit Agreement also includes financial covenants – as defined in the agreement – that require Fresenius SE & Co. KGaA and its subsidiaries (other than Fresenius Medical Care and its subsidiaries) to maintain a maximum leverage ratio, a minimum fixed charge coverage ratio, a minimum interest coverage ratio and limits amounts spent on capital expenditure. As of December 31, 2012, the Fresenius Group was in compliance with all covenants under the 2008 Senior Credit Agreement.

Euro Notes

As of December 31, Euro Notes (Schuldscheindarlehen) of the Fresenius Group consisted of the following:

	Maturity	Interest rate	Book value/nominal value € in millions 2012	2011
Fresenius Finance B.V. 2008/2012	April 2, 2012	5.59%	**0**	62
Fresenius Finance B.V. 2008/2012	April 2, 2012	variable	**0**	138
Fresenius Finance B.V. 2007/2012	July 2, 2012	5.51%	**0**	26
Fresenius Finance B.V. 2007/2012	July 2, 2012	variable	**0**	74
Fresenius Finance B.V. 2008/2014	April 2, 2014	5.98%	**112**	112
Fresenius Finance B.V. 2008/2014	April 2, 2014	variable	**88**	88
Fresenius Finance B.V. 2007/2014	July 2, 2014	5.75%	**38**	38
Fresenius Finance B.V. 2007/2014	July 2, 2014	variable	**62**	62
Fresenius SE & Co. KGaA 2012/2016	April 4, 2016	3.36%	**156**	0
Fresenius SE & Co. KGaA 2012/2016	April 4, 2016	variable	**129**	0
Fresenius SE & Co. KGaA 2012/2018	April 4, 2018	4.09%	**72**	0
Fresenius SE & Co. KGaA 2012/2018	April 4, 2018	variable	**43**	0
Fresenius Medical Care AG & Co. KGaA 2009/2012	Oct. 27, 2012	7.41%	**0**	36
Fresenius Medical Care AG & Co. KGaA 2009/2012	Oct. 27, 2012	variable	**0**	119
Fresenius Medical Care AG & Co. KGaA 2009/2014	Oct. 27, 2014	8.38%	**12**	15
Fresenius Medical Care AG & Co. KGaA 2009/2014	Oct. 27, 2014	variable	**27**	30
Euro Notes			**739**	800

On April 2, 2012, Fresenius SE & Co. KGaA issued Euro Notes in an amount of €400 million. Proceeds were used to refinance the tranches of the Euro Notes of Fresenius Finance B.V. which were due in April and July 2012 and for general corporate purposes. The new Euro Notes are guaranteed by Fresenius Kabi AG and Fresenius ProServe GmbH.

The Euro Notes of Fresenius Finance B.V. are guaranteed by Fresenius SE & Co. KGaA. The Euro Notes of FMC-AG & Co. KGaA are guaranteed by Fresenius Medical Care Holdings, Inc. and Fresenius Medical Care Deutschland GmbH.

As of December 31, 2012, the Fresenius Group was in compliance with all of its covenants under the Euro Notes.

European Investment Bank Agreements

Various subsidiaries of the Fresenius Group maintain credit facilities with the European Investment Bank (EIB). The following table shows the amounts outstanding under the EIB facilities as of December 31:

	Maturity	Book value € in millions 2012	2011
Fresenius SE & Co. KGaA	2013	**196**	196
Fresenius Medical Care AG & Co. KGaA	2013/2014	**246** [1]	267 [1]
HELIOS Kliniken GmbH	2019	**56**	64
Loans from EIB		**498**	527

[1] Difference due to foreign currency translation and repayments

The majority of the loans are denominated in euros. The U.S. dollar denominated borrowings of FMC-AG & Co. KGaA amounted to US$140 million (€106 million) at December 31, 2012. At December 31, 2012, all credit lines were utilized.

The EIB is the not-for-profit long-term lending institution of the European Union and loans funds at favorable rates for the purpose of specific capital investment and research and development projects. The facilities were granted to finance certain research and development projects, to invest in the expansion and optimization of existing production facilities in Germany and for the construction of a hospital.

Repayment of the loan of HELIOS Kliniken GmbH already started in December 2007 and will continue through December 2019 with constant half-yearly payments.

The loans borrowed by Fresenius SE & Co. KGaA and FMC-AG & Co. KGaA, which are due in June and September 2013 are shown as current portion of long-term debt and capital lease obligations in the consolidated statement of financial position.

The above mentioned loans bear variable interest rates which are based on EURIBOR or LIBOR plus applicable margin. These interest rates change quarterly. The loans under the EIB Agreements entered before 2009 are secured by bank guarantees. The 2009 loan of Fresenius SE & Co. KGaA is guaranteed by Fresenius Kabi AG and Fresenius ProServe GmbH. All credit agreements with the EIB have customary covenants. As of December 31, 2012, the Fresenius Group was in compliance with the respective covenants.

Accounts receivable facility of Fresenius Medical Care

On January 17, 2013, the asset securitization facility (accounts receivable facility) of Fresenius Medical Care was refinanced for a term expiring on January 15, 2016 with available borrowings of US$800 million.

At December 31, 2012, there were outstanding borrowings under the accounts receivable facility of US$162 million (€123 million) (2011: US$535 million (€413 million)).

Under the accounts receivable facility, certain receivables are sold to NMC Funding Corp. (NMC Funding), a wholly owned subsidiary of Fresenius Medical Care. NMC Funding then assigns percentage ownership interests in the accounts receivable to certain bank investors. Under the terms of the accounts receivable facility, NMC Funding retains the right, at any time, to recall all the then outstanding transferred interests in the accounts receivable. Consequently, the receivables remain on the consolidated statement of financial position and the proceeds from the transfer of percentage ownership interests are recorded as long-term debt.

NMC Funding pays interest to the bank investors, calculated based on the commercial paper rates for the particular tranches selected. The average interest rate during 2012 was 1.70%. Refinancing fees, which include legal costs and bank fees, are amortized over the term of the facility.

CREDIT LINES

In addition to the financial liabilities described before, the Fresenius Group maintains additional credit facilities which have not been utilized, or have only been utilized in part, as of the reporting date. At December 31, 2012, the additional financial cushion resulting from unutilized credit facilities was approximately €2.1 billion.

Syndicated credit facilities accounted for €1.3 billion. This portion comprises the Fresenius Medical Care 2012 Credit Agreement in the amount of US$1,123 million (€851 million) and the 2008 Senior Credit Agreement in the amount of US$550 million (€416 million). Furthermore, bilateral facilities of approximately €835 million were available. They include credit facilities which subsidiaries of the Fresenius Group have arranged with commercial banks. These credit facilities are used for general corporate purposes and are usually unsecured.

In addition, Fresenius SE & Co. KGaA has a commercial paper program under which up to €500 million in short-term notes can be issued. As of December 31, 2012, no commercial papers were outstanding.

Additional financing of up to US$800 million can be provided using the Fresenius Medical Care accounts receivable facility which had been utilized by US$162 million as of December 31, 2012.

23. SENIOR NOTES

As of December 31, Senior Notes of the Fresenius Group consisted of the following:

	Notional amount	Maturity	Interest rate	Book value € in millions 2012	2011
Fresenius Finance B.V. 2006/2013	€500 million	Jan. 31, 2013	5.00%	**500**	500
Fresenius Finance B.V. 2006/2016	€650 million	Jan. 31, 2016	5.50%	**645**	637
Fresenius Finance B.V. 2012/2019	€500 million	Apr. 15, 2019	4.25%	**500**	0
Fresenius US Finance II, Inc. 2009/2015	€275 million	July 15, 2015	8.75%	**267**	264
Fresenius US Finance II, Inc. 2009/2015	US$500 million	July 15, 2015	9.00%	**369**	372
FMC Finance VI S.A. 2010/2016	€250 million	July 15, 2016	5.50%	**248**	248
FMC Finance VII S.A. 2011/2021	€300 million	Feb. 15, 2021	5.25%	**294**	294
FMC Finance VIII S.A. 2011/2016	€100 million	Oct. 15, 2016	variable	**100**	100
FMC Finance VIII S.A. 2011/2018	€400 million	Sept. 15, 2018	6.50%	**396**	395
FMC Finance VIII S.A. 2012/2019	€250 million	July 31, 2019	5.25%	**243**	0
Fresenius Medical Care US Finance, Inc. 2007/2017	US$500 million	July 15, 2017	6.875%	**376**	383
Fresenius Medical Care US Finance, Inc. 2011/2021	US$650 million	Feb. 15, 2021	5.75%	**489**	498
Fresenius Medical Care US Finance II, Inc. 2011/2018	US$400 million	Sept. 15, 2018	6.50%	**300**	305
Fresenius Medical Care US Finance II, Inc. 2012/2019	US$800 million	July 31, 2019	5.625%	**606**	0
Fresenius Medical Care US Finance II, Inc. 2012/2022	US$700 million	Jan. 31, 2022	5.875%	**531**	0
Senior Notes				**5,864**	3,996

On March 28, 2012, Fresenius Finance B.V. issued unsecured Senior Notes of €500 million at par which are due in 2019. Net proceeds were used for acquisitions, including the acquisition of the Damp Group, to refinance short-term debt and for general corporate purposes.

The Senior Notes issued by Fresenius Finance B.V. which were due on January 31, 2013 are shown as long-term debt in the consolidated statement of financial position as these Senior Notes were refinanced by Senior Notes newly issued in the same amount in January 2013 (see note 37, Subsequent events).

All Senior Notes of Fresenius Finance B.V. and of Fresenius US Finance II, Inc. are guaranteed by Fresenius SE & Co. KGaA, Fresenius Kabi AG and Fresenius ProServe GmbH. The holders have the right to request that the issuers repurchase the Senior Notes at 101% of principal plus accrued interest upon the occurrence of a change of control followed by a decline in the rating of the respective Senior Notes. Since January 31, 2011, the Senior Notes of Fresenius Finance B.V. maturing in 2016 were redeemable at the option of the issuer at prices that have already been fixed at the date of issuance in the indentures. In February 2013, these Senior Notes were repaid completely before maturity at a price of 100.916% (see note 37, Subsequent events). All other Senior Notes of Fresenius Finance B.V. and of Fresenius US Finance II, Inc. may be redeemed prior to their maturity at the option of the issuers at a price of 100% plus accrued interest and a premium calculated pursuant to the terms of the indentures under observance of certain notice periods.

Fresenius SE & Co. KGaA has agreed to a number of covenants to provide protection to the bondholders, which, under certain circumstances, partly restrict the scope of action of Fresenius SE & Co. KGaA and its subsidiaries (excluding Fresenius Medical Care AG & Co. KGaA (FMC-AG & Co. KGaA) and its subsidiaries). These covenants include restrictions on further debt that can be raised, the payment of dividends, the volume of capital expenditure, the redemption of subordinated liabilities and the mortgaging or sale of assets, among other items. Some of these restrictions are lifted automatically when the rating of the respective Notes reaches investment grade. In the event of non-compliance with certain terms of the Senior Notes, the bondholders (owning in aggregate more than 25% of the outstanding Senior Notes) are entitled to call the Senior Notes and demand immediate repayment plus interest. As of December 31, 2012, the Fresenius Group was in compliance with all of its covenants.

On January 26, 2012, Fresenius Medical Care US Finance II, Inc. issued unsecured Senior Notes of US$800 million with a coupon of 5.625% at par and unsecured Senior Notes of US$700 million with a coupon of 5.875% at par. In addition, FMC Finance VIII S.A. issued unsecured Senior Notes of €250 million with a coupon of 5.25% at par. The Senior Notes issued by Fresenius Medical Care US Finance II, Inc. in the amount of US$800 million are due on July 31, 2019 and the US$700 million Senior Notes are due on January 31, 2022. The Senior Notes issued by FMC Finance VIII S.A. are due on July 31, 2019. Net proceeds are used for acquisitions, to refinance indebtedness and for general corporate purposes.

On October 17, 2011, FMC Finance VIII S.A. issued €100 million of unsecured, floating-rate Senior Notes at par, which are due in 2016. The Senior Notes carry interest of three-month EURIBOR plus 350 basis points. Net proceeds were used for acquisitions, to repay indebtedness and for general corporate purposes.

On September 14, 2011, Fresenius Medical Care US Finance II, Inc. and FMC Finance VIII S.A. issued unsecured Senior Notes of US$400 million and €400 million, respectively. The Senior Notes have a coupon of 6.5% and are due in 2018. They were issued at an issue price of 98.62% and had a yield to maturity of 6.75%. Net proceeds were used for acquisitions, to refinance indebtedness and for general corporate purposes.

On June 20, 2011, Fresenius Medical Care US Finance, Inc. acquired substantially all of the assets of FMC Finance III S.A. and assumed the obligations of FMC Finance III S.A. under its US$500 million 6.875% Senior Notes due in 2017 and the related indenture. The guarantees of FMC-AG & Co. KGaA, Fresenius Medical Care Holdings, Inc. (FMCH) and Fresenius Medical Care Deutschland GmbH (FMC D-GmbH) for these Senior Notes have not been amended and remain in full force and effect.

On February 3, 2011, Fresenius Medical Care US Finance, Inc. and FMC Finance VII S.A. issued unsecured Senior Notes of US$650 million and €300 million, respectively, which are due in 2021. The Senior Notes issued by Fresenius Medical Care US Finance, Inc. with a coupon of 5.75% at an issue price of 99.06% had a yield to maturity of 5.875%. The Senior Notes issued by FMC Finance VII S.A. have a coupon of 5.25% and were issued at par. Net proceeds were used to repay indebtedness, for acquisitions and for general corporate purposes.

The Senior Notes of Fresenius Medical Care US Finance, Inc., Fresenius Medical Care US Finance II, Inc., FMC Finance VI S.A., FMC Finance VII S.A. and FMC Finance VIII S.A. (wholly owned subsidiaries of FMC-AG & Co. KGaA) are guaranteed on a senior basis jointly and severally by FMC-AG & Co. KGaA, FMCH and FMC D-GmbH. The holders have the right to request that the respective issuers repurchase the respective Senior Notes at 101% of principal plus accrued interest upon the occurrence of a change of control followed by a decline in the rating of the respective Senior Notes. The issuers may redeem the Senior Notes (except for the floating-rate Senior Notes of FMC Finance VIII S.A.) at any time at 100% of principal plus accrued interest and a premium calculated pursuant to the terms of the indentures.

FMC-AG & Co. KGaA has agreed to a number of covenants to provide protection to the holders which, under certain circumstances, limit the ability of FMC-AG & Co. KGaA and its subsidiaries to, among other things, incur debt, incur liens, engage in sale and leaseback transactions and merge or consolidate with other companies or sell assets. As of December 31, 2012, FMC-AG & Co. KGaA and its subsidiaries were in compliance with all of their covenants under the Senior Notes.

24. MANDATORY EXCHANGEABLE BONDS

To finance the acquisition of APP Pharmaceuticals, Inc. (since 2012: Fresenius Kabi USA, Inc.), Mandatory Exchangeable Bonds (MEB) in an aggregate nominal amount of €554.4 million were issued by Fresenius Finance (Jersey) Ltd. in July 2008. Fresenius Finance B.V. subscribed for these MEB at 100% of their principal amount. Afterwards, the MEB were on-lent to Fresenius SE (since January 28, 2011: Fresenius SE & Co. KGaA), who placed the MEB in the market. The bonds carried a coupon of 5⅝% per annum and matured on August 14, 2011. Upon maturity, the bonds were mandatorily exchangeable into ordinary shares of Fresenius Medical Care AG & Co. KGaA (FMC-AG & Co. KGaA). Each holder of an MEB received 1,418 ordinary shares of FMC-AG & Co. KGaA per MEB, corresponding to a final conversion price of €35.26. The ordinary shares of FMC-AG & Co. KGaA were owned by Fresenius SE & Co. KGaA and there was no issuance of new shares. Fresenius SE & Co. KGaA's shareholding in FMC-AG & Co. KGaA was thus reduced by 15,722,644 ordinary shares to 30.4% of the ordinary share capital.

The MEB were shown under short-term liabilities in an amount of €554 million until their maturity on August 14, 2011.

The derivative financial instruments embedded in the MEB were measured at fair value and were shown separately in the consolidated statement of financial position within short-term accrued expenses and other short-term liabilities until the maturity of the MEB.

25. TRUST PREFERRED SECURITIES

Fresenius Medical Care issued trust preferred securities through Fresenius Medical Care Capital Trusts, statutory trusts organized under the laws of the State of Delaware, United States. Fresenius Medical Care AG & Co. KGaA (FMC-AG & Co. KGaA) owned all of the common securities of these trusts. The sole asset of each trust was a senior subordinated note of FMC-AG & Co. KGaA or a wholly owned subsidiary of FMC-AG & Co. KGaA. FMC-AG & Co. KGaA, Fresenius Medical Care Deutschland GmbH (FMC D-GmbH) and Fresenius Medical Care Holdings, Inc. (FMCH) have guaranteed payment and performance of the senior subordinated notes to the respective Fresenius Medical Care Capital Trusts. The trust preferred securities were guaranteed through a series of undertakings by FMC-AG & Co. KGaA, FMC D-GmbH and FMCH.

The trust preferred securities entitled the holders to distributions at a fixed annual rate of the stated amount and were mandatorily redeemable after 10 years.

On June 15, 2011, Fresenius Medical Care redeemed the trust preferred securities that became due on that date and that were issued in 2001 by Fresenius Medical Care Capital Trust IV and V in the amount of US$225 million and €300 million, respectively, primarily with funds obtained under existing credit facilities.

26. PENSIONS AND SIMILAR OBLIGATIONS

GENERAL

The Fresenius Group recognizes pension costs and related pension liabilities for current and future benefits to qualified current and former employees of the Fresenius Group. Fresenius Group's pension plans are structured differently according to the legal, economic and fiscal circumstances in each country. The Fresenius Group currently has two types of plans, defined benefit and defined contribution plans. In general, plan benefits in defined benefit plans are based on all or a portion of the employees' years of services and final salary. Plan benefits in defined contribution plans are determined by the amount of contribution by the employee and the employer, both of which may be limited by legislation, and the returns earned on the investment of those contributions.

Upon retirement under defined benefit plans, the Fresenius Group is required to pay defined benefits to former employees when the defined benefits become due. Defined benefit plans may be funded or unfunded. The Fresenius Group has funded defined benefit plans in particular in the United States, Norway, the United Kingdom, the Netherlands and Austria. Unfunded defined benefit plans are located in Germany and France.

Actuarial assumptions generally determine benefit obligations under defined benefit plans. The actuarial calculations require the use of estimates. The main factors used in the actuarial calculations affecting the level of the benefit obligations are: assumptions on life expectancy, the discount rate and future salary and benefit levels. Under Fresenius Group's funded plans, assets are set aside to meet future payment obligations. An estimated return on the plan assets is recognized as income in the respective period. Actuarial gains and losses are generated when there are variations in the actuarial assumptions and by differences between the actual and the estimated projected benefit obligations and the return on plan assets for that year. A company's pension liability is impacted by these actuarial gains or losses.

In the case of Fresenius Group's funded plans, the defined benefit obligation is offset against the fair value of plan assets. A pension liability is recognized in the consolidated statement of financial position if the defined benefit obligation exceeds the fair value of plan assets. An asset is recognized and reported under other assets in the consolidated statement of financial position if the fair value of plan assets exceeds the defined benefit obligation and if the Fresenius Group has a right of reimbursement against the fund or a right to reduce future payments to the fund.

Under defined contribution plans, the Fresenius Group pays defined contributions to an independent third party as directed by the employee during the employee's service life which satisfies all obligations of the Fresenius Group to the employee. The employee retains all rights to the contributions made by the employee and to the vested portion of the Fresenius Group paid contributions upon leaving the Fresenius Group. The Fresenius Group has a main defined contribution plan in North America.

DEFINED BENEFIT PENSION PLANS

At December 31, 2012, the projected benefit obligation (PBO) of the Fresenius Group of €986 million (2011: €753 million) included €294 million (2011: €260 million) funded by plan assets and €692 million (2011: €496 million) covered by pension provisions. The current portion of the pension liability in an amount of €13 million is recognized in the consolidated statement of financial position within short-term accrued expenses and other short-term liabilities. The non-current portion of €679 million is recorded as pension liability.

57% of the pension liabilities in an amount of €692 million relate to the "Versorgungsordnung der Fresenius-Unternehmen" established in 1988 (Pension plan 1988), which applies for most of the German entities of the Fresenius Group except Fresenius Helios. The rest of the pension liabilities relates to individual plans from Fresenius Helios entities in Germany and non-German Group entities.

Plan benefits are generally based on an employee's years of service and final salary. Consistent with predominant practice in Germany, the benefit obligations of the German entities of the Fresenius Group are unfunded. The German Pension Plan 1988 does not have a separate pension fund.

Fresenius Medical Care Holdings, Inc. (FMCH), a subsidiary of Fresenius Medical Care AG & Co. KGaA, has a defined benefit pension plan for its employees in the United States and supplemental executive retirement plans. During the first quarter of 2002, FMCH curtailed these pension plans. Under the curtailment amendment for substantially all employees eligible to participate in the plan, benefits have been frozen as of the curtailment date and no additional defined benefits for future services will be earned. FMCH has retained all employee benefit obligations as of the curtailment date. Each year, FMCH contributes at least the minimum amount required by the Employee Retirement Income Security Act of 1974, as amended. In 2012, FMCH's minimum funding requirement was US$6.2 million (€4.8 million). In addition to the compulsory contributions, FMCH voluntarily provided US$4.6 million (€3.6 million) to the defined benefit plan. Expected funding for 2013 is US$10.3 million (€7.8 million).

Fresenius Group's benefit obligations relating to fully or partly funded pension plans were €457 million. Benefit obligations relating to unfunded pension plans were €529 million.

The following table shows the changes in benefit obligations, the changes in plan assets and the funded status of the pension plans. Benefits paid as shown in the changes in benefit obligations represent payments made from both the funded and unfunded plans while the benefits paid as shown in the changes in plan assets include only benefit payments from Fresenius Group's funded benefit plans.

The funded status has developed as follows:

€ in millions	2012	2011
Benefit obligations at the beginning of the year	**753**	655
Changes in entities consolidated	**18**	4
Foreign currency translation	**-5**	12
Service cost	**20**	19
Prior service cost	**8**	0
Interest cost	**39**	35
Contributions by plan participants	**2**	1
Transfer of plan participants	**–**	–
Curtailments/settlements	**-3**	0
Actuarial losses	**188**	47
Benefits paid	**-31**	-20
Divestitures	**-2**	0
Amendments	**-1**	–
Benefit obligations at the end of the year	**986**	753
thereof vested	**849**	638
Fair value of plan assets at the beginning of the year	**260**	261
Changes in entities consolidated	**15**	–
Foreign currency translation	**-3**	6
Actual return on plan assets	**26**	-4
Contributions by the employer	**14**	6
Contributions by plan participants	**1**	1
Settlements	**-1**	–
Transfer of plan participants	**0**	–
Benefits paid	**-18**	-10
Fair value of plan assets at the end of the year	**294**	260
Funded status as of December 31	**692**	493

As of December 31, 2012, the fair value of plan assets did not exceed the benefit obligations in any pension plan. As of December 31, 2011, the fair value of plan assets of €45 million relating to one single pension plan exceeded the corresponding benefit obligations of €42 million. The resulting amount of €3 million was recognized as an asset. In 2011, for all the remaining pension plans of the Fresenius Group, the benefit obligations exceeded the fair value of plan assets and resulted in a total amount of €496 million recognized as a pension liability.

The discount rates for all plans are based upon yields of portfolios of equity and highly rated debt instruments with maturities that mirror the plan's benefit obligation. Fresenius Group's discount rate is the weighted average of these plans based upon their benefit obligations.

The following weighted-average assumptions were utilized in determining benefit obligations as of December 31:

in %	2012	2011
Discount rate	**4.04**	5.15
Rate of compensation increase	**3.11**	3.12
Rate of pension increase	**1.67**	1.71

At December 31, 2012, the accumulated benefit obligations for all defined benefit pension plans were €913 million (2011: €703 million).

The following table relates to pension plans with projected benefit obligations and accumulated benefit obligations in excess of plan assets:

€ in millions	2012	2011
Projected benefit obligation (PBO)	**986**	711
Accumulated benefit obligation (ABO)	**913**	667
Fair value of plan assets	**294**	215

The pre-tax changes of other comprehensive income (loss) relating to pension liabilities during the years 2012 and 2011 are shown in the following tables:

€ in millions	As of Jan. 1, 2012	Reclassifications [1]	Additions	Foreign currency translation	**As of Dec. 31, 2012**
Actuarial gains and losses	-173	15	-171	–	**-329**
Prior service cost	3	5	-9	–	**-1**
Transition obligation	-1	–	–	–	**-1**
Adjustments related to pension liabilities	-171	20	-180	–	**-331**

[1] Effects recognized in the consolidated statement of income

€ in millions	As of Jan. 1, 2011	Reclassifications[1]	Additions	Foreign currency translation	As of Dec. 31, 2011
Actuarial gains and losses	-107	8	-68	-6	**-173**
Prior service cost	3	–	–	–	**3**
Transition obligation	-1	–	–	–	**-1**
Adjustments related to pension liabilities	-105	8	-68	-6	**-171**

[1] Effects recognized in the consolidated statement of income

For the tax effects on other comprehensive income at December 31, 2012 see note 29, Other comprehensive income (loss).

The Fresenius Group expects the following amounts to be amortized from other comprehensive income into net periodic pension cost in the year 2013:

€ in millions	2013
Actuarial gains and losses	23
Prior service cost	2
Transition obligation	–

Defined benefit pension plans' net periodic benefit costs of €62 million (2011: €45 million) were comprised of the following components:

€ in millions	2012	2011
Service cost	**20**	19
Interest cost	**39**	35
Expected return on plan assets	**-16**	-17
Amortization of unrealized actuarial losses, net	**15**	8
Amortization of prior service costs	**4**	–
Amortization of transition obligations	**1**	–
Settlement loss	**-1**	0
Net periodic benefit cost	**62**	45

Net periodic benefit cost is allocated as personnel expense within cost of sales or selling, general and administrative expenses as well as research and development expenses. The allocation depends upon the area in which the beneficiary is employed.

The following weighted-average assumptions were used in determining net periodic benefit cost for the year ended December 31:

in %	2012	2011
Discount rate	**5.07**	5.40
Expected return of plan assets	**5.21**	5.50
Rate of compensation increase	**3.29**	3.30

Changes in the discount factor, inflation and mortality assumptions used for the actuarial computation resulted in actuarial losses in 2012 which increased the fair value of the defined benefit obligation. Unrecognized actuarial losses were €329 million (2011: €173 million).

The following table shows the expected benefit payments for the next 10 years:

for the fiscal years	€ in millions
2013	27
2014	28
2015	30
2016	35
2017	36
2018 to 2022	216
Total expected benefit payments	**372**

The Fresenius Group uses December 31, 2012 as the measurement date in determining the funded status of all plans.

The major part of pension liabilities relates to Germany. At December 31, 2012, 67% of the pension liabilities were recognized in Germany, 33% in the rest of Europe and North America.

63% of the beneficiaries were located in North America, 29% in Germany and the remainder throughout the rest of Europe and other continents.

The fair values of plan assets by categories were as follows:

€ in millions	December 31, 2012 Quoted prices in active markets for identical assets Level 1	December 31, 2012 Significant observable inputs Level 2	December 31, 2012 Total	December 31, 2011 Quoted prices in active markets for identical assets Level 1	December 31, 2011 Significant observable inputs Level 2	December 31, 2011 Total
Categories of plan assets						
Equity investments	**38**	**44**	**82**	31	43	74
Index funds [1]	**32**	**44**	**76**	27	43	70
Other equity investments	**6**	**0**	**6**	4	0	4
Fixed income investments	**63**	**117**	**180**	50	113	163
Government securities [2]	**29**	**1**	**30**	25	2	27
Corporate bonds [3]	**21**	**116**	**137**	13	111	124
Other fixed income investments [4]	**13**	**–**	**13**	12	–	12
Other [5]	**30**	**2**	**32**	21	2	23
Total	**131**	**163**	**294**	102	158	260

[1] This category mainly comprises low-cost equity index funds not actively managed that track the S & P 500, S & P 400, Russell 2000, the MSCI Emerging Markets Index and the Morgan Stanley International EAFE Index.
[2] This category primarily comprises fixed income investments by the U.S. government and government sponsored entities.
[3] This category primarily represents investment grade bonds of U.S. issuers from diverse industries.
[4] This category mainly comprises private placement bonds as well as collateralized mortgage obligations and funds that invest in treasury obligations directly or in treasury backed obligations.
[5] This category mainly represents cash, money market funds as well as mutual funds comprised of high grade corporate bonds.

The methods and inputs used to measure the fair value of plan assets are as follows:

Index funds are valued based on market quotes.

Other equity investments are valued at their market prices as of the date of the statement of financial position.

Government bonds are valued based on both market prices (Level 1) and market quotes (Level 2).

Corporate bonds and other bonds are valued based on market quotes as of the date of the statement of financial position.

Cash is stated at nominal value which equals the fair value.

U.S. Treasury money market funds as well as other money market and mutual funds are valued at their market prices.

Plan investment policy and strategy

For the North American funded plan, the Fresenius Group periodically reviews the assumptions for long-term expected return on pension plan assets. As part of the assumptions review, a range of reasonable expected investment returns for the pension plan as a whole was determined based on an analysis of expected future returns for each asset class weighted by the allocation of the assets. The range of returns developed relies both on forecasts, which include the actuarial firm's expected long-term rates of return for each significant asset class or economic indicator, and on broad-market historical benchmarks for expected return, correlation, and volatility for each asset class. As a result, the expected rate of return on pension plan assets of the North American pension plan was 7.0% for the year 2012.

The overall investment strategy for the North American pension plan is to achieve a mix of approximately 96% of investments for long-term growth and 4% for near-term benefit payments with a wide diversification of asset types, fund strategies and fund managers.

The target allocations for plan assets in North America are 35% equity securities and 65% long-term U.S. bonds. The investment policy considers that there will be a time horizon for invested funds of more than five years. The total portfolio will be measured against a policy index that reflects the asset class benchmarks and the target asset allocation. The plan policy does not allow investments in securities of Fresenius Medical Care AG & Co. KGaA or other related party securities. The performance benchmarks for the separate asset classes include: S & P 500 Index, S & P 400 Index, Russell 2000 Growth Index, MSCI EAFE Index, MSCI Emerging Markets Index, Barclays Capital Long Term Government Index and Barclays Capital 20 Year U.S. Treasury Strip Index.

The following schedule describes Fresenius Group's allocation for its funded plans.

in %	**Allocation 2012**	Allocation 2011	Target allocation
Equity investments	**27.99**	28.47	35.07
Fixed income investments	**61.24**	62.58	57.64
Other incl. real estate	**10.77**	8.95	7.29
Total	**100.00**	100.00	100.00

The overall expected long-term rate of return on assets of the Fresenius Group amounts to 6.05% compounded annually. Contributions to plan assets for the fiscal year 2013 are expected to amount to €15 million.

DEFINED CONTRIBUTION PLANS

Fresenius Group's total expense under defined contribution plans for 2012 was €84 million (2011: €63 million). Of this amount, €45 million related to contributions by the Fresenius Group to the Rheinische Zusatzversorgungskasse (a supplementary pension fund) and to other public supplementary pension funds for employees of Fresenius Helios. Further €30 million related to contributions to the North American savings plan, which employees of FMCH can join.

Following applicable collective bargaining agreements, the Fresenius Group pays contributions for a given number of employees of Fresenius Helios to the Rheinische Zusatzversorgungskasse (a supplementary pension fund) and to other public supplementary pension funds (together referred to as ZVK ÖD) to complement statutory retirement pensions. Given that employees from multiple participating entities are insured by these ZVK ÖDs, these plans are Multi-Employer plans. Employees are entitled to the benefits defined in the statutes regardless of the contributed amounts. The plan operates on a pay-as-you-earn system based on applying a collection rate to given parts of gross remuneration.

Paid contributions are accounted for as personnel expenses within cost of sales and selling, general and administrative expenses and amounted to €45 million in 2012 (2011: €31 million). Thereof €13 million were payments to the Rheinische Zusatzversorgungskasse (2011: €15 million).

Further disclosures are either irrelevant or immaterial for plans in supplementary pension funds or the necessary information cannot be obtained from the ZVK ÖDs without undue cost and effort.

Under the North American savings plan, employees can deposit up to 75% of their pay up to an annual maximum of US$16,500 if under 50 years old (US$22,000 if 50 or over). Fresenius Medical Care will match 50% of the employee deposit up to a maximum Company contribution of 3% of the employee's pay. Fresenius Medical Care's total expense under this defined contribution plan for the years ended December 31, 2012 and 2011 was €30 million and €24 million, respectively.

27. NONCONTROLLING INTEREST

NONCONTROLLING INTEREST SUBJECT TO PUT PROVISIONS

The Fresenius Group has potential obligations to purchase the noncontrolling interests held by third parties in certain of its consolidated subsidiaries. These obligations are in the form of put provisions and are exercisable at the third-party owners' discretion within specified periods as outlined in each specific put provision. If these put provisions were exercised, the Fresenius Group would be required to purchase all or part of third-party owners' noncontrolling interests at the appraised fair value at the time of exercise.

Noncontrolling interest subject to put provisions changed as follows:

€ in millions	2012
Noncontrolling interest subject to put provisions as of January 1, 2012	**317**
Noncontrolling interest subject to put provisions in profit	72
Purchase of noncontrolling interest subject to put provisions	116
Dividend payments	-87
Currency effects, first-time consolidations and other changes	-20
Noncontrolling interest subject to put provisions as of December 31, 2012	**398**

As of December 31, 2012 and 2011, €173 million and €88 million, respectively, were exercisable. One put option was exercised for a total consideration of €2 million in 2012.

NONCONTROLLING INTEREST NOT SUBJECT TO PUT PROVISIONS

As of December 31, noncontrolling interest not subject to put provisions in the Fresenius Group was as follows:

€ in millions	2012	2011
Noncontrolling interest not subject to put provisions in Fresenius Medical Care AG & Co. KGaA	**4,692**	4,254
Noncontrolling interest not subject to put provisions in VAMED AG	**33**	28
Noncontrolling interest not subject to put provisions in the business segments		
Fresenius Medical Care	**201**	123
Fresenius Kabi	**86**	63
Fresenius Helios	**111**	136
Fresenius Vamed	**2**	2
Total noncontrolling interest not subject to put provisions	**5,125**	4,606

Due to the maturity of the Mandatory Exchangeable Bonds on August 14, 2011, Fresenius SE & Co. KGaA's shareholding in Fresenius Medical Care AG & Co. KGaA (FMC-AG & Co. KGaA) was reduced by 15,722,644 ordinary shares to 30.4% of the ordinary share capital. From November 2011 to February 2012, Fresenius SE & Co. KGaA purchased 3,500,000 ordinary shares of FMC-AG & Co. KGaA. Therewith, Fresenius SE & Co. KGaA's shareholding in FMC-AG & Co. KGaA amounted to 31.2% of the ordinary share capital as of December 31, 2012.

Noncontrolling interest not subject to put provisions changed as follows:

€ in millions	2012
Noncontrolling interest not subject to put provisions as of January 1, 2012	**4,606**
Noncontrolling interest not subject to put provisions in profit	734
Stock options	79
Purchase of noncontrolling interest not subject to put provisions	56
Dividend payments	-204
Purchase of ordinary shares of FMC-AG & Co. KGaA	-43
Currency effects, first-time consolidations and other changes	-103
Noncontrolling interest not subject to put provisions as of December 31, 2012	**5,125**

28. FRESENIUS SE & CO. KGAA SHAREHOLDERS' EQUITY

SUBSCRIBED CAPITAL

Development of subscribed capital

On May 15, 2012, Fresenius SE & Co. KGaA successfully completed a capital increase upon registration with the commercial register. In connection with the capital increase, 13.8 million new ordinary shares were issued at a price of €73.50. The transaction generated gross proceeds of €1,014.3 million and increased the subscribed capital by €13.8 million. The new shares have full dividend entitlement for the fiscal year 2012.

During the fiscal year 2012, 1,150,924 stock options were exercised. Consequently, as of December 31, 2012, the subscribed capital of Fresenius SE & Co. KGaA, including the new shares of the capital increase, consisted of 178,188,260 bearer ordinary shares. The shares are issued as non-par value shares. The proportionate amount of the subscribed capital is €1.00 per share.

Notification by shareholders

The following table shows the notifications disclosed in 2012 in accordance with Section 26 (1) of the German Securities Trading Act (WpHG). They reflect the corresponding level of investments held in Fresenius SE & Co. KGaA:

Notifying party	Date of reaching, exceeding or falling below	Reporting threshold	Attribution pursuant to Section 22 WpHG	Percentage of voting rights	Number of voting rights
BlackRock, Inc., New York, United States [1]	April 25, 2012	Falling below 5%	Section 22 (1) sentence 1 No. 6 in connection with (1) sentence 2	4.88	7,974,870
BlackRock, Inc., New York, United States [2]	May 4, 2012	Exceeding 5%	Section 22 (1) sentence 1 No. 6 in connection with (1) sentence 2	5.36	8,756,380
Deutsche Bank AG, Frankfurt am Main, Germany	May 15, 2012	Exceeding 3% and 5%		6.34	11,228,068
			thereof pursuant to Sections 21 and 22	5.79	10,250,631
			thereof pursuant to Section 25	0.17	300,000
			thereof pursuant to Section 25a	0.38	677,437
Deutsche Bank AG, Frankfurt am Main, Germany	May 16, 2012	Falling below 3% and 5%		0.45	793,326
			thereof pursuant to Sections 21 and 22	0.00	0
			thereof pursuant to Section 25	0.00	0
			thereof pursuant to Section 25a	0.45	793,326
BlackRock Advisors Holdings, Inc., New York, United States	July 23, 2012	Exceeding 5%	Section 22 (1) sentence 1 No. 6 in connection with (1) sentence 2	5.05	8,954,443
BlackRock Advisors Holdings, Inc., New York, United States	August 28, 2012	Falling below 5%	Section 22 (1) sentence 1 No. 6 in connection with (1) sentence 2	4.98	8,847,524
The Capital Group Companies, Inc., Los Angeles, United States [3]	November 2, 2012	Exceeding 3%	Section 22 (1) sentence 1 No. 6 in connection with (1) sentence 2 and 3	3.12	5,557,985
BlackRock Group Limited, London, Great Britain	November 9, 2012	Falling below 3%	Section 22 (1) sentence 1 No. 6 in connection with (1) sentence 2	2.91	5,185,231

[1] Attribution of voting rights via: BlackRock International Holdings, Inc., BR Jersey International Holdings LP, BlackRock Group Limited
[2] Attribution of voting rights via: BlackRock Holdco 2, Inc., BlackRock Financial Management, Inc., BlackRock International Holdings, Inc., BR Jersey International Holdings LP, BlackRock Group Limited
[3] Attribution of voting rights via: Capital Research and Management Company

The Else Kröner-Fresenius-Stiftung as major shareholder informed Fresenius SE & Co. KGaA on December 19, 2012, that it holds 48,231,698 ordinary shares of Fresenius SE & Co. KGaA representing 27.07% of the subscribed capital on December 31, 2012.

All WpHG-notifications by shareholders are published on the website of the Company www.fresenius.com under Investor Relations – Fresenius Share/ADR – Shareholder Structure.

AUTHORIZED CAPITAL

By resolution of the Annual General Meeting on May 13, 2011, the previous Authorized Capitals I to V were revoked and a new Authorized Capital I was created.

In accordance with the new provision in the articles of association of Fresenius SE & Co. KGaA, the general partner, Fresenius Management SE, is authorized, with the approval of the Supervisory Board, until May 12, 2016, to increase Fresenius SE & Co. KGaA's subscribed capital by a total amount of up to €40,320,000 through a single issue or multiple issues of new bearer ordinary shares against cash contributions and/or contributions in kind (Authorized Capital I). A subscription right must be granted to the shareholders in principle. In defined cases, the general partner is authorized, with the consent of the Supervisory Board, to decide on the exclusion of the shareholders' subscription right (e.g. to eliminate fractional amounts). For cash contributions, the authorization can only be exercised if the issue price is not significantly below the stock exchange price of the already listed shares at the time the issue price is fixed with final effect by the general partner. Furthermore, the proportionate amount of the shares issued with exclusion of subscription rights may not exceed 10% of the subscribed capital neither at the time of the resolution on the authorization nor at the time of the utilization of the authorization. In the case of a contribution in kind, the subscription right can be excluded only in order to acquire a company, parts of a company or a participation in a company. The authorizations granted concerning the exclusion of subscription rights can be used by the general partner only to such extent that the proportional amount of the total number of shares issued with exclusion of the subscription rights does not exceed 20% of the subscribed capital, neither at the time of the resolution on the authorization nor at the time of the utilization of the authorization.

The changes to the Authorized Capital became effective upon registration of the amendments to the articles of association with the commercial register on July 11, 2011.

Due to the capital increase, the Authorized Capital I decreased by €13.8 million to €26,520,000 at December 31, 2012.

CONDITIONAL CAPITAL

Corresponding to the stock option plans, the Conditional Capital of Fresenius SE & Co. KGaA is divided into Conditional Capital I, Conditional Capital II and Conditional Capital III. These are used to satisfy the subscription rights in connection with previously issued stock options or convertible bonds, as the case may be, for bearer ordinary shares under the stock option plans of 1998, 2003 and 2008 (see note 35, Stock options).

By resolution on May 11, 2012, the Annual General Meeting of Fresenius SE & Co. KGaA authorized the general partner, with the approval of the Supervisory Board, until May 10, 2017, to issue option bearer bonds and/or convertible bearer bonds, once or several times, for a total nominal amount of up to €2.5 billion. To fulfill the granted subscription rights, the subscribed capital of Fresenius SE & Co. KGaA was increased conditionally by up to €16,323,734 through issuing of up to 16,323,734 new bearer ordinary shares (Conditional Capital IV). The change of Fresenius SE & Co. KGaA's articles of association with regard to the Conditional Capital IV became effective upon registration with the commercial register on July 4, 2012. The conditional capital increase shall only be implemented to the extent that the holders of convertible bonds issued for cash or of warrants from option bonds issued for cash exercise their conversion or option rights and as long as no other forms of settlement are used (Conditional Capital IV). The new bearer ordinary shares shall participate in the profits from the start of the fiscal year in which they are issued.

The following table shows the development of the Conditional Capital:

in €	Ordinary shares
Conditional Capital I Fresenius AG Stock Option Plan 1998	888,428
Conditional Capital II Fresenius AG Stock Option Plan 2003	2,976,630
Conditional Capital III Fresenius SE Stock Option Plan 2008	6,024,524
Total Conditional Capital as of January 1, 2012	**9,889,582**
Fresenius AG Stock Option Plan 1998 – options exercised	-30,458
Fresenius AG Stock Option Plan 2003 – options exercised	-479,376
Fresenius SE Stock Option Plan 2008 – options exercised	-641,090
Conditional Capital IV, approved on May 11, 2012	16,323,734
Total Conditional Capital as of December 31, 2012	**25,062,392**

CAPITAL RESERVES

Capital reserves comprise the premium paid on the issue of shares and the exercise of stock options (additional paid-in capital).

In the second quarter of 2012, the capital reserves increased by €989 million in connection with Fresenius SE & Co. KGaA's capital increase. The accrued expenses less applicable tax benefit were charged in an amount of €11 million against the capital reserves.

OTHER RESERVES

Other reserves comprise earnings generated by Group entities in prior years to the extent that they have not been distributed.

DIVIDENDS

Under the German Stock Corporation Act (AktG), the amount of dividends available for distribution to shareholders is based upon the unconsolidated retained earnings of Fresenius SE & Co. KGaA as reported in its statement of financial position determined in accordance with the German Commercial Code (HGB).

In May 2012, a dividend of €0.95 per bearer ordinary share was approved by Fresenius SE & Co. KGaA's shareholders at the Annual General Meeting and paid. The total dividend payment was €155 million.

29. OTHER COMPREHENSIVE INCOME (LOSS)

Other comprehensive income (loss) comprises all amounts recognized directly in equity (net of tax) resulting from the currency translation of foreign subsidiaries' financial statements and the effects of measuring financial instruments at their fair value as well as the change in benefit obligation.

Changes in the components of other comprehensive income (loss) in 2012 and 2011 were as follows:

€ in millions	Amount before taxes	Tax effect	Total before noncontrolling interest after taxes	Noncontrolling interest	Total after taxes
Cash flow hedges	-26	5	-21	-33	-54
Change in unrealized gains/losses	-35	9	-26	-34	-60
Realized gains/losses due to reclassifications	9	-4	5	1	6
Change of fair value of available for sale financial assets	-8	–	-8	–	-8
Foreign currency translation	-13	35	22	53	75
Actuarial losses on defined benefit pension plans	-22	8	-14	-27	-41
Total changes 2011	-69	48	-21	-7	-28
Cash flow hedges	28	-5	23	-1	22
Change in unrealized gains/losses	15	-4	11	-8	3
Realized gains/losses due to reclassifications	13	-1	12	7	19
Change of fair value of available for sale financial assets	-9	–	-9	–	-9
Foreign currency translation	-82	2	-80	-82	-162
Actuarial losses on defined benefit pension plans	-106	30	-76	-36	-112
Total changes 2012	**-169**	**27**	**-142**	**-119**	**-261**

Changes in accumulated other comprehensive income (loss) net of tax by component in 2012 and 2011 were as follows:

€ in millions	Gains/losses on cash flow hedges	Change of fair value of available for sale financial assets	Foreign currency translation	Pension obligations	Total, before non-controlling interest	Non-controlling interest	Total
Balance December 31, 2010	-124	–	226	-67	35	139	174
Other comprehensive income before reclassifications	-26	-8	22	-17	-29	-11	-40
Amounts reclassified from accumulated other comprehensive income	5	0	–	3	8	4	12
Net current-period other comprehensive income	-21	-8	22	-14	-21	-7	-28
Balance December 31, 2011	-145	-8	248	-81	14	132	146
Other comprehensive income before reclassifications	11	-9	-80	-83	-161	-132	-293
Amounts reclassified from accumulated other comprehensive income	12	0	–	7	19	13	32
Net current-period other comprehensive income	23	-9	-80	-76	-142	-119	-261
Balance December 31, 2012	**-122**	**-17**	**168**	**-157**	**-128**	**13**	**-115**

Reclassifications out of accumulated other comprehensive income (loss) in 2012 and 2011 were as follows:

	Amount of gain or loss reclassified from accumulated other comprehensive (income) loss		
€ in millions	2012	2011	Affected line item in the consolidated statement of income
Details about accumulated other comprehensive (income) loss components			
Gains/losses on cash flow hedges			
Interest rate contracts	**29**	14	Interest income/expense
Foreign exchange contracts	**-4**	-3	Cost of sales
Foreign exchange contracts	**-3**	-1	Selling, general and administrative expenses
Foreign exchange contracts	**–**	0	Interest income/expense
Total before tax	**22**	10	
Tax expense or benefit	**-3**	-4	
Net of tax	**19**	6	
Amortization of defined benefit pension items			
Prior service costs	**5**	–	[1]
Transition obligations	**–**	–	[1]
Actuarial gains and losses	**15**	8	[1]
Total before tax	**20**	8	
Tax expense or benefit	**-7**	-2	
Net of tax	**13**	6	
Total reclassifications for the period	**32**	12	

[1] Net periodic benefit cost is allocated as personnel expense within cost of sales or selling, general and administrative expenses as well as research and development expenses.

OTHER NOTES

30. COMMITMENTS AND CONTINGENT LIABILITIES

OPERATING LEASES AND RENTAL PAYMENTS

Fresenius Group's subsidiaries lease office and manufacturing buildings as well as machinery and equipment under various lease agreements expiring on dates through 2101. Rental expense recorded for operating leases for the years ended December 31, 2012 and 2011 was €565 million and €497 million, respectively.

Future minimum rental payments under non-cancellable operating leases for the years subsequent to December 31, 2012 are:

for the fiscal years	€ in millions
2013	502
2014	434
2015	372
2016	310
2017	297
Thereafter	1,041
Total	**2,956**

As of December 31, 2012, future investment commitments existed up to the year 2017 from the acquisition contracts for hospitals at projected costs of up to €341 million. Thereof €127 million relates to the year 2013.

Besides the above mentioned contingent liabilities, the amount of other commitments is immaterial.

LEGAL PROCEEDINGS

The Fresenius Group is routinely involved in numerous claims, lawsuits, regulatory and tax audits, investigations and other legal matters arising, for the most part, in the ordinary course of its business of providing health care services and products. Legal matters that the Fresenius Group currently deems to be material are described below. For the matters described below in which the Fresenius Group believes a loss is both reasonably possible and estimable, an estimate of the loss or range of loss exposure is provided. For the other matters described below, the Fresenius Group believes that the loss probability is remote and/or the loss or range of possible losses cannot be reasonably estimated at this time. The outcome of litigation and other legal matters is always difficult to predict accurately and outcomes that are not consistent with Fresenius Group's view of the merits can occur. The Fresenius Group believes that it has valid defenses to the legal matters pending against it and is defending itself vigorously. Nevertheless, it is possible that the resolution of one or more of the legal matters currently pending or threatened could have a material adverse effect on its business, results of operations and financial condition.

Commercial litigation

W.R. Grace & Co. lawsuit

Fresenius Medical Care was originally formed as a result of a series of transactions it completed pursuant to the Agreement and Plan of Reorganization dated as of February 4, 1996, by and between W.R. Grace & Co. and Fresenius SE (the Merger). At the time of the Merger, a W.R. Grace & Co. subsidiary known as W.R. Grace & Co.-Conn. had, and continues to have, significant liabilities arising out of product-liability related litigation (including asbestos-related actions), pre-Merger tax claims and other claims unrelated to National Medical Care, Inc. (NMC), which was W.R. Grace & Co.'s dialysis business prior to the Merger. In connection with the Merger, W.R. Grace & Co.-Conn. agreed to indemnify Fresenius Medical Care, Fresenius Medical Care Holdings, Inc. (FMCH), and NMC against all liabilities of W.R. Grace & Co., whether relating to events occurring before or after the Merger, other than liabilities arising from or relating to NMC's operations. W.R. Grace & Co. and certain of its subsidiaries filed for reorganization under Chapter 11 of the U.S. Bankruptcy Code (the Grace Chapter 11 Proceedings) on April 2, 2001.

Prior to and after the commencement of the Grace Chapter 11 Proceedings, class action complaints were filed against W.R. Grace & Co. and FMCH by plaintiffs claiming to be creditors of W.R. Grace & Co.-Conn., and by the asbestos creditors' committees on behalf of the W.R. Grace & Co. bankruptcy estate in the Grace Chapter 11 Proceedings, alleging, among other things that the Merger was a fraudulent conveyance, violated the uniform fraudulent transfer act and constituted a conspiracy. All such cases have been stayed and transferred to or are pending before the U.S. District Court as part of the Grace Chapter 11 Proceedings.

In 2003, Fresenius Medical Care reached agreement with the asbestos creditors' committees on behalf of the W.R. Grace & Co. bankruptcy estate and W.R. Grace & Co. in the matters pending in the Grace Chapter 11 Proceedings for the settlement of all fraudulent conveyance and tax claims against it and other claims related to Fresenius Medical Care that arise out of the bankruptcy of W.R. Grace & Co. Under the terms of the settlement agreement as amended (Settlement Agreement), fraudulent conveyance and other claims raised on behalf of asbestos claimants will be dismissed with prejudice and Fresenius Medical Care will receive protection against existing and potential future W.R. Grace & Co. related claims, including fraudulent conveyance and asbestos claims, and indemnification against income tax claims related to the non-NMC members of the W.R. Grace & Co. consolidated tax group upon confirmation of a W.R. Grace & Co. bankruptcy reorganization plan that contains such provisions. Under the Settlement Agreement, Fresenius Medical Care will pay a total of US$115 million without interest to the W.R. Grace & Co. bankruptcy estate, or as otherwise directed by the Court, upon plan confirmation. No admission of liability has been or will be made. The Settlement Agreement has been approved by the U.S. District Court. In January and February 2011, the U.S. Bankruptcy Court entered orders confirming the plan of reorganization and the confirmation orders were affirmed by the U.S. District Court on January 31, 2012. Multiple parties have appealed to the Third Circuit Court of Appeals and the plan of reorganization will not be implemented until the appeals are finally resolved.

Subsequent to the Merger, W.R. Grace & Co. was involved in a multi-step transaction involving Sealed Air Corporation (Sealed Air, formerly known as Grace Holding, Inc.). Fresenius Medical Care is engaged in litigation with Sealed Air to confirm its entitlement to indemnification from Sealed Air for all losses and expenses incurred by Fresenius Medical Care relating to pre-Merger tax liabilities and Merger-related claims. Under the Settlement Agreement, upon final confirmation of a plan of reorganization that satisfies the conditions of Fresenius Medical Care's payment obligation, this litigation will be dismissed with prejudice.

Baxter patent dispute "touchscreen interfaces" (1)

On April 4, 2003, FMCH filed a suit in the U.S. District Court for the Northern District of California, styled Fresenius USA, Inc., et al., v. Baxter International, Inc., et al., Case No. C 03-1431, seeking a declaratory judgment that FMCH does not infringe patents held by Baxter International, Inc. and its subsidiaries and affiliates (Baxter), that the patents are invalid, and that Baxter is without right or authority to threaten or maintain suit against FMCH for alleged infringement of Baxter's patents. In general, the asserted patents concern the use of touch screen interfaces for hemodialysis machines. Baxter filed counterclaims against FMCH seeking more than US$140 million in monetary damages and injunctive relief, and alleging that FMCH willfully infringed on Baxter's patents. On July 17, 2006, the court entered judgment on a jury verdict in favor of FMCH finding all asserted claims of Baxter patents invalid as obvious and/or anticipated in light of prior art.

On February 13, 2007, the court granted Baxter's motion to set aside the jury's verdict in favor of FMCH and reinstated the patents and entered judgment of infringement. Following a trial on damages, the court entered judgment on November 6, 2007 in favor of Baxter on a jury award of US$14.3 million. On April 4, 2008, the court denied Baxter's motion for a new trial, established a royalty payable to Baxter of 10% of the sales price for continuing sales of FMCH's 2008K hemodialysis machines and 7% of the sales price of related disposables, parts and service beginning November 7, 2007, and enjoined sales of the touchscreen-equipped 2008K machine effective January 1, 2009. Fresenius Medical Care appealed the court's rulings to the United States Court of Appeals for the Federal Circuit (Federal Circuit). In October 2008, Fresenius Medical Care completed design modifications to the 2008K machine that eliminate any incremental hemodialysis machine royalty payment exposure under the District Court order. On September 10, 2009, the Federal Circuit reversed the district court's decision and determined that the asserted claims in two of the three patents at issue are invalid. As to the third patent, the Federal Circuit affirmed the district court's decision; however, the Court also vacated the injunction and award of damages. These issues were remanded to the District Court for reconsideration in light of the invalidity ruling on most of the claims. As a result, FMCH is no longer required to fund the court-approved escrow account set up to hold the royalty payments ordered by the district court. Funds of US$70 million were contributed to the escrow fund. Upon remand, the district court reduced the post verdict damages award to US$10 million and US$61 million of the escrowed funds was returned to FMCH. In the parallel reexamination of the last surviving patent, the U.S. Patent and Trademark Office (USPTO) and the Board of Patent Appeals and Interferences ruled that the remaining Baxter patent is invalid. On May 17, 2012, the Federal Circuit affirmed the USPTO's ruling and invalidated the final remaining Baxter patent. Baxter's request to the Federal Circuit for a rehearing has been denied, and the Federal Circuit has issued a mandate to the USPTO to cancel the claims of the last remaining asserted Baxter HD patent. Baxter has appealed to the Federal Circuit claiming that approximately US$20 million of damages awarded to it by the District Court before the Federal Circuit affirmed the USPTO ruling constitutes a final judgment hat may be collected. FMCH is opposing this appeal.

Baxter patent dispute "Liberty Cycler"

On August 27, 2012, Baxter filed suit in the U.S. District Court for the Northern District of Illinois, styled Baxter International Inc., et al., v. Fresenius Medical Care Holdings, Inc., Case No. 12-cv-06890, alleging that FMCH's Liberty™ cycler infringes certain U.S. patents that were issued to Baxter between October 2010 and June 2012. Fresenius Medical Care believes it has valid defenses to these claims, and will defend this litigation vigorously.

Product liability litigation

On December 12, 2012, a group of plaintiffs' counsel filed a petition to form a federal multidistrict litigation and thereby consolidate certain lawsuits alleging wrongful death and personal injury claims against FMCH and its affiliates. The complaints to be consolidated for pre-trial management allege generally that inadequate labeling and warnings for FMCH's dialysate concentrate products NaturaLyte® and Granuflo® caused harm to patients. In addition, a substantial number of similar state court cases have been filed that cannot be formally consolidated with the federal cases. FMCH believes that these lawsuits are without merit, and will defend them vigorously. In one case, the complaint was formally served on Fresenius SE & Co. KGaA and Fresenius Management SE causing both companies to be formally involved in the litigation. Both companies also believe the lawsuits to be without merit and intend to defend them vigorously.

Other litigation and potential exposures

Renal Care Group – Class action "acquisition"

Renal Care Group, Inc. (RCG), which Fresenius Medical Care acquired in 2006, is named as a nominal defendant in a complaint originally filed September 13, 2006 in the Chancery Court for the State of Tennessee Twentieth Judicial District at Nashville styled Indiana State District Council of Laborers and Hod Carriers Pension Fund v. Gary Brukardt et al. Following the trial court's dismissal of the complaint, plaintiff's appeal in part, and reversal in part by the appellate court, the cause of action purports to be a class action on behalf of former shareholders of RCG and seeks monetary damages only against the individual former directors of RCG. The individual defendants, however, may have had claims for indemnification and reimbursement of expenses against Fresenius Medical Care. Subject to the approval of the Nashville Chancery Court, the plaintiff has agreed to dismiss the complaint with prejudice against the plaintiff and all other class members in exchange for a payment that is not material to Fresenius Medical Care.

Fresenius Medical Care Holdings – Qui tam complaint (Massachusetts)

On February 15, 2011, a qui tam relator's complaint under the False Claims Act against FMCH was unsealed by order of the United States District Court for the District of Massachusetts and served by the relator. The United States has not intervened in the case United States ex rel. Chris Drennen v. Fresenius Medical Care Holdings, Inc., 2009 Civ. 10179 (D. Mass.). The relator's complaint, which was first filed under seal in February 2009, alleges that FMCH seeks and receives reimbursement from government payors for serum ferritin and hepatitis B laboratory tests that are medically unnecessary or not properly ordered by a physician. On March 6, 2011, the United States Attorney for the District of Massachusetts issued a Civil Investigative Demand seeking the production of documents related to the same laboratory tests that are the subject of the relator's complaint. FMCH has cooperated fully in responding to the additional Civil Investigative Demand, and will vigorously contest the relator's complaint.

Subpoena "New York"

On June 29, 2011, FMCH received a subpoena from the United States Attorney for the Eastern District of New York (E.D.N.Y). On December 6, 2011, a single Company facility in New York received a subpoena from the Office of the Inspector General of the Department of Health and Human Services that was substantially similar to the one issued by the U.S. Attorney for the E.D.N.Y. These subpoenas are part of a criminal and civil investigation into relationships between retail pharmacies and outpatient dialysis facilities in the State of New York and into the reimbursement under government payor programs in New York for medications provided to patients with end-stage renal disease. Among the issues encompassed by the investigation is whether retail pharmacies may have provided or received compensation from the New York Medicaid program for pharmaceutical products that should be provided by the dialysis facilities in exchange for the New York Medicaid payment to the dialysis facilities. FMCH has cooperated in the investigation.

Subpoena "American Access Care, LLC"

Civil investigative demands were issued under the supervision of the United States Attorneys for Rhode Island and Connecticut to American Access Care, LLC (AAC) and certain affiliated entities prior to Fresenius Medical Care's acquisition of AAC in October 2011. In March 2012, a third subpoena was issued under the supervision of the United States Attorney for the Southern District of Florida (Miami). The subpoenas cover a wide range of documents and activities of AAC, but appear to focus on coding and billing practices and procedures. Fresenius Medical Care has assumed responsibility for responding to the subpoenas and is cooperating fully with the United States Attorneys.

Internal review

Fresenius Medical Care has received communications alleging certain conduct in certain countries outside the United States and Germany that may violate the U.S. Foreign Corrupt Practices Act (FCPA) or other anti-bribery laws. In response to the allegations, the Audit and Corporate Governance Committee of Fresenius Medical Care's Supervisory Board is conducting an internal review with the assistance of independent counsel retained for such purpose. Fresenius Medical Care voluntarily advised the U.S. Securities and Exchange Commission and the U.S. Department of Justice that allegations have been made and of Fresenius Medical Care's internal review. Fresenius Medical Care has also directed its independent counsel, in conjunction with Fresenius Medical Care's Compliance Department, to review Fresenius Medical Care's compliance program including internal controls related to compliance with international anti-bribery laws and implement appropriate enhancements. Fresenius Medical Care is fully committed to FCPA compliance. It cannot predict the final outcome of its review.

Subpoenas "Massachusetts and Louisiana"

In December 2012 and January 2013, FMCH received subpoenas from the United States Attorneys for the District of Massachusetts and the Western District of Louisiana requesting production of a range of documents relating to products manufactured by FMCH, including the Granuflo® and Naturalyte® dialysate concentrate products. FMCH intends to cooperate fully in these matters.

In the ordinary course of Fresenius Group's operations, the Fresenius Group is subject to litigation, arbitration and investigations relating to various aspects of its business. The Fresenius Group regularly analyzes current information about such claims for probable losses and provides accruals for such matters, including estimated expenses for legal services, as appropriate.

The Fresenius Group, like other health care providers, conducts its operations under intense government regulation and scrutiny. It must comply with regulations which relate to or govern the safety and efficacy of medical products and supplies, the operation of manufacturing facilities, laboratories and dialysis clinics, and environmental and occupational health and safety. The Fresenius Group must also comply with the laws of the United States, including the federal Anti-Kickback Statute, the federal False Claims Act, the federal Stark Law, and other federal and state fraud and abuse laws. Applicable laws or regulations may be amended, or enforcement agencies or courts may make interpretations that differ from Fresenius Group's interpretations or the manner in which it conducts its business. Enforcement has become a high priority for the federal government and some states. In addition, the provisions of the False Claims Act authorizing payment of a portion of any recovery to the party bringing the suit encourage private plaintiffs to commence "qui tam" or "whistle blower" actions. In May 2009, the scope of the False Claims Act was expanded and additional protections for whistle blowers and procedural provisions to aid whistle blowers' ability to proceed in a False Claims Act case were added. By virtue of this regulatory environment, Fresenius Group's business activities and practices are subject to extensive review by regulatory authorities and private parties, and continuing audits, investigative demands, subpoenas, other inquiries, claims and litigation relating to Fresenius Group's compliance with applicable laws and regulations. The Fresenius Group may not always be aware that an inquiry or action has begun, particularly in the case of "whistle blower" actions, which are initially filed under court seal.

The Fresenius Group operates many facilities throughout the United States and other parts of the world. In such a decentralized system, it is often difficult to maintain the desired level of oversight and control over the thousands of individuals employed by many affiliated companies. The Fresenius Group relies upon its management structure, regulatory and legal resources, and the effective operation of its compliance program to direct, manage and monitor the activities of these employees. On occasion, the Fresenius Group may identify instances where employees or other agents deliberately, recklessly or inadvertently contravene Fresenius Group's policies or violate applicable law. The actions of such persons may subject the Fresenius Group and its subsidiaries to liability under the Anti-Kickback Statute, the Stark Law, the False Claims Act and the Foreign Corrupt Practices Act, among other laws and comparable laws of other countries.

Physicians, hospitals and other participants in the health care industry are also subject to a large number of lawsuits alleging professional negligence, malpractice, product liability, worker's compensation or related claims, many of which involve large claims and significant defense costs. The Fresenius Group has been and is currently subject to these suits due to the nature of its business and expects that those types of lawsuits may continue. Although the Fresenius Group maintains insurance at a level which it believes to be prudent, it cannot assure that the coverage limits will be adequate or that insurance will cover all asserted claims. A successful claim against the Fresenius Group or any of its subsidiaries in excess of insurance coverage could have a material adverse effect upon it and the results of its operations. Any claims, regardless of their merit or eventual outcome, could have a material adverse effect on Fresenius Group's reputation and business.

The Fresenius Group has also had claims asserted against it and has had lawsuits filed against it relating to alleged patent infringements or businesses that it has acquired or divested. These claims and suits relate both to operation of the businesses and to the acquisition and divestiture transactions. The Fresenius Group has, when appropriate, asserted its own claims, and claims for indemnification. A successful claim against the Fresenius Group or any of its subsidiaries could have a material adverse effect upon its business, financial condition, and the results of its operations. Any claims, regardless of their merit or eventual outcome, could have a material adverse effect on Fresenius Group's reputation and business.

Accrued special charge of Fresenius Medical Care for legal matters

At December 31, 2001, Fresenius Medical Care recorded a pre-tax special charge of US$258 million to reflect anticipated expenses associated with the defense and resolution of pre-Merger tax claims, Merger-related claims, and commercial insurer claims. The costs associated with the Settlement Agreement and settlements with insurers have been charged against this accrual. With the exception of the proposed US$115 million (€87 million) payment under the Settlement Agreement in the Grace Chapter 11 Proceedings, all other matters included in the special charge have been resolved. While Fresenius Medical Care believes that its remaining accrual reasonably estimates its currently anticipated costs related to the continued defense and resolution of this matter, no assurances can be given that its actual costs incurred will not exceed the amount of this accrual.

31. FINANCIAL INSTRUMENTS

The relationship between classes and categories as well as the reconciliation to the statement of financial position line items is shown in the following table:

Classes	Categories: Loans and receivables	Categories: Financial liabilities measured at amortized cost	Categories: Financial liabilities/assets measured at fair value in the consolidated statement of income	Categories: Available for sale financial assets	Relating to no category
Cash and cash equivalents					▶ Cash and cash equivalents
Assets recognized at carrying amount	▶ Trade accounts receivable (incl. receivables from and loans to related parties) ▶ Other non-current assets (solely loan to Renal Advantage Partners, LLC) (until February 28, 2012)				
Assets recognized at fair value				▶ German government securities ▶ Shares	
Liabilities recognized at carrying amount		▶ Trade accounts payable ▶ Short-term accounts payable to related parties ▶ Short-term debt (incl. short-term loans from related parties) ▶ Long-term debt excluding capital lease obligations ▶ Senior Notes ▶ Trust preferred securities (until June 15, 2011) ▶ Mandatory exchangeable bonds (excluding embedded derivatives) (until August 14, 2011)			▶ Long-term capital lease obligations
Liabilities recognized at fair value			▶ Other short-term liabilities (solely Contingent Value Rights (until March 31, 2011) and derivatives embedded in the Mandatory Exchangeable Bonds (until August 14, 2011))		
Noncontrolling interest subject to put provisions recognized at fair value					▶ Noncontrolling interest subject to put provisions
Derivatives for hedging purposes			▶ Other current assets ▶ Other non-current assets ▶ Other short-term liabilities ▶ Other long-term liabilities		▶ Other current assets ▶ Other non-current assets ▶ Other short-term liabilities ▶ Other long-term liabilities

The derivative financial instruments embedded in the Mandatory Exchangeable Bonds (MEB) were included in the statement of financial position item short-term accrued expenses and other short-term liabilities until the maturity of the MEB (for details relating to the MEB, please see note 24, Mandatory Exchangeable Bonds). Due to their special character and the difference in valuation, the embedded derivatives were classified separately. Also because of their special character and different valuation, the Contingent Value Rights (CVR) were classified separately from their statement of financial position item.

VALUATION OF FINANCIAL INSTRUMENTS

The carrying amounts of financial instruments at December 31, classified into categories, were as follows:

€ in millions	2012	2011
Loans and receivables	**3,668**	3,428
Financial liabilities measured at amortized cost	**11,897**	10,574
Assets measured at fair value in the consolidated statement of income [1]	**37**	44
Liabilities measured at fair value in the consolidated statement of income [1]	**32**	77
Available for sale financial assets	**182**	26
Relating to no category	**330**	68

[1] There are no financial instruments designated as at fair value through profit or loss upon initial recognition.

The following table presents the carrying amounts and fair values as well as the fair value hierarchy levels of Fresenius Group's financial instruments as of December 31, classified into classes:

		2012		2011	
€ in millions	Fair value hierarchy level	Carrying amount	Fair value	Carrying amount	Fair value
Cash and cash equivalents	1	**885**	**885**	635	635
Assets recognized at carrying amount	3	**3,668**	**3,668**	3,428	3,427
Assets recognized at fair value	1	**182**	**182**	26	26
Liabilities recognized at carrying amount	2	**11,991**	**12,593**	10,627	10,874
Liabilities recognized at fair value	2	**23**	**23**	18	18
Noncontrolling interest subject to put provisions recognized at fair value	3	**398**	**398**	317	317
Derivatives for hedging purposes	2	**-35**	**-35**	-212	-212

The significant methods and assumptions used to estimate the fair values of financial instruments as well as classification of fair value measurements according to the three-tier fair value hierarchy are as follows:

Cash and cash equivalents are stated at nominal value, which equals the fair value.

The nominal value of short-term financial instruments such as accounts receivable and payable and short-term debt represents its carrying amount, which is a reasonable estimate of the fair value due to the relatively short period to maturity for these instruments.

The fair values of major long-term financial instruments are calculated on the basis of market information. Financial instruments for which market quotes are available are measured with the market quotes at the reporting date. The fair values of the other long-term financial liabilities are calculated at the present value of respective future cash flows. To determine these present values, the prevailing interest rates and credit spreads for the Fresenius Group as of the date of the statement of financial position are used.

The fair value of Fresenius Medical Care's loan to Renal Advantage Partners, LLC was based on significant unobservable inputs of comparable instruments and thus the class assets recognized at carrying amount consisting of trade accounts receivable and this loan is classified as fair value hierarchy Level 3.

The class assets recognized at fair value comprises German government securities and shares. The fair values of these assets are calculated on the basis of market information. Therefore, this class is classified as Level 1.

The class liabilities recognized at carrying amount is classified as hierarchy Level 2.

The class liabilities recognized at fair value is classified as hierarchy Level 2. Until the maturity of the MEB and the delisting of the CVR, this class consisted of the derivatives embedded in the MEB and the CVR.

The carrying amounts of derivatives embedded in the MEB and the CVR corresponded with their fair values. The MEB matured on August 14, 2011. The embedded derivatives were measured at fair value, which was estimated based on a Black-Scholes model which uses significant other observable inputs. Therefore, they were classified as Level 2.

The CVR were traded on the stock exchange in the United States and were therefore valued with the current stock exchange price until December 31, 2010. Consequently, they were classified as Level 1. In the first quarter of 2011, the CVR were deregistered and delisted from the NASDAQ due to the expiration of the underlying agreement and became valueless.

The valuation of the class noncontrolling interest subject to put provisions recognized at fair value is determined using significant unobservable inputs. It is therefore classified as Level 3.

Derivatives, mainly consisting of interest rate swaps and foreign exchange forward contracts, are valued as follows: The fair value of interest rate swaps is calculated by discounting the future cash flows on the basis of the market interest rates applicable for the remaining term of the contract as of the date of the statement of financial position. To determine the fair value of foreign exchange forward contracts, the contracted forward rate is compared to the current forward rate for the remaining term of the contract as of the date of the statement of financial position. The result is then discounted on the basis of the market interest rates prevailing at the date of the statement of financial position for the respective currency.

Fresenius Group's own credit risk is incorporated in the fair value estimation of derivatives that are liabilities. Counterparty credit-risk adjustments are factored into the valuation of derivatives that are assets.

For the fair value measurement of the class derivatives for hedging purposes, significant other observable inputs are used. Therefore, they are classified as Level 2 in accordance with the defined fair value hierarchy levels.

Currently, there is no indication that a decrease in the value of Fresenius Group's financing receivables is probable. Therefore, the allowances on credit losses of financing receivables are immaterial.

FAIR VALUES OF DERIVATIVE FINANCIAL INSTRUMENTS

	Dec. 31, 2012		Dec. 31, 2011	
€ in millions	**Assets**	**Liabilities**	Assets	Liabilities
Interest rate contracts (current)	**0**	**50**	0	103
Interest rate contracts (non-current)	**0**	**18**	0	60
Foreign exchange contracts (current)	**15**	**11**	9	39
Foreign exchange contracts (non-current)	**1**	**–**	1	5
Derivatives designated as hedging instruments [1]	**16**	**79**	10	207
Interest rate contracts (current)	**0**	**6**	0	0
Interest rate contracts (non-current)	**0**	**2**	0	3
Foreign exchange contracts (current) [1]	**37**	**9**	43	58
Foreign exchange contracts (non-current) [1]	**–**	**–**	1	1
Derivatives not designated as hedging instruments	**37**	**17**	44	62

[1] Derivatives designated as hedging instruments and foreign exchange contracts not designated as hedging instruments are classified as derivatives for hedging purposes.

Derivative financial instruments are marked to market each reporting period, resulting in carrying amounts equal to fair values at the reporting date.

Derivatives not designated as hedging instruments, which are derivatives that do not qualify for hedge accounting, are also solely entered into to hedge economic business transactions and not for speculative purposes.

Derivatives for hedging purposes were recognized at gross value within other assets in an amount of €53 million and other liabilities in an amount of €88 million.

The current portion of interest rate contracts and foreign exchange contracts indicated as assets in the previous table is recognized within other current assets in the consolidated statement of financial position, while the current portion of those indicated as liabilities is included in short-term accrued expenses and other short-term liabilities. The non-current portions indicated as assets or liabilities are recognized in other non-current assets or in long-term accrued expenses and other long-term liabilities, respectively. The derivatives embedded in the MEB were recognized within other short-term liabilities until the maturity of the MEB.

Effects of financial instruments recorded in the consolidated statement of income

The net gains and losses from financial instruments consisted of allowances for doubtful accounts in an amount of €251 million and foreign currency transactions of -€22 million. Interest income of €54 million resulted mainly from trade accounts receivable and loans to related parties. Interest expense of €720 million resulted mainly from financial liabilities, which are not recognized at fair value in the consolidated statement of income.

EFFECT OF DERIVATIVES DESIGNATED AS HEDGING INSTRUMENTS ON THE CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	2012		
€ in millions	Gain or loss recognized in other comprehensive income (loss) (effective portion)	Gain or loss reclassified from accumulated other comprehensive income (loss) (effective portion)	Gain or loss recognized in the consolidated statement of income
Interest rate contracts	-20	29	2
Foreign exchange contracts	39	-7	0
Derivatives in cash flow hedging relationships[1]	**19**	**22**	**2**
Foreign exchange contracts			4
Derivatives in fair value hedging relationships			**4**
Derivatives designated as hedging instruments	**19**	**22**	**6**

[1] The amount of gain or loss recognized in the consolidated statement of income solely relates to the ineffective portion.

	2011		
€ in millions	Gain or loss recognized in other comprehensive income (loss) (effective portion)	Gain or loss reclassified from accumulated other comprehensive income (loss) (effective portion)	Gain or loss recognized in the consolidated statement of income
Interest rate contracts	-60	14	-7
Foreign exchange contracts	-31	-4	–
Derivatives in cash flow hedging relationships[1]	**-91**	**10**	**-7**
Foreign exchange contracts			-7
Derivatives in fair value hedging relationships			**-7**
Derivatives designated as hedging instruments	**-91**	**10**	**-14**

[1] The amount of gain or loss recognized in the consolidated statement of income solely relates to the ineffective portion.

In 2012, losses of €9 million (2011: €8 million) for available for sale financial assets were recognized in other comprehensive income (loss).

EFFECT OF DERIVATIVES NOT DESIGNATED AS HEDGING INSTRUMENTS ON THE CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Gain or loss recognized in the consolidated statement of income	
€ in millions	**2012**	2011
Interest rate contracts	**–**	3
Foreign exchange contracts	**-23**	43
Derivatives embedded in the MEB	**0**	-100
Derivatives not designated as hedging instruments	**-23**	-54

Losses from derivatives in fair value hedging relationships and from foreign exchange contracts not designated as hedging instruments recognized in the consolidated statement of income are faced by gains from the underlying transactions in the corresponding amount.

The Fresenius Group expects to recognize a net amount of €2 million of the existing gains for foreign exchange contracts deferred in accumulated other comprehensive income (loss) in the consolidated statement of income within the next 12 months. For interest rate contracts, the Fresenius Group expects to recognize €48 million of losses in the course of normal business during the next 12 months in interest expense.

Gains and losses from foreign exchange contracts and the corresponding underlying transactions are accounted for as cost of sales, selling, general and administrative expenses and net interest. Gains and losses resulting from interest rate contracts are recognized as net interest in the consolidated statement of income. Until 2011, the position other financial result in the consolidated statement of income included gains and losses from the valuation of the derivatives embedded in the MEB, which was made until August 14, 2011 (see note 11, Other financial result).

MARKET RISK

General

The Fresenius Group is exposed to effects related to foreign exchange fluctuations in connection with its international business activities that are denominated in various currencies. In order to finance its business operations, the Fresenius Group issues senior notes and commercial papers and enters into mainly long-term credit agreements and euro notes (Schuldscheindarlehen) with banks. Due to these financing activities, the Fresenius Group is exposed to interest risk caused by changes in variable interest rates and the risk of changes in the fair value of statement of financial position items bearing fixed interest rates.

In order to manage the risk of interest rate and foreign exchange rate fluctuations, the Fresenius Group enters into certain hedging transactions with highly rated financial institutions as authorized by the Management Board. Derivative financial instruments are not entered into for trading purposes.

In general, the Fresenius Group conducts its derivative financial instrument activities under the control of a single centralized department. The Fresenius Group has established guidelines derived from best practice standards in the banking industry for risk assessment procedures and supervision concerning the use of financial derivatives. These guidelines require amongst other things a clear segregation of duties in the areas of execution, administration, accounting and controlling. Risk limits are continuously monitored and, where appropriate, the use of hedging instruments is adjusted to that extent.

The Fresenius Group defines benchmarks for individual exposures in order to quantify interest and foreign exchange risks. The benchmarks are derived from achievable and sustainable market rates. Depending on the individual benchmarks, hedging strategies are determined and generally implemented by means of micro hedges.

Earnings of the Fresenius Group were not materially affected by hedge ineffectiveness in the reporting period since the critical terms of the interest and foreign exchange derivatives mainly matched the critical terms of the underlying exposures.

Securities, which are predominantly held as German government securities and shares, are generally subject to the risk of changing stock exchange prices. Therefore, the stock exchange prices of these securities are continuously monitored to identify possible price risks on time.

Derivative financial instruments

Foreign exchange risk management

The Fresenius Group has determined the euro as its financial reporting currency. Therefore, foreign exchange translation risks resulting from the fluctuation of exchange rates between the euro and the local currencies, in which the financial statements of the foreign subsidiaries are prepared, have an impact on results of operations and financial positions reported in the consolidated financial statements.

Besides translation risks, foreign exchange transaction risks exist, which mainly relate to transactions such as purchases and sales as well as engineering and services provided by the Fresenius Group which are denominated in foreign currencies. A major part of transaction risks arise from products manufactured in Fresenius Group's worldwide production sites which are usually denominated in the local currency of the respective manufacturer and are delivered worldwide to various Fresenius Group entities. These intragroup sales are mainly denominated in euros, U.S. dollars and yens. Therefore, Group companies are exposed to changes of the foreign exchange rates between the invoicing currencies and the local currencies in which they conduct their businesses. Solely for the purpose of hedging existing and foreseeable foreign exchange transaction exposures, the Fresenius Group enters into foreign exchange forward contracts and, on a small scale, foreign exchange options. To ensure that no foreign exchange risks result from loans in foreign currencies, the Fresenius Group enters into foreign exchange swap contracts.

As of December 31, 2012, the notional amounts of foreign exchange contracts totaled €2,950 million. These foreign exchange contracts have been entered into to hedge risks from operational business and in connection with loans in foreign currency. The predominant part of the foreign exchange forward contracts to hedge risks from operational business was recognized as cash flow hedge, while foreign exchange contracts in connection with loans in foreign currencies are partly recognized as fair value hedges. The fair values of cash flow hedges and fair value hedges were €5 million and -€4 thousand, respectively.

The hedge-effective portion of changes in the fair value of foreign exchange forward contracts that are designated and qualified as cash flow hedges of forecasted product purchases and sales is reported in accumulated other comprehensive income (loss). These amounts are subsequently reclassified into earnings as a component of cost of sales or as selling, general and administrative expenses in the same period in which the hedged transaction affects earnings.

As of December 31, 2012, the Fresenius Group was party to foreign exchange contracts with a maximum maturity of 35 months.

The Fresenius Group uses a Cash-Flow-at-Risk (CFaR) model in order to estimate and quantify such transaction risks from foreign currencies. The basis for the analysis of the currency risks are the foreign currency cash flows that are reasonably expected to arise within the following 12 months, less any hedges. Under the CFaR approach, the potential currency fluctuations of these net exposures are shown as probability distributions based on historical volatilities and correlations of the preceding 250 business days. The calculation is made assuming a confidence level of 95% and a holding period of up to one year. The aggregation of currency risks has risk-mitigating effects due to correlations between the transactions concerned, i. e. the overall portfolio's risk exposure is generally less than the sum total of the underlying individual risks. As of December 31, 2012, the Fresenius Group's cash flow at risk amounts to €43 million, this means, with a probability of 95%, a potential loss in relation to the forecasted foreign exchange cash flows of the next 12 months will be not higher than €43 million.

Interest rate risk management

Fresenius Group's interest rate risks mainly arise from money market and capital market transactions of the Group for financing its business activities.

The Fresenius Group enters into interest rate swaps and, on a small scale, into interest rate options in order to protect against the risk of rising interest rates. These interest rate derivatives are mainly designated as cash flow hedges and have been entered into in order to convert payments based on variable interest rates into payments at a fixed interest rate and in anticipation of future debt issuances. The U.S. dollar interest rate swaps with a notional volume of US$1,200 million (€909 million) and a fair value of -US$29 million (-€22 million) expire at various dates in the years 2013 and 2014. The euro interest rate swaps with a notional volume of €676 million and a fair value of -€54 million expire in the years 2013 to 2022. The U.S. dollar interest rate swaps bear an average interest rate of 3.25% and the euro interest rate swaps bear an average interest rate of 2.95%.

Interest payables and interest receivables in connection with the swap agreements are accrued and recorded as an adjustment to the interest expense at each reporting date. Concerning interest rate contracts, unscheduled repayments or the renegotiation of hedged items may in some cases lead to the de-designation of the hedging instrument, which existed up to that point. From that date, the respective hedging transactions are recognized in the consolidated statement of income.

For purposes of analyzing the impact of changes in the relevant reference interest rates on Fresenius Group's results of operations, the Group calculates the portion of financial debt which bears variable interest rates and which has not been hedged by means of interest rate swaps or options against rising interest rates. For this particular part of its liabilities, the Fresenius Group assumes an increase in the reference rates of 0.5% compared to the actual rates as of the date of the statement of financial position. The corresponding additional annual interest expense is then compared to the net income attributable to shareholders of Fresenius SE & Co. KGaA. This analysis shows that an increase of 0.5% in the relevant reference rates would have an effect of less than 1% on the consolidated net income attributable to shareholders of Fresenius SE & Co. KGaA and Fresenius SE & Co. KGaA shareholders' equity.

Stock price risk management

Price risks arise from changing stock prices of available for sale financial assets. Gains and losses arising from available for sale financial assets are recognized directly in the consolidated statement of equity until the asset is disposed of or if it is considered to be impaired. A decline of 10% in prices of the recognized assets would have an effect of less than 0.2% on Fresenius SE & Co. KGaA shareholders' equity.

CREDIT RISK

The Fresenius Group is exposed to potential losses regarding financial instruments in the event of non-performance by counterparties. With respect to derivative financial instruments, it is not expected that any counterparty fails to meet its obligations as the counterparties are highly rated financial institutions. The maximum credit exposure of derivatives is represented by the fair value of those contracts with a positive fair value amounting to €53 million for foreign exchange derivatives at December 31, 2012. No credit exposure existed from interest rate derivatives. The maximum credit risk resulting from the use of non-derivative financial instruments is defined as the total amount of all receivables. In order to control this credit risk, the Management of the Fresenius Group performs an ageing analysis of trade accounts receivable. For details on the ageing analysis and on the allowance for doubtful accounts, please see note 15, Trade accounts receivable.

LIQUIDITY RISK

The liquidity risk is defined as the risk that a company is potentially unable to meet its financial obligations. The Management of the Fresenius Group manages the liquidity of the Group by means of effective working capital and cash management as well as an anticipatory evaluation of refinancing alternatives. The Management of the Fresenius Group believes that existing credit facilities as well as the cash generated by operating activities and additional short-term borrowings are sufficient to meet the Company's foreseeable demand for liquidity (see note 22, Debt and capital lease obligations).

The following table shows the future undiscounted contractual cash flows (including interests) resulting from recognized financial liabilities as well as the fair value of noncontrolling interest subject to put provisions and the fair value of derivative financial instruments:

€ in millions	up to 1 year	1 to 3 years	3 to 5 years	more than 5 years
Long-term debt and capital lease obligations (including accounts receivable securitization program)[1]	640	2,029	2,263	413
Short-term debt	217	0	0	0
Senior Notes	325	1,413	1,356	4,781
Trade accounts payable	961	0	0	0
Noncontrolling interest subject to put provisions	168	55	84	91
Derivative financial instruments	76	13	6	1
Total	**2,387**	**3,510**	**3,709**	**5,286**

[1] Future interest payments for financial liabilities with variable interest rates were calculated using the latest interest rates fixed prior to December 31, 2012.

32. SUPPLEMENTARY INFORMATION ON CAPITAL MANAGEMENT

The Fresenius Group has a solid financial profile. Capital management includes both equity and debt. A principal objective of Fresenius Group's capital management is to optimize the weighted-average cost of capital. Further, it is sought to achieve a balanced mix of equity and debt. To secure growth on a long-term basis, a capital increase may also be considered in exceptional cases, for instance to finance a major acquisition.

Due to the Company's diversification within the health care sector and the strong market positions of the business segments in global, growing and non-cyclical markets, predictable and sustainable cash flows are generated. They allow a reasonable proportion of debt, i. e. the employment of an extensive mix of financial instruments. Moreover, Fresenius Group's customers are generally of high credit quality.

Shareholders' equity and debt have developed as follows:

SHAREHOLDERS' EQUITY

€ in millions	Dec. 31, 2012	Dec. 31, 2011
Shareholders' equity	**12,758**	10,577
Total assets	**30,664**	26,321
Equity ratio	**41.6%**	40.2%

Fresenius SE & Co. KGaA is not subject to any capital requirements provided for in its articles of association. Fresenius SE & Co. KGaA has obligations to issue shares out of the Conditional Capital relating to the exercise of stock options and convertible bonds on the basis of the existing 1998 (until June 30, 2012), 2003 and 2008 stock option plans (see note 35, Stock options).

DEBT

€ in millions	Dec. 31, 2012	Dec. 31, 2011
Debt	**11,028**	9,799
Total assets	**30,664**	26,321
Debt ratio	**36.0%**	37.2%

According to the definitions in the underlying agreements, the Mandatory Exchangeable Bonds and the Contingent Value Rights were not categorized as debt until their maturity.

Assuring financial flexibility is the top priority in the Group's financing strategy. This flexibility is achieved through a wide range of financing instruments and a high degree of diversification of the investors. Fresenius Group's maturity profile displays a broad spread of maturities with a high proportion of medium- and long-term financing. In the choice of financing instruments, market capacity, investor diversification, flexibility, credit conditions and the existing maturity profile are taken into account.

The net debt/EBITDA ratio is a key financial figure for the Fresenius Group. As of December 31, 2012, the net debt/EBITDA ratio (before special items) was 2.6 and was therefore within Fresenius Group's target range of 2.5 to 3.0. At the end of 2013, the Fresenius Group expects the net debt/EBITDA ratio to be at the lower end of the target range.

Fresenius Group's financing strategy is reflected in its credit ratings. The Fresenius Group is covered by the rating agencies Moody's, Standard & Poor's and Fitch.

The following table shows the company rating of Fresenius SE & Co. KGaA:

	Standard & Poor's	Moody's	Fitch
Company rating	BB+	Ba1	BB+
Outlook	stable	stable	stable

Following the announcement of the voluntary public takeover offer to RHÖN-KLINIKUM AG shareholders, Standard & Poor's and Moody's had placed the company rating under review for a possible downgrade. Fitch affirmed the company rating and the outlook. Early September 2012, Fresenius SE & Co. KGaA announced that it has decided not to submit a new takeover offer to the shareholders of RHÖN-KLINIKUM AG for the time being. As a consequence, Standard & Poor's and Moody's confirmed the outlook with stable.

33. SUPPLEMENTARY INFORMATION ON THE CONSOLIDATED STATEMENT OF CASH FLOWS

The consolidated statements of cash flows of the Fresenius Group for the fiscal years 2012 and 2011 are shown on page 125.

Cash funds reported in the consolidated statement of cash flows and in the consolidated statement of financial position comprise cash on hand, checks, securities and cash at bank which are readily convertible within three months and are subject to insignificant risk of changes in value.

The following table provides additional information with regard to the consolidated statement of cash flows:

€ in millions	2012	2011
Interest paid	**580**	474
Income taxes paid	**659**	516

Cash paid for acquisitions (without investments in licenses) consisted of the following:

€ in millions	2012	2011
Assets acquired	**3,980**	1,412
Liabilities assumed	**-444**	-168
Noncontrolling interest	**-178**	-34
Notes assumed in connection with acquisitions	**-551**	-56
Cash paid	**2,807**	1,154
Cash acquired	**-184**	-46
Cash paid for acquisitions, net	**2,623**	1,108

34. NOTES ON THE CONSOLIDATED SEGMENT REPORTING

GENERAL

The consolidated segment reporting tables shown on pages 128 to 129 of this annual report are an integral part of the notes.

The Fresenius Group has identified the business segments Fresenius Medical Care, Fresenius Kabi, Fresenius Helios and Fresenius Vamed, which corresponds to the internal organizational and reporting structures (Management Approach) at December 31, 2012.

The key data disclosed in conjunction with the consolidated segment reporting correspond to the key data of the internal reporting system of the Fresenius Group. Internal and external reporting and accounting correspond to each other; the same key data and definitions are used.

Sales and proceeds between the segments are indicative of the actual sales and proceeds agreed with third parties. Administrative services are billed in accordance with service level agreements.

The business segments were identified in accordance with FASB ASC Topic 280, Segment Reporting, which defines the segment reporting requirements in the annual financial statements and interim reports with regard to the operating business, product and service businesses and regions. The business segments of the Fresenius Group are as follows:

- Fresenius Medical Care
- Fresenius Kabi
- Fresenius Helios
- Fresenius Vamed
- Corporate/Other

The segment Corporate/Other mainly comprises the holding functions of Fresenius SE & Co. KGaA as well as Fresenius Netcare GmbH, which provides services in the field of information technology and Fresenius Biotech, which does not fulfill the characteristics of a reportable segment. In addition, the segment Corporate/Other includes intersegment consolidation adjustments as well as special items (see note 3, Special items). Until 2011, this segment included special items in connection with the fair value measurement of the Mandatory Exchangeable Bonds and the Contingent Value Rights.

Details on the business segments are shown on page 131 of the notes.

Segment reporting by region takes account of geographical factors and the similarity of markets in terms of opportunities and risks. The allocation to a particular region is based on the domicile of the customers.

NOTES ON THE BUSINESS SEGMENTS

The key figures used by the Management Board to assess segment performance, have been selected in such a way that they include all items of income and expenses which fall under the area of responsibility of the business segments. The Management Board is convinced that the most suitable performance indicator is the operating income (EBIT). The Management Board believes that, in addition to the operating income, the figure for earnings before interest, taxes and depreciation/amortization (EBITDA) can also help investors to assess the ability of the Fresenius Group to generate cash flows and to meet its financial obligations. The EBITDA figure is also the basis for assessing Fresenius Group's compliance with the terms of its credit agreements (e. g. the Fresenius Medical Care 2006 Senior Credit Agreement, the Fresenius Medical Care 2012 Credit Agreement or the 2008 Senior Credit Agreement).

Depreciation and amortization is presented for property, plant and equipment, intangible assets with definite useful lives of the respective business segment.

Net interest comprises interest expenses and interest income.

Net income attributable to shareholders of Fresenius SE & Co. KGaA is defined as earnings after income taxes and noncontrolling interest.

The operating cash flow is the cash provided by/used in operating activities.

The cash flow before acquisitions and dividends is the operating cash flow less net capital expenditure.

Debt comprises bank loans, senior notes, capital lease obligations, liabilities relating to outstanding acquisitions as well as intercompany liabilities. Until their maturity in 2011, trust preferred securities were also included in debt. The Mandatory Exchangeable Bonds and the Contingent Value Rights were not categorized as debt (see note 32, Supplementary information on capital management).

Capital expenditure mainly includes additions to property, plant and equipment.

Acquisitions refer to the purchase of shares in legally independent companies and the acquisition of business divisions and intangible assets (e. g. licenses). The key figures shown with regard to acquisitions present the contractual purchase prices comprising amounts paid in cash (less cash acquired), debts assumed and the issuance of shares, whereas for the purposes of the statement of cash flows, only cash purchase price components less acquired cash and cash equivalents are reported.

The EBITDA margin is calculated as a ratio of EBITDA to sales.

The EBIT margin is calculated as a ratio of EBIT to sales.

The return on operating assets (ROOA) is defined as the ratio of EBIT to average operating assets. Operating assets are defined as total assets less deferred tax assets, trade accounts payable and advance payments from customers as well as guaranteed subsidies.

In addition, the key indicators "Depreciation and amortization in % of sales" and "Operating cash flow in % of sales" are also disclosed.

RECONCILIATION OF KEY FIGURES TO CONSOLIDATED EARNINGS

€ in millions	2012	2011
Total EBIT of reporting segments	**3,120**	2,608
General corporate expenses Corporate/Other (EBIT)	**-137**	-45
Group EBIT	**2,983**	2,563
Investment gain	**109**	0
Interest expenses	**-720**	-587
Interest income	**54**	56
Other financial result	**-35**	-100
Income before income taxes	**2,391**	1,932

RECONCILIATION OF NET DEBT WITH THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION

€ in millions	Dec. 31, 2012	Dec. 31, 2011
Short-term debt	**205**	171
Short-term loans from related parties	**4**	3
Current portion of long-term debt and capital lease obligations	**519**	1,852
Long-term debt and capital lease obligations, less current portion	**4,436**	3,777
Senior Notes	**5,864**	3,996
Debt	**11,028**	9,799
less cash and cash equivalents	**885**	635
Net debt	**10,143**	9,164

The following table shows the non-current assets by geographical region:

€ in millions	Dec. 31, 2012	Dec. 31, 2011
Germany	**4,509**	3,715
Europe (excluding Germany)	**2,756**	2,588
North America	**13,507**	11,294
Asia-Pacific	**1,069**	1,008
Latin America	**404**	391
Africa	**47**	47
Total non-current assets[1]	**22,292**	19,043

[1] The aggregate amount of net non-current assets is the sum of non-current assets less deferred tax assets and derivative financial instruments.

In 2012, the Fresenius Group generated sales of €4,191 million (2011: €3,573 million) in Germany. Sales in the United States were €7,931 million at actual rates and €7,319 million in constant currency in 2012 (2011: €6,747 million).

35. STOCK OPTIONS

COMPENSATION COST IN CONNECTION WITH THE STOCK OPTION PLANS OF THE FRESENIUS GROUP

In 2012, the Fresenius Group recognized compensation cost in an amount of €36 million for stock options granted since 2008. For stock incentive plans which are performance-based, the Fresenius Group recognizes compensation cost over the vesting periods, based on the market values of the underlying stock at the grant date.

FAIR VALUE OF STOCK OPTIONS

The Fresenius Group elected to adopt FAS 123(R), Share-Based Payment, prospectively.

The Fresenius Group uses a binomial option pricing model in determining the fair value of stock options granted under the stock option plans of Fresenius SE & Co. KGaA and Fresenius Medical Care AG & Co. KGaA. Option valuation models require the input of highly subjective assumptions including expected stock price volatility. Fresenius Group's assumptions are based upon its past experiences, market trends and the experiences of other entities of the same size and in similar industries. To incorporate the effects of expected early exercise in the model, an early exercise of vested options was assumed as soon as the share price exceeds 150% of the exercise price. Fresenius Group's stock options have characteristics that vary significantly from traded options and changes in subjective assumptions can materially affect the fair value of the option.

The weighted-average assumptions for the calculation of the fair value of grants of the Fresenius SE Stock Option Plan 2008 made during the years 2012 and 2011 are as follows:

€ in millions	2012 December Grant	2012 July Grant	2011 December Grant	2011 July Grant
Expected dividend yield	**1.40%**	**1.52%**	1.60%	1.58%
Risk-free interest rate	**0.90%**	**1.00%**	1.70%	2.68%
Expected volatility	**28.55%**	**28.93%**	29.18%	29.15%
Life of options	**7 years**	**7 years**	7 years	7 years
Exercise price per option in €	**87.36**	**78.40**	71.37	71.28

The expected volatility results from the historical volatility calculated over the expected life of options. The volatility was determined when the fair value of stock options was calculated for the first time and since then has been controlled every year upon issuance of a new tranche.

FRESENIUS SE & CO. KGAA STOCK OPTION PLANS

Description of the Fresenius SE & Co. KGaA stock option plans in place

As of December 31, 2012, Fresenius SE & Co. KGaA had two stock option plans in place: the Fresenius AG Stock Option Plan 2003 (2003 Plan) which is based on convertible bonds and the stock option based Fresenius SE Stock Option Plan 2008 (2008 Plan). On June 30, 2012, the term of the options granted under the Fresenius AG Stock Option Plan 1998 expired. In 2012, stock options were solely granted under the 2008 Plan.

Stock Option Plan 2008

During 2008, Fresenius SE adopted the 2008 Plan to grant subscription rights to members of the Management Board and executive employees of the Company and affiliated companies. Due to the change of legal form of Fresenius SE into Fresenius SE & Co. KGaA and the conversion of all preference shares into ordinary shares, this plan was amended and completely adapted to ordinary shares. Under the 2008 Plan, up to 6.2 million options can be issued, which carry entitlement to exclusively obtain 6.2 million ordinary shares (originally 3.1 million ordinary shares and 3.1 million preference shares). Up to 1.2 million options are designated for members of the Management Board of Fresenius Management SE (originally Management Board of Fresenius SE), up to 3.2 million options are designated for members of the management of directly or indirectly affiliated companies (except for Fresenius Medical Care) and up to 1.8 million options are designated for executive employees of Fresenius SE & Co. KGaA (originally of Fresenius SE) and its affiliated companies (except for Fresenius Medical Care). With respect to the members of Fresenius Management SE's Management Board, the Supervisory Board of Fresenius Management SE now holds the sole authority to grant stock options and administer the 2008 Plan. The Management Board of Fresenius Management SE now has such authority with respect to all other participants in the 2008 Plan. The options can be granted in five tranches with effect as of the first bank working day in July and/or the first bank working day in December. The exercise price of options shall be the average closing price of Fresenius SE & Co. KGaA's (originally Fresenius SE's) ordinary shares (originally ordinary and preference shares) on the Frankfurt Stock Exchange during the 30 trading days immediately prior to each grant date. For participants in the United States, the exercise price may be the average closing price during the 30 calendar days immediately prior to the grant date, if this is higher. Options granted have a seven-year term but can be exercised only after a three-year vesting period. The vesting of options granted is mandatorily subject to the condition, in each case, that the annual success target within the three-year vesting period is achieved. For each such year, the success target is achieved if the consolidated net income attributable to shareholders of Fresenius SE & Co. KGaA, adjusted for extraordinary effects, has increased by at least 8% compared to the respective adjusted net income attributable to shareholders of Fresenius SE & Co. KGaA of the previous fiscal year. For each year in which the success target has not been met, one-third of the options granted shall forfeit. The adjusted net income attributable to shareholders of Fresenius SE & Co. KGaA shall be calculated on the basis of the calculation method of the accounting principles according to U.S. GAAP. For the purposes of the 2008 Plan, the adjusted net income attributable to shareholders of Fresenius SE & Co. KGaA is determined and will be verified with binding effect by Fresenius SE & Co. KGaA's auditor during the audit of the consolidated financial statements. The performance targets for 2008 to 2012 were met. Upon exercise of vested options, Fresenius SE & Co. KGaA has the right to grant treasury shares or a cash payment in lieu of increasing capital by the issuance of new shares. If all conditions are fulfilled, stock options may be exercised throughout the year with the exception of certain pre-determined black-out periods. Former options for preference shares are now exclusively options for ordinary shares.

Stock Option Plan 2003

During 2003, Fresenius AG adopted the 2003 Plan for members of the Management Board and executive employees. This incentive plan which is based on convertible bonds was replaced by the 2008 Plan and no options have been granted since 2008. Due to the change of legal form of Fresenius SE into Fresenius SE & Co. KGaA and the conversion of all preference shares into ordinary shares, this plan was also amended and completely adapted to ordinary shares. Under the 2003 Plan, eligible employees have the right to acquire ordinary shares (originally ordinary and preference shares) of Fresenius SE & Co. KGaA (originally of Fresenius AG or of Fresenius SE, respectively). The bonds expire in 10 years and one third of them can be exercised beginning after two, three and four years after the grant date, respectively. Upon issuance of the option, the employees had the right to choose options with or without a stock price target. The conversion price of options subject to a stock price target corresponds to the stock exchange quoted price of the ordinary shares (originally ordinary or preference shares, respectively) upon the first time the stock exchange quoted price exceeds the initial value (after the share split in 2007: ⅓ of the initial value) by at least 25%. If converted after the share split, the conversion price which entitles to three ordinary shares (originally three ordinary shares or three preference shares, respectively) is equal to the triple of one third of the initial value. The initial value is the joint average stock exchange price of the ordinary shares (originally ordinary shares or preference shares, respectively) during the last 30 trading days prior to the date of grant. The conversion price of options without a stock price target is the initial value. In the case of options not subject to a stock price target, the number of convertible bonds awarded to the eligible employee was 15% less than if the employee elected options subject to the stock price target. Each convertible bond granted after the share split in 2007 entitles to subscribe one ordinary share (originally one ordinary or one preference share, respectively), subject to payment of the conversion price. Bonds granted and converted prior to the share split were entitled to subscribe one ordinary share (originally one ordinary or one preference share, respectively), conversion after the share split entitles to three ordinary shares (originally three ordinary or three preference shares, respectively). In addition, due to the elimination of the preference shares, after the change of legal form, the success target of the 2003 Plan had to be adjusted to the effect that it is deemed to be achieved if and when the aggregate of the following price increases amounts to at least 25%: (1) increase of the joint average stock exchange price of ordinary and preference shares from the day of the issuance until the day when the change of legal form took effect and (2) increase of the stock exchange price of ordinary shares since the change of legal form took effect.

Stock Option Plan 1998

During 1998, Fresenius AG adopted the 1998 Plan for members of the Management Board and executive employees. This stock incentive plan was replaced by the 2003 Plan and no options have been granted since 2003. Under the 1998 Plan, eligible employees had the right to acquire ordinary and preference shares of Fresenius SE. After the change of legal form and the conversion of all preference shares into ordinary shares, the options exclusively granted the right to acquire ordinary shares of Fresenius SE & Co. KGaA. Options granted under this plan had a 10-year term which expired on June 30, 2012.

Transactions during 2012

In 2012, Fresenius SE & Co. KGaA awarded 1,206,145 stock options under the 2008 Plan, including 198,660 options to members of the Management Board of Fresenius Management SE, at a weighted-average exercise price of €78.54, a weighted-average fair value of €21.18 each and a total fair value of €26 million, which will be amortized over the three-year vesting period.

During the fiscal year 2012, Fresenius SE & Co. KGaA received cash of €46 million from the exercise of 1,150,924 stock options. The average stock price of the ordinary share at the exercise date was €84.06. The intrinsic value of options exercised in 2012 was €48 million.

929,147 convertible bonds were outstanding and exercisable under the 2003 Plan at December 31, 2012. The members of the Fresenius Management SE Management Board held 220,360 convertible bonds. At December 31, 2012, out of 4,455,605 outstanding stock options issued under the 2008 Plan, 1,132,182 were exercisable and 931,380 were held by the members of the Fresenius Management SE Management Board.

Stock option transactions are summarized as follows:

Ordinary shares Dec. 31	Number of options	Weighted-average exercise price in €	Number of options exercisable
Balance 2010	**2,644,661**	**43.87**	**906,895**
Granted	1,143,440	71.28	
Exercised	786,358	38.85	
Forfeited	151,389	48.38	
Converted from preference shares	2,643,773	43.87	
Balance 2011	**5,494,127**	**50.25**	**2,248,083**
Granted	1,206,145	78.54	
Exercised	1,150,924	39.83	
Forfeited	164,596	55.90	
Balance 2012	**5,384,752**	**58.72**	**2,061,329**

Preference shares Dec. 31	Number of options	Weighted-average exercise price in €	Number of options exercisable
Balance 2010	**2,644,661**	**44.74**	**906,895**
Exercised	888	48.71	
Converted into ordinary shares	2,643,773	44.74	
Balance 2011	**0**		

The following table provides a summary of fully vested options outstanding and exercisable for ordinary shares at December 31, 2012:

OPTIONS FOR ORDINARY SHARES

Range of exercise price in €	Options outstanding			Options exercisable		
	Number of options	Weighted-average remaining contractual life in years	Weighted-average exercise price in €	Number of options	Weighted-average remaining contractual life in years	Weighted-average exercise price in €
10.01 – 15.00	19,881	0.50	13.65	19,881	0.50	13.65
15.01 – 20.00	4,608	0.50	18.18	4,608	0.50	18.18
20.01 – 25.00	54,922	1.50	21.96	54,922	1.50	21.96
25.01 – 30.00	150,438	2.47	28.60	150,438	2.47	28.60
30.01 – 35.00	634,848	3.50	33.81	634,848	3.50	33.81
35.01 – 40.00	292,172	3.39	39.21	292,172	3.39	39.21
40.01 – 45.00	11,482	2.92	41.62	11,482	2.92	41.62
45.01 – 50.00	11,664	3.50	48.81	11,664	3.50	48.81
50.01 – 55.00	1,508,790	3.88	53.89	483,352	2.58	54.69
55.01 – 60.00	382,908	4.50	56.43	382,908	4.50	56.43
60.01 – 65.00	9,000	4.92	63.53	0		
70.01 – 75.00	1,111,694	5.49	71.27	15,054	4.50	70.79
75.01 – 80.00	1,173,585	6.50	78.39	0		
85.01 – 90.00	18,760	6.92	87.36	0		
	5,384,752	**4.69**	**58.72**	**2,061,329**	**3.30**	**43.15**

At December 31, 2012, the aggregate intrinsic value of exercisable options for ordinary shares was €91 million.

At December 31, 2012, total unrecognized compensation cost related to non-vested options granted under the 2008 Plan was €31 million. This cost is expected to be recognized over a weighted-average period of 2.1 years.

FRESENIUS MEDICAL CARE AG & CO. KGAA STOCK OPTION PLANS

Fresenius Medical Care AG & Co. KGaA Long Term Incentive Program 2011

On May 12, 2011, the Fresenius Medical Care AG & Co. KGaA Stock Option Plan 2011 (2011 SOP) was established by resolution of Fresenius Medical Care AG & Co. KGaA's (FMC-AG & Co. KGaA) Annual General Meeting (AGM). The 2011 SOP, together with the Phantom Stock Plan 2011, which was established by resolution of Fresenius Medical Care Management AG's (FMC Management AG) Management and Supervisory Boards, forms FMC-AG & Co. KGaA's Long Term Incentive Program 2011 (2011 Incentive Program). Under the 2011 Incentive Program, participants may be granted awards, which will consist of a combination of stock options and phantom stock. Awards under the 2011 Incentive Program will be granted over a five-year period and can be granted on the last Monday in July and/or the first Monday in December each year. Prior to the respective grant, the participants will be able to choose how much of the granted value is granted in the form of stock options and phantom stock in a predefined range of 75:25 to 50:50, stock options vs. phantom stock. The number of phantom shares that plan participants may choose to receive instead of stock options within the aforementioned predefined range is determined on the basis of a fair value assessment pursuant to a binomial model. With respect to grants made in July, this fair value assessment will be conducted on the day following FMC-AG & Co. KGaA's AGM and with respect to the grants made in December, on the first Monday in October. The awards under the 2011 Incentive Program are subject to a four-year vesting period. The vesting of the awards granted is subject to achievement of performance targets. The 2011 Incentive Program was established with a conditional capital increase up to €12 million subject to the issue of up to 12 million non-par value bearer ordinary shares with a nominal value of €1.00, each of which can be exercised to obtain one ordinary share.

Members of the Management Board of FMC Management AG, members of the management boards of FMC-AG & Co. KGaA's affiliated companies and the managerial staff members of FMC-AG & Co. KGaA and of certain affiliated companies are entitled to participate in the 2011 Incentive Program. With respect to participants who are members of FMC Management AG's Management Board, FMC Management AG's Supervisory Board has sole authority to grant awards and exercise other decision making powers under the 2011 Incentive Program (including decisions regarding certain adjustments and forfeitures). FMC Management AG has such authority with respect to all other participants in the 2011 Incentive Program.

The exercise price of stock options granted under the 2011 Incentive Program shall be the average stock exchange price on the Frankfurt Stock Exchange of FMC-AG & Co. KGaA's ordinary shares during the 30 calendar days immediately prior to each grant date. Stock options granted under the 2011 Incentive Program have an eight-year term and can be exercised only after a four-year vesting period. Stock options granted under the 2011 Incentive Program to U.S. participants are non-qualified stock options under the United States Internal Revenue Code of 1986, as amended. Options under the 2011 Incentive Program are not transferable by a participant or a participant's heirs, and may not be pledged, assigned, or disposed of otherwise.

Phantom stock under the 2011 Incentive Program entitles the holders to receive payment in euro from FMC-AG & Co. KGaA upon exercise of the phantom stock. The payment per phantom share in lieu of the issuance of such stock shall be based upon the closing stock exchange price on the Frankfurt Stock Exchange of one of FMC-AG & Co. KGaA's ordinary shares on the exercise date. Phantom stock will have a five-year term and can be exercised only after a four-year vesting period, beginning with the grant date. For participants who are U.S. tax payers, the phantom stock is deemed to be exercised in any event in the month of March following the end of the vesting period.

Stock Option Plan 2006

On May 9, 2006, as amended on May 15, 2007, the Fresenius Medical Care AG & Co. KGaA Stock Option Plan 2006 (Amended 2006 Plan) was established by resolution of FMC-AG & Co. KGaA's Annual General Meeting with a conditional capital increase up to €15 million subject to the issue of up to 15 million non-par value bearer ordinary shares with a nominal value of €1.00 each, which can be exercised to obtain one ordinary share. Of the 15 million ordinary shares, up to 3 million options were designated for members of the Management Board of FMC Management AG, up to 3 million options were designated for members of management boards of direct or indirect subsidiaries of FMC-AG & Co. KGaA and up to 9 million options were designated for managerial staff members of FMC-AG & Co. KGaA and such subsidiaries.

Options granted under the Amended 2006 Plan to U.S. participants are non-qualified stock options under the United States Internal Revenue Code of 1986, as amended. Options under the Amended 2006 Plan are not transferable by a participant or a participant's heirs, and may not be pledged, assigned, or otherwise disposed of.

After December 2010, no further grants were issued under the Amended 2006 Plan.

2001 International Stock Option Plan

Under the Fresenius Medical Care 2001 International Stock Incentive Plan (2001 Plan), options in the form of convertible bonds with a principal of up to €10.24 million were issued to the members of the Management Board and other employees of FMC-AG & Co. KGaA representing grants for up to 4 million non-voting preference shares. The convertible bonds originally had a par value of €2.56 and bear interest at a rate of 5.5%.

In connection with the share split affected in 2007, the principal amount was adjusted in the same proportion as the share capital out of the capital increase and the par value of the convertible bonds was adjusted to €0.85 without affecting the interest rate.

Effective May 2006, no further grants can be issued under the 2001 Plan and no options were granted under the 2001 Plan after 2005 and the outstanding options will expire before 2016.

Transactions during 2012

During 2012, FMC-AG & Co. KGaA awarded 2,166,035 options under the 2011 Incentive Program, including 310,005 stock options granted to members of the Management Board of FMC Management AG, at a weighted-average exercise price of €57.15, a weighted-average fair value of €12.62 each and a total fair value of €27 million, which will be amortized over the four-year vesting period. FMC-AG & Co. KGaA awarded 178,729 shares of phantom stock, including 23,407 shares of phantom stock granted to members of the Management Board of FMC Management AG, at a measurement date weighted-average fair value of €48.95 each and a total fair value of €9 million, which will be revalued if the fair value changes, and amortized over the four-year vesting period.

During 2012, FMC-AG & Co. KGaA received cash of €79 million from the exercise of stock options. The intrinsic value of options exercised in 2012 was €65 million. FMC-AG & Co. KGaA recorded a related tax benefit of €16 million for 2012. In connection with cash-settled share-based payment transactions under the 2011 Incentive Plan, FMC-AG & Co. KGaA recognized expenses of €4 million and €1 million for the years ending December 31, 2012 and 2011, respectively.

At December 31, 2012, the Management Board members of FMC Management AG held 2,201,205 stock options for ordinary shares and employees of FMC-AG & Co. KGaA held 8,945,561 stock options for ordinary shares and 37,656 stock options for preference shares under the various stock-based compensation plans of Fresenius Medical Care.

At December 31, 2012, the Management Board members of FMC Management AG held 52,720 shares of phantom stock and employees of FMC-AG & Co. KGaA held 334,265 shares of phantom stock under the 2011 Incentive Program.

The table below provides reconciliations for options outstanding at December 31, 2012 as compared to December 31, 2011:

	Number of options in thousand	Weighted-average exercise price in €
Balance at December 31, 2011 (options for ordinary shares)	**12,025**	**37.24**
Granted	2,166	57.15
Exercised	2,575	30.62
Forfeited	469	36.66
Balance at December 31, 2012 (options for ordinary shares)	**11,147**	**42.66**
Balance at December 31, 2011 (options for preference shares)	**49**	**18.64**
Exercised	8	15.57
Forfeited	3	18.64
Balance at December 31, 2012 (options for preference shares)	**38**	**19.26**

The following table provides a summary of fully vested options outstanding and exercisable for both preference and ordinary shares at December 31, 2012:

	Number of options in thousand	Weighted-average remaining contractual life in years	Weighted-average exercise price in €	Aggregate intrinsic value € in millions
Options for ordinary shares	4,389	2.42	31.26	92
Options for preference shares	38	1.89	19.26	1

At December 31, 2012, total unrecognized compensation cost related to non-vested options granted under all plans was €41 million. This cost is expected to be recognized over a weighted-average period of 2.0 years.

36. RELATED PARTY TRANSACTIONS

Prof. Dr. med. D. Michael Albrecht, a member of the Supervisory Board of Fresenius SE & Co. KGaA, is medical director and spokesman of the management board of the Universitätsklinikum Carl Gustav Carus Dresden and a member of the supervisory boards of the Universitätsklinika Aachen, Magdeburg and Rostock. The Fresenius Group maintains business relations with these hospitals in the ordinary course and under customary conditions.

Prof. Dr. h. c. Roland Berger, a member of the Supervisory Board of Fresenius Management SE and of Fresenius SE & Co. KGaA, is a partner of Roland Berger Strategy Consultants Holding GmbH. In 2012, after discussion and approval by the Supervisory Board of Fresenius Management SE, the Fresenius Group paid €0.6 million to affiliated companies of the Roland Berger group for consulting services rendered (2011: €0.7 million).

Klaus-Peter Müller, a member of the Supervisory Board of Fresenius Management SE and of Fresenius SE & Co. KGaA, is the chairman of the supervisory board of Commerzbank AG. The Fresenius Group maintains business relations with Commerzbank under customary conditions. In 2012, the Fresenius Group paid €1.9 million in total to Commerzbank for financing commitments, in connection with Senior Notes issuances as well as the capital increase (2011: €0.6 million).

Dr. Franceso De Meo, a member of the Management Board of the general partner of Fresenius SE & Co. KGaA, was a member of the supervisory board of Allianz Private Krankenversicherungs-AG until July 6, 2011. In 2011, the Fresenius Group paid €4.3 million for insurance premiums to the Allianz group.

Dr. Dieter Schenk, deputy chairman of the Supervisory Board of Fresenius Management SE, is a partner in the international law firm Noerr LLP, which provides legal services to the Fresenius Group. In 2012, after discussion and approval of each mandate by the Supervisory Board of Fresenius Management SE, the Fresenius Group paid or processed for payment in December 2012 €1.8 million to this law firm for legal services rendered (2011: €1.4 million).

The payments mentioned in this note are net amounts. In addition, VAT and insurance tax were paid.

37. SUBSEQUENT EVENTS

On January 7, 2013, Fresenius announced the early redemption of the 5.5% Senior Notes due in 2016 that were issued in 2006. The aggregate principal amount of €650 million was completely repaid on February 7, 2013 at a price of 100.916% plus accrued and unpaid interest. Initially, the redemption was financed by utilizing existing credit lines. From the end of June 2013, drawings under the Senior Secured Credit Agreement arranged in December 2012 shall be utilized.

On January 24, 2013, Fresenius Finance B.V. issued unsecured Senior Notes of €500 million at par which are due in 2020. Net proceeds were used to refinance the Senior Notes which were due in January 2013.

There have been no significant changes in the Fresenius Group's operating environment following the end of the fiscal year 2012. No other events of material importance on the assets and liabilities, financial position, and results of operations of the Group have occurred following the end of the fiscal year.

NOTES IN ACCORDANCE WITH THE GERMAN COMMERCIAL CODE (HGB)

38. COMPENSATION OF THE MANAGEMENT BOARD AND THE SUPERVISORY BOARD

Individualized information regarding the compensation of the members of the Management Board and of the Supervisory Board is disclosed in the audited Compensation Report (see page 28 ff.), which is part of the Management Report.

The Management Board's compensation is, as a whole, performance-oriented and was composed of three elements in 2012: non-performance-related compensation (basic salary), performance-related compensation (variable bonus), components with long-term incentive effects (stock options, postponed bonus payments and a share-based compensation with cash settlement (performance shares)).

The cash compensation paid to the Management Board for the performance of its responsibilities was €11,080 thousand (2011: €10,135 thousand). Thereof, €4,498 thousand (2011: €4,062 thousand) is not performance-related and €6,027 thousand (2011: €5,539 thousand) is performance-related. The amount of the performance-related compensation depends on the achievement of targets relating to the net income of the Fresenius Group and business segments. As a long-term incentive component, the members of the Management Board received 198,660 stock options under the Fresenius SE Stock Option Plan 2008 and 74,700 stock options under the Fresenius Medical Care AG & Co. KGaA Stock Option Plan 2011 and a share-based payment with cash settlement in an amount of €1,368 thousand.

The payment of a part of the performance-related compensation in an amount of €148 thousand was postponed by two years as a long-term incentive component. The payment depends on the achievement of targets relating to the net income attributable to shareholders of Fresenius SE & Co. KGaA of the years 2013 and 2014.

The total compensation paid to the Supervisory Boards of Fresenius SE & Co. KGaA and Fresenius Management SE and their committees was €2,592 thousand in 2012 (2011: €2,227 thousand). Of this amount, €213 thousand was fixed compensation (2011: €210 thousand), €100 thousand was compensation for committees services (2011: €89 thousand), and €2,279 thousand was variable compensation (2011: €1,928 thousand).

In 2012, to former members of the Management Board, €778 thousand (2011: €776 thousand) was paid. The pension obligation for these persons amounted to €11,310 thousand in 2012 (2011: €10,513 thousand).

In the fiscal years 2012 and 2011, no loans or advance payments of future compensation components were made to members of the Management Board of Fresenius Management SE.

39. AUDITOR'S FEES

In 2012 and 2011, fees for the auditor KPMG AG Wirtschaftsprüfungsgesellschaft were expensed as follows:

	2012		2011	
€ in millions	**Total**	**Germany**	Total	Germany
Audit fees	**17**	**6**	15	5
Audit-related fees	**3**	**3**	1	–
Tax consulting fees	**1**	**–**	1	0
Other fees	**2**	**1**	–	–
Total auditor's fees	**23**	**10**	17	5

40. CORPORATE GOVERNANCE

For each consolidated stock exchange listed entity, the declaration pursuant to Section 161 of the German Stock Corporation Act (Aktiengesetz) has been issued and made available to shareholders on the website of Fresenius SE & Co. KGaA www.fresenius.com under Who we are – Corporate Governance – Declaration of Conformity and of Fresenius Medical Care AG & Co. KGaA www.fmc-ag.com under Investor Relations – Corporate Governance – Declaration of Compliance, respectively.

41. PROPOSAL FOR THE DISTRIBUTION OF EARNINGS

The general partner and the Supervisory Board of Fresenius SE & Co. KGaA propose to the Annual General Meeting that the earnings for 2012 of Fresenius SE & Co. KGaA are distributed as follows:

in €	
Payment of a dividend of €1.10 per bearer ordinary share on the 178,188,260 ordinary shares entitled to dividend	196,007,086.00
Balance to be carried forward	28,913.39
Retained earnings	**196,035,999.39**

42. RESPONSIBILITY STATEMENT

"To the best of our knowledge, and in accordance with the applicable reporting principles, the consolidated financial statements give a true and fair view of the assets, liabilities, financial position and profit or loss of the Group, and the Group management report includes a fair review of the development and performance of the business and the position of the Group, together with a description of the principal opportunities and risks associated with the expected development of the Group."

Bad Homburg v. d. H., February 26, 2013

Fresenius SE & Co. KGaA,
represented by:
Fresenius Management SE, its general partner

The Management Board

Dr. U. M. Schneider | Dr. F. De Meo | Dr. J. Götz

M. Henriksson | R. Powell | S. Sturm | Dr. E. Wastler

AUDITOR'S REPORT

To the Fresenius SE & Co. KGaA

We have audited the consolidated financial statements prepared by the Fresenius SE & Co. KGaA, Bad Homburg v. d. Höhe, comprising the consolidated statement of income, the consolidated statement of comprehensive income, the consolidated statement of financial position, the consolidated statement of cash flows, the consolidated statement of changes in equity and the notes to the consolidated financial statements for the business year from January 1 to December 31, 2012. The preparation of the consolidated financial statements in accordance with Accounting Principles Generally Accepted in the United States of America (U.S. GAAP) is the responsibility of the legal representative of the Company. Our responsibility is to express an opinion on the consolidated financial statements based on our audit. In addition, we have been engaged to express an opinion as to whether the voluntarily prepared group management report is in agreement with the group management report of Fresenius SE & Co. KGaA, Bad Homburg v. d. Höhe, prepared in accordance with § 290 and § 315 HGB [Handelsgesetzbuch "German Commercial Code"] apart from appropriate incorporation of U.S. GAAP financial data.

We conducted our audit of the consolidated financial statements in accordance with § 317 HGB and German generally accepted standards for the audit of financial statements promulgated by the Institut der Wirtschaftsprüfer (IDW). Those standards require that we plan and perform the audit such that misstatements materially affecting the presentation of the net assets, financial position and results of operations in the consolidated financial statements in accordance with the applicable financial reporting framework and in the group management report are detected with reasonable assurance. Knowledge of the business activities and the economic and legal environment of the Group and expectations as to possible misstatements are taken into account in the determination of audit procedures. The effectiveness of the accounting-related internal control system and the evidence supporting the disclosures in the consolidated financial statements and the group management report are examined primarily on a test basis within the framework of the audit. The audit includes assessing the annual financial statements of those entities included in consolidation, the determination of entities to be included in consolidation, the accounting and consolidation principles used and significant estimates made by the legal representative, as well as evaluating the overall presentation of the consolidated financial statements. We believe that our audit provides a reasonable basis for our opinion.

Our audit has not led to any reservations.

In our opinion, based on the findings of our audit, the consolidated financial statements comply with U.S. GAAP and give a true and fair view of the net assets, financial position and results of operations of the Group in accordance with these requirements. The voluntarily prepared group management report is consistent with the consolidated financial statements prepared in accordance with U.S. GAAP and is, apart from appropriate incorporation of U.S. GAAP financial data, in agreement with the group management report of Fresenius SE & Co. KGaA prepared in accordance with § 290 and § 315 HGB, on which we issued an unqualified statutory audit opinion. Based on this, the group management report as a whole provides a suitable view of the Group's position and suitably presents the opportunities and risks of future development.

Frankfurt am Main, February 26, 2013

KPMG AG
Wirtschaftsprüfungsgesellschaft

Rohrbach
German Public Auditor

Walter
German Public Auditor

(This page intentionally left blank)

Consolidated Financial Statements of Fresenius SE & Co. KGaA for 2011 (US-GAAP)

FRESENIUS SE & CO. KGAA
CONSOLIDATED STATEMENT OF INCOME

€ in millions	Note	2011	2010
Sales	4	**16,522**	15,972
Cost of sales	5	**-10,883**	-10,646
Gross profit		**5,639**	5,326
Selling, general and administrative expenses	8	**-2,809**	-2,664
Research and development expenses		**-267**	-244
Operating income (EBIT)		**2,563**	2,418
Interest income	9	**56**	30
Interest expenses	9	**-587**	-596
Other financial result	10	**-100**	-66
Financial result		**-631**	-632
Income before income taxes		**1,932**	1,786
Income taxes	11	**-604**	-581
Net income		**1,328**	1,205
Less noncontrolling interest	26	**638**	583
Net income attributable to Fresenius SE & Co. KGaA		**690**	622
Earnings per ordinary share in €	12	**4.24**	3.85
Fully diluted earnings per ordinary share in €	12	**4.18**	3.79
Earnings per preference share in €	12	**n/a**	3.85
Fully diluted earnings per preference share in €	12	**n/a**	3.79

The following notes are an integral part of the consolidated financial statements.

FRESENIUS SE & CO. KGAA
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

€ in millions	Note	2011	2010
Net income		**1,328**	1,205
Other comprehensive income (loss)			
Foreign currency translation	28, 30	**71**	377
Cash flow hedges	28, 30	**-81**	-15
Actuarial losses on defined benefit pension plans	25, 28	**-66**	-54
Income taxes related to components of other comprehensive income (loss)	28	**48**	11
Other comprehensive income (loss)		**-28**	319
Total comprehensive income		**1,300**	1,524
Comprehensive income attributable to noncontrolling interest subject to put provisions		**39**	33
Comprehensive income attributable to noncontrolling interest not subject to put provisions		**571**	689
Comprehensive income attributable to Fresenius SE & Co. KGaA		**690**	802

The following notes are an integral part of the consolidated financial statements.

FRESENIUS SE & CO. KGAA
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
ASSETS

as of December 31, € in millions	Note	2011	2010
Cash and cash equivalents	13	**635**	769
Trade accounts receivable, less allowance for doubtful accounts	14	**3,234**	2,935
Accounts receivable from and loans to related parties		**13**	15
Inventories	15	**1,717**	1,411
Other current assets	16	**1,184**	925
Deferred taxes	11	**368**	380
I. Total current assets		**7,151**	6,435
Property, plant and equipment	17	**4,210**	3,954
Goodwill	18	**12,669**	11,464
Other intangible assets	18	**981**	984
Other non-current assets	16	**1,185**	628
Deferred taxes	11	**125**	112
II. Total non-current assets		**19,170**	17,142
Total assets		**26,321**	23,577

LIABILITIES AND SHAREHOLDERS' EQUITY

as of December 31, € in millions	Note	2011	2010
Trade accounts payable		**807**	691
Short-term accounts payable to related parties		**21**	2
Short-term accrued expenses and other short-term liabilities	19, 20	**2,898**	2,731
Short-term debt	21	**171**	606
Short-term loans from related parties		**3**	2
Current portion of long-term debt and capital lease obligations	21	**1,852**	420
Mandatory Exchangeable Bonds	23	**0**	554
Trust preferred securities of Fresenius Medical Care Capital Trusts	24	**0**	468
Short-term accruals for income taxes		**184**	163
Deferred taxes	11	**52**	74
A. Total short-term liabilities		**5,988**	5,711
Long-term debt and capital lease obligations, less current portion	21	**3,777**	4,919
Senior Notes	22	**3,996**	2,369
Long-term accrued expenses and other long-term liabilities	19, 20	**409**	458
Pension liabilities	25	**484**	383
Long-term accruals for income taxes		**200**	196
Deferred taxes	11	**573**	488
B. Total long-term liabilities		**9,439**	8,813
I. Total liabilities		**15,427**	14,524
II. Noncontrolling interest subject to put provisions	26	**317**	209
A. Noncontrolling interest not subject to put provisions	26	**4,606**	3,879
Subscribed capital	27	**163**	162
Capital reserve	27	**2,115**	2,085
Other reserves	27	**3,658**	2,683
Accumulated other comprehensive income	28	**35**	35
B. Total Fresenius SE & Co. KGaA shareholders' equity		**5,971**	4,965
III. Total shareholders' equity		**10,577**	8,844
Total liabilities and shareholders' equity		**26,321**	23,577

The following notes are an integral part of the consolidated financial statements.

FRESENIUS SE & CO. KGAA
CONSOLIDATED STATEMENT OF CASH FLOWS

January 1 to December 31, € in millions	Note	2011	2010
Operating activities			
Net income		**1,328**	1,205
Adjustments to reconcile net income to cash and cash equivalents provided by operating activities			
Depreciation and amortization	16, 17, 18	**674**	639
Change in deferred taxes	11	**81**	11
Gain/loss on sale of fixed assets		**-3**	1
Changes in assets and liabilities, net of amounts from businesses acquired or disposed of			
Trade accounts receivable, net	14	**-222**	-275
Inventories	15	**-264**	-81
Other current and non-current assets	16	**-114**	57
Accounts receivable from/payable to related parties		**23**	6
Trade accounts payable, accrued expenses and other short-term and long-term liabilities		**165**	346
Accruals for income taxes		**21**	2
Net cash provided by operating activities		**1,689**	1,911
Investing activities			
Purchase of property, plant and equipment		**-783**	-754
Proceeds from sales of property, plant and equipment		**25**	21
Acquisitions and investments, net of cash acquired and net purchases of intangible assets	2, 32	**-1,326**	-615
Proceeds from investments and divestitures		**12**	111
Net cash used in investing activities		**-2,072**	-1,237

January 1 to December 31, € in millions	Note	2011	2010
Financing activities			
Proceeds from short-term loans	21	**146**	233
Repayments of short-term loans	21	**-191**	-196
Proceeds from short-term loans from related parties		**–**	–
Repayments of short-term loans from related parties		**–**	–
Proceeds from long-term debt and capital lease obligations	21	**543**	541
Repayments of long-term debt and capital lease obligations	21	**-936**	-1,185
Proceeds from the issuance of Senior Notes	22	**1,471**	242
Changes of accounts receivable securitization program	21	**18**	223
Proceeds from the exercise of stock options	34	**99**	121
Redemption of trust preferred securities of Fresenius Medical Care Capital Trusts	24	**-470**	0
Dividends paid		**-365**	-329
Change in noncontrolling interest	26	**-73**	-3
Exchange rate effect due to corporate financing		**–**	1
Net cash provided by/used in financing activities		**242**	-352
Effect of exchange rate changes on cash and cash equivalents		**7**	27
Net decrease/increase in cash and cash equivalents		**-134**	349
Cash and cash equivalents at the beginning of the reporting period	13	**769**	420
Cash and cash equivalents at the end of the reporting period	13	**635**	769

The following notes are an integral part of the consolidated financial statements.

FRESENIUS SE & CO. KGAA
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

		Ordinary shares		Preference shares		Subscribed Capital	
	Note	Number of shares in thousand	Amount € in thousands	Number of shares in thousand	Amount € in thousands	Amount € in thousands	Amount € in millions
As of December 31, 2009		80,658	80,658	80,658	80,658	161,316	161
Proceeds from the exercise of stock options	34	567	567	567	567	1,134	1
Compensation expense related to stock options	34						
Dividends paid	27						
Purchase of noncontrolling interest not subject to put provisions	26						
Change in fair value of noncontrolling interest subject to put provisions	26						
Comprehensive income (loss)							
Net income							
Other comprehensive income (loss)							
Cash flow hedges	28, 30						
Foreign currency translation	28, 30						
Actuarial losses on defined benefit pension plans	25, 28						
Comprehensive income							
As of December 31, 2010		81,225	81,225	81,225	81,225	162,450	162
Conversion of the preference shares into ordinary shares	1	81,225	81,225	-81,225	-81,225	0	0
Proceeds from the exercise of stock options	34	787	787			787	1
Compensation expense related to stock options	34						
Dividends paid	27						
Purchase of noncontrolling interest not subject to put provisions	26						
Maturity of Mandatory Exchangeable Bonds	23						
Purchase of ordinary shares of Fresenius Medical Care AG & Co. KGaA	2, 26						
Change in fair value of noncontrolling interest subject to put provisions	26						
Comprehensive income (loss)							
Net income							
Other comprehensive income (loss)							
Cash flow hedges	28, 30						
Foreign currency translation	28, 30						
Actuarial losses on defined benefit pension plans	25, 28						
Comprehensive income							
As of December 31, 2011		**163,237**	**163,237**	**0**	**0**	**163,237**	**163**

	Note	Reserves Capital reserve € in millions	 Other reserves € in millions	Accumulated other comprehensive income (loss) € in millions	Total Fresenius SE & Co. KGaA shareholders' equity € in millions	Noncontrolling interest not subject to put provisions € in millions	Total shareholders' equity € in millions
As of December 31, 2009		2,035	2,183	-145	4,234	3,257	7,491
Proceeds from the exercise of stock options	34	37			38	83	121
Compensation expense related to stock options	34	19			19	14	33
Dividends paid	27		-122		-122	-172	-294
Purchase of noncontrolling interest not subject to put provisions	26				0	35	35
Change in fair value of noncontrolling interest subject to put provisions	26	-6			-6	-27	-33
Comprehensive income (loss)							
Net income			622		622	561	1,183
Other comprehensive income (loss)							
Cash flow hedges	28, 30			-12	-12	0	-12
Foreign currency translation	28, 30			230	230	128	358
Actuarial losses on defined benefit pension plans	25, 28			-38	-38	0	-38
Comprehensive income			622	180	802	689	1,491
As of December 31, 2010		2,085	2,683	35	4,965	3,879	8,844
Conversion of the preference shares into ordinary shares	1				0	0	0
Proceeds from the exercise of stock options	34	30			31	68	99
Compensation expense related to stock options	34	20			20	15	35
Dividends paid	27		-140		-140	-192	-332
Purchase of noncontrolling interest not subject to put provisions	26				0	42	42
Maturity of Mandatory Exchangeable Bonds	23		467		467	298	765
Purchase of ordinary shares of Fresenius Medical Care AG & Co. KGaA	2, 26		-42		-42	-28	-70
Change in fair value of noncontrolling interest subject to put provisions	26	-20			-20	-47	-67
Comprehensive income (loss)							
Net income			690		690	605	1,295
Other comprehensive income (loss)							
Cash flow hedges	28, 30			-54	-54	0	-54
Foreign currency translation	28, 30			95	95	-34	61
Actuarial losses on defined benefit pension plans	25, 28			-41	-41	0	-41
Comprehensive income			690	–	690	571	1,261
As of December 31, 2011		**2,115**	**3,658**	**35**	**5,971**	**4,606**	**10,577**

The following notes are an integral part of the consolidated financial statements.

FRESENIUS SE & CO. KGAA
CONSOLIDATED SEGMENT REPORTING

by business segment

€ in millions	Fresenius Medical Care			Fresenius Kabi		
	2011	2010	Change	**2011**	2010	Change
Sales	**9,192**	9,091	1%	**3,964**	3,672	8%
thereof contribution to consolidated sales	**9,177**	9,088	1%	**3,916**	3,629	8%
thereof intercompany sales	**15**	3	--	**48**	43	12%
contribution to consolidated sales	**56%**	57%		**24%**	23%	
EBITDA	**1,891**	1,830	3%	**955**	893	7%
Depreciation and amortization	**400**	379	6%	**152**	156	-3%
EBIT	**1,491**	1,451	3%	**803**	737	9%
Net interest	**-213**	-211	-1%	**-278**	-279	0%
Income taxes	**-432**	-436	1%	**-145**	-142	-2%
Net income attributable to Fresenius SE & Co. KGaA	**770**	738	4%	**354**	294	20%
Operating cash flow	**1,039**	1,032	1%	**462**	567	-19%
Cash flow before acquisitions and dividends	**629**	649	-3%	**289**	401	-28%
Total assets	**15,096**	12,793	18%	**7,282**	6,860	6%
Debt	**5,573**	4,400	27%	**4,395**	4,298	2%
Capital expenditure, gross	**429**	395	9%	**177**	174	2%
Acquisitions, gross/investments	**1,429**	596	140%	**11**	31	-65%
Research and development expenses	**80**	73	10%	**162**	143	13%
Employees (per capita on balance sheet date)	**83,476**	77,442	8%	**24,106**	22,851	5%
Key figures						
EBITDA margin	**20.6%**	20.1%		**24.1%**	24.3%	
EBIT margin	**16.2%**	16.0%		**20.3%**	20.1%	
Depreciation and amortization in % of sales	**4.4%**	4.2%		**3.8%**	4.2%	
Operating cash flow in % of sales	**11.3%**	11.4%		**11.7%**	15.4%	
ROOA	**12.0%**	12.5%		**12.4%**	11.9%	

[1] Including special items from the acquisition of APP Pharmaceuticals, Inc.

Fresenius Helios			Fresenius Vamed			Corporate/Other[1]			Fresenius Group		
2011	2010	Change	2011	2010	Change	2011	2010	Change	2011	2010	Change
2,665	2,520	6%	737	713	3%	-36	-24	-50%	16,522	15,972	3%
2,665	2,520	6%	737	713	3%	27	22	23%	16,522	15,972	3%
0	0		–	–	--	-63	-46	-37%	0	0	
16%	16%		4%	4%		0%	0%		100%	100%	
369	318	16%	51	49	4%	-29	-33	12%	3,237	3,057	6%
99	83	19%	7	8	-13%	16	13	23%	674	639	5%
270	235	15%	44	41	7%	-45	-46	2%	2,563	2,418	6%
-51	-55	7%	2	2	0%	9	-23	139%	-531	-566	6%
-43	-37	-16%	-11	-12	8%	27	46	-41%	-604	-581	-4%
163	131	24%	34	30	13%	-631	-571	-11%	690	622	11%
294	311	-5%	-83	47	--	-23	-46	50%	1,689	1,911	-12%
138	150	-8%	-89	38	--	-36	-60	40%	931	1,178	-21%
3,495	3,270	7%	594	549	8%	-146	105	--	26,321	23,577	12%
1,104	1,096	1%	44	16	175%	-1,317	-1,026	-28%	9,799	8,784	12%
157	166	-5%	7	9	-22%	13	14	-7%	783	758	3%
45	13	--	3	5	-40%	124	-1	--	1,612	644	150%
–	–	--	0	0		25	28	-11%	267	244	9%
37,198	33,321	12%	3,724	3,110	20%	847	828	2%	149,351	137,552	9%
13.8%	12.6%		6.9%	6.9%					19.6%	19.1%	
10.1%	9.3%		6.0%	5.8%					15.5%	15.1%	
3.7%	3.3%		0.9%	1.1%					4.1%	4.0%	
11.0%	12.3%		-11.3%	6.6%					10.2%	12.0%	
8.4%	7.8%		16.0%	22.2%					10.9%	11.6%	

The consolidated segment reporting by business segment is an integral part of the notes.
The following notes are an integral part of the consolidated financial statements.

FRESENIUS SE & CO. KGAA
CONSOLIDATED SEGMENT REPORTING

by region

	Europe			North America		
€ in millions	**2011**	2010	Change	**2011**	2010	Change
Sales	**6,919**	6,515	6%	**6,762**	7,020	-4%
contribution to consolidated sales	**42%**	41%		**41%**	44%	
EBIT	**758**	723	5%	**1,382**	1,347	3%
Depreciation and amortization	**322**	294	10%	**268**	265	1%
Total assets	**9,759**	8,935	9%	**13,670**	12,152	12%
Capital expenditure, gross	**422**	400	6%	**210**	223	-6%
Acquisitions, gross/investments	**924**	267	--	**596**	277	115%
Employees (per capita on balance sheet date)	**74,415**	66,179	12%	**47,701**	46,082	4%

Asia-Pacific			Latin America			Africa			Fresenius Group		
2011	2010	Change	**2011**	2010	Change	**2011**	2010	Change	**2011**	2010	Change
1,582	1,307	21%	**899**	814	10%	**360**	316	14%	**16,522**	15,972	3%
10%	8%		**5%**	5%		**2%**	2%		**100%**	100%	
251	205	22%	**125**	107	17%	**47**	36	31%	**2,563**	2,418	6%
50	47	6%	**29**	27	7%	**5**	6	-17%	**674**	639	5%
1,888	1,610	17%	**877**	755	16%	**127**	125	2%	**26,321**	23,577	12%
69	73	-5%	**71**	52	37%	**11**	10	10%	**783**	758	3%
75	89	-16%	**17**	11	55%	**–**	–	--	**1,612**	644	150%
13,134	12,258	7%	**12,754**	11,726	9%	**1,347**	1,307	3%	**149,351**	137,552	9%

The consolidated segment reporting by region is an integral part of the notes.
The following notes are an integral part of the consolidated financial statements.

(This page intentionally left blank)

GENERAL NOTES

1. PRINCIPLES

I. GROUP STRUCTURE

Fresenius is a worldwide operating health care group with products and services for dialysis, the hospital and the medical care of patients at home. Further areas of activity are hospital operations as well as engineering and services for hospitals and other health care facilities. In addition to the activities of the parent company Fresenius SE & Co. KGaA, Bad Homburg v. d. Höhe, the operating activities were split into the following legally-independent business segments (subgroups) in the fiscal year 2011:

- Fresenius Medical Care
- Fresenius Kabi
- Fresenius Helios
- Fresenius Vamed

Fresenius Medical Care is the world's leading provider of dialysis products and dialysis care for the life-saving treatment of patients with chronic kidney failure. Fresenius Medical Care treats 233,156 patients in its 2,898 own dialysis clinics.

Fresenius Kabi is a globally active company, providing infusion therapies, intravenously administered generic drugs, clinical nutrition and the related medical devices. The products are used for the therapy and care of critically and chronically ill patients in and outside the hospital. In Europe, Fresenius Kabi is the market leader in infusion therapies and clinical nutrition, in the U.S., the company is a leading provider of intravenously administered generic drugs.

Fresenius Helios is one of the largest private hospital operators in Germany.

Fresenius Vamed provides engineering and services for hospitals and other health care facilities internationally.

Fresenius SE & Co. KGaA owned 30.74% of the ordinary voting shares of Fresenius Medical Care AG & Co. KGaA (FMC-AG & Co. KGaA) and 30.34% of the total subscribed capital of FMC-AG & Co. KGaA at the end of the fiscal year 2011. Fresenius Medical Care Management AG, the general partner of FMC-AG & Co. KGaA, is a wholly-owned subsidiary of Fresenius SE & Co. KGaA. Therefore, FMC-AG & Co. KGaA is fully consolidated in the consolidated financial statements of the Fresenius Group. Fresenius SE & Co. KGaA continued to hold 100% of the management companies of the business segments Fresenius Kabi (Fresenius Kabi AG) as well as Fresenius Helios and Fresenius Vamed (both held through Fresenius ProServe GmbH) on December 31, 2011. Through Fresenius ProServe GmbH, Fresenius SE & Co. KGaA holds a 100% stake in HELIOS Kliniken GmbH and a 77% stake in VAMED AG. In addition, Fresenius SE & Co. KGaA holds interests in companies with holding functions regarding real estate, financing and insurance, as well as in Fresenius Netcare GmbH which offers services in the field of information technology and in Fresenius Biotech Beteiligungs GmbH.

The reporting currency in the Fresenius Group is the euro. In order to make the presentation clearer, amounts are mostly shown in million euros. Amounts under €1 million after rounding are marked with "–".

II. CHANGE OF FRESENIUS SE'S LEGAL FORM INTO A PARTNERSHIP LIMITED BY SHARES (KOMMANDITGESELLSCHAFT AUF AKTIEN) AND CONVERSION OF THE PREFERENCE SHARES INTO ORDINARY SHARES

On May 12, 2010, Fresenius SE's Annual General Meeting approved the change of Fresenius SE's legal form into a partnership limited by shares (Kommanditgesellschaft auf Aktien, KGaA) with the name Fresenius SE & Co. KGaA in combination with the conversion of all non-voting preference shares into voting ordinary shares. The change of legal form as well as the conversion of shares was also approved by the preference shareholders through a special resolution.

Upon registration with the commercial register of the local court in Bad Homburg v. d. H., the change of legal form into Fresenius SE & Co. KGaA became effective on January 28, 2011. According to the resolution passed, the holders of preference shares received one ordinary share of Fresenius SE & Co. KGaA for each preference share held in Fresenius SE; the ordinary shareholders received one ordinary share of Fresenius SE & Co. KGaA for each ordinary share held in Fresenius SE. The notional proportion of each non-par value share in the subscribed capital as well as the subscribed capital itself remained unchanged. The change of Fresenius SE's legal form into a KGaA neither led to the liquidation of the Company nor to the formation of a new legal entity. The legal and commercial identity of the Company was preserved.

The legal form of the KGaA enables Fresenius to achieve the benefits of a single share class while maintaining the control position of the Else Kröner-Fresenius-Stiftung which held approximately 58% of the ordinary shares in Fresenius SE prior to the change. The European company Fresenius Management SE, a wholly-owned subsidiary of the Else Kröner-Fresenius-Stiftung, is the general partner (Komplementärin) of Fresenius SE & Co. KGaA. The Else Kröner-Fresenius-Stiftung's right to provide the general partner is tied to the holding of more than 10% of the subscribed capital in Fresenius SE & Co. KGaA.

The effects of the change of legal form are described in the respective notes.

The registration of the change of legal form with the commercial register was finally cleared following a court settlement of pending disputes initiated by minority shareholders.

III. BASIS OF PRESENTATION

The accompanying consolidated financial statements have been prepared in accordance with the United States Generally Accepted Accounting Principles (U.S. GAAP).

Fresenius SE & Co. KGaA, as a stock exchange listed company with a domicile in a member state of the European Union, fulfills its obligation to prepare and publish the consolidated financial statements in accordance with the International Financial Reporting Standards (IFRS) applying Section 315a of the German Commercial Code (HGB). Simultaneously, the Fresenius Group voluntarily prepares and publishes the consolidated financial statements in accordance with U.S. GAAP.

In order to improve readability, various items are aggregated in the consolidated statement of financial position and in the consolidated statement of income. These items are shown separately in the notes to provide useful information to the readers of the consolidated financial statements.

The consolidated statement of financial position is classified on the basis of the maturity of assets and liabilities; the consolidated statement of income is classified using the cost-of-sales accounting format.

IV. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a) Principles of consolidation

The financial statements of consolidated entities have been prepared using uniform accounting methods.

Capital consolidation is performed by offsetting investments in subsidiaries against the underlying revaluated equity at the date of acquisition. The identifiable assets and liabilities of subsidiaries as well as the noncontrolling interest are recognized at their fair values. Any remaining debit balance is recognized as goodwill and is tested at least once a year for impairment.

Associated companies (over which Fresenius SE & Co. KGaA has significant exercisable influence, even when it holds less than 50% ownership) are consolidated using the equity method. Investments that are not classified as in associated companies are recorded at acquisition costs.

All significant intercompany sales, expenses, income, receivables and payables are eliminated. Profits and losses on items of property, plant and equipment and inventory acquired from other Group entities are also eliminated. Deferred tax assets and liabilities are recognized on temporary differences resulting from consolidation procedures.

Noncontrolling interest subject to put provisions is recognized between liabilities and equity in the consolidated statement of financial position. Noncontrolling interest not subject to put provisions comprises the interest of noncontrolling shareholders in the consolidated equity of Group entities. Profits and losses attributable to the noncontrolling shareholders are separately disclosed in the consolidated statement of income. Noncontrolling interest not subject to put provisions of recently acquired entities is valuated at fair value.

b) Composition of the Group

The consolidated financial statements include all material companies in which Fresenius SE & Co. KGaA has legal or effective control. In addition, the Fresenius Group consolidates variable interest entities (VIEs) for which it is deemed the primary beneficiary.

Fresenius Medical Care entered into various arrangements with certain dialysis clinics and a dialysis product distributor to provide management services, financing and product supply. The dialysis clinics and the dialysis product distributor have either negative equity or are unable to provide their own funding and operations. Therefore, Fresenius Medical Care has agreed to fund their operations through loans.

The compensation for the funding can carry interest, exclusive product supply agreements or Fresenius Medical Care is entitled to a prorata share of profits, if any, and has a right of first refusal in the event the owners sell the business or assets. These clinics and the dialysis product distributor are VIEs, in which Fresenius Medical Care has been determined to be the primary beneficiary and which therefore have been fully consolidated. They generated approximately €140 million (US$195 million) and €100 million (US$133 million) in sales in 2011 and 2010, respectively. Fresenius Medical Care provided funding to these VIEs through loans and accounts receivable of €114 million (US$148 million) and €83 million (US$111 million) in 2011 and 2010, respectively. Relating to the VIEs, in 2011, Fresenius Medical Care consolidated assets in an amount of €168 million (US$217 million), liabilities in an amount of €125 million (US$162 million) and €43 million (US$55 million) in equity. In 2010, €130 million (US$174 million) assets, €89 million (US$119 million) liabilities and €41 million (US$55 million) equity were consolidated. The interest held by the other shareholders in the consolidated VIEs is reported as noncontrolling interest in the consolidated statement of financial position at December 31, 2011.

Fresenius Vamed participates in long-term project entities which are set up for long-term defined periods of time and for the specific purpose of constructing and operating thermal centers. Some of these project entities qualify as VIEs, in which Fresenius Vamed is not the primary beneficiary based on the cash flow analysis of the involved parties. The project entities generated approximately €78 million in sales in 2011 (2010: €54 million). The VIEs finance themselves mainly through debt, profit participation rights and investment grants. Assets and liabilities relating to the VIEs are not material. Fresenius Vamed made no payments to the VIEs other than contractually stipulated. From today's perspective and due to the contractual situation, Fresenius Vamed is not exposed to any material risk of loss from these VIEs.

The consolidated financial statements of 2011 included, in addition to Fresenius SE & Co. KGaA, 163 (2010: 144) German and 1,094 (2010: 972) foreign companies.

The composition of the Group changed as follows:

	Germany	Abroad	Total
December 31, 2010	**144**	**972**	**1,116**
Additions	**20**	**159**	**179**
of which newly founded	4	45	49
of which acquired	9	100	109
Disposals	**1**	**37**	**38**
of which no longer consolidated	1	17	18
of which merged	0	20	20
December 31, 2011	**163**	**1,094**	**1,257**

19 companies (2010: 17) were accounted for under the equity method.

The complete list of the investments of Fresenius SE & Co. KGaA, registered office in Bad Homburg v. d. H., will be submitted to the electronic Federal Gazette and the electronic companies register.

In 2011, the following fully consolidated German subsidiaries of the Fresenius Group applied the exemption provided in Sections 264 (3) and 264b, respectively, of the German Commercial Code (HGB):

Name of the company	Registered office
Corporate/Other	
Fresenius Biotech GmbH	Gräfelfing
Fresenius Biotech Beteiligungs GmbH	Bad Homburg v. d. H.
Fresenius Immobilien-Verwaltungs-GmbH & Co. Objekt Friedberg KG	Bad Homburg v. d. H.
Fresenius Immobilien-Verwaltungs-GmbH & Co. Objekt St. Wendel KG	Bad Homburg v. d. H.
Fresenius Immobilien-Verwaltungs-GmbH & Co. Objekt Schweinfurt KG	Bad Homburg v. d. H.
Fresenius Netcare GmbH	Bad Homburg v. d. H.
Fresenius ProServe GmbH	Bad Homburg v. d. H.
FPS Immobilien Verwaltungs GmbH & Co. Reichenbach KG	Bad Homburg v. d. H.
ProServe Krankenhaus Beteiligungsgesellschaft mbH & Co. KG	München
Fresenius Kabi	
CFL GmbH	Frankfurt am Main
Fresenius HemoCare GmbH	Bad Homburg v. d. H.
Fresenius HemoCare Beteiligungs GmbH	Bad Homburg v. d. H.
Fresenius Kabi AG	Bad Homburg v. d. H.
Fresenius Kabi Deutschland GmbH	Bad Homburg v. d. H.
Hosped GmbH	Friedberg
MC Medizintechnik GmbH	Alzenau
V. Krütten Medizinische Einmalgeräte GmbH	Idstein

Name of the company	Registered office
Fresenius Helios	
D.i.a.-Solution GmbH	Erfurt
HELIOS Agnes Karll Krankenhaus GmbH	Bochum
HELIOS Care GmbH	Berlin
HELIOS Catering GmbH	Berlin
HELIOS Kids in Pflege GmbH	Geesthacht
HELIOS Klinik Dresden-Wachwitz GmbH	Dresden
HELIOS Klinik Geesthacht GmbH	Geesthacht
HELIOS Klinik Lengerich GmbH	Lengerich
HELIOS Kliniken GmbH	Berlin
HELIOS Kliniken Breisgau-Hochschwarzwald GmbH	Müllheim
HELIOS Kliniken Leipziger Land GmbH	Borna
HELIOS Klinikum Bad Saarow GmbH	Bad Saarow
HELIOS Klinikum Erfurt GmbH	Erfurt
HELIOS Klinikum Wuppertal GmbH	Wuppertal
HELIOS Privatkliniken GmbH	Bad Homburg v. d. H.
HELIOS Schlossbergklinik Oberstaufen GmbH	Oberstaufen
HELIOS Service GmbH	Berlin
HELIOS Versorgungszentren GmbH	Berlin
HELIOS Versorgungszentrum Bad Saarow GmbH	Bad Saarow
HELIOS Vogtland-Klinikum Plauen GmbH	Plauen
HUMAINE Kliniken GmbH	Berlin
Poliklinik am HELIOS Klinikum Buch GmbH	Berlin
Senioren- und Pflegeheim Erfurt GmbH	Erfurt
St. Josefs-Hospital GmbH	Bochum

c) Classifications

Certain items in the consolidated financial statements of 2010 have been reclassified to conform with the presentation in 2011.

d) Hyperinflationary accounting

Due to the inflationary development in Venezuela, Fresenius Medical Care's subsidiaries operating in Venezuela apply Financial Accounting Standards Board Accounting Standards Codification Topic 830, Foreign Currency Matters, as of January 1, 2010. All gains and losses resulting from the remeasurement of assets and liabilities were recognized in 2010 in the consolidated statement of income.

e) Sales recognition policy

Sales from services are recognized at the amount estimated to be received under reimbursement arrangements with third party payors. Sales are recognized on the date services and related products are provided and the customer is obligated to pay.

Product sales are recognized when the title to the product passes to the customers, either at the time of shipment, upon receipt by the customer or upon any other terms that clearly define passage of title. As product returns are not typical, no return allowances are established. In the event that a return is required, the appropriate reductions to sales, cost of sales and accounts receivable are made. Sales are presented net of discounts, allowances and rebates.

In the business segment Fresenius Vamed, sales for long-term production contracts are recognized using the percentage of completion (PoC) method when the accounting conditions are met. The sales to be recognized are calculated as a percentage of the costs already incurred based on the estimated total cost of the contract, milestones laid down in the contract or the percentage of completion. Profits are only recognized when the outcome of a production contract accounted for using the PoC method can be measured reliably.

Any tax assessed by a governmental authority that is incurred as a result of a sales transaction (e. g. sales tax) is excluded from sales and the related sale is reported on a net basis.

f) Government grants

Public sector grants are not recognized until there is reasonable assurance that the respective conditions are met and the grants will be received. Initially, the grant is recorded as a liability and as soon as the asset is acquired, the grant is offset against the acquisition costs. Expense-related grants are recognized as income in the periods in which related costs occur.

g) Research and development expenses

Research is original and planned investigation undertaken with the prospect of gaining new scientific or technical knowledge and understanding. Development is the technical and commercial implementation of research findings. Research and development expenses are expensed as incurred.

h) Impairment

The Fresenius Group reviews the carrying amounts of its property, plant and equipment, intangible assets and other non-current assets for impairment whenever events or changes in circumstances indicate that the carrying amount of these assets may not be recoverable. Recoverability of these assets is measured by comparing the carrying amount of an asset to the future net cash flow directly associated with the asset. If assets are considered to be impaired, the impairment recognized is the amount by which the carrying amount exceeds the fair value of the asset. The Fresenius Group uses a discounted cash flow approach or other methods, if appropriate, to assess fair value. Long-lived assets to be disposed of by sale are reported at the lower of carrying amount or fair value less cost to sell and depreciation is ceased.

i) Capitalized interest

The Fresenius Group includes capitalized interest as part of the cost of the asset if it is directly attributable to the acquisition, construction or manufacture of qualifying assets. For the fiscal years 2011 and 2010, interest of €4 million, based on an average interest rate of 4.12% and 4.90%, respectively, was recognized as a component of the cost of assets.

j) Deferred taxes

Deferred tax assets and liabilities are recognized for the future consequences attributable to temporary differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax basis. Furthermore, deferred taxes are recognized on consolidation procedures affecting net income attributable to Fresenius SE & Co. KGaA. Deferred tax assets also include claims to future tax reductions which arise from the more likely than not expected usage of existing tax losses available for carryforward. The recognition of deferred tax assets from net operating losses and their utilization is based on the budget planning of the Fresenius Group and implemented tax strategies.

Deferred taxes are computed using enacted or adopted tax rates in the relevant national jurisdictions when the amounts are recovered. Tax rates which will be valid in the future but are not adopted till the date of the statement of financial position are not considered.

The realizability of the carrying amount of a deferred tax asset is reviewed at each date of the statement of financial position. In assessing the realizability of deferred taxes, the Management considers whether it is more likely than not that some portion or all of a deferred tax asset will be realized or whether deferred tax liabilities will be reversed. The ultimate realization of deferred tax assets is dependent upon the generation of future taxable income during the periods in which those temporary differences become deductible. The Management considers the scheduled reversal of deferred tax liabilities and projected future taxable income in making this assessment.

If it is no longer more likely than not that sufficient taxable income will be available to allow the benefit of part or of the entire deferred tax asset to be utilized, the carrying amount of the deferred tax asset is reduced to that certain extent. The reduction is reversed to the date and extent that it becomes probable that sufficient taxable profit will be available.

k) Unrecognized tax benefits

The recognition and measurement of all tax positions taken or expected to be taken on a tax return requires a two step approach. The Fresenius Group must determine whether it is more likely than not that a tax position will be sustained upon examination, including resolution of any related appeals or litigation processes, based on the technical merits of the position. If the threshold is met, the tax position is measured at the largest amount of benefit that is greater than 50% likely of being realized upon ultimate settlement and is recognized in the consolidated financial statements.

l) Earnings per ordinary share and preference share

Basic earnings per ordinary share are computed by dividing net income attributable to Fresenius SE & Co. KGaA by the weighted-average number of ordinary shares outstanding during the year. Diluted earnings per share include the effect of all potentially dilutive instruments on ordinary shares that would have been outstanding during the fiscal year. The equity-settled awards granted under Fresenius' and Fresenius Medical Care's stock option plans can result in a dilutive effect. In prior year, basic earnings per ordinary share were computed by dividing net income attributable to Fresenius SE & Co. KGaA less preference amounts by the weighted-average number of ordinary shares and preference shares outstanding during the year. Basic earnings per preference share were derived by adding the preference dividend per preference share to the basic earnings per ordinary share.

Due to the conversion of the preference shares into ordinary shares in combination with the change of legal form, the dilutive effects are only calculated on ordinary shares as of fiscal year 2011.

m) Cash and cash equivalents

Cash and cash equivalents comprise cash funds and all short-term, liquid investments with original maturities of up to three months (time deposits and securities).

n) Trade accounts receivable

Trade accounts receivable are stated at their nominal value less an allowance for doubtful accounts. Allowances are estimated mainly on the basis of payment history to date, the age structure of balances and the contractual partner involved. In order to assess the appropriateness of allowances, the Fresenius Group checks regularly whether there have been any divergences to previous payment history.

o) Inventories

Inventories comprise all assets which are held for sale in the normal course of business (finished goods), in the process of production for such sale (work in process) or consumed in the production process or in the rendering of services (raw materials and purchased components).

Inventories are stated at the lower of acquisition and manufacturing cost (determined by using the average or first-in, first-out method) or market value. Manufacturing costs comprise direct costs, production and material overhead, including depreciation charges.

p) Property, plant and equipment

Property, plant and equipment are stated at acquisition and manufacturing cost less accumulated depreciation. Significant improvements are capitalized; repairs and maintenance costs that do not extend the useful lives of the assets are charged to expense as incurred. Depreciation on property, plant and equipment is calculated using the straight-line method over the estimated useful lives of the assets ranging from 3 to 50 years for buildings and improvements (with a weighted-average life of 16 years) and 2 to 15 years for machinery and equipment (with a weighted-average life of 11 years).

q) Intangible assets with finite useful lives

Intangible assets with finite useful lives, such as patents, product and distribution rights, non-compete agreements, technology as well as licenses to manufacture, distribute and sell pharmaceutical drugs, are amortized using the straight-line method over their respective useful lives to their residual values and reviewed for impairment (see note 1. IV h, Impairment). The useful life of patents, product and distribution rights ranges from 5 to 20 years. Non-compete agreements with finite useful lives have useful lives ranging from 2 to 25 years with an average useful life of 8 years. The useful life of management contracts with finite useful lives ranges from 5 to 40 years. Technology has a finite useful live of 15 years. Licenses to manufacture, distribute and sell pharmaceutical drugs are amortized over the contractual license period based upon the annual estimated units of sale of the licensed product. All other intangible assets are amortized over their individual estimated useful lives between 3 and 15 years.

Losses in value of a lasting nature are recorded as an impairment.

r) Goodwill and other intangible assets with indefinite useful lives

The Fresenius Group identified intangible assets with indefinite useful lives because, based on an analysis of all of the relevant factors, there is no foreseeable limit to the period over which those assets are expected to generate net cash inflows for the Group. The identified intangible assets with indefinite useful lives such as trade names and certain qualified management contracts acquired in a purchase method business combination are recognized and reported apart from goodwill. They are recorded at acquisition costs. Goodwill and intangible assets with indefinite useful lives are not amortized but tested for impairment annually or when an event becomes known that could trigger an impairment (impairment test).

To perform the annual impairment test of goodwill, the Fresenius Group identified several reporting units and determined their carrying amount by assigning the assets and liabilities, including the existing goodwill and intangible assets, to those reporting units. A reporting unit is usually defined one level below the segment level based on regions or legal entities. Four reporting units were identified in the segment Fresenius Medical Care (Europe, Latin America, Asia-Pacific and North America). In the segment Fresenius Kabi there is one reporting unit for the region North America and one reporting unit for the business outside of North America. According to the regional organizational structure, the segment Fresenius Helios consists of seven reporting units, which are managed by a central division. The segment Fresenius Vamed consists of two reporting units (Project business and Service business). At least once a year, the Fresenius Group compares the fair value of each reporting unit to the reporting unit's carrying amount. The fair value of a reporting unit is determined using a discounted cash flow approach based upon the cash flow expected to be generated by the reporting unit. In case that the fair value of the reporting unit is less than its carrying amount, the difference is at first recorded as an impairment of the fair value of the goodwill.

To evaluate the recoverability of separable intangible assets with indefinite useful lives, the Fresenius Group compares the fair values of these intangible assets with their carrying amounts. An intangible asset's fair value is determined using a discounted cash flow approach and other methods, if appropriate.

The recoverability of goodwill and other separable intangible assets with indefinite useful lives recorded in the Group's consolidated statement of financial position was verified. As a result, the Fresenius Group did not record any impairment losses in 2011 and 2010.

Any excess of the net fair value of identifiable assets and liabilities over cost (badwill) still existing after reassessing the purchase price allocation is recognized immediately in profit or loss.

s) Leases

Leased assets assigned to the Fresenius Group based on the risk and rewards approach (finance leases) are recognized as property, plant and equipment and measured on receipt date at the present values of lease payments as long as their fair values are not lower. Leased assets are depreciated in straight-line over their useful lives. If there is doubt as to whether title to the asset passes at a later stage and there is no opportune purchase option, the asset is depreciated over the lease term if this is shorter. An impairment loss is recognized if the recoverable amount is lower than the amortized cost of the leased asset.

Finance lease liabilities are measured at the present value of the future lease payments and are recognized as a financial liability.

Property, plant and equipment that is rented by the Fresenius Group is accounted for at its purchase cost. Depreciation is calculated using the straight-line method over the leasing time and its expected residual value.

t) Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. The following categories (according to International Accounting Standard 39, Financial Instruments: Recognition and Measurement) are relevant for the Fresenius Group: loans and receivables, financial liabilities measured at amortized cost as well as financial liabilities / assets measured at fair value. Other categories are immaterial or not existing in the Fresenius Group. According to their character, the Fresenius Group classifies its financial instruments into the following classes: cash and cash equivalents, assets recognized at carrying amount, liabilities recognized at carrying amount, derivatives for hedging purposes as well as liabilities recognized at fair value and noncontrolling interest subject to put provisions recognized at fair value.

The relationship between classes and categories as well as the reconciliation to the consolidated statement of financial position is shown in tabular form in note 30, Financial instruments.

The Fresenius Group has potential obligations to purchase noncontrolling interests held by third parties in certain of its consolidated subsidiaries. These obligations are in the form of put provisions and are exercisable at the third-party owners' discretion within specified periods as outlined in each specific put provision. If these put provisions were exercised, the Fresenius Group would be required to purchase all or part of the third-party owners' noncontrolling interests at the appraised fair value. The methodology the Fresenius Group 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 Fresenius Group's current estimates depending upon market conditions.

Derivative financial instruments, which primarily include foreign currency forward contracts and interest rate swaps, are recognized at fair value as assets or liabilities in the consolidated statement of financial position. Changes in the fair value of derivative financial instruments classified as fair value hedges and in the corresponding underlyings are recognized periodically in earnings. The effective portion of changes in fair value of cash flow hedges is recognized in accumulated other comprehensive income (loss) in shareholders' equity until the secured underlying transaction is realized (see note 30, Financial instruments). The ineffective portion of cash flow hedges is recognized in current earnings. Changes in the fair value of derivatives that are not designated as hedging instruments are recognized periodically in earnings.

u) Liabilities

Liabilities are generally stated at present value, which normally corresponds to the value of products or services which are delivered. As a general policy, short-term liabilities are measured at their repayment amount.

v) Legal contingencies

In the ordinary course of Fresenius Group's operations, the Fresenius Group is involved in litigation, arbitration, administrative procedure and investigations relating to various aspects of its business. The Fresenius Group regularly analyzes current information about such claims for probable losses and provides accruals for such matters, including estimated expenses for legal services, as appropriate. The Fresenius Group utilizes its internal legal department as well as external resources for these assessments. In making the decision regarding the need for a loss accrual, the Fresenius Group considers the degree of probability of an unfavorable outcome and its ability to make a reasonable estimate of the amount of loss.

The filing of a suit or formal assertion of a claim, or the disclosure of any such suit or assertion, does not necessarily indicate that an accrual of a loss is appropriate.

w) Other accrued expenses

Accruals for taxes and other obligations are recognized when there is a present obligation to a third party arising from past events, it is probable that the obligation will be settled in the future and the amount can be reliably estimated.

Tax accruals include obligations for the current year and for prior years.

x) Pension liabilities and similar obligations

The Fresenius Group recognizes the underfunded status of its defined benefit plans, measured as the difference between the benefit obligation and plan assets at fair value, as a liability. Changes in the funded status of a plan, net of tax, resulting from actuarial gains or losses, prior service costs or costs that are not recognized as components of the net periodic benefit cost, will be recognized through accumulated other comprehensive income (loss) in the year in which they occur. Actuarial gains or losses and prior service costs are subsequently recognized as components of net periodic benefit cost when realized.

y) Debt issuance costs

Debt issuance costs are capitalized separately from the underlying debt and are amortized over the term of the related obligation.

z) Stock option plans

In line with the standard for share-based payment, the Fresenius Group uses the modified prospective transition method. Under this transition method, in 2010 and 2011, the Fresenius Group recognized compensation cost for all stock-based payments subsequent to January 1, 2006 (based on the grant-date fair value estimated).

aa) Self-insurance programs

Under the insurance programs for professional, product and general liability, auto liability and worker's compensation claims, the largest subsidiary of Fresenius Medical Care AG & Co. KGaA (FMC-AG & Co. KGaA), located in North America, is partially self-insured for professional liability claims. For all other coverages, FMC-AG & Co. KGaA assumes responsibility for incurred claims up to predetermined amounts, above which third party insurance applies. Reported liabilities for the year represent estimated future payments of the anticipated expense for claims incurred (both reported and incurred but not reported) based on historical experience and existing claim activity. This experience includes both the rate of claims incidence (number) and claim severity (cost) and is combined with individual claim expectations to estimate the reported amounts.

bb) Foreign currency translation

The reporting currency is the euro. Substantially all assets and liabilities of the foreign subsidiaries are translated at the mid-closing rate on the date of the statement of financial position, while income and expense are translated at average exchange rates. Adjustments due to foreign currency translation fluctuations are excluded from net earnings and are reported in accumulated other comprehensive income (loss). In addition, the translation adjustments of certain intercompany borrowings, which are considered foreign equity investments, are also reported in accumulated other comprehensive income (loss).

Gains and losses arising from the translation of foreign currency positions as well as those arising from the elimination of foreign currency intercompany loans are recorded as general and administrative expenses, as far as they are not considered foreign equity instruments. In the fiscal year 2011, only immaterial losses resulted out of this transaction.

The exchange rates of the main currencies affecting foreign currency translation developed as follows:

	Year-end exchange rate[1]		Average exchange rate	
	Dec. 31, 2011	Dec. 31, 2010	**2011**	2010
U.S. dollar per €	**1.2939**	1.3362	**1.3920**	1.3259
Pound sterling per €	**0.8353**	0.8608	**0.8679**	0.8581
Swedish krona per €	**8.9120**	8.9655	**9.0298**	9.5387
Chinese renminbi per €	**8.1588**	8.8220	**8.9960**	8.9729
Japanese yen per €	**100.20**	108.65	**110.96**	116.32

[1] Mid-closing rate on the date of the statement of financial position

cc) Fair value hierarchy

The three-tier fair value hierarchy as defined in Financial Accounting Standards Boards Accounting Standards Codification Topic 820, Fair Value Measurements and Disclosures, classifies assets and liabilities recognized at fair value based on the inputs used in estimating the fair value. Level 1 is defined as observable inputs, such as quoted prices in active markets. Level 2 is defined as inputs other than quoted prices in active markets that are directly or indirectly observable. Level 3 is defined as unobservable inputs for which little or no market data exists, therefore requiring the company to develop its own assumptions. The three-tier fair value hierarchy is used in note 25, Pensions and similar obligations, and in note 30, Financial instruments.

dd) Use of estimates

The preparation of consolidated financial statements in conformity with U.S. GAAP requires the management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of income and expenses during the reporting period. Actual results could differ from those estimates.

ee) Receivables management

The entities of the Fresenius Group perform ongoing evaluations of the financial situation of their customers and generally do not require a collateral from the customers for the supply of products and provision of services. Approximately 17% and 18% of Fresenius Group's sales were earned and subject to the regulations under governmental health care programs, Medicare and Medicaid, administered by the United States government in 2011 and 2010, respectively.

ff) Recent pronouncements, applied

The Fresenius Group has prepared its consolidated financial statements at December 31, 2011 in conformity with U.S. GAAP that have to be applied for fiscal years beginning on January 1, 2011 or U.S. GAAP that can be applied earlier on a voluntary basis.

In 2011, the Fresenius Group did not apply any new standards relevant for its business for the first time.

gg) Recent pronouncements, not yet applied

The Financial Accounting Standards Board (FASB) issued the following for the Fresenius Group relevant new standards, which are mandatory for fiscal years commencing on or after January 1, 2012:

In December 2011, the FASB issued **Accounting Standards Update 2011-11** (ASU 2011-11), FASB Accounting Standards Codification (ASC) Topic 210, Balance Sheet – Disclosures about Offsetting Assets and Liabilities. This amendment requires disclosing and reconciling gross and net amounts for financial instruments that are offset in the statement of financial position, and amounts for financial instruments that are subject to master netting arrangements and other similar clearing and repurchase arrangements. ASU 2011-11 is effective for annual reporting periods beginning on or after January 1, 2013, and interim periods within those annual periods. The Fresenius Group is currently evaluating the impact on its consolidated financial statements.

In July 2011, the FASB issued **Accounting Standards Update 2011-07** (ASU 2011-07), FASB ASC Topic 954, Health Care Entities – Presentation and Disclosure of Patient Service Revenue, Provision for Bad Debts and the Allowance for Doubtful Accounts for Certain Health Care Entities, in order to provide financial statement users with greater transparency about a health care entity's net patient service revenue and the related allowance for doubtful accounts. The amendments require health care entities that recognize significant amounts of patient service revenue at the time the services are rendered even though they do not assess the patient's ability to pay to present the provision for bad debts related to patient service revenue as a deduction from patient service revenue (net of contractual allowances and discounts) on their statement of operations. The provision for bad debts must be reclassified from an operating expense to a deduction from patient service revenue. Additionally, these health care entities are required to provide enhanced disclosures about their policies for recognizing revenue and assessing bad debts. The amendments also require disclosures of patient service revenue (net of contractual allowances and discounts) as well as qualitative and quantitative information about changes in the allowance for doubtful accounts. For public entities, the disclosures required under ASU 2011-07 are effective for fiscal years and interim periods within those fiscal years beginning after December 15, 2011, with early adoption permitted. The amendments to the presentation of the provision for bad debts related to patient service revenue in the statement of operations should be applied retrospectively to all prior periods presented. The Fresenius Group adopted the provisions of ASU 2011-07 as of January 1, 2012. The Fresenius Group estimates that this reduced 2011 revenue by approximately €161 million and will reduce revenues by approximately €214 million in 2012 with corresponding reductions to the selling, general and administrative expenses.

In July 2011, the FASB issued **Accounting Standards Update 2011-06** (ASU 2011-06), FASB ASC Topic 720, Other Expenses – Fees Paid to the Federal Government by Health Insurers. The amendments in ASU 2011-06 address how health insurers should recognize and classify their income statement fees mandated by the Health Care and Educational Affordability Reconciliation Act. The amendments require that the liability for the fee be estimated and recorded in full once the entity provides qualifying health insurance in the applicable calendar year in which the fee is payable with a corresponding deferred cost that is amortized to expense using a straight-line allocation method unless a another method better allocates the fee over the entire calendar year for which it is payable. In addition, the amendments state that this fee does not meet the definition of an acquisition cost. The disclosures required under ASU 2011-06 are effective for calendar years beginning after December 31, 2013, when the fee initially becomes effective. The Fresenius Group will apply the guidance under ASU 2011-06 beginning January 1, 2014.

In June 2011, the FASB issued **Accounting Standards Update 2011-05** (ASU 2011-05), FASB ASC Topic 220, Comprehensive Income – Presentation of Comprehensive Income. The amendments in ASU 2011-05 require that all components of comprehensive income be presented either in a single continuous statement of comprehensive income or in two separate but continuous statements. In the two statement approach, the first statement should present total net income and its components followed consecutively by a second statement presenting total other comprehensive income, the components of other comprehensive income and total of comprehensive income. The disclosures required under ASU 2011-05 are effective retrospectively for fiscal years and interim periods within those years, beginning after December 15, 2011, with earlier adoption permitted. As the Fresenius Group currently presents two separate but continuous statements of net income and comprehensive income, the Fresenius Group is already in compliance with the amended guidance issued in ASU 2011-05.

In May 2011, the FASB issued **Accounting Standards Update 2011-04** (ASU 2011-04), FASB ASC Topic 820, Fair Value Measurement – Amendments to Achieve Common Fair Value Measurement and Disclosure Requirements in U.S. GAAP and IFRSs. The amendments in ASU 2011-04 result in common fair value measurement and disclosure requirements in U.S. GAAP and IFRSs. These amendments include clarifications of the application of highest and best use and valuation premise concepts, the measurement of the fair value of an instrument classified in a reporting entity's shareholders' equity, and disclosures about fair value measurements. ASU 2011-04 also changes the measurement or disclosure requirements related to measuring the fair value of financial instruments that are managed within a portfolio, the application of premiums and discounts in a fair value measurement, and additional disclosure about fair value measurements. The disclosures required under ASU 2011-04 are effective for interim and annual reporting periods beginning on or after December 15, 2011. Earlier adoption by public entities is not permitted. The Fresenius Group will apply the guidance under ASU 2011-04 beginning January 1, 2012.

The Fresenius Group generally does not adopt new accounting standards before compulsory adoption date.

V. CRITICAL ACCOUNTING POLICIES

In the opinion of the Management of the Fresenius Group, the following accounting policies and topics are critical for the consolidated financial statements in the present economic environment. The influences and judgments as well as the uncertainties which affect them are also important factors to be considered when looking at present and future operating earnings of the Fresenius Group.

a) Recoverability of goodwill and intangible assets with indefinite useful lives

The amount of intangible assets, including goodwill, product rights, tradenames and management contracts, represents a considerable part of the total assets of the Fresenius Group. At December 31, 2011 and December 31, 2010, the carrying amount of goodwill and non-amortizable intangible assets with indefinite useful lives was €12,853 million and €11,641 million, respectively. This represented 49%, respectively, of total assets.

An impairment test of goodwill and non-amortizable intangible assets with indefinite useful lives is performed at least once a year, or if events occur or circumstances change that would indicate the carrying amount might be impaired (Impairment test).

To determine possible impairments of these assets, the fair value of the reporting units is compared to their carrying amount. The fair value of each reporting unit is determined using estimated future cash flows for the unit discounted by a weighted-average cost of capital (WACC) specific to that reporting unit. Estimating the discounted future cash flows involves significant assumptions, especially regarding future reimbursement rates and sales prices, number of treatments, sales volumes and costs. In determining discounted cash flows, the Fresenius Group utilizes for every reporting unit its approved three-year budget, projections for years 4 to 10 and a corresponding growth rate for all remaining years. These growth rates are 0% to 4% for Fresenius Medical Care, 3% for Fresenius Kabi and 1% for Fresenius Helios and Fresenius Vamed. Projections for up to 10 years are possible due to historical experience and the stability of Fresenius Group's business, which is largely independent from the economic cycle. The discount factor is determined by the WACC of the respective reporting unit. Fresenius Medical Care's WACC consisted of a basic rate of 6.27% for 2011. This basic rate is then adjusted by a country-specific risk rate within each reporting unit. In 2011, WACCs (after tax) for the reporting units of Fresenius Medical Care ranged from 6.27% to 12.73%. In the business segments Fresenius Kabi, Fresenius Helios and Fresenius Vamed, the WACC (after tax) was 5.87%, country-specific adjustments did not occur. If the fair value of the reporting unit is less than its carrying amount, the difference is recorded as an impairment of the fair value of the goodwill at first. An increase of the WACC (after tax) by 0.5% would not have resulted in the recognition of an impairment loss in 2011.

A prolonged downturn in the health care industry with lower than expected increases in reimbursement rates and/or higher than expected costs for providing health care services could adversely affect the estimated future cash flows of certain countries or segments. Future adverse changes in a reporting unit's economic environment could affect the discount rate. A decrease in the estimated future cash flows and/or a decline in the reporting unit's economic environment could result in impairment charges to goodwill and other intangible assets with indefinite useful lives which could materially and adversely affect Fresenius Group's future operating results.

b) Legal contingencies

The Fresenius Group is involved in several legal matters arising from the ordinary course of its business. The outcome of these matters may have a material effect on the financial position, results of operations or cash flows of the Fresenius Group. For details, please see note 29, Commitments and contingent liabilities.

The Fresenius Group regularly analyzes current information about such claims for probable losses and provides accruals for such matters, including estimated expenses for legal services, as appropriate. The Fresenius Group utilizes its internal legal department as well as external resources for these assessments. In making the decision regarding the need for a loss accrual, the Fresenius Group considers the degree of probability of an unfavorable outcome and its ability to make a reasonable estimate of the amount of loss.

The filing of a suit or formal assertion of a claim, or the disclosure of any such suit or assertion, does not necessarily indicate that an accrual of a loss is appropriate.

c) Allowance for doubtful accounts

Trade accounts receivable are a significant asset and the allowance for doubtful accounts is a significant estimate made by the Management. Trade accounts receivable were €3,234 million and €2,935 million in 2011 and 2010, respectively, net of allowance. Approximately two thirds of receivables derive from the business segment Fresenius Medical Care and mainly relate to the dialysis care business in North America.

The major debtors or debtor groups of trade accounts receivable were U.S. Medicare and Medicaid health care programs with 14% and private insurers in the U.S. with 12% at December 31, 2011. Other than that, the Fresenius Group has no significant risk concentration, due to its international and heterogeneous customer structure.

The allowance for doubtful accounts was €383 million and €317 million as of December 31, 2011 and December 31, 2010, respectively.

Sales are invoiced at amounts estimated to be receivable under reimbursement arrangements with third party payors. Estimates for the allowance for doubtful accounts are mainly based on historic collection experience, taking into account the aging of accounts receivable and the contract partners. The Fresenius Group believes that these analyses result in a well-founded estimate of allowances for doubtful accounts. From time to time, the Fresenius Group reviews changes in collection experience to ensure the appropriateness of the allowances.

Deterioration in the ageing of receivables and collection difficulties could require that the Fresenius Group increases the estimates of allowances for doubtful accounts. Additional expenses for uncollectible receivables could have a significant negative impact on future operating results.

d) Self-insurance programs

Under the insurance programs for professional, product and general liability, auto liability and worker's compensation claims, the largest subsidiary of Fresenius Medical Care AG & Co. KGaA, located in North America, is partially self-insured for professional liability claims. For further details regarding the accounting policies for self-insurance programs, please see note 1. IV aa, Self-insurance programs.

2. ACQUISITIONS, DIVESTITURES AND INVESTMENTS

ACQUISITIONS, DIVESTITURES AND INVESTMENTS

The Fresenius Group made acquisitions and investments of €1,612 million and €644 million in 2011 and 2010, respectively. Of this amount, €1,397 million was paid in cash and €215 million was assumed obligations in 2011.

Fresenius Medical Care

In 2011, Fresenius Medical Care spent €1,429 million on acquisitions, primarily for acquisitions of International Dialysis Centers, the dialysis service business of Euromedic International, and American Access Care Holdings, LLC, which operates vascular access centers, and for loans provided to, as well as the purchase of a 49% ownership of, the related party Renal Advantage Partners, LLC, the parent company of Renal Advantage, Inc., a provider of dialysis services.

In December 2010, Fresenius Medical Care announced a renal pharmaceutical joint venture between Fresenius Medical Care and Galenica Ltd., Vifor Fresenius Medical Care Renal Pharma Ltd. (VFMCRP), to develop and distribute products to treat iron deficiency anemia and bone mineral metabolism for pre-dialysis and dialysis patients. Closing in the U.S. occurred at the end of 2010. In the fourth quarter of 2011, VFMCRP received approval from the responsible European Union antitrust commission and formal closing occurred on November 1, 2011. After closing in the European Union, VFMCRP now operates worldwide, except for in Turkey and Ukraine, where antitrust approval has not yet been granted.

Further acquisition spending related mainly to the purchase of dialysis clinics.

In the year 2010, Fresenius Medical Care spent €596 million, primarily for acquisitions of dialysis clinics, the formation of VFMCRP, the acquisition of licenses and the acquisition of Gambro's peritoneal dialysis business outside the United States.

Fresenius Kabi

Fresenius Kabi spent €11 million on acquisitions in the year 2011, mainly for compounding companies in Germany.

In the year 2010, Fresenius Kabi spent €31 million on acquisitions, mainly for the purchase of the cas central compounding baden-württemberg GmbH, Germany and the Fortuna Herstellung GmbH, Germany.

Fresenius Helios

In 2011, Fresenius Helios spent €45 million on acquisitions, mainly for the acquisition of 51% of the share capital in the Katholisches Klinikum Duisburg GmbH, Germany, in December 2011 and for the acquisition of the Gesundheitszentren Landkreis Rottweil GmbH, Germany, in May 2011. Furthermore, Fresenius Helios made an additional purchase price payment for the HELIOS St. Marienberg Klinik Helmstedt GmbH, Germany.

In 2010, Fresenius Helios spent €13 million on acquisitions, mainly for the purchase of the Kreiskrankenhaus St. Marienberg in Helmstedt, Germany and medical centres.

Fresenius Vamed

In the years 2011 and 2010, Fresenius Vamed did not make any material acquisition.

Corporate/Other

In November and December 2011, Fresenius SE & Co. KGaA purchased 1,399,996 ordinary shares of Fresenius Medical Care AG & Co. KGaA. Therefore, the voting rights in Fresenius Medical Care AG & Co. KGaA increased to 30.74% at December 31, 2011. A total of 3.5 million shares shall be acquired.

Furthermore, in the first quarter of 2011, in the segment Corporate/Other, the remaining shares of HELIOS Kliniken GmbH, Germany, were acquired for a purchase price of €54 million.

IMPACTS ON FRESENIUS GROUP'S CONSOLIDATED FINANCIAL STATEMENTS RESULTING FROM ACQUISITIONS

In the fiscal year 2011, all acquisitions have been accounted for applying the purchase method and accordingly have been consolidated starting with the date of acquisition. Each single acquisition is not material. The excess of the total acquisition costs over the fair value of the net assets acquired was €1,057 million and €480 million in 2011 and 2010, respectively.

The purchase price allocations are not yet finalized for all acquisitions. Based on preliminary purchase price allocations, the recognized goodwill was €931 million and the other intangible assets were €126 million. Of this goodwill, €822 million is attributable to the acquisitions of Fresenius Medical Care, €14 million to Fresenius Kabi's acquisitions and €95 million to the acquisitions of Fresenius Helios.

The acquisitions completed in 2011 or included in the consolidated statements for the first time for a full year, contributed the following amounts to the development of sales and earnings:

€ in millions	2011
Sales	178
EBITDA	25
EBIT	19
Net interest	14
Net income attributable to Fresenius SE & Co. KGaA	6

The acquisitions increased the total assets of the Fresenius Group by €1,442 million.

NOTES ON THE CONSOLIDATED STATEMENT OF INCOME

3. SPECIAL ITEMS

The consolidated statement of income for the year 2011 ultimately includes several special items relating to the acquisition of APP Pharmaceuticals, Inc. in 2008. The tables below reconcile adjusted earnings to earnings according to U.S. GAAP in 2011 and 2010.

€ in millions	Other financial result	Net income attributable to Fresenius SE & Co. KGaA
Earnings 2011, adjusted		770
Mandatory Exchangeable Bonds (mark-to-market)	-105	-85
Contingent Value Rights (mark-to-market)	5	5
Earnings 2011 according to U.S. GAAP		**690**

€ in millions	Other financial result	Net income attributable to Fresenius SE & Co. KGaA
Earnings 2010, adjusted		660
Mandatory Exchangeable Bonds (mark-to-market)	-98	-70
Contingent Value Rights (mark-to-market)	32	32
Earnings 2010 according to U.S. GAAP		**622**

For further information regarding Mandatory Exchangeable Bonds and Contingent Value Rights see note 10, Other financial result.

4. SALES

Sales by activity were as follows:

€ in millions	2011	2010
Sales of services	**9,788**	9,631
Sales of products and related goods	**6,230**	5,850
Sales from long-term production contracts	**498**	490
Other sales	**6**	1
Sales	**16,522**	15,972

A sales analysis by business segment and region is shown in the segment information on pages 130 to 133.

5. COST OF SALES

Cost of sales comprised the following:

€ in millions	2011	2010
Cost of services	**7,247**	7,144
Manufacturing cost of products and related goods	**3,212**	3,098
Cost of long-term production contracts	**424**	404
Other cost of sales	**–**	–
Cost of sales	**10,883**	10,646

6. COST OF MATERIALS

Cost of materials comprised cost of raw materials, supplies and purchased components and of purchased services:

€ in millions	2011	2010
Cost of raw materials, supplies and purchased components	**4,404**	4,092
Cost of purchased services	**663**	640
Cost of materials	**5,067**	4,732

7. PERSONNEL EXPENSES

Cost of sales, selling, general and administrative expenses and research and development expenses included personnel expenses of €5,555 million and €5,354 million in 2011 and 2010, respectively.

Personnel expenses comprised the following:

€ in millions	2011	2010
Wages and salaries	**4,392**	4,221
Social security contributions, cost of retirement pensions and social assistance	**1,163**	1,133
thereof retirement pensions	**144**	132
Personnel expenses	**5,555**	5,354

Fresenius Group's annual average number of employees by function is shown below:

	2011	2010
Production	**26,240**	23,710
Service	**89,341**	84,097
Administration	**17,924**	17,095
Sales and marketing	**8,170**	7,816
Research and development	**1,513**	1,445
Total employees (per capita)	**143,188**	134,163

8. SELLING, GENERAL AND ADMINISTRATIVE EXPENSES

Selling expenses were €677 million (2010: €615 million) and mainly included expenditures for sales personnel of €336 million (2010: €304 million).

General and administrative expenses amounted to €2,132 million (2010: €2,049 million) and are related to expenditures for administrative functions not attributable to research and development, production or selling.

9. NET INTEREST

Net interest of -€531 million included interest expenses of €587 million and interest income of €56 million. Interest expenses resulted from Fresenius Group's financial liabilities (see note 30, Financial instruments).

10. OTHER FINANCIAL RESULT

The item other financial result includes the following special expenses and income with regard to the acquisition of APP Pharmaceuticals, Inc. (APP) and its financing:

The Contingent Value Rights (CVR) awarded to the APP shareholders were traded on the NASDAQ Stock Exchange in the United States. Following a request to the U.S. Securities and Exchange Commission, in the first quarter of 2011, the CVR were deregistered and delisted from the NASDAQ due to the expiration of the underlying agreement and became valueless. As a result, an income of €5 million was recognized in 2011 (2010: income of €32 million resulting from the valuation of the liability).

The issued Mandatory Exchangeable Bonds matured on August 14, 2011. Due to their contractual definition, they included derivative financial instruments that were measured at fair value. This measurement resulted in an expense (before tax) of €105 million in 2011 (2010: expense before tax of €98 million).

11. TAXES

INCOME TAXES

Income before income taxes was attributable to the following geographic regions:

€ in millions	2011	2010
Germany	404	338
International	1,528	1,448
Total	**1,932**	1,786

Income tax expenses (benefits) for 2011 and 2010 consisted of the following:

€ in millions	Current taxes	Deferred taxes	Income taxes
2010			
Germany	97	-10	87
International	472	22	494
Total	569	12	581
2011			
Germany	**96**	**9**	**105**
International	**427**	**72**	**499**
Total	**523**	**81**	**604**

In 2011 and 2010, Fresenius SE & Co. KGaA was subject to German federal corporation income tax at a base rate of 15% plus a solidarity surcharge of 5.5% on federal corporation taxes payable.

A reconciliation between the expected and actual income tax expense is shown 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 rate was 29.0% for the fiscal years 2011 and 2010.

€ in millions	2011	2010
Computed "expected" income tax expense	**560**	518
Increase (reduction) in income taxes resulting from:		
Items not recognized for tax purposes	**12**	12
Tax rate differential	**56**	63
Tax-free income	**-12**	-23
Taxes for prior years	**4**	9
Changes in valuation allowances on deferred tax assets	**5**	24
Noncontrolling partnership interests	**-22**	-20
Other	**1**	-2
Income tax	**604**	581
Effective tax rate	**31.3%**	32.5%

DEFERRED TAXES

The tax effects of the temporary differences that gave rise to deferred tax assets and liabilities at December 31 are presented below:

€ in millions	2011	2010
Deferred tax assets		
Accounts receivable	**14**	29
Inventories	**79**	65
Other current assets	**93**	47
Other non-current assets	**127**	84
Accrued expenses	**183**	235
Other short-term liabilities	**86**	88
Other liabilities	**28**	37
Benefit obligations	**92**	55
Losses carried forward from prior years	**151**	145
Deferred tax assets, before valuation allowance	**853**	785
less valuation allowance	**121**	116
Deferred tax assets	**732**	669
Deferred tax liabilities		
Accounts receivable	**23**	12
Inventories	**22**	15
Other current assets	**11**	18
Other non-current assets	**560**	511
Accrued expenses	**23**	8
Other short-term liabilities	**123**	148
Other liabilities	**102**	27
Deferred tax liabilities	**864**	739
Net deferred taxes	**-132**	-70

In the consolidated statement of financial position, the net amounts of deferred tax assets and liabilities are included as follows:

	2011		2010	
€ in millions		thereof short-term		thereof short-term
Deferred tax assets	**493**	**368**	492	380
Deferred tax liabilities	**625**	**52**	562	74
Net deferred taxes	**-132**	**316**	-70	306

As of December 31, 2011, Fresenius Medical Care has not recognized a deferred tax liability on approximately €3.3 billion of undistributed earnings of its foreign subsidiaries, because those earnings are intended to be indefinitely reinvested.

NET OPERATING LOSSES

The expiration of net operating losses is as follows:

for the fiscal years	€ in millions
2012	19
2013	13
2014	21
2015	22
2016	38
2017	18
2018	15
2019	10
2020	7
2021 and thereafter	27
Total	**190**

The total remaining operating losses of €219 million can mainly be carried forward for an unlimited period.

Based upon the level of historical taxable income and projections for future taxable income, the Management of the Fresenius Group believes it is more likely than not that the Fresenius Group will realize the benefits of these deductible differences, net of the existing valuation allowances, at December 31, 2011.

UNRECOGNIZED TAX BENEFITS

Fresenius SE & Co. KGaA and its subsidiaries are subject to tax audits in Germany and the United States on a regular basis and ongoing tax audits in other jurisdictions.

In Germany, the tax years 2002 to 2005 are currently under audit by the tax authorities. The Fresenius Group recognized and recorded the current proposed adjustments of this audit period in the consolidated financial statements. All proposed adjustments are deemed immaterial. In the fourth quarter of 2011, the tax audit for the years 2006 through 2009 was started. Fiscal years 2010 and 2011 are open to audit. For the tax year 1997, Fresenius Medical Care 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. Fresenius Medical Care filed a complaint with the appropriate German court to challenge the tax authority's decision. In January 2011, Fresenius Medical Care reached an agreement with the tax authorities. The additional benefit related to the agreement has been recognized in the consolidated financial statements in 2011.

In the United States, Fresenius Medical Care filed claims for refunds contesting the Internal Revenue Service's (IRS) disallowance of Fresenius Medical Care Holdings, Inc.'s (FMCH) civil settlement payment deductions taken by FMCH in prior year tax returns. As a result of a settlement agreement with the IRS, Fresenius Medical Care received a partial refund in September 2008 of US$37 million, inclusive of interest, and preserved the right to continue to pursue claims in the United States Courts for refunds of all other disallowed deductions. On December 22, 2008, Fresenius Medical Care filed a complaint for a complete refund in the United States District Court for the District of Massachusetts, styled as FMCH v. United States. The court has denied motions for summary judgment by both parties and the litigation is proceeding towards trial. 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 2008 have been completed. On January 23, 2012, Fresenius Medical Care executed a closing agreement with the IRS with respect to the 2007 – 2008 tax audit. The agreement reflected a full allowance of interest deductions on intercompany mandatorily redeemable preferred shares for the 2007 – 2008 tax years. The agreement evidenced a revocation by the IRS in December of 2011 of an initial disallowance of the deductions on mandatorily redeemable shares for the 2007 – 2008 tax years that was reflected in an IRS examination report issued on November 21, 2011. Fresenius Medical Care also protested the IRS's disallowance of interest deductions associated with mandatorily redeemable shares for the years 2002 – 2006. Although Fresenius Medical Care's protests remain pending before IRS Appeals, the IRS has advised Fresenius Medical Care that it will withdraw its disallowance of, and will accordingly permit the deductions associated with, mandatorily redeemable shares for the years 2002 – 2006. During the IRS tax audit for 2007 – 2008, the IRS proposed other adjustments which have been recognized in the consolidated financial statements. In the U.S., fiscal years 2009, 2010 and 2011 are open to audit. FMCH is also subject to audit in various state jurisdictions. A number of these audits are in progress and various years are open to audit in various state jurisdictions. All expected results for both federal and state income tax audits have been recognized in the consolidated financial statements.

Subsidiaries of Fresenius SE & Co. KGaA in a number of countries outside of Germany and the United States are also subject to tax audits. The Fresenius Group estimates that the effects of such tax audits are not material to these consolidated financial statements.

The following table shows the changes to unrecognized tax benefits during the year 2011:

€ in millions	2011
Balance at January 1, 2011	**354**
Increase in unrecognized tax benefits prior periods	18
Decrease in unrecognized tax benefits prior periods	-19
Increase in unrecognized tax benefits current periods	18
Changes related to settlements with tax authorities	-156
Reductions as a result of a lapse of the statute of limitations	-2
Foreign currency translation	11
Balance at December 31, 2011	**224**

Included in the balance at December 31, 2011 are €224 million of unrecognized tax benefits, which would affect the effective tax rate if recognized. As a result of the settlement agreement for 1997 noted above, the Fresenius Group reduced the unrecognized tax benefits at December 31, 2011 by US$206 million and a portion of the reduction was realized as an additional tax benefit in 2011. The Fresenius Group estimates that the uncertain tax benefit at December 31, 2011 will be reduced by approximately US$13 million due to expected settlements with tax authorities. The Fresenius Group is currently not in a position to forecast the timing and magnitude of changes in other unrecognized tax benefits.

It is Fresenius Group's policy to recognize interest and penalties related to its tax positions as income tax expense. During the fiscal year 2011, the Fresenius Group recognized €2 million in interest and penalties. The Fresenius Group had a total accrual of €47 million of tax related interest and penalties at December 31, 2011.

12. EARNINGS PER SHARE

The following table shows the earnings per share including and excluding the dilutive effect from stock options issued and the Mandatory Exchangeable Bonds (MEB):

	2011	2010
Numerators, € in millions		
Net income attributable to Fresenius SE & Co. KGaA	**690**	622
less preference on preference shares	**n/a**	0
less effect from dilution due to Fresenius Medical Care shares and MEB	**3**	6
Income available to all classes of shares	**687**	616
Denominators in number of shares		
Weighted-average number of ordinary shares outstanding	**162,797,197**	80,870,695
Weighted-average number of preference shares outstanding	**0**	80,870,695
Weighted-average number of shares outstanding of all classes	**162,797,197**	161,741,390
Potentially dilutive ordinary shares	**1,522,534**	541,580
Potentially dilutive preference shares	**0**	541,580
Weighted-average number of ordinary shares outstanding assuming dilution	**164,319,731**	81,412,275
Weighted-average number of preference shares outstanding assuming dilution	**0**	81,412,275
Weighted-average number of shares outstanding of all classes assuming dilution	**164,319,731**	162,824,550
Basic earnings per ordinary share in €	**4.24**	3.85
Preference per preference share in €	**n/a**	0.00
Basic earnings per preference share in €	**n/a**	3.85
Fully diluted earnings per ordinary share in €	**4.18**	3.79
Preference per preference share in €	**n/a**	0.00
Fully diluted earnings per preference share in €	**n/a**	3.79

The owners of preference shares were entitled to a preference of €0.01 per bearer preference share per fiscal year.

Due to the conversion of the preference shares into ordinary shares in combination with the change of legal form, the dilutive effects are only calculated on ordinary shares as of fiscal year 2011.

NOTES ON THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION

13. CASH AND CASH EQUIVALENTS

As of December 31, cash and cash equivalents were as follows:

€ in millions	2011	2010
Cash	627	650
Time deposits and securities (with a maturity of up to 90 days)	8	119
Total cash and cash equivalents	**635**	769

As of December 31, 2011 and December 31, 2010, earmarked funds of €40 million and €65 million, respectively, were included in cash and cash equivalents.

14. TRADE ACCOUNTS RECEIVABLE

As of December 31, trade accounts receivable were as follows:

€ in millions	2011	2010
Trade accounts receivable	3,617	3,252
less allowance for doubtful accounts	383	317
Trade accounts receivable, net	**3,234**	2,935

All trade accounts receivable are due within one year.

The following table shows the development of the allowance for doubtful accounts during the fiscal year:

€ in millions	2011	2010
Allowance for doubtful accounts at the beginning of the year	**317**	285
Change in valuation allowances as recorded in the consolidated statement of income	216	175
Write-offs and recoveries of amounts previously written-off	-154	-158
Foreign currency translation	4	15
Allowance for doubtful accounts at the end of the year	**383**	317

The following table shows the ageing analysis of trade accounts receivable and their allowance for doubtful accounts:

€ in millions	not overdue	up to 3 months overdue	3 to 6 months overdue	6 to 12 months overdue	more than 12 months overdue	Total
Trade accounts receivable	1,965	606	295	306	445	3,617
less allowance for doubtful accounts	22	49	43	64	205	383
Trade accounts receivable, net	1,943	557	252	242	240	**3,234**

15. INVENTORIES

As of December 31, inventories consisted of the following:

€ in millions	2011	2010
Raw materials and purchased components	385	350
Work in process	326	255
Finished goods	1,076	874
less reserves	70	68
Inventories, net	**1,717**	1,411

The companies of the Fresenius Group are obliged to purchase approximately €2,316 million of raw materials and purchased components under fixed terms, of which €700 million was committed at December 31, 2011 for 2012. The terms of these agreements run 1 to 14 years. Advance payments from customers of €236 million (2010: €170 million) have been offset against inventories.

Inventories as of December 31, 2011 and December 31, 2010 included approximately €37 million and approximately €25 million, respectively, of the product Erythropoietin (EPO), which is supplied by a single source supplier in the United States. Effective January 1, 2012, Fresenius Medical Care entered into a new three-year sourcing and supply agreement with its EPO supplier. Delays, stoppages, or interruptions in the supply of EPO could adversely affect the operating results of Fresenius Medical Care.

16. OTHER CURRENT AND NON-CURRENT ASSETS

As of December 31, other current and non-current assets comprised the following:

€ in millions	2011	2011 thereof short-term	2010	2010 thereof short-term
Investments and long-term loans	**796**	**9**	254	6
Tax receivables	**311**	**287**	240	224
Discounts	**143**	**143**	124	124
Accounts receivable resulting from German "Krankenhausfinanzierungsgesetz"	**101**	**82**	111	79
Capitalized debt financing costs	**98**	**9**	108	10
Advances made	**77**	**76**	53	52
Leasing receivables	**72**	**29**	73	29
Derivative financial instruments	**54**	**52**	25	18
Prepaid expenses	**45**	**18**	45	15
Re-insurance claims	**11**	**0**	25	0
Accounts receivable from management contracts in clinics	**8**	**8**	7	7
Other assets	**662**	**478**	496	367
Other assets, gross	**2,378**	**1,191**	1,561	931
less allowances	**9**	**7**	8	6
Other assets, net	**2,369**	**1,184**	1,553	925

Investments and long-term loans comprised investments of €537 million (2010: €190 million), mainly regarding the joint venture between Fresenius Medical Care and Galenica Ltd., that were accounted for under the equity method. In 2011, income of €22 million (2010: €4 million) resulting from this valuation was included in general and administrative expenses in the consolidated statement of income. Furthermore, investments and long-term loans include €181 million (2010: €0 million) that Fresenius Medical Care loaned to Renal Advantage Partners, LLC.

The receivables resulting from the German "Krankenhausfinanzierungsgesetz" primarily contain approved but not yet received earmarked subsidies of the Fresenius Helios operations. The approval is evidenced in a letter written by the granting authorities that Fresenius Helios has already received.

In the fiscal year, the amount of depreciation recognized on other non-current assets was immaterial (2010: €2 million).

17. PROPERTY, PLANT AND EQUIPMENT

As of December 31, the acquisition and manufacturing costs as well as accumulated depreciation of property, plant and equipment consisted of the following:

ACQUISITION AND MANUFACTURING COSTS

€ in millions	As of Jan. 1, 2011	Foreign currency translation	Changes in entities consolidated	Additions	Reclassifi- cations	Disposals	**As of Dec. 31, 2011**
Land and land facilities	221	1	5	2	1	–	**230**
Buildings and improvements	2,976	31	44	84	175	40	**3,270**
Machinery and equipment	3,796	16	50	372	100	177	**4,157**
Machinery, equipment and rental equipment under capital leases	98	–	–	9	3	5	**105**
Construction in progress	419	–	-1	310	-286	12	**430**
Property, plant and equipment	7,510	48	98	777	-7	234	**8,192**

DEPRECIATION

€ in millions	As of Jan. 1, 2011	Foreign currency translation	Changes in entities consolidated	Additions	Reclassifi- cations	Disposals	**As of Dec. 31, 2011**
Land and land facilities	4	–	0	1	0	–	**5**
Buildings and improvements	1,246	20	4	190	3	32	**1,431**
Machinery and equipment	2,269	13	1	367	–	147	**2,503**
Machinery, equipment and rental equipment under capital leases	36	–	0	10	1	5	**42**
Construction in progress	1	–	0	0	–	–	**1**
Property, plant and equipment	3,556	33	5	568	4	184	**3,982**

ACQUISITION AND MANUFACTURING COSTS

€ in millions	As of Jan. 1, 2010	Foreign currency translation	Changes in entities consolidated	Additions	Reclassifi- cations	Disposals	**As of Dec. 31, 2010**
Land and land facilities	206	7	1	8	–	1	**221**
Buildings and improvements	2,628	111	16	86	193	58	**2,976**
Machinery and equipment	3,355	178	42	326	110	215	**3,796**
Machinery, equipment and rental equipment under capital leases	146	3	7	20	-65	13	**98**
Construction in progress	340	18	12	304	-250	5	**419**
Property, plant and equipment	6,675	317	78	744	-12	292	**7,510**

DEPRECIATION

€ in millions	As of Jan. 1, 2010	Foreign currency translation	Changes in entities consolidated	Additions	Reclassifi- cations	Disposals	**As of Dec. 31, 2010**
Land and land facilities	2	2	0	–	–	–	**4**
Buildings and improvements	1,038	48	1	173	37	51	**1,246**
Machinery and equipment	2,001	97	16	351	–	196	**2,269**
Machinery, equipment and rental equipment under capital leases	74	1	–	8	-39	8	**36**
Construction in progress	1	–	0	–	0	–	**1**
Property, plant and equipment	3,116	148	17	532	-2	255	**3,556**

CARRYING AMOUNTS

€ in millions	Dec. 31, 2011	Dec. 31, 2010
Land and land facilities	225	217
Buildings and improvements	1,839	1,730
Machinery and equipment	1,654	1,527
Machinery, equipment and rental equipment under capital leases	63	62
Construction in progress	429	418
Property, plant and equipment	**4,210**	3,954

Depreciation on property, plant and equipment for the years 2011 and 2010 was €568 million and €532 million, respectively. It is allocated within cost of sales, selling, general and administrative expenses and research and development expenses, depending upon the use of the asset.

LEASING

Machinery and equipment as of December 31, 2011 and 2010 included peritoneal dialysis cycler machines which Fresenius Medical Care leases to customers with end-stage renal disease on a month-to-month basis and hemodialysis machines which Fresenius Medical Care leases to physicians under operating leases in an amount of €349 million and €312 million, respectively.

To a lesser extent, property, plant and equipment are also leased for the treatment of patients by other business segments.

For details of minimum lease payments see note 21, Debt and capital lease obligations.

18. GOODWILL AND OTHER INTANGIBLE ASSETS

As of December 31, the acquisition cost and accumulated amortization of intangible assets consisted of the following:

ACQUISITION COST

€ in millions	As of Jan. 1, 2011	Foreign currency translation	Changes in entities consolidated	Additions	Reclassifi-cations	Disposals	As of Dec. 31, 2011
Goodwill	11,464	274	875	56	–	–	**12,669**
Patents, product and distribution rights	617	13	2	5	–	55	**582**
Tradenames	173	5	0	–	1	1	**178**
Technology	83	3	–	0	0	0	**86**
Non-compete agreements	184	6	11	0	0	–	**201**
Management contracts	4	–	–	0	2	0	**6**
Other	484	7	72	36	5	8	**596**
Goodwill and other intangible assets	13,009	308	960	97	8	64	**14,318**

AMORTIZATION

€ in millions	As of Jan. 1, 2011	Foreign currency translation	Changes in entities consolidated	Additions	Reclassifi-cations	Disposals	As of Dec. 31, 2011
Goodwill	0	0	0	0	0	0	**0**
Patents, product and distribution rights	139	4	0	45	0	6	**182**
Tradenames	0	0	0	0	0	0	**0**
Technology	19	1	0	5	0	0	**25**
Non-compete agreements	125	5	–	14	0	0	**144**
Management contracts	0	0	0	0	0	0	**0**
Other	278	4	–	42	–	7	**317**
Goodwill and other intangible assets	561	14	–	106	–	13	**668**

ACQUISITION COST

€ in millions	As of Jan. 1, 2010	Foreign currency translation	Changes in entities consolidated	Additions	Reclassifi-cations	Disposals	As of Dec. 31, 2010
Goodwill	10,356	587	355	4	162	0	**11,464**
Patents, product and distribution rights	538	35	4	39	2	1	**617**
Tradenames	161	12	–	–	–	0	**173**
Technology	69	6	8	0	0	0	**83**
Non-compete agreements	157	12	20	–	–	5	**184**
Management contracts	153	13	0	0	-162	0	**4**
Other	423	32	15	35	–	21	**484**
Goodwill and other intangible assets	11,857	697	402	78	2	27	**13,009**

AMORTIZATION

€ in millions	As of Jan. 1, 2010	Foreign currency translation	Changes in entities consolidated	Additions	Reclassifi-cations	Disposals	As of Dec. 31, 2010
Goodwill	0	0	0	0	0	0	**0**
Patents, product and distribution rights	93	4	–	43	–	1	**139**
Tradenames	0	0	0	0	0	0	**0**
Technology	12	1	0	6	0	0	**19**
Non-compete agreements	109	8	0	13	–	5	**125**
Management contracts	0	0	0	0	0	0	**0**
Other	234	22	–	43	–	21	**278**
Goodwill and other intangible assets	448	35	–	105	–	27	**561**

CARRYING AMOUNTS

€ in millions	Dec. 31, 2011	Dec. 31, 2010
Goodwill	12,669	11,464
Patents, product and distribution rights	400	478
Tradenames	178	173
Technology	61	64
Non-compete agreements	57	59
Management contracts	6	4
Other	279	206
Goodwill and other intangible assets	**13,650**	12,448

The split of intangible assets into amortizable and non-amortizable intangible assets is shown in the following tables:

AMORTIZABLE INTANGIBLE ASSETS

	Dec. 31, 2011			Dec. 31, 2010		
€ in millions	Acquisition cost	Accumulated amortization	Carrying amount	Acquisition cost	Accumulated amortization	Carrying amount
Patents, product and distribution rights	582	182	400	617	139	478
Technology	86	25	61	83	19	64
Non-compete agreements	201	144	57	184	125	59
Other	596	317	279	484	278	206
Total	**1,465**	**668**	**797**	1,368	561	807

NON-AMORTIZABLE INTANGIBLE ASSETS

	Dec. 31, 2011			Dec. 31, 2010		
€ in millions	Acquisition cost	Accumulated amortization	Carrying amount	Acquisition cost	Accumulated amortization	Carrying amount
Tradenames	178	0	178	173	0	173
Management contracts	6	0	6	4	0	4
Goodwill	12,669	0	12,669	11,464	0	11,464
Total	**12,853**	**0**	**12,853**	11,641	0	11,641

In the second quarter of 2010, administrative services agreements of Fresenius Medical Care in an amount of US$215 million (€162 million) were reclassified from the category management contracts to goodwill due to a change in New York state regulations that allowed Fresenius Medical Care, beginning in April 2010, to directly own the managed facilities in that state.

Amortization on intangible assets amounted to €106 million and €105 million for the years 2011 and 2010, respectively. It is allocated within cost of sales, selling, general and administrative expenses and research and development expenses, depending upon the use of the asset.

Estimated regular amortization expenses of intangible assets for the next five years are shown in the following table:

€ in millions	2012	2013	2014	2015	2016
Estimated amortization expenses	102	96	89	80	76

The carrying amount of goodwill has developed as follows:

€ in millions	Fresenius Medical Care	Fresenius Kabi	Fresenius Helios	Fresenius Vamed	Corporate/ Other	**Fresenius Group**
Carrying amount as of January 1, 2010	**5,214**	**3,466**	**1,626**	**44**	**6**	**10,356**
Additions	324	30	1	4	0	359
Reclassifications	162	0	0	0	0	162
Foreign currency translation	392	195	0	0	0	587
Carrying amount as of December 31, 2010	**6,092**	**3,691**	**1,627**	**48**	**6**	**11,464**
Additions	822	14	95	0	0	931
Foreign currency translation	186	88	0	0	0	274
Carrying amount as of December 31, 2011	**7,100**	**3,793**	**1,722**	**48**	**6**	**12,669**

As of December 31, 2011 and December 31, 2010, the carrying amounts of the other non-amortizable intangible assets were €168 million and €161 million, respectively, for Fresenius Medical Care as well as €16 million, respectively, for Fresenius Kabi.

19. OTHER ACCRUED EXPENSES

As of December 31, other accrued expenses consisted of the following:

€ in millions	**2011**	**thereof short-term**	2010	thereof short-term
Personnel expenses	**568**	**497**	482	423
Invoices outstanding	**215**	**215**	188	188
Self-insurance programs	**126**	**126**	123	123
Bonuses and discounts	**108**	**108**	89	89
Special charge for legal matters	**89**	**89**	86	86
Legal matters, advisory and audit fees	**70**	**70**	66	66
Warranties and complaints	**40**	**39**	36	34
Commissions	**27**	**27**	21	21
All other accrued expenses	**453**	**400**	391	343
Other accrued expenses	**1,696**	**1,571**	1,482	1,373

The following table shows the development of other accrued expenses in the fiscal year:

€ in millions	As of Jan. 1, 2011	Foreign currency translation	Changes in entities consolidated	Additions	Reclassifi-cations	Utilized	Reversed	**As of Dec. 31, 2011**
Personnel expenses	482	5	18	436	2	-344	-31	**568**
Invoices outstanding	188	3	2	157	1	-116	-20	**215**
Self-insurance programs	123	4	–	14	–	-5	-10	**126**
Bonuses and discounts	89	2	–	158	-1	-138	-2	**108**
Special charge for legal matters	86	3	0	0	0	0	0	**89**
Legal matters, advisory and audit fees	66	–	2	24	1	-20	-3	**70**
Warranties and complaints	36	–	–	21	–	-13	-4	**40**
Commissions	21	–	–	22	–	-14	-2	**27**
All other accrued expenses	391	–	26	445	-5	-362	-42	**453**
Total	1,482	17	48	1,277	-2	-1,012	-114	**1,696**

Accruals for personnel expenses mainly refer to bonus, severance payments, contribution of partial retirement and holiday entitlements.

In 2001, Fresenius Medical Care recorded a US$258 million special charge to address legal matters relating to transactions pursuant to the Agreement and Plan of Reorganization dated as of February 4, 1996 by and between W.R. Grace & Co. and Fresenius AG, estimated liabilities and legal expenses arising in connection with the W.R. Grace & Co. Chapter 11 proceedings (Grace Chapter 11 Proceedings) and the cost of resolving pending litigation and other disputes with certain commercial insurers. During the second quarter of 2003, the court supervising the Grace Chapter 11 Proceedings approved a definitive settlement agreement entered into among Fresenius Medical Care, the committee representing the asbestos creditors and W.R. Grace & Co. Under the settlement agreement, Fresenius Medical Care will pay US$115 million (€89 million), without interest, upon plan confirmation. In January and February 2011, the U.S. Bankruptcy Court entered orders confirming the joint plan of reorganization and the confirmation orders were affirmed by the U.S. District Court on January 31, 2012 (see note 29, Commitments and contingent liabilities). With the exception of the proposed US$115 million settlement payment, all other matters included in the special charge have been resolved.

20. OTHER LIABILITIES

As of December 31, other liabilities consisted of the following:

€ in millions	2011	2011 thereof short-term	2010	2010 thereof short-term
Derivative financial instruments	**269**	**200**	363	239
Tax liabilities	**155**	**152**	117	114
Accounts payable resulting from German "Krankenhausfinanzierungsgesetz"	**133**	**127**	183	177
Interest liabilities	**131**	**131**	126	126
Personnel liabilities	**116**	**112**	102	97
Accounts receivable credit balance	**103**	**23**	104	22
Advance payments from customers	**77**	**77**	79	72
Leasing liabilities	**59**	**59**	54	54
All other liabilities	**568**	**446**	579	457
Other liabilities	**1,611**	**1,327**	1,707	1,358

The payables resulting from the German "Krankenhausfinanzierungsgesetz" primarily contain earmarked subsidies received but not yet spent appropriately by Fresenius Helios. The amount not yet spent appropriately is classified as liability.

At December 31, 2011, the total amount of other non-current liabilities was €284 million, thereof €242 million was due between one and five years and €42 million was due after five years. The statement of financial position line item long-term accrued expenses and other long-term liabilities of €409 million also included other long-term accrued expenses of €125 million as of December 31, 2011.

21. DEBT AND CAPITAL LEASE OBLIGATIONS

SHORT-TERM DEBT

The Fresenius Group had short-term debt of €171 million and €606 million at December 31, 2011 and December 31, 2010, respectively. As of December 31, 2011, this debt consisted of borrowings by certain subsidiaries of the Fresenius Group under lines of credit with commercial banks. The average interest rates on these borrowings at December 31, 2011 and 2010 were 6.62% and 5.14%, respectively.

At December 31, 2010, the accounts receivable facility of Fresenius Medical Care was classified as short-term debt. During the third quarter of 2011, the accounts receivable facility was renewed for a period of three years. As a result, it has been classified as long-term debt at December 31, 2011. At December 31, 2011, there were no outstanding short-term borrowings under the accounts receivable facility (December 31, 2010: €382 million).

LONG-TERM DEBT AND CAPITAL LEASE OBLIGATIONS

As of December 31, long-term debt and capital lease obligations consisted of the following:

€ in millions	2011	2010
Fresenius Medical Care 2006 Senior Credit Agreement	**2,161**	2,211
2008 Senior Credit Agreement	**1,326**	1,484
Euro Notes	**800**	800
European Investment Bank Agreements	**527**	531
Accounts receivable facility of Fresenius Medical Care	**413**	0
Capital lease obligations	**53**	54
Other	**349**	259
Subtotal	**5,629**	5,339
less current portion	**1,852**	420
Long-term debt and capital lease obligations, less current portion	**3,777**	4,919

Maturities of long-term debt and capital lease obligations are shown in the following table:

€ in millions	up to 1 year	1 to 5 years	more than 5 years
Fresenius Medical Care 2006 Senior Credit Agreement	976	1,185	0
2008 Senior Credit Agreement	243	1,083	0
Euro Notes	461	339	0
European Investment Bank Agreements	8	495	24
Accounts receivable facility of Fresenius Medical Care	0	413	0
Capital lease obligations	10	32	11
Other	154	162	33
Long-term debt and capital lease obligations	**1,852**	**3,709**	**68**

Aggregate annual repayments applicable to the above listed long-term debt and capital lease obligations for the years subsequent to December 31, 2011 are:

for the fiscal years	€ in millions
2012	1,852
2013	1,795
2014	1,833
2015	49
2016	32
Subsequent years	68
Total	**5,629**

Fresenius Medical Care 2006 Senior Credit Agreement

Fresenius Medical Care AG & Co. KGaA (FMC-AG & Co. KGaA) and several of its subsidiaries entered into a US$4.6 billion syndicated credit facility (Fresenius Medical Care 2006 Senior Credit Agreement) with several banks and institutional investors (the Lenders) on March 31, 2006, which replaced a prior credit agreement.

Since entering into the 2006 Senior Credit Agreement, Fresenius Medical Care 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 Credit Facility was increased from US$1,000 million to US$1,200 million and the Term Loan A facility by US$50 million to US$1,365 million at the time of the amendment. The maturity for both tranches was extended from March 31, 2011 to March 31, 2013. Furthermore, the parties agreed to new limitations on dividends and other restricted payments for 2011, 2012 and 2013. In addition, this amendment and subsequent amendments have included increases in certain types of permitted borrowings outside of the Fresenius Medical Care 2006 Senior Credit Agreement, provide further flexibility for certain types of investments and acquisitions and included changes in the definition of Fresenius Medical Care's consolidated leverage ratio, which is used to determine the applicable margin.

The following tables show the available and outstanding amounts under the Fresenius Medical Care 2006 Senior Credit Agreement at December 31:

	2011			
	Maximum amount available		**Balance outstanding**	
	US$ in millions	€ in millions	**US$ in millions**	**€ in millions**
Revolving Credit	1,200	927	**59**	**46**
Term Loan A	1,215	939	**1,215**	**939**
Term Loan B	1,522	1,176	**1,522**	**1,176**
Total	3,937	3,042	**2,796**	**2,161**

	2010			
	Maximum amount available		**Balance outstanding**	
	US$ in millions	€ in millions	**US$ in millions**	**€ in millions**
Revolving Credit	1,200	898	**81**	**61**
Term Loan A	1,335	999	**1,335**	**999**
Term Loan B	1,538	1,151	**1,538**	**1,151**
Total	4,073	3,048	**2,954**	**2,211**

In addition, at December 31, 2011 and December 31, 2010, Fresenius Medical Care had letters of credit outstanding in the amount of US$181 million and US$122 million, respectively, which were not included above as part of the balance outstanding at those dates but which reduce available borrowings under the Revolving Credit Facility.

As of December 31, 2011, after consideration of all amendments and repayments to date, the Fresenius Medical Care 2006 Senior Credit Agreement consisted of:

- A US$1,200 million Revolving Credit Facility (with specified sub-facilities for letters of credit, borrowings in certain non-U.S. currencies, and swing line loans in U.S. dollars and certain non-U.S. currencies, with the total outstanding under those sub-facilities not exceeding US$1,200 million) which will be due and payable on March 31, 2013.
- A Term Loan Facility (Term Loan A) of US$1,215 million, also scheduled to mature on March 31, 2013. Quarterly repayments on Term Loan A of US$30 million each permanently reduce the Term Loan Facility at the end of each quarter until December 31, 2012. The remaining balance outstanding is due on March 31, 2013.
- A Term Loan Facility (Term Loan B) of US$1,522 million scheduled to mature on March 31, 2013 with the next quarterly repayment of US$4 million followed by four quarterly repayments of US$379.4 million each due at the end of its respective quarter.

Interest on these facilities will be, at Fresenius Medical Care's option, depending on the interest periods chosen, at a rate equal to either LIBOR plus an applicable margin or the higher of (a) Bank of America's prime rate or (b) the U.S. Federal Funds rate plus 0.5%, plus an applicable margin.

The applicable margin is variable and depends on Fresenius Medical Care's consolidated leverage ratio which is a ratio of its consolidated funded debt (less all cash and cash equivalents) to consolidated EBITDA (as these terms are defined in the Fresenius Medical Care 2006 Senior Credit Agreement).

For a portion of the floating rate borrowings under the Fresenius Medical Care 2006 Senior Credit Agreement, interest rate hedges have been arranged (see note 30, Financial instruments).

In addition to scheduled principal payments, indebtedness outstanding under the Fresenius Medical Care 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 Fresenius Medical Care's existing accounts receivable facility, the issuance of subordinated debt other than certain intercompany transactions, certain issuances of equity and excess cash flow.

The obligations under the Fresenius Medical Care 2006 Senior Credit Agreement are secured by pledges of capital stock of certain material subsidiaries in favor of the Lenders.

The Fresenius Medical Care 2006 Senior Credit Agreement contains affirmative and negative covenants with respect to FMC-AG & Co. KGaA and its subsidiaries and other payment restrictions. Certain of the covenants limit indebtedness of Fresenius Medical Care and require Fresenius Medical Care to maintain certain financial ratios defined in the agreement. Additionally, the Fresenius Medical Care 2006 Senior Credit Agreement provides for a limitation on dividends and other restricted payments which was US$330 million for 2011 and is US$360 million and US$390 million for 2012 and 2013, respectively. Fresenius Medical Care paid dividends of US$281 million in May of 2011 which was in compliance with the restrictions set forth in the Fresenius Medical Care 2006 Senior Credit Agreement. In default, the outstanding balance under the Fresenius Medical Care 2006 Senior Credit Agreement becomes immediately due and payable at the option of the Lenders. As of December 31, 2011, FMC-AG & Co. KGaA and its subsidiaries were in compliance with all covenants under the Fresenius Medical Care 2006 Senior Credit Agreement.

Fresenius Medical Care incurred fees of approximately US$86 million in conjunction with the Fresenius Medical Care 2006 Senior Credit Agreement and fees of approximately US$21 million in conjunction with the amendment and extension which will be amortized over the life of the credit agreement.

2008 Senior Credit Agreement

On August 20, 2008, in connection with the acquisition of APP Pharmaceuticals, Inc. (APP), the Fresenius Group entered into a syndicated credit agreement (2008 Senior Credit Agreement) in an original amount of US$2.45 billion.

Since entering into the 2008 Senior Credit Agreement, amendments and voluntary prepayments have been made which have resulted in a change of the total amount available under this facility. In March 2011, after negotiations with the lenders, Fresenius SE & Co. KGaA again improved the conditions of the 2008 Senior Credit Agreement. The amendments led to a reduction of the interest rate of Term Loan C (new: Term Loan D). The new interest rate is a rate equal to the money market interest rate (LIBOR and EURIBOR) with a minimum of 1.00% (previously: 1.50%) and a current margin of 2.50% (previously: 3.00%). An earlier amendment in March 2010 had already led to a replacement of Term Loan B by Term Loan C and an improvement of the applicable interest rate.

The following tables show the available and outstanding amounts under the 2008 Senior Credit Agreement at December 31:

	2011			
	Maximum amount available		**Balance outstanding**	
		€ in millions		**€ in millions**
Revolving Credit Facilities	US$550 million	425	**US$0 million**	**0**
Term Loan A	US$537 million	415	**US$537 million**	**415**
Term Loan D (in US$)	US$971 million	751	**US$971 million**	**751**
Term Loan D (in €)	€160 million	160	**€160 million**	**160**
Total		1,751		**1,326**

	2010			
	Maximum amount available		**Balance outstanding**	
		€ in millions		**€ in millions**
Revolving Credit Facilities	US$550 million	411	**US$0 million**	**0**
Term Loan A	US$782 million	586	**US$782 million**	**586**
Term Loan C (in US$)	US$984 million	736	**US$984 million**	**736**
Term Loan C (in €)	€162 million	162	**€162 million**	**162**
Total		1,895		**1,484**

As of December 31, 2011, the 2008 Senior Credit Agreement consisted of:

- Revolving Credit Facilities in the aggregate principal amount of US$550 million (of which US$150 million is available to APP Pharmaceuticals, LLC and US$400 million is available as multicurrency facility to Fresenius Finance I S.A., a wholly-owned subsidiary of Fresenius SE & Co. KGaA) which will be due and payable on September 10, 2013.
- Term Loan Facilities (Term Loan A) in the aggregate principal amount of US$537 million (of which equal shares are available to Fresenius US Finance I, Inc., a wholly-owned subsidiary of Fresenius SE & Co. KGaA, and to APP Pharmaceuticals, LLC). Term Loan A amortizes and is repayable in unequal semi-annual installments with a final maturity date on September 10, 2013.
- Term Loan Facilities (Term Loan D) in the aggregate principal amount of US$971.4 million and €160.5 million (of which US$572.2 million and €160.5 million are available to Fresenius US Finance I, Inc. and US$399.2 million is available to APP Pharmaceuticals, LLC). Term Loan D amortizes and is repayable in equal semi-annual installments with a final bullet payment on September 10, 2014.

The interest rate on each borrowing under the 2008 Senior Credit Agreement is a rate equal to the aggregate of (a) the applicable margin (as described below) and (b) LIBOR or, in relation to any loan in euros, EURIBOR for the relevant interest period. The applicable margin is variable and depends on the Leverage Ratio as defined in the 2008 Senior Credit Agreement. In the case of Term Loan D, a minimum LIBOR or EURIBOR was set for 1.00%.

To hedge large parts of the interest rate risk connected with the floating rate borrowings under the 2008 Senior Credit Agreement, the Fresenius Group entered into interest rate hedges.

In addition to scheduled principal payments, indebtedness outstanding under the 2008 Senior Credit Agreement will be reduced by mandatory prepayments in the case of certain sales of assets, incurrence of additional indebtedness, equity issuances and certain intercompany loan repayments, with the amount to be prepaid depending on the proceeds which are generated by the respective transaction.

The 2008 Senior Credit Agreement is guaranteed by Fresenius SE & Co. KGaA, Fresenius ProServe GmbH and Fresenius Kabi AG. The obligations of APP Pharmaceuticals, LLC under the 2008 Senior Credit Agreement that refinanced indebtedness under the former APP credit facility are secured by the assets of APP and its subsidiaries and guaranteed by APP's subsidiaries on the same basis as the former APP credit facility. All lenders also benefit from indirect security through pledges over the shares of certain subsidiaries of Fresenius Kabi AG and pledges over certain intercompany loans.

The 2008 Senior Credit Agreement contains a number of customary affirmative and negative covenants and other payment restrictions. These covenants include limitations on liens, sale of assets, incurrence of debt, investments and acquisitions and restrictions on the payment of dividends, among other items. The 2008 Senior Credit Agreement also includes financial covenants – as defined in the agreement – that require Fresenius SE & Co. KGaA and its subsidiaries (other than Fresenius Medical Care and its subsidiaries) to maintain a maximum leverage ratio, a minimum fixed charge coverage ratio, a minimum interest coverage ratio and limits amounts spent on capital expenditure. As of December 31, 2011, the Fresenius Group was in compliance with all covenants under the 2008 Senior Credit Agreement.

Euro Notes

As of December 31, Euro Notes (Schuldscheindarlehen) of the Fresenius Group consisted of the following:

			Book value / nominal value € in millions	
	Maturity	Interest rate	2011	2010
Fresenius Finance B.V. 2008/2012	April 2, 2012	5.59%	**62**	62
Fresenius Finance B.V. 2008/2012	April 2, 2012	variable	**138**	138
Fresenius Finance B.V. 2007/2012	July 2, 2012	5.51%	**26**	26
Fresenius Finance B.V. 2007/2012	July 2, 2012	variable	**74**	74
Fresenius Finance B.V. 2008/2014	April 2, 2014	5.98%	**112**	112
Fresenius Finance B.V. 2008/2014	April 2, 2014	variable	**88**	88
Fresenius Finance B.V. 2007/2014	July 2, 2014	5.75%	**38**	38
Fresenius Finance B.V. 2007/2014	July 2, 2014	variable	**62**	62
Fresenius Medical Care AG & Co. KGaA 2009/2012	Oct. 27, 2012	7.41%	**36**	36
Fresenius Medical Care AG & Co. KGaA 2009/2012	Oct. 27, 2012	variable	**119**	119
Fresenius Medical Care AG & Co. KGaA 2009/2014	Oct. 27, 2014	8.38%	**15**	15
Fresenius Medical Care AG & Co. KGaA 2009/2014	Oct. 27, 2014	variable	**30**	30
Euro Notes			**800**	800

The Euro Notes issued by Fresenius Finance B.V. in the amounts of €200 million and €100 million, which are due on April 2, 2012 and on July 2, 2012, respectively, are shown as current portion of long-term debt and capital lease obligations in the consolidated statement of financial position. The Euro Notes issued by FMC-AG & Co. KGaA of €155 million, which are due on October 27, 2012, are also shown as current portion of long-term debt and capital lease obligations in the consolidated statement of financial position.

The Euro Notes of Fresenius Finance B.V. are guaranteed by Fresenius SE & Co. KGaA. The Euro Notes of FMC-AG & Co. KGaA are guaranteed by Fresenius Medical Care Holdings, Inc. (FMCH) and Fresenius Medical Care Deutschland GmbH (FMC D-GmbH).

Interest of the floating rate tranches of the Euro Notes is based on EURIBOR plus applicable margin. For a large portion of these tranches, interest rate swaps have been arranged (see note 30, Financial instruments). Only the floating rate tranches of the Euro Notes of FMC-AG & Co. KGaA in an amount of €149 million are exposed to the risk of interest rate increases.

As of December 31, 2011, the Fresenius Group was in compliance with all of its covenants under the Euro Notes.

European Investment Bank Agreements

Various subsidiaries of the Fresenius Group maintain credit facilities with the European Investment Bank (EIB). The following table shows the amounts outstanding under the EIB facilities as of December 31:

		Maximum amount available € in millions		Book value € in millions	
	Maturity	2011	2010	2011	2010
Fresenius SE & Co. KGaA	2013	**196**	196	**196**	196
Fresenius Medical Care AG & Co. KGaA	2013/2014	**271**[1]	271[1]	**267**[1]	263[1]
HELIOS Kliniken GmbH	2019	**64**	72	**64**	72
Loans from EIB		**531**	539	**527**	531

[1] Difference due to foreign currency translation

The majority of the loans are denominated in euros. The U.S. dollar denominated borrowings of FMC-AG & Co. KGaA amounted to US$165 million (€127 million) at December 31, 2011.

The EIB is the not-for-profit long-term lending institution of the European Union and loans funds at favorable rates for the purpose of specific capital investment and research and development projects. The facilities were granted to finance certain research and development projects, to invest in the expansion and optimization of existing production facilities in Germany and for the construction of a hospital.

In February 2010, a loan of €50 million was disbursed from the loan agreement FMC-AG & Co. KGaA entered into with the EIB in December 2009. The loan has a four-year term and is guaranteed by FMCH and FMC D-GmbH. In addition, FMC-AG & Co. KGaA drew down the remaining available balance of US$81 million on a revolving credit facility with the EIB in March 2010.

Repayment of the loan of HELIOS Kliniken GmbH already started in December 2007 and will continue through December 2019 with constant half-yearly payments.

The above mentioned loans bear variable interest rates which are based on EURIBOR or LIBOR plus applicable margin. These interest rates change quarterly. The loans under the EIB Agreements entered before 2009 are secured by bank guarantees. The 2009 loan of Fresenius SE & Co. KGaA is guaranteed by Fresenius Kabi AG and Fresenius ProServe GmbH. All credit agreements with the EIB have customary covenants. As of December 31, 2011, the Fresenius Group was in compliance with the respective covenants.

Capital lease obligations

Details of capital lease obligations are given below:

€ in millions	2011	2010
Capital lease obligations (minimum lease payments)	**65**	**68**
due within one year	12	12
due between one and five years	37	32
due later than five years	16	24
Interest component included in future minimum lease payments	**12**	**14**
due within one year	2	2
due between one and five years	5	6
due later than five years	5	6
Present value of capital lease obligations (minimum lease payments)	**53**	**54**
due within one year	10	10
due between one and five years	32	26
due later than five years	11	18

Accounts receivable facility of Fresenius Medical Care

In August 2011, the asset securitization facility (accounts receivable facility) of Fresenius Medical Care was renewed to July 31, 2014 and increased by US$100 million to US$800 million.

As the accounts receivable facility was renewed annually in the past, it has historically been classified as a short-term debt. Since the recent renewal extended the due date to 2014, the accounts receivable facility has been reclassified into long-term debt. At December 31, 2011, there were outstanding borrowings under the accounts receivable facility of US$535 million (€413 million).

Under the accounts receivable facility, certain receivables are sold to NMC Funding Corp. (NMC Funding), a wholly-owned subsidiary of Fresenius Medical Care. NMC Funding then assigns percentage ownership interests in the accounts receivable to certain bank investors. Under the terms of the accounts receivable facility, NMC Funding retains the right, at any time, to recall all the then outstanding transferred interests in the accounts receivable. Consequently, the receivables remain on the consolidated statement of financial position and the proceeds from the transfer of percentage ownership interests are recorded as long-term debt.

NMC Funding pays interest to the bank investors, calculated based on the commercial paper rates for the particular tranches selected. The average interest rate during 2011 was 1.29%. Refinancing fees, which include legal costs and bank fees, are amortized over the term of the facility.

CREDIT LINES

In addition to the financial liabilities described before, the Fresenius Group maintains additional credit facilities which have not been utilized, or have only been utilized in part, as of the reporting date. At December 31, 2011, the additional financial cushion resulting from unutilized credit facilities was approximately €2 billion.

Syndicated credit facilities accounted for €1.1 billion. This portion comprises the Fresenius Medical Care 2006 Senior Credit Agreement in the amount of US$960 million (€742 million) and the 2008 Senior Credit Agreement in the amount of US$550 million (€425 million). Furthermore, bilateral facilities of approximately €850 million were available. They include credit facilities which subsidiaries of the Fresenius Group have arranged with commercial banks. These credit facilities are used for general corporate purposes and are usually unsecured.

In addition, Fresenius SE & Co. KGaA has a commercial paper program under which up to €250 million in short-term notes can be issued. As of December 31, 2011, no commercial papers were outstanding.

Additional financing of up to US$800 million can be provided using the Fresenius Medical Care accounts receivable facility which had been utilized by US$535 million as of December 31, 2011.

22. SENIOR NOTES

As of December 31, Senior Notes of the Fresenius Group consisted of the following:

				Book value € in millions	
	Notional amount	Maturity	Interest rate	2011	2010
Fresenius Finance B.V. 2006/2013	€500 million	Jan. 31, 2013	5.00%	**500**	500
Fresenius Finance B.V. 2006/2016	€650 million	Jan. 31, 2016	5.50%	**637**	635
Fresenius US Finance II, Inc. 2009/2015	€275 million	July 15, 2015	8.75%	**264**	261
Fresenius US Finance II, Inc. 2009/2015	US$500 million	July 15, 2015	9.00%	**372**	356
FMC Finance VI S.A. 2010/2016	€250 million	July 15, 2016	5.50%	**248**	247
FMC Finance VII S.A. 2011/2021	€300 million	Feb. 15, 2021	5.25%	**294**	0
FMC Finance VIII S.A. 2011/2016	€100 million	Oct. 15, 2016	variable	**100**	0
FMC Finance VIII S.A. 2011/2018	€400 million	Sept. 15, 2018	6.50%	**395**	0
Fresenius Medical Care US Finance, Inc. 2007/2017	US$500 million	July 15, 2017	6.875%	**383**	370
Fresenius Medical Care US Finance, Inc. 2011/2021	US$650 million	Feb. 15, 2021	5.75%	**498**	0
Fresenius Medical Care US Finance II, Inc. 2011/2018	US$400 million	Sept. 15, 2018	6.50%	**305**	0
Senior Notes				**3,996**	2,369

All Senior Notes of Fresenius Finance B.V. and of Fresenius US Finance II, Inc. are guaranteed by Fresenius SE & Co. KGaA, Fresenius Kabi AG and Fresenius ProServe GmbH. The holders have the right to request that the issuers repurchase the Senior Notes at 101% of principal plus accrued interest upon the occurrence of a change of control followed by a decline in the rating of the respective Senior Notes. Since January 31, 2011, the Senior Notes of Fresenius Finance B.V. maturing in 2016 may be redeemed at the option of the issuer at prices that have already been fixed at the date of issuance in the indentures. All other Senior Notes of Fresenius Finance B.V. and of Fresenius US Finance II, Inc. may be redeemed prior to their maturity at the option of the issuers, in whole but not in part, at a price of 100% plus accrued interest and a premium calculated pursuant to the terms of the indentures under observance of certain notice periods.

Fresenius SE & Co. KGaA has agreed to a number of covenants to provide protection to the bondholders, which, under certain circumstances, partly restrict the scope of action of Fresenius SE & Co. KGaA and its subsidiaries (excluding Fresenius Medical Care AG & Co. KGaA (FMC-AG & Co. KGaA) and its subsidiaries). These covenants include restrictions on further debt that can be raised, the payment of dividends, the volume of capital expenditure, the redemption of subordinated liabilities and the mortgaging or sale of assets, among other items. Some of these restrictions are lifted automatically when the rating of the respective Notes reaches investment grade. In the event of non-compliance with certain terms of the Senior Notes, the bondholders (owning in aggregate more than 25% of the outstanding Senior Notes) are entitled to call the Senior Notes and demand immediate repayment plus interest. As of December 31, 2011, the Fresenius Group was in compliance with all of its covenants.

On October 17, 2011, FMC Finance VIII S.A. issued €100 million of unsecured, floating-rate Senior Notes at par, which are due in 2016. The Senior Notes carry interest of three-month EURIBOR plus 350 basis points. Net proceeds were used for acquisitions, to repay indebtedness and for general corporate purposes.

On September 14, 2011, Fresenius Medical Care US Finance II, Inc. and FMC Finance VIII S.A. issued unsecured Senior Notes of US$400 million and €400 million, respectively. The Senior Notes have a coupon of 6.5% and are due in 2018. They were issued at an issue price of 98.62% and had a yield to maturity of 6.75%. Net proceeds were used for acquisitions, to refinance indebtedness and for general corporate purposes.

On June 20, 2011, Fresenius Medical Care US Finance, Inc. acquired substantially all of the assets of FMC Finance III S.A. and assumed the obligations of FMC Finance III S.A. under its US$500 million 6.875% Senior Notes due in 2017 and the related indenture. The guarantees of FMC-AG & Co. KGaA, Fresenius Medical Care Holdings, Inc. (FMCH) and Fresenius Medical Care Deutschland GmbH (FMC D-GmbH) for these Senior Notes have not been amended and remain in full force and effect.

On February 3, 2011, Fresenius Medical Care US Finance, Inc. and FMC Finance VII S.A. issued unsecured Senior Notes of US$650 million and €300 million, respectively, which are due in 2021. The Senior Notes issued by Fresenius Medical Care US Finance, Inc. with a coupon of 5.75% at an issue price of 99.06% had a yield to maturity of 5.875%. The Senior Notes issued by FMC Finance VII S.A. have a coupon of 5.25% and were issued at par. Net proceeds were used to repay indebtedness, for acquisitions and for general corporate purposes.

On January 20, 2010, FMC Finance VI S.A. issued €250 million of unsecured Senior Notes with a coupon of 5.50% at an issue price of 98.66%. The Senior Notes had a yield to maturity of 5.75% and are due in 2016. Net proceeds were used to repay short-term indebtedness and for general corporate purposes.

The Senior Notes of Fresenius Medical Care US Finance, Inc., Fresenius Medical Care US Finance II, Inc., FMC Finance VI S.A., FMC Finance VII S.A. and FMC Finance VIII S.A. (wholly-owned subsidiaries of FMC-AG & Co. KGaA) are guaranteed on a senior basis jointly and severally by FMC-AG & Co. KGaA, FMCH and FMC D-GmbH. The holders have the right to request that the respective issuers repurchase the respective Senior Notes at 101% of principal plus accrued interest upon the occurrence of a change of control followed by a decline in the rating of the respective Senior Notes. The issuers may redeem the Senior Notes (except for the floating-rate Senior Notes of FMC Finance VIII S.A.) at any time at 100% of principal plus accrued interest and a premium calculated pursuant to the terms of the indentures.

FMC-AG & Co. KGaA has agreed to a number of covenants to provide protection to the holders which, under certain circumstances, limit the ability of FMC-AG & Co. KGaA and its subsidiaries to, among other things, incur debt, incur liens, engage in sale and leaseback transactions and merge or consolidate with other companies or sell assets. As of December 31, 2011, FMC-AG & Co. KGaA and its subsidiaries were in compliance with all of their covenants under the Senior Notes existing at this point in time.

23. MANDATORY EXCHANGEABLE BONDS

To finance the acquisition of APP Pharmaceuticals, Inc., Mandatory Exchangeable Bonds (MEB) in an aggregate nominal amount of €554.4 million were issued by Fresenius Finance (Jersey) Ltd. in July 2008. Fresenius Finance B.V. subscribed for these MEB at 100% of their principal amount. Afterwards, the MEB were on-lent to Fresenius SE (since January 28, 2011: Fresenius SE & Co. KGaA), who placed the MEB in the market. The bonds carried a coupon of 5 ⅝% per annum and matured on August 14, 2011. Upon maturity, the bonds were mandatorily exchangeable into ordinary shares of Fresenius Medical Care AG & Co. KGaA (FMC-AG & Co. KGaA). Each holder of an MEB received 1,418 ordinary shares of FMC-AG & Co. KGaA per MEB, corresponding to a final conversion price of €35.26. The ordinary shares of FMC-AG & Co. KGaA were owned by Fresenius SE & Co. KGaA and there was no issuance of new shares. Fresenius SE & Co. KGaA's shareholding in FMC-AG & Co. KGaA was thus reduced by 15,722,644 ordinary shares to 30.4% of the ordinary share capital.

The MEB were shown under short-term liabilities in an amount of €554 million until their maturity on August 14, 2011.

The derivative financial instruments embedded in the MEB were measured at fair value and were shown separately in the consolidated statement of financial position within short-term accrued expenses and other short-term liabilities until the maturity of the MEB.

24. TRUST PREFERRED SECURITIES

Fresenius Medical Care issued trust preferred securities through Fresenius Medical Care Capital Trusts, statutory trusts organized under the laws of the State of Delaware, United States. Fresenius Medical Care AG & Co. KGaA (FMC-AG & Co. KGaA) owned all of the common securities of these trusts. The sole asset of each trust was a senior subordinated note of FMC-AG & Co. KGaA or a wholly-owned subsidiary of FMC-AG & Co. KGaA. FMC-AG & Co. KGaA, Fresenius Medical Care Deutschland GmbH (FMC D-GmbH) and Fresenius Medical Care Holdings, Inc. (FMCH) have guaranteed payment and performance of the senior subordinated notes to the respective Fresenius Medical Care Capital Trusts. The trust preferred securities were guaranteed through a series of undertakings by FMC-AG & Co. KGaA, FMC D-GmbH and FMCH.

The trust preferred securities entitled the holders to distributions at a fixed annual rate of the stated amount and were mandatorily redeemable after 10 years.

On June 15, 2011, Fresenius Medical Care redeemed the trust preferred securities that became due on that date and that were issued in 2001 by Fresenius Medical Care Capital Trust IV and V in the amount of US$225 million and €300 million, respectively, primarily with funds obtained under existing credit facilities.

The trust preferred securities as of December 31 were as follows:

	Year issued	Stated amount	Interest rate	Mandatory redemption date	**2011 € in millions**	2010 € in millions
Fresenius Medical Care Capital Trust IV	2001	US$225 million	7 ⅞%	June 15, 2011	**0**	168
Fresenius Medical Care Capital Trust V	2001	€300 million	7 ⅜%	June 15, 2011	**0**	300
Trust preferred securities					**0**	468

25. PENSIONS AND SIMILAR OBLIGATIONS

GENERAL

The Fresenius Group recognizes pension costs and related pension liabilities for current and future benefits to qualified current and former employees of the Fresenius Group. Fresenius Group's pension plans are structured differently according to the legal, economic and fiscal circumstances in each country. The Fresenius Group currently has two types of plans, defined benefit and defined contribution plans. In general, plan benefits in defined benefit plans are based on all or a portion of the employees' years of services and final salary. Plan benefits in defined contribution plans are determined by the amount of contribution by the employee and the employer, both of which may be limited by legislation, and the returns earned on the investment of those contributions.

Upon retirement under defined benefit plans, the Fresenius Group is required to pay defined benefits to former employees when the defined benefits become due. Defined benefit plans may be funded or unfunded. The Fresenius Group has funded defined benefit plans in particular in the United States, Norway, the United Kingdom, the Netherlands and Austria. Unfunded defined benefit plans are located in Germany and France.

Actuarial assumptions generally determine benefit obligations under defined benefit plans. The actuarial calculations require the use of estimates. The main factors used in the actuarial calculations affecting the level of the benefit obligations are: assumptions on life expectancy, the discount rate and future salary and benefit levels. Under Fresenius Group's funded plans, assets are set aside to meet future payment obligations. An estimated return on the plan assets is recognized as income in the respective period. Actuarial gains and losses are generated when there are variations in the actuarial assumptions and by differences between the actual and the estimated projected benefits obligations and the return on plan assets for that year. A company's pension liability is impacted by these actuarial gains or losses.

In the case of Fresenius Group's funded plans, the defined benefit obligation is offset against the fair value of plan assets. A pension liability is recognized in the consolidated statement of financial position if the defined benefit obligation exceeds the fair value of plan assets. An asset is recognized and reported under other assets in the consolidated statement of financial position if the fair value of plan assets exceeds the defined benefit obligation and if the Fresenius Group has a right of reimbursement against the fund or a right to reduce future payments to the fund.

Under defined contribution plans, the Fresenius Group pays defined contributions to an independent third party as directed by the employee during the employee's service life which satisfies all obligations of the Fresenius Group to the employee. The employee retains all rights to the contributions made by the employee and to the vested portion of the Fresenius Group paid contributions upon leaving the Fresenius Group. The Fresenius Group has a main defined contribution plan in North America.

DEFINED BENEFIT PENSION PLANS

At December 31, 2011, the projected benefit obligation (PBO) of the Fresenius Group of €753 million (2010: €655 million) included €260 million (2010: €261 million) funded by plan assets and €496 million (2010: €394 million) covered by pension provisions. The current portion of the pension liability in an amount of €12 million is recognized in the consolidated statement of financial position within short-term accrued expenses and other short-term liabilities. The non-current portion of €484 million is recorded as pension liability.

58% of the pension liabilities in an amount of €496 million relate to the "Versorgungsordnung der Fresenius-Unternehmen" established in 1988 (Pension plan 1988), which applies for most of the German entities of the Fresenius Group except Fresenius Helios. The rest of the pension liabilities relates to individual plans from Fresenius Helios entities in Germany and non-German Group entities.

Plan benefits are generally based on an employee's years of service and final salary. Consistent with predominant practice in Germany, the benefit obligations of the German entities of the Fresenius Group are unfunded. The German Pension Plan 1988 does not have a separate pension fund.

Fresenius Medical Care Holdings, Inc. (FMCH), a subsidiary of Fresenius Medical Care AG & Co. KGaA, has a defined benefit pension plan for its employees in the United States and supplemental executive retirement plans. During the first quarter of 2002, FMCH curtailed these pension plans. Under the curtailment amendment for substantially all employees eligible to participate in the plan, benefits have been frozen as of the curtailment date and no additional defined benefits for future services will be earned. FMCH has retained all employee benefit obligations as of the curtailment date. Each year, FMCH contributes at least the minimum amount required by the Employee Retirement Income Security Act of 1974, as amended. There was no minimum funding requirement for FMCH for the defined benefit plan in the year 2011. FMCH voluntarily contributed US$0.6 million (€0.4 million) during the year 2011. Expected funding for 2012 is US$10.8 million (€8.3 million).

Fresenius Group's benefit obligations relating to fully or partly funded pension plans were €373 million. Benefit obligations relating to unfunded pension plans were €380 million.

The following table shows the changes in benefit obligations, the changes in plan assets and the funded status of the pension plans. Benefits paid as shown in the changes in benefit obligations represent payments made from both the funded and unfunded plans while the benefits paid as shown in the changes in plan assets include only benefit payments from Fresenius Group's funded benefit plans.

The funded status has developed as follows:

€ in millions	2011	2010
Benefit obligations at the beginning of the year	**655**	556
Changes in entities consolidated	**4**	0
Foreign currency translation	**12**	16
Service cost	**19**	16
Prior service cost	**0**	2
Interest cost	**35**	33
Contributions by plan participants	**1**	1
Transfer of plan participants	**–**	–
Curtailments/settlements	**0**	-2
Actuarial losses	**47**	50
Benefits paid	**-20**	-18
Amendments	**–**	1
Benefit obligations at the end of the year	**753**	655
thereof vested	**638**	558
Fair value of plan assets at the beginning of the year	**261**	237
Changes in entities consolidated	**–**	0
Foreign currency translation	**6**	14
Actual return on plan assets	**-4**	13
Contributions by the employer	**6**	4
Contributions by plan participants	**1**	1
Settlements	**–**	–
Transfer of plan participants	**–**	0
Benefits paid	**-10**	-8
Fair value of plan assets at the end of the year	**260**	261
Funded status as of December 31	**493**	394

As of December 31, 2011, the fair value of plan assets relating to one single pension plan exceeded the corresponding benefit obligations. The resulting amount of €3 million (2010: €0 million) was recognized as an asset. For all the remaining pension plans of the Fresenius Group, the benefit obligations exceeded the fair value of plan assets and resulted in a total amount of €496 million (2010: €394 million) recognized as a pension liability.

The discount rates for all plans are based upon yields of portfolios of equity and highly rated debt instruments with maturities that mirror the plan's benefit obligation. Fresenius Group's discount rate is the weighted average of these plans based upon their benefit obligations.

The following weighted-average assumptions were utilized in determining benefit obligations as of December 31:

in %	2011	2010
Discount rate	**5.15**	5.43
Rate of compensation increase	**3.12**	3.32
Rate of pension increase	**1.71**	1.73

At December 31, 2011, the accumulated benefit obligations for all defined benefit pension plans were €703 million (2010: €601 million).

The following table relates to pension plans with projected benefit obligations and accumulated benefit obligations in excess of plan assets:

€ in millions	2011	2010
Projected benefit obligation (PBO)	**711**	655
Accumulated benefit obligation (ABO)	**667**	601
Fair value of plan assets	**215**	261

The pre-tax changes of other comprehensive income (loss) relating to pension liabilities during the years 2011 and 2010 are shown in the following tables:

€ in millions	As of Jan. 1, 2011	Reclassifications [1]	Additions	Foreign currency translation	**As of Dec. 31, 2011**
Actuarial gains and losses	-107	8	-68	-6	**-173**
Prior service cost	3	–	–	–	**3**
Transition obligation	-1	–	–	–	**-1**
Adjustments related to pension liabilities	-105	8	-68	-6	**-171**

[1] Effects recognized in the consolidated statement of income

€ in millions	As of Jan. 1, 2010	Reclassifications [1]	Additions	Foreign currency translation	**As of Dec. 31, 2010**
Actuarial gains and losses	-54	5	-54	-4	**-107**
Prior service cost	4	1	-2	–	**3**
Transition obligation	-1	–	–	–	**-1**
Adjustments related to pension liabilities	-51	6	-56	-4	**-105**

[1] Effects recognized in the consolidated statement of income

For the tax effects on other comprehensive income at December 31, 2011 see note 28, Other comprehensive income (loss).

The Fresenius Group expects the following amounts to be amortized from other comprehensive income into net periodic pension cost in the year 2012:

€ in millions	2012
Actuarial gains and losses	15
Prior service cost	–
Transition obligation	–

Defined benefit pension plans' net periodic benefit costs of €45 million (2010: €36 million) were comprised of the following components:

€ in millions	2011	2010
Service cost	**19**	16
Interest cost	**35**	33
Expected return on plan assets	**-17**	-17
Amortization of unrealized actuarial losses, net	**8**	5
Amortization of prior service costs	**–**	1
Amortization of transition obligations	**–**	–
Settlement loss	**0**	-2
Net periodic benefit cost	**45**	36

Net periodic benefit cost is allocated as personnel expense within cost of sales or selling, general and administrative expenses as well as research and development expenses. The allocation depends upon the area in which the beneficiary is employed.

The following weighted-average assumptions were used in determining net periodic benefit cost for the year ended December 31:

in %	2011	2010
Discount rate	**5.40**	5.86
Expected return of plan assets	**5.50**	5.58
Rate of compensation increase	**3.30**	3.30

Changes in the discount factor, inflation and mortality assumptions used for the actuarial computation resulted in actuarial losses in 2011 which increased the fair value of the defined benefit obligation. Unrecognized actuarial losses were €173 million (2010: €107 million).

The following table shows the expected benefit payments for the next 10 years:

for the fiscal years	€ in millions
2012	23
2013	24
2014	26
2015	28
2016	32
2017 to 2021	187
Total expected benefit payments	**320**

The Fresenius Group uses December 31, 2011 as the measurement date in determining the funded status of all plans.

The major part of pension liabilities relates to Germany. At December 31, 2011, 70% of the pension liabilities were recognized in Germany, 30% in the rest of Europe and North America.

60% of the beneficiaries were located in North America, 30% in Germany and the remainder throughout the rest of Europe and other continents.

The fair values of plan assets by categories were as follows:

	December 31, 2011			December 31, 2010		
€ in millions	**Quoted prices in active markets for identical assets Level 1**	**Significant observable inputs Level 2**	**Total**	Quoted prices in active markets for identical assets Level 1	Significant observable inputs Level 2	Total
Categories of plan assets						
Equity investments	**31**	**43**	**74**	32	49	81
Index funds [1]	**27**	**43**	**70**	23	49	72
Other equity investments	**4**	**0**	**4**	9	0	9
Fixed income investments	**50**	**113**	**163**	41	118	159
Government securities [2]	**25**	**2**	**27**	20	2	22
Corporate bonds [3]	**13**	**111**	**124**	13	114	127
Other fixed income investments [4]	**12**	**–**	**12**	8	2	10
Other [5]	**21**	**2**	**23**	18	3	21
Total	**102**	**158**	**260**	91	170	261

[1] This category mainly comprises low-cost equity index funds not actively managed that track the S & P 500, S & P 400, Russell 2000, the MSCI Emerging Markets Index and the Morgan Stanley International EAFE Index.
[2] This category primarily comprises fixed income investments by the U.S. government and government sponsored entities.
[3] This category primarily represents investment grade bonds of U.S. issuers from diverse industries.
[4] This category mainly comprises private placement bonds as well as collateralized mortgage obligations and funds that invest in treasury obligations directly or in treasury backed obligations.
[5] This category mainly represents cash, money market funds as well as mutual funds comprised of high grade corporate bonds.

The methods and inputs used to measure the fair value of plan assets are as follows:

Index funds are valued based on market quotes.

Other equity investments are valued at their market prices as of the date of the statement of financial position.

Government bonds are valued based on both market prices and market quotes.

Corporate bonds and other bonds are valued based on market quotes as of the date of the statement of financial position.

Cash is stated at nominal value which equals the fair value.

U.S. Treasury money market funds as well as other money market and mutual funds are valued at their market prices.

Plan investment policy and strategy

For the North American funded plan, the Fresenius Group periodically reviews the assumptions for long-term expected return on pension plan assets. As part of the assumptions review, a range of reasonable expected investment returns for the pension plan as a whole was determined based on an analysis of expected future returns for each asset class weighted by the allocation of the assets. The range of returns developed relies both on forecasts, which include the actuarial firm's expected long-term rates of return for each significant asset class or economic indicator, and on broad-market historical benchmarks for expected return, correlation, and volatility for each asset class. As a result, the expected rate of return on pension plan assets of the North American pension plan was 7.5% for the year 2011.

The overall investment strategy for the North American pension plan is to achieve a mix of approximately 96% of investments for long-term growth and 4% for near-term benefit payments with a wide diversification of asset types, fund strategies and fund managers.

The target allocations for plan assets in North America are 35% equity securities and 65% long-term U.S. bonds. The investment policy considers that there will be a time horizon for invested funds of more than five years. The total portfolio will be measured against a policy index that reflects the asset class benchmarks and the target asset allocation. The plan policy does not allow investments in securities of Fresenius Medical Care AG & Co. KGaA or other related party securities. The performance benchmarks for the separate asset classes include: S & P 500 Index, S & P 400 Index, Russell 2000 Growth Index, MSCI EAFE Index, MSCI Emerging Markets Index, Barclays Capital Long Term Government Index and Barclays Capital 20 Year U.S. Treasury Strip Index.

The following schedule describes Fresenius Group's allocation for its funded plans.

in %	**Allocation 2011**	Allocation 2010	Target allocation
Equity investments	**28.47**	31.12	36.08
Fixed income investments	**62.58**	60.73	59.64
Other incl. real estate	**8.95**	8.15	4.28
Total	**100.00**	100.00	100.00

The overall expected long-term rate of return on assets of the Fresenius Group amounts to 6.62% compounded annually. Contributions to plan assets for the fiscal year 2012 are expected to amount to €13 million.

DEFINED CONTRIBUTION PLANS

Fresenius Group's total expense under defined contribution plans for 2011 was €63 million (2010: €63 million). Of this amount, €31 million related to contributions by the Fresenius Group to the Rheinische Zusatzversorgungskasse (a supplementary pension fund) and to other public supplementary pension funds for employees of Fresenius Helios. Further €24 million related to contributions to the North American savings plan, which employees of FMCH can join.

Following applicable collective bargaining agreements, the Group pays contributions for a given number of employees of Fresenius Helios to the Rheinische Zusatzversorgungskasse (a supplementary pension fund) and to other public supplementary pension funds (together referred to as ZVK ÖD) to complement statutory retirement pensions. Given that employees from multiple participating entities are insured by these ZVK ÖDs, these plans are Multi-Employer plans. Employees are entitled to the benefits defined in the statutes regardless of the contributed amounts.

The plan operates on a pay-as-you-earn system based on applying a collection rate to given parts of gross remuneration.

Paid contributions are accounted for as personnel expenses within cost of sales and selling, general and administrative expenses and amounted to €31 million in 2011 (2010: €32 million). Thereof €15 million were payments to the Rheinische Zusatzversorgungskasse (2010: €15 million).

Further disclosures are either irrelevant or immaterial for plans in supplementary pension funds or the necessary information cannot be obtained from the ZVK ÖDs without undue cost and effort.

Under the North American savings plan, employees can deposit up to 75% of their pay up to an annual maximum of US$16,500 if under 50 years old (US$22,000 if 50 or over). Fresenius Medical Care will match 50% of the employee deposit up to a maximum Company contribution of 3% of the employee's pay. Fresenius Medical Care's total expense under this defined contribution plan for the years ended December 31, 2011 and 2010 was €24 million and €24 million, respectively.

26. NONCONTROLLING INTEREST

NONCONTROLLING INTEREST SUBJECT TO PUT PROVISIONS

The Fresenius Group has potential obligations to purchase the noncontrolling interests held by third parties in certain of its consolidated subsidiaries. These obligations are in the form of put provisions and are exercisable at the third-party owners' discretion within specified periods as outlined in each specific put provision. If these put provisions were exercised, the Fresenius Group would be required to purchase all or part of third-party owners' noncontrolling interests at the appraised fair value at the time of exercise.

As of December 31, 2011 and 2010 the Fresenius Group's potential obligations under these put options were €317 million and €209 million, respectively, of which, at December 31, 2011, €88 million were exercisable.

NONCONTROLLING INTEREST NOT SUBJECT TO PUT PROVISIONS

As of December 31, noncontrolling interest not subject to put provisions in the Group was as follows:

€ in millions	2011	2010
Noncontrolling interest not subject to put provisions in Fresenius Medical Care AG & Co. KGaA	4,254	3,574
Noncontrolling interest not subject to put provisions in HELIOS Kliniken GmbH	0	4
Noncontrolling interest not subject to put provisions in VAMED AG	28	23
Noncontrolling interest not subject to put provisions in the business segments		
Fresenius Medical Care	123	110
Fresenius Kabi	63	46
Fresenius Helios	136	119
Fresenius Vamed	2	3
Total noncontrolling interest not subject to put provisions	**4,606**	3,879

Due to the maturity of the Mandatory Exchangeable Bonds on August 14, 2011, Fresenius SE & Co. KGaA's shareholding in Fresenius Medical Care AG & Co. KGaA (FMC-AG & Co. KGaA) was reduced by 15,722,644 ordinary shares to 30.4% of the ordinary share capital. In November and December 2011, Fresenius SE & Co. KGaA purchased 1,399,996 ordinary shares of FMC-AG & Co. KGaA. Therewith, Fresenius SE & Co. KGaA's shareholding in FMC-AG & Co. KGaA amounted to 30.74% of the ordinary share capital at December 31, 2011.

Noncontrolling interest not subject to put provisions changed as follows:

€ in millions	2011
Noncontrolling interest not subject to put provisions at December 31, 2010	**3,879**
Noncontrolling interest not subject to put provisions in profit	605
Maturity of the Mandatory Exchangeable Bonds	298
Dividend payments	-192
Purchase of ordinary shares of FMC-AG & Co. KGaA	-28
Stock options, currency effects and first-time consolidations	44
Noncontrolling interest not subject to put provisions at December 31, 2011	**4,606**

27. FRESENIUS SE & CO. KGAA SHAREHOLDERS' EQUITY

SUBSCRIBED CAPITAL

Development of subscribed capital

As a result of Fresenius SE's change of legal form to Fresenius SE & Co. KGaA and its registration with the commercial register on January 28, 2011, all bearer preference shares were converted into bearer ordinary shares.

During the fiscal year 2011, 787,246 stock options were exercised. Consequently, at December 31, 2011, the subscribed capital of Fresenius SE & Co. KGaA consisted of 163,237,336 bearer ordinary shares. The shares are issued as non-par value shares. The proportionate amount of the subscribed capital is €1.00 per share.

Notification by shareholders

The following table shows the notifications disclosed in 2011 in accordance with Section 26 (1) of the German Securities Trading Act (WpHG). They reflect the corresponding level of investments held in Fresenius SE & Co. KGaA:

Notifying party	Date of reaching, exceeding or falling below	Reporting threshold	Attribution pursuant to Section 22 WpHG	Percentage of voting rights	Number of voting rights
Allianz SE, Munich, Germany [1]	January 28, 2011	Falling below 5%	Section 22 (1) sentence 1 No. 1	4.26	6,919,271
			as well as (1) sentence 1 No. 6	0.0008	1,281
Artio Global Investors, Inc., New York, USA [2]	January 28, 2011	Falling below 3%	Section 22 (1) sentence 1 No. 6 in connection with (1) sentence 2	2.36	3,840,708
BlackRock, Inc., New York, USA [3]	September 2, 2011	Exceeding 3% and 5%	Section 22 (1) sentence 1 No. 6 in connection with (1) sentence 2	5.04	8,218,197
Else Kröner-Fresenius-Stiftung, Bad Homburg v. d. H., Germany	January 28, 2011	Falling below 50% and 30%	–	28.85	46,871,154
FMR, LLC, Boston, USA [4]	January 28, 2011	Falling below 3%	Section 22 (1) sentence 1 No. 6 in connection with (1) sentence 2	1.69	2,740,382
Skandinaviska Enskilda Banken AB (publ), Stockholm, Sweden [5]	May 13, 2011	Exceeding 3% and 5%	Section 22 (1) sentence 1 No. 1	5.58	9,068,446
	May 16, 2011	Falling below 5% and 3%	Section 22 (1) sentence 1 No. 1	1.77	2,868,446

[1] Attribution of voting rights via: Allianz Deutschland AG, Jota Vermögensverwaltungsgesellschaft mbH, Allianz Lebensversicherungs-AG
[2] Attribution of voting rights via: Artio Global Holdings, LLC, Artio Global Management, LLC
[3] Attribution of voting rights via: BlackRock Holdco 2, Inc., BlackRock Financial Management, Inc., BlackRock Advisors Holdings, Inc., BlackRock International Holdings, Inc., BR Jersey International Holdings LP, BlackRock Group Limited
[4] Attribution of voting rights via: Fidelity Management & Research Company
[5] Attribution of voting rights via: SEB Bank AG

The Else Kröner-Fresenius-Stiftung informed on December 30, 2011, that it still holds 46,871,154 ordinary shares of Fresenius SE & Co. KGaA representing 28.71% of the voting rights on December 31, 2011.

All WpHG-notifications by shareholders are published on the website of the Company www.fresenius.com under Investor Relations/The Fresenius Shares/Shareholder Structure.

AUTHORIZED CAPITAL

By resolution of the Annual General Meeting on May 13, 2011, the previous Authorized Capitals I to V were revoked and a new Authorized Capital I was created.

In accordance with the new provision in the articles of association of Fresenius SE & Co. KGaA, the general partner, Fresenius Management SE, is authorized, with the approval of the Supervisory Board, until May 12, 2016, to increase Fresenius SE & Co. KGaA's subscribed capital by a total amount of up to €40,320,000 through a single issue or multiple issues of new bearer ordinary shares against cash contributions and/or contributions in kind (Authorized Capital I). A subscription right must be granted to the shareholders in principle. In defined cases, the general partner is authorized, with the consent of the Supervisory Board, to decide on the exclusion of the shareholders' subscription right (e. g. to eliminate fractional amounts). For cash contributions, the authorization can only be exercised if the issue price is not significantly below the stock exchange price of the already listed shares at the time the issue price is fixed with final effect by the general partner. Furthermore, the proportionate amount of the shares issued with exclusion of subscription rights may not exceed 10% of the subscribed capital neither at the time of the resolution on the authorization nor at the time of the utilization of the authorization. In the case of a contribution in kind, the subscription right can be excluded only in order to acquire a company, parts of a company or a participation in a company. The authorizations granted concerning the exclusion of subscription rights can be used by the general partner only to such extent that the proportional amount of the total number of shares issued with exclusion of the subscription rights does not exceed 20% of the subscribed capital, neither at the time of the resolution on the authorization nor at the time of the utilization of the authorization.

The changes to the Authorized Capital became effective upon registration of the amendments to the articles of association with the commercial register on July 11, 2011.

CONDITIONAL CAPITAL

Corresponding to the stock option plans, the Conditional Capital of Fresenius SE & Co. KGaA is divided into Conditional Capital I, Conditional Capital II and Conditional Capital III. These are used to satisfy the subscription rights in connection with previously issued stock options or convertible bonds, as the case may be, for bearer ordinary shares under the stock option plans of 1998, 2003 and 2008 (see note 34, Stock options).

After the registration of the change of legal form with the commercial register on January 28, 2011, the Conditional Capitals in the articles of association of Fresenius SE & Co. KGaA correspond in their scope to the Conditional Capitals of the former Fresenius SE, adjusted for stock options that have been exercised in the interim.

Due to the conversion of all preference shares into ordinary shares, the Conditional Capital was amended to the effect that only subscription rights for bearer ordinary shares are granted.

The following table shows the development of the Conditional Capital:

in €	Ordinary shares	Preference shares	Total
Conditional Capital I Fresenius AG Stock Option Plan 1998	495,255	495,255	990,510
Conditional Capital II Fresenius AG Stock Option Plan 2003	1,743,159	1,743,159	3,486,318
Conditional Capital III Fresenius SE Stock Option Plan 2008	3,100,000	3,100,000	6,200,000
Total Conditional Capital as of January 1, 2011	**5,338,414**	**5,338,414**	**10,676,828**
Conversion of the preference shares into ordinary shares in combination with the change of legal form	5,337,526	-5,337,526	0
Fresenius AG Stock Option Plan 1998 – options exercised	-102,082	0	-102,082
Fresenius AG Stock Option Plan 2003 – options exercised	-508,800	-888	-509,688
Fresenius SE Stock Option Plan 2008 – options exercised	-175,476	0	-175,476
Total Conditional Capital as of December 31, 2011	**9,889,582**	**0**	**9,889,582**

CAPITAL RESERVES

Capital reserves comprise the premium paid on the issue of shares and the exercise of stock options (additional paid-in capital).

OTHER RESERVES

Other reserves comprise earnings generated by Group entities in prior years to the extent that they have not been distributed.

DIVIDENDS

Under the German Stock Corporation Act (AktG), the amount of dividends available for distribution to shareholders is based upon the unconsolidated retained earnings of Fresenius SE & Co. KGaA as reported in its statement of financial position determined in accordance with the German Commercial Code (HGB).

In May 2011, a dividend of €0.86 per bearer ordinary share was approved by Fresenius SE & Co. KGaA's shareholders at the Annual General Meeting and paid. The total dividend payment was €140 million.

28. OTHER COMPREHENSIVE INCOME (LOSS)

Other comprehensive income (loss) comprises all amounts recognized directly in equity (net of tax) resulting from the currency translation of foreign subsidiaries' financial statements and the effects of measuring financial instruments at their fair value as well as the change in benefit obligation.

Changes in the components of other comprehensive income (loss) in 2011 and 2010 were as follows:

	2011			2010		
€ in millions	**Amount before taxes**	**Tax effect**	**Amount after taxes**	Amount before taxes	Tax effect	Amount after taxes
Changes in unrealized gains/losses on derivative financial instruments	**-81**	**27**	**-54**	-15	3	-12
Change in unrealized gains/losses	-91	31	-60	-32	7	-25
Realized gains/losses due to reclassifications	10	-4	6	17	-4	13
Benefit obligation adjustment	**-66**	**25**	**-41**	-54	16	-38
Foreign currency translation adjustment	**99**	**-4**	**95**	238	-8	230
Other comprehensive income (loss)	**-48**	**48**	**0**	169	11	180

OTHER NOTES

29. COMMITMENTS AND CONTINGENT LIABILITIES

OPERATING LEASES AND RENTAL PAYMENTS

Fresenius Group's subsidiaries lease office and manufacturing buildings as well as machinery and equipment under various lease agreements expiring on dates through 2101. Rental expense recorded for operating leases for the years ended December 31, 2011 and 2010 was €497 million and €480 million, respectively.

Future minimum rental payments under non-cancellable operating leases for the years subsequent to December 31, 2011 are:

for the fiscal years	€ in millions
2012	436
2013	376
2014	320
2015	270
2016	221
Thereafter	677
Total	**2,300**

As of December 31, 2011, future investment commitments existed up to the year 2016 from the acquisition contracts for hospitals at projected costs of up to €350 million. Thereof €75 million relates to the year 2012.

Besides the above mentioned contingent liabilities, the amount of other commitments is immaterial.

LEGAL PROCEEDINGS

The Fresenius Group is routinely involved in numerous claims, lawsuits, regulatory and tax audits, investigations and other legal matters arising, for the most part, in the ordinary course of its business of providing healthcare services and products. Legal matters that the Fresenius Group currently deems to be material are described below. For the matters described below in which the Fresenius Group believes a loss is both reasonably possible and estimable, an estimate of the loss or range of loss exposure is provided. For the other matters described below, the Fresenius Group believes that the loss probability is remote and/or the loss or range of possible losses cannot be reasonably estimated at this time. The outcome of litigation and other legal matters is always difficult to predict accurately and outcomes that are not consistent with Fresenius Group's view of the merits can occur. The Fresenius Group believes that it has valid defenses to the legal matters pending against it and is defending itself vigorously. Nevertheless, it is possible that the resolution of one or more of the legal matters currently pending or threatened could have a material adverse effect on its business, results of operations and financial condition.

Commercial litigation

W.R. Grace & Co. lawsuit

Fresenius Medical Care was originally formed as a result of a series of transactions it completed pursuant to the Agreement and Plan of Reorganization dated as of February 4, 1996, by and between W.R. Grace & Co. and Fresenius SE (the Merger). At the time of the Merger, a W.R. Grace & Co. subsidiary known as W.R. Grace & Co.-Conn. had, and continues to have, significant liabilities arising out of product-liability related litigation (including asbestos-related actions), pre-Merger tax claims and other claims unrelated to National Medical Care, Inc. (NMC), which was W.R. Grace & Co.'s dialysis business prior to the Merger. In connection with the Merger, W.R. Grace & Co.-Conn. agreed to indemnify Fresenius Medical Care, Fresenius Medical Care Holdings, Inc. (FMCH), and NMC against all liabilities of W.R. Grace & Co., whether relating to events occurring before or after the Merger, other than liabilities arising from or relating to NMC's operations. W.R. Grace & Co. and certain of its subsidiaries filed for reorganization under Chapter 11 of the U.S. Bankruptcy Code (the Grace Chapter 11 Proceedings) on April 2, 2001.

Prior to and after the commencement of the Grace Chapter 11 Proceedings, class action complaints were filed against W.R. Grace & Co. and FMCH by plaintiffs claiming to be creditors of W.R. Grace & Co.-Conn., and by the asbestos creditors' committees on behalf of the W.R. Grace & Co. bankruptcy estate in the Grace Chapter 11 Proceedings, alleging among other things that the Merger was a fraudulent conveyance, violated the uniform fraudulent transfer act and constituted a conspiracy. All such cases have been stayed and transferred to or are pending before the U.S. District Court as part of the Grace Chapter 11 Proceedings.

In 2003, Fresenius Medical Care reached agreement with the asbestos creditors' committees on behalf of the W.R. Grace & Co. bankruptcy estate and W.R. Grace & Co. in the matters pending in the Grace Chapter 11 Proceedings for the settlement of all fraudulent conveyance and tax claims against it and other claims related to Fresenius Medical Care that arise out of the bankruptcy of W.R. Grace & Co. Under the terms of the settlement agreement as amended (Settlement Agreement), fraudulent conveyance and other claims raised on behalf of asbestos claimants will be dismissed with prejudice and Fresenius Medical Care will receive protection against existing and potential future W.R. Grace & Co. related claims, including fraudulent conveyance and asbestos claims, and indemnification against income tax claims related to the non-NMC members of the W.R. Grace & Co. consolidated tax group upon confirmation of a W.R. Grace & Co. bankruptcy reorganization plan that contains such provisions. Under the Settlement Agreement, Fresenius Medical Care will pay a total of US$115 million without interest to the W.R. Grace & Co. bankruptcy estate, or as otherwise directed by the Court, upon plan confirmation. No admission of liability has been or will be made. The Settlement Agreement has been approved by the U.S. District Court. In January and February 2011, the U.S. Bankruptcy Court entered orders confirming the joint plan of reorganization and the confirmation orders were affirmed by the U.S. District Court on January 31, 2012.

Subsequent to the Merger, W.R. Grace & Co. was involved in a multi-step transaction involving Sealed Air Corporation (Sealed Air, formerly known as Grace Holding, Inc.). Fresenius Medical Care is engaged in litigation with Sealed Air to confirm its entitlement to indemnification from Sealed Air for all losses and expenses incurred by Fresenius Medical Care relating to pre-Merger tax liabilities and Merger-related claims. Under the Settlement Agreement, upon final confirmation of a plan of reorganization that satisfies the conditions of Fresenius Medical Care's payment obligation, this litigation will be dismissed with prejudice.

Baxter patent dispute "touchscreen interfaces" (1)

On April 4, 2003, FMCH filed a suit in the U.S. District Court for the Northern District of California, styled Fresenius USA, Inc., et al., v. Baxter International, Inc., et al., Case No. C 03-1431, seeking a declaratory judgment that FMCH does not infringe patents held by Baxter International, Inc. and its subsidiaries and affiliates (Baxter), that the patents are invalid, and that Baxter is without right or authority to threaten or maintain suit against FMCH for alleged infringement of Baxter's patents. In general, the asserted patents concern the use of touch screen interfaces for hemodialysis machines. Baxter filed counterclaims against FMCH seeking more than US$140 million in monetary damages and injunctive relief, and alleging that FMCH willfully infringed on Baxter's patents. On July 17, 2006, the court entered judgment on a jury verdict in favor of FMCH finding 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 US$14.3 million. On April 4, 2008, the court denied Baxter's motion for a new trial, established a royalty payable to Baxter of 10% of the sales price for continuing sales of FMCH's 2008K hemodialysis machines and 7% of the sales price of related disposables, parts and service beginning November 7, 2007, and enjoined sales of the touchscreen-equipped 2008K machine effective January 1, 2009. Fresenius Medical Care appealed the court's rulings to the United States Court of Appeals for the Federal Circuit (Federal Circuit). In October 2008, Fresenius Medical Care completed design modifications to the 2008K machine that eliminate any incremental hemodialysis machine royalty payment exposure under the original District Court order. On September 10, 2009, the Federal Circuit reversed the district court's decision and determined that the asserted claims in two of the three patents at issue are invalid. As to the third patent, the Federal Circuit affirmed the district court's decision; however, the Court also vacated the injunction and award of damages. These issues were remanded to the District Court for reconsideration in light of the invalidity ruling on most of the claims. As a result, FMCH is no longer required to fund the court-approved escrow account set up to hold the royalty payments ordered by the district court. Funds of US$70 million were contributed to the escrow fund. In the parallel reexamination of the last surviving patent, the U.S. Patent and Trademark Office (USPTO) and the Board of Patent Appeals and Interferences ruled that the remaining Baxter patent is invalid. Baxter appealed the Board's ruling to the Federal Circuit.

Baxter patent dispute "Liberty cycler"

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. The District Court denied Baxter's request to overturn the jury verdict and Baxter appealed the verdict and resulting judgment to the United States Court of Appeals for the Federal Circuit. On February 13, 2012, the Federal Circuit affirmed the District Court's non-infringement verdict.

Other litigation and potential exposures

Renal Care Group – Class action "acquisition"

Renal Care Group, Inc. (RCG), which Fresenius Medical Care acquired in 2006, is named as a nominal defendant in a complaint originally filed September 13, 2006 in the Chancery Court for the State of Tennessee Twentieth Judicial District at Nashville styled Indiana State District Council of Laborers and Hod Carriers Pension Fund v. Gary Brukardt et al. Following the trial court's dismissal of the complaint, plaintiff's appeal in part, and reversal in part by the appellate court, the cause of action purports to be a class action on behalf of former shareholders of RCG and seeks monetary damages only against the individual former directors of RCG. The individual defendants, however, may have claims for indemnification and reimbursement of expenses against Fresenius Medical Care. Fresenius Medical Care expects to continue as a defendant in the litigation, which is proceeding toward trial in the Chancery Court, and believes that defendants will prevail.

Renal Care Group – Complaint "Method II"

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 RCG, 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 US$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. On June 17, 2011, the District Court entered summary judgment against RCG for US$83 million on one of the False Claims Act counts of the complaint. On June 23, 2011, Fresenius Medical Care appealed to the United States Court of Appeals for the Sixth Circuit. Although Fresenius Medical Care cannot provide any assurance of the outcome, Fresenius Medical Care 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, that the decisions made by the District Court on March 22, 2010 and June 17, 2011 will be reversed, and that its position in the litigation will ultimately be sustained.

Fresenius Medical Care Holdings – Qui tam complaint (Western District of Texas)

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 constructively discharging her from employment. 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 the 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.

Fresenius Medical Care Holdings – Qui tam complaint (Massachusetts)

On February 15, 2011, a qui tam relator's complaint under the False Claims Act against FMCH was unsealed by order of the United States District Court for the District of Massachusetts and served by the relator. The United States has not intervened in the case United States ex rel. Chris Drennen v. Fresenius Medical Care Holdings, Inc., 2009 Civ. 10179 (D. Mass.). The relator's complaint, which was first filed under seal in February 2009, alleges that FMCH seeks and receives reimbursement from government payors for serum ferritin and hepatitis B laboratory tests that are medically unnecessary or not properly ordered by a physician. FMCH has filed a motion to dismiss the complaint. On March 6, 2011, the United States Attorney for the District of Massachusetts issued a Civil Investigative Demand seeking the production of documents related to the same laboratory tests that are the subject of the relator's complaint. FMCH is cooperating fully in responding to the additional Civil Investigative Demand, and will vigorously contest the relator's complaint.

Subpoena "New York"

On June 29, 2011, FMCH received a subpoena from the United States Attorney for the Eastern District of New York (E.D.N.Y). On December 6, 2011, a single Company facility in New York received a subpoena from the OIG that was substantially similar to the one issued by the U.S. Attorney for the E.D.N.Y. These subpoenas are part of a criminal and civil investigation into relationships between retail pharmacies and outpatient dialysis facilities in the State of New York and into the reimbursement under government payor programs in New York for medications provided to patients with end-stage renal disease. Among the issues encompassed by the investigation is whether retail pharmacies may have provided or received compensation from the New York Medicaid program for pharmaceutical products that should be provided by the dialysis facilities in exchange for the New York Medicaid payment to the dialysis facilities. FMCH is cooperating in the investigation.

In the ordinary course of Fresenius Group's operations, the Fresenius Group is subject to litigation, arbitration and investigations relating to various aspects of its business. The Fresenius Group regularly analyzes current information about such claims for probable losses and provides accruals for such matters, including estimated expenses for legal services, as appropriate.

Accrued special charge of Fresenius Medical Care for legal matters

At December 31, 2001, Fresenius Medical Care recorded a pre-tax special charge of US$258 million to reflect anticipated expenses associated with the defense and resolution of pre-Merger tax claims, Merger-related claims, and commercial insurer claims. The costs associated with the Settlement Agreement and settlements with insurers have been charged against this accrual. With the exception of the proposed US$115 million (€89 million) payment under the Settlement Agreement in the Grace Chapter 11 Proceedings, all other matters included in the special charge have been resolved. While Fresenius Medical Care believes that its remaining accrual reasonably estimates its currently anticipated costs related to the continued defense and resolution of this matter, no assurances can be given that its actual costs incurred will not exceed the amount of this accrual.

30. FINANCIAL INSTRUMENTS

The relationship between classes and categories as well as the reconciliation to the statement of financial position line items is shown in the following table:

Classes	Categories: Loans and receivables	Categories: Financial liabilities measured at amortized cost	Categories: Financial liabilities/assets measured at fair value	Relating to no category
Cash and cash equivalents				▶ Cash and cash equivalents
Assets recognized at carrying amount	▶ Trade accounts receivable (incl. receivables from and loans to related parties) ▶ Other non-current assets (solely loan to Renal Advantage Partners, LLC)			
Liabilities recognized at carrying amount		▶ Trade accounts payable ▶ Short-term accounts payable to related parties ▶ Short-term debt (incl. short-term loans from related parties) ▶ Long-term debt excluding capital lease obligations ▶ Senior Notes ▶ Trust preferred securities (until June 15, 2011) ▶ Mandatory exchangeable bonds (excluding embedded derivatives) (until August 14, 2011)		▶ Long-term capital lease obligations
Liabilities recognized at fair value			▶ Other short-term liabilities (solely Contingent Value Rights (until March 31, 2011) and derivatives embedded in the Mandatory Exchangeable Bonds (until August 14, 2011))	
Noncontrolling interest subject to put provisions recognized at fair value				▶ Noncontrolling interest subject to put provisions
Derivatives for hedging purposes			▶ Other current assets ▶ Other non-current assets ▶ Other short-term liabilities ▶ Other long-term liabilities	▶ Other current assets ▶ Other non-current assets ▶ Other short-term liabilities ▶ Other long-term liabilities

The derivative financial instruments embedded in the Mandatory Exchangeable Bonds (MEB) were included in the statement of financial position item short-term accrued expenses and other short-term liabilities until the maturity of the MEB (for details relating to the MEB, please see note 23, Mandatory Exchangeable Bonds). Due to their special character and the difference in valuation, the embedded derivatives were classified separately. Also because of their special character and different valuation, the Contingent Value Rights (CVR) were classified separately from their statement of financial position item.

VALUATION OF FINANCIAL INSTRUMENTS

The carrying amounts of financial instruments at December 31, classified into categories, were as follows:

€ in millions	2011	2010
Loans and receivables	3,428	2,950
Financial liabilities measured at amortized cost	10,574	9,977
Assets measured at fair value [1]	44	11
Liabilities measured at fair value [1]	77	174
Relating to no category	68	311

[1] There are no financial instruments designated as at fair value through profit or loss upon initial recognition.

Estimation of fair values of financial instruments

The significant methods and assumptions used to estimate the fair values of financial instruments are as follows:

Cash and cash equivalents are stated at nominal value, which equals the fair value.

The nominal value of short-term financial instruments such as accounts receivables and payables and short-term debt represents its carrying amount, which is a reasonable estimate of the fair value due to the relatively short period to maturity of these instruments.

The fair values of the major long-term financial instruments are calculated on the basis of market information. Financial instruments for which market quotes are available are measured with the market quotes at the reporting date. The fair values of the other long-term financial liabilities are calculated at the present value of respective future cash flows. To determine these present values, the prevailing interest rates and credit spreads for the Fresenius Group as of the date of the statement of financial position are used. The fair value of Fresenius Medical Care's loan to Renal Advantage Partners, LLC is based on significant unobservable inputs of comparable instruments. The fair values of the noncontrolling interest subject to put provisions are determined using significant unobservable inputs.

Currently, there is no indication that a decrease in the value of Fresenius Group's financing receivables is probable. Therefore, the allowances on credit losses of financing receivables are immaterial.

The carrying amounts of derivatives embedded in the MEB and the CVR corresponded with their fair values. The MEB matured on August 14, 2011. The embedded derivatives were measured at fair value, which was estimated based on a Black-Scholes model. The CVR were traded on the stock exchange in the United States and were therefore valued with the current stock exchange price until December 31, 2010. In the first quarter of 2011, the CVR were deregistered and delisted from the NASDAQ due to the expiration of the underlying agreement and became valueless.

Derivatives, mainly consisting of interest rate swaps and foreign exchange forward contracts, are valued as follows: The fair value of interest rate swaps is calculated by discounting the future cash flows on the basis of the market interest rates applicable for the remaining term of the contract as of the date of the statement of financial position. To determine the fair value of foreign exchange forward contracts, the contracted forward rate is compared to the current forward rate for the remaining term of the contract as of the date of the statement of financial position. The result is then discounted on the basis of the market interest rates prevailing at the date of the statement of financial position for the respective currency.

Fresenius Group's own credit risk is incorporated in the fair value estimation of derivatives that are liabilities. Counterparty credit-risk adjustments are factored into the valuation of derivatives that are assets.

Fair value of financial instruments

The following table presents the carrying amounts and fair values of Fresenius Group's financial instruments as of December 31:

€ in millions	2011		2010	
	Carrying amount	**Fair value**	Carrying amount	Fair value
Cash and cash equivalents	**635**	**635**	769	769
Assets recognized at carrying amount	**3,428**	**3,427**	2,950	2,950
Liabilities recognized at carrying amount	**10,627**	**10,874**	10,031	10,259
Liabilities recognized at fair value	**18**	**18**	133	133
Noncontrolling interest subject to put provisions recognized at fair value	**317**	**317**	209	209
Derivatives for hedging purposes	**-212**	**-212**	-225	-225

Derivative and non-derivative financial instruments recognized at fair value are classified according to the three-tier fair value hierarchy. For the fair value measurement of derivatives for hedging purposes, significant other observable inputs are used. Therefore, they are classified as Level 2 in accordance with the defined fair value hierarchy levels. The derivatives embedded in the MEB were also classified as Level 2. Until December 31, 2010, the valuation of the CVR was based on the current stock exchange price, they were therefore classified as Level 1. The class liabilities recognized at fair value consisted of embedded derivatives and the CVR and was consequently classified in its entirety as the lower hierarchy Level 2. As of December 31, 2011, this class no longer existed due to the expiration of the CVR and the maturity of the MEB. The valuation of the noncontrolling interests subject to put provisions is determined using significant unobservable inputs, they are therefore classified as Level 3.

FAIR VALUES OF DERIVATIVE FINANCIAL INSTRUMENTS

€ in millions	Dec. 31, 2011		Dec. 31, 2010	
	Assets	**Liabilities**	Assets	Liabilities
Interest rate contracts (current)	**0**	**103**	–	43
Interest rate contracts (non-current)	**0**	**60**	1	115
Foreign exchange contracts (current)	**9**	**39**	8	49
Foreign exchange contracts (non-current)	**1**	**5**	5	2
Derivatives designated as hedging instruments [1]	**10**	**207**	14	209
Interest rate contracts (current)	**0**	**0**	0	2
Interest rate contracts (non-current)	**0**	**3**	0	0
Foreign exchange contracts (current) [1]	**43**	**58**	10	34
Foreign exchange contracts (non-current) [1]	**1**	**1**	1	7
Derivatives embedded in the MEB (current)	**0**	**0**	0	111
Derivatives not designated as hedging instruments	**44**	**62**	11	154

[1] Derivatives designated as hedging instruments and foreign exchange contracts not designated as hedging instruments are classified as derivatives for hedging purposes.

Derivative financial instruments are marked to market each reporting period, resulting in carrying amounts equal to fair values at the reporting date.

Derivatives not designated as hedging instruments, which are derivatives that do not qualify for hedge accounting, are also solely entered into to hedge economic business transactions and not for speculative purposes.

Derivatives for hedging purposes were recognized at gross value within other assets in an amount of €54 million and other liabilities in an amount of €266 million.

The current portion of interest rate contracts and foreign exchange contracts indicated as assets in the previous table is recognized within other current assets in the consolidated statement of financial position, while the current portion of those indicated as liabilities is included in short-term accrued expenses and other short-term liabilities. The non-current portions indicated as assets or liabilities are recognized in other non-current assets or in long-term accrued expenses and other long-term liabilities, respectively. The derivatives embedded in the MEB were recognized within other short-term liabilities until the maturity of the MEB.

Effects of financial instruments recorded in the consolidated statement of income

The net gains and losses from financial instruments consisted of allowances for doubtful accounts in an amount of €216 million and foreign currency transactions of -€6 million. In addition, income of €5 million resulted from the fair value measurement of the CVR and expenses of €100 million resulted from the fair value measurement of the derivatives embedded in the MEB. Interest income of €56 million resulted mainly from trade accounts receivable and loans to related parties. Interest expense of €587 million resulted mainly from financial liabilities.

EFFECT OF DERIVATIVES DESIGNATED AS HEDGING INSTRUMENTS ON THE CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	2011		
€ in millions	Gain or loss recognized in other comprehensive income (loss) (effective portion)	Gain or loss reclassified from accumulated other comprehensive income (loss) (effective portion)	Gain or loss recognized in the consolidated statement of income
Interest rate contracts	-60	-14	-7
Foreign exchange contracts	-31	4	–
Derivatives in cash flow hedging relationships [1]	**-91**	**-10**	**-7**
Foreign exchange contracts			-7
Derivatives in fair value hedging relationships			**-7**
Derivatives designated as hedging instruments	**-91**	**-10**	**-14**

[1] The amount of gain or loss recognized in the consolidated statement of income solely relates to the ineffective portion.

	2010		
€ in millions	Gain or loss recognized in other comprehensive income (loss) (effective portion)	Gain or loss reclassified from accumulated other comprehensive income (loss) (effective portion)	Gain or loss recognized in the consolidated statement of income
Interest rate contracts	-25	-8	1
Foreign exchange contracts	-7	-9	-1
Derivatives in cash flow hedging relationships [1]	**-32**	**-17**	**0**
Foreign exchange contracts			-24
Derivatives in fair value hedging relationships			**-24**
Derivatives designated as hedging instruments	**-32**	**-17**	**-24**

[1] The amount of gain or loss recognized in the consolidated statement of income solely relates to the ineffective portion.

EFFECT OF DERIVATIVES NOT DESIGNATED AS HEDGING INSTRUMENTS ON THE CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Gain or loss recognized in the consolidated statement of income	
€ in millions	**2011**	2010
Interest rate contracts	**3**	–
Foreign exchange contracts	**43**	-97
Derivatives embedded in the MEB	**-100**	-90
Derivatives not designated as hedging instruments	**-54**	-187

Gains from derivatives in fair value hedging relationships and from foreign exchange contracts not designated as hedging instruments recognized in the consolidated statement of income are faced by losses from the underlying transactions in the corresponding amount.

The Fresenius Group expects to recognize a net amount of €9 million of the existing losses for foreign exchange contracts deferred in accumulated other comprehensive income (loss) in the consolidated statement of income within the next 12 months. For interest rate contracts, the Fresenius Group expects to recognize €55 million of losses in the course of normal business during the next 12 months in interest expense.

Gains and losses from foreign exchange contracts and the corresponding underlying transactions are accounted for as cost of sales, selling, general and administrative expenses and net interest. Gains and losses resulting from interest rate contracts are recognized as net interest in the consolidated statement of income. The position other financial result in the consolidated statement of income includes gains and losses from the valuation of the derivatives embedded in the MEB, which was made until August 14, 2011 (see note 10, Other financial result).

MARKET RISK

General

The Fresenius Group is exposed to effects related to foreign exchange fluctuations in connection with its international business activities that are denominated in various currencies. In order to finance its business operations, the Fresenius Group issues senior notes and commercial papers and enters into mainly long-term credit agreements and euro notes (Schuldscheindarlehen) with banks. Due to these financing activities, the Fresenius Group is exposed to interest risk caused by changes in variable interest rates and the risk of changes in the fair value of statement of financial position items bearing fixed interest rates.

In order to manage the risk of interest rate and foreign exchange rate fluctuations, the Fresenius Group enters into certain hedging transactions with highly rated financial institutions as authorized by the Management Board. Derivative financial instruments are not entered into for trading purposes.

In general, the Fresenius Group conducts its derivative financial instrument activities under the control of a single centralized department. The Fresenius Group has established guidelines derived from best practice standards in the banking industry for risk assessment procedures and supervision concerning the use of financial derivatives. These guidelines require amongst other things a clear segregation of duties in the areas of execution, administration, accounting and controlling. Risk limits are continuously monitored and, where appropriate, the use of hedging instruments is adjusted to that extent.

The Fresenius Group defines benchmarks for individual exposures in order to quantify interest and foreign exchange risks. The benchmarks are derived from achievable and sustainable market rates. Depending on the individual benchmarks, hedging strategies are determined and generally implemented by means of micro hedges.

Earnings of the Fresenius Group were not materially affected by hedge ineffectiveness in the reporting period since the critical terms of the interest and foreign exchange derivatives mainly matched the critical terms of the underlying exposures.

Derivative financial instruments

Foreign exchange risk management

The Fresenius Group has determined the euro as its financial reporting currency. Therefore, foreign exchange translation risks resulting from the fluctuation of exchange rates between the euro and the local currencies, in which the financial statements of the foreign subsidiaries are prepared, have an impact on results of operations and financial positions reported in the consolidated financial statements.

Besides translation risks, foreign exchange transaction risks exist, which mainly relate to transactions such as purchases and sales as well as engineering and services provided by the Fresenius Group which are denominated in foreign currencies. A major part of transaction risks arise from products manufactured in Fresenius Group's worldwide production sites which are usually denominated in the local currency of the respective manufacturer and are delivered worldwide to various Fresenius Group entities. These intragroup sales are mainly denominated in euros, U.S. dollars and yens. Therefore, Group companies are exposed to changes of the foreign exchange rates between the invoicing currencies and the local currencies in which they conduct their businesses. Solely for the purpose of hedging existing and foreseeable foreign exchange transaction exposures, the Fresenius Group enters into foreign exchange forward contracts and, on a small scale, foreign exchange options. To ensure that no foreign exchange risks result from loans in foreign currencies, the Fresenius Group enters into foreign exchange swap contracts.

As of December 31, 2011, the notional amounts of foreign exchange contracts totaled €3,955 million. These foreign exchange contracts have been entered into to hedge risks from operational business and in connection with loans in foreign currency. The predominant part of the foreign exchange forward contracts to hedge risks from operational business was recognized as cash flow hedge, while foreign exchange contracts in connection with loans in foreign currencies are partly recognized as fair value hedges. The fair values of cash flow hedges and fair value hedges were -€35 million and €1 million, respectively.

The hedge-effective portion of changes in the fair value of foreign exchange forward contracts that are designated and qualified as cash flow hedges of forecasted product purchases and sales is reported in accumulated other comprehensive income (loss). These amounts are subsequently reclassified into earnings as a component of cost of sales or as selling, general and administrative expenses in the same period in which the hedged transaction affects earnings.

As of December 31, 2011, the Fresenius Group was party to foreign exchange contracts with a maximum maturity of 47 months.

In order to estimate and quantify the transaction risks from foreign currencies, the Fresenius Group considers the cash flows reasonably expected for the following three months as the relevant assessment basis for a sensitivity analysis. For this analysis, the Fresenius Group assumes that all foreign exchange rates in which the Group had unhedged positions as of 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 Group's results of operations would be €9 million.

Interest rate risk management

Fresenius Group's interest rate risks mainly arise from money market and capital market transactions of the Group for financing its business activities.

The Fresenius Group enters into interest rate swaps and, on a small scale, into interest rate options in order to protect against the risk of rising interest rates. These interest rate derivatives are mainly designated as cash flow hedges and have been entered into in order to convert payments based on variable interest rates into payments at a fixed interest rate and in anticipation of future debt issuances. The U.S. dollar interest rate swaps with a notional volume of US$3,850 million (€2,976 million) and a fair value of -US$174 million (-€134 million) expire at various dates in the years 2012 to 2014. The euro interest rate swaps with a notional volume of €966 million and a fair value of -€32 million expire in the years 2012 to 2016. The U.S. dollar interest rate swaps bear an average interest rate of 3.45% and the euro interest rate swaps bear an average interest rate of 3.19%.

Interest payables and interest receivables in connection with the swap agreements are accrued and recorded as an adjustment to the interest expense at each reporting date. Concerning interest rate contracts, unscheduled repayments or the renegotiation of hedged items may in some cases lead to the de-designation of the hedging instrument, which existed up to that point. From that date, the respective hedging transactions are recognized in the consolidated statement of income.

For purposes of analyzing the impact of changes in the relevant reference interest rates on Fresenius Group's results of operations, the Group calculates the portion of financial debt which bears variable interest rates and which has not been hedged by means of interest rate swaps or options against rising interest rates. For this particular part of its liabilities, the Fresenius Group assumes an increase in the reference rates of 0.5% compared to the actual rates as of the date of the statement of financial position. The corresponding additional annual interest expense is then compared to the net income attributable to Fresenius SE & Co. KGaA. This analysis shows that an increase of 0.5% in the relevant reference rates would have an effect of less than 1% on the consolidated net income attributable to Fresenius SE & Co. KGaA and Fresenius SE & Co. KGaA shareholders' equity.

CREDIT RISK

The Fresenius Group is exposed to potential losses regarding financial instruments in the event of non-performance by counterparties. With respect to derivative financial instruments, it is not expected that any counterparty fails to meet its obligations as the counterparties are highly rated financial institutions. The maximum credit exposure of derivatives is represented by the fair value of those contracts with a positive fair value amounting to €54 million for foreign exchange derivatives at December 31, 2011. No credit exposure existed from interest rate derivatives. The maximum credit risk resulting from the use of non-derivative financial instruments is defined as the total amount of all receivables. In order to control this credit risk, the Management of the Fresenius Group performs an ageing analysis of trade accounts receivable. For details on the ageing analysis and on the allowance for doubtful accounts, please see note 14, Trade accounts receivable.

LIQUIDITY RISK

The liquidity risk is defined as the risk that a company is potentially unable to meet its financial obligations. The Management of the Fresenius Group manages the liquidity of the Group by means of effective working capital and cash management as well as an anticipatory evaluation of refinancing alternatives. The Management of the Fresenius Group believes that existing credit facilities as well as the cash generated by operating activities and additional short-term borrowings are sufficient to meet the Company's foreseeable demand for liquidity (see note 21, Debt and capital lease obligations).

The following table shows the future undiscounted contractual cash flows (including interests) resulting from recognized financial liabilities as well as the fair value of noncontrolling interest subject to put provisions and the fair value of derivative financial instruments:

€ in millions	up to 1 year	1 to 5 years	more than 5 years
Long-term debt and capital lease obligations (including accounts receivable securitization program) [1]	1,979	3,833	78
Short-term debt	182	0	0
Senior Notes	256	3,020	2,218
Trade accounts payable	807	0	0
Noncontrolling interest subject to put provisions	83	113	121
Derivative financial instruments	200	69	0
Total	**3,507**	**7,035**	**2,417**

[1] Future interest payments for financial liabilities with variable interest rates were calculated using the latest interest rates fixed prior to December 31, 2011.

31. SUPPLEMENTARY INFORMATION ON CAPITAL MANAGEMENT

The Fresenius Group has a solid financial profile. Capital management includes both equity and debt. A principal objective of Fresenius Group's capital management is to optimize the weighted-average cost of capital. Further, it is sought to achieve a balanced mix of equity and debt. To secure growth on a long-term basis, a capital increase may also be considered in exceptional cases, for instance to finance a major acquisition.

Due to the Company's diversification within the health care sector and the strong market positions of the business segments in global, growing and non-cyclical markets, predictable and sustainable cash flows are generated. They allow a reasonable proportion of debt, i. e. the employment of an extensive mix of financial instruments. Moreover, Fresenius Group's customers are generally of high credit quality.

Equity and debt have developed as follows:

SHAREHOLDERS' EQUITY

€ in millions	Dec. 31, 2011	Dec. 31, 2010
Shareholders' equity	**10,577**	8,844
Total assets	**26,321**	23,577
Equity ratio	**40.2%**	37.5%

Fresenius SE & Co. KGaA is not subject to any capital requirements provided for in its articles of association. Fresenius SE & Co. KGaA has obligations to issue shares out of the Conditional Capital relating to the exercise of stock options and convertible bonds on the basis of the existing 1998, 2003 and 2008 stock option plans (see note 34, Stock options).

DEBT

€ in millions	Dec. 31, 2011	Dec. 31, 2010
Debt	**9,799**	8,784
Total assets	**26,321**	23,577
Debt ratio	**37.2%**	37.3%

According to the definitions in the underlying agreements, the Mandatory Exchangeable Bonds and the Contingent Value Rights were not categorized as debt until their maturity.

Assuring financial flexibility is the top priority in the Group's financing strategy. This flexibility is achieved through a wide range of financing instruments and a high degree of diversification of the investors. Fresenius Group's maturity profile displays a broad spread of maturities with a high proportion of medium- and long-term financing. In the choice of financing instruments, market capacity, investor diversification, flexibility, credit conditions and the existing maturity profile are taken into account.

The net debt/EBITDA ratio is a key financial figure for the Fresenius Group. As of December 31, 2011, the net debt/EBITDA ratio was 2.8 and was therefore within Fresenius Group's target corridor of 2.5 to 3.0. At the end of 2012, the Fresenius Group expects the net debt/EBITDA ratio to be ≤3.0, due to the recently announced acquisitions.

Fresenius Group's financing strategy is reflected in its credit ratings. Fresenius is covered by the rating agencies Moody's, Standard & Poor's and Fitch.

The following table shows the company rating of Fresenius SE & Co. KGaA:

	Standard & Poor's	Moody's	Fitch
Company rating	BB	Ba1	BB+
Outlook	positive	stable	stable

On August 2, 2011, Fitch has upgraded the company rating to BB+ from BB, the outlook is stable.

32. SUPPLEMENTARY INFORMATION ON THE CONSOLIDATED STATEMENT OF CASH FLOWS

The consolidated statements of cash flows of the Fresenius Group for the fiscal years 2011 and 2010 are shown on pages 126 to 127.

Cash funds reported in the consolidated statement of cash flows and in the consolidated statement of financial position comprise cash on hand, checks, securities and cash at bank which are readily convertible within three months and are subject to insignificant risk of changes in value.

The following table provides additional information with regard to the consolidated statement of cash flows:

€ in millions	2011	2010
Interest paid	474	526
Income taxes paid	516	504

Cash paid for acquisitions (without investments in licenses) consisted of the following:

€ in millions	2011	2010
Assets acquired	1,412	562
Liabilities assumed	-168	-85
Noncontrolling interest	-34	-29
Notes assumed in connection with acquisitions	-56	-32
Cash paid	1,154	416
Cash acquired	-46	-14
Cash paid for acquisitions, net	**1,108**	402

33. NOTES ON THE CONSOLIDATED SEGMENT REPORTING

GENERAL

The consolidated segment reporting tables shown on pages 130 to 133 of this annual report are an integral part of the notes.

The Fresenius Group has identified the business segments Fresenius Medical Care, Fresenius Kabi, Fresenius Helios and Fresenius Vamed, which corresponds to the internal organizational and reporting structures (Management Approach) at December 31, 2011.

The key data disclosed in conjunction with the consolidated segment reporting correspond to the key data of the internal reporting system of the Fresenius Group. Internal and external reporting and accounting correspond to each other; the same key data and definitions are used.

Sales and proceeds between the segments are indicative of the actual sales and proceeds agreed with third parties. Administrative services are billed in accordance with service level agreements.

The business segments were identified in accordance with FASB ASC Topic 280, Segment Reporting, which defines the segment reporting requirements in the annual financial statements and interim reports with regard to the operating business, product and service businesses and regions. The business segments of the Fresenius Group are as follows:

- Fresenius Medical Care
- Fresenius Kabi
- Fresenius Helios
- Fresenius Vamed
- Corporate/Other

The segment Corporate/Other mainly comprises the holding functions of Fresenius SE & Co. KGaA as well as Fresenius Netcare GmbH, which provides services in the field of information technology and Fresenius Biotech, which does not fulfill the characteristics of a reportable segment. In addition, the segment Corporate/Other includes intersegment consolidation adjustments as well as special items in connection with the fair value measurement of the Mandatory Exchangeable Bonds and the Contingent Value Rights.

Details on the business segments are shown on page 135 of the notes.

Segment reporting by region takes account of geographical factors and the similarity of markets in terms of opportunities and risks. The allocation to a particular region is based on the domicile of the customers.

NOTES ON THE BUSINESS SEGMENTS

The key figures used by the Management Board to assess segment performance, have been selected in such a way that they include all items of income and expenses which fall under the area of responsibility of the business segments. The Management Board is convinced that the most suitable performance indicator is the operating income (EBIT). The Management Board believes that, in addition to the operating income, the figure for earnings before interest, taxes and depreciation/amortization (EBITDA) can also help investors to assess the ability of the Fresenius Group to generate cash flows and to meet its financial obligations. The EBITDA figure is also the basis for assessing Fresenius Group's compliance with the terms of its credit agreements (e. g. the Fresenius Medical Care 2006 Senior Credit Agreement or the 2008 Senior Credit Agreement).

Depreciation and amortization is presented for property, plant and equipment, intangible assets with definite useful lives of the respective business segment.

Net interest comprises interest expenses and interest income.

Net income attributable to Fresenius SE & Co. KGaA is defined as earnings after income taxes and noncontrolling interest.

The operating cash flow is the cash provided by/used in operating activities.

The cash flow before acquisitions and dividends is the operating cash flow less net capital expenditure.

Debt comprises bank loans, senior notes, capital lease obligations, liabilities relating to outstanding acquisitions as well as intercompany liabilities. Until their maturity in 2011, trust preferred securities were also included in debt. The Mandatory Exchangeable Bonds and the Contingent Value Rights were not categorized as debt (see note 31, Supplementary information on capital management).

Capital expenditure mainly includes additions to property, plant and equipment.

Acquisitions refer to the purchase of shares in legally-independent companies and the acquisition of business divisions and intangible assets (e. g. licenses). The key figures shown with regard to acquisitions present the contractual purchase prices comprising amounts paid in cash (less cash acquired), debts assumed and the issuance of shares, whereas for the purposes of the statement of cash flows, only cash purchase price components less acquired cash and cash equivalents are reported.

The EBITDA margin is calculated as a ratio of EBITDA to sales.

The EBIT margin is calculated as a ratio of EBIT to sales.

The return on operating assets (ROOA) is defined as the ratio of EBIT to average operating assets. Operating assets are defined as total assets less deferred tax assets, trade accounts payable and advance payments from customers as well as guaranteed subsidies.

In addition, the key indicators "Depreciation and amortization in % of sales" and "Operating cash flow in % of sales" are also disclosed.

RECONCILIATION OF KEY FIGURES TO CONSOLIDATED EARNINGS

€ in millions	2011	2010
Total EBIT of reporting segments	**2,608**	2,464
General corporate expenses Corporate/Other (EBIT)	**-45**	-46
Group EBIT	**2,563**	2,418
Interest expenses	**-587**	-596
Interest income	**56**	30
Other financial result	**-100**	-66
Income before income taxes	**1,932**	1,786

RECONCILIATION OF NET DEBT WITH THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION

€ in millions	Dec. 31, 2011	Dec. 31, 2010
Short-term debt	171	606
Short-term loans from related parties	3	2
Current portion of long-term debt and capital lease obligations	1,852	420
Trust preferred securities of Fresenius Medical Care Capital Trusts (current)	0	468
Long-term debt and capital lease obligations, less current portion	3,777	4,919
Senior Notes	3,996	2,369
Debt	9,799	8,784
less cash and cash equivalents	635	769
Net debt	9,164	8,015

The following table shows the non-current assets by geographical region:

€ in millions	Dec. 31, 2011	Dec. 31, 2010
Germany	3,715	3,574
Europe (excluding Germany)	2,588	1,984
North America	11,294	10,182
Asia-Pacific	1,008	882
Latin America	390	354
Africa	47	47
Total non-current assets [1]	19,042	17,023

[1] The aggregate amount of net non-current assets is the sum of non-current assets less deferred tax assets and derivative financial instruments.

In 2011, the Fresenius Group generated sales of €3,573 million (2010: €3,355 million) in Germany. Sales in the United States were €6,588 million at actual rates and €6,916 million in constant currency in 2011 (2010: €6,849 million).

34. STOCK OPTIONS

COMPENSATION COST IN CONNECTION WITH THE STOCK OPTION PLANS OF THE FRESENIUS GROUP

In 2011, the Fresenius Group recognized compensation cost in an amount of €35 million for convertible bonds and stock options granted since 2007. For stock incentive plans which are performance based, the Fresenius Group recognizes compensation cost over the vesting periods, based on the market values of the underlying stock at the grant date.

FAIR VALUE OF STOCK OPTIONS

The Fresenius Group elected to adopt FAS 123(R), Share-Based Payment, prospectively.

The Fresenius Group uses a binomial option pricing model in determining the fair value of stock options granted under the stock option plans of Fresenius SE & Co. KGaA and Fresenius Medical Care AG & Co. KGaA. Option valuation models require the input of highly subjective assumptions including expected stock price volatility. Fresenius Group's assumptions are based upon its past experiences, market trends and the experiences of other entities of the same size and in similar industries. To incorporate the effects of expected early exercise in the model, an early exercise of vested options was assumed as soon as the share price exceeds 150% of the exercise price. Fresenius Group's stock options have characteristics that vary significantly from traded options and changes in subjective assumptions can materially affect the fair value of the option.

The weighted-average assumptions for the calculation of the fair value of grants of the Fresenius SE Stock Option Plan 2008 made during the years 2011 and 2010 are as follows:

€ in millions	2011 December Grant	2011 July Grant	2010 December Grant	2010 July Grant
Expected dividend yield	**1.60%**	**1.58%**	1.58%	1.92%
Risk-free interest rate	**1.70%**	**2.68%**	2.38%	2.12%
Expected volatility	**29.18%**	**29.15%**	28.44%	28.94%
Life of options	**7 years**	**7 years**	7 years	7 years
Exercise price per option in €	**71.37**	**71.28**	63.94	53.49

The expected volatility results from the historical volatility calculated over the expected life of options. The volatility was determined when the fair value of stock options was calculated for the first time and since then has been controlled every year upon issuance of a new tranche.

FRESENIUS SE & CO. KGAA STOCK OPTION PLANS

Description of the Fresenius SE & Co. KGaA stock option plans in place

On December 31, 2011, Fresenius SE & Co. KGaA had three stock option plans in place: the Fresenius AG stock option based plan of 1998 (1998 Plan), the Fresenius AG Stock Option Plan 2003 (2003 Plan) which is based on convertible bonds and the stock option based Fresenius SE Stock Option Plan 2008 (2008 Plan). Currently, stock options can only be granted under the 2008 Plan.

The following descriptions reflect the stock option plans at December 31, 2010 whereas the changes resulting from the conversion of the subscribed capital into bearer ordinary shares in combination with the change of legal form are shown in a separate chapter thereafter.

Stock Option Plan 2008

During 2008, Fresenius SE adopted the 2008 Plan to grant subscription rights to members of the Management Board and managerial employees of the Company and affiliated companies.

Under the 2008 Plan, up to 6.2 million options can be issued, which carry entitlement to obtain 3.1 million ordinary shares and 3.1 million preference shares. Up to 1.2 million options are designated for members of the Management Board of Fresenius SE, up to 3.2 million options are designated for members of the management of directly or indirectly affiliated companies (except for Fresenius Medical Care) and up to 1.8 million options are designated for managerial staff members of Fresenius SE and its affiliated companies (except for Fresenius Medical Care). With respect to the members of Fresenius SE's Management Board, the Supervisory Board has sole authority to grant stock options and administer the 2008 Plan. The Management Board of Fresenius SE has such authority with respect to all other participants in the 2008 Plan. The options can be granted in five tranches with effect as of the first bank working day in July and/or the first bank working day in December. The exercise price of options shall be the average closing price of Fresenius SE's ordinary shares and preference shares, respectively, on the Frankfurt Stock Exchange during the 30 trading days immediately prior to each grant date. For participants in the United States, the exercise price may be the average closing price of both share classes during the 30 calendar days immediately prior to the grant date, if these are higher. Options granted have a seven-year term but can be exercised only after a three-year vesting period. The vesting of options granted is mandatorily subject to the condition, in each case, that the annual success target within the three-year vesting period is achieved. For each such year, the success target is achieved if the consolidated net income attributable to Fresenius SE, adjusted for extraordinary effects, has increased by at least 8% compared to the respective adjusted net income attributable to Fresenius SE of the previous fiscal year. For each year in which the success target has not been met, one-third of the options granted shall forfeit. The adjusted net income attributable to Fresenius SE shall be calculated on the basis of the calculation method of the accounting principles according to U.S. GAAP. For the purposes of the 2008 Plan, the adjusted net income attributable to Fresenius SE is determined and will be verified bindingly by Fresenius SE's auditor during the audit of the consolidated financial statements. The performance targets for 2009, 2010 and 2011 were met. Upon exercise of vested options, Fresenius SE has the right to grant treasury shares or a cash payment in lieu of increasing capital by the issuance of new shares. If all conditions are fulfilled, stock options may be exercised throughout the year with the exception of certain pre-determined black-out periods.

Stock Option Plan 2003

During 2003, Fresenius AG adopted the 2003 Plan for members of the Management Board and executive employees. This incentive plan which is based on convertible bonds was replaced by the 2008 Plan and no options have been granted since 2008. Under the 2003 Plan, eligible employees have the right to acquire ordinary and preference shares of Fresenius SE. The bonds expire in 10 years and one third of them can be exercised beginning after two, three and four years after the grant date, respectively. Upon issuance of the option, the employees have the right to choose options with or without a stock price target. The conversion price of options subject to a stock price target corresponds to the stock exchange quoted price of the ordinary or preference shares upon the first time the stock exchange quoted price exceeds the initial value (after the share split in 2007: ⅓ of the initial value) by at least 25%. If converted after the share split, the conversion price which entitles to three ordinary shares or preference shares, respectively, is equal to the triple of one third of the initial value. The initial value is the joint average stock exchange price of bearer ordinary shares and non-voting bearer preference shares during the last 30 trading days prior to the date of grant. The conversion price of options without a stock price target is the initial value. In the case of options not subject to a stock price target, the number of convertible bonds awarded to the eligible employee would be 15% less than if the employee elected options subject to the stock price target. Each convertible bond granted after the share split entitles to subscribe one ordinary or preference share, subject to payment of the conversion price. Bonds granted and converted prior to the share split were entitled to subscribe one ordinary or preference share, conversion after the share split entitles to three ordinary or preference shares.

Stock Option Plan 1998

During 1998, Fresenius AG adopted the 1998 Plan for members of the Management Board and executive employees. This stock incentive plan was replaced by the 2003 Plan and no options have been granted since 2003. Under the 1998 Plan, eligible employees have the right to acquire ordinary and preference shares of Fresenius SE. Options granted under this plan have a 10-year term. At December 31, 2011, all options were exercisable. Prior to the share split, one ordinary or one preference share could be acquired for each option. After the share split in 2007, each option entitles to acquire three ordinary or preference shares. The maximum number of ordinary or preference shares to be issued to the members of the Management Board or executive employees has been adjusted accordingly.

Adaptations of the stock option plans due to the change of legal form

Upon registration of Fresenius SE's change of legal form to Fresenius SE & Co. KGaA with the commercial register on January 28, 2011, adaptations of the three stock option plans were required. Due to the conversion of all preference shares into ordinary shares in combination with the change of legal form, all previously issued subscription rights under the respective stock option plan are to be satisfied, in case of exercise, with ordinary shares. Furthermore, the beneficiaries under the 2008 Plan are exclusively granted subscription rights for ordinary shares. With regard to the eligible beneficiaries, the members of Fresenius Management SE's Management Board replace the previous members of the Fresenius SE Management Board for future stock option grants. With regard to the 2008 Plan, the Supervisory Board of Fresenius Management SE determines the grants for the Management Board members of that company. All other plan participants will be determined by the Management Board of Fresenius Management SE. In addition, due to the discontinuation of the preference shares, the success target of the 2003 Plan was adjusted to the effect, that it is deemed to be achieved if and when the sum of the following price increases amounts to at least 25%:

- increase of the joint average stock exchange price of ordinary and preference shares from the day of the issuance until the day when the change of legal form took effect
- increase of the stock exchange price of ordinary shares since the change of legal form took effect

Whereas the number of stock options remained unchanged, in future, the exercise price of the stock options corresponds to the stock exchange price of the ordinary share without considering the stock exchange price of the preference share.

Transactions during 2011

In 2011, Fresenius SE & Co. KGaA awarded 1,143,440 stock options under the 2008 Plan, including 198,660 options to members of the Management Board of Fresenius Management SE, at a weighted-average exercise price of €71.28, a weighted-average fair value of €19.09 each and a total fair value of €22 million, which will be amortized over the three-year vesting period.

During the fiscal year 2011, Fresenius SE & Co. KGaA received cash of €31 million from the exercise of 787,246 stock options. The average stock price at the exercise date was €71.16 for ordinary shares and €61.64 for preference shares. The intrinsic value of options exercised in 2011 was €25 million.

Under the 1998 Plan, 29,942 stock options were outstanding and exercisable at December 31, 2011. No options were held by the members of the Fresenius Management SE Management Board. 1,412,135 convertible bonds were outstanding and exercisable under the 2003 Plan at December 31, 2011. The members of the Fresenius Management SE Management Board held 291,530 convertible bonds. At December 31, 2011, out of 4,052,050 outstanding stock options issued under the 2008 Plan, 806,006 were exercisable and 758,520 were held by the members of the Fresenius Management SE Management Board.

Stock option transactions are summarized as follows:

Ordinary shares Dec. 31	Number of options	Weighted-average exercise price in €	Number of options exercisable
Balance 2009	**2,696,726**	**39.49**	**1,205,185**
Granted	554,869	53.61	
Exercised	567,357	32.90	
Forfeited	39,577	47.82	
Balance 2010	**2,644,661**	**43.87**	**906,895**
Granted	1,143,440	71.28	
Exercised	786,358	38.85	
Forfeited	151,389	48.38	
Converted from preference shares	2,643,773	43.87	
Balance 2011	**5,494,127**	**50.25**	**2,248,083**

Preference shares Dec. 31	Number of options	Weighted-average exercise price in €	Number of options exercisable
Balance 2009	**2,696,726**	**40.73**	**1,205,185**
Granted	554,869	53.54	
Exercised	567,357	34.63	
Forfeited	39,577	48.95	
Balance 2010	**2,644,661**	**44.74**	**906,895**
Exercised	888	48.71	
Converted into ordinary shares	2,643,773	44.74	
Balance 2011	**0**		

The following table provides a summary of fully vested options outstanding and exercisable for ordinary shares at December 31, 2011:

OPTIONS FOR ORDINARY SHARES

Range of exercise price in €	Options outstanding			Options exercisable		
	Number of options	Weighted-average remaining contractual life in years	Weighted-average exercise price in €	Number of options	Weighted-average remaining contractual life in years	Weighted-average exercise price in €
10.01 – 15.00	87,033	1.50	13.65	87,033	1.50	13.65
15.01 – 20.00	42,338	0.79	19.32	42,338	0.79	19.32
20.01 – 25.00	100,235	2.50	21.96	100,235	2.50	21.96
25.01 – 30.00	262,811	3.46	28.58	262,811	3.46	28.58
30.01 – 35.00	1,008,816	4.50	33.81	0		
35.01 – 40.00	396,164	4.40	39.23	392,664	4.39	39.26
40.01 – 45.00	67,310	3.92	41.62	67,310	3.92	41.62
45.01 – 50.00	14,496	4.50	48.81	14,496	4.50	48.81
50.01 – 55.00	1,819,984	4.72	54.00	738,696	3.58	54.69
55.01 – 60.00	525,646	5.50	56.43	525,646	5.50	56.43
60.01 – 65.00	9,000	5.92	63.53	0		
70.01 – 75.00	1,160,294	6.49	71.27	16,854	5.50	70.79
	5,494,127	**4.91**	**50.25**	**2,248,083**	**4.01**	**45.33**

At December 31, 2011, the aggregate intrinsic value of exercisable options for ordinary shares was €59 million.

At December 31, 2011, total unrecognized compensation cost related to non-vested options granted under the 2003 Plan and the 2008 Plan was €24 million. This cost is expected to be recognized over a weighted-average period of 2.1 years.

FRESENIUS MEDICAL CARE AG & CO. KGAA STOCK OPTION PLANS

Fresenius Medical Care AG & Co. KGaA Long Term Incentive Program 2011

On May 12, 2011, the Fresenius Medical Care AG & Co. KGaA Stock Option Plan 2011 (2011 SOP) was established by resolution of Fresenius Medical Care AG & Co. KGaA's (FMC-AG & Co. KGaA) Annual General Meeting (AGM). The 2011 SOP, together with the Phantom Stock Plan 2011, which was established by resolution of Fresenius Medical Care Management AG's (FMC Management AG) Management and Supervisory Boards, forms FMC-AG & Co. KGaA's Long Term Incentive Program 2011 (2011 Incentive Program). Under the 2011 Incentive Program, participants may be granted awards, which will consist of a combination of stock options and phantom stock. Awards under the 2011 Incentive Program will be granted over a five-year period and can be granted on the last Monday in July and/or the first Monday in December each year. Prior to the respective grant, the participants will be able to choose how much of the granted value is granted in the form of stock options and phantom stock in a predefined range of 75 : 25 to 50 : 50, stock options vs. phantom stock. The number of phantom shares that plan participants may choose to receive instead of stock options within the aforementioned predefined range is determined on the basis of a fair value assessment pursuant to a binomial model. With respect to grants made in July, this fair value assessment will be conducted on the day following FMC-AG & Co. KGaA's AGM and with respect to the grants made in December, on the first Monday in October.

Members of the Management Board of FMC Management AG, members of the management boards of FMC-AG & Co. KGaA's affiliated companies and the managerial staff members of FMC-AG & Co. KGaA and of certain affiliated companies are entitled to participate in the 2011 Incentive Program. With respect to participants who are members of FMC Management AG's Management Board, FMC Management AG's Supervisory Board has sole authority to grant awards and exercise other decision making powers under the 2011 Incentive Program (including decisions regarding certain adjustments and forfeitures). FMC Management AG has such authority with respect to all other participants in the 2011 Incentive Program.

The awards under the 2011 Incentive Program are subject to a four-year vesting period. The vesting of the awards granted is subject to achievement of performance targets measured over a four-year period beginning with the first day of the year of the grant. For each such year, the performance target is achieved if FMC-AG & Co. KGaA's adjusted basic income per ordinary share (Adjusted EPS), as calculated in accordance with the 2011 Incentive Program, increases by at least 8% year over year during the vesting period or, if this is not the case, the compounded annual growth rate of the Adjusted EPS reflects an increase of at least 8% per year of the Adjusted EPS during the four-year vesting period. At the end of the vesting period, one-fourth of the awards granted is forfeited for each year in which the performance target is not achieved. All awards are considered vested if the compounded annual growth rate of the Adjusted EPS reflects an increase of at least 8% per year during the four-year vesting period. 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 four-year vesting period.

The 2011 Incentive Program was established with a conditional capital increase up to €12 million subject to the issue of up to 12 million non-par value bearer ordinary shares with a nominal value of €1.00, each of which can be exercised to obtain one ordinary share. Of these 12 million shares, up to 2 million stock options are designated for members of the Management Board of FMC Management AG, up to 2.5 million stock options are designated for members of management boards of direct or indirect subsidiaries of FMC-AG & Co. KGaA and up to 7.5 million stock options are designated for managerial staff members of FMC-AG & Co. KGaA and such subsidiaries. FMC-AG & Co. KGaA may issue new shares to fulfill the stock option obligations or FMC-AG & Co. KGaA may issue shares that it has acquired or which FMC-AG & Co. KGaA itself has in its own possession.

The exercise price of stock options granted under the 2011 Incentive Program shall be the average stock exchange price on the Frankfurt Stock Exchange of FMC-AG & Co. KGaA's ordinary shares during the 30 calendar days immediately prior to each grant date. Stock options granted under the 2011 Incentive Program have an eight-year term and can be exercised only after a four-year vesting period. Stock options granted under the 2011 Incentive Program to U.S. participants are non-qualified stock options under the United States Internal Revenue Code of 1986, as amended. Options under the 2011 Incentive Program are not transferable by a participant or a participant's heirs, and may not be pledged, assigned, or disposed of otherwise.

Phantom stock under the 2011 Incentive Program entitles the holders to receive payment in euro from FMC-AG & Co. KGaA upon exercise of the phantom stock. The payment per phantom share in lieu of the issuance of such stock shall be based upon the closing stock exchange price on the Frankfurt Stock Exchange of one of FMC-AG & Co. KGaA's ordinary shares on the exercise date. Phantom stock will have a five-year term and can be exercised only after a four-year vesting period, beginning with the grant date. For participants who are U.S. tax payers, the phantom stock is deemed to be exercised in any event in the month of March following the end of the vesting period.

Stock Option Plan 2006

On May 9, 2006, as amended on May 15, 2007, the Fresenius Medical Care AG & Co. KGaA Stock Option Plan 2006 (Amended 2006 Plan) was established by resolution of FMC-AG & Co. KGaA's Annual General Meeting with a conditional capital increase up to €15 million subject to the issue of up to 15 million non-par value bearer ordinary shares with a nominal value of €1.00 each, which can be exercised to obtain one ordinary share. Of the 15 million ordinary shares, up to 3 million options were designated for members of the Management Board of FMC Management AG, up to 3 million options were designated for members of management boards of direct or indirect subsidiaries of FMC-AG & Co. KGaA and up to 9 million options were designated for managerial staff members of FMC-AG & Co. KGaA and such subsidiaries. With respect to participants who are members of the Management Board of FMC Management AG, its 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 Management Board of FMC Management AG has such authority with respect to all other participants in the Amended 2006 Plan.

The exercise price of options granted under the Amended 2006 Plan was the average closing price on the Frankfurt Stock Exchange of FMC-AG & Co. KGaA's ordinary shares during the 30 calendar days immediately prior to each grant date. 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 FMC-AG & Co. KGaA's adjusted basic income per ordinary share (Adjusted EPS), as calculated in accordance with the Amended 2006 Plan, increases by at least 8% year over year during the vesting period, beginning with Adjusted EPS for the year of grant as compared to Adjusted EPS for the year preceding such grant. Calculation of Adjusted EPS under the Amended 2006 Plan excluded, among other items, the costs of the transformation of Fresenius Medical Care'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 2011, 2010 and 2009 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.

Options granted under the Amended 2006 Plan to U.S. participants are non-qualified stock options under the United States Internal Revenue Code of 1986, as amended. Options under the Amended 2006 Plan are not transferable by a participant or a participant's heirs, and may not be pledged, assigned, or otherwise disposed of.

After December 2010, no further grants were issued under the Amended 2006 Plan.

2001 International Stock Option Plan

Under the Fresenius Medical Care 2001 International Stock Incentive Plan (2001 Plan), options in the form of convertible bonds with a principal of up to €10.24 million were issued to the members of the Management Board and other employees of FMC-AG & Co. KGaA representing grants for up to 4 million non-voting preference shares. The convertible bonds originally had a par value of €2.56 and bear interest at a rate of 5.5%. In connection with the share split 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. FMC-AG & Co. KGaA 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 FMC-AG & Co. KGaA and are not reflected in the consolidated financial statements. The options expire 10 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 FMC-AG & Co. KGaA are recognized as a liability on the Group's statement of financial position. All awards granted under this plan are fully vested.

Upon issuance of the option, the employees had the right to choose options with or without a stock price target. The exercise 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 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 exercise 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.

Transactions during 2011

During 2011, FMC-AG & Co. KGaA awarded 1,947,231 options under the 2011 Incentive Program, including 307,515 stock options granted to members of the Management Board of FMC Management AG, at a weighted-average exercise price of €52.45, a weighted-average fair value of €13.41 each and a total fair value of €26 million, which will be amortized over the four-year vesting period. FMC-AG & Co. KGaA awarded 215,638 phantom shares, including 29,313 phantom shares granted to members of the Management Board of FMC Management AG, at a measurement date average fair value of €49.24 each and a total fair value of €11 million as of December 31, 2011, which will be amortized over the four-year vesting period.

During 2011, FMC-AG & Co. KGaA received cash of €58 million from the exercise of stock options. The intrinsic value of options exercised in 2011 was €36 million. FMC-AG & Co. KGaA recorded a related tax benefit of €9 million for 2011.

At December 31, 2011, the Management Board members of FMC Management AG held 2,354,875 stock options for ordinary shares and employees of FMC-AG & Co. KGaA held 9,669,942 stock options for ordinary shares and 49,090 stock options for preference shares under the various stock-based compensation plans of Fresenius Medical Care.

At December 31, 2011, the Management Board members of FMC Management AG held 29,313 phantom shares and employees of FMC-AG & Co. KGaA held 186,149 phantom shares under the 2011 Incentive Plan.

The table below provides reconciliations for options outstanding at December 31, 2011 as compared to December 31, 2010:

	Number of options in thousand	Weighted-average exercise price in €
Balance at December 31, 2010 (options for ordinary shares)	**12,152**	**33.78**
Granted	1,947	52.45
Exercised	1,886	30.87
Forfeited	188	34.93
Balance at December 31, 2011 (options for ordinary shares)	**12,025**	**37.24**
Balance at December 31, 2010 (options for preference shares)	**59**	**19.19**
Exercised	9	22.52
Forfeited	1	18.21
Balance at December 31, 2011 (options for preference shares)	**49**	**18.64**

The following table provides a summary of fully vested options outstanding and exercisable for both preference and ordinary shares at December 31, 2011:

	Number of options in thousand	Weighted-average remaining contractual life in years	Weighted-average exercise price in €	Aggregate intrinsic value € in millions
Options for ordinary shares	4,767	2.79	30.57	105
Options for preference shares	49	2.80	18.64	1

At December 31, 2011, total unrecognized compensation cost related to non-vested options granted under all plans was €37 million. This cost is expected to be recognized over a weighted-average period of 1.9 years.

35. RELATED PARTY TRANSACTIONS

Prof. Dr. med. D. Michael Albrecht, a member of the Supervisory Board of Fresenius SE & Co. KGaA, is medical director and spokesman of the management board of the Universitätsklinikum Carl Gustav Carus Dresden and a member of the supervisory boards of the Universitätsklinika Aachen, Rostock and Magdeburg. The Fresenius Group maintains business relations with these clinics in the ordinary course and under customary conditions.

Prof. Dr. h. c. Roland Berger, a member of the Supervisory Board of Fresenius SE & Co. KGaA, is a partner and was the chairman of the supervisory board of Roland Berger Strategy Consultants Holding GmbH until August 1, 2010. In 2011, the Fresenius Group paid one or more affiliated companies of the Roland Berger group €1 million for consulting services rendered (2010: €0.2 million).

Klaus-Peter Müller, a member of the Supervisory Board of Fresenius SE & Co. KGaA, is the chairman of the supervisory board of Commerzbank AG. The Fresenius Group maintains business relations with Commerzbank under customary conditions. In 2011, the Fresenius Group paid €0.6 million to Commerzbank AG for services provided in connection with the Senior Notes issuances of Fresenius Medical Care.

Dr. Gerhard Rupprecht, a member of the Supervisory Board of Fresenius SE & Co. KGaA, was a member of the management board of Allianz SE until December 31, 2010 and the chairman of the management board of Allianz Deutschland AG until June 30, 2010. Dr. Franceso De Meo, a member of the Management Board of the general partner of Fresenius SE & Co. KGaA, was a member of the supervisory board of Allianz Private Krankenversicherungs-AG until July 6, 2011. In 2011, the Fresenius Group paid €4 million for insurance premiums to Allianz (2010: €3 million).

Dr. Dieter Schenk, deputy chairman of the Supervisory Board of Fresenius SE until January 28, 2011, member of the Supervisory Board of Fresenius Management SE since March 11, 2010 and deputy chairman of the Supervisory Board of Fresenius Management SE since May 12, 2010, is a partner in the law firm Noerr LLP, which provides legal services to the Fresenius Group. In 2011, the Fresenius Group paid this law firm €1 million for services rendered (2010: €1 million).

36. SUBSEQUENT EVENTS

On August 2, 2011, Fresenius Medical Care announced its plans to acquire 100% of Liberty Dialysis Holdings, Inc., the owner of all of the business of Liberty Dialysis and owner of a 51% stake in Renal Advantage Partners, LLC. Fresenius

Medical Care owns a 49% stake in Renal Advantage Partners, LLC. Fresenius Medical Care's total investment, including the assumption of incremental debt, will be approximately US$1.7 billion. The transaction remains subject to clearance under the Hart-Scott-Rodino Antitrust Improvements Act and is expected to close in the first quarter of 2012. Upon completion, the acquired operations would add approximately 260 out-patient dialysis clinics to Fresenius Medical Care's network in the U.S. and approximately US$1 billion in annual revenue before the anticipated divestiture of some centers as a condition of government approval of the transaction. The transaction will be financed from cash flow from operations and debt.

On October 12, 2011, Fresenius Helios announced the conclusion of a contract to acquire 94.7% of the share capital in the Damp Holding AG, Germany. The Damp Group (Damp) operates seven acute care hospitals and four post acute care hospitals with a total of 4,112 beds (thereof 2,649 in acute care). In addition, Damp operates eight outpatient medical care centers, two nursing care facilities with a total of 606 beds and a wellness resort. In 2010, Damp achieved sales of €487 million and an operating profit (EBIT) of €21 million. The acquisition is still subject to the approval of local and antitrust authorities. Due to the geographic proximity of the HELIOS hospital Schwerin, the Damp hospital Wismar (505 beds, sales of approximately €60 million) was divested to secure regulatory clearance of the transaction. Fresenius Helios anticipates to close the transaction at the end of the first or at the beginning of the second quarter of 2012, respectively.

On January 26, 2012, Fresenius Medical Care US Finance II, Inc. issued unsecured Senior Notes of US$800 million with a coupon of 5.625% at par and unsecured Senior Notes of US$700 million with a coupon of 5.875% at par. In addition, FMC Finance VIII S.A. issued unsecured Senior Notes of €250 million with a coupon of 5.25% at par. The Senior Notes issued by Fresenius Medical Care US Finance II, Inc. in the amount of US$800 million are due on July 31, 2019 and the US$700 million Senior Notes are due on January 31, 2022. The Senior Notes issued by FMC Finance VIII S.A. are due on July 31, 2019. Net proceeds are used for acquisitions, to refinance indebtedness and for general corporate purposes.

There have been no significant changes in the Fresenius Group's operating environment following the end of the fiscal year 2011. No other events of material importance on the assets and liabilities, financial position, and results of operations of the Group have occurred following the end of the fiscal year.

NOTES IN ACCORDANCE WITH THE GERMAN COMMERCIAL CODE (HGB)

37. COMPENSATION OF THE MANAGEMENT BOARD AND THE SUPERVISORY BOARD

Individualized information regarding the compensation of the members of the Management Board and of the Supervisory Board is disclosed in the audited Compensation Report (see page 26 ff.), which is part of the Management Report.

The Management Board's compensation is, as a whole, performance-oriented and was composed of three elements in 2011: non-performance-related compensation (basic salary), performance-related compensation (variable bonus), components with long-term incentive effects (stock options, postponed bonus payments and a share-based compensation with cash settlement (performance shares)).

The cash compensation paid to the Management Board for the performance of its responsibilities was €10,135 thousand (2010: €9,398 thousand). Thereof, €4,062 thousand (2010: €4,105 thousand) is not performance-related and €5,539 thousand (2010: €4,685 thousand) is performance-related. The amount of the performance-related compensation depends on the achievement of targets relating to the net income of the Fresenius Group and business segments. As a long-term incentive component, the members of the Management Board received 198,660 stock options under the Fresenius SE Stock Option Plan 2008 and 74,700 stock options under the Fresenius Medical Care AG & Co. KGaA Stock Option Plan 2011 and a share-based payment with cash settlement in an amount of €1.284 thousand.

The payment of a part of the performance-related compensation in an amount of €230 thousand was postponed by two years as a long-term incentive component. The payment depends on the achievement of targets relating to the net income attributable to Fresenius SE & Co. KGaA of the years 2012 and 2013.

The total compensation paid to the Supervisory Boards of Fresenius SE & Co. KGaA and Fresenius Management SE and their committees was €2,227 thousand in 2011 (2010: €1,782 thousand). Of this amount, €210 thousand was fixed compensation (2010: €183 thousand), €89 thousand was compensation for committees services (2010: €100 thousand), and €1,928 thousand was variable compensation (2010: €1,499 thousand).

In 2011, to former members of the Management Board, €776 thousand (2010: €776 thousand) was paid. The pension obligation for these persons amounted to €10,513 thousand in 2011 (2010: €11,039 thousand).

In the fiscal years 2011 and 2010, no loans or advance payments of future compensation components were made to members of the Management Board of Fresenius Management SE.

38. AUDITOR'S FEES

In 2011 and 2010, fees for the auditor KPMG AG Wirtschaftsprüfungsgesellschaft were expensed as follows:

	2011		2010	
€ in millions	**Total**	**Germany**	Total	Germany
Audit fees	**14**	**5**	15	5
Audit-related fees	**1**	**–**	1	–
Tax consulting fees	**1**	**0**	1	–
Other fees	**–**	**–**	–	–
Total auditor's fees	**16**	**5**	17	5

39. CORPORATE GOVERNANCE

For each consolidated stock exchange listed entity, the declaration pursuant to Section 161 of the German Stock Corporation Act (Aktiengesetz) has been issued and made available to shareholders on the website of Fresenius SE & Co. KGaA www.fresenius.com under Who we are/Corporate Governance/Declaration of Conformity and of Fresenius Medical Care AG & Co. KGaA www.fmc-ag.com under Investor Relations/Corporate Governance/Declaration of Compliance, respectively.

40. PROPOSAL FOR THE DISTRIBUTION OF EARNINGS

The general partner and the Supervisory Board of Fresenius SE & Co. KGaA propose to the Annual General Meeting that the earnings for 2011 of Fresenius SE & Co. KGaA are distributed as follows:

in €	
Payment of a dividend of €0.95 per bearer ordinary share on the 163,237,336 ordinary shares entitled to dividend	155,075,469.20
Additions to other reserves	299,700,000.00
Balance to be carried forward	40,788.92
Retained earnings	**454,816,258.12**

41. RESPONSIBILITY STATEMENT

"To the best of our knowledge, and in accordance with the applicable reporting principles, the consolidated financial statements give a true and fair view of the assets, liabilities, financial position and profit or loss of the Group, and the Group management report includes a fair review of the development and performance of the business and the position of the Group, together with a description of the principal opportunities and risks associated with the expected development of the Group."

Bad Homburg v. d. H., February 22, 2012

Fresenius SE & Co. KGaA,
represented by:
Fresenius Management SE, its general partner

The Management Board

Dr. U. M. Schneider | R. Baule | Dr. F. De Meo

Dr. J. Götz | Dr. B. Lipps | S. Sturm | Dr. E. Wastler

AUDITOR'S REPORT

To the Fresenius SE & Co. KGaA

We have audited the consolidated financial statements prepared by the Fresenius SE & Co. KGaA (until January 28, 2011: Fresenius SE), Bad Homburg v. d. Höhe, comprising the consolidated statement of income, the consolidated statement of comprehensive income, the consolidated statement of financial position, the consolidated statement of cash flows, the consolidated statement of changes in equity and the notes to the consolidated financial statements for the business year from January 1 to December 31, 2011. The preparation of the consolidated financial statements in accordance with Accounting Principles Generally Accepted in the United States of America (U.S. GAAP) is the responsibility of the legal representative of the Company. Our responsibility is to express an opinion on the consolidated financial statements based on our audit. In addition, we have been engaged to express an opinion as to whether the voluntarily prepared group management report is in agreement with the group management report of Fresenius SE & Co. KGaA, Bad Homburg v. d. Höhe, prepared in accordance with § 290 and § 315 HGB [Handelsgesetzbuch "German Commercial Code"] apart from appropriate incorporation of U.S. GAAP financial data.

We conducted our audit of the consolidated financial statements in accordance with § 317 HGB and German generally accepted standards for the audit of financial statements promulgated by the Institut der Wirtschaftsprüfer (IDW). Those standards require that we plan and perform the audit such that misstatements materially affecting the presentation of the net assets, financial position and results of operations in the consolidated financial statements in accordance with the applicable financial reporting framework and in the group management report are detected with reasonable assurance. Knowledge of the business activities and the economic and legal environment of the Group and expectations as to possible misstatements are taken into account in the determination of audit procedures. The effectiveness of the accounting-related internal control system and the evidence supporting the disclosures in the consolidated financial statements and the group management report are examined primarily on a test basis within the framework of the audit. The audit includes assessing the annual financial statements of those entities included in consolidation, the determination of entities to be included in consolidation, the accounting and consolidation principles used and significant estimates made by the legal representative, as well as evaluating the overall presentation of the consolidated financial statements. We believe that our audit provides a reasonable basis for our opinion.

Our audit has not led to any reservations.

In our opinion, based on the findings of our audit, the consolidated financial statements comply with U.S. GAAP and give a true and fair view of the net assets, financial position and results of operations of the Group in accordance with these requirements. The voluntarily prepared group management report is consistent with the consolidated financial statements prepared in accordance with U.S. GAAP and is, apart from appropriate incorporation of U.S. GAAP financial data, in agreement with the group management report of Fresenius SE & Co. KGaA prepared in accordance with § 290 and § 315 HGB, on which we issued an unqualified statutory audit opinion. Based on this, the group management report as a whole provides a suitable view of the Group's position and suitably presents the opportunities and risks of future development.

Frankfurt am Main, February 22, 2012

KPMG AG
Wirtschaftsprüfungsgesellschaft

Hölzl
German Public Auditor

Hommel
German Public Auditor

(This page intentionally left blank)

Consolidated Financial Statements of Fresenius SE & Co. KGaA for 2010 (until January 28, 2011: Fresenius SE) (US-GAAP)

FRESENIUS SE & CO. KGAA (UNTIL JANUARY 28, 2011: FRESENIUS SE)
CONSOLIDATED STATEMENT OF INCOME

€ in millions	Note	2010	2009
Sales	4	**15,972**	14,164
Cost of sales	5	**-10,646**	-9,528
Gross profit		**5,326**	4,636
Selling, general and administrative expenses	8	**-2,664**	-2,342
Research and development expenses		**-244**	-240
Operating income (EBIT)		**2,418**	2,054
Interest income	9	**30**	22
Interest expenses	9	**-596**	-602
Other financial result	10	**-66**	-31
Financial result		**-632**	-611
Income before income taxes		**1,786**	1,443
Income taxes	11	**-581**	-452
Net income		**1,205**	991
Less noncontrolling interest	26	**583**	497
Net income attributable to Fresenius SE & Co. KGaA		**622**	494
Earnings per ordinary share in €	12	**3.85**	3.06
Fully diluted earnings per ordinary share in €	12	**3.79**	3.04
Earnings per preference share in €	12	**3.85**	3.07
Fully diluted earnings per preference share in €	12	**3.79**	3.05

The following notes are an integral part of the consolidated financial statements.

FRESENIUS SE & CO. KGAA (UNTIL JANUARY 28, 2011: FRESENIUS SE) CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

€ in millions	Note	2010	2009
Net income		**1,205**	991
Other comprehensive income (loss)			
Foreign currency translation	28, 30	**377**	-125
Cash flow hedges	28, 30	**-15**	2
Actuarial losses on defined benefit pension plans	25, 28	**-54**	-5
Income taxes related to components of other comprehensive income (loss)	28	**11**	-5
Other comprehensive income (loss)		**319**	-133
Total comprehensive income		**1,524**	858
Comprehensive income attributable to noncontrolling interest subject to put provisions		**33**	16
Comprehensive income attributable to noncontrolling interest not subject to put provisions		**689**	391
Comprehensive income attributable to Fresenius SE & Co. KGaA		**802**	451

The following notes are an integral part of the consolidated financial statements.

FRESENIUS SE & CO. KGAA (UNTIL JANUARY 28, 2011: FRESENIUS SE)
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
ASSETS

as of December 31, € in millions	Note	2010	2009
Cash and cash equivalents	13	**769**	420
Trade accounts receivable, less allowance for doubtful accounts	14	**2,935**	2,509
Accounts receivable from and loans to related parties		**15**	26
Inventories	15	**1,411**	1,235
Other current assets	16	**925**	893
Deferred taxes	11	**380**	280
I. Total current assets		**6,435**	5,363
Property, plant and equipment	17	**3,954**	3,559
Goodwill	18	**11,464**	10,356
Other intangible assets	18	**984**	1,053
Other non-current assets	16	**628**	436
Deferred taxes	11	**112**	115
II. Total non-current assets		**17,142**	15,519
Total assets		**23,577**	20,882

LIABILITIES AND SHAREHOLDERS' EQUITY

as of December 31, € in millions	Note	2010	2009
Trade accounts payable		**691**	601
Short-term accounts payable to related parties		**2**	7
Short-term accrued expenses and other short-term liabilities	19, 20	**2,731**	2,197
Short-term debt	21	**606**	287
Short-term loans from related parties		**2**	2
Current portion of long-term debt and capital lease obligations	21	**420**	261
Mandatory Exchangeable Bonds	23	**554**	0
Trust preferred securities of Fresenius Medical Care Capital Trusts	24	**468**	0
Short-term accruals for income taxes		**163**	122
Deferred taxes	11	**74**	51
A. Total short-term liabilities		**5,711**	3,528
Long-term debt and capital lease obligations, less current portion	21	**4,919**	5,228
Senior Notes	22	**2,369**	2,066
Mandatory Exchangeable Bonds	23	**0**	554
Long-term accrued expenses and other long-term liabilities	19, 20	**458**	481
Trust preferred securities of Fresenius Medical Care Capital Trusts	24	**0**	455
Pension liabilities	25	**383**	309
Long-term accruals for income taxes		**196**	194
Deferred taxes	11	**488**	415
B. Total long-term liabilities		**8,813**	9,702
I. Total liabilities		**14,524**	13,230
II. Noncontrolling interest subject to put provisions	26	**209**	161
A. Noncontrolling interest not subject to put provisions	26	**3,879**	3,257
Subscribed capital	27	**162**	161
Capital reserve	27	**2,085**	2,035
Other reserves	27	**2,683**	2,183
Accumulated other comprehensive income (loss)	28	**35**	-145
B. Total Fresenius SE & Co. KGaA shareholders' equity		**4,965**	4,234
III. Total shareholders' equity		**8,844**	7,491
Total liabilities and shareholders' equity		**23,577**	20,882

The following notes are an integral part of the consolidated financial statements.

FRESENIUS SE & CO. KGAA (UNTIL JANUARY 28, 2011: FRESENIUS SE)
CONSOLIDATED STATEMENT OF CASH FLOWS

January 1 to December 31, € in millions	Note	2010	2009
Operating activities			
Net income		**1,205**	991
Adjustments to reconcile net income to cash and cash equivalents provided by operating activities			
Depreciation and amortization	16, 17, 18	**639**	562
Change in deferred taxes	11	**11**	11
Gain/loss on sale of fixed assets		**1**	–
Changes in assets and liabilities, net of amounts from businesses acquired or disposed of			
Trade accounts receivable, net	14	**-275**	-7
Inventories	15	**-81**	-92
Other current and non-current assets	16	**57**	-96
Accounts receivable from/payable to related parties		**6**	-4
Trade accounts payable, accrued expenses and other short-term and long-term liabilities		**346**	122
Accruals for income taxes		**2**	66
Net cash provided by operating activities		**1,911**	1,553
Investing activities			
Purchase of property, plant and equipment		**-754**	-677
Proceeds from sales of property, plant and equipment		**21**	15
Acquisitions and investments, net of cash acquired and net purchases of intangible assets	2, 32	**-615**	-236
Proceeds from investments and divestitures		**111**	9
Net cash used in investing activities		**-1,237**	-889

January 1 to December 31, € in millions	Note	2010	2009
Financing activities			
Proceeds from short-term loans	21	**233**	73
Repayments of short-term loans	21	**-196**	-296
Proceeds from short-term loans from related parties		**–**	–
Repayments of short-term loans from related parties		**–**	–
Proceeds from long-term debt and capital lease obligations	21	**541**	700
Repayments of long-term debt and capital lease obligations	21	**-1,185**	-1,288
Proceeds from the issuance of Senior Notes	22	**242**	753
Repayments of liabilities from Senior Notes	22	**0**	-100
Changes of accounts receivable securitization program	21	**223**	-233
Proceeds from the exercise of stock options	34	**121**	56
Dividends paid		**-329**	-275
Change in noncontrolling interest	26	**-3**	-2
Exchange rate effect due to corporate financing		**1**	1
Net cash used in financing activities		**-352**	-611
Effect of exchange rate changes on cash and cash equivalents		**27**	-3
Net increase in cash and cash equivalents		**349**	50
Cash and cash equivalents at the beginning of the reporting period	13	**420**	370
Cash and cash equivalents at the end of the reporting period	13	**769**	420

The following notes are an integral part of the consolidated financial statements.

FRESENIUS SE & CO. KGAA (UNTIL JANUARY 28, 2011: FRESENIUS SE)
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

		Ordinary shares		Preference shares		Subscribed Capital	
	Note	Number of shares in thousand	Amount € in thousands	Number of shares in thousand	Amount € in thousands	Amount € in thousands	Amount € in millions
As of December 31, 2008		80,572	80,572	80,572	80,572	161,144	161
Proceeds from the exercise of stock options	34	86	86	86	86	172	–
Compensation expense related to stock options	34						
Dividends paid	27						
Purchase of noncontrolling interest not subject to put provisions	26						
Change in fair value of noncontrolling interest subject to put provisions	26						
Comprehensive income (loss)							
Net income							
Other comprehensive income (loss)							
Cash flow hedges	28, 30						
Foreign currency translation	28, 30						
Adjustments relating to pension obligations	25, 28						
Comprehensive income (loss)							
As of December 31, 2009		80,658	80,658	80,658	80,658	161,316	161
Proceeds from the exercise of stock options	34	567	567	567	567	1,134	1
Compensation expense related to stock options	34						
Dividends paid	27						
Purchase of noncontrolling interest not subject to put provisions	26						
Change in fair value of noncontrolling interest subject to put provisions	26						
Comprehensive income (loss)							
Net income							
Other comprehensive income (loss)							
Cash flow hedges	28, 30						
Foreign currency translation	28, 30						
Adjustments relating to pension obligations	25, 28						
Comprehensive income							
As of December 31, 2010		**81,225**	**81,225**	**81,225**	**81,225**	**162,450**	**162**

	Note	Reserves: Capital reserve € in millions	Reserves: Other reserves € in millions	Accumulated other comprehensive income (loss) € in millions	Total Fresenius SE & Co. KGaA shareholders' equity € in millions	Noncontrolling interest not subject to put provisions € in millions	Total shareholders' equity € in millions
As of December 31, 2008		2,020	1,803	-102	3,882	2,944	6,826
Proceeds from the exercise of stock options	34	4			4	52	56
Compensation expense related to stock options	34	21			21	15	36
Dividends paid	27		-114		-114	-154	-268
Purchase of noncontrolling interest not subject to put provisions	26				0	27	27
Change in fair value of noncontrolling interest subject to put provisions	26	-10			-10	-18	-28
Comprehensive income (loss)							
Net income			494		494	477	971
Other comprehensive income (loss)							
Cash flow hedges	28, 30			-8	-8	0	-8
Foreign currency translation	28, 30			-29	-29	-86	-115
Adjustments relating to pension obligations	25, 28			-6	-6	0	-6
Comprehensive income (loss)			494	-43	451	391	842
As of December 31, 2009		2,035	2,183	-145	4,234	3,257	7,491
Proceeds from the exercise of stock options	34	37			38	83	121
Compensation expense related to stock options	34	19			19	14	33
Dividends paid	27		-122		-122	-172	-294
Purchase of noncontrolling interest not subject to put provisions	26				0	35	35
Change in fair value of noncontrolling interest subject to put provisions	26	-6			-6	-27	-33
Comprehensive income (loss)							
Net income			622		622	561	1,183
Other comprehensive income (loss)							
Cash flow hedges	28, 30			-12	-12	0	-12
Foreign currency translation	28, 30			230	230	128	358
Adjustments relating to pension obligations	25, 28			-38	-38	0	-38
Comprehensive income			622	180	802	689	1,491
As of December 31, 2010		**2,085**	**2,683**	**35**	**4,965**	**3,879**	**8,844**

The following notes are an integral part of the consolidated financial statements.

FRESENIUS SE & CO. KGAA (UNTIL JANUARY 28, 2011: FRESENIUS SE) CONSOLIDATED SEGMENT REPORTING

by business segment

€ in millions	Fresenius Medical Care			Fresenius Kabi		
	2010	2009	Change	**2010**	2009	Change
Sales	**9,091**	8,064	13%	**3,672**	3,086	19%
thereof contribution to consolidated sales	**9,088**	8,061	13%	**3,629**	3,046	19%
thereof intercompany sales	**3**	3	0%	**43**	40	8%
contribution to consolidated sales	**57%**	57%		**23%**	22%	
EBITDA	**1,830**	1,586	15%	**893**	742	20%
Depreciation and amortization	**379**	327	16%	**156**	135	16%
EBIT	**1,451**	1,259	15%	**737**	607	21%
Net interest	**-211**	-215	2%	**-279**	-302	8%
Income taxes	**-436**	-352	-24%	**-142**	-89	-60%
Net income attributable to Fresenius SE & Co. KGaA	**738**	639	15%	**294**	200	47%
Operating cash flow	**1,032**	960	8%	**567**	397	43%
Cash flow before acquisitions and dividends	**649**	557	17%	**401**	272	47%
Total assets	**12,793**	10,982	16%	**6,860**	6,335	8%
Debt	**4,400**	3,865	14%	**4,298**	4,184	3%
Capital expenditure, gross	**395**	411	-4%	**174**	125	39%
Acquisitions, gross	**596**	138	--	**31**	32	-3%
Research and development expenses	**73**	67	9%	**143**	129	11%
Employees (per capita on balance sheet date)	**77,442**	71,617	8%	**22,851**	21,872	4%
Key figures						
EBITDA margin	**20.1%**	19.7%		**24.3%**	24.0%	
EBIT margin	**16.0%**	15.6%		**20.1%**	19.7%	
Depreciation and amortization in % of sales	**4.2%**	4.1%		**4.2%**	4.4%	
Operating cash flow in % of sales	**11.4%**	11.9%		**15.4%**	12.9%	
ROOA	**12.5%**	12.2%		**11.9%**	10.2%	

[1] Including special items from the acquisition of APP Pharmaceuticals, Inc.

Fresenius Helios			Fresenius Vamed			Corporate/Other [1]			Fresenius Group		
2010	2009	Change	**2010**	2009	Change	**2010**	2009	Change	**2010**	2009	Change
2,520	2,416	4%	**713**	618	15%	**-24**	-20	-20%	**15,972**	14,164	13%
2,520	2,416	4%	**713**	618	15%	**22**	23	-4%	**15,972**	14,164	13%
0	0		**–**	–	--	**-46**	-43	-7%	**0**	0	
16%	17%		**4%**	4%		**0%**	0%		**100%**	100%	
318	286	11%	**49**	42	17%	**-33**	-40	18%	**3,057**	2,616	17%
83	81	2%	**8**	6	33%	**13**	13	0%	**639**	562	14%
235	205	15%	**41**	36	14%	**-46**	-53	13%	**2,418**	2,054	18%
-55	-55	0%	**2**	3	-33%	**-23**	-11	-109%	**-566**	-580	2%
-37	-32	-16%	**-12**	-12	0%	**46**	33	39%	**-581**	-452	-29%
131	107	22%	**30**	27	11%	**-571**	-479	-19%	**622**	494	26%
311	219	42%	**47**	29	62%	**-46**	-52	12%	**1,911**	1,553	23%
150	95	58%	**38**	24	58%	**-60**	-57	-5%	**1,178**	891	32%
3,270	3,199	2%	**549**	456	20%	**105**	-90	--	**23,577**	20,882	13%
1,096	1,099	0%	**16**	2	--	**-1,026**	-851	-21%	**8,784**	8,299	6%
166	124	34%	**9**	5	80%	**14**	6	133%	**758**	671	13%
13	79	-84%	**5**	2	150%	**-1**	9	-111%	**644**	260	148%
–	–	--	**0**	0		**28**	44	-36%	**244**	240	2%
33,321	33,364	0%	**3,110**	2,849	9%	**828**	808	2%	**137,552**	130,510	5%
12.6%	11.8%		**6.9%**	6.8%					**19.1%**	18.5%	
9.3%	8.5%		**5.8%**	5.8%					**15.1%**	14.5%	
3.3%	3.4%		**1.1%**	1.0%					**4.0%**	4.0%	
12.3%	9.1%		**6.6%**	4.7%					**12.0%**	11.0%	
7.8%	7.1%		**22.2%**	22.8%					**11.6%**	10.5%	

The consolidated segment reporting by business segment is an integral part of the notes.
The following notes are an integral part of the consolidated financial statements.

FRESENIUS SE & CO. KGAA (UNTIL JANUARY 28, 2011: FRESENIUS SE) CONSOLIDATED SEGMENT REPORTING

by region

	Europe			North America		
€ in millions	**2010**	2009	Change	**2010**	2009	Change
Sales	**6,515**	6,045	8%	**7,020**	6,113	15%
contribution to consolidated sales	**41%**	42%		**44%**	43%	
EBIT	**723**	673	7%	**1,347**	1,092	23%
Depreciation and amortization	**294**	271	8%	**265**	232	14%
Total assets	**8,935**	7,763	15%	**12,152**	11,176	9%
Capital expenditure, gross	**400**	350	14%	**223**	229	-3%
Acquisitions, gross	**267**	136	96%	**277**	98	183%
Employees (per capita on balance sheet date)	**66,179**	63,602	4%	**46,082**	44,590	3%

Asia-Pacific			Latin America			Africa			Fresenius Group		
2010	2009	Change	**2010**	2009	Change	**2010**	2009	Change	**2010**	2009	Change
1,307	1,088	20%	**814**	641	27%	**316**	277	14%	**15,972**	14,164	13%
8%	8%		**5%**	5%		**2%**	2%		**100%**	100%	
205	173	18%	**107**	87	23%	**36**	29	24%	**2,418**	2,054	18%
47	36	31%	**27**	19	42%	**6**	4	50%	**639**	562	14%
1,610	1,233	31%	**755**	616	23%	**125**	94	33%	**23,577**	20,882	13%
73	50	46%	**52**	37	41%	**10**	5	100%	**758**	671	13%
89	12	--	**11**	13	-15%	**–**	1	-100%	**644**	260	148%
12,258	10,356	18%	**11,726**	10,804	9%	**1,307**	1,158	13%	**137,552**	130,510	5%

The consolidated segment reporting by region is an integral part of the notes.
The following notes are an integral part of the consolidated financial statements.

(This page intentionally left blank)

GENERAL NOTES

1. PRINCIPLES

I. GROUP STRUCTURE

Fresenius is a worldwide operating health care group with products and services for dialysis, the hospital and the medical care of patients at home. Further areas of activity are hospital operations as well as engineering and services for hospitals and other health care facilities. In addition to the activities of the parent company Fresenius SE & Co. KGaA, Bad Homburg v. d. Höhe, the operating activities were split into the following legally-independent business segments (subgroups) in the fiscal year 2010:

- Fresenius Medical Care
- Fresenius Kabi
- Fresenius Helios
- Fresenius Vamed

Fresenius Medical Care is the world's leading provider of dialysis products and dialysis care for the life-saving treatment of patients with chronic kidney failure. Fresenius Medical Care treats 214,648 patients in its 2,757 own dialysis clinics.

Fresenius Kabi is a globally active company, providing infusion therapies, intravenously administered generic drugs, clinical nutrition and the related medical devices. The products are used for the therapy and care of critically and chronically ill patients in and outside the hospital. In Europe, Fresenius Kabi is the market leader in infusion therapies and clinical nutrition, in the U.S., the company is a leading provider of intravenously administered generic drugs.

Fresenius Helios is one of the largest private hospital operators in Germany.

Fresenius Vamed offers engineering and services for hospitals and other health care facilities.

Fresenius SE & Co. KGaA owned 35.74% of the ordinary voting shares of Fresenius Medical Care AG & Co. KGaA (FMC-AG & Co. KGaA) and 35.27% of the total subscribed capital of FMC-AG & Co. KGaA at the end of the fiscal year 2010. Fresenius Medical Care Management AG, the general partner of FMC-AG & Co. KGaA, is a wholly-owned subsidiary of Fresenius SE & Co. KGaA. Therefore, FMC-AG & Co. KGaA is fully consolidated in the consolidated financial statements of the Fresenius Group. Fresenius SE & Co. KGaA continued to hold 100% of the management companies of the business segments Fresenius Kabi (Fresenius Kabi AG) as well as Fresenius Helios and Fresenius Vamed (both held through Fresenius ProServe GmbH) on December 31, 2010. Through Fresenius ProServe GmbH, Fresenius SE & Co. KGaA holds a 99% stake in HELIOS Kliniken GmbH and a 77% stake in VAMED AG. In addition, Fresenius SE & Co. KGaA holds interests in companies with holding functions regarding real estate, financing and insurance, as well as in Fresenius Netcare GmbH which offers services in the field of information technology and in Fresenius Biotech Beteiligungs GmbH.

The reporting currency in the Fresenius Group is the euro. In order to make the presentation clearer, amounts are mostly shown in million euros. Amounts under €1 million after rounding are marked with "–".

II. CHANGE OF FRESENIUS SE'S LEGAL FORM INTO A PARTNERSHIP LIMITED BY SHARES (KOMMANDITGESELLSCHAFT AUF AKTIEN) AND CONVERSION OF THE PREFERENCE SHARES INTO ORDINARY SHARES

On May 12, 2010, Fresenius SE's Annual General Meeting approved the change of Fresenius SE's legal form into a partnership limited by shares (Kommanditgesellschaft auf Aktien, KGaA) with the name Fresenius SE & Co. KGaA in combination with the conversion of all non-voting preference shares into voting ordinary shares. The change of legal form as well as the conversion of shares was also approved by the preference shareholders through a special resolution.

Upon registration with the commercial register of the local court in Bad Homburg v. d. Höhe, the change of legal form into Fresenius SE & Co. KGaA became effective on January 28, 2011. According to the resolution passed, the holders of preference shares received one ordinary share of Fresenius SE & Co. KGaA for each preference share held in Fresenius SE; the ordinary shareholders received one ordinary share of Fresenius SE & Co. KGaA for each ordinary share held in Fresenius SE. The notional proportion of each non-par value share in the subscribed capital as well as the subscribed capital itself remained unchanged. The change of Fresenius SE's legal form into a KGaA neither led to the liquidation of the Company nor to the formation of a new legal entity. The legal and commercial identity of the Company was preserved.

The legal form of the KGaA enables Fresenius to achieve the benefits of a single share class while maintaining the control position of the Else Kröner-Fresenius-Stiftung which held approximately 58% of the ordinary shares in Fresenius SE prior to the change. The European company Fresenius Management SE, a wholly-owned subsidiary of the Else Kröner-Fresenius-Stiftung, is the general partner (Komplementärin) of Fresenius SE & Co. KGaA. Concerning the personnel composition, the Management Board of Fresenius Management SE is identical to the previous Fresenius SE Management Board and has taken over the management of Fresenius SE & Co. KGaA. The Else Kröner-Fresenius-Stiftung's right to provide the general partner is tied to the holding of more than 10% of the subscribed capital in Fresenius SE & Co. KGaA.

In addition to the existing Conditional Capitals, three Authorized Capitals were created with the articles of association that were determined by the Annual General Meeting. These can be used as an alternative source of shares for Fresenius SE & Co. KGaA's three stock option plans.

The effects of the change of legal form are described in the respective notes.

The registration of the change of legal form with the commercial register was finally cleared following a court settlement of pending disputes initiated by minority shareholders.

In order to improve readability, the new legal form Fresenius SE & Co. KGaA, effective since January 28, 2011, is used in this report, if expedient.

III. BASIS OF PRESENTATION

The accompanying consolidated financial statements have been prepared in accordance with the United States Generally Accepted Accounting Principles (U.S. GAAP).

Fresenius SE & Co. KGaA as a stock exchange listed company with a domicile in a member state of the European Union fulfills its obligation to prepare and publish the consolidated financial statements in accordance with the International Financial Reporting Standards (IFRS) applying Section 315a of the German Commercial Code (HGB). Simultaneously, the Fresenius Group voluntarily prepares and publishes the consolidated financial statements in accordance with U.S. GAAP.

In order to improve readability, various items are aggregated in the consolidated statement of financial position and in the consolidated statement of income. These items are shown separately in the notes to provide useful information to the readers of the consolidated financial statements.

The consolidated statement of financial position is classified on the basis of the liquidity of assets and liabilities; the consolidated statement of income is classified using the cost-of-sales accounting format.

IV. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a) Principles of consolidation

The financial statements of consolidated entities have been prepared using uniform accounting methods.

Capital consolidation is performed by offsetting investments in subsidiaries against the underlying revaluated equity at the date of acquisition. The identifiable assets and liabilities of subsidiaries as well as the noncontrolling interest are recognized at their fair values. Any remaining debit balance is recognized as goodwill and is tested at least once a year for impairment.

Associated companies (usually 20% to 50% of voting rights) are consolidated using the equity method. Investments that are not classified as in associated companies are recorded at acquisition costs.

All significant intercompany sales, expenses, income, receivables and payables are eliminated. Profits and losses on items of property, plant and equipment and inventory acquired from other Group entities are also eliminated. Deferred tax assets and liabilities are recognized on temporary differences resulting from consolidation procedures.

Noncontrolling interest subject to put provisions is recognized between liabilities and equity in the consolidated statement of financial position. Noncontrolling interest not subject to put provisions comprises the interest of noncontrolling shareholders in the consolidated equity of Group entities. Profits and losses attributable to the noncontrolling shareholders are separately disclosed in the consolidated statement of income.

b) Composition of the Group

The consolidated financial statements include all material companies in which Fresenius SE & Co. KGaA has legal or effective control. In addition, the Fresenius Group consolidates variable interest entities (VIEs) for which it is deemed the primary beneficiary.

Fresenius Medical Care entered into various arrangements with certain dialysis clinics and a dialysis product distributor to provide management services, financing and product supply. The dialysis clinics and the dialysis product distributor have either negative equity or are unable to provide their own funding and operations. Therefore, Fresenius Medical Care has agreed to fund their operations through loans.

The compensation for the funding can carry interest, exclusive product supply agreements or Fresenius Medical Care is entitled to a prorata share of profits, if any, and has a right of first refusal in the event the owners sell the business or assets. These clinics and the dialysis product distributor are VIEs in which Fresenius Medical Care has been determined to be the primary beneficiary and which therefore have been fully consolidated. They generated approximately €100 million (US$133 million) and €81 million (US$113 million) in sales in 2010 and 2009, respectively. Fresenius Medical Care provided funding to these VIEs through loans and accounts receivable of €83 million (US$111 million) and €29 million (US$42 million) in 2010 and 2009, respectively. Relating to the VIEs, in 2010, Fresenius Medical Care consolidated assets in an amount of €130 million (US$174 million), liabilities in an amount of €89 million (US$119 million) and €41 million (US$55 million) in equity. In 2009, €74 million (US$106 million) assets, €42 million (US$60 million) liabilities and €32 million (US$46 million) equity were consolidated. The interest held by the other shareholders in the consolidated VIEs is reported as noncontrolling interest in the consolidated statement of financial position at December 31, 2010.

Fresenius Vamed participates in long-term project entities which are set up for long-term defined periods of time and for the specific purpose of constructing and operating thermal centers. Some of these project entities qualify as VIEs, in which Fresenius Vamed is not the primary beneficiary based on the cash flow analysis of the involved parties. The project entities generated approximately €54 million in sales in 2010 (2009: €32 million). The VIEs finance themselves mainly through debt, profit participation rights and investment grants. Assets and liabilities relating to the VIEs are not material. Fresenius Vamed made no payments to the VIEs other than contractually stipulated. From today's perspective and due to the contractual situation, Fresenius Vamed is not exposed to any material risk of loss from these VIEs.

The consolidated financial statements of 2010 included, in addition to Fresenius SE & Co. KGaA, 144 (2009: 136) German and 972 (2009: 912) foreign companies.

The composition of the Group changed as follows:

	Germany	Abroad	Total
December 31, 2009	**136**	**912**	**1,048**
Additions	**12**	**122**	**134**
of which newly founded	2	48	50
of which acquired	9	65	74
Disposals	**4**	**62**	**66**
of which no longer consolidated	2	36	38
of which merged	2	26	28
December 31, 2010	**144**	**972**	**1,116**

17 companies (2009: 10) were accounted for under the equity method.

The complete list of the investments of Fresenius SE & Co. KGaA, registered office in Bad Homburg v. d. H., will be submitted to the electronic Federal Gazette and the electronic companies register.

In 2010, the following fully consolidated German subsidiaries of the Fresenius Group applied the exemption provided in Sections 264 (3) and 264b, respectively, of the German Commercial Code (HGB):

Name of the company	Registered office
Corporate / Other	
Fresenius Biotech GmbH	Gräfelfing
Fresenius Biotech Beteiligungs GmbH	Bad Homburg v. d. H.
Fresenius Immobilien-Verwaltungs-GmbH & Co. Objekt Friedberg KG	Bad Homburg v. d. H.
Fresenius Immobilien-Verwaltungs-GmbH & Co. Objekt St. Wendel KG	Bad Homburg v. d. H.
Fresenius Immobilien-Verwaltungs-GmbH & Co. Objekt Schweinfurt KG	Bad Homburg v. d. H.
Fresenius Netcare GmbH	Bad Homburg v. d. H.
Fresenius ProServe GmbH	Bad Homburg v. d. H.
FPS Immobilien Verwaltungs GmbH & Co. Reichenbach KG	Bad Homburg v. d. H.
ProServe Krankenhaus Beteiligungsgesellschaft mbH & Co. KG	München
Fresenius Kabi	
Fresenius HemoCare GmbH	Bad Homburg v. d. H.
Fresenius HemoCare Beteiligungs GmbH	Bad Homburg v. d. H.
Fresenius Kabi AG	Bad Homburg v. d. H.
Fresenius Kabi Deutschland GmbH	Bad Homburg v. d. H.
Hosped GmbH	Friedberg
MC Medizintechnik GmbH	Alzenau
V. Krütten Medizinische Einmalgeräte GmbH	Idstein

Name of the company	Registered office
Fresenius Helios	
HELIOS Agnes Karll Krankenhaus GmbH	Bochum
HELIOS Care GmbH	Berlin
HELIOS Catering GmbH	Berlin
HELIOS Kids in Pflege GmbH	Geesthacht
HELIOS Klinik Dresden-Wachwitz GmbH	Dresden
HELIOS Klinik Geesthacht GmbH	Geesthacht
HELIOS Klinik Lengerich GmbH	Lengerich
HELIOS Kliniken GmbH	Berlin
HELIOS Kliniken Breisgau-Hochschwarzwald GmbH	Müllheim
HELIOS Kliniken Leipziger Land GmbH	Borna
HELIOS Klinikum Bad Saarow GmbH	Bad Saarow
HELIOS Klinikum Erfurt GmbH	Erfurt
HELIOS Klinikum Wuppertal GmbH	Wuppertal
HELIOS Privatkliniken GmbH	Bad Homburg v. d. H.
HELIOS Schlossbergklinik Oberstaufen GmbH	Oberstaufen
HELIOS Service GmbH	Berlin
HELIOS Versorgungszentren GmbH	Berlin
HELIOS Versorgungszentrum Bad Saarow GmbH	Bad Saarow
HELIOS Vogtland-Klinikum Plauen GmbH	Plauen
HUMAINE Kliniken GmbH	Berlin
Poliklinik am HELIOS Klinikum Buch GmbH	Berlin
Senioren- und Pflegeheim Erfurt GmbH	Erfurt
St. Josefs-Hospital GmbH	Bochum

c) Classifications

The Fresenius Group has reclassified and revalued noncontrolling interest subject to put provisions in the consolidated statement of financial position. As a result, at December 31, 2009, the Fresenius Group reclassified €125 million from noncontrolling interest, €38 million from capital reserve and -€2 million from accumulated other comprehensive loss to noncontrolling interest subject to put provisions. The Fresenius Group has also renamed the remaining balance of noncontrolling interest as noncontrolling interest not subject to put provisions. The consolidated statement of changes in equity has been adjusted accordingly. There is no impact on the consolidated statement of income.

Certain other items in the consolidated financial statements of 2009 have been reclassified to conform with the presentation in 2010.

d) Hyperinflationary accounting

Due to the inflationary development in Venezuela, Fresenius Medical Care's subsidiaries operating in Venezuela apply Financial Accounting Standards Board Accounting Standards Codification (FASB ASC) Topic 830, Foreign Currency Matters, as of January 1, 2010. All gains and losses resulting from the remeasurement of assets and liabilities were recognized in the consolidated statement of income.

e) Sales recognition policy

Sales from services are recognized at amounts estimated to be received under reimbursement arrangements with third party payors. Sales are recognized on the date services and related products are provided and the customer is obligated to pay.

Product sales are recognized when 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, cost of sales and accounts receivable are made. Sales are stated net of discounts, allowances and rebates.

In the business segment Fresenius Vamed, sales for long-term production contracts are recognized using the percentage of completion (PoC) method when the accounting conditions are met. The sales to be recognized are calculated as a percentage of the costs already incurred based on the estimated total cost of the contract, milestones laid down in the contract or the percentage of completion. Profits are only recognized when the outcome of a production contract accounted for using the PoC method can be measured reliably.

Any tax assessed by a governmental authority that is incurred as a result of a sales transaction (e. g. sales tax) is excluded from sales and the related sale is reported on a net basis.

f) Government grants

Public sector grants are not recognized until there is reasonable assurance that the respective conditions are met and the grants will be received. At first, the grant is recorded as a liability and as soon as the asset is acquired it is offset against the acquisition costs. Expense-related grants are recognized as income in the periods in which related costs occur.

g) Research and development expenses

Research is the original and planned investigation undertaken with the prospect of gaining new scientific or technical knowledge and understanding. Development is the technical and commercial implementation of research findings. Research and development expenses are expensed as incurred.

h) Impairment

The Fresenius Group reviews the carrying amounts of its property, plant and equipment, its intangible assets as well as other non-current assets for impairment whenever events or changes in circumstances indicate that the carrying amount of these assets may not be recoverable. Recoverability of these assets is measured by a comparison of the carrying amount of an asset to the future net cash flow directly associated with the asset. If assets are considered to be impaired, the impairment recognized is the amount by which the carrying amount exceeds the fair value of the asset. The Fresenius Group uses a discounted cash flow approach or other methods, if appropriate, to assess fair value. Long-lived assets to be disposed of by sale are reported at the lower of carrying amount or fair value less cost to sell and depreciation is ceased.

i) Capitalized interest

The Fresenius Group includes capitalized interest as part of the cost of the asset if they are directly attributable to the acquisition, construction or manufacture of qualifying assets. For the fiscal years 2010 and 2009, interest of €4 million and

€8 million, based on an average interest rate of 4.90% and 5.56%, respectively, was recognized as a component of the cost of assets.

j) Deferred taxes

Deferred tax assets and liabilities are recognized for the future consequences attributable to temporary differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax basis. Furthermore, deferred taxes are recognized on consolidation procedures affecting net income attributable to Fresenius SE & Co. KGaA. Deferred tax assets also include claims to future tax reductions which arise from the more likely than not expected usage of existing tax losses available for carryforward. The recognition of deferred tax assets from net operating losses and their utilization is based on the budget planning of the Fresenius Group and implemented tax strategies.

Deferred taxes are computed using enacted or adopted tax rates in the relevant national jurisdictions when the amounts are recovered. Tax rates, which will be valid in the future, but are not adopted till the date of the statement of financial position, are not considered.

The realizability of the carrying amount of a deferred tax asset is reviewed at each date of the statement of financial position. In assessing the realizability of deferred taxes, the Management considers whether it is more likely than not that some portion or all of a deferred tax asset will be realized or whether deferred tax liabilities will be reversed. The ultimate realization of deferred tax assets is dependent upon the generation of future taxable income during the periods in which those temporary differences become deductible. The Management considers the scheduled reversal of deferred tax liabilities and projected future taxable income in making this assessment.

If it is no longer more likely than not that sufficient taxable income will be available to allow the benefit of part or of the entire deferred tax asset to be utilized, the carrying amount of the deferred tax asset is reduced to that certain extent. The reduction is reversed to the date and extent that it becomes probable that sufficient taxable profit will be available.

k) Unrecognized tax benefits

The recognition and measurement of all tax positions taken or expected to be taken in a tax return requires a two step approach. The Fresenius Group must determine whether it is more likely than not that a tax position will be sustained upon examination, including resolution of any related appeals or litigation processes, based on the technical merits of the position. If the threshold is met, the tax position is measured at the largest amount of benefit that is greater than 50% likely of being realized upon ultimate settlement and is recognized in the consolidated financial statements.

l) Earnings per ordinary share and preference share

Basic earnings per ordinary share are computed by dividing net income attributable to Fresenius SE & Co. KGaA less preference amounts by the weighted-average number of ordinary shares and preference shares outstanding during the year. Basic earnings per preference share are derived by adding the preference per preference share to the basic earnings per ordinary 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 fiscal year. The awards granted under Fresenius' and Fresenius Medical Care's stock option plans can result in a dilutive effect.

m) Cash and cash equivalents

Cash and cash equivalents comprise cash funds and all short-term liquid investments with original maturities of up to three months (time deposits and securities).

n) Trade accounts receivable

Trade accounts receivable are stated at their nominal value less allowance for doubtful accounts. Allowances are estimated mainly on the basis of payment history to date, the age structure of balances and the contractual partner involved. In order to assess the appropriateness of allowances, the Fresenius Group checks regularly whether there have been any divergences to previous payment history.

o) Inventories

Inventories comprise all assets which are held for sale in the normal course of business (finished goods), in the process of production for such sale (work in process) or consumed in the production process or in the rendering of services (raw materials and purchased components).

Inventories are stated at the lower of acquisition and manufacturing cost (determined by using the average or first-in, first-out method) or market value. Manufacturing costs comprise direct costs, production and material overhead, including depreciation charges.

p) Property, plant and equipment

Property, plant and equipment are stated at acquisition and manufacturing cost less accumulated depreciation. Significant improvements are capitalized; repairs and maintenance costs that do not extend the useful lives of the assets are charged to expense as incurred. Depreciation on property, plant and equipment is calculated using the straight-line method over the estimated useful lives of the assets ranging from 4 to 50 years for buildings and improvements (with a weighted-average life of 16 years) and 3 to 15 years for machinery and equipment (with a weighted-average life of 10 years).

q) Intangible assets with finite useful lives

Intangible assets with finite useful lives, for example patents, product and distribution rights, non-compete agreements, technology as well as licenses to manufacture, distribute and sell pharmaceutical drugs, are amortized using the straight-line method over their respective useful lives to their residual values and reviewed for impairment (see note 1. IV h, Impairment). The useful life of patents, product and distribution rights ranges from 5 to 20 years. Non-compete agreements with finite useful lives have useful lives ranging from 2 to 25 years with an average useful life of 8 years. The useful life of management contracts with finite useful lives ranges from 5 to 40 years. Technology has a finite useful live of 15 years. Licenses to manufacture, distribute and sell pharmaceutical drugs are amortized over the contractual license period based upon the annual estimated units of sale of the licensed product. All other intangible assets are amortized over their individual estimated useful lives between 3 and 15 years.

Losses in value of a lasting nature are impaired.

r) Goodwill and other intangible assets with indefinite useful lives

The Fresenius Group identified intangible assets with indefinite useful lives because, based on an analysis of all of the relevant factors, there is no foreseeable limit to the period over which those assets are expected to generate net cash inflows for the Group. The identified intangible assets with indefinite useful lives such as trade names and certain qualified management contracts acquired in a purchase method business combination are recognized and reported apart from goodwill. They are recorded at acquisition costs. Goodwill and intangible assets with indefinite useful lives are not amortized but tested for impairment annually or when an event becomes known that could trigger an impairment (impairment test).

To perform the annual impairment test of goodwill, the Fresenius Group identified several reporting units and determined their carrying amount by assigning the assets and liabilities, including the existing goodwill and intangible assets, to those reporting units. A reporting unit is usually defined one level below the segment level according to regions or legal entities. Five reporting units were identified in the segment Fresenius Medical Care (Europe, Latin America, Asia-Pacific, North American Renal Therapy Group, North American Fresenius Medical Services). In the segment Fresenius Kabi exists one reporting unit for the region North America and one reporting unit for the business outside of North America. According to the regional organizational structure, the segment Fresenius Helios consists of seven reporting units, which are managed by a central division. The segment Fresenius Vamed consists of two reporting units (Project business and Service business). At least once a year, the Fresenius Group compares the fair value of each reporting unit to the reporting unit's carrying amount. The fair value of a reporting unit is determined using a discounted cash flow approach based upon the cash flow expected to be generated by the reporting unit. In case that the fair value of the reporting unit is less than its carrying amount, the difference is at first recorded as an impairment of the fair value of the goodwill.

To evaluate the recoverability of separable intangible assets with indefinite useful lives, the Fresenius Group compares the fair values of these intangible assets with their carrying amounts. An intangible asset's fair value is determined using a discounted cash flow approach and other methods, if appropriate.

The recoverability of goodwill and other separable intangible assets with indefinite useful lives recorded in the Group's consolidated statement of financial position was verified. As a result, the Fresenius Group did not record any impairment losses in 2010 and 2009.

s) Leases

Leased assets assigned to the Fresenius Group based on the risk and rewards approach (finance leases) are recognized as property, plant and equipment and measured on receipt date at the present values of lease payments as long as their fair values are not lower. Leased assets are depreciated in straight-line over their useful lives. If there is doubt as to whether title to the asset passes at a later stage and there is no opportune purchase option the asset is depreciated over the lease term, if this is shorter. An impairment loss is recognized if the recoverable amount is lower than the amortized cost of the leased asset.

Finance lease liabilities are measured at the present value of the future lease payments and are recognized as financial liability.

Property, plant and equipment, rented by the Fresenius Group, is accounted for at its purchase costs. Its depreciation is calculated using the straight-line method over the leasing time and its expected residual value.

t) Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. The following categories (according to International Accounting Standard 39, Financial Instruments: Recognition and Measurement) are relevant for the Fresenius Group: loans and receivables, financial liabilities measured at amortized cost as well as financial liabilities/assets measured at fair value. Other categories are immaterial or not existing in the Fresenius Group. According to their character, the Fresenius Group classifies its financial instruments into the following classes: cash and cash equivalents, assets recognized at carrying amount, liabilities recognized at carrying amount, derivatives for hedging purposes as well as liabilities recognized at fair value and noncontrolling interest subject to put provisions recognized at fair value.

The relationship between classes and categories as well as the reconciliation to the consolidated statement of financial position is shown in tabular form in note 30, Financial instruments.

The Fresenius Group has potential obligations to purchase the noncontrolling interests held by third parties in certain of its consolidated subsidiaries. These obligations are in the form of put provisions and are exercisable at the third-party owners' discretion within specified periods as outlined in each specific put provision. If these put provisions were exercised, the Fresenius Group would be required to purchase all or part of third-party owners' noncontrolling interests at the appraised fair value. The methodology the Fresenius Group 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 Fresenius Group's current estimates depending upon market conditions.

Derivative financial instruments which primarily include foreign currency forward contracts and interest rate swaps are recognized at fair value as assets or liabilities in the consolidated statement of financial position. Changes in the fair value of derivative financial instruments classified as fair value hedges and in the corresponding underlyings are recognized periodically in earnings. The effective portion of changes in fair value of cash flow hedges is recognized in accumulated other comprehensive income (loss) in shareholders' equity until the secured underlying transaction is realized (see note 30, Financial instruments). The ineffective portion of cash flow hedges is recognized in current earnings. Changes in the fair value of derivatives that are not designated as hedging instruments are recognized periodically in earnings.

u) Liabilities

Liabilities are generally stated at present value which normally corresponds to the value of products or services which are delivered. As a general policy, short-term liabilities are measured at their repayment amount.

v) Legal contingencies

In the ordinary course of Fresenius Group's operations, the Fresenius Group is involved in litigation, arbitration, administrative procedure and investigations relating to various aspects of its business. The Fresenius Group regularly analyzes current information about such claims for probable losses and provides accruals for such matters, including estimated expenses for legal services, as appropriate. The Fresenius Group utilizes its internal legal department as well as external resources for these assessments. In making the decision regarding the need for a loss accrual, the Fresenius Group considers the degree of probability of an unfavorable outcome and its ability to make a reasonable estimate of the amount of loss.

The filing of a suit or formal assertion of a claim, or the disclosure of any such suit or assertion, does not necessarily indicate that an accrual of a loss is appropriate.

w) Other accrued expenses

Accruals for taxes and other obligations are recognized when there is a present obligation to a third party arising from past events, it is probable that the obligation will be settled in the future and the amount can be reliably estimated.

Tax accruals include obligations for the current year and for prior years.

x) Pension liabilities and similar obligations

The Fresenius Group recognizes the underfunded status of its defined benefit plans, measured as the difference between the benefit obligation and plan assets at fair value, as a liability. Changes in the funded status of a plan, net of tax, resulting from actuarial gains or losses, prior service costs or costs that are not recognized as components of the net periodic benefit cost, will be recognized through accumulated other comprehensive income (loss) in the year in which they occur. Actuarial gains or losses and prior service costs are subsequently recognized as components of net periodic benefit cost when realized.

y) Debt issuance costs

Debt issuance costs are capitalized separate from the underlying debt and are amortized over the term of the related obligation.

z) Stock option plans

In line with the standard for share-based payment, the Fresenius Group uses the modified prospective transition method. Under this transition method, compensation cost recognized in 2009 and in 2010 include applicable amounts of: (a) compensation cost of all stock-based payments granted prior to, but not yet vested as of, January 1, 2006; (b) compensation cost for all stock-based payments subsequent to January 1, 2006 (based on the grant-date fair value estimated).

aa) Self-insurance programs

Under the insurance programs for professional, product and general liability, auto liability and worker's compensation claims, the largest subsidiary of Fresenius Medical Care AG & Co. KGaA, located in North America, is partially self-insured for professional liability claims. For all other coverages, Fresenius Medical Care AG & Co. KGaA assumes responsibility for incurred claims up to predetermined amounts above which third party insurance applies. Reported liabilities for the year represent estimated future payments of the anticipated expense for claims incurred (both reported and incurred but not reported) based on historical experience and existing claim activity. This experience includes both the rate of claims incidence (number) and claim severity (cost) and is combined with individual claim expectations to estimate the reported amounts.

bb) Foreign currency translation

The reporting currency is the euro. Substantially all assets and liabilities of the foreign subsidiaries are translated at mid-closing rate on the date of the statement of financial position, while income and expenses are translated at average exchange rates. Adjustments due to foreign currency translation fluctuations are excluded from net earnings and are reported in accumulated other comprehensive income (loss). In addition, the translation adjustments of certain intercompany borrowings, which are considered foreign equity investments, are also reported in accumulated other comprehensive income (loss).

Gains and losses arising from the translation of foreign currency positions as well as those arising from the elimination of foreign currency intercompany loans are recorded as general and administrative expenses, as far as they are not considered foreign equity instruments. In the fiscal year 2010, only immaterial losses resulted out of this transaction.

The exchange rates of the main currencies affecting foreign currency translation developed as follows:

	Year-end exchange rate[1]		Average exchange rate	
	Dec. 31, 2010	Dec. 31, 2009	**2010**	2009
U.S. dollar per €	**1.3362**	1.4406	**1.3259**	1.3948
Pound sterling per €	**0.86075**	0.8881	**0.85805**	0.8909
Swedish krona per €	**8.9655**	10.2520	**9.5387**	10.6191
Chinese renminbi per €	**8.8220**	9.8350	**8.9729**	9.5277
Japanese yen per €	**108.65**	133.16	**116.32**	130.34

[1] Mid-closing rate on the date of the statement of financial position

cc) Fair value hierarchy

The three-tier fair value hierarchy defined in Financial Accounting Standard Boards Accounting Standards Codification (FASB ASC) Topic 820, Fair Value Measurements and Disclosures, classifies assets and liabilities recognized at fair value based on the inputs used in estimating the fair value. Level 1 is defined as observable inputs, such as quoted prices in active markets. Level 2 is defined as inputs other than quoted prices in active markets that are directly or indirectly observable. Level 3 is defined as unobservable inputs for which little or no market data exists, therefore requiring (the company) to develop its own assumptions. The three-tier fair value hierarchy is used in note 25, Pensions and similar obligations and in note 30, Financial instruments.

dd) Use of estimates

The preparation of consolidated financial statements in conformity with U.S. GAAP requires the management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of income and expenses during the reporting period. Actual results could differ from those estimates.

ee) Receivables management

The entities of the Fresenius Group perform ongoing evaluations of the financial situation of their customers and generally do not require a collateral from the customers for the supply of products and provision of services. Approximately 18% and 19% of Fresenius Group's sales were earned and subject to the regulations under governmental health care programs, Medicare and Medicaid, administered by the United States government in 2010 and 2009, respectively.

ff) Recent pronouncements, applied

The Fresenius Group has prepared its consolidated financial statements at December 31, 2010 in conformity with U.S. GAAP that have to be applied for fiscal years beginning on January 1, 2010 or U.S. GAAP that can be applied earlier on a voluntary basis.

The Fresenius Group applied the following standards, as far as they are relevant for Fresenius Group's business, for the first time in 2010:

In July 2010, the Financial Accounting Standards Board (FASB) issued **Accounting Standards Update 2010-20** (ASU 2010-20), Disclosures about the Credit Quality of Financing Receivables and the Allowance for Credit Losses. ASU 2010-20 is an update of FASB ASC Topic 310, Receivables. This update requires enhanced disclosures on a disaggregated basis about:

- the nature of the credit risk inherent in the portfolio of financing receivables
- how that risk is analyzed and assessed in arriving at the allowance for credit losses
- the changes and reasons for those changes in the allowance for credit losses

The disclosures required under ASU 2010-20 as of the end of a reporting period are effective for interim and annual reporting periods ending on or after December 15, 2010. Disclosures about activity that occurs during a reporting period are effective for interim and annual reporting periods beginning on or after December 15, 2010. Earlier adoption is permitted. The Fresenius Group implemented the amendments prescribed by ASU 2010-20 as of January 1, 2010.

In June 2009, the FASB issued **Accounting Standards Update 2009-17** (ASU 2009-17), FASB ASC Topic 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 Variable Interest Entity's (VIE) 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.

In June 2009, the FASB issued **Accounting Standards Update 2009-16** (ASU 2009-16), FASB ASC Topic 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 VIEs.

The Fresenius Group implemented the amendments prescribed by ASU 2009-16 and ASU 2009-17 as of January 1, 2010, which did not have a material impact on the results of the Fresenius Group in the fiscal year 2010.

gg) Recent pronouncements, not yet applied

The FASB did not issue any for the Fresenius Group relevant new standard, which is mandatory for fiscal years commencing on or after January 1, 2011.

The Fresenius Group does not generally adopt new accounting standards before compulsory adoption date.

V. CRITICAL ACCOUNTING POLICIES

In the opinion of the Management of the Fresenius Group, the following accounting policies and topics are critical for the consolidated financial statements in the present economic environment. The influences and judgments as well as the uncertainties which affect them are also important factors to be considered when looking at present and future operating earnings of the Fresenius Group.

a) Recoverability of goodwill and intangible assets with indefinite useful lives

The amount of intangible assets, including goodwill, product rights, tradenames and management contracts, represents a considerable part of the total assets of the Fresenius Group. At December 31, 2010 and December 31, 2009, the carrying amount of goodwill and non-amortizable intangible assets with indefinite useful lives was €11,641 million and €10,670 million, respectively. This represented 49% and 51%, respectively, of total assets.

An impairment test of goodwill and non-amortizable intangible assets with indefinite useful lives is performed at least once a year, or if events occur or circumstances change that would indicate the carrying amount might be impaired (Impairment test).

To determine possible impairments of these assets, the fair value of the reporting units is compared to their carrying amount. The fair value of each reporting unit is determined using estimated future cash flows for the unit discounted by a weighted-average cost of capital (WACC) specific to that reporting unit. Estimating the discounted future cash flows involves significant assumptions, especially regarding future reimbursement rates and sales prices, number of treatments, sales volumes and costs. In determining discounted cash flows, the Fresenius Group utilizes for every reporting unit its three-year budget, projections for years 4 to 10 and a corresponding growth rate for all remaining years. These growth rates are 0% to 4% for Fresenius Medical Care, 3% for Fresenius Kabi and 1% for Fresenius Helios and Fresenius Vamed. Projections for up to 10 years are possible due to the stability of Fresenius Group's business, which is largely independent from the economic cycle. The discount factor is determined by the WACC of the respective reporting unit. Fresenius Medical Care's WACC consisted of a basic rate of 6.38% for 2010. This basic rate is then adjusted by a country-specific risk rate within each reporting unit. In 2010, WACCs (after tax) for the reporting units of Fresenius Medical Care ranged from 6.38% to 13.56%. In the business segments Fresenius Kabi, Fresenius Helios and Fresenius Vamed, the WACC (after tax) was 5.88%, country-specific adjustments did not occur. If the fair value of the reporting unit is less than its carrying amount, the difference is recorded as an impairment of the fair value of the goodwill at first. An increase of the WACC (after tax) by 0.5% would not have resulted in the recognition of an impairment loss in 2010.

A prolonged downturn in the health care industry with lower than expected increases in reimbursement rates and/or higher than expected costs for providing health care services could adversely affect the estimated future cash flows of certain countries or segments. Future adverse changes in a reporting unit's economic environment could affect the discount rate. A decrease in the estimated future cash flows and/or a decline in the reporting unit's economic environment could result in impairment charges to goodwill and other intangible assets with indefinite useful lives which could materially and adversely affect Fresenius Group's future operating results.

b) Legal contingencies

The Fresenius Group is involved in several legal matters arising from the ordinary course of its business. The outcome of these matters may have a material effect on the financial position, results of operations or cash flows of the Fresenius Group. For details, please see note 29, Commitments and contingent liabilities.

The Fresenius Group regularly analyzes current information about such claims for probable losses and provides accruals for such matters, including estimated expenses for legal services, as appropriate. The Fresenius Group utilizes its internal legal department as well as external resources for these assessments. In making the decision regarding the need for a loss accrual, the Fresenius Group considers the degree of probability of an unfavorable outcome and its ability to make a reasonable estimate of the amount of loss.

The filing of a suit or formal assertion of a claim, or the disclosure of any such suit or assertion, does not necessarily indicate that an accrual of a loss is appropriate.

c) Allowance for doubtful accounts

Trade accounts receivable are a significant asset and the allowance for doubtful accounts is a significant estimate made by the Management. Trade accounts receivable were €2,935 million and €2,509 million in 2010 and 2009, respectively, net of allowance. Approximately two thirds of receivables derive from the business segment Fresenius Medical Care and mainly relate to the dialysis care business in North America.

The major debtors or debtor groups of trade accounts receivable were U.S. Medicare and Medicaid health care programs as well as private insurers in the U.S. with 14%, respectively, at December 31, 2010. Other than that, the Fresenius Group has no significant risk concentration, due to its international and heterogeneous customer structure.

The allowance for doubtful accounts was €317 million and €285 million as of December 31, 2010 and December 31, 2009, respectively.

Sales are invoiced at amounts estimated to be receivable under reimbursement arrangements with third party payors. Estimates for the allowance for doubtful accounts are mainly based on historic collection experience, taking into account the aging of accounts receivable and the contract partners. The Fresenius Group believes that these analyses result in a well-founded estimate of allowances for doubtful accounts. From time to time, the Fresenius Group reviews changes in collection experience to ensure the appropriateness of the allowances.

Deterioration in the ageing of receivables and collection difficulties could require that the Fresenius Group increases the estimates of allowances for doubtful accounts. Additional expenses for uncollectible receivables could have a significant negative impact on future operating results.

d) Self-insurance programs

Under the insurance programs for professional, product and general liability, auto liability and worker's compensation claims, the largest subsidiary of Fresenius Medical Care AG & Co. KGaA, located in North America, is partially self-insured for professional liability claims. For further details regarding the accounting policies for self-insurance programs, please see note 1. IV aa, Self-insurance programs.

2. ACQUISITIONS AND DIVESTITURES

ACQUISITIONS AND DIVESTITURES

The Fresenius Group made acquisitions of €644 million and €260 million in 2010 and 2009, respectively. Of this amount, €516 million was paid in cash and €128 million was assumed obligations in 2010.

Fresenius Medical Care

In the year 2010, Fresenius Medical Care spent €596 million, primarily for acquisitions of dialysis clinics, the formation of a new renal pharmaceutical company with Galenica Ltd., the acquisition of licenses and the acquisition of Gambro's peritoneal dialysis business outside the United States.

In the year 2009, acquisition spending of Fresenius Medical Care in an amount of €138 million related mainly to the purchase of dialysis clinics.

Fresenius Kabi

In the year 2010, Fresenius Kabi spent €31 million on acquisitions, mainly for the purchase of the cas central compounding baden-württemberg GmbH, Germany and the Fortuna Herstellung GmbH, Germany.

In the year 2009, Fresenius Kabi spent €32 million on acquisitions. The acquisition of a Lactulose business division in Italy was the biggest individual project.

Fresenius Helios

In 2010, Fresenius Helios spent €13 million on acquisitions, mainly for the purchase of the Kreiskrankenhaus St. Marienberg in Helmstedt, Germany and medical centres.

In 2009, Fresenius Helios spent €79 million which mainly referred to the acquisitions of five acute care hospitals. Fresenius Helios entered into agreements to acquire these hospitals in December 2008 and closed the transactions in February 2009.

Fresenius Vamed

In the years 2010 and 2009, Fresenius Vamed did not make any material acquisition.

Corporate/Other

In 2009, in the segment Corporate/Other, €9 million milestone payments were paid in conjunction with the acquisition of additional shares of Trion Pharma GmbH, Germany, in 2007.

IMPACTS ON FRESENIUS GROUP'S CONSOLIDATED FINANCIAL STATEMENTS RESULTING FROM ACQUISITIONS

In the fiscal year 2010, all acquisitions have been accounted for applying the purchase method and accordingly have been consolidated starting with the date of acquisition. Each single acquisition is not material. The excess of the total acquisition costs over the fair value of the net assets acquired was €480 million and €310 million in 2010 and 2009, respectively.

The purchase price allocations are not yet finalized for all acquisitions. Based on preliminary purchase price allocations, the recognized goodwill was €359 million and the other intangible assets were €121 million. Of this goodwill, €324 million is attributable to the acquisitions of Fresenius Medical Care, €30 million to Fresenius Kabi's acquisitions, €1 million to the acquisitions of Fresenius Helios and €4 million to the acquisitions of Fresenius Vamed.

The acquisitions completed in 2010 or included in the consolidated statements for the first time for a full year, contributed the following amounts to the development of sales and earnings:

€ in millions	2010
Sales	159
EBITDA	21
EBIT	13
Net interest	-5
Net income attributable to Fresenius SE & Co. KGaA	3

The acquisitions increased the total assets of the Fresenius Group by €496 million.

NOTES ON THE CONSOLIDATED STATEMENT OF INCOME

3. SPECIAL ITEMS

The consolidated statements of income for the years 2010 and 2009 include several special items relating to the acquisition of APP Pharmaceuticals, Inc. in 2008. The tables below reconcile adjusted earnings to earnings according to U.S. GAAP.

€ in millions	Other financial result	Net income attributable to Fresenius SE & Co. KGaA
Earnings 2010, adjusted		660
Mandatory Exchangeable Bonds (mark-to-market)	-98	-70
Contingent Value Rights (mark-to-market)	32	32
Earnings 2010 according to U.S. GAAP		**622**

€ in millions	Other financial result	Net income attributable to Fresenius SE & Co. KGaA
Earnings 2009, adjusted		514
Mandatory Exchangeable Bonds (mark-to-market)	-37	-26
Contingent Value Rights (mark-to-market)	6	6
Earnings 2009 according to U.S. GAAP		**494**

For further information regarding Mandatory Exchangeable Bonds and Contingent Value Rights see note 10, Other financial result.

4. SALES

Sales by activity were as follows:

€ in millions	2010	2009
Sales of services	**9,631**	8,643
Sales of products and related goods	**5,850**	5,097
Sales from long-term production contracts	**490**	423
Other sales	**1**	1
Sales	**15,972**	14,164

A sales analysis by business segment and region is shown in the segment information on pages 126 to 129.

5. COST OF SALES

Cost of sales comprised the following:

€ in millions	2010	2009
Costs of services	**7,144**	6,519
Manufacturing cost of products and related goods	**3,098**	2,655
Cost of long-term production contracts	**404**	354
Other cost of sales	**–**	–
Cost of sales	**10,646**	9,528

6. COST OF MATERIALS

Cost of materials comprised cost of raw materials, supplies and purchased components and of purchased services:

€ in millions	2010	2009
Costs of raw materials, supplies and purchased components	**4,092**	3,715
Cost of purchased services	**640**	571
Cost of materials	**4,732**	4,286

7. PERSONNEL EXPENSES

Cost of sales, selling, general and administrative expenses and research and development expenses included personnel expenses of €5,354 million and €4,880 million in 2010 and 2009, respectively.

Personnel expenses comprised the following:

€ in millions	2010	2009
Wages and salaries	**4,221**	3,882
Social security contributions, cost of retirement pensions and social assistance	**1,133**	998
thereof retirement pensions	**132**	120
Personnel expenses	**5,354**	4,880

Fresenius Group's annual average number of employees by function is shown below:

	2010	2009
Production and service	**106,803**	102,003
Administration	**17,594**	16,131
Sales and marketing	**8,321**	8,397
Research and development	**1,445**	1,372
Total employees (per capita)	**134,163**	127,903

8. SELLING, GENERAL AND ADMINISTRATIVE EXPENSES

Selling expenses were €615 million (2009: €561 million) and mainly included expenditures for sales personnel of €304 million (2009: €270 million).

General and administrative expenses amounted to €2,049 million (2009: €1,781 million) and are related to expenditures for administrative functions not attributable to research and development, production or selling.

9. NET INTEREST

Net interest of -€566 million included interest expenses of €596 million and interest income of €30 million. Interest expenses resulted from Fresenius Group's financial liabilities (see note 30, Financial instruments).

10. OTHER FINANCIAL RESULT

The item other financial result includes the following special expenses and income with regard to the acquisition of APP Pharmaceuticals, Inc. (APP) and its financing:

The Contingent Value Rights awarded to the APP shareholders are traded at the NASDAQ Stock Exchange in the United States. The corresponding liability is therefore valued with the current stock exchange price at the reporting date. This valuation resulted in an income of €32 million in 2010 (2009: income of €6 million).

Due to their contractual definition, the issued Mandatory Exchangeable Bonds (MEB) include derivative financial instruments that have to be measured at fair value. This measurement resulted in an expense (before tax) of €98 million in 2010 (2009: expense before tax of €37 million). However, this measurement does not cause a change of the MEB's nominal amount of €554.4 million that has to be settled in ordinary shares of Fresenius Medical Care AG & Co. KGaA upon maturity, but mainly reflects the share price development of these shares (see note 23, Mandatory Exchangeable Bonds).

11. TAXES

INCOME TAXES

Income before income taxes was attributable to the following geographic regions:

€ in millions	2010	2009
Germany	**338**	342
International	**1,448**	1,101
Total	**1,786**	1,443

Income tax expenses (benefits) for 2010 and 2009 consisted of the following:

€ in millions	Current taxes	Deferred taxes	**Income taxes**
2009			
Germany	83	–	83
International	358	11	369
Total	441	11	452
2010			
Germany	**97**	**-10**	**87**
International	**472**	**22**	**494**
Total	**569**	**12**	**581**

In 2010 and 2009, Fresenius SE (since January 28, 2011: Fresenius SE & Co. KGaA) was subject to German federal corporation income tax at a base rate of 15% plus a solidarity surcharge of 5.5% on federal corporation taxes payable.

A reconciliation between the expected and actual income tax expense is shown 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 rate was 29.0% for the fiscal years 2010 and 2009.

€ in millions	2010	2009
Computed "expected" income tax expense	**518**	418
Increase (reduction) in income taxes resulting from:		
Items not recognized for tax purposes	**12**	11
Tax rate differential	**63**	54
Tax-free income	**-23**	-32
Taxes for prior years	**9**	19
Changes in valuation allowances on deferred tax assets	**24**	5
Noncontrolling partnership interests	**-20**	-19
Other	**-2**	-4
Income tax	**581**	452
Effective tax rate	**32.5%**	31.3%

DEFERRED TAXES

The tax effects of the temporary differences that gave rise to deferred tax assets and liabilities at December 31 are presented below:

€ in millions	2010	2009
Deferred tax assets		
Accounts receivable	**29**	33
Inventories	**65**	54
Other current assets	**47**	38
Other non-current assets	**84**	54
Accrued expenses	**235**	208
Other short-term liabilities	**88**	61
Other liabilities	**37**	39
Benefit obligations	**55**	37
Losses carried forward from prior years	**145**	124
Deferred tax assets, before valuation allowance	**785**	648
less valuation allowance	**116**	92
Deferred tax assets	**669**	556
Deferred tax liabilities		
Accounts receivable	**12**	10
Inventories	**15**	13
Other current assets	**113**	54
Other non-current assets	**511**	486
Accrued expenses	**8**	43
Other short-term liabilities	**53**	7
Other liabilities	**27**	14
Deferred tax liabilities	**739**	627
Net deferred taxes	**-70**	-71

In the consolidated statement of financial position, the net amounts of deferred tax assets and liabilities are included as follows:

	2010		2009	
€ in millions		**thereof short-term**		thereof short-term
Deferred tax assets	**492**	**380**	395	280
Deferred tax liabilities	**562**	**74**	466	51
Net deferred taxes	**-70**	**306**	-71	229

As of December 31, 2010, Fresenius Medical Care has not recognized a deferred tax liability on approximately €2.6 billion of undistributed earnings of its foreign subsidiaries, because those earnings are intended to be indefinitely reinvested.

NET OPERATING LOSSES

The expiration of net operating losses is as follows:

for the fiscal years	€ in millions
2011	6
2012	14
2013	13
2014	20
2015	22
2016	29
2017	11
2018	10
2019	6
2020 and thereafter	31
Total	**162**

The total remaining operating losses of €263 million can mainly be carried forward for an unlimited period.

Based upon the level of historical taxable income and projections for future taxable income, the Management of the Fresenius Group believes it is more likely than not that the Fresenius Group will realize the benefits of these deductible differences, net of the existing valuation allowances, at December 31, 2010.

UNRECOGNIZED TAX BENEFITS

Fresenius SE & Co. KGaA and its subsidiaries are subject to tax audits on a regular basis.

In Germany, the tax audit for the years 1998 until 2001 has been finalized. All results of the completed tax audits are already sufficiently recognized in the consolidated financial statements as of December 31, 2008. The fiscal years 2002 to 2005 are currently under audit. As of December 31, 2010, all proposed adjustments have been recognized in the consolidated financial statements. All further fiscal years are open to tax audits. For the tax year 1997, Fresenius Medical Care 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. Fresenius Medical Care has filed a complaint with the appropriate German court to challenge the tax authority's decision. In January 2011, Fresenius Medical Care reached an agreement with the tax authorities, estimated to be slightly more favorable than the tax benefit recognized previously. The additional benefit will be recognized in 2011.

In the United States, Fresenius Medical Care filed claims for refunds contesting the Internal Revenue Service's (IRS) disallowance of Fresenius Medical Care Holdings, Inc.'s (FMCH) civil settlement payment deductions taken by FMCH in prior year tax returns. As a result of a settlement agreement with the IRS, Fresenius Medical Care received a partial refund in September 2008 of US$37 million, inclusive of interest, and preserved the right to pursue claims in the United States Courts for refunds of all other disallowed deductions. On December 22, 2008, Fresenius Medical Care filed a complaint for complete refund in the United States District Court for the District of Massachusetts, styled as Fresenius Medical Care Holdings, Inc. v. United States. On June 24, 2010, the court denied FMCH's motion for summary judgment and the litigation is proceeding towards trial. The unrecognized tax benefit relating to these deductions is included in the total unrecognized tax benefit noted below. The IRS tax audits of FMCH in the United States 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 preference shares. In addition, the IRS proposed other adjustments which have been recognized in the consolidated financial statements. Fresenius Medical Care 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 preference shares could have a material adverse effect on Fresenius Medical Care's results of operations and liquidity. Fiscal years 2007 and 2008 are currently under audit, 2009 and 2010 are open to audit. There are a number of state audits in progress and various years are open to audit in other states. All expected results have been recognized in the consolidated financial statements.

Subsidiaries of Fresenius SE & Co. KGaA in a number of countries outside of Germany and the United States are also subject to tax audits. The Fresenius Group estimates that the tax effects of such audits are not material to the consolidated financial statements.

The following table shows the changes to unrecognized tax benefits during the year 2010:

€ in millions	2010
Balance at January 1, 2010	**355**
Increase in unrecognized tax benefits prior periods	10
Decrease in unrecognized tax benefits prior periods	-15
Increase in unrecognized tax benefits current periods	18
Changes related to settlements with tax authorities	-26
Foreign currency translation	12
Balance at December 31, 2010	**354**

Included in the balance at December 31, 2010 are €354 million of unrecognized tax benefits, which would affect the effective tax rate if recognized. As a result of the settlement agreement for 1997 noted above, the Fresenius Group estimates that the unrecognized tax benefits at December 31, 2010 could be reduced by approximately US$196 million in 2011 with a small portion of the reduction being realized as an additional tax benefit in 2011. The Fresenius Group is currently not in a position to forecast the timing and magnitude of changes in other unrecognized tax benefits.

It is Fresenius Group's policy to recognize interest and penalties related to its tax positions as income tax expense. During the fiscal year 2010, the Fresenius Group recognized €8 million in interest and penalties. The Fresenius Group had a total accrual of €43 million of tax related interest and penalties at December 31, 2010.

12. EARNINGS PER SHARE

The following table shows the earnings per ordinary and preference share including and excluding the dilutive effect from stock options issued and the Mandatory Exchangeable Bonds (MEB):

	2010	2009
Numerators, € in millions		
Net income attributable to Fresenius SE & Co. KGaA	**622**	494
less preference on preference shares	**0**	1
less effect from dilution due to Fresenius Medical Care shares and MEB	**6**	1
Income available to all classes of shares	**616**	492
Denominators in number of shares		
Weighted-average number of ordinary shares outstanding	**80,870,695**	80,595,319
Weighted-average number of preference shares outstanding	**80,870,695**	80,595,319
Weighted-average number of shares outstanding of all classes	**161,741,390**	161,190,638
Potentially dilutive ordinary shares	**541,580**	268,447
Potentially dilutive preference shares	**541,580**	268,447
Weighted-average number of ordinary shares outstanding assuming dilution	**81,412,275**	80,863,766
Weighted-average number of preference shares outstanding assuming dilution	**81,412,275**	80,863,766
Weighted-average number of shares outstanding of all classes assuming dilution	**162,824,550**	161,727,532
Basic earnings per ordinary share in €	**3.85**	3.06
Preference per preference share in €	**0.00**	0.01
Basic earnings per preference share in €	**3.85**	3.07
Fully diluted earnings per ordinary share in €	**3.79**	3.04
Preference per preference share in €	**0.00**	0.01
Fully diluted earnings per preference share in €	**3.79**	3.05

The owners of preference shares were entitled to a preference of €0.01 per bearer preference share per fiscal year.

Due to the conversion of the preference shares into ordinary shares in combination with the change of legal form, the dilutive effects are only calculated on ordinary shares as of the fiscal year 2011.

NOTES ON THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION

13. CASH AND CASH EQUIVALENTS

As of December 31, cash and cash equivalents were as follows:

€ in millions	2010	2009
Cash	650	411
Time deposits and securities (with a maturity of up to 90 days)	119	9
Total cash and cash equivalents	**769**	420

As of December 31, 2010 and December 31, 2009, earmarked funds of €65 million and €17 million, respectively, were included in cash and cash equivalents.

14. TRADE ACCOUNTS RECEIVABLE

As of December 31, trade accounts receivable were as follows:

€ in millions	2010	2009
Trade accounts receivable	3,252	2,794
less allowance for doubtful accounts	317	285
Trade accounts receivable, net	**2,935**	2,509

All trade accounts receivable are due within one year.

The following table shows the development of the allowance for doubtful accounts during the fiscal year:

€ in millions	2010	2009
Allowance for doubtful accounts at the beginning of the year	**285**	257
Change in valuation allowances as recorded in the consolidated statement of income	175	174
Write-offs and recoveries of amounts previously written-off	-158	-141
Foreign currency translation	15	-5
Allowance for doubtful accounts at the end of the year	**317**	285

The following table shows the ageing analysis of trade accounts receivable and their allowance for doubtful accounts:

€ in millions	not overdue	up to 3 months overdue	3 to 6 months overdue	6 to 12 months overdue	more than 12 months overdue	Total
Trade accounts receivable	1,894	527	254	237	340	**3,252**
less allowance for doubtful accounts	16	43	33	53	172	**317**
Trade accounts receivable, net	1,878	484	221	184	168	**2,935**

15. INVENTORIES

As of December 31, inventories consisted of the following:

€ in millions	2010	2009
Raw materials and purchased components	350	311
Work in process	255	188
Finished goods	874	794
less reserves	68	58
Inventories, net	**1,411**	1,235

The companies of the Fresenius Group are obliged to purchase approximately €1,720 million of raw materials and purchased components under fixed terms, of which €363 million was committed at December 31, 2010 for 2011. The terms of these agreements run one to eight years. Advance payments from customers of €170 million (2009: €186 million) have been offset against inventories.

Inventories as of December 31, 2010 and December 31, 2009 included approximately €25 million and approximately €24 million, respectively, of the product Erythropoietin (EPO), which is supplied by a single source supplier in the United States. Delays, stoppages, or interruptions in the supply of EPO could adversely affect the operating results of Fresenius Medical Care. In October 2006, Fresenius Medical Care entered into a five-year exclusive sourcing and supply agreement with its EPO supplier. Sales from EPO accounted for approximately 7% of total sales of the Fresenius Group in 2010 and 2009, respectively.

16. OTHER CURRENT AND NON-CURRENT ASSETS

As of December 31, other current and non-current assets comprised the following:

€ in millions	2010	2010 thereof short-term	2009	2009 thereof short-term
Investments and long-term loans	**254**	**6**	74	5
Tax receivables	**240**	**224**	253	242
Discounts	**124**	**124**	129	129
Accounts receivable resulting from German "Krankenhausfinanzierungsgesetz"	**111**	**79**	145	89
Capitalized debt financing costs	**108**	**10**	107	10
Leasing receivables	**73**	**29**	55	22
Advances made	**53**	**52**	41	39
Prepaid expenses	**45**	**15**	32	16
Derivative financial instruments	**25**	**18**	49	29
Re-insurance claims	**25**	**0**	23	0
Accounts receivable from management contracts in clinics	**7**	**7**	6	6
Other assets	**496**	**367**	428	318
Other assets, gross	**1,561**	**931**	1,342	905
less allowances	**8**	**6**	13	12
Other assets, net	**1,553**	**925**	1,329	893

The investments and long-term loans comprise investments in an amount of €190 million (2009: €9 million), that were accounted for under the equity method.

The receivables resulting from the German "Krankenhausfinanzierungsgesetz" primarily contain approved but not yet received earmarked subsidies of the Fresenius Helios operations. The approval is evidenced in a letter written by the granting authorities that Fresenius Helios has already received.

Depreciation on other non-current assets in an amount of €2 million was recognized in the fiscal years 2010 and 2009, respectively.

17. PROPERTY, PLANT AND EQUIPMENT

As of December 31, the acquisition and manufacturing costs as well as accumulated depreciation of property, plant and equipment consisted of the following:

ACQUISITION AND MANUFACTURING COSTS

€ in millions	As of Jan. 1, 2010	Foreign currency translation	Changes in entities consolidated	Additions	Reclassifi-cations	Disposals	As of Dec. 31, 2010
Land and land facilities	206	7	1	8	–	1	**221**
Buildings and improvements	2,628	111	16	86	193	58	**2,976**
Machinery and equipment	3,355	178	42	326	110	215	**3,796**
Machinery, equipment and rental equipment under capital leases	146	3	7	20	-65	13	**98**
Construction in progress	340	18	12	304	-250	5	**419**
Property, plant and equipment	6,675	317	78	744	-12	292	**7,510**

DEPRECIATION

€ in millions	As of Jan. 1, 2010	Foreign currency translation	Changes in entities consolidated	Additions	Reclassifi-cations	Disposals	**As of Dec. 31, 2010**
Land and land facilities	2	2	0	–	–	–	**4**
Buildings and improvements	1,038	48	1	173	37	51	**1,246**
Machinery and equipment	2,001	97	16	351	–	196	**2,269**
Machinery, equipment and rental equipment under capital leases	74	1	–	8	-39	8	**36**
Construction in progress	1	–	0	–	0	–	**1**
Property, plant and equipment	3,116	148	17	532	-2	255	**3,556**

ACQUISITION AND MANUFACTURING COSTS

€ in millions	As of Jan. 1, 2009	Foreign currency translation	Changes in entities consolidated	Additions	Reclassifi-cations	Disposals	**As of Dec. 31, 2009**
Land and land facilities	199	1	4	3	1	2	**206**
Buildings and improvements	2,424	-20	11	85	144	16	**2,628**
Machinery and equipment	3,023	8	29	283	96	84	**3,355**
Machinery, equipment and rental equipment under capital leases	138	–	1	9	-1	1	**146**
Construction in progress	346	–	3	252	-254	7	**340**
Property, plant and equipment	6,130	-11	48	632	-14	110	**6,675**

DEPRECIATION

€ in millions	As of Jan. 1, 2009	Foreign currency translation	Changes in entities consolidated	Additions	Reclassifi-cations	Disposals	**As of Dec. 31, 2009**
Land and land facilities	2	–	–	–	–	–	**2**
Buildings and improvements	898	-10	2	158	1	11	**1,038**
Machinery and equipment	1,744	5	12	305	-1	64	**2,001**
Machinery, equipment and rental equipment under capital leases	65	–	–	10	–	1	**74**
Construction in progress	1	0	0	–	0	0	**1**
Property, plant and equipment	2,710	-5	14	473	–	76	**3,116**

CARRYING AMOUNTS

€ in millions	**Dec. 31, 2010**	Dec. 31, 2009
Land and land facilities	**217**	204
Buildings and improvements	**1,730**	1,590
Machinery and equipment	**1,527**	1,354
Machinery, equipment and rental equipment under capital leases	**62**	72
Construction in progress	**418**	339
Property, plant and equipment	**3,954**	3,559

Depreciation on property, plant and equipment for the years 2010 and 2009 was €532 million and €473 million, respectively. It is allocated within cost of sales, selling, general and administrative expenses and research and development expenses, depending upon the use of the asset.

LEASING

Machinery and equipment as of December 31, 2010 and 2009 included peritoneal dialysis cycler machines which Fresenius Medical Care leases to customers with end-stage renal disease on a month-to-month basis and hemodialysis machines which Fresenius Medical Care leases to physicians under operating leases in an amount of €312 million and €253 million, respectively.

To a lesser extent, property, plant and equipment are also leased for the treatment of patients by other business segments.

For details of minimum lease payments see note 21, Debt and capital lease obligations.

18. GOODWILL AND OTHER INTANGIBLE ASSETS

As of December 31, the acquisition cost and accumulated amortization of intangible assets consisted of the following:

ACQUISITION COST

€ in millions	As of Jan. 1, 2010	Foreign currency translation	Changes in entities consolidated	Additions	Reclassifi-cations	Disposals	As of Dec. 31, 2010
Goodwill	10,356	587	355	4	162	0	**11,464**
Patents, product and distribution rights	538	35	4	39	2	1	**617**
Tradenames	161	12	–	–	–	0	**173**
Technology	69	6	8	0	0	0	**83**
Non-compete agreements	157	12	20	–	–	5	**184**
Management contracts	153	13	0	0	-162	0	**4**
Other	423	32	15	35	–	21	**484**
Goodwill and other intangible assets	11,857	697	402	78	2	27	**13,009**

AMORTIZATION

€ in millions	As of Jan. 1, 2010	Foreign currency translation	Changes in entities consolidated	Additions	Reclassifi-cations	Disposals	As of Dec. 31, 2010
Goodwill	0	0	0	0	0	0	**0**
Patents, product and distribution rights	93	4	–	43	–	1	**139**
Tradenames	0	0	0	0	0	0	**0**
Technology	12	1	0	6	0	0	**19**
Non-compete agreements	109	8	0	13	–	5	**125**
Management contracts	0	0	0	0	0	0	**0**
Other	234	22	–	43	–	21	**278**
Goodwill and other intangible assets	448	35	–	105	–	27	**561**

ACQUISITION COST

€ in millions	As of Jan. 1, 2009	Foreign currency translation	Changes in entities consolidated	Additions	Reclassifi-cations	Disposals	**As of Dec. 31, 2009**
Goodwill	10,383	-252	220	5	–	0	**10,356**
Patents, product and distribution rights	540	-14	–	12	1	1	**538**
Tradenames	166	-5	0	–	–	–	**161**
Technology	71	-2	0	0	0	0	**69**
Non-compete agreements	158	-5	3	1	0	0	**157**
Management contracts	158	-5	0	0	–	0	**153**
Other	361	-4	11	54	6	5	**423**
Goodwill and other intangible assets	11,837	-287	234	72	7	6	**11,857**

AMORTIZATION

€ in millions	As of Jan. 1, 2009	Foreign currency translation	Changes in entities consolidated	Additions	Reclassifi-cations	Disposals	**As of Dec. 31, 2009**
Goodwill	4	0	-4	0	0	0	**0**
Patents, product and distribution rights	54	-1	–	41	–	1	**93**
Tradenames	0	0	0	0	0	0	**0**
Technology	8	0	0	4	0	0	**12**
Non-compete agreements	102	-4	0	11	–	0	**109**
Management contracts	0	0	0	0	0	0	**0**
Other	212	-2	–	31	–	7	**234**
Goodwill and other intangible assets	380	-7	-4	87	–	8	**448**

CARRYING AMOUNTS

€ in millions	**Dec. 31, 2010**	Dec. 31, 2009
Goodwill	**11,464**	10,356
Patents, product and distribution rights	**478**	445
Tradenames	**173**	161
Technology	**64**	57
Non-compete agreements	**59**	48
Management contracts	**4**	153
Other	**206**	189
Goodwill and other intangible assets	**12,448**	11,409

The split of intangible assets into amortizable and non-amortizable intangible assets is shown in the following tables:

AMORTIZABLE INTANGIBLE ASSETS

€ in millions	Dec. 31, 2010 Acquisition cost	Dec. 31, 2010 Accumulated amortization	Dec. 31, 2010 Carrying amount	Dec. 31, 2009 Acquisition cost	Dec. 31, 2009 Accumulated amortization	Dec. 31, 2009 Carrying amount
Patents, product and distribution rights	**617**	**139**	**478**	538	93	445
Technology	**83**	**19**	**64**	69	12	57
Non-compete agreements	**184**	**125**	**59**	157	109	48
Other	**484**	**278**	**206**	423	234	189
Total	**1,368**	**561**	**807**	1,187	448	739

NON-AMORTIZABLE INTANGIBLE ASSETS

€ in millions	Dec. 31, 2010 Acquisition cost	Dec. 31, 2010 Accumulated amortization	Dec. 31, 2010 Carrying amount	Dec. 31, 2009 Acquisition cost	Dec. 31, 2009 Accumulated amortization	Dec. 31, 2009 Carrying amount
Tradenames	**173**	**0**	**173**	161	0	161
Management contracts	**4**	**0**	**4**	153	0	153
Goodwill	**11,464**	**0**	**11,464**	10,356	0	10,356
Total	**11,641**	**0**	**11,641**	10,670	0	10,670

In the second quarter of 2010, administrative services agreements of Fresenius Medical Care in an amount of US$215 million (€162 million) were reclassified from the category management contracts to goodwill due to a change in New York state regulations that allowed Fresenius Medical Care, beginning in April 2010, to directly own the managed facilities in that state.

Amortization on intangible assets amounted to €105 million and €87 million for the years 2010 and 2009, respectively. It is allocated within cost of sales, selling, general and administrative expenses and research and development expenses, depending upon the use of the asset.

Estimated regular amortization expenses of intangible assets for the next five years are shown in the following table:

€ in millions	2011	2012	2013	2014	2015
Estimated amortization expenses	97	90	85	80	71

The carrying amount of goodwill has developed as follows:

€ in millions	Fresenius Medical Care	Fresenius Kabi	Fresenius Helios	Fresenius Vamed	Corporate/ Other	**Fresenius Group**
Carrying amount as of January 1, 2009	**5,253**	**3,511**	**1,565**	**44**	**6**	**10,379**
Additions	125	43	61	0	0	229
Foreign currency translation	-164	-88	0	0	0	-252
Carrying amount as of December 31, 2009	**5,214**	**3,466**	**1,626**	**44**	**6**	**10,356**
Additions	324	30	1	4	0	359
Reclassifications	162	0	0	0	0	162
Foreign currency translation	392	195	0	0	0	587
Carrying amount as of December 31, 2010	**6,092**	**3,691**	**1,627**	**48**	**6**	**11,464**

As of December 31, 2010 and December 31, 2009, the carrying amounts of the other non-amortizable intangible assets were €161 million and €299 million, respectively, for Fresenius Medical Care as well as €16 million and €15 million, respectively, for Fresenius Kabi.

19. OTHER ACCRUED EXPENSES

As of December 31, other accrued expenses consisted of the following:

€ in millions	2010	2010 thereof short-term	2009	2009 thereof short-term
Personnel expenses	**482**	**423**	379	331
Invoices outstanding	**188**	**188**	147	147
Self-insurance programs	**123**	**123**	119	119
Bonuses and discounts	**89**	**89**	78	78
Special charge for legal matters	**86**	**86**	80	80
Legal matters, advisory and audit fees	**66**	**66**	42	42
Warranties and complaints	**36**	**34**	28	24
Commissions	**21**	**21**	18	18
Physician compensation	**4**	**4**	5	5
All other accrued expenses	**387**	**339**	316	278
Other accrued expenses	**1,482**	**1,373**	1,212	1,122

The following table shows the development of other accrued expenses in the fiscal year:

€ in millions	As of Jan. 1, 2010	Foreign currency translation	Changes in entities consolidated	Additions	Reclassifi-cations	Utilized	Reversed	**As of Dec. 31, 2010**
Personnel expenses	379	16	3	342	13	-251	-20	**482**
Invoices outstanding	147	3	1	245	-7	-186	-15	**188**
Self-insurance programs	119	9	–	7	–	-12	–	**123**
Bonuses and discounts	78	4	1	149	-6	-133	-4	**89**
Special charge for legal matters	80	6	0	0	0	0	0	**86**
Legal matters, advisory and audit fees	42	2	–	50	-2	-25	-1	**66**
Warranties and complaints	28	–	0	18	1	-6	-5	**36**
Commissions	18	–	–	20	–	-15	-2	**21**
Physician compensation	5	1	0	0	0	-2	0	**4**
All other accrued expenses	316	9	5	484	15	-405	-37	**387**
Total	1,212	50	10	1,315	14	-1,035	-84	**1,482**

Accruals for personnel expenses mainly refer to bonus, severance payments, contribution of partial retirement and holiday entitlements.

In 2001, Fresenius Medical Care recorded a US$258 million special charge to address legal matters relating to transactions pursuant to the Agreement and Plan of Reorganization dated as of February 4, 1996 by and between W.R. Grace & Co. and Fresenius AG, estimated liabilities and legal expenses arising in connection with the W.R. Grace & Co. Chapter 11 proceedings (Grace Chapter 11 Proceedings) and the cost of resolving pending litigation and other disputes with certain commercial insurers. During the second quarter of 2003, the court supervising the Grace Chapter 11 Proceedings approved a definitive settlement agreement entered into among Fresenius Medical Care, the committee representing the asbestos creditors and W.R. Grace & Co. Under the settlement agreement, Fresenius Medical Care will pay US$115 million (€86 million), without interest, upon plan confirmation (see note 29, Commitments and contingent liabilities). With the exception of the proposed US$115 million settlement payment, all other matters included in the special charge have been resolved.

20. OTHER LIABILITIES

As of December 31, other liabilities consisted of the following:

€ in millions	2010	2010 thereof short-term	2009	2009 thereof short-term
Derivative financial instruments	**363**	**239**	185	28
Accounts payable resulting from German "Krankenhausfinanzierungsgesetz"	**183**	**177**	215	203
Interest liabilities	**126**	**126**	117	117
Tax liabilities	**117**	**114**	117	114
Accounts receivable credit balance	**104**	**22**	97	22
Personnel liabilities	**102**	**97**	90	86
Advance payments from customers	**79**	**72**	55	49
Leasing liabilities	**54**	**54**	46	46
All other liabilities	**579**	**457**	544	410
Other liabilities	**1,707**	**1,358**	1,466	1,075

The payables resulting from the German "Krankenhausfinanzierungsgesetz" primarily contain earmarked subsidies received but not yet spent appropriately by Fresenius Helios. The amount not yet spent appropriately is classified as liability.

At December 31, 2010, the total amount of other non-current liabilities was €349 million, thereof €290 million was due between one and five years and €59 million was due after five years. The statement of financial position line item long-term accrued expenses and other long-term liabilities of €458 million also included long-term accrued expenses of €109 million as of December 31, 2010.

21. DEBT AND CAPITAL LEASE OBLIGATIONS

SHORT-TERM DEBT

The Fresenius Group had short-term debt of €606 million and €287 million at December 31, 2010 and December 31, 2009, respectively. As of December 31, 2010, these consisted of €224 million borrowed by certain subsidiaries of the Fresenius Group under lines of credit with commercial banks and €382 million outstanding short-term borrowings under the accounts receivable facility described in the following. The average interest rates on these borrowings (excluding the accounts receivable facility) at December 31, 2010 and 2009 were 5.14% and 5.03%, respectively.

In September 2010, the asset securitization facility (accounts receivable facility) of Fresenius Medical Care was extended to September 27, 2011 and increased by US$50 million to US$700 million. Under the accounts receivable facility, certain receivables are sold to NMC Funding Corp. (NMC Funding), a wholly-owned subsidiary of Fresenius Medical Care. NMC Funding then assigns percentage ownership interests in the accounts receivable to certain bank investors. Under the terms of the accounts receivable facility, NMC Funding retains the right, at any time, to recall all the then outstanding transferred interests in the accounts receivable. Consequently, the receivables remain on the consolidated statement of financial position and the proceeds from the transfer of percentage ownership interests are recorded within short-term debt.

At December 31, 2010, there were outstanding short-term borrowings under the accounts receivable facility of US$510 million (€382 million). 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 2010 was 1.86%. Annual refinancing fees, which include legal costs and bank fees, are amortized over the term of the facility.

LONG-TERM DEBT AND CAPITAL LEASE OBLIGATIONS

As of December 31, long-term debt and capital lease obligations consisted of the following:

€ in millions	2010	2009
Fresenius Medical Care 2006 Senior Credit Agreement	2,211	2,445
2008 Senior Credit Agreement	1,484	1,602
Euro Notes	800	800
European Investment Bank Agreements	531	424
Capital lease obligations	54	45
Other	259	173
Subtotal	5,339	5,489
less current portion	420	261
Long-term debt and capital lease obligations, less current portion	**4,919**	5,228

Maturities of long-term debt and capital lease obligations are shown in the following table:

€ in millions	up to 1 year	1 to 5 years	more than 5 years
Fresenius Medical Care 2006 Senior Credit Agreement	102	2,109	0
2008 Senior Credit Agreement	194	1,290	0
Euro Notes	0	800	0
European Investment Bank Agreements	8	491	32
Capital lease obligations	10	26	18
Other	106	91	62
Long-term debt and capital lease obligations	**420**	**4,807**	**112**

Aggregate annual repayments applicable to the above listed long-term debt and capital lease obligations for the years subsequent to December 31, 2010 are:

for the fiscal years	€ in millions
2011	420
2012	1,708
2013	1,709
2014	1,366
2015	24
Subsequent years	112
Total	**5,339**

Fresenius Medical Care 2006 Senior Credit Agreement

Fresenius Medical Care AG & Co. KGaA (FMC-AG & Co. KGaA), Fresenius Medical Care Holdings, Inc. (FMCH), and certain other subsidiaries of FMC-AG & Co. KGaA that are borrowers and/or guarantors thereunder, including Fresenius Medical Care Deutschland GmbH (FMC D-GmbH), entered into a US$4.6 billion syndicated credit facility (Fresenius Medical Care 2006 Senior Credit Agreement) with several banks and institutional investors (the Lenders) on March 31, 2006 which replaced a prior credit agreement.

Since entering into the 2006 Senior Credit Agreement, Fresenius Medical Care arranged several amendments 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 Credit Facility was increased from US$1,000 million to US$1,200 million and the Term Loan A facility by US$50 million to US$1,365 million. The maturity for both tranches was extended from March 31, 2011 to March 31, 2013. Additionally, the early repayment requirement for 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 Fresenius Medical Care's consolidated leverage ratio was amended to allow for the reduction of up to US$250 million (increased from US$30 million) of cash and cash equivalents from consolidated funded debt. In addition, the amendment includes increases in certain types of permitted borrowings outside of the amended Fresenius Medical Care 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 from US$300 million for dividends in 2010 for up to US$330 million in 2011. Thereafter, these limitations increase by US$30 million each year through 2013.

The following tables show the available and outstanding amounts under the Fresenius Medical Care 2006 Senior Credit Agreement at December 31:

	2010			
	Maximum amount available		**Balance outstanding**	
	US$ in millions	€ in millions	**US$ in millions**	**€ in millions**
Revolving Credit	1,200	898	**81**	**61**
Term Loan A	1,335	999	**1,335**	**999**
Term Loan B	1,538	1,151	**1,538**	**1,151**
Total	4,073	3,048	**2,954**	**2,211**

	2009			
	Maximum amount available		**Balance outstanding**	
	US$ in millions	€ in millions	**US$ in millions**	**€ in millions**
Revolving Credit	1,000	694	**595**	**413**
Term Loan A	1,373	953	**1,373**	**953**
Term Loan B	1,554	1,079	**1,554**	**1,079**
Total	3,927	2,726	**3,522**	**2,445**

In addition, at December 31, 2010 and December 31, 2009, US$122 million and US$97 million, respectively, were utilized as letters of credit which were not included as part of the balances outstanding at those dates.

As of December 31, 2010, the amended and extended Fresenius Medical Care 2006 Senior Credit Agreement consisted of:

- A US$1,200 million Revolving Credit Facility (of which up to US$400 million is available for letters of credit, up to US$400 million is available for borrowings in certain non-U.S. currencies, up to US$150 million is available as swingline loans in U.S. dollars, up to US$250 million is available as a competitive loan facility, and up to US$50 million is available as swingline loans in certain non-U.S. currencies, the total of which cannot exceed US$1,200 million) which will be due and payable on March 31, 2013.
- A Term Loan Facility (Term Loan A) of US$1,335 million, also scheduled to mature on March 31, 2013. Quarterly repayments on Term Loan A of US$30 million each permanently reduce the Term Loan Facility at the end of each quarter until December 31, 2012. The remaining balance outstanding is due on March 31, 2013.
- A Term Loan Facility (Term Loan B) of US$1,538 million scheduled to mature on March 31, 2013 with five quarterly repayments of US$4 million followed by four quarterly repayments of US$379.4 million each due at the end of its respective quarter.

Interest on these facilities will be, at Fresenius Medical Care's option, depending on the interest periods chosen, at a rate equal to either LIBOR plus an applicable margin or 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 Fresenius Medical Care's consolidated leverage ratio which is a ratio of its consolidated funded debt (less up to US$250 million cash and cash equivalents) to consolidated EBITDA (as these terms are defined in the Fresenius Medical Care 2006 Senior Credit Agreement).

For a large portion of the floating rate borrowings under the Fresenius Medical Care 2006 Senior Credit Agreement, interest rate hedges have been arranged (see note 30, Financial instruments).

In addition to scheduled principal payments, indebtedness outstanding under the Fresenius Medical Care 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 Fresenius Medical Care's existing accounts receivable facility, the issuance of subordinated debt other than certain intercompany transactions, certain issuances of equity and excess cash flow.

The obligations under the Fresenius Medical Care 2006 Senior Credit Agreement are secured by pledges of capital stock of certain material subsidiaries in favor of the Lenders.

The Fresenius Medical Care 2006 Senior Credit Agreement contains affirmative and negative covenants with respect to FMC-AG & Co. KGaA and its subsidiaries and other payment restrictions. Certain of the covenants limit indebtedness of Fresenius Medical Care and require Fresenius Medical Care to maintain certain financial ratios defined in the agreement. Additionally, the Fresenius Medical Care 2006 Senior Credit Agreement provides for a limitation on dividends and other restricted payments which is US$330 million for dividends paid in 2011, and increases by US$30 million each year through 2013. Fresenius Medical Care paid dividends of US$232 million in May of 2010 which was in compliance with the restrictions set forth in the Fresenius Medical Care 2006 Senior Credit Agreement. In default, the outstanding balance under the Fresenius Medical Care 2006 Senior Credit Agreement becomes immediately due and payable at the option of the Lenders. As of December 31, 2010, FMC-AG & Co. KGaA and its subsidiaries were in compliance with all covenants under the Fresenius Medical Care 2006 Senior Credit Agreement.

Fresenius Medical Care incurred fees of approximately US$86 million in conjunction with the Fresenius Medical Care 2006 Senior Credit Agreement and fees of approximately US$21 million in conjunction with the amendment and extension which will be amortized over the life of the credit agreement.

At December 31, 2010, the Revolving Credit and Term Loan A were shown in the position long-term debt and capital lease obligations due to the extension of the Fresenius Medical Care 2006 Senior Credit Agreement after being shown under short-term liabilities in the first half of 2010.

2008 Senior Credit Agreement

On August 20, 2008, in connection with the acquisition of APP Pharmaceuticals, Inc. (APP), the Fresenius Group entered into a syndicated credit agreement (2008 Senior Credit Agreement) in an original amount of US$2.45 billion.

Since that date, amendments and voluntary prepayments were made which resulted in a change of the total amount available under this facility. In December 2009 and February 2010, voluntary prepayments of Term Loan B were made which amounted to US$199.7 million and €33 million. Amendments of the 2008 Senior Credit Agreement related to the financial covenants as defined in the agreement, among other things. In addition, the amendment in March 2010 led to a replacement of Term Loan B by Term Loan C. Both Term Loan facilities merely differ in terms of the applicable interest rate. The minimum LIBOR or EURIBOR was set for 1.50% (previously Term Loan B: 3.25%).

The following tables show the available and outstanding amounts under the 2008 Senior Credit Agreement at December 31:

	2010			
	Maximum amount available		**Balance outstanding**	
		€ in millions		**€ in millions**
Revolving Credit Facilities	US$550 million	411	**US$0 million**	**0**
Term Loan A	US$782 million	586	**US$782 million**	**586**
Term Loan C (in US$)	US$984 million	736	**US$984 million**	**736**
Term Loan C (in €)	€162 million	162	**€162 million**	**162**
Total		1,895		**1,484**

	2009			
	Maximum amount available		**Balance outstanding**	
		€ in millions		**€ in millions**
Revolving Credit Facilities	US$550 million	382	**US$0 million**	**0**
Term Loan A	US$925 million	642	**US$925 million**	**642**
Term Loan B (in US$)	US$1,117 million	775	**US$1,117 million**	**775**
Term Loan B (in €)	€185 million	185	**€185 million**	**185**
Total		1,984		**1,602**

As of December 31, 2010, the 2008 Senior Credit Agreement consisted of:

- Revolving Credit Facilities in the aggregate principal amount of US$550 million (of which US$150 million is available to APP Pharmaceuticals, LLC and US$400 million is available as multicurrency facility to Fresenius Finance I S.A., a wholly-owned subsidiary of Fresenius SE & Co. KGaA) which will be due and payable on September 10, 2013.
- Term Loan Facilities (Term Loan A) in the aggregate principal amount of US$782 million (of which equal shares are available to Fresenius US Finance I, Inc., a wholly-owned subsidiary of Fresenius SE & Co. KGaA, and to APP Pharmaceuticals, LLC). Term Loan A amortizes and is repayable in unequal semi-annual installments with a final maturity date on September 10, 2013.
- Term Loan Facilities (Term Loan C) in the aggregate principal amount of US$983.5 million and €162.5 million (of which US$579.3 million and €162.5 million are available to Fresenius US Finance I, Inc. and US$404.2 million is available to APP Pharmaceuticals, LLC). Term Loan C amortizes and is repayable in equal semi-annual installments with a final bullet payment on September 10, 2014.

The interest rate on each borrowing under the 2008 Senior Credit Agreement is a rate equal to the aggregate of (a) the applicable margin (as described below) and (b) LIBOR or, in relation to any loan in euros, EURIBOR for the relevant interest period. The applicable margin is variable and depends on the Leverage Ratio as defined in the 2008 Senior Credit Agreement. In the case of Term Loan C, a minimum LIBOR or EURIBOR was set for 1.50%.

To hedge large parts of the interest rate risk connected with the floating rate borrowings under the 2008 Senior Credit Agreement, the Fresenius Group entered into interest rate hedges.

In addition to scheduled principal payments, indebtedness outstanding under the 2008 Senior Credit Agreement will be reduced by mandatory prepayments in the case of certain sales of assets, incurrence of additional indebtedness, equity issuances and certain intercompany loan repayments, with the amount to be prepaid depending on the proceeds which are generated by the respective transaction.

The 2008 Senior Credit Agreement is guaranteed by Fresenius SE & Co. KGaA, Fresenius ProServe GmbH and Fresenius Kabi AG. The obligations of APP Pharmaceuticals, LLC under the 2008 Senior Credit Agreement that refinanced indebtedness under the former APP credit facility are secured by the assets of APP and its subsidiaries and guaranteed by APP's subsidiaries on the same basis as the former APP credit facility. All lenders also benefit from indirect security through pledges over the shares of certain subsidiaries of Fresenius Kabi AG and pledges over certain intercompany loans.

The 2008 Senior Credit Agreement contains a number of customary affirmative and negative covenants and other payment restrictions. These covenants include limitations on liens, sale of assets, incurrence of debt, investments and acquisitions and restrictions on the payment of dividends, among other items. The 2008 Senior Credit Agreement also includes financial covenants – as defined in the agreement – that require Fresenius SE & Co. KGaA and its subsidiaries (other than Fresenius Medical Care and its subsidiaries) to maintain a maximum leverage ratio, a minimum fixed charge coverage ratio, a minimum interest coverage ratio and limits amounts spent on capital expenditure. As of December 31, 2010, the Fresenius Group was in compliance with all covenants under the 2008 Senior Credit Agreement.

Euro Notes

As of December 31, Euro Notes (Schuldscheindarlehen) of the Fresenius Group consisted of the following:

			Book value/nominal value € in millions	
	Maturity	Interest rate	**2010**	2009
Fresenius Finance B.V. 2008/2012	April 2, 2012	5.59%	**62**	62
Fresenius Finance B.V. 2008/2012	April 2, 2012	variable	**138**	138
Fresenius Finance B.V. 2007/2012	July 2, 2012	5.51%	**26**	26
Fresenius Finance B.V. 2007/2012	July 2, 2012	variable	**74**	74
Fresenius Finance B.V. 2008/2014	April 2, 2014	5.98%	**112**	112
Fresenius Finance B.V. 2008/2014	April 2, 2014	variable	**88**	88
Fresenius Finance B.V. 2007/2014	July 2, 2014	5.75%	**38**	38
Fresenius Finance B.V. 2007/2014	July 2, 2014	variable	**62**	62
Fresenius Medical Care AG & Co. KGaA 2009/2012	Oct. 27, 2012	7.41%	**36**	36
Fresenius Medical Care AG & Co. KGaA 2009/2012	Oct. 27, 2012	variable	**119**	119
Fresenius Medical Care AG & Co. KGaA 2009/2014	Oct. 27, 2014	8.38%	**15**	15
Fresenius Medical Care AG & Co. KGaA 2009/2014	Oct. 27, 2014	variable	**30**	30
Euro Notes			**800**	800

On April 27, 2009, Fresenius Medical Care issued senior and unsecured Euro Notes in a total amount of €200 million. They consist of four tranches having terms of 3.5 and 5.5 years with fixed and floating interest rate tranches. Proceeds were used to liquidate the Euro Notes from 2005 which were due in July 2009.

The Euro Notes of Fresenius Finance B.V. are guaranteed by Fresenius SE & Co. KGaA. The Euro Notes of FMC-AG & Co. KGaA are guaranteed by FMCH and FMC D-GmbH.

Interest of the floating rate tranches of the Euro Notes is based on EURIBOR plus applicable margin. For a large portion of these tranches, interest rate swaps have been arranged (see note 30, Financial instruments). Only the floating rate tranches of the Euro Notes of FMC-AG & Co. KGaA in an amount of €149 million are exposed to the risk of interest rate increases.

European Investment Bank Agreements

Various subsidiaries of the Fresenius Group maintain credit facilities with the European Investment Bank (EIB). The following table shows the outstanding amounts under the EIB facilities as of December 31:

		Maximum amount available € in millions		Book value € in millions	
	Maturity	**2010**	2009	**2010**	2009
Fresenius SE & Co. KGaA	2013	**196**	196	**196**	196
Fresenius Medical Care AG & Co. KGaA	2013/2014	**271**[1]	271	**263**[1]	148
HELIOS Kliniken GmbH	2019	**72**	80	**72**	80
Loans from EIB		**539**	547	**531**	424

[1] Difference due to foreign currency translation

The majority of the loans are denominated in euros. The U.S. dollar denominated borrowings of FMC-AG & Co. KGaA amount to US$165 million (€123 million).

The EIB is the not-for-profit long-term lending institution of the European Union and loans funds at favorable rates for the purpose of specific capital investment and research and development projects. The facilities were granted to finance certain research and development projects, to invest in the expansion and optimization of existing production facilities in Germany and for the construction of a hospital.

In February 2010, a loan of €50 million was disbursed from the loan agreement FMC-AG & Co. KGaA entered into with the EIB in December 2009. The loan has a four-year term and is guaranteed by FMCH and FMC D-GmbH. In addition, FMC-AG & Co. KGaA drew down the remaining available balance of US$81 million on a revolving credit facility with the EIB in March 2010.

In September 2009, Fresenius SE (since January 28, 2011: Fresenius SE & Co. KGaA) drew down a loan with the EIB of €100 million having a four-year term. The loan is guaranteed by Fresenius Kabi AG and Fresenius ProServe GmbH.

Repayment of the loan of HELIOS Kliniken GmbH already started in December 2007 and will continue through December 2019 with constant half-yearly payments.

The above mentioned loans bear variable interest rates which are based on EURIBOR or LIBOR plus applicable margin. These interest rates change quarterly. The loans under the EIB Agreements entered before 2009 are secured by bank guarantees. All credit agreements with the EIB have customary covenants.

Capital lease obligations

Details of capital lease obligations are given below:

€ in millions	2010	2009
Capital lease obligations (minimum lease payments)	**68**	**50**
due within one year	12	13
due between one and five years	32	25
due later than five years	24	12
Interest component included in future minimum lease payments	**14**	**5**
due within one year	2	1
due between one and five years	6	3
due later than five years	6	1
Present value of capital lease obligations (minimum lease payments)	**54**	**45**
due within one year	10	12
due between one and five years	26	22
due later than five years	18	11

CREDIT LINES

In addition to the financial liabilities described before, the Fresenius Group maintains additional credit facilities which have not been utilized, or have only been utilized in part as of the reporting date. As of December 31, 2010, the additional financial cushion resulting from unutilized credit facilities was approximately €2.0 billion.

Syndicated credit facilities accounted for €1.1 billion. This portion comprises the Fresenius Medical Care 2006 Senior Credit Agreement in the amount of US$997 million (€746 million) and the 2008 Senior Credit Agreement in the amount of US$550 million (€411 million). Furthermore, bilateral facilities of approximately €835 million were available. They include credit facilities which subsidiaries of the Fresenius Group have arranged with commercial banks. These credit facilities are used for general corporate purposes and are usually unsecured.

In addition, Fresenius SE & Co. KGaA has a commercial paper program under which up to €250 million in short-term notes can be issued. As of December 31, 2010, no commercial papers were outstanding.

Additional financing of up to US$700 million can be provided using the Fresenius Medical Care accounts receivable facility which had been utilized by US$510 million as of December 31, 2010.

22. SENIOR NOTES

As of December 31, Senior Notes of the Fresenius Group consisted of the following:

				Book value € in millions	
	Notional amount	Maturity	Interest rate	**2010**	2009
Fresenius Finance B.V. 2006/2013	€500 million	Jan. 31, 2013	5.00%	**500**	500
Fresenius Finance B.V. 2006/2016	€650 million	Jan. 31, 2016	5.50%	**635**	639
Fresenius US Finance II, Inc. 2009/2015	€275 million	July 15, 2015	8 ¾%	**261**	259
Fresenius US Finance II, Inc. 2009/2015	US$500 million	July 15, 2015	9.00%	**356**	326
FMC Finance III S.A. 2007/2017	US$500 million	July 15, 2017	6 ⅞%	**370**	342
FMC Finance VI S.A. 2010/2016	€250 million	July 15, 2016	5.50%	**247**	0
Senior Notes				**2,369**	2,066

In June 2009, Fresenius Finance B.V. has placed a tap in an amount of €150 million to the Senior Notes which are due in 2016. The proceeds were used to repay short-term debt.

The Senior Notes issued by Fresenius Finance B.V. in an amount of €100 million which matured on April 30, 2009 were repaid on schedule.

Fresenius US Finance II, Inc., a wholly-owned subsidiary of Fresenius SE & Co. KGaA, has issued unsecured Senior Notes in January 2009. The Notes comprise a U.S. dollar tranche with a notional amount of US$500 million and a euro tranche with a notional amount of €275 million. Both tranches will mature in 2015. Proceeds of the Senior Notes offering in an amount of approximately US$800 million were used to repay the Bridge Credit Agreement entered into in connection with the acquisition of APP Pharmaceuticals, Inc., to repay other debt and for general corporate purposes.

All Senior Notes of Fresenius Finance B.V. and of Fresenius US Finance II, Inc. are guaranteed by Fresenius SE & Co. KGaA, Fresenius Kabi AG and Fresenius ProServe GmbH. The holders have the right to request that the issuers repurchase the Senior Notes at 101% of principal plus accrued interest upon the occurrence of a change of control followed by a decline in the rating of the respective Senior Notes. Since January 31, 2011 the Senior Notes of Fresenius Finance B.V. maturing in 2016 may be redeemed at the option of the issuer at prices that have already been fixed at the date of issuance in the indentures. All other Senior Notes of Fresenius Finance B.V. and of Fresenius US Finance II, Inc. may be redeemed prior to their maturity at the option of the issuers, in whole but not in part, at a price of 100% plus accrued interest and a premium calculated pursuant to the terms of the indentures under observance of certain notice periods.

Fresenius SE & Co. KGaA has agreed to a number of covenants to provide protection to the bondholders, which, under certain circumstances, partly restrict the scope of action of Fresenius SE & Co. KGaA and its subsidiaries (excluding Fresenius Medical Care AG & Co. KGaA (FMC-AG & Co. KGaA) and its subsidiaries). These covenants include restrictions on further debt that can be raised, the payment of dividends, the volume of capital expenditure, the redemption of subordinated liabilities and the mortgaging or sale of assets, among other items. Some of these restrictions are lifted automatically when the rating of the respective Notes reaches investment grade. In the event of non-compliance with the terms of the Senior Notes, the bondholders (owning in aggregate more than 25% of the outstanding Senior Notes) are entitled to call the Senior Notes and demand immediate repayments plus interest. As of December 31, 2010, the Fresenius Group was in compliance with all of its covenants.

On January 20, 2010, FMC Finance VI S.A. issued €250 million of unsecured Senior Notes with a coupon of 5.50% at an issue price of 98.66%. The Senior Notes had a yield to maturity of 5.75% and are due July 15, 2016. Net proceeds were used to repay short-term indebtedness and for general corporate purposes.

On February 3, 2011, Fresenius Medical Care US Finance, Inc. and FMC Finance VII S.A. issued unsecured Senior Notes of US$650 million and €300 million, respectively, which are due on February 15, 2021. The Senior Notes issued by Fresenius Medical Care US Finance, Inc. with a coupon of 5.75% at an issue price of 99.06% have a yield to maturity of 5.875%. The Senior Notes issued by FMC Finance VII S.A. have a coupon of 5.25% and were issued at par. Net proceeds were or will be used to repay indebtedness, for acquisitions and for general corporate purposes.

The Senior Notes of FMC Finance III S.A., FMC Finance VI S.A., Fresenius Medical Care US Finance, Inc. and FMC Finance VII S.A. (wholly-owned subsidiaries of FMC-AG & Co. KGaA) are guaranteed on a senior basis jointly and severally by FMC-AG & Co. KGaA, Fresenius Medical Care Holdings, Inc. and Fresenius Medical Care Deutschland GmbH. The holders have the right to request that the issuers repurchase the Senior Notes at 101% of principal plus accrued interest upon the occurrence of a change of control followed by a decline in the rating of the respective Senior Notes. The issuers may redeem the Senior Notes at any time at 100% of principal plus accrued interest and a premium calculated pursuant to the terms of the indentures.

FMC-AG & Co. KGaA has agreed to a number of covenants to provide protection to the holders which, under certain circumstances, limit the ability of FMC-AG & Co. KGaA and its subsidiaries to, among other things, incur debt, incur liens, engage in sale and leaseback transactions and merge or consolidate with other companies or sell assets. As of December 31, 2010, FMC-AG & Co. KGaA and its subsidiaries were in compliance with all of their covenants under the Senior Notes existing at this point in time.

23. MANDATORY EXCHANGEABLE BONDS

To finance the acquisition of APP Pharmaceuticals, Inc., Mandatory Exchangeable Bonds (MEB) in an aggregate nominal amount of €554.4 million were launched in July 2008. Fresenius Finance B.V. subscribed for these MEB issued by Fresenius Finance (Jersey) Ltd. at 100% of their principal amount. Afterwards, the MEB were on-lent to Fresenius SE (since January 28, 2011: Fresenius SE & Co. KGaA) who placed the MEB in the market. The bonds carry a coupon of 5⅝% per annum and will mature on August 14, 2011. Upon maturity, the bonds will be mandatorily exchangeable into ordinary shares of Fresenius Medical Care AG & Co. KGaA (FMC-AG & Co. KGaA) with a maximum of 17.42 million and a minimum of 14.76 million shares (based on the current exchange price) being deliverable, subject to anti-dilution adjustments with respect to FMC-AG & Co. KGaA (e. g. in case of corporate actions). The MEB are not redeemable in cash.

The initial minimum exchange price was set to €33.00 and the initial maximum exchange price was set to €38.94 (i. e. 118% of the initial minimum exchange price). Due to the dividend payments in May 2010 and 2009, the minimum exchange price and the maximum exchange price decreased to €31.83 and €37.56, respectively. Pursuant to the terms and conditions of the MEB, both the holder and the issuer may procure for the exchange of the bonds before maturity. In principal, the issuer, Fresenius Finance (Jersey) Ltd., may procure the exchange of all of the outstanding MEB for shares of FMC-AG & Co. KGaA at the maximum exchange ratio calculated on the relevant exchange date plus payment of any accrued and unpaid interest and a make-whole amount. Furthermore, the MEB shall be mandatorily exchangeable at the maximum exchange ratio plus such payments if the corporate rating of Fresenius SE & Co. KGaA falls below certain benchmarks and such benchmarks are subsequently not reinstated. Moreover, in the event of a change of control of Fresenius SE & Co. KGaA or FMC-AG & Co. KGaA, each holder of the MEB may elect to exchange its MEB at the maximum exchange ratio plus such payments. Each holder of the MEB may also exchange his MEB at the minimum exchange ratio calculated on the relevant exchange date without payment of accrued interest or any make-whole amount.

Fresenius SE & Co. KGaA guarantees in favor of Fresenius Finance (Jersey) Ltd. the payment of certain interest payments by Fresenius Finance B.V. Furthermore, it secures the delivery of the underlying shares of FMC-AG & Co. KGaA for exchange via a pledge agreement. In addition, Fresenius SE & Co. KGaA has undertaken to the holders of the bonds that neither it nor any of its material subsidiaries provides any security of its assets for certain capital market indebtedness, without at the same time having the holders share equally and rateably in such security.

Due to their maturity on August 14, 2011, the MEB are shown under short-term liabilities in an amount of €554 million as of December 31, 2010.

The derivative financial instruments embedded in the MEB are measured at fair value and are shown separately in the consolidated statement of financial position within short-term accrued expenses and other short-term liabilities (2009 within: long-term accrued expenses and other long-term liabilities).

24. TRUST PREFERRED SECURITIES

Fresenius Medical Care issued trust preferred securities through Fresenius Medical Care Capital Trusts, statutory trusts organized under the laws of the State of Delaware, United States. Fresenius Medical Care AG & Co. KGaA (FMC-AG & Co. KGaA) 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, Fresenius Medical Care Deutschland GmbH (FMC D-GmbH) and Fresenius Medical Care Holdings, Inc. (FMCH) have guaranteed payment and performance of the senior subordinated notes to the respective Fresenius Medical Care Capital Trusts. The trust preferred securities are guaranteed through a series of undertakings by FMC-AG & Co. KGaA, FMCH and FMC 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 FMC-AG & Co. KGaA and its subsidiaries and other payment restrictions. Some of the covenants limit the indebtedness and the investments of FMC-AG & Co. KGaA and its subsidiaries, and require the maintenance of certain ratios defined in the agreement. As of December 31, 2010, FMC-AG & Co. KGaA and its subsidiaries were in compliance with all financial covenants under all trust preferred securities agreements.

The trust preferred securities outstanding as of December 31, 2010 and 2009 were as follows:

	Year issued	Stated amount	Interest rate	Mandatory redemption date	**2010 € in millions**	2009 € in millions
Fresenius Medical Care Capital Trust IV	2001	US$225 million	7 ⅞%	June 15, 2011	**168**	156
Fresenius Medical Care Capital Trust V	2001	€300 million	7 ⅜%	June 15, 2011	**300**	299
Trust preferred securities					**468**	455

The trust preferred securities of the Fresenius Medical Care Capital Trust IV and V are due on June 15, 2011 and are therefore shown under short-term liabilities in an amount of €468 million at December 31, 2010 (2009 under: long-term liabilities).

25. PENSIONS AND SIMILAR OBLIGATIONS

GENERAL

The Fresenius Group recognizes pension costs and related pension liabilities for current and future benefits to qualified current and former employees of the Fresenius Group. Fresenius Group's pension plans are structured differently according to the legal, economic and fiscal circumstances in each country. The Fresenius Group currently has two types of plans, defined benefit and defined contribution plans. In general, plan benefits in defined benefit plans are based on all or a portion of the employees' years of services and final salary. Plan benefits in defined contribution plans are determined by the amount of contribution by the employee and the employer, both of which may be limited by legislation, and the returns earned on the investment of those contributions.

Upon retirement under defined benefit plans, the Fresenius Group is required to pay defined benefits to former employees when the defined benefits become due. Defined benefit plans may be funded or unfunded. The Fresenius Group has funded defined benefit plans in particular in the United States, Norway, the United Kingdom, the Netherlands and Austria. Unfunded defined benefit plans are located in Germany and France.

Actuarial assumptions generally determine benefit obligations under defined benefit plans. The actuarial calculations require the use of estimates. The main factors used in the actuarial calculations affecting the level of the benefit obligations are: assumptions on life expectancy, the discount rate and future salary and benefit levels. Under Fresenius Group's funded plans, assets are set aside to meet future payment obligations. An estimated return on the plan assets is recognized as income in the respective period. Actuarial gains and losses are generated when there are variations in the actuarial assumptions and differences between the actual and the estimated return on plan assets for that year. A company's pension liability is impacted by these actuarial gains or losses.

In the case of Fresenius Group's funded plans, the defined benefit obligation is offset against the fair value of plan assets. A pension liability is recognized in the consolidated statement of financial position if the defined benefit obligation exceeds the fair value of plan assets. An asset is recognized and reported under other assets in the consolidated statement of financial position if the fair value of plan assets exceeds the defined benefit obligation and if the Fresenius Group has a right of reimbursement against the fund or a right to reduce future payments to the fund.

Under defined contribution plans, the Fresenius Group pays defined contributions during the employee's service life which satisfies all obligations of the Fresenius Group to the employee. The Fresenius Group has a main defined contribution plan in North America.

DEFINED BENEFIT PENSION PLANS

At December 31, 2010, the projected benefit obligation (PBO) of the Fresenius Group of €655 million (2009: €556 million) included €261 million (2009: €237 million) funded by plan assets and €394 million (2009: €319 million) covered by pension provisions. The current portion of the pension liability in an amount of €11 million is recognized in the consolidated statement of financial position within short-term accrued expenses and other short-term liabilities. The non-current portion of €383 million is recorded as pension liability.

70% of the pension liabilities in an amount of €394 million relate to the "Versorgungsordnung der Fresenius-Unternehmen" established in 1988 (Pension plan 1988), which applies for most of the German entities of the Fresenius Group except Fresenius Helios. The rest of the pension liabilities relates to individual plans from Fresenius Helios entities in Germany and non-German Group entities.

Plan benefits are generally based on an employee's years of service and final salary. Consistent with predominant practice in Germany, the benefit obligations of the German entities of the Fresenius Group are unfunded. The German Pension Plan 1988 does not have a separate pension fund.

Fresenius Medical Care Holdings, Inc. (FMCH), a subsidiary of Fresenius Medical Care AG & Co. KGaA, has a defined benefit pension plan for its employees in the United States and supplemental executive retirement plans. During the first quarter of 2002, FMCH curtailed these pension plans. Under the curtailment amendment for substantially all employees eligible to participate in the plan, benefits have been frozen as of the curtailment date and no additional defined benefits for future services will be earned. FMCH has retained all employee benefit obligations as of the curtailment date. Each year, FMCH contributes at least the minimum amount required by the Employee Retirement Income Security Act of 1974, as amended. There was no minimum funding requirement for FMCH for the defined benefit plan in the year 2010. FMCH voluntarily contributed US$0.6 million (€0.5 million) during the year 2010. Expected funding for 2011 is US$0.7 million (€0.5 million).

Fresenius Group's benefit obligations relating to fully or partly funded pension plans were €310 million. Benefit obligations relating to unfunded pension plans were €345 million.

The following table shows the changes in benefit obligations, the changes in plan assets and the funded status of the pension plans. Benefits paid as shown in the changes in benefit obligations represent payments made from both the funded and unfunded plans while the benefits paid as shown in the changes in plan assets include only benefit payments from Fresenius Group's funded benefit plans.

The funded status has developed as follows:

€ in millions	2010	2009
Benefit obligations at the beginning of the year	**556**	505
Changes in entities consolidated	**0**	6
Foreign currency translation	**16**	-4
Service cost	**16**	14
Prior service cost	**2**	1
Interest cost	**33**	31
Contributions by plan participants	**1**	1
Transfer of plan participants	**–**	–
Curtailments/settlements	**-2**	-5
Actuarial losses	**50**	23
Benefits paid	**-18**	-16
Amendments	**1**	–
Benefit obligations at the end of the year	**655**	556
thereof vested	**558**	463
Fair value of plan assets at the beginning of the year	**237**	213
Changes in entities consolidated	**0**	4
Foreign currency translation	**14**	-4
Actual return on plan assets	**13**	27
Contributions by the employer	**4**	4
Contributions by plan participants	**1**	1
Settlements	**–**	-2
Benefits paid	**-8**	-6
Fair value of plan assets at the end of the year	**261**	237
Funded status as of December 31	**394**	319

The discount rates for all plans are based upon yields of portfolios of equity and highly rated debt instruments with maturities that mirror the plan's benefit obligation. Fresenius Group's discount rate is the weighted average of these plans based upon their benefit obligations.

The following weighted-average assumptions were utilized in determining benefit obligations as of December 31:

in %	2010	2009
Discount rate	**5.43**	5.86
Rate of compensation increase	**3.32**	3.30
Rate of pension increase	**1.73**	1.81

At December 31, 2010, the accumulated benefit obligations for all defined benefit pension plans were €567 million (2009: €515 million).

The following table relates to pension plans with projected benefit obligations and accumulated benefit obligations in excess of plan assets:

€ in millions	2010	2009
Projected benefit obligation (PBO)	**655**	556
Accumulated benefit obligation (ABO)	**567**	515
Fair value of plan assets	**261**	237

The pre-tax changes of other comprehensive income (loss) relating to pension liabilities during the years 2010 and 2009 are shown in the following tables:

€ in millions	As of Jan. 1, 2010	Reclassifications [1]	Additions	Foreign currency translation	**As of Dec. 31, 2010**
Actuarial gains and losses	-54	5	-54	-4	**-107**
Prior service cost	4	1	-2	–	**3**
Transition obligation	-1	–	–	–	**-1**
Adjustments related to pension liabilities	-51	6	-56	-4	**-105**

[1] Effects recognized in the consolidated statement of income

€ in millions	As of Jan. 1, 2009	Reclassifications [1]	Additions	Foreign currency translation	**As of Dec. 31, 2009**
Actuarial gains and losses	-49	4	-10	1	**-54**
Prior service cost	4	–	–	–	**4**
Transition obligation	-1	1	-1	–	**-1**
Adjustments related to pension liabilities	-46	5	-11	1	**-51**

[1] Effects recognized in the consolidated statement of income

For the tax effects on other comprehensive income at December 31, 2010 see note 28, Other comprehensive income (loss).

The Fresenius Group expects the following amounts to be amortized from other comprehensive income into net periodic pension cost in the year 2011:

€ in millions	2011
Actuarial gains and losses	8
Prior service cost	1
Transition obligation	–

Defined benefit pension plans' net periodic benefit costs of €36 million (2009: €35 million) were comprised of the following components:

€ in millions	2010	2009
Service cost	**16**	14
Interest cost	**33**	31
Expected return on plan assets	**-17**	-15
Amortization of unrealized actuarial losses, net	**5**	3
Amortization of prior service costs	**1**	–
Amortization of transition obligations	**–**	1
Settlement loss	**-2**	1
Net periodic benefit cost	**36**	35

Net periodic benefit cost is allocated as personnel expense within cost of sales or selling, general and administrative expenses as well as research and development expenses. The allocation depends upon the area in which the beneficiary is employed.

The following weighted-average assumptions were used in determining net periodic benefit cost for the year ended December 31:

in %	2010	2009
Discount rate	**5.86**	6.21
Expected return of plan assets	**5.58**	5.74
Rate of compensation increase	**3.30**	3.56

Changes in the discount factor, inflation and mortality assumptions used for the actuarial computation resulted in actuarial losses in 2010 which increased the fair value of the defined benefit obligation. Unrecognized actuarial losses were €107 million (2009: €54 million).

The following table shows the expected benefit payments for the next 10 years:

for the fiscal years	€ in millions
2011	20
2012	22
2013	23
2014	24
2015	26
2016 to 2020	167
Total expected benefit payments	**282**

The Fresenius Group uses December 31, 2010 as the measurement date in determining the funded status of all plans.

The major part of pension liabilities relates to Germany. At December 31, 2010, 79% of the pension liabilities were recognized in Germany, 21% in the rest of Europe and North America.

Approximately two thirds of the beneficiaries were located in North America, approximately one quarter in Germany and the remainder throughout the rest of Europe and other continents.

The fair values of plan assets by categories were as follows:

€ in millions	**December 31, 2010** Quoted prices in active markets for identical assets Level 1	**December 31, 2010** Significant observable inputs Level 2	**December 31, 2010** Total	December 31, 2009 Quoted prices in active markets for identical assets Level 1	December 31, 2009 Significant observable inputs Level 2	December 31, 2009 Total
Categories of plan assets						
Equity investments	**32**	**49**	**81**	78	0	78
Index funds [1]	**23**	**49**	**72**	72	0	72
Other equity investments	**9**	**0**	**9**	6	0	6
Fixed income investments	**41**	**118**	**159**	37	106	143
Government securities [2]	**20**	**2**	**22**	18	2	20
Corporate bonds [3]	**13**	**114**	**127**	13	104	117
Other fixed income investments [4]	**8**	**2**	**10**	6	–	6
Other [5]	**18**	**3**	**21**	13	3	16
Total	**91**	**170**	**261**	128	109	237

[1] This category mainly comprises low-cost equity index funds not actively managed that track the S & P 500, S & P 400, Russell 2000, the MSCI EAFE Index and the MSCI Emerging Markets Index for both 2010 and 2009 as well as the Barclays Capital Long Corporate Index in 2009.
[2] This category primarily comprises fixed income investments by the U.S. government and government sponsored entities.
[3] This category primarily represents investment grade bonds of U.S. issuers from diverse industries.
[4] This category mainly comprises private placement bonds as well as collateralized mortgage obligations and funds that invest in treasury obligations directly or in treasury backed obligations.
[5] This category mainly represents cash, money market funds as well as mutual funds comprised of high grade corporate bonds.

The methods and inputs used to measure the fair value of plan assets are as follows:

Index funds are valued based on market quotes.

Other equity investments are valued at their market prices as of the date of the statement of financial position.

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 date of the statement of financial position.

Cash is stated at nominal value which equals the fair value.

U.S. Treasury money market funds as well as other money market and mutual funds are valued at their market prices.

Plan investment policy and strategy

For the North American funded plan, the Fresenius Group periodically reviews the assumptions for long-term expected return on pension plan assets. As part of the assumptions review, a range of reasonable expected investment returns for the pension plan as a whole was determined based on an analysis of expected future returns for each asset class weighted by the allocation of the assets. The range of returns developed relies both on forecasts, which include the actuarial firm's expected long-term rates of return for each significant asset class or economic indicator, and on broad-market historical benchmarks for expected return, correlation, and volatility for each asset class. As a result, the expected rate of return on pension plan assets of the North American pension plan was 7.5% for the year 2010.

The overall investment strategy for the North American pension plan 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 target allocations for plan assets in North America are 35% equity securities and 65% long-term U.S. bonds. The investment policy considers that there will be a time horizon for invested funds of more than five years. The total portfolio will be measured against a policy index that reflects the asset class benchmarks and the target asset allocation. The plan policy does not allow investments in securities of Fresenius Medical Care AG & Co. KGaA or other related party securities. The performance benchmarks for the separate asset classes include: S & P 500 Index, S & P 400 Index, Russell 2000 Growth Index, MSCI EAFE Index, MSCI Emerging Markets Index, Barclays Capital Long Term Government Index and Barclays Capital 20 Year U.S. Treasury Strip Index.

The following schedule describes Fresenius Group's allocation for its funded plans.

in %	**Allocation 2010**	Allocation 2009	Target allocation
Equity investments	**31.12**	33.15	35.74
Fixed income investments	**60.73**	60.35	59.57
Other incl. real estate	**8.15**	6.50	4.69
Total	**100.00**	100.00	100.00

The overall expected long-term rate of return on assets of the Fresenius Group amounts to 6.77% compounded annually. Contributions to plan assets for the fiscal year 2011 are expected to amount to €5 million.

DEFINED CONTRIBUTION PLANS

Fresenius Group's total expense under defined contribution plans for 2010 was €31 million (2009: €27 million). The main part relates to the North American savings plan, which employees of FMCH can join. Employees can deposit up to 75% of their pay up to an annual maximum of US$16,500 if under 50 years old (US$22,000 if 50 or over) under this savings plan. Fresenius Medical Care will match 50% of the employee deposit up to a maximum Company contribution of 3% of the employee's pay. Fresenius Medical Care's total expense under this defined contribution plan for the years ended December 31, 2010 and 2009 was €24 million and €20 million, respectively.

26. NONCONTROLLING INTEREST

NONCONTROLLING INTEREST SUBJECT TO PUT PROVISIONS

The Fresenius Group has potential obligations to purchase the noncontrolling interests held by third parties in certain of its consolidated subsidiaries. These obligations are in the form of put provisions and are exercisable at the third-party owners' discretion within specified periods as outlined in each specific put provision. If these put provisions were exercised, the Fresenius Group would be required to purchase all or part of third-party owners' noncontrolling interests at the appraised fair value.

As of December 31, 2010 and 2009 the Fresenius Group's potential obligations under these put options were €209 million and €161 million, respectively, of which, at December 31, 2010, €71 million were exercisable.

NONCONTROLLING INTEREST NOT SUBJECT TO PUT PROVISIONS

As of December 31, noncontrolling interest not subject to put provisions in the Group was as follows:

€ in millions	2010	2009
Noncontrolling interest not subject to put provisions in Fresenius Medical Care AG & Co. KGaA	**3,574**	2,985
Noncontrolling interest not subject to put provisions in HELIOS Kliniken GmbH	**4**	4
Noncontrolling interest not subject to put provisions in VAMED AG	**23**	33
Noncontrolling interest not subject to put provisions in the business segments		
Fresenius Medical Care	**110**	85
Fresenius Kabi	**46**	37
Fresenius Helios	**119**	110
Fresenius Vamed	**3**	3
Total noncontrolling interest not subject to put provisions	**3,879**	3,257

In 2010, noncontrolling interest not subject to put provisions increased by €622 million to €3,879 million. The change resulted from the noncontrolling interest not subject to put provisions in profit of €561 million, less dividend payments of €172 million as well as noncontrolling interest not subject to put provisions in stock options, currency effects and first-time consolidations in a total amount of €233 million.

27. FRESENIUS SE & CO. KGAA (UNTIL JANUARY 28, 2011: FRESENIUS SE) SHAREHOLDERS' EQUITY

SUBSCRIBED CAPITAL

Development of subscribed capital

During the fiscal year 2010, 1,134,714 stock options were exercised. Accordingly, at December 31, 2010, the subscribed capital of Fresenius SE was divided into 81,225,045 bearer ordinary shares and 81,225,045 non-voting bearer preference shares. The shares are issued as non-par value shares. The proportionate amount of the subscribed capital is €1.00 per share.

As a result of Fresenius SE's change of legal form into Fresenius SE & Co. KGaA and its registration with the commercial register on January 28, 2011, all bearer preference shares were converted into bearer ordinary shares. Consequently, the subscribed capital of Fresenius SE & Co. KGaA now solely consists of bearer ordinary shares.

Notification by shareholders

After the change of legal form on January 28, 2011, Fresenius SE & Co. KGaA (formerly Fresenius SE) disclosed notifications in accordance with Section 26 (1) of the German Securities Trading Act (WpHG). The notifications relate to the subscribed capital of €162,450,090, divided into 162,450,090 voting bearer shares, as of January 28, 2011, and reflect the level of investments held:

Else Kröner-Fresenius-Stiftung, with its registered office in Bad Homburg, Germany, has notified Fresenius SE & Co. KGaA pursuant to Section 21 (1) WpHG that on January 28, 2011, their percentage holding of the voting rights in Fresenius SE & Co. KGaA, Else-Kröner-Str. 1, 61352 Bad Homburg v. d. H., Germany, crossed below the thresholds of 50% and 30% and amounted to 28.85% (46,871,154 voting rights) on that day.

Allianz SE, with its registered office in Munich, Germany, has notified Fresenius SE & Co. KGaA pursuant to Section 21 (1) WpHG that on January 28, 2011 their percentage holding of the voting rights in Fresenius SE & Co. KGaA, Else-Kröner-Str. 1, 61352 Bad Homburg v. d. H., Germany, crossed below the threshold of 5% and amounted to 4.26% (equivalent to 6,920,552 voting rights of a total of 162,450,090 voting rights). Thereof, 4.26% (6,919,271 voting rights) were attributable to Allianz SE pursuant to Section 22 (1) sentence 1 No. 1 WpHG and 0.0008% (1,281 voting rights) were attributable to Allianz SE pursuant to Section 22 (1) sentence 1 No. 6 WpHG.

The voting rights attributable to Allianz SE are held by the following companies controlled by Allianz SE; each of their percentage holding of voting rights in Fresenius SE & Co. KGaA exceeded 3% or more:

- Allianz Deutschland AG
- Jota Vermögensverwaltungsgesellschaft mbH
- Allianz Lebensversicherungs-AG

Artio Global Investors, Inc., with its registered office in New York, United States, has notified Fresenius SE & Co. KGaA pursuant to Section 21 (1) WpHG that on January 28, 2011 their percentage holding of the voting rights in Fresenius SE & Co. KGaA, Else-Kröner-Str. 1, 61352 Bad Homburg v. d. H., Germany, crossed below the threshold of 3% and amounted to 2.36% (equivalent to 3,840,708 voting rights) both in relation to the total number of voting rights of the issuer and in relation to all voting shares of the same share class.

The voting rights in the amount of 2.36% (equivalent to 3,840,708 voting rights) are entirely attributable to Artio Global Investors, Inc. pursuant to Section 22 (1) sentence 1 No. 6 WpHG in connection with Section 22 (1) sentence 2 WpHG.

FMR LLC, Boston, Massachusetts, United States, has notified Fresenius SE & Co. KGaA pursuant to Section 21 (1) WpHG that on January 28, 2011 the voting rights held by FMR LLC crossed below the threshold of 3% of the voting rights in Fresenius SE & Co. KGaA, Else-Kröner-Straße 1, 61352 Bad Homburg v. d. H., Germany. On that date, FMR LLC held 1.69% of the voting rights in Fresenius SE & Co. KGaA, arising from 2,740,382 voting rights.

All voting rights in Fresenius SE & Co. KGaA were attributed to FMR LLC pursuant to Section 22 (1) sentence 1 No. 6 WpHG in connection with Section 22 (1) sentence 2 WpHG.

Furthermore, Fresenius SE (as of January 28, 2011: Fresenius SE & Co. KGaA) disclosed in 2010 the following notification in accordance with Section 26 (1) WpHG:

On July 13, 2010, Fidelity Investment Trust, Boston, Massachusetts, United States, notified Fresenius SE (since January 28, 2011: Fresenius SE & Co. KGaA) that on July 9, 2010, the voting rights held by Fidelity Investment Trust fell below the threshold of 3% of the voting rights in Fresenius SE, Else-Kröner-Straße 1, 61352 Bad Homburg v. d. H., Germany. On that date, Fidelity Investment Trust held 2.95% of the voting rights in Fresenius SE, arising from 2,387,886 voting rights.

All notifications by shareholders are published on the website of the Company www.fresenius.com under Investor Relations/ The Fresenius Shares/Shareholder Structure.

AUTHORIZED CAPITAL

At the Annual General Meeting on May 12, 2010, the articles of association of Fresenius SE & Co. KGaA were adopted with the following Authorized Capitals. Authorized Capitals I and II correspond in their scope to the Authorized Capitals of the former Fresenius SE. The Authorized Capitals I and II remain unchanged except that in the future only ordinary shares will be issued. The Authorized Capitals III, IV and V are solely to be used as an alternative source of ordinary shares for the stock option plans of 1998, 2003 and 2008 (see note 34, Stock options) as far as these plans are not filled from the Conditional Capitals I, II and III. The Conditional Capitals themselves have been adjusted to reflect the issuance of ordinary shares.

In accordance with the articles of association of Fresenius SE & Co. KGaA, the general partner Fresenius Management SE is authorized, with the approval of the Supervisory Board, until May 7, 2014,

- to increase Fresenius SE & Co. KGaA's subscribed capital by a total amount of up to €12,800,000 through a single or multiple issue of new bearer ordinary shares against cash contributions (Authorized Capital I). A subscription right must be granted to the shareholders. The general partner is authorized to exclude the shareholders' subscription right for fractional amounts.
- to increase Fresenius SE & Co. KGaA's subscribed capital by a total amount of up to €6,400,000 through a single or multiple issue of new bearer ordinary shares against cash contributions and/or contributions in kind (Authorized Capital II). The general partner is authorized, in each case with the consent of the Supervisory Board, to decide on the exclusion of the shareholders' subscription right. For cash contributions, the authorization can only be exercised if the issue price is not significantly below the stock exchange price. In case of a contribution in kind, the subscription right can be excluded only in order to acquire an undertaking, parts of an undertaking or a participation in an undertaking. The general partner is authorized to exclude the shareholders' subscription right for fractional amounts.

In addition, pursuant to the articles of association of Fresenius SE & Co. KGaA, the general partner is authorized, with the approval of the Supervisory Board, until May 11, 2015,

- to increase Fresenius SE & Co. KGaA's subscribed capital by a total amount of up to €1,313,000 through a single or multiple issue of new bearer ordinary shares against cash contributions (Authorized Capital III). The general partner may only make use of the Authorized Capital III to the extent that subscription rights for bearer ordinary shares were issued under the 1998 Stock Option Plan, the holders of these rights make use of their exercise right and provided that no Conditional Capital is used to satisfy the subscription rights.
- to increase Fresenius SE & Co. KGaA's subscribed capital by a total amount of up to €4,298,442 through a single or multiple issue of new bearer ordinary shares against cash contributions and/or contributions in kind (Authorized Capital IV). The general partner may only make use of the Authorized Capital IV to the extent that convertible bonds on bearer ordinary shares were issued under the 2003 Stock Option Plan, the holders of these convertible bonds exercise their conversion right and provided that no Conditional Capital is used to satisfy the conversion rights.
- to increase Fresenius SE & Co. KGaA's subscribed capital by a total amount of up to €6,200,000 through a single or multiple issue of new bearer ordinary shares against cash contributions (Authorized Capital V). The general partner may only make use of the Authorized Capital V to the extent that subscription rights for bearer ordinary shares were or will be issued under the 2008 Stock Option Plan, the holders of these rights make use of their exercise right, Fresenius SE & Co. KGaA does not grant own shares or exercise its right to pay a cash compensation in order to satisfy these subscription rights and provided that no Conditional Capital is used to satisfy the subscription rights.

The shareholders' subscription right is excluded for the Authorized Capital III, IV and V.

The resolved changes to the Authorized Capital became effective after registration of the new articles of association with the commercial register on January 28, 2011.

Two shareholder complaints (Anfechtungsklagen) were lodged against the resolutions of the Annual General Meeting held on May 8, 2009 creating the Authorized Capitals I and II. The Frankfurt Regional Court (Landgericht) has decided in favor of one complaint through judgment dated February 2, 2010, the other complaint was rejected. On February 15, 2011, the Higher Regional Court (Oberlandesgericht) of Frankfurt am Main confirmed the validity of the resolutions creating the Authorized Capitals I and II.

The clearance procedure (Freigabeverfahren) pursuant to Section 246a of the German Stock Corporation Act (AktG) initiated by Fresenius SE in order to secure the Authorized Capital I and II already entered in the commercial register was decided by the Higher Regional Court (Oberlandesgericht) of Frankfurt am Main in favor of Fresenius SE on March 30, 2010. Through this, the entry of the Authorized Capital I and II into the commercial register had already been final and conclusive.

CONDITIONAL CAPITAL

Corresponding to the stock option plans, the Conditional Capital of Fresenius SE (since January 28, 2011: Fresenius SE & Co. KGaA) is divided into Conditional Capital I, Conditional Capital II and Conditional Capital III. These are used to satisfy the subscription rights in connection with already issued stock options or convertible bonds, as the case may be, on bearer ordinary shares under the stock option plans of 1998, 2003 and 2008 (see note 34, Stock options).

After the registration of the change of legal form with the commercial register on January 28, 2011, the Conditional Capitals in the articles of association of Fresenius SE & Co. KGaA correspond in their scope to the Conditional Capitals of the former Fresenius SE, adjusted for stock options that have been exercised in the meantime.

Due to the conversion of all preference shares into ordinary shares, the Conditional Capital was amended to the effect that only subscription rights for bearer ordinary shares are granted.

The following table shows the development of the Conditional Capital:

in €	Ordinary shares	Preference shares	Total
Conditional Capital I Fresenius AG Stock Option Plan 1998	656,550	656,550	1,313,100
Conditional Capital II Fresenius AG Stock Option Plan 2003	2,149,221	2,149,221	4,298,442
Conditional Capital III Fresenius SE Stock Option Plan 2008	3,100,000	3,100,000	6,200,000
Total Conditional Capital as of January 1, 2010	**5,905,771**	**5,905,771**	**11,811,542**
Fresenius AG Stock Option Plan 1998 – options exercised	-161,295	-161,295	-322,590
Fresenius AG Stock Option Plan 2003 – options exercised	-406,062	-406,062	-812,124
Total Conditional Capital as of December 31, 2010	**5,338,414**	**5,338,414**	**10,676,828**

CAPITAL RESERVES

Capital reserves comprise the premium paid on the issue of shares and the exercise of stock options (additional paid-in capital).

OTHER RESERVES

Other reserves comprise earnings generated by Group entities in prior years to the extent that they have not been distributed.

DIVIDENDS

Under the German Stock Corporation Act (AktG), the amount of dividends available for distribution to shareholders is based upon the unconsolidated retained earnings of Fresenius SE (since January 28, 2011: Fresenius SE & Co. KGaA) as reported in its statement of financial position determined in accordance with the German Commercial Code (HGB).

In May 2010, a dividend of €0.75 per bearer ordinary share and €0.76 per bearer preference share was approved by Fresenius SE's shareholders at the Annual General Meeting and paid. The total dividend payment was €122 million.

28. OTHER COMPREHENSIVE INCOME (LOSS)

Other comprehensive income (loss) comprises all amounts recognized directly in equity (net of tax) resulting from the currency translation of foreign subsidiaries' financial statements and the effects of measuring financial instruments at their fair value as well as the change in benefit obligation.

Changes in the components of other comprehensive income (loss) in 2010 and 2009 were as follows:

	2010			2009		
€ in millions	**Amount before taxes**	**Tax effect**	**Amount after taxes**	Amount before taxes	Tax effect	Amount after taxes
Changes in unrealized gains/losses on derivative financial instruments	**-15**	**3**	**-12**	2	-10	-8
Change in unrealized gains/losses	-32	7	-25	-1	-9	-10
Realized gains/losses due to reclassifications	17	-4	13	3	-1	2
Benefit obligation adjustment	**-54**	**16**	**-38**	-5	-1	-6
Foreign currency translation adjustment	**238**	**-8**	**230**	-35	6	-29
Other comprehensive income (loss)	**169**	**11**	**180**	-38	-5	-43

OTHER NOTES

29. COMMITMENTS AND CONTINGENT LIABILITIES

OPERATING LEASES AND RENTAL PAYMENTS

Fresenius Group's subsidiaries lease office and manufacturing buildings as well as machinery and equipment under various lease agreements expiring on dates through 2101. Rental expense recorded for operating leases for the years ended December 31, 2010 and 2009 was €480 million and €430 million, respectively.

Future minimum rental payments under non-cancellable operating leases for the years subsequent to December 31, 2010 are:

for the fiscal years	€ in millions
2011	405
2012	345
2013	298
2014	250
2015	210
Thereafter	766
Total	**2,274**

As of December 31, 2010, future investment commitments existed up to the year 2014 from the acquisition contracts for hospitals at projected costs of up to €137 million. Thereof €71 million relates to the year 2011.

Besides the above mentioned contingent liabilities, the amount of other commitments is immaterial.

LEGAL PROCEEDINGS

The Fresenius Group is routinely involved in numerous claims, lawsuits, regulatory and tax audits, investigations and other legal matters arising, for the most part, in the ordinary course of its business of providing 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 Fresenius Group's view of the merits can occur. The Fresenius Group believes that it has valid defenses to the legal matters pending against it and is defending itself vigorously. Nevertheless, it is possible that the resolution of one or more of the legal matters currently pending or threatened could have a material adverse effect on its business, results of operations and financial condition.

Commercial litigation

W.R. Grace & Co. lawsuit

Fresenius Medical Care was originally formed as a result of a series of transactions it completed pursuant to the Agreement and Plan of Reorganization dated as of February 4, 1996, by and between W.R. Grace & Co. and Fresenius SE (the Merger). At the time of the Merger, a W.R. Grace & Co. subsidiary known as W.R. Grace & Co.-Conn. had, and continues to have, significant liabilities arising out of product-liability related litigation (including asbestos-related actions), pre-Merger tax claims and other claims unrelated to National Medical Care, Inc. (NMC), which was W.R. Grace & Co.'s dialysis business prior to the Merger. In connection with the Merger, W.R. Grace & Co.-Conn. agreed to indemnify Fresenius Medical Care, Fresenius Medical Care Holdings, Inc. (FMCH), and NMC against all liabilities of W.R. Grace & Co., whether relating to events occurring before or after the Merger, other than liabilities arising from or relating to NMC's operations. W.R. Grace & Co. and certain of its subsidiaries filed for reorganization under Chapter 11 of the U.S. Bankruptcy Code (the Grace Chapter 11 Proceedings) on April 2, 2001.

Prior to and after the commencement of the Grace Chapter 11 Proceedings, class action complaints were filed against W.R. Grace & Co. and FMCH by plaintiffs claiming to be creditors of W.R. Grace & Co.-Conn., and by the asbestos creditors' committees on behalf of the W.R. Grace & Co. bankruptcy estate in the Grace Chapter 11 Proceedings, alleging among other things that the Merger was a fraudulent conveyance, violated the uniform fraudulent transfer act and constituted a conspiracy. All such cases have been stayed and transferred to or are pending before the U.S. District Court as part of the Grace Chapter 11 Proceedings.

In 2003, Fresenius Medical Care reached agreement with the asbestos creditors' committees on behalf of the W.R. Grace & Co. bankruptcy estate and W.R. Grace & Co. in the matters pending in the Grace Chapter 11 Proceedings for the settlement of all fraudulent conveyance and tax claims against it and other claims related to Fresenius Medical Care that arise out of the bankruptcy of W.R. Grace & Co. Under the terms of the settlement agreement as amended (Settlement Agreement), fraudulent conveyance and other claims raised on behalf of asbestos claimants will be dismissed with prejudice and Fresenius Medical Care will receive protection against existing and potential future W.R. Grace & Co. related claims, including fraudulent conveyance and asbestos claims, and indemnification against income tax claims related to the non-NMC members of the W.R. Grace & Co. consolidated tax group upon confirmation of a W.R. Grace & Co. bankruptcy reorganization plan that contains such provisions. Under the Settlement Agreement, Fresenius Medical Care will pay a total of US$ 115 million without interest to the W.R. Grace & Co. bankruptcy estate, or as otherwise directed by the Court, upon plan confirmation. No admission of liability has been or will be made. The Settlement Agreement has been approved by the U.S. District Court. On January 31, 2011, the U.S. Bankruptcy Court approved W.R. Grace & Co.'s plan of reorganization, including the Settlement Agreement, and recommended approval of the plan to 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.). Fresenius Medical Care is engaged in litigation with Sealed Air to confirm its entitlement to indemnification from Sealed Air for all losses and expenses incurred by Fresenius Medical Care relating to pre-Merger tax liabilities and Merger-related claims. Under the Settlement Agreement, upon final confirmation of a plan of reorganization that satisfies the conditions of Fresenius Medical Care's payment obligation, this litigation will be dismissed with prejudice.

Baxter patent dispute "touchscreen interfaces" (1)
On April 4, 2003, FMCH filed a suit in the U.S. District Court for the Northern District of California, styled Fresenius USA, Inc., et al., v. Baxter International Inc., et al., Case No. C 03-1431, seeking a declaratory judgment that FMCH does not infringe patents held by Baxter International Inc. and its subsidiaries and affiliates (Baxter), that the patents are invalid, and that Baxter is without right or authority to threaten or maintain suit against FMCH for alleged infringement of Baxter's patents. In general, the asserted patents concern the use of touch screen interfaces for hemodialysis machines. Baxter filed counterclaims against FMCH seeking more than US$ 140 million in monetary damages and injunctive relief, and alleging that FMCH willfully infringed on Baxter's patents. On July 17, 2006, the court entered judgment on a jury verdict in favor of FMCH finding 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 US$ 14.3 million. On April 4, 2008, the court denied Baxter's motion for a new trial, established a royalty payable to Baxter of 10% of the sales price for continuing sales of FMCH's 2008K hemodialysis machines and 7% of the sales price of related disposables, parts and service beginning November 7, 2007, and enjoined sales of the touchscreen-equipped 2008K machine effective January 1, 2009. Fresenius Medical Care appealed the court's rulings to the United States Court of Appeals for the Federal Circuit (Federal Circuit). In October 2008, Fresenius Medical Care completed design modifications to the 2008K machine that eliminate any incremental hemodialysis machine royalty payment exposure under the original District Court order. On September 10, 2009, the Federal Circuit reversed the district court's decision and determined that the asserted claims in two of the three patents at issue are invalid. As to the third patent, the Federal Circuit affirmed the district court's decision; however, the Court also vacated the injunction and award of damages. These issues were remanded to the District Court for reconsideration in light of the invalidity ruling on most of the claims. As a result, FMCH is no longer required to fund the court-approved escrow account set up to hold the royalty payments ordered by the district court, 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 the Board's ruling to the Federal Circuit.

Baxter patent dispute "touchscreen interfaces" (2)
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. Fresenius Medical Care 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.

Baxter patent dispute "Liberty cycler"
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. Baxter has asked the District Court to overturn the jury verdict.

Gambro patent dispute
A patent infringement action had been pending in Germany between Gambro Industries (Gambro) on the one side and Fresenius Medical Care Deutschland GmbH and Fresenius Medical Care AG & Co. KGaA on the other side (hereinafter collectively: Fresenius Medical Care). Fresenius Medical Care and Gambro have resolved this and other current patent infringement lawsuits between the parties by entering into respective settlements and a series of patent licenses between the parties.

Other litigation and potential exposures

Renal Care Group – Class action "acquisition"
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 Fresenius Medical Care. Fresenius Medical Care expects to continue as a defendant in the litigation, which is proceeding toward trial in the Chancery Court, and believes that defendants will prevail.

Renal Care Group – Complaint "Method II"

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 RCG, 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 US$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. Fresenius Medical Care 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 Fresenius Medical Care for approximately US$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 Fresenius Medical Care may pursue its appeals to the Court of Appeals. Fresenius Medical Care 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.

Fresenius Medical Care Holdings – Qui tam complaint

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.

In the ordinary course of Fresenius Group's operations, the Fresenius Group is subject to litigation, arbitration and investigations relating to various aspects of its business. The Fresenius Group regularly analyzes current information about such claims for probable losses and provides accruals for such matters, including estimated expenses for legal services, as appropriate.

Accrued special charge of Fresenius Medical Care for legal matters

At December 31, 2001, Fresenius Medical Care recorded a pre-tax special charge of US$258 million to reflect anticipated expenses associated with the defense and resolution of pre-Merger tax claims, Merger-related claims, and commercial insurer claims. The costs associated with the Settlement

Agreement and settlements with insurers have been charged against this accrual. With the exception of the proposed US$115 million (€86 million) payment under the Settlement Agreement in the Grace Chapter 11 Proceedings, all other matters included in the special charge have been resolved.

While Fresenius Medical Care believes that its remaining accrual reasonably estimates its currently anticipated costs related to the continued defense and resolution of this matter, no assurances can be given that its actual costs incurred will not exceed the amount of this accrual.

30. FINANCIAL INSTRUMENTS

The relationship between classes and categories as well as the reconciliation to the statement of financial position line items is shown in the following table:

Classes	Categories: Loans and receivables	Categories: Financial liabilities measured at amortized cost	Categories: Financial liabilities/assets measured at fair value	Relating to no category
Cash and cash equivalents				▸ Cash and cash equivalents
Assets recognized at carrying amount	▸ Trade accounts receivable (incl. receivables from and loans to related parties)			
Liabilities recognized at carrying amount		▸ Trade accounts payable ▸ Short-term accounts payable to related parties ▸ Short-term debt (incl. short-term loans from related parties) ▸ Long-term debt excluding capital lease obligations ▸ Senior Notes ▸ Trust preferred securities ▸ Mandatory exchangeable bonds (excluding embedded derivatives)		▸ Long-term capital lease obligations
Liabilities recognized at fair value			▸ Other short-term liabilities (solely Contingent Value Rights and derivatives embedded in the Mandatory Exchangeable Bonds) (2009: other long-term liabilities)	
Noncontrolling interest subject to put provisions recognized at fair value				▸ Noncontrolling interest subject to put provisions
Derivatives for hedging purposes			▸ Other current assets ▸ Other non-current assets ▸ Other short-term liabilities ▸ Other long-term liabilities	▸ Other current assets ▸ Other non-current assets ▸ Other short-term liabilities ▸ Other long-term liabilities

The derivative financial instruments embedded in the Mandatory Exchangeable Bonds (MEB) are included in the statement of financial position item short-term accrued expenses and other short-term liabilities (in 2009: long-term accrued expenses and other long-term liabilities) (for details relating to the MEB, please see note 23, Mandatory Exchangeable Bonds). Due to their special character and the difference in valuation, the embedded derivatives are classified separately. Also because of their special character and different valuation, the Contingent Value Rights (CVR) are classified separately from their statement of financial position item.

VALUATION OF FINANCIAL INSTRUMENTS

The carrying amounts of financial instruments at December 31, classified into categories, were as follows:

€ in millions	2010	2009
Loans and receivables	2,950	2,535
Financial liabilities measured at amortized cost	9,977	9,416
Assets measured at fair value [1]	11	11
Liabilities measured at fair value [1]	174	73
Relating to no category	311	106

[1] There are no financial instruments designated as at fair value through profit or loss upon initial recognition.

Estimation of fair values of financial instruments

The significant methods and assumptions used to estimate the fair values of financial instruments are as follows:

Cash and cash equivalents are stated at nominal value which equals the fair value.

The nominal value of short-term financial instruments like accounts receivables and payables and short-term debt represents its carrying amount, which is a reasonable estimate of the fair value due to the relatively short period to maturity of these instruments.

The fair values of the major long-term financial instruments are calculated on the basis of market information. Financial instruments for which market quotes are available are measured with the market quotes at the reporting date. The fair values of the other long-term financial liabilities are calculated at present value of respective future cash flows. To determine these present values, the prevailing interest rates and credit spreads for the Fresenius Group as of the date of the statement of financial position are used. The fair values of the noncontrolling interest subject to put provisions are determined using significant unobservable inputs.

The credit risk exposure related to Fresenius Group's financing receivables is insignificant and any impact on Fresenius Group's operating results from allowances on credit losses of financing receivables can be considered immaterial.

The carrying amounts of derivatives embedded in the MEB and the CVR correspond with their fair values. The embedded derivatives have to be measured at fair value, which is estimated based on a Black-Scholes model. The CVR are traded at the stock exchange in the United States and are therefore valued with the current stock exchange price at the reporting date.

Derivatives, mainly consisting of interest rate swaps and foreign exchange forward contracts, are valued as follows: The fair value of interest rate swaps is calculated by discounting the future cash flows on the basis of the market interest rates applicable for the remaining term of the contract as of the date of the statement of financial position. To determine the fair value of foreign exchange forward contracts, the contracted forward rate is compared to the current forward rate for the remaining term of the contract as of the date of the statement of financial position. The result is then discounted on the basis of the market interest rates prevailing at the date of the statement of financial position for the respective currency.

Fresenius Group's own credit risk is incorporated in the fair value estimation of derivatives that are liabilities. Counterparty credit-risk adjustments are factored into the valuation of derivatives that are assets.

Fair value of financial instruments

The following table presents the carrying amounts and fair values of Fresenius Group's financial instruments as of December 31:

€ in millions	2010 Carrying amount	2010 Fair value	2009 Carrying amount	2009 Fair value
Cash and cash equivalents	**769**	**769**	420	420
Assets recognized at carrying amount	**2,950**	**2,950**	2,535	2,535
Liabilities recognized at carrying amount	**10,031**	**10,259**	9,461	9,611
Liabilities recognized at fair value	**133**	**133**	55	55
Noncontrolling interest subject to put provisions recognized at fair value	**209**	**209**	161	161
Derivatives for hedging purposes	**-225**	**-225**	-115	-115

Derivative and non-derivative financial instruments recognized at fair value are classified according to the three-tier fair value hierarchy. For the fair value measurement of derivatives for hedging purposes, significant other observable inputs are used. Therefore, they are classified as Level 2 in accordance with the defined fair value hierarchy levels. The derivatives embedded in the MEB are also classified as Level 2. The valuation of the CVR is based on the current stock exchange price, they are therefore classified as Level 1. The liabilities recognized at fair value consist of embedded derivatives and the CVR and are consequently classified in their entirety as the lower hierarchy Level 2. The valuation of the noncontrolling interests subject to put provisions is determined using significant unobservable inputs, they are therefore classified as Level 3.

FAIR VALUES OF DERIVATIVE FINANCIAL INSTRUMENTS

€ in millions	Dec. 31, 2010 Assets	Dec. 31, 2010 Liabilities	Dec. 31, 2009 Assets	Dec. 31, 2009 Liabilities
Interest rate contracts (current)	**–**	**43**	–	–
Interest rate contracts (non-current)	**1**	**115**	–	134
Foreign exchange contracts (current)	**8**	**49**	18	11
Foreign exchange contracts (non-current)	**5**	**2**	20	1
Derivatives designated as hedging instruments [1]	**14**	**209**	38	146
Interest rate contracts (current)	**0**	**2**	0	0
Foreign exchange contracts (current) [1]	**10**	**34**	11	17
Foreign exchange contracts (non-current) [1]	**1**	**7**	–	1
Derivatives embedded in the MEB (current)	**0**	**111**	0	0
Derivatives embedded in the MEB (non-current)	**0**	**0**	0	21
Derivatives not designated as hedging instruments	**11**	**154**	11	39

[1] Derivatives designated as hedging instruments and foreign exchange contracts not designated as hedging instruments are classified as derivatives for hedging purposes.

Derivative financial instruments are marked to market each reporting period, resulting in carrying amounts equal to fair values at the reporting date.

Derivatives not designated as hedging instruments, which are derivatives that do not qualify for hedge accounting, are also solely concluded to hedge economic business transactions and not for speculative purposes.

Derivatives for hedging purposes as well as derivatives embedded in the MEB were recognized at gross values within other assets in an amount of €25 million and other liabilities in an amount of €363 million.

The current portions of interest rate contracts and foreign exchange contracts indicated as assets in the previous table are recognized within other current assets in the consolidated statement of financial position, while the current portions of those indicated as liabilities are included in short-term accrued expenses and other short-term liabilities. The non-current portions indicated as assets or liabilities are recognized in other non-current assets or in long-term accrued expenses and other long-term liabilities, respectively. The derivatives embedded in the MEB are recognized within other short-term liabilities (2009: other long-term liabilities).

Effects of financial instruments recorded in the consolidated statement of income

The net gains and losses from financial instruments consisted of allowances for doubtful accounts in an amount of €175 million and foreign currency transactions of -€25 million. In addition, income of €32 million resulted from the fair value measurement of the CVR and expenses of €90 million resulted from the fair value measurement of the derivatives embedded in the MEB. Interest income of €30 million resulted mainly from trade accounts receivable and loans to related parties. Interest expense of €596 million resulted mainly from financial liabilities.

EFFECT OF DERIVATIVES DESIGNATED AS HEDGING INSTRUMENTS ON THE CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	2010		
€ in millions	Gain or loss recognized in other comprehensive income (loss) (effective portion)	Gain or loss reclassified from accumulated other comprehensive income (loss) (effective portion)	Gain or loss recognized in the consolidated statement of income
Interest rate contracts	-25	-8	1
Foreign exchange contracts	-7	-9	-1
Derivatives in cash flow hedging relationships [1]	**-32**	**-17**	**0**
Foreign exchange contracts			-24
Derivatives in fair value hedging relationships			**-24**
Derivatives designated as hedging instruments	**-32**	**-17**	**-24**

[1] The amount of gain or loss recognized in the consolidated statement of income solely relates to the ineffective portion.

	2009		
€ in millions	Gain or loss recognized in other comprehensive income (loss) (effective portion)	Gain or loss reclassified from accumulated other comprehensive income (loss) (effective portion)	Gain or loss recognized in the consolidated statement of income
Interest rate contracts	5	-5	–
Foreign exchange contracts	-6	2	–
Derivatives in cash flow hedging relationships [1]	**-1**	**-3**	**–**
Foreign exchange contracts			21
Derivatives in fair value hedging relationships			**21**
Derivatives designated as hedging instruments	**-1**	**-3**	**21**

[1] The amount of gain or loss recognized in the consolidated statement of income solely relates to the ineffective portion.

EFFECT OF DERIVATIVES NOT DESIGNATED AS HEDGING INSTRUMENTS ON THE CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Gain or loss recognized in the consolidated statement of income	
€ in millions	2010	2009
Interest rate contracts	–	0
Foreign exchange contracts	**-97**	-22
Derivatives embedded in the MEB	**-90**	-29
Derivatives not designated as hedging instruments	**-187**	-51

Losses from derivatives in fair value hedging relationships and from foreign exchange contracts not designated as hedging instruments recognized in the consolidated statement of income are faced by gains from the underlying transactions in the corresponding amount.

The Fresenius Group expects to recognize a net amount of €4 million of the existing losses for foreign exchange contracts deferred in accumulated other comprehensive income (loss) in the consolidated statement of income within the next 12 months. For interest rate contracts, the Fresenius Group expects to recognize €95 million of losses in the course of normal business during the next 12 months in interest expense.

Gains and losses from foreign exchange contracts and the corresponding underlying transactions are accounted for as cost of sales, selling, general and administrative expenses and net interest. Gains and losses resulting from interest rate contracts are recognized as net interest in the consolidated statement of income. The position other financial result in the consolidated statement of income includes gains and losses from the valuation of the derivatives embedded in the MEB (see note 10, Other financial result).

MARKET RISK

General

The Fresenius Group is exposed to effects related to foreign exchange fluctuations in connection with its international business activities that are denominated in various currencies. In order to finance its business operations, the Fresenius Group issues senior notes, trust preferred securities and commercial papers and enters into mainly long-term credit agreements and euro notes (Schuldscheindarlehen) with banks. Due to these financing activities, the Fresenius Group is exposed to interest risk caused by changes in variable interest rates and the risk of changes in the fair value of statement of financial position items bearing fixed interest rates.

In order to manage the risk of interest rate and foreign exchange rate fluctuations, the Fresenius Group enters into certain hedging transactions with highly rated financial institutions as authorized by the Management Board. Derivative financial instruments are not concluded for trading purposes.

In general, the Fresenius Group conducts its derivative financial instrument activities under the control of a single centralized department. The Fresenius Group has established guidelines derived from best practice standards in the banking industry for risk assessment procedures and supervision concerning the use of financial derivatives. These guidelines require amongst other things a clear segregation of duties in the areas of execution, administration, accounting and controlling.

The Fresenius Group defines benchmarks for individual exposures in order to quantify interest and foreign exchange risks. The benchmarks are derived from achievable and sustainable market rates. Depending on the individual benchmarks, hedging strategies are determined and implemented.

Earnings of the Fresenius Group were not materially affected by hedge ineffectiveness in the reporting period since the critical terms of the interest and foreign exchange derivatives mainly matched the critical terms of the underlying exposures.

Derivative financial instruments

Foreign exchange risk management

The Fresenius Group has determined the euro as its financial reporting currency. Therefore, foreign exchange translation risks resulting from the fluctuation of exchange rates between the euro and the local currencies, in which the financial statements of the foreign subsidiaries are prepared, have an impact on results of operations and financial positions reported in the consolidated financial statements.

Besides translation risks, foreign exchange transaction risks exist, which mainly relate to transactions such as purchases and sales as well as engineering and services provided by the Fresenius Group which are denominated in foreign currencies. A major part of transaction risks arise from products manufactured in Fresenius Group's worldwide production sites which are usually denominated in the local currency of the respective manufacturer and are delivered worldwide to various Fresenius Group entities. These intragroup sales are mainly denominated in euros, U.S. dollars and yens. Therefore, Group companies are exposed to changes of the foreign exchange rates between the invoicing currencies and the local currencies in which they conduct their businesses. Solely for the purpose of hedging existing and foreseeable foreign exchange transaction exposures, the Fresenius Group enters into foreign exchange forward contracts and, on a small scale, foreign exchange options. In order to ensure that no foreign exchange risks result from loans in foreign currencies, the Fresenius Group enters into foreign exchange swap contracts.

As of December 31, 2010, the notional amounts of foreign exchange contracts totaled €3,323 million. These foreign exchange contracts have been entered into to hedge risks from operational business and in connection with loans in foreign currency. The predominant part of the foreign exchange forward contracts to hedge risks from operational business was recognized as cash flow hedge, while foreign exchange contracts in connection with loans in foreign currencies are partly recognized as fair value hedges. The fair values of cash flow hedges and fair value hedges were -€39 million and €1 million, respectively.

The hedge-effective portion of changes in the fair value of foreign exchange forward contracts that are designated and qualified as cash flow hedges of forecasted product purchases and sales is reported in accumulated other comprehensive income (loss). These amounts are subsequently reclassified into earnings as a component of cost of sales or as selling, general and administrative expenses in the same period in which the hedged transaction affects earnings.

As of December 31, 2010, the Fresenius Group was party to foreign exchange contracts with a maximum maturity of 59 months.

In order to estimate and quantify the transaction risks from foreign currencies, the Fresenius Group considers the cash flows reasonably expected for the following three months as the relevant assessment basis for a sensitivity analysis. For this analysis, the Fresenius Group assumes that all foreign exchange rates in which the Group had unhedged positions as of 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 Group's results of operations would be €18 million.

Interest rate risk management

Fresenius Group's interest rate risks mainly arise from money market and capital market transactions of the Group for financing its business activities.

The Fresenius Group enters into interest rate swaps and, on a small scale, into interest rate options in order to hedge against interest rate exposures arising from long-term borrowings at variable rates by swapping them into fixed rates.

For purposes of analyzing the impact of changes in the relevant reference interest rates on Fresenius Group's results of operations, the Group calculates the portion of financial debt which bears variable interest rates and which has not been hedged by means of interest rate swaps or options against rising interest rates. For this particular part of its liabilities, the Fresenius Group assumes an increase in the reference rates of 0.5% compared to the actual rates as of the date of the statement of financial position. The corresponding additional annual interest expense is then compared to the net income attributable to Fresenius SE & Co. KGaA. This analysis shows that an increase of 0.5% in the relevant reference rates would have an effect of less than 1% on the consolidated net income attributable to Fresenius SE & Co. KGaA and Fresenius SE & Co. KGaA shareholders' equity.

The Fresenius Group enters into interest rate swaps that are designated as cash flow hedges effectively converting certain variable interest rate payments, resulting from existing loans and Euro Notes (Schuldscheindarlehen) denominated in U.S. dollars or euros, into fixed interest rate payments. Furthermore, interest rate swaps have been entered into in anticipation of future debt issuances. The U.S. dollar interest rate swaps with a notional volume of US$4,675 million (€3,499 million) and a fair value of -US$184 million (-€138 million) expire at various dates in the years 2011 to 2014. The euro interest rate swaps with a notional volume of €407 million and a fair value of -€21 million expire in the years 2011 to 2016. The U.S. dollar interest rate swaps bear an average interest rate of 3.94% and the euro interest rate swaps bear an average interest rate of 4.34%.

Interest payables and interest receivables in connection with the swap agreements are accrued and recorded as an adjustment to the interest expense at each reporting date.

CREDIT RISK

The Fresenius Group is exposed to potential losses regarding financial instruments in the event of non-performance by counterparties. With respect to derivative financial instruments, it is not expected that any counterparty fails to meet its obligations as the counterparties are highly rated financial institutions. The maximum credit exposure of derivatives is represented by the fair value of those contracts with a positive fair value amounting to €24 million for foreign exchange derivatives at December 31, 2010. No credit exposure existed from interest rate derivatives. The maximum credit risk resulting from the use of non-derivative financial instruments is defined as the total amount of all receivables. In order to control this credit risk, the Management of the Fresenius Group performs an ageing analysis of trade accounts receivable. For details on the ageing analysis and on the allowance for doubtful accounts, please see note 14, Trade accounts receivable.

LIQUIDITY RISK

The liquidity risk is defined as the risk that a company is potentially unable to meet its financial obligations. The Management of the Fresenius Group manages the liquidity of the Group by means of effective working capital and cash management as well as an anticipatory evaluation of refinancing alternatives. The Management of the Fresenius Group believes that existing credit facilities as well as the cash generated by operating activities and additional short-term borrowings are sufficient to meet the Company's foreseeable demand for liquidity (see note 21, Debt and capital lease obligations).

The following table shows the future undiscounted contractual cash flows (including interests) resulting from recognized financial liabilities as well as the fair value of noncontrolling interest subject to put provisions and the fair value of derivative financial instruments:

€ in millions	up to 1 year	1 to 5 years	more than 5 years
Long-term debt and capital lease obligations [1]	557	5,054	110
Short-term debt (including accounts receivable securitization program)	637	0	0
Senior Notes	158	1,719	1,357
Mandatory Exchangeable Bonds [2]	31	0	0
Trade accounts payable	691	–	–
Trust preferred securities	486	–	–
Noncontrolling interest subject to put provisions	69	78	62
Derivative financial instruments	128	124	0
Total	**2,757**	**6,975**	**1,529**

[1] Future interest payments for financial liabilities with variable interest rates were calculated using the latest interest rates fixed prior to December 31, 2010.
[2] The line Mandatory Exchangeable Bonds includes only interests, as the bonds will be exchangeable into shares of Fresenius Medical Care AG & Co. KGaA and not redeemable in cash upon maturity.

31. SUPPLEMENTARY INFORMATION ON CAPITAL MANAGEMENT

The Fresenius Group has a solid financial profile. Capital management includes both equity and debt. A principal objective of Fresenius Group's capital management is to optimize the weighted-average cost of capital. Further, it is sought to achieve a balanced mix of equity and debt. To secure growth on a long-term basis, a capital increase may also be considered in exceptional cases, for instance to finance a major acquisition.

Due to the Company's diversification within the health care sector and the strong market positions of the business segments in global, growing and non-cyclical markets, predictable and sustainable cash flows are generated. They allow a reasonable proportion of debt, i. e. the employment of an extensive mix of financial instruments. Moreover, Fresenius Group's customers are generally of high credit quality.

Equity and debt have developed as follows:

SHAREHOLDERS' EQUITY

€ in millions	Dec. 31, 2010	Dec. 31, 2009
Shareholders' equity	**8,844**	7,491
Total assets	**23,577**	20,882
Equity ratio	**37.5%**	35.9%

Fresenius SE & Co. KGaA is not subject to any capital requirements provided for in its articles of association. Fresenius SE & Co. KGaA has obligations to issue shares out of the Conditional Capital relating to the exercise of stock options and convertible bonds on the basis of the existing 1998, 2003 and 2008 stock option plans (see note 34, Stock options).

DEBT

€ in millions	Dec. 31, 2010	Dec. 31, 2009
Debt	**8,784**	8,299
Total assets	**23,577**	20,882
Debt ratio	**37.3%**	39.7%

According to the definitions in the underlying agreements, the Mandatory Exchangeable Bonds and the Contingent Value Rights are not categorized as debt.

Assuring financial flexibility is the top priority in the Group's financing strategy. This flexibility is achieved through a wide range of financing instruments and a high degree of diversification of the investors. Fresenius Group's maturity profile displays a broad spread of maturities with a high proportion of medium- and long-term financing. In the choice of financing instruments, market capacity, investor diversification, flexibility, credit conditions and the existing maturity profile are taken into account.

The net debt/EBITDA ratio is a key financial figure for the Fresenius Group. As of December 31, 2010, the net debt/EBITDA ratio was 2.6 and was therefore within Fresenius Group's target corridor of 2.5 to 3.0. The net debt/EBITDA ratio is expected to remain within this corridor in 2011.

Fresenius Group's financing strategy is reflected in its credit ratings. Fresenius is covered by the rating agencies Moody's, Standard & Poor's and Fitch.

The following table shows the company rating of Fresenius SE & Co. KGaA:

	Standard & Poor's	Moody's	Fitch
Company rating	BB	Ba1	BB
Outlook	positive	stable	positive

In 2010, all rating agencies increased the outlook:

In April 2010, Standard & Poor's raised the outlook from stable to positive. In May 2010, Moody's increased the outlook from negative to stable. Eventually, Fitch raised the outlook from stable to positive in August 2010.

32. SUPPLEMENTARY INFORMATION ON THE CONSOLIDATED STATEMENT OF CASH FLOWS

The statements of cash flows of the Fresenius Group for the fiscal years 2010 and 2009 are shown on pages 122 to 123.

Cash funds reported in the consolidated statement of cash flows and in the consolidated statement of financial position comprise cash on hand, checks, securities and cash at bank which are readily convertible within three months and are subject to insignificant risk of changes in value.

The following table provides additional information with regard to the consolidated statement of cash flows:

€ in millions	2010	2009
Interest paid	**534**	554
Income taxes paid	**504**	393

Cash paid for acquisitions (without investments in licenses) consisted of the following:

€ in millions	2010	2009
Assets acquired	**562**	348
Liabilities assumed	**-85**	-48
Noncontrolling interest	**-29**	-31
Notes assumed in connection with acquisitions	**-32**	-19
Cash paid	**416**	250
Cash acquired	**-14**	-24
Cash paid for acquisitions, net	**402**	226

33. NOTES ON THE CONSOLIDATED SEGMENT REPORTING

GENERAL

The consolidated segment reporting tables shown on pages 126 to 129 of this annual report are an integral part of the notes.

The Fresenius Group has identified the business segments Fresenius Medical Care, Fresenius Kabi, Fresenius Helios and Fresenius Vamed which corresponds to the internal organizational and reporting structures (Management Approach) at December 31, 2010.

The key data disclosed in conjunction with the consolidated segment reporting correspond to the key data of the internal reporting system of the Fresenius Group. Internal and external reporting and accounting correspond to each other; the same key data and definitions are used.

Sales and proceeds between the segments are indicative of the actual sales and proceeds agreed with third parties. Administrative services are billed in accordance with service level agreements.

The business segments were identified in accordance with FASB ASC Topic 280, Segment Reporting, which defines the segment reporting requirements in the annual financial statements and interim reports with regard to the operating business, product and service businesses and regions. The business segments of the Fresenius Group are as follows:

- Fresenius Medical Care
- Fresenius Kabi
- Fresenius Helios
- Fresenius Vamed
- Corporate / Other

The segment Corporate / Other mainly comprises the holding functions of Fresenius SE & Co. KGaA as well as Fresenius Netcare GmbH, which provides services in the field of information technology as well as Fresenius Biotech, which does not fulfill the characteristics of a reportable segment. In addition, the segment Corporate / Other includes intersegment consolidation adjustments as well as special items in connection with the fair value measurement of the Mandatory Exchangeable Bonds and the Contingent Value Rights.

Details on the business segments are shown on page 131 of the notes.

Segment reporting by region takes account of geographical factors and the similarity of markets in terms of opportunities and risks. The allocation to a particular region is based on the domicile of the customers.

NOTES ON THE BUSINESS SEGMENTS

The key figures used by the Management Board to assess segment performance, have been selected in such a way that they include all items of income and expenses which fall under the area of responsibility of the business segments. The Management Board is convinced that the most suitable performance indicator is the operating income (EBIT). The Management Board believes that, in addition to the operating income, the figure for earnings before interest, taxes and depreciation/amortization (EBITDA) can also help investors to assess the ability of the Fresenius Group to generate cash flows and to meet its financial obligations. The EBITDA figure is also the basis for assessing Fresenius Group's compliance with the terms of its credit agreements (e. g. the Fresenius Medical Care 2006 Senior Credit Agreement or the 2008 Senior Credit Agreement).

Depreciation and amortization is presented for property, plant and equipment, intangible assets with definite useful lives of the respective business segment.

Net interest comprises interest expenses and interest income.

Net income attributable to Fresenius SE & Co. KGaA is defined as earnings after income taxes and noncontrolling interest.

The operating cash flow is the cash provided by/used in operating activities.

The cash flow before acquisitions and dividends is the operating cash flow less net capital expenditure.

Debt comprises bank loans, senior notes, trust preferred securities, capital lease obligations, liabilities relating to outstanding acquisitions as well as intercompany liabilities. The Mandatory Exchangeable Bonds and the Contingent Value Rights are not categorized as debt (see note 31, Supplementary information on capital management).

Capital expenditure mainly includes additions to property, plant and equipment.

Acquisitions refer to the purchase of shares in legally-independent companies and the acquisition of business divisions and intangible assets (e. g. licenses). The key figures shown with regard to acquisitions present the contractual purchase prices comprising amounts paid in cash (less cash acquired), debts assumed and the issuance of shares, whereas for the purposes of the statement of cash flows, only cash purchase price components less acquired cash and cash equivalents are reported.

The EBITDA margin is calculated as a ratio of EBITDA to sales.

The EBIT margin is calculated as a ratio of EBIT to sales.

The return on operating assets (ROOA) is defined as the ratio of EBIT to average operating assets. Operating assets are defined as total assets less deferred tax assets, trade accounts payable and advance payments from customers as well as guaranteed subsidies.

In addition, the key indicators "Depreciation and amortization in % of sales" and "Operating cash flow in % of sales" are also disclosed.

RECONCILIATION OF KEY FIGURES TO CONSOLIDATED EARNINGS

€ in millions	2010	2009
Total EBIT of reporting segments	2,464	2,107
General corporate expenses Corporate/Other (EBIT)	-46	-53
Group EBIT	2,418	2,054
Interest expenses	-596	-602
Interest income	30	22
Other financial result	-66	-31
Income before income taxes	1,786	1,443

RECONCILIATION OF NET DEBT WITH THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION

€ in millions	Dec. 31, 2010	Dec. 31, 2009
Short-term debt	**606**	287
Short-term loans from related parties	**2**	2
Current portion of long-term debt and capital lease obligations	**420**	261
Trust preferred securities of Fresenius Medical Care Capital Trusts (current)	**468**	0
Long-term debt and capital lease obligations, less current portion	**4,919**	5,228
Senior Notes	**2,369**	2,066
Trust preferred securities of Fresenius Medical Care Capital Trusts (non-current)	**0**	455
Debt	**8,784**	8,299
less cash and cash equivalents	**769**	420
Net debt	**8,015**	7,879

The following table shows the non-current assets by geographical region:

€ in millions	Dec. 31, 2010	Dec. 31, 2009
Germany	**3,574**	3,205
Europe (excluding Germany)	**1,984**	1,938
North America	**10,182**	9,241
Asia-Pacific	**882**	681
Latin America	**354**	282
Africa	**47**	37
Total non-current assets [1]	**17,023**	15,384

[1] The aggregate amount of net non-current assets is the sum of non-current assets less deferred tax assets and derivative financial instruments.

In 2010, the Fresenius Group generated sales of €3,355 million (2009: €3,152 million) in Germany. Sales in the United States were €6,849 million in 2010 (2009: €5,976 million).

34. STOCK OPTIONS

COMPENSATION COST IN CONNECTION WITH THE STOCK OPTION PLANS OF THE FRESENIUS GROUP

In 2010, the Fresenius Group recognized compensation cost in an amount of €33 million for convertible bonds and stock options granted since 2006. For stock incentive plans which are performance based, the Fresenius Group recognizes compensation cost over the vesting periods, based on the market values of the underlying stock at the grant date.

FAIR VALUE OF STOCK OPTIONS

The Fresenius Group elected to adopt FAS 123(R), Share-Based Payment, prospectively.

The Fresenius Group uses a binomial option pricing model in determining the fair value of stock options granted under the stock option plans of Fresenius SE & Co. KGaA and Fresenius Medical Care AG & Co. KGaA. Option valuation models require the input of highly subjective assumptions including expected stock price volatility. Fresenius Group's assumptions are based upon its past experiences, market trends and the experiences of other entities of the same size and in similar industries. To incorporate the effects of expected early exercise in the model, an early exercise of vested options was assumed as soon as the share price exceeds 150% of the exercise price. Fresenius Group's stock options have characteristics that vary significantly from traded options and changes in subjective assumptions can materially affect the fair value of the option.

The weighted-average assumptions for the calculation of the fair value of grants of the Fresenius SE Stock Option Plan 2008 made during the years 2010 and 2009 are as follows:

	2010		2009	
€ in millions	December Grant	July Grant	December Grant	July Grant
Expected dividend yield	**1.58%**	**1.92%**	2.33%	2.90%
Risk-free interest rate	**2.38%**	**2.12%**	2.73%	3.04%
Expected volatility	**28.44%**	**28.94%**	28.83%	29.01%
Life of options	**7 years**	**7 years**	7 years	7 years
Exercise price per option in €	**63.94**	**53.49**	39.61	36.89

The expected volatility results from the historical volatility calculated over the expected life of options. The volatility was determined when the fair value of stock options was calculated for the first time and since then has been controlled every year upon issuance of a new tranche.

FRESENIUS SE & CO. KGAA STOCK OPTION PLANS

Description of the Fresenius SE & Co. KGaA stock option plans in place

On December 31, 2010, Fresenius SE (since January 28, 2011: Fresenius SE & Co. KGaA) had three stock option plans in place; the Fresenius AG stock option based plan of 1998 (1998 Plan), the Fresenius AG Stock Option Plan 2003 (2003 Plan) which is based on convertible bonds and the stock option based Fresenius SE Stock Option Plan 2008 (2008 Plan). During 2010, stock options were only granted under the 2008 Plan.

The following descriptions reflect the stock option plans at December 31, 2010 whereas the changes resulting from the conversion of the subscribed capital into bearer ordinary shares in combination with the change of legal form are shown in a separate chapter thereafter.

Stock Option Plan 2008

During 2008, Fresenius SE adopted the 2008 Plan to grant subscription rights to members of the Management Board and managerial employees of the Company and affiliated companies.

Under the 2008 Plan, up to 6.2 million options can be issued, which carry entitlement to obtain 3.1 million ordinary shares and 3.1 million preference shares. Up to 1.2 million options are designated for members of the Management Board of Fresenius SE, up to 3.2 million options are designated for members of the management of directly or indirectly affiliated companies (except for Fresenius Medical Care) and up to 1.8 million options are designated for managerial staff members of Fresenius SE and its affiliated companies (except for Fresenius Medical Care). With respect to the members of Fresenius SE's Management Board, the Supervisory Board has sole authority to grant stock options and administer the 2008 Plan. The Management Board of Fresenius SE has such authority with respect to all other participants in the 2008 Plan. The options can be granted in five tranches with effect as of the first bank working day in July and/or the first bank working day in December. The exercise price of options shall be the average closing price of Fresenius SE's ordinary shares and preference shares, respectively, on the Frankfurt Stock Exchange during the 30 trading days immediately prior to each grant date. For participants in the United States, the exercise price may be the average closing price of both share classes during the 30 calendar days immediately prior to the grant date, if these are higher. Options granted have a seven-year term but can be exercised only after a three-year vesting period. The vesting of options granted is mandatorily subject to the condition, in each case, that the annual success target within the three-year vesting period is achieved. For each such year, the success target is achieved if the consolidated net income attributable to Fresenius SE, adjusted for extraordinary effects, has increased by at least 8% compared to the respective adjusted net income attributable to Fresenius SE of the previous fiscal year. For each year in which the success target has not been met, one-third of the options granted shall forfeit. The adjusted net income attributable to Fresenius SE shall be calculated on the basis of the calculation method of the accounting principles according to U.S. GAAP. For the purposes of the 2008 Plan, the adjusted net income attributable to Fresenius SE is determined and will be verified bindingly by Fresenius SE's auditor during the audit of the consolidated financial statements. The performance targets for 2009 and 2010 were met. Upon exercise of vested options, Fresenius SE has the right to grant treasury shares or a cash payment in lieu of increasing capital by the issuance of new shares. If all conditions are fulfilled, stock options may be exercised throughout the year with the exception of certain pre-determined black-out periods.

Stock Option Plan 2003

During 2003, Fresenius AG adopted the 2003 Plan for members of the Management Board and executive employees. This incentive plan which is based on convertible bonds was replaced by the 2008 Plan and no options have been granted since 2008. Under the 2003 Plan, eligible employees have the right to acquire ordinary and preference shares of Fresenius SE. The bonds expire in ten years and one third of them can be exercised beginning after two, three and four years after the grant date, respectively. Upon issuance of the option, the employees have the right to choose options with or without a stock price target. The conversion price of options subject to a stock price target corresponds to the stock exchange quoted price of the ordinary or preference shares upon the first time the stock exchange quoted price exceeds the initial value (after the share split in 2007: ⅓ of the initial value) by at least 25%. If converted after the share split, the conversion price which entitles to three ordinary shares or preference shares, respectively, is equal to the triple of one third of the initial value. The initial value is the joint average stock exchange price of bearer ordinary shares and non-voting bearer preference shares during the last 30 trading days prior to the date of grant. The conversion price of options without a stock price target is the initial value. In the case of options not subject to a stock price target, the number of convertible bonds awarded to the eligible employee would be 15% less than if the employee elected options subject to the stock price target. Each convertible bond granted after the share split entitles to subscribe one ordinary or preference share, subject to payment of the conversion price. Bonds granted and converted prior to the share split were entitled to subscribe one ordinary or preference share, conversion after the share split entitles to three ordinary or preference shares.

Stock Option Plan 1998

During 1998, Fresenius AG adopted the 1998 Plan for members of the Management Board and executive employees. This stock incentive plan was replaced by the 2003 Plan and no options have been granted since 2003. Under the 1998 Plan, eligible employees have the right to acquire ordinary and preference shares of Fresenius SE. Options granted under this plan have a ten-year term. At December 31, 2010, all options were exercisable. Prior to the share split, one ordinary or one preference share could be acquired for each option. After the share split in 2007, each option entitles to acquire three ordinary or preference shares. The maximum number of ordinary or preference shares to be issued to the members of the Management Board or executive employees has been adjusted accordingly.

Adaptations of the stock option plans due to the change of legal form

Upon registration of Fresenius SE's change of legal form into Fresenius SE & Co. KGaA with the commercial register on January 28, 2011, adaptations of the three stock option plans were required. Due to the conversion of all preference shares into ordinary shares in combination with the change of legal form, all already issued subscription rights under the respective stock option plan are to be satisfied, in case of exercise, with ordinary shares. Furthermore, the beneficiaries under the

2008 Plan are exclusively granted subscription rights for ordinary shares. With regard to the eligible beneficiaries, the members of Fresenius Management SE's Management Board replace the previous members of the Fresenius SE Management Board for future stock option grants. With regard to the 2008 Plan, the Supervisory Board of Fresenius Management SE determines the grants for the Management Board members of that company. All other plan participants will be determined by the Management Board of Fresenius Management SE. In addition, due to the discontinuation of the preference shares, the success target of the 2003 Plan was adjusted to the effect, that it is deemed to be achieved if and when the sum of the following price increases amounts to at least 25%:

- increase of the joint average stock exchange price of ordinary and preference shares from the day of the issuance until the day when the change of legal form took effect
- increase of the stock exchange price of ordinary shares since the change of legal form took effect

Whereas the number of stock options remains unchanged, in future, the exercise price of the stock options corresponds to the stock exchange price of the ordinary share without considering the stock exchange price of the preference share.

The resolved changes to the stock option plans became effective upon the Management Board's resolution on September 27, 2010 with the approval of the Supervisory Board on October 12, 2010.

Transactions during 2010

In 2010, Fresenius SE (since January 28, 2011: Fresenius SE & Co. KGaA) awarded 1,109,738 stock options, including 198,660 options to members of the Management Board of Fresenius SE (since January 28, 2011: Fresenius SE & Co. KGaA), at a weighted-average exercise price of €53.57, a weighted-average fair value of €12.95 each and a total fair value of €14 million, which will be amortized over the three-year vesting period.

During the fiscal year 2010, Fresenius SE (since January 28, 2011: Fresenius SE & Co. KGaA) received cash of €38 million from the exercise of 1,134,714 stock options. The average stock price at the exercise date was €57.56 for ordinary shares and €58.61 for preference shares. The intrinsic value of options exercised in 2010 was €27 million.

Under the 1998 Plan, 134,452 stock options were outstanding and exercisable at December 31, 2010. No options were held by the members of the Fresenius SE (since January 28, 2011: Fresenius SE & Co. KGaA) Management Board. 1,958,284 convertible bonds were outstanding under the 2003 Plan, of which 1,679,338 were exercisable. The members of the Fresenius SE (since January 28, 2011: Fresenius SE & Co. KGaA) Management Board held 419,100 convertible bonds. Out of 3,196,586 outstanding stock options issued under the 2008 Plan, 559,860 were held by the members of the Fresenius SE (since January 28, 2011: Fresenius SE & Co. KGaA) Management Board.

Stock option transactions are summarized as follows:

Ordinary shares Dec. 31	Number of options	Weighted-average exercise price in €	Number of options exercisable
Balance 2008	**2,370,299**	**40.05**	**951,484**
Granted	533,624	33.82	
Exercised	85,821	24.55	
Forfeited	121,376	36.14	
Balance 2009	**2,696,726**	**39.49**	**1,205,185**
Granted	554,869	53.61	
Exercised	567,357	32.90	
Forfeited	39,577	47.82	
Balance 2010	**2,644,661**	**43.87**	**906,895**

Preference shares Dec. 31	Number of options	Weighted-average exercise price in €	Number of options exercisable
Balance 2008	**2,370,299**	**40.21**	**951,484**
Granted	533,624	39.97	
Exercised	85,821	25.24	
Forfeited	121,376	38.10	
Balance 2009	**2,696,726**	**40.73**	**1,205,185**
Granted	554,869	53.54	
Exercised	567,357	34.63	
Forfeited	39,577	48.95	
Balance 2010	**2,644,661**	**44.74**	**906,895**

The following tables provide a summary of fully vested options outstanding and exercisable for both preference and ordinary shares at December 31, 2010:

OPTIONS FOR ORDINARY SHARES

Range of exercise price in €	Options outstanding			Options exercisable		
	Number of options	Weighted-average remaining contractual life in years	Weighted-average exercise price in €	Number of options	Weighted-average remaining contractual life in years	Weighted-average exercise price in €
10.01 – 15.00	58,101	2.50	13.65	58,101	2.50	13.65
15.01 – 20.00	62,394	1.62	19.59	62,394	1.62	19.59
20.01 – 25.00	107,710	3.50	21.96	107,710	3.50	21.96
25.01 – 30.00	180,695	4.46	28.57	180,695	4.46	28.57
30.01 – 35.00	534,638	5.38	33.74	12,530	0.58	30.83
35.01 – 40.00	266,800	5.39	39.23	265,050	5.39	39.24
40.01 – 45.00	46,205	4.92	41.62	0		
45.01 – 50.00	8,484	5.50	48.81	8,484	5.50	48.81
50.01 – 55.00	1,023,730	5.61	54.07	0		
55.01 – 60.00	339,441	6.50	56.43	203,959	6.50	56.43
60.01 – 65.00	4,500	6.92	63.53	0		
70.01 – 75.00	11,963	6.50	70.54	7,972	6.50	70.54
	2,644,661	**5.32**	**43.87**	**906,895**	**4.73**	**36.19**

OPTIONS FOR PREFERENCE SHARES

Range of exercise price in €	Options outstanding			Options exercisable		
	Number of options	Weighted-average remaining contractual life in years	Weighted-average exercise price in €	Number of options	Weighted-average remaining contractual life in years	Weighted-average exercise price in €
10.01 – 15.00	65,799	2.50	12.14	65,799	2.50	12.14
15.01 – 20.00	107,710	3.50	19.00	107,710	3.50	19.00
20.01 – 25.00	54,696	1.50	21.13	54,696	1.50	21.13
25.01 – 30.00	180,695	4.46	29.33	180,695	4.46	29.33
30.01 – 35.00	12,530	0.58	34.73	12,530	0.58	34.73
35.01 – 40.00	550,896	5.45	39.88	28,788	4.50	38.52
40.01 – 45.00	238,012	5.50	40.57	236,262	5.50	40.55
45.01 – 50.00	46,205	4.92	45.40	0		
50.01 – 55.00	1,032,214	5.61	52.98	8,484	5.50	53.01
55.01 – 60.00	339,441	6.50	56.11	203,959	6.50	56.11
60.01 – 65.00	4,500	6.92	64.34	0		
70.01 – 75.00	11,963	6.50	70.14	7,972	6.50	70.14
	2,644,661	**5.32**	**44.74**	**906,895**	**4.73**	**36.25**

At December 31, 2010, the aggregate intrinsic value of exercisable options for ordinary shares and preference shares was €24 million and €25 million, respectively.

At December 31, 2010, total unrecognized compensation costs related to non-vested options granted under the 2003 Plan and the 2008 Plan were €18 million. These costs are expected to be recognized over a weighted-average period of 1.9 years.

FRESENIUS MEDICAL CARE AG & CO. KGAA STOCK OPTION PLANS

Stock Option Plan 2006

On May 9, 2006, as amended on May 15, 2007, the Fresenius Medical Care AG & Co. KGaA Stock Option Plan 2006 (Amended 2006 Plan) was established by resolution of Fresenius Medical Care AG & Co. KGaA's (FMC-AG & Co. KGaA) Annual General Meeting with a conditional capital increase up to €15 million subject to the issue of up to 15 million non-par value bearer ordinary shares with a nominal value of €1.00 each. Under the Amended 2006 Plan, up to 15 million options can be issued, each of which can be exercised to obtain one ordinary share, with up to 3 million options designated for members of the Management Board of Fresenius Medical Care Management AG (FMC Management AG), the general partner, up to 3 million options designated for members of management boards of direct or indirect subsidiaries of FMC-AG & Co. KGaA and up to 9 million options designated for managerial staff members of FMC-AG & Co. KGaA and such subsidiaries. With respect to participants who are members of the Management Board of FMC Management AG, its 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 Management Board of FMC Management AG 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 FMC-AG & Co. KGaA'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 FMC-AG & Co. KGaA'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 Fresenius Medical Care'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 2010 and 2009 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.

Options granted under the Amended 2006 Plan to U.S. participants are non-qualified stock options under the United States Internal Revenue Code of 1986, as amended. Options under the Amended 2006 Plan are not transferable by a participant or a participant's heirs, and may not be pledged, assigned, or otherwise disposed of.

As of December 2010, no further grants will be issued under the Amended 2006 Plan.

2001 International Stock Option Plan

Under the Fresenius Medical Care 2001 International Stock Incentive Plan (2001 Plan), options in the form of convertible bonds with a principal of up to €12 million were issued to the members of the Management Board and other employees of FMC-AG & Co. KGaA representing grants for up to 12 million non-voting preference shares. The convertible bonds have a par value of €1.00 and bear interest at a rate of 5.5%. 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. FMC-AG & Co. KGaA 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 FMC-AG & Co. KGaA 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 FMC-AG & Co. KGaA are recognized as a liability on the Group's statement of financial position.

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 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.

Transactions during 2010

During 2010, FMC-AG & Co. KGaA awarded 2,817,879 options, including 423,300 to members of the Management Board of FMC Management AG, at a weighted-average exercise price of €42.71, a weighted-average fair value of €8.10 each and a total fair value of €23 million, which will be amortized over the three-year vesting period.

During 2010, FMC-AG & Co. KGaA received cash of €73 million from the exercise of stock options and €10 million from a related tax benefit. The intrinsic value of options exercised in 2010 was €38 million.

At December 31, 2010, the Management Board members of FMC Management AG, held 2,178,699 stock options for ordinary shares and employees of FMC-AG & Co. KGaA held 9,973,409 stock options for ordinary shares and 58,663 stock options for preference shares under the various stock-based compensation plans of Fresenius Medical Care.

The table below provides reconciliations for options outstanding at December 31, 2010 as compared to December 31, 2009:

	Number of options in thousand	Weighted-average exercise price in €
Balance at December 31, 2009 (options for ordinary shares)	**11,894**	**30.50**
Granted	2,818	42.71
Exercised	2,532	28.38
Forfeited	28	30.35
Balance at December 31, 2010 (options for ordinary shares)	**12,152**	**33.78**
Balance at December 31, 2009 (options for preference shares)	**147**	**18.35**
Exercised	73	18.57
Forfeited	15	13.95
Balance at December 31, 2010 (options for preference shares)	**59**	**19.19**

The following table provides a summary of fully vested options outstanding and exercisable for both preference and ordinary shares at December 31, 2010:

	Number of options in thousand	Weighted-average remaining contractual life in years	Weighted-average exercise price in €	Aggregate intrinsic value € in millions
Options for ordinary shares	4,316	3	27.99	66
Options for preference shares	59	3	19.19	1

At December 31, 2010, total unrecognized compensation costs related to non-vested options granted under all plans were €33 million. These costs are expected to be recognized over a weighted-average period of 1.6 years.

35. RELATED PARTY TRANSACTIONS

Prof. Dr. h. c. Roland Berger, a member of the Supervisory Board of Fresenius SE & Co. KGaA, is a partner and was the chairman of the supervisory board of Roland Berger Strategy Consultants until August 1, 2010. In 2010, the Fresenius Group paid this company €0.2 million for consulting services rendered. In 2009, no services were rendered to the Fresenius Group by this company.

Klaus-Peter Müller, a member of the Supervisory Board of Fresenius SE & Co. KGaA, is the chairman of the supervisory board of Commerzbank AG. The Fresenius Group maintains business relations with Commerzbank under customary conditions.

Dr. Gerhard Rupprecht, a member of the Supervisory Board of Fresenius SE & Co. KGaA, was a member of the management board of Allianz SE until December 31, 2010 and the chairman of the management board of Allianz Deutschland AG until June 30, 2010. Dr. Franceso De Meo, member of the Management Board of the general partner of Fresenius SE & Co. KGaA, is a member of the supervisory board of Allianz Private Krankenversicherungs-AG. In 2010, the Fresenius Group paid €3 million for insurance premiums to Allianz (2009: €7 million).

Dr. Dieter Schenk, deputy chairman of the Supervisory Board of Fresenius SE until January 28, 2011, member of the Supervisory Board of Fresenius Management SE since March 11, 2010 and deputy chairman of the Supervisory Board of Fresenius Management SE since May 12, 2010, is a partner in the law firm Noerr LLP (formerly: Nörr Stiefenhofer Lutz) that provides legal services to the Fresenius Group. In 2010, the Fresenius Group paid this law firm €1 million for services rendered (2009: €1 million).

36. SUBSEQUENT EVENTS

In 2010, Fresenius initiated a change of its legal form to a partnership limited by shares (KGaA) together with a conversion of the preference shares into ordinary shares. Fresenius SE's change of legal form and stock conversion became effective with their entry in the commercial register on January 28, 2011. The registration of the change of legal form with the commercial register was finally cleared following a court settlement of pending disputes initiated by minority shareholders.

The Company is now operating under the name Fresenius SE & Co. KGaA. All shareholders of the former Fresenius SE are now shareholders of Fresenius SE & Co. KGaA. As part of the transaction, all non-voting preference shares were mandatorily converted into voting ordinary shares at a 1:1 exchange ratio. This simplifies the share structure, increases the liquidity of the Fresenius share, further strengthens Fresenius' position in the capital market, and improves access to the equity market.

In January 2011, Fresenius Medical Care announced the signing of a purchase agreement to acquire International Dialysis Centers (ICD), the dialysis care business of Euromedic International. With the acquisition, Fresenius Medical Care wants to expand its activities in dialysis care especially in Eastern Europe, where IDC is market leader. IDC operates 70 dialysis clinics in 9 countries and currently treats over 8,200 hemodialysis patients, largely in Central and Eastern Europe. After the acquisition is completed, IDC will contribute about US$180 million to the annual sales of Fresenius Medical Care. The acquisition price was €485 million. Closing is subject to necessary regulatory approvals by the relevant anti-trust authorities and is expected to occur in the first half of 2011.

There have been no significant changes in the Fresenius Group's operating environment following the end of the fiscal year 2010. No other events of material importance on the assets and liabilities, financial position, and results of operations of the Group have occurred following the end of the fiscal year.

NOTES IN ACCORDANCE WITH THE GERMAN COMMERCIAL CODE (HGB)

37. COMPENSATION OF THE MANAGEMENT BOARD AND THE SUPERVISORY BOARD

Individualized information regarding the compensation of the members of the Management Board and of the Supervisory Board is disclosed in the audited Compensation Report (see page 27 ff.), which is part of the Management Report.

The Management Board's compensation is, as a whole, performance-oriented and consisted of three components in 2010: non-performance-related compensation (basic salary), performance-related compensation (variable bonus), long-term incentive component (stock options).

The cash compensation paid to the Management Board for the performance of its responsibilities was €9,398 thousand (2009: €9,345 thousand). Thereof, €4,105 thousand (2009: €3,635 thousand) is not performance-related and €4,685 thousand (2009: €5,204 thousand) is performance-related. The amount of the performance-related compensation depends on the achievement of targets relating to the net income of the Fresenius Group and business segments. As a long-term incentive component, the members of the Management Board received 198,660 stock options under the Fresenius SE Stock Option Plan 2008 and 99,600 stock options under the Fresenius Medical AG & Co. KGaA Stock Option Plan 2006.

The payment of a part of the performance-related compensation in an amount of €897 thousand was postponed by two years as a long-term incentive component. The payment depends on the achievement of targets relating to the net income attributable to Fresenius SE & Co. KGaA of the years 2011 and 2012.

The compensation paid to the Supervisory Board and its committees was €1,782 thousand in 2010 (2009: €1,584 thousand). Of this amount, €183 thousand was fixed compensation (2009: €183 thousand), €100 thousand was compensation for committees services (2009: €100 thousand), and €1,499 thousand was variable compensation (2009: €1,301 thousand).

In 2010, to former members of the Management Board, €776 thousand (2009: €744 thousand) was paid. The pension obligation for these persons amounted to €11,039 thousand in 2010 (2009: €9,878 thousand).

In the fiscal years 2010 and 2009, no loans or advance payments of future compensation components were made to members of the Management Board of the former Fresenius SE.

38. AUDITOR'S FEES

In 2010 and 2009, fees for the auditor KPMG AG Wirtschaftsprüfungsgesellschaft were expensed as follows:

€ in millions	2010 Total	2010 Germany	2009 Total	2009 Germany
Audit fees	**15**	**5**	14	5
Audit-related fees	**1**	**–**	–	–
Tax consulting fees	**1**	**–**	1	0
Other fees	**–**	**–**	–	–
Total auditor's fees	**17**	**5**	15	5

39. CORPORATE GOVERNANCE

For each consolidated stock exchange listed entity, the declaration pursuant to Section 161 of the German Stock Corporation Act (Aktiengesetz) has been issued and made available to shareholders on the website of Fresenius SE & Co. KGaA www.fresenius.com under Who we are/Corporate Governance/Declaration of Conformity and of Fresenius Medical Care AG & Co. KGaA www.fmc-ag.com under Investor Relations/Corporate Governance/Declaration of Compliance, respectively.

40. PROPOSAL FOR THE DISTRIBUTION OF EARNINGS

The general partner and the Supervisory Board of Fresenius SE & Co. KGaA propose to the Annual General Meeting that the earnings for 2010 of Fresenius SE (since January 28, 2011: Fresenius SE & Co. KGaA) are distributed as follows:

in €	
Payment of a dividend of €0.86 per bearer ordinary share on the 162,450,090 ordinary shares entitled to dividend	139,707,077.40
Balance to be carried forward	50,880.80
Retained earnings	**139,757,958.20**

41. RESPONSIBILITY STATEMENT

"To the best of our knowledge, and in accordance with the applicable reporting principles, the consolidated financial statements give a true and fair view of the assets, liabilities, financial position and profit or loss of the Group, and the Group management report includes a fair review of the development and performance of the business and the position of the Group, together with a description of the principal opportunities and risks associated with the expected development of the Group."

Bad Homburg v. d. H., February 23, 2011

Fresenius SE & Co. KGaA,
represented by:
Fresenius Management SE, its General Partner

The Management Board

Dr. U. M. Schneider R. Baule Dr. F. De Meo

Dr. J. Götz Dr. B. Lipps S. Sturm Dr. E. Wastler

AUDITOR'S REPORT

To the Fresenius SE & Co. KGaA

We have audited the consolidated financial statements prepared by the Fresenius SE & Co. KGaA (until February 28, 2011: Fresenius SE), Bad Homburg v. d. Höhe, comprising the consolidated statement of income, the consolidated statement of comprehensive income, the consolidated statement of financial position, the consolidated statement of cash flows, the statement of changes in equity and the notes to the consolidated financial statements for the business year from January 1 to December 31, 2010. The preparation of the consolidated financial statements in accordance with Accounting Principles Generally Accepted in the United States of America (U.S. GAAP) is the responsibility of the legal representative of the Company. Our responsibility is to express an opinion on the consolidated financial statements based on our audit. In addition, we have been engaged to express an opinion as to whether the voluntarily prepared group management report is in agreement with the group management report of Fresenius SE & Co. KGaA, Bad Homburg v. d. Höhe, prepared in accordance with § 290 and § 315 HGB [Handelsgesetzbuch "German Commercial Code"] apart from appropriate incorporation of U.S. GAAP financial data.

We conducted our audit of the consolidated financial statements in accordance with § 317 HGB and German generally accepted standards for the audit of financial statements promulgated by the Institut der Wirtschaftsprüfer (IDW). Those standards require that we plan and perform the audit such that misstatements materially affecting the presentation of the net assets, financial position and results of operations in the consolidated financial statements in accordance with the applicable financial reporting framework and in the group management report are detected with reasonable assurance. Knowledge of the business activities and the economic and legal environment of the Group and expectations as to possible misstatements are taken into account in the determination of audit procedures. The effectiveness of the accounting-related internal control system and the evidence supporting the disclosures in the consolidated financial statements and the group management report are examined primarily on a test basis within the framework of the audit. The audit includes assessing the annual financial statements of those entities included in consolidation, the determination of entities to be included in consolidation, the accounting and consolidation principles used and significant estimates made by the legal representative, as well as evaluating the overall presentation of the consolidated financial statements. We believe that our audit provides a reasonable basis for our opinion.

Our audit has not led to any reservations.

In our opinion, based on the findings of our audit, the consolidated financial statements comply with U.S. GAAP and give a true and fair view of the net assets, financial position and results of operations of the Group in accordance with these requirements. The voluntarily prepared group management report is consistent with the consolidated financial statements prepared in accordance with U.S. GAAP and is, apart from appropriate incorporation of U.S. GAAP financial data, in agreement with the group management report of Fresenius SE & Co. KGaA prepared in accordance with § 290 and § 315 HGB, on which we issued an unqualified statutory audit opinion. Based on this, the group management report as a whole provides a suitable view of the Group's position and suitably presents the opportunities and risks of future development.

Frankfurt am Main, February 23, 2011

KPMG AG
Wirtschaftsprüfungsgesellschaft

Hölzl	Hommel
German Public Auditor	German Public Auditor

(This page intentionally left blank)

Unconsolidated Interim Report of Fresenius Finance B.V. as of June 30, 2013
(Dutch GAAP, unaudited)

Interim director's report

Management of Fresenius Finance B.V. (“the company”) hereby presents its unaudited semi-annual financial statements for the financial period ended on 30 June 2013.

General information

The company is a financing company. The principal activities of the company consist of borrowing and lending activities to affiliated companies from Fresenius SE & Co. KGaA.

At balance sheet date the company has issued Eurobonds for EUR 1,000,000,000, the company has Euronotes for EUR 300,000,000 and the company has provided loans to affiliated companies for EUR 1,309,582,781.

The company, statutory seated in‘s-Hertogenbosch, is a private limited company. The ultimate parent company is Fresenius SE & Co. KGaA, Bad Homburg, Germany.

The company is managed by two directors and uses services provided by affiliated companies and external advisers.

The objective of the company is to act as the most appropriate financing company for Fresenius SE & Co. KGaA and affiliated companies.

The company has not experienced significant problems related with the worldwide financial and economical crisis.

Financial information

During 2013, the company continued her role as financing company for the Fresenius group.

The operating result before taxation has decreased from EUR 1,554,770 (H1/2012) to EUR 553,861 for H1/2013. This decrease (on balance) compared with H1/2012 is the result of a lower financial result (decreased with EUR 1,020,917), partly compensated with decreased external costs (decreased with EUR 20,008 compared with H1/2012). The lower financial result is directly linked with the fact that the company provided less loans to affiliated companies.

The balance sheet total has decreased from EUR 2,006,703,917 at the end of 2012 to EUR 1,328,210,303 at the end of H1/2013.

The financial fixed assets decreased by EUR 128,432,776 (mainly due to EUR 640,373,326 new loans provided to affiliated companies offset by EUR 568,060,615 loan redemptions and EUR 200,000,000 loans reclassified to receivables from affiliated companies).

The current assets decreased with EUR 550,291,231 (mainly due to reclassification of EUR 200,000,000 from financial fixed assets offset by repayments of loans by affiliated companies).

The shareholder's equity increased by EUR 2,535,624 to a positive amount of EUR 5,083,597 (partly because of the positive change in hedging reserve of EUR 2,323,001). This negative hedging reserve still reported on the balance sheet will be offset against future interest receipts. Therefore, the company is considered as a going concern. On the other side the result of the current period of EUR 212,622 is added to the unappropriated result under the shareholder's equity. The unappropriated result of 2012 has been added to the retained earnings.

The non-current liabilities decreased by EUR 210,544,485 (mainly because of EUR 200,000,000 Euronotes becoming due in April 2014 which are now reported under current liabilities.

The current liabilities decreased with EUR 470,484,753 (mainly because of EUR 649,744,353 (book value) Eurobonds that were repaid offset by EUR 200,000,000 Euronotes now reported under the current liabilities.

Significant risks and uncertainties depend on the risks and uncertainties in the affiliated companies that have outstanding loans from Fresenius Finance B.V.

Cash flows and funding requirements of the company are driven by the cash flows and funding requirements of the affiliated companies.

Financial and non-financial performance indicators

The net result for the period decreased with EUR 956,682 compared with H1/2012. This is mainly linked with the fact that the company has provided less loans to affiliated companies compared with the same period in previous year.

Incoming cash flow exceeded outgoing cash flows over the period January 2013 till June 2013 and has resulted in a cash and cash equivalents net increase of EUR 232,265.

Personnel related information

During 2013 the company had two directors. One part time director (10% full time equivalent) was on the pay roll during the full period. The second director of the company received no emoluments.

Information regarding financial instruments

General

During the normal course of business, Fresenius Finance B.V. makes use of several financial instruments such as bonds, loans from and to affiliated companies, bank loans and cash balances with banks. Due to the use of these financial instruments, the company is exposed to interest rate risk, foreign currency risk and credit risk. The company uses derivative financial instruments to hedge its exposure to foreign exchange and interest rate risks arising from financing activities. Consequently a major part of the risk is covered. In accordance with its treasury policy, the company does not hold or issue derivative financial instruments for trading purposes.

Credit risk

All financial instruments are concluded with either highly rated financial institutions or companies within the Fresenius SE & Co. KGaA group, which are expected to fully perform under the terms of the agreements. The company continuously monitors changes in credit ratings of counterparties. At the balance sheet date the credit risk concentrates on entities of the Fresenius SE & Co. KGaA group. Fresenius' credit quality is assessed and regularly reviewed by the leading rating agencies Standard & Poor's, Moody's and Fitch. Standard & Poor's rating for Fresenius SE & Co. KGaA is currently BB+ with positive outlook, Moody's rating is currently Ba1with stable outlook and Fitch's rating is currently BB+ with positive outlook.

The company does not expect any counterparties to fail to meet their obligations. The maximum exposure to credit risk is represented by the carrying amount of each financial asset, including derivative financial instruments, in the balance sheet.

Interest rate risk

It is management's policy not to be exposed to significant open interest rate risk positions. Basically loans and borrowings are matched on an individual basis as much as possible. If this is not possible, the company enters into interest rate swaps to hedge the remaining interest rate risks. Interest rate swaps, denominated in euro, have been entered into to achieve an appropriate mix of fixed and floating rate exposure within the company's policy. The swaps related to the Euronotes that matured in 2012 have consequently also matured in 2012. The swaps related to the Euronotes maturing in 2014 mature in 2014 following the maturity of the related loans and have fixed swap rates ranging from 5.495% to 5.905%. As from 31 December 2008 the variable interest on the long-term liabilities is 100% fixed by the interest rate swaps (effective hedge).

The company classifies interest rate swaps as cash flow hedges and states them at fair value. These amounts are recognised in the balance sheet as derivatives.

Foreign currency risk

At 30 June 2013 the company has no foreign currency risk.

Future developments

Investments in financial fixed assets (such as loans to affiliated companies) will be done if necessary for the affiliated companies.

No future activities regarding research and development are expected.

The profitability will mainly depend on the amounts of the loans provided to affiliated companies and the corresponding interest spread.

Incoming and outgoing cash flows are expected to remain in balance.

Responsibility statements

As far as we are aware the interim financial statements give a true and fair view of the assets, liabilities, financial position and the profit or the loss of the company. The interim financial statements give a true and fair view regarding the position on the balance sheet date, the state of affairs during the first half of the financial year of the company and its associated companies whose information is disclosed in the interim financial statements, and the principal risks confronting the company are discussed.

Zeist, 2 August 2013

The Board of Directors

Jos Simons
Bernard Dierickx

Interim balance sheet as at 30 June 2013

(before profit appropriation)

		30/06/2013		31/12/2012	
		EUR	**EUR**	EUR	EUR
Fixed assets					
Fixed assets	*1*	**1,717**		3.589	
Financial fixed assets	*2*	**1,110,893,575**		1,239,326,351	
			1,110,895,292		1,239,329,940
Current assets					
Receivables from affiliated companies	*3*	**216,717,114**		767,008,345	
Other receivables	*4*	**13,653**		13,653	
Cash and cash equivalents	*5*	**584,244**		351,979	
			217,315,011		767,373,977
			1,328,210,303		2,006,703,917
Shareholder's equity					
Issued capital	*6*	**18,151**		18,151	
Share premium reserve	*6*	**1,981,857**		1,981,857	
Hedging reserve	*6*	**-3,846,053**		-6,169,054	
Retained earnings	*6*	**6,717,020**		5,482,024	
Unappropriated result	*6*	**212,622**		1,234,995	
			5,083,597		2,547,973
Non-current liabilities	*7*		**1,091,293,616**		1,301,838,101
Current liabilities	*8*		**231,833,090**		702,317,843
			1,328,210,303		2,006,703,917

Interim profit and loss account for the period ended 30 June 2013

		30/06/2013		30/06/2012	
		EUR	**EUR**	EUR	EUR
Financial result					
Interest and similar income	*9*	**33,183,156**		54,321,872	
Interest and similar charges	*10*	**32,526,972**		52,644,771	
			656,184		1,677,101
Costs of outsourced work and other external costs	*11*		**102,323**		122,331
Operating result before taxation			**553,861**		1,554,770
Taxation on result	*12*		**341,239**		385,466
Net result			**212,622**		1,169,304

Interim cash flow statement for the period till 30 June 2013

	30/06/2013		30/06/2012	
	EUR	**EUR**	EUR	EUR
Result after taxation	**212,622**		1,169,304	
Adjusted for:				
• Changes in working capital (excluding cash and cash equivalents and short-term bank overdrafts)	**2,007,637**		-7,243,430	
• Hedging reserve	**2,323,001**		2,149,161	
• Depreciation fixed assets	**1,872**		1,796	
• Amortisation discount at issue and issue costs Eurobonds	**871,130**		2,432,714	
Cash flow from operating activities		**5,416,262**		-1,490,455
Investments in:				
• Fixed assets	**-**		-1,364	
• Financial fixed assets	**-640,373,326**		-500,000,000	
Divestments in :				
• Financial fixed assets	**568,060,615**		-	
Loans to affiliated companies	**717,128,714**		201,583,246	
Cash flow from investing activities		**644,816,003**		-298,418,118
Issue of Eurobonds	**500,000,000**		500,000,000	
Redemption Euronotes	**-**		-200,000,000	
Redemption Eurobonds	**-1,150,000,000**		-	
Cash flow from financing		**-650,000,000**		300,000,000
Changes in cash equivalents		**232,265**		91,427

Statement of recognised income and expense for the period ended 30 June 2013

	30/06/2013		30/06/2012	
	EUR	**EUR**	EUR	EUR
Net result after taxes attributable to the company		**212,622**		1,169,304
Changes in the fair value of the derivatives recognised in equity	**2,323,001**		2,149,161	
Total of items recognised directly in equity of the company		**2,323,001**		2,149,161
Total result of the legal entity		**2,535,623**		3,318,465

Notes to the semi-annual financial statements

General

Relationship with parent company and principal activities

The company, statutory seated in 's-Hertogenbosch, the Netherlands, is a private limited company. The ultimate parent company is Fresenius SE & Co. KGaA, Bad Homburg, Germany.

The company is a financing company; the principal activities of the company consist of borrowing and lending activities.

The offices of the company are located at Amersfoortseweg 10 E, 3705 GJ ZEIST in the Netherlands.

Basis of preparation

The financial statements have been prepared in accordance with Title 9 of Book 2 of the Netherlands Civil Code.

Solvency

Given the objectives of the company, the company is economically interrelated with the ultimate holding company, Fresenius SE & Co. KGaA, Germany. In assessing the solvency and general risk profile of the company, the solvency of the Fresenius SE & Co. KGaA group as a whole needs to be considered.

Accounting policies

If not stated otherwise, assets and liabilities are shown at historical cost.

An asset is disclosed in the balance sheet when it is probable that the expected future economic benefits that are attributable to the asset will flow to the entity and the cost of the asset can be reliably measured. A liability is disclosed in the balance sheet when it is expected to result in an outflow from the entity of resources embodying economic benefits and the amount of the obligation can be measured with sufficient reliability.

If a transaction results in a transfer of future economic benefits or when all risks relating to assets or liabilities transfer to a third party, the asset or liability is no longer included in the balance sheet. Assets and liabilities are not included in the balance sheet if economic benefits are not probable or cannot be measured with sufficient reliability.

The income and expenses are accounted for in the period to which they relate.

The preparation of the interim financial statements requires the management to form opinions and to make estimates and assumptions that influence the application of principles and the reported values of assets and liabilities and of income and expenditure. The actual results may differ from these estimates. The estimates and the underlying assumptions are constantly assessed. Revisions of estimates are recognised in the period in which the estimate is revised and in future periods for which the revision has consequences.

Application of Section 408, book 2 of the Netherlands Civil Code (BW)

The company applied article 408 Book 2 of the Netherlands Civil Code, and was as such exempted from drawing up consolidated financial statements since Fresenius Finance (Jersey) Limited was dissolved in December 2011. The financial information of the company is consolidated in the consolidated financial statements of the ultimate parent company, Fresenius SE & Co. KGaA.

Principles for the translation of foreign currencies

The reporting currency in the financial statements of Fresenius Finance B.V. is the euro (EUR), which is the company's functional currency.

Transactions in foreign currencies are translated at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated to euro at the foreign exchange rate ruling at that date. Foreign exchange differences arising on translation are recognised in the income statement. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are translated to euro at foreign exchange rates ruling at the dates the fair value was determined.

Financial instruments

Financial instruments include investments in shares, trade and other receivables, cash and cash equivalents, loans and other financing commitments, trade and other payables.

Financial instruments also include derivative financial instruments (derivatives) embedded in contracts. These derivatives are not separated from the host contract by the company and are therefore recognised in accordance with the host contract.

Financial instruments are initially recognised at fair value. If instruments are not carried at fair value through profit and loss, then any directly attributable transaction costs are included in the initial measurement.

After initial recognition, financial instruments are valued in the manner described below.

Derivatives and hedge accounting

Derivatives are measured at fair value with recognition of all changes in value in the profit and loss account, except where hedge accounting is used to hedge the variability of future cash flows affecting the profit and loss account (cash flow hedge accounting).

If cash flow hedge accounting is used, the effective portion of the fair value changes of the derivatives is initially recognised in the revaluation reserve. As soon as the expected future transactions lead to the recognition of gains or losses in the profit and loss account, the respective amounts are taken from the revaluation reserve to the profit and loss account. If a hedged position in respect of an expected future transaction leads to the recognition in the balance sheet of a non-financial asset, the company adjust the cost price of this asset in line with the hedging results that have not yet been recognised in the profit and loss account.

In case a derivative no longer meets the conditions for hedge accounting, expires, is sold, or if the company has decided to no longer apply hedge accounting, the hedging relationship is terminated. The gains or losses recognised at the time of the termination of the hedging relationship remain in equity until the expected future transaction takes place. If the transaction is no longer expected to take place, the deferred gain or loss on the hedge recognised in equity is taken to the profit and loss account.

The company regularly assesses the effectiveness of its hedging relationships by comparing the cumulative value change of the hedged position with the cumulative value change of the derivatives.

The lower of the cumulative value change of the hedged position and the cumulative value change of the derivatives is recognised as a deferred gain or loss in the revaluation reserve.

If a derivative is a fair value hedge of a recognised asset or liability or an off-balance sheet commitment arising from a binding agreement, revaluation gains or losses on the derivative are recognised in profit or loss. These revaluation gains or losses are recognised simultaneously with any gains or losses on the hedged position that arise from the fair value change related to the specific risk of the hedged item or position.

The company documents its hedging relationships by means of specific hedging documentation.

The derivatives recorded under the current liabilities are linked with the current portion of the Euronotes. As from 2011 the derivatives linked with the non-current portion of the Euronotes are recorded under the non-current liabilities.

Purchased notes and bonds

Purchased notes and bonds which the company intends to hold to maturity (and is capable of doing so), are measured at amortised cost using the effective interest method, less impairment losses.

Loans granted and other receivables

Loans granted and other receivables are carried at amortised cost using the effective interest method, less impairment losses.

Financial fixed assets

Participating interests are valued at historic costs as the company applies section 408, book 2 BW.

The accounting policies for other financial fixed assets are included under the heading 'financial instruments'.

Dividends are recognised in the period in which they are declared. Interest income is recognised in the profit and loss account as it accrues, using the effective interest method. Any profit or loss is recognised in the profit or loss as accounted for under financial income or expenses.

Interest and similar income

Interest and similar income comprise interest income on funds invested, foreign exchange gains and gains on hedging instruments that are recognised in the income statement. Interest income is recognised in the income statement as it accrues, using the effective interest method.

Interest and similar charges

Interest and similar charges comprise interest charges on borrowings calculated using the effective interest rate method, foreign exchange losses and losses on hedging instruments that are recognised in the income statement.

Costs of outsourced work and other external costs

This concerns costs that are directly attributable to the operations of the company.

Taxation on result

The taxation on result comprises both current taxes payable and deferred taxes, taking account of tax facilities and non-deductible costs. No taxes are deducted from profits if and insofar as said profits can be offset against losses from previous years.

Taxes are deducted from losses if these can be offset against profits in previous years and results in a tax rebate. In addition, taxes may be deducted to the extent that it is probable that future taxable profits will be available against which the asset can be utilised.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date taking into account the tax facilities and any adjustment to tax payable in respect of previous years.

Deferred tax is provided using the balance sheet liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date.

Cash flow statement

The cash flow statement has been prepared using the indirect method. Cash flows in foreign currency are translated into euros at the average weighted exchange rates at the dates of the transactions.

Cash flows from financial derivatives that are stated as fair value hedges or cash flow hedges are attributed to the same category as the cash flows from the hedged balance sheet items. Cash flows from financial derivatives to which hedge accounting is no longer applied, are categorised in accordance with the nature of the instrument as from the date on which the hedge accounting is ended. The company uses the corporate treasury facilities offered by the parent company Fresenius SE & Co. KGaA. Consequently the cash movements need to be considered as cash movements in Fresenius SE & Co. KGaA on behalf of Fresenius Finance B.V.

Determination of fair value

A number of accounting principles and disclosures require the determination of fair values, for both financial and non-financial assets and liabilities. For measurement and disclosure purposes, the fair value is determined on the basis of the following methods. If applicable, detailed information concerning the principles for determining the fair value is included in the section that specifically relates to the relevant asset or liability.

Financial assets

The fair value of financial assets is determined on the basis of the listed closing (bid) price as at reporting date. The fair value of investments held to maturity is only determined for the benefit of the disclosures.

Trade and other receivables

The fair value of trade and other receivables is estimated at the present value of future cash flows.

Derivatives

The fair value of derivative instruments is based on the quoted market price, if available. If there is no market price available, the fair value is estimated on the basis of the expected cash flows discounted at the current interest rates, including a margin for discounting the relevant risks.

Non-derivative financial obligations

The fair value of non-derivative financial commitments is only determined for disclosure purposes and is calculated on the basis of the net present value of future repayments and interest payments, discounted at the market interest rate, including a margin for the relevant risks as at the reporting date.

Other information

1 Fixed assets

The fixed assets can be detailed as follows:

	Book value 30/06/2013 EUR	Book value 31/12/2012 EUR
Office equipment	**287**	589
Hardware	**1,430**	3,000
Balance	**1,717**	3,589

Office equipment is depreciated over 5 years. The asset value of the office equipment was EUR 3,015 at start date. The total write-off at 30/06/2013 amounts to EUR 2,728. The remaining book value will be depreciated till 2014.
Hardware is depreciated over 3 years. The asset value of the hardware was EUR 14,025 at start date. The total write-off at 30/06/2013 amounts to EUR 12,595. The remaining book value will be depreciated in 2013.

2 Financial fixed assets

Movements in the financial fixed assets can be detailed as follows:

	Loans to affiliated companies EUR	**Deferred taxes EUR**	**Total EUR**
Balance as at 1 January 2013	**1,237,270,000**	**2,056,351**	**1,239,326,351**
• Loans provided	**640,373,326**		**640,373,326**
• Loans redemptions	**-568,060,615**		**-568,060,615**
• Other redemptions			
• Reclassification to Receivables from affiliated companies	**-200,000,000**		**-200,000,000**
• Tax effect of changes in fair value of derivatives recognized in equity		**-745,487**	**-745,487**
Balance as at 30 June 2013	**1,109,582,711**	**1,310,864**	**1,110,893,575**

Loans to affiliated companies:

The loans to affiliated companies as at 30 June 2013 comprise long-term loans to

Fresenius SE & Co. KGaA with a principal amount of EUR 1,009,582,711 (31 December 2012: EUR 872,970,000) containing the following loans

EUR 9,582,711 at 2.12 % due after 2014

EUR 500,000,000 at 2.93 % due in 2020

EUR 500,000,000 at 4.30 % due in 2019

Fresenius Kabi Austria repaid the loans due and the other existing loans are now reported under receivables from affiliated companies.

Fresenius Kabi Italia with a principal amount of EUR 4,500,000 (31 December 2012: EUR 4,500,000) at 5.85 % due in 2014

Fresenius Kabi AG with a principal amount of EUR 36,000,000 (31 December 2012: EUR 36,000,000) at 5.85 % due in 2014

Proserve GMBH with a principal amount of EUR 57,000,000 (31 December 2012: EUR 57,000,000) at 5.85% due in 2014

Clinico Poland with a principal amount of EUR 2,500,000 (31 December 2012: EUR 2,500,000) at 5.85% due in 2014

The loans to affiliated companies are not secured.

The carrying amount of the loans does not significantly differ from the fair value of the loan.

3 Receivables from affiliated companies

	30/06/013 EUR	31/12/2012 EUR
Loans to Fresenius SE & Co. KGaA	**50,700,000**	37,181,394
Loan to Fresenius Kabi Italia	**-**	71,910,000
Loan to Fresenius Kabi AG	**-**	149,797,320
Loans to Fresenius Kabi Austria	**149,300,000**	89,000,000
Loan to Fresenius Kabi Spain	**-**	42,740,000
Loans to Fresenius Kabi Sweden	**-**	326,500,000
Accrued interest to receive from Fresenius SE & Co. KGaA	**11,596,684**	14,372,309
Accrued interest to receive from Fresenius Kabi Austria	**2,251,527**	6,878,442
Accrued interest to receive from Fresenius Kabi Sweden	**-**	7,414,271
Accrued interest to receive from Fresenius Kabi Italia	**129,101**	1,752,976
Accrued interest to receive from Fresenius Kabi Spain	**-**	970,554
Accrued interest to receive from Clinico Poland	**71,723**	72,725
Accrued interest to receive from Fresenius Kabi AG	**1,032,805**	4,426,215
Accrued interest to receive from Fresenius Proserve GMBH	**1,635,274**	1,658,139
Accrued early redemption expenses to be paid by Fresenius SE & Co. KGaA	**-**	12,334,000
	216,717,114	767,008,345

The receivables from affiliated companies as at 30 June 2013 comprise receivables from

Fresenius SE & Co. KGaA with a principal amount of EUR 50,700,000 (31 December 2012: EUR 37,181,394) at 6.10%.

Fresenius Kabi Austria with a principal amount of EUR 149,300,000 (31 December 2012: EUR 89,000,000) at 6.10%.

All receivables from affiliated companies are due within 1 year and have not been pledged.

The carrying amount of the total loans portfolio does not significantly differ from the fair value of the total loans portfolio.

4 Other receivables

	30/06/2013	31/12/2012
	EUR	EUR
Other	**13.653**	13,653
	13,653	13,653

The other receivables include an amount of EUR 13,653 (2012: EUR 13,653) not due within one year.

5 Cash and cash equivalents

Cash at bank and in hand are stated at nominal value and are at free disposal.

6 Shareholders' equity

	Issued capital	**Share premium reserve**	**Hedging reserve**	**Retained earnings**	**Unappro-priated result**	**Total 30/06/2013**	Total 31/12/2012
	EUR	**EUR**	**EUR**	**EUR**	**EUR**	**EUR**	EUR
Balance as at 1 January	**18,151**	**1,981,857**	**-6,169,854**	**5,482,824**	**1,234,995**	**2,547,973**	-1,922,103
Changes:							
Result for the year					**212,622**	**212,622**	1,234,995
Retained earnings				**1,234,995**	**-1,234,995**	**-**	-
Changes in fair value of derivatives recognised in equity			**2,323,001**			**2,323,001**	3,235,081
Balance as at 30 June	**18,151**	**1,981,857**	**-3,846,853**	**6,717,819**	**212,622**	**5,083,597**	2,547,973

Referring to Article 178c sub 1, the authorized share capital of the company consists of 200 shares with a nominal value of EUR 453.78.

According to the Articles of Association, the shares are nominated in guilders NLG 1,000 per share. 40 shares are issued and fully paid. No changes occurred during the year.

The share premium reserve relates to income from the issuance of shares as far nominal value of the shares (income above par) is exceeded. No changes occurred during the year.

The hedging reserve comprises the effective portion of the cumulative net change in the fair value of cash flow hedging instruments related to hedged transactions that have not yet occurred, less deferred taxes.

7 Non-current liabilities

This note provides information about the contractual terms of the company's interest-bearing notes and bonds and borrowings. For more information about the company's exposure to interest rate and foreign currency risk, see note 8 - Financial Instruments.

The non-current liabilities can be specified as follows:

	30/06/2013	31/12/2012
	EUR	EUR
Eurobonds	**988,535,160**	993,612,696
Euronotes – non-current portion	**100,000,000**	300,000,000
Derivatives – interest rate swaps related with non-current liabilities	**2,758,456**	8,225,405
	1,091,293,616	1,301,838,101

Eurobonds

The Eurobonds can be detailed as follows:

	Eurobond (2019)	**Eurobond (2020)**	**Total**
	EUR	**EUR**	**EUR**
Face value	**500,000,000**	**500,000,000**	**1,000,000,000**
Issue costs	**-7,106,405**	**-5,948,666**	**-13,055,071**
Accumulated amortisation	**1,226,701**	**363,530**	**1,590,231**
Balance as at 30 June 2013	**494,120,296**	**494,414,864**	**988,535,160**

In January 2006, the company issued a bond with a total nominal value of EUR 1,000 million. This bond comprises one tranche with a nominal value of EUR 500 million, a maturity of 7 years and an annual interest rate of 5.0% and a second tranche with a nominal value of EUR 500 million, a maturity of 10 years and an annual interest rate of 5.5% as well as a call option for the issuer after five years. Fresenius SE & Co. KGaA, Fresenius Kabi AG and Fresenius ProServe GmbH are the guarantors for this issue.

The tranche with a nominal value of EUR 500 million with a maturity of 7 years that became due in January has been repaid.

The second tranche with nominal value of EUR 500 million with an initial maturity date of 10 years has been early repaid in January 2013.

In January 2009, Fresenius Finance B.V. placed a tap on its 2006 Eurobond for a total amount of EUR 150,000,000. An aggregate principal amount of € 150 million was issued at a price of 92.0 % and a coupon of 5.5 %, resulting in a yield to maturity of 7.0 %. This Eurobond had an initial maturity date in 2016 but has been early repaid in January 2013.

The costs related to the early redemption of these Eurobonds have been processed in the 2012 financial statements since the decision to early redempt these Eurobonds was made in 2012. These costs have been recharged to Fresenius SE & Co. KGaA and other Fresenius companies.

In March 2012, Fresenius Finance B.V. issued a new Eurobond for a total amount of EUR 500 million with a coupon of 4.25%. This Eurobond will mature in 2019. Fresenius SE & Co. KGaA, Fresenius Kabi AG and Fresenius ProServe GmbH are the guarantors for this issue.

In January 2013, Fresenius Finance B.V. issued a new Eurobond for a total amount of EUR 500 million with a coupon of 2.875%. This Eurobond will mature in 2020. Fresenius SE & Co. KGaA, Fresenius Kabi AG and Fresenius ProServe GmbH are the guarantors for this issue.

The Eurobonds have been offered in a private placement to institutional investors only.

The fair values of the Fresenius Finance B.V. non-current bonds at June 30, 2013 were as follows (in Mio EUR):

Bond	Nominal	Rate	Fair Value
FFBV 2013/20 2.875 %	500	0.9825	491
FFBV 2012/19 4.250 %	500	1.0575	529

Euronotes

The long term Euronotes can be detailed as follows:

	LBBW (2014) EUR	LBBW (2014) EUR	Total EUR
Face value	**62,000,000**	**38,000,000**	**100,000,000**
• Discount at issue			
• Accumulated amortisation			
• Redemption in 2013			
Balance as at 30 June 2013	**62,000,000**	**38,000,000**	**100,000,000**

The interest rate on the remaining long term Euronotes with a principal amount of EUR 62 million is floating and is based on the 6 months Euribor rate with a surcharge of 0.90% . The company has entered into interest rate swaps to hedge the exposure of floating interest. The interest rate on the remaining Euronotes with a principal amount of EUR 38 million is fixed at 5.753%.

The total fair value of the notes portfolio (non-current) at reporting date amounts to EUR 101,92 million.

Derivatives – non current liabilities

Derivatives, consisting of interest rate swaps are valued as follows. The fair value of interest rate swaps is calculated by discounting the future cash flows on the basis of the market interest rates applicable for the remaining term of the contract as of the date of the statement of financial position. To determine the fair value of foreign exchange forward contracts, the contracted forward is compared to the current forward rate for the remaining term of the contract as of the date of the statements of financial position. The result is then discounted on the basis of the market interest rates prevailing at the date of the statement of financial position for the respective currency.

The movement in derivatives can be detailed as follows:

	Interest rate swaps EUR
Fair value at 01.01.2013	**8,225,405**
Derivatives linked with Euronotes that became current in 2013 reported under current liabilities	**-4,016,616**
Changes in fair value recognized in equity	**-1,099,467**
Changes in fair value recognized in profit and loss statement	**-**
Tax effect of changes in fair value recognized in equity	**-350,866**
Fair value at 30.06.2013	**2,758,456**

The derivatives can be detailed as follows:

- Floating to fixed interest rate swaps

	EUR	
	Notional amount	**Fair value (before tax)**
Maturing 2 July 2014 fixed at 4.8800 %	**62,000,000**	**-2,758,456**
		-2,758,456

8 Current liabilities

Current liabilities can be specified as follows:

	30/06/2013	31/12/2012
	EUR	EUR
Trade creditors	**52,215**	28,477
Accounts payable to affiliated companies	**38,558**	464,888
Derivatives – interest rate swaps	**2,398,461**	-
Accrued interest	**17,530,027**	38,964,888
Accrued issue costs	**11,464,840**	6,464,128
Accrued early redemption expenses	**-**	5,954,000
Euronotes - Current portion of long term debt	**200,000,000**	-
Eurobonds – Current portion of long term debt	**-**	649,744,353
Corporate income tax	**283,252**	638,546
Other liabilities	**65,737**	58,563
	231,833,090	702,317,843

Accounts payable to affiliated companies

The accounts payable to affiliated companies can be detailed as follows:

	30/06/2013	31/12/2012
	EUR	EUR
Fresenius SE & Co. KGaA	**26,041**	**283,842**
Fresenius Kabi AG	**11,160**	**121,646**
Fresenius Kabi NV	**1,357**	**59,400**
	38.558	**464,888**

Derivatives – current liabilities

Derivatives, consisting of interest rate swaps and foreign exchange forward contracts, are valued as follows. The fair value of interest rate swaps is calculated by discounting the future cash flows on the basis of the market interest rates applicable for the remaining term of the contract as of the date of the statement of financial position. To determine the fair value of foreign exchange forward contracts, the contracted forward is compared to the current forward rate for the remaining term of the contract as of the date of the statements of financial position. The result is then discounted on the basis of the market interest rates prevailing at the date of the statement of financial position for the respective currency.

The movement in derivatives can be detailed as follows:

	Interest rate swaps EUR
Fair value at 01.01.2013	**-**
Derivatives linked with Euronotes that became current in 2013 which were still non-current last year	**4,016,616**
Changes in fair value recognized in equity	**-1,223,534**
Changes in fair value recognized in profit and loss statement	**-**
Tax effect of changes in fair value recognized in equity	**-394,621**
Fair value at 30.06.2013	**2,398,461**

The derivatives can be detailed as follows:

- Floating to fixed interest rate swaps

	EUR	
	Notional amount	**Fair value (before tax)**
Maturing 2 April 2014 fixed at 4.0050 %	**87,500,000**	**-2,398,461**

Accrued issue costs

This is related to issue costs of the Eurobonds that have been prepaid by Fresenius SE & Co. KGaA at issue date of the bonds.

The accrued issue costs of EUR 11,464,840 is the remaining liability at reporting date and has a remaining term between 6 years and 7 years.

Euronotes – current portion of long term debt

The short term portion of the Euronotes can be detailed as follows:

	LBBW (2014) EUR	LBBW (2014) EUR	Total EUR
Face value	**87,500,000**	**112,500,000**	**200,000,000**
• Discount at issue			
• Accumulated amortisation			
• Redemption in 2013			
Balance as at 30 June 2013	**87,500,000**	**112,500,000**	**200,000,000**

The interest rate on the Euronotes of EUR 87.5 million is floating and is based on the 3 months Euribor rate with a surcharge of 1.90 %. The company has entered into interest rate swaps to hedge the exposure of floating interest. The interest rate on the Euronotes EUR 112.5 million is fixed at 5.98 % . The total fair value of the remaining notes portfolio at reporting date amounts to EUR 204.49 million.

Corporate income tax

Based on the 2013 taxable income, the corporate tax advances paid during 2013 and some revised tax positions for previous years, the company still has a corporate tax liability amounting to EUR 283,252 at reporting date.

Financial instruments

General

During the normal course of business, Fresenius Finance B.V. makes use of several financial instruments such as bonds, notes, loans from and to affiliated companies and cash balances with banks. Due to the use of these financial instruments, the company is exposed to interest rate risk, foreign currency risk and credit risk. The company uses derivative financial instruments to hedge its exposure to foreign exchange and interest rate risks arising from financing activities. In accordance with its treasury policy, the company does not hold or issue derivative financial instruments for trading purposes.

Earnings of the company were not materially affected by hedge ineffectiveness in the reporting period since the critical terms of the interest and foreign exchange derivatives matched the critical terms of the underlying exposures.

Credit risk

All financial instruments are concluded with either highly rated financial institutions or companies within the Fresenius SE & Co. KGaA group, which are expected to fully perform under the terms of the agreements. The company continuously monitors changes in credit ratings of counterparties. At the balance sheet date the credit risk concentrates on entities of the Fresenius SE & Co. KGaA group. The corporate credit rating of Fresenius SE & Co. KGaA at reporting date is from Standard & Poor’s BB+ with positive outlook, Moody’s rating is currently Ba1 with stable outlook and Fitch’s rating is currently BB+ with positive outlook.

The company does not except any counterparties to fail to meet their obligations. The maximum exposure to credit risk is represented by the carrying amount of each financial asset, including derivative financial instruments, in the balance sheet.

Interest rate risk

It is management's policy not to be exposed to significant open interest rate risk positions. Basically, lending’s and borrowings are matched on an individual basis as much as possible. If this is not possible, the company enters into interest rate swaps to hedge interest rate risks.

Interest rate swaps, denominated in euro, have been entered into to achieve an appropriate mix of fixed and floating rate exposure within the company's policy. The swaps mature over the next year following the maturity of the related loans and have fixed swap rates ranging from 5.495% to 5.905%. As from 31 December 2008 the variable interest on the long-term liabilities is 100% fixed by the interest rate swaps (effective hedge). The interest rate swaps are linked with Euronotes mentioned in note 7 and note 8.

The company classifies interest rate swaps as cash flow hedges and states them at fair value. These amounts are recognised in the balance sheet as derivatives.

Foreign currency risk

Until 1 September 2011, the company was exposed to foreign currency risk on loans to affiliated companies that are denominated in a currency other than the Euro. The company used forward exchange contracts to hedge its foreign currency risk. Most of the forward exchange contracts had maturities of less than one year after the balance sheet date. Where necessary, the forward exchange contracts were rolled over at maturity.

At balance sheet date the company has no foreign currency risk since the only loan in foreign currency (loan between Fresenius Finance BV and Fresenius Kabi Poland issued in PLN) was entirely settled on 1 September 2011.

9 Interest and similar income

Interest and similar income can be detailed as follows:

	30/06/2013 EUR	30/06/2012 EUR
Interest income Fresenius SE & Co. KGaA	**20,934,970**	**21,204,841**
Interest income Fresenius Kabi Austria	**5,721,631**	**9,754,496**
Interest income Fresenius Kabi Sweden	**1,482,854**	**8,897,125**
Interest income Fresenius Kabi France	**-**	**2,127,746**
Interest income Fresenius Proserve GMBH	**1,644,386**	**1,667,051**
Interest income Fresenius Kabi Spain	**194,111**	**1,164,665**
Interest income Clinico Poland	**72,122**	**73,116**
Interest income Fresenius Kabi AG	**1,741,567**	**5,588,639**
Interest income Fresenius Kabi Italia	**467,298**	**2,673,182**
Recharged interest expenses to Fresenius SE & Co. KGaA	**871,130**	**966,381**
Fair value changes foreign exchange derivatives	**53,087**	**204,589**
Other interest	**-**	**41**
	33,183,156	**54,321,872**

10 Interest and similar charges

Interest expenses and similar charges can be detailed as follows:

	30/06/2013 EUR	30/06/2012 EUR
Interest expense Eurobonds	**23,661,760**	**37,952,721**
Interest expense long-term Euronotes	**8,819,733**	**14,491,924**
Interest expense loan MEB Fresenius Finance Jersey	**-**	**-**
Commission on guarantee Fresenius SE & Co. KGaA -/Fresenius Proserve -/Fresenius Kabi AG	**37,201**	**199,886**
Bank expenses	**678**	**240**
Interest expense income taxes	**7,600**	**-**
	32,526,972	**52,644,771**

11 Costs of outsourced work and other external costs

The costs of outsourced work and other external costs are detailed as follows:

	30/06/2013	30/06/2012
	EUR	EUR
Salaries	**4,015**	4,015
Charged wages and salaries	**26,383**	26,216
Audit fees KPMG	**17,000**	56,584
Tax advisory services KPMG Meijburg & Co	**30,782**	9,924
Rent office building	**7.588**	15,009
Other	**16.555**	10,583
	102.323	122,331

12 Taxation on result

The applicable weighted average tax rate is 61.61 % (H1/2012: 24.79%). This increase in weighted average tax rate compared with H1/2012 is linked with the nil valuation of EUR 212,744 withholding taxes related to the period H1/2013. The corporate income tax liability in the semi-annual profit and loss accounts over 2013 amounts to EUR 128,456 or 23.19% of the result before taxes. Based on the current tax structure of the company the utilization of the withholding tax credit stated on the balance sheet per H1/2013 is uncertain for the near future. Therefore this credit is valuated at nil.

13 Transactions with related parties

It is normal course of business Fresenius Finance B.V. issues loans to affiliated companies. These transactions are conducted on a commercial basis under comparable conditions that apply to transactions with third parties.

14 Employees

During the year 1 part-time director (10% full time equivalent) was employed (2012: 0.10).

15 Emoluments of directors

During half of the year 2013 the remuneration of the part time director (10% full time equivalent) who was on the pay roll amounted to EUR 4,015 (H1/2012: EUR 4,015). The second director of the company received no emoluments during the financial year.

Zeist, 2 August 2013

The Board of Directors

J.M. Simons

B. Dierickx

Other information

Independent auditor's report

This interim reporting package has not been audited.

Statutory stipulations concerning the appropriation of results

Article 20 of the Articles of Association contains the following stipulations regarding the appropriation of results:

Sub 1. The result is at the disposal of the General Meeting of Shareholders.
Sub 2. Payments can only be made for at most the payable part of shareholder's equity.
Sub 3. Payment of profit shall only be distributed after adoption of the financial statements proving that profit distribution is allowed.
Sub 4. The company is allowed to make interim profit distributions provided this article's sub 2 is complied with.
Sub 5. The General Meeting of Shareholders is allowed to make payments chargeable to retained earnings provided this article's sub 2 is complied with.
Sub 6. The shareholder's claim on payment becomes barred by lapse of five years.

Proposal for the appropriation of the result

In accordance with Article 20 of the Articles of Association, the result after taxation is at the disposal of the Shareholders.

Events after balance sheet date

None

Fresenius Finance B.V.

Statement from the Board of Directors

FRESENIUS FINANCE B.V.

Statement from the Board of Directors

To the best of our knowledge, the financial statements are prepared in accordance with Title 9 of Book 2 of the Netherlands Civil Code and give a true and fair view of the assets, liabilities, financial position and profit and loss of the Company as of 30 June 2013.

The interim management report includes a fair review of the important events which have occurred during the first six months of the financial year and their impact on the financial statements, together with a fair description of the principal risks and uncertainties the Company faces for the remaining six months of the financial year.

Zeist, 2 August 2013

The Board of Directors

Signed by

Joseph Maurice Simons Bernard Dierickx

(This page intentionally left blank)

Unconsolidated Financial Statements of Fresenius Finance B.V. for 2012 (Dutch-GAAP)

Director's report

Management of Fresenius Finance B.V. (“the company”) hereby presents its financial statements for the financial year ended on 31 December 2012.

General information

The company is a financing company. The principal activities of the company consist of borrowing and lending activities to affiliated companies from Fresenius SE & Co. KGaA.

At balance sheet date the company has issued Eurobonds for EUR 1,650,000,000, the company has Euronotes for EUR 300,000,000 and the company has provided loans to affiliated companies for EUR 1,954,398,714.

The company, statutory seated in ‘s-Hertogenbosch, is a private limited company. The ultimate parent company is Fresenius SE & Co. KGaA, Bad Homburg, Germany.

The company is managed by two directors and uses services provided by affiliated companies and external advisers.

The objective of the company is to act as the most appropriate financing company for Fresenius SE & Co. KGaA and affiliated companies.

The company has not experienced significant problems related with the worldwide financial and economical crisis.

Financial information

During 2012, the company continued her role as financing company for the Fresenius group.

The operating result before taxation has increased from EUR 2,698,544 in 2011 to EUR 2,770,041 in 2012. This year-on-year improvement (as compared to 2011) is the result of a higher financial result (increased with EUR 95,387) and partly offset by increased external costs (increased with EUR 23,890).

The balance sheet total has increased from EUR 1,794,168,947 at the end of 2011 to EUR 2,006,703,917 at the end of 2012.

Financial fixed assets decreased by EUR 190,003,553, which is primary due to higher reclassification to receivables from affiliated companies compared with the amount of new long term loans provided.

Current assets increased by EUR 402,530,826, primary due to reclassification from financial fixed assets, new short-term loans issued and an accrual for costs to be incurred in respect of early redemption of loans. This increase is partly offset by repayments of loans by affiliated companies in 2012.

The shareholder’s equity increased by EUR 4,470,076 to a positive amount of EUR 2,547,973, which is mainly due to the change in hedging reserve of EUR 3,235,081 and the result of the current year of EUR 1,234,995 that is added to the unappropriated result under the shareholder’s equity.
Shareholder’s equity still includes a negative hedging reserve at balance sheet date of EUR 6,169,054. This negative hedging reserve will be offset against future interest receipts. Therefore, the company is considered as a going concern.

Non-current liabilities decreased by EUR 144,906,720. In March 2012, a new Eurobond was issued for EUR 500,000,000. The Eurobond due in 2013 is still classified under the non-current liabilities since the company has issued successfully a new long term Eurobond to refinance this Eurobond before due date. The Eurobonds of EUR 500 million and EUR 150 million initially due in 2016 were redeemed early 2013 and are classified as current liabilities at the balance sheet date, accordingly.

Current liabilities increased by EUR 352,971,614, which is explained by the aforementioned reclassification of the Eurobonds of EUR 500 million and EUR 150 million as current liabilities, partially offset by repayment of the EUR 300,000,000 Euronotes in full in 2012.

Significant risks and uncertainties depend on the risks and uncertainties in the affiliated companies that have outstanding loans from Fresenius Finance B.V.

Cash flows and funding requirements of the company are driven by the cash flows and funding requirements of the affiliated companies.

Financial and non-financial performance indicators

Incoming cash flow exceeded outgoing cash flows over the year and has resulted in a cash and cash equivalents net increase of EUR 265,701. Refer to the cash-flow statement for further details.

Personnel related information

During 2012 the company had two directors. One part time director (10% full time equivalent) was on the payroll during the full year. The second director of the company received no emoluments.

Fresenius Finance B.V. deviates from Article 2:166 and 2:276 of Book 2 of the Dutch Civil Code, which states that positions on the management should be distributed in a way so that at least 30% of positions are held by women and at least 30% by men. This deviation has been made to ensure that the Company has competent Executive Board that has required knowledge of the company, manufacturing industry and the Company’s key market areas. When appointing members to the Executive Board, the Company shall aim for a complementary range of experience, gender and age.

Information regarding financial instruments

General

During the normal course of business, Fresenius Finance B.V. makes use of several financial instruments such as bonds, loans from and to affiliated companies, bank loans and cash balances with banks. Due to the use of these financial instruments, the company is exposed to interest rate risk and credit risk. The company uses derivative financial instruments to hedge its exposure to interest rate risks arising from financing activities. Consequently a major part of the risk is covered. In accordance with its treasury policy, the company does not hold or issue derivative financial instruments for trading purposes.

Credit risk

All financial instruments are concluded with either highly rated financial institutions or companies within the Fresenius SE & Co. KGaA group, which are expected to fully perform under the terms of the agreements. The company continuously monitors changes in credit ratings of counterparties. At the balance sheet date the credit risk concentrates on entities of the Fresenius SE & Co. KGaA group. Fresenius' credit quality is assessed and regularly reviewed by the leading rating agencies Moody's, Standard & Poor's, and Fitch. Standard & Poor's rating for Fresenius SE & Co. KGaA is currently BB+ with stable outlook, Moody's rating is currently Ba1 with stable outlook and Fitch's rating is currently BB+ with stable outlook.

The company does not expect any counterparties to fail to meet their obligations. The maximum exposure to credit risk is represented by the carrying amount of each financial asset, including derivative financial instruments, in the balance sheet.

Interest rate risk

It is management's policy not to be exposed to significant open interest rate risk positions. Basically loans and borrowings are matched on an individual basis as much as possible. If this is not possible, the company enters into interest rate swaps to hedge the remaining interest rate risks. Interest rate swaps, denominated in euro, have been entered into to achieve an appropriate mix of fixed and floating rate exposure within the company's policy. The swaps related to the loans due in 2012 have matured in 2012. The swaps related to the loans due in 2014 will also mature in 2014 and have fixed swap rates ranging from 4.005% to 4.8800%. As from 31 December 2008 the variable interest on the long-term liabilities is 100% fixed by the interest rate swaps (effective hedge).

The company classifies interest rate swaps as cash flow hedges and states them at fair value. These amounts are recognised in the balance sheet as derivatives.

Foreign currency risk

The company is not exposed to foreign currency risk.

Future developments

The following transactions occurred in 2013 up to the date of these 2012 financial statements:

- Issue on January 24, 2013 of a EUR 500 million Eurobond with maturity date in 2020.
- Repayment on January 31, 2013 of EUR 500 million Eurobond due on January 31, 2013.
- Early redemption on February 7, 2013 of the EUR 500 million Eurobond initially due in 2016.
- Early redemption on February 7, 2013 of the EUR 150 million Eurobond initially due in 2016.

Investments in financial fixed assets (such as granting of loans to affiliated companies) will be done if necessary for the affiliated companies.

No future activities regarding research and development are expected.

The profitability of the Company will mainly depend on the amounts of the loans provided to affiliated companies and the corresponding interest spread.

These financial statements have been prepared on the basis of the going concern assumption.

Responsibility statements

As far as we are aware the financial statements give a true and fair view of the assets, liabilities, financial position and the profit or the loss of the company. The financial statements give a true and fair view regarding the position on the balance sheet date, the state of affairs during the financial year of the company and its associated companies whose information is disclosed in the financial statements, and the principal risks confronting the company are discussed.

Zeist, 19 April 2013

The Board of Directors
Jos Simons
Bernard Dierickx

Balance sheet as at 31 December 2012

(before profit appropriation)

		2012		2011	
		EUR	**EUR**	EUR	EUR
Fixed assets					
Fixed assets	*1*	**3,589**		5,892	
Financial fixed assets	*2*	**1,239,326,351**		1,429,329,904	
			1,239,329,940		1,429,335,796
Current assets					
Receivables from affiliated companies	*3*	**767,008,345**		364,590,976	
Other receivables	*4*	**13,653**		155,897	
Cash and cash equivalents	*5*	**351,979**		86,278	
			767,363,977		364,833,151
			2,006,703,917		1,794,168,947
Shareholder's equity					
Issued capital	*6*	**18,151**		18,151	
Share premium reserve	*6*	**1,981,857**		1,981,857	
Hedging reserve	*6*	**-6,169,054**		-9,404,135	
Retained earnings	*6*	**5,482,024**		4,569,158	
Unappropriated result	*6*	**1,234,995**		912,866	
			2,547,973		-1,922,103
Non-current liabilities	*7*		**1,301,838,101**		1,446,744,821
Current liabilities	*8*		**702,317,843**		349,346,229
			2,006,703,917		1,794,168,947

Profit and loss account for the year ended 31 December 2012

		2012		2011	
		EUR	**EUR**	EUR	EUR
Financial result					
Interest and similar income	*9*	**123,669,246**		122,241,686	
Interest and similar charges	*10*	**120,637,343**		119,305,170	
			3,031,903		2,936,516
Costs of outsourced work and other external costs	*11*		**261,862**		237,972
Operating result before taxation			**2,770,041**		2,698,544
Taxation on result	*12*		**640,798**		677,129
Withholding taxes	*12*		**894,248**		1,108,549
Net result			**1,234,995**		912,866

Cash flow statement for the year 2012

	2012		2011	
	EUR	EUR	EUR	EUR
Result after taxation	**1,234,995**		912,866	
Adjusted for:				
• Changes in working capital (excluding cash and cash equivalents and short-term bank overdrafts)	**-9,972,258**		-6,921,586	
• Hedging reserve	**3,235,081**		5,257,840	
• Depreciation fixed assets	**3,668**		3,915	
• Amortisation discount at issue and issue costs Eurobonds	**7,873,793**		4,410,451	
Cash flow from operating activities		**2,375,279**		3,663,486
Investments in:				
• Fixed assets	**-1,364**		-	
• Financial fixed assets	**-515,000,000**		-230,000,000	
Divestments in :				
• Financial fixed assets	**-**		232,081,215	
Loans to affiliated companies	**312,891,786**		-7,014,430	
Cash flow from investing activities		**-202,109,578**		-4,933,215
Eurobonds	**500,000,000**		-	
Euronotes	**-300,000,000**		-	
Cash flow from financing		**200,000,000**		-
Changes in cash equivalents		**265,701**		-1,269,729

Statement of recognised income and expense for the year ended 31 December 2012

	2012		2011	
	EUR	**EUR**	EUR	EUR
Net result after taxes attributable to the company		**1,234,995**		912,866
Changes in the fair value of the derivatives recognised in equity	**3,235,081**		5,257,840	
Total of items recognised directly in equity of the company		**3,235,081**		5,257,840
Total result of the legal entity		**4,470,076**		6,170,706

Notes to the 2012 financial statements

General

Relationship with parent company and principal activities

The company, statutory seated in 's-Hertogenbosch, the Netherlands, is a private limited company. The ultimate parent company is Fresenius SE & Co. KGaA, Bad Homburg, Germany.

The company is a financing company; the principal activities of the company consist of borrowing and lending activities.

The offices of the company are located at Amersfoortseweg 10 E, 3705 GJ ZEIST in the Netherlands.

Basis of preparation

The financial statements have been prepared in accordance with Title 9 of Book 2 of the Netherlands Civil Code.

Solvency

Given the objectives of the company, the company is economically interrelated with the ultimate holding company, Fresenius SE & Co. KGaA, Germany. In assessing the solvency and general risk profile of the company, the solvency of the Fresenius SE & Co. KGaA group as a whole needs to be considered.

Accounting policies

If not stated otherwise, assets and liabilities are shown at historical cost.

An asset is disclosed in the balance sheet when it is probable that the expected future economic benefits that are attributable to the asset will flow to the entity and the cost of the asset can be reliably measured. A liability is disclosed in the balance sheet when it is expected to result in an outflow from the entity of resources embodying economic benefits and the amount of the obligation can be measured with sufficient reliability.

If a transaction results in a transfer of future economic benefits or when all risks relating to assets or liabilities transfer to a third party, the asset or liability is no longer included in the balance sheet. Assets and liabilities are not included in the balance sheet if economic benefits are not probable or cannot be measured with sufficient reliability.

The income and expenses are accounted for in the period to which they relate.

The preparation of the financial statements requires the management to form opinions and to make estimates and assumptions that influence the application of principles and the reported values of assets and liabilities and of income and expenditure. The actual results may differ from these estimates. The estimates and the underlying assumptions are constantly assessed. Revisions of estimates are recognised in the period in which the estimate is revised and in future periods for which the revision has consequences.

Principles for the translation of foreign currencies

The reporting currency in the financial statements of Fresenius Finance B.V. is the euro (EUR), which is the company's functional currency.

Transactions in foreign currencies are translated at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated to euro at the foreign exchange rate ruling at that date. Foreign exchange differences arising on translation are recognised in the income statement. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are translated to euro at foreign exchange rates ruling at the dates the fair value was determined.

Financial instruments

Financial instruments include investments in shares, trade and other receivables, cash and cash equivalents, loans and other financing commitments, trade and other payables.

Financial instruments also include derivative financial instruments (derivatives) embedded in contracts. These derivatives are not separated from the host contract by the company and are therefore recognised in accordance with the host contract.

Financial instruments are initially recognised at fair value. If instruments are not carried at fair value through profit and loss, then any directly attributable transaction costs are included in the initial measurement.

After initial recognition, financial instruments are valued in the manner described below.

Derivatives and hedge accounting

Derivatives are measured at fair value with recognition of all changes in value in the profit and loss account, except where hedge accounting is used to hedge the variability of future cash flows affecting the profit and loss account (cash flow hedge accounting).

If cash flow hedge accounting is used, the effective portion of the fair value changes of the derivatives is initially recognised in the revaluation reserve. As soon as the expected future transactions lead to the recognition of gains or losses in the profit and loss account, the respective amounts are taken from the revaluation reserve to the profit and loss account. If a hedged position in respect of an expected future transaction leads to the recognition in the balance sheet of a non-financial asset, the company adjust the cost price of this asset in line with the hedging results that have not yet been recognised in the profit and loss account.

In case a derivative no longer meets the conditions for hedge accounting, expires, is sold, or if the company has decided to no longer apply hedge accounting, the hedging relationship is terminated. The gains or losses recognised at the time of the termination of the hedging relationship remain in equity until the expected future transaction takes place. If the transaction is no longer expected to take place, the deferred gain or loss on the hedge recognised in equity is taken to the profit and loss account.

The company regularly assesses the effectiveness of its hedging relationships by comparing the cumulative value change of the hedged position with the cumulative value change of the derivatives.

The lower of the cumulative value change of the hedged position and the cumulative value change of the derivatives is recognised as a deferred gain or loss in the revaluation reserve.

If a derivative is a fair value hedge of a recognised asset or liability or an off-balance sheet commitment arising from a binding agreement, revaluation gains or losses on the derivative are recognised in profit or loss. These revaluation gains or losses are recognised simultaneously with any gains or losses on the hedged position that arise from the fair value change related to the specific risk of the hedged item or position.

The company documents its hedging relationships by means of specific hedging documentation.

The derivatives recorded under the non-current liabilities are linked with the non-current portion of the Euronotes.

Purchased notes and bonds

Purchased notes and bonds which the company intends to hold to maturity (and is capable of doing so), are measured at amortised cost using the effective interest method, less impairment losses.

Loans granted and other receivables

Loans granted and other receivables are carried at amortised cost using the effective interest method, less impairment losses.

Financial fixed assets

Participating interests are valued at historic costs as the company applies section 408, book 2 BW.

The accounting policies for other financial fixed assets are included under the heading ‘financial instruments’.

Dividends are recognised in the period in which they are declared. Interest income is recognised in the profit and loss account as it accrues, using the effective interest method. Any profit or loss is recognised in the profit or loss as accounted for under financial income or expenses.

Impairment

Assets with a long life should be tested for impairment in the case of changes or circumstances arising that lead to an indication that the carrying amount of the asset will not be recovered. The recoverability of assets in use is determined by comparing the carrying amount of an asset with the estimated present value of the future net cash flows which the asset is expected to generate.

If the carrying amount of an asset exceeds the estimated present value of the future cash flows, impairment is charged to the difference between the carrying amount and the recoverable amount.

Other receivables

The accounting policies applied for the valuation of trade and other receivables and securities are described under the heading ‘Financial instruments’.

Shareholders’ equity

Financial instruments that are designated as equity instruments by virtue of the economic reality are presented under shareholders’ equity. Payments to holders of these instruments are deducted from the shareholders’ equity as part of the profit distribution.

Financial instruments that are designated as a financial liability by virtue of the economic reality are presented under liabilities. Interest, dividends, income and expenditure with respect to these financial instruments are recognised in the profit and loss as financial income or expense.

Non-current liabilities

The valuation of non-current liabilities is explained under the heading ‘Financial instruments’.

Current liabilities

The valuation of current liabilities is explained under the heading ‘Financial instruments’.

Interest and similar income

Interest and similar income comprise interest income on funds invested, foreign exchange gains and gains on hedging instruments that are recognised in the income statement. Interest income is recognised in the income statement as it accrues, using the effective interest method.

Interest and similar charges

Interest and similar charges comprise interest charges on borrowings calculated using the effective interest rate method, foreign exchange losses and losses on hedging instruments that are recognised in the income statement.

Costs of outsourced work and other external costs

This concerns costs that are directly attributable to the operations of the company.

Taxation on result

The taxation on result comprises both current taxes payable and deferred taxes, taking account of tax facilities and non-deductible costs. No taxes are deducted from profits if and insofar as said profits can be offset against losses from previous years.

Taxes are deducted from losses if these can be offset against profits in previous years and results in a tax rebate. In addition, taxes may be deducted to the extent that it is probable that future taxable profits will be available against which the asset can be utilised.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date taking into account the tax facilities and any adjustment to tax payable in respect of previous years.

Deferred tax is provided using the balance sheet liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date.

Share in the result from investments in participating interests

The share in the result of participating interests consists of the share of the company in the result of these participating interests. The results of participating interests acquired or sold during the financial year are stated in the group result from the date of acquisition or until the date of sale respectively.

Cash flow statement

The cash flow statement has been prepared using the indirect method. Cash flows in foreign currency are translated into euros at the average weighted exchange rates at the dates of the transactions.

Cash flows from financial derivatives that are stated as fair value hedges or cash flow hedges are attributed to the same category as the cash flows from the hedged balance sheet items. Cash flows from financial derivatives to which hedge accounting is no longer applied, are categorised in accordance with the nature of the instrument as from the date on which the hedge accounting is ended. The company uses the corporate treasury facilities offered by the parent company Fresenius SE & Co. KGaA. Consequently the cash movements need to be considered as cash movements in Fresenius SE & Co. KGaA on behalf of Fresenius Finance B.V.

Determination of fair value

A number of accounting principles and disclosures require the determination of fair values, for both financial and non-financial assets and liabilities. For measurement and disclosure purposes, the fair value is determined on the basis of the following methods. If applicable, detailed information concerning the principles for determining the fair value is included in the section that specifically relates to the relevant asset or liability.

Financial assets

The fair value of financial assets is determined on the basis of the listed closing (bid) price as at reporting date. The fair value of investments held to maturity is only determined for the benefit of the disclosures.

Trade and other receivables

The fair value of trade and other receivables is estimated at the present value of future cash flows.

Derivatives

The fair value of derivative instruments is based on the quoted market price, if available. If there is no market price available, the fair value is estimated on the basis of the expected cash flows discounted at the current interest rates, including a margin for discounting the relevant risks.

Non-derivative financial obligations

The fair value of non-derivative financial commitments is only determined for disclosure purposes and is calculated on the basis of the net present value of future repayments and interest payments, discounted at the market interest rate, including a margin for the relevant risks as at the reporting date.

1 Fixed assets

Fixed assets are detailed as follows:

	Book value 2012 EUR	Book value 2011 EUR
Office equipment	**589**	1,192
Hardware	**3,000**	4,700
Balance as at 31 December	**3,589**	5,892

Office equipment is depreciated over 5 years. The asset value of the office equipment was EUR 3,015 at start date. The accumulated depreciation at 31/12/2012 amounts to EUR 2,426. The remaining book value will be depreciated till 2014.

Hardware is depreciated over 3 years. The asset value of the hardware was EUR 14,025 at start date. The accumulated depreciation at 31/12/2012 amounts to EUR 11,025. The remaining book value will be depreciated in 2013.

2 Financial fixed assets

Movements in financial fixed assets can be detailed as follows:

	Loans to affiliated companies EUR	**Deferred taxes EUR**	**Total EUR**
Balance as at 1 January 2012	**1,426,122,180**	**3,207,724**	**1,429,329,904**
• Loans provided	**515,000,000**		**515,000,000**
• Loans redemptions			
• Other redemptions			
• Reclassification to Receivables from affiliated companies	**-703,852,180**		**-703,852,180**
• Tax effect of changes in fair value of derivatives recognized in equity		**-1,151,373**	**-1,151,373**
Balance as at 31 December 2012	**1,237,270,000**	**2,056,351**	**1,239,326,351**

Participating interests:

Until 13 December 2011, the company had a 100% participating interest in Fresenius Finance (Jersey) Limited.This company was dissolved on 13 December 2011. As a result of this dissolution the participation of Fresenius Finance BV in Fresenius Finance (Jersey) Limited has ended without any participation result for Fresenius Finance BV in 2011.

Deferred tax asset:

The deferred tax asset comprises the tax effect of the temporary differences between the carrying amount of the interest rate swap liabilities for financial reporting purposes and the amount used for taxation purposes. Reference is made to notes 7 and 8.

Loans to affiliated companies:

The loans to affiliated companies as at 31 December 2012 comprise long-term loans to

Fresenius SE & Co. KGaA with a principal amount of EUR 872,970,000 (31 December 2011: EUR 381,874,860) containing the following loans:

EUR 50,700,000 at 6.10 % due in 2014;

EUR 184,270,000 at 5.45 % due in 2016;

EUR 138,000,000 at 7.40 % due in 2016;

EUR 500,000,000 at 4.30 % due in 2019.

Fresenius Kabi Spain has no long term loans (31 December 2011: EUR 42,740,000) since the long term loan became a short term loan.

Fresenius Kabi Austria with a principal amount of EUR 264,300,000 (31 December 2011: EUR 338,300,000) containing the following loans:

EUR 15,000,000 at 5.45 % due in 2014;

EUR 149,300,000 at 6.10 % due in 2014;

EUR 100,000,000 at 5.45 % due in 2015.

Fresenius Kabi Italia with a principal amount of EUR 4,500,000 (31 December 2011: EUR 82,360,000) at 5.85 % due in 2014.

Fresenius Kabi Sweden has no long term loans (31 December 2011: EUR 326,500,000) since the long term loans became short term loans.

Fresenius Kabi AG with a principal amount of EUR 36,000,000 (31 December 2011: EUR 194,847,320) at 5.85 % due in 2014.

Proserve GMBH with a principal amount of EUR 57,000,000 (31 December 2011: EUR 57,000,000) at 5.85% due in 2014.

Clinico Poland with a principal amount of EUR 2,500,000 (31 December 2011: EUR 2,500,000) at 5.85% due in 2014.

The loans to affiliated companies are not secured.

Based on the fair value of the underlying external debt the management of the company considers that the carrying amount of the provided loans does not significantly differ from the fair value of the loan.

In absence of the availability of the counterparty credit ratings of the individual affiliated companies, the credit risk of Fresenius SE & Co. KGaA has been applied in measuring the fair value of the loans granted to these affiliated companies.

3 Receivables from affiliated companies

	2012 **EUR**	2011 EUR
Loans to Fresenius SE & Co. KGaA	**37,181,394**	227,768,320
Loan to Fresenius Kabi Italia	**71,910,000**	15,000,000
Loan to Fresenius Kabi France	**-**	76,000,000
Loan to Fresenius Kabi AG	**149,797,320**	7,400,000
Loans to Fresenius Kabi Austria	**89,000,000**	-
Loan to Fresenius Kabi Spain	**42,740,000**	-
Loans to Fresenius Kabi Sweden	**326,500,000**	-
Accrued interest to receive from Fresenius SE & Co. KGaA	**14,372,309**	12,618,031
Accrued interest to receive from Fresenius Kabi Austria	**6,878,442**	6,882,027
Accrued interest to receive from Fresenius Kabi France	**-**	2,145,956
Accrued interest to receive from Fresenius Kabi Sweden	**7,414,271**	7,414,271
Accrued interest to receive from Fresenius Kabi Italia	**1,752,976**	2,299,667
Accrued interest to receive from Fresenius Kabi Spain	**970,554**	970,554
Accrued interest to receive from Clinico Poland	**72,725**	72,330
Accrued interest to receive from Fresenius Kabi AG	**4,426,215**	4,370,692
Accrued interest to receive from Fresenius Proserve GMBH	**1,658,139**	1,649,128
Accrued early redemption expenses to be paid by Fresenius SE & Co. KGaA	**12,334,000**	-
	767,008,345	364,590,976

The receivables from affiliated companies as at 31 December 2012 comprise receivables from *Fresenius SE & Co. KGaA* with a principal amount of EUR 37,181,394 (31 December 2011: EUR 227,768,320) containing the following receivables:

EUR 7,543,905 at 5.45%;

EUR 8,589,904 at 5.60%;

EUR 21,047,585 at 5.70%.

Fresenius Kabi Italia with a principal amount of EUR 71,910,000 (31 December 2011: EUR 15,000,000) at 5.45%.

Fresenius Kabi Austria with a principal amount of EUR 89,000,000 (31 December 2011: EUR 0) containing the following receivables:

EUR 50,000,000 at 5.45%;

EUR 39,000,000 at 5.45 %.

Fresenius Kabi Spain with a principal amount of EUR 42,740,000 (31 December 2011: EUR 0) at 5.45%.

Fresenius Kabi Sweden with a principal amount of EUR 326,500,000 (31 December 2011: EUR 0) containing the following receivables:

EUR 258,000,000 at 5.45%;

EUR 68,500,000 at 5.45 %.

Fresenius Kabi AG with a principal amount of EUR 149,797,320 (31 December 2011: EUR 7,400,000) at 5.45%.

The loan from Fresenius Kabi France with a principal amount of EUR 76,000,000 due this year has been repaid by Fresenius Kabi France as expected.

All receivables from affiliated companies are due within 1 year and have not been pledged.

Based on the fair value of the underlying external debt the management of the company considers that the carrying amount of the provided loans does not significantly differ from the fair value of the loan.

In absence of the availability of the counterparty credit ratings of the individual affiliated companies, the credit risk of Fresenius SE & Co. KGaA has been applied in measuring the fair value of the loans granted to these affiliated companies.

The accrued early redemption expenses are related to the early redemption of the EUR 500 million and the EUR 150 million bonds and can be detailed as follows:

- EUR 5,954,000 early redemption premium.
- EUR 980,000 extra amortization on disagio on EUR 500 million Eurobond.
- EUR 5,400,000 extra amortization on disagio on EUR 150 million Eurobond.

4 Other receivables

	2012	2011
	EUR	EUR
Withholding tax credits	**-**	113,487
Other	**13,653**	42,410
	13,653	155,897

The other receivables include an amount of EUR 13,653 (2011: EUR 42,410) not due within one year.

Reference is made to note 12 for further details on withholding taxes.

5 Cash and cash equivalents

Cash at bank and in hand are stated at nominal value and are at free disposal.

6 Shareholders' equity

	Issued capital	Share premium reserve	Hedging reserve	Retained earnings	Unappro-priated result	Total 2012	Total 2011
	EUR	EUR	EUR	EUR	EUR	EUR	EUR
Balance as at 1 January	**18,151**	**1,981,857**	**-9,404,135**	**4,569,158**	**912,866**	**-1,922,103**	-8,092,809
Changes:							
Result for the year					**1,234,995**	**1,234,995**	912,866
Retained earnings				**912,866**	**-912,866**	**-**	-
Changes in fair value of derivatives recognised in equity			**3,235,081**			**3,235,081**	5,257,840
Balance as at 31 December	**18,151**	**1,981,857**	**-6,169,054**	**5,482,024**	**1,234,995**	**2,547,973**	-1,922,103

Referring to Article 178c sub 1, the authorized share capital of the company consists of 200 shares with a nominal value of EUR 453.78.

According to the Articles of Association, the shares are nominated in guilders NLG 1,000 per share. 40 shares are issued and fully paid. No changes occurred during the year.

The share premium reserve relates to income from the issuance of shares as far nominal value of the shares (income above par) is exceeded. No changes occurred during the year.

The hedging reserve comprises the effective portion of the cumulative net change in the fair value of cash flow hedging instruments related to hedged transactions that have not yet occurred, less deferred taxes.

7 Non-current liabilities

This note provides information about the contractual terms of the company's interest-bearing notes and bonds and borrowings. For more information about the company's exposure to interest rate and foreign currency risk, refer to note 8 - Financial Instruments.

The non-current liabilities can be specified as follows:

	2012	2011
	EUR	EUR
Eurobonds	**993,612,696**	1,136,209,661
Euronotes – non-current portion	**300,000,000**	300,000,000
Derivatives – interest rate swaps related with non-current liabilities	**8,225,405**	10,535,160
	1,301,838,101	1,446,744,821

Eurobonds

The Eurobonds can be detailed as follows:

	Eurobond (2019) EUR	Eurobond (2013) EUR	Total EUR
Face value	**500,000,000**	**500,000,000**	**1,000,000,000**
Discount at issue	**-**	**-2,295,000**	**-2,295,000**
Issue costs	**-7,106,405**	**-7,076,075**	**-14,182,480**
Accumulated amortisation	**719,101**	**9,371,075**	**10,090,176**
Balance as at 31 December 2012	**493,612,696**	**500,000,000**	**993,612,696**

In January 2006, the company issued a bond with a total nominal value of EUR 1,000 million. This bond comprises one tranche with a nominal value of EUR 500 million, a maturity of 7 years and an annual interest rate of 5.0% and a second tranche with a nominal value of EUR 500 million, a maturity of 10 years and an annual interest rate of 5.5% as well as a call option for the issuer after five years. Fresenius SE & Co. KGaA, Fresenius Kabi AG and Fresenius ProServe GmbH are the guarantors for this issue.

The tranche with a nominal value of EUR 500 million with a maturity of 7 years that becomes due in January 2013 is still reported under the non-current liabilities since the company has issued successfully a new long term bond to refinance this bond due in January 2013.

In January 2009, Fresenius Finance B.V. placed a tap on its 2006 Eurobond for a total amount of EUR 150,000,000. An aggregate principal amount of € 150 million was issued at a price of 92.0 % and a coupon of 5.5 %, resulting in a yield to maturity of 7.0 %. This Eurobond had an initial maturity date in 2016.

Since the company has decided at balance sheet date to repay in 2013 the tranche with nominal value EUR 500 million (initially due in 2016) and the tap with nominal value EUR 150 million (initially due in 2016) both amounts are reported under the current liabilities.

The costs related to the early redemption of these Eurobonds have been processed in the 2012 financial statements since the decision to early redempt these Eurobonds was made in 2012. These costs have been recharged to Fresenius SE & Co. KGaA and other Fresenius companies.

In March 2012, Fresenius Finance B.V. issued a new Eurobond for a total amount of EUR 500 million with a coupon of 4.25%. This Eurobond will mature in 2019. Fresenius SE & Co. KGaA, Fresenius Kabi AG and Fresenius ProServe GmbH are the guarantors for this issue.

The Eurobonds have been offered in a private placement to institutional investors only.

The fair values of the Fresenius Finance B.V. bonds at December 31, 2012 were as follows (in Mio EUR):

Bond	Nominal	Rate	Fair Value
FFBV 2006/13 5.00 %	500	1.0025	501.25
FFBV 2012/19 4.25 %	500	1.0775	538.75

Euronotes

The long term Euronotes can be detailed as follows:

	LBBW (2014) EUR ('000)	LBBW (2014) EUR ('000)	LBBW (2014) EUR ('000)	LBBW (2014) EUR ('000)	Total EUR ('000)
Face value	62,000	38,000	87,500	112,500	300,000
• Discount at issue					
• Accumulated amortisation					
• Redemption in 2012					
Balance as at 31 December 2012	62,000	38,000	87,500	112,500	300,000

The interest rate on the Euronotes with a principal amount of EUR 62 million is floating and is based on the 6 months Euribor rate with a surcharge of 0.90%. The company has entered into interest rate swaps to hedge the exposure of floating interest.

The interest rate on the Euronotes with a principal amount of EUR 38 million is fixed at 5.753%.

The interest rate on the Euronotes of EUR 87.5 million is floating and is based on the 3 months Euribor rate with a surcharge of 1.90 %. The company has entered into interest rate swaps to hedge the exposure of floating interest.

The interest rate on the Euronotes of EUR 112.5 million is fixed at 5.98%

The total fair value of the non-current Euronotes portfolio amounts to EUR 310.03 million.

Derivatives – noncurrent liabilities

Derivatives, consisting of interest rate swaps, are valued as follows. The fair value of interest rate swaps is calculated by discounting the future cash flows on the basis of the market interest rates applicable for the remaining term of the contract as of the date of the statement of financial position.

The movement in non-current derivatives can be detailed as follows:

	Interest rate swaps EUR
Fair value at 1 January 2012	**10,535,160**
Changes in fair value recognized in equity	**-1,732,316**
Changes in fair value recognized in profit and loss statement	**-**
Tax effect of changes in fair value recognized in equity	**-577,439**
Fair value at 31 December 2012	**8,225,405**

The non- current derivatives can be detailed as follows:

- Floating to fixed interest rate swaps

	EUR	
	Notional amount	**Fair value**
Maturing 2 April 2014 fixed at 4.0050 %	**87,500,000**	**-4,016,616**
Maturing 2 July 2014 fixed at 4.8800 %	**62,000,000**	**-4,208,789**
		-8,225,405

8 Current liabilities

Current liabilities can be specified as follows:

	2012	20111
	EUR	EUR
Trade creditors	**28,477**	17,859
Accounts payable to affiliated companies	**464,888**	521,860
Derivatives – interest rate swaps	**-**	2,076,699
Accrued interest	**38,964,888**	41,722,657
Accrued issue costs	**6,464,128**	4,781,476
Accrued early redemption expenses	**5,954,000**	-
Euronotes - Current portion of long term debt	**-**	300,000,000
Eurobonds – Current portion of long term debt	**649,744,353**	-
Corporate income tax	**638,546**	179,556
Other liabilities	**58,563**	46,122
	702,317,843	349,346,229

Accounts payable to affiliated companies

The accounts payable to affiliated companies can be detailed as follows:

	2012	2011
	EUR	EUR
Fresenius SE & Co. KGaA	**283,842**	285,922
Fresenius Kabi AG	**121,646**	122,538
Fresenius Kabi NV	**59,400**	113,400
	464,888	521,860

Derivatives – current liabilities

Derivatives, consisting of interest rate swap contracts, are valued as follows. The fair value of interest rate swaps is calculated by discounting the future cash flows on the basis of the market interest rates applicable for the remaining term of the contract as of the date of the statement of financial position.

Since the Euronotes where the interest rate swaps were related to have been repaid as expected during the course of 2012, these liabilities no longer exist at balance sheet date.

During 2012, an amount of EUR 1,502,765 of changes in fair value net of taxes linked with interest rate swap contracts was recognized in equity.

Accrued interest

The accrued interest can be detailed as follows:

	2012 EUR	2011 EUR
Eurobond EUR 500,000,000 (2013)	**10,416,667**	10,416,667
Eurobond EUR 500,000,000 (2016)	**11,458,333**	11,458,333
Eurobond EUR 150,000,000 (2016)	**3,437,500**	3,437,500
Eurobond EUR 500,000,000 (2019)	**4,427,083**	-
Euronotes	**9,225,305**	16,410,157
	38,964,888	41,722,657

Accrued issue costs

This is related to issue costs of the Eurobonds that have been prepaid by Fresenius SE & Co. KGaA at issue date of the bonds.

The accrued issue costs of EUR 6,464,128 are the remaining liability at year end of which

- An amount of EUR 1,092,025 has remaining term of < 1 year.
- An amount of EUR 4,060,804 has a remaining term of 1 < 5 years.
- An amount of EUR 1,311,299 has a remaining term of > 5 years.

During 2012, an extra reversal of EUR 2,771,892 accrued issue costs was booked in relation with the early redemption of the EUR 500 million and the EUR 150 million Eurobonds.

Euronotes – current portion of long term debt

The 4 Euronotes with a total amount of EUR 300,000,000 that were due in 2012 were repaid at due date.

Eurobonds – current portion of long term debt

The Eurobonds can be detailed as follows:

	Eurobond (2016) EUR	Eurobond (2016) EUR	Total EUR
Face value	**500,000,000**	**150,000,000**	**650,000,000**
Discount at issue	**-3,430,000**	**-12,000,000**	**-15,430,000**
Issue costs	**-7,076,075**	**-1,500,000**	**-8,576,075**
Accumulated amortisation	**7,374,430**	**7,224,106**	**14,598,536**
Amortisation due to early redemption	**2,063,856**	**708,036**	**2,771,892**
Discount at issue to be charged to Fresenius SE & Co. KGaA due to early redemption	**980,000**	**5,400,000**	**6,380,000**
Balance as at 31 December 2012	**499,912,211**	**149,832,142**	**649,744,353**

Both Eurobonds with initial maturity date in 2016 are presented in these financial statements as current liabilities since the company has decided in 2012 to early redeem these Eurobonds in 2013. These Eurobonds will not be refinanced by a new long term Eurobond at the date of the early redemption. The fair values of these Fresenius Finance B.V. bonds at December 31, 2012 were as follows (in Mio EUR):

Bond	Nominal	Rate	Fair Value
FFBV 2006/16 5.5 %	650	1.01	656.50

Corporate income tax

Based on the 2012 taxable result and taking into consideration the corporate tax advances paid during 2012, the company has a corporate tax liability amounting to EUR 222,888. Due to the revised method of allocation of withholding taxes the company has at balance sheet date the following tax liabilities:

	2012	2011
	EUR	EUR
Tax liability 2012	**222,888**	-
Tax liability 2011	**241,883**	179,556
Tax liability 2010	**91,235**	-
Tax liability 2009	**82,540**	-
	638,546	179,556

Based on the current tax structure of the company the utilization of the withholding tax credit is uncertain for the near future and has been valuated at nil in the financial statements of December 31, 2012. Nevertheless the management of the company expects to be able to utilize this withholding tax credit in the mid-term future. The maximum utilization could result in EUR 2,002,797 withholding tax credit to be offset against future corporate income tax payable.

Financial instruments

General

During the normal course of business, Fresenius Finance B.V. makes use of several financial instruments such as bonds, notes, loans from and to affiliated companies and cash balances with banks. Due to the use of these financial instruments, the company is exposed to interest rate risk and credit risk. The company uses derivative financial instruments to hedge its exposure to interest rate risks arising from financing activities. In accordance with its treasury policy, the company does not hold or issue derivative financial instruments for trading purposes.

Earnings of the company were not materially affected by hedge ineffectiveness in the reporting period since the critical terms of the interest derivatives matched the critical terms of the underlying exposures.

Credit risk

All financial instruments are concluded with either highly rated financial institutions or companies within the Fresenius SE & Co. KGaA group, which are expected to fully perform under the terms of the agreements. The company continuously monitors changes in credit ratings of counterparties. At the balance sheet date the credit risk concentrates on entities of the Fresenius SE & Co. KGaA group.

The corporate credit rating of Fresenius SE & Co. KGaA at year end was for Standard & Poor's BB+ with positive outlook, for Moody's Ba1 with stable outlook and for Fitch's BB+ with stable outlook.
The company does not except any counterparties to fail to meet their obligations. The maximum exposure to credit risk is represented by the carrying amount of each financial asset, including derivative financial instruments, in the balance sheet.

Interest rate risk

It is management's policy not to be exposed to significant open interest rate risk positions. Basically, lending's and borrowings are matched on an individual basis as much as possible. If this is not possible, the company enters into interest rate swaps to hedge interest rate risks.

Interest rate swaps, denominated in euro, have been entered into to achieve an appropriate mix of fixed and floating rate exposure within the company's policy. The swaps mature over the next 2 years following the maturity of the related loans and have fixed swap rates ranging from 4.0050% to 4.8800%. As from 31 December 2008 the variable interest on the long-term liabilities is 100% fixed by the interest rate swaps (effective hedge). The interest rate swaps are linked with the Euronotes mentioned in note 7.

The company classifies interest rate swaps as cash flow hedges and states them at fair value. These amounts are recognised in the balance sheet as derivatives.

Foreign currency risk

At balance sheet date the company has no foreign currency risk.

9 Interest and similar income

Interest and similar income can be detailed as follows:

	2012 **EUR**	2011 EUR
Interest income Fresenius SE & Co. KGaA	**44,676,839**	56,088,942
Interest income Fresenius Kabi Austria	**19,897,943**	19,984,718
Interest income Fresenius Kabi Sweden	**17,794,250**	17,794,250
Interest income Fresenius Kabi France	**2,151,130**	4,412,300
Interest income Fresenius Proserve GMBH	**3,343,512**	3,334,500
Interest income Imm Isola della Scalla	**-**	17,165
Interest income Fresenius Kabi Spain	**2,329,330**	2,329,330
Interest income Fresenius Kabi Poland	**-**	118,890
Interest income Clinico Poland	**146,645**	146,250
Interest income Fresenius Kabi AG	**10,774,182**	10,450,951
Interest income Fresenius Kabi Italia	**4,797,621**	5,453,603
Interest income bank and third parties	**40**	5,371
Recharged loan fee Fresenius SE & Co. KGaA	**-**	108,814
Recharged interest expenses to Fresenius SE & Co. KGaA	**5,423,754**	1,932,761
Recharged disagio on EUR 500 mio Eurobond	**980,000**	-
Recharged disagio on EUR 150 mio Eurobond	**5,400,000**	-
Recharged early redemption fee on EUR 500 mio and EUR 150 mio Eurobond	**5,954,000**	-
Fair value changes foreign exchange derivatives	**-**	63,052
Other interest	**-**	789
	123,669,246	122,241,686

10 Interest and similar charges

Interest expenses and similar charges can be detailed as follows:

	2012	2011
	EUR	EUR
Interest expense Eurobonds	**84,679,349**	65,160,451
Interest expense long-term Euronotes	**23,217,913**	34,357,670
Interest expense loan MEB Fresenius Finance Jersey	**-**	19,309,068
Early redemption fee on on EUR 500 mio and EUR 150 mio Eurobond	**5,954,000**	-
Extra amortization on disagio on EUR 500 mio Eurobond	**980,000**	
Extra amortization on disagio on EUR 150 mio Eurobond	**5,400,000**	
Commission on guarantee Fresenius SE & Co. KGaA -/Fresenius Proserve - /Fresenius Kabi AG	**405,488**	408,460
Fair value changes foreign exchange derivatives	**-**	68,427
Bank expenses	**593**	527
Interest expense income taxes	**-**	567
	120,637,343	119,305,170

11 Costs of outsourced work and other external costs

The costs of outsourced work and other external costs are detailed as follows:

	2012	2011
	EUR	EUR
Salaries	**8,157**	9,004
Charged wages and salaries	**52,400**	47,700
Audit fees KPMG	**79,163**	51,436
Tax advisory services KPMG Meijburg & Co	**43,688**	9,282
Advisory fees	**-**	61,191
Rent office building	**37,958**	38,831
Other	**40,496**	20,528
	261,862	237,972

12 Taxation on result

The applicable weighted average tax rate is 23.13% (2011: 25.09%). The tax liability in the profit and loss accounts over 2012 amounts to EUR 640,798 or 23.13% of the result before taxes.

Based on the current tax structure of the company the utilization of the withholding tax credit stated on the balance sheet per 2012 is uncertain for the near future. Therefore this credit is valuated at nil as of December 31, 2012.

Nevertheless the management of the company expects to be able to utilize this withholding tax credit in the mid-term future. The maximum utilization could result in EUR 2,002,797 withholding tax credit to be offset against future corporate income tax payable.

13 Transactions with related parties

It is normal course of business Fresenius Finance B.V. issues loans to affiliated companies. These transactions are conducted on a commercial basis under comparable conditions that apply to transactions with third parties.

14 Employees

During the year 1 part-time director (10% full time equivalent) was employed (2011: 0.10).

15 Emoluments of directors

During 2012 the remuneration of the part time director (10% full time equivalent) who was on the pay roll amounted to EUR 8,157 (2011: EUR 9,004). The second director of the company received no emoluments during the financial year.

Zeist, 19 April 2013

The Board of Directors

J.M. Simons

B. Dierickx

Other information

Independent auditor's report

Reference is made to the last pages of this report.

Statutory stipulations concerning the appropriation of results

Article 20 of the Articles of Association contains the following stipulations regarding the appropriation of results:

Sub 1. The result is at the disposal of the General Meeting of Shareholders.
Sub 2. Payments can only be made for at most the payable part of shareholder's equity.
Sub 3. Payment of profit shall only be distributed after adoption of the financial statements proving that profit distribution is allowed.
Sub 4. The company is allowed to make interim profit distributions provided this article's sub 2 is complied with.
Sub 5. The General Meeting of Shareholders is allowed to make payments chargeable to retained earnings provided this article's sub 2 is complied with.
Sub 6. The shareholder's claim on payment becomes barred by lapse of five years.

Proposal for the appropriation of the result 2012

The following appropriation of the result after taxes for the year 2012 is proposed to the General Meeting of Shareholders: to include EUR 1,234,995 (100% of the net result after taxes) in the retained earnings within shareholder's equity.

Subsequent events after balance sheet date

The following transactions occurred in 2013 up to the date of these 2012 financial statements :

- Issue on January 24, 2013 of a EUR 500 million Eurobond with maturity date in 2020.
- Repayment on January 31, 2013 of EUR 500 million Eurobond due on January 31, 2013.
- Early redemption on February 7, 2013 of the EUR 500 million Eurobond initially due in 2016.
- Early redemption on February 7, 2013 of the EUR 150 million Eurobond initially due in 2016.

The costs related to the early redemption of the EUR 500 million and the EUR 150 million Eurobonds have been processed in the 2012 financial statements since the decision to early repay these Eurobonds was taken in 2012.

Independent auditor's report

To: the General Meeting of Shareholders of Fresenius Finance B.V.

Report on the financial statements

We have audited the accompanying financial statements 2012 of Fresenius Finance B.V., 's-Hertogenbosch, The Netherlands, which comprise the balance sheet as at 31 December 2012, the profit and loss account for the year then ended and the notes, comprising a summary of the accounting policies and other explanatory information.

Management's responsibility

Management is responsible for the preparation and fair presentation of these financial statements and for the preparation of the directors' report, both in accordance with Part 9 of Book 2 of the Netherlands Civil Code. Furthermore, management is responsible for such internal control as it determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Dutch law, including the Dutch Standards on Auditing. This requires that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of Fresenius Finance B.V. as at 31 December 2012 and of its result for the year then ended in accordance with Part 9 of Book 2 of the Netherlands Civil Code.

Report on other legal and regulatory requirements

Pursuant to the legal requirements under Section 2:393 sub 5 at e and f of the Netherlands Civil Code, except for non-compliance with the requirement of Section 2:392 sub 1 at g of the Netherlands Civil Code to include information in respect of events subsequent to the balance sheet date in the Other information annexed to the financial statements, we have no deficiencies to report as a result of our examination whether the directors' report, to the extent we can assess, has been prepared in accordance with Part 9 of Book 2 of this Code, and whether the information as required under Section 2:392 sub 1 at b - h has been annexed. Further, we report that the directors' report, to the extent we can assess, is consistent with the financial statements as required by Section 2:391 sub 4 of the Netherlands Civil Code.

Rotterdam, 19 April 2013

KPMG Accountants N.V.

A. Thomson RA

(This page intentionally left blank)

Unconsolidated Financial Statements of Fresenius Finance B.V. for 2011 (Dutch-GAAP)

Director's report

Management of Fresenius Finance B.V. ("the company") hereby presents its financial statements for the financial year ended on 31 December 2011.

General information

The company is a financing company. The principal activities of the company consist of borrowing and lending activities to affiliated companies from Fresenius SE & Co. KGaA.

At balance sheet date the company has issued Eurobonds for EUR 1,150,000,000, the company has Euronotes for EUR 600,000,000 and the company has provided loans to affiliated companies for EUR 1,752,290,500.

The company, statutory seated in 's-Hertogenbosch, is a private limited company. The ultimate parent company is Fresenius SE & Co. KGaA, Bad Homburg, Germany.

The company is managed by two directors and uses services provided by affiliated companies and external advisers.

The objective of the company is to act as the most appropriate financing company for Fresenius SE & Co. KGaA and affiliated companies.

The company has not experienced significant problems related with the worldwide financial and economical crisis.

Financial information

During 2011, the company continued her role as financing company for the Fresenius group.

In 2008, the company obtained participating interest in Fresenius Finance (Jersey) Limited. The principal activity of Fresenius Finance (Jersey) Limited was the issue of EUR 554,400,000 5.625%, Mandatory Exchangeable Bonds due 2011. The bonds have been bought by Fresenius Finance B.V. who in turn has sold the bonds to Fresenius SE & Co. KGaA, who has then sold the bonds to institutional investors. The company obtained a sellers loan from Fresenius Jersey Finance (Jersey) and a back-to-back receivers loan from Fresenius SE & Co. KGaA. The terms of the seller loans match the terms of the Mandatory Exchangeable Bonds, including the conversion option. Upon redemption these bonds will be mandatory exchangeable into ordinary shares in Fresenius Medical Care AG & Co. KGaA.

In 2011 the bonds were mandatory exchanged into ordinary shares in Fresenius Medical Care AG & Co. KGaA and both the sellers loan from Fresenius Finance (Jersey) Limited and the back-to-back receivers loan from Fresenius SE & Co. KGaA were settled.

Since the principal activity of Fresenius Finance (Jersey) Limited has ended with this mandatory exchange of the bonds the company was dissolved on 13 December 2011. As a result of this dissolution the participation of Fresenius Finance BV in Fresenius Finance (Jersey) has ended.

The operating result before taxation has increased from EUR 2,463,908 in 2010 to EUR 2,698,544 in 2011. This improvement (on balance) compared with 2010 is the result of a higher financial result (increased with EUR 231,998) and slightly decreased external costs (decreased with EUR 2,638).

The balance sheet total has decreased from EUR 2,358,691,122 at the end of 2010 to EUR 1,794,168,947 at the end of 2011.

The financial fixed assets decreased by EUR 302,280,879 (primary due to reclassification to receivables from affiliated companies).

The current assets decreased with EUR 262,237,380 (primary due to reclassification from financial fixed assets and repayments of loans by affiliated companies).

The shareholder's equity increased by EUR 6,170,706 to a negative amount of EUR 1,922,103 (mainly because of the change in hedging reserve of EUR 5,257,840). This negative hedging reserve will be offset against future interest receipts. Therefore, the company is considered as a going concern. On the other side the result of the current year of EUR 912,866 is added to the unappropriated result under the shareholder's equity.

The non-current liabilities decreased with EUR 304,723,753 (mainly because of EUR 300,000,000 Euronotes becoming due in 2012 which are now reported under current liabilities).

The current liabilities decreased with EUR 265,969,128 (mainly because of the loan of EUR 554,400,000 payable to Fresenius Finance (Jersey) Limited was paid in August 2011, this decrease was partly offset by the EUR 300,000,000 Euronotes that become due in 2012 which are now reported under current liabilities).

Significant risks and uncertainties depend on the risks and uncertainties in the affiliated companies that have outstanding loans from Fresenius Finance B.V.

Cash flows and funding requirements of the company are driven by the cash flows and funding requirements of the affiliated companies.

Financial and non-financial performance indicators

Despite the improvement in operating result of EUR 234,636 the net result decreased with EUR 933,745 compared with 2010. This is mainly due to withholding taxes that are currently not deductable for an amount of EUR 1,108,549.

Outgoing cash flow exceeded incoming cash flows over the year and has resulted in a cash and cash equivalents net decrease of EUR 1,269,729.

Personnel related information

During 2011 the company had two directors. One part time director (10% full time equivalent) was on the pay roll during the full year. The second director of the company received no emoluments.

Information regarding financial instruments

General

During the normal course of business, Fresenius Finance B.V. makes use of several financial instruments such as bonds, loans from and to affiliated companies, bank loans and cash balances with banks. Due to the use of these financial instruments, the company is exposed to interest rate risk, foreign currency risk and credit risk. The company uses derivative financial instruments to hedge its exposure to foreign exchange and interest rate risks arising from financing activities. Consequently a major part of the risk is covered. In accordance with its treasury policy, the company does not hold or issue derivative financial instruments for trading purposes.

Credit risk

All financial instruments are concluded with either highly rated financial institutions or companies within the Fresenius SE & Co. KGaA group, which are expected to fully perform under the terms of the agreements. The company continuously monitors changes in credit ratings of counterparties. At the balance sheet date the credit risk concentrates on entities of the Fresenius SE & Co. KGaA group. Fresenius' credit quality is assessed and regularly reviewed by the leading rating agencies Moody's, Standard & Poor's, and Fitch. Standard & Poor's rating for Fresenius SE & Co. KGaA is currently BB with positive outlook, Moody's rating is currently Ba1with stable outlook and Fitch's rating is currently BB+ with stable outlook.

The company does not expect any counterparties to fail to meet their obligations. The maximum exposure to credit risk is represented by the carrying amount of each financial asset, including derivative financial instruments, in the balance sheet.

Interest rate risk

It is management's policy not to be exposed to significant open interest rate risk positions. Basically loans and borrowings are matched on an individual basis as much as possible. If this is not possible, the company enters into interest rate swaps to hedge the remaining interest rate risks. Interest rate swaps, denominated in euro, have been entered into to achieve an appropriate mix of fixed and floating rate exposure within the company's policy. The swaps mature in 2012 and 2014 following the maturity of the related loans and have fixed swap rates ranging from 5.495% to 5.905%. As from 31 December 2008 the variable interest on the long-term liabilities is 100% fixed by the interest rate swaps (effective hedge).

The company classifies interest rate swaps as cash flow hedges and states them at fair value. These amounts are recognised in the balance sheet as derivatives.

Foreign currency risk

Until 1 September 2011, the company was exposed to foreign currency risk on loans to affiliated companies that were denominated in a currency other than the Euro. The company used forward exchange contracts to hedge its foreign currency risk. Most of the forward exchange contracts had maturities of less than one year after the balance sheet date. Where necessary, the forward exchange contracts were rolled over at maturity.

At balance sheet date the company has no foreign currency risk since the only loan in foreign currency between Fresenius Finance BV and Fresenius Kabi Poland issued in PLN was entirely settled by Fresenius Kabi Poland on 1 September 2011.

Future developments

The company plans a new Senior Notes issue in March 2012 with the company being the issuer and Fresenius SE & Co. KGaA, Fresenius Kabi AG and Fresenius ProServe GmbH being the guarantors.

Investments in financial fixed assets (such as loans to affiliated companies) will be done if necessary for the affiliated companies.

No future activities regarding research and development are expected.

The profitability will mainly depend on the amounts of the loans provided to affiliated companies and the corresponding interest spread.

Incoming and outgoing cash flows are expected to remain in balance.

Responsibility statements

As far as we are aware the financial statements give a true and fair view of the assets, liabilities, financial position and the profit or the loss of the company. The financial statements give a true and fair view regarding the position on the balance sheet date, the state of affairs during the financial year of the company and its associated companies whose information is disclosed in the financial statements, and the principal risks confronting the company are discussed.

Zeist, 28 February 2012

The Board of Directors

Jos Simons
Bernard Dierickx

Balance sheet as at 31 December 2011

(before profit appropriation)

		2011		2010	
		EUR	**EUR**	EUR	EUR
Fixed assets					
Fixed assets	*1*	**5,892**		9,808	
Financial fixed assets	*2*	**1,429,329,904**		1,731,610,783	
			1,429,335,796		1,731,620,591
Current assets					
Receivables from affiliated companies	*3*	**364,590,976**		624,944,926	
Other receivables	*4*	**155,897**		769,598	
Cash and cash equivalents	*5*	**86,278**		1,356,007	
			364,833,151		627,070,531
			1,794,168,947		2,358,691,122
Shareholder's equity					
Issued capital	*6*	**18,151**		18,151	
Share premium reserve	*6*	**1,981,857**		1,981,857	
Hedging reserve	*6*	**-9,404,135**		-14,661,975	
Retained earnings	*6*	**4,569,158**		2,722,547	
Unappropriated result	*6*	**912,866**		1,846,611	
			-1,922,103		-8,092,809
Non-current liabilities	*7*		**1,446,744,821**		1,751,468,574
Current liabilities	*8*		**349,346,229**		615,315,357
			1,794,168,947		2,358,691,122

Profit and loss account for the year ended 31 December 2011

		2011		2010	
		EUR	**EUR**	EUR	EUR
Financial result					
Interest and similar income	*9*	**122,241,686**		133,930,357	
Interest and similar charges	*10*	**119,305,170**		131,225,839	
			2,936,516		2,704,518
Costs of outsourced work and other external costs	*11*		**237,972**		240,610
Operating result before taxation			**2,698,544**		2,463,908
Taxation on result	*12*		**677,129**		617,297
Withholding taxes	*12*		**1,108,549**		-
Net result			**912,866**		1,846,611

Cash flow statement for the year 2011

	2011		2010	
	EUR	**EUR**	EUR	EUR
Result after taxation	**912,866**		1,846,611	
Adjusted for:				
• Changes in working capital (excluding cash and cash equivalents and short-term bank overdrafts)	**-6,921,586**		-3,701,585	
• Hedging reserve	**5,257,840**		1,621,106	
• Exchange result	**-**		-43,434	
• Depreciation fixed assets	**3,915**		2,273	
• Amortisation discount at issue and issue costs Eurobonds	**4,410,451**		4,410,451	
Cash flow from operating activities		**3,663,486**		4,135,422
Investments in:				
• Fixed assets	**-**		-8,057	
• Financial fixed assets	**-230,000,000**		-58,100,000	
Divestments in :				
• Financial fixed assets	**232,081,215**		61,299,921	
Loans to affiliated companies	**-7,014,430**		-6,128,156	
Cash flow from investing activities		**-4,933,215**		-2,936,292
Eurobonds and Euronotes	**-**		-	
Short term bank loans	**-**		-	
Cash flow from financing		**-**		-
Changes in cash equivalents		**-1,269,729**		1,199,130

Statement of recognised income and expense for the year ended 31 December 2011

	2011		2010	
	EUR	**EUR**	EUR	EUR
Net result after taxes attributable to the company		**912,866**		1,846,611
Changes in the fair value of the derivatives recognised in equity	**5,257,840**		1,621,106	
Total of items recognised directly in equity of the company		**5,257,840**		1,621,106
Total result of the legal entity		**6,170,706**		3,467,717

Notes to the 2011 financial statements

General

Relationship with parent company and principal activities

The company, statutory seated in 's-Hertogenbosch, the Netherlands, is a private limited company. The ultimate parent company is Fresenius SE & Co. KGaA, Bad Homburg, Germany.

The company is a financing company; the principal activities of the company consist of borrowing and lending activities.

The offices of the company are located at Amersfoortseweg 10 E, 3705 GJ ZEIST in the Netherlands.

Basis of preparation

The financial statements have been prepared in accordance with Title 9 of Book 2 of the Netherlands Civil Code.

Solvency

Given the objectives of the company, the company is economically interrelated with the ultimate holding company, Fresenius SE & Co. KGaA, Germany. In assessing the solvency and general risk profile of the company, the solvency of the Fresenius SE & Co. KGaA group as a whole needs to be considered.

Accounting policies

If not stated otherwise, assets and liabilities are shown at historical cost.

An asset is disclosed in the balance sheet when it is probable that the expected future economic benefits that are attributable to the asset will flow to the entity and the cost of the asset can be reliably measured. A liability is disclosed in the balance sheet when it is expected to result in an outflow from the entity of resources embodying economic benefits and the amount of the obligation can be measured with sufficient reliability.

If a transaction results in a transfer of future economic benefits or when all risks relating to assets or liabilities transfer to a third party, the asset or liability is no longer included in the balance sheet. Assets and liabilities are not included in the balance sheet if economic benefits are not probable or cannot be measured with sufficient reliability.

The income and expenses are accounted for in the period to which they relate.

The preparation of the financial statements requires the management to form opinions and to make estimates and assumptions that influence the application of principles and the reported values of assets and liabilities and of income and expenditure. The actual results may differ from these estimates. The estimates and the underlying assumptions are constantly assessed. Revisions of estimates are recognised in the period in which the estimate is revised and in future periods for which the revision has consequences.

Application of Section 408, book 2 of the Netherlands Civil Code (BW)

The company applied article 408 Book 2 of the Netherlands Civil Code, and was as such exempted from drawing up consolidated financial statements until Fresenius Finance (Jersey) Limited was dissolved in December 2011. The financial information of the company is consolidated in the consolidated financial statements of the ultimate parent company, Fresenius SE & Co. KGaA.

Principles for the translation of foreign currencies

The reporting currency in the financial statements of Fresenius Finance B.V. is the euro (EUR), which is the company's functional currency.

Transactions in foreign currencies are translated at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated to euro at the foreign exchange rate ruling at that date. Foreign exchange differences arising on translation are recognised in the income statement. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are translated to euro at foreign exchange rates ruling at the dates the fair value was determined.

Financial instruments

Financial instruments include investments in shares, trade and other receivables, cash and cash equivalents, loans and other financing commitments, trade and other payables.

Financial instruments also include derivative financial instruments (derivatives) embedded in contracts. These derivatives are not separated from the host contract by the company and are therefore recognised in accordance with the host contract.

Financial instruments are initially recognised at fair value. If instruments are not carried at fair value through profit and loss, then any directly attributable transaction costs are included in the initial measurement.

After initial recognition, financial instruments are valued in the manner described below.

Derivatives and hedge accounting

Derivatives are measured at fair value with recognition of all changes in value in the profit and loss account, except where hedge accounting is used to hedge the variability of future cash flows affecting the profit and loss account (cash flow hedge accounting).

If cash flow hedge accounting is used, the effective portion of the fair value changes of the derivatives is initially recognised in the revaluation reserve. As soon as the expected future transactions lead to the recognition of gains or losses in the profit and loss account, the respective amounts are taken from the revaluation reserve to the profit and loss account. If a hedged position in respect of an expected future transaction leads to the recognition in the balance sheet of a non-financial asset, the company adjust the cost price of this asset in line with the hedging results that have not yet been recognised in the profit and loss account.

In case a derivative no longer meets the conditions for hedge accounting, expires, is sold, or if the company has decided to no longer apply hedge accounting, the hedging relationship is terminated. The gains or losses recognised at the time of the termination of the hedging relationship remain in equity until the expected future transaction takes place. If the transaction is no longer expected to take place, the deferred gain or loss on the hedge recognised in equity is taken to the profit and loss account.

The company regularly assesses the effectiveness of its hedging relationships by comparing the cumulative value change of the hedged position with the cumulative value change of the derivatives.

The lower of the cumulative value change of the hedged position and the cumulative value change of the derivatives is recognised as a deferred gain or loss in the revaluation reserve.

If a derivative is a fair value hedge of a recognised asset or liability or an off-balance sheet commitment arising from a binding agreement, revaluation gains or losses on the derivative are recognised in profit or loss. These revaluation gains or losses are recognised simultaneously with any gains or losses on the hedged position that arise from the fair value change related to the specific risk of the hedged item or position.

The company documents its hedging relationships by means of specific hedging documentation.

The derivatives recorded under the current liabilities are linked with the current portion of the Euronotes. As from 2011 the derivatives linked with the non-current portion of the Euronotes are recorded under the non-current liabilities. For presentation and comparison purposes the 2010 figures have been adjusted accordingly resulting in the fact that all derivatives in the 2010 figures are now reported under non-current liabilities since at the end of 2010 all derivatives were linked with non-current portions of the Euronotes.

Purchased notes and bonds

Purchased notes and bonds which the company intends to hold to maturity (and is capable of doing so), are measured at amortised cost using the effective interest method, less impairment losses.

Loans granted and other receivables

Loans granted and other receivables are carried at amortised cost using the effective interest method, less impairment losses.

Financial fixed assets

Participating interests are valued at historic costs as the company applies section 408, book 2 BW.

The accounting policies for other financial fixed assets are included under the heading 'financial instruments'.

Dividends are recognised in the period in which they are declared. Interest income is recognised in the profit and loss account as it accrues, using the effective interest method. Any profit or loss is recognised in the profit or loss as accounted for under financial income or expenses.

Interest and similar income

Interest and similar income comprise interest income on funds invested, foreign exchange gains and gains on hedging instruments that are recognised in the income statement. Interest income is recognised in the income statement as it accrues, using the effective interest method.

Interest and similar charges

Interest and similar charges comprise interest charges on borrowings calculated using the effective interest rate method, foreign exchange losses and losses on hedging instruments that are recognised in the income statement.

Costs of outsourced work and other external costs

This concerns costs that are directly attributable to the operations of the company.

Taxation on result

The taxation on result comprises both current taxes payable and deferred taxes, taking account of tax facilities and non-deductible costs. No taxes are deducted from profits if and insofar as said profits can be offset against losses from previous years.

Taxes are deducted from losses if these can be offset against profits in previous years and results in a tax rebate. In addition, taxes may be deducted to the extent that it is probable that future taxable profits will be available against which the asset can be utilised.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date taking into account the tax facilities and any adjustment to tax payable in respect of previous years.

Deferred tax is provided using the balance sheet liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date.

Share in the result from investments in participating interests

The share in the result of participating interests consists of the share of the company in the result of these participating interests. The results of participating interests acquired or sold during the financial year are stated in the group result from the date of acquisition or until the date of sale respectively.

Cash flow statement

The cash flow statement has been prepared using the indirect method. Cash flows in foreign currency are translated into euros at the average weighted exchange rates at the dates of the transactions.

Cash flows from financial derivatives that are stated as fair value hedges or cash flow hedges are attributed to the same category as the cash flows from the hedged balance sheet items. Cash flows from financial derivatives to which hedge accounting is no longer applied, are categorised in accordance with the nature of the instrument as from the date on which the hedge accounting is ended. The company uses the corporate treasury facilities offered by the parent company Fresenius SE & Co. KGaA. Consequently the cash movements need to be considered as cash movements in Fresenius SE & Co. KGaA on behalf of Fresenius Finance B.V.

Determination of fair value

A number of accounting principles and disclosures require the determination of fair values, for both financial and non-financial assets and liabilities. For measurement and disclosure purposes, the fair value is determined on the basis of the following methods. If applicable, detailed information concerning the principles for determining the fair value is included in the section that specifically relates to the relevant asset or liability.

Financial assets

The fair value of financial assets is determined on the basis of the listed closing (bid) price as at reporting date. The fair value of investments held to maturity is only determined for the benefit of the disclosures.

Trade and other receivables

The fair value of trade and other receivables is estimated at the present value of future cash flows.

Derivatives

The fair value of derivative instruments is based on the quoted market price, if available. If there is no market price available, the fair value is estimated on the basis of the expected cash flows discounted at the current interest rates, including a margin for discounting the relevant risks.

Non-derivative financial obligations

The fair value of non-derivative financial commitments is only determined for disclosure purposes and is calculated on the basis of the net present value of future repayments and interest payments, discounted at the market interest rate, including a margin for the relevant risks as at the reporting date.

1 Fixed assets

The fixed assets can be detailed as follows:

	Book value 2011 EUR	Book value 2010 EUR
Office equipment	**1,192**	1,795
Hardware	**4,700**	8,013
Balance as at 31 December	**5,892**	9,808

Office equipment is depreciated over 5 years. The asset value of the office equipment was 3,015 euro at start date. The total write-off at 31/12/2011 amounts to EUR 1,823. The remaining book value will be depreciated till 2014.
Hardware is depreciated over 3 years. The asset value of the hardware was EUR 10,405 at start date. The total write-off at 31/12/2011 amounts to EUR 5,705. The remaining book value will be depreciated till 2013.

2 Financial fixed assets

Movements in the financial fixed assets can be detailed as follows:

	Participating interests EUR	**Loans to affiliated companies EUR**	**Deferred taxes EUR**	**Total EUR**
Balance as at 1 January 2010	**125**	**1,726,603,270**	**5,007,388**	**1,731,610,783**
• Loans provided		**230,000,000**		**230,000,000**
• Loans redemptions		**-232,081,090**		**-232,081,090**
• Other redemptions	**-125**			**-125**
• Reclassification to Receivables from affiliated companies		**-298,400,000**		**-298,400,000**
• Tax effect of changes in fair value of derivatives recognized in equity			**-1,799,664**	**-1,799,664**
Balance as at 31 December 2011	**-**	**1,426,122,180**	**3,207,724**	**1,429,329,904**

Loans to affiliated companies:

The loans to affiliated companies as at 31 December 2011 comprise long-term loans to

Fresenius SE & Co. KGaA with a principal amount of EUR 381,874,860 (31 December 2010: EUR 583,355,950) containing the following loans

EUR 8,904,860 at 5.45 % due in 2013

EUR 50,700,000 at 6.10 % due in 2014

EUR 184,270,000 at 5.45 % due in 2016

EUR 138,000,000 at 7.40 % due in 2016

Fresenius Kabi Spain with a principal amount of EUR 42,740,000 (31 December 2010: EUR 42,740,000) at 5.45% due in 2013

Fresenius Kabi Austria with a principal amount of EUR 338,300,000 (31 December 2010: EUR 356,600,000) containing the following loans

EUR 50,000,000 at 5.45 % due in 2013

EUR 39,000,000 at 5.45 % due in 2013

EUR 149,300,000 at 6.10 % due in 2014

EUR 100,000,000 at 5.45 % due in 2015

Fresenius Kabi Italia with a principal amount of EUR 82,360,000 (31 December 2010: EUR 101,360,000) containing the following loans

EUR 77,860,000 at 5.45 % due in 2013

EUR 4,500,000 at 5.85 % due in 2014

Fresenius Kabi Sweden with a principal amount of EUR 326,500,000 (31 December 2010: EUR 326,500,000) containing the following loans

EUR 258,000,000 at 5.45 % due in 2013

EUR 68,500,000 at 5.45 % due in 2013

Fresenius Kabi France has no long term loans (31 December 2010: EUR 83,000,000) since the long term loan became a short term loan.

Fresenius Kabi AG with a principal amount of EUR 194,847,320 (31 December 2010: EUR 172,947,320) containing the following loans

EUR 158,847,320 at 5.45 % due in 2013

EUR 36,000,000 at 5.85 % due in 2014

Proserve GMBH with a principal amount of EUR 57,000,000 (31 December 2010: EUR 57,000,000) at 5.85% due in 2014

Clinico Poland with a principal amount of EUR 2,500,000 (31 December 2010: EUR 2,500,000) at 5.85% due in 2014

Immobiliare Della Scalla has no more loans as the outstanding loan was repaid earlier than was planned (31 December 2010: EUR 600,000).

The loans to affiliated companies are not secured.

The carrying amount of the loans does not significantly differ from the fair value of the loan.

Participating interest

Until 13 December 2011, the company had a 100 % participating interest in Fresenius Finance (Jersey) Limited with registered office: 47 Esplanade, St. Helier, Jersey, JE01 OBD.

The principal activity of Fresenius Finance (Jersey) Limited was the issue of EUR 554,400,000 5.625%, Mandatory Exchangeable Bonds due 2011. The bonds have been bought by Fresenius Finance B.V. who in turn has sold the bonds to Fresenius SE & Co. KGaA, who has then sold the bonds to institutional investors. The company obtained a sellers-loan from Fresenius Jersey Finance (Jersey) and a back-to-back receivers-loan from Fresenius SE & Co. KGaA. The terms of the seller loans match the terms of the Mandatory Exchangeable Bonds. Upon redemption these bonds will be mandatory exchangeable into ordinary shares in Fresenius Medical Care AG & Co. KGaA.

In 2011 the bonds were mandatory exchanged into ordinary shares in Fresenius Medical Care AG & Co. KGaA and both the sellers loan from Fresenius Finance (Jersey) Limited and the back-to-back receivers loan from Fresenius SE & Co. KGaA were settled.

Since the principal activity of Fresenius Finance (Jersey) Limited has ended with this mandatory exchange of the bonds the company was dissolved on 13 December 2011. As a result of this dissolution the participation of Fresenius Finance BV in Fresenius Finance (Jersey) has ended.

3 Receivables from affiliated companies

	2011	2010
	EUR	EUR
Loans to Fresenius SE & Co. KGaA	**227,768,320**	572,966,468
Loan to Fresenius Kabi Poland	**-**	2,187,422
Loan to Fresenius Kabi Italia	**15,000,000**	-
Loan to Fresenius Kabi France	**76,000,000**	-
Loan to Fresenius Kabi AG	**7,400,000**	-
Accrued interest to receive from Fresenius SE & Co. KGaA	**12,618,031**	24,502,045
Accrued interest to receive from Fresenius Kabi Austria	**6,882,027**	7,156,846
Accrued interest to receive from Fresenius Kabi France	**2,145,956**	2,298,739
Accrued interest to receive from Fresenius Kabi Poland	**-**	7,778
Accrued interest to receive from Fresenius Kabi Sweden	**7,414,271**	7,448,787
Accrued interest to receive from Fresenius Kabi Italia	**2,299,667**	1,846,512
Accrued interest to receive from Fresenius Kabi Spain	**970,554**	970,554
Accrued interest to receive from Clinico Poland	**72,330**	85,922
Accrued interest to receive from Fresenius Kabi AG	**4,370,692**	3,824,099
Accrued interest to receive from Fresenius Proserve GMBH	**1,649,128**	1,649,128
Trade account receivable from Fresenius Finance Jersey Limited	**-**	626
	364,590,976	624,944,926

The receivables from affiliated companies as at 31 December 2011 comprise receivables from *Fresenius SE & Co. KGaA* with a principal amount of EUR 227,768,320 (31 December 2010: EUR 572,966,468) containing the following receivables

EUR 200,000,000 at 5.70%

EUR 16,910,779 at 5.70 %

EUR 10,857,541 at 5.60 %

Fresenius Kabi Italia with a principal amount of EUR 15,000,000 (31 December 2010: EUR 0) at 5.60%.

Fresenius Kabi France with a principal amount of EUR 76,000,000 (31 December 2010: EUR 0) at 5.60%.

Fresenius Kabi AG with a principal amount of EUR 7,400,000 (31 December 2010: EUR 0) at 5.60%.

The loan from Fresenius Kabi Poland with a principal amount of EUR 2,187,422 due this year has been repaid by Fresenius Kabi Poland as expected.

All receivables from affiliated companies are due within 1 year and have not been pledged.

The carrying amount of the total loans portfolio does not significantly differ from the fair value of the total loans portfolio.

4 Other receivables

	2011	2010
	EUR	EUR
Corporate Income Tax including withholding tax credits	**113,487**	755,946
Other	**42,410**	13,652
	155,897	769,598

Reference is made to note 12 for further details on withholding taxes.

The other receivables include an amount of EUR 42,410 (2010: EUR 13,652) not due within one year.

5 Cash and cash equivalents

Cash at bank and in hand are stated at nominal value and are at free disposal.

6 Shareholders' equity

	Issued capital	**Share premium reserve**	**Hedging reserve**	**Retained earnings**	**Unappro-priated result**	**Total 2011**	Total 2010
	EUR	**EUR**	**EUR**	**EUR**	**EUR**	**EUR**	EUR
Balance as at 1 January	**18,151**	**1,981,857**	**-14,661,975**	**2,722,547**	**1,846,611**	**-8,092,809**	-11,560,526
Changes:							
Result for the year					**912,866**	**912,866**	1,846,611
Retained earnings				**1,846,611**	**-1,846,611**	**-**	-
Changes in fair value of derivatives recognised in equity			**5,257,840**			**5,257,840**	1,621,106
Balance as at 31 December	**18,151**	**1,981,857**	**-9,404,135**	**4,569,158**	**912,866**	**-1,922,103**	-8,092,809

Referring to Article 178c sub 1, the authorized share capital of the company consists of 200 shares with a nominal value of EUR 453.78.

According to the Articles of Association, the shares are nominated in guilders NLG 1,000 per share. 40 shares are issued and fully paid. No changes occurred during the year.

The share premium reserve relates to income from the issuance of shares as far nominal value of the shares (income above par) is exceeded. No changes occurred during the year.

The hedging reserve comprises the effective portion of the cumulative net change in the fair value of cash flow hedging instruments related to hedged transactions that have not yet occurred, less deferred taxes.

7 Non-current liabilities

This note provides information about the contractual terms of the company's interest-bearing notes and bonds and borrowings. For more information about the company's exposure to interest rate and foreign currency risk, see note 8 - Financial Instruments.

The non-current liabilities can be specified as follows:

	2011	2010
	EUR	EUR
Eurobonds	**1,136,209,661**	1,131,799,211
Euronotes – non-current portion	**300,000,000**	600,000,000
Derivatives – interest rate swaps related with non-current liabilities	**10,535,160**	19,669,363
	1,446,744,821	1,751,468,574

Eurobonds

The Eurobonds can be detailed as follows:

	Eurobond (2013)	**Eurobond (2016)**	**Eurobond (2016)**	**Total**
	EUR	**EUR**	**EUR**	**EUR**
Face value	**500,000,000**	**500,000,000**	**150,000,000**	**1,150,000,000**
Discount at issue	**-2,295,000**	**-3,430,000**	**-12,000,000**	**-17,725,000**
Issue costs	**-7,076,075**	**-7,076,075**	**-1,500,000**	**-15,652,150**
Accumulated amortisation	**8,056,050**	**6,320,940**	**5,209,821**	**19,586,811**
Balance as at 31 December 2011	**498,684,975**	**495,814,865**	**141,709,821**	**1,136,209,661**

In January 2006, the company issued a bond with a total nominal value of EUR 1 billion. The new bond comprises one tranche with a nominal value of EUR 500 million, a maturity of 7 years and an annual interest rate of 5.0% and a second tranche with a nominal value of EUR 500 million, a maturity of 10 years and an annual interest rate of 5.5% as well as a call option for the issuer after five years. Fresenius SE & Co. KGaA, Fresenius Kabi AG and Fresenius ProServe GmbH are the guarantors for this issue.

In January 2009, Fresenius Finance B.V. issued a new Eurobond for a total amount of EUR 150,000,000. An aggregate principal amount of € 150 million was issued at a price of 92.0 % and a coupon of 5.5 %, resulting in a yield to maturity of 7.0 %. This Eurobond will mature in 2016 and is callable by the issuer from 2011.

The Eurobonds have been offered in a private placement to institutional investors only.

The fair values of the Fresenius Finance B.V. bonds at December 31, 2011 were as follows (in Mio EUR):

Bond	Nominal	Rate	Fair Value
FFBV 2006/13 5.0 %	500	1.0350	517.50
FFBV 2006/16 5.5 %	650	1.0450	679.25

Euronotes

The long term Euronotes can be detailed as follows:

	LBBW (2014) EUR ('000)	LBBW (2014) EUR ('000)	LBBW (2014) EUR ('000)	LBBW (2014) EUR ('000)	Total EUR ('000)
Face value	**62,000**	**38,000**	**87,500**	**112,500**	**300,000**
• Discount at issue					
• Accumulated amortisation					
• Redemption in 2011					
Balance as at 31 December 2011	**62,000**	**38,000**	**87,500**	**112,500**	**300,000**

The interest rate on the remaining long term Euronotes with a principal amount of EUR 62 million is floating and is based on the 6 months Euribor rate with a surcharge of 0.90% . The company has entered into interest rate swaps to hedge the exposure of floating interest.

The interest rate on the remaining Euronotes with a principal amount of EUR 38 million is fixed at 5.753%.

The interest rate on the Euronotes of EUR 87.5 million is floating and is based on the 3 months Euribor rate with a surcharge of 1.90 %. The company has entered into interest rate swaps to hedge the exposure of floating interest.

The interest rate on the Euronotes EUR 112.5 million is fixed at 5.98%

The total fair value of the notes portfolio (non-current) amounts to EUR 310.62 million.

Derivatives – non current liabilities

Derivatives, consisting of interest rate swaps are valued as follows. The fair value of interest rate swaps is calculated by discounting the future cash flows on the basis of the market interest rates applicable for the remaining term of the contract as of the date of the statement of financial position. To determine the fair value of foreign exchange forward contracts, the contracted forward is compared to the current forward rate for the remaining term of the contract as of the date of the statements of financial position. The result is then discounted on the basis of the market interest rates prevailing at the date of the statement of financial position for the respective currency.

The movement in derivatives can be detailed as follows:

	Interest rate swaps EUR
Fair value at 01.01.2011	**19,669,363**
Derivatives linked with Euronotes that became current in 2011 reported under current liabilities	**-8,157,237**
Changes in fair value recognized in equity	**-727,839**
Changes in fair value recognized in profit and loss statement	**-**
Tax effect of changes in fair value recognized in equity	**-249,127**
Fair value at 31.12.2011	**10,535,160**

The derivatives can be detailed as follows:

- Floating to fixed interest rate swaps

	EUR	
	Notional amount	**Fair value (before tax)**
Maturing 2 April 2014 fixed at 4.005 %	**87,500,000**	**-5,174,684**
Maturing 2 July 2014 fixed at 4.8800 %	**62,000,000**	**-5,360,476**
		-10,535,160

8 Current liabilities

Current liabilities can be specified as follows:

	2011	2010
	EUR	EUR
Trade creditors	**17,859**	17,676
Loan payable to affiliated company	**-**	554,400,000
Accounts payable to affiliated companies	**521,860**	431,795
Derivatives – interest rate swaps	**2,076,699**	-
Derivatives –foreign exchange contracts	**-**	28,094
Accrued interest	**41,722,657**	53,610,177
Accrued issue costs	**4,781,476**	6,714,239
Euronotes - Current portion of long term debt	**300,000,000**	-
Corporate income tax	**179,556**	-
Other liabilities	**46,122**	113,376
	349,346,229	615,315,357

Loan payable to affiliated company

The loan at 5.625 % payable to Fresenius Finance (Jersey) Limited has been repaid as planned in August 2011.

Derivatives – current liabilities

Derivatives, consisting of interest rate swaps and foreign exchange forward contracts, are valued as follows. The fair value of interest rate swaps is calculated by discounting the future cash flows on the basis of the market interest rates applicable for the remaining term of the contract as of the date of the statement of financial position. To determine the fair value of foreign exchange forward contracts, the contracted forward is compared to the current forward rate for the remaining term of the contract as of the date of the statements of financial position. The result is then discounted on the basis of the market interest rates prevailing at the date of the statement of financial position for the respective currency.

The movement in derivatives can be detailed as follows:

	Interest rate swaps	Foreign exchange contracts
	EUR	EUR
Fair value at 01.01.2011	**-**	**28,094**
Derivatives linked with Euronotes that became current in 2011 which were still non-current last year	**8,157,237**	**-**
Changes in fair value recognized in equity	**-4,530,001**	**-**
Changes in fair value recognized in profit and loss statement	**-**	**-28,094**
Tax effect of changes in fair value recognized in equity	**-1,550,537**	**-**
Fair value at 31.12.2011	**2,076,699**	**-**

The derivatives can be detailed as follows:

- Floating to fixed interest rate swaps

	EUR	
	Notional amount	**Fair value (before tax)**
Maturing 2 April 2012 fixed at 3.895 %	**138,500,000**	**-884,407**
Maturing 2 July 2012 fixed at 4.8575 %	**74,000,000**	**-1,192,292**
		-2,076,699

Accrued interest

The accrued interest can be detailed as follows:

	2011	2010
	EUR	EUR
Eurobond EUR 500,000,000 (2013)	10,416,667	10,416,667
Eurobond EUR 500,000,000 (2016)	11,458,333	11,458,333
Eurobond EUR 150,000,000 (2016)	3,437,500	3,437,500
Euronotes	16,410,157	16,421,746
Loan MEB Fresenius Finance (Jersey) Limited	-	11,875,931
	41,722,657	53,610,177

Accrued issue costs

This is related to issue costs of the Eurobonds that have been prepaid by Fresenius SE & Co. KGaA at issue date of the bonds.

The accrued issue costs of EUR 4,781,476 is the remaining liability at year end of which

- An amount of EUR 1,010,868 has a remaining term < 1 year.
- An amount of EUR 3,770,609 has a remaining term between 1 year and 5 years.

Euronotes – current portion of long term debt

The short term portion of the Euronotes can be detailed as follows:

	LBBW (2012) EUR ('000)	LBBW (2012) EUR ('000)	LBBW (2012) EUR ('000)	LBBW (2012) EUR ('000)	Total EUR ('000)
Face value	26,000	74,000	138,500	61,500	300,000
• Discount at issue					
• Accumulated amortisation					
• Redemption in 2011					
Balance as at 31 December 2011	26,000	74,000	138,500	61,500	300,000

The interest rate on the remaining Euronotes with a principal amount of EUR 26 million is fixed and is 5.51%.

The interest rate on the remaining Euronotes with a principal amount of EUR 74 million is floating and is based on the 6 months Euribor rate with a surcharge of 0.70%. The company has entered into interest rate swaps to hedge the exposure of floating interest.

The interest rate on the remaining Euronotes with a principal amount of EUR 138.5 million is floating and is bases on the 3 months Euribor rate with a surcharge of 1.60%. The company has entered into interest rate swaps to hedge the exposure of floating interest.

The interest rate on the remaining Euronotes with a principal amount of EUR 61.5 million is fixed and is 5.59%.

The total fair value of the notes portfolio amounts to EUR 300.92 million.

Corporate income tax

Based on the 2011 taxable result and taking into consideration the corporate tax advances paid during 2011, the company has a corporate tax liability amounting to EUR 179,566.

Financial instruments

General

During the normal course of business, Fresenius Finance B.V. makes use of several financial instruments such as bonds, notes, loans from and to affiliated companies and cash balances with banks. Due to the use of these financial instruments, the company is exposed to interest rate risk, foreign currency risk and credit risk. The company uses derivative financial instruments to hedge its exposure to foreign exchange and interest rate risks arising from financing activities. In accordance with its treasury policy, the company does not hold or issue derivative financial instruments for trading purposes.

Earnings of the company were not materially affected by hedge ineffectiveness in the reporting period since the critical terms of the interest and foreign exchange derivatives matched the critical terms of the underlying exposures.

Credit risk

All financial instruments are concluded with either highly rated financial institutions or companies within the Fresenius SE & Co. KGaA group, which are expected to fully perform under the terms of the agreements. The company continuously monitors changes in credit ratings of counterparties. At the balance sheet date the credit risk concentrates on entities of the Fresenius SE & Co. KGaA group. The corporate credit rating of Fresenius SE & Co. KGaA at year end was for Standard & Poor's BB with positive outlook, for Moody's Ba1with stable outlook and for Fitch's BB+ with stable outlook.

The company does not except any counterparties to fail to meet their obligations. The maximum exposure to credit risk is represented by the carrying amount of each financial asset, including derivative financial instruments, in the balance sheet.

Interest rate risk

It is management's policy not to be exposed to significant open interest rate risk positions. Basically, lending’s and borrowings are matched on an individual basis as much as possible. If this is not possible, the company enters into interest rate swaps to hedge interest rate risks.

Interest rate swaps, denominated in euro, have been entered into to achieve an appropriate mix of fixed and floating rate exposure within the company's policy. The swaps mature over the next 3.5 years following the maturity of the related loans and have fixed swap rates ranging from 5.495% to 5.905%. As from 31 December 2008 the variable interest on the long-term liabilities is 100% fixed by the interest rate swaps (effective hedge). The interest rate swaps are linked with Euronotes mentioned in note 7 and note 8.

The company classifies interest rate swaps as cash flow hedges and states them at fair value. These amounts are recognised in the balance sheet as derivatives.

Foreign currency risk

Until 1 September 2011, the company was exposed to foreign currency risk on loans to affiliated companies that are denominated in a currency other than the Euro. The company used forward exchange contracts to hedge its foreign currency risk. Most of the forward exchange contracts had maturities of less than one year after the balance sheet date. Where necessary, the forward exchange contracts were rolled over at maturity.

At balance sheet date the company has no foreign currency risk since the only loan in foreign currency since the loan between Fresenius Finance BV and Fresenius Kabi Poland issued in PLN was entirely settled on 1 September 2011.

9 Interest and similar income

Interest and similar income can be detailed as follows:

	2011	2010
	EUR	EUR
Interest income Fresenius SE & Co. KGaA	**56,088,942**	67,610,521
Interest income Fresenius Kabi Austria	**19,984,718**	21,355,196
Interest income Fresenius Kabi Sweden	**17,794,250**	18,271,579
Interest income Fresenius Kabi France	**4,412,300**	5,047,072
Interest income Fresenius Proserve GMBH	**3,334,500**	3,334,500
Interest income Imm Isola della Scalla	**17,165**	78,686
Interest income Fresenius Kabi Spain	**2,329,330**	2,411,171
Interest income Fresenius Kabi Poland	**118,890**	180,129
Interest income Clinico Poland	**146,250**	174,785
Interest income Fresenius Kabi AG	**10,450,951**	7,774,629
Interest income Fresenius Kabi Italia	**5,453,603**	5,566,817
Interest income bank and third parties	**5,371**	5,165
Recharged loan fee Fresenius SE & Co. KGaA	**108,814**	144,878
Recharged interest expenses to Fresenius SE & Co. KGaA	**1,932,761**	1,932,761
Fair value changes foreign exchange derivatives	**63,052**	-
Other interest	**789**	-
Foreign exchange differences	**-**	42,468
	122,241,686	133,930,357

10 Interest and similar charges

Interest expenses and similar charges can be detailed as follows:

	2011	2010
	EUR	EUR
Interest expense Eurobonds	**65,160,451**	65,160,451
Interest expense long-term Euronotes	**34,357,670**	34,326,503
Interest expense loan MEB Fresenius Finance Jersey	**19,309,068**	31,185,000
Commission on guarantee Fresenius SE & Co. KGaA -/Fresenius Proserve -/Fresenius Kabi AG	**408,460**	431,795
Fair value changes foreign exchange derivatives	**68,427**	121,035
Bank expenses	**527**	1,044
Interest expense income taxes	**567**	11
	119,305,170	131,225,839

11 Costs of outsourced work and other external costs

The costs of outsourced work and other external costs are detailed as follows:

	2011	2010
	EUR	EUR
Salaries	**9,004**	9,850
Charged wages and salaries	**47,700**	46,715
Audit fees KPMG	**51,436**	73,698
Tax advisory services KPMG Meijburg & Co	**9,282**	48,818
Advisory fees	**61,191**	23,005
Rent office building	**38,831**	22,303
Other	**20,528**	16,221
	237,972	240,610

12 Taxation on result

The applicable weighted average tax rate is 25.09% (2010: 25.05%). The tax liability in the profit and loss accounts over 2011 amounts to EUR 677,129 or 25.09% of the result before taxes. Based on the current tax structure of the company the utilization of the withholding tax credit stated on the balance sheet per 2011 is uncertain for the near future. Therefore this credit is valuated at nil as of December 31, 2011.

13 Transactions with related parties

It is normal course of business Fresenius Finance B.V. issues loans to affiliated companies. These transactions are conducted on a commercial basis under comparable conditions that apply to transactions with third parties.

14 Share in results from participating interests

The share in results from participating interests was EUR 0 in 2011 (2010:0).

15 Employees

During the year 1 part-time director (10% full time equivalent) was employed (2010: 0.10).

16 Emoluments of directors

During 2011 the remuneration of the part time director (10% full time equivalent) who was on the pay roll amounted to EUR 9,004 (2010: EUR 9,850). The second director of the company received no emoluments during the financial year.

Zeist, 28 February 2012

The Board of Directors

J.M. Simons

B. Dierickx

Other information

Independent auditor's report

Reference is made to the last pages of this report.

Statutory stipulations concerning the appropriation of results

Article 20 of the Articles of Association contains the following stipulations regarding the appropriation of results:

Sub 1. The result is at the disposal of the General Meeting of Shareholders.
Sub 2. Payments can only be made for at most the payable part of shareholder's equity.
Sub 3. Payment of profit shall only be distributed after adoption of the financial statements proving that profit distribution is allowed.
Sub 4. The company is allowed to make interim profit distributions provided this article's sub 2 is complied with.
Sub 5. The General Meeting of Shareholders is allowed to make payments chargeable to retained earnings provided this article's sub 2 is complied with.
Sub 6. The shareholder's claim on payment becomes barred by lapse of five years.

Proposal for the appropriation of the result 2011

The following appropriation of the result after taxes for the year 2011 is proposed to the General Meeting of Shareholders: to include EUR 912,866 (100% of the net result after taxes) in the retained earnings within shareholder's equity.

Independent auditor's report

To: the Shareholders of Fresenius Finance B.V.

Report on the financial statements

We have audited the accompanying financial statements 2011 of Fresenius Finance B.V. ('s-Hertogenbosch), which comprise the balance sheet as at 31 December 2011, the profit and loss account for the year then ended and the notes, comprising a summary of the accounting policies and other explanatory information.

Management's responsibility

Management is responsible for the preparation and fair presentation of the financial statements and for the preparation of the Director's report, both in accordance with Part 9 of Book 2 of the Netherlands Civil Code. Furthermore, management is responsible for such internal control as it determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Dutch law, including the Dutch Standards on Auditing. This requires that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of Fresenius Finance B.V. as at 31 December 2011 and of its result for the year then ended in accordance with Part 9 of Book 2 of the Netherlands Civil Code.

Report on other legal and regulatory requirements

Pursuant to the legal requirements under Section 2:393 sub 5 at e and f of the Netherlands Civil Code, we have no deficiencies to report as a result of our examination whether the Director's report, to the extent we can assess, has been prepared in accordance with Part 9 of Book 2 of this Code, and if the information as required under Section 2:392 sub 1 at b - h has been annexed. Further, we report that the Director's report, to the extent we can assess, is consistent with the financial statements as required by Section 2:391 sub 4 of the Netherlands Civil Code.

Rotterdam, 28 February 2012

KPMG ACCOUNTANTS N.V.

A.A. Kuijpers RA

Unconsolidated Interim Report of Fresenius Kabi AG as of September 30, 2013 (German GAAP, unaudited)

Fresenius Kabi Aktiengesellschaft, Bad Homburg v. d. Höhe

Balance sheet as of September 30, 2013 (unaudited)

A s s e t s

	Note	Sept. 30, 2013		Dec. 31, 2012	
		'000 €	'000 €	'000 €	'000 €
A. Fixed assets	4				
I. Intangible assets			2,109		5,884
II. Property, plant and equipment			249		319
III. Financial assets			1,948,644		1,778,041
			1,951,002		1,784,244
B. Current assets					
I. Accounts receivable and other assets	5				
1. Accounts receivable from related parties		577,826		416,411	
2. Other assets		1,450	579,276	4,487	420,898
II. Cash and cash equivalents			12		17
			579,288		420,915
C. Deferred expense			17		45
			2,530,307		2,205,204

Liabilities and shareholders' equity

	Note	Sept. 30, 2013	Dec. 31, 2012
		'000 €	'000 €
A. Shareholders' equity			
I. Subscribed capital	6		
Ordinary shares		66,000	66,000
II. Capital reserve	7	1,373,951	1,373,951
III. Unappropriated retained earnings	8	217,401	217,401
		1,657,352	1,657,352
B. Accrued expenses	9		
1. Pension obligation		6,387	5,994
2. Other accruals		14,896	18,820
		21,283	24,814
C. Liabilities			
1. Short-term borrowings	10		
2. Trade accounts payable	11	2,334	1,029
3. Accounts payable to related parties	11	848,292	521,232
4. Other liabilities	11	1,046	777
		851,672	523,038
		2,530,307	2,205,204

Fresenius Kabi Aktiengesellschaft, Bad Homburg v. d. Höhe

Income statement
for the nine months ended September 30, 2013 (unaudited)

	Note	Sept. 30, 2013	Sept. 30, 2012
		'000 €	'000 €
1. Income from participations	13	205,841	209,253
2. Other operating income	14	80,976	70,684
3. Personnel expenses	15	-14,218	-13,854
4. Depreciation and amortization of intangible assets and property, plant and equipment	16	-3,860	-3,864
5. Other operating expenses	17	-100,506	-104,352
6. Income from other securities and long-term loans	18	2,528	253
7. Other interest and similar income	18	17,567	11,702
8. Interest and similar expenses	18	-27,466	-24,695
9. Result from ordinary operations	19	160,862	145,127
10. Extraordinary expenses		0	0
11. Extraordinary result		0	0
12. Income taxes (intercompany apportionments)	20	0	-3,649
13. Other taxes		-14	-12
14. Net income transferred under a profit and loss			
15. pooling agreement		-160,848	-141,466
Net income for the year		0	0
16. Unappropriated retained earnings brought forward		217,401	217,401
17. Unappropriated retained earnings carried forward	8	217,401	217,401

Statement of Cash Flow nine months ended September 30, 2013 (unaudited)

Fresenius Kabi AG	9 months 2013	9 months 2012
	kEUR	kEUR
Net Income before profit and loss transfer	160,848	141,466
Depreciation and amortization of non-current assets	3,860	3,864
Increase in pension liabilities	393	233
Cashflow	**165,101**	**145,563**
Decrease in other operating assets	3,065	290
Decrease in other accrued expenses	-3,924	-7,227
Change in other operating liabilities	1,574	216
Change in working capital	**715**	**-6,721**
Operating cash flow (cash provided by operating activities)	**165,816**	**138,842**
Purchase of property, plants and equipment and intangible assets	-15	-23
Proceeds from disposals of intangible assets	0	2
Proceeds on disposals of non-current financial assets	5,859	0
Acquisition of non-current financial assets	-33,848	-6,124
Cash used for financing activities	**-28,004**	**-6,145**
Profit-transfer to shareholder	-160,848	-141,466
Proceeds from additional contribution in captial reserves	0	
Change in financing activities with related parties	58,553	93,923
Cash used for financing activities	**-102,295**	**-47,543**
Change of cash and cash equivalents	**35,517**	**85,154**
Cash and cash equivalents at the beginning of the year	307,624	279,132
Cash and cash equivalents at the end of the period[1]	**343,141**	**364,286**

[1] Consists of InHouse Cash accounts with Fresenius SE & Co. KGaA, cash and bank accounts

Notes to the financial statements of Fresenius Kabi AG

(1) General

Fresenius Kabi Aktiengesellschaft, Bad Homburg v.d.H., hereinafter referred to as "Fresenius Kabi AG", was founded on August 21, 1998 and entered on October 2, 1998 in the Commercial Register at the Local Court in Frankfurt am Main. With effect from May 10, 2010, the Annual General Meeting of Fresenius Kabi AG resolved the change in the Statutes in § 1 (domicile) and, with this, the transfer of its registered office from Frankfurt am Main to Bad Homburg v. d. Höhe. The entry in the Commercial Register of the Local Court of Bad Homburg v. d. Höhe (previously the Frankfurt am Main Local Court) was made on June 22, 2010.

Fresenius Kabi AG acts as the holding company for the worldwide business of supplying products and services for enteral and parenteral nutrition, as well as for infusion therapy, medical devices and transfusion therapy and intravenously administered drugs.

A profit and loss transfer agreement has existed since January 1, 2001 between Fresenius Kabi AG and its 100 per cent shareholder, Fresenius SE & Co. KGaA.

Fresenius Kabi AG is exempt from preparing consolidated financial statements and a group management report, as Fresenius SE & Co. KGaA, Bad Homburg v. d. Höhe, as the parent company, prepares exempting consolidated financial statements under Section 291 HGB [German Commercial Code] and a Group Management Report in accordance with Section 315a HGB under International Financial Reporting Standards (IFRS), as adopted by the EU, for the smallest number of companies that have to be included. The consolidated financial statements of Fresenius SE & Co. KGaA group are published in the electronic Federal Gazette. The consolidated financial statements for the largest number of companies that have to be included are prepared by Fresenius Management S.E., Bad Homburg v. d. Höhe. The consolidated financial statements of Fresenius Management SE group are published in the electronic Federal Gazette. Fresenius Kabi AG and its subsidiaries are included in the aforementioned consolidated financial statements.

(2) Accounting and valuation principles

The accounting policies have very largely been retained compared with the previous year.

Intangible assets acquired for a consideration are valued at their acquisition cost less systematic straight-line amortization. The estimated useful life is normally between two and five years. The useful life of PC utility programs is two years, and the useful life of know-how is up to five years. The valuation of the utilization right for the Company name "Kabi" is based on a useful life of fifteen years.

Property, plant and equipment are valued at their acquisition cost less regular linear or degressive depreciation.

The following useful lives mainly apply for calculating the depreciation charge:

Office and factory buildings	10 - 25 years
Technical equipment and machinery	5 - 15 years
Other fixtures and fittings, tools and equipment	3 - 10 years

Depreciable movable non-current assets with a value of more than € 150.00 and less than € 1,000.00 are grouped into a collective item which is dissolved through profit and loss by one fifth in the year of capitalization and the following four years each.
Impairment losses are recorded on assets when a lower value can be attributed to them as of the balance sheet date on account of sustained impairment. A lower carrying amount is not retained if the reasons for the earlier impairment loss no longer exist.

Financial assets are recognised at cost or their lower attributable value.

Accounts receivable and other assets are recognised at their nominal value less any necessary specific bad debt provisions.

Securities are recognised at their nominal amount or at their lower attributable value.

Pension obligation is determined actuarially based on the biometrical probabilities (Heubeck 2005 G Mortality Tables) by the projected unit credit method. Salary and pension increases expected in the future are taken into account in the calculation of the obligation. At present, annual adjustments of 3 % to 4 % are expected for the remuneration and of 1.75 % for the pensions. The staff fluctuation rate specific to the Company that has also been taken into account was between 0 % and 18 %. The interest rate used to discount the pension obligation amounts to 5.06 %; this is the average market interest rate for the past seven years determined and published by the Deutsche Bundesbank for an assumed residual term of 15 years.

The value of accruals in connection with employee-financed working life time accounts (demographic funds) is determined on the basis of the development of the asset value of the corresponding plan reinsurance in accordance with Section 253 (1) Sentence 3 HGB (security-linked pensions).

The asset values offset against the accruals are recognised at fair values.

Tax accruals and other accruals are built for recognizable risks and uncertain liabilities at the amounts to be paid and calculated on the basis of a reasonable commercial assessment. Long term accruals are accounted for taking into account future price and cost increases and are discounted with the last-seven-year-average discount rate that corresponds to the remaining life of the accrual.
Liabilities are recognised at their settlement amounts.

Foreign currency items are translated with the foreign exchange rate at the time of origin or the hedging rate for hedging transactions.
In accordance with Section 256a HGB, assets and liabilities denominated in foreign currency with residual terms of up to a year are translated at the average closing spot rate as of the reporting date.

Assets and liabilities with a remaining life of over one year and carried at foreign currencies are basically translated at inception at the foreign currency exchange rate, while at the balance sheet date the lowest closing spot rate is used for translating assets and the highest closing spot rate is used for translating liabilities. If the conditions to apply hedge accounting are met, the hedging financial instruments and the underlying transactions are combined in a hedge and valued using the exchange rate at inception (Einfrierungsmethode). Changes in the value of the hedged risks are not recognized in the balance sheet or statement of income.

Gains and losses on the translation of foreign currency items to Euros are recognized in profit or loss and recorded in the income statement under the captions "other operating income" or "other operating expenses".

Derivative financial instruments are only used in order to hedge risks. Interest rate and foreign currency derivatives are contracted for hedging purposes.

In addition to hedging transactions for foreign currency loans which group companies have taken up from the Company or which the Company has taken up at group companies and banks, the Company concludes hedging transactions with banks, which are matched by contracts in the opposite direction between Fresenius Kabi AG and its subsidiaries with more or less the same conditions. The subsidiaries use the contracts to hedge their operating business against foreign currency risks.

Furthermore, the Company concludes hedges in the form of foreign currency forward contracts for future foreign currency risks (from purchase and/or sales transactions in foreign currency) that represent anticipatory valuation units.

Derivatives are valued at their fair value on the balance sheet date. In accordance with the valuation principles under German commercial law, a negative valuation result is recorded in income for the year. Positive valuation results are however ignored. If the criteria for hedge accounting are fulfilled, the hedges and the hedged items are combined, so that the impact on profit or loss both of the hedge and the hedged item is only recognized in profit or loss on settlement of the hedged item.

In accordance with the Company's holding function, the caption "income from participations" is reported in the income statement instead of the caption in accordance with Section 275 (2) No. 1 HGB (sales). This comprises income from profit and loss transfer agreements, income from participations and expenses in connection with the absorption of losses.

(3)Derivatives

Fresenius Kabi AG employs derivatives in order to hedge interest rate and currency risks or risks that already exist or which can be expected with sufficient probability. Derivatives are used exclusively for hedging purposes. As the critical terms of the underlying transactions basically match those of the derivative financial instruments it can be assumed that hedges are highly effective. The Company has defined guidelines for the assessment of the risks and the control of the use of financial instruments. They include a clear segregation of responsibilities with regard to execution on the one hand and settlement, accounting and control on the other hand. The objective of the utilisation of derivatives is to reduce fluctuations in earnings and cash flows resulting from changes in exchange and interest rates.

Exchange rate risks

The Company uses foreign exchange forward contracts to hedge foreign currency risks.

Fresenius Kabi AG entered into foreign exchange forward contracts with external contractual partners to hedge the foreign currency risks on accounts receivable and liabilities and transactions of the Company and its group companies that are expected with a high degree of probability. As of the balance sheet date, the Company mainly had US-$ and € currency derivatives.

For foreign exchange forward contracts contracted with banks that were closed to hedge the foreign exchange risk of Fresenius Kabi AG Group companies' and that were passed down to the affected Group companies via Group internal transactions, hedges were build for the forward contracts and the underlying transactions with an offsetting fair value. The Company does not revaluate these hedges for financial reporting purposes until maturity (Einfrierungsmethode).

Further hedges were set up for loans in foreign currency, which group companies have taken up from the Company or which the Company has taken up from group companies and banks, and the foreign exchange forward contracts in the opposite direction in order to hedge them.
The changes in value of both the loan receivables and payment obligations and the foreign currency hedging contracts have been recognized as income (Durchbuchungsmethode). The offsetting cash flows will be almost fully compensated at the latest in 12 months.

The Company had no interest rate derivatives on the balance sheet date.

Valuation methods

The fair values of the derivatives are determined applying customary market valuation methods, taking into account the market information (market value). The following basic principles apply:

The fair value is based on the market value at which a derivative could be traded in a voluntary transaction between independent parties, whereby compulsory sales or liquidation sales have to be disregarded. To determine the market values of foreign exchange forward contracts, the contracted forward rate is compared with the forward rate as of the balance sheet date for the residual term of the respective contract. The resultant amount is discounted to the balance sheet date, taking into account current market interest rates. In the case of interest rate swaps, the valuation is carried out by discounting the future cash flows on the basis of the market interest rates on the balance sheet date applicable for the residual term of the contracts.

The effectiveness of hedging relationships is measured with the Critical Term Match- Method and the Dollar Offset-Method for foreign exchange forward contracts and with the Dollar Offset-Method for interest rate swaps.

Notes to the balance sheet

(4) Fixed assets

The composition of the summarized items of fixed assets and their movements is shown below:

Cost	Balance at Jan. 1, 2013	Additions	Disposals	Balance at Sept. 30, 2013
	'000 €	'000 €	'000 €	'000 €
Intangible assets				
Concessions, industrial and similar rights and assets as well as licenses acquired for consideration	82,223	8	0	82,231
	82,223	**8**	**0**	**82,231**
Property, plant and equipment				
Other fixtures and fittings, tools and equipment	708	7	13	702
	708	**7**	**13**	**702**
Financial assets				
Shares in related parties	1,805,810	26,028	0	1,831,838
Other investments	2	0	0	2
Loans to related parties	20,267	150,433	5,859	164,841
	1,826,079	**176,461**	**0**	**1,996,681**
Fixed assets	**1,909,010**	**176,476**	**13**	**2,079,614**

Accumulated depreciation, amortization and write-downs	Accumulated depreciation, amortization and write-downs as of Jan. 1, 2013	Additions	Disposals	Accumulated depreciation, amortization and write-downs as of Sept. 30, 2013	Carrying amount Sept. 30, 2012	Carrying amount Dec. 31, 2012
	‘000 €	‘000 €	‘000 €	‘000 €	‘000 €	‘000 €
Intangible assets						
Concessions, industrial and similar rights and assets as well as licenses acquired for consideration	76,339	3,784	0	80,122	2,109	5,884
	76,339	**3,784**	**0**	**80,122**	**2,109**	**5,884**
Property, plant and equipment						
Other fixtures and fittings, tools and equipment	389	77	13	453	249	319
	389	**77**	**13**	**453**	**249**	**319**
Financial assets						
Shares in related parties	48,038	0	0	48,038	1,783,800	1,757,772
Other investments	0	0	0	0	2	2
Loans to related parties	0	0	0	0	164,841	20,267
	48,038	**0**	**0**	**48,038**	**1,948,643**	**1,778,041**
Fixed assets	**124,766**	**3,861**	**13**	**128,613**	**1,981,001**	**1,784,244**

Financial assets

The increase applies to two debt-equity-swaps (Fresenius Kabi S.A., Argentina, and Fresenius Kabi Hellas LRL, Greece,), capital increases (Fresenius Kabi S.A., Argentina, and Fresenius Kabi India Private Ltd., India,) and further acquisition of more interests in Fresenius Kabi Bidiphar Joint Stock Company, Quy Nhon (Vietnam).

Furthermore there was a conversion from current to non-current loans related parties.

A list of all participations in related and associated companies of Fresenius Kabi AG is contained in the list of participations in related and associated companies of Fresenius SE & Co. KGaA which is published by Fresenius SE & Co. KGaA in the electronic Bundesanzeiger (German Federal Gazette).

(5) Accounts receivable and other assets

	Dec. 31, 2012	Sept. 30, 2013
	'000 €	'000 €
Accounts receivable from related parties	416,411	577,826
(thereof with a residual term of more than 1 year)	(-)	(-)
Other assets	4,487	1,450
(thereof with a residual term of more than 1 year)	(-)	(-)
	420,898	579,276

(6) Subscribed capital

The nominal capital amounts to € 66,000,000 and consists of 25,781,250 bearer shares.

Fresenius SE & Co. KGaA has notified Fresenius Kabi AG that it holds 100 % of the voting rights and 100 % of the ordinary shares.

(7) Capital reserve

The capital reserve amounts unchanged to € 1,373,951 thousand.

(8) Unappropriated retained earnings

On account of the transfer of the net income of € 154,088 thousand (Dec. 31, 2012; €128,074 thousand) to the sole shareholder, Fresenius SE & Co. KGaA, the unappropriated retained earnings carried forward are unchanged in the past business year at € 217,401 thousand; the unappropriated retained earnings carried forward as of September 30, 2012 consist entirely of the retained earnings brought forward prior to the conclusion of the profit and loss transfer agreement.

(9) Accrued expenses

The **pension obligation** has been set up in accordance with the procedures described in Note (2) "Accounting and valuation principles" and amounts to € 6,387 thousand (Dec. 31, 2012; € 5,994 thousand).

Other accruals include accruals for personnel accruals (€ 9,012 thousand; Dec. 31, 2012: € 10,877 thousand) and accruals for outstanding invoices (€ 5,884 thousand; Dec. 31, 2012: € 7,943 thousand).

(10) Short-term borrowings

	Dec. 31, 2012	Sept. 30, 2013
	'000 €	'000 €
Short-term borrowings	0	0
	0	0

(11) Liabilities

	Dec. 31, 2012		Sept. 30, 2013			
				thereof with a residual term of		
	Total	thereof with a residual term of less than 1 year	Total	less than 1 year	1 to 5 years	more than 5 years
	'000 €	'000 €	'000 €	'000 €	'000 €	'000 €
Trade accounts payable	1,029	1,029	2,334	2,334	-	-
Accounts payable to related parties	521,232	448,175	848,292	848,292	-	-
Other liabilities	777	777	1,046	1,046	-	-
	523,038	449,981	851,672	851,672	-	-

Accounts payable to related parties mainly relate with € 649,640 thousand (Dec. 31, 2012: € 121,697 thousand) to Fresenius SE & Co. KGaA.

This item includes, in addition to trade accounts payable and liabilities from the transfer of the profits, primarily loan liabilities.

(12)Contingent liabilities

Contingencies from indemnity agreements

Contingencies from indemnity agreements

Fresenius Kabi AG guarantees together with Fresenius ProServe GmbH and Fresenius SE & Co. KGaA the repayment including interests accrued of two Senior Notes of Fresenius SE & Co. KGaA amounting to € 1,000 million. The Senior Notes were issued through Fresenius Finance B.V., Netherlands in 2012 and 2013. On September 30, 2013, the value of these guarantees including interests accrued was € 1,018 million.

Moreover Fresenius Kabi AG together with Fresenius ProServe GmbH and Fresenius SE & Co. KGaA guarantees the repayment including accrued interest for the Senior Note issued by Fresenius Finance II, Inc, USA in 2009. The

Senior Note comprises two tranches of $ 500 million and € 275 million. On September 30, 2013, the value of the guarantees including interests accrued was $ 523 million (€ 387 million) and € 287 million.

Further guarantee commitments of Fresenius Kabi AG together with Fresenius SE & Co. KGaA and Fresenius ProServe GmbH exist in relation to the repayment of several long term bank loans taken through financing companies of the Fresenius Group in 2013. These commitments are for a maximum of $ 1,800 million (€ 1,333 million) and € 1,125 million and the related accrued interest. On September 30, 2013, the value of the loans including interests was $ 1,508 million (€ 1,117 million) and € 653 million.

According to our judgment the affected companies can meet the underlying obligations in any case and assertion of the claim is currently not expected.
In addition, Fresenius SE & Co. KGaA together with Fresenius Kabi AG ist guaranteeing a loan of € 24,1 million taken up by Fresenius Immobilien-Verwaltungs-GmbH & Co. Objekt Friedberg KG in 2010, of which € 21,4 million was outstanding as of September 30, 2012.

According to our judgment the affected companies can meet the underlying obligations in any case and assertion of the claim is currently not expected.

With a letter dated January 29, 2008 the Company issued a declaration to its subsidiary, Fresenius Kabi AB, Sweden, that the equity of that company corresponds at least with the registered share capital.

With a letter dated December 22, 2011, the Company issued a guarantee declaration to Fresenius Kabi Austria GmbH, Austria, in which it promised, subject to a condition precedent, for a period initially limited to the next 5 years, to pay Fresenius Kabi Austria GmbH a compensating subsidy, by which possible sales proceeds remain below the cost or an adapted purchase price, in the event that investment in Fresenius Kabi (Singapore) Pte. Ltd., Singapore, that is held directly by Fresenius Kabi Austria GmbH or Fresenius Kabi Oncology Ltd., India, that was acquired by the former, is sold.

The adaption of the purchase price will be necessary to the extent that capital measures (increases in capital) or subsidies increase the

cost or reductions in capital, repayments of capital contributions or dividends in excess of the annual earnings could have decreased it.
Similarly with a letter dated December 22, 2011, the Company issued a guarantee declaration to Fresenius Kabi Austria GmbH, Austria, in which it promised, subject to a condition precedent, for a period initially limited to the next 5 years, that on a possible sale of FHC (Holdings) Ltd., U.K., which is owned by it, to pay a compensating subsidy, if the sales proceeds remain below the cost or an adapted purchase price.

The adaption of the purchase price will be necessary to the extent that capital measures (increases in capital) or subsidies increase the cost or reductions in capital, repayments of capital contributions or dividends in excess of the annual earnings could have decreased the cost.

As far as we are aware, the underlying obligations can be fulfilled in all cases by the companies affected; a claim on us is not currently expected.

Notes to the income statement

(13) Income from participations

	Sept. 30, 2012	Sept. 30, 2013
	'000 €	'000 €
Income from profit and loss transfer agreements	127,590	120,861
Loss from profit and loss transfer agreements	0	0
Income from participations	81,663	84,980
(thereof from related parties)	(81,663)	(84,980)
	209,253	205,841

Profit and loss transfer agreements have been concluded with Fresenius Kabi Deutschland GmbH, Bad Homburg v. d. Höhe, V. Krütten Medizinische Einmalgeräte GmbH, Idstein, HOSPED GmbH Lieferservice für Klinik, Handel und Patienten, Friedberg, and Fresenius HemoCare Beteiligungs GmbH, Bad Homburg v. d. Höhe.

(14) Other operating income

Other operating income mainly includes exchange gains of € 70,350 thousand (Sept. 30, 2012: € 65,173 thousand), cost reimbursements of € 10,406 thousand (2012: € 5,374 thousand) from related parties based on service agreements and proceeds from the reversal of other accruals of € 155 thousand (2012: € 109 thousand).

(15) Personnel expenses

	Sept. 30, 2012	Sept. 30, 2013
	'000 €	'000 €
Wages and salaries	13,232	13,355
Social security, pension and other benefit expenses	622	863
(thereof for pensions)	(276)	(476)
	13,854	14,218

(16) Depreciation and amortization of intangible assets and property, plant and equipment

The depreciation and amortization of € 3,860 thousand (2012: € 3,864 thousand) mainly comprises systematic amortization on the rights to use the name "Kabi" acquired in 1999 (€ 3,750 thousand, 2012: € 3,750 thousand).

(17) Other operating expenses

The other operating expenses mainly comprise exchange losses (€ 66,163 thousand; 2012: € 63,671 thousand), expenses for services by related parties (€ 11,317 thousand; 2012: € 9,005 thousand), insurance and consultancy expenses (€ 9,371 thousand; 2012: € 13,681 thousand), IT related expenses (€ 4,063 thousand; 2012: € 6,878 thousand), travelling and entertaining expenses (€ 1,011 thousand; 2012: € 1,008 thousand), expenses for third party services (€ 427 thousand; 2012: € 1,536 thousand), staff hiring costs (€ 305 thousand; 2012: € 964 thousand), licence expenses (€ 64 thousand; 2012: € 4,525 thousand) and other operating expenses.

(18) Interest result

	Sept. 30, 2012	Sept. 30, 2013
	'000 €	'000 €
Income from other securities and long-term loans	253	2,528
(thereof from related parties)	(253)	(2,527)
Other interest and similar income	11,702	17,567
(thereof from related parties)	(11,484)	(15,202)
(thereof from the discounting of accruals)	(0)	(0)
Interest and similar expenses	-24,695	-27,466
(thereof to related parties)	(-23,607)	(-19,652)
(thereof from discounting of accruals)	(0)	(0)
	-12,740	-7,371

(19) Result from ordinary operations

The result from ordinary operations amounts to € 160,862 thousand (2012: € 145,127 thousand).

(20) Income taxes

Income taxes primarily comprise levies for trade tax on income (€ 3,323 thousand; 2012: € 1,854 thousand), corporate income tax (€ 3,258 thousand; 2012: € 1,476 thousand) and expenses from the solidarity surcharge (€ 179 thousand; 2012: € 81 thousand) and non-imputable source tax (€ 0 thousand; 2012: € 238 thousand).

(21) Appropriation of the earnings

The net income earned in the past financial year has been transferred to Fresenius SE & Co. KGaA.

Bad Homburg v. d. Höhe, October 18, 2013

M. Henriksson   M. Crouton   J. Ducker   Dr. Chr. Hauer

M. Köhler   Dr. M. Schönhofen   G. Steen

(This page intentionally left blank)

Unconsolidated Financial Statements of Fresenius Kabi AG for 2012 (German GAAP)

Fresenius Kabi Aktiengesellschaft, Bad Homburg v. d. Höhe

Balance sheet as of December 31, 2012

Assets

	Note	Dec. 31, 2012		Dec. 31, 2011	
		'000 EUR	'000 EUR	'000 EUR	'000 EUR
A. Fixed assets	4				
I. Intangible assets			5,884		10,919
II. Property, plant and equipment			319		405
III. Financial assets			1,778,041		1,570,885
			1,784,244		1,582,209
B. Current assets					
I. Accounts receivable and other assets	5				
1. Accounts receivable from affiliated companies		416,411		460,008	
2. Other assets		4,487	420,898	915	460,923
II. Cash and cash equivalents			17		1,042
			420,915		461,965
C. Deferred expense			45		81
			2,205,204		2,044,255

Liabilities and shareholders' equity

	Note	Dec. 31, 2012	Dec. 31, 2011
		'000 EUR	'000 EUR
A. Shareholders' equity			
I. Subscribed capital	6		
Ordinary shares		66,000	66,000
II. Capital reserve	7	1,373,951	1,204,936
III. Unappropriated retained earnings carried forward	8	217,401	217,401
		1,657,352	1,488,337
B. Accrued expenses	9		
1. Pension obligation		5,994	4,935
2. Other accruals		18,820	20,815
		24,814	25,750
C. Liabilities	10		
1. Trade accounts payable		1,029	573
2. Accounts payable to affiliated companies		521,232	529,433
3. Other liabilities		777	162
		523,038	530,168
		2,205,204	2,044,255

Fresenius Kabi Aktiengesellschaft, Bad Homburg v. d. Höhe

Income statement
for the period from January 1 to December 31, 2012

	Note	2012	2011
		'000 EUR	'000 EUR
1. Income from participations	13	232,168	301,981
2. Other operating income	14	99,943	147,934
3. Personnel expenses	15	-24,013	-15,968
4. Depreciation and amortization of intangible assets and property, plant and equipment	16	-5,153	-5,127
5. Other operating expenses	17	-147,571	-235,819
6. Income from other securities and long-term loans	18	568	36,554
7. Other interest and similar income	18	17,277	21,763
8. Write-downs on financial assets	19	-2,500	-35,476
9. Interest and similar expenses	18	-38,495	-67,765
10. Result from ordinary operations	20	132,224	148,077
11. Extraordinary expenses/extraordinary result	21	0	-1,577
12. Income taxes	22	-238	-1,222
13. Other taxes		-21	-12
14. Net income transferred under a profit and loss transfer agreement	24	-131,965	-145,266
15. Net income for the year		0	0
16. Unappropriated retained earnings brought forward		217,401	217,401
17. Unappropriated retained earnings carried forward	8	217,401	217,401

Notes to the financial statements of Fresenius Kabi AG

(1) General

Fresenius Kabi Aktiengesellschaft, Bad Homburg v.d. Höhe, hereinafter referred to as "Fresenius Kabi AG", was founded on August 21, 1998 and entered on October 2, 1998 in the Commercial Register at the Local Court in Frankfurt am Main. With effect from May 10, 2010, the Annual General Meeting of Fresenius Kabi AG resolved the change in the Statutes in § 1 (domicile) and, with this, the transfer of its registered office from Frankfurt am Main to Bad Homburg v. d. Höhe. The entry in the Commercial Register of the Local Court of Bad Homburg v. d. Höhe (previously the Frankfurt am Main Local Court) was made on June 22, 2010.

Fresenius Kabi AG acts as the holding company for the worldwide business of supplying products and services for enteral and parenteral nutrition, medical devices and infusion therapy as well as intravenously administered drugs.

A profit and loss transfer agreement has existed since January 1, 2001 between Fresenius Kabi AG and its 100 per cent shareholder, Fresenius SE & Co. KGaA.

Fresenius Kabi AG is exempted from preparing consolidated financial statements and a group management report, as Fresenius SE & Co. KGaA, Bad Homburg v. d. Höhe, as the parent company, prepares exempting consolidated financial statements under Section 291 HGB [German Commercial Code] and a Group Management Report in accordance with Section 315a HGB under International Financial Reporting Standards (IFRS), as adopted by the EU, for the smallest number of companies that have to be included. The consolidated financial statements of Fresenius SE & Co. KGaA group are published in the electronic Federal Gazette. The consolidated financial statements for the largest number of companies that have to be included are prepared by Fresenius Management S.E., Bad Homburg v. d. Höhe and similarly published in the electronic Federal Gazette. Fresenius Kabi AG and its subsidiaries are included in the aforementioned consolidated financial statements.

(2) Accounting and valuation principles

The accounting policies have very largely been retained compared with the previous year.

The tax expense relating to the transfer of profits and losses in the financial year is reported in order to improve the transparency of the earnings situation in the caption “net income transferred under a profit and loss transfer agreement”, whereas in the previous year it was reported under “income taxes” and “net income transferred under a profit and loss transfer agreement”. The prior year presentation in the income statement has also been adjusted.

Intangible assets acquired for a consideration are valued at their acquisition cost less systematic straight-line amortization. The estimated useful life is normally between two and five years. The useful life of PC utility programs is two years, and the useful life of know-how is up to five years. The valuation of the utilization right for the Company name “Kabi” is based on a useful life of fifteen years.

Property, plant and equipment are valued at their acquisition cost less standard straight-line or declining balance depreciation.

The following useful lives mainly apply for calculating the depreciation charge:

Office and factory buildings	10 - 25 years
Other fixtures and fittings, tools and equipment	3 - 10 years

Depreciable moveable fixed assets with a value of more than € 150 and less than € 1,000 are grouped into a collective item that is dissolved through profit and loss by one-fifth in the year of capitalization and the following four years.

Impairment losses are recorded on assets when a lower value can be attributed to them as of the balance sheet date on account of sustained impairment. A lower carrying amount is not retained if the reasons for the earlier impairment loss no longer exist.

Financial assets are recognised at cost or their lower attributable value.

Accounts receivable and other assets are recognised at their nominal value less any necessary specific bad debt provisions.

Securities are recognised at their nominal amount or at their lower attributable value.

The employee credit balances on partial retirement agreements are secured against insolvency in compliance with the relevant legal regulations.

To fulfil this purpose, the Company buys shares of an investment fund similar to a money market fund in the amount of the accumulated credit balances. Securitization is accomplished by pledging the investment fund shares to a trustee. The sole purpose of the securities is therefore to secure the obligations under the partial retirement agreements in the event of insolvency and they are not available to any other creditors. In accordance with Section 246 (2) sentence 2 HGB, they were netted in the past financial year with the underlying obligations. The fair value of these securities was derived from the stock market price as of the balance sheet date.

Amount to be paid for partial retirement agreements	€ 156 thousand
Fair value of the securities	€ 105 thousand
Surplus of the obligations over the assets	€ 51 thousand
Acquisition cost of the securities	€ 104 thousand

In the income statement, net losses and gains on the valuation of the securities and the accrual of € 1,020 are offset in the interest result.

The **pension obligation** is determined actuarially based on the biometrical probabilities (Heubeck 2005 G Mortality Tables) by the projected unit credit method. Salary and pension increases expected in the future are taken into account in the calculation of the obligation. At present, annual adjustments of 3 % to 4 % depending on the individual age are expected for the remuneration and of 1.75 % for the pensions. The staff fluctuation rate specific to the Company that has also been taken into account was between 0 % and 18 %. The interest rate used to discount the pension obligations amounts to 5.06 %; this is the average market interest rate for the past seven years determined and published by the Deutsche Bundesbank for an assumed residual term of 15 years (as of October 31, 2012)

The value of accruals in connection with employee-financed working life time accounts (demographic funds) is determined on the basis of the development of the asset value of the congruent recourse insurance in accordance with Section 253 (1) Sentence 3 HGB (security-linked pensions).

The asset values offset against the accruals are recognised at fair values.

On the basis of a Works Council Agreement from November 2009 and starting on January 1, 2010, employees can participate in a demography fund by contributing part of their compensation or working hours to an account maintained by the Company in exchange for time off in the future. The credit balances of the employees are invested in an insurance product via a trust agreement, so that the Company and its creditors have no access to the funds. This construction is a security-based pension obligation in the sense of Section 253 (1) sentence 3 HGB. The accrual for the time balances of the employees corresponds with the fair value of the insurance product. This fair value results from the forecasted actuarial reserves of the insurance company plus the present profit sharing on the surplus.

Amount to be paid for obligations from the demography fund	€ 39 thousand
Fair value of the insurance policy	€ 39 thousand
Surplus of the assets over the obligations	€ 0
Acquisition cost of the insurance policy	€ 39 thousand

Losses and gains of € 1,581 on the valuation of the insurance policy and the accrual are reported net in the income statement.

Other accruals are set up for recognizable risks and uncertain liabilities at the amounts to be paid, calculated on the basis of a reasonable commercial assessment. Long-term accruals are accounted for taking into account future price and cost increases and discounted with the latest seven year average discounting rate that corresponds to the remaining life of the accrual.

Liabilities are recognised at their settlement amounts.

Foreign currency items are translated with the average foreign currency spot rate at the time of origin or the hedging rate for hedging transactions.

In accordance with Section 256a HGB, assets and liabilities denominated in foreign currency with residual terms of up to a year are translated at the average closing spot rate as of the reporting date.

Assets and liabilities with a remaining life of over a year that are denominated in foreign currencies are fundamentally translated at the foreign currency rate at inception while at the balance sheet date the lower average foreign currency spot rate is used to translate assets and the higher average foreign currency spot rate is used to translate liabilities. If the criteria for hedge accounting are fulfilled, the hedging instruments and the underlying hedged items are combined in a hedge and valued applying the translation rate at inception. Changes in the value of the hedged risks are not recognized in the balance sheet or income statement.

Gains and losses on the translation of foreign currency items to euros are recognized in profit or loss and recorded in the income statement under the captions "other operating income" or "other operating expenses".

Derivative financial instruments are only used in order to hedge risks. Interest rate and foreign currency derivatives are concluded for hedging purposes.

In addition to hedging transactions for foreign currency loans which group companies have taken up from the Company or which the Company has taken up at group companies and banks, the Company concludes hedging transactions with banks, which are matched by contracts in the opposite direction between Fresenius Kabi AG and its subsidiaries with more or less the same conditions. The subsidiaries use the contracts to hedge their operating business against foreign currency risks.

Furthermore, the Company concludes hedges in the form of foreign currency forward contracts for future foreign currency risks (from purchase and/or sales transactions in foreign currency) that represent anticipatory valuation units.

Derivatives are valued at their fair value on the balance sheet date. In accordance with the valuation principles under German commercial law, a negative valuation result is recorded in income for the year. Positive valuation results are however ignored. If the criteria for hedge accounting are fulfilled, the hedges and the hedged items are combined, so that the impact on profit or loss both of the hedge and the hedged item is only recognized in profit or loss jointly on settlement of the hedged item.

In accordance with the Company’s holding function, the caption “income from participations” is reported in the **income statement** instead of the caption in accordance with Section 275 (2) No. 1 HGB (sales). This comprises income from profit and loss transfer agreements, income from participations and expenses in connection with the absorption of losses.

(3) Derivatives

Fresenius Kabi AG employs derivatives in order to hedge interest rate and currency risks or risks that already exist or which can be expected with sufficient probability. Derivatives are used exclusively for hedging purposes. As the critical terms of the underlying transactions basically match those of the derivative financial instruments, it can be assumed that the hedges are highly effective. The Company has defined guidelines for the assessment of the risks and the control of the use of financial instruments. They include a clear segregation of responsibilities with regard to execution on the one hand and settlement, accounting and control on the other hand. The objective of the utilisation of derivatives is to reduce fluctuations in earnings and cash flows resulting from changes in exchange and interest rates.

Exchange rate risks

Fresenius Kabi AG entered into foreign exchange forward contracts with external contractual partners to hedge the foreign currency risks on accounts receivable and liabilities and transactions of the Company and its group companies that are expected with a high degree of probability. As of the balance sheet date, the Company mainly had US-$ and € currency derivatives with a nominal volume of € 757,895 thousand, a fair value of € 8,556 thousand and a maximum term of 16 months in its portfolio.

For foreign exchange forward contracts concluded with banks to hedge the foreign currency risks of Fresenius Kabi AG group companies that were passed down to the group companies affected via Group internal transactions, hedges were set up for the forward contracts and the underlying transactions with an offsetting fair value. The Company does not revalue these hedges for financial accounting purposes until maturity. The net fair value of internal and external hedges was € 4,813 thousand as of the balance sheet date. This net balance results from the prolongation of currency contracts, which were carried out externally on the basis of the current exchange rate and internally on the basis of the exchange rate of the original initial transaction. As of December 31, 2012, the notional amount of these transactions totalled € 586,328 thousand. A provision for contingent losses of € 562 thousand was recorded under the other accruals.

Further hedges were set up for loans in foreign currency that group companies have borrowed from the Company or that the Company has borrowed from group companies and banks, and their offsetting foreign exchange forward contracts closed for hedging purposes. The loan receivables and obligations hedged against currency risk had a net fair value at the reporting date of € 180,628 thousand. The external currency contracts to hedge individual loan receivables and liabilities have a net fair value of € 2,374 thousand. The changes in value of both the loan receivables and payment obligations and also of the foreign currency hedging transactions have been recognised as income. The offsetting cash flows will be almost fully compensated in 11 months at the latest.

A contingent loss accrual of € 493 thousand was set up as of the balance sheet date for the remaining currency derivatives with a net negative fair value of € -133 thousand.

The Company had no interest rate derivatives on the balance sheet date.

Valuation methods

The fair values of the derivatives are determined applying customary market valuation methods, taking into account the market information (market value). The following basic principles apply:

The fair value is based on the market value at which a derivative could be traded in a voluntary transaction between independent parties, whereby compulsory sales or liquidation sales have to be disregarded. To determine the market values of foreign exchange forward contracts, the contracted forward rate is compared with the forward rate as of the balance sheet date for the residual term of the respective contract. The resultant amount is discounted to the balance sheet date, taking into account current market interest rates. In the case of interest rate swaps, the valuation is carried out by discounting the future cash flows on the basis of the market interest rates on the balance sheet date applicable for the residual term of the contracts.

The effectiveness of hedging relationships is measured with the critical terms match method and the dollar offset method and with the dollar offset method for interest rate swaps.

Notes to the balance sheet

(4) Fixed assets

The composition of the summarized items of fixed assets and their movements is shown below:

Cost	Balance at Jan. 1, 2012	Additions	Disposals	Balance at Dec. 31, 2012
	'000 €	'000 €	'000 €	'000 €
Intangible assets				
Concessions, industrial property rights and assets as well as licenses acquired for consideration	82,220	5	2	82,223
	82,220	**5**	**2**	**82,223**
Property, plant and equipment				
Other fittings and fixtures, tools and equipment	741	27	60	708
	741	**27**	**60**	**708**
Financial assets				
Shares in affiliated companies	1,612,810	193,000	0	1,805,810
Other investments	2	0	0	2
Loans to affiliated companies	3,611	19,653	2,997	20,267
	1,616,423	**212,653**	**2,997**	**1,826,079**
Fixed assets	**1,699,384**	**212,685**	**3,059**	**1,909,010**

Accumulated depreciation, amortization and write-downs	Accumulated depreciation, amortization and write-downs as of Jan. 1, 2012	Additions	Disposals	Accumulated depreciation, amortization and write-downs as of Dec. 31, 2012	Carrying amount Dec. 31, 2012	Carrying amount 31.12.2011
	'000 €	'000 €	'000 €	'000 €	'000 €	'000 €
Intangible assets						
Concessions, industrial property rights and assets as well as licenses acquired for consideration	71,301	5,041	3	76,339	5,884	10,919
	71,301	**5,041**	**3**	**76,339**	**5,884**	**10,919**
Property, plant and equipment						
Other fittings and fixtures, tools and equipment	336	113	60	389	319	405
	336	**113**	**60**	**389**	**319**	**405**
Financial assets						
Shares in affiliated companies	45,538	2,500	0	48,038	1,757,772	1,567,272
Other investments	0	0	0	0	2	2
Loans to affiliated companies	0	0	0	0	20,267	3,611
	45,538	**2,500**	**0**	**48,038**	**1,778,041**	**1,570,885**
Fixed assets	**117,175**	**7,654**	**63**	**124,766**	**1,784,244**	**1,582,209**

Financial assets

The increase is mainly due to the contribution to the equity of Fresenius Kabi Pharmaceuticals Holding Inc., Wilmington/Delaware (USA). The capital measure was carried out in connection with the acquisition of Fenwal Holdings Inc., Wilmington/Delaware (USA).

Further contributions to equity were made at Fresenius Holding B.V., Amsterdam (Netherlands), und Fresenius Kabi S.A., Buenos Aires (Argentina).

Increases in capital took place at Fresenius Kabi Polska Sp. z o.o., Warsaw (Poland), and the newly acquired Fresenius Kabi (Wuhan) Pharmaceutical Co., Ltd., Wuhan (China).

The Company purchased further shares in Fresenius Kabi Bidiphar Joint Stock Company, Quy Nhon (Vietnam).

Additions to loans to affiliated companies amounted in the business year to € 19,653 thousand, including reclassifications of € 17,013 thousand from current assets. They mainly comprise long-term loans to Fresenius Hemocare Brasil Ltda., São Paulo, Kabi Polska Sp. z o. o., Warsaw, and Kabi India Private Ltd., Puna.

The disclosures in accordance with Section 285 No. 11 HGB follow separately as Appendix 2 to the notes to the financial statements "Participations".

(5) Accounts receivable and other assets

	Dec. 31, 2011	Dec. 31, 2012
	'000 €	'000 €
Accounts receivable from affiliated companies	460,008	416,411
(thereof with a residual term of more than 1 year)	(-)	(-)
Other assets	915	4,487
(thereof with a residual term of more than 1 year)	(-)	(-)
	460,923	420,898

Accounts receivable from affiliated companies include short-term loans of € 236,315 thousand (Dec. 31, 2011: € 228,808 thousand) and otherwise mainly current accounts.

(6) Subscribed capital

The nominal capital amounts to € 66,000,000 and consists of 25,781,250 bearer shares.

Fresenius SE & Co. KGaA has notified Fresenius Kabi AG that it holds 100 % of the voting rights and 100 % of the ordinary shares.

(7) Capital reserve

The capital reserve increased by € 169,015 thousand to € 1,373,951 thousand.

The payment by the shareholder in accordance with Section 272 (2) No. 4 HGB into the capital reserve was made with a resolution dated November 12, 2012.

(8) Unappropriated retained earnings carried forward

On account of the transfer of the net income of € 131,965 thousand (Dec. 31, 2011: € 145,266 thousand) to the sole shareholder, Fresenius SE & Co. KGaA, the unappropriated retained earnings carried forward were unchanged in the past business year at € 217,401 thousand; the unappropriated retained earnings carried forward as of December 31, 2012 consist entirely, as in prior years, of the retained earnings brought forward before the conclusion of the profit and loss transfer agreement.

(9) Accrued expenses

The **pension obligation** has been set up in accordance with the procedures described in Note (2) "Accounting and valuation principles".

The **other accruals** mainly comprise personnel expenses (€ 10,877 thousand; Dec. 31, 2011: € 5,862 thousand), accruals for outstanding invoices (€ 2,200 thousand; Dec. 31, 2011: € 2,597 thousand), accruals liability side derivatives (€ 1,265 thousand; Dec. 31, 2011: € 7,258 thousand) and accruals for contingent losses on pending transactions (€ 1,055 thousand; Dec. 31, 2011: € 3,934 thousand).

The accrued expenses developed as follows:

	Balance at Jan. 1, 2012	Transfers not affecting profit or loss	Change in covering securities	Used	Released	Allocated	Balance at Dec. 31, 2012
	‘000 €	‘000 €	‘000 €	‘000 €	‘000 €	‘000 €	‘000 €
Pension obligation	**4,935**	**-17**	**0**	**0**	**0**	**1,076**	**5,994**
Commissions, bonuses and other variable compensation	5,201	0	0	-3,957	-1,351	8,818	8,711
Termination benefits	300	0	0	0	-300	1,650	1,650
Residual vacation	236	0	0	-236	0	268	268
Staff anniversary payments	32	0	0	0	-2	0	30
Other personnel accruals	93	0	-26	-50	0	201	218
Personnel accruals	**5,862**	**0**	**-26**	**-4,243**	**-1,653**	**10,937**	**10,877**
Outstanding invoices	2,597	0	0	-615	-2,044	2,262	2,200
Other short-term accruals	12,356	0	0	-11,533	-592	5,512	5,743
Other accruals	**14,953**	**0**	**0**	**-12,148**	**-2,636**	**7,774**	**7,943**
Total accrued expenses	**25,750**	**-17**	**-26**	**-16,391**	**-4,289**	**19,787**	**24,814**

The transfers not affecting profit or loss relate to transfers of employees within the Fresenius Group.

(10) Liabilities

	Dec. 31, 2011		Dec. 31, 2012	thereof with a residual term of		
	Total	thereof with a residual term of less than 1 year	Total	less than 1 year	1 to 5 years	more than 5 years
	'000 €	'000 €	'000 €	'000 €	'000 €	'000 €
Trade accounts payable	573	573	1,029	1,029	-	-
Accounts payable to affiliated companies	529,433	39,044	521,232	448,175	73,057	-
Other liabilities	162	162	777	777	-	-
	530,168	39,779	523,038	449,981	73,057	-

Accounts payable to affiliated companies mainly relate with € 190,224 thousand (Dec. 31, 2011: € 206,495 thousand) to Fresenius Finance B.V. and with € 121,697 thousand (Dec. 31, 2011: € 165,743 thousand) to Fresenius SE & Co. KGaA.

This item includes, in addition to trade accounts payable and liabilities from the transfer of the profits, primarily loan liabilities.

Other liabilities mainly comprise wage tax liabilities (€ 438 thousand; Dec. 31, 2011: € 138 thousand).

(11) Contingent liabilities

Fresenius Kabi AG together with Fresenius ProServe GmbH and Fresenius SE & Co. KGaA is guaranteeing the repayment of three bonds of Fresenius SE & Co. KGaA of € 1,650 million, which were issued in 2006 and 2012 through Fresenius Finance B.V., Netherlands, or increased in 2009, including accumulated interest. As of December 31, 2012, these guarantees including accumulated interest amounted to € 1,691 million.

Furthermore, Fresenius Kabi AG together with Fresenius ProServe GmbH and Fresenius SE & Co. KGaA is guaranteeing the repayment, including accumulated interest, of a bond issued in 2009 via Fresenius Finance II, Inc, USA. The bond was issued in two tranches of US$ 500 million and € 275 million. The guarantee amounted as of December 31, 2012 including accumulated interest to US$ 523 million (€ 396 million) and € 287 million.

Further guarantee declarations by Fresenius Kabi AG exist together with Fresenius SE & Co. KGaA and Fresenius ProServe GmbH regarding the repayment of several long-term bank loans (2008 Credit Agreement), which were taken up via various Fresenius Group financing companies. These declarations cover a maximum of US$ 1,884 million (€ 1,428 million; Dec. 31, 2011: US$ 2,266 million, € 1,751 million), and € 159 million (Dec. 31, 2011: € 161 million) plus accumulated interest; the loans amount as of December 31, 2012 including interest to US$ 1,344 million (€ 1,019 million; Dec. 31, 2011: US$ 1,716 million, € 1,326 million) and € 160 million (Dec. 31, 2011: € 161 million).

Furthermore, Fresenius Kabi AG together with Fresenius ProServe GmbH is guaranteeing the repayment of a loan of € 100 million taken up by Fresenius SE & Co. KGaA at the European Investment Bank, plus accumulated interest. The loan amounted as of December 31, 2012 including accumulated interest to € 101 million.

As far as we are aware, the underlying obligations can be fulfilled in all cases by the companies affected; a claim on us is not currently expected.

In addition, Fresenius SE & Co. KGaA together with Fresenius Kabi AG is guaranteeing a loan of € 24.1 million taken up by Fresenius Immobilien-Verwaltungs-GmbH & Co. Objekt Friedberg KG in 2010, of which € 20.8 million was outstanding as of December 31, 2012.

With a letter dated January 29, 2008 the Company issued a declaration to its subsidiary, Fresenius Kabi AB, Sweden, that the equity of that company corresponds at least with the registered share capital.

With a letter dated December 22, 2011, the Company issued a guarantee declaration to Fresenius Kabi Austria GmbH, Austria, in which it promised, subject to a condition precedent, for a period initially limited to the next 5 years, to pay Fresenius Kabi Austria GmbH a compensating subsidy, by which possible sales proceeds remain below the cost or an adapted purchase price, in the event that investment in Fresenius Kabi (Singapore) Pte. Ltd., Singapore, that is held directly by Fresenius Kabi Austria GmbH or Fresenius Kabi Oncology Ltd., India, that was acquired by the former, is sold.

The adaption of the purchase price will be necessary to the extent that capital measures (increases in capital) or subsidies increase the cost or reductions in capital, repayments of capital contributions or dividends in excess of the annual earnings could have decreased it.

Similarly with a letter dated December 22, 2011, the Company issued a guarantee declaration to Fresenius Kabi Austria GmbH, Austria, in which it promised, subject to a condition precedent, for a period initially limited to the next 5 years, that on a possible sale of FHC (Holdings) Ltd., U.K., which is owned by it, to pay a compensating subsidy, if the sales proceeds remain below the cost or an adapted purchase price.

The adaption of the purchase price will be necessary to the extent that capital measures (increases in capital) or subsidies increase the cost or reductions in capital, repayments of capital contributions or dividends in excess of the annual earnings could have decreased it.

Furthermore, Fresenius Kabi AG is guaranteeing loans taken up by or existing credit facilities at various group companies with a total volume of € 274 million, which amounted as of December 31, 2012 to € 67 million.

As far as we are aware, the underlying obligations can be fulfilled in all cases by the companies affected; a claim on us is not currently expected.

(12) Other financial commitments

	Dec, 31, 2012
	'000 €
Obligations under leasehold, rental and leasing agreements	
due in 2013	1,181
due in 2014 – 2017	173
due after 2017	0
	1,354
(thereof to affiliated companies)	(1,006)
Order commitment on on-going capital expenditure	1
Other commitments	355,524
	356,879

The other commitments mainly comprise long-term purchase contracts for materials.

Notes to the income statement

(13) Income from participations

	2011	2012
	‘000 €	‘000 €
Income from profit and loss transfer agreements	212,860	159,631
Income from participations	89,121	81,998
(thereof from affiliated companies)	(89,121)	(81,998)
Expenses from loss transfer agreements	0	-9,461
	301,981	232,168

Profit and loss transfer agreements have been concluded with Fresenius Kabi Deutschland GmbH, Bad Homburg v. d. Höhe, V. Krütten Medizinische Einmalgeräte GmbH, Idstein, HOSPED GmbH Lieferservice für Klinik, Handel und Patienten, Friedberg, and Fresenius HemoCare Beteiligungs GmbH, Bad Homburg v. d. Höhe.

(14) Other operating income

Other operating income mainly includes exchange gains of € 84,910 thousand (Dec. 31, 2011: € 138.000 thousand), cost reimbursements of € 10,666 thousand (Dec. 31, 2011: € 5,890 thousand) from affiliated companies based on service agreements and proceeds from the reversal of other accruals of € 4,289 thousand (Dec. 31, 2011: € 3,603 thousand).

(15) Personnel expenses

	2011	2012
	‘000 €	‘000 €
Wages and salaries	15,703	22,594
Social security, pension and other benefit expenses	265	1,419
(thereof for pensions)	(200)	(923)
	15,968	24,013

	2011	2012
Average number of employees during the year		
(average number of full-time employees)		
Employee groups		
Wage-earners	0	0
Salaried employees	32	39
Trainees	0	0
	32	39

(16) Depreciation and amortization of intangible assets and property, plant and equipment

The depreciation and amortization of € 5,153 thousand (Dec. 31, 2011: € 5,127 thousand) mainly comprises systematic amortization on the rights to use the name "Kabi" acquired in 1999 (€ 5,000 thousand).

(17) Other operating expenses

The other operating expenses mainly comprise exchange losses (€ 90,769 thousand; Dec. 31, 2011: € 140,968 thousand), insurance and consultancy expenses (€ 21,911 thousand; Dec. 31, 2011: € 12,347 thousand), expenses for services by affiliated companies (€ 13,041 thousand; Dec. 31, 2011: € 12,639 thousand), IT-related expenses (€ 7,977 thousand; Dec. 31, 2011: € 5,362 thousand) and royalty expenses (€ 4,910 thousand; Dec. 31, 2011: € 0 thousand).

The fees recorded for the auditors include the following components:

	2011	2012
	‘000 €	‘000 €
Audit of financial statements	327	485
Tax advisory services	0	25
Other assurance services	0	0
Other services	0	424
	327	934

(18) Interest result

	2011	2012
	'000 €	'000 €
Income from other securities and long-term loans	36,554	568
(thereof from affiliated companies)	(36,554)	(567)
Other interest and similar income	21,763	17,277
(thereof from affiliated companies)	(19,852)	(16,520)
(thereof from the discounting of accruals)	(12)	(8)
Interest and similar expenses	-67,765	-38,495
(thereof to affiliated companies)	(-65,430)	(-31,622)
(thereof from winding back the discounting of accruals)	(-310)	(-250)
	-9,448	-20,650

The decline in income from other securities and long-term loans and the decline in interest expense to group companies results primarily from the restructuring of the loans in the Fresenius Group carried out in 2011.

(19) Write-downs on financial assets

Write-downs on financial assets (€ 2,500 thousand, 2011: € 35,476 thousand) comprise entirely the write-down of E-Wha International Inc., Seoul (South Korea) to the lower fair value at the end of the year. In the previous year, Fresenius Kabi Oncology Plc., London (U.K.), was written down to the lower fair value.

(20) Result from ordinary operations

The result from ordinary operations amounts to € 132,224 thousand (2011: € 148.077 thousand).

(21) Extraordinary result

There was no extraordinary result in the past financial year. In the previous year, the extraordinary result comprised the amount from the allocation of 14/15 of the difference in accordance with Article 67 (1) Sentence 1 EGHGB.

(22) Income taxes

Income taxes mainly comprise non-imputable source tax (€ 238 thousand; 2011: € 1,238 thousand).

(23) Total compensation of the management board

The total remuneration for active members of the management board amounted to € 5,761 thousand and for former members of the management board to € 6 thousand (2011: € 3,947 thousand for active and € 6 thousand for former members of the management board). The pension obligation for active members of the management board amounted to € 3,116 thousand (Dec. 31, 2011: € 2,312 thousand) and for former members to € 596 thousand (Dec. 31, 2011: € 606 thousand).

(24) Appropriation of the earnings

The net income earned in the past financial year has been transferred to Fresenius SE & Co. KGaA.

Please refer with regard to the disclosures in accordance with Section 285 No. 10 HGB to Appendix 1 to the notes to the financial statements.

Bad Homburg v. d. Höhe, February 25, 2013

M. Henriksson	M. Crouton	J. Ducker	Dr. C. Hauer
M. Köhler	T. Mechtersheimer	Dr. M. Schönhofen	G. Steen

Fresenius Kabi AG

Disclosures in accordance with Section 285 No. 10 HGB

Supervisory Board

Dr. Ulf M. Schneider
Chairman of the Supervisory Board
Chairman of the Management Board of Fresenius Management SE
(personally liable partner in Fresenius SE & Co. KGaA)

Stephan Sturm
Chief Financial Officer of Fresenius Management SE
(personally liable partner in Fresenius SE & Co. KGaA)

Christian Fischer
Divisional Manager Group Controlling at Fresenius SE & Co. KGaA

Fresenius Kabi AG

Disclosures in accordance with Section 285 No. 10 HGB

Management Board

Rainer Baule (until December 31, 2012)
Member of the Management Board of Fresenius SE & Co. KGaA Kabi Division
Chairman of the Management Board der Fresenius Kabi AG

Mats Henriksson
Member of the Management Board of Fresenius SE & Co. KGaA Kabi Division
Chairman of the Management Board of Fresenius Kabi AG (since January 1, 2013)

Marc Crouton
Member of the Management Board der Fresenius Kabi AG Western and Southern Europe, Latin America, Africa Region

John Ducker
Member of the Management Board of Fresenius Kabi AG North America Region

Manfred Köhler
Member of the Management Board of Fresenius Kabi AG Central European, Eastern and Northern Europe and the Middle East Region

Thomas Mechtersheimer (since March 1, 2012)
Member of the Management Board of Fresenius Kabi AG Asia-Pacific Region

Dr. Michael Schönhofen
Member of the Management Board of Fresenius Kabi AG Pharmaceuticals Division

Dr. Christian Hauer (since January 1, 2013)
Member of the Management Board of Fresenius Kabi AG Medical Devices Division

Gerrit Steen
Chief Financial Officer of Fresenius Kabi AG

KPMG

Auditors' report

To Fresenius Kabi Aktiengesellschaft

We have audited the annual financial statements comprising the balance sheet, the income statement and the notes to the financial statements, together with the bookkeeping system, of Fresenius Kabi Aktiengesellschaft, Bad Homburg v. d. Höhe, for the business year from January 1 to December 31, 2012. The maintenance of the books and records and the preparation of the financial statements in accordance with German commercial law are the responsibility of the Company's management board. Our responsibility is to express an opinion on the annual financial statements, together with the bookkeeping system, based on our audit.

We conducted our audit of the annual financial statements in accordance with § 317 HGB [Handelsgesetzbuch: German Commercial Code] and German generally accepted standards for the audit of financial statements promulgated by the Institut der Wirtschaftsprüfer [Institute of Public Auditors in Germany] (IDW). Those standards require that we plan and perform the audit such that misstatements materially affecting the presentation of the net assets, financial position and results of operations in the annual financial statements in accordance with German principles of proper accounting are detected with reasonable assurance. Knowledge of the business activities and the economic and legal environment of the Company and expectations as to possible misstatements are taken into account in the determination of audit procedures. The effectiveness of the accounting-related internal control system and the evidence supporting the disclosures in the books and records and the annual financial statements are examined primarily on a test basis within the framework of the audit. The audit includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the annual financial statements. We believe that our audit provides a reasonable basis for our opinion.

Our audit has not led to any reservations.

KPMG

In our opinion, based on the findings of our audit, the annual financial statements comply with the legal requirements and give a true and fair view of the net assets, financial position and results of operations of Fresenius Kabi Aktiengesellschaft in accordance with German principles of proper accounting.

Frankfurt am Main, February 25, 2013

KPMG AG
Wirtschaftsprüfungsgesellschaft

[Original German version signed by:]

Walter	Dolibasic
Wirtschaftsprüfer	Wirtschaftsprüferin
[German Public Auditor]	[German Public Auditor]

Unconsolidated Financial Statements of Fresenius Kabi AG for 2011
(German-GAAP)

Fresenius Kabi Aktiengesellschaft, Bad Homburg v. d. Höhe

Balance sheet as of December 31, 2011

A s s e t s

	Note	Dec. 31, 2011		Dec. 31, 2010	
		'000 €	'000 €	'000 €	'000 €
A. Fixed assets	4				
I. Intangible assets			10,919		16,008
II. Property, plant and equipment			405		126
III. Financial assets			1,570,885		2,007,627
			1,582,209		2,023,761
B. Current assets					
I. Accounts receivable and other assets	5				
1. Accounts receivable from related parties		460,008		709,778	
2. Other assets		915	460,923	4,532	714,310
II. Cash and cash equivalents			1,042		134
			461,965		714,444
C. Deferred expense			81		3
			2,044,255		2,738,208

Liabilities and shareholders' equity

	Note	Dec. 31, 2011	Dec. 31, 2010
		'000 €	'000 €
A. Shareholders' equity			
I. Subscribed capital	6		
Ordinary shares		66,000	66,000
II. Capital reserve	7	1,204,936	1,204,936
III. Unappropriated retained earnings	8	217,401	217,401
		1,488,337	1,488,337
B. Accrued expenses	9		
1. Pension obligation		4,935	4,483
2. Other accruals		20,815	25,829
		25,750	30,312
C. Liabilities	10		
1. Trade accounts payable		573	1,196
2. Accounts payable to related parties		529,433	1,217,987
3. Other liabilities		162	376
		530,168	1,219,559
		2,044,255	2,738,208

Fresenius Kabi Aktiengesellschaft, Bad Homburg v. d. Höhe

Income statement
for the year ended December 31, 2011

	Note	2011	2010
		'000 €	'000 €
1. Income from participations	13	301,981	264,473
2. Other operating income	14	147,934	157,575
3. Personnel expenses	15	-15,968	-16,950
4. Depreciation and amortization of intangible assets and property, plant and equipment	16	-5,127	-5,101
5. Other operating expenses	17	-235,819	-188,222
6. Income from other securities and long-term loans	18	36,554	36,913
7. Other interest and similar income	18	21,763	23,224
8. Write-downs on financials assets	19	-35,476	0
9. Interest and similar expenses	18	-67,765	-53,966
10. Result from ordinary operations	20	148,077	217,946
11. Extraordinary income		0	1,806
12. Extraordinary expenses		-1,577	-113
13. Extraordinary result	21	-1,577	1,693
14. Income taxes (intercompany apportionments)	22	-24,541	-31,111
15. Other taxes		-12	-25
16. Net income transferred under a profit and loss pooling agreement	24	-121,947	-188,503
17. Net income for the year		0	0
18. Unappropriated retained earnings brought forward		217,401	217,401
19. Unappropriated retained earnings carried forward	8	217,401	217,401

Notes to the financial statements of Fresenius Kabi AG

(1) General

Fresenius Kabi Aktiengesellschaft, Bad Homburg v.d.H., hereinafter referred to as "Fresenius Kabi AG", was founded on August 21, 1998 and entered on October 2, 1998 in the Commercial Register at the Local Court in Frankfurt am Main. With effect from May 10, 2010, the Annual General Meeting of Fresenius Kabi AG resolved the change in the Statutes in § 1 (domicile) and, with this, the transfer of its registered office from Frankfurt am Main to Bad Homburg v. d. Höhe. The entry in the Commercial Register of the Local Court of Bad Homburg v. d. Höhe (previously the Frankfurt am Main Local Court) was made on June 22, 2010.

Fresenius Kabi AG acts as the holding company for the worldwide business of supplying products and services for enteral and parenteral nutrition, as well as for infusion therapy, medical devices and transfusion therapy and intravenously administered drugs.

A profit and loss transfer agreement has existed since January 1, 2001 between Fresenius Kabi AG and its 100 per cent shareholder, Fresenius SE & Co. KGaA.

Fresenius Kabi AG is exempt from preparing consolidated financial statements and a group management report, as Fresenius SE & Co. KGaA, Bad Homburg v. d. Höhe, as the parent company, prepares exempting consolidated financial statements under Section 291 HGB [German Commercial Code] and a Group Management Report in accordance with Section 315a HGB under International Financial Reporting Standards (IFRS), as adopted by the EU, for the smallest number of companies that have to be included. The consolidated financial statements of Fresenius SE & Co. KGaA group are published in the electronic Federal Gazette. The consolidated financial statements for the largest number of companies that have to be included are prepared by Fresenius Management S.E., Bad Homburg v. d. Höhe. The consolidated financial statements of Fresenius Management SE group are published in the electronic Federal Gazette. Fresenius Kabi AG and its subsidiaries are included in the aforementioned consolidated financial statements.

(2) Accounting and valuation principles

The accounting policies have very largely been retained compared with the previous year.

Deviations from the accounting policies arise in 2011 exclusively due to the utilization of the option available under Article 67 (1) Sentence 1 EGHGB [Introductory Law to the HGB], as a result of which 14/15 of the difference that arose was allocated to the pension obligation. This allocation corresponds with the shortfall as of December 31, 2010. The expense from this allocation is reported in the caption in the income statement called "Extraordinary result".

Intangible assets acquired for a consideration are valued at their acquisition cost less systematic straight-line amortization. The estimated useful life is normally between two and five years. The useful life of PC utility programs is two years, and the useful life of know-how is up to five years. The valuation of the utilization right for the Company name "Kabi" is based on a useful life of fifteen years.

Property, plant and equipment are valued at their acquisition cost less regular linear or degressive depreciation.

The following useful lives mainly apply for calculating the depreciation charge:

Office and factory buildings	10 - 25 years
Technical equipment and machinery	5 - 15 years
Other fixtures and fittings, tools and equipment	3 - 10 years

Depreciable movable non-current assets with a value of more than € 150.00 and less than € 1,000.00 are grouped into a collective item which is dissolved through profit and loss by one fifth in the year of capitalization and the following four years each.
Impairment losses are recorded on assets when a lower value can be attributed to them as of the balance sheet date on account of sustained impairment. A lower carrying amount is not retained if the reasons for the earlier impairment loss no longer exist.

Financial assets are recognised at cost or their lower attributable value.

Accounts receivable and other assets are recognised at their nominal value less any necessary specific bad debt provisions.

Securities are recognised at their nominal amount or at their lower attributable value.

The employee credit balances of partial retirement agreements are secured against insolvency in compliance with the relevant legal regulations. To fulfil this purpose the company buys shares of a money-market-similar investment fund in the amount of the cumulated credit balances. The securitization is done via pledging the investment fund shares to a trustee, hence the securities have the sole purpose of fulfilling the obligations derived from the partial retirement agreements and are not available to other creditors. They have been netted with their matching obligations following Section 246 (2) sentence 2 HGB. The fair value of these securities has been derived from the stock exchange price at the balance sheet date.

Amount to be paid for partial retirement agreements	€ 123 thousand
Fair value of the securities	€ 79 thousand
Surplus of the obligations over the assets	€ 44 thousand
Acquisition cost of the securities	€ 78 thousand

In the income statement, net losses and gains on the valuation of the securities and the accrual of € 769 are offset in the interest result.

Pension obligation is determined actuarially based on the biometrical probabilities (Heubeck 2005 G Mortality Tables) by the projected unit credit method. Salary and pension increases expected in the future are taken into account in the calculation of the obligation. At present, annual adjustments of 3 % to 4 % are expected for the remuneration and of 1.75 % for the pensions. The staff fluctuation rate specific to the Company that has also been taken into account was between 0 % and 18 %. The interest rate used to discount the pension obligation amounts to 5.13 %; this is the average market interest rate for the past seven years determined and published by the Deutsche Bundesbank for an assumed residual term of 15 years (as of October 31, 2011).

The value of accruals in connection with employee-financed working life time accounts (demographic funds) is determined on the basis of the development of the asset value of the corresponding plan reinsurance in accordance with Section 253 (1) Sentence 3 HGB (security-linked pensions).

The asset values offset against the accruals are recognised at fair values.

On the basis of a Works Council Agreement from November 2009 and starting on January 1, 2010, employees can participate in a demography fund (Demografiefonds) by contributing part of their compensation or working time to an account run by Fresenius SE & Co. KGaA in exchange of time-off in the future. The credit balances of the employees are invested in an insurance product via a trust agreement so that Fresenius SE & Co. KGaA and its creditors do not have access to the funds. This construction is a security-based pension obligation in the sense of Section 253 (1) sentence 3 HGB. The amount provisioned for the time balances of the employees corresponds to the fair value of the insurance product. The fair value results from the forecasted actuarial reserves of the insurance company plus the present profit sharing on the surplus.

Amount to be paid for obligations from the demography fund	€ 23 thousand
Fair value of the insurance policy	€ 23 thousand
Surplus of the assets over the obligations	0

Acquisition cost of the insurance policy € 20 thousand

Losses and gains of € 3,804 on the valuation of the insurance policy and the accrual are reported net in the income statement.

Tax accruals and other accruals are built for recognizable risks and uncertain liabilities at the amounts to be paid and calculated on the basis of a reasonable commercial assessment. Long term accruals are accounted for taking into account future price and cost increases and are discounted with the last-seven-year-average discount rate that corresponds to the remaining life of the accrual.

Liabilities are recognised at their settlement amounts.

Foreign currency items are translated with the foreign exchange rate at the time of origin or the hedging rate for hedging transactions.
In accordance with Section 256a HGB, assets and liabilities denominated in foreign currency with residual terms of up to a year are translated at the average closing spot rate as of the reporting date.

Assets and liabilities with a remaining life of over one year and carried at foreign currencies are basically translated at inception at the foreign currency exchange rate, while at the balance sheet date the lowest closing spot rate is used for translating assets and the highest closing spot rate is used for translating liabilities. If the conditions to apply hedge accounting are met, the hedging financial instruments and the underlying transactions are combined in a hedge and valued using the exchange rate at inception (Einfrierungsmethode). Changes in the value of the hedged risks are not recognized in the balance sheet or statement of income.

Gains and losses on the translation of foreign currency items to Euros are recognized in profit or loss and recorded in the income statement under the captions “other operating income” or “other operating expenses”.

Derivative financial instruments are only used in order to hedge risks. Interest rate and foreign currency derivatives are contracted for hedging purposes.

In addition to hedging transactions for foreign currency loans which group companies have taken up from the Company or which the Company has taken up at group companies and banks, the Company concludes hedging transactions with banks, which are matched by contracts in the opposite direction between Fresenius Kabi AG and its subsidiaries with more or less the same conditions. The subsidiaries use the contracts to hedge their operating business against foreign currency risks.

Furthermore, the Company concludes hedges in the form of foreign currency forward contracts for future foreign currency risks (from purchase and/or sales transactions in foreign currency) that represent anticipatory valuation units.

Derivatives are valued at their fair value on the balance sheet date. In accordance with the valuation principles under German commercial law, a negative valuation result is recorded in income for the year. Positive valuation results are however ignored. If the criteria for hedge accounting are fulfilled, the hedges and the hedged items are combined, so that the impact on profit or loss both of the hedge and the hedged item is only recognized in profit or loss on settlement of the hedged item.

In accordance with the Company's holding function, the caption "income from participations" is reported in the income statement instead of the caption in accordance with Section 275 (2) No. 1 HGB (sales). This comprises income from profit and loss transfer agreements, income from participations and expenses in connection with the absorption of losses.

(3)Derivatives

Fresenius Kabi AG employs derivatives in order to hedge interest rate and currency risks or risks that already exist or which can be expected with sufficient probability. Derivatives are used exclusively for hedging purposes. As the critical terms of the underlying transactions basically match those of the derivative financial instruments it can be assumed that hedges are highly effective. The Company has defined guidelines for the assessment of the risks and the control of the use of financial instruments. They include a clear segregation of responsibilities with regard to execution on the one hand and settlement, accounting and control on the other hand. The objective of the utilisation of derivatives is to reduce fluctuations in earnings and cash flows resulting from changes in exchange and interest rates.

Exchange rate risks

The Company uses foreign exchange forward contracts to hedge foreign currency risks.

Fresenius Kabi AG entered into foreign exchange forward contracts with external contractual partners to hedge the foreign currency risks on accounts receivable and liabilities and transactions of the Company and its group companies that are expected with a high degree of probability. As of the balance sheet date, the Company mainly had US-$ and € currency derivatives with a nominal volume of €649,414 thousand, a fair value of € -19,852 thousand and a maximum term of 17 months in its portfolio.

For foreign exchange forward contracts contracted with banks that were closed to hedge the foreign exchange risk of Fresenius Kabi AG Group companies' and that were passed down to the affected Group companies via Group internal transactions, hedges were build for the forward contracts and the underlying transactions with an offsetting fair value. The Company does not revaluate these hedges for financial reporting purposes until maturity (Einfrierungsmethode). The net fair value of internal and external hedges was € - 3,010 thousand as of the balance sheet date. This net balance results from the prolongation of currency contracts, which were carried out externally on the basis of the current exchange rate and internally on the basis of the exchange rate of the original initial transaction. The nominal volume of these transactions amounted as of December 31, 2011 to € 676,646 thousand. A contingent loss accrual of € 3,258 thousand was recorded under the other accruals.

Further hedges were set up for loans in foreign currency, which group companies have taken up from the Company or which the Company has taken up from group companies and banks, and the foreign exchange forward contracts in the opposite direction in order to hedge them. These hedged loan receivables and liabilities that are fully hedged against foreign currency risks had a net carrying amount at the reporting date of € 140,275 thousand. The external currency contracts to hedge individual loan receivables and liabilities has a net fair value of € - 5,198 thousand.
The changes in value of both the loan receivables and payment obligations and the foreign currency hedging contracts have been recognized as income (Durchbuchungsmethode). The offsetting cash flows will be almost fully compensated at the latest in 12 months.

A contingent loss accrual of € -675 thousand was set up as of the balance sheet date for the remaining currency derivatives with a net negative fair value of € -460 thousand as of the balance sheet date.

The Company had no interest rate derivatives on the balance sheet date.

Valuation methods

The fair values of the derivatives are determined applying customary market valuation methods, taking into account the market information (market value). The following basic principles apply:

The fair value is based on the market value at which a derivative could be traded in a voluntary transaction between independent parties, whereby compulsory sales or liquidation sales have to be disregarded. To determine the market values of foreign exchange forward contracts, the contracted forward rate is compared with the forward rate as of the balance sheet date for the residual term of the respective contract. The resultant amount is discounted to the balance sheet date, taking into account current market interest rates. In the case of interest rate swaps, the valuation is carried out by discounting the future cash flows on the basis of the market interest rates on the balance sheet date applicable for the residual term of the contracts.

The effectiveness of hedging relationships is measured with the Critical Term Match- Method and the Dollar Offset-Method for foreign exchange forward contracts and with the Dollar Offset-Method for interest rate swaps.

Notes to the balance sheet

(4) Fixed assets

The composition of the summarized items of fixed assets and their movements is shown below:

Cost	Balance at Jan. 1, 2011	Additions	Disposals	Balance at Dec. 31, 2011
	'000 €	'000 €	'000 €	'000 €
Intangible assets				
Concessions, industrial and similar rights and assets as well as licenses acquired for consideration	82,282	0	62	82,220
	82,282	**0**	**62**	**82,220**
Property, plant and equipment				
Other fixtures and fittings, tools and equipment	431	356	46	741
	431	**356**	**46**	**741**
Financial assets				
Shares in related parties	1,488,656	124,154	0	1,612,810
Other investments	2	0	0	2
Loans to related parties	529,031	0	525,420	3,611
	2,017,689	**124,154**	**525,420**	**1,616,42[illegible]**
Fixed assets	**2,100,402**	**124,510**	**525,528**	**1,699,384**

Accumulated depreciation, amortization and write-downs	Accumulated depreciation, amortization and write-downs as of Jan. 1, 2011	Additions	Disposals	Accumulated depreciation, amortization and write-downs as of Dec. 31, 2011	Carrying amount Dec. 31, 2011	Carrying amount Dec. 31, 2010
	'000 €	'000 €	'000 €	'000 €	'000 €	'000 €
Intangible assets						
Concessions, industrial and similar rights and assets as well as licenses acquired for consideration	66,274	5,051	24	71,301	10,919	16,008
	66,274	**5,051**	**24**	**71,301**	**10,919**	**16,008**
Property, plant and equipment						
Other fixtures and fittings, tools and equipment	305	76	45	336	405	126
	305	**76**	**45**	**336**	**405**	**126**
Financial assets						
Shares in related parties	10,062	35,476	0	45,538	1,567,272	1,478,594
Other investments	0	0	0	0	2	2
Loans to related parties	0	0	0	0	3,611	529,031
	10,062	**35,476**	**0**	**45,538**	**1,570,885**	**2,007,627**
Fixed assets	**76,641**	**40,603**	**69**	**117,175**	**1,582,209**	**2,023,761**

Financial assets

The reduction is mainly due to the rescheduling of the loans to APP Pharmaceuticals Inc., Wilmington/Delaware (USA) and Fresenius Kabi Pharmaceuticals Holding Inc., Wilmington/ Delaware (USA).

Increases in capital took place at Fresenius Kabi Deutschland GmbH, Bad Homburg v. d. Höhe (Germany), PT. Fresenius Kabi Indonesia, Jakarta (Indonesia), Fresenius Kabi Asiaco GmbH, Bad Homburg v. d. Höhe (Germany) and Fresenius Kabi o.o.o., Moscow (Russia).

The Company purchased the interests in Fresenius Kabi Oncology Plc., London (U.K.). Later, a loan receivable was converted to equity. In connection with this restructuring measure, the investment was written down at the end of the year to the lower fair value.

Further interests in Fresenius Kabi Bidiphar Joint Stock Company, Quy Nhon (Vietnam) were acquired.

Interests were acquired from IG Center S.R.L., Buenos Aires (Argentina). The remaining interests were purchased by another Kabi company.

DOM Medica Sp. Z o.o., Warsaw (Poland) was newly established.

A list of all participations in related and associated companies of Fresenius Kabi AG is contained in the list of participations in related and associated companies of Fresenius SE & Co. KGaA which will be published by Fresenius SE & Co. KGaA in the electronic Bundesanzeiger (German Federal Gazette).

(5) Accounts receivable and other assets

	Dec. 31, 2010	Dec. 31, 2011
	'000 €	'000 €
Accounts receivable from related parties	709,778	460,008
(thereof with a residual term of more than 1 year)	(-)	
Other assets	4,532	915
(thereof with a residual term of more than 1 year)	(-)	
	714,310	460,923

Accounts receivable from related parties include short-term loans of € 228,808 thousand (Dec. 31, 2010: € 470,104 thousand) and otherwise mainly current accounts.

(6) Subscribed capital

The nominal capital amounts to € 66,000,000 and consists of 25,781,250 bearer shares.

Fresenius SE & Co. KGaA has notified Fresenius Kabi AG that it holds 100 % of the voting rights and 100 % of the ordinary shares.

(7) Capital reserve

The capital reserve amounts unchanged to € 1,204,936 thousand.

(8) Unappropriated retained earnings

On account of the transfer of the net income of € 121,947 thousand (Dec. 31, 2010; €188,503 thousand) to the sole shareholder, Fresenius SE & Co. KGaA, the unappropriated retained earnings carried forward are unchanged in the past business year at € 217,401 thousand; the unappropriated retained earnings carried forward as of December 31, 2011 consist entirely of the retained earnings brought forward prior to the conclusion of the profit and loss transfer agreement.

(9) Accrued expenses

The **pension obligation** has been set up in accordance with the procedures described in Note (2) "Accounting and valuation principles". The Company is exercising the option available under Article 67 (1) Sentence 1 EGHGB in 2011 and has allocated to the obligation 14/15 of the difference or € 1,577 thousand. This difference represents the shortfall as of December 31, 2010. The expenses from this allocation are reported in the income statement in the caption "Extraordinary result".

Other accruals mainly include accruals for liability side derivatives (€ 7,258 thousand; Dec. 31, 2010: € 12,668 thousand), personnel accruals (€ 5,862 thousand; Dec. 31, 2010: € 5,050 thousand), accruals for contingent losses on pending transactions (€ 3,934 thousand; Dec. 31, 2010: € 5,195 thousand) and accruals for outstanding invoices (€ 2,597 thousand; Dec. 31, 2010: € 2,355 thousand).

The transfers not affecting profit or loss relate to staff transfers within the Fresenius Group.

The accrued expenses developed as follows:

	Balance at Jan. 1, 2011	Transfers not affecting profit or loss	Change in covering securities	Used	Released	Allocated	Balance at Dec. 31, 2011
	'000 €	'000 €	'000 €	'000 €	'000 €	'000 €	'000 €
Pension obligation	**4,483**	**-1,125**	**0**	**0**	**0**	**1,577**	**4,935**
Commissions, bonuses and other variable compensation	4,612	0	0	-2,131	-2,536	5,256	5,201
Termination benefits	0	0	0	0	0	300	300
Residual vacation	216	0	0	-216	0	236	236
Staff anniversary payments	60	0	0	0	-28	0	32
Other personnel accruals	162	0	-39	-106	-2	78	93
Personnel accruals	**5,050**	**0**	**-39**	**-2,453**	**-2,566**	**5,870**	**5,862**
Outstanding invoices	2,355	0	0	-1,700	-808	2,750	2,597
Other short-term accruals	18,424	0	0	-19,238	-229	13,399	12,356
Other accruals	**20,779**	**0**	**0**	**-20,938**	**-1,037**	**16,149**	**14,953**
Total accrued expenses	**30,312**	**-1,125**	**-39**	**-23,391**	**-3,603**	**23,596**	**25,750**

(10) Liabilities

	Dec. 31, 2010		Dec. 31, 2011			
				thereof with a residual term of		
	Total	thereof with a residual term of less than 1 year	Total	less than 1 year	1 to 5 years	more than 5 years
	'000 €	'000 €	'000 €	'000 €	'000 €	'000 €
Trade accounts payable	1,196	1,196	573	573	-	-
Accounts payable to related parties	1,217,987	880,317	529,433	529,433	-	-
Other liabilities	376	376	162	162	-	-
	1,219,559	881,889	530,168	530,168	-	-

Accounts payable to related parties mainly relate with € 206,495 thousand (Dec. 31, 2010: € 176,642 thousand) to Fresenius Finance B.V. and with € 165,743 thousand (Dec. 31, 2010: € 932,422 thousand) to Fresenius SE & Co. KGaA.

This item includes, in addition to trade accounts payable and liabilities from the transfer of the profits, primarily loan liabilities.

The reduction in the balance sheet caption mainly results from the rescheduling of the long-term loan liabilities to Fresenius SE & Co. KGaA and the related long-term loans to Fresenius Kabi Pharmaceuticals Inc. and APP Pharmaceuticals Inc.

The other liabilities mainly comprise wage tax liabilities (€ 138 thousand; Dec. 31, 2010: € 363 thousand).

(11) Contingent liabilities

On August 20, 2008, in connection with the acquisition of APP Pharmaceuticals, Inc. (APP), the Fresenius Group entered into a syndicated credit agreement (2008 Senior Credit Agreement) in an original amount of US$ 2.45 billion.

Since that date, amendments and voluntary prepayments were made which resulted in a change of the total amount available under this facility. In March 2011, after negotiations with the lenders, Fresenius SE & Co. KGaA again improved the conditions of the 2008 Senior Credit Agreement. The amendments led to a reduction of the interest rate of Term Loan C (new: Term Loan D). The new interest rate is a rate equal to the money market interest rate (LIBOR and

EURIBOR) with a minimum of 1.00% (previously: 1.50%) and a current margin of 2.50% (previously: 3.00%). An earlier amendment in March 2010 led to a replacement of Term Loan B by Term Loan C and an improvement of the applicable interest rate.

The following tables show the available and outstanding amounts under the 2008 Senior Credit Agreement as of December 31:

	2011			
	Maximum amount available		Balance outstanding	
		€ in million		€ in million
Revolving Credit Facilities	US$550 million	425	US$0 million	0
Loan A	US$537 million	415	US$537 million	415
Loan D (in US$)	US$971 million	751	US$971 million	751
Loan D (in €)	€160 million	160	€160 million	160
		1,751		**1,326**

	2010			
	Maximum amount available		Balance outstanding	
		€ in million		€ in million
Revolving Credit Facilities	US$550 million	411	US$0 million	0
Loan A	US$782 million	586	US$782 million	586
Loan C (in US$)	US$984 million	736	US$984 million	736
Loan C (in €)	€162 million	162	€162 million	162
		1,895		**1,484**

As of December 31, 2011, the 2008 Senior Credit Agreement consisted of:

- Revolving Credit Facilities in the aggregate principal amount of US$ 550 million (of which US$ 150 million is available to APP Pharmaceuticals, LLC and US$ 400 million is available as multicurrency facility to Fresenius Finance I S.A., a wholly-owned subsidiary of Fresenius SE & Co. KGaA) which will be due and payable on September 10, 2013.

- Term Loan Facilities (Term Loan A) in the aggregate principal amount of US$ 537 million (of which equal shares are available to Fresenius US Finance I, Inc., a wholly-owned subsidiary of Fresenius SE & Co. KGaA, and to APP Pharmaceuticals, LLC). Term Loan A amortizes and is repayable in unequal semi-annual instalments with a final maturity date on September 10, 2013.

- Term Loan Facilities (Term Loan D) in the aggregate principal amount of US$ 971.4 million and € 160.5 million (of which US$ 572.2 million and € 160.5 million are available to Fresenius US Finance I, Inc. and US$ 399.2 million is available to APP Pharmaceuticals, LLC). Term Loan D amortizes and is repayable in equal semi-annual instalments with a final bullet payment on September 10, 2014.

The interest rate on each borrowing under the 2008 Senior Credit Agreement is a rate equal to the aggregate of (a) the applicable margin (as described below) and (b) LIBOR or, in relation to any loan in Euros, EURIBOR for the relevant interest period. The applicable margin is variable and depends on the Leverage Ratio as defined in the 2008 Senior Credit Agreement. In the case of Term Loan D, a minimum LIBOR or EURIBOR was set for 1.00%.

To hedge large parts of the interest rate risk connected with the floating rate borrowings under the 2008 Senior Credit Agreement, the Fresenius Group entered into interest rate hedges.

In addition to scheduled principal payments, indebtedness outstanding under the 2008 Senior Credit Agreement will be reduced by mandatory prepayments in the case of certain sales of assets, incurrence of additional indebtedness, equity issuances and certain intercompany loan repayments, with the amount to be prepaid depending on the proceeds which are generated by the respective transaction.

The 2008 Senior Credit Agreement is guaranteed by Fresenius SE & Co. KGaA, Fresenius ProServe GmbH and Fresenius Kabi AG. The obligations of APP Pharmaceuticals, LLC under the 2008 Senior Credit Agreement that refinanced indebtedness under the former APP credit facility are secured by the assets of APP and its subsidiaries and guaranteed by APP's subsidiaries on the same basis as the former APP credit facility. All lenders also benefit from indirect security through pledges over the shares of certain subsidiaries of Fresenius Kabi AG and pledges over certain intercompany loans.

The 2008 Senior Credit Agreement contains a number of customary affirmative and negative covenants and other payment restrictions. These covenants include limitations on liens, sale of assets, incurrence of debt, investments and acquisitions and restrictions on the payment of dividends, among other items. The 2008 Senior Credit Agreement also includes financial covenants – as defined in the agreement – that require Fresenius SE & Co. KGaA and its subsidiaries (other than Fresenius Medical Care and its subsidiaries) to maintain a maximum leverage ratio, a minimum fixed charge coverage ratio, a minimum interest coverage ratio and limits amounts spent on capital expenditure. As of December 31, 2011, the Fresenius Group was in compliance with all covenants under the 2008 Senior Credit Agreement.

In addition, Fresenius SE & Co. KGaA together with Fresenius Kabi AG is guaranteeing a loan of € 24.1 million taken up by Fresenius Immobilien-Verwaltungs-GmbH & Co. Objekt Friedberg KG in 2010, of which € 23.4 million was outstanding as of December 31, 2011.

A comfort letter was furthermore issued to Fresenius HemoCare Netherlands B.V., the Netherlands in connection with social plan obligations; the liabilities reported by that company in this connection amounted as of December 31, 2011 to € 185 thousand (Dec. 31, 2010: € 317 thousand).

With a letter dated January 29, 2008 the Company issued a declaration to its subsidiary, Fresenius Kabi AB, Sweden, that the equity of that company corresponds at least with the registered share capital.

With a letter dated December 22, 2011, the Company issued a guarantee declaration to Fresenius Kabi Austria GmbH, Austria, in which it promised, subject to a condition precedent, for a period initially limited to the next 5 years, to pay Fresenius Kabi Austria GmbH a compensating subsidy, by which possible sales proceeds remain below the cost or an adapted purchase price, in the event that investment in Fresenius Kabi (Singapore) Pte. Ltd., Singapore, that is held directly by Fresenius Kabi Austria GmbH or Fresenius Kabi Oncology Ltd., India, that was acquired by the former, is sold.

The adaption of the purchase price will be necessary to the extent that capital measures (increases in capital) or subsidies increase the cost or reductions in capital, repayments of capital contributions or dividends in excess of the annual earnings could have decreased it.

Similarly with a letter dated December 22, 2011, the Company issued a guarantee declaration to Fresenius Kabi Austria GmbH, Austria, in which it promised, subject to a condition precedent, for a period initially limited to the next 5 years, that on a possible sale of FHC (Holdings) Ltd., U.K., which is owned by it, to pay a compensating subsidy, if the sales proceeds remain below the cost or an adapted purchase price.

The adaption of the purchase price will be necessary to the extent that capital measures (increases in capital) or subsidies increase the cost or reductions in capital, repayments of capital contributions or dividends in excess of the annual earnings could have decreased the cost.

Fresenius Kabi AG together with Fresenius ProServe GmbH and Fresenius SE & Co. KGaA has guaranteed repayment of two bonds of Fresenius SE & Co. KGaA of € 1,150 million, which were issued in 2006 through Fresenius Finance B.V., the Netherlands, or increased in 2009, including accumulated interest. As of December 31, 2011 these guarantees including accumulated interest amounted to € 1,180 million.

Fresenius Kabi AG together with Fresenius ProServe GmbH and Fresenius SE & Co. KGaA has also guaranteed the repayment including accumulated interest for a bond issued in 2009 through Fresenius Finance II, Inc. USA. The bond was issued in two tranches of US$ 500 million and € 275 million. The guarantee amounted as of December 31, 2011 including accumulated interest to US$ 523 million (€ 404 million) and € 287 million.

Together with Fresenius ProServe GmbH, Fresenius Kabi AG guarantees repayment of a loan of € 100 million plus accumulated interest taken up by Fresenius SE & Co. KGaA from the European Investment Bank; the loan amounted as of December 31, 2011 including accumulated interest to € 100 million.

As far as we are aware, the underlying obligations can be fulfilled in all cases by the companies affected; a claim on us is not currently expected.

(12) Other financial commitments

	Dec. 31, 2011
	`000 €
Obligations under leasehold, rental and leasing agreements	
due in 2012	678
due from 2013 – 2016	153
due after 2016	0
	831
(thereof to related parties)	(578)
Order commitment ongoing capital expenditures	34
Other commitments	167,417
	168,282

Notes to the income statement

(13) Income from participations

	2010	2011
	'000 €	'000 €
Income from profit and loss transfer agreements	154,342	212,860
Income from participations	111,708	89,121
(thereof from related parties)	(111,708)	(89,121)
Expenses from loss transfer agreements	-1,577	0
	264,473	301,981

Profit and loss transfer agreements have been concluded with Fresenius Kabi Deutschland GmbH, Bad Homburg v. d. Höhe, V. Krütten Medizinische Einmalgeräte GmbH, Idstein, HOSPED GmbH Lieferservice für Klinik, Handel und Patienten, Friedberg, and Fresenius HemoCare Beteiligungs GmbH, Bad Homburg v. d. Höhe.

(14) Other operating income

Other operating income mainly includes exchange gains of € 138,000 thousand (Dec. 31, 2010: € 143.239 thousand), cost reimbursements of € 5,890 thousand (2010: € 6,165 thousand) from related parties based on service agreements and proceeds from the reversal of other accruals of € 3,603 thousand (2010: € 1,077 thousand).

(15) Personnel expenses

	2010	2011
	'000 €	'000 €
Wages and salaries	16,047	15,703
Social security, pension and other benefit expenses	903	265
(thereof for pensions)	(363)	(200)
	16,950	15,968

	2010	2011
Average number of employees during the year		
(average full-time employees)		
Employee groups		
Wage-earners	0	0
Salaried staff	50	32
Apprentices	0	0
	50	32

(16) Depreciation and amortization of intangible assets and property, plant and equipment

The depreciation and amortization of € 5,127 thousand (2010: € 5,101 thousand) mainly comprises systematic amortization on the rights to use the name "Kabi" acquired in 1999 (€ 5,000 thousand).

(17) Other operating expenses

The other operating expenses mainly comprise exchange losses (€ 140,968 thousand; 2010: € 153,204 thousand), other operating expenses in connection with the restructuring measure in the financial assets (€ 54,462 thousand, 2010: € 0), expenses for services by related parties (€ 12,693 thousand; 2010: € 10,893 thousand), insurance and consultancy expenses (€ 12,347 thousand; 2010: € 14,527 thousand), IT related expenses (€ 5,362 thousand; 2010: € 4,059 thousand), staff hiring costs (€ 2,554 thousand; 2010: € 500 thousand), travelling and entertaining expenses (€ 2,104 thousand; 2010: € 2,134 thousand), expenses for third party services (€ 821 thousand; 2010: € 281 thousand), leasing and rental expenses (€ 737 thousand; 2010: € 685 thousand), advertising expenses (€ 418 thousand; 2010: € 287 thousand), voluntary social expenses (€ 361 thousand; 2010: € 182 thousand), allocations to accruals (€ 231 thousand; 2010: € 121 thousand), donations (€ 92 thousand; 2010: € 177 thousand) and research and development expenses (€ 88 thousand; 2010: € 195 thousand).

The fees recorded for the auditors include the following components:

	2010	2011
	'000 €	'000 €
Audit of financial statements	353	327
Tax advisory services	27	0
Other assurance services	0	0
Other services	0	0
	380	327

(18) Interest result

	2010	2011
	'000 €	'000 €
Income from other securities and long-term loans	36,913	36,554
(thereof from related parties)	(36,913)	(36,554)
Other interest and similar income	23,224	21,763
(thereof from related parties)	(22,629)	(19,852)
(thereof from the discounting of accruals)	0	(12)
Interest and similar expenses	-53,966	-67,765
(thereof to related parties)	(-51,404)	(-65,430)
(thereof from discounting of accruals)	(-934)	(-310)
	6,171	-9,448

The income from other securities and long-term loans and the increase in interest expense in the intercompany area result from the restructuring of the loans in 2009 and 2010 in the Fresenius Group.

(19) Write-downs on financial assets

The write-downs on financial assets (€ 35,476 thousand, 2010: € 0) entirely comprise the write-down of the investment in Fresenius Kabi Oncology Plc., London (U.K.) that was acquired in 2011 to the lower fair value.

(20) Result from ordinary operations

The result from ordinary operations amounts to € 148,077 thousand (2010: € 217,946 thousand).

(21) Extraordinary result

The extraordinary result comprises the amount from the allocation of 14/15 of the difference in accordance with Article 67 (1) Sentence 1 EGHGB (€ 1,577 thousand, 2010: € 113 thousand).

(22) Income taxes

Income taxes primarily comprise levies for trade tax on income (€ 11,211 thousand; 2010: € 13,271 thousand), corporate income tax (€ 11,461 thousand; 2010: € 14,205 thousand) and expenses from the solidarity surcharge (€ 631 thousand; 2010: € 781 thousand) and non-imputable source tax (€ 1,238 thousand; 2010: € 2,854 thousand).

(23) Total compensation of the management board

The total remuneration for active members of the management board amounted to € 3,947 thousand and for former members of the management board to € 6 thousand (2010: € 3,248 thousand € for active and € 6 thousand for former members of the management board). The pension obligation for active members of the management board amounted to € 2,312 thousand (Dec. 31, 2010: € 1,796 thousand) and for former members of the management board to € 606 thousand (Dec. 31, 2010: € 571 thousand).

(24) Appropriation of the earnings

The net income earned in the past financial year has been transferred to Fresenius SE & Co. KGaA.

Please refer with regard to the disclosures in accordance with Section 285 No. 10 HGB to Appendix 1 to the notes to the financial statements.

Bad Homburg v. d. Höhe, February 21, 2012

R. Baule	M. Crouton	J. Ducker	M. Henriksson
M. Köhler	Dr. M. Schönhofen	G. Steen	

Fresenius Kabi AG

Disclosures in accordance with Section 285 No. 10 HGB

Supervisory Board

Dr. Ulf M. Schneider

Chairman of the supervisory board

Chairman of the management board of Fresenius Management SE (personally liable partner in Fresenius SE & Co. KGaA)

Stephan Sturm

Chief Financial Officer of Fresenius Management SE (personally liable partner in Fresenius SE & Co. KGaA)

Christian Fischer

Divisional Manager Group Controlling Fresenius SE & Co. KGaA

Fresenius Kabi AG

Disclosures in accordance with Section 285 No. 10 HGB

Management Board

Rainer Baule

Member of the management board of Fresenius SE & Co. KGaA Kabi Division

Chairman of the management board of Fresenius Kabi AG

Marc Crouton

Member of the management board of Fresenius Kabi AG Western and Southern Europe, Latin America, Africa Region

John Ducker

Member of the management board of Fresenius Kabi AG North America Region

Mats Henriksson

Member of the management board of Fresenius Kabi AG Asia-Pacific Region

Manfred Köhler

Member of the management board of Fresenius Kabi AG Central European, Eastern and Northern Europe and the Middle East Region

Dr. Michael Schönhofen

Member of the management board of Fresenius Kabi AG Science, Production & Technology Division

Gerrit Steen

Chief Financial Officer of Fresenius Kabi AG

Auditor’s report

To Fresenius Kabi Aktiengesellschaft

We have audited the annual financial statements, comprising the balance sheet, the income statement and the notes to the financial statements, together with the bookkeeping system, of Fresenius Kabi Aktiengesellschaft, Bad Homburg v. d. Höhe for the business year from January 1 to December 31, 2011. The maintenance of the books and records and the preparation of the annual financial statements in accordance with German commercial law are the responsibility of the Company's management. Our responsibility is to express an opinion on the annual financial statements, together with the bookkeeping system, based on our audit.

We conducted our audit of the annual financial statements in accordance with Art. 317 HGB [“Handelsgesetzbuch”: German Commercial Code] and German generally accepted standards for the audit of financial statements promulgated by the Institut der Wirtschaftsprüfer [Institute of Public Auditors in Germany] (IDW). Those standards require that we plan and perform the audit such that misstatements materially affecting the presentation of the net assets, financial position and results of operations in the annual financial statements in accordance with German principles of proper accounting are detected with reasonable assurance. Knowledge of the business activities and the economic and legal environment of the Company and expectations as to possible misstatements are taken into account in the determination of audit procedures. The effectiveness of the accounting-related internal control system and the evidence supporting the disclosures in the books and records and the annual financial statements are examined primarily on a test basis within the framework of the audit. The audit includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the annual financial statements. We believe that our audit provides a reasonable basis for our opinion.

Our audit has not led to any reservations.

In our opinion, based on the findings of our audit, the annual financial statements comply with the legal requirements and give a true and fair view of the net assets, financial position and results of operations of Fresenius Kabi Aktiengesellschaft in accordance with German principles of proper accounting.

Frankfurt am Main, February 21, 2012

KPMG AG
Wirtschaftsprüfungsgesellschaft

Hommel
Wirtschaftsprüferin

Dolibasic
Wirtschaftsprüferin

Unconsolidated Cash Flow Statements of Fresenius Kabi AG for 2012 and 2011 (German GAAP)

KPMG

Auditor's Report

To Fresenius Kabi AG

We have audited the statement of cash flows for the fiscal year 2012 derived by the company from the annual financial statements for the fiscal year 2012 as well as the underlying bookkeeping system. The statement of cash flows supplements the annual financial statements of Fresenius Kabi AG, Bad Homburg v. d. Höhe, for the fiscal year 2012 that have been prepared on the basis of the provisions of German commercial law.

The preparation of the statement of cash flows for the fiscal year 2012 in accordance with the provisions of German commercial law is the responsibility of the company's management.

Our responsibility is to express an opinion, based on our audit, as to whether the statement of cash flows for the fiscal year 2012 has been properly derived from the annual financial statements for the fiscal year 2012 as well as the underlying bookkeeping system in accordance with the provisions of German commercial law. The subject matter of this engagement does neither include the audit of the underlying annual financial statements nor the underlying bookkeeping system.

We have planned and performed our audit in accordance with the IDW Auditing Practice Statement: Audit of Additional Elements of Financial Statements (IDW AuPS 9.960.2) in such a way that material errors in the derivation of the statement of cash flows from the annual financial statements as well as the underlying bookkeeping system are detected with reasonable assurance.

In our opinion, based on the findings of our audit, the statement of cash flows for the fiscal year 2012 has been properly derived from the annual financial statements for the fiscal year 2012 as well as the underlying bookkeeping system in accordance with the provisions of German commercial law.

KPMG

We have provided the services described above on behalf of Fresenius Kabi AG. We have carried out our engagement on the basis of the General Engagement Terms for Wirtschaftsprüfer und Wirtschaftsprüfungsgesellschaften in the version of January 1, 2002 (Appendix 2). By taking note of and using the information contained in this communication, each recipient confirms to have taken note of the terms and conditions stipulated in the aforementioned General Engagement Terms (including the liability limitations of No. 9 included therein) and acknowledges their validity in relation to us.

Frankfurt am Main, November 1, 2013

KPMG AG
Wirtschaftsprüfungsgesellschaft

Walter	Dr. Herold
Wirtschaftsprüfer	Wirtschaftsprüfer

Fresenius Kabi AG, Bad Homburg v. d. Höhe

Statement of Cash Flows for the fiscal year 2012

	2012	2011
	kEUR	kEUR
Net Income before profit and loss transfer	131,965	121,947
Depreciation and amortization of non-current assets	7,653	40,603
Increase in pension liabilities	1,059	452
Cash flow	**140,677**	**163,002**
Increase/decrease in other operating assets	-3,536	3,539
Decrease in other accrued expenses	-1,995	-5,014
Increase/decrease in other operating liabilities	1,071	-837
Change in working capital	**-4,460**	**-2,312**
Operating cash flow (cash provided by operating activities)	**136,217**	**160,690**
Purchase of property, plant and equipment and intangible assets	-33	-356
Proceeds from disposals of intangible assets	1	38
Proceeds on disposals of non-current financial assets	2,997	0
Acquisition of non-current financial assets	-195,640	-96,299
Cash used for investing activities	**-192,675**	**-96,617**
Profit-transfer to shareholder	-131,965	-121,947
Proceeds from additional contribution in capital reserves	169,015	0
Change in financing activities with related parties	47,900	430,840
Cash used for financing activities	**84,950**	**308,893**
Change of cash and cash equivalents	**28,492**	**372,966**
Cash and cash equivalents at the beginning of the year[1]	279,132	-93,834
Cash and cash equivalents at the end of the year[1]	**307,624**	**279,132**

[1] Consists of InHouse-/Cash pool accounts with Fresenius SE & Co. KGaA, cash and bank accounts

Unconsolidated Interim Report of Fresenius ProServe GmbH as of September 30, 2013
(German GAAP, unaudited)

Fresenius ProServe GmbH, Bad Homburg v. d. Höhe

Balance Sheet as of September 30, 2013 (unaudited)

A s s e t s

	September 30, 2013		December 31, 2012	
	EUR	EUR	EUR	EUR
A. Fixed assets				
I. Tangible assets				
1. Land, leasehold and buildings	9.383.592,91		8.360.025,91	
2. Tools and equipment	186.687,00		0,00	
3. Payments on account and tangible assets in course of construction	396.294,61	9.966.574,52	4.252,50	8.364.278,41
II. Financial assets				
1. Shares in related parties	2.246.406.077,21		2.246.406.077,21	
2. Loans to related parties	225.789.190,16		218.095.530,45	
3. Participations	0,71	2.472.195.268,08	0,71	2.464.501.608,37
		2.482.161.842,60		2.472.865.886,78
B. Current assets				
Accounts receivable and other assets				
1. Accounts receivable due from related parties	267.844.960,90		150.207.036,85	
2. Other assets	42.909,81	267.887.870,71	24.586,51	150.231.623,36
		2.750.049.713,31		2.623.097.510,14

L i a b i l i t i e s a n d s h a r e h o l d e r s' e q u i t y

	September 30, 2013	December 31, 2012
	EUR	EUR
A. Shareholders' equity		
I. Subscribed capital	40.000.000,00	40.000.000,00
II. Capital reserves	2.065.307.234,93	2.065.307.234,93
	2.105.307.234,93	2.105.307.234,93
B. Accrued expense		
1. Pensions and similar obligations	6.094.629,00	6.482.717,00
2. Other accruals	833.953,66	924.953,66
	6.928.582,66	7.407.670,66
C. Liabilities		
1. Trade accounts payable	103.134,27	84.627,35
2. Liabilities to affiliated companies	637.705.999,55	510.270.205,48
3. Other liabilities	4.761,90	27.771,72
	637.813.895,72	510.382.604,55
	2.750.049.713,31	2.623.097.510,14

Fresenius ProServe GmbH, Bad Homburg v. d. Höhe

Profit and Loss Statement for the nine months ended September 30, 2013 and 2012 (unaudited)

	2013		2012	
	EUR	EUR	EUR	EUR
1. Income from participations		176.492.117,50		183.283.777,66
2. Other operating income		952.545,36		1.118.077,24
3. Personnel expenses				
a) Salaries and wages	0,00		0,00	
b) Social security and costs of retirement pensions and social assistance --thereof amount of retirement pensions EUR 31.41 (prev. yr. EUR 376,513.31)--	31,41	31,41	376.513,31	376.513,31
4. Depreciation on property, plant and equipment		206.498,57		169.299,00
5. Other operating expenses		868.696,12		896.006,02
6. Income from financial assets		8.347.207,51		7.542.486,49
7. Other interest and similar income --thereof amount from affiliated companies EUR 926,524.69 (prev. yr. EUR 284,892.69)--		926.524,69		284.940,70
8. Interest and similiar expenses --thereof amount from affiliated companies EUR 7,991,197.72 (prev. yr. EUR 8,345,891.39)--		7.991.255,49		8.345.917,77
9. Profit from ordinary operations		177.651.913,47		182.441.545,99
10. Income taxes	0,00		27.821.349,00	
11. Other tax	101,00	101,00	101,00	27.821.450,00
12. Net income before profit transfer		177.651.812,47		154.620.095,99
13. Profit transfer due to profit and loss transfer agreement		177.651.812,47		154.620.095,99
14. Retained earnings		0,00		0,00

Fresenius ProServe GmbH, Bad Homburg v. d. Höhe

Statement of Cash Flows for the nine months ended September 30, 2013 and September 30, 2012 (unaudited)

	2013	2012
	kEUR	kEUR
Net Income before profit and loss transfer	177.652	154.620
Depreciation and amortization of non-current assets	206	169
Cash flow	**177.858**	**154.789**
Increase in other operating assets	-18	-1
Decrease in other accrued epenses	-479	-34
Decrease in other operating liabilities	-4	75
Decrease in working capital	**-501**	**40**
Operating cash flow (cash provided by operating activities)	**177.357**	**154.829**
Payments for purchasing property, plant and equipment	-1.809	0
Payments for purchasing shares of affiliated companies	0	-150
Cash used for investing activities	**-1.809**	**-150**
Profit-transfer to shareholder	-177.652	-154.620
Change in financing activities with related parties	-2.620	16.618
Cash used for financing activities	**-180.272**	**-138.002**
Change of cash and cash equivalents	**-4.724**	**16.677**
Cash and cash equivalents at the beginning of the year	-19.274	-24.446
Cash and cash equivalents at the end of the year[1]	-23.998	-7.769

[1]Cash and Cash equivalents consist of Cash Pool-accounts with Fresenius SE & Co. KGaA

Fresenius ProServe GmbH, Bad Homburg v.d.Höhe

NOTES for the financial statements for the nine months ended September 30, 2013

GENERAL NOTES

(1) Preliminary note

Fresenius ProServe GmbH, Bad Homburg v.d.Höhe, is a wholly-owned subsidiary of Fresenius SE & Co. KGaA, Bad Homburg v.d.Höhe.

There is a profit transfer agreement between the Company and Fresenius SE & Co. KGaA.

The financial statements of Fresenius ProServe GmbH are included in the consolidated financial statements of Fresenius SE & Co. KGaA.

Moreover as of September 30, 2013 direct control and profit transfer agreements between Fresenius ProServe GmbH and its subsidiaries HELIOS Kliniken GmbH, Berlin, and FPS Beteiligungs AG, Düsseldorf, are in place.

(2) Accounting principles and standards of valuation

The financial statements of Fresenius ProServe GmbH for the nine months ended September 30, 2013 are prepared according to the regulations in the German Commercial Code (HGB) as well as complementing regulations for limited liability companies. Fresenius ProServe GmbH is a small corporation according to Section 267 (1) HGB. The nature of cost method according to Section 275 (2) HGB has been elected for preparing the profit and loss statement. The size related exemptions in Section 274 a HGB and Section 288 HGB are used in part.

The value of investments in property, plant and equipment is stated at the cost of the assets less regular linear or degressive depreciation as far as the assets are depreciable.

The following useful lives were used for calculating amortization:

Intangible assets	3-5 years
Office buildings	40 years
Tools and equipment	3-10 years

Low value fixed assets with purchase or manufacturing cost of up to € 150.00 are fully written off in the year of addition.

Depreciable movable non-current assets with a value of more than € 150.00 and less than € 1,000.00 are grouped into a collective item which is dissolved through profit and loss by one fifth in the year of capitalization and the following four years each.

Financial assets are valued at purchase price or, if the asset is other than temporarily impaired the lower market value.

The lower value of non-current assets resulting from write-downs to fair value has to be reversed if the reasons for the extraordinary write-down no longer apply (Section 253 (5) HGB).

Accounts receivable and other assets are stated at nominal value reduced by individual allowance if necessary.

The pension obligation is determined according to actuarial principles on the basis of biometric probabilities as in the reference tables by Dr. Klaus Heubeck 2005 (RT 2005 G) using the Projected Unit Credit-Method. Future expected remuneration and pension increases are taken into account in calculating the obligation. Remuneration is currently adjusted by between 3% and 4% and pensions by 1.75%. The company specific fluctuation rate that is also taken into consideration for the calculation has been between 0% and 18%. The actuarial interest rate applicable to the pension obligation was 5.06%. This is the last-seven-year-average discount rate for an estimated remaining life of 15 years as determined and published by the German Federal Bank (Deutsche Bundesbank).

Other accruals are built for recognizable risks and uncertain liabilities at the amounts to be paid calculated on the basis of a reasonable commercial assessment. Long term accruals are discounted with the last-seven-year-average discount rate that corresponds to the remaining life of the accrual.

Liabilities are valued at their settlement amounts.

Foreign currency items are translated with the average foreign exchange rate at the time of origin or the hedging rate for hedging transactions.

Assets and liabilities with a remaining life of up to a year and carried at foreign currencies are translated at the average closing spot rate according to Section 256a HGB.

Assets and liabilities with a remaining life of over one year and carried at foreign currencies are basically translated at inception at the foreign currency exchange rate, while at the balance sheet date the lowest closing spot rate is used for translating assets and the highest closing spot rate is used for translating liabilities. If the conditions to apply hedge accounting are met, the hedging financial instruments and the underlying transactions are combined in a hedge and valued using the exchange rate at inception (Einfrierungsmethode). Changes in the value of the hedged risks are not recognized in the balance sheet or statement of income.

Earnings and losses from translation to euro of items carried at foreign currencies are recognized in the statement of income under “Other operating income” or “Other operating expenses”.

Derivative financial instruments are contracted for hedging purposes only whereby foreign currency derivatives are used.

The Company acquires hedging instruments from banks, that are mirrored by agreements between Fresenius ProServe GmbH and its affiliated companies at nearly the same conditions. The affiliated companies use these agreements to hedge their operating businesses against foreign currency risks.

Derivative financial instruments are measured at fair value at balance sheet date. According to German Commercial Law accounting principles and standards of valuation any remeasurement losses are recognized in earnings while remeasurement gains are not taken into account. When the conditions for hedge accounting are met, the underlying asset and the hedging instrument are considered together so that effects of the hedge are only recognized in earnings when the underlying transaction takes place.

Income from profit transfer agreements is recorded in the same reporting period in which it arises given that earnings from affiliated companies are precise enough at the time of preparing the financial statements and is assured according to reasonable commercial assessment.

NOTES ON THE BALANCE SHEET

(3) Fixed assets

In 2013, Fresenius ProServe GmbH made investments in an amount of € 1,809 thousand in its own office-building located at Oberursel, mainly to relocate and modificate the staff canteen.

Furthermore, loans in an amount of € 7,694 thousand were granted by Fresenius ProServe GmbH to a related company of the VAMED-Group in 2013.

(4) Accounts receivable from related parties

Accounts receivable from related parties mainly consist of items against HELIOS Kliniken GmbH (€ 168,002 thousand) and VAMED Management und Service GmbH & Co. KG (€ 44,053 thousand). The receivables from related parties mainly relate to profit transfers, loans and clearing accounts. All accounts receivable have a remaining term of up to one year.

(5) Other assets

This item consists of other tax claims.

(6) Subscribed capital

The capital stock at September 30, 2013 has a nominal value of € 40,000,000 and is divided into three parts with nominal values of € 25,000, € 14,975,000 and € 25,000,000. Fresenius SE & Co. KGaA is the sole stockholder.

Pension obligation

With notarized deed of December 12, 2006 and an effective date of January 1, 2007, all shares in hospitalia international gmbh, Oberursel, where sold and transferred to VAMED Engineering GmbH & Co. KG, Vienna, Austria.

In the context of this sale, Fresenius ProServe GmbH and hospitalia international gmbh agreed in a collateral promise from December 12, 2006, that the Company will assume via the collateral promise with contractual undertaking the compensation payments to be made resulting from the pension obligation of hospitalia international gmbh against beneficiaries and former employees with vested pension rights. The pension obligation as of September 30, 2013 mainly results from the collateral promise.

The pension obligation has been determined according to the method described under Note (2) “Accounting principles and standards of valuation”.

(7) Other accruals

Other accruals mainly relate to risks from the sale of Pharmaplan GmbH.

(8) Liabilities

The summary of remaining terms of liabilities looks as follows:

	2013				2012			
	Total	Remaining term of up to 1 year	Remaining term of 1 year to 5 years	Remaining term of over 5 years	Total	Remaining term of up to 1 year	Remaining term of 1 year to 5 years	Remaining term of over 5 years
In thousand €								
Trade accounts payable	103	103	0	0	85	85	0	0
Accounts payable to related parties	637,706	637,706	0	0	510,270	453,270	57,000	0
Other liabilities	5	5	0	0	28	28	0	0
	637,814	637,814	0	0	510,383	453,383	57,000	0

The liabilities displayed are not secured by charges on property or other similar rights. Accounts payable to related companies include liabilities against the shareholder Fresenius SE & Co. KGaA of € 602,407 thousand (previous year € 440,632 thousand). Accounts payable to related companies mainly consist of loans and clearing accounts.

(9) Other liabilities

Other liabilities relate to obligations against tax authorities.

NOTES ON THE PROFIT AND LOSS STATEMENT

The structure of the profit and loss statement has been adapted to the holding nature of Fresenius ProServe GmbH and begins with income from participations.

(10) Income from participations

Income from participations comprises income of the profit transfer agreement with HELIOS Kliniken GmbH of € 168,002 thousand (previous year € 176,161 thousand), income of the profit transfer agreement with FPS Beteiligungs AG of € 1,021 thousand and income from participations in related companies of € 7,469 thousand (previous year € 7,123 thousand).

(11) Other operating income

Other operating income mainly includes income from rental of office space to related companies and from foreign currency translations of € 51 thousand.

Income from other accounting periods was € 0 thousand in 2013 (previous year € 0 thousand).

(12) Personnel expenses

	2013	2012
	Thousand €	*Thousand €*
Salaries	0	0
Social security and costs of retirement pensions and social assistance	-	377
(thereof retirement pensions)	(-)	(377)
	-	**377**

(13) Other operating expenses

Other operating expenses were primarily expenses from cost allocation and service level agreements and audit and maintenance cost. Moreover foreign currency translation losses of € 51 thousand are included.

(14) Income from financial assets

Income in this item includes interest from long term loans to related companies.

(15) Other interest and similar income

This item primarily includes interest income from related companies.

(16) Interest and similar expenses

This item mainly includes € 7,991 thousand (previous year € 8,346 thousand) of interests paid to related companies.

(17) Income taxes

This item included in previous year expenses from cost transfers for corporate income tax, trade tax, and solidarity surcharge. In 2013, these items are part of the profit transfer.

The company is part of a consolidated tax group with Fresenius SE & Co. KGaA (fiscal unity parent) for income, trade and corporate income tax.

(18) Other tax

This item includes motor vehicle tax.

OTHER DISCLOSURES

(19) Contingent liabilities

Contingencies from indemnity agreements

Fresenius ProServe GmbH guarantees together with Fresenius Kabi AG and Fresenius SE & Co. KGaA the repayment including interests accrued of two Senior Notes of Fresenius SE & Co. KGaA amounting to € 1,000 million. The Senior Notes were issued through Fresenius Finance B.V., Netherlands in 2012 and 2013. On September 30, 2013, the value of these guarantees including interests accrued was € 1,018 million.

Moreover Fresenius ProServe GmbH together with Fresenius Kabi AG and Fresenius SE & Co. KGaA guarantees the repayment including accrued interest for the Senior Note issued by Fresenius Finance II, Inc, USA in 2009. The Senior Note comprises two tranches of $ 500 million and € 275 million. On September 30, 2013, the value of the guarantees including interests accrued was $ 523 million (€ 387 million) and € 287 million.

Further guarantee commitments of Fresenius ProServe GmbH together with Fresenius SE & Co. KGaA and Fresenius Kabi AG exist in relation to the repayment of several long term bank loans taken through financing companies of the Fresenius Group in 2013. These commitments are for a maximum of $ 1,800 million (€ 1,333 million) and € 1,125 million and the related accrued interest. On September 30, 2013, the value of the loans including interests was $ 1,508 million (€ 1,117 million) and € 653 million.

According to our judgment the affected companies can meet the underlying obligations in any case and assertion of the claim is currently not expected.

Statement of subordination

On September 30, 2013, the subsidiaries Wittgensteiner Kliniken GmbH and hospitalia activHealth gmbh are over-leveraged. To avoid legal accounting insolvency, Fresenius ProServe GmbH issued a statement of subordination for € 40 million and € 8.7 million respectively. On September 30, 2013 receivables of € 177.4 million against Wittgensteiner Kliniken GmbH and of € 7.0 million (of which € 6.7 million have been written-down) against hospitalia activHealth gmbh are outstanding.

Option contracts

There are two put and call option contracts with the current share owners of VAMED AG to acquire 10% and 13% of the shares in VAMED AG which expire on December 31, 2015 and June 30, 2017 respectively. These contracts are pending transactions that are not shown in the financial statement of Fresenius ProServe GmbH.

(20) Derivatives

Fresenius ProServe GmbH uses derivative financial instruments to hedge against existing or highly probable future currency risks. Derivative financial instruments are contracted exclusively for hedging purposes. As the critical terms of the underlying transactions basically match those of the derivative financial instruments it can be assumed that hedges are highly effective. The Company has approved guidelines for assessing risks and to control the use of financial instruments. The guidelines require a clear separation between the execution function on the one side and the clearing, accounting and control on the other hand. Derivative financial instruments are used to reduce fluctuations in earnings and cash flows caused by changes in foreign currency exchange rates.

Foreign exchange risk

The company uses foreign exchange forward contracts to hedge foreign exchange risk.

Fresenius ProServe GmbH entered into foreign exchange forward contracts with external partners to hedge foreign currency risks from accounts receivable and liabilities as well as highly probable forecasted transactions from the Company and its affiliates.

Standards of valuation

The fair values of derivative financial instruments are valuated according to customary standards that take market information (market values) on the balance sheet date into account. In detail following principles are used:

The fair value is based on the market value of a derivative that could be reached in voluntary transactions by independent parties without taking forced or liquidation sales into account. To determine the market value of foreign exchange forward contracts, the contracted forward rate is compared to the current forward rate for the remaining term of the contract as of the date of the balance sheet. The result is then discounted on the basis of the market interest rates prevailing at the date of the statement of financial position for the respective currency.

The effectiveness of hedging relationships is measured with the Critical Term Match-Method.

(21) Parent company

Fresenius SE & Co. KGaA, Bad Homburg v.d.Höhe is the sole shareholder of Fresenius ProServe GmbH.

Fresenius ProServe GmbH is exempt from publishing consolidated financial statements and management report in accordance with Section 291 HGB given that Fresenius SE & Co. KGaA, Bad Homburg v.d.Höhe, as parent company publishes consolidated financial statements and management report in accordance with International Financial Reporting Standards (IFRS) which are binding to be ed companies. The consolidated financial statements of Fresenius SE & Co. KGaA are published in the electronic Bundesanzeiger (German Federal Gazette). Fresenius Management SE, Bad Homburg v.d.Höhe, prepares and publishes the consolidated financial statements for the largest group of consolidated companies which is also published in the electronic Bundesanzeiger (German Federal Gazette).

Fresenius ProServe GmbH will use the exemptions in Section 264 (3) HGB and will not make its financial statements for the year 2012 public.

Bad Homburg v.d.Höhe, October 18, 2013

Fresenius ProServe GmbH

Dr. Jürgen Götz   Dr. Francesco De Meo   Joachim Weith

(This page intentionally left blank)

Unconsolidated Financial Statements of Fresenius ProServe GmbH for 2012 (German GAAP)

Fresenius ProServe GmbH, Bad Homburg v. d. Höhe

Balance Sheet as of December 31, 2012

A s s e t s

	December 31, 2012		December 31, 2011	
	EUR	EUR	EUR	EUR
A. Fixed assets				
I. Tangible assets				
1. Land, leasehold and buildings	8,360,025.91		8,585,757.91	
2. Payments on account and tangible assets in course of construction	4,252.50	8,364,278.41	0.00	8,585,757.91
II. Financial assets				
1. Shares in related parties	2,246,406,077.21		1,727,742,117.76	
2. Loans to related parties	218,095,530.45		172,867,383.99	
3. Participations	0.71	2,464,501,608.37	0.71	1,900,609,502.46
		2,472,865,886.78		1,909,195,260.37
B. Current assets				
Accounts receivable and other assets				
1. Accounts receivable due from related parties	150,207,036.85		147,706,190.26	
2. Other assets	24,586.51	150,231,623.36	0.00	147,706,190.26
		2,623,097,510.14		2,056,901,450.63

Liabilities and shareholders' equity

	December 31, 2012	December 31, 2011
	EUR	EUR
A. Shareholders' equity		
I. Subscribed capital	40,000,000.00	40,000,000.00
II. Capital reserves	2,065,307,234.93	1,546,794,525.48
	2,105,307,234.93	1,586,794,525.48
B. Accrued expense		
1. Pensions and similar obligations	6,482,717.00	6,737,817.00
2. Other accruals	924,953.66	892,953.66
	7,407,670.66	7,630,770.66
C. Liabilities		
1. Trade accounts payable	84,627.35	84,831.61
2. Liabilities to affiliated companies	510,270,205.48	462,390,394.91
3. Other liabilities	27,771.72	927.97
	510,382,604.55	462,476,154.49
	2,623,097,510.14	2,056,901,450.63

Fresenius ProServe GmbH, Bad Homburg v. d. Höhe

Profit and Loss Statement
January 1 to December 31, 2012

		2012		2011	
		EUR	EUR	EUR	EUR
1.	Income from participations		139,379,093.35		154,082,535.85
2.	Other operating income		1,991,595.12		4,690,738.51
3.	Personnel expenses				
	a) Salaries and wages	12,032.00		11,904.00	
	b) Social security and costs of retirement pensions and social assistance --thereof amount of retirement pensions EUR 153,124.81 (prev. yr. EUR 146,390.78)--	153,124.81	165,156.81	146,390.78	158,294.78
4.	Depreciation on property, plant and equipment		225,732.00		226,437.00
5.	Other operating expenses		1,269,893.44		3,059,508.96
6.	Income from financial assets		10,511,053.80		9,934,434.00
7.	Other interest and similar income --thereof amount from affiliated companies EUR 98,098.24 (prev. yr. EUR 134,213.27)--		98,050.23		134,213.27
8.	Interest and similiar expenses --thereof amount from affiliated companies EUR 11,150,915.19 (prev. yr. EUR 11,728.401.73)--		11,496,282.57		12,088,085.92
9.	Profit from ordinary operations		138,822,727.68		153,309,594.97
10.	Extraordinary expenses/ Extraordinary result		0.00		1,395,990.00
11.	Income taxes	26,902.50		26,169,178.00	
12.	Other tax	101.00	27,003.50	101.00	26,169,279.00
13.	Net income before profit transfer		138,795,724.18		125,744,325.97
14.	Profit transfer due to profit and loss transfer agreement		138,795,724.18		125,744,325.97
15.	Retained earnings		0.00		0.00

Fresenius ProServe GmbH, Bad Homburg v.d.Höhe

NOTES for fiscal year 2012

GENERAL NOTES

(1) Preliminary note

Fresenius ProServe GmbH, Bad Homburg v.d.Höhe, is a wholly-owned subsidiary of Fresenius SE & Co. KGaA, Bad Homburg v.d.Höhe.

There is a profit transfer agreement between the Company and Fresenius SE & Co. KGaA.

The financial statements of Fresenius ProServe GmbH are included in the consolidated financial statements of Fresenius SE & Co. KGaA. The latter are published in the electronic Bundesanzeiger (German Federal Gazette).

Moreover as of December 31, 2012 direct control and profit transfer agreements between Fresenius ProServe GmbH and its subsidiaries HELIOS Kliniken GmbH, Berlin, and FPS Beteiligungs AG, Düsseldorf, are in place.

(2) Accounting principles and standards of valuation

The financial statements of Fresenius ProServe GmbH for 2012 are prepared according to the regulations in the German Commercial Code (HGB) as well as complementing regulations for limited liability companies. Fresenius ProServe GmbH is a small corporation according to Section 267 (1) HGB. The nature of cost method according to Section 275 (2) HGB has been elected for preparing the profit and loss statement. The size related exemptions in Section 274 a HGB and Section 288 HGB are used in part.

The value of investments in property, plant and equipment is stated at the cost of the assets less regular linear or degressive depreciation as far as the assets are depreciable.

The following useful lives were used for calculating amortization:

Intangible assets	3-5 years
Office buildings	40 years
Tools and equipment	3-10 years

Low value fixed assets with purchase or manufacturing cost of up to € 150.00 are fully written off in the year of addition.

Depreciable movable non-current assets with a value of more than € 150.00 and less than € 1,000.00 are grouped into a collective item which is dissolved through profit and loss by one fifth in the year of capitalization and the following four years each.

Financial assets are valued at purchase price or, if the asset is other than temporarily impaired the lower market value.

The lower value of non-current assets resulting from write-downs to fair value has to be reversed if the reasons for the extraordinary write-down no longer apply (Section 253 (5) HGB).

Accounts receivable and other assets are stated at nominal value reduced by individual allowance if necessary.

The pension obligation is determined according to actuarial principles on the basis of biometric probabilities as in the reference tables by Dr. Klaus Heubeck 2005 (RT 2005 G) using the Projected Unit Credit-Method. Future expected remuneration and pension increases are taken into account in calculating the obligation. Remuneration is currently adjusted by between 3% and 4% and pensions by 1.75%. The company specific fluctuation rate that is also taken into consideration for the calculation has been between 0% and 18%. The actuarial interest rate applicable to the pension obligation was 5.06%. This is the last-seven-year-average discount rate for an estimated remaining life of 15 years as determined and published by the German Federal Bank (Deutsche Bundesbank) (reference date: October 31, 2012).

Other accruals are built for recognizable risks and uncertain liabilities at the amounts to be paid calculated on the basis of a reasonable commercial assessment. Long term accruals are discounted with the last-seven-year-average discount rate that corresponds to the remaining life of the accrual.

Liabilities are valued at their settlement amounts.

Foreign currency items are translated with the average foreign exchange rate at the time of origin or the hedging rate for hedging transactions.

Assets and liabilities with a remaining life of up to a year and carried at foreign currencies are translated at the average closing spot rate according to Section 256a HGB.

Assets and liabilities with a remaining life of over one year and carried at foreign currencies are basically translated at inception at the foreign currency exchange rate, while at the balance sheet date the lowest closing spot rate is used for translating assets and the highest closing spot rate is used for translating liabilities. If the conditions to apply hedge accounting are met, the hedging financial instruments and the underlying transactions are combined in a hedge and valued using the exchange rate at inception (Einfrierungsmethode). Changes in the value of the hedged risks are not recognized in the balance sheet or statement of income.

Earnings and losses from translation to euro of items carried at foreign currencies are recognized in the statement of income under “Other operating income” or “Other operating expenses”.

Derivative financial instruments are contracted for hedging purposes only whereby foreign currency derivatives are used.

The Company acquires hedging instruments from banks, that are mirrored by agreements between Fresenius ProServe GmbH and its affiliated companies at nearly the same conditions. The affiliated companies use these agreements to hedge their operating businesses against foreign currency risks.

Derivative financial instruments are measured at fair value at balance sheet date. According to German Commercial Law accounting principles and standards of valuation any remeasurement losses are recognized in earnings while remeasurement gains are not taken into account. When the conditions for hedge accounting are met, the underlying asset and the hedging instrument are considered together so that effects of the hedge are only recognized in earnings when the underlying transaction takes place.

Income from profit transfer agreements is recorded in the same reporting period in which it arises given that earnings from affiliated companies are precise enough at the time of preparing the financial statements and is assured according to reasonable commercial assessment.

NOTES ON THE BALANCE SHEET

(3) Fixed assets

The breakdown of fixed assets and their development is presented in Exhibit 1 to the Notes.

In 2012, Fresenius ProServe GmbH contributed an intercompany-loan in an amount of € 456,993 thousand to the capital reserve of HELIOS Kliniken. Before that Fresenius SE & Co. KGaA increased the additional paid-in capital of Fresenius ProServe GmbH by the contribution of these intercompany loans. In 2012, FPS Beteiligungs AG, Düsseldorf, was founded as a wholly-owned subsidiary with a common stock of € 50 thousand. In the further course of the fiscal year 2012, Fresenius ProServe GmbH contributed 4.1 million shares of RHÖN-KLINIKUM AG in the amount of € 61,520 thousand in the additional paid-in capital of FPS Beteiligungs AG. Before that Fresenius SE & Co. KGaA increased the additional paid-in capital of Fresenius ProServe GmbH by the contribution of these shares.

Furthermore, medium and long term loans in an amount of € 43,250 thousand were granted by Fresenius ProServe GmbH to several related companies of the VAMED-Group in 2012.

A list of all participations in affiliated and associated companies of Fresenius ProServe GmbH is presented in Exhibit 2 to the Notes.

(4) Accounts receivable from related parties

Accounts receivable from related parties mainly consist of items against HELIOS Kliniken GmbH (€ 132,323 thousand) and hospitalia activHealth gmbh (€ 326 thousand). The receivables from related parties mainly relate to profit transfers, loans and clearing accounts. All accounts receivable have a remaining term of up to one year.

(5) Other assets

This item consists of other tax claims.

(6) Subscribed capital

The capital stock at December 31, 2012 has a nominal value of € 40,000,000 and is divided into three parts with nominal values of € 25,000, € 14,975,000 and € 25,000,000. Fresenius SE & Co. KGaA is the sole stockholder.

In 2012, Fresenius SE & Co. KGaA increased the additional paid-in capital of Fresenius ProServe GmbH by € 518,513 thousand (see Note (3)).

(7) Pension obligation

With notarized deed of December 12, 2006 and an effective date of January 1, 2007, all shares in hospitalia international gmbh, Oberursel, where sold and transferred to VAMED Engineering GmbH & Co. KG, Vienna, Austria.

In the context of this sale, Fresenius ProServe GmbH and hospitalia international gmbh agreed in a collateral promise from December 12, 2006, that the Company will assume via the collateral promise with contractual undertaking the compensation payments to be made resulting from the pension obligation of hospitalia international gmbh against beneficiaries and former employees with vested pension rights. The value of this obligation is € 6,455 thousand on December 31, 2012.

The pension obligation has been determined according to the method described under Note (2) “Accounting principles and standards of valuation”. The new calculation of pension provisions required by BilMoG as of January 1, 2010 resulted in an underfunded status of € 1,496 thousand. According to Art. 67 (1) sentence 1 EGHGB (Act Introducing the German Commercial Code), 14/15 (€ 1,396 thousand) has been recognized in 2011. The expense related to this increase was included in “Extraordinary result” in the statement of income of the previous year.

(8) Other accruals

Other accruals mainly relate to risks from the sale of Pharmaplan GmbH.

(9) Liabilities

The summary of remaining terms of liabilities looks as follows:

	2012				2011			
	Total	Remaining term of up to 1 year	Remaining term of 1 year to 5 years	Remaining term of over 5 years	Total	Remaining term of up to 1 year	Remaining term of 1 year to 5 years	Remaining term of over 5 years
In thousand €								
Trade accounts payable	85	85	0	0	85	85	0	0
Accounts payable to related parties	510,270	453,270	57,000	0	462,390	335,390	127,000	0
Other liabilities	28	28	0	0	1	1	0	0
	510,383	453,383	57,000	0	462,476	335,476	127,000	0

The liabilities displayed are not secured by charges on property or other similar rights. Accounts payable to related companies include liabilities against the shareholder Fresenius SE & Co. KGaA of € 440,632 thousand (previous year € 375,288 thousand). Accounts payable to related companies mainly consist of loans and clearing accounts.

(10) Other liabilities

Other liabilities relate to obligations against tax authorities.

NOTES ON THE PROFIT AND LOSS STATEMENT

The structure of the profit and loss statement has been adapted to the holding nature of Fresenius ProServe GmbH and begins with income from participations.

(11) Income from participations

Income from participations comprises income of the profit transfer agreement with HELIOS Kliniken GmbH of € 132,323 thousand (previous year € 146,989 thousand), income of the profit transfer agreement with FPS Beteiligungs AG of € 189 thousand and income from participations in related companies of € 7,245 thousand (previous year € 7,094 thousand).

(12) Other operating income

Other operating income mainly includes income from rental of office space to related companies and from foreign currency translations of € 153 thousand.

Income from other accounting periods was € 255 thousand in 2012 (previous year € 241 thousand) and mainly related to the dissolution of accruals.

(13) Personnel expenses

	2012	2011
	Thousand €	*Thousand €*
Salaries	12	12
Social security and costs of retirement pensions and social assistance	153	146
(thereof retirement pensions)	(153)	(146)
	165	**158**

Annual average number of employees:		
Salaried employees	0	0

(14) Other operating expenses

Other operating expenses were primarily expenses from cost allocation and service level agreements and audit and maintenance cost. Moreover foreign currency translation losses of € 153 thousand are included.

(15) Income from financial assets

Income in this item includes interest from long term loans to related companies.

(16) Other interest and similar income

This item primarily includes interest income from related companies.

(17) Interest and similar expenses

This item mainly includes € 11,151 thousand (previous year € 11,728 thousand) of interests paid to related companies. Moreover expenses for interests accrued of € 345 thousand are also included.

(18) Extraordinary expenses

Extraordinary expenses of previous year included expenses from contributions to pension obligations of € 1,396 thousand.

(19) Income taxes

This item included in previous year expenses from cost transfers for corporate income tax (€ 23,179 thousand), trade tax (€ 1,715 thousand), and solidarity surcharge (€ 1,275 thousand). In 2012, these items are part of the profit transfer.

The company is part of a consolidated tax group with Fresenius SE & Co. KGaA (fiscal unity parent) for income, trade and corporate income tax.

(20) Other tax

This item includes motor vehicle tax.

OTHER DISCLOSURES

(21) Management

In 2012, following persons were appointed managing directors of Fresenius ProServe GmbH, Bad Homburg v.d.-Höhe:

Dr. Jürgen Götz, Lawyer, Bad Soden,
Dr. Francesco De Meo, Lawyer, Petersberg,
Joachim Weith, Dipl.-Sociologist and Dipl.-Business Administration, Wintzenbach.

The managing directors are simultaneously managing directors, members of the management board or senior executives in other Group companies and receive their compensation from these companies.

(22) Contingent liabilities

Contingencies from indemnity agreements

Fresenius ProServe GmbH guarantees together with Fresenius Kabi AG and Fresenius SE & Co. KGaA the repayment including interests accrued of three Senior Notes of Fresenius SE & Co. KGaA amounting to € 1,650 million. The Senior Notes were issued through Fresenius Finance B.V., Netherlands in 2006 and 2012 and increased in 2009. On December 31, 2012, the value of these guarantees including interests accrued was € 1,691 million.

Moreover Fresenius ProServe GmbH together with Fresenius Kabi AG and Fresenius SE & Co. KGaA guarantee the repayment including accrued interest for the Senior Note issued by Fresenius Finance II, Inc, USA in 2009. The Senior Note comprises two tranches of $ 500 million and € 275 million. On December 31, 2012, the value of the guarantees including interests accrued was $ 523 million (€ 396 million) and € 287 million.

Further guarantee commitments of Fresenius ProServe GmbH together with Fresenius SE & Co. KGaA and Fresenius Kabi AG exist in relation to the repayment of several long term bank loans taken through financing companies of the Fresenius Group in relation to one acquisition in 2008. These commitments are for a maximum of $ 1,884 million (€ 1,428 million) and € 159 million and the related accrued interest. On December 31, 2012, the value of the loans including interests was $ 1,344 million (€ 1,019 million) and € 160 million.

Moreover Fresenius ProServe GmbH guarantees together with Fresenius Kabi AG the repayment of a credit facility of € 100 million borrowed by Fresenius SE & Co. KGaA from the European Investment Bank, as well as the related accrued expenses. On December 31, 2012, the value of the credit facility including accrued interests was € 101 million.

According to our judgment the affected companies can meet the underlying obligations in any case and assertion of the claim is currently not expected.

Statement of subordination

On December 31, 2012, the subsidiaries Wittgensteiner Kliniken GmbH and hospitalia activHealth gmbh are over-leveraged by about € 31 million and € 6.8 million respectively. To avoid legal accounting insolvency, Fresenius ProServe GmbH issued a statement of subordination for € 40 million and € 8.7 million respectively. On December 31, 2012 receivables of € 170.0 million against Wittgensteiner Kliniken GmbH and of € 7.0 million (of which € 6.7 million have been written-down) against hospitalia activHealth gmbh are outstanding.

Option contracts

There are two put and call option contracts with the current share owners of VAMED AG to acquire 10% and 13% of the shares in VAMED AG which expire on December 31, 2015 and June 30, 2017 respectively. These contracts are pending transactions that are not shown in the financial statement of Fresenius ProServe GmbH.

(23) Derivatives

Fresenius ProServe GmbH uses derivative financial instruments to hedge against existing or highly probable future currency risks. Derivative financial instruments are contracted exclusively for hedging purposes. As the critical terms of the underlying transactions basically match those of the derivative financial instruments it can be assumed that hedges are highly effective. The Company has approved guidelines for assessing risks and to control the use of financial instruments. The guidelines require a clear separation between the execution function on the one side and the clearing, accounting and control on the other hand. Derivative financial instruments are used to reduce fluctuations in earnings and cash flows caused by changes in foreign currency exchange rates.

Foreign exchange risk

The company uses foreign exchange forward contracts to hedge foreign exchange risk.

Fresenius ProServe GmbH entered into foreign exchange forward contracts with external partners to hedge foreign currency risks from accounts receivable and liabilities as well as highly probable forecasted transactions from the Company and its affiliates. On the balance sheet date, the Company had currency derivatives with a nominal value of € 5,866 thousand and fair value of € -101 thousand with a maximum maturity of five months.

Standards of valuation

The fair values of derivative financial instruments are valuated according to customary standards that take market information (market values) on the balance sheet date into account. In detail following principles are used:

The fair value is based on the market value of a derivative that could be reached in voluntary transactions by independent parties without taking forced or liquidation sales into account. To determine the market value of foreign exchange forward contracts, the contracted forward rate is compared to the current forward rate for the remaining term of the contract as of the date of the balance sheet. The result is then discounted on the basis of the market interest rates prevailing at the date of the statement of financial position for the respective currency.

The effectiveness of hedging relationships is measured with the Critical Term Match-Method.

(24) Parent company

Fresenius SE & Co. KGaA, Bad Homburg v.d.Höhe is the sole shareholder of Fresenius ProServe GmbH.

Fresenius ProServe GmbH is exempt from publishing consolidated financial statements and management report in accordance with Section 291 HGB given that Fresenius SE & Co. KGaA, Bad Homburg v.d.-Höhe, as parent company publishes consolidated financial statements and management report in accordance with International Financial Reporting Standards (IFRS) which are binding to be applied in the EU applying Section 315a HGB for the smallest group of consolidated companies. The consolidated financial statements of Fresenius SE & Co. KGaA are published in the electronic Bundesanzeiger (German Federal Gazette). Fresenius Management SE, Bad Homburg v.d.Höhe, prepares and publishes the consolidated financial statements for the largest group of consolidated companies which is also published in the electronic Bundesanzeiger (German Federal Gazette).

Fresenius ProServe GmbH will use the exemptions in Section 264 (3) HGB and will not make its financial statements for the year 2012 public.

Bad Homburg v.d.Höhe, February 27, 2013

Fresenius ProServe GmbH

Dr. Jürgen Götz | Dr. Francesco De Meo | Joachim Weith

Exhibit to notes

Fresenius ProServe GmbH, Bad Homburg v. d. Höhe

Development of fixed assets during the fiscal year 2012

		Acquisition costs		
		As of Jan. 01, 2012	Additions	As of Dec. 31, 2012
		kEUR	kEUR	kEUR
I.	**Intangible assets**	4	0	4
II.	**Tangible assets**			
	1. Land, leasehold and buildings	10,947	0	10,947
	2. Plant and machinery	21	0	21
	3. Other fixtures and fittings, tools and equipment	20	0	20
	4. Payments on account and tangible assets in course of construction	0	4	4
		10,988	4	10,992
III.	**Financial assets**			
	1. Shares in related parties	1,732,842	518,664	2,251,506
	2. Loans to related parties	172,867	45,229	218,096
	3. Participations	0	0	0
		1,905,709	563,893	2,469,602
		1,916,701	563,897	2,480,598

Depreciation			Carrying amount	
As of Jan. 01, 2012	Depreciation of financial year	As of Dec. 31, 2012	Dec. 31, 2012	31.12.2011
kEUR	kEUR	kEUR	kEUR	kEUR
4	0	4	0	0
2,361	226	2,587	8,360	8,586
21	0	21	0	0
20	0	20	0	0
0	0	0	4	0
2,402	226	2,628	8,364	8,586
5,100	0	5,100	2,246,406	1,727,742
0	0	0	218,096	172,867
0	0	0	0	0
5,100	0	5,100	2,464,502	1,900,609
7,506	226	7,732	2,472,866	1,909,195

Auditor's Report

We have expressed an opinion as follows:

"Auditor's opinion

To the Fresenius ProServe GmbH

We have audited the annual financial statements, comprising the balance sheet, the income statement and the notes to the financial statements, together with the bookkeeping system of the Fresenius ProServe GmbH, Bad Homburg v.d. Höhe, for the business year from January 1, 2012 to December 31, 2012. The maintenance of the books and records and the preparation of the annual financial statements in accordance with German commercial law are the responsibility of the Company's management. Our responsibility is to express an opinion on the annual financial statements, together with the bookkeeping system based on our audit.

We conducted our audit of the annual financial statements in accordance with § 317 HGB („Handelsgesetzbuch": „German Commercial Code") and German generally accepted standards for the audit of financial statements promulgated by the Institut der Wirtschaftsprüfer (Institute of Public Auditors in Germany) (IDW). Those standards require that we plan and perform the audit such that misstatements materially affecting the presentation of the net assets, financial position and results of operations in the annual financial statements in accordance with German principles of proper accounting are detected with reasonable assurance. Knowledge of the business activities and the economic and legal environment of the Company and expectations as to possible misstatements are taken into account in the determination of audit procedures. The effectiveness of the accounting-related internal control system and the evidence supporting the disclosures in the books and records and the annual financial statements are examined primarily on a test basis within the framework of the audit. The audit includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the annual financial statements. We believe that our audit provides a reasonable basis for our opinion.

Our audit has not led to any reservations.

In our opinion, based on the findings of our audit, the annual financial statements comply with the legal requirements and give a true and fair view of the net assets, financial position and results of operations of Fresenius ProServe GmbH in accordance with German principles of proper accounting."

Frankfurt am Main, March 15, 2013

KPMG AG
Wirtschaftsprüfungsgesellschaft

gez. Walter   gez. Dr. Herold

Wirtschaftsprüfer   Wirtschaftsprüfer

Unconsolidated Financial Statements of Fresenius ProServe GmbH for 2011 (German GAAP)

Fresenius ProServe GmbH, Bad Homburg v. d. Höhe

Balance Sheet as of December 31, 2011

A s s e t s

	December 31, 2011		December 31, 2010	
	EUR	EUR	EUR	EUR
A. Fixed assets				
I. Tangible assets				
1. Land, leasehold and buildings	8,585,757.91		8,811,488.91	
2. Plant and machinery	0.00	8,585,757.91	706.00	8,812,194.91
II. Financial assets				
1. Shares in related parties	1,727,742,117.76		1,673,580,013.18	
2. Loans to related parties	172,867,383.99		172,838,994.05	
3. Participations	0.71	1,900,609,502.46	0.71	1,846,419,007.94
		1,909,195,260.37		1,855,231,202.85
B. Current assets				
Accounts receivable and other assets				
1. Accounts receivable due from related parties	147,706,190.26		119,567,784.70	
2. Other assets	0.00	147,706,190.26	21,827.90	119,589,612.60
		2,056,901,450.63		1,974,820,815.45

Liabilities and shareholders' equity

	December 31, 2011	December 31, 2010
	EUR	EUR
A. Shareholders' equity		
I. Subscribed capital	40,000,000.00	40,000,000.00
II. Capital reserves	1,546,794,525.48	1,546,794,525.48
	1,586,794,525.48	1,586,794,525.48
B. Accrued expense		
1. Pensions and similar obligations	6,737,817.00	5,430,459.00
2. Other accruals	892,953.66	895,280.41
	7,630,770.66	6,325,739.41
C. Liabilities		
1. Trade accounts payable	84,831.61	84,690.77
2. Liabilities to affiliated companies	462,390,394.91	381,572,100.03
3. Other liabilities	927.97	43,759.76
	462,476,154.49	381,700,550.56
	2,056,901,450.63	1,974,820,815.45

Fresenius ProServe GmbH, Bad Homburg v. d. Höhe

Profit and Loss Statement
January 1 to December 31, 2011

	2011		2010	
	EUR	EUR	EUR	EUR
1. Income from participations		154,082,535.85		125,475,323.28
2. Other operating income		4,690,738.51		8,503,126.51
3. Personnel expenses				
a) Salaries and wages	11,904.00		12,288.00	
b) Social security and costs of retirement pensions and social assistance --thereof amount of retirement pensions EUR 146,390.78 (prev. yr. EUR 141,216.39)--	146,390.78	158,294.78	141,216.39	153,504.39
4. Depreciation on property, plant and equipment		226,437.00		227,339.00
5. Other operating expenses		3,059,508.96		6,988,732.71
6. Income from financial assets		9,934,434.00		9,943,490.84
7. Other interest and similar income --thereof amount from affiliated companies EUR 134,213.27 (prev. yr. EUR 178,356.85)--		134,213.27		178,356.85
8. Interest and similiar expenses --thereof amount from affiliated companies EUR 11,728.401.73 (prev. yr. EUR 7,038.469.02)--		12,088,085.92		7,398,585.41
9. Profit from ordinary operations		153,309,594.97		129,332,135.97
10. Extraordinary expenses/ Extraordinary result		1,395,990.00		100,000.00
11. Income taxes	26,169,178.00		22,738,171.00	
12. Other tax	101.00	26,169,279.00	21,178.84	22,759,349.84
13. Net income before profit transfer		125,744,325.97		106,472,786.13
14. Profit transfer due to profit and loss transfer agreement		125,744,325.97		106,472,786.13
15. Retained earnings		0.00		0.00

Fresenius ProServe GmbH, Bad Homburg v.d.Höhe

NOTES for fiscal year 2011

GENERAL NOTES

(1) Preliminary note

Fresenius ProServe GmbH, Bad Homburg v.d.Höhe, is a wholly-owned subsidiary of Fresenius SE & Co. KGaA, Bad Homburg v.d.Höhe.

There is a profit transfer agreement between the Company and Fresenius SE & Co. KGaA.

The financial statements of Fresenius ProServe GmbH are included in the consolidated financial statements of Fresenius SE & Co. KGaA. The latter are published in the electronic Bundesanzeiger (German Federal Gazette).

Moreover as of December 31, 2011 a direct control and profit transfer agreement between Fresenius ProServe GmbH and its subsidiary HELIOS Kliniken GmbH, Berlin, is in place.

(2) Accounting principles and standards of valuation

The financial statements of Fresenius ProServe GmbH for 2011 are prepared according to the regulations in the German Commercial Code (HGB) as well as complementing regulations for limited liability companies. Fresenius ProServe GmbH is a small corporation according to Section 267 (1) HGB. The nature of cost method according to Section 275 (2) HGB has been elected for preparing the profit and loss statement. The size related exemptions in Section 274 a HGB and Section 288 HGB are used in part.

The value of investments in property, plant and equipment is stated at the cost of the assets less regular linear or degressive depreciation as far as the assets are depreciable.

The following useful lives were used for calculating amortization:

Intangible assets	3-5 years
Office buildings	40 years
Tools and equipment	3-10 years

Low value fixed assets with purchase or manufacturing cost of up to € 150.00 are fully written off in the year of addition.

Depreciable movable non-current assets with a value of more than € 150.00 and less than € 1,000.00 are grouped into a collective item which is dissolved through profit and loss by one fifth in the year of capitalization and the following four years each.

Financial assets are valued at purchase price or, if the asset is other than temporarily impaired the lower market value.

The lower value of non-current assets resulting from write-downs to fair value has to be reversed if the reasons for the extraordinary write-down no longer apply (Section 253 (5) HGB).

Accounts receivable and other assets are stated at nominal value reduced by individual allowance if necessary.

The pension obligation is determined according to actuarial principles on the basis of biometric probabilities as in the reference tables by Dr. Klaus Heubeck 2005 (RT 2005 G) using the Projected Unit Credit-Method. Future expected remuneration and pension increases are taken into account in calculating the obligation. Remuneration is currently adjusted by between 3% and 4% and pensions by 1.75%. The company specific fluctuation rate that is also taken into consideration for the calculation has been between 0% and 18%. The actuarial interest rate applicable to the pension obligation was 5.13%. This is the last-seven-year-average discount rate for an estimated remaining life of 15 years as determined and published by the German Federal Bank (Deutsche Bundesbank) (reference date: October 31, 2011).

Other accruals are built for recognizable risks and uncertain liabilities at the amounts to be paid calculated on the basis of a reasonable commercial assessment. Long term accruals are discounted with the last-seven-year-average discount rate that corresponds to the remaining life of the accrual.

Liabilities are valued at their settlement amounts.

Foreign currency items are translated with the average foreign exchange rate at the time of origin or the hedging rate for hedging transactions.

Assets and liabilities with a remaining life of up to a year and carried at foreign currencies are translated at the average closing spot rate according to section 256a HGB.
Assets and liabilities with a remaining life of over one year and carried at foreign currencies are basically translated at inception at the foreign currency exchange rate, while at the balance sheet date the lowest closing spot rate is used for translating assets and the highest closing spot rate is used for translating liabilities. If the conditions to apply hedge accounting are met, the hedging financial instruments and the underlying transactions are combined in a hedge and valued using the exchange rate at inception (Einfrierungsmethode). Changes in the value of the hedged risks are not recognized in the balance sheet or statement of income.

Earnings and losses from translation to euro of items carried at foreign currencies are recognized in the statement of income under “Other operating income” or “Other operating expenses”.

Derivative financial instruments are contracted for hedging purposes only whereby foreign currency derivatives are used.

The Company acquires hedging instruments from banks, that are mirrored by agreements between Fresenius ProServe GmbH and its affiliated companies at nearly the same conditions. The affiliated companies use these agreements to hedge their operating businesses against foreign currency risks.

Derivative financial instruments are measured at fair value at balance sheet date. According to German Commercial Law accounting principles and standards of valuation any remeasurement losses are recognized in earnings while remeasurement gains are not taken into account. When the conditions for hedge accounting are met, the underlying asset and the hedging instrument are considered together so that effects of the hedge are only recognized in earnings when the underlying transaction takes place.

Income from profit transfer agreements is recorded in the same reporting period in which it arises given that earnings from affiliated companies are precise enough at the time of preparing the financial statements and is assured according to reasonable commercial assessment.

NOTES ON THE BALANCE SHEET

(3) Fixed assets

The breakdown of fixed assets and their development is presented in Exhibit 1 to the Notes.

A list of all participations in affiliated and associated companies of Fresenius ProServe GmbH is contained in the list of participations in affiliated and associated companies of Fresenius SE & Co. KGaA which will be published by Fresenius SE & Co. KGaA in the electronic Bundesanzeiger (German Federal Gazette).

(4) Accounts receivable from related parties

Accounts receivable from related parties mainly consist of items against HELIOS Kliniken GmbH (€ 146,989 thousand) and hospitalia activHealth gmbh (€ 420 thousand). The receivables from related parties mainly relate to profit transfers, loans and clearing accounts. All accounts receivable have a remaining term of up to one year.

(5) Other assets

The previous year item consists of other tax claims.

(6) Subscribed capital

The capital stock at December 31, 2011 has a nominal value of € 40,000,000 and is divided into three parts with nominal values of € 25,000, € 14,975,000 and € 25,000,000. Fresenius SE & Co. KGaA is the sole stockholder.

(7) Pension obligation

With notarized deed of December 12, 2006 and an effective date of January 1, 2007, all shares in hospitalia international gmbh, Oberursel, where sold and transferred to VAMED Engineering GmbH & Co. KG, Vienna, Austria.

In the context of this sale, Fresenius ProServe GmbH and hospitalia international gmbh agreed in a collateral promise from December 12, 2006, that the Company will assume via the collateral promise with contractual undertaking the compensation payments to be made resulting from the pension obligation of hospitalia international gmbh against beneficiaries and former employees with vested pension rights. The value of this obligation is € 6,711 thousand on December 31, 2011.

The pension obligation has been determined according to the method described under Note (2) “Accounting principles and standards of valuation”. The new calculation of pension provisions required by BilMoG as of January 1, 2010 resulted in an underfunded status of € 1,496 thousand. According to Art. 67 (1) sentence 1 EGHGB (Act Introducing the German Commercial Code), 1/15 (€ 100 thousand) was recognized in 2010 and 14/15 (€ 1,396 thousand) has been recognized in 2011. The expense related to this increase was included in extraordinary result in the statement of income.

(8) Other accruals

Other accruals mainly relate to risks from the sale of Pharmaplan GmbH.

(9) Liabilities

The summary of remaining terms of liabilities looks as follows:

	2011				2010			
	Total	Remaining term of up to 1 year	Remaining term of 1 year to 5 years	Remaining term of over 5 years	Total	Remaining term of up to 1 year	Remaining term of 1 year to 5 years	Remaining term of over 5 years
In thousand €								
Trade accounts payable	85	85	0	0	85	85	0	0
Accounts payable to related parties	462,390	335,390	127,000	0	381,572	324,572	57,000	0
Other liabilities	1	1	0	0	44	44	0	0
	462,476	335,476	127,000	0	381,701	324,701	57,000	0

The liabilities displayed are not secured by charges on property or other similar rights. Accounts payable to related companies include liabilities against the shareholder Fresenius SE & Co. KGaA of € 375,288 thousand (previous year € 215,298 thousand). Accounts payable to related companies mainly consist of loans and clearing accounts.

(10) Other liabilities

Other liabilities relate to obligations against tax authorities.

NOTES ON THE PROFIT AND LOSS STATEMENT

The structure of the profit and loss statement has been adapted to the holding nature of Fresenius ProServe GmbH and begins with income from participations.

(11) Income from participations

Income from participations comprises income of the profit transfer agreement with HELIOS Kliniken GmbH of € 146,989 thousand (previous year € 118,748 thousand) and income from participations in related companies of € 7,094 thousand (previous year € 6,727 thousand).

(12) Other operating income

Other operating income mainly includes income from foreign currency translations of € 3,179 thousand and from rental of office space to related companies.

Income from other accounting periods was € 241 thousand in 2011 (previous year € 2,100 thousand) and mainly related to compensation for non exercised preemption rights.

(13) Personnel expenses

	2011	2010
	Thousand €	*Thousand €*
Salaries	12	12
Social security and costs of retirement pensions and social assistance	146	141
(thereof retirement pensions)	(146)	(141)
	158	**153**

Annual average number of employees:		
Salaried employees	0	1

(14) Other operating expenses

Other operating expenses of € 1,956 thousand were primarily foreign currency translation losses, but also expenses from cost allocation and service level agreements and audit and maintenance cost.

(15) Income from financial assets

Income in this item includes interest from long term loans to related companies.

(16) Other interest and similar income

This item primarily includes interest income from related companies of € 134 thousand (previous year € 178 thousand).

(17) Interest and similar expenses

This item mainly includes € 11,728 thousand (previous year € 7,038 thousand) of interests paid to related companies. Moreover expenses for interests accrued for accrued expenses of € 352 thousand are also included.

(18) Extraordinary expenses

Extraordinary expenses include expenses from contributions to pension obligations of € 1,396 thousand (previous year € 100 thousand).

(19) Income taxes

This item includes expenses from cost transfers for corporate income tax (€ 23,179 thousand, previous year € 18,608 thousand), trade tax (€ 1,715 thousand, previous year € 3,107 thousand), and solidarity surcharge (€ 1,275 thousand, previous year € 1,023 thousand).

The company is part of a consolidated tax group with Fresenius SE & Co. KGaA (fiscal unity parent) for income, trade and corporate income tax.

(20) Other tax

This item includes motor vehicle tax.

OTHER DISCLOSURES

(21) Management

In 2011 following persons were appointed managing directors of Fresenius ProServe GmbH, Bad Homburg v.d. Höhe:

Dr. Jürgen Götz, Lawyer, Bad Soden,
Dr. Francesco De Meo, Lawyer, Petersberg,
Joachim Weith, Dipl.-Sociologist and Dipl.-Business Administration, Wintzenbach.

The managing directors are simultaneously managing directors, members of the management board or senior executives in other Group companies and receive their compensation from these companies.

(22) Contingent liabilities

Contingencies from indemnity agreements

Fresenius ProServe GmbH guarantees together with Fresenius Kabi AG and Fresenius SE & Co. KGaA the repayment including interests accrued of two Senior Notes of Fresenius SE & Co. KGaA amounting to € 1,150 million. The Senior Notes were issued through Fresenius Finance B.V., Netherlands in 2006 and increased in 2009. On December 31, 2011, the value of these guarantees including interests accrued was € 1,180 million.

Moreover Fresenius ProServe GmbH together with Fresenius Kabi AG and Fresenius SE & Co. KGaA guarantee the repayment including accrued interest for the Senior Note issued by Fresenius Finance II, Inc, USA in 2009. The Senior Note comprises two tranches of $ 500 million and € 275 million. On December 31, 2011, the value of the guarantees including interests accrued was $ 523 million (€ 404 million) and € 287 million.

Further guarantee commitments of Fresenius ProServe GmbH together with Fresenius SE & Co. KGaA and Fresenius Kabi AG exist in relation to the repayment of several long term bank loans taken through financing companies of the Fresenius Group in relation to one acquisition in 2008. These commitments are for a maximum of $ 2,266 million (€ 1,751 million) and € 161 million and the related accrued interest. On December 31, 2011, the value of the loans including interests was $ 1,716 million (€ 1,326 million) and € 161 million.

Moreover Fresenius ProServe GmbH guarantees together with Fresenius Kabi AG the repayment of a credit facility of € 100 million borrowed by Fresenius SE & Co. KGaA from the European Investment Bank, as well as the related accrued expenses. On December 31, 2011, the value of the credit facility including accrued interests was € 101 million.

According to our judgment the affected companies can meet the underlying obligations in any case and assertion of the claim is currently not expected.

Statement of subordination

On December 31, 2011, the subsidiaries Wittgensteiner Kliniken GmbH and hospitalia activHealth gmbh are over-leveraged by about € 37 million and € 6.7 million respectively. To avoid legal accounting insolvency, Fresenius ProServe GmbH issued a statement of subordination for € 40 million and € 8.7 million respectively. On December 31, 2011 receivables of € 170 million against Wittgensteiner Kliniken GmbH and of € 7.0 million (of which € 6.6 million have been written-down) against hospitalia activHealth gmbh are outstanding.

Option contracts

There are two put and call option contracts with the current share owners of VAMED AG to acquire 10% and 13% of the shares in VAMED AG which expire on December 31, 2015 and June 30, 2017 respectively. These contracts are pending transactions that are not shown in the financial statement of Fersenius ProServe GmbH.

(23) Derivatives

Fresenius ProServe GmbH uses derivative financial instruments to hedge against existing or highly probable future currency risks. Derivative financial instruments are contracted exclusively for hedging purposes. As the critical terms of the underlying transactions basically match those of the derivative financial instruments it can be assumed that hedges are highly effective. The Company has approved guidelines for assessing risks and to control the use of financial instruments. The guidelines require a clear separation between the execution function on the one side and the clearing, accounting and control on the other hand. Derivative financial instruments are used to reduce fluctuations in earnings and cash flows caused by changes in foreign currency exchange rates.

Foreign exchange risk

The company uses foreign exchange forward contracts to hedge foreign exchange risk.

Fresenius ProServe GmbH entered into foreign exchange forward contracts with external partners to hedge foreign currency risks from accounts receivable and liabilities as well as highly probable forecasted transactions from the Company and its affiliates. On the balance sheet date, the Company had currency derivatives with a nominal value of € 392 thousand and fair value of € 0 thousand with a maximum maturity of one month.

Standards of valuation

The fair values of derivative financial instruments are valuated according to customary standards that take market information (market values) on the balance sheet date into account. In detail following principles are used:

The fair value is based on the market value of a derivative that could be reached in voluntary transactions by independent parties without taking forced or liquidation sales into account. To determine the market value of foreign exchange forward contracts, the contracted forward rate is compared to the current forward rate for the remaining term of the contract as of the date of the balance sheet. The result is then discounted on the basis of the market interest rates prevailing at the date of the statement of financial position for the respective currency.

The effectiveness of hedging relationships is measured with the Critical Term Match-Method.

(24) Parent company

Fresenius SE & Co. KGaA, Bad Homburg v.d.Höhe is the sole shareholder of Fresenius ProServe GmbH.

Fresenius ProServe GmbH is exempt from publishing consolidated financial statements and management report in accordance with Section 291 HGB given that Fresenius SE & Co. KGaA, Bad Homburg v.d. Höhe, as parent company publishes consolidated financial statements and management report in accordance with International Financial Reporting Standards (IFRS) which are binding to be applied in the EU applying Section 315a HGB for the smallest group of consolidated companies. The consolidated financial statements of Fresenius SE & Co. KGaA are published in the electronic Bundesanzeiger (German Federal Gazette). Fresenius Management SE, Bad Homburg v.d.Höhe, prepares and publishes the consolidated financial statements for the largest group of consolidated companies which is also published in the electronic Bundesanzeiger (German Federal Gazette).

Fresenius ProServe GmbH will use the exemptions in Section 264 (3) HGB and will not make its financial statements for the year 2011 public.

Bad Homburg v.d.Höhe, February 28, 2012

Fresenius ProServe GmbH

Dr. Jürgen Götz Dr. Francesco De Meo Joachim Weith

Exhibit to notes

Fresenius ProServe GmbH, Bad Homburg v. d. Höhe

Development of fixed assets during the fiscal year 2011

	Acquisition costs		
	As of Jan. 01, 2011	Additions	As of Dec. 31, 2011
	kEUR	kEUR	kEUR
I. Intangible assets	4	0	4
II. Tangible assets			
1. Land, leasehold and buildings	10,947	0	10,947
2. Plant and machinery	21	0	21
3. Other fixtures and fittings, tools and equipment	20	0	20
	10,988	0	10,988
III. Financial assets			
1. Shares in related parties	1,678,680	54,162	1,732,842
2. Loans to related parties	172,839	28	172,867
3. Participations	0	0	0
	1,851,519	54,190	1,905,709
	1,862,511	54,190	1,916,701

Exhibit to notes

Fresenius ProServe GmbH, Bad Homburg v. d. Höhe

Development of fixed assets during the fiscal year 2011

	Depreciation			Carrying amount	
	As of Jan. 01, 2011	Depreciation of financial year	As of Dec. 31, 2011	Dec. 31, 2011	Dec. 31, 2010
	kEUR	kEUR	kEUR	kEUR	kEUR
I. Intangible assets	4	0	4	0	0
II. Tangible assets					
1. Land, leasehold and buildings	2,136	225	2,361	8,586	8,811
2. Plant and machinery	20	1	21	0	1
3. Other fixtures and fittings, tools and equipment	20	0	20	0	0
	2,176	226	2,402	8,586	8,812
III. Financial assets					
1. Shares in related parties	5,100	0	5,100	1,727,742	1,673,580
2. Loans to related parties	0	0	0	172,867	172,839
3. Participations	0	0	0	0	0
	5,100	0	5,100	1,900,609	1,846,419
	7,280	226	7,506	1,909,195	1,855,231

Auditor’s report

To Fresenius ProServe GmbH

We have audited the annual financial statements, comprising the balance sheet, the income statement and the notes to the financial statements, together with the bookkeeping system, of Fresenius ProServe GmbH, Bad Homburg v.d. Höhe, for the business year from January 1 to December 31, 2011. The maintenance of the books and records and the preparation of the annual financial statements in accordance with German commercial law are the responsibility of the Company's management. Our responsibility is to express an opinion on the annual financial statements, together with the bookkeeping system, based on our audit.

We conducted our audit of the annual financial statements in accordance with Art. 317 HGB [“Handelsgesetzbuch”: German Commercial Code] and German generally accepted standards for the audit of financial statements promulgated by the Institut der Wirtschaftsprüfer [Institute of Public Auditors in Germany] (IDW). Those standards require that we plan and perform the audit such that misstatements materially affecting the presentation of the net assets, financial position and results of operations in the annual financial statements in accordance with German principles of proper accounting are detected with reasonable assurance. Knowledge of the business activities and the economic and legal environment of the Company and expectations as to possible misstatements are taken into account in the determination of audit procedures. The effectiveness of the accounting-related internal control system and the evidence supporting the disclosures in the books and records and the annual financial statements are examined primarily on a test basis within the framework of the audit. The audit includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the annual financial statements. We believe that our audit provides a reasonable basis for our opinion.

Our audit has not led to any reservations.

In our opinion, based on the findings of our audit, the annual financial statements comply with the legal requirements and give a true and fair view of the net assets, financial position and results of operations of Fresenius ProServe GmbH in accordance with German principles of proper accounting.

Frankfurt am Main, February 28, 2012

KPMG AG
Wirtschaftsprüfungsgesellschaft

Hommel

Hommel	Dr. Herold
Wirtschaftsprüferin	Wirtschaftsprüfer

(This page intentionally left blank)

Unconsolidated Cash Flow Statements of Fresenius ProServe GmbH for 2012 and 2011 (German GAAP)

Auditor's Report

To Fresenius ProServe GmbH

We have audited the statement of cash flows for the fiscal year 2012 derived by the company from the annual financial statements for the fiscal year 2012 as well as the underlying bookkeeping system. The statement of cash flows supplements the annual financial statements of Fresenius ProServe GmbH, Bad Homburg v. d. Höhe, for the fiscal year 2012 that have been prepared on the basis of the provisions of German commercial law.

The preparation of the statement of cash flows for the fiscal year 2012 in accordance with the provisions of German commercial law is the responsibility of the company's management.

Our responsibility is to express an opinion, based on our audit, as to whether the statement of cash flows for the fiscal year 2012 has been properly derived from the annual financial statements for the fiscal year 2012 as well as the underlying bookkeeping system in accordance with the provisions of German commercial law. The subject matter of this engagement does neither include the audit of the underlying annual financial statements nor the underlying bookkeeping system.

We have planned and performed our audit in accordance with the IDW Auditing Practice Statement: Audit of Additional Elements of Financial Statements (IDW AuPS 9.960.2) in such a way that material errors in the derivation of the statement of cash flows from the annual financial statements as well as the underlying bookkeeping system are detected with reasonable assurance.

In our opinion, based on the findings of our audit, the statement of cash flows for the fiscal year 2012 has been properly derived from the annual financial statements for the fiscal year 2012 as well as the underlying bookkeeping system in accordance with the provisions of German commercial law.

We have provided the services described above on behalf of Fresenius ProServe GmbH. We have carried out our engagement on the basis of the General Engagement Terms for Wirtschaftsprüfer und Wirtschaftsprüfungsgesellschaften in the version of January 1, 2002 (Appendix 2). By taking note of and using the information contained in this communication, each recipient confirms to have taken note of the terms and conditions stipulated in the aforementioned General Engagement Terms (including the liability limitations of No. 9 included therein) and acknowledges their validity in relation to us.

Frankfurt am Main, November 1, 2013

KPMG AG
Wirtschaftsprüfungsgesellschaft

Walter	Dr. Herold
Wirtschaftsprüfer	Wirtschaftsprüfer

Fresenius ProServe GmbH, Bad Homburg v. d. Höhe

Statement of Cash Flows for the fiscal year 2012

	2012	2011
	TEUR	TEUR
Net Income before profit and loss transfer	138,796	151,914
Depreciation and amortization of non-current assets	226	226
Decrease/increase in pension liabilities	-255	1,307
Cash flow	**138,767**	**153,447**
Increase/decrease in other operating assets	-25	22
Increase/decrease in other accrued expenses	32	-2
Increase/decrease in other operating liabilities	26	-43
Increase/decrease in working capital	**33**	**-23**
Operating cash flow (cash provided by operating activities)	**138,800**	**153,424**
Payments for purchasing property, plant and equipment	-4	0
Payments for investments in financial assets	-45,229	-28
Payments for purchasing shares of affiliated companies	-151	-54,162
Cash used for investing activities	**-45,384**	**-54,190**
Profit-transfer to shareholder	-138,796	-151,914
Change in financing activities with related parties	50,552	46,323
Cash used for financing activities	**-88,244**	**-105,591**
Change of cash and cash equivalents	**5,172**	**-6,357**
Cash and cash equivalents at the beginning of the year	-24,446	-18,089
Cash and cash equivalents at the end of the year[1]	-19,274	-24,446

[1]Cash and Cash equivalents consist of Cash Pool-accounts with Fresenius SE & Co. KGaA

Executive Office of the Issuer

Amersfoortseweg 10E
3705 GJ, Zeist
Netherlands

Principal Executive Offices of the Guarantors

Fresenius SE & Co. KGaA
Else-Kröner-Strasse 1
61352 Bad Homburg vor der Höhe
Germany

Fresenius Kabi AG
Else-Kröner-Strasse 1
61352 Bad Homburg vor der Höhe
Germany

Fresenius ProServe GmbH
Else-Kröner-Strasse 1
61352 Bad Homburg vor der Höhe
Germany

Legal Advisor to Fresenius SE & Co. KGaA and the Issuer
As to United States, New York and German Law:

Freshfields Bruckhaus Deringer LLP
Bockenheimer Anlage 44
60322 Frankfurt am Main
Germany

Legal Advisor to the Initial Purchasers
As to United States, New York and German Law:

Cahill Gordon & Reindel LLP
Augustine House
6A Austin Friars
London EC2N 2HA
United Kingdom

White & Case LLP
Valentinskamp 70 / EMPORIO
20355 Hamburg
Germany

Trustee

Deutsche Trustee Company Limited
Winchester House
1 Great Winchester Street
London EC2N 2D
United Kingdom

Principal Paying and Transfer Agent

Deutsche Bank Aktiengesellschaft Frankfurt
Grosse Gallusstrasse 10-14
60262 Frankfurt am Main
Germany

Luxembourg Listing Agent

BNP Paribas Securities Services
33 rue de Gasperich
Howald-Hesperange
2085 Luxembourg