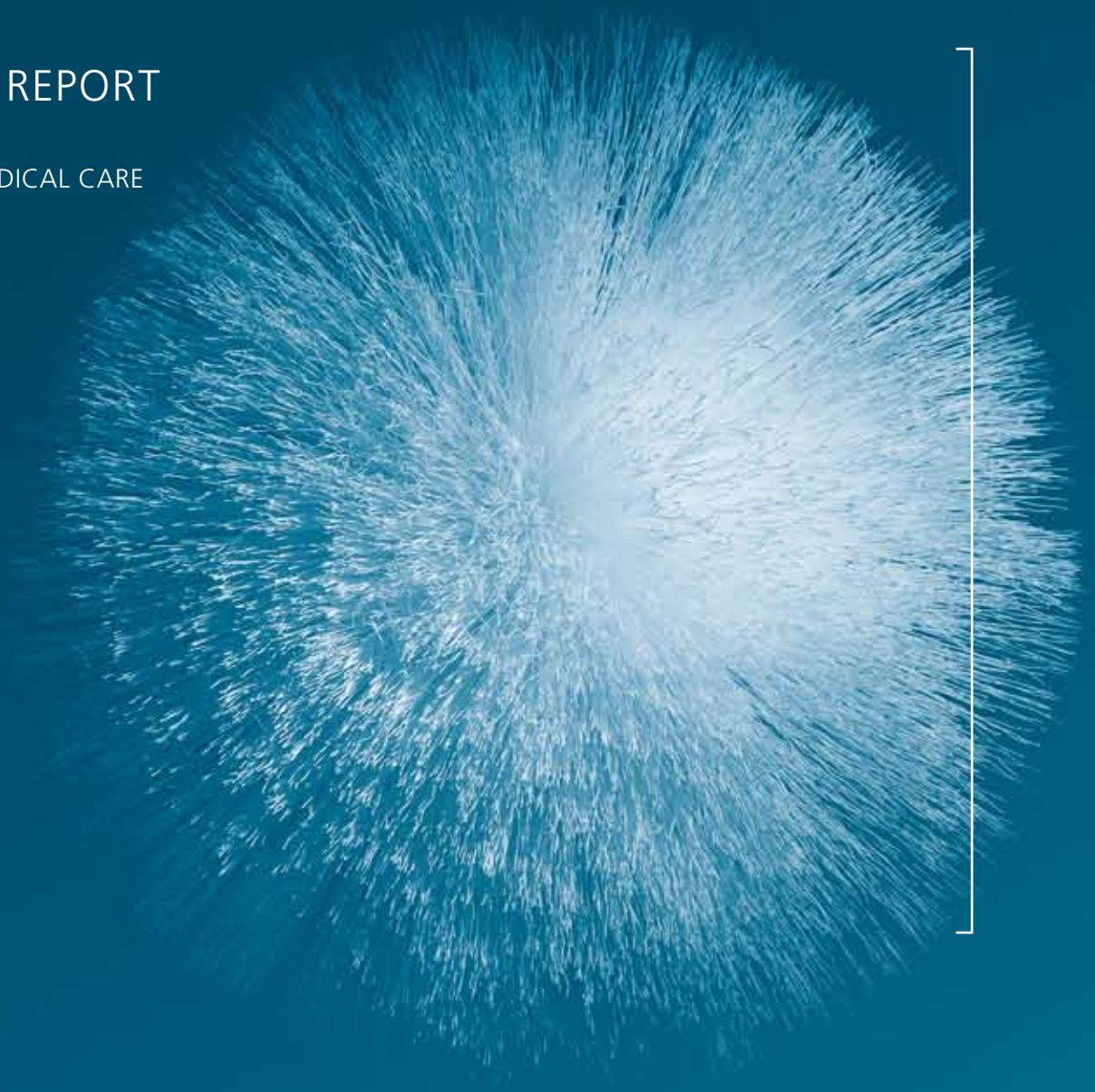
INTERIM REPORT 2/2008

FRESENIUS MEDICAL CARE



Fresenius Medical Care

Interim Report
30.06.2008

Fresenius Medical Care AG & Co. KGaA

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61346 Bad Homburg

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Interim Report of Management's Discussion and Analysis
for the three and six months ended June 30, 2008 and 2007

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 ("FMC-AG & Co. KGaA," the "Company," "we," "us" or "our" and together with its subsidiaries on a consolidated basis, as the context requires) 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 for the year ended December 31, 2007.

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. 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. We have based these forward-looking statements on current estimates and assumptions made to the best of our knowledge. By their nature, such forward-looking statements involve risks, uncertainties, assumptions and other factors which could cause actual results, including our financial condition and profitability, to differ materially from 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.

The risks, uncertainties, assumptions, and other factors that could cause actual results to differ from our projected results include, among others, the following:

- changes in governmental and commercial insurer reimbursement for our products and services;
- any further reductions in erythropoietin, or 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 health care reforms;
- product liability risks and patent litigation;
- risks relating to the integration of acquisitions and our dependence on additional acquisitions;
- the impact of currency fluctuations;
- changes in the cost of pharmaceuticals and utilization patterns; and
- introduction of generic or new pharmaceuticals that compete with our pharmaceutical products.

Our business is also subject to other risks and uncertainties that we describe from time to time in our public filings. Developments in any of these areas could cause our results to differ materially from the results that we or others have projected or may project.

Our reported financial condition and results of operations are sensitive to accounting methods, assumptions and estimates that are the basis of our financial statements. The actual accounting policies, the judgments made in the selection and application of these policies, and the sensitivities of reported results to changes in accounting policies, assumptions and estimates, are factors to be considered along with our financial statements and the discussion below under "Results of Operations." For a discussion of our critical accounting policies, see Item 5, "Operating and Financial Review and Prospects – Critical Accounting Policies" in our Annual Report on Form 20-F for the year ended December 31, 2007.

Overview

We are engaged primarily in providing dialysis care services and in manufacturing and distributing products and equipment for the treatment of end-stage renal disease ("ESRD"). In the United States ("U.S."), we also perform clinical laboratory testing. We estimate that providing dialysis services and manufacturing and distributing dialysis products and equipment represents an over $58 billion worldwide market with expected annual world-wide 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 treatment quality, which prolong patient life; and improving standards of living in developing countries, which make life-saving dialysis treatment available. Key to continued growth in revenue is our ability to attract new patients in order to increase the number of treatments performed each year. For that reason, we believe the number of treatments performed each year is a strong indicator of continued revenue growth and success. In addition, the reimbursement and ancillary services utilization environment significantly influences our business. In the past we experienced and also expect in the future generally stable reimbursements for dialysis services. This includes the balancing of unfavorable reimbursement changes in certain countries with favorable changes in other countries. The majority of treatments are paid for by governmental institutions such as Medicare in the United States or by an individual country's social medical programs such as those in the United Kingdom, Portugal, Turkey, and Poland. As a consequence of the pressure to decrease health care costs, treatment 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.

In the U.S. certain products and services delivered by our dialysis centers are reimbursed by the Medicare program in accordance with a "basic case-mix adjusted prospective system," which provides a fixed payment for each dialysis treatment, comprised of a "composite rate" component and a "drug add-on adjustment" component. The payment rates under this system are subject to adjustment from time to time through changes in the Medicare statute (in the case of basic services included in the composite rate) or through annual adjustments (in the case of a portion of the payment referred to as the drug add-on adjustment). Certain other items and services that we furnish at our dialysis centers are not included in the composite rate and are eligible for separate Medicare reimbursement. The most significant of these items are drugs or biologicals, such as erythropoietin-stimulating agents ("ESAs"), vitamin D analogs, and iron, which are reimbursed at 106% of the average sales price as reported by the manufacturer to the Centers for Medicare and Medicaid Services ("CMS"), the federal agency within the U.S. Department of Health and Human Services ("HHS") that administers the Medicare program. Products and support services furnished to ESRD patients receiving dialysis treatment at home are also reimbursed separately under a reimbursement structure comparable to the in-center composite rate.

The Medicare Improvements for Patients and Providers Act of 2008 (the "Act") was enacted on July 15, 2008. The Act provides for an increase in the composite rate of 1% effective January 1, 2009 and an additional 1% increase effective January 1, 2010. The new law requires the CMS to implement by January 1, 2011 a bundled ESRD payment system under which CMS will reimburse dialysis facilities with a single payment for (i) all items and services currently included in the composite rate, (ii) all ESAs and other pharmaceuticals (other than vaccines) furnished to the patients that were

previously reimbursed separately, and (iii) diagnostic laboratory tests. The initial bundled reimbursement rate will be set based on 98 percent of estimated 2011 Medicare program costs of dialysis care as calculated under the current reimbursement system using the lowest per patient utilization data from 2007, 2008 or 2009. The bundled payment will be subject to case mix adjustments that may take into account individual patient characteristics (e.g., age, weight, body mass) and co-morbidities. Payments will also be adjusted for (i) certain high cost patient outliers due to unusual variations in medically necessary care, (ii) disparately high costs incurred by low volume facilities relative to other facilities and (iii) such other adjustments as the Secretary of HHS deems appropriate. Beginning in 2012, the bundled payment amount will be subject to annual increases based on increases in the costs of a mix of dialysis items and services to be determined by HHS minus 1%. The Act will establish pay-for-performance quality standards that will take effect in 2012. Dialysis facilities that fail to achieve the established quality standards will have payments reduced by 2%. Facility quality standards are expected to be developed in the areas of anemia management, patient satisfaction, iron management, bone mineral metabolism and vascular access. Facility performance scores will be made available to the public. The bundled system will be phased in over four years with full implementation for all dialysis facilities on January 1, 2014. However, providers may elect at any time prior to 2011 to become fully subject to the new system. The Act extends the authority of specialized Medicare Advantage (“MA”) plans to target enrollment to certain populations through December 31, 2010 and revises definitions, care management requirements and quality reporting standards for all specialized plans. The Act maintains a moratorium on new specialized MA plans through December 31, 2010.

For calendar year 2008, CMS increased the drug add-on adjustment by $0.69, bringing the drug add-on adjustment to 15.5% of the total per-treatment prospective payment. The composite rate, unlike many other payment rates in Medicare, is not automatically updated each year. As a result, this portion of the payment rate does not receive an annual update in the absence of a statutory change. Although the U.S. Congress provided for updates ranging from 1.6% to 2.4% to the composite rate in the previous five years, no update was enacted for the calendar year 2008. CMS updated the wage index adjustment applicable to ESRD facilities to a 25/75 blend between adjustments based on old metropolitan statistical areas (“MSAs”) and those based on new core-based statistical areas (“CBSAs”). In 2009, CMS expects to complete the transition from the MSA definition to the CBSA definition, and facilities will be paid according to the CBSA rate. For a discussion of the composite rate for reimbursement of dialysis treatments, see Item 4B, “Business Overview – Regulatory and Legal Matters – Reimbursement” in our Annual Report on Form 20-F for the year ended December 31, 2007.

In January and February 2008, Baxter Healthcare Corporation and/or its parent corporation, Baxter International, Inc., issued recalls and suspended production of its sodium heparin injection products in response to reports of adverse patient reactions. Heparin is a blood thinning drug that is widely and routinely used in the treatment of dialysis patients to prevent life threatening blood clots. Prior to the recalls, Fresenius Medical Care Holdings, Inc. (“FMCH”), a wholly-owned subsidiary of the Company and its principal North American subsidiary, purchased a majority of its heparin requirements from Baxter. As a result of the recalls, APP Pharmaceuticals, Inc. (“APP Inc.”), is the only remaining US supplier of FDA approved heparin used in dialysis. APP Inc has substantially increased FMCH’s acquisition costs for this product. Any further decrease or interruption in the supply of FDA-approved heparin could have a material adverse impact on the Company’s business, financial position and results of operations. On July 7, 2008, our affiliate, Fresenius Kabi AG, a wholly-owned subsidiary of Fresenius SE, announced the execution of an agreement to acquire APP Inc. The agreement is subject to customary closing conditions and regulatory approvals.

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 general partner’s

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

With respect to the performance of our business operations, our management believes the most appropriate measure in this regard is operating income which measures our source of earnings. Financing is a corporate function which segments do not control. Therefore, we do not include interest expense relating to financing as a segment measurement. We also regard income taxes to be outside the segments' control. Similarly, we do not allocate "corporate costs," which relate primarily to certain headquarters overhead charges, including accounting and finance, professional services, corporate research and development projects, 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 below in the discussion of our consolidated results of operations.

Results of Operations

The following tables summarize our financial performance and certain operating results by principal business 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.

FRESENIUS MEDICAL CARE AG & Co. KGaA

	For the three months ended June 30,		For the six months ended June 30,	
	2008	2007	2008	2007
	(in millions)		(in millions)	
Total revenue				
North America	$ 1.715	$ 1.660	$ 3.382	$ 3.297
International	970	763	1.834	1.468
Totals	2.685	2.423	5.216	4.765
Inter-segment revenue				
North America	-	-	-	-
International	20	19	39	40
Totals	20	19	39	40
Total net revenue				
North America	1.715	1.660	3.382	3.297
International	950	744	1.795	1.428
Totals	2.665	2.404	5.177	4.725
Amortization and depreciation				
North America	58	52	113	105
International	43	33	83	65
Corporate	2	-	3	-
Totals	103	85	199	170
Operating income				
North America	290	285	563	543
International	166	130	310	251
Corporate	(27)	(24)	(55)	(38)
Totals	429	391	818	756
Interest income	7	7	13	10
Interest expense	(89)	(99)	(178)	(197)
Income tax expense	(129)	(113)	(243)	(216)
Minority interest	(7)	(7)	(13)	(14)
Net Income	$ 211	$ 179	$ 397	$ 339

Three months ended June 30, 2008 compared to the three months ended June 30, 2007

Consolidated Financials

Key Indicators for Consolidated Financial Statements

			Change in %	
	Three months ended June 30, 2008	Three months ended June 30, 2007	as reported	at constant exchange rates
Number of treatments	6.885.712	6.587.685	5%	
Same market treatment growth in %	4,2%	4,1%		
Revenue in $ million	2.665	2.404	11%	7%
Gross profit as a % of revenue	34,7%	34,8%		
Selling, general and administrative costs as a % of revenue	17,8%	18,0%		
Net income in $ million	211	179	18%	

We provided 6,885,712 treatments during the second quarter of 2008, an increase of 5% over the same period in 2007. Same market treatment growth contributed 4% and growth from acquisitions contributed 1%.

At June 30, 2008, we owned, operated or managed (excluding those managed but not consolidated in the U.S.) 2,318 clinics compared to 2,209 clinics at June 30, 2007. During the second quarter of 2008, we acquired 1 clinic, opened 26 clinics and combined or closed 6 clinics. The number of patients treated in clinics that we own, operate or manage (excluding those managed but not consolidated in the U.S.) increased by 4% to 179,340 at June 30, 2008 from 171,687 at June 30, 2007. Including 32 clinics managed but not consolidated in the U.S., the total number of patients was 181,115.

Net revenue increased by 11% (7% at constant exchange rates) for the quarter ended June 30, 2008 over the comparable period in 2007 due to growth in revenue in both dialysis care and dialysis products.

Dialysis care revenue grew by 7% to $1,924 million (5% at constant exchange rates) in the second quarter of 2008 mainly due to growth in same market treatments (4%), revenue per treatment (1%), acquisitions (1%) and exchange rate fluctuations (2%), partially offset by sold or closed clinics (1%).

Dialysis product revenue increased by 22% to $741 million (12% at constant exchange rates) in the same period mainly as a result of increased sales of hemodialysis machines, dialyzers, bloodlines, concentrates, and peritoneal dialysis products and higher sales attributable to the phosphate binding drug, PhosLo®.

The decrease in gross margin was driven primarily by reduced reimbursement rates for and decreased utilization of EPO, higher personnel costs in North America and growth in the International segment dialysis care business which has lower than average margins, partially offset by North America gross profit improvement related to increased commercial payer revenue.

Selling, general and administrative ("SG&A") costs increased to $474 million in the second quarter of 2008 from $432 million in the same period of 2007. SG&A costs as a percentage of sales decreased to 17.8% in the second quarter of 2008 from 18.0% in the same period of 2007. This

decreased percentage was mainly driven by economies of scale in the International segment partially offset by higher corporate expenses relating to the operating expenses of Renal Solutions Inc., reported under corporate, and compensation expense for stock options. Bad debt expense for the second quarter of 2008 was $53 million as compared to $51 million in 2007, representing 2.0% of sales for the three-month period ending June 30, 2008 and 2.1% for the same period in 2007.

Research and development ("R&D") expenses increased to $21 million in the second quarter of 2008 from $15 million for the same period in 2007 mainly as a result of the additional R&D programs related to field test of new products and home therapy projects.

Operating income increased to $429 million in the second quarter of 2008 from $391 million for the same period in 2007. Operating income margin decreased to 16.1% for the period ending June 30, 2008 from 16.3% for the same period in 2007 due to the decreased gross margins and increased R&D costs partially offset by decreases in SG&A as a percentage of sales as discussed above.

Interest expense decreased 9% to $89 million in the second quarter of 2008 from $99 million for the same period in 2007 mainly as a result of decreased interest rates and the more favorable financing structure following the repayment of a portion of our trust preferred securities.

Income tax expense increased to $129 million for the second quarter of 2008 from $113 million for the same period in 2007 due to increased earnings. The effective tax rate for the second quarter 2008 decreased to 37.2% from 38.0% for the second quarter of 2007 mainly due to a German business tax reduction which became effective January 1, 2008.

Net income for the second quarter of 2008 increased to $211 million from $179 million for the same period in 2007 mainly as a result of the effects of the items mentioned above.

We employed 63,197 people (full-time equivalents) as of June 30, 2008 compared to 61,406 as of December 31, 2007, an increase of 3% primarily due to our overall growth in business.

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

North America Segment

Key Indicators for North America Segment

	Three months ended June 30, 2008	Three months ended June 30, 2007	Change in %
Number of treatments	4.744.174	4.596.264	3%
Same market treatment growth in %	2,8%	2,8%	
Revenue in $ million	1.715	1.660	3%
Depreciation and amortization in $ million	58	52	11%
Operating income in $ million	290	285	2%
Operating income margin in %	16,9%	17,2%	

Revenue

Treatments increased by 3% for the three months ended June 30, 2008 as compared to same period in 2007 mainly due to same market growth. At June 30, 2008, 123,784 patients (a 3% increase over the same period in the prior year) were being treated in the 1,647 clinics that we own or operate in the North America segment, compared to 120,270 patients treated in 1,581 clinics at June 30, 2007.

Average North America revenue per treatment in the second quarter of 2008 and 2007 was $323. In the U.S., the average revenue per treatment was $327 for both the second quarter of 2008 and 2007.

Net revenue for the North America segment for the second quarter of 2008 increased as a result of increases in dialysis care revenue by 2% to $1,533 million from $1,499 million in the same period of 2007 and in dialysis product revenue by 13% to $182 million from $161 million in the second quarter of 2007.

The dialysis care revenue increase was driven by same market treatment growth of 3% and 1% resulting from acquisitions partially offset by the effects of sold or closed clinics and lost revenues from our perfusion business, which was sold in the second quarter of 2007(2%). The administration of EPO represented approximately 20% of total North America dialysis care revenue for the three-month periods ended June 30, 2008 and 21% for the same period in 2007.

The product revenue increase was driven mostly by a higher sales volume of concentrate, bloodlines, dialyzers, and peritoneal products, as well as higher sales attributable to the phosphate binding drug, PhosLo®, as a result of higher volumes and increased pricing.

Operating Income

Operating income increased by 2% to $290 million for the three-month period ended June 30, 2008 from $285 million for the same period in 2007. Operating income margin decreased to 16.9% for the second quarter of 2008 as compared to 17.2% for same period in 2007 primarily due to increased cost per treatment and as a result of reduced reimbursement rates for and decreased utilization of EPO partially offset by higher volume of products sold. Cost per treatment increased to $269 in the second quarter of 2008 from $267 in the same period of 2007.

International Segment

Key Indicators for International Segment

			Change in %	
	Three months ended June 30, 2008	Three months ended June 30, 2007	as reported	at constant exchange rates
Number of treatments	2.141.538	1.991.421	8%	
Same market treatment growth in %	7,9%	7,3%		
Revenue in $ million	950	744	28%	14%
Depreciation and amortization in $ million	43	33	28%	
Operating income in $ million	166	130	28%	
Operating income margin in %	17,5%	17,5%		

Revenue

Treatments increased by 8% in the three months ended June 30, 2008 over the same period in 2007 mainly due to same market growth (8%), and acquisitions (1%), partially offset by sold or closed clinics (1%). As of June 30, 2008, 55,556 patients (a 8% increase over the same period of the prior year) were being treated at 671 clinics that we own, operate or manage in the International segment

compared to 51,417 patients treated at 628 clinics at June 30, 2007. Average revenue per treatment increased to $183 from $149 due to increased reimbursement rates and changes in country mix ($15) and the strengthening of local currencies against the U.S. dollar ($19).

The increase in net revenues for the International segment for the three-month period ended June 30, 2008 over the same period in 2007 resulted from increases in both dialysis care and dialysis product revenues. Organic growth during the period was 14% and acquisitions contributed approximately 1% partially offset by sold or closed clinics (1%). Exchange rate fluctuations contributed 14%.

Including the effects of acquisitions, European region revenue increased 29% (13% at constant exchange rates), Latin America region revenue increased 30% (17% at constant exchange rates), and Asia Pacific region revenue increased 21% (15% at constant exchange rates).

Total dialysis care revenue for the International segment increased during the second quarter of 2008 by 32% (19% at constant exchange rates) to $391 million from $296 million in the same period of 2007. This increase is a result of same market treatment growth of 8% and a 1% increase in contributions from acquisitions partially offset by sold or closed clinics (1%). An increase in revenue per treatment contributed 11% and exchange rate fluctuations contributed approximately 13%.

Total dialysis product revenue for the second quarter of 2008 increased by 25% (11% at constant exchange rates) to $559 million mostly due to higher dialyzer and machine sales.

Operating Income

Operating income increased by 28% to $166 million primarily as a result of increases in treatment volume, revenue per treatment and volume of products sold. Operating income margin remained unchanged for the three-month period ended June 30, 2008 as compared to the same period in 2007. The effect of higher growth in dialysis care business through an increased number of de novo clinics, many of which are not yet operating at full capacity, was offset by economies of scale from growth in the product business.

Six months ended June 30, 2008 compared to six months ended June 30, 2007

Consolidated financials

Key Indicators for Consolidated Financial Statements

			Change in %	
	Six months ended June 30, 2008	Six months ended June 30, 2007	as reported	at constant exchange rates
Number of treatments	13.609.491	12.998.037	5%	
Same market treatment growth in %	4,1%	4,0%		
Revenue in $ million	5.177	4.725	10%	6%
Gross profit as a % of revenue	34,4%	34,3%		
Selling, general and administrative costs as a % of revenue	17,8%	17,7%		
Net income in $ million	397	339	17%	

We provided 13,609,491 treatments for the six-month period ending June 30, 2008, an increase of 5% over the same period in 2007. Same market treatment growth contributed 4% and growth from acquisitions contributed 1%.

At June 30, 2008, we owned, operated or managed (excluding those managed but not consolidated in the U.S.) 2,318 clinics compared to 2,209 clinics at June 30, 2007. During the six-month period ended June 30, 2008, we acquired 21 clinics, opened 70 clinics and combined or closed 11 clinics. The number of patients treated in clinics that we own, operate or manage (excluding those managed but not consolidated in the U.S.) increased by 4% to 179,340 for the six months ended June 30, 2008 from 171,687 for the same period in 2007. Including 32 clinics managed but not consolidated in the U.S., the total number of patients was 181,115.

Net revenue increased by 10% (6% at constant exchange rates) for the six months ended June 30, 2008 over the comparable period in 2007 due to growth in revenue in both dialysis care and dialysis products.

Dialysis care revenue grew by 6% to $3,769 million (4% at constant exchange rates) in the six-month period ended June 30, 2008 mainly due to growth in same market treatments (4%), acquisitions (1%) and exchange rate fluctuations (2%), partially offset by sold or closed clinics (1%).

Dialysis product revenue increased by 20% to $1,408 million (11% at constant exchange rates) in the same period as a result of increased sales of hemodialysis machines, dialyzers, concentrates, and peritoneal dialysis products and higher sales attributable to the phosphate binding drug, PhosLo®.

The increase in gross margin was driven primarily by North America gross profit improvement related to increased commercial payer revenue partially offset by reduced reimbursement rates for and decreased utilization of EPO, by higher personnel costs in North America, and by the growth of the International segment dialysis care business with lower margins.

Selling, general and administrative ("SG&A") costs increased to $922 million in the six month period ended June 30, 2008 from $838 million in the same period of 2007. SG&A costs as a percentage of sales increased to 17.8% in the first six months of 2008 from 17.7% in the same period of 2007. This increased percentage was driven by higher corporate expenses mainly relating to the operating expenses of Renal Solutions Inc., reported under corporate, and increased compensation expense for stock options. This was partially offset by economies of scale in the International Segment. Bad debt expense for the six months ended June 30, 2008 was $102 million as compared to $100 million for the same period in 2007, representing 2.0% of sales for the six-month period ending June 30, 2008 and 2.1% for the same period in 2007.

Research and development ("R&D") expenses increased to $40 million in the first six months of 2008 from $28 million in the same period of 2007 mainly as a result of the additional R&D programs related to field test of new products and home therapy projects.

Operating income increased to $818 million in the six-month period ended June 30, 2008 from $756 million in the same period of 2007. Operating income margin decreased to 15.8% for the six-month period ending June 30, 2008 from 16.0% for the same period in 2007 due to the increases in SG&A as a percentage of sales and R&D expenses partially offset by increased gross margins as discussed above.

Interest expense decreased 10% to $178 million for the six months ended June 30, 2008 from $197 million for the same period in 2007 mainly as a result of decreased interest rates and more favorable financing structure following repayment of a portion of our trust preferred securities.

Income tax expense increased to $243 million for the six-month period ended June 30, 2008 from $216 million for the six-month period ending June 30, 2007 due to increased earnings. The effective tax rate for the first six months of 2008 decreased to 37.2% as compared to 38.0% for the same period in 2007 mainly due to a German business tax reduction which became effective January 1, 2008.

Net income for the six months ended June 30, 2008 increased to $397 million from $339 million for the same period in 2007 mainly as a result of the effects of the items mentioned above.

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

North America Segment

Key Indicators for North America Segment

	Six months ended June 30, 2008	Six months ended June 30, 2007	Change in %
Number of treatments	9.392.170	9.077.341	3%
Same market treatment growth in %	2,8%	2,8%	
Revenue in $ million	3.382	3.297	3%
Depreciation and amortization in $ million	113	105	8%
Operating income in $ million	563	543	4%
Operating income margin in %	16,6%	16,5%	

Revenue

Treatments increased by 3% for the six months ended June 30, 2008 as compared to same period in 2007 mainly due to same market growth. At June 30, 2008, 123,784 patients (a 3% increase over the same period in the prior year) were being treated in the 1,647 clinics that we own or operate in the North America segment, compared to 120,270 patients treated in 1,581 clinics at June 30, 2007. Average North America revenue per treatment in the six-month period ended June 30, 2008 decreased to $322 from $324 in the six months ended June 30, 2007. In the U.S., the average revenue per treatment decreased to $326 for in the six-month period ended June 30, 2008 from $328 for the same period in 2007. The decline in the revenue rate per treatment is primarily due to reduced reimbursement rates for and decreased utilization of EPO, partially offset by increased commercial payer revenue.

Net revenue for the North America segment for the six-month period ended June 30, 2008 increased as a result of increases in dialysis care revenue by 2% to $3,028 million from $2,983 million in the same period of 2007 and in dialysis product revenue by 13% to $354 million from $314 million in the six-month period ended June 30, 2007.

The dialysis care revenue increase was driven by same market treatment growth of 3% and 1% resulting from acquisitions partially offset by sold or closed clinics and lost revenues from our perfusion business which was subsequently sold in the second quarter of 2007 (1%) and the effects of a decrease in revenue per treatment (1%). The administration of EPO represented approximately 20% and 23% of total North America dialysis care revenue for the six-month periods ended June 30, 2008 and 2007, respectively.

The product revenue increase was driven mostly by a higher sales volume of concentrate, dialyzers, peritoneal products, and machines as well as higher sales attributable to the phosphate binding drug, PhosLo®, as a result of higher volumes and increased pricing.

Operating Income

Operating income increased by 4% to $563 million for the six-month period ended June 30, 2008 from $543 million for the same period in 2007. Operating income margin increased to 16.6% for the first six months in 2008 as compared to 16.5% for same period in 2007 primarily due to increased margins from increased commercial payer revenue, a higher volume of products sold and a gain from the sale of a minority interest in the Company's clinics in the state of Arizona, partially offset by decreased revenue per treatment as a result of reduced reimbursement rates for and decreased utilization of EPO. Cost per treatment was $270 for the six-month periods ended June 30, 2008, and June 30, 2007.

International Segment

Key Indicators for International Segment

			Change in %	
	Six months ended June 30, 2008	Six months ended June 30, 2007	as reported	at constant exchange rates
Number of treatments	4.217.321	3.920.696	8%	
Same market treatment growth in %	7,5%	6,8%		
Revenue in $ million	1.795	1.428	26%	12%
Depreciation and amortization in $ million	83	65	28%	
Operating income in $ million	310	251	24%	
Operating income margin in %	17,3%	17,6%		

Revenue

Treatments increased by 8% in the six months ended June 30, 2008 over the same period in 2007 mainly due to same market growth (7%) and acquisitions (1%). At June 30, 2008, 55,556 patients (an 8% increase over the same period of the prior year) were being treated at 671 clinics that we own, operate or manage in the International segment compared to 51,417 patients treated at 628 clinics at June 30, 2007. Average revenue per treatment increased to $176 from $146 due to increased reimbursement rates and changes in country mix ($12) and the strengthening of local currencies against the U.S. dollar ($18).

The increase in net revenues for the International segment for the six-month period ended June 30, 2008 over the same period in 2007 resulted from increases in both dialysis care and dialysis product revenues. Organic growth during the period was 12% and exchange rate fluctuations contributed 14%.

Including the effects of acquisitions, European region revenue increased 27% (12% at constant exchange rates), Latin America region revenue increased 29% (16% at constant exchange rates), and Asia Pacific region revenue increased 16% (11% at constant exchange rates).

Total dialysis care revenue for the International segment increased during the first six months of 2008 by 29% (16% at constant exchange rates) to $741 million from $573 million in the same period in 2007. This increase is a result of same market treatment growth of 7% and a 1% increase in

contributions from acquisitions partially offset by sold or closed clinics (1%). An increase in revenue per treatment contributed 9% and exchange rate fluctuations contributed approximately 13%.

Total dialysis product revenue for the six-month period ended June 30, 2008 increased by 23% (10% at constant exchange rates) to $1,054 million mostly due to higher dialyzer and machine sales.

Operating Income

Operating income increased by 24% to $310 million primarily as a result of an increase in volume of products sold, treatment volume, and revenue per treatment. Operating income margin decreased to 17.3% for the six months ending June 30, 2008 from 17.6% for the same period in 2007 mainly due to higher growth in dialysis care business through an increased number of de novo clinics, many of which are not yet operating at full capacity, partially offset by a gain from the sale of the Company's minority interest in a facility in Italy.

Liquidity and Capital Resources

Six months ended June 30, 2008 compared to six months ended June 30, 2007

Liquidity

We require capital primarily to acquire and develop free-standing renal dialysis centers, to purchase equipment for existing or new renal dialysis centers and production sites, to finance working capital needs and to repay debt. At June 30, 2008, we had cash and cash equivalents of $190 million and our ratio of current assets to current liabilities was 1.3. Our working capital was $1,052 million which increased from $833 million at December 31, 2007. The increase was mainly the result of the increases in accounts receivables and inventory partially offset by increasing short-term debt.

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 and debt 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 73% 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 six-month ended June 30, 2008, approximately 35% of our consolidated revenues resulted from U.S. federal health care benefit programs, such as Medicare and Medicaid reimbursement. Legislative changes could affect Medicare reimbursement rates for all 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, 2008 and December 31, 2007, net of valuation allowances, represented approximately 77 and 73 days of net revenue, respectively. The increase in the North America segment is mainly due to Medicare's implementation of a new patient numbering system. The increase for the International segment mainly reflects payment delays by government entities.

The development of days sales outstanding ("DSO") by operating segment is shown in the table below:

Development of Days Sales Outstanding

	June 30, 2008	December 31, 2007
North America	61	58
International	107	104
Total	77	73

Cash from short-term borrowings is generated by selling interests of up to $650 million in our accounts receivables ("A/R Facility") and by borrowing from our parent, Fresenius SE. On June 30, 2008, we received an advance of $179.2 million (€113.7 million) under our current loan agreement with Fresenius SE at 5.1% interest per annum due on July 31, 2008.

Long-term financing is provided by the revolving portion and the term loans under our 2006 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 notes ("Senior Notes"), our euro-denominated notes ("Euro Notes") and our 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.

We issued a €90 million multi-currency term loan facility as part of our December 2006 credit agreement with the EIB. This facility was fully drawn down on February 1, 2008, denominated in Euro ($191 million at June 30, 2008), at an initial interest rate of 4.35%. The interest rate is variable and resets every three-month period. The term loan matures on February 1, 2014, with interest payments due every three-month period.

On February 1, 2008, we redeemed the trust preferred securities that became due on that date, which had been issued in 1998 by Fresenius Medical Care Capital Trust II and III in the amount of $450 million and $228.4 million, respectively, primarily with funds obtained under our accounts receivable facility and existing long-term credit facilities.

Our 2006 Senior Credit Agreement, EIB agreements, Euro Notes, and the indentures relating to our Senior Notes and our trust preferred securities include covenants that require us to maintain certain financial ratios or meet other financial tests. Under our 2006 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 2006 Senior Credit Agreement) and a maximum consolidated leverage ratio (ratio of consolidated funded debt to consolidated EBITDA as these terms are defined in the 2006 Senior Credit Agreement). Other covenants in one or more of each of these agreements restrict or have the effect of restricting our ability to dispose of assets, incur debt, pay dividends and make other restricted payments, create liens or engage in sale-lease backs. On January 31, 2008, our 2006 Senior Credit Agreement was amended to increase certain types of permitted borrowings and to remove all limitations on capital expenditures.

The breach of any of the covenants could result in a default under the 2006 Senior Credit Agreement, the EIB agreements, the Euro Notes, the Senior 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 the event of default, the outstanding balance under the Senior Credit Agreement becomes due at the option of the lenders under that agreement. As of June 30, 2008,

we are in compliance with all financial covenants under the 2006 Senior Credit Agreement and our other financing agreements.

W.R. Grace & Co. and certain of its subsidiaries filed for reorganization under Chapter 11 of the U.S. Bankruptcy Code (the "Grace Chapter 11 Proceedings") on April 2, 2001. The settlement agreement with the asbestos creditors committees on behalf of the W.R. Grace & Co. bankruptcy estate (see Note 8 of the Notes to Consolidated Financial Statements 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.

In conjunction with a disputed tax assessment in Germany related to the tax audit for 1997, we have filed a complaint with the respective German court (Finanzgericht).

During the third quarter 2006, the German tax authorities substantially finalized their tax audit for tax years 1998-2001 and issued an audit report in the second quarter 2008. The Company recognized and recorded certain expenses as a result of the audit at the time of its completion in 2006. The audit report confirms the audit findings and no further adjustments appear necessary pending the issuance of the final tax assessments.

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 HHS Office of the Inspector General ("OIG") 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 U.S. Federal courts of the tax and interest payment associated with such disallowance. On May 28, 2008, we entered into a settlement agreement with the IRS to resolve our appeal of the IRS's disallowance of deductions for the civil settlement payments made to qui tam relators in connection with the resolution of the 2000 investigation. The settlement agreement, which provides for a refund to FMCH of approximately $24 million plus interest, is subject to approval by the U.S. Congress Joint Committee on Taxation. The settlement agreement preserves our right to continue to pursue claims for refund of all other disallowed deductions.

The IRS tax audit for the years 2002 through 2004 has recently been completed. Except for the disallowance of all deductions taken during the period for remuneration related to intercompany mandatorily redeemable preferred shares, the proposed adjustments are routine in nature and have been recognized in the financial statements. The Company has protested the disallowed deductions and some routine adjustments and will avail itself of all remedies. An adverse determination in this litigation could have 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 2008, a dividend with respect to 2007 of €0.54 per ordinary share (2006: €0.47) and €0.56 per preference share (2006: €0.49) was approved by our shareholders at the Annual General Meeting ("AGM") and paid. The total dividend payment was approximately $252 million (€160 million). We paid $188 million (€139 million) in 2007 for dividends with respect to 2006. Our 2006 Senior Credit Agreement limits disbursements for dividends and other payments for the acquisition of our equity securities (and rights to acquire them, such as options or warrants) during 2009 to $280 million.

Analysis of Cash Flow

Operations

We generated cash from operating activities of $401 million in the first six months of 2008 and $508 million in the comparable period of 2007, a decrease of approximately 21% from the prior year. The decrease in cash flows was primarily due to an increase in DSO in the six-month period ended June 30, 2008 as compared to the same period of 2007 and increases in inventories in 2008 partially offset by increased earnings in the first half of 2008 as compared to the same period in 2007. Cash flows were used for investing (capital expenditures and acquisitions).

Investing

Net cash used in investing activities was $424 million in the first six months of 2008 compared to $327 million in the same period of 2007. In the period ended June 30, 2008, we paid approximately $133 million cash ($66 million in the North America segment, $22 million in the International segment and $45 million in Corporate) for acquisitions consisting primarily of dialysis clinics and licenses. We also received $41 million in conjunction with divestitures. In the same period in 2007, we paid $117 million cash for acquisitions, ($66 million in the North American segment and $51 million for the International segment) consisting primarily of dialysis clinics.

Capital expenditures for property, plant and equipment, net of disposals, were $332 million in the six-month period ended June 30, 2008 and $237 million in the same period of 2007. In the first six months of 2008, capital expenditures were $205 million in the North America segment, and $127 million for the International segment. In the same period of 2007, capital expenditures were $147 million in the North America segment and $90 million for the International segment. The majority of our capital expenditures was used for maintaining existing clinics and equipping new clinics, mainly in the North America segment, maintenance and expansion of production facilities, primarily in Germany and North America, and capitalization of machines provided to our customers, primarily in the International segment. Capital expenditures were approximately 6% of total revenue.

Financing

Net cash used in financing was $38 million for the first six months of 2008 compared to cash used in financing of $139 million for the first half of 2007. In the six-month period ended June 30, 2008, cash used was mainly for redemption of trust preferred securities and the payment of dividends partially offset by proceeds from an our A/R Facility and other existing long-term credit facilities. In the six-month period ended June 30, 2007, cash was mainly used to pay down debt and for payment of dividends partially offset by proceeds from our A/R Facility. Cash on hand was $190 million at June 30, 2008 compared to $207 million at June 30, 2007.

Debt covenant disclosure — EBITDA

EBITDA (earnings before interest, taxes, depreciation and amortization) was approximately $1,017 million, 19.6% of revenues for the six-month period ended June 30, 2008, and $926 million, 19.6% of revenues for the same period of 2007. EBITDA is the basis for determining compliance with certain covenants contained in our 2006 Senior Credit Agreement, Euro Notes, EIB, and the indentures relating to our Senior Notes and our outstanding trust preferred securities. You should not consider EBITDA to be an alternative to net earnings determined in accordance with U.S. GAAP or to cash flow from operations, investing activities or financing activities. In addition, not all funds depicted by EBITDA are available for management's discretionary use. For example, a substantial portion of such funds are subject to contractual restrictions and functional requirements for debt service, to fund necessary capital expenditures and to meet other commitments from time to time as described in more detail elsewhere in this report. 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:

	For the six months ended June 30,	
	2008	2007
	$ in thousands	
Total EBITDA	1.016.580	926.232
Interest expense (net of interest income)	(164.960)	(186.486)
Income tax expense, net	(243.087)	(216.347)
Change in deferred taxes, net	48.367	8.060
Changes in operating assets and liabilities	(265.185)	(44.382)
Stock compensation expense	14.152	10.191
Other items, net	(4.539)	10.463
Net cash provided by operating activities	401.328	507.731

Balance Sheet Structure

Total assets as of June 30, 2008 increased to $14.9 billion compared to $14.2 billion at year-end 2007. Current assets as a percent of total assets increased to 28% at June 30, 2008, from 27% at December 31, 2007, as a result of increased trade accounts receivable and inventory. The equity ratio, the ratio of our equity divided by total liabilities and shareholders’ equity, remained at 39%, the same as year-end 2007.

Outlook

The Company confirms its outlook for the full year 2008 and expects to achieve revenue of more than $10.4 billion. This represents an increase of more than 7% over 2007. Net income is projected to be in the range of $805 million to $825 million in 2008. In addition, the Company expects to spend $650-$750 million on capital expenditures and $150 - $250 million on acquisitions in 2008. The debt/EBITDA ratio is projected to decrease to below 2.8 by the end of 2008. For 2010, the Company continues to expect revenue of more than $11.5 billion. Earnings after tax are projected to grow at a percentage rate in the low- to mid-teens per year.

Below is a table showing our growth outlook for 2008:

	2008
	($ in millions except debt/Ebita Ratio)
Net Revenues	> $10,400
Net Income	$805 - $825
Debt/EBITDA	< 2.8
Capital Expenditures	~$650 - $750
Acquisitions	~ $150 - $250

Recently Issued Accounting Standards

In March 2008, the Financial Accounting Standards Board ("FASB") issued Statement of Financial Accounting Standards No. 161 *Disclosures about Derivative Instruments and Hedging Activities an amendment of FASB Statement No. 133* ("FAS 161"). This Statement changes the disclosure requirements for derivative instruments and hedging activities. Entities are required to provide enhanced disclosures about (a) how and why an entity uses derivative instruments, (b) how derivative instruments and related hedged items are accounted for under Statement 133 and its related interpretations, and (c) how derivative instruments and related hedged items affect an entity's financial position, financial performance, and cash flows. The Company is currently evaluating the impact of this standard on its Consolidated Financial Statements. The requirements of this Statement are effective for financial statements issued for fiscal years and interim periods beginning after November 15, 2008, with early application encouraged. This Statement encourages, but does not require, comparative disclosures for earlier periods at initial adoption.

In December 2007, the FASB issued Statement of Financial Accounting Standards No. 160, *Noncontrolling Interests in Consolidated Financial Statements – an amendment of ARB No. 51* ("FAS 160"), which establishes a framework for reporting of noncontrolling or minority interests, the portion of equity in a subsidiary not attributable, directly or indirectly, to a parent. FAS 160 is effective for financial statements issued for fiscal years beginning on or after December 15, 2008. Earlier adoption is prohibited. The Company is currently evaluating the impact of this standard on its Consolidated Financial Statements.

In December 2007, the FASB issued Statement of Financial Accounting Standards No. 141 (revised), *Business Combinations*("FAS141(R)"). FAS141(R) replaces FASB Statement No. 141, *Business Combinations*("FAS141") and retains the fundamental requirements in FAS141 that the acquisition method of accounting (which FAS141 called the purchase method) be used for all business combinations and for an acquirer to be identified for each business combination. This Statement defines the acquirer as the entity that obtains control of one or more businesses in the business combination and establishes the acquisition date as the date that the acquirer achieves control.

In general, the main points of this Statement are that the assets acquired, liabilities assumed and non-controlling interests in the acquiree are stated at fair value as of the date of acquisition, that assets acquired and liabilities assumed arising from contractual contingencies are recognized as of the acquisition date, measured at their acquisition-date fair values and that contingent consideration is recognized at the acquisition date, measured at its fair value at that date.

FAS141(R) applies prospectively to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after December 15, 2008. An

entity may not apply it before that date. The Company is currently evaluating the impact of this standard on its Consolidated Financial Statements.

Financial Statement

Financial Statements
Consolidated Statements of Income
(unaudited)
(in thousands, except share data)

	For the three months ended June 30,		For the six months ended June 30,	
	2008	**2007**	**2008**	**2007**
Net revenue:				
Dialysis Care	$ 1.924.259	$ 1.795.544	$ 3.768.546	$ 3.555.898
Dialysis Products	741.037	608.669	1.408.474	1.168.986
	2.665.296	2.404.213	5.177.020	4.724.884
Costs of revenue:				
Dialysis Care	1.387.444	1.270.916	2.722.596	2.532.256
Dialysis Products	353.966	295.910	675.239	570.890
	1.741.410	1.566.826	3.397.835	3.103.146
Gross profit	923.886	837.387	1.779.185	1.621.738
Operating expenses:				
Selling, general and administrative	474.187	431.772	921.697	838.091
Research and development	20.654	14.565	39.772	27.907
Operating income	429.045	391.050	817.716	755.740
Other (income) expense:				
Interest income	(7.419)	(6.761)	(12.799)	(10.343)
Interest expense	89.561	98.336	177.759	196.829
Income before income taxes and minority interest	346.903	299.475	652.756	569.254
Income tax expense	128.990	113.781	243.087	216.347
Minority interest	6.825	7.014	12.708	13.949
Net income	$ 211.088	$ 178.680	$ 396.961	$ 338.958
Basic income per ordinary share	$ 0,71	$ 0,60	$ 1,34	$ 1,15
Fully diluted income per ordinary share	$ 0,71	$ 0,60	$ 1,33	$ 1,14

See accompanying notes to unaudited consolidated financial statements

Consolidated Balance Sheets
At June 30, 2008 and December 31, 2007
(in thousands, except share data)

	June 30, 2008 (unaudited)	December 31, 2007 (audited)
Assets		
Current assets:		
Cash and cash equivalents	$ 189.810	$ 244.690
Trade accounts receivable, less allowance for doubtful accounts of $ 263,839 in 2008 and $247,800 in 2007	2.248.312	2.026.865
Accounts receivable from related parties	110.623	99.626
Inventories	765.534	636.234
Prepaid expenses and other current assets	519.977	495.630
Deferred taxes	361.699	356.427
Total current assets	4.195.955	3.859.472
Property, plant and equipment, net	2.260.830	2.053.793
Intangible assets	748.236	689.956
Goodwill	7.347.540	7.245.589
Deferred taxes	112.274	83.615
Other assets	247.103	237.840
Total assets	$ 14.911.938	$ 14.170.265
Liabilities and shareholders' equity		
Current liabilities:		
Accounts payable	$ 363.906	$ 329.919
Accounts payable to related parties	220.054	201.049
Accrued expenses and other current liabilities	1.348.490	1.352.013
Short-term borrowings	734.082	217.497
Short-term borrowings from related parties	180.705	2.287
Current portion of long-term debt and capital lease obligations	151.185	84.816
Company-obligated mandatorily redeemable preferred securities of subsidiary Fresenius Medical Care Capital Trusts holding solely Company-guaranteed debentures of subsidiaries - current portion	-	669.787
Income tax payable	115.549	146.536
Deferred taxes	29.698	22.589
Total current liabilities	3.143.669	3.026.493
Long-term debt and capital lease obligations, less current portion	4.183.244	4.004.013
Other liabilities	213.353	193.604
Pension liabilities	128.475	111.352
Income tax payable	144.077	111.280
Deferred taxes	436.668	378.497
Company-obligated mandatorily redeemable preferred securities of subsidiary Fresenius Medical Care Capital Trusts holding solely Company-guaranteed debentures of subsidiaries	695.590	663.995
Minority interest	139.838	105.814
Total liabilities	9.084.914	8.595.048
Shareholders' equity:		
Preference shares, no par value, €1.00 nominal value, 12,356,880 shares authorized, 3,799,373 issued and outstanding	4.223	4.191
Ordinary shares, no par value, €1.00 nominal value, 373,436,220 shares authorized, 293,020,421 issued and outstanding	361.740	361.384
Additional paid-in capital	3.245.087	3.221.644
Retained earnings	2.031.686	1.887.120
Accumulated other comprehensive income	184.288	100.878
Total shareholders' equity	5.827.024	5.575.217
Total liabilities and shareholders' equity	$ 14.911.938	$ 14.170.265

See accompanying notes to unaudited consolidated financial statements

Consolidated Statements of Cash Flows
For the six months ended June 30, 2008 and 2007
(in thousands)

	For the six months ended June 30,	
	2008	2007
Operating Activities:		
Net income	$ 396.961	$ 338.958
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	198.864	170.492
Change in minority interest	21.324	23.326
Change in deferred taxes, net	48.367	8.060
(Gain) Loss on sale of fixed assets and investments	(13.155)	1.086
Compensation expense related to stock options	14.152	10.191
Changes in assets and liabilities, net of amounts from businesses acquired:		
Trade accounts receivable, net	(161.241)	(40.657)
Inventories	(104.096)	(50.363)
Prepaid expenses, other current and non-current assets	13.839	(62.542)
Accounts receivable from / payable to related parties	(8.537)	(6.406)
Accounts payable, accrued expenses and other current and non-current liabilities	7.858	79.174
Income tax payable	(13.008)	36.412
Net cash provided by operating activities	401.328	507.731
Investing Activities:		
Purchases of property, plant and equipment	(343.504)	(248.799)
Proceeds from sale of property, plant and equipment	10.824	11.600
Acquisitions and investments, net of cash acquired, and net purchases of intangible assets	(132.453)	(116.948)
Proceeds from divestitures	41.276	27.450
Net cash used in investing activities	(423.857)	(326.697)
Financing Activities:		
Proceeds from short-term borrowings	70.617	31.602
Repayments of short-term borrowings	(69.894)	(44.528)
Proceeds from short-term borrowings from related parties	208.663	25.258
Repayments of short-term borrowings from related parties	(35.440)	(1.604)
Proceeds from long-term debt and capital lease obligations	252.248	190.162
Repayments of long-term debt and capital lease obligations	(41.194)	(288.912)
Redemption of trust preferred securities	(678.379)	-
Increase of accounts receivable securitization program	514.000	140.000
Proceeds from exercise of stock options	9.939	7.736
Dividends paid	(252.395)	(188.407)
Distributions to minority interest	(15.814)	(10.573)
Net cash (used in) financing activities	(37.649)	(139.266)
Effect of exchange rate changes on cash and cash equivalents	5.298	6.248
Cash and Cash Equivalents:		
Net (decrease) increase in cash and cash equivalents	(54.880)	48.016
Cash and cash equivalents at beginning of period	244.690	159.010
Cash and cash equivalents at end of period	$ 189.810	$ 207.026

See accompanying notes to unaudited consolidated financial statements

Consolidated Statement of Shareholders' Equity
For the six months ended June 30, 2008 (unaudited) and year ended December 31, 2007 (audited)
(in thousands, except share data)

Consolidated Statement of Shareholders` Equity
For the six months ended June 30, 2008 (unaudited) and year ended December 31, 2007 (audited)
(in thousands, except share data)

	Preference Shares		Ordinary Shares				Accumulated other comprehensive income (loss)			
	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	Total
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	66.652	93	1.336.910	1.857	43.880	-	-	-	-	45.830
Compensation expense related to stock options	-	-	-	-	24.208	-	-	-	-	24.208
Dividends paid	-	-	-	-	-	(188.407)	-	-	-	(188.407)
Comprehensive income (loss)										
Net income	-	-	-	-	-	717.130	-	-	-	717.130
Other comprehensive income (loss) related to:										
Cash flow hedges, net of related tax effects	-	-	-	-	-	-	-	(54.053)	-	(54.053)
Foreign currency translation	-	-	-	-	-	-	137.048	-	-	137.048
Adjustments relating to pension obligations, net of related tax effects	-	-	-	-	-	-	-	-	23.299	23.299
Comprehensive income	-	-	-	-	-	-	-	-	-	823.424
Balance at December 31, 2007	3.778.087	$ 4.191	$ 292.786.583	$ 361.384	$ $ 3.221.644	$ 1.887.120	$ 145.357	$ (16.866)	$ (27.613)	$ 5.575.217
Proceeds from exercise of options and related tax effects	21.286	32	233.838	356	9.291	-	-	-	-	9.679
Compensation expense related to stock options	-	-	-	-	14.152	-	-	-	-	14.152
Dividends paid						(252.395)				(252.395)
Comprehensive income (loss)										
Net income	-	-	-	-	-	396.961	-		-	396.961
Other comprehensive income (loss) related to:										
Cash flow hedges, net of related tax effects	-	-	-	-	-	-	-	(6.168)	-	(6.168)
Foreign currency translation	-	-	-	-	-	-	89.101			89.101
Adjustments relating to pension obligations, net of related tax effects	-	-	-	-	-	-	-	-	477	477
Comprehensive income	-	-	-	-	-	-	-	-		480.371
Balance at June 30, 2008	3.799.373	$ 4.223	$ 293.020.421	$ 361.740	$ $ 3.245.087	$ 2.031.686	$ 234.458	$ (23.034)	$ (27.136)	$ 5.827.024

See accompanying notes to unaudited consolidated financial statements

1. The Company and Basis of Presentation

The Company

Fresenius Medical Care AG & Co. KGaA ("FMC-AG & Co. KGaA," the "Company," "we," "us" or "our" and together with its subsidiaries on a consolidated basis, as the context requires), a German partnership limited by shares (*Kommanditgesellschaft auf Aktien*), is the world's largest kidney dialysis company, operating in both the field of dialysis services and the field of dialysis products for the treatment of end-stage renal disease ("ESRD"). The Company's dialysis business is vertically integrated, providing dialysis treatment at dialysis clinics it owns or operates and supplying these clinics with a broad range of products. In addition, the Company sells dialysis products to other dialysis care 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, 2008 and for the three- and six-month periods ended June 30, 2008 and 2007 contained in this report are unaudited and should be read in conjunction with the consolidated financial statements contained in the Company's 2007 Annual Report on Form 20-F. 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, 2008 are not necessarily indicative of the results of operations for the year ending December 31, 2008.

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.

All share and per share amounts have been adjusted to reflect the three-for-one stock split for both ordinary and preference shares which became effective upon registration in the German commercial register on June 15, 2007.

2. Related Party Transactions

The Company is party to various agreements with its parent, Fresenius SE, the sole stockholder of the Company's General Partner, Fresenius Medical Care Management AG ("Management AG"), under which certain services are exchanged between the parties, certain products are sold and certain management services are provided by Management AG. Items a) and b) below summarize the results of activities related to those agreements during the first half of 2008 as compared to the same period in 2007. To the extent required under the terms of the 2006 Pooling Agreement, the terms of these agreements have been reviewed and approved by the independent members of the Company's supervisory board. In addition, the Company and Fresenius SE are also party to a loan agreement whereby Fresenius SE provides short term financing to the Company. Item c) below describes those activities during the three- and six-month periods ending June 30, 2008 and 2007

(in thousands, except share and per share date)

a) Service Agreements

For the six-month periods ended June 30, 2008 and 2007, amounts charged by Fresenius SE to the Company for services provided to the Company are $29,479 and $22,336, respectively. The Company charged $5,308 and $4,963 for services rendered to Fresenius SE for the six-month periods ended June 30, 2008 and 2007, respectively. Under operating lease agreements for real estate entered into with Fresenius SE, the Company paid Fresenius SE $10,895 and $9,298 for the six-month periods ended June 30, 2008, and 2007, respectively.

The Company's Articles of Association provide that Management AG shall be reimbursed for any and all expenses in connection with management of the Company's business, including remuneration of the members of the General Partner's supervisory board and the General Partner's management board. The aggregate amount reimbursed to Management AG for the six-month periods ended June 30, 2008 and 2007, respectively, was $4,897 and $4,136 for its management services during those periods.

b) Products

During the six-month periods ended June 30, 2008 and 2007, the Company sold products to Fresenius SE for $20,737 and $17,769, respectively. During the six-month periods ended June 30, 2008, and 2007, the Company made purchases from Fresenius SE in the amount of $22,319 and $26,362, respectively.

c) Financing Provided by Fresenius SE

The Company receives short-term financing from Fresenius SE. There was $180,705 outstanding at June 30, 2008 of which $179,237 (€113,700) is due on July 31, 2008 at 5.1% interest per annum.

3. Inventories

As of June 30, 2008 and December 31, 2007, inventories consisted of the following:

	June 30, 2008	December 31, 2007
Raw materials and purchased components	$ 158,765	$ 136,013
Work in process	62,386	51,829
Finished goods	443,126	350,478
Health care supplies	101,257	97,914
Inventories	$ 765,534	$ 636,234

(in thousands, except share and per share date)

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

As of June 30, 2008 and December 31, 2007, short-term borrowings and short-term borrowings from related parties consisted of the following:

	June 30, 2008	December 31, 2007
Borrowings under lines of credit	$ 135,082	$ 132,497
Accounts receivable facility	599,000	85,000
Short-term borrowings	734,082	217,497
Short-term borrowings from related parties	180,705	2,287
Short-term borrowings including related parties	$ 914,787	$ 219,784

5. Long-term Debt and Capital Lease Obligations

As of June 30, 2008 and December 31, 2007, long-term debt and capital lease obligations consisted of the following:

	June 30, 2008	December 31, 2007
2006 Senior Credit Agreement	$ 3,247,350	$ 3,166,114
Senior Notes	492,013	491,569
Euro Notes	315,280	294,420
EIB Agreements	190,682	48,806
Capital lease obligations	14,255	14,027
Other	74,849	73,893
	4,334,429	4,088,829
Less current maturities	(151,185)	(84,816)
	$ 4,183,244	$ 4,004,013

(in thousands, except share and per share date)

The following table shows the available and outstanding amounts under the 2006 Senior Credit Agreement at June 30, 2008 and December 31, 2007:

	Maximum Amount Available		Balance Outstanding	
	June 30, 2008	December 31, 2007	June 30, 2008	December 31, 2007
Revolving Credit	$ 1,000,000	$ 1,000,000	$ 119,225	$ 37,989
Term Loan A	1,550,000	1,550,000	1,550,000	1,550,000
Term Loan B	1,578,125	1,578,125	1,578,125	1,578,125
	$ 4,128,125	$ 4,128,125	$ 3,247,350	$ 3,166,114

6. 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, 2008 and 2007:

Notes to Consolidated Financial Statements
(unaudited)
(in thousands, except share and per share date)

	For the three months ended June 30,		For the six months ended June 30,	
	2008	2007	2008	2007
Numerators:				
Net income	$ 211.088	$ 178.680	$ 396.961	$ 338.958
less:				
Dividend preference on preference shares	30	25	58	49
Income available to all classes of shares	$ 211.058	$ 178.655	$ 396.903	$ 338.909
Denominators:				
Weighted average number of:				
Ordinary shares outstanding	292.882.696	291.645.531	292.834.639	291.548.143
Preference shares outstanding	3.788.021	3.720.652	3.783.922	3.718.463
Total weighted average shares outstanding	296.670.717	295.366.183	296.618.561	295.266.606
Potentially dilutive ordinary shares	926.842	1.832.369	1.001.144	1.758.815
Potentially dilutive preference shares	100.106	150.747	100.448	152.187
Total weighted average ordinary shares outstanding assuming dilution	293.809.538	293.477.900	293.835.783	293.306.958
Total weighted average preference shares outstanding assuming dilution	3.888.127	3.871.399	3.884.370	3.870.650
Basic income per ordinary share	$ 0,71	$ 0,60	$ 1,34	$ 1,15
Plus preference per preference shares	0,01	0,01	0,01	0,01
Basic income per preference share	$ 0,72	$ 0,61	$ 1,35	$ 1,16
Fully diluted income per ordinary share	$ 0,71	$ 0,60	$ 1,33	$ 1,14
Plus preference per preference shares	0,01	0,01	0,02	0,01
Fully diluted income per preference share	$ 0,72	$ 0,61	$ 1,35	$ 1,15

(in thousands, except share and per share date)

7. Employee Benefit Plans

The Company currently has two principal pension plans, one for German employees, the other covering employees in the United States, which was curtailed in 2002. Plan benefits are generally based on years of service and final salary. Consistent with predominant practice in Germany, the Company's pension obligations in Germany are unfunded. Each year Fresenius Medical Care Holdings, Inc. ("FMCH"), a wholly-owned subsidiary of the Company and its principal North American subsidiary, contributes to the plan covering United States employees at least the minimum required by the Employee Retirement Income Security Act of 1974, as amended.

The following table provides the calculations of net periodic benefit cost for the three- and six-month periods ended June 30, 2008 and 2007.

	Three months ended June 30		Six months ended June 30	
	2008	2007	2008	2007
Components of net periodic benefit cost:				
Service cost	$ 2.180	$ 2.180	$ 4.292	$ 4.311
Interest cost	5.154	4.600	10.241	9.166
Expected return on plan assets	(4.236)	(4.090)	(8.475)	(8.180)
Amortization unrealized losses	400	1.273	801	2.546
Net periodic benefit cost	$ 3.498	$ 3.963	$ 6.859	$ 7.843

8. Commitments and Contingencies

Legal Proceedings

The Company is routinely involved in numerous claims, lawsuits, regulatory and tax audits, investigations and other legal matters arising, for the most part, in the ordinary course of its business of providing healthcare services and products. The outcome of litigation and other legal matters is always difficult to accurately predict and outcomes that are not consistent with the Company's view of the merits can occur. The Company believes that it has valid defenses to the legal matters pending against it and is defending itself vigorously. Nevertheless, it is possible that resolution of one or more of the legal matters currently pending or threatened could have a material adverse effect on its business, results of operations and financial condition.

Commercial Litigation

The Company was originally formed as a result of a series of transactions it completed pursuant to the Agreement and Plan of Reorganization dated as of February 4, 1996, by and between W.R. Grace & Co. and Fresenius SE (the "Merger"). At the time of the Merger, a W.R. Grace & Co. subsidiary known as W.R. Grace & Co.-Conn. had, and continues to have, significant liabilities arising out of product-liability related litigation (including asbestos-related actions), pre-Merger tax claims and other claims unrelated to National Medical Care, Inc. ("NMC"), which was W.R. Grace & Co.'s dialysis business prior to the Merger. In connection with the Merger, W.R. Grace & Co.-Conn. agreed to indemnify the Company, FMCH, and NMC against all liabilities of W.R. Grace & Co., whether relating to events occurring before or after the Merger, other than liabilities arising from or relating to NMC's operations. W.R. Grace & Co. and certain of its subsidiaries filed for reorganization under Chapter 11 of the U.S. Bankruptcy Code (the "Grace Chapter 11 Proceedings") on April 2, 2001.

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

In 2003, the Company reached agreement with the asbestos creditors' committees on behalf of the W.R. Grace & Co. bankruptcy estate and W.R. Grace & Co. in the matters pending in the Grace Chapter 11 Proceedings for the settlement of all fraudulent conveyance and tax claims against it and other claims related to the Company that arise out of the bankruptcy of W.R. Grace & Co. Under the terms of the settlement agreement as amended (the "Settlement Agreement"), fraudulent conveyance and other claims raised on behalf of asbestos claimants will be dismissed with prejudice and the Company will receive protection against existing and potential future W.R. Grace & Co. related claims, including fraudulent conveyance and asbestos claims, and indemnification against income tax claims related to the non-NMC members of the W.R. Grace & Co. consolidated tax group upon confirmation of a W.R. Grace & Co. bankruptcy reorganization plan that contains such provisions. Under the Settlement Agreement, the Company will pay a total of $115,000 without interest to the W.R. Grace & Co. bankruptcy estate, or as otherwise directed by the Court, upon plan confirmation. No admission of liability has been or will be made. The Settlement Agreement has been approved by the U.S. District Court. Subsequent to the Merger, W.R. Grace & Co. was involved in a multi-step transaction involving Sealed Air Corporation ("Sealed Air," formerly known as Grace Holding, Inc.). The Company is engaged in litigation with Sealed Air to confirm its entitlement to indemnification from Sealed Air for all losses and expenses incurred by the Company relating to pre-Merger tax liabilities and Merger-related claims. Under the Settlement Agreement, upon confirmation of a plan that satisfies the conditions of the Company's payment obligation, this litigation will be dismissed with prejudice.

In April 2008, W.R. Grace & Co. announced an agreement in principle with the asbestos creditors' and equity security holders' committees in the Grace Chapter 11 Proceedings to settle all present and future asbestos-related personal injury claims. The agreement in principle and W.R. Grace & Co.'s related bankruptcy reorganization plan are subject to conditions including resolution of claims of other creditors and Bankruptcy Court and District Court approvals.

On April 4, 2003, FMCH filed a suit in the U. S. District Court for the Northern District of California, styled Fresenius USA, Inc., et al., v. Baxter International Inc., et al., Case No. C 03-1431, seeking a declaratory judgment that FMCH does not infringe 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 the use of touch screen interfaces for hemodialysis machines. Baxter filed counterclaims against FMCH seeking more than $140,000 in monetary damages and injunctive relief, and alleging that FMCH willfully infringed on Baxter's patents. On July 17, 2006, a jury verdict was entered in favor of FMCH finding that all the asserted claims of the Baxter patents are invalid as obvious and/or anticipated in light of prior art. On February 13, 2007, the court granted Baxter's motion to set aside the jury's verdict in favor of FMCH and reinstated the patents and entered judgment of infringement. Following a retrial on damages, the court entered judgment on November 6, 2007 in favor of Baxter on a jury award of $14,300. On April 4, 2008, the court denied Baxter's motion for a new trial, established a royalty payable to Baxter of 10% of the sales price for continuing sales of FMCH's 2008K hemodialysis machines and 7% of the sales price of related disposables, parts and service beginning November 7, 2007, and enjoined sales of the 2008K machine effective January 1, 2009. We have appealed the court's rulings to the Court of Appeals for the Federal Circuit. We are confident that we will prevail on appeal and have made no provision in our financial statements for any potential liability in this matter. If we are unsuccessful on all appeals, including any appeal of the royalty, the royalties payable to Baxter on the machines and disposable supplies that are subject to the court's order are estimated to be in the range of $2 million to $4 million per month. In the interim period until our appeal is decided, we are funding a court-approved escrow account at the rate noted above. If we win the appeal, the escrowed funds will be returned to us with interest. We are pursuing design modifications to the 2008K machine that we expect will limit the scope of royalty payment exposure and permit the continued sale of the modified 2008K machine after the January 1, 2009 injunction effective date, irrespective of the outcome of our appeal.

Gambro Pty Limited and Gambro Lundia AB ("Gambro AB" and, together with Gambro Pty Limited, "the Gambro Group") commenced litigation against FMC AG & Co. KGaA's Australian subsidiary, Fresenius Medical Care Australia Pty Limited ("Fresenius Medical Care Australia") regarding infringement and damages with respect to a 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. In May 2008, the Gambro Group and Fresenius Medical Care Australia and FMC AG & Co. KGaA entered into a Deed of Settlement and Release pursuant to which Fresenius Medical Care made certain cash payments to the Gambro Group and pursuant to which the proceedings and all claims under the Gambro Patent, including any claims for relief for losses alleged to have been incurred after the expiry of the Gambro Patent, were resolved.

Two patent infringement actions have been pending in Germany between Gambro Industries ("Gambro") on the one side and D-GmbH and FMC AG & Co. KGaA on the other side (hereinafter collectively "Fresenius Medical Care"). Gambro herein alleged patent infringements concerning a patent on a device for the preparation of medical solutions by Fresenius Medical Care. The first case was dismissed as being unfounded. Such decision has already become final. In the second case, the District Court of Mannheim rendered a judgement on June 27, 2008 deciding in favor of Gambro and declaring that Fresenius Medical Care has infringed a patent claim. Accordingly, the court ordered Fresenius Medical Care to pay compensation (to be determined in a separate court proceeding) for alleged infringement and to stop offering the alleged patent infringing technology in its current form in Germany.

Such verdict could be enforced provisionally by way of security to be deposited by Gambro, however the Company has received no notice that Gambro has applied for provisional enforceability, as yet. D-GmbH brought an invalidity action in the Federal German Patent Court ("BPatG") against Gambro's patent. This case is currently pending with the Federal Court of Justice as the court of appeal. Fresenius Medical Care has also filed an appeal against the District Court's verdict. Irrespective of the outcome of the appeal, Fresenius Medical Care pursues to develop design modifications to the concerned devices that Fresenius Medical Care expects will enable it to provide an alternative technical solution. In view of the pending appeal against BPatG's verdict and Fresenius Medical Care's appeal against the District Court's verdict, Fresenius Medical Care continues to believe that the alleged patent infringing technology does not infringe any valid patent claims of Gambro. Therefore, the Company has made no provision in the financial statements for any potential liability in this matter.

Other Litigation and Potential Exposures

Renal Care Group, ("RCG") was named as a nominal defendant in a second amended complaint filed September 13, 2006 in the Chancery Court for the State of Tennessee Twentieth Judicial District at Nashville against former officers and directors of RCG which purports to constitute a class action and derivative action relating to alleged unlawful actions and breaches of fiduciary duty in connection with the Company's acquisition of RCG (the "RCG Acquisition") and in connection with alleged improper backdating and/or timing of stock option grants. The amended complaint was 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 Brukardt, 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 sought damages against former officers and directors and did not state a claim for money damages directly against RCG. On August 30, 2007, this suit was dismissed by the trial court without leave to amend. Plaintiff subsequently appealed and the matter remains pending in the appellate court of Tennessee.

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. The Company believes that it has fulfilled all requests for information made by government investigators in this matter, and that it has complied with applicable laws relating to PTH testing and use of vitamin D therapies.

FMCH and its subsidiaries, including RCG (prior to the RCG Acquisition), received a subpoena 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, and anemia management programs, RCG's supply company, pharmaceutical and other services that RCG provides to patients, RCG's relationships to pharmaceutical companies, and RCG's purchase of dialysis equipment from FMCH. The Office of 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 17, 2007, the U.S. Attorney's office filed a civil complaint against RCG and FMCH in its capacity as RCG's current corporate parent in United States District Court, Eastern District of Missouri.

The complaint seeks monetary damages and penalties with respect to issues arising out of the operation of RCG's Method II supply company through 2005, prior to the date of FMCH's acquisition of RCG.

The complaint is styled United States of America ex rel. Julie Williams et al. vs. Renal Care Group, Renal Care Group Supply Company and FMCH. 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.

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 required production of a broad range of documents relating to the RCG stock option program prior to the RCG Acquisition. The Company believes that is has fulfilled all requests for information made by government investigators in this matter, and that RCG complied with applicable laws relating to the issuance of stock options.

In August 2007, the Sheet Metal Workers National Pension Fund filed a complaint in the United States District Court for the Central District of California, Western Division (Los Angeles), alleging that Amgen, Inc., the Company and DaVita Inc., marketed Amgen's products, Epogen® and Aranesp®, to hemodialysis patients for uses not approved by the FDA and thereby caused a putative class of commercial insurers to pay for unnecessary prescriptions of these products. Although the court dismissed the original allegations against the Company, it granted plaintiff leave to amend and this litigation was subsequently consolidated with other cases against Epogen® and Aranesp® Off-Label Marketing and Sales Practices Multidistrict Litigation and assigned to the Central District of California. On July 2, 2008, a consolidated complaint was filed in the Multidistrict Litigation that renews allegations against the Company and DaVita, in addition to those against Amgen.

On November 27, 2007, the United States District Court for the Western District of Texas (El Paso) unsealed and permitted service of two complaints previously filed under seal by a qui tam relator, a former FMCH local clinic employee (Qui tam is a legal provision under the United States False Claims Act, which allows for private individuals to bring suit on behalf of the U.S. federal government, as far as such individuals believe to have knowledge of presumable fraud committed by third parties). The first complaint alleges that a nephrologist unlawfully employed in his practice an assistant to perform patient care tasks that the assistant was not licensed to perform and that Medicare billings by the nephrologist and FMCH therefore violated the False Claims Act. The second complaint alleges that FMCH unlawfully retaliated against the relator by discharging her from employment constructively. The United States Attorney for the Western District of Texas has declined to intervene and to prosecute on behalf of the United States. Counsel for the nephrologist has asserted that a criminal investigation of the relator's allegations is continuing and has moved the Court to stay all activity in the *qui tam* until the alleged criminal investigation has concluded. FMCH has received no other notice of the pendency of any criminal investigation related to this matter.

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

The Company, like other health care providers, conducts its operations under intense government regulation and scrutiny. It must comply with regulations which relate to or govern the safety and efficacy of medical products and supplies, the operation of manufacturing facilities, laboratories and dialysis clinics, and environmental and occupational health and safety. The Company must also

comply with the Anti-Kickback Statute, the False Claims Act, the Stark 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 interpretations or the manner in which it conducts its business. Enforcement has become a high priority for the federal government and some states. In addition, the provisions of the False Claims Act authorizing payment of a portion of any recovery to the party bringing the suit encourage private plaintiffs to commence "whistle blower" actions. 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 its business, financial condition, and the results of its operations. Any claims, regardless of their merit or eventual outcome, could have a material adverse effect on the Company's reputation and business.

Accrued Special Charge for Legal Matters

At December 31, 2001, the Company recorded a pre-tax special charge of $258,159 to reflect anticipated expenses associated with the defense and resolution of pre-Merger tax claims, Merger-related claims, and commercial insurer claims. The costs associated with the Settlement Agreement and settlements with insurers have been charged against this accrual. With the exception of the proposed $115,000 payment under the Settlement Agreement, 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.

9. Fair Value Measures

In September 2006, the Financial Accounting Standards Board ("FASB") issued 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 is effective for financial statements issued for fiscal years beginning after November 15, 2007, and interim periods within those fiscal years. FASB Staff Position No. 157-2 ("FSP 157-2") issued February 12, 2008 delayed application of this Statement for nonfinancial assets and nonfinancial liabilities, except for items that are recognized or disclosed at fair value in the consolidated financial statements on a recurring basis (at least annually), until fiscal years beginning after November 15, 2008, and interim periods within those fiscal years.

The Company adopted this standard, except for those sections affected by FSP 157-2, as of January 1, 2008.

In February 2007, 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:

- May be applied instrument by instrument, with a few exceptions, such as investments otherwise accounted for by the equity method;
- Is irrevocable (unless a new election date occurs); and
- 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. The Company has not opted to measure any eligible items at fair value at this time.

The Company holds interest rate swaps and foreign exchange forward contracts which are carried at fair value initially and on a recurring basis. The fair value of interest rate swaps is calculated by discounting the future cash flows on the basis of the market interest rates applicable for the remaining term of the contract as of the balance sheet date. To determine the fair value of foreign exchange forward contracts, the contracted forward rate is compared to the current forward rate for the remaining term of the contract as of the balance sheet date. The result is then discounted on the basis of the market interest rates prevailing at the balance sheet date for the respective currency.

Under FAS 157, the Company is required to take into account credit risks when measuring the fair value of derivative financial instruments. In accordance with these requirements, the credit risk is incorporated in the fair value estimation of interest rate derivatives that are liabilities. For foreign exchange forward derivatives that are liabilities, due to the relatively short length of the contracts, the Company did not take into account its credit risk in the fair value estimation. Counterparty credit-risk adjustment is negligible due to the high credit ratings of the counterparties and is therefore not factored into the valuation of derivatives that are assets.

The following table summarizes the valuation of our financial instruments in accordance with FAS 157 fair value hierarchy levels as of June 30, 2008.

	Fair Value Measurement at June 30, 2008 Using Significant Other Observable Inputs (Level 2)
Categories of Assets and Liabilities Measured at Fair Value on a Recurring Basis	
Assets	
Derivatives	$ 17,186
Liabilities	
Derivatives	$ 51,937

The carrying amounts in the table are included in other assets or other liabilities.

10. Business Segment Information

The Company has identified three business segments, North America, International, and Asia Pacific, which were determined based upon how the Company manages its businesses. All segments are primarily engaged in providing dialysis care services and manufacturing and distributing products and equipment for the treatment of ESRD. 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.

Notes to Consolidated Financial Statements
(unaudited)
(in thousands, except share and per share date)

Information pertaining to the Company's business segments for the three- and six-month periods ended June 30, 2008 and 2007 is set forth below:

	North America	International	Segment Total	Corporate	Total
Six months ended June 30, 2008					
Net revenue external customers	$ 3.382.111	$ 1.794.561	$ 5.176.672	$ 348	$ 5.177.020
Inter - segment revenue	-	39.340	39.340	(39.340)	-
Total net revenue	3.382.111	1.833.901	5.216.012	(38.992)	5.177.020
Depreciation and amortization	(112.959)	(82.991)	(195.950)	(2.914)	(198.864)
Operating Income	562.506	309.926	872.432	(54.716)	817.716
Segment assets	10.737.838	3.849.278	14.587.116	324.822	14.911.938
Capital expenditures and acquisitions (1)	273.082	157.578	430.660	45.297	475.957
Six months ended June 30, 2007					
Net revenue external customers	$ 3.297.018	$ 1.427.866	$ 4.724.884	$ -	$ 4.724.884
Inter - segment revenue	516	39.373	39.889	(39.889)	-
Total net revenue	3.297.534	1.467.239	4.764.773	(39.889)	4.724.884
Depreciation and amortization	(104.697)	(64.787)	(169.484)	(1.008)	(170.492)
Operating Income	543.264	250.597	793.861	(38.121)	755.740
Segment assets	10.412.443	3.018.518	13.430.961	119.411	13.550.372
Capital expenditures and acquisitions (2)	219.909	145.692	365.601	146	365.747
Three months ended June 30, 2008					
Net revenue external customers	$ 1.714.570	$ 950.566	$ 2.665.136	$ 160	$ 2.665.296
Inter - segment revenue	-	19.900	19.900	(19.900)	-
Total net revenue	1.714.570	970.466	2.685.036	(19.740)	2.665.296
Depreciation and amortization	(57.512)	(42.835)	(100.347)	(1.891)	(102.238)
Operating income	289.854	166.681	456.535	(27.490)	429.045
Capital expenditures and acquisitions	107.120	92.780	199.900	45.156	245.056
Three months ended June 30, 2007					
Net revenue external customers	$ 1.660.445	$ 743.768	$ 2.404.213	$ -	$ 2.404.213
Inter - segment revenue	86	18.835	18.921	(18.921)	-
Total net revenue	1.660.531	762.603	2.423.134	(18.921)	2.404.213
Depreciation and amortization	(51.651)	(33.420)	(85.071)	(510)	(85.581)
Operating income	284.815	130.019	414.834	(23.784)	391.050
Capital expenditures and acquisitions	97.880	61.297	159.177	103	159.280

(1) International acquisitions exclude $ 2,227 of non-cash acquisitions for 2008.
(2) International acquisitions exclude $ 5,316 of non-cash acquisitions for 2007.

11. Supplementary Cash Flow Information

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

	Six months ended June 30,	
	2008	**2007**
Supplementary cash flow information:		
Cash paid for interest	$ 180,311	$ 206,731
Cash paid for income taxes	$ 181,579	$ 166,893
Cash inflow for income taxes from stock option exercises	$ 1,550	$ 1,416
Supplemental disclosures of cash flow information:		
Details for acquisitions:		
Assets acquired	$ (88,206)	$ (187,083)
Liabilities assumed	5,687	44,050
Minorities	(3,194)	12,228
Notes assumed in connection with acquisition	2,227	5,316
Cash paid	(83,486)	(125,489)
Less cash acquired	556	11,569
Net cash paid for acquisitions	$ (82,930)	$ (113,920)

Events occurring after the balance sheet date

In July 2008, Fresenius Medical Care entered into two separate and independent license and distribution agreements, one for the USA and one for certain countries in Europe and the Middle East, to market and distribute Galenica's intravenous Iron products, such as Venofer® and Ferinject® for dialysis treatment. In North America, the license agreement among FMCH, Luitpold Pharmaceuticals Inc, and Vifor (International), Inc. provides FMCH with exclusive rights to manufacture and distribute Venofer® to freestanding (non-hospital based) US dialysis facilities. In addition, it grants FMCH similar rights for Injectafer® (ferric carboxymaltose), a proposed new IV iron medication currently under clinical study in the US. The US license agreement has a term of ten years, includes a FMCH extension option, and requires payment by FMCH over the ten year term of aggregate royalties of approximately $2 billion, subject to certain early termination provisions. The US transaction is subject to customary closing conditions including expiration of the applicable waiting period under the Hart-Scott-Rodino Antitrust Improvements Act. The closing of the transaction is anticipated in 2008.

No further significant activities have taken place since the balance sheet date March 31, 2008, 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 14, 2007 and made this available to the shareholders at all times.

Responsibiltiy Statement

"To the best of our knowledge, and in accordance with the applicable reporting principles, the consolidated financial statement give a true an fair view of the assests, liabilities, financial position and profit of loss of the Group, and the Group management report includes a fair review of the development and performance of the business and the position of the Group, together with a description of the principal opportunities and risks associated with the expected development of the group."

August 29, 2008

Fresenius Medical Care AG & Co. KGaA

Vertreten durch die persönlich haftende Gesellschafterin

Fresenius Medical Care Management AG

Der Vorstand

Dr. Ben Lipps Roberto Fusté Dr. Emanuele Gatti

Rice Powell Lawrence A. Rosen Dr. Rainer Runte

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Contact and Calendar

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Calendar 2008

Report on Nine Months 2008	November 4, 2008

Please notice that these dates might be subject to change.