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INTERIM REPORT



Fresenius Medical Care

Interim Report
30.06.2007

Fresenius Medical Care AG & Co. KGaA

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Overview

Key Figures Second Quarter 2007

Net revenue	\$ 2,404 million	+11%
Operating income (EBIT)	\$ 391 million	+5%
Net income	\$ 179 million	+38%
Earnings per share	\$ 0.6	+37%

Key Figures First Half 2007

Net revenue	\$ 4,752 million	+33%
Operating income (EBIT)	\$ 756 million	+50%
Net income	\$ 399 million	+38%
Earnings per share	\$ 1.15	+37%

Second Quarter 2007

Revenue

Net revenue for the second quarter 2007 increased by 11% to \$2,404 million (9% at constant currency) compared to the second quarter 2006. Organic revenue growth worldwide was 8%. Dialysis Services revenue grew by 9% to \$1,796 million (8% at constant currency) in the second quarter of 2007. Dialysis Product revenue increased by 18% to \$608 million (13% at constant currency) in the same period.

North America revenue increased by 6% to \$1,660 million. Dialysis Services revenue grew by 5% to \$1,499 million. Excluding effects of the divestiture of the perfusion business, Dialysis Service revenue increased by 6%. Average revenue per treatment for the U.S. clinics increased by 3% to \$327 in the second quarter 2007 compared to \$317 for the same quarter in 2006. Dialysis Product revenue increased by 21% to \$161 million led by strong sales of our 2008K hemodialysis machines and the phosphate binding drug PhosLo.

International revenue was \$744 million, an increase of 23% (15% at constant currency) compared to the second quarter of 2006. Dialysis Services revenue reached \$296 million, an increase of 32% (24% at constant currency). Dialysis Product revenue rose by 17% to \$448 million (10% at constant currency), led by strong sales of hemodialysis machines, peritoneal dialysis products and dialyzers.

Earnings

Operating income (EBIT) increased by 5% to \$391 million compared to \$372 million in the second quarter 2006. Operating income for the second quarter 2006 includes costs of \$4 million related to costs of restructuring and the transformation of the Company's legal form, and a gain of \$39 million from the divestiture of dialysis clinics in conjunction with the acquisition of Renal Care Group. Excluding these costs and the gain from the divestiture, operating income for the second quarter 2007 increased by 16%, resulting in an operating margin of 16.3%. For the second quarter 2006 the operating margin was 15.5%.

In North America, compared with the second quarter 2006, the operating margin excluding the effects of one-time items increased by 140 basis points to 17.2% due to revenue rate improvements, the new PhosLo business and higher product sales which more than offset higher personnel expenses. In the International segment, the operating margin decreased by 50 basis points to 17.5% mainly due to higher growth in the dialysis care business.

Net interest expense for the second quarter 2007 was \$92 million compared to \$100 million in the same quarter of 2006. This positive development was mainly attributable to a lower debt level in combination with lower average interest rates.

Income tax expense was \$113 million for the second quarter of 2007 compared to \$137 million in the second quarter of 2006, reflecting effective tax rates of 38.0% and 50.6%, respectively. In the second quarter 2006, the tax rate had been impacted by a tax expense related to the gain on the divestiture of dialysis clinics in the U.S. Excluding this impact, the tax rate was at 40.2%.

Net income for the second quarter 2007 was \$179 million, an increase of 38%. Net income increased by 30% when compared to the second quarter 2006 excluding the effects of one-time items in 2006.

Earnings per share (EPS) for the second quarter of 2007 rose by 37% to \$0.60 per ordinary share compared to \$0.44 for the second quarter of 2006. Earnings per ordinary American Depository Share (ADS) are the same as one ADS now represents one share as a result of the change in ratio under the Company's ordinary shares and preference shares. The weighted average number of shares outstanding for the second quarter of 2007 was approximately 295.4 million shares compared to 293.9 million shares for the second quarter of 2006. The increase in shares outstanding results from stock option exercises in 2006 and in the first half 2007.

Cash Flow

In the second quarter of 2007, the Company generated \$225 million in cash from operations, representing 9% of revenue. The strong cash flow generation was primarily supported by earnings.

A total of \$132 million was spent for capital expenditures, net of disposals. Free Cash Flow before acquisitions was \$93 million compared to \$145 million in the second quarter of 2006 excluding the effects of the acquisition of RCG. A total of \$24 million in cash was used for acquisitions. Free Cash Flow after acquisitions was \$69 million compared to \$121 million last year, excluding the acquisition of Renal Care Group.

First Half 2007

The operations of Renal Care Group (RCG) are included in the Company's consolidated statements of income and cash flows from April 1, 2006, therefore, the current first half year results are not directly comparable with the results of the first six months for 2006.

Revenue and Earnings

Net revenue was \$4,725 million, up 21% from the first half of 2006. At constant currency, net revenue rose by 19%. Organic growth was 8% in the first six months of 2007.

Operating income (EBIT) increased by 23% to \$756 million compared to \$616 million in the first half of 2006. Operating income for the first half of 2006 includes costs of \$4 million as a result of restructuring and the transformation of the Company's legal form, and a gain from the clinic divestitures of \$39 million.

Excluding these items, operating income for the first half of 2007 increased by 30%. This performance resulted in an operating margin of 16.0% compared to 14.8% for the first half of 2006.

Net interest expense for the first six months of 2007 was \$187 million compared to \$156 million in the same period of 2006. The increase was the result of additional interest expense partially offset by the write-off in 2006 of deferred financing costs related to the 2003 senior credit facility of \$15 million, both in conjunction with the financing of the RCG acquisition.

Income tax expense was \$216 million in the first half of 2007 compared to \$209 million in the same period in 2006, reflecting tax rates of 38.0% and 45.4%, respectively. The tax rate in the first half of 2006 was impacted by a tax expense related to the gain on the divestiture of dialysis clinics in the U.S. Excluding this impact, the effective tax rate in the first half of 2006 was at 39.2%.

For the first half of 2007, net income was \$339 million, up 38% from the first half of 2006. Net income for the first half of 2007 increased by 29% compared to the first half of 2006 excluding the effects of one-time items in 2006.

For the first half of 2007, earnings per ordinary share rose by 37% to \$1.15. The weighted average number of shares outstanding during the first half of 2007 was approximately 295.3 million.

Cash Flow

Cash from operations during the first six months of 2007 was \$508 million compared to \$312 million for the same period in 2006 on a reported basis. Excluding the effects of one-time items, cash from operations was \$402 million in the first half of 2006. The increase compared to prior year was mainly due to increased earnings.

A total of \$240 million was used for capital expenditures, net of disposals. Free Cash Flow before acquisitions for the first six months of 2007 was \$268 million compared to \$152 million in same period in 2006. The underlying Free Cash Flow before acquisitions and the effects of one-time items for the first half of 2006 was \$242 million. A total of \$114 million in cash was used for acquisitions.

Patients – Clinics – Treatments

As of June 30, 2007, Fresenius Medical Care treated 171,687 patients worldwide, which represents a 6% increase in patients compared to last year. North America provided dialysis treatments for 120,270 patients, an increase of 2%. Including 32 clinics managed by Fresenius Medical Care North America, the number of patients in North America was 122,199. The International segment served 51,417 patients, an increase of 17% over last year.

As of June 30, 2007, the Company operated a total of 2,209 clinics worldwide. This is comprised of 1,581 clinics in North America, an increase of 3%, and 628 clinics in the International segment, an increase of 17%.

Fresenius Medical Care delivered approximately 13.0 million dialysis treatments worldwide during the first six months of 2007. This represents an increase of 16% year over year. North America accounted for 9.08 million treatments, an increase of 16%, and the International segment delivered 3.92 million treatments, an increase of 17% over last year.

Employees

As of June 30, 2007, Fresenius Medical Care had 60,031 employees (full-time equivalents) worldwide compared to 56,803 employees at the end of 2006. The increase of 3,228 employees is primarily due to acquisitions in Asia and continued organic growth in the U.S.

Debt/EBITDA Ratio

The ratio of debt to Earnings before Interest, Taxes and Amortization (EBITDA) decreased from 3.60 at the end of the second quarter of 2006 to 3.03 at the end of the second quarter 2007. At the end of 2006, the debt/EBITDA ratio was 3.23.

Rating

In the second quarter 2007, Standard & Poor's Ratings Services raised its rating on the Company's senior secured debt to 'BBB-' from 'BB+'. Standard & Poor's also upgraded the outlook for the Company's corporate rating from "negative" to "stable".

Moody's upgraded the outlook for Fresenius Medical Care to 'positive' from 'stable'.

Issuance of 10 Year Senior Notes

At the beginning of the third quarter 2007, Fresenius Medical Care issued Senior Notes due 2017 in the amount of \$500 million. The coupon is 6 7/8%. Proceeds were used to reduce indebtedness under the Company's senior secured bank credit facility and other, short-term debt. The Senior Notes were issued by FMC Finance III S.A., a wholly-owned subsidiary of the Company, and are guaranteed on a senior basis jointly and severally by the Company, Fresenius Medical Care Holdings, Inc. and Fresenius Medical Care Deutschland GmbH.

Acquisition of a Production Plant in China

On July 17, 2007 Fresenius Medical Care acquired a production plant in Jiangsu, China from Bioteque Corp., Taipei, Taiwan. This plant currently produces bloodlines and other non-reusable products for the Chinese market and offers excellent additional opportunities to produce liquid and other non-reusable products for the Chinese market and other countries in the region. In addition, the Company entered into three exclusive distribution contracts for marketing and distribution of Bioteque's bloodline and needle products in Taiwan, Korea and Japan.

Divestiture of Perfusion Business in the U.S.

Fresenius Medical Care sold the perfusion business unit of Fresenius Medical Care Extracorporeal Alliance ("FMCEA") to Specialty Care Services Group, Inc. during the second quarter 2007. In 2006, FMCEA's perfusion business contributed revenue of approximately \$110 million. The Company deconsolidated the U.S. perfusion business effective May 9, 2007.

Share Split of 1:3

On June 18, 2007, the previously announced share split for both classes of shares (ordinary and preference) in the ratio of 1:3 became effective. In connection with the share split, the ratio between the ordinary and preference ADS and the underlying ordinary and preference shares was adjusted to 1:1, meaning that one Fresenius Medical Care ordinary or preference ADS is now the equivalent of one Fresenius Medical Care ordinary or preference share.

Consolidated Financial Statements

Consolidated Statement of Income

(unaudited)

Consolidated Statements of Income

\$ in thousands, except per share data

	For the three months ended June 30,		For the six months ended June 30,	
	2007	2006	2007	2006
Net revenue:				
Dialysis Care	1,795,544	1,651,665	3,555,898	2,924,198
Dialysis Products	608,669	513,767	1,168,986	988,164
	<u>2,404,213</u>	<u>2,165,432</u>	<u>4,724,884</u>	<u>3,912,362</u>
Costs of revenue:				
Dialysis Care	1,270,916	1,179,499	2,532,256	2,106,544
Dialysis Products	295,910	256,888	570,890	498,483
	<u>1,566,826</u>	<u>1,436,387</u>	<u>3,103,146</u>	<u>2,605,027</u>
Gross profit	837,387	729,045	1,621,738	1,307,335
Operating expenses:				
Selling, general and administrative	431,772	383,487	838,091	705,158
Gain on sale of dialysis clinics	-	(38,975)	-	(38,975)
Research and development	14,565	12,759	27,907	25,533
Operating income	<u>391,050</u>	<u>371,774</u>	<u>755,740</u>	<u>615,619</u>
Other (income) expense:				
Interest income	(6,761)	(5,538)	(10,343)	(10,347)
Interest expense	98,336	104,839	196,829	165,843
Income before income taxes and minority interest	299,475	272,473	569,254	460,123
Income tax expense	113,781	137,911	216,347	209,044
Minority interest	7,014	5,066	13,949	5,546
Net income	<u>178,680</u>	<u>129,496</u>	<u>338,958</u>	<u>245,533</u>
Basic income per ordinary share	<u>0.60</u>	<u>0.44</u>	<u>1.15</u>	<u>0.84</u>
Fully diluted income per ordinary share	<u>0.60</u>	<u>0.44</u>	<u>1.14</u>	<u>0.83</u>

See accompanying notes to unaudited consolidated financial statements.

Consolidated Balance Sheet

At June 30, 2007 (unaudited) and December 31, 2006

Consolidated Balance Sheet

\$ in thousands, except share and per share data	June 30, 2007	December 31, 2006
Assets		
Current assets:		
Cash and cash equivalents	207,026	159,010
Trade accounts receivable, less allowance for doubtful accounts of \$ 218,837 in 2007 and \$207,293 in 2006	1,926,101	1,848,695
Accounts receivable from related parties	106,364	143,349
Inventories	587,843	523,929
Prepaid expenses and other current assets	496,179	443,854
Deferred taxes	304,950	293,079
Total current assets	3,628,463	3,411,916
Property, plant and equipment, net	1,845,910	1,722,392
Intangible assets	666,877	661,365
Goodwill	7,004,112	6,892,161
Deferred taxes	71,269	62,722
Other assets	333,741	294,125
Total assets	13,550,372	13,044,681
Liabilities and shareholders' equity		
Current liabilities:		
Accounts payable	302,208	316,188
Accounts payable to related parties	198,257	236,619
Accrued expenses and other current liabilities	1,338,500	1,194,939
Short-term borrowings	466,644	331,231
Short-term borrowings from related parties	28,629	4,575
Current portion of long-term debt and capital lease obligations	154,009	160,135
Company-obligated mandatorily redeemable preferred securities of subsidiary Fresenius Medical Care Capital Trusts holding solely Company-guaranteed debentures of subsidiaries - current portion	644,789	-
Income tax payable	68,635	116,059
Deferred taxes	26,947	15,959
Total current liabilities	3,228,618	2,375,705
Long-term debt and capital lease obligations, less current portion	3,740,829	3,829,341
Other liabilities	147,355	149,684
Pension liabilities	119,822	112,316
Income tax payable	118,912	-
Deferred taxes	367,403	378,487
Company-obligated mandatorily redeemable preferred securities of subsidiary Fresenius Medical Care Capital Trusts holding solely Company-guaranteed debentures of subsidiaries	627,255	1,253,828
Minority interest	100,555	75,158
Total liabilities	8,450,749	8,174,519
Shareholders' equity:		
Preference shares, no par value, €1.00 nominal value, 12,356,880 shares authorized, 3,720,822 issued and outstanding	4,111	4,098
Ordinary shares, no par value, €1.00 nominal value, 373,436,220 shares authorized, 291,703,551 issued and outstanding	359,867	359,527
Additional paid-in capital	3,171,070	3,153,556
Retained earnings	1,508,948	1,358,397
Accumulated other comprehensive income (loss)	55,627	(5,416)
Total shareholders' equity	5,099,623	4,870,162
Total liabilities and shareholders' equity	13,550,372	13,044,681

See accompanying notes to unaudited consolidated financial statements.

Consolidated Statement of Cashflow

For the six months ended June 30,
(unaudited)

Consolidated Statement of Cashflows	For the six months ended June 30,	
\$ in thousands	2007	2006
Operating Activities:		
Net income	338,958	245,533
Adjustments to reconcile net income to net cash provided by (used in) operating activities:		
Settlement of shareholder proceedings	-	(870)
Depreciation and amortization	170,492	141,819
Change in minority interest	23,326	8,343
Change in deferred taxes, net	8,060	(20,609)
Loss on sale of fixed assets and investments	1,086	6,123
Compensation expense related to stock options	10,191	7,093
Changes in assets and liabilities, net of amounts from businesses acquired:		
Trade accounts receivable, net	(40,657)	42,149
Inventories	(50,363)	(54,953)
Prepaid expenses, other current and non-current assets	(62,542)	(42,787)
Accounts receivable from / payable to related parties	(6,406)	8,106
Accounts payable, accrued expenses and other current and non-current liabilities	79,174	28,429
Income tax payable	36,412	18,656
Tax payments related to divestitures and acquisitions	-	(74,607)
Net cash provided by operating activities	<u>507,731</u>	<u>312,425</u>
Investing Activities:		
Purchases of property, plant and equipment	(251,843)	(173,404)
Proceeds from sale of property, plant and equipment	11,616	13,500
Acquisitions and investments, net of cash acquired	(113,920)	(4,179,899)
Proceeds from divestitures	27,450	505,386
Net cash used in investing activities	<u>(326,697)</u>	<u>(3,834,417)</u>
Financing Activities:		
Proceeds from short-term borrowings	31,602	43,019
Repayments of short-term borrowings	(44,528)	(49,316)
Proceeds from short-term borrowings from related parties	25,258	242,111
Repayments of short-term borrowings from related parties	(1,604)	(259,843)
Proceeds from long-term debt and capital lease obligations (net of debt issuance costs of \$ 85,828 in 2006)	190,162	3,965,020
Repayments of long-term debt and capital lease obligations	(288,912)	(721,359)
Increase of accounts receivable securitization program	140,000	130,750
Proceeds from exercise of stock options	7,736	21,625
Proceeds from conversion of preference shares into ordinary shares	-	306,912
Dividends paid	(188,407)	(153,720)
Distributions to minority interest	(10,573)	(6,027)
Net cash (used in) provided by financing activities	<u>(139,266)</u>	<u>3,519,172</u>
Effect of exchange rate changes on cash and cash equivalents	<u>6,248</u>	<u>18,876</u>
Cash and Cash Equivalents:		
Net increase in cash and cash equivalents	48,016	16,056
Cash and cash equivalents at beginning of period	<u>159,010</u>	<u>85,077</u>
Cash and cash equivalents at end of period	<u>207,026</u>	<u>101,133</u>

See accompanying notes to unaudited consolidated financial statements.

Consolidated Statement of Shareholders' Equity

For the six months ended June 30,
(unaudited)

Consolidated Statement of Shareholders' Equity

\$ in thousands, except share data

	Preference Shares		Ordinary Shares			Accumulated other comprehensive income (loss)					Total
	Number of shares	No par value	Number of shares	No par value	Additional paid in capital	Retained earnings	Foreign currency translation	Cash flow hedges	Pensions		
Balance at December 31, 2005	83,286,537	90,740	210,000,000	270,501	2,779,873	975,371	(106,185)	18,964	(55,558)	3,973,706	
Proceeds from exercise of options and related tax effects	199,971	250	523,695	650	20,725					21,625	
Proceeds from conversion of preference shares into ordinary shares	(79,888,266)	(87,037)	79,888,266	87,037	306,912					306,912	
Compensation expense related to stock options					7,093					7,093	
Dividends paid						(153,720)				(153,720)	
Settlement of shareholder proceedings					(870)					(870)	
Comprehensive income (loss)						245,533				245,533	
Net income						245,533				245,533	
Other comprehensive income (loss) related to:											
Cash flow hedges, net of related tax effects								47,454		47,454	
Foreign currency translation							40,230			40,230	
Adjustments relating to pension obligations, net of related tax effects										-	
Comprehensive income										333,217	
Balance at June 30, 2006	<u>3,598,242</u>	<u>3,953</u>	<u>290,411,961</u>	<u>358,188</u>	<u>3,113,733</u>	<u>1,067,184</u>	<u>(65,955)</u>	<u>66,418</u>	<u>(55,558)</u>	<u>4,487,963</u>	
Balance at December 31, 2006	3,711,435	4,098	291,449,673	359,527	3,153,556	1,358,397	8,309	37,187	(50,912)	4,870,162	
Proceeds from exercise of options and related tax effects	9,387	13	253,878	340	7,323					7,676	
Compensation expense related to stock options					10,191					10,191	
Dividends paid						(188,407)				(188,407)	
Comprehensive income (loss)						338,958				338,958	
Net income						338,958				338,958	
Other comprehensive income (loss) related to:											
Cash flow hedges, net of related tax effects								11,988		11,988	
Foreign currency translation							47,508			47,508	
Adjustments relating to pension obligations, net of related tax effects									1,547	1,547	
Comprehensive income										400,001	
Balance at June 30, 2007	<u>3,720,822</u>	<u>4,111</u>	<u>291,703,551</u>	<u>359,867</u>	<u>3,171,070</u>	<u>1,508,948</u>	<u>55,817</u>	<u>49,175</u>	<u>(49,365)</u>	<u>5,099,623</u>	

See accompanying notes to unaudited consolidated financial statements.

Notes to Consolidated Financial Statements

(unaudited)

(\$ in thousands, except share data)

1. The Company and Basis of Presentation

The Company

Fresenius Medical Care AG & Co. KGaA (“FMC-AG & Co. KGaA” or the “Company”), a German partnership limited by shares (*Kommanditgesellschaft auf Aktien*), is the world’s largest kidney dialysis company, operating in both the field of dialysis services and the field of dialysis products for the treatment of end-stage renal disease (“ESRD”). The Company’s dialysis business is vertically integrated, providing dialysis treatment at dialysis clinics it owns or operates and supplying these clinics with a broad range of products. In addition, the Company sells dialysis products to other dialysis service providers. In the United States, the Company also performs clinical laboratory testing and provides inpatient dialysis services, and other services under contract to hospitals.

Basis of Presentation

The consolidated financial statements at June 30, 2007 and for the three- and six-month periods ended June 30, 2007 and 2006 in this report are unaudited and should be read in conjunction with the consolidated financial statements in the Company's 2006 Annual Report on Form 20-F/A. Such financial statements reflect all adjustments that, in the opinion of management, are necessary for a fair presentation of the results of the periods presented. All such adjustments are of a normal recurring nature.

The results of operations for the three- and six-month periods ended June 30, 2007 are not necessarily indicative of the results of operations for the year ending December 31, 2007.

The preparation of consolidated financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Any tax assessed by a governmental authority that is incurred as a result of a revenue transaction is reported on a net basis, i.e., excluded from revenues.

All share and per share amounts have been adjusted to reflect the stock split registered in the commercial register on June 15, 2007 .

Certain items in the prior year's comparative consolidated financial statements have been reclassified to conform with the current year's presentation including certain items in the cash flow statements which have been reclassified to decrease net cash provided by operating activities and net cash used in financing activities, each by \$14.6 million.

Recently Issued Accounting Standards

The Financial Accounting Standards Board ("FASB") issued FASB Statement of Financial Accounting Standards No. 159, *The Fair Value Option for Financial Assets and Financial Liabilities—Including an amendment of FASB Statement No. 115* ("FAS 159"), which permits all entities to choose to measure eligible items at fair value at specified election dates. A business entity shall report unrealized gains and losses on items for which the fair value option has been elected in earnings at each subsequent reporting date.

The fair value option:

1. May be applied instrument by instrument, with a few exceptions, such as investments otherwise accounted for by the equity method;
2. Is irrevocable (unless a new election date occurs); and
3. Is applied only to entire instruments and not to portions of instruments.

This Statement is effective as of the beginning of an entity's first fiscal year that begins after November 15, 2007. Early adoption is permitted as of the beginning of a fiscal year that begins on or before November 15, 2007, provided the entity also elects to apply the provisions of FASB Statement No. 157, *Fair Value Measurements*. We are currently evaluating the impact of this standard on our Consolidated Financial Statements.

In September 2006, FASB issued FASB Statement of Financial Accounting Standards No. 157, *Fair Value Measurements* ("FAS 157"), which establishes a framework for reporting fair value and expands disclosures about fair value measurements. FAS 157 becomes effective beginning with our first quarter 2008 fiscal period. We are currently evaluating the impact of this standard on our Consolidated Financial Statements.

2. Pro Forma Financial Information

On March 31, 2006, the Company completed the acquisition of RCG (the “RCG Acquisition”). The operations of Renal Care Group (“RCG”) acquired in 2006 (See Note 2), are included in the Company’s consolidated statements of income and cash flows from April 1, 2006, therefore, the 2007 year-to-date results are not comparable with the year-to-date results for 2006.

The following financial information, on a pro forma basis, reflects the consolidated results of operations as if the RCG Acquisition had been consummated at the beginning of 2006. The pro forma information includes adjustments primarily for eliminations, amortization of intangible assets, interest expense on acquisition debt, 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 at the beginning of the respective periods.

Pro Forma Data	
<hr/>	
\$ in thousands, unaudited	
	Six months ended <u>June 30, 2006</u>
Pro forma net revenue	4,222,897
Pro forma net income	245,771
Pro forma net income per ordinary share:	
Basic	0.84
Fully Diluted	0.83
	<hr/>

3. Inventories

As of June 30, 2007 and December 31, 2006, inventories consisted of the following:

Inventories		
\$ in thousands		
	June 30, 2007	December 31, 2006
Raw materials and purchased components	121,796	108,584
Work in process	41,821	41,272
Finished goods	332,251	269,496
Health care supplies	91,975	104,577
Inventories	587,843	523,929

4. Short-Term Borrowings and Short-Term Borrowings from Related Parties

As of June 30, 2007 and December 31, 2006, short-term borrowings and short-term borrowings from related parties consisted of the following:

Short-term borrowings		
\$ in thousands		
	June 30, 2007	December 31, 2006
Borrowings under lines of credit	60,644	65,231
Accounts receivable facility	406,000	266,000
Short-term borrowings	466,644	331,231
Short-term borrowings from related parties	28,629	4,575
Short-term borrowings including related parties	495,273	335,806

5. Long-term Debt and Capital Lease Obligations

As of June 30, 2007 and December 31, 2006, long-term debt and capital lease obligations consisted of the following:

Long-term Debt and Capital Lease Obligations

\$ in thousands

	June 30, 2007	December 31, 2006
Senior Credit Agreement	3,477,305	3,564,702
Euro Notes	270,100	263,400
EIB Agreements	84,618	84,618
Capital lease obligations	8,118	8,286
Other	54,697	68,470
	<u>3,894,838</u>	<u>3,989,476</u>
Less current maturities	<u>(154,009)</u>	<u>(160,135)</u>
	<u>3,740,829</u>	<u>3,829,341</u>

The following table shows the available and outstanding amounts under the 2006 Senior Credit Agreement at June 30, 2007, and December 31, 2006:

Available and Outstanding Credits

\$ in thousands

	Maximum Amount		Balance Outstanding	
	Available		June 30, 2007	December 31, 2006
	June 30, 2007	December 31, 2006		
Revolving Credit	1,000,000	1,000,000	49,180	67,827
Term Loan A	1,700,000	1,760,000	1,700,000	1,760,000
Term Loan B	1,728,125	1,736,875	1,728,125	1,736,875
	<u>4,428,125</u>	<u>4,496,875</u>	<u>3,477,305</u>	<u>3,564,702</u>

On June 26, 2007, the Company amended its Senior Credit Agreement to increase the aggregate amount of certain senior indebtedness the Company may incur in anticipation of issuing senior debt. On July 2, 2007, FMC Finance III S.A., a wholly owned subsidiary of the Company issued \$500,000 aggregate principal amount of 6 ⁷/₈% Senior Notes due 2017. The Senior Notes are guaranteed on a senior basis jointly and severally by the Company and by its subsidiaries Fresenius Medical Care Holdings, Inc. ("FMCH") and Fresenius Medical Care Deutschland GmbH ("D-GmbH"). The proceeds, net of discount and bank fees but prior to the payment of other offering related expenses, were used to reduce \$300,000 of term indebtedness under the Company's Senior Credit Agreement with the remaining \$184,875 applied to the outstanding balance under its short-term accounts receivable facility (See Note 4).

6. Shareholders' Equity

Share Split

FMC-AG & Co. KGaA's shareholders, during the Annual General Meeting held on May 15, 2007, approved a three-for one share split for both ordinary and preference shares which became effective upon registration in the commercial register on June 15, 2007. In connection therewith, the Company transferred approximately \$56,961 and \$727 from additional paid in capital to ordinary shares and preference shares, respectively, to maintain a nominal value of €1 per each ordinary and each preference share. All share and per share amounts for all periods presented have been adjusted to reflect the stock split.

7. Earnings Per Share

The following table contains reconciliations of the numerators and denominators of the basic and diluted earnings per share computations for the three- and six-month periods ended June 30, 2007 and 2006:

Reconciliation of Basic and Diluted Earnings per Share

\$ in thousands, except per share data

	For the three months ended June 30,		For the six months ended June 30,	
	2007	2006	2007	2006
<i>Numerators:</i>				
Net income	178,680	129,496	338,958	245,533
less:				
Dividend preference on preference shares	25	22	49	42
Income available to all classes of shares	<u>178,655</u>	<u>129,474</u>	<u>338,909</u>	<u>245,491</u>
<i>Denominators:</i>				
Weighted average number of:				
Ordinary shares outstanding	291,645,531	290,315,025	291,548,143	290,102,824
Preference shares outstanding	<u>3,720,652</u>	<u>3,559,425</u>	<u>3,718,463</u>	<u>3,496,307</u>
Total weighted average shares outstanding	295,366,183	293,874,450	295,266,606	293,599,131
Potentially dilutive ordinary shares	1,832,369	1,830,132	1,758,815	1,874,610
Potentially dilutive preference shares	<u>150,747</u>	<u>224,886</u>	<u>152,187</u>	<u>250,665</u>
Total weighted average ordinary shares outstanding assuming dilution	293,477,900	292,145,157	293,306,958	291,977,434
Total weighted average preference shares outstanding assuming dilution	3,871,399	3,784,311	3,870,650	3,746,972
Basic income per ordinary share	0.60	0.44	1.15	0.84
Plus preference per preference shares	<u>0.01</u>	<u>0.01</u>	<u>0.01</u>	<u>0.01</u>
Basic income per preference share	<u>0.61</u>	<u>0.45</u>	<u>1.16</u>	<u>0.85</u>
Fully diluted income per ordinary share	0.60	0.44	1.14	0.83
Plus preference per preference shares	<u>0.01</u>	<u>0.00</u>	<u>0.01</u>	<u>0.01</u>
Fully diluted income per preference share	<u>0.61</u>	<u>0.44</u>	<u>1.15</u>	<u>0.84</u>

8. Employee Benefit Plans

The Company currently has two principal pension plans, one for German employees, the other covering employees in the United States, which has been curtailed since 2002. Plan benefits are generally based on years of service and final salary. Consistent with predominant practice in Germany, the Company's pension obligations in Germany are unfunded. Each year Fresenius Medical Care Holdings, Inc. ("FMCH") contributes to the plan covering United States employees at least the minimum required by the Employee Retirement Income Security Act of 1974, as amended. There is no minimum funding requirement for FMCH for the defined benefit pension plan in 2007. FMCH made contribution of \$565 in the six-month period ending June 30, 2007, and at this time expects to make voluntary contributions of \$1,195 in total during 2007. The following table provides the calculations of net periodic benefit cost for the three- and six-month periods ended June 30, 2007 and 2006.

Net periodic benefit cost

\$ in thousands

	Three months ended June 30		Six months ended June 30	
	2007	2006	2007	2006
Components of net periodic benefit cost:				
Service cost	2,180	2,051	4,311	4,033
Interest cost	4,600	4,218	9,166	8,392
Expected return on plan assets	(4,090)	(3,840)	(8,180)	(7,680)
Amortization unrealized losses	1,273	2,119	2,546	4,323
Amortization of prior service cost	-	53	-	103
Net periodic benefit cost	3,963	4,601	7,843	9,171

9. Income Taxes

The Company adopted FASB Interpretation No. 48 ("FIN 48"), *Accounting for Uncertainty in Income Taxes—an interpretation of FASB Statement No. 109 Accounting for Income Taxes* ("FAS 109") as of January 1, 2007. This Interpretation clarifies the accounting for uncertainty in income taxes recognized in an enterprise's financial statements in accordance with FAS 109. FIN 48 prescribes a two step approach to the recognition and measurement of all tax positions taken or expected to be taken in a tax return. The enterprise 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 financial statements. The implementation of this interpretation had no impact on the assets and liabilities of the Company.

FMC-AG & Co. KGaA companies are subject to tax audits in Germany and the U.S. on a regular basis. In Germany, the tax audit for the years 1998 until 2001 is substantially finalized with all results of this tax audit sufficiently recognized in the financial statements as of December 31, 2006. Fiscal years 2002 until 2005 are currently under audit and fiscal year 2006 is open to audit. The Company filed a lawsuit against the decision of the tax authority regarding the disallowance of certain deductions taken for fiscal year

1997 and has included the related unrecognized tax benefit in the total unrecognized tax benefit noted below.

In the U.S., except for refund claims the Company has filed relative to the disallowance of tax deductions with respect to certain civil settlement payments for 2000 and 2001, the federal tax audit for the years 1999 through 2001 is completed. The tax has been paid and all results are recognized in the financial statements as of December 31, 2006. The unrecognized tax benefit relating to these deductions is included in the total unrecognized tax benefit noted below. Fiscal years 2002 through 2004 are currently under federal audit, and 2005 and 2006 are open to audit. There are a number of state audits in progress and various years are open to audit in various states. All expected results have been recognized in the financial statements.

Subsidiaries of FMC-AG & Co. KGaA in a number of countries outside of Germany and the U.S. are also subject to tax audits. The Company estimates that the effects of such tax audits are not material to these consolidated financial statements.

At adoption of FIN 48, the Company had \$302,552 of unrecognized tax benefits including the amounts relating to the tax audit items for Germany and the U.S. noted above. The vast majority of these unrecognized tax benefits would reduce the effective tax rate if recognized. There have been no material changes to unrecognized tax benefits during the six-month period ending June 30, 2007. As of June 30, 2007 the unrecognized tax benefits increased by \$ 29,737 related mostly to currency fluctuations. The Company is currently not in the position to forecast timing and magnitude of changes in the unrecognized tax benefits. It is the Company's policy to recognize interest and penalties related to its tax positions as income tax expense. At January 1, 2007, the Company had total accruals of \$57,832 for such interest and penalties.

10. Legal Proceedings

Commercial Litigation

The Company was originally formed as a result of a series of transactions it completed pursuant to the Agreement and Plan of Reorganization (the "Merger") dated as of February 4, 1996, by and between W.R. Grace & Co. and Fresenius AG (now called Fresenius SE). 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 ("NMC"), which was W.R. Grace & Co.'s dialysis business prior to the Merger. In connection with the Merger, W.R. Grace & Co.-Conn. agreed to indemnify the Company, FMCH, and NMC against all liabilities of W.R. Grace & Co., whether relating to events occurring before or after the Merger, other than liabilities arising from or relating to NMC's operations. W.R. Grace & Co. and certain of its subsidiaries filed for reorganization under Chapter 11 of the U.S. Bankruptcy Code (the "Grace Chapter 11 Proceedings") on April 2, 2001.

Prior to and after the commencement of the Grace Chapter 11 Proceedings, class action complaints were filed against W.R. Grace & Co. and FMCH by plaintiffs claiming to be creditors of W.R. Grace & Co.-Conn., and by the asbestos creditors' committees on behalf of the W.R. Grace & Co. bankruptcy estate in the Grace Chapter 11 Proceedings, alleging among other things that the Merger was a fraudulent conveyance, violated the uniform fraudulent transfer act and constituted a conspiracy. All such cases have been stayed and transferred to or are pending before the U.S. District Court as part of the Grace Chapter 11 Proceedings.

In 2003, the Company reached agreement with the asbestos creditors' committees on behalf of the W.R. Grace & Co. bankruptcy estate and W.R. Grace & Co. in the matters pending in the Grace Chapter 11 Proceedings for the settlement of all fraudulent conveyance and tax claims against it and other claims related to the Company that arise out of the bankruptcy of W.R. Grace & Co. Under the terms of the settlement agreement as amended (the "Settlement Agreement"), fraudulent conveyance and other claims raised on behalf of asbestos claimants will be dismissed with prejudice and the Company will receive protection against existing and potential future W.R. Grace & Co. related claims, including fraudulent conveyance and asbestos claims, and indemnification against income tax claims related to the non-NMC members of the W.R. Grace & Co. consolidated tax group upon confirmation of a W.R. Grace & Co. final bankruptcy reorganization plan that contains such provisions. Under the Settlement Agreement, the Company will pay a total of \$115,000 to the W.R. Grace & Co. bankruptcy estate, or as otherwise directed by the Court, upon plan confirmation. No admission of liability has been or will be made. The Settlement Agreement has been approved by the U.S. District Court. Subsequent to the Merger, W.R. Grace & Co. was involved in a multi-step transaction involving Sealed Air Corporation ("Sealed Air," formerly known as Grace Holding, Inc.). The Company is engaged in litigation with Sealed Air to confirm its entitlement to indemnification from Sealed Air for all losses and expenses incurred by the Company relating to pre-Merger tax liabilities and Merger-related claims. Under the Settlement Agreement, upon confirmation of a plan that satisfies the conditions of the Company's payment obligation, this litigation will be dismissed with prejudice.

On April 4, 2003, FMCH filed a suit in the U. S. District Court for the Northern District of California, 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 on patents held by Baxter International Inc. and its subsidiaries and affiliates ("Baxter"), that the patents are invalid, and that Baxter is without right or authority to threaten or maintain suit against FMCH for alleged infringement of Baxter's patents. In general, the alleged patents concern touch screens, conductivity alarms, power failure data storage, and balance chambers for hemodialysis machines. Baxter filed counterclaims against FMCH seeking monetary damages and injunctive relief, and alleging that FMCH willfully infringed on Baxter's patents. On July 17, 2006, the court entered judgement 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 retry certain aspects of the case. We will appeal the court's rulings. An adverse judgment in any new trial could have a material adverse impact on our business, financial condition and results of operations.

Fresenius Medical Care AG & Co. KGaA's Australian subsidiary, Fresenius Medical Care Australia Pty Limited (hereinafter referred to as "Fresenius Medical Care Australia") and Gambro Pty Limited and Gambro AB (hereinafter referred to as "the Gambro Group") are in litigation regarding infringement and damages with respect to the Gambro AB patent protecting intellectual property in relation to a system for preparation of dialysis or replacement fluid, the Gambro Bicart device in Australia ("the Gambro Patent"). As a result of the commercialization of a system for the preparation of dialysis fluid based on the Fresenius Medical Care Bibag device in Australia, the Australian courts concluded that Fresenius Medical Care Australia infringed the Gambro Patent. The parties are still in legal dispute with respect to the issue of potential damages related to the patent infringement. As the infringement proceedings have solely been brought in the Australian jurisdiction any potential damages to be paid by Fresenius Medical Care Australia will be limited to the potential losses of the Gambro Group caused by the patent infringement in Australia.

Other Litigation and Potential Exposures

RCG has been named as a nominal defendant in a second amended complaint filed September 13, 2006 in the Chancery Court for the State of Tennessee Twentieth Judicial District at Nashville against former officers and directors of RCG which purports to constitute a class action and derivative action relating to alleged unlawful actions and breaches of fiduciary duty in connection with the RCG Acquisition and in

connection with alleged improper backdating and/or timing of stock option grants. The amended complaint is styled Indiana State District Council of Laborers and Hod Carriers Pension Fund, on behalf of itself and all others similarly situated and derivatively on behalf of RCG, Plaintiff, vs. RCG, Gary Brukart, William P. Johnston, Harry R. Jacobson, Joseph C. Hutts, William V. Lapham, Thomas A. Lowery, Stephen D. McMurray, Peter J. Grua, C. Thomas Smith, Ronald Hinds, Raymond Hakim and R. Dirk Allison, Defendants. The complaint seeks damages against former officers and directors and does not state a claim for money damages directly against RCG. The Company anticipates that the individual defendants may seek to claim indemnification from RCG. The Company is unable at this time to assess the merits of any such claim for indemnification.

FMCH and its subsidiaries, including RCG (prior to the RCG Acquisition), received subpoenas from the U.S. Department of Justice, Eastern District of Missouri, in connection with a joint civil and criminal investigation. FMCH received its subpoena in April 2005. RCG received its subpoena in August 2005. The subpoenas require production of a broad range of documents relating to FMCH's and RCG's operations, with specific attention to documents related to clinical quality programs, business development activities, medical director compensation and physician relationships, joint ventures, anemia management programs, RCG's supply company, pharmaceutical and other services that RCG provides to patients, RCG's relationships to pharmaceutical companies, and RCG's purchase of dialysis equipment from FMCH. The Office of the Inspector General of the U.S. Department of Health and Human Services and the U.S. Attorney's office for the Eastern District of Texas have also confirmed that they are participating in the review of the anemia management program issues raised by the U.S. Attorney's office for the Eastern District of Missouri. On July 16, 2007, the U.S. Attorney's office filed a civil complaint against RCG and FMCH in its capacity as RCG's current corporate parent in United States District Court, Eastern District of Missouri. The complaint seeks monetary damages and penalties with respect to issues arising out of the operation of RCG's Method II supply company through 2005, prior to the date of FMCH's acquisition of RCG. The complaint is styled United States of America ex rel. Julie Williams et al. vs. Renal Care Group, Renal Care Group Supply Company and FMCH. The Company believes that RCG's operation of its Method II supply company was in compliance with applicable law and will defend this litigation vigorously. We will continue to cooperate in the ongoing investigation. An adverse determination in this investigation or litigation or any settlement arising out of this investigation or litigation could result in significant financial penalties, and any adverse determination in any litigation arising out of the investigation could have a material adverse effect on the Company's business, financial condition and results of operations.

In October 2004, FMCH and its subsidiaries, including RCG (prior to the RCG Acquisition), received subpoenas from the U.S. Department of Justice, Eastern District of New York in connection with a civil and criminal investigation, which requires production of a broad range of documents relating to FMCH's and RCG's operations, with specific attention to documents relating to laboratory testing for parathyroid hormone ("PTH") levels and vitamin D therapies. The Company is cooperating with the government's requests for information. While the Company believes that it has complied with applicable laws relating to PTH testing and use of vitamin D therapies, an adverse determination in this investigation could have a material adverse effect on the Company's business, financial condition, and results of operations.

In May 2006, RCG received a subpoena from the U.S. Department of Justice, Southern District of New York in connection with an investigation into RCG's administration of its stock option programs and practices, including the procedure under which the exercise price was established for certain of the option grants. The subpoena requires production of a broad range of documents relating to the RCG stock option program prior to the RCG Acquisition. The Company is cooperating with the government's requests for information. The outcome and impact of this investigation cannot be predicted at this time.

From time to time, the Company is a party to or may be threatened with other litigation, claims or assessments arising in the ordinary course of its business. Management regularly analyzes current information including, as applicable, the Company's defenses and insurance coverage and, as necessary, provides accruals for probable liabilities for the eventual disposition of these matters.

The Company, like other health care providers, conducts its operations under intense government regulation and scrutiny. It must comply with regulations which relate to or govern the safety and efficacy of medical products and supplies, the operation of manufacturing facilities, laboratories and dialysis clinics, and environmental and occupational health and safety. The Company must also comply with the Anti-Kickback Statute, the False Claims Act, the Stark Statute, and other federal and state fraud and abuse laws. Applicable laws or regulations may be amended, or enforcement agencies or courts may make interpretations that differ from the Company's or the manner in which it conducts its business. Enforcement has become a high priority for the federal government and some states. In addition, the provisions of the False Claims Act authorizing payment of a portion of any recovery to the party bringing the suit encourage private plaintiffs to commence "whistle blower" actions. By virtue of this regulatory environment, as well as the Company's corporate integrity agreement with the U.S. federal government, the Company's business activities and practices are subject to extensive review by regulatory authorities and private parties, and continuing audits, investigative demands, subpoenas, other inquiries, claims and litigation relating to the Company's compliance with applicable laws and regulations. The Company may not always be aware that an inquiry or action has begun, particularly in the case of "whistle blower" actions, which are initially filed under court seal.

The Company operates many facilities throughout the United States. In such a decentralized system, it is often difficult to maintain the desired level of oversight and control over the thousands of individuals employed by many affiliated companies. The Company relies upon its management structure, regulatory and legal resources, and the effective operation of its compliance program to direct, manage and monitor the activities of these employees. On occasion, the Company may identify instances where employees, deliberately or inadvertently, have submitted inadequate or false billings. The actions of such persons may subject the Company and its subsidiaries to liability under the Anti-Kickback Statute, the Stark Statute and the False Claims Act, among other laws.

Physicians, hospitals and other participants in the health care industry are also subject to a large number of lawsuits alleging professional negligence, malpractice, product liability, worker's compensation or related claims, many of which involve large claims and significant defense costs. The Company has been and is currently subject to these suits due to the nature of its business and expects that those types of lawsuits may continue. Although the Company maintains insurance at a level which it believes to be prudent, it cannot assure that the coverage limits will be adequate or that insurance will cover all asserted claims. A successful claim against the Company or any of its subsidiaries in excess of insurance coverage could have a material adverse effect upon it and the results of its operations. Any claims, regardless of their merit or eventual outcome, could have a material adverse effect on the Company's reputation and business.

The Company has also had claims asserted against it and has had lawsuits filed against it relating to alleged patent infringements or businesses that it has acquired or divested. These claims and suits relate both to operation of the businesses and to the acquisition and divestiture transactions. The Company has, when appropriate, asserted its own claims, and claims for indemnification. A successful claim against the Company or any of its subsidiaries could have a material adverse effect upon it and the results of its operations. Any claims, regardless of their merit or eventual outcome, could have a material adverse effect on the Company's reputation and business.

Accrued Special Charge for Legal Matters

At December 31, 2001, the Company recorded a pre-tax special charge of \$258,159 to reflect anticipated expenses associated with the defense and resolution of pre-Merger tax claims, Merger-related claims, and commercial insurer claims. The costs associated with the Settlement Agreement and settlements with insurers have been charged against this accrual. With the exception of the proposed \$115,000 payment under the Settlement Agreement, all other matters included in the special charge have been resolved. While the Company believes that its remaining accrual reasonably estimates its currently anticipated costs

related to the continued defense and resolution of this matter, no assurances can be given that its actual costs incurred will not exceed the amount of this accrual.

11. Business Segment Information

The Company has identified three business segments, North America, International, and Asia Pacific, which were determined based upon how the Company manages its businesses. All segments are primarily engaged in providing dialysis services and manufacturing and distributing products and equipment for the treatment of end-stage renal disease. In the U.S., the Company also engages in performing clinical laboratory testing and providing inpatient dialysis services and other services under contract to hospitals. The Company has aggregated the International and Asia Pacific operating segments as “International”. The segments are aggregated due to their similar economic characteristics. These characteristics include the same services provided and products sold, the same type patient population, similar methods of distribution of products and services and similar economic environments.

Management evaluates each segment using a measure that reflects all of the segment’s controllable revenues and expenses. Management believes that the most appropriate measure in this regard is operating income which measures the Company’s source of earnings. Financing is a corporate function, which the Company’s segments do not control. Therefore, the Company does not include interest expense relating to financing as a segment measure. Similarly, the Company does not allocate “corporate costs”, which relate primarily to certain headquarters overhead charges, including accounting and finance, professional services, etc. because the Company believes that these costs are also not within the control of the individual segments. The Company also regards income taxes to be outside the segment’s control.

Information pertaining to the Company’s business segments for the three- and six-month periods ended June 30, 2007 and 2006 is set forth below, RCG’s operations are included commencing April 1, 2006.

Business Segment Information

\$ in thousands

	<u>North America</u>	<u>International</u>	<u>Corporate</u>	<u>Total</u>
<u>Six months ended June 30, 2007</u>				
Net revenue external customers	3,297,018	1,427,866	-	4,724,884
Inter - segment revenue	516	39,373	(39,889)	-
Total net revenue	<u>3,297,534</u>	<u>1,467,239</u>	<u>(39,889)</u>	<u>4,724,884</u>
Depreciation and amortization	(104,697)	(64,787)	(1,008)	(170,492)
Operating Income	<u>543,264</u>	<u>250,597</u>	<u>(38,121)</u>	<u>755,740</u>
Segment assets	10,412,443	3,018,518	119,411	13,550,372
Capital expenditures and acquisitions (1)	219,909	145,708	146	365,763
<u>Six months ended June 30, 2006</u>				
Net revenue external customers	2,754,155	1,158,207	-	3,912,362
Inter - segment revenue	599	27,144	(27,743)	-
Total net revenue	<u>2,754,754</u>	<u>1,185,351</u>	<u>(27,743)</u>	<u>3,912,362</u>
Depreciation and amortization	(86,528)	(54,571)	(743)	(141,842)
Operating Income	<u>447,095</u>	<u>204,468</u>	<u>(35,944)</u>	<u>615,619</u>
Segment assets	9,985,377	2,474,021	182,985	12,642,383
Capital expenditures and acquisitions (2)	4,284,197	69,057	49	4,353,303
<u>Three months ended June 30, 2007</u>				
Net revenue external customers	1,660,445	743,768	-	2,404,213
Inter - segment revenue	86	18,835	(18,921)	-
Total net revenue	<u>1,660,531</u>	<u>762,603</u>	<u>(18,921)</u>	<u>2,404,213</u>
Depreciation and amortization	(51,651)	(33,420)	(510)	(85,581)
Operating income	<u>284,815</u>	<u>130,019</u>	<u>(23,784)</u>	<u>391,050</u>
Capital expenditures and acquisitions	97,880	61,298	103	159,281
<u>Three months ended June 30, 2006</u>				
Net revenue external customers	1,560,638	604,794	-	2,165,432
Inter - segment revenue	418	14,558	(14,976)	-
Total net revenue	<u>1,561,056</u>	<u>619,352</u>	<u>(14,976)</u>	<u>2,165,432</u>
Depreciation and amortization	(51,513)	(28,787)	(284)	(80,584)
Operating income	<u>282,924</u>	<u>108,750</u>	<u>(19,900)</u>	<u>371,774</u>
Capital expenditures and acquisitions	297,260	34,799	33	332,092

(1) International acquisitions exclude \$ 5,316 of non-cash acquisitions for 2007.

(2) International acquisitions exclude \$ 6,684 of non-cash acquisitions for 2006. North America acquisitions include \$ 4,145,190 for the acquisition of RCG at June 30, 2006.

Reconciliation of Measures to Consolidated Totals

\$ in thousands	Three months ended June 30		Six months ended June 30	
	2007	2006	2007	2006
Reconciliation of Measures to Consolidated Totals				
Total operating income of reporting segments	414,834	391,674	793,861	651,563
Corporate expenses	(23,784)	(19,900)	(38,121)	(35,944)
Interest expense	(98,336)	(104,839)	(196,829)	(165,843)
Interest income	6,761	5,538	10,343	10,347
Total income before income taxes and minority interest	299,475	272,473	569,254	460,123

12. Supplementary Cash Flow Information

The following additional information is provided with respect to the consolidated statements of cash flows:

Supplementary cash flow information

\$ in thousands

	Six months ended June 30,	
	2007	2006
Supplementary cash flow information:		
Cash paid for interest	206,731	123,947
Cash paid for income taxes	166,893	222,922
Cash inflow for income taxes from stock option exercises	1,416	2,263
Supplemental disclosures of cash flow information:		
Details for acquisitions:		
Assets acquired	(187,083)	(4,654,731)
Liabilities assumed	44,050	355,630
Minorities	12,228	55,794
Notes assumed in connection with acquisition	5,316	6,684
Cash paid	(125,489)	(4,236,623)
Less cash acquired	11,569	56,724
Net cash paid for acquisitions	(113,920)	(4,179,899)

13. Stock Options

At June 30, 2007, the Company has awards outstanding under the terms of various stock-based compensation plans. Including the awards issued under the FMC AG & Co. KGaA Stock Option Plan 2006, the Management Board members of Management AG, the general partner of the Company, held 1,610,406 stock options for ordinary shares as of June 30, 2007.

Interim Report of Management Discussion and Analysis

Management Discussion and Analysis of Financial Condition, Results of Operations and Asset and Equity Structure

a) Financial Condition and Results of Operations

You should read the following discussion and analysis of the results of operations of Fresenius Medical Care AG & Co. KGaA and its subsidiaries in conjunction with our unaudited consolidated financial statements and related notes contained elsewhere in this report and our disclosures and discussions in our Annual Report on Form 20-F/A for the year ended December 31, 2006.

Forward looking statements

This report contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. We made these forward-looking statements based on the expectations and beliefs of the management of the Company's General Partner concerning future events which may affect us, but we cannot assure that such events will occur or that the results will be as anticipated. 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 report 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 include, among others, the following:

- changes in government and commercial insurer reimbursement for our products and services;
- a possible decline in EPO utilization or EPO reimbursement;
- dependence on government reimbursements for dialysis services;
- the outcome of ongoing government investigations;
- the influence of private insurers and managed care organizations and healthcare reforms;
- product liability risks and patent litigation; our dependence on additional acquisitions;
- the impact of currency fluctuations; and
- changes in pharmaceutical utilization patterns.

When used in this report, the words "expects", "anticipates", "intends", "plans", "believes", "seeks", "estimates" and similar expressions are generally intended to identify forward looking statements.

Although we believe that the expectations reflected in such forward-looking statements are reasonable, forward-looking statements are inherently subject to risks and uncertainties, many of which cannot be predicted with accuracy and some of which might not even be anticipated. 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 report.

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.

Overview

We are engaged primarily in providing dialysis services and manufacturing and distributing products and equipment for the treatment of end-stage renal disease. In the U.S., we also perform clinical laboratory testing and other services. We estimate that providing dialysis services and manufacturing/distributing dialysis products and equipment represents an over \$55 billion worldwide market with expected annual patient growth of 6%. Patient growth results from factors such as the aging population; increasing incidence of diabetes and hypertension, which frequently precede the onset of ESRD; improvements in treating the patient's other conditions, which prolong patient life; and improving standards of living in developing countries, which make life-saving dialysis treatment available. Key to continued growth in dialysis services revenue is our ability to attract new patients in order to increase the number of treatments performed each year. For that reason, we believe the number of treatments performed each year is a strong indicator of continued revenue growth and success. In addition, the reimbursement and ancillary services utilization environment significantly influences our business. In the past we experienced and also expect in the future generally stable reimbursements for dialysis treatments. This includes the balancing of unfavorable reimbursement changes in certain countries with favorable changes in other countries. The majority of treatments are paid for by governmental institutions such as Medicare in the United States. As a consequence of the pressure to decrease health care costs, reimbursement rate increases have been limited. Our ability to influence the pricing of our services is limited. Profitability depends on our ability to manage rising labor, drug and supply costs.

The Medicare Prescription Drug, Modernization and Improvement Act of 2003 ("MMA"), enacted on December 8, 2003, made several significant changes to U.S. government payment for dialysis services and pharmaceuticals. These changes are reflected in regulations promulgated by the Centers for Medicare and Medical Services ("CMS") and in the physician fee schedules beginning with calendar year 2005.

In regulations mandated by MMA and adopted in 2005, CMS provided that pharmaceuticals furnished in connection with renal dialysis services and separately billed by hospital-based and independent dialysis facilities will be paid using the average sales price plus six percent methodology ("ASP+6%") adopted in 2006. Second, the drug add-on adjustment to the composite payment rate for 2006 was 14.5%. CMS increased it to 15.1% for the first quarter of the calendar year 2007. Effective April 1, 2007, the drug add-on rate is 14.9%. The drug add-on adjustment was created to account for changes in the drug payment methodology enacted by the MMA. Third, as part of a MMA-mandated transition for calculations of the wage index for dialysis facilities, the wage index adjustment has been updated to a 50/50 blend between an ESRD facility's metropolitan statistical area-based composite rate and its calendar year 2007 Office of Management and Budget revised core-based statistical area ("CBSA") rate.

CMS has estimated that these changes will increase Medicare payments to all ESRD facilities by 0.5 percent in 2007 but that there will be some variance depending on the size and location of the facilities. In addition, CMS estimates that for-profit facilities will see an overall increase of 0.4 percent and non-profit facilities will receive 0.8 percent more in 2007. The Company's estimates of these changes on its business are consistent with the CMS calculations. Unlike many other programs in Medicare, the ESRD composite

rate is not automatically updated each year by law. As a result, an Act of Congress is required to make the annual change. Congress authorized a 1.6% increase to the composite rate effective April 1, 2007. For additional discussion of the composite rate for reimbursement of dialysis treatments, see Item 4B, "Business Overview – Regulatory and Legal Matters – Reimbursement" in our 2006 Annual Report on Form 20-F/A.

In 2005, CMS announced a new national monitoring policy for claims for Epogen and Aranesp for ESRD patients treated in renal dialysis facilities. The new policy, as discussed in prior year reports, took effect on April 1, 2006. As a result of this new policy, CMS expects a monthly 25 percent reduction in the dosage of Epogen or Aranesp administered to ESRD patients whose hematocrit exceeds 39.0 (or hemoglobin exceeds 13.0). If the dosage is not reduced by 25 percent monthly, payment for the amount administered will be reduced by 25%. This payment reduction may be appealed under the normal appeal process. In addition, effective April 1, 2006, CMS limited Epogen and Aranesp reimbursement to a maximum per patient per month aggregate dose of 500,000 IU for Epogen and 1500 mcg for Aranesp. Our policies on billing for erythropoietin stimulating agents comply with CMS policies. In March 2007, at the request of the FDA, the manufacturer of Epogen and Aranesp added a blackbox safety warning (the highest level of safety warning imposed by the FDA) to its package label dosing instructions. In April 2007, the National Kidney Foundation amended its anemia management guidelines for anemia management ("K/DOQI"). We recommend that treating physicians review and understand the package label insert and the K/DOQI guidelines as they make their anemia management decisions. It is not currently possible to predict with certainty whether physicians may change their prescribing patterns for ESRD patients in response to the revisions to the Epogen package label insert or the amendments to the K/DOQI guidelines. If any such changes result in a material decrease in the aggregate volume of Epogen administered in our facilities, it would have a material adverse impact on our revenues, earnings and cash flows.

In July, 2007, CMS announced a further revision to the national monitoring policy, to be effective January 1, 2008. The revision (a) reduces the monthly aggregate maximum dose from 500,000 IU of Epogen and 1500 mcg for Aranesp to 400,000 IU for Epogen and 1200 MCG for Aranesp; and (b) in instances where a patient's hemoglobin remains above 13 for three months, the dose for which payment may be made in the third month will be reduced by 50% of the reported dose. These revisions are subject to public comment and thus could be modified prior to implementation.

Our operations are geographically organized and accordingly we have identified three operating segments, North America, International, and Asia Pacific. For reporting purposes, we have aggregated the International and Asia Pacific segments as "International." We aggregated these segments due to their similar economic characteristics. These characteristics include same services provided and same products sold, same type patient population, similar methods of distribution of products and services and similar economic environments. Our Management Board member responsible for the profitability and cash flow of each segment's various businesses supervises the management of each operating segment. The accounting policies of the operating segments are the same as those we apply in preparing our consolidated financial statements under accounting principles generally accepted in the United States ("U.S. GAAP"). Our management evaluates each segment using a measure that reflects all of the segment's controllable revenues and expenses.

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

Results of Operations

The following table summarizes our financial performance and certain operating results by segment for the periods indicated. Inter-segment sales primarily reflect sales of medical equipment and supplies from the International segment to the North America segment. We prepared the information using a management approach, consistent with the basis and manner in which our management internally disaggregates financial information to assist in making internal operating decisions and evaluating management performance. The operations of RCG are included in our consolidated statements of income and cash flows from April 1, 2006. Therefore, the results of the first six months of 2007 on both a consolidated basis and for our North America segment are not directly comparable with the results for the first six months of 2006.

Segment Information

\$ in millions

	For the three months ended June 30,		For the six months ended June 30,	
	2007	2006	2007	2006
Total revenue				
North America	1,660	1,561	3,297	2,754
International	763	618	1,468	1,186
Totals	<u>2,423</u>	<u>2,179</u>	<u>4,765</u>	<u>3,940</u>
Inter-segment revenue				
North America	-	-	-	-
International	19	14	40	28
Totals	<u>19</u>	<u>14</u>	<u>40</u>	<u>28</u>
Total net revenue				
North America	1,660	1,561	3,297	2,754
International	744	604	1,428	1,158
Totals	<u>2,404</u>	<u>2,165</u>	<u>4,725</u>	<u>3,912</u>
Amortization and depreciation				
North America	52	51	105	86
International	33	29	65	55
Totals	<u>85</u>	<u>80</u>	<u>170</u>	<u>141</u>
Operating income				
North America	285	283	543	447
International	130	109	251	205
Corporate	(24)	(20)	(38)	(36)
Totals	<u>391</u>	<u>372</u>	<u>756</u>	<u>616</u>
Interest income	7	5	10	10
Interest expense	(99)	(105)	(197)	(166)
Income tax expense	(113)	(137)	(216)	(208)
Minority interest	(7)	(5)	(14)	(6)
Net Income	<u>179</u>	<u>130</u>	<u>339</u>	<u>246</u>

Three months ended June 30, 2007 compared to three months ended June 30, 2006

Key Indicators for Consolidated Financial Statements

	Three months ended June 30, 2007	Three months ended June 30, 2006	Change in %	
			as reported	at constant exchange rates
Number of treatments	6,587,685	6,160,236	7%	
Same market treatment growth in %	4.1%	3.6%		
Revenue in \$ million	2,404	2,165	11%	9%
Gross profit as a % of revenue	34.8%	33.7%		
Selling, general and administrative costs as a % of revenue	18.0%	17.7%		
Net income in \$ million	179	130	38%	

The number of treatments in the second quarter of 2007 represents an increase of 7% over the same period in 2006. Same market treatment growth contributed 4% and 4% came from other acquisitions partially offset by sold or closed clinics (1%).

At June 30, 2007, we owned, operated or managed 2,209 clinics compared to 2,078 clinics at June 30, 2006. During the second quarter of 2007, we acquired 11 clinics, opened 16 clinics and combined or closed 12 clinics. The number of patients treated in clinics that we own, operate or manage (excluding those managed in the U.S.) increased by 6% to 171,687 at June 30, 2007 from 161,675 at June 30, 2006. Including 32 clinics managed in the U.S. the total number of patients was 173,616. Average revenue per treatment for world-wide dialysis services increased to \$273 from \$268 as a result of increases in both the North America and International segments. Net revenue increased for the quarter ended June 30, 2007 over the comparable period in 2006 due to growth in revenue in both dialysis care and dialysis products.

Dialysis care revenue grew by 9% to \$1,796 million (8% at constant exchange rates) in the second quarter of 2007 mainly due to organic growth of 7% (consisting of the growth in same market treatments (4%) and increased revenue per treatment (3%)), acquisitions (2%), and exchange rate fluctuations (1%), partially offset by sold or closed clinics (1%).

Dialysis product revenue increased by 18% to \$608 million (13% at constant exchange rates) in the same period mainly as a result of increased sales of hemodialysis machines and dialyzers.

The increase in gross profit margin is primarily a result of higher per treatment revenue rates and growth in regions with higher gross margins.

Selling, general and administrative (“SG&A”) costs increased to \$432 million in the second quarter of 2007 from \$383 million in the same period of 2006. SG&A costs as a percentage of revenue increased to 18.0% in the second quarter of 2007 from 17.7% in the second quarter of 2006. The percentage increase is mainly due to increased personnel expenses. The second quarter of 2006 was impacted by the effects of one time charges of \$4 million (0.1%) related to the integration of the RCG Acquisition and the transformation of the Company’s legal form. Bad debt expense for the three months ending June 30, 2007, was \$51 million or 2.1% of sales, as compared to \$48 million or 2.2% for the comparable period in 2006.

Operating income increased to \$391 million in the second quarter in 2007 from \$372 million in the second quarter of 2006 while operating income margin decreased to 16.3% for the period ending June 30, 2007 from 17.2% for the same period in 2006. The margin decrease was a result of the effect of a gain of \$39 million (1.8%) in 2006 from the divestiture of dialysis clinics in conjunction with the RCG Acquisition (“acquisition-related divestitures”) and the increase in 2007 in SG&A as a percentage of revenue as noted above, partially offset by the increased gross margins as noted above. Excluding the gain from the acquisition-related divestitures and the costs in connection with the integration and transformation, the operating income margin increased to 16.3% in the second quarter 2007 from 15.5% in the same period in 2006.

Interest expense decreased 6% to \$99 million for the second quarter in 2007 from \$105 million for the second quarter in 2006 mainly as a result of reduced debt levels in combination with lower average interest rates in 2007. We will recognize an additional \$5 million of interest expense in the third quarter of 2007 as a result of the write off of the unamortized fees related to the prepayment of the term loans of our Senior Credit Agreement.

Income tax expense decreased to \$113 million for the second quarter in 2007 from \$137 million for the three-month period ending June 30, 2006 mainly due to the impact in 2006 of a tax expense related to the gain from the divestiture of clinics in the U.S. in 2006. The effective tax rate for the quarter ended June 30, 2007 was 38.0% compared to 50.6% during the same period in 2006. The tax rate for 2006 would have been 40.2% excluding the impact of the divestiture.

Minority interest in income increased by \$2 million as a result of a number of entities acquired in Asia-Pacific that are not wholly owned.

Net income increased to \$179 million in the three-month period ending June 30, 2007 from \$130 million in the same period in 2006. The second quarter 2006 was affected by the after-tax effects of \$5 million net loss from the acquisition-related divestitures of clinics and \$2 million integration costs related to the RCG Acquisition and \$1 million costs for transformation of legal form.

We employed 60,031 people (full time equivalents) as of June 30, 2007 compared to 56,803 as of December 31, 2006, an increase of 5.7% primarily due to acquisitions in Asia-Pacific and organic growth in the U.S.

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

North America Segment

Key Indicators for North America Segment

	Three months ended June 30, 2007	Three months ended June 30, 2006	Change in %
Number of treatments	4,596,264	4,462,618	3%
Same market treatment growth in %	2.8%	1.6%	
Revenue in \$ million	1,660	1,561	6%
Depreciation and amortization in \$ million	52	51	
Operating income in \$ million	285	283	1%
Operating income margin in %	17.2%	18.1%	

Revenue

Treatments increased by 3% for the three-month period ending June 30, 2007 as compared to the same period in 2006 mainly due to same market growth (3%) and acquisitions (1%) partially offset by sold or closed clinics (1%). At June 30, 2007, 120,270 patients (a 2% increase over the same period in the prior year) were being treated in the 1,581 clinics that we own or operate in the North America segment, compared to 117,830 patients treated in 1,540 clinics at June 30, 2006. The average revenue per treatment in the second quarter increased to \$323 during 2007 from \$314 in 2006. In the U.S., the average revenue per treatment increased to \$327 in the second quarter 2007 from \$317 for the second quarter 2006. The improvement in the revenue rate per treatment is primarily due to improved commercial payor rates, a 1.6% increase in the Medicare composite rate, and an increase in the drug add-on adjustment.

Net revenue for the North America segment for the second quarter 2007 increased as a result of increases in dialysis care revenue by 5% to \$1,499 million from \$1,428 million and product sales revenue by 21% to \$161 million from \$133 million.

The 5% increase in dialysis care revenue was driven by same market treatment growth (3%) and from acquisitions (1%) partially offset by sold or closed clinics (2%). In addition, revenue per treatment improved 3%. The administration of EPO represented approximately 21% and 22% of total North America dialysis care revenue for the three-month periods ending June 30, 2007 and 2006, respectively.

The product revenue increase was driven mostly by a higher sales volume of hemodialysis machines and sales of the phosphate binding drug, PhosLo® which was acquired in late 2006.

Operating Income

Operating income increased by 1% to \$285 million for the three-month period ended June 30, 2007 from \$283 million for the same period in 2006. Operating income margin decreased to 17.2% for the second quarter in 2007 as compared to 18.1% for the same period in 2006 due to the effects of the gain of \$39 million in 2006 from the acquisition-related divestitures, partially offset by the effects of one time charges in 2006 of \$3 million related to the integration of the RCG Acquisition. Excluding the gain from the acquisition-related divestitures and the costs in connection with the integration, the operating income margin increased to 17.2% in the second quarter 2007 from 15.5% in the same period in 2006, primarily due to higher revenue rates per treatment, PhosLo® sales, and a higher volume of products sold, partially offset by higher personnel costs. Cost per treatment increased to \$267 in 2007 from \$263 in 2006.

International Segment

Key Indicators for International Segment

	Three months ended June 30, 2007	Three months ended June 30, 2006	Change in %	
			as reported	at constant exchange rates
Number of treatments	1,991,421	1,697,618	17%	
Same market treatment growth in %	7.3%	7.9%		
Revenue in \$ million	744	604	23%	15%
Depreciation and amortization in \$ million	33	29	16%	
Operating income in \$ million	130	109	20%	
Operating income margin in %	17.5%	18.0%		

Revenue

Treatments increased by 17% for the three-month period ending June 30, 2007 over the same period in 2006 mainly due to same market growth (7%) and acquisitions (11%) partially offset by sold or closed clinics (1%). As of June 30, 2007, 51,417 patients (a 17% increase over the same period in the prior year) were being treated at 628 clinics that we own, operate or manage in the International segment compared to 43,845 patients treated at 538 clinics at June 30, 2006. The average revenue per treatment increased to \$149 from \$132 due to increased reimbursement rates (\$7) and the strengthening of local currencies against the U.S. dollar (\$10).

The increase in net revenues for the International segment to \$744 million for the three-month period ending June 30, 2007 over \$604 million in the same period in 2006 resulted from increases in both dialysis care and dialysis product revenues. Acquisitions contributed approximately 5%. Organic growth during the period was 10% at constant exchange rates.

Including the effects of the acquisitions, European region revenue increased 19% (11% at constant exchange rates), Latin America region revenue increased 25% (16% at constant exchange rates), and Asia Pacific region revenue increased 38% (36% at constant exchange rates).

Total dialysis care revenue for the International segment increased during the second quarter of 2007 by 32% (24% at constant exchange rates) to \$296 million in 2007 from \$224 million in the same period of 2006. This increase is a result of same market treatment growth (7%), contributions from acquisitions (11%), an increase in revenue per treatment (6%) and exchange rate fluctuations (8%).

Total dialysis product revenue for the second quarter of 2007 increased by 17% (10% at constant exchange rates) to \$448 million mostly due to increased sales of hemodialysis machines, peritoneal dialysis products and dialyzers.

Operating Income

Operating income increased by 20% to \$130 million primarily as a result of an increase in treatment volume, acquisitions and in volume of products sold. Operating income margin decreased to 17.5% from 18.0%. The margin decrease was mainly a result of higher growth in the dialysis care business which has lower than average margins.

Six months ended June 30, 2007 compared to six months ended June 30, 2006

Key Indicators for Consolidated Financial Statements

	Six months ended June 30, 2007	Six months ended June 30, 2006	Change in %	
			as reported	at constant exchange rates
Number of treatments	12,998,037	11,182,080	16%	
Same market treatment growth in %	4.0%	4.3%		
Revenue in \$ million	4,725	3,912	21%	19%
Gross profit as a % of revenue	34.3%	33.4%		
Selling, general and administrative costs as a % of revenue	17.7%	18.0%		
Net income in \$ million	339	246	38%	

We provided 12,998,037 treatments for the six month period ending June 30, 2007, an increase of 16% over the same period in 2006. Same market treatment growth contributed 4%, the RCG Acquisition, net of the acquisition-related divestitures, contributed 9%, and additional growth from other acquisitions contributed 4%, partially offset by sold or closed clinics (1%).

During the first six months of 2007, we acquired 84 clinics, opened 34 clinics and combined or closed 17 clinics. Average revenue per treatment for world-wide dialysis services increased to \$274 from \$262 as a result of increases in both the North America and International segments. Net revenue increased for the six months ended June 30, 2007 over the comparable period in 2006 due to growth in revenue in both dialysis care and dialysis products and the net effects of the RCG Acquisition.

Dialysis care revenue grew by 22% to \$3,556 million (21% at constant exchange rates) for the six month period ended June 30, 2007 mainly due to the RCG Acquisition net of acquisition-related divestitures (11%), growth in same market treatments (4%), increased revenue per treatment (4%), other acquisitions (3%) and exchange rate fluctuations (1%), partially offset by sold or closed clinics (1%).

Dialysis product revenue increased by 18% to \$1,169 million (13% at constant exchange rates) in the same period mainly as a result of increased sales of hemodialysis machines, peritoneal dialysis products and dialyzers.

The increase in gross profit margin is primarily a result of higher treatment rates, partially offset by higher personnel expenses and disproportionately high growth in Latin America and Asia-Pacific regions with lower gross margins as well as reduced machine sales in Germany as a result of accelerated sales in 2006 due to an increase in VAT as of January 1, 2007.

Selling, general and administrative (“SG&A”) costs increased to \$838 million for the six month period ending June 30, 2007 from \$705 million in the same period of 2006. SG&A costs as a percentage of sales decreased to 17.7% in six months ended June 30, 2007 from 18.0% in the same period of 2006 mainly due to increased sales in the International segment partially offset by higher personnel expenses and higher bad debt expenses. The second quarter of 2006 was impacted by the effects of one time charges of \$4 million related to the integration of the RCG Acquisition and the transformation of the Company’s legal

form. Bad debt expense for the first half year of 2007, was \$100 million or 2.1% of sales, as compared to \$78 million or 2.0% for the comparable period in 2006. This increase was due to collections in 2006 of accounts written off previously.

Operating income increased to \$756 million in the six-month period ended June 30, 2007 from \$616 million in the same period in 2006. Operating income margin increased to 16.0% for the period ending June 30, 2007 from 15.7% for the same period in 2006 due to increased gross margins as noted above and the decrease in SG&A as a percentage of sales as noted above, partially offset by higher personnel costs and the effects of a \$39 million gain in 2006 from the acquisition-related divestitures. Excluding the gain from the acquisition-related divestitures and the costs in connection with the integration and transformation, the operating income margin increased to 16.0 % in the second quarter 2007 from 14.8% in the same period in 2006.

Interest expense increased 19% to \$197 million for the first half of 2007 from \$166 million for the same period in 2006 mainly as a result of increased debt due to the RCG Acquisition which occurred at the end of March 2006. The first half of 2006 was impacted by a \$15 million write off of fees related to the 2003 Senior Credit Agreement which was replaced by our Senior Credit Agreement in connection with the RCG Acquisition. We will recognize an additional \$5 million of interest expense in the third quarter of 2007 as a result of the write off of the unamortized fees related to the prepayment of the term loans of our Senior Credit Agreement.

Income tax expense increased to \$216 million for the six-month period ending June 30, 2007 from \$208 million for the six-month period ending June 30, 2006. The effective tax rate for the six-month period ended June 30, 2007 was 38.0% compared to 45.4% during the same period in 2006, a decrease mainly due to the impact of tax charges related to the gain from the acquisition-related divestitures.

Minority interest increased by \$8 million as a result of a number of entities acquired in connection with the RCG Acquisition in 2006 and additional Asia-Pacific acquisitions in 2007 that are not wholly owned.

Net income increased to \$339 million in the six-month period ending June 30, 2007 from \$246 million in the same period in 2006. The six-month period ended June 30, 2006 was affected by the after-tax effects of \$9 million of charges from the write off of fees related to the 2003 Credit Agreement, \$5 million net loss on the sale of acquisition-related divestitures, \$2 million costs for the RCG integration and \$1 million costs for the transformation of legal form.

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

North America Segment

Key Indicators for North America Segment			
	Six months ended June 30, 2007	Six months ended June 30, 2006	Change in %
Number of treatments	9,077,341	7,838,524	16%
Same market treatment growth in %	2.8%	2.0%	
Revenue in \$ million	3,297	2,754	20%
Depreciation and amortization in \$ million	105	86	21%
Operating income in \$ million	543	447	22%
Operating income margin in %	16.5%	16.2%	

Revenue

Treatments increased by 16% for the six-month period ending June 30, 2007 as compared to the same period in 2006 mainly due to the RCG Acquisition (12%), same market growth (3%), and other acquisitions (1%). The average revenue per treatment for the six months ended June 30, 2007 increased to \$324 from \$311 in 2006. In the U.S., the average revenue per treatment increased to \$328 for the six month period ended June 30, 2007 from \$314 for the same period in 2006. The improvement in the revenue rate per treatment is primarily due to improved commercial payor rates, a 1.6% increase in the Medicare composite rate, an increase in the drug add-on adjustment and the effects of the RCG Acquisition.

Net revenue for the North America segment for the six-month period ending June 30, 2007 increased as a result of increases in dialysis care revenue by 20% to \$2,983 million from \$2,487 million and product sales revenue by 18% to \$314 million from \$267 million.

The 20% increase in dialysis care revenue was driven by a 13% increase as a result of the effects of the RCG Acquisition net of acquisition-related divestitures, by same market treatment growth of 3% and 1% resulting from other acquisitions partially offset by sold or closed clinics (1%). In addition, revenue per treatment improved 4%. The administration of EPO represented approximately 23% of total North America dialysis care revenue for each of the six-month periods ending June 30, 2007 and 2006.

The product revenue increase was driven mostly by a higher sales volume of hemodialysis machines, bloodlines, concentrates, and sales of the phosphate binding drug "PhosLo®" which was acquired in late 2006.

Operating Income

Operating income increased by 22% to \$543 million for the six-month period ended June 30, 2007 from \$447 million for the same period in 2006. Operating income margin increased to 16.5% for the first six months in 2007 as compared to 16.2% for the same period in 2006 primarily due to increased revenue per

treatment, PhosLo® sales, and a higher volume of products sold, partially offset by higher personnel costs, the effects of a \$39 million gain in 2006 from the acquisition-related divestitures and \$3 million costs in 2006 for the integration of the RCG Acquisition restructuring. Excluding the gain from the acquisition-related divestitures and the costs in connection with the integration, the operating income margin increased to 16.5% in the first half 2007 from 14.9% in the same period in 2006. Cost per treatment increased to \$270 in 2007 from \$263 in 2006.

International Segment

Key Indicators for International Segment

	Six months ended June 30, 2007	Six months ended June 30, 2006	Change in %	
			as reported	at constant exchange rates
Number of treatments	3,920,696	3,343,556	17%	
Same market treatment growth in %	6.8%	9.1%		
Revenue in \$ million	1,428	1,158	23%	16%
Depreciation and amortization in \$ million	65	55	19%	
Operating income in \$ million	251	205	23%	
Operating income margin in %	17.6%	17.7%		

Revenue

Treatments increased by 17% for the six-month period ending June 30, 2007 over the same period in 2006 mainly due to same market growth (7%), and acquisitions (11%), partially offset by sold or closed clinics (1%). The average revenue per treatment increased to \$146 from \$131 due to increased reimbursement rates (\$7) and the strengthening of local currencies against the U.S. dollar (\$8).

The increase in net revenues for the International segment for the six-month period ending June 30, 2007 over the same period in 2006 resulted from increases in both dialysis care and dialysis product revenues. Acquisitions contributed approximately 6% and organic growth during the period was 10% at constant exchange rates. Exchange rate fluctuations contributed 7%.

Including the effects of acquisitions, European region revenue increased 19% (10% at constant exchange rates), Latin America region revenue increased 22% (17% at constant exchange rates), and Asia Pacific region revenue increased 44% (42% at constant exchange rates).

Total dialysis care revenue for the International segment increased during the first six months of 2007 by 31% (24% at constant exchange rates) to \$573 million in 2007 from \$437 million in the same period of 2006. This increase is a result of same market treatment growth of 7% and a 12% increase in contributions from acquisitions. An increase in revenue per treatment contributed 5% and exchange rate fluctuations contributed approximately 7%.

Total dialysis product revenue for the first six months of 2007 increased by 19% (11% at constant exchange rates) to \$855 million mostly due to increased dialyzer and peritoneal-dialysis product sales and

increased hemodialysis machine sales partially offset by reduced machine sales in Germany as a result of accelerated sales in the prior year due to an increase in value added tax (VAT) in Germany as of January 1, 2007.

Operating Income

Operating income increased by 23% to \$251 million primarily as a result of an increase in treatment volume, acquisitions and in volume of products sold. Operating income margin decreased slightly to 17.6% from 17.7% mainly due to higher growth in the dialysis care business which has lower than average margins as well as reduced machine sales in Germany as a result of accelerated sales in 2006 due to an increase in VAT as of January 1, 2007, partially compensated by economies of scale related to increased revenue.

Liquidity and Capital Resources

Six months ended June 30, 2007 compared to six months ended June 30, 2006

Liquidity

We require capital primarily to acquire and develop free standing renal dialysis centers, to purchase property for new renal dialysis centers and production sites, equipment for existing or new renal dialysis centers and production centers and to finance working capital needs. At June 30, 2007, our working capital was \$400 million, we had cash and cash equivalents of \$207 million, and our ratio of current assets to current liabilities was 1.1. Our working capital decreased in the first half of 2007 to approximately \$400 million from \$1 billion at December 31, 2006. This was mainly the result of the reclassification from long-term to short-term liabilities of \$645 million of Trust Preferred Securities which are mandatorily redeemable on February 2008. In July 2007, we issued 6 7/8% Senior Notes in the aggregate principal amount of \$500 million and used the net proceeds to prepay indebtedness under our Senior Credit Agreement and accounts receivable facility as described below. Having taken these actions, we believe that our cash flow from operations and funds available from our accounts receivable and Senior Credit Agreement revolving loan facilities will provide adequate liquidity to retire the \$645 million Trust Preferred Securities in 2008 when they come due.

Our primary sources of liquidity have historically been cash from operations, cash from short-term borrowings as well as from long-term debt from third parties and from related parties and cash from issuance of equity securities and trust preferred securities. Cash from operations is impacted by the profitability of our business and the development of our working capital, principally receivables. The profitability of our business depends significantly on reimbursement rates. Approximately 75% of our revenues are generated by providing dialysis treatment, a major portion of which is reimbursed by either public health care organizations or private insurers. For the period ended June 30, 2007, approximately 37% of our consolidated revenues resulted from U.S. federal health care benefit programs, such as Medicare and Medicaid reimbursement. Legislative changes could affect all Medicare reimbursement rates for the services we provide, as well as the scope of Medicare coverage. A decrease in reimbursement rates could have a material adverse effect on our business, financial condition and results of operations and thus on our capacity to generate cash flow. See "Overview," above, for a discussion of recent Medicare reimbursement rate changes. Furthermore, cash from operations depends on the collection of accounts receivable. We could face difficulties in enforcing and collecting accounts receivable under some countries' legal systems. Some

customers and governments may have longer payment cycles. Should this payment cycle lengthen, then this could have a material adverse effect on our capacity to generate cash flow.

Accounts receivable balances at June 30, 2007 and December 31, 2006, net of valuation allowances, represented approximately 75 and 76 days of net revenue, respectively. This favorable development is mainly a result of extension of an electronic billing program and more favorable payment terms in payor contracts in the U.S. and our management effort to improve collection of receivables.

The development of days sales outstanding by operating segment is shown in the table below.

Development of Days Sales Outstanding

	June 30, 2007	December 31, 2006
North America	58	59
International	112	119
Total	<u>75</u>	<u>76</u>

Cash from short-term borrowings is generated by selling interests in our accounts receivable (accounts receivable facility) and by borrowing from our parent Fresenius SE (formally Fresenius AG). Long-term financing is provided by the revolving portion and the term loans under our Senior Credit Agreement and our borrowings under our credit agreements with the European Investment Bank (“EIB”) and has been provided through the issuance of our euro-denominated notes (“Euro Notes”) and trust preferred securities. We believe that our existing credit facilities, cash generated from operations and other current sources of financing are sufficient to meet our foreseeable needs.

On June 26, 2007 we amended our Senior Credit Agreement to increase the aggregate amount of certain senior indebtedness we may incur in anticipation of issuing senior debt. On July 2, 2007, FMC Finance III S.A., our wholly owned subsidiary, issued 6 7/8% Senior Notes due 2017 in the amount of \$500 million. The Senior Notes are guaranteed on a senior basis jointly and severally by the Company, Fresenius Medical Care Holdings, Inc. and Fresenius Medical Care Deutschland GmbH. The proceeds, net of discount and bank fees but prior to the payment of other offering related expenses, were used to reduce \$300 million of term indebtedness under our Senior Credit Agreement with the remaining proceeds of approximately \$185 million applied to the outstanding balance under our short-term accounts receivable facility.

Our Senior Credit Agreement, EIB agreements, Euro Notes and the indentures relating to our trust preferred securities include covenants that require us to maintain certain financial ratios or meet other financial tests. Under our Senior Credit Agreement, we are obligated to maintain a minimum consolidated fixed charge ratio (ratio of consolidated EBITDAR (sum of EBITDA plus Rent expense under operation leases) to Consolidated Fixed Charges as these terms are defined in the Senior Credit Agreement) and a maximum consolidated leverage ratio (ratio of consolidated funded debt to consolidated EBITDA as these terms are defined in the Senior Credit Agreement). Other covenants in one or more of each of these agreements and in our new senior notes restrict or have the effect of restricting our ability to dispose of assets, incur debt, pay dividends and make other restricted payments or create liens. In addition, we are limited as to the annual amounts of Consolidated Capital Expenditures we can incur (\$600 million in 2007).

The breach of any of the covenants could result in a default under the Senior Credit Agreement, the EIB agreements, the Euro Notes or the notes underlying our trust preferred securities, which could, in turn, create additional defaults under the agreements relating to our other long-term indebtedness. In default, the outstanding balance under the Senior Credit Agreement becomes due at the option of the lenders under

that agreement. As of June 30, 2007, we are in compliance with all financial covenants under the Senior Credit Agreement and our other financing agreements.

The settlement agreement with the asbestos creditors committees on behalf of the W.R. Grace & Co. bankruptcy estate (see Part II, Item 1, "Legal Proceedings" in this report) provides for payment by the Company of \$115 million upon approval of the settlement agreement by the U.S. District Court, which has occurred, and confirmation of a W.R. Grace & Co. bankruptcy reorganization plan that includes the settlement. The \$115 million obligation was included in the special charge we recorded in 2001 to address 1996 merger-related legal matters. The payment obligation is not interest-bearing.

During the third quarter, 2006, the German tax authorities substantially finalized their tax audit for tax years 1998-2001. We believe that we have resolved the outstanding issues at the audit level, subject to review and approval by the appropriate level within the taxing authority. Except for the refund claims discussed below, the U.S. Internal Revenue Service (IRS) has completed its examination of FMCH's tax returns for the calendar years 1997 through 2001 and FMCH has executed a Consent to Assessment of Tax. As a result of the disallowance by the IRS of tax deductions taken by FMCH with respect to certain civil settlement payments made in connection with the 2000 resolution of the Office of the Inspector General and US Attorney's Office investigation and certain other deductions, we paid an IRS tax and accrued interest assessment of approximately \$99 million in the third quarter of 2006. We have filed claims for refunds contesting the IRS's disallowance of FMCH's civil settlement payment deductions and plan to pursue recovery through IRS appeals and if necessary in the Federal courts of the tax and interest payment associated with such disallowance. An adverse determination in this litigation could lead to a material adverse effect on tax expenses, net income and earnings per share.

We are subject to ongoing tax audits in the U.S., Germany and other jurisdictions. We have received notices of unfavorable adjustments and disallowances in connection with certain of the audits. We are contesting, including appealing certain of these unfavorable determinations. If our objections and any final audit appeals are unsuccessful, we could be required to make additional Federal and state tax payments, including payments to state tax authorities reflecting the adjustments made in our Federal tax returns. With respect to other potential adjustments and disallowances of tax matters currently under review or where tentative agreement has been reached, we do not anticipate that an unfavorable ruling would have a material impact on our results of operations. We are not currently able to determine the timing of these potential additional tax payments. If all potential additional tax payments and the Grace Chapter 11 Proceedings settlement payment were to occur contemporaneously, there could be a material adverse impact on our operating cash flow in the relevant reporting period. Nonetheless, we anticipate that cash from operations and, if required, our available liquidity will be sufficient to satisfy all such obligations if and when they come due.

Dividends

In May, 2007, a dividend with respect to 2006 of €1.41 per ordinary share (2005: €1.23) and €1.47 per preference share (2005: €1.29) was approved by our shareholders at the Annual General Meeting and paid. The total dividend payment was approximately \$188 million (€139 million). We paid approximately \$154 (€120) million in 2006 for dividends with respect to 2005. Our Senior Credit Agreement limits disbursements for dividends and certain other transactions relating to our own equity type instruments during 2008 to \$260 million in total.

Analysis of Cash Flow

Operations

We generated cash from operating activities of \$508 million in the first six months of 2007 and \$312 million in the comparable period in 2006, an increase of approximately 63% from the prior year. Cash flows were primarily generated by increased earnings and were negatively impacted by payment delays from U.S. state programs due to the introduction of new reimbursement forms. Payments of \$74 million for taxes and \$15 million for other costs, both related to the RCG Acquisition, had a negative impact on cash generated from operations in 2006. See “Results of Operations” above. Cash flows were used mainly for investing (capital expenditures and acquisitions) and to pay down debt.

Investing

Cash used in investing activities was \$327 million in the first six months of 2007 compared to \$3,834 million (including the RCG Acquisition) in the first six months of 2006. In the period ending June 30, 2007, we paid approximately \$114 million cash (\$65 million in the North America segment and \$49 million in the International segment) for acquisitions consisting primarily of dialysis clinics. We also received \$27 million in conjunction with divestitures. In the same period in 2006, we paid \$4,180 million cash for acquisitions, \$4,170 in the North American segment consisting primarily of \$4,145 million for the acquisition of RCG, partially offset by the cash receipts of \$505 million from the acquisition related divestitures, and \$10 million for dialysis clinics for the International segment.

Capital expenditures for property, plant and equipment net of disposals were \$240 million in the six-month period ending June 30, 2007 and \$160 million in same period in 2006. In the first half of 2007, capital expenditures were \$148 million in the North America segment, and \$92 million for the International segment. In 2006, capital expenditures were \$107 million in the North America segment and \$53 million for the International segment. The majority of our capital expenditures was used for equipping new clinics, maintaining existing clinics, maintenance and expansion of production facilities, primarily in North America, Germany and Japan, and capitalization of machines provided to our customers, primarily in Europe but also in Asia-Pacific and Latin America. Capital expenditures were approximately 5% of total revenue.

Financing

Net cash used in financing was \$139 million for the first half of 2007 compared to cash provided by financing of \$3,519 million for the first half of 2006. In 2007, cash used was for payment of dividends during the period and for repayments of long-term debt and capital lease obligations partially offset by proceeds from an increase of our A/R Facility. In 2006, \$3,941 million required for the RCG Acquisition was provided by increased debt from the Senior Credit agreement and \$307 million generated by the conversion of preference to ordinary shares. Cash on hand was \$207 million at June 30, 2007 compared to \$101 million at June 30, 2006.

Debt covenant disclosure — EBITDA

EBITDA (earnings before interest, taxes, depreciation and amortization) was approximately \$926 million, 19.6% of sales, for the six month period ending June 30, 2007. EBITDA is the basis for determining compliance with certain covenants contained in our Senior Credit Agreement, our Euro Notes and the indentures relating to our outstanding trust preferred securities. You should not consider EBITDA to be an alternative to net earnings determined in accordance with U.S. GAAP or to cash flow from operations, investing activities or financing activities. In addition, not all funds depicted by EBITDA are available for management's discretionary use. For example, a substantial portion of such funds are subject to contractual restrictions and functional requirements for debt service, to fund necessary capital expenditures and to meet other commitments from time to time as described in more detail elsewhere in our annual report on Form 20-F/A for the year ended December 31, 2006. EBITDA, as calculated, may not be comparable to similarly titled measures reported by other companies.

A reconciliation of cash flow provided by operating activities to EBITDA is calculated as follows:

Reconciliation of measures for consolidated totals

\$ in thousands	For the six months ended June 30,	
	2007	2006
Total EBITDA	926,232	757,461
Settlement of shareholder proceedings	-	(870)
Interest expense (net of interest income)	(186,486)	(155,496)
Income tax expense, net	(216,347)	(209,044)
Change in deferred taxes, net	8,060	(20,609)
Changes in operating assets and liabilities	(44,382)	(400)
Tax payments related to divestitures and acquisitions	-	(74,607)
Stock compensation expense	10,191	7,093
Other items, net	10,463	8,897
Net cash provided by operating activities	507,731	312,425

b) Asset and Equity Structure

Total assets as of June 30, 2007 remained almost unchanged at \$ 13,6 million compared to \$ 13,0 million at yearend 2006. Compared to yearend 2006 current assets and fixed assets in percent of total assets remained almost unchanged at 27% and 73% at June 30, 2007. The equity ratio increased from 37% at yearend 2006 to 38% at June 30, 2007. Current liabilities increased from 18% of total liabilities and equity at yearend 2006 to 24% at June 30, 2007 as the Trust Preferred Securities that are due at the beginning of 2008 have been reclassified from non-current liabilities to current liabilities.

Prospects and Risks of Future Development

a) Prospects of Future development

During the period ended June 30, 2007, no material changes occurred to the information presented in our Annual Report for the year ended 2006 “Our Fiscal Year, Outlook” - “Opportunities” on page 108. For the prospects of future development see also page 6/29-6/31 “Outlook 2007 and prospects of future development” of our Consolidated Financial Statements and Group Management Report at December 31, 2006 pursuant to § 292a HGB.

b) Risks of Future development

Information concerning the risks of future development are described in note 10 “Legal Proceedings” and in the chapter “Management Discussion and Analysis of Financial Condition, Results of Operations and Asset and Equity Structure” under the headings “Forward looking statements” and “Overview”. For further information please refer to the risk report on page 94-101 of the Annual Report 2006 and to Item 3, chapter “risk factors” in the Company’s Form 20-F /A annual report for the year ended December 31, 2006. For the risks of future development see also page 6/24-6/28 “Future development and associated risks” of our Consolidated Financial Statements and Group Management Report at December 31, 2006 pursuant to § 292a HGB.

During the period ended June 30, 2007, no material changes of the quantitative and qualitative market risk occurred to the information presented in chapter “Quantitative and Qualitative Disclosures about Market Risk” on page 32-36 of the Company’s annual report for the year ended December 31, 2006. For additional information, see chapter, “Quantitative and Qualitative Disclosures about Market Risk” in the Company’s annual report for the year ended December 31, 2006.

Outlook

Based on the strong operational performance in the first half of 2007, the Company raises its outlook for the full year 2007 and now expects to achieve revenue of more than \$9.5 billion. This represents an increase of at least 12%. Previously, the Company expected revenue of approximately \$9.4 billion. Net income is now projected to be in the range of \$685 million to \$705 million in 2007. This represents an increase of between 19% and 23% on an adjusted basis as compared to 2006 after one-time effects. On a reported basis, this translates into an increase in net income of between 28% and 31%. Previously, the Company expected net income in the range of \$675 million to \$695 million. In addition, the Company still expects spending on capital expenditures and acquisitions to be approximately \$650 million in 2007. The debt/EBITDA ratio is projected to be below 3.0 by the end of 2007.

Below is a table showing our growth outlook for 2007 and 2008 based upon 2006 results.

Outlook

	2007	2008
Revenue growth	12% to \$9.5 billion	6% - 9%
Net Income	\$685 - \$705 million	
Net Income growth	28-31%	> 10%
Net Income adjusted* growth	19-23%	> 10%
Acquisitions and capital expenditures	approximately \$650 million	approximately \$650 million
Effective tax rate	approximately 38-39%	approximately 38-39%
Debt/EBITDA	under 3.0	under 3.0
Dividend	continuing increases	continuing increases

*For purposes of this outlook, 2006 net income was adjusted to exclude the one time effects of certain items as shown in the reconciliation table below:

\$ in millions	For year ended December 31, 2006
Net Income	537
Transformation and settlement costs	1
Restructuring costs and in-process R&D	23
Write off of unamortized prepaid financing fees	9
Loss from FTC mandated clinic divestures	4
2006 Net Income excluding the effects of one-time items (Net Income adjusted)	574

Related Party Transactions

a) Service Agreements

The Company is party to service agreements with Fresenius SE, the sole stockholder of its General Partner, Management AG and its largest shareholder with more than 36% ownership of the Company's voting shares, and with certain affiliates of Fresenius SE to receive services, including, but not limited to: administrative services, management information services, employee benefit administration, insurance, IT services, tax services and treasury services. For the six months period ending June 30, 2007 amounts charged by Fresenius SE to the Company under the terms of the agreements are \$22,336. The Company also provides certain services to Fresenius SE and certain affiliates of Fresenius SE, including research and development, central purchasing, patent administration and warehousing. The Company charged \$4,963 for services rendered to Fresenius SE in the six months period ending June 30, 2007.

Under operating lease agreements for real estate entered into with Fresenius SE, the Company paid Fresenius SE \$9,298 in the six months ended June 30, 2007. The majority of the leases expire in 2016 and contain renewal options.

The Company's Articles of Association provide that the General Partner shall be reimbursed for any and all expenses in connection with management of the Company's business, including remuneration of the members of the General Partner's supervisory board and the General Partner's management board. The aggregate amount reimbursed to Management AG was \$4,136 for its management services during the six months period ending June 30, 2007.

b) Products

During the six months period ending June 30, 2007, the Company sold products for \$17,769 to Fresenius SE and affiliates and made purchases from Fresenius SE and affiliates in the amount of \$26,362.

c) Financing Provided by Fresenius SE

The Company is provided short-term financing by its parent Fresenius SE. The balance outstanding at June 30, 2007 was \$28,629.

d) Other

The Chairman of the Company's Supervisory Board is also the Chairman of the Supervisory Board of Fresenius SE, the largest holder of the Company's ordinary shares and sole shareholder of the Company's General Partner. He is also a member of the Supervisory Board of the Company's General Partner.

The Vice Chairman of the Company's Supervisory Board is a member of the Supervisory Board of Fresenius SE and Vice Chairman of the Supervisory Board of the Company's General Partner. He is also a partner in a law firm which provided services to the Company. The Company paid the law firm approximately \$333 during the six months period ending June 30, 2007.

Events occurring after the balance sheet date

No significant activities have taken place since the balance sheet date, which have a material impact in any way on the key figures presented and business earnings.

Corporate Governance

The General Partner, represented by the Managing Board of Fresenius Medical Care Management AG, and the Supervisory Board of FMC-AG & Co. KGaA have submitted the declaration of compliance pursuant to section 161 of the German Stock Corporation Act (“AktG”) in accordance with the German Corporate Governance Code dated June 12, 2006 and made this available to the shareholders at all times.

Responsibility Statement

“To the best of our knowledge, and in accordance with the applicable reporting principles for interim financial reporting, the interim consolidated financial statements give a true and fair view of the assets, liabilities, financial position and profit or loss of the Fresenius Medical Care-Group, and the interim management report of the group 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 for the remaining months of the financial year.”

Bad Homburg, August 31, 2007

Fresenius Medical Care AG & Co. KGaA

represented by the General Partner

Fresenius Medical Care Management AG

Management Board

Dr. Ben Lipps

Roberto Fusté

Dr. Emanuele Gatti

Rice Powell

Lawrence A. Rosen

Dr. Rainer Runte

Mats Wahlstrom

Contact and Calendar

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Calendar 2007

Report on Nine Months 2007

October 31, 2007