FRESENIUS

Quarterly Financial Report of Fresenius Group

applying United States Generally Accepted Accounting Principles

(U.S. GAAP)

1st Quarter 2014

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FRESENIUS GROUP FIGURES AT A GLANCE

Fresenius is a global health care group providing products and services for dialysis, hospitals, and outpatient medical care. In addition, Fresenius focuses on hospital operations. We also manage projects and provide services for hospitals and other health care facilities. In 2013, Group sales were €20.3 billion. As of March 31, 2014, more than 200,000 employees have dedicated themselves to the service of health in about 100 countries worldwide.

SALES, EARNINGS, AND CASH FLOW

€ in millions	Q1/2014	Q1/2013	Change
Sales	**5,212**	4,890	7%
EBIT [1]	**643**	696	-8%
Net income [2]	**228**	224	2%
Earnings per share in € [2]	**1.27**	1.26	1%
Operating cash flow	**140**	444	-68%

BALANCE SHEET AND INVESTMENTS

€ in millions	March 31, 2014	Dec. 31, 2013	Change
Total assets	**34,284**	32,758	5%
Non-current assets	**25,628**	24,786	3%
Equity [3]	**13,619**	13,260	3%
Net debt	**12,940**	11,940	8%
Investments [4]	**1,158**	258	--

RATIOS

€ in millions	Q1/2014	Q1/2013
EBITDA margin [1]	**16.6%**	18.4%
EBIT margin [1]	**12.3%**	14.2%
Depreciation and amortization in % of sales	**4.3**	4.1
Operating cash flow in % of sales	**2.7**	9.1
Equity ratio (March 31/December 31)	**39.7%**	40.5%
Net debt/EBITDA (March 31/December 31) [5]	**3.2**	2.5

[1] 2014 before Fenwal integration costs (€1 million) and book gain from the divestment of two HELIOS hospitals (€22 million); 2013 before Fenwal integration costs (€7 million)
[2] Net income attributable to shareholders of Fresenius SE & Co. KGaA; 2014 before Fenwal integration costs (€1 million) and book gain from the divestment of two HELIOS hospitals (€21 million); including these effects, net income attributable to shareholders of Fresenius SE & Co. KGaA increased by 13% (+14% in constant currency) to €248 million. 2013 before Fenwal integration costs (€5 million)
[3] Equity including noncontrolling interest
[4] Investments in property, plant and equipment, and intangible assets, acquisitions (Q1)
[5] 2014 pro forma including acquired hospitals from Rhön-Klinikum AG; before Fenwal integration costs and book gain from the divestment of two HELIOS hospitals; 2013 pro forma excluding advances made for the acquisition of hospitals from Rhön-Klinikum AG; before Fenwal integration costs

INFORMATION BY BUSINESS SEGMENT

FRESENIUS MEDICAL CARE – Dialysis products, Dialysis services

US$ in millions	Q1/2014	Q1/2013	Change
Sales	3,564	3,464	3%
EBIT	445	493	-10%
Net income[1]	205	225	-9%
Operating cash flow	112	315	-64%
Investments/Acquisitions	401	223	79%
R & D expenses	30	30	-1%
Employees, per capita on balance sheet date (March 31/December 31)	96,573	95,637	1%

FRESENIUS KABI – Infusion therapy, IV drugs, Clinical nutrition, Medical devices/Transfusion technology

€ in millions	Q1/2014	Q1/2013	Change
Sales	1,213	1,260	-4%
EBIT[2]	201	237	-15%
Net income[3]	106	119	-11%
Operating cash flow	42	132	-68%
Investments/Acquisitions	71	58	22%
R & D expenses	59	53	11%
Employees, per capita on balance sheet date (March 31/December 31)	32,325	31,961	1%

FRESENIUS HELIOS – Hospital operations

€ in millions	Q1/2014	Q1/2013	Change
Sales	1,227	841	46%
EBIT[4]	114	87	31%
Net income[5]	77	56	38%
Operating cash flow	77	33	133%
Investments/Acquisitions	792	23	--
Employees, per capita on balance sheet date (March 31/December 31)	64,867	42.913	51%

FRESENIUS VAMED – Projects and services for hospitals and other health care facilities

€ in millions	Q1/2014	Q1/2013	Change
Sales	191	184	4%
EBIT	6	5	20%
Net income[6]	4	3	33%
Operating cash flow	-54	45	--
Investments/Acquisitions	3	8	-63%
Order intake	115	93	24%
Employees, per capita on balance sheet date (March 31/December 31)	7,342	7.010	5%

[1] Net income attributable to shareholders of Fresenius Medical Care AG & Co. KGaA
[2] Before Fenwal integration costs
[3] Net income attributable to shareholders of Fresenius Kabi AG; before Fenwal integration costs
[4] 2014 before book gain from the divestment of two HELIOS hospitals (€22 million)
[5] Net income attributable to shareholders of HELIOS Kliniken GmbH; 2014 before book gain from the divestment of two HELIOS hospitals (€21 million)
[6] Net income attributable to shareholders of VAMED AG

FRESENIUS SHARE

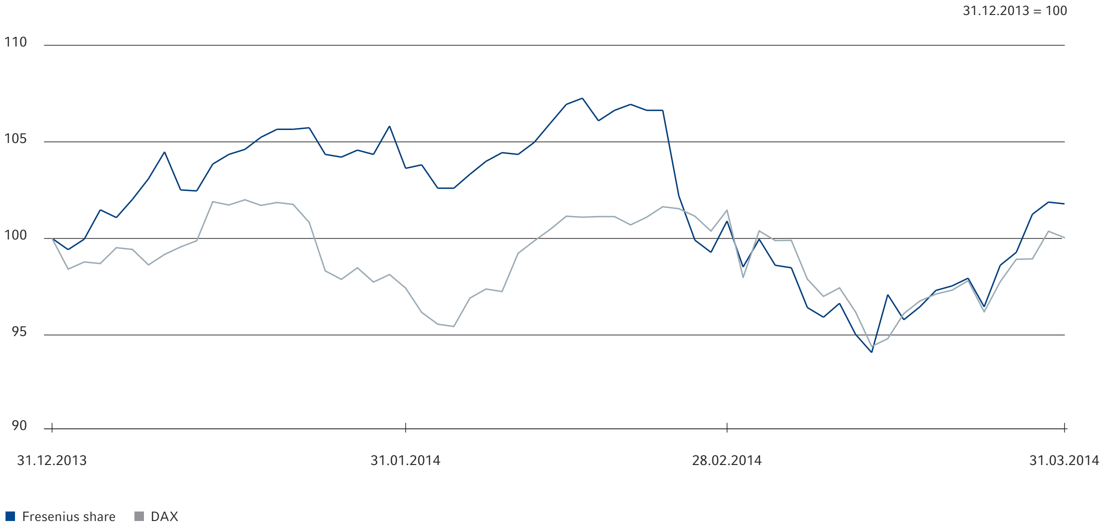
After a positive start to the year, the Fresenius share reached a new all-time high of €119.70 on February 17. Later in the quarter, the equity markets were influenced by geopolitical tensions and moved sideways. The Fresenius share followed this trend. Since the beginning of the year, the share price increased by 2%.

FIRST QUARTER OF 2014

After a strong start to the year, the equity markets were influenced later in the quarter by geopolitical tensions and economic uncertainty in the emerging markets. At the same time, the Eurozone economy continued to recover and, according to current ECB estimates, will grow by 1.2% this year. In support of this positive trend, the ECB continues to keep interest rates low. Growth of about 3% is forecast for the US. As a result, the US Federal Reserve announced a further reduction in its bond purchases and did not rule out an increase in interest rates in the medium term.

On January 17, the DAX reached an all-time high of 9,742. The Fresenius share also initially continued its upward trend, reaching a new all-time high of €119.70 on February 17. Later in the quarter, tensions between Russia and Ukraine led to a sharp increase in volatility and sideways movements on the equity markets. The closing price of the Fresenius share on March 31, 2014 was €113.60. This represents an increase of 2% over the 2013 closing price. At 9,556, the DAX was nearly unchanged compared to its level at year-end.

RELATIVE SHARE PRICE PERFORMANCE VS. DAX



KEY DATA OF THE FRESENIUS SHARE

	Q1/2014	2013	Change
Number of shares (March 31/December 31)	**179,824,079**	179,694,829	
Quarter-end quotation in €	**113.60**	111.60	2%
High in €	**119.70**	111.95	7%
Low in €	**105.00**	81.91	28%
Ø Trading volume (number of shares per trading day)	**427,639**	423,064	1%
Market capitalization, € in millions (March 31/December 31)	**20,428**	20,054	2%

MANAGEMENT REPORT

The moderate start of Fresenius into the year was expected. We are therefore fully on track to achieve our growth targets for 2014. The integration of the hospitals acquired from Rhön-Klinikum AG is progressing well. Our expansion in fast-growing emerging markets continues unabated.

FRESENIUS REPORTS EXPECTED MODERATE Q1 2014, FULLY CONFIRMS FY 2014 OUTLOOK

	Q1/2014	at actual rates	in constant currency
Sales	**€5.2 bn**	+7%	+11%
EBIT [1]	**€643 m**	-8%	-6%
Net income [2]	**€228 m**	+2%	+3%

HEALTH CARE INDUSTRY

The health care sector is one of the world's largest industries. It is relatively insensitive to economic fluctuations compared to other sectors and has posted above-average growth over the past several years.

The main growth factors are rising medical needs deriving from aging populations, the growing number of chronically ill and multimorbid patients, stronger demand for innovative products and therapies, advances in medical technology and the growing health consciousness, which increases the demand for health care services and facilities.

In the emerging countries, drivers are the expanding availability and correspondingly greater demand for basic health care and increasing national incomes and hence higher spending on health care.

Health care structures are being reviewed and cost-cutting potential identified in order to contain the steadily rising health care expenditures. However, such measures cannot compensate for the cost pressure. Market-based elements are increasingly being introduced into the health care system to create incentives for cost- and quality-conscious behavior. Overall treatment costs shall be reduced through improved quality standards. In addition, ever-greater importance is being placed on disease prevention and innovative reimbursement models linked to treatment quality standards.

RESULTS OF OPERATIONS, FINANCIAL POSITION, ASSETS AND LIABILITIES

SALES

Group sales increased by 7% (11% in constant currency) to €5,212 million (Q1 2013: €4,890 million). Organic sales growth was 2%. Acquisitions contributed 9%. Divestitures had a marginal effect on sales growth.

Organic sales growth was 3% in North America and 2% in Europe. In Asia-Pacific organic sales growth was 2% impacted by a slow start in China for Fresenius Medical Care and Fresenius Kabi. In Latin America organic sales growth

[1] 2014 before Fenwal integration costs (€1 million) and book gain from the divestment of two HELIOS hospitals (€22 million); 2013 before Fenwal integration costs (€7 million)
[2] Net income attributable to shareholders of Fresenius SE & Co. KGaA; 2014 before Fenwal integration costs (€1 million) and book gain from the divestment of two HELIOS hospitals (€21 million); including these effects, net income attributable to shareholders of Fresenius SE & Co. KGaA increased by 13% (+14% in constant currency) to €248 million. 2013 before Fenwal integration costs (€5 million)

was 8%. In Africa, the decline in sales is mainly due to fluctuations in the project business at Fresenius Vamed.

Adverse currency translation effects weighed on Group sales in all regions, particularly in Latin America (-21%), Asia-Pacific (-7%), Africa (-7%) and North America (-4%).

EARNINGS

Group EBITDA[1] decreased by 3% (-1% in constant currency) to €867 million (Q1 2013: €898 million). Group EBIT[1] decreased by 8% (-6% in constant currency) to €643 million (Q1 2013: €696 million). This decrease is mainly attributable to the year-over-year comparison of issues at Fresenius Medical Care and Fresenius Kabi which occurred in 2013. The EBIT margin was 12.3% (Q1 2013: 14.2%).

Group net interest was -€138 million (Q1 2013: -€163 million). Improved financing terms as well as favorable currency effects contributed to the decrease. In addition, net interest in Q1 2013 included €14 million one-time costs resulting from the early redemption of a Senior Note.

The Group tax rate[4] improved to 26.3% (Q1 2013: 29.1%) due to a one-time effect at Fresenius Medical Care.

EARNINGS

€ in millions	**Q1/2014**	Q1/2013
EBIT[1]	**643**	696
Net income[2]	**228**	224
Net income[3]	**248**	219
Earnings per share in €[2]	**1.27**	1.26
Earnings per share in €[3]	**1.38**	1.23

Noncontrolling interest was €144 million (Q1 2013: €154 million), of which 93% was attributable to the noncontrolling interest in Fresenius Medical Care.

Group net income[2] increased by 2% (3% in constant currency) to €228 million (Q1 2013: €224 million). Earnings per share[2] increased by 1% to €1.27 (Q1 2013: €1.26).

Group net income attributable to shareholders of Fresenius SE & Co. KGaA including integration costs for Fenwal and a book gain from the divestment of two HELIOS hospitals increased by 13% (+14% in constant currency) to €248 million. Earnings per share increased by 12% (+13% in constant currency) to €1.38. There were no integration costs related to the newly acquired hospitals from Rhön-Klinikum AG in the first quarter.

SALES BY REGION

€ in millions	**Q1/2014**	Q1/2013	Change at actual rates	Currency translations effects	Change at constant rates	Organic growth	Acquisitions/ divestitures	% of total sales
North America	**2,100**	2,102	0%	-4%	4%	3%	1%	40%
Europe	**2,358**	1,974	19%	-1%	20%	2%	18%	45%
Asia-Pacific	**439**	454	-3%	-7%	4%	2%	2%	9%
Latin America	**247**	276	-11%	-21%	10%	8%	2%	5%
Africa	**68**	84	-19%	-7%	-12%	-13%	1%	1%
Total	**5,212**	4,890	7%	-4%	11%	2%	9%	100%

SALES BY BUSINESS SEGMENT

€ in millions	**Q1/2014**	Q1/2013	Change at actual rates	Currency translations effects	Change at constant rates	Organic growth	Acquisitions/ divestitures	% of total sales
Fresenius Medical Care	**2,602**	2,623	-1%	-5%	4%	3%	1%	50%
Fresenius Kabi	**1,213**	1,260	-4%	-5%	1%	1%	0%	23%
Fresenius Helios	**1,227**	841	46%	0%	46%	4%	42%	23%
Fresenius Vamed	**191**	184	4%	0%	4%	-2%	6%	4%

[1] 2014 before Fenwal integration costs (€1 million) and book gain from the divestment of two HELIOS hospitals (€22 million); 2013 before Fenwal integration costs (€7 million)
[2] Net income attributable to shareholders of Fresenius SE & Co. KGaA; 2014 before Fenwal integration costs (€1 million) and book gain from the divestment of two HELIOS hospitals (€21 million); including these effects, net income attributable to shareholders of Fresenius SE & Co. KGaA increased by 13% (+14% in constant currency) to €248 million. 2013 before Fenwal integration costs (€5 million)
[3] Net income attributable to shareholders of Fresenius SE & Co. KGaA
[4] 2014 before book gain from the divestment of two HELIOS hospitals; 2013 before Fenwal integration costs

RECONCILIATION

The Group's U.S. GAAP financial results as of March 31, 2014 and March 31, 2013 comprise special items. Net income attributable to shareholders of Fresenius SE & Co. KGaA excludes integration costs for Fenwal and the book gain from the divestment of two HELIOS hospitals. There were no integration costs for the newly acquired hospitals from Rhön-Klinikum AG in the first quarter. Adjusted earnings represent the Group's business operations in the reporting period.

INVESTMENTS

The Fresenius Group spent €234 million on property, plant and equipment (Q1 2013: €179 million). Investments were mainly used for the equipment of new, and the expansion of existing dialysis clinics as well as the modernization and expansion of production facilities and hospitals.

Acquisition spending was €924 million (Q1 2013: €79 million), thereof €759 million as a further payment for the acquisition of hospitals from Rhön-Klinikum AG.

CASH FLOW

Operating cash flow was €140 million (Q1 2013: €444 million) with a margin of 2.7% (Q1 2013: 9.1%). The decrease was mainly attributable to the payment for the W.R. Grace bankruptcy settlement of US$115 million[1], increased working capital at Fresenius Medical Care and Fresenius Kabi as well as a change from annual to monthly upfront payments to Fresenius Vamed for a technical management contract.

Net capital expenditure increased to €243 million (Q1 2013: €188 million). Free cash flow before acquisitions

RECONCILIATION

€ in millions	**Q1/2014 before special items**	Fenwal integration costs	book gain from divestment of two HELIOS hospitals	**Q1/2014 according to U.S. GAAP (incl. special items)**	Q1/2013 before special items	Fenwal integration costs	Q1/2013 according to U.S. GAAP (incl. special items)
Sales	**5,212**			**5,212**	4,890		4,890
EBIT	**643**	-1	22	**664**	696	-7	689
Interest result	**-138**			**-138**	-163		-163
Net income before taxes	**505**	-1	22	**526**	533	-7	526
Income taxes	**-133**	-	-1	**-134**	-155	2	-153
Net income	**372**	-1	21	**392**	378	-5	373
Less noncontrolling interest	**-144**			**-144**	-154		-154
Net income attributable to shareholders of Fresenius SE & Co. KGaA	**228**	-1	21	**248**	224	-5	219

INVESTMENTS BY BUSINESS SEGMENT

€ in millions	**Q1/2014**	Q1/2013	thereof property, plant and equipment	thereof acquisitions	Change	% of total
Fresenius Medical Care	**293**	169	146	147	73%	25%
Fresenius Kabi	**71**	58	54	17	22%	6%
Fresenius Helios	**792**	23	32	760	--	69%
Fresenius Vamed	**3**	8	2	1	-63%	0%
Corporate/Other	**-1**	–	–	-1	--	0%
Total	**1,158**	258	234	924	--	100%

[1] See Annual Report 2013, page 150 f.

and dividends was -€103 million (Q1 2013: €256 million). Free cash flow after acquisitions and dividends was -€1,006 million (Q1 2013: 229 million).

ASSET AND LIABILITY STRUCTURE

The Group's total assets increased by 5% (at actual rates and in constant currency) to €34,284 million (Dec. 31, 2013: €32,758 million). This increase is mainly attributable to the first-time consolidation of hospitals acquired from Rhön-Klinikum AG. Current assets grew by 9% to €8,656 million (Dec. 31, 2013: €7,972 million). Non-current assets increased by 3% to €25,628 million (Dec. 31, 2013: €24,786 million).

Total shareholders' equity increased by 3% to €13,619 million (Dec. 31, 2013: €13,260 million). The equity ratio was 39.7% (Dec. 31, 2013: 40.5%).

Group debt was €13,769 million (Dec. 31, 2013: €12,804 million). Net debt was €12,940 million (Dec. 31, 2013: €11,940 million).

As of March 31, 2014, the net debt/EBITDA ratio was 3.21[1] (Dec. 31, 2013: 2.51[2]). The increase is mainly due to the acquisition of hospitals from Rhön-Klinikum AG.

CASH FLOW STATEMENT (SUMMARY)

€ in millions	**Q1/2014**	Q1/2013	Change
Net income	**392**	373	5%
Depreciation and amortization	**224**	202	11%
Change in accruals for pensions	**-3**	15	-120%
Cash flow	**613**	590	4%
Change in working capital	**-473**	-146	--
Operating cash flow	**140**	444	-68%
Property, plant and equipment	**-246**	-190	-29%
Proceeds from the sale of property, plant and equipment	**3**	2	50%
Cash flow before acquisitions and dividends	**-103**	256	-140%
Cash used for acquisitions, net	**-875**	23	--
Dividends paid	**-28**	-50	44%
Free cash flow paid after acquisitions and dividends	**-1,006**	229	--
Cash provided by/used for financing activities	**976**	-277	--
Effect of exchange rates on change in cash and cash equivalents	**-5**	13	-138%
Net change in cash and cash equivalents	**-35**	-35	0%

[1] Pro forma including acquired hospitals from Rhön-Klinikum AG; before Fenwal integration costs and book gain from the divestment of two HELIOS hospitals
[2] Pro forma excluding advances made for the acquisition of hospitals from Rhön-Klinikum AG; before Fenwal integration costs

BUSINESS SEGMENTS

FRESENIUS MEDICAL CARE

Fresenius Medical Care is the world's leading provider of services and products for patients with chronic kidney failure. As of March 31, 2014, Fresenius Medical Care was treating 270,570 patients in 3,263 dialysis clinics.

US$ in millions	Q1/2014	Q1/2013	Change
Sales	**3,564**	3,464	3%
EBITDA	**612**	650	-6%
EBIT	**445**	493	-10%
Net income [1]	**205**	225	-9%
Employees (March 31/December 31)	**96,573**	95,637	1%

FIRST QUARTER OF 2014

- Sales growth in line with full year guidance
- Earnings impacted by sequestration and rebasing in the United States
- 2014 guidance confirmed

Sales increased by 3% (4% in constant currency) to US$3,564 million (Q1 2013: US$3,464 million). Organic sales growth was 3%. Acquisitions contributed 1%. Adverse currency effects reduced sales by 1%.

Sales in dialysis services increased by 4% (5% in constant currency) to US$2,782 million (Q1 2013: US$2,678 million). Dialysis product sales decreased by 1% (0% in constant currency) to US$782 million (Q1 2013: US$786 million).

In North America sales grew by 5% to US$2,393 million (Q1 2013: US$2,287 million). Dialysis services sales increased by 5% to US$2,201 million (Q1 2013: US$2,104 million). Dialysis product sales grew by 5% to US$192 million (Q1 2013: US$183 million).

Sales outside North America ("International" segment) decreased by 1% (4% increase in constant currency) to US$1,161 million (Q1 2013: US$1,169 million) impacted inter alia by the reorganization of the distribution network in China. Sales in dialysis services increased by 1% (8% in constant currency) to US$581 million (Q1 2013: US$574 million). Dialysis product sales decreased by 2% (-1% in constant currency) to US$580 million (Q1 2013: US$595 million).

EBIT decreased by 10% to US$445 million (Q1 2013: US$493 million). The EBIT margin was 12.5% (Q1 2013: 14.2%). As expected, EBIT was impacted by sequestration and rebasing of Medicare's reimbursement rate in the United States.

Net income attributable to shareholders of Fresenius Medical Care AG & Co. KGaA decreased by 9% to US$205 million (Q1 2013: US$225 million).

Operating cash flow was US$112 million (Q1 2013: US$315 million) with a margin of 3.2% (Q1 2013: 9.1%). The decrease was mainly attributable to the payment for the W.R. Grace bankruptcy settlement of US$115 million and increased working capital.

Please see page 15 of the Management Report for the 2014 outlook of Fresenius Medical Care.

For further information, please see Fresenius Medical Care's Investor News at www.fmc-ag.com.

[1] Net income attributable to shareholders of Fresenius Medical Care AG & Co. KGaA

FRESENIUS KABI

Fresenius Kabi offers infusion therapies, intravenously administered generic drugs and clinical nutrition for seriously and chronically ill patients in the hospital and outpatient environments. The company is also a leading supplier of medical devices and transfusion technology products.

€ in millions	Q1/2014	Q1/2013	Change
Sales	**1,213**	1,260	-4%
EBITDA[1]	**253**	288	-12%
EBIT[1]	**201**	237	-15%
Net income[2]	**106**	119	-11%
Employees (March 31/December 31)	**32,325**	31,961	1%

FIRST QUARTER OF 2014

- EBIT margin of 16.6% in line with guidance
- Currency-adjusted sales increase
- 2014 guidance narrowed

Sales decreased by 4% (1% increase in constant currency) to €1,213 million (Q1 2013: €1,260 million). Organic sales growth was 1%. Adverse currency translation effects weighed on sales (-5%), mainly due to the weaker currencies in the United States, Brazil, Argentina and South Africa against the Euro.

Sales in Europe decreased by 3% (organic sales growth: -2%) to €500 million (Q1 2013: €517 million) mainly due to lower HES sales (blood volume substitutes) and changes in Fresenius Kabi's Russian distribution model. Sales in North America decreased by 5% (organic sales growth: 0%) to €382 million (Q1 2013: €401 million). Asia-Pacific sales were €222 million (organic sales growth: +3%;Q1 2013: €223 million) influenced by the 2013 price cut and the discontinuation of HES200 in China as well as delayed tenders in Australia and Vietnam. Sales in Latin America/Africa decreased by 8% (organic sales growth: +11%) to €109 million (Q1 2013: €119 million).

EBIT[1] was €201 million (Q1 2013: €237 million), a decrease of 13% in constant currency. EBIT was impacted by lower HES sales and the 2013 price cuts in China. The EBIT margin of 16.6% (Q1 2013: 18.8%) was in line with expectations and our guidance range.

Net income[2] decreased by 11% to €106 million (Q1 2013: €119 million).

Fresenius Kabi's operating cash flow was €42 million (Q1 2013: €132 million) with a margin of 3.5% (Q1 2013: 10.5%), mainly due to temporarily higher working capital requirements. Cash flow before acquisitions and dividends was -€23 million (Q1 2013: €76 million).

Integration costs for Fenwal were €1 million (pre-tax). These costs are reported in the Group Corporate/Other segment. The vast majority of planned integration costs of €40–50 million are expected to accrue towards the end of 2014.

Please see page 15 of the Management Report for the 2014 outlook of Fresenius Kabi.

[1] Before Fenwal integration costs
[2] Net income attributable to shareholders of Fresenius Kabi AG; before Fenwal integration costs

FRESENIUS HELIOS

Fresenius Helios is Germany's largest hospital operator. HELIOS owns 109 hospitals, thereof 85 acute care clinics including six maximum care hospitals in Berlin-Buch, Duisburg, Erfurt, Krefeld, Schwerin and Wuppertal and 24 post-acute care clinics. HELIOS treats more than 4.2 million patients per year, thereof more than 1.2 million inpatients, and operates more than 33,000 beds.

€ in millions	Q1/2014	Q1/2014	Change
Sales	**1,227**	841	46%
EBITDA[1]	**158**	114	39%
EBIT[1]	**114**	87	31%
Net income[2]	**77**	56	38%
Employees (March 31/December 31)	**64,867**	42,913	51%

FIRST QUARTER OF 2014

- 4% organic sales growth fully in line with guidance
- Integration of new hospitals progresses as planned
- 2014 guidance fully confirmed

Sales increased by 46% to €1,227 million (Q1 2013: €841 million). The strong increase in sales is mainly due to the newly acquired hospitals from Rhön-Klinikum AG. Organic sales growth was 4%. The divestment of two HELIOS hospitals reduced sales growth by 2%.

EBIT[1] grew by 31% to €114 million (Q1 2013: €87 million). The EBIT margin was 9.3% (Q1 2013: 10.3%). The margin decline is due to the consolidation of the newly acquired hospitals from Rhön-Klinikum AG.

Net income[2] increased by 38% to €77 million (Q1 2013: €56 million).

Sales of the established hospitals grew by 4% to €857 million. EBIT improved by 4% to €88 million. The EBIT margin was unchanged at 10.3%.

Sales of the acquired hospitals were €370 million, EBIT was €26 million.

In the first quarter, approximately 90% of the acquisition of hospitals from Rhön-Klinikum AG was closed. Approximately 70% of the acquired business was consolidated as of January 1, 2014, and approximately 20% as of March 1, 2014. For HSK Dr. Horst Schmidt Kliniken in Wiesbaden, the municipal shareholder approval is still pending. Fresenius Helios expects to close this part of the acquisition at the latest by the end of June.

The integration of the newly acquired hospitals is progressing as planned. The acquisition was EPS accretive in the first quarter. No integration costs accrued in the first quarter.

Please see page 16 of the Management Report for the 2014 outlook of Fresenius Helios.

[1] 2014 before book gain from the divestment of two HELIOS hospitals (€22 million)
[2] Net income attributable to shareholders of HELIOS Kliniken GmbH; 2014 before book gain from the divestment of two HELIOS hospitals (€21 million)

FRESENIUS VAMED

Fresenius Vamed manages projects and provides services for hospitals and other health care facilities worldwide.

€ in millions	Q1/2014	Q1/2013	Change
Sales	**191**	184	4%
EBITDA	**8**	7	14%
EBIT	**6**	5	20%
Net income[1]	**4**	3	33%
Employees (March 31/December 31)	**7,342**	7,010	5%

FIRST QUARTER OF 2014

- 24 % increase in order intake
- EBIT in line with guidance
- 2014 guidance fully confirmed

Sales increased by 4% to €191 million (Q1 2013: €184 million). Organic sales growth was -2%. Acquisitions contributed 6%, e.g. the acquisition of two hospitals in the Czech Republic in 2013. Sales in the project business decreased by 2% to €80 million (Q1 2013: €82 million). Sales in the service business grew by 9% to €111 million (Q1 2013: €102 million).

EBIT was €6 million (Q1 2013: €5 million) with a margin of 3.1% (Q1 2013: 2.7%).

Net income[1] increased to €4 million (Q1 2013: €3 million).

Order intake increased by 24% to €115 million (Q1 2013: €93 million). As of March 31, 2014, order backlog was €1,170 million (Dec. 31, 2013: €1,139 million).

Please see page 16 of the Management Report for the 2014 outlook of Fresenius Vamed.

[1] Net income attributable to shareholders of Vamed AG

EMPLOYEES

As of March 31, 2014, the number of employees increased by 13% to 201,924 (Dec. 31, 2013: 178,337). This is almost entirely due to the acquisition of hospitals from Rhön-Klinikum AG.

EMPLOYEES BY BUSINESS SEGMENT

Number of employees	March 31, 2014	Dec 31, 2013	Change
Fresenius Medical Care	**96,573**	95,637	1%
Fresenius Kabi	**32,325**	31,961	1%
Fresenius Helios	**64,867**	42,913	51%
Fresenius Vamed	**7,342**	7,010	5%
Corporate/Other	**817**	816	0%
Total	**201,924**	178,337	13%

RESEARCH AND DEVELOPMENT

Product and process development as well as the improvement of therapies are at the core of our growth strategy. Fresenius focuses its R & D efforts on its core competencies in the following areas:

- Dialysis
- Infusion and nutrition therapies
- Generic IV drugs
- Medical devices

Apart from new products, we are concentrating on developing optimized or completely new therapies, treatment methods, and services.

RESEARCH AND DEVELOPMENT EXPENSES BY BUSINESS SEGMENT

€ in millions	Q1/2014	Q1/2013	Change
Fresenius Medical Care	**22**	23	-4%
Fresenius Kabi	**59**	53	11%
Fresenius Helios	–	–	--
Fresenius Vamed	**0**	0	
Corporate/Other	**0**	1	-100 %
Total	**81**	77	5%

DIALYSIS

The complex interactions and side effects that lead to kidney failure are better explored today than ever before. Technological advances develop in parallel with medical insights to improve the possibilities for treating patients. Our R & D activities at Fresenius Medical Care aim to translate new insights into novel or improved developments and to bring them to market as quickly as possible, and thus make an important contribution towards rendering the treatment of patients increasingly comfortable, safe, and individualized.

INFUSION THERAPIES, CLINICAL NUTRITION, GENERIC IV DRUGS, AND MEDICAL DEVICES

Fresenius Kabi's research and development activities concentrate on products for the therapy and care of critically and chronically ill patients. Our focus is on areas with high medical needs, such as in the treatment of oncology patients. Our products help to support medical advancements in acute and post-acute care and improve the patients' quality of life. We develop new products in areas such as clinical nutrition. In addition, we develop generic drug formulations ready to launch at the time of market formation as well as new formulations for non-patented drugs. Our medical devices significantly contribute to a safe and effective application of infusion solutions and clinical nutrition. In transfusion technology our R & D focus is on medical devices and disposables to support the secure, user-friendly, and efficient production of blood products.

OPPORTUNITIES AND RISK REPORT

Compared to the presentation in the 2013 annual report, there have been no material changes in Fresenius' overall opportunities and risk situation in the first quarter of 2014.

In the ordinary course of Fresenius Group's operations, the Fresenius Group is subject to litigation, arbitration and investigations relating to various aspects of its business. The Fresenius Group regularly analyzes current information about such claims for probable losses and provides accruals for such matters, including estimated expenses for legal services, as appropriate.

In addition, we report on legal proceedings, currency and interest risks on pages 38 to 44 in the Notes of this report.

SUBSEQUENT EVENTS

There were no significant changes in the Group position or the health care sector since the end of the first quarter of 2014.

RATING

Fresenius is covered by the rating agencies Moody's, Standard & Poor's and Fitch.

The following table shows the company rating of Fresenius SE & Co. KGaA:

	Standard & Poor's	Moody's	Fitch
Company rating	BB+	Ba1	BB+
Outlook	positive	negative	positive

On March 20, 2014, Fitch confirmed the BB+ rating of Fresenius with positive outlook. The rating confirmation reflects the performance in 2013 as well as the completion and financing of the acquisition of hospitals from Rhön-Klinikum AG. Fitch had placed Fresenius on rating watch in September 2013 following Rhön transaction announcement.

OUTLOOK 2014

FRESENIUS GROUP

Fresenius fully confirms its guidance for 2014[1]. Sales are expected to increase by 12% to 15% in constant currency. Net income[2] is expected to increase by 2% to 5% in constant currency. The earnings forecast primarily reflects lower reimbursement rates for Medicare dialysis patients and substantial uncertainties regarding the IV drug shortage situation in the U.S. market.

The net debt/EBITDA ratio is expected to be in the range of 3.0 to 3.25.

FRESENIUS MEDICAL CARE

Fresenius Medical Care confirms its outlook for 2014. Fresenius Medical Care expects sales to grow to approximately US$15.2 billion. Net income attributable to shareholders of Fresenius Medical Care AG & Co. KGaA is expected in the range of US$1.0 to US$1.05 billion. The company has initiated a global efficiency program designed to enhance its performance over a multi-year period. Potential cost savings before income taxes of up to US$60 million generated from this program are not included in the outlook for 2014.

FRESENIUS KABI

Fresenius Kabi narrows its 2014 outlook and now projects organic sales growth of 4% to 6% (previously: 3% to 7%) and an EBIT margin of 16.5% to 18% (previously: 16% to 18%). These ranges primarily reflect substantial uncertainties regarding the IV drug shortage situation in the U.S. market as well as full-year effects from the restrictions on the use of our blood volume substitutes.

[1] Includes contributions from the acquisition of hospitals from Rhön-Klinikum AG
[2] Net income attributable to shareholders of Fresenius SE & Co. KGaA; 2014 before integration costs for Fenwal (€30-40 million) and the hospitals acquired from Rhön-Klinikum AG and net of book gain from the divestment of two HELIOS hospitals (€21 million); 2013 before Fenwal integration costs (€40 million)

FRESENIUS HELIOS

Fresenius Helios fully confirms its outlook for 2014. Fresenius Helios projects organic sales growth of 3 to 5%. EBIT (excluding the hospitals acquired from Rhön-Klinikum AG) is expected to increase to €390 to €410 million. Fresenius Helios will provide an outlook for all its hospitals (including HSK) with the announcement of Q2 results.

FRESENIUS VAMED

Fresenius Vamed fully confirms its outlook for 2014 and expects to achieve organic sales growth of 5% to 10% and EBIT growth of 5% to 10%.

INVESTMENTS

The Group plans to invest around 6% of sales in property, plant and equipment.

EMPLOYEES

The number of employees in the Group will continue to rise in the future as a result of the expected expansion. We expect the number of employees to be more than 200,000 in 2014. This is mainly the result of the acquisition of hospitals from Rhön-Klinikum AG. The number of employees is expected to increase in all business segments.

RESEARCH AND DEVELOPMENT

Our R & D activities will continue to play a key role in securing the Group's long-term growth through innovations and new therapies. We plan to increase the Group's R & D spending in 2014. About 4% to 5% of our product sales will be reinvested in research and development.

Market-oriented research and development with strict time-to-market management processes is crucial for the success of new products. We continually review our R & D results using clearly defined milestones. Innovative ideas, product development, and therapies with a high level of quality will continue to be the basis for future market-leading positions. Given the continued cost-containment efforts in the health care sector, cost efficiency combined with a strong quality focus is acquiring ever-greater importance in product development, and in the improvement of treatment concepts.

GROUP FINANCIAL OUTLOOK 2014 [1]

	Previous guidance	New guidance
Sales, growth (constant currency)	12% – 15%	confirmed
Net income [2], growth (in constant currency)	2% – 5%	confirmed

[1] Includes contributions from the acquisition of hospitals from Rhön-Klinikum AG
[2] Net income attributable to shareholders of Fresenius SE & Co. KGaA; 2014 before integration costs for Fenwal (€30-40 million) and the hospitals acquired from Rhön-Klinikum AG and net of book gain from the divestment of two HELIOS hospitals (€21 million); 2013 before Fenwal integration costs (€40 million)

OUTLOOK 2014 BY BUSINESS SEGMENT

		Previous guidance	New guidance
Fresenius Medical Care	Sales	~US$15.2 bn	confirmed
	Net income [1]	US$1.0 bn – US$1.05 bn	confirmed
Fresenius Kabi	Sales growth (organic)	3% – 7%	4% – 6%
	EBIT margin	16% – 18%	16.5% – 18%
Fresenius Helios	Sales growth (organic) [2]	3% – 5%	confirmed
	EBIT [2]	€390 m – €410 m	confirmed
Fresenius Vamed	Sales growth	5% – 10%	confirmed
	EBIT, growth	5% – 10%	confirmed

[1] Net income attributable to shareholders of Fresenius Medical Care AG & Co. KGaA
[2] Excluding hospitals acquired from Rhön-Klinikum AG

FRESENIUS SE & CO. KGAA
CONSOLIDATED STATEMENT OF INCOME (UNAUDITED)

€ in millions	Q1/2014	Q1/2013
Sales	5,212	4,890
Cost of sales	-3,694	-3,362
Gross profit	1,518	1,528
Selling, general and administrative expenses	-773	-762
Research and development expenses	-81	-77
Operating income (EBIT)	664	689
Net interest	-138	-163
Income before income taxes	526	526
Income taxes	-134	-153
Net income	392	373
Less noncontrolling interest	144	154
Net income attributable to shareholders of Fresenius SE & Co. KGaA	248	219
Earnings per ordinary share in €	1.38	1.23
Fully diluted earnings per ordinary share in €	1.37	1.22

The following notes are an integral part of the unaudited condensed interim financial statements.

FRESENIUS SE & CO. KGAA
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)

€ in millions	Q1/2014	Q1/2013
Net income	392	373
Other comprehensive income (loss)		
Foreign currency translation	-62	220
Cash flow hedges	4	12
Change of fair value of available for sale financial assets	14	9
Actuarial gains on defined benefit pension plans	3	-3
Income taxes related to components of other comprehensive income (loss)	-6	-7
Other comprehensive income (loss), net	-47	231
Total comprehensive income	345	604
Comprehensive income attributable to noncontrolling interest subject to put provisions	19	29
Comprehensive income attributable to noncontrolling interest not subject to put provisions	100	271
Comprehensive income attributable to shareholders of Fresenius SE & Co. KGaA	226	304

The following notes are an integral part of the unaudited condensed interim financial statements.

FRESENIUS SE & CO. KGAA
CONSOLIDATED STATEMENT OF FINANCIAL POSITION (UNAUDITED)

ASSETS

€ in millions	March 31, 2014	December 31, 2013
Cash and cash equivalents	829	864
Trade accounts receivable, less allowance for doubtful accounts	3,733	3,474
Accounts receivable from and loans to related parties	18	28
Inventories	2,180	2,014
Other current assets	1,563	1,261
Deferred taxes	333	331
I. Total current assets	**8,656**	7,972
Property, plant and equipment	6,099	5,082
Goodwill	16,674	14,826
Other intangible assets	1,229	1,241
Other non-current assets	1,385	3,433
Deferred taxes	241	204
II. Total non-current assets	**25,628**	24,786
Total assets	**34,284**	32,758

LIABILITIES AND SHAREHOLDERS' EQUITY

€ in millions	March 31, 2014	December 31, 2013
Trade accounts payable	812	885
Short-term accounts payable to related parties	1	2
Short-term accrued expenses and other short-term liabilities	3,208	3,057
Short-term debt	297	959
Short-term loans from related parties	4	6
Current portion of long-term debt and capital lease obligations	1,053	855
Short-term accruals for income taxes	266	211
Deferred taxes	56	48
A. Total short-term liabilities	**5,697**	6,023
Long-term debt and capital lease obligations, less current portion	5,432	5,871
Senior Notes	6,529	5,113
Convertible bonds	454	0
Long-term accrued expenses and other long-term liabilities	500	434
Pension liabilities	708	714
Long-term accruals for income taxes	176	180
Deferred taxes	709	691
B. Total long-term liabilities	**14,508**	13,003
I. Total liabilities	**20,205**	19,026
II. Noncontrolling interest subject to put provisions	**460**	472
A. Noncontrolling interest not subject to put provisions	**5,182**	5,065
Subscribed capital	180	180
Capital reserve	3,330	3,314
Other reserves	5,300	5,052
Accumulated other comprehensive loss	-373	-351
B. Total Fresenius SE & Co. KGaA shareholders' equity	**8,437**	8,195
III. Total shareholders' equity	**13,619**	13,260
Total liabilities and shareholders' equity	**34,284**	32,758

The following notes are an integral part of the unaudited condensed interim financial statements.

FRESENIUS SE & CO. KGAA
CONSOLIDATED STATEMENT OF CASH FLOWS (UNAUDITED)

€ in millions	Q1/2014	Q1/2013
Operating activities		
Net income	392	373
Adjustments to reconcile net income to cash and cash equivalents provided by operating activities		
Depreciation and amortization	224	202
Gain on sale of investments and divestitures	-21	-40
Change in deferred taxes	-14	-31
Gain/loss on sale of fixed assets	–	1
Changes in assets and liabilities, net of amounts from businesses acquired or disposed of		
Trade accounts receivable, net	-80	-89
Inventories	-121	-92
Other current and non-current assets	-30	64
Accounts receivable from/payable to related parties	7	-4
Trade accounts payable, accrued expenses and other short-term and long-term liabilities	-268	-17
Accruals for income taxes	51	77
Net cash provided by operating activities	140	444
Investing activities		
Purchase of property, plant and equipment	-246	-190
Proceeds from sales of property, plant and equipment	3	2
Acquisitions and investments, net of cash acquired and net purchases of intangible assets	-872	-72
Proceeds from sale of investments and divestitures	-3	95
Net cash used in investing activities	-1,118	-165
Financing activities		
Proceeds from short-term loans	97	540
Repayments of short-term loans	-810	-54
Proceeds from short-term loans from related parties	–	–
Repayments of short-term loans from related parties	–	–
Proceeds from long-term debt and capital lease obligations	1,357	134
Repayments of long-term debt and capital lease obligations	-1,648	-130
Proceeds from the issuance of Senior Notes	1,420	500
Repayments of liabilities from Senior Notes	0	-1,150
Proceeds from the issuance of Convertible Bonds	500	0
Changes of accounts receivable securitization program	50	-123
Proceeds from the exercise of stock options	10	7
Dividends paid	-28	-50
Change in noncontrolling interest	–	-1
Exchange rate effect due to corporate financing	–	–
Net cash provided by/used in financing activities	948	-327
Effect of exchange rate changes on cash and cash equivalents	-5	13
Net decrease in cash and cash equivalents	-35	-35
Cash and cash equivalents at the beginning of the reporting period	864	885
Cash and cash equivalents at the end of the reporting period	829	850

The following notes are an integral part of the unaudited condensed interim financial statements.

FRESENIUS SE & CO. KGAA
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)

	Subscribed Capital			Reserves	
	Number of ordinary shares in thousand	Amount € in thousands	Amount € in millions	Capital reserve € in millions	Other reserves € in millions
As of December 31, 2012	178,188	178,188	178	3,225	4,358
Proceeds from the exercise of stock options	83	83	–	4	
Compensation expense related to stock options				6	
Dividends paid					
Sale of noncontrolling interest not subject to put provisions					
Change in fair value of noncontrolling interest subject to put provisions				-7	
Comprehensive income (loss)					
Net income					219
Other comprehensive income (loss)					
Cash flow hedges					
Change of fair value of available for sale financial assets					
Foreign currency translation					
Actuarial losses on defined benefit pension plans					
Comprehensive income					219
As of March 31, 2013	178,271	178,271	178	3,228	4,577
As of December 31, 2013	179,695	179,695	180	3,314	5,052
Proceeds from the exercise of stock options	129	129	–	7	
Compensation expense related to stock options				6	
Dividends paid					
Purchase of noncontrolling interest not subject to put provisions					
Change in fair value of noncontrolling interest subject to put provisions				3	
Comprehensive income (loss)					
Net income					248
Other comprehensive income (loss)					
Cash flow hedges					
Change of fair value of available for sale financial assets					
Foreign currency translation					
Actuarial gains on defined benefit pension plans					
Comprehensive income (loss)					248
As of March 31, 2014	**179,824**	**179,824**	**180**	**3,330**	**5,300**

FRESENIUS SE & CO. KGAA
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)

	Accumulated other comprehensive income (loss) € in millions	Total Fresenius SE & Co. KGaA shareholders' equity € in millions	Noncontrolling interest not subject to put provisions € in millions	Total shareholders' equity € in millions
As of December 31, 2012	-128	7,633	5,125	12,758
Proceeds from the exercise of stock options		4	3	7
Compensation expense related to stock options		6	3	9
Dividends paid		0	-28	-28
Sale of noncontrolling interest not subject to put provisions		0	-2	-2
Change in fair value of noncontrolling interest subject to put provisions		-7	-14	-21
Comprehensive income (loss)				
Net income		219	135	354
Other comprehensive income (loss)				
Cash flow hedges	4	4	4	8
Change of fair value of available for sale financial assets	9	9	–	9
Foreign currency translation	73	73	133	206
Actuarial losses on defined benefit pension plans	-1	-1	-1	-2
Comprehensive income	85	304	271	575
As of March 31, 2013	-43	7,940	5,358	13,298
As of December 31, 2013	-351	8,195	5,065	13,260
Proceeds from the exercise of stock options		7	3	10
Compensation expense related to stock options		6	3	9
Dividends paid		0	-7	-7
Purchase of noncontrolling interest not subject to put provisions		0	11	11
Change in fair value of noncontrolling interest subject to put provisions		3	7	10
Comprehensive income (loss)				
Net income		248	125	373
Other comprehensive income (loss)				
Cash flow hedges	1	1	2	3
Change of fair value of available for sale financial assets	10	10	–	10
Foreign currency translation	-34	-34	-28	-62
Actuarial gains on defined benefit pension plans	1	1	1	2
Comprehensive income (loss)	-22	226	100	326
As of March 31, 2014	**-373**	**8,437**	**5,182**	**13,619**

The following notes are an integral part of the unaudited condensed interim financial statements.

FRESENIUS SE & CO. KGAA

CONSOLIDATED SEGMENT REPORTING FIRST QUARTER (UNAUDITED)

by business segment, € in millions	Fresenius Medical Care 2014	2013	Change	Fresenius Kabi 2014[2]	2013[2]	Change	Fresenius Helios 2014[3]	2013	Change	Fresenius Vamed 2014	2013	Change	Corporate/Other 2014[4,5]	2013[4]	Change	Fresenius Group 2014	2013	Change
Sales	**2,602**	2,623	-1%	**1,213**	1,260	-4%	**1,227**	841	46%	**191**	184	4%	**-21**	-18	-17%	**5,212**	4,890	7%
thereof contribution to consolidated sales	**2,596**	2,618	-1%	**1,205**	1,249	-4%	**1,227**	841	46%	**183**	175	5%	**1**	7	-86%	**5,212**	4,890	7%
thereof intercompany sales	**6**	5	20%	**8**	11	-27%	**0**	0		**8**	9	-11%	**-22**	-25	12%	**0**	0	
contribution to consolidated sales	**50%**	54%		**23%**	25%		**23%**	17%		**4%**	4%		**0%**	0%		**100%**	100%	
EBITDA	**447**	492	-9%	**253**	288	-12%	**158**	114	39%	**8**	7	14%	**22**	-10	--	**888**	891	0%
Depreciation and amortization	**122**	118	3%	**52**	51	2%	**44**	27	63%	**2**	2	0%	**4**	4	0%	**224**	202	11%
EBIT	**325**	374	-13%	**201**	237	-15%	**114**	87	31%	**6**	5	20%	**18**	-14	--	**664**	689	-4%
Net interest	**-70**	-79	11%	**-48**	-66	27%	**-16**	-15	-7%	**-1**	-1	0%	**-3**	-2	-50%	**-138**	-163	15%
Income taxes	**-74**	-98	24%	**-42**	-45	7%	**-18**	-14	-29%	**-1**	-1	0%	**1**	5	-80%	**-134**	-153	12%
Net income attributable to shareholders of Fresenius SE & Co. KGaA	**150**	171	-12%	**106**	119	-11%	**77**	56	38%	**4**	3	33%	**-89**	-130	32%	**248**	219	13%
Operating cash flow	**82**	239	-66%	**42**	132	-68%	**77**	33	133%	**-54**	45	--	**-7**	-5	-40%	**140**	444	-68%
Cash flow before acquisitions and dividends	**-62**	128	-148%	**-23**	76	-130%	**46**	14	--	**-55**	44	--	**-9**	-6	-50%	**-103**	256	-140%
Total assets[1]	**16,988**	16,764	1%	**8,616**	8,598	0%	**7,920**	6,597	20%	**686**	726	-6%	**74**	73	1%	**34,284**	32,758	5%
Debt[1]	**6,244**	6,103	2%	**4,726**	4,735	0%	**1,496**	3,538	-58%	**117**	117	0%	**1,186**	-1,689	170%	**13,769**	12,804	8%
Capital expenditure, gross	**146**	112	30%	**54**	45	20%	**32**	20	60%	**2**	1	100%	**0**	1	-100%	**234**	179	31%
Acquisitions, gross/investments	**147**	57	158%	**17**	13	31%	**760**	3	--	**1**	7	-86%	**-1**	-1	0%	**924**	79	--
Research and development expenses	**22**	23	-4%	**59**	53	11%	**–**	–	--	**0**	0		**0**	1	-100%	**81**	77	5%
Employees (per capita on balance sheet date)[1]	**96,573**	95,637	1%	**32,325**	31,961	1%	**64,867**	42,913	51%	**7,342**	7,010	5%	**817**	816	0%	**201,924**	178,337	13%
Key figures																		
EBITDA margin	**17.2%**	18.8%		**20.9%**	22.9%		**12.9%**	13.6%		**4.2%**	3.8%					**16.6%[2,3]**	18.4%[2]	
EBIT margin	**12.5%**	14.2%		**16.6%**	18.8%		**9.3%**	10.3%		**3.1%**	2.7%					**12.3%[2,3]**	14.2%[2]	
Depreciation and amortization in % of sales	**4.7%**	4.5%		**4.3%**	4.0%		**3.6%**	3.2%		**1.0%**	1.1%					**4.3%**	4.1%	
Operating cash flow in % of sales	**3.2%**	9.1%		**3.5%**	10.5%		**6.3%**	3.9%		**-28.3%**	24.5%					**2.7%**	9.1%	
ROOA[1]	**10.2%**	10.5%		**11.2%**	11.9%		**7.2%**	9.3%		**11.4%**	11.6%					**9.6%[6]**	10.6%[7]	

[1] 2013: December 31
[2] Before Fenwal integration costs
[3] Before book gain from the divestment of two HELIOS hospitals
[4] After Fenwal integration costs
[5] After book gain from the divestment of two HELIOS hospitals
[6] The underlying pro forma EBIT does not include Fenwal integration costs and book gain from the divestment of two HELIOS hospitals.
[7] The underlying pro forma EBIT does not include Fenwal integration costs.

The consolidated segment reporting is an integral part of the notes.
The following notes are an integral part of the unaudited condensed interim financial statements.

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GENERAL NOTES

1. PRINCIPLES

I. GROUP STRUCTURE

Fresenius is a global health care group with products and services for dialysis, hospitals and outpatient medical care. In addition, the Fresenius Group focuses on hospital operations and also manages projects and provides services for hospitals and other health care facilities worldwide. Besides the activities of the parent company Fresenius SE & Co. KGaA, Bad Homburg v. d. H., the operating activities were split into the following legally independent business segments (subgroups) as of March 31, 2014:

- Fresenius Medical Care
- Fresenius Kabi
- Fresenius Helios
- Fresenius Vamed

The reporting currency in the Fresenius Group is the euro. In order to make the presentation clearer, amounts are mostly shown in million euros. Amounts under €1 million after rounding are marked with "–".

II. BASIS OF PRESENTATION

The accompanying condensed consolidated financial statements have been prepared in accordance with the United States Generally Accepted Accounting Principles (U.S. GAAP).

Fresenius SE & Co. KGaA, as a stock exchange listed company with a domicile in a member state of the European Union, fulfills its obligation to prepare and publish the consolidated financial statements in accordance with the International Financial Reporting Standards (IFRS) applying Section 315a of the German Commercial Code (HGB). Simultaneously, the Fresenius Group voluntarily prepares and publishes the consolidated financial statements in accordance with U.S. GAAP.

The accounting policies underlying these interim financial statements are mainly the same as those applied in the consolidated financial statements as of December 31, 2013.

III. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Principles of consolidation

The condensed consolidated financial statements and management report for the first quarter ended March 31, 2014 have not been audited nor reviewed and should be read in conjunction with the notes included in the consolidated financial statements as of December 31, 2013, published in the 2013 Annual Report.

Except for the reported acquisitions (see note 2, Acquisitions, divestitures and investments), there have been no other major changes in the entities consolidated.

The consolidated financial statements for the first quarter ended March 31, 2014 include all adjustments that, in the opinion of the Management Board, are of a normal and recurring nature and are necessary to provide an appropriate view of the assets and liabilities, financial position and results of operations of the Fresenius Group.

The results of operations for the first quarter ended March 31, 2014 are not necessarily indicative of the results of operations for the fiscal year 2014.

Classifications

Certain items in the consolidated financial statements for the first quarter of 2013 and for the year 2013 have been reclassified to conform with the current year's presentation.

Use of estimates

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

IV. RECENT PRONOUNCEMENTS, APPLIED

The Fresenius Group has prepared its consolidated financial statements at March 31, 2014 in conformity with U.S. GAAP in force for interim periods on January 1, 2014.

The Fresenius Group applied the following standards, as far as they are relevant for Fresenius Group's business, for the first time:

In July 2013, the "Financial Accounting Standards Board" (FASB) issued **Accounting Standards Update 2013-11** (ASU 2013-11), FASB „Accounting Standards Codification" (ASC) Topic 740, Income Taxes – Presentation of an Unrecognized Tax Benefit When a Net Operating Loss Carryforward, a Similar Tax Loss, or a Tax Credit Carryforward Exists. The purpose of ASU 2013-11 is to align the financial statement presentation of an unrecognized tax benefit when a net operating loss carryforward, a similar tax loss or a tax credit carryforward exists. In most cases, the unrecognized tax benefit should be presented as a reduction to a deferred tax asset for a net operating loss carryforward, a similar tax loss or a tax credit carryforward. The update is effective for fiscal years, and interim periods within those years, beginning on or after December 15, 2013. The Fresenius Group adopted ASU 2013-11 as of January 1, 2014. ASU 2013-11 does not have a material impact on the consolidated financial statements of the Fresenius Group.

In July 2013, the FASB issued **Accounting Standards Update 2013-10** (ASU 2013-10), FASB ASC Topic 815, Derivatives and Hedging – Inclusion of the Fed Funds Effective Swap Rate (or Overnight Index Swap Rate) as a Benchmark Interest Rate for Hedge Accounting Purposes. The purpose of ASU 2013-10 is to provide the inclusion of the Fed Funds Effective Swap Rate as a U.S. benchmark interest rate for hedge accounting purposes. This rate will now be available to use along with the U.S. government interest rates and the London Interbank Offered Rate. This update is effective prospectively for new or designated hedging relationships entered into on or after July 17, 2013. Currently, the Fresenius Group does not intend to utilize the newly available Fed Funds Effective Swap Rate for its hedge accounting.

In March 2013, the FASB issued **Accounting Standards Update 2013-05** (ASU 2013-05), FASB ASC Topic 830, Foreign Currency Matters – Parent's Accounting for the Cumulative Translation Adjustment upon Derecognition of Certain Subsidiaries or Groups of Assets within a Foreign Entity or of an Investment in a Foreign Entity. The purpose of ASU 2013-05 is to provide clarification and further refinement regarding the treatment of the release of a cumulative translation adjustment into net income. This occurs in instances where the parent sells either a part or all of its investment in a foreign entity, as well as when a company ceases to hold a controlling interest in a subsidiary or group of assets that is a nonprofit activity or business within a foreign entity. The update is effective for fiscal years, and interim periods within those years, beginning on or after December 15, 2013. The Fresenius Group adopted ASU 2013-05 as of January 1, 2014. ASU 2013-05 does not have a material impact on the consolidated financial statements of the Fresenius Group.

In February 2013, the FASB issued **Accounting Standards Update 2013-04** (ASU 2013-04), FASB ASC Topic 405, Liabilities – Obligations Resulting from Joint and Several Liability Arrangements for which the Total Amount of the Obligations is Fixed at the Reporting Date. ASU 2013-04's objective is to provide guidance and clarification on the recognition, measurement and disclosure of obligations resulting from joint and several liability arrangements such as debt arrangements, other contractual obligations and settled litigation and judicial rulings. The update is effective for fiscal years, and interim periods within those years, beginning on or after December 15, 2013. The Fresenius Group adopted ASU 2013-04 as of January 1, 2014. ASU 2013-04 does not have a material impact on the consolidated financial statements of the Fresenius Group.

In July 2011, the FASB issued **Accounting Standards Update 2011-06** (ASU 2011-06), FASB ASC Topic 720, Other Expenses – Fees Paid to the Federal Government by Health Insurers. The amendments in ASU 2011-06 address how health insurers should recognize and classify their income statement fees mandated by the Health Care and Educational Affordability Reconciliation Act. These amendments require that the liability for the fee be estimated and recorded in full once the entity provides qualifying health insurance in the applicable calendar year in which the fee is payable. In conjunction, the corresponding deferred cost is amortized to expense using a straight-line allocation method unless another method better allocates the fee over the entire calendar year for which it is payable. In addition, the ASU states that this fee does not meet the definition of an acquisition cost. The disclosures required under ASU 2011-06 are effective for calendar years beginning after December 31, 2013, when the fee initially becomes effective. The Fresenius Group adopted ASU 2011-06 effective January 1, 2014. ASU 2011-06 does not have a material impact on the consolidated financial statements of the Fresenius Group.

V. RECENT PRONOUNCEMENTS, NOT YET APPLIED

The FASB issued the following relevant new standards for the Fresenius Group:

In January 2014, the FASB issued **Accounting Standards Update 2014-05** (ASU 2014-05), FASB ASC Topic 853, Service Concession Arrangements. ASU 2014-05's objective is to specify that an operating entity should not account for a service concession arrangement that is within the scope of ASU 2014-05 as a lease. The update is effective for fiscal years and interim periods within those years beginning on or after December 15, 2014. The Fresenius Group is currently evaluating the impact of ASU 2014-05 on its consolidated financial statements.

In April 2014, the FASB issued **Accounting Standards Update 2014-08** (ASU 2014-08), FASB ASC Topic 205, Presentation of Financial Statements and FASB ASC Topic 360, Property, Plant, and Equipment – Reporting Discontinued Operations and Disclosures of Disposals of Components of an Entity. ASU 2014-08's objective is to reduce the complexity and difficulty in applying guidance for discontinued operations. ASU 2014-08's main focus is to limit the presentation to disposals representing a strategic shift that has a major effect on operations or financial results. The update is effective for fiscal years and interim periods within those years beginning on or after December 15, 2014. The Fresenius Group is currently evaluating the impact of ASU 2014-08 on its consolidated financial statements.

2. ACQUISITIONS, DIVESTITURES AND INVESTMENTS

The Fresenius Group made acquisitions and investments of €924 million and €79 million in the first quarter of 2014 and 2013, respectively. Of this amount, €872 million was paid in cash and €52 million was assumed obligations in the first quarter of 2014.

FRESENIUS MEDICAL CARE

In the first quarter of 2014, Fresenius Medical Care spent €147 million on acquisitions, mainly for the short-term investment in available for sale securities.

FRESENIUS KABI

In the first quarter of 2014, Fresenius Kabi spent €17 million on acquisitions, mainly for the purchase of further shares in Fresenius Kabi Oncology Ltd., India.

FRESENIUS HELIOS

Fresenius Helios spent €760 million on acquisitions in the first quarter of 2014. Thereof, €759 million related to the acquisition of hospitals and outpatient facilities of Rhön-Klinikum AG, Germany. Taking into account the advance payment of €2,178 million made at the end of the year 2013 in conjunction with this acquisition, the transaction amount added up to €2,937 million.

In connection with the acquisition of hospitals of Rhön-Klinikum AG, Fresenius Helios sold two hospitals in Borna and Zwenkau in the first quarter of 2014 due to antitrust authority requirements. The corresponding book gain in the amount of €22 million before tax is included in selling, general and administrative expenses in the consolidated statement of income.

Acquisition of hospitals of Rhön-Klinikum AG

On February 27 and March 6, 2014, Fresenius Helios completed the acquisition of 39 hospitals and 11 outpatient facilities of Rhön-Klinikum AG, Germany. In most instances, 100% of the share capital was purchased, only in a few cases 94% to 99% of the share capital was acquired.

The transaction strengthens Fresenius Helios' position as Europe's largest hospital operator and provides the basis for offering nationwide care models across Germany.

Due to contractual conditions, the Fresenius Group was primary beneficiary of the majority of the acquired hospitals and outpatient facilities for the period from January 1, 2014 until the closing of the majority of the transaction on February 27, 2014. During this period, the Fresenius Group therefore fully consolidated these companies according to regulations for variable interest entities. All other acquired companies have been fully consolidated as of February 27, 2014.

The transaction was accounted for as a business combination. The following table summarizes the current estimated fair values of assets acquired and liabilities assumed at the date of the acquisition. This allocation of the purchase price is based upon the best information available to management at present. Due to the relatively short interval between the closing date of the acquisition and the date of the statement of financial position, this information may be incomplete. Any adjustments to acquisition accounting, net of related income tax effects, will be recorded with a corresponding adjustment to goodwill.

€ in millions	
Trade accounts receivable	205
Working capital and other assets	266
Assets	1,035
Liabilities	-370
Goodwill	1,879
Noncontrolling interest	-14
Consideration transferred	**3,001**
Net cash acquired	-64
Transaction amount	**2,937**

The goodwill in the amount of €1,879 million that was acquired as part of the acquisition is not deductible for tax purposes.

Goodwill is an asset representing the future economic benefits arising from other assets acquired in a business combination that are not individually identified and separately recognized. Goodwill arises principally due to the fair value placed on an established stream of future cash flows versus building a similar business.

The noncontrolling interests acquired as part of the acquisition are stated at fair value.

In the first quarter of 2014, the acquired hospitals and outpatient facilities have contributed €370 million to sales and €26 million to the operating income (EBIT) of the Fresenius Group.

FRESENIUS VAMED

In the first quarter of 2014, Fresenius Vamed spent €1 million on acquisitions.

NOTES ON THE CONSOLIDATED STATEMENT OF INCOME

3. SPECIAL ITEMS

Net income attributable to shareholders of Fresenius SE & Co. KGaA for the first quarter of 2014 in the amount of €248 million includes special items relating to the integration of Fenwal and the divestment of two HELIOS hospitals.

The special items had the following impact on the consolidated statement of income:

€ in millions	EBIT	Net income attributable to shareholders of Fresenius SE & Co. KGaA
Earnings Q1 2014, adjusted		228
Fenwal integration costs	-1	-1
Book gain from the divestment of two HELIOS hospitals	22	21
Earnings Q1 2014 according to U.S. GAAP		**248**

4. SALES

Sales by activity were as follows:

€ in millions	Q1/2014	Q1/2013
Sales of services	**3,414**	3,019
less patient service bad debt provision	**-46**	-49
Sales of products and related goods	**1,761**	1,834
Sales from long-term production contracts	**81**	83
Other sales	**2**	3
Sales	**5,212**	4,890

5. TAXES

During the first quarter of 2014, there were no material changes relating to tax audits, accruals for income taxes, unrecognized tax benefits as well as recognized and accrued payments for interest and penalties. Explanations regarding the tax audits and further information can be found in the consolidated financial statements in the 2013 Annual Report.

6. EARNINGS PER SHARE

The following table shows the earnings per share including and excluding the dilutive effect from stock options issued:

	Q1/2014	Q1/2013
Numerators, € in millions		
Net income attributable to shareholders of Fresenius SE & Co. KGaA	**248**	219
less effect from dilution due to Fresenius Medical Care shares	**–**	–
Income available to all ordinary shares	**248**	219
Denominators in number of shares		
Weighted-average number of ordinary shares outstanding	**179,803,512**	178,236,155
Potentially dilutive ordinary shares	**1,667,274**	1,838,889
Weighted-average number of ordinary shares outstanding assuming dilution	**181,470,786**	180,075,044
Basic earnings per ordinary share in €	**1.38**	1.23
Fully diluted earnings per ordinary share in €	**1.37**	1.22

NOTES ON THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION

7. CASH AND CASH EQUIVALENTS

As of March 31, 2014 and December 31, 2013, cash and cash equivalents were as follows:

€ in millions	March 31, 2014	Dec. 31, 2013
Cash	**807**	846
Time deposits and securities (with a maturity of up to 90 days)	**22**	18
Total cash and cash equivalents	**829**	864

As of March 31, 2014 and December 31, 2013, earmarked funds of €29 million and €22 million, respectively, were included in cash and cash equivalents.

8. TRADE ACCOUNTS RECEIVABLE

As of March 31, 2014 and December 31, 2013, trade accounts receivable were as follows:

€ in millions	March 31, 2014	Dec. 31, 2013
Trade accounts receivable	**4,231**	3,961
less allowance for doubtful accounts	**498**	487
Trade accounts receivable, net	**3,733**	3,474

9. INVENTORIES

As of March 31, 2014 and December 31, 2013, inventories consisted of the following:

€ in millions	March 31, 2014	Dec. 31, 2013
Raw materials and purchased components	**499**	445
Work in process	**349**	323
Finished goods	**1,417**	1,314
less reserves	**85**	68
Inventories, net	**2,180**	2,014

10. OTHER CURRENT AND NON-CURRENT ASSETS

The purchase price deposit in the amount of €2,178 million, that was shown under other non-current assets as of December 31,2013, was offset in the course of the acquisition of hospitals and outpatient facilities of Rhön-Klinikum AG in the first quarter of 2014.

As of March 31, 2014, investments, securities and long-term loans were comprised of investments of €533 million (December 31, 2013: €482 million), mainly regarding the joint venture between Fresenius Medical Care and Galenica Ltd., that were accounted for under the equity method. In the first quarter of 2014, income of €9 million (Q1 2013: €4 million) resulting from this valuation was included in selling, general and administrative expenses in the consolidated statement of income. Moreover, investments, securities and long-term loans included €285 million financial assets available for sale as of March 31, 2014 (December 31, 2013: €197 million). These mainly refer to shares in Rhön-Klinikum AG with acquisition costs of €124 million and a fair value of €161 million. Furthermore, investments and long-term loans included €121 million as of March 31, 2014 that Fresenius Medical Care loaned to a middle-market dialysis provider.

11. GOODWILL AND OTHER INTANGIBLE ASSETS

As of March 31, 2014 and December 31, 2013, intangible assets, split into amortizable and non-amortizable intangible assets, consisted of the following:

AMORTIZABLE INTANGIBLE ASSETS

	March 31, 2014			Dec. 31, 2013		
€ in millions	**Acquisition cost**	**Accumulated amortization**	**Carrying amount**	Acquisition cost	Accumulated amortization	Carrying amount
Patents, product and distribution rights	**571**	**241**	**330**	571	235	336
Technology	**304**	**53**	**251**	303	48	255
Non-compete agreements	**238**	**179**	**59**	237	174	63
Other	**789**	**387**	**402**	771	371	400
Total	**1,902**	**860**	**1,042**	1,882	828	1,054

Estimated regular amortization expenses of intangible assets for the next five years are shown in the following table:

€ in millions	Q2–4/2014	2015	2016	2017	2018	Q1/2019
Estimated amortization expenses	103	131	122	118	115	27

NON-AMORTIZABLE INTANGIBLE ASSETS

	March 31, 2014			December 31, 2013		
€ in millions	**Acquisition cost**	**Accumulated amortization**	**Carrying amount**	Acquisition cost	Accumulated amortization	Carrying amount
Tradenames	**182**	**0**	**182**	182	0	182
Management contracts	**5**	**0**	**5**	5	0	5
Goodwill	**16,674**	**0**	**16,674**	14,826	0	14,826
Total	**16,861**	**0**	**16,861**	15,013	0	15,013

The carrying amount of goodwill has developed as follows:

€ in millions	Fresenius Medical Care	Fresenius Kabi	Fresenius Helios	Fresenius Vamed	Corporate/ Other	**Fresenius Group**
Carrying amount as of January 1, 2013	**8,657**	**4,123**	**2,151**	**77**	**6**	**15,014**
Additions	195	138	14	8	0	355
Disposals	0	-4	0	0	0	-4
Reclassifications	–	0	0	0	0	–
Foreign currency translation	-398	-141	0	0	0	-539
Carrying amount as of December 31, 2013	**8,454**	**4,116**	**2,165**	**85**	**6**	**14,826**
Additions	9	–	1,879	0	0	1,888
Disposals	0	0	-25	0	0	-25
Reclassifications	0	0	–	0	0	–
Foreign currency translation	-16	1	0	0	0	-15
Carrying amount as of March 31, 2014	**8,447**	**4,117**	**4,019**	**85**	**6**	**16,674**

The goodwill additions in the segment Fresenius Helios in the first quarter of 2014 resulted from the acquisition of hospitals and outpatient facilities of Rhön-Klinikum AG.

As of March 31, 2014 and December 31, 2013, the carrying amounts of the other non-amortizable intangible assets were €158 million, respectively, for Fresenius Medical Care as well as €29 million, respectively, for Fresenius Kabi.

12. DEBT AND CAPITAL LEASE OBLIGATIONS

SHORT-TERM DEBT

The Fresenius Group had short-term debt of €297 million and €959 million at March 31, 2014 and December 31, 2013, respectively. As of March 31, 2014, this debt consisted of borrowings by certain entities of the Fresenius Group under lines of credit with commercial banks of €292 million. Furthermore, €5 million were outstanding under the commercial paper program of Fresenius SE & Co. KGaA, which was increased to €1,000 million in March 2014.

LONG-TERM DEBT AND CAPITAL LEASE OBLIGATIONS

As of March 31, 2014 and December 31, 2013, long-term debt and capital lease obligations consisted of the following:

€ in millions	**March 31, 2014**	Dec. 31, 2013
Fresenius Medical Care 2012 Credit Agreement	**2,111**	1,963
2013 Senior Credit Agreement	**2,868**	1,709
Bridge Financing Facility	**0**	1,410
Euro Notes	**859**	859
European Investment Bank Agreements	**48**	188
Accounts receivable facility of Fresenius Medical Care	**304**	255
Capital lease obligations	**95**	94
Other	**200**	248
Subtotal	**6,485**	6,726
less current portion	**1,053**	855
Long-term debt and capital lease obligations, less current portion	**5,432**	5,871

Fresenius Medical Care 2012 Credit Agreement

Fresenius Medical Care AG & Co. KGaA (FMC-AG & Co. KGaA) entered into a syndicated credit facility (Fresenius Medical Care 2012 Credit Agreement) of initially US$3,850 million with a large group of banks and institutional investors (collectively, the Lenders) on October 30, 2012 which replaced a prior credit agreement.

The following tables show the available and outstanding amounts under the Fresenius Medical Care 2012 Credit Agreement at March 31, 2014 and at December 31, 2013:

	March 31, 2014			
	Maximum amount available	€ in millions	**Balance outstanding**	**€ in millions**
Revolving Credit (in US$)	US$600 million	435	**US$336 million**	**244**
Revolving Credit (in €)	€500 million	500	**€90 million**	**90**
Term Loan A	US$2,450 million	1,777	**US$2,450 million**	**1,777**
Total		2,712		**2,111**

	December 31, 2013			
	Maximum amount available	€ in millions	**Balance outstanding**	**€ in millions**
Revolving Credit (in US$)	US$600 million	435	**US$138 million**	**100**
Revolving Credit (in €)	€500 million	500	**€50 million**	**50**
Term Loan A	US$2,500 million	1,813	**US$2,500 million**	**1,813**
Total		2,748		**1,963**

In addition, at March 31, 2014 and December 31, 2013, Fresenius Medical Care had letters of credit outstanding in the amount of US$7 million and US$9 million, respectively, which were not included above as part of the balance outstanding at those dates but which reduce available borrowings under the Revolving Credit Facility.

As of March 31, 2014, FMC-AG & Co. KGaA and its subsidiaries were in compliance with all covenants under the Fresenius Medical Care 2012 Credit Agreement.

2013 Senior Credit Agreement

On December 20, 2012, Fresenius SE & Co. KGaA and various subsidiaries entered into a delayed draw syndicated credit agreement (2013 Senior Credit Agreement) in the initial amount of US$1,300 million and €1,250 million. The 2013 Senior Credit Agreement was funded on June 28, 2013 and replaced the 2008 Senior Credit Agreement. On August 7, 2013, the 2013 Senior Credit Agreement was extended by a term loan B facility in the amount of US$500 million.

The 2013 Senior Credit Agreement allows for establishment of incremental facilities if certain conditions are met. In line with these provisions, the 2013 Senior Credit Agreement has been increased on November 27, 2013 by facilities in the initial amount of €1,200 million, which consisted initially of an incremental term loan facility A of €600 million, an incremental term loan facility B of €300 million and an incremental revolving facility of €300 million. These incremental facilities were drawn down on February 27, 2014 and were used to fund the acquisition of hospitals from Rhön-Klinikum AG.

The following tables show the available and outstanding amounts under the 2013 Senior Credit Agreement at March 31, 2014 and at December 31, 2013:

	March 31, 2014			
	Maximum amount available		**Balance outstanding**	
		€ in millions		**€ in millions**
Revolving Credit Facilities (in €)	€900 million	900	**€300 million**	**300**
Revolving Credit Facilities (in US$)	US$300 million	218	**US$0 million**	**0**
Term Loan A (in €)	€1,212 million	1,212	**€1,212 million**	**1,212**
Term Loan A (in US$)	US$960 million	696	**US$960 million**	**696**
Term Loan B (in €)	€299 million	299	**€299 million**	**299**
Term Loan B (in US$)	US$498 million	361	**US$498 million**	**361**
Total		3,686		**2,868**

	December 31, 2013			
	Maximum amount available		**Balance outstanding**	
		€ in millions		**€ in millions**
Revolving Credit Facilities (in €)	€600 million	600	**€0 million**	**0**
Revolving Credit Facilities (in US$)	US$300 million	218	**US$0 million**	**0**
Term Loan A (in €)	€637 million	637	**€637 million**	**637**
Term Loan A (in US$)	US$980 million	710	**US$980 million**	**710**
Term Loan B (in US$)	US$499 million	362	**US$499 million**	**362**
Total		2,527		**1,709**

As of March 31, 2014, the Fresenius Group was in compliance with all covenants under the 2013 Senior Credit Agreement.

Bridge Financing Facility

On October 15, 2013, Fresenius SE & Co. KGaA entered into a Bridge Financing Facility in the amount of €1,800 million with a group of banks. The Bridge Financing Facility was guaranteed by Fresenius ProServe GmbH and Fresenius Kabi AG. The Bridge Financing Facility had been drawn in an amount of €1,500 million on December 30, 2013. The proceeds were used for advances made in the amount of €2,178 million under a fiduciary arrangement for the acquisition of hospitals and outpatient facilities of Rhön-Klinikum AG. The majority of the transaction was closed on February 27, 2014.

The Bridge Financing Facility initially had a one year tenor and had to be mandatorily reduced by the net proceeds of any capital markets transaction. In line with these provisions, the facility has been reduced by the net proceeds of the €1,200 million Senior Notes issuances as well as the US$300 million Senior Notes issuance that were made in January and February 2014. For more information, see note 13, Senior Notes. Due to the refinancing, this portion of the Bridge Financing Facility in the amount of €1,410 million is shown under long-term debt in the consolidated statement of financial position at December 31, 2013. On February 27, 2014, the Bridge Financing Facility was voluntarily cancelled before maturity and the remaining outstanding amount of €90 million was prepaid.

Euro Notes

As of March 31, 2014 and December 31, 2013, Euro Notes (Schuldscheindarlehen) of the Fresenius Group consisted of the following:

			Book value/nominal value € in millions	
	Maturity	Interest rate	**March 31, 2014**	Dec. 31, 2013
Fresenius Finance B.V. 2008/2014	April 2, 2014	5.98%	**112**	112
Fresenius Finance B.V. 2008/2014	April 2, 2014	variable	**88**	88
Fresenius Finance B.V. 2007/2014	July 2, 2014	5.75%	**38**	38
Fresenius Finance B.V. 2007/2014	July 2, 2014	variable	**62**	62
Fresenius SE & Co. KGaA 2012/2016	April 4, 2016	3.36%	**156**	156
Fresenius SE & Co. KGaA 2012/2016	April 4, 2016	variable	**129**	129
Fresenius SE & Co. KGaA 2013/2017	Aug. 22, 2017	2.65%	**51**	51
Fresenius SE & Co. KGaA 2013/2017	Aug. 22, 2017	variable	**74**	74
Fresenius SE & Co. KGaA 2012/2018	April 4, 2018	4.09%	**72**	72
Fresenius SE & Co. KGaA 2012/2018	April 4, 2018	variable	**43**	43
Fresenius Medical Care AG & Co. KGaA 2009/2014	Oct. 27, 2014	8.38%	**11**	11
Fresenius Medical Care AG & Co. KGaA 2009/2014	Oct. 27, 2014	variable	**23**	23
Euro Notes			**859**	859

All Euro Notes due in 2014 are shown as current portion of long-term debt and capital lease obligations in the consolidated statement of financial position.

The Euro Notes issued by Fresenius Finance B.V. in the amount of €200 million, which were due on April 2, 2014, were repaid as scheduled. Fresenius SE & Co. KGaA issued Euro Notes in the amount of €334 million for the refinancing of the €200 million Euro Notes as well as for general corporate purposes on April 2, 2014. In addition, an agreement for the issuance of further Euro Notes in an amount of €166 million was reached. These additional Euro Notes will be issued on July 2, 2014. The new Euro Notes are guaranteed by Fresenius Kabi AG and Fresenius ProServe GmbH.

As of March 31, 2014, the Fresenius Group was in compliance with all of its covenants under the Euro Notes.

European Investment Bank Agreements

The following table shows the amounts outstanding under the European Investment Bank (EIB) facilities as of March 31, 2014 and December 31, 2013:

		Book value € in millions	
	Maturity	**March 31, 2014**	Dec. 31, 2013
Fresenius Medical Care AG & Co. KGaA	2013/2014	**0**	140
HELIOS Kliniken GmbH	2019	**48**	48
Loans from EIB		**48**	188

The loans borrowed by FMC-AG & Co. KGaA, which were due on February 3 and 17, 2014, respectively, were repaid as scheduled.

As of March 31, 2014, the Fresenius Group was in compliance with the respective covenants.

CREDIT LINES

In addition to the financial liabilities described before, the Fresenius Group maintains additional credit facilities which have not been utilized, or have only been utilized in part, as of the reporting date. At March 31, 2014, the additional financial cushion resulting from unutilized credit facilities was approximately €2.3 billion.

13. SENIOR NOTES

As of March 31, 2014 and December 31, 2013, Senior Notes of the Fresenius Group consisted of the following:

				Book value € in millions	
	Notional amount	Maturity	Interest rate	**March 31, 2014**	Dec. 31, 2013
Fresenius Finance B.V. 2014/2019	€300 million	Feb. 1, 2019	2.375%	**299**	0
Fresenius Finance B.V. 2012/2019	€500 million	Apr. 15, 2019	4.25%	**500**	500
Fresenius Finance B.V. 2013/2020	€500 million	July 15, 2020	2.875%	**500**	500
Fresenius Finance B.V. 2014/2021	€450 million	Feb. 1, 2021	3.00%	**444**	0
Fresenius Finance B.V. 2014/2024	€450 million	Feb. 1, 2024	4.00%	**453**	0
Fresenius US Finance II, Inc. 2009/2015	€275 million	July 15, 2015	8.75%	**271**	270
Fresenius US Finance II, Inc. 2009/2015	US$500 million	July 15, 2015	9.00%	**358**	357
Fresenius US Finance II, Inc. 2014/2021	US$300 million	Feb. 1, 2021	4.25%	**216**	0
FMC Finance VI S.A. 2010/2016	€250 million	July 15, 2016	5.50%	**249**	249
FMC Finance VII S.A. 2011/2021	€300 million	Feb. 15, 2021	5.25%	**295**	295
FMC Finance VIII S.A. 2011/2016	€100 million	Oct. 15, 2016	variable	**100**	100
FMC Finance VIII S.A. 2011/2018	€400 million	Sept. 15, 2018	6.50%	**396**	396
FMC Finance VIII S.A. 2012/2019	€250 million	July 31, 2019	5.25%	**243**	243
Fresenius Medical Care US Finance, Inc. 2007/2017	US$500 million	July 15, 2017	6.875%	**361**	360
Fresenius Medical Care US Finance, Inc. 2011/2021	US$650 million	Feb. 15, 2021	5.75%	**468**	468
Fresenius Medical Care US Finance II, Inc. 2011/2018	US$400 million	Sept. 15, 2018	6.50%	**288**	287
Fresenius Medical Care US Finance II, Inc. 2012/2019	US$800 million	July 31, 2019	5.625%	**580**	580
Fresenius Medical Care US Finance II, Inc. 2012/2022	US$700 million	Jan. 31, 2022	5.875%	**508**	508
Senior Notes				**6,529**	5,113

On January 23, 2014, Fresenius Finance B.V. issued unsecured Senior Notes of €750 million. The €300 million tranche due 2019 has a coupon of 2.375% and was issued at a price of 99.647%. The €450 million tranche which has a coupon of 3.00% was issued at a price of 98.751% and is due in 2021.

Moreover, Fresenius Finance B.V. placed €300 million of unsecured Senior Notes with a maturity of 10 years on January 28, 2014. The Senior Notes have a coupon of 4.00% and were placed at par. On February 6, 2014, these Senior Notes were increased by an amount of €150 million at a price of 102%. The Senior Notes in the nominal amount of €450 million were issued on February 11, 2014.

Furthermore, on February 14, 2014, Fresenius US Finance II, Inc. issued US$300 million of unsecured Senior Notes with a maturity of seven years. The Senior Notes have a coupon of 4.25% and were issued at par.

Net proceeds of the Senior Notes issued in January and February 2014 were used to partially refinance the drawing under the Bridge Financing Facility. On February 27, 2014, the Bridge Financing Facility was voluntarily cancelled before maturity and the remaining outstanding amount of €90 million was repaid.

As of March 31, 2014, the Fresenius Group was in compliance with all of its covenants.

14. CONVERTIBLE BONDS

On March 18, 2014, the Fresenius Group placed €500 million equity-neutral convertible bonds due 2019. The bonds were issued at par. The coupon was fixed at 0%, the initial conversion price has been determined at €149.3786. This represents a 35% premium over the reference share price of €110.65081. The reference share price has been determined as the arithmetic average of Fresenius' daily volume-weighted average XETRA share prices over a period of 10 consecutive XETRA trading days, starting on March 19, 2014. Net proceeds were used to partially fund the acquisition of hospitals and outpatient facilities of Rhön-Klinikum AG.

The fair value of the derivative embedded in the convertible bonds was €46 million at March 31, 2014. Fresenius SE & Co. KGaA has purchased stock options (call options) to secure against future fair value fluctuations of this derivative. The stock options also had an aggregate fair value of €46 million at March 31, 2014.

The conversion will be cash-settled. Any increase of Fresenius' share price above the conversion price would be offset by a corresponding value increase of the call options.

The derivative embedded in the convertible bonds and the stock options are recognized in other non-current liabilities/assets in the consolidated statement of financial position.

15. PENSIONS AND SIMILAR OBLIGATIONS

DEFINED BENEFIT PENSION PLANS

At March 31, 2014, the pension liability of the Fresenius Group was €723 million. The current portion of the pension liability of €15 million is recognized in the consolidated statement of financial position within short-term accrued expenses and other short-term liabilities. The non-current portion of €708 million is recorded as pension liability.

Contributions to Fresenius Group's pension fund were €25 million in the first quarter of 2014. The Fresenius Group expects approximately €38 million contributions to the pension fund during 2014.

Defined benefit pension plans' net periodic benefit costs of €18 million (Q1 2013: €19 million) were comprised of the following components:

€ in millions	Q1/2014	Q1/2013
Service cost	8	7
Interest cost	10	10
Expected return on plan assets	-4	-4
Amortization of unrealized actuarial losses, net	4	6
Amortization of prior service costs	–	–
Amortization of transition obligations	–	–
Settlement loss	–	–
Net periodic benefit cost	**18**	19

16. NONCONTROLLING INTEREST

NONCONTROLLING INTEREST SUBJECT TO PUT PROVISIONS

Noncontrolling interest subject to put provisions changed as follows:

€ in millions	Q1/2014
Noncontrolling interest subject to put provisions as of January 1, 2014	**472**
Noncontrolling interest subject to put provisions in profit	19
Dividend payments	-21
Currency effects, first-time consolidations and other changes	-10
Noncontrolling interest subject to put provisions as of March 31, 2014	**460**

As of March 31, 2014 and December 31, 2013, put options with an aggregate purchase obligation of €182 million and €200 million, respectively, were exercisable. No put options were exercised in the first quarter of 2014 and 2013.

NONCONTROLLING INTEREST NOT SUBJECT TO PUT PROVISIONS

As of March 31, 2014 and December 31, 2013, noncontrolling interest not subject to put provisions in the Fresenius Group was as follows:

€ in millions	March 31, 2014	Dec. 31, 2013
Noncontrolling interest not subject to put provisions in Fresenius Medical Care AG & Co. KGaA	4,696	4,599
Noncontrolling interest not subject to put provisions in VAMED AG	38	38
Noncontrolling interest not subject to put provisions in the business segments		
Fresenius Medical Care	186	182
Fresenius Kabi	126	126
Fresenius Helios	132	117
Fresenius Vamed	4	3
Total noncontrolling interest not subject to put provisions	**5,182**	5,065

Noncontrolling interest not subject to put provisions changed as follows:

€ in millions	Q1/2014
Noncontrolling interest not subject to put provisions as of January 1, 2014	**5,065**
Noncontrolling interest not subject to put provisions in profit	125
Purchase of noncontrolling interest not subject to put provisions	11
Stock options	6
Dividend payments	-7
Currency effects, first-time consolidations and other changes	-18
Noncontrolling interest not subject to put provisions as of March 31, 2014	**5,182**

17. FRESENIUS SE & CO. KGAA SHAREHOLDERS' EQUITY

SUBSCRIBED CAPITAL

During the first quarter of 2014, 129,250 stock options were exercised. Consequently, as of March 31, 2014, the subscribed capital of Fresenius SE & Co. KGaA consisted of 179,824,079 bearer ordinary shares. The shares are issued as non-par value shares. The proportionate amount of the subscribed capital is €1.00 per share.

CONDITIONAL CAPITAL

Corresponding to the stock option plans, the Conditional Capital of Fresenius SE & Co. KGaA is divided into Conditional Capital I, Conditional Capital II, Conditional Capital III and Conditional Capital IV. These are used to satisfy the subscription rights in connection with previously issued stock options or convertible bonds, as the case may be, for bearer ordinary shares under the stock option plans of 2003, 2008 and 2013 (see note 24, Stock options).

The following table shows the development of the Conditional Capital:

in €	Ordinary shares
Conditional Capital I Fresenius AG Stock Option Plan 2003	2,111,517
Conditional Capital II Fresenius SE Stock Option Plan 2008	4,262,602
Conditional Capital III, approved on May 11, 2012	16,323,734
Conditional Capital IV Fresenius SE & Co. KGaA Stock Option Plan 2013	8,400,000
Total Conditional Capital as of January 1, 2014	**31,097,853**
Fresenius AG Stock Option Plan 2003 – options exercised	-44,598
Fresenius SE Stock Option Plan 2008 – options exercised	-84,652
Total Conditional Capital as of March 31, 2014	**30,968,603**

DIVIDENDS

Under the German Stock Corporation Act (AktG), the amount of dividends available for distribution to shareholders is based upon the unconsolidated retained earnings of Fresenius SE & Co. KGaA as reported in its statement of financial position determined in accordance with the German Commercial Code (HGB).

In May 2014, the general partner and the Supervisory Board of Fresenius SE & Co. KGaA propose a dividend of €1.25 per bearer ordinary share to the Annual General Meeting, i. e. a total dividend payment of €224.6 million.

18. OTHER COMPREHENSIVE INCOME (LOSS)

Other comprehensive income (loss) comprises all amounts recognized directly in equity (net of tax) resulting from the currency translation of foreign subsidiaries' financial statements and the effects of measuring financial instruments at their fair value as well as the change in benefit obligation.

Changes in accumulated other comprehensive income (loss) net of tax by component were as follows:

€ in millions	Cash flow hedges	Change of fair value of available for sale financial assets	Foreign currency translation	Actuarial gains/losses on defined benefit pension plans	Total, before non-controlling interest	Non-controlling interest	Total, after non-controlling interest
Balance as of December 31, 2012	-122	-17	168	-157	-128	13	-115
Other comprehensive income (loss) before reclassifications	3	9	73	-3	82	142	224
Amounts reclassified from accumulated other comprehensive income (loss)	1	0	–	2	3	4	7
Other comprehensive income (loss), net	4	9	73	-1	85	146	231
Balance as of March 31, 2013	**-118**	**-8**	**241**	**-158**	**-43**	**159**	**116**
Balance as of December 31, 2013	-107	17	-99	-162	-351	-255	-606
Other comprehensive income (loss) before reclassifications	-3	10	-34	-1	-28	-29	-57
Amounts reclassified from accumulated other comprehensive income (loss)	4	0	–	2	6	4	10
Other comprehensive income (loss), net	1	10	-34	1	-22	-25	-47
Balance as of March 31, 2014	**-106**	**27**	**-133**	**-161**	**-373**	**-280**	**-653**

Reclassifications out of accumulated other comprehensive income (loss) were as follows:

€ in millions	Amount of gain or loss reclassified from accumulated other comprehensive (income) loss		Affected line item in the consolidated statement of income
	Q1/2014	Q1/2013	
Details about accumulated other comprehensive (income) loss components			
Cash flow hedges			
Interest rate contracts	**8**	6	Interest income/expense
Foreign exchange contracts	**1**	-1	Cost of sales
Foreign exchange contracts	**–**	–	Selling, general and administrative expenses
Foreign exchange contracts	**0**	–	Interest income/expense
Other comprehensive income (loss)	**9**	5	
Tax expense or benefit	**-2**	-2	
Other comprehensive income (loss), net	**7**	3	
Amortization of defined benefit pension items			
Prior service costs	**–**	–	[1]
Transition obligations	**–**	–	[1]
Actuarial gains/losses on defined benefit pension plans	**4**	6	[1]
Other comprehensive income (loss)	**4**	6	
Tax expense or benefit	**-1**	-2	
Other comprehensive income (loss), net	**3**	4	
Total reclassifications for the period	**10**	7	

[1] Net periodic benefit cost is allocated as personnel expense within cost of sales or selling, general and administrative expenses as well as research and development expenses.

OTHER NOTES

19. LEGAL AND REGULATORY MATTERS

The Fresenius Group is routinely involved in numerous claims, lawsuits, regulatory and tax audits, investigations and other legal matters arising, for the most part, in the ordinary course of its business of providing health care services and products. Legal matters that the Fresenius Group currently deems to be material are described below. For the matters described below in which the Fresenius Group believes a loss is both reasonably possible and estimable, an estimate of the loss or range of loss exposure is provided. For the other matters described below, the Fresenius Group believes that the loss probability is remote and / or the loss or range of possible losses cannot be reasonably estimated at this time. The outcome of litigation and other legal matters is always difficult to predict accurately and outcomes that are not consistent with Fresenius Group's view of the merits can occur. The Fresenius Group believes that it has valid defenses to the legal matters pending against it and is defending itself vigorously. Nevertheless, it is possible that the resolution of one or more of the legal matters currently pending or threatened could have a material adverse effect on its business, results of operations and financial condition.

Further information regarding legal disputes, court proceedings and investigations can be found in detail in the consolidated financial statements in the 2013 Annual Report. In the following, only the changes during the first quarter ended March 31, 2014 compared to the information provided in the consolidated financial statements are described. These changes should be read in conjunction with the overall information in the consolidated financial statements in the 2013 Annual Report; defined terms or abbreviations having the same meaning as in the 2013 Annual Report.

W.R. GRACE & CO. LAWSUIT

On February 3, 2014, the Court of Appeals dismissed the last of the appeals of the District Court order confirming the plan of reorganization, and the Grace Bankruptcy Plan went effective on that date. Pursuant to the terms of the Settlement Agreement and the Grace Bankruptcy Plan, all actions asserting fraudulent conveyance and other claims raised on behalf of asbestos claimants were dismissed with prejudice and Fresenius Medical Care received protection against existing and potential future W.R. Grace & Co. related claims, including fraudulent conveyance and asbestos claims by operation of injunctions and releases and Fresenius Medical Care also received indemnification against income tax claims related to the non-NMC members of the W.R. Grace & Co. consolidated tax group. Also, pursuant to the Settlement Agreement on February 3, 2014, Fresenius Medical Care paid a total of US$115 million, which had previously been accrued and is included on Fresenius Group's consolidated statement of financial position, to the asbestos personal injury and property damage trusts created under the Grace Bankruptcy Plan. No admission of liability was made.

BAXTER PATENT DISPUTE "TOUCHSCREEN INTERFACES" (1)

On March 5, 2014, Baxter petitioned the United States Supreme Court to review the decisions of the Federal Circuit.

PRODUCT LIABILITY LITIGATION

In addition, similar cases have been filed in state courts outside Massachusetts, in some of which the judicial authorities have established consolidated proceedings for their disposition.

INTERNAL REVIEW

Fresenius Medical Care has recorded a non-material accrual for an identified matter. Given the current status of the internal review, Fresenius Medical Care cannot reasonably estimate the range of possible loss that may result from additional identified matters or from the final outcome of the continuing internal review.

The Fresenius Group regularly analyzes current information including, as applicable, Fresenius Group's defenses and insurance coverage and, as necessary, provides accruals for probable liabilities for the eventual disposition of these matters.

The Fresenius Group, like other health care providers, conducts its operations under intense government regulation and scrutiny. It must comply with regulations which relate to or govern the safety and efficacy of medical products and supplies, the marketing and distribution of such products, the operation of manufacturing facilities, laboratories and dialysis clinics, and environmental and occupational health and safety. With respect to its development, manufacture, marketing and distribution of medical products, if such compliance is not maintained, the Fresenius Group could be subject to significant adverse regulatory actions by the U.S. Food and Drug Administration (FDA) and comparable regulatory authorities outside the U.S. These regulatory actions could include warning letters or other enforcement notices from the FDA and/or comparable foreign regulatory authority, which may require the Fresenius Group to expend significant time and resources in order to implement appropriate corrective actions. If the Fresenius Group does not address matters raised in warning letters or other enforcement notices to the satisfaction of the FDA and/or comparable regulatory authorities outside the U.S., these regulatory authorities could take additional actions, including product recalls, injunctions against the distribution of products or operation of manufacturing plants, civil penalties, seizures of Fresenius Group's products, and/or criminal prosecution. FMCH is currently engaged in remediation efforts with respect to three pending FDA warning letters. The Fresenius Group must also comply with the laws of the United States, including the federal Anti-Kickback Statute, the federal False Claims Act, the federal Stark Law and the federal Foreign Corrupt Practices Act as well as other federal and state fraud and abuse laws. Applicable laws or regulations may be amended, or enforcement agencies or courts may make interpretations that differ from Fresenius Group's interpretations or the manner in which it conducts its business. Enforcement has become a high priority for the federal government and some states. In addition, the provisions of the False Claims Act authorizing payment of a portion of any recovery to the party bringing the suit encourage private plaintiffs to commence "qui tam" or "whistle blower" actions. In May 2009, the scope of the False Claims Act was expanded and additional protections for whistle blowers and procedural provisions to aid whistle blowers' ability to proceed in a False Claims Act case were added. By virtue of this regulatory environment, Fresenius Group's business activities and practices are subject to extensive review by regulatory authorities and private parties, and continuing audits, subpoenas, other inquiries, claims and litigation relating to Fresenius Group's compliance with applicable laws and regulations. The Fresenius Group may not always be aware that an inquiry or action has begun, particularly in the case of "whistle blower" actions, which are initially filed under court seal.

20. FINANCIAL INSTRUMENTS

VALUATION OF FINANCIAL INSTRUMENTS

The following table presents the carrying amounts and fair values as well as the fair value hierarchy levels of Fresenius Group's financial instruments as of March 31, 2014 and December 31, 2013, classified into classes:

€ in millions	Fair value hierarchy level	**March 31, 2014** Carrying amount	**March 31, 2014** Fair value	Dec. 31, 2013 Carrying amount	Dec. 31, 2013 Fair value
Cash and cash equivalents	1	**829**	**829**	864	864
Assets recognized at carrying amount	3	**3,872**	**3,885**	3,622	3,629
Assets recognized at fair value	1	**285**	**285**	197	197
Liabilities recognized at carrying amount	2	**14,582**	**15,160**	13,691	14,225
Liabilities recognized at fair value	2	**62**	**62**	16	16
Noncontrolling interest subject to put provisions recognized at fair value	3	**460**	**460**	472	472
Derivatives for hedging purposes	2	**50**	**50**	10	10

The significant methods and assumptions used to estimate the fair values of financial instruments as well as classification of fair value measurements according to the three-tier fair value hierarchy are as follows:

Cash and cash equivalents are stated at nominal value, which equals the fair value.

The nominal value of short-term financial instruments such as accounts receivable and payable and short-term debt represents its carrying amount, which is a reasonable estimate of the fair value due to the relatively short period to maturity for these instruments.

The fair values of major long-term financial instruments are calculated on the basis of market information. Financial instruments for which market quotes are available are measured with the market quotes at the reporting date. The fair values of the other long-term financial liabilities are calculated at the present value of respective future cash flows. To determine these present values, the prevailing interest rates and credit spreads for the Fresenius Group as of the date of the statement of financial position are used.

The class assets recognized at carrying amount consists of trade accounts receivable and a loan which Fresenius Medical Care granted to a middle-market dialysis provider. The fair value of the loan is based on significant unobservable inputs of comparable instruments and thus the class is classified as fair value hierarchy Level 3.

The class assets recognized at fair value is comprised of European government bonds, shares and shares in funds. The fair values of these assets are calculated on the basis of market information. Therefore, this class is classified as Level 1.

The class liabilities recognized at carrying amount is classified as hierarchy Level 2.

The derivative embedded in the convertible bonds is included in the class liabilities recognized at fair value. The fair value of this derivative is derived from market quotes. The class was classified as Level 2.

The valuation of the class noncontrolling interest subject to put provisions recognized at fair value is determined using significant unobservable inputs. It is therefore classified as Level 3.

Derivatives, mainly consisting of interest rate swaps and foreign exchange forward contracts, are valued as follows: The fair value of interest rate swaps is calculated by discounting the future cash flows on the basis of the market interest rates applicable for the remaining term of the contract as of the date of the statement of financial position. To determine the fair value of foreign exchange forward contracts, the contracted forward rate is compared to the current forward rate for the remaining term of the contract as of the date of the statement of financial position. The result is then discounted on the basis of the market interest rates prevailing at the date of the statement of financial position for the respective currency.

Fresenius Group's own credit risk is incorporated in the fair value estimation of derivatives that are liabilities. Counterparty credit risk adjustments are factored into the valuation of derivatives that are assets. The Fresenius Group monitors and analyses the credit risk from derivative financial instruments on a regular basis. For the valuation of derivative financial instruments, the credit risk is considered in the fair value of every individual instrument. The basis for the default probability are Credit Default Swap Spreads of each counterparty appropriate for the duration. The calculation of the credit risk considered in the valuation is done by multiplying the default probability appropriate for the duration with the expected discounted cash flows of the derivative financial instrument.

In the class derivatives for hedging purposes, stock options are included to secure the convertible bonds. The fair values of these stock options are derived from market quotes. For the fair value measurement of the class derivatives for hedging purposes, significant other observable inputs are used. Therefore, the class is classified as Level 2 in accordance with the defined fair value hierarchy levels.

Currently, there is no indication that a decrease in the value of Fresenius Group's financing receivables is probable. Therefore, the allowances on credit losses of financing receivables are immaterial.

FAIR VALUES OF DERIVATIVE FINANCIAL INSTRUMENTS

	March 31, 2014		Dec. 31, 2013	
€ in millions	**Assets**	**Liabilities**	Assets	Liabilities
Interest rate contracts (current)	**0**	**2**	0	4
Interest rate contracts (non-current)	**0**	**4**	0	4
Foreign exchange contracts (current)	**11**	**5**	15	5
Foreign exchange contracts (non-current)	**–**	**–**	1	–
Derivatives designated as hedging instruments[1]	**11**	**11**	16	13
Interest rate contracts (current)	**0**	**0**	0	–
Interest rate contracts (non-current)	**0**	**1**	0	1
Foreign exchange contracts (current)[1]	**12**	**7**	15	8
Foreign exchange contracts (non-current)[1]	**–**	**1**	1	1
Derivative embedded in the convertible bonds	**0**	**46**	0	0
Stock options to secure the convertible bonds[1]	**46**	**0**	0	0
Derivatives not designated as hedging instruments	**58**	**55**	16	10

[1] Derivatives designated as hedging instruments, foreign exchange contracts not designated as hedging instruments and stock options to secure the convertible bonds are classified as derivatives for hedging purposes.

Derivative financial instruments are marked to market each reporting period, resulting in carrying amounts equal to fair values at the reporting date.

Derivatives not designated as hedging instruments, which are derivatives that do not qualify for hedge accounting, are also solely entered into to hedge economic business transactions and not for speculative purposes.

Derivatives for hedging purposes as well as the derivative embedded in the convertible bonds were recognized at gross value within other assets in an amount of €69 million and other liabilities in an amount of €65 million.

The current portion of interest rate contracts and foreign exchange contracts indicated as assets in the preceding table is recognized within other current assets in the consolidated statement of financial position, while the current portion of those indicated as liabilities is included in short-term accrued expenses and other short-term liabilities. The non-current portions indicated as assets or liabilities are recognized in other non-current assets or in long-term accrued expenses and other long-term liabilities, respectively. The derivative embedded in the convertible bonds and the stock options to secure the convertible bonds are recognized in other non-current liabilities/assets in the consolidated statement of financial position.

EFFECT OF DERIVATIVES DESIGNATED AS HEDGING INSTRUMENTS ON THE CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Q1/2014		
€ in millions	Gain or loss recognized in other comprehensive income (loss) (effective portion)	Gain or loss reclassified from accumulated other comprehensive income (loss) (effective portion)	Gain or loss recognized in the consolidated statement of income
Interest rate contracts	1	8	1
Foreign exchange contracts	-6	1	–
Derivatives in cash flow hedging relationships [1]	**-5**	**9**	**1**
Foreign exchange contracts			–
Derivatives in fair value hedging relationships			**–**
Derivatives designated as hedging instruments	**-5**	**9**	**1**

	Q1/2013		
€ in millions	Gain or loss recognized in other comprehensive income (loss) (effective portion)	Gain or loss reclassified from accumulated other comprehensive income (loss) (effective portion)	Gain or loss recognized in the consolidated statement of income
Interest rate contracts	8	6	1
Foreign exchange contracts	-1	-1	–
Derivatives in cash flow hedging relationships [1]	**7**	**5**	**1**
Foreign exchange contracts			-8
Derivatives in fair value hedging relationships			**-8**
Derivatives designated as hedging instruments	**7**	**5**	**-7**

[1] The amount of gain or loss recognized in the consolidated statement of income solely relates to the ineffective portion.

EFFECT OF DERIVATIVES NOT DESIGNATED AS HEDGING INSTRUMENTS ON THE CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Gain or loss recognized in the consolidated statement of income	
€ in millions	**Q1/2014**	Q1/2013
Interest rate contracts	–	2
Foreign exchange contracts	**6**	31
Derivatives not designated as hedging instruments	**6**	33

Gains from derivatives in fair value hedging relationships and from foreign exchange contracts not designated as hedging instruments recognized in the consolidated statement of income are faced by losses from the underlying transactions in the corresponding amount.

The Fresenius Group expects to recognize a net amount of €183 thousand of the existing losses for foreign exchange contracts deferred in accumulated other comprehensive income (loss) in the consolidated statement of income within the next 12 months. For interest rate contracts, the Fresenius Group expects to recognize €31 million of losses in the course of normal business during the next 12 months in interest expense.

Gains and losses from foreign exchange contracts and the corresponding underlying transactions are accounted for as cost of sales, selling, general and administrative expenses and net interest. Gains and losses resulting from interest rate contracts are recognized as net interest in the consolidated statement of income.

In the first quarter of 2014, gains of €10 million (Q1 2013: €9 million) for available for sale financial assets were recognized in other comprehensive income (loss).

MARKET RISK

General

The Fresenius Group is exposed to effects related to foreign exchange fluctuations in connection with its international business activities that are denominated in various currencies. In order to finance its business operations, the Fresenius Group issues senior notes and commercial papers and enters into mainly long-term credit agreements and euro notes (Schuldscheindarlehen) with banks. Due to these financing activities, the Fresenius Group is exposed to interest risk caused by changes in variable interest rates and the risk of changes in the fair value of statement of financial position items bearing fixed interest rates.

In order to manage the risk of interest rate and foreign exchange rate fluctuations, the Fresenius Group enters into certain hedging transactions with highly rated financial institutions as authorized by the Management Board. Derivative financial instruments are not entered into for trading purposes.

The Fresenius Group defines benchmarks for individual exposures in order to quantify interest and foreign exchange risks. The benchmarks are derived from achievable and sustainable market rates. Depending on the individual benchmarks, hedging strategies are determined and generally implemented by means of micro hedges.

Securities, which are predominantly held as European government bonds, shares and shares in funds, are generally subject to the risk of changing stock exchange prices. Therefore, the stock exchange prices of these securities are continuously monitored to identify possible price risks on time.

Derivative financial instruments

Classification

To reduce the credit risk arising from derivatives, the Fresenius Group concluded master netting agreements with banks. Through such agreements, positive and negative fair values of the derivative contracts could be offset against one another if a partner becomes insolvent. This offsetting is valid for transactions where the aggregate amount of obligations owed to and receivable from are not equal. If insolvency occurs, the party which owes the larger amount is obliged to pay the other party the difference between the amounts owed in the form of one net payment.

Fresenius elects not to offset the fair values of derivative financial instruments subject to master netting agreements in the consolidated statement of financial position.

At March 31, 2014 and December 31, 2013, the Fresenius Group had €22 million and €29 million of derivative financial assets subject to netting arrangements and €19 million and €22 million of derivative financial liabilities subject to netting arrangements. Offsetting these derivative financial instruments would have resulted in net assets of €15 million and €22 million as well as net liabilities of €12 million and €15 million at March 31, 2014 and December 31, 2013, respectively.

Foreign exchange risk management

Solely for the purpose of hedging existing and foreseeable foreign exchange transaction exposures, the Fresenius Group enters into foreign exchange forward contracts and, on a small scale, foreign exchange options. To ensure that no foreign exchange risks result from loans in foreign currencies, the Fresenius Group enters into foreign exchange swap contracts.

As of March 31, 2014, the notional amounts of foreign exchange contracts totaled €1,592 million. These foreign exchange contracts have been entered into to hedge risks from operational business and in connection with loans in foreign currency. The predominant part of the foreign exchange forward contracts to hedge risks from operational business was recognized as cash flow hedge, while foreign exchange contracts in connection with loans in foreign currencies are partly recognized as fair value hedges. The fair value of cash flow hedges was €6 million. As of March 31, 2014, no fair value hedges were recognized in the Fresenius Group.

As of March 31, 2014, the Fresenius Group was party to foreign exchange contracts with a maximum maturity of 20 months.

Interest rate risk management

The Fresenius Group enters into interest rate swaps and, on a small scale, into interest rate options in order to protect against the risk of rising interest rates. These interest rate derivatives are mainly designated as cash flow hedges and have been entered into in order to convert payments based on variable interest rates into payments at a fixed interest rate.

As of March 31, 2014, the interest rate swaps had a notional volume of US$600 million (€435 million) and €263 million as well as fair values of -US$3 million and -€5 million, respectively, which expire between 2014 and 2022.

In addition, the Fresenius Group also enters into interest rate hedges (pre-hedges) in anticipation of future debt issuance to effectively convert the variable interest rate related to the future debt to a fixed interest rate. These pre-hedges are settled at the issuance date of the corresponding debt with the settlement amount recorded in accumulated other comprehensive income (loss) amortized to interest expense over the life of the pre-hedges. At March 31, 2014 and December 31, 2013, the Fresenius Group had €107 million and €113 million, respectively, related to such settlements of pre-hedges deferred in accumulated other comprehensive income (loss), net of tax.

Stock price risk management

Price risks arise from changing stock prices of available for sale financial assets. Gains and losses arising from available for sale financial assets are recognized directly in the consolidated statement of equity until the asset is disposed of or if it is considered to be impaired. A decline of 10% in prices of the recognized assets would have an effect of less than 0.4% on Fresenius SE & Co. KGaA shareholders' equity.

21. SUPPLEMENTARY INFORMATION ON CAPITAL MANAGEMENT

The Fresenius Group has a solid financial profile. As of March 31, 2014, the equity ratio was 39.7% and the debt ratio (debt/total assets) was 40.2%. As of March 31, 2014, the net debt/EBITDA ratio (pro forma, before special items) was 3.2.

The aims of the capital management and further information can be found in the consolidated financial statements in the 2013 Annual Report.

Fresenius is covered by the rating agencies Moody's, Standard & Poor's and Fitch.

The following table shows the company rating of Fresenius SE & Co. KGaA:

	Standard & Poor's	Moody's	Fitch
Company rating	BB+	Ba1	BB+
Outlook	positive	negative	positive

In March 2014, Fitch confirmed the BB+ rating with a positive outlook. Fitch had put the rating on "watch evolving" in September 2013 after the announcement of the acquisition of hospitals from Rhön-Klinikum AG. The rating confirmation reflects Fresenius Group's performance in 2013 as well as the completion of the Rhön hospital acquisition.

22. SUPPLEMENTARY INFORMATION ON THE CONSOLIDATED STATEMENT OF CASH FLOWS

The following table provides additional information with regard to the consolidated statement of cash flows:

€ in millions	Q1/2014	Q1/2013
Interest paid	197	239
Income taxes paid	94	91

Cash paid for acquisitions (without investments in licenses) consisted of the following:

€ in millions	Q1/2014	Q1/2013
Assets acquired	1,244	89
Liabilities assumed	-362	-15
Noncontrolling interest	-14	-8
Notes assumed in connection with acquisitions	-11	-8
Cash paid	857	58
Cash acquired	-69	-3
Cash paid for acquisitions, net	788	55
Cash paid for investments, net of cash acquired	82	17
Cash paid for intangible assets, net	2	–
Total cash paid for acquisitions and investments, net of cash acquired, and net purchases of intangible assets	872	72

23. NOTES ON THE CONSOLIDATED SEGMENT REPORTING

GENERAL

The consolidated segment reporting shown on page 22 of this interim report is an integral part of the notes.

The Fresenius Group has identified the business segments Fresenius Medical Care, Fresenius Kabi, Fresenius Helios and Fresenius Vamed, which corresponds to the internal organizational and reporting structures (Management Approach) at March 31, 2014.

The business segments were identified in accordance with FASB ASC Topic 280, Segment Reporting, which defines the segment reporting requirements in the annual financial statements and interim reports with regard to the operating business, product and service businesses and regions. The business segments of the Fresenius Group are as follows:

Fresenius Medical Care is the world's leading provider of services and products for patients with chronic kidney failure. As of March 31, 2014, Fresenius Medical Care was treating 270,570 patients in 3,263 dialysis clinics.

Fresenius Kabi offers infusion therapies, intravenously administered generic drugs and clinical nutrition for seriously and chronically ill patients in the hospital and outpatient environments. The company is also a leading supplier of medical devices and transfusion technology products.

Fresenius Helios is Germany's largest hospital operator. At March 31, 2014, Fresenius Helios owned 109 hospitals, thereof 85 acute care clinics including 6 maximum care hospitals in Berlin-Buch, Duisburg, Erfurt, Krefeld, Schwerin and Wuppertal and 24 post-acute care clinics. Fresenius Helios treats more than 4.2 million patients per year, thereof more than 1.2 million inpatients, and operates more than 33,000 beds.

Fresenius Vamed manages projects and provides services for hospitals and other health care facilities worldwide.

The segment Corporate/Other is mainly comprised of the holding functions of Fresenius SE & Co. KGaA as well as Fresenius Netcare GmbH, which provides services in the field of information technology and, until June 28, 2013, Fresenius Biotech, which did not fulfill the characteristics of a reportable segment. In addition, the segment Corporate/Other includes intersegment consolidation adjustments as well as special items (see note 3, Special items).

NOTES ON THE BUSINESS SEGMENTS

Explanations regarding the notes on the business segments can be found in the consolidated financial statements in the 2013 Annual Report.

RECONCILIATION OF KEY FIGURES TO CONSOLIDATED EARNINGS

€ in millions	Q1/2014	Q1/2013
Total EBIT of reporting segments	**646**	703
General corporate expenses Corporate/Other (EBIT)	**18**	-14
Group EBIT	**664**	689
Net interest	**-138**	-163
Income before income taxes	**526**	526

RECONCILIATION OF NET DEBT WITH THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION

€ in millions	March 31, 2014	Dec. 31, 2013
Short-term debt	**297**	959
Short-term loans from related parties	**4**	6
Current portion of long-term debt and capital lease obligations	**1,053**	855
Long-term debt and capital lease obligations, less current portion	**5,432**	5,871
Senior Notes	**6,529**	5,113
Convertible bonds	**454**	0
Debt	**13,769**	12,804
less cash and cash equivalents	**829**	864
Net debt	**12,940**	11,940

24. STOCK OPTIONS

FRESENIUS SE & CO. KGAA STOCK OPTION PLANS

As of March 31, 2014, Fresenius SE & Co. KGaA had three stock option plans in place: the Fresenius AG Stock Option Plan 2003 (2003 Plan) which is based on convertible bonds, the stock option based Fresenius SE Stock Option Plan 2008 (2008 Plan) and the Fresenius SE & Co. KGaA Long Term Incentive Program 2013 (2013 LTIP) which is based on stock options and phantom stocks. The 2013 LTIP is the only program under which options can be granted.

Transactions during the first quarter of 2014

During the first quarter of 2014, Fresenius SE & Co. KGaA received cash of €6 million from the exercise of 129,250 stock options.

495,724 convertible bonds were outstanding and exercisable under the 2003 Plan at March 31, 2014. The members of the Fresenius Management SE Management Board held 111,698 convertible bonds. At March 31, 2014, out of 3,115,296 outstanding stock options issued under the 2008 Plan, 925,986 were exercisable and 603,460 were held by the members of the Fresenius Management SE Management Board. 702,231 stock options issued under the 2013 LTIP were outstanding at March 31, 2014. The members of the Fresenius Management SE Management Board held 105,000 stock options. 109,460 phantom stocks issued under the 2013 LTIP were outstanding at March 31, 2014. The members of the Fresenius Management SE Management Board held 27,272 phantom stocks.

As of March 31, 2014, 1,421,710 options for ordinary shares were outstanding and exercisable. On March 31, 2014, total unrecognized compensation cost related to non-vested options granted under the 2008 Plan and the 2013 LTIP was €26 million. This cost is expected to be recognized over a weighted-average period of 2.4 years.

FRESENIUS MEDICAL CARE AG & CO. KGAA STOCK OPTION PLANS

During the first quarter of 2014, 115,395 stock options were exercised. Fresenius Medical Care AG & Co. KGaA received cash of €3.8 million upon exercise of these stock options and €0.4 million from a related tax benefit.

25. RELATED PARTY TRANSACTIONS

Prof. Dr. med. D. Michael Albrecht, a member of the Supervisory Board of Fresenius SE & Co. KGaA, is medical director and spokesman of the management board of the University Hospital Carl Gustav Carus Dresden and a member of the supervisory board of the University Hospital Aachen. Furthermore, he was a member of the supervisory board of the University Hospital Magdeburg until October 3, 2013 and a member of the supervisory board of the University Hospital Rostock until February 28, 2013. The Fresenius Group maintains business relations with these hospitals in the ordinary course and under customary conditions.

Prof. Dr. h. c. Roland Berger, a member of the Supervisory Board of Fresenius Management SE and of Fresenius SE & Co. KGaA, is a partner of Roland Berger Strategy Consultants Holding GmbH. In the first quarter of 2014, after discussion and approval by the Supervisory Board of Fresenius Management SE and Fresenius SE & Co. KGaA, the Fresenius Group paid €1.8 million to affiliated companies of the Roland Berger group for consulting services rendered.

Klaus-Peter Müller, a member of the Supervisory Board of Fresenius Management SE and of Fresenius SE & Co. KGaA, is the chairman of the supervisory board of Commerzbank AG. The Fresenius Group maintains business relations with Commerzbank under customary conditions.

Dr. Gerhard Rupprecht, a member of the Supervisory Board of Fresenius Management SE and of Fresenius SE & Co. KGaA, is a member of the supervisory board of Allianz France SA. In the first quarter of 2014, the Fresenius Group paid €2.9 million for insurance premiums to the Allianz group under customary conditions.

Dr. Dieter Schenk, deputy chairman of the Supervisory Board of Fresenius Management SE, is a partner in the international law firm Noerr LLP, which provides legal services to the Fresenius Group. In the first quarter of 2014, after discussion and approval of each mandate by the Supervisory Board of Fresenius Management SE, the Fresenius Group paid €0.3 million to this law firm for legal services rendered.

The payments mentioned in this note are net amounts. In addition, VAT and insurance tax were paid.

26. SUBSEQUENT EVENTS

There have been no significant changes in the Fresenius Group's operating environment following the end of the first quarter of 2014. No other events of material importance on the assets and liabilities, financial position, and results of operations of the Group have occurred following the end of the first quarter of 2014.

27. CORPORATE GOVERNANCE

For each consolidated stock exchange listed entity, the declaration pursuant to Section 161 of the German Stock Corporation Act (Aktiengesetz) has been issued and made available to shareholders on the website of Fresenius SE & Co. KGaA www.fresenius.com under Who we are – Corporate Governance – Declaration of Conformity and of Fresenius Medical Care AG & Co. KGaA www.fmc-ag.com under Investor Relations – Corporate Governance – Declaration of Compliance, respectively.

FINANCIAL CALENDAR

Annual General Meeting, Frankfurt am Main Live webcast of the speech of the Chairman of the Management Board	May 16, 2014
Payment of dividend [1]	May 19, 2014
Report on 1st half 2014 Conference call, Live webcast	July 31, 2014
Report on 1st – 3rd quarter 2014 Conference call, Live webcast	November 4, 2014

[1] Subject to prior approval by the annual General Meeting
Subject to change

FRESENIUS SHARE / ADR

	Ordinary share
Securities identification no.	578 560
Ticker symbol	FRE
ISIN	DE0005785604
Bloomberg symbol	FRE GR
Reuters symbol	FREG.de
Main trading location	Frankfurt/Xetra

	ADR
CUSIP	35804M105
Ticker symbol	FSNUY
ISIN	US35804M1053
Structure	Sponsored Level 1 ADR
Ratio	8 ADR = 1 Share
Trading platform	OTCQX

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Commercial Register: Bad Homburg v. d. H.; HRB 11852
Chairman of the Supervisory Board: Dr. Gerd Krick

General Partner: Fresenius Management SE
Registered Office and Commercial Register: Bad Homburg v. d. H.; HRB 11673
Management Board: Dr. Ulf M. Schneider (President and CEO), Dr. Francesco De Meo, Dr. Jürgen Götz, Mats Henriksson, Rice Powell, Stephan Sturm, Dr. Ernst Wastler
Chairman of the Supervisory Board: Dr. Gerd Krick