Interim Report
1st Quarter 2005

Fresenius
health care worldwide

Contents

MANAGEMENT DISCUSSION AND ANALYSIS

- **Sales** € 1.79 billion, + 6 % in constant currency, + 4 % at actual rates
- **EBIT** € 212 million, + 10 % in constant currency, + 8 % at actual rates
- **Net income** € 46 million, + 21 % in constant currency, + 18 % at actual rates

Excellent start for Fresenius Group into fiscal year 2005

- Strong sales and earnings growth at Fresenius Medical Care, in particular in North America and Europe
- Significant EBIT margin increase at Fresenius Kabi; return to positive sales growth in Germany accomplished
- Earnings improvement at Fresenius ProServe

Sustained sales growth

In the first quarter of 2005, group sales increased 6 % in constant currency. Organic growth contributed 4 % and acquisitions 3 % to this increase. Currency translation effects had a -2 % and disinvestments a -1 % effect on sales. At actual rates, sales were € 1,787 million, an increase of 4 % (Q1 2004: € 1,720 million).

Excellent constant-currency sales growth was achieved in North America (+8 %), in Latin America (+22 %) and in Africa (+53 %). Asia-Pacific had excellent sales growth for Fresenius Kabi offset by Fresenius ProServe's low project volume in this region compared to 2004.

in million €	**Q1/2005**	Q1/2004	Change	Change at constant rates	Organic growth effects	Currency translations	Acquisitions/ Divestitures sales	% of total
Europe	**711**	687	3%	3%	1%	0%	2%	40%
North America	**847**	819	3%	8%	7%	-5%	1%	47%
Asia-Pacific	**116**	129	-10%	-9%	-8%	-1%	-1%	7%
Latin America	**72**	59	22%	22%	10%	0%	12%	4%
Africa	**41**	26	58%	53%	48%	5%	5%	2%
Total	**1,787**	1,720	4%	6%	4%	-2%	2%	100 %

Sales contribution of the three business segments:

	Q1/2005	Q1/2004
Fresenius Medical Care	**68%**	68%
Fresenius Kabi	**22%**	21%
Fresenius ProServe	**10%**	11%

Strong earnings growth

Fresenius achieved excellent growth rates in earnings: EBITDA rose 8 % in constant currency and 6 % at actual rates to € 284 million (Q1 2004: € 269 million). EBIT rose 10 % in constant currency and 8 % at actual rates to € 212 million (Q1 2004: € 197 million). The EBIT margin further improved to 11.9 % in the first quarter 2005 (Q1 2004: 11.5 %).

Net interest expense improved to € -47 million (Q1 2004: € -52 million) due to a lower debt level compared to the first quarter of 2004 in combination with lower interest rates and minor currency translation effects.

The tax rate for the first quarter of 2005 was 39.4 % (Q1 2004: 40.0 %), in line with the full-year expectation of 39 to 40 %.

Minority interest increased to € 54 million (Q1 2004: € 48 million). Minority shareholders in Fresenius Medical Care accounted for 96 % of minority interest.

Net income rose 21 % in constant currency and 18 % at actual rates to € 46 million (Q1 2004: € 39 million). EBIT growth at Fresenius Medical Care and Fresenius Kabi as well as lower interest expenses were key drivers for this increase.

Earnings per ordinary share were € 1.11 (Q1 2004: € 0.94). Earnings per preference share were € 1.12 (Q1 2004: € 0.95). EPS increased by 18 % for both share classes.

Investments on target

Group investments in the first quarter of 2005 were € 229 million. As expected, this was a significant increase from the same period of the previous year (Q1 2004: € 89 million). € 48 million was spent for property, plant and equipment and intangible assets (Q1 2004: € 48 million) and € 181 million for acquisitions (Q1 2004: € 41 million).

Solid cash flow performance

Operating cash flow decreased 8 % to € 168 million (Q1 2004: € 182 million) despite the excellent quarterly earnings. This was mainly due to higher income tax payments of Fresenius Medical Care in North America. Free cash flow before acquisitions and dividends was € 126 million (Q1 2005: € 136 million). Free cash flow after acquisitions and dividends was € -9 million (Q1 2004: € 98 million).

Solid balance sheet structure

Total assets increased 5 % to € 8,625 million (December 31, 2004: € 8,188 million). In constant currency, total assets grew by 3 %. Current assets increased 7 % to € 2,939 million, mainly due to acquisitions (December 31, 2004: € 2,755 million). In constant currency current assets rose 5 %.

Group debt rose 3 % to € 2,813 million as of March 31, 2005, primarily as a result of acquisitions. (December 31, 2004: € 2,735 million). In constant currency the increase was 1 %.

Based on the positive EBITDA development, the ratio net debt/EBITDA remained almost unchanged at 2.3 as of March 31, 2005 despite the increased debt level (December 31, 2004: 2.2).

Shareholders' equity including minority interest rose 7 % to € 3,565 million compared to € 3,347 million on December 31, 2004. The equity ratio including minority interest improved to 41.3 % (December 31, 2004: 40.9 %).

Employee numbers continue to grow

As of March 31, 2005, the Group had 69,874 employees worldwide, an increase of 2 % (December 31, 2004: 68,494).

Fresenius Biotech

Fresenius Biotech develops innovative therapies with tri-functional antibodies for the treatment of cancer as well as cell therapies for the treatment of the immune system. In the field of polyclonal antibodies, Fresenius Biotech has successfully marketed ATG-Fresenius S for many years. ATG-Fresenius S is an immunosuppressive agent used to suppress graft rejection following an organ transplantation.

In the field of cancer treatment, the final results of two Phase I studies will be presented on May 17, 2005 during the 41st Annual Meeting of the American Society of Clinical Oncology (ASCO):

- the use of the antibody removab® in peritoneal carcinomatosis and
- the use of the antibody rexomun® in breast cancer.

A Phase II study for the treatment of breast cancer and a phase II study for the treatment of gastric cancer are now in preparation following the encouraging results. The studies are scheduled to commence at the end of 2005.

For 2005, Fresenius Biotech continues to expect an EBIT in the range of € -35 to € -40 million, largely due to the expanded clinical study program.

GROUP OUTLOOK FOR 2005

2005 Group outlook confirmed

Based on the excellent business performance in the first quarter, Fresenius confirms its positive 2005 full-year outlook before the impact of the Renal Care Group acquisition. Fresenius expects a constant-currency sales increase of 6 to 9 %. Net income is projected to grow by 15 to 20 % in constant currency. All business segments are expected to contribute to this increase.

SUBSEQUENT EVENTS AFTER THE FIRST QUARTER

Fresenius Medical Care to acquire Renal Care Group, Inc.

Fresenius Medical Care today announced that it has entered into a definitive agreement to acquire Renal Care Group, Inc., (NYSE: RCI), Nashville, Tennessee, for a price of US$ 48.00 per share in cash. The total net consideration for the acquisition of all outstanding shares of Renal Care Group is US$ 3.5 billion, which will be all-debt financed. The acquisition is anticipated to be neutral to slightly accretive to earnings in 2006 and clearly accretive to earnings in 2007 and thereafter.

Renal Care Group is a fast-growing, highly profitable dialysis service provider that will be an attractive complement to Fresenius Medical Care's US business. In 2004, Renal Care Group's revenue was approx. US$ 1.35 billion with an EBIT of US$ 254 million, net income was US$ 122 million. As of March 31, 2005, Renal Care Group owned more than 425 dialysis clinics and served over 30,400 patients. Through the combination with Renal Care Group, Fresenius Medical Care will be well positioned to create additional growth potential for its dialysis product business and will provide opportunities to successfully leverage its cost leadership position in dialysis products and services.

Fresenius Medical Care plans to finance the acquisition primarily through an extension of its senior credit agreement. The existing US$ 1.2 billion credit agreement will be replaced by a US$ 5.0 billion senior credit facility. Financing commitments have been received from Bank of America and Deutsche Bank, and are subject to customary conditions.

The transaction is subject to the approval of Renal Care Group's shareholders and other customary closing conditions, including the expiration of the waiting period under the Hart-Scott Rodino Antitrust Improvements Act.

For further details please see page 40 of the Notes and separate Investor News of Fresenius Medical Care at www.fmc-ag.com.

Fresenius Medical Care to propose conversion of preference shares into ordinary shares in combination with a change of the company's legal form into a KGaA

Fresenius Medical Care further announced its intention to offer the holders of the company's approx. 26.4 million preference shares the opportunity to convert these into ordinary shares. The preference shareholders who participate in this program pay a "premium" of € 12.25 per share for the conversion. Furthermore, the company will ask its ordinary shareholders to approve a change of the legal form from an "Aktiengesellschaft" (AG) to a "Kommanditgesellschaft auf Aktien" (KGaA).

As part of the transformation of legal form, a subsidiary of Fresenius AG in the legal form of an "Aktiengesellschaft" (stock corporation under German law) will be established as general partner of the Fresenius Medical Care AG & Co. KGaA. The Management Board of the general partner - which will be identical with the current Management Board of Fresenius Medical Care - will assume the management of Fresenius Medical Care. As long as Fresenius AG maintains ownership of more than 25 % of the share capital of the company, Fresenius AG will retain its current controlling position and fully consolidate the company in its financial statements.

The proposed change in the legal form of Fresenius Medical Care will allow to continue the high standards of corporate governance and transparency as today.

For further details please see page 41 of the Notes and separate Investor News of Fresenius Medical Care at www.fmc-ag.com.

CHANGES IN THE MANAGEMENT AND SUPERVISORY BOARD

Management Board

Rainer Hohmann, Member of the Management Board of Fresenius AG, has left the company by March 31, 2005. Rainer Hohmann was responsible for the Fresenius ProServe business segment.

The Supervisory Board of Fresenius AG has unanimously appointed Andreas Gaddum (49) as new member of the Management Board responsible for the Fresenius ProServe business segment. He will join Fresenius on or before August 1, 2005. Until then Dr. Ulf M. Schneider, Chairman of the Management Board of Fresenius AG, will oversee the Fresenius ProServe business segment on an interim basis.

Supervisory Board

Gerd Holtgrefe, Deputy Chairman, left the Supervisory Board at the end of the year. By court resolution, Volker Weber was appointed as new member of the Supervisory Board.

On March 18, 2005 the Supervisory Board elected Volker Weber Deputy Chairman.

BUSINESS SEGMENT FRESENIUS MEDICAL CARE

Fresenius Medical Care is the world's leading provider of products and services for patients with chronic kidney failure. As of March 31, 2005, Fresenius Medical Care treated about 125,900 patients (+5 %) in 1,630 dialysis clinics (+4 %).

in million US$	**Q1/2005**	Q1/2004	Change in %
Sales	**1,609**	1,459	10
EBITDA	**280**	255	10
EBIT	**220**	198	11
Net income	**107**	91	18
Employees	**47,591**	46,949	1
	(Mar 31, 2005)	(Dec 31, 2004)	

- Excellent growth in sales and earnings continued
- Successful business performance in North America and Europe
- 2005 outlook confirmed

Fresenius Medical Care achieved excellent sales growth of 10 % to US$ 1,609 million in the first quarter of 2005 (Q1 2004: US$ 1,459 million). In constant currency, sales rose 9 %. Organic sales growth was 7 %.

In North America Fresenius Medical Care increased revenues by 9 % to US$ 1,088 million (Q1 2004: US$ 1,003 million). Sales outside North America (the "International" segment) rose 14 % (in constant currency: 8 %) to US$ 521 million (Q1 2004: US$ 456 million) mainly due to the very positive business performance in Europe.

Sales in dialysis care rose 10 % to US$ 1,162 million (Q1 2004: US$ 1,058 million). In the first quarter of 2005, Fresenius Medical Care performed about 4.72 million dialysis treatments, an increase of 3 %. This includes 3.25 million treatments in North America (+3 %) and 1.47 million outside North America (+5 %). In dialysis products, Fresenius Medical Care achieved sales growth of 11 % to US$ 447 million (Q1 2004: US$ 401 million).

Fresenius Medical Care's EBIT increased by 11 % to US$ 220 million (Q1 2004: US$ 198 million), the EBIT margin was 13.7 %. Net income increased 18 % to US$ 107 million in the first quarter of 2005.

For the year 2005, Fresenius Medical Care confirms its outlook before the impact of the Renal Care Group acquisition. The company expects a revenue growth at constant currency between 6 and 9 % and net income growth in the low double-digit range.

For further information please see seperate Investor News of Fresenius Medical Care at www.fmc-ag.com.

BUSINESS SEGMENT FRESENIUS KABI

Fresenius Kabi offers infusion therapies and clinical nutrition for seriously and chronically ill patients in the hospital and out-patient environment. The company is also a leading provider of transfusion technology products.

in million €	**Q1/2005**	Q1/2004	Change in %
Sales	**398**	362	10
EBITDA	**71**	58	22
EBIT	**52**	41	27
Net income	**24**	18	33
Employees	**12,355**	11,577	7
	(Mar 31, 2005)	(Dec 31, 2004)	

- Profitability significantly increased; EBIT margin of 13.1 % achieved
- Positive sales performance in Germany
- 2005 outlook confirmed

The acquisition of the Portuguese company Labesfal announced in early January was successfully closed in the first quarter of 2005. Labesfal manufactures and markets intravenously administered drugs (I.V. drugs). The company is consolidated in the financial statements of Fresenius Kabi as of January 1, 2005.

Sales at Fresenius Kabi rose 10 % in the first quarter of 2005 to € 398 million (Q1 2004: € 362 million). The company achieved good organic growth of 5 %. Acquisitions, mainly Labesfal, contributed 5 % to sales. Currency translation effects increased sales by 1 %, divestitures had a -1 % effect.

The development in the German market was positive. Fresenius Kabi was able to increase sales by 2 % after a decrease of 5 % in the first quarter 2004 which was a result of health care reform. Sales in the rest of Europe rose 12 %, mainly due to acquisitions. The Asian-Pacific region posted strong organic growth of 14 %.

Earnings developed positively in the first quarter of 2005. EBIT rose 27 % to € 52 million (Q1 2004: € 41 million). The EBIT margin was 13.1 % in the first quarter of 2005, an increase of 180 basis points compared to the first quarter of 2004 (11.3 %) and 90 basis points compared to the fourth quarter of 2004 (12.2 %).

Fresenius Kabi confirms its outlook for 2005. Including the Labesfal acquisition, constant-currency sales are expected to increase by about 10 % and the EBIT margin is projected to increase to >13 %.

BUSINESS SEGMENT FRESENIUS PROSERVE

Fresenius ProServe offers services for international health care systems, including hospital management, the planning and construction of hospitals and pharmaceutical and medical-technical production plants.

in million €	**Q1/2005**	Q1/2004	Change in %
Sales	**171**	199	-14
EBITDA	**9**	8	13
EBIT	**3**	1	200
Net income	**-1**	-4	75
Employees	**9,355** **(Mar 31, 2005)**	9,398 (Dec 31, 2004)	0

- Earnings improvement accomplished
- Decline in sales due to restrained order situation in project business
- 2005 outlook confirmed

Fresenius ProServe achieved sales in the first quarter of 2005 of € 171 million (Q1 2004: € 199 million). On a comparable basis (excluding the nursing home business sold in 2004 and the discontinued international hospital management business), the sales decrease would have been 10 %.This decrease mainly resulted from the delayed closing of projects in the hospital engineering and services business (VAMED). Continued investment caution of the pharmaceutical industry led to lower sales in pharmaceutical engineering and services (Pharmaplan). Sales in the hospital management business met expectations (Wittgensteiner Kliniken).

In the first quarter of 2005, Fresenius ProServe increased EBIT to € 3 million (Q1 2004: € 1 million; before one-time expenses: € 2 million).

Order intake in the first quarter of 2005 was € 47 million (Q1 2004: € 70 million). For the full year 2005, Fresenius ProServe expects order intake to increase compared to 2004. The bulk of new orders is expected to be acquired in the third and fourth quarters of 2005.

Fresenius ProServe confirms its outlook for 2005 and expects an EBIT between € 20 and € 25 million. Organic sales growth is expected to be in the range of 5 to 8 %.

CONSOLIDATED FINANCIAL STATEMENTS

CONSOLIDATED STATEMENT OF INCOME (UNAUDITED)

in million €	**Q1/2005**	Q1/2004
Sales	**1,787**	1,720
Cost of goods sold	**-1,188**	-1,167
Gross profit	**599**	553
Selling, general and administrative expenses	**-354**	-325
Research and development expenses	**-33**	-31
Operating income (EBIT)	**212**	197
Net interest	**-47**	-52
Earnings before income taxes and minority interest	**165**	145
Income taxes	**-65**	-58
Minority interest	**-54**	-48
Net income	**46**	39
Basic earnings per ordinary share in €	**1.11**	0.94
Fully diluted earnings per ordinary share in €	**1.10**	0.94
Basic earnings per preference share in €	**1.12**	0.95
Fully diluted earnings per preference share in €	**1.11**	0.95

See accompanying Notes to the unaudited consolidated financial statements.

CONSOLIDATED BALANCE SHEET (UNAUDITED)

in million €	Mar 31, 2005	Dec 31, 2004
Cash and cash equivalents	**146**	140
Trade accounts receivable, less allowances for doubtful accounts	**1,620**	1,528
Accounts receivable from related parties	**17**	17
Inventories	**669**	619
Prepaid expenses and other current assets	**292**	283
Deferred taxes	**195**	168
I. Total current assets	**2,939**	2,755
Property, plant and equipment	**1,725**	1,696
Goodwill	**3,143**	2,905
Other intangible assets	**498**	480
Other non-current assets	**218**	234
Deferred taxes	**102**	118
II. Total non-current assets	**5,686**	5,433
Total assets	**8,625**	8,188
Trade accounts payable	**282**	273
Accounts payable to related parties	**3**	1
Accrued expenses and other current liabilities	**1,080**	986
Short-term borrowings	**422**	391
Short-term liabilities and loans from related parties	**1**	2
Current portion of long-term debt and capital lease obligations	**207**	190
Accruals for income taxes	**190**	195
Deferred taxes	**29**	18
A. Total short-term liabilities	**2,214**	2,056
Long-term debt and liabilities from capital lease obligations, less current portion	**1,229**	1,219
Long-term liabilities and loans from related parties	**-**	-
Other long-term liabilities	**164**	160
Pensions and similar obligations	**233**	228
Deferred taxes	**266**	245
Trust preferred securities of Fresenius Medical Care Capital Trusts	**954**	933
B. Total long-term liabilities	**2,846**	2,785
I. Total liabilities	**5,060**	4,841
II. Minority interest	**1,874**	1,744
Subscribed capital	**105**	105
Capital reserves	**647**	645
Other reserves	**941**	895
Accumulated other comprehensive loss	**-2**	-42
III. Total shareholders' equity	**1,691**	1,603
Total liabilities and shareholders' equity	**8,625**	8,188

See accompanying Notes to the unaudited consolidated financial statements.

CONSOLIDATED CASH FLOW STATEMENT (UNAUDITED)

in million €	Q1/2005	Q1/2004
Cash provided by/used for operating activities		
Net income	46	39
Minority interest	54	48
Adjustments to reconcile net income to cash and cash equivalents provided by operating activities		
Cash inflow from hedging	0	4
Depreciation and amortization	72	72
Change in deferred taxes	4	5
Gain on sale of fixed assets	-1	0
Change in assets and liabilities, net of amounts from businesses acquired or disposed of		
Change in trade accounts receivable, net	-17	-22
Change in inventories	-23	-5
Change in prepaid expenses and other current and non-current assets	-22	-18
Change in accounts receivable from/payable to related parties	2	4
Change in trade accounts payable, accruals and other short-term and long-term liabilities	62	32
Change in accruals for income taxes	-9	23
Cash provided by operating activities	168	182
Cash provided by/used for investing activities		
Purchase of property, plant and equipment	-48	-48
Proceeds from sale of property, plant and equipment	6	2
Purchase of shares in related companies and investments, net	-135	-37
Cash used for investing activities	-177	-83
Cash provided by/used for financing activities		
Proceeds from short-term borrowings	92	88
Repayments of short-term borrowings	-27	-46
Proceeds from short-term and long-term borrowings from related parties	0	1
Repayments of short-term and long-term borrowings from related parties	-1	0
Proceeds from long-term debt and capital lease obligations	20	8
Repayments of long-term debt and capital lease obligations	-22	-33
Changes of accounts receivable securitization program	-54	-90
Proceeds from exercise of stock options	5	0
Dividends paid	0	-1
Change in minority interest	0	-1
Cash provided by/used for financing activities	13	-74
Effect of exchange rate changes on cash and cash equivalents	2	2
Net increase in cash and cash equivalents	6	27
Cash and cash equivalents at beginning of the reporting period	140	125
Cash and cash equivalents at end of the reporting period	146	152

See accompanying Notes to the unaudited consolidated financial statements.

CONSOLIDATED STATEMENT OF SHAREHOLDERS' EQUITY (UNAUDITED)

	Ordinary shares		Preference shares		Subscribed capital	
	Number of shares (thousand)	Amount (thousand €)	Number of shares (thousand)	Amount (thousand €)	Amount (thousand €)	Amount (million €)
At December 31, 2003	**20,485**	**52,441**	**20,485**	**52,441**	**104,882**	**105**
Issuance of bearer ordinary and bearer preference shares						
Proceeds from exercise of stock options						
Compensation expense related to stock options						
Dividends paid						
Comprehensive income (loss)						
Net income						
Other comprehensive income (loss) related to:						
Cash flow hedges						
Foreign currency translation adjustment						
Minimum pension liability						
Comprehensive income						
At March 31, 2004	**20,485**	**52,441**	**20,485**	**52,441**	**104,882**	**105**
At December 31, 2004	**20,486**	**52,443**	**20,486**	**52,443**	**104,886**	**105**
Issuance of bearer ordinary and bearer preference shares						
Proceeds from the exercise of stock options	17	45	17	45	90	-
Compensation expense related to stock options						
Dividends paid						
Comprehensive income (loss)						
Net income						
Other comprehensive income (loss) related to:						
Cash flow hedges						
Foreign currency translation adjustment						
Minimum pension liability						
Comprehensive income						
At March 31, 2005	**20,503**	**52,488**	**20,503**	**52,488**	**104,976**	**105**

See accompanying Notes to the unaudited consolidated financial statements.

CONSOLIDATED STATEMENT OF SHAREHOLDERS' EQUITY (UNAUDITED)

in million €	Capital reserves	Other reserves	Other comprehensive income: Currency translation differences	Other comprehensive income: Cash flow hedges	Other comprehensive income: Pensions	Total
At December 31, 2003	**644**	**778**	**40**	**4**	**-35**	**1,536**
Issuance of bearer ordinary and bearer preference shares						0
Proceeds from exercise of stock options						0
Compensation expense related to stock options	-					-
Dividends paid						0
Comprehensive income (loss)						
Net income		39				39
Other comprehensive income (loss) related to:						
Cash flow hedges				-16		-16
Foreign currency translation adjustment			36			36
Minimum pension liability					-2	-2
Comprehensive income	0	39	36	-16	-2	57
At March 31, 2004	**644**	**817**	**76**	**-12**	**-37**	**1,593**
At December 31, 2004	**645**	**895**	**20**	**-18**	**-44**	**1,603**
Issuance of bearer ordinary and bearer preference shares						0
Proceeds from the exercise of stock options	2					2
Compensation expense related to stock options	-					-
Dividends paid						0
Comprehensive income (loss)						
Net income		46				46
Other comprehensive income (loss) related to:						
Cash flow hedges				5		5
Foreign currency translation adjustment			36			36
Minimum pension liability					-1	-1
Comprehensive income	0	46	36	5	-1	86
At March 31, 2005	**647**	**941**	**56**	**-13**	**-45**	**1,691**

See accompanying Notes to the unaudited consolidated financial statements.

SEGMENT REPORTING FIRST QUARTER BY BUSINESS SEGMENTS

	Fresenius Medical Care			Fresenius Kabi			Fresenius ProServe			Corporate/Other			Fresenius Group		
in million €	**2005**	2004	Change	**2005**	2004	Change	**2005**	2004	Change	**2005**	2004	Change	**2005**	2004	Change
Sales	**1,228**	1,168	5%	**398**	362	10%	**171**	199	-14%	**-10**	-9	-11%	**1,787**	1,720	4%
thereof contribution to consolidated sales	**1,222**	1,161	5%	**391**	356	10%	**170**	199	-15%	**4**	4	0%	**1,787**	1,720	4%
thereof intercompany sales	**6**	7	-14%	**7**	6	17%	**1**	0		**-14**	-13	-8%	**0**	0	
contribution to consolidated sales	**68%**	68%		**22%**	21%		**10%**	11%		**0%**	0 %		**100%**	100 %	
EBITDA	**213**	204	4%	**71**	58	22%	**9**	8	13%	**-9**	-1	--	**284**	269	6%
Depreciation and amortization	**45**	45	0%	**19**	17	12%	**6**	7	-14%	**2**	3	-33%	**72**	72	0%
EBIT	**168**	159	6%	**52**	41	27%	**3**	1	200%	**-11**	-4	-175%	**212**	197	8%
Net interest	**-32**	-37	14%	**-12**	-11	-9%	**-3**	-2	-50%	**0**	-2	100%	**-47**	-52	10%
Net income	**82**	73	12%	**24**	18	33%	**-1**	-4	75%	**-59**	-48	-23%	**46**	39	18%
Operating cash flow	**105**	137	-23%	**38**	36	6%	**18**	12	50%	**7**	-3	--	**168**	182	-8%
Free cash flow before acquisitions and divdends	**75**	104	-28%	**31**	30	3%	**16**	6	167%	**4**	-4	200%	**126**	136	-7%
Debt*	**1,807**	1,820	-1%	**844**	709	19%	**211**	222	-5%	**-49**	-16	--	**2,813**	2,735	3%
Total assets*	**6,089**	5,845	4%	**1,726**	1,518	14%	**753**	742	1%	**57**	83	-31%	**8,625**	8,188	5%
Capital expenditure	**33**	34	-3%	**11**	6	83%	**2**	6	-67%	**2**	2	0%	**48**	48	0%
Acquisitions	**17**	38	-55%	**163**	0	--	**1**	3	-67%	**0**	0		**181**	41	--
Research and development expenses	**10**	10	0%	**14**	13	8%	**0**	0		**9**	8	13%	**33**	31	6%
Employees (per capita on balance sheet date)*	**47,591**	46,949	1%	**12,355**	11,577	7%	**9,355**	9,398	0%	**573**	570	1%	**69,874**	68,494	2%
Key figures															
EBITDA margin	**17.4%**	17.5%		**17.8%**	16.0%		**5.3%**	4.0%					**15.9%**	15.6%	
EBIT margin	**13.7%**	13.6%		**13.1%**	11.3%		**1.8%**	0.5%					**11.9%**	11.5%	
ROOA*	**12.1%**	11.8%		**14.7%**	13.4%		**1.9%**	1.5%					**11.0%**	11.1%	
Depreciation and amortization as % of sales	**3.7%**	3.9%		**4.8%**	4.7%		**3.5%**	3.5%					**4.0%**	4.2%	

* 2004: December 31

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1. PRINCIPLES

I. Group structure

Fresenius AG is a health care Group with products and services for dialysis, the hospital and the medical care of patients at home. Further areas of activity are hospital management as well as engineering and services for hospitals and the pharmaceutical industry. In addition to the activities of the Fresenius AG, the operating activities are split into the following legally-independent business segments (sub-groups) as of March 31, 2005:

- Fresenius Medical Care
- Fresenius Kabi
- Fresenius ProServe

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 which are lower than one million euros after they have been rounded off are marked with "-".

II. Basis of presentation

The enclosed consolidated financial statements have been prepared in accordance with United States Generally Accepted Accounting Principles (US GAAP).

From January 1, 2005 on, Fresenius AG as a stock exchange listed company in a member state of the European Union has to prepare and to publish the consolidated financial statements in accordance with the International Financial Reporting Standards (IFRS) applying § 315a of the German Commercial Code (HGB). The Fresenius Group continues to prepare and publish the consolidated financial statements in accordance with US GAAP and in addition will prepare and publish the consolidated financial statements for the fiscal year 2005 according to IFRS as legally required.

III. Significant accounting principles

a) Consolidation principles

The consolidated financial statements for the first quarter ended March 31, 2005 have not been audited and should be read in conjunction with the notes included in the consolidated financial statements as of December 31, 2004, published in the 2004 Annual Report. There have been no major other changes in the entities consolidated, in addition to the reported acquisitions (see Note 2, Acquisitions).

The consolidated financial statements for the first quarter ended March 31, 2005 include all adjustments that, in the opinion of the Management Board, are of a normal and recurring nature, 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 2005 are not necessarily indicative of the results of operations for the fiscal year 2005 ending December 31, 2005.

b) Classification

Certain items in the previous year's consolidated financial statements have been reclassified to conform with the current year's presentation.

IV. Recently issued accounting standards

In December 2004, the Financial Accounting Standards Board issued its final standard on accounting for share-based payments, SFAS No. 123R (Share-Based Payment (SBP) (revised)), that requires companies to expense the value of employee stock options and similar awards. SFAS No. 123R requires determining the cost that will be measured at fair value on the date of the SBP awards based upon an estimate of the number of awards expected to vest. There will be no right of reversal of cost if the awards expire without being exercised. Fair value of the SBP awards will be estimated using an option-pricing model that appropriately reflects the specific circumstances and economics of the awards. Compensation cost for the SBP awards will be recognized as they vest. The Fresenius Group will have three alternative transition methods, each having a different reporting implication. The effective date is for interim and annual periods beginning after June 15, 2005. On April 14, 2005, the Securities and Exchange Commission (SEC) announced the adoption of a new rule that amends the compliance dates for SFAS No. 123R. The SEC’s new rule allows companies to implement SFAS No. 123R at the beginning of their next fiscal year instead of the next reporting period that begins after June 15, 2005. Fresenius Group is in the process of determining the transition method that it will adopt and the potential impact on the Group's consolidated financial statements.

In March 2005, the Financial Accounting Standards Board issued Interpretation No. 47 (FIN 47) that clarifies that the term “conditional asset retirement obligation” as used in FASB Statement No. 143 (Accounting for Asset Retirement Obligations) refers to a legal obligation to perform an asset retirement activity in which the timing and (or) method of settlement are conditional on a future event that may or may not be within the control of the entity. The obligation to perform the asset retirement activity is unconditional even though uncertainty exists about the timing and (or) method of settlement. Thus, the timing and (or) method of settlement may be conditional on a future event. Accordingly, an entity is required to recognize a liability for the fair value of a conditional asset retirement obligation if the fair value of the liability can be reasonably estimated. The fair value of a liability for the conditional asset retirement obligation should be recognized when incurred – generally upon acquisition, construction, or development and (or) through the normal operation of the asset. Uncertainty about the timing and (or) method of settlement of a conditional asset retirement obligation should be factored into the measurement of the liability when sufficient information exists. SFAS No. 143 acknowledges that in some cases, sufficient information may not be available to reasonably estimate the fair value of an asset retirement obligation. This interpretation also clarifies when an entity would have sufficient information to reasonably estimate the fair value of an asset retirement obligation. This Interpretation is effective for fiscal years ending after December 15, 2005. Fresenius Group is in the process of determining the potential impact, if any, on its consolidated financial statements.

2. ACQUISITIONS

The Fresenius Group made acquisitions of € 181 million and € 41 million in the first quarter of 2005 and the first quarter of 2004, respectively. Of this amount, € 135 million and € 37 million were paid in cash and € 16 million and € 4 million were assumed liabilities, respectively. Purchase price considerations of € 30 million will be paid in subsequent years.

Acquisitions of Fresenius Medical Care in the first quarter of 2005 in an amount of € 17 million related mainly to the purchase of dialysis clinics.

In the first quarter of 2005 Fresenius Kabi made acquisitions of € 163 million, referring to the acquisition of the portuguese company Labesfal – Laboratório de Especialidades Farmacêuticas Almiro S.A. (Labesfal) and the czech manufacturer Infusia a.s.

NOTES ON THE CONSOLIDATED BALANCE SHEET

3. CASH AND CASH EQUIVALENTS

At March 31, 2005 and December 31, 2004, cash and cash equivalents are as follows:

in million €	March 31, 2005	December 31, 2004
Cash	**132**	127
Securities (with a maturity of up to 90 days)	**14**	13
Cash and cash equivalents	**146**	140

4. TRADE ACCOUNTS RECEIVABLE

At March 31, 2005 and December 31, 2004, trade accounts receivable are as follows:

in million €	March 31, 2005	December 31, 2004
Trade accounts receivable	**1,791**	1,694
less allowance for doubtful accounts	**171**	166
Trade accounts receivable, net	**1,620**	1,528

5. INVENTORIES

As of March 31, 2005 and December 31, 2004, inventories are as follows:

in million €	March 31, 2005	December 31, 2004
Raw materials and purchased components	**145**	128
Work in process	**108**	92
Finished goods	**416**	399
Inventories, net	**669**	619

6. GOODWILL AND OTHER INTANGIBLE ASSETS

At March 31, 2005 and December 31, 2004 intangible assets, split into regularly amortizable and non-regularly amortizable intangible assets, consisted of the following:

Regulary amortizable intangible assets

	March 31, 2005			December 31, 2004		
in million €	Acquisition costs	Accumulated amortization	Carrying amount	Acquisition costs	Accumulated amortization	Carrying amount
Patient relationships	**210**	**173**	**37**	202	166	36
Patents	**44**	**31**	**13**	44	31	13
Distribution rights	**19**	**5**	**14**	20	7	13
Other	**201**	**122**	**79**	186	107	79
Total	**474**	**331**	**143**	452	311	141

Non-regularly amortizable intangible assets

in million €	March 31, 2005 Acquisition costs	Accumulated amortization	Carrying amount	December 31, 2004 Acquisition costs	Accumulated amortization	Carrying amount
Tradenames	**187**	**0**	**187**	179	0	179
Management contracts	**168**	**0**	**168**	160	0	160
Subtotal	**355**	**0**	**355**	339	0	339
Goodwill	**3,147**	**4**	**3,143**	2,909	4	2,905
Total	**3,502**	**4**	**3,498**	3,248	4	3,244

Since the implementation of SFAS No. 142 (Goodwill and Other Intangible Assets), the accumulated amortization of non-amortizable intangible assets is due to impairment.

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

in million €	Q2-4/2005	2006	2007	2008	2009	Q1/2010
Estimated amortization expenses for the next five fiscal years	24	26	19	11	8	2

The carrying amount of goodwill has developed as follows:

in million €	
As of January 1, 2005	**2,905**
Additions/Disposals, net	124
Reclassification	-
Currency translation	114
As of March 31, 2005	**3,143**

7. DEBT AND CAPITAL LEASE OBLIGATIONS

Short-term borrowings

Short-term borrowings of € 422 million and € 391 million at March 31, 2005, and December 31, 2004, respectively, represent amounts borrowed by certain subsidiaries of the Fresenius Group under lines of credit with commercial banks.

Accounts receivable facility

Under the accounts receivable facility of Fresenius Medical Care, certain receivables are sold to NMC Funding Corp., a wholly-owned subsidiary of Fresenius Medical Care. NMC Funding Corp. then assigns undivided ownership interests in the accounts receivable to certain bank investors. In 2004, Fresenius Medical Care amended the accounts receivable facility. Under the terms of the amendment, NMC Funding Corp. retains the right at any time to repurchase all transferred interests in the accounts receivable sold to the banks under the facility. So the receivables remain on the consolidated balance sheet and the proceeds from the sale of undivided interests are recorded as short-term borrowings.

At March 31, 2005 there are outstanding short-term borrowings under the facility of US$ 265 million (€ 204 million). Under the terms of the facility agreement, new interests in accounts receivable are sold, as collections reduce previously sold accounts receivable. On October 21, 2004 Fresenius Medical Care amended the accounts receivable facility to extend the maturity date to October 20, 2005.

Long-term debt and liabilities from capital lease obligations

At March 31, 2005 and December 31, 2004, long-term loans and liabilities from capital lease obligations are as follows:

in million €	**March 31, 2005**	December 31, 2004
Euro Bonds	**400**	400
Fresenius Medical Care 2003 Senior Credit Agreement	**391**	356
Euro Notes	**389**	389
Capital lease obligations	**39**	41
Other	**217**	223
Subtotal	**1,436**	1,409
less current portion	**207**	190
Long-term debt and liabilities from capital lease obligations, less current portion	**1,229**	1,219

Euro Bonds

In April 2003, Fresenius Finance B.V., issued Euro Bonds for a total amount of € 400 million in two tranches in order to repay short-term bank loans. Both tranches have a maturity of six years. The first tranche of € 300 million tranche bears interest at 7.75 % p.a. and is three years non-callable by the issuer. If the company decides to apply its right to give notice to redeem the Euro Bonds early, the redemption will be effected at different price levels which, depending on the date on which notice is given, could exceed the issue price. The redemption prices were fixed at the date of issue. The second tranche of € 100 million bears interest at 7.5 % p.a. and is not callable before maturity.

The fixed interest tranche with a nominal amount of € 400 million issued in the year 1999 was refinanced in mid-May 2004 by senior notes for a total amount of € 260 million with a maturity of two to five years. In addition a partial utilization of short-term bank borrowings and issuance under the commercial paper program were done.

The Euro Bonds of Fresenius Finance B.V., issued in April 2003, are guaranteed by Fresenius AG, Fresenius Kabi AG and Fresenius ProServe GmbH. Fresenius AG has given a number of commitments to provide protection to the bondholders, which, under certain circumstances, partly restrict the scope of action of Fresenius AG and its subsidiaries (excluding Fresenius Medical Care AG and that company's subsidiaries). These commitments include, amongst other things, restrictions in the amount of further debt that can be raised, the payment of dividends, the volume of capital expenditure, the redemption of subordinated liabilities and the mortgaging or sale of assets. Some of these restrictions are lifted automatically when the rating of the company reaches investment grade. In the event of non-compliance with the terms of the Euro Bonds, the bondholders (owning in aggregate more than 25 % of the outstanding Euro Bonds) are entitled to call the Euro Bonds and demand immediate repayments plus interest. As of March 31, 2005, the Fresenius Group is in compliance with all of its commitments.

Fresenius Medical Care 2003 Senior Credit Agreement

At March 31, 2005, Fresenius Medical Care had approximately US$ 612 million (€ 472 million) of borrowing capacity available under the revolving portion of Fresenius Medical Care 2003 Senior Credit Agreement, thereof US$ 507 million (€ 391 million) were outstanding.

In addition to scheduled principal payments, indebtedness outstanding under the Fresenius Medical Care 2003 Senior Credit Agreement will be reduced by portions of the net cash proceeds from certain sales of assets, securitization transactions other than Fresenius Medical Care's existing accounts receivable financing facility and the issuance of subordinated debt.

The Fresenius Medical Care 2003 Senior Credit Agreement contains affirmative and negative covenants with respect to Fresenius Medical Care AG and its subsidiaries and other payment restrictions. Some of the covenants limit indebtedness of and investments by Fresenius Medical Care, and require Fresenius Medical Care to maintain certain ratios defined in the agreement. Additionally, the Fresenius Medical Care 2003 Senior Credit Agreement provides for a dividend restriction which is US$ 180 million for dividends paid in 2005, and increases in subsequent years. Fresenius Medical Care paid dividends of US$ 122 million (€ 100 million) in 2004. In default, the outstanding balance under the Fresenius Medical Care 2003 Senior Credit Agreement becomes immediately due and payable at the option of the Lenders. At March 31, 2005 Fresenius Medical Care is in compliance with all covenants under the Fresenius Medical Care 2003 Senior Credit Agreement.

Euro Notes

Note loans issued by Fresenius Finance B.V. amounting to € 260 million have maturities of between one and four years as of March 31, 2005. Interest rates are linked to EURIBOR. The loans – mostly hedged through interest swaps – were subject in the first quarter of 2005 to interest rates of between 4.01 % and 5.61 %.

In 2001, Fresenius Medical Care issued four tranches of senior notes totaling € 129 million in aggregate principal amount.

8. PENSIONS AND SIMILAR OBLIGATIONS

Defined benefit pension plans

Over one half of the pension obligations totaling € 233 million relate to the "Versorgungsordnung der Fresenius-Unternehmen" established in 1988 which applies for most of the German entities of the Group. Approximately one seventh relates to the "Fresenius Medical Care Retention Plan" in the United States and approximately a further quarter relates to individual pension plans, mostly for non-German Group entities.

Plan benefits are generally based on an employee's years of service and final salary. Consistent with predominant practice in Germany, the pension obligations of the German entities of the Fresenius Group are unfunded. The German pension plan does not have a separate pension fund.

Fresenius Medical Care currently has two principal pension plans, one for German employees, and the other covering employees in the United States. Each year Fresenius Medical Care Holdings, Inc., (FMCH) contributes to the pension plan in the United States at least the minimum required by the Employee Retirement Income Security Act of 1974, as amended. There is no minimum funding requirement for FMCH for the defined benefit plan in 2005. FMCH made US$ 5 million (€ 4 million) contribution in the first quarter of 2005.

Transfers to the Group's pension fund in the first quarter of 2005 amounted to € 5 million. Expected transfers to the pension fund in the full year 2005 amount to € 19 million.

The following table provides the calculation of net periodic benefit cost:

in million €	**Q1/2005**	Q1/2004
Components of net period benefit cost		
Service cost	**3**	3
Interest cost	**6**	6
Expected return on plan assets	**-3**	-3
Amortization of transition obligations	**0**	-
Amortization of unrealized losses, net	**1**	1
Net periodic benefit cost	**7**	7
Weighted-average assumptions for net periodic benefit		
Discount rate	**5.39%**	5.70%
Expected return of plan assets	**6.13%**	6.57%
Rate of compensation increase	**3.16%**	3.69%

Pension obligations at March 31, 2005 and December 31, 2004 relate to the following geographical regions:

in million €	**March 31, 2005**	December 31, 2004
Germany	**149**	139
Europe (excluding Germany)	**48**	51
North America	**36**	36
Asia-Pacific	**-**	2
Latin America	**0**	-
Africa	**0**	0
Total pension obligations	**233**	228

The pension obligations relate mainly to Europe and North America, with two third relating specifically to Germany and approximately one third relating to the rest of Europe and North America.

9. TRUST PREFERRED SECURITIES OF FRESENIUS MEDICAL CARE CAPITAL TRUSTS

The trust preferred securities agreements contain affirmative and negative covenants with respect to Fresenius Medical Care AG and its subsidiaries and other payment restrictions. Some of the covenants limit indebtedness of and investments by Fresenius Medical Care, and require Fresenius Medical Care, to maintain certain ratios defined in the agreement. Some of these covenants are subordinated to the Fresenius Medical Care 2003 Senior Credit Agreement covenants. As of March 31, 2005, Fresenius Medical Care is in compliance with all covenants under all trust preferred securities agreements.

The trust preferred securities outstanding in the Fresenius Group as of March 31, 2005 and December 31, 2004 are as follows:

	Year issued	Stated amount	Interest rate	Mandatory redemption date	**March 31, 2005**	December 31, 2004
Fresenius Medical Care Capital Trust II	1998	US$ 450 million	7 7/8 %	Feb 1, 2008	**€ 336 million**	**€ 324 million**
Fresenius Medical Care Capital Trust III	1998	DM 300 million	7 3/8 %	Feb 1, 2008	**€ 154 million**	**€ 154 million**
Fresenius Medical Care Capital Trust IV	2001	US$ 225 million	7 7/8 %	Jun 15, 2011	**€ 167 million**	**€ 158 million**
Fresenius Medical Care Capital Trust V	2001	€ 300 million	7 3/8 %	Jun 15, 2011	**€ 297 million**	**€ 297 million**
Trust preferred securities					**€ 954 million**	**€ 933 million**

10. MINORITY INTEREST

Minority interest in the Group has developed as follows:

in million €	**March 31, 2005**	December 31, 2004
Minority interest in Fresenius Medical Care	**1,809**	1,684
Minority interest in the business segments		
Fresenius Medical Care	**14**	13
Fresenius Kabi	**30**	27
Fresenius ProServe	**20**	19
Corporate / Other	**1**	1
Minority interest	**1,874**	1,744

The minority interest increased in the first quarter of 2005 by € 130 million to € 1,874 million. The change resulted from the inclusion of a portion of profits of € 54 million as well as first consolidations and positive currency effects amounting to € 76 million.

11. SHAREHOLDERS' EQUITY

Subscribed capital

At March 31, 2005 the subscribed capital of Fresenius AG is divided into 20,503,232 bearer ordinary shares and 20,503,232 non-voting bearer preference shares. The shares are issued as non-par value shares and have a theoretical nominal value of € 2.56. During the first quarter of 2005 35,426 stock options were exercised.

Conditional capital

By resolution of the Annual General Meeting on May 28, 2003, the previous conditional capital (Conditional Capital I) of € 4,448,010.24 was reduced to € 3,296,010.24, divided into 643,752 bearer ordinary shares and 643,752 bearer preference shares. This amount is required to secure the subscription rights in connection with the stock options on bearer ordinary shares and bearer preference shares authorized by the Annual General Meeting on June 18, 1998.

In order to enable the Fresenius AG 2003 Stock Option Plan to be executed, the subscribed capital was increased conditionally (Conditional Capital II) by up to € 4,608,000.00 through the issue of up to 900,000 bearer ordinary shares and 900,000 non-voting bearer preference shares. The issue of bearer ordinary shares and non-voting bearer preference shares is made at the specified conversion price. The conditional capital increase can only be carried out to the extent that the convertible bonds are issued and the owners of the convertible bonds exercise their conversion right.

The conditional capital has developed as follows:

in €	Ordinary shares	Preference shares	Total
Conditional Capital I Fresenius AG 1998 Stock Option Plan	1,646,272.00	1,646,272.00	3,292,544.00
Conditional Capital II Fresenius AG 2003 Stock Option Plan	2,304,000.00	2,304,000.00	4,608,000.00
Conditional capital at January 1, 2005	**3,950,272.00**	**3,950,272.00**	**7,900,544.00**
Exercising of Fresenius AG 1998 Stock Option Plan	-45,345.28	-45,345.28	-90,690.56
Conditional capital at March 31, 2005	**3,904,926.72**	**3,904,926.72**	**7,809,853.44**

Dividends

According to German Stock Corporation Act, the basis for distributing dividends to shareholders is based upon the unconsolidated retained earnings of Fresenius AG as reported in its balance sheet determined in accordance with the German Commercial Code (HGB).

For the year 2004 a dividend of € 1.35 for each bearer ordinary share and € 1.38 for each bearer preference share, i.e. a total amount of € 55.9 million, was resolved by the Management Board and Supervisory Board.

12. EARNINGS PER SHARE

Earnings per share, taking into consideration dilution by exercisable stock options, are as follows:

in million €, except for amounts per share (€)	Q1/2005	Q1/2004
Numerators		
Net income	**46**	39
less preference on preference shares	**-**	-
Income available to all class of shares	**46**	39
Denominators (number of shares)		
Weighted average number of ordinary shares outstanding	**20,491,423**	20,484,842
Weighted average number of preference shares outstanding	**20,491,423**	20,484,842
Total weighted average number of shares outstanding of all classes	**40,982,846**	40,969,684
Potentially dilutive ordinary shares	**144,031**	45,242
Potentially dilutive preference shares	**144,031**	45,242
Total weighted average shares outstanding of all classes assuming full dilution	**41,270,908**	41,060,168
Weighted average ordinary shares assuming full dilution	**20,635,454**	20,530,084
Weighted average preference shares assuming full dilution	**20,635,454**	20,530,084
Basic earnings per ordinary share	**1.11**	0.94
Preference per preference share	**0.01**	0.01
Basic earnings per preference share	**1.12**	0.95
Fully diluted earnings per ordinary share	**1.10**	0.94
Preference per preference share	**0.01**	0.01
Fully diluted earnings per preference share	**1.11**	0.95

The owners of preference shares are entitled to an additional dividend of € 0.01 for each bearer preference share for each first quarter.

Earnings per share amount to € 1.11 and € 0.94 for each bearer ordinary share and € 1.12 and € 0.95 for each bearer preference share for the first quarter of 2005 and the first quarter of 2004, respectively.

13. STOCK OPTIONS

Fair value of stock options

The stock option plans of the Fresenius Group are accounted for in accordance with the provisions of Opinion No. 25 of the Accounting Principles Board (APB) (Accounting for Stock Issued to Employees), and related interpretations in SFAS No. 123 (Accounting for Stock-Based Compensation) subject to complying with additional disclosure requirements of SFAS No. 123 as amended by SFAS No. 148 (Accounting for Stock-Based Compensation – Transaction and Disclosure – an Amendment of FASB Statement No. 123). As such compensation expense for options is recorded only if the current market price of the underlying shares exceeds the exercise price on the measurement date. For stock option plans which are performance based, the Fresenius Group recognizes compensation expense over the vesting periods, based on the then current market values of the underlying shares.

The following table illustrates the effect on net income and earnings per share if the company had applied the fair value recognition provisions of SFAS No. 123 to share-based employee compensation:

in million €, except the amounts per share (€)	**Q1/2005**	Q1/2004
Net income		
as reported	**46**	39
Net income as reported less preference on preference shares	**46**	39
plus share-based employee compensation expense according to APB No. 25	**-**	-
less share-based employee compensation expense according to SFAS No. 123	**-4**	-1
Pro-forma less preference on preference shares	**42**	38
Pro-forma	**42**	38
Basic earnings per ordinary share		
as reported	**1.11**	0.94
Pro-forma	**1.01**	0.92
Basic earnings per preference share		
as reported	**1.12**	0.95
Proforma	**1.02**	0.93
Fully-diluted earnings per ordinary share		
as reported	**1.10**	0.94
Pro-forma	**1.00**	0.92
Fully-diluted earnings per preference share		
as reported	**1.11**	0.95
Pro-forma	**1.01**	0.93

Fresenius AG stock option plans

At March 31, 2005, Fresenius AG has two awards outstanding under the terms of various stock-based compensation plans. During 1998, Fresenius AG adopted a stock incentive plan (Fresenius AG 1998 Stock Option Plan) for Fresenius AG's key management and executive employees. This stock incentive plan was replaced by the Fresenius AG 2003 Stock Option Plan, which is the only plan of Fresenius AG with stock option awards currently available for grant.

Under the Fresenius AG 1998 Stock Option Plan as of March 31, 2005, the members of the Fresenius AG Management Board held 240,800 stock options and other employees held 846,434 stock options.

At March 31, 2005, under the Fresenius AG 2003 Stock Option Plan the members of the Fresenius AG Management Board held 87,720 stock options and other employees held 440,930 stock options.

Fresenius Medical Care stock option plans

At March 31, 2005, Fresenius Medical Care has awards outstanding under the terms of various stock-based compensation plans, including the Fresenius Medical Care 2001 Stock Option Plan, which is the only plan with stock option awards currently available for grant. At March 31, 2005, the members of the Management Board held 570,997 stock options and Fresenius Madical Care’s other employees held 3,988,565 stock options.

OTHER NOTES

14. LEGAL PROCEEDINGS

Commercial litigation

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

Pre-Merger tax claims or tax claims that would arise if events were to violate the tax-free nature of the Merger, could ultimately be Fresenius Medical Care's obligation. In particular, W. R. Grace & Co. has disclosed in its filings with the Securities and Exchange Commission that: its tax returns for the 1993 to 1996 tax years are under audit by the US tax authorities Internal Revenue Service (the "Service"); W. R. Grace & Co. has received the Service's examination report on tax periods 1993 to 1996; that during those years W.R. Grace & Co. deducted approximately US$ 122 million in interest attributable to corporate owned life insurance (COLI) policy loans; that W.R. Grace & Co. has paid US$ 21 million of tax and interest related to COLI deductions taken in tax years prior to 1993; that a U.S. District Court ruling has denied interest deductions of a taxpayer in a similar situation. In October 2004, W.R. Grace & Co. obtained bankruptcy court approval to settle its COLI claims with the Service. In January 2005, W.R. Grace & Co., FMCH and Sealed Air Corporation executed a settlement agreement with respect to the Service's COLI-related claims and other tax claims. At April 14, 2005, W.R. Grace & Co. paid the Service approximately US$ 90 million in connection with taxes owed for the tax periods 1993 to 1996 pursuant to a bankruptcy court order directing W.R. Grace & Co. to make such payment. Subject to certain representations made by W.R. Grace & Co., Fresenius Medical Care and Fresenius AG, W.R. Grace & Co. and certain of its affiliates had agreed to indemnify Fresenius Medical Care against this and other pre-Merger and Merger-related tax liabilities.

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

In 2003, Fresenius Medical Care reached agreement with the asbestos creditors' committees on behalf of the W.R. Grace & Co. bankruptcy estate and W.R. Grace & Co. in the matters pending in the Grace Chapter 11 Proceedings for the settlement of all fraudulent conveyance and tax claims against it and other claims related to Fresenius Medical Care that arise out of the bankruptcy of W.R. Grace & Co. Under the terms of the settlement agreement as amended (the "Settlement Agreement"), fraudulent conveyance and other claims raised on behalf of asbestos claimants will be dismissed with prejudice and Fresenius Medical Care will receive protection against existing and potential future W.R. Grace & Co. related claims, including fraudulent conveyance and asbestos claims, and indemnification against income tax claims related to the non-NMC members of the W.R. Grace & Co. consolidated tax group upon confirmation of a W.R. Grace & Co. bankruptcy reorganization plan that contains such provisions. Under the Settlement Agreement, Fresenius Medical Care will pay a total of US$ 115 million to the W.R. Grace & Co. bankruptcy estate, or as otherwise directed by the Court, upon plan confirmation. No admission of liability has been or will be made. The Settlement Agreement has been approved by the U.S. District Court.

Subsequent to the Merger, W.R. Grace & Co. was involved in a multi-step transaction involving Sealed Air Corporation (Sealed Air, formerly known as Grace Holding, Inc.). Fresenius Medical Care is engaged in litigation with Sealed Air to confirm its entitlement to indemnification from Sealed Air for all losses and expenses incurred by Fresenius Medical Care relating to pre-Merger tax liabilities and Merger-related claims. Under the Settlement Agreement, upon confirmation of a plan that satisfies the conditions of Fresenius Medical Care's payment obligation, this litigation will be dismissed with prejudice.

At April 4, 2003, FMCH filed a suit in the U.S. District Court for the Northern District of California, (Fresenius USA, Inc., et al., v. Baxter International Inc., et al.), Case No. C 03-1431, seeking a declaratory judgment that FMCH does not infringe on patents held by Baxter International Inc., and its subsidiaries and affiliates (Baxter), that the patents are invalid, and that Baxter is without right or authority to threaten or maintain suit against FMCH for alleged infringement of Baxter's patents. In general, the alleged patents concern touch screens, conductivity alarms, power failure data storage, and balance chambers for hemodialysis machines. Baxter has filed counterclaims against FMCH seeking monetary damages and injunctive relief, and alleging that FMCH willfully infringed on Baxter's patents. FMCH believes its claims are meritorious, although the ultimate outcome of any such proceedings cannot be predicted at this time and an adverse result could have a material adverse effect on Fresenius Medical Care's business, financial condition, and results of operations.

Other litigation and potential exposures

In April 2005, FMCH received a subpoena from the U.S. Department of Justice, Eastern District of Missouri, in connection with a joint civil and criminal investigation. The subpoena requires production of a broad range of documents relating to the FMCH's operations, with specific attention to documents related to clinical quality programs, business development activities, medical director compensation and physician relations, joint ventures and anemia management programs. Fresenius Medical Care is cooperating with the government's requests for information. An adverse determination in this investigation could have a material adverse effect on Fresenius Medical Care's business, financial condition and results of operations.

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

Accured special charge of Fresenius Medical Care AG for legal matters

At December 31, 2001, Fresenius Medical Care recorded a pre-tax special charge of US$ 258 million to reflect anticipated expenses associated with the defense and resolution of pre-Merger tax claims, Merger-related claims, and commercial insurer claims. The costs associated with the Settlement Agreement and settlements with insurers have been charged against this accrual. While Fresenius Medical Care believes that its remaining accruals reasonably estimate its currently anticipated costs related to the continued defense and resolution of the remaining matters, no assurances can be given that its actual costs incurred will not exceed the amount of this accrual.

Furthermore, the Fresenius Group is involved in various legal disputes arising from the ordinary course of its business. Although the ultimate outcome of these legal disputes cannot be predicted, we do not expect any material adverse effects on the business, financial condition and results of operations of the Group.

15. FINANCIAL INSTRUMENTS

General

Gains and/or losses from changes in exchange and interest rates are shown in the consolidated statement of income under selling, general and administrative expenses, and net interest, respectively.

Market risk

The Fresenius Group is exposed to market risk from changes in interest rates and foreign exchange rates. In order to manage the risk of interest rate and currency exchange rate fluctuations, the Fresenius Group enters into various hedging transactions with highly rated financial institutions as authorized by the Management Board. Financial instruments are not used for trading purposes.

In general, the Fresenius Group conducts its financial instrument activities under the control of a single centralized department. The Fresenius Group established guidelines for risk assessment procedures and controls for the use of financial instruments. They include a clear segregation of duties with regard to execution on one side and administration, accounting and controlling on the other.

Foreign exchange risk management

The Fresenius Group uses the euro as its financial reporting currency. Therefore, mainly changes in the rate of exchange rate between the euro and US dollar, and the local currencies in which the financial statements of the foreign subsidiaries are maintained, affect its results of operations and financial position as reported in its consolidated financial statements. The Fresenius Group employs, to a limited extent, forward contracts including options to hedge its existing and anticipated currency exposure. Fresenius Group's policy, which has been consistently followed, is that foreign exchange forward contracts including options be used only for the purpose of hedging foreign currency exposure.

Fresenius Group’s exposure to market risk for changes in foreign exchange rates relates to transactions such as sales and purchases, and lending and borrowings, including intercompany borrowings in foreign currency. The Fresenius Group has significant amounts of sales of products invoiced in euros from its European manufacturing facilities to its other worldwide operations. In general, these sales are denominated in euros. This exposes the subsidiaries to fluctuations in the rate of exchange between the euro and the currency in which their local operations are conducted.

As of March 31, 2005, the notional volume of foreign currency forward contracts to hedge intercompany loans amounted to € 990 million and to hedge risks from operating business amounted to € 296 million.

As of March 31, 2005, the Fresenius Group had foreign exchange forward contracts with a maximum maturity of 21 months to hedge its exposure to the variability in future cash flows associated with forecasted product purchases and financing transactions.

Earnings of the first quarter of 2005 were not materially affected by hedge ineffectiveness.

The Fresenius Group also entered into foreign exchange forward contracts with a fair value of approximately € 4.1 million as of March 31, 2005 to hedge its currency exposure from intercompany loans. No hedge accounting is applied to these forward contracts. Accordingly, the foreign currency forward contracts are recognized as assets and liabilities and changes in fair values are charged to earnings.

The Fresenius Group is exposed to potential losses in the event of nonperformance by counterparties to financial instruments but does not expect any counterparties to fail to meet their obligations. The potential risk of loss with any one party resulting from this type of credit risk is monitored. The Management of the Fresenius Group anticipates, however, that all counterparties will be able to meet their obligations. The current credit exposure of the Fresenius Group from foreign exchange derivatives is represented by the fair value of those contracts with a positive fair value at the reporting date.

Interest rate risk management

The Fresenius Group enters into derivatives to protect interest rate exposures arising from long-term and short-term borrowings and accounts receivable securitization programs at floating rates by effectively swapping them into fixed rates and to hedge the fair value of its fixed interest rate borrowings. Under interest rate swap the Fresenius Group agrees with other parties to exchange, at specified intervals, the difference between fixed-rate and floating-rate interest amounts calculated by reference to an agreed notional amount.

As of March 31, 2005, the notional volume of US dollar interest rate hedge contracts was US$ 1.25 billion (€ 0.96 billion) (December 31, 2004: US$ 1.25 billion; € 0.92 billion) and the notional volume of Euro interest rate hedge contracts was € 0.22 billion (December 31, 2004: € 0.22 billion). These US dollar interest rate swaps, which expire at various dates between 2006 and 2009, effectively fix the company's variable interest rate exposure on the majority of the US dollar-denominated revolving loans and outstanding obligations under the accounts receivable securitization program at an average interest rate of 5.26 % (Q1 2004: 5.45 %) and hedge the fair value of its fixed US dollar interest rate borrowings. The Euro interest rate swaps, which expire at various dates between 2007 and 2009, effectively fix the company´s variable interest rate exposure from Euro Notes at an average interest rate of 3.17 %.

There was no material input on earnings of the first quarter of 2005 due to hedge ineffectiveness.

The Group is exposed to potential losses in the event of nonperformance by counterparties to financial instruments but does not expect any counterparties to fail to meet their obligations. The current credit exposure of derivatives is represented by the fair value of contracts with a positive fair value at the reporting date.

Deferred losses from cash flow hedges in accumulated other comprehensive income (loss) at € 18 million as of Dezember 31, 2004 decreased by € 5 million to € 13 million at March 31, 2005.

16. SEGEMENT REPORTING

Segment reporting in the Fresenius Group with the business segments Fresenius Medical Care, Fresenius Kabi and Fresenius ProServe corresponds to the internal organizational and reporting structures (Management Approach) as of March 31, 2005.

The key data which are presented in the segment reporting correspond to the key data of the internal reporting system in the Fresenius Group. Internal and external reporting and corporate accounting correspond to each other; the same key data and definitions are used.

Sales and proceeds between the segments are always transacted at prices which would be agreed with third parties. Administrative services are settled by means of service agreements.

The business segments were identified in accordance with SFAS No. 131 (Disclosures about Segments of an Enterprise and Related Information), which defines the segment reporting requirements in the annual financial statements and interim reports to the shareholders on the operating product and service businesses and regions. The split into business segments is thus as follows:

Fresenius Medical Care is the world's leading provider of dialysis products and dialysis care for the life-saving treatment of patients with chronic kidney failure. Fresenius Medical Care treats about 125,900 patients in its own dialysis clinics. In the United States, the range of services include apheresis and haemoperfusion services for hospitals.

Fresenius Kabi is Europe's leading company in the field of infusion therapy and clinical nutrition therapy with subsidiaries and distributors worldwide. Fresenius Kabi's products are used in hospitals as well as in out-patient medical care. Within the scope of this care chain, the company offers products for fluid and blood volume replacement, anaesthetics, parenteral and enteral nutrition products and medical-technical products. The company is also a leading provider of transfusion technology products in Europe.

Fresenius ProServe offers services for the international health care sector, including hospital management, the planning and construction of hospitals and pharmaceutical and medical-technical production plants.

The segment Corporate/Other mainly comprises the holding functions of Fresenius AG as well as Fresenius Netcare GmbH, which provides services in the field of information technology as well as Fresenius Biotech, which does not fulfill the characteristics of a reportable segment. In addition, the segment Corporate/Other includes the consolidation adjustments between the segments

The table of the segment reporting is on page 17 of this Interim Report.

Notes on the business segments

Explanations regarding the notes on the business segments can be found in the consolidated financial statements in the 2004 Annual Report.

Reconcilation of the key figures with the consolisolidated results:

in million €	**Q1/ 2005**	Q1/2004
Total EBITDA of reporting segments	**293**	270
Depreciation and amortization	**-72**	-72
General corporate expenses Corporate/Other	**-9**	-1
Net Interest	**-47**	-52
Total earnings before income taxes and minority interest	**165**	145
Total EBIT of reporting segments	**223**	201
General corporate expenses Corporate/Other	**-11**	-4
Net Interest	**-47**	-52
Total earnings before income taxes and minority interest	**165**	145
Depreciation and amortization of reporting segments	**70**	69
Depreciation and amortization Corporate/Other	**2**	3
Total depreciation and amortization	**72**	72

17. ADDITIONAL INFORMATION ON THE CASH FLOW STATEMENT

The following summaries provide additional information with regard to the consolidated cash flow statement:

in million €	**Q1/2005**	Q1/2004
Interest paid	**44**	46
Income taxes paid	**63**	28

The increase in income taxes paid refers mainly to taxes in an amount of US$ 43 million (€ 33 million) paid by Fresenius Medical Care in the United States.

in million €	**Q1/2005**	Q1/2004
Assets acquired	**196**	44
Liabilities assumed	**-48**	-3
Minority interest	**4**	0
Non-cash portions in connection with acquisitions	**-16**	-4
Cash paid	**136**	37
Cash acquired	**-1**	0
Cash paid for acquisitions, net	**135**	37

The free cash flow is an important management key figure in the Group. It is calculated as follows:

in million €	**Q1/2005**	Q1/2004
Operating cash flow	**168**	182
Purchase of property, plant and equipment	**-48**	-48
Proceeds from sale of property, plant and equipment	**6**	2
Free cash flow before acquisitions and dividends	**126**	136
Purchase/sale of shares in related companies and investments, net	**-135**	-37
Free cash flow before dividends	**-9**	99
Dividends paid	**0**	-1
Free cash flow after dividends	**-9**	98

18. SUBSEQUENT EVENTS

Fresenius Medical Care to acquire Renal Care Group, Inc.
On May 4, 2005, Fresenius Medical Care entered into a definitive merger agreement for the acquisition of Renal Care Group, Inc., (RCG) for an all cash purchase price of approximately US$ 3.5 billion. At December 31, 2004, RCG provided dialysis and ancillary services to over 29,700 patients through 418 outpatient dialysis centers in 33 states, in addition to providing acute dialysis services to more than 200 hospitals. Completion of the acquisition is subject to governmental approvals (including termination or expiration of the waiting period under the Hart-Scott Rodino Antitrust Improvements Act of 1976, as amended), third-party consents, and approval by RCG's stockholders. Fresenius Medical Care expects to complete the acquisition during the second half of 2005 but Fresenius Medical Care cannot offer any assurance that the acquisition will be completed during this time or that it will be completed at all.

To finance the proposed acquisition, Fresenius Medical Care has received a commitment for US$ 5.0 billion in senior credit facilities to be underwritten by Bank of America, N.A. (BofA) and Deutsche Bank AG New York Branch (DB). Loans under the senior credit facilities will be available to Fresenius Medical Care, among other things, to pay the purchase price and related expenses for the acquisition of RCG, to refinance the outstanding indebtedness under the existing Fresenius Medical Care 2003 senior credit facilities and certain indebtedness of RCG, and for working capital purposes. The senior credit facilities will consist of a 5-year US$ 1.0 billion revolving credit facility, a 5-year US$ 1.5 billion term loan A facility, and a 7-year US$ 2.5 billion term loan B facility. Interest on the senior credit facilities will be at the option of the borrowers at a rate equal to either (1) LIBOR plus an applicable margin, or (2) the higher of BofA's prime rate or the Federal Funds rate plus 0.5 % plus the applicable margin. The applicable margin is variable and depends on the consolidated leverage ratio of Fresenius Medical Care.

The senior credit facilities will be guaranteed by the Fresenius Medical Care AG and Fresenius Medical Care Holdings., Inc., (FMCH) and certain of their respective subsidiaries and secured by pledges of the stock of certain of the Fresenius Medical Care AG's material subsidiaries. The borrowers and guarantors under the senior credit facilities will provide liens on substantially all of their personal property and material real property if the non-credit enhanced senior secured debt rating of the borrowers falls below a certain level and if a grant of security interests is determined appropriate by a cost-benefit analysis. The closing of the senior credit facilities will be subject, among other things, to the negotiation and execution of definitive documents, the non-occurrence of a material adverse effect in relation to RCG, DB and BofA's approval of the merger agreement and other agreements relating to the acquisition, and the refinancing of the indebtedness under the existing Fresenius Medical Care 2003 senior credit facility and certain indebtedness of RCG.

Fresenius Medical Care to propose conversion of preference shares into ordinary shares in combination with a change of the Fresenius Medical Care AG's legal form into a KGaA

On May 4, 2005, the Fresenius Medical Care AG announced that it would submit to shareholders a proposal to change the Fresenius Medical Care AG' legal form from an AG, which is a German stock corporation, to a KGaA, which is a German partnership limited by shares. Fresenius Medical Care as a KGaA will be the same legal entity under German law, rather than a successor to the stock corporation. Fresenius Medical Care Management AG, a subsidiary of Fresenius AG, will be the general partner of Fresenius Medical Care KGaA.

The Fresenius Medical Care AG will offer its preference shareholders the opportunity to convert their preference shares into ordinary shares on a one-to-one basis pursuant to a conversion offer to be conducted after the shareholder meetings. The right to convert preference shares into ordinary shares will be available only during a specific period. The details of the conversion process will be determined by the Management Board with the approval of the Supervisory Board, and announced with the conversion period. Preference shareholders who decide to convert their shares will be required to pay a premium and will lose their preferential dividend rights.

The transformation of legal form and the conversion are subject to approval by the Fresenius Medical Care AG's ordinary shareholders, and the conversion is also subject to approval by a separate vote of the Fresenius Medical Care AG's preference shareholders. The transformation and a conversion offer will be submitted to the Fresenius Medical Care AG's shareholders pursuant to separate registration statements under the U.S. Securities Act of 1933, as amended.

19. CORPORATE GOVERNANCE

The Management Boards and the Supervisory Boards of Fresenius AG and Fresenius Medical Care AG have submitted the Declaration of Compliance pursuant to § 161 of the German Stock Corporation Act (AktG) in accordance with the German Corporate Governance Code dated May 21, 2003 and made this permanently available to the shareholders.

Financial calendar 2005

Annual General Meeting, Frankfurt am Main (Germany)	May 25, 2005
Payment of dividend*	May 26, 2005
Report on the first six months 2005 Analysts' Meeting, Bad Homburg v.d.H. Live webcast	August 4, 2005
Report on 1st - 3rd quarters 2005 Analysts' Meeting, Bad Homburg v.d.H. Live webcast Press conference, Bad Homburg v.d.H. Live webcast	November 3, 2005

* subject to the prior approval by the AGM

This interim report contains forward-looking statements that are subject to various risks and uncertainties. Future results could differ materially from those described in these forward-looking stetements due to certain factors, e.g. changes in busines, economic and competitive conditions, regulatory reforms, results of clinical trials, foreign exchange rate fluctuations, uncertainties in litigation or investigative proceedings, and the availability of financing. Fresenius AG does not undertake any responsibility to update the forward-looking statements in this interim report.

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