FRESENIUS

Quarterly Financial Report of Fresenius Group

applying United States Generally Accepted Accounting Principles

(US GAAP)

1st Quarter 2008

FRESENIUS

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FRESENIUS GROUP FIGURES AT A GLANCE

in million €	**Q1/2008**	Q1/2007	Change in %
Sales	**2,798**	2,767	1
EBIT	**377**	380	-1
EBIT margin	**13.5 %**	13.7 %	
Net income	**100**	93	8
Earnings per ordinary share in €	**0.64**	0.60	7
Earnings per preference share in €	**0.64**	0.60	7
Operating cash flow	**278**	287	-3
Operating cash flow in % of sales	**9.9 %**	10.4 %	
Investments[1]	**370**	295	25

in million €	**March 31, 2008**	December 31, 2007	Change in %
Total assets	**15,149**	15,324	-1
Non-current assets	**10,830**	11,033	-2
Net debt	**5,216**	5,338	-2
Equity[2]	**5,988**	6,059	-1
Equity ratio	**39.5 %**	39.5 %	
Employees	**116,203**	114,181	2

Fresenius shares	**Q1/2008**	2007	Change in %
Number of ordinary shares (March 31/December 31)	**77,618,508**	77,582,385	
Quarter-end quotation in €	**53.90**	56.00	-4
High in €	**59.36**	63.35	-6
Low in €	**51.42**	50.17	2
∅ Trading volume (number of shares per trading day)	**70,046**	70,574	-1
Number of preference shares (March 31/December 31)	**77,618,508**	77,582,385	
Quarter-end quotation in €	**52.75**	56.90	-7
High in €	**59.25**	63.12	-6
Low in €	**50.69**	50.70	0
∅ Trading volume (number of shares per trading day)	**614,056**	534,660	15
Market capitalization (in million €, March 31/December 31)	**8,278**	8,759	-5

[1] Investments in property, plant and equipment and intangible assets, acquisitions

[2] Equity including minority interest

MANAGEMENT DISCUSSION AND ANALYSIS

- **Sales: € 2.8 billion, + 1 % at actual rates, + 8 % in constant currency**
- **EBIT: € 377 million, – 1 % at actual rates, + 7 % in constant currency**
- **Net income: € 100 million, + 8 % at actual rates, + 13 % in constant currency**

Q1 2008: Successful start into 2008

- Excellent growth in constant currency
- Currency impact based on translational effects
- Significant progress in generic I.V. drug strategy
- All business segments fully on track – Guidance for 2008 confirmed

Sales growth of 8 % in constant currency

Group sales increased by 8 % in constant currency and by 1 % at actual rates to € 2,798 million (Q1 2007: € 2,767 million). Organic sales growth was 5 %. Acquisitions contributed a further 4 %. Divestitures reduced sales growth by 1 %. Currency translation had a negative impact of 7 %. This is mainly attributable to the average US dollar/Euro rate depreciating 14 % from Q1 2007.

Sales growth in the business segments was as indicated in the table.

In Europe sales grew by 13 % in constant currency with organic sales growth contributing 6 %. In North America sales grew by 1 % in constant currency. Organic growth was 2 %. Strong growth rates were achieved in the emerging markets with organic growth of 11 % in Asia-Pacific and 16 % in Latin America.

Excellent net income growth

Group EBITDA increased by 8 % in constant currency and by 1 % at actual rates to € 483 million (Q1 2007: € 479 million). Group operating income (EBIT) grew by 7 % in constant currency and decreased by 1 % at actual rates to € 377 million (Q1 2007: € 380 million). The Group's EBIT margin was 13.5 % (Q1 2007: 13.7 %).

Group net interest decreased to € -84 million (Q1 2007: € -95 million). This is mainly attributable to lower average interest rates at Fresenius Medical Care and currency translation effects.

The Group tax rate was 35.2 % (Q1 2007: 36.1 %).

Minority interest increased slightly to € 90 million (Q1 2007: € 89 million), of which 92 % was attributable to the minority interest in Fresenius Medical Care.

Group net income grew by 13 % in constant currency and by 8 % at actual rates to € 100 million (Q1 2007: € 93 million). Earnings per ordinary share and per preference share were € 0.64 (Q1 2007: ordinary share € 0.60, preference share € 0.60). This represents an increase of 7 % for both share classes.

Sales in million €	Q1/2008	Q1/2007	Change at actual rates	Currency translation effects	Change at constant rates	Organic growth	Acquisitions/ Divestitures	% of total sales
Fresenius Medical Care	**1,676**	1,771	-5 %	-9 %	4 %	5 %	-1 %	60 %
Fresenius Kabi	**545**	483	13 %	-2%	15 %	8 %	7 %	19 %
Fresenius Helios	**509**	439	16 %	0 %	16 %	4 %	12 %	18 %
Fresenius Vamed	**74**	73	1 %	0 %	1 %	0 %	1 %	3 %

Sales in million €	Q1/2008	Q1/2007	Change at actual rates	Currency translation effects	Change at constant rates	Organic growth	Acquisitions/ Divestitures	% of total sales
Europe	**1,292**	1,150	12 %	-1 %	13 %	6 %	7 %	46 %
North America	**1,127**	1,267	-11 %	-12 %	1 %	2 %	-1 %	40 %
Asia-Pacific	**200**	186	8 %	-6 %	14 %	11 %	3 %	7 %
Latin America	**129**	108	19 %	-4 %	23 %	16 %	7 %	5 %
Africa	**50**	56	-11 %	-6 %	-5 %	-10 %	5 %	2 %
Total	**2,798**	2,767	1 %	-7 %	8 %	5 %	3 %	100 %

Substantial investments in growth

Fresenius Group spent € 155 million for property, plant and equipment and intangible assets (Q1 2007: € 140 million). Acquisition spending was € 215 million (Q1 2007: € 155 million).

Sustainable cash flow development

Operating cash flow was € 278 million (Q1 2007: € 287 million). The cash flow margin was 9.9 % (Q1 2007: 10.4 %). Given increased net capital expenditure of € 162 million (Q1 2007: € 132 million), cash flow before acquisitions and dividends was € 116 million (Q1 2007: € 155 million). Free cash flow after net acquisitions (€ 158 million) and dividends (€ 5 million) was € -47 million (Q1 2007: € 88 million).

Solid balance sheet

Fresenius Group's total assets increased by 3 % in constant currency and decreased by 1 % at actual rates to € 15,149 million (December 31, 2007: € 15,324 million). Current assets increased by 4 % in constant currency and by 1 % at actual rates to € 4,319 million (December 31, 2007: € 4,291 million). Non-current assets were € 10,830 million (December 31, 2007: € 11,033 million).

Shareholders' equity including minority interest increased by 3 % in constant currency and decreased by 1% at actual rates to € 5,988 million (December 31, 2007: € 6,059 million). The equity ratio (including minority interest) was 39.5 % (December 31, 2007: 39.5 %).

Group debt decreased by 2 % at actual rates to € 5,598 million (December 31, 2007: € 5,699 million). In constant currency, Group debt increased by 2 %. As of March 31, 2008, the net debt/EBITDA ratio was 2.6 (December 31, 2007: 2.6).

Number of employees increased

As of March 31, 2008, Fresenius increased the number of its employees by 2 % to 116,203 (December 31, 2007: 114,181). The growth was mainly attributable to Fresenius Kabi and Fresenius Medical Care.

Cash flow statement (Summary, unaudited)

in million €	**Q1/2008**	Q1/2007	Change in %
Net income before minority interest	190	182	4
Depreciation and amortization	106	99	7
Change in accruals for pensions	4	3	33
Cash flow	**300**	**284**	**6**
Change in working capital	-22	3	--
Operating cash flow	**278**	**287**	**-3**
Capital expenditure, net	-162	-132	-23
Cash flow before acquisitions and dividends	**116**	**155**	**-25**
Cash used for acquisitions, net	-158	-63	--
Dividends paid	-5	-4	-25
Free cash flow after acquisitions and dividends	**-47**	**88**	**--**
Cash provided by/used for financing activities	78	-47	--
Effect of exchange rates on change in cash and cash equivalents	-10	-2	--
Net increase in cash and cash equivalents	**21**	**39**	**-46**

Fresenius Biotech

Fresenius Biotech develops innovative therapies with tri-functional antibodies for the treatment of cancer. 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 prevent and treat graft rejection following organ transplantation.

Studies with the antibodies Removab® and Rexomun® in various indications are ongoing in Europe and the US.

Fresenius Biotech's EBIT was € -9 million (Q1 2007: € -11 million). For 2008, Fresenius Biotech expects an EBIT of approximately € -50 million.

OPPORTUNITIES AND RISK REPORT

Compared to the presentation in the 2007 annual report, there have been no material changes in Fresenius' opportunities and risk situation.

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 31 to 37 in the Notes of this report.

GROUP OUTLOOK 2008

Outlook for 2008 confirmed

Based on the Group's strong first quarter financial results Fresenius fully confirms its positive outlook for 2008: Group sales are expected to grow by 8 to 10 % in constant currency. Net income is expected to increase by 10 to 15 % in constant currency. All business segments are expected to contribute to this growth.

BUSINESS SEGMENT 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, 2008, Fresenius Medical Care was treating 177,059 patients in 2,297 dialysis clinics.

in million US$	Q1/2008	Q1/2007	Change in %
Sales	**2,512**	2,321	8
EBITDA	**485**	450	8
EBIT	**389**	365	7
Net income	**186**	160	16
Employees	**65,742 (March 31, 2008)**	64,662 (December 31, 2007)	2

First quarter of 2008

- Strong start into the year – in line with expectations
- Outlook 2008 fully confirmed

Fresenius Medical Care achieved sales growth of 8 % to US$ 2,512 million (Q1 2007: US$ 2,321 million). Organic growth was 5 %. Currency translation effects had a positive impact of 4 %. Sales in dialysis care increased by 5 % to US$ 1,844 million (Q1 2007: US$ 1,760 million). In dialysis products, sales grew by 19 % to US$ 667 million (Q1 2007: US$ 560 million).

In North America sales increased by 2 % to US$ 1,668 million (Q1 2007: US$ 1,637 million). Dialysis services revenue increased by 1 % (3 % adjusted for the divestiture of the perfusion business in spring 2007) to US$ 1,495 million. Average revenue per treatment in the US was US$ 326 in the first quarter (Q4 2007: US$ 325), based on an increase in underlying reimbursement rates and an increase in EPO utilization. Sales outside North America ("International" segment) grew by 23 % (10 % in constant currency) to US$ 844 million (Q1 2007: US$ 684 million). Strong sales growth in constant currency was achieved in Europe (+11 %) and Latin America (+14 %).

EBIT rose by 7 % to US$ 389 million (Q1 2007: US$ 365 million) resulting in an EBIT margin of 15.5 % (Q1 2007: 15.7 %). This reflects the increased expenditures for corporate research and development activities and the expansion in the International dialysis services business. The EBIT margin in North America increased by 60 basis points to 16.4 %, supported by improved underlying reimbursement rates, dialysis services cost containment and a continued strong performance of renal products and PhosLo. In the International segment, the EBIT margin decreased by 60 basis points to 17.0 % mainly due to the growth in the dialysis care business through an increased number of De Novo clinics and associated start-up costs.

Net income increased by 16 % to US$ 186 million (Q1 2007: US$ 160 million).

Full-year 2008 outlook

For 2008, Fresenius Medical Care fully confirms its outlook and expects to achieve revenue of more than US$ 10.4 billion, an increase of more than 7%. Net income is expected to be between US$ 805 million and US$ 825 million, an increase of 12 % to 15 %.

For further information, please see Fresenius Medical Care's Investor News 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 environments. The company is also a leading provider of transfusion technology products.

in million €	Q1/2008	Q1/2007	Change in %
Sales	**545**	483	13
EBITDA	**108**	96	13
EBIT	**87**	77	13
Net income	**46**	42	10
Employees	**17,816 (March 31, 2008)**	16,964 (December 31, 2007)	5

First quarter of 2008

- Excellent sales growth of 15 % in constant currency
- Outlook 2008 fully confirmed

Fresenius Kabi increased sales by 15 % in constant currency and by 13 % at actual rates to € 545 million (Q1 2007: € 483 million). Organic growth was excellent at 8 %. Net acquisitions contributed a further 7 % to sales. Currency translation effects had a negative impact of 2 %. This was mainly due to the depreciation of currencies in Great Britain, South Africa and China.

Organic sales growth in Europe (excluding Germany) was 6 %. In Germany organic sales growth was 1 %. In the Asia-Pacific region Fresenius Kabi again achieved significant organic sales growth of 28 %. Organic sales growth in Latin America was 10 % and in other regions 6 %.

EBIT grew by 13 % to € 87 million (Q1 2007: € 77 million). The EBIT margin was 16.0 % (Q1 2007: 15.9 %). Net income grew by 10 % to € 46 million (Q1 2007: € 42 million).

Full-year 2008 outlook

Fresenius Kabi fully confirms the outlook for 2008: The company targets sales growth in constant currency of 12 to 15 %. Organic growth is expected to contribute around 7 % to this target. Further, Fresenius Kabi forecasts an EBIT margin of around 16.5 %.

On April 20, 2008, Fresenius Kabi announced the acquisition of 73.3 % of the share capital of the Indian company Dabur Pharma Ltd. Dabur is a leading supplier of oncology generics. With this acquisition, Fresenius Kabi strengthens its position in I.V. drugs. Dabur achieved sales of more than € 41 million with generic oncology drugs and APIs in fiscal year 2006/2007 (April 1, 2006 to March 31, 2007).

BUSINESS SEGMENT FRESENIUS HELIOS

Fresenius Helios is one of the largest private hospital operators in Germany. The HELIOS Kliniken Group owns 60 hospitals, including five maximum care hospitals in Berlin-Buch, Erfurt, Krefeld, Schwerin and Wuppertal. HELIOS treats about 500,000 inpatients per year at its clinics and has a total of approximately 17,400 beds.

in million €	**Q1/2008**	Q1/2007	Change in %
Sales	**509**	439	16
EBITDA	**55**	44	25
EBIT	**38**	32	19
Net income	**15**	11	36
Employees	**30,079 (March 31, 2008)**	30,043 (December 31, 2007)	0

First quarter of 2008

- Positive financial performance of established clinics; Krefeld and Hüls with expected negative earnings contribution
- Outlook 2008 fully confirmed

Fresenius Helios increased sales by 16 % to € 509 million (Q1 2007: € 439 million). Acquisitions contributed 11 % to overall sales growth. Organic growth was 4 %.

EBIT grew strongly by 19 % to € 38 million (Q1 2007: € 32 million) due to the very good financial performance of the established clinics. The first-time consolidation of HELIOS Klinikum Krefeld and the HELIOS Klinik Hüls had the expected negative impact on earnings. Nevertheless, the EBIT margin increased to 7.5 % (Q1 2007: 7.3 %). Net income improved by 36 % to € 15 million (Q1 2007: € 11 million).

Sales at the established clinics rose by 4 % to € 461 million. EBIT improved by 31 % to € 42 million. The EBIT margin was 9.1 % (Q1 2007: 7.3 %). The acquired clinics (consolidation < 1 year) achieved sales of € 48 million and an EBIT of € -4 million.

Full-year 2008 outlook

Fresenius Helios fully confirms its outlook for 2008: The company expects to achieve sales of more than € 2,050 million. EBIT is projected to increase to € 160 to 170 million, including the negative contribution of the clinics in Krefeld and Hüls.

BUSINESS SEGMENT FRESENIUS VAMED

Fresenius Vamed offers engineering and services for hospitals and other health care facilities.

in million €	Q1/2008	Q1/2007	Change in %
Sales	**74**	73	1
EBITDA	**5**	6	-17
EBIT	**4**	5	-20
Net income	**4**	4	0
Employees	**1,817 (March 31, 2008)**	1,767 (December 31, 2007)	3

First quarter of 2008

- Sales and earnings performance fully in line with expectations
- Outlook 2008 fully confirmed

In the first quarter of 2008, Fresenius Vamed achieved sales growth of 1 % to € 74 million (Q1 2007: € 73 million). The project business generated sales of € 35 million (Q1 2007: € 37 million), sales in the service business were € 39 million (Q1 2007: € 36 million).

EBIT was € 4 million (Q1 2007: € 5 million). The EBIT margin was 5.4 % (Q1 2007: 6.8 %). Net income was € 4 million (Q1 2007: € 4 million).

Order intake in the project business grew strongly by 89 % to € 125 million (Q1 2007: € 66 million). This was driven by obtaining the order for the planning and construction of the Tauern Spa World in Kaprun/Austria of about € 80 million. Fresenius Vamed will be also responsible for the operational management of Tauern Spa World following the completion of the project. Order backlog as of March 31, 2008 reached a new all-time high of € 595 million, an increase of 17 % (December 31, 2007: € 510 million).

Full-year 2008 outlook

Fresenius Vamed fully confirms its outlook for 2008 and expects to grow both sales and EBIT by 5 to 10 %.

FINANCIAL STATEMENTS

CONSOLIDATED STATEMENT OF INCOME (UNAUDITED)

in million €	**Q1/2008**	Q1/2007
Sales	**2,798**	2,767
Cost of sales	**-1,906**	-1,879
Gross profit	**892**	888
Selling, general and administrative expenses	**-469**	-467
Research and development expenses	**-46**	-41
Operating income (EBIT)	**377**	380
Net interest	**-84**	-95
Earnings before income taxes and minority interest	**293**	285
Income taxes	**-103**	-103
Minority interest	**-90**	-89
Net income	**100**	93

Basic earnings per ordinary share in €	**0.64**	0.60
Fully diluted earnings per ordinary share in €	**0.64**	0.59
Basic earnings per preference share in €	**0.64**	0.60
Fully diluted earnings per preference share in €	**0.64**	0.59

See accompanying Notes to the unaudited consolidated financial statements.

CONSOLIDATED BALANCE SHEET (UNAUDITED)

in million €	March 31, 2008	Dec 31, 2007
Cash and cash equivalents	**382**	361
Trade accounts receivable, less allowance for doubtful accounts	**2,151**	2,159
Accounts receivable from and loans to related parties	**8**	8
Inventories	**911**	875
Prepaid expenses and other current assets	**608**	603
Deferred taxes	**259**	285
I. Total current assets	**4,319**	4,291
Property, plant and equipment	**2,995**	2,971
Goodwill	**6,904**	7,094
Other intangible assets	**518**	546
Other non-current assets	**278**	290
Deferred taxes	**135**	132
II. Total non-current assets	**10,830**	11,033
Total assets	**15,149**	15,324
Trade accounts payable	**439**	485
Short-term accounts payable to related parties	**4**	5
Short-term accrued expenses and other short-term liabilities	**1,945**	1,897
Short-term borrowings	**810**	362
Short-term loans from related parties	**–**	–
Current portion of long-term debt and liabilities from capital lease obligations	**136**	115
Current portion of trust preferred securities of Fresenius Medical Care Capital Trusts	**0**	455
Short-term accruals for income taxes	**133**	158
Deferred taxes	**28**	26
A. Total short-term liabilities	**3,495**	3,503
Long-term debt and liabilities from capital lease obligations, less current portion	**2,805**	2,887
Senior Notes	**1,411**	1,434
Long-term accrued expenses and other long-term liabilities	**351**	326
Trust preferred securities of Fresenius Medical Care Capital Trusts, less current portion	**436**	446
Pension liabilities	**273**	270
Long-term accruals for income taxes	**98**	87
Deferred taxes	**292**	312
B. Total long-term liabilities	**5,666**	5,762
I. Total liabilities	**9,161**	9,265
II. Minority interest	**2,580**	2,644
Subscribed capital	**155**	155
Capital reserve	**1,745**	1,739
Other reserves	**1,736**	1,636
Accumulated other comprehensive income (loss)	**-228**	-115
III. Total shareholders' equity	**3,408**	3,415
Total liabilities and shareholders' equity	**15,149**	15,324

See accompanying Notes to the unaudited consolidated financial statements.

CONSOLIDATED CASH FLOW STATEMENT (UNAUDITED)

in million €	Q1/2008	Q1/2007
Cash provided by/used for operating activities		
Net income	100	93
Minority interest	90	89
Adjustments to reconcile net income to cash and cash equivalents provided by operating activities		
Depreciation and amortization	106	99
Change in deferred taxes	31	30
Gain on sale of fixed assets	-8	-2
Changes in assets and liabilities, net of amounts from businesses acquired or disposed of		
Change in trade accounts receivable, net	-46	-12
Change in inventories	-52	-60
Change in prepaid expenses and other current and non-current assets	3	36
Change in accounts receivable from/payable to related parties	-1	2
Change in trade accounts payable, accruals and other short-term and long-term liabilities	64	-9
Change in accruals for income taxes	-9	21
Cash provided by operating activities	278	287
Cash provided by/used for investing activities		
Purchase of property, plant and equipment	-167	-150
Proceeds from the sale of property, plant and equipment	5	18
Acquisitions and investments, net of cash acquired	-184	-78
Proceeds from divestitures	26	15
Cash used for investing activities	-320	-195
Cash provided by/used for financing activities		
Proceeds from short-term borrowings	158	42
Repayments of short-term borrowings	-29	-41
Proceeds from borrowings from related parties	–	1
Repayments of borrowings from related parties	–	–
Proceeds from long-term debt and liabilities from capital lease obligations	101	1
Repayments of long-term debt and liabilities from capital lease obligations	-33	-87
Repayments of trust preferred securities of Fresenius Medical Care Capital Trusts	-453	0
Changes of accounts receivable facility	328	27
Proceeds from the exercise of stock options	6	8
Dividends paid	-5	-4
Change in minority interest	–	0
Exchange rate effect due to corporate financing	–	2
Cash provided by/used for financing activities	73	-51
Effect of exchange rate changes on cash and cash equivalents	-10	-2
Net increase in cash and cash equivalents	21	39
Cash and cash equivalents at the beginning of the reporting period	361	261
Cash and cash equivalents at the end of the reporting period	382	300

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 €)
As of December 31, 2006	**77,177**	**77,177**	**77,177**	**77,177**	**154,354**	**154**
Proceeds from the exercise of stock options	94	94	94	94	188	–
Compensation expense related to stock options						
Comprehensive income (loss)						
Net income						
Other comprehensive income (loss) related to						
Cash flow hedges						
Foreign currency translation						
Adjustments relating to pension obligation						
Comprehensive income (loss)						
As of March 31, 2007	**77,271**	**77,271**	**77,271**	**77,271**	**154,542**	**154**
As of December 31, 2007	**77,582**	**77,582**	**77,582**	**77,582**	**155,164**	**155**
Proceeds from the exercise of stock options	36	36	36	36	72	–
Compensation expense related to stock options						
Comprehensive income (loss)						
Net income						
Other comprehensive income (loss) related to						
Cash flow hedges						
Foreign currency translation						
Adjustments relating to pension obligation						
Comprehensive income (loss)						
As of March 31, 2008	**77,618**	**77,618**	**77,618**	**77,618**	**155,236**	**155**

See accompanying Notes to the unaudited consolidated financial statements.

CONSOLIDATED STATEMENT OF SHAREHOLDERS' EQUITY (UNAUDITED)

	Reserves		Other comprehensive income (loss)			
	Capital reserve (million €)	Other reserves (million €)	Foreign currency translation (million €)	Cash flow hedges (million €)	Pensions (million €)	Total shareholders' equitiy (million €)
As of December 31, 2006	**1,702**	**1,315**	**34**	**30**	**-67**	**3,168**
Proceeds from the exercise of stock options	5					5
Compensation expense related to stock options	3					3
Comprehensive income (loss)						
Net income		93				93
Other comprehensive income (loss) related to						
Cash flow hedges				-6		-6
Foreign currency translation			-23			-23
Adjustments relating to pension obligation					2	2
Comprehensive income (loss)		93	-23	-6	2	66
As of March 31, 2007	**1,710**	**1,408**	**11**	**24**	**-65**	**3,242**
As of December 31, 2007	**1,739**	**1,636**	**-86**	**-9**	**-20**	**3,415**
Proceeds from the exercise of stock options	2					2
Compensation expense related to stock options	4					4
Comprehensive income (loss)						
Net income		100				100
Other comprehensive income (loss) related to						
Cash flow hedges				-30		-30
Foreign currency translation			-84			-84
Adjustments relating to pension obligation					1	1
Comprehensive income (loss)		100	-84	-30	1	-13
As of March 31, 2008	**1,745**	**1,736**	**-170**	**-39**	**-19**	**3,408**

See accompanying Notes to the unaudited consolidated financial statements.

SEGMENT REPORTING FIRST QUARTER

	Fresenius Medical Care			Fresenius Kabi			Fresenius Helios			Fresenius Vamed			Corporate/Other			Fresenius Group		
by business segment, in million €	**2008**	2007	Change	**2008**	2007	Change	**2008**	2007[1]	Change	**2008**	2007[1]	Change	**2008**	2007[1]	Change	**2008**	2007	Change
Sales	**1,676**	1,771	-5 %	**545**	483	13 %	**509**	439	16 %	**74**	73	1 %	**-6**	1	--	**2,798**	2,767	1 %
thereof contribution to consolidated sales	**1,675**	1,771	-5 %	**536**	472	14 %	**509**	439	16 %	**74**	73	1 %	**4**	12	-67 %	**2,798**	2,767	1 %
thereof intercompany sales	**1**	0	--	**9**	11	-18 %	**0**	0	0 %	**0**	0	0 %	**-10**	-11	9 %	**0**	0	
contribution to consolidated sales	**60 %**	64 %		**19 %**	17 %		**18 %**	16 %		**3 %**	3 %		**0 %**	0 %		**100 %**	100 %	
EBITDA	**324**	343	-6 %	**108**	96	13 %	**55**	44	25 %	**5**	6	-17 %	**-9**	-10	10 %	**483**	479	1 %
Depreciation and amortization	**65**	65	0 %	**21**	19	11 %	**17**	12	42 %	**1**	1	0 %	**2**	2	0 %	**106**	99	7 %
EBIT	**259**	278	-7 %	**87**	77	13 %	**38**	32	19 %	**4**	5	-20 %	**-11**	-12	8 %	**377**	380	-1 %
Net interest	**-55**	-72	24 %	**-17**	-12	-42 %	**-15**	-12	-25 %	**1**	1	0 %	**2**	0	--	**-84**	-95	12 %
Net income	**124**	122	2 %	**46**	42	10 %	**15**	11	36 %	**4**	4	0 %	**-89**	-86	-3 %	**100**	93	8 %
Operating cash flow	**128**	216	-41 %	**42**	19	121 %	**42**	39	8 %	**80**	25	--	**-14**	-12	-17 %	**278**	287	-3 %
Cash flow before acquisitions and dividends	**25**	133	-81 %	**14**	-11	--	**15**	21	-29 %	**79**	24	--	**-17**	-12	-42 %	**116**	155	-25 %
Total assets[2]	**9,229**	9,626	-4 %	**2,444**	2,310	6 %	**3,001**	3,072	-2 %	**464**	390	19 %	**11**	-74	115 %	**15,149**	15,324	-1 %
Debt[2]	**3,598**	3,833	-6 %	**1,242**	1,121	11 %	**1,060**	1,136	-7 %	**1**	0	--	**-303**	-391	23 %	**5,598**	5,699	-2 %
Capital expenditure	**107**	89	20 %	**16**	20	-20 %	**29**	29	0 %	**1**	1	0 %	**2**	1	100 %	**155**	140	11 %
Acquisitions	**49**	71	-31 %	**126**	0	--	**0**	75	-100 %	**10**	5	100 %	**30**	4	--	**215**	155	39 %
Research and development expenses	**13**	10	30 %	**22**	19	16 %	**0**	0	0 %	**0**	0	0 %	**11**	12	-8 %	**46**	41	12 %
Employees (Per capita on balance sheet date)[2]	**65,742**	64,662	2 %	**17,816**	16,964	5 %	**30,079**	30,043	0 %	**1,817**	1,767	3 %	**749**	745	1 %	**116,203**	114,181	2 %
Key figures																		
EBITDA margin	**19.3 %**	19.4 %		**19.8 %**	19.9 %		**10.8 %**	10.0 %		**6.8 %**	8.2 %					**17.3 %**	17.3 %	
EBIT margin	**15.5 %**	15.7 %		**16.0 %**	15.9 %		**7.5 %**	7.3 %		**5.4 %**	6.8 %					**13.5 %**	13.7 %	
Depreciation and amortization in % of sales	**3.8 %**	3.7 %		**3.9 %**	3.9 %		**3.3 %**	2.7 %		**1.4 %**	1.4 %					**3.8 %**	3.6 %	
Operating cash flow in % of sales	**7.6 %**	12.2 %		**7.7 %**	3.9 %		**8.3 %**	8.9 %		**108.1 %**	34.2 %					**9.9 %**	10.4 %	
ROOA[2]	**12.3 %**	12.5 %		**16.4 %**	17.7 %		**5.4 %**	5.6 %		**13.4 %**	22.8 %					**10.7 %**	11.4 %	

[1] Prior year's segment data have been adjusted according to the new company structure as of January 1, 2008.
[2] 2007: December 31

FRESENIUS

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GENERAL NOTES

1. PRINCIPLES

I. GROUP STRUCTURE

Fresenius is a worldwide operating health care group with products and services for dialysis, the hospital and the medical care of patients at home. Further areas of activity are hospital operations as well as engineering and services for hospitals and other health care facilities. In addition to the activities of Fresenius SE, the operating activities were split into the following legally-independent business segments (subgroups) as of March 31, 2008:

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

As of January 1, 2008, Fresenius has reorganized its hospital business. The business segment Fresenius ProServe has been replaced by the two new business segments – Fresenius Helios and Fresenius Vamed, which so far have formed Fresenius ProServe. Fresenius Helios is focused on hospital operations. Fresenius Vamed offers engineering and services for hospitals and other health care facilities.

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 € 1 million after they have been rounded are marked with "–".

II. BASIS OF PRESENTATION

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

Since January 1, 2005, Fresenius SE 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 US GAAP.

III. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Principles of consolidation

The consolidated financial statements for the first quarter ended March 31, 2008 have not been audited or reviewed and should be read in conjunction with the notes included in the consolidated financial statements as of December 31, 2007, published in the 2007 Annual Report. There have been no major changes in the entities consolidated.

The consolidated financial statements for the first quarter ended March 31, 2008 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 ended March 31, 2008 are not necessarily indicative of the results of operations for the fiscal year 2008 ending December 31, 2008.

Classification

Certain items in the prior year's quarterly financial reports and the prior year's consolidated financial statements have been reclassified to conform with the current year's presentation. The prior year's segment data have been adjusted according to the new company structure. The data reported for Fresenius ProServe in the year 2007 have mainly been allocated to the new segments Fresenius Helios and Fresenius Vamed. The holding functions of Fresenius ProServe have been incorporated into the segment Corporate/Other.

Use of estimates

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

IV. NEW ACCOUNTING STANDARDS

In February 2007, the Financial Accounting Standards Board (FASB) issued **Statement No. 159**, The Fair Value Option for Financial Assets and Financial Liabilities – Including an amendment of FASB Statement No. 115 (FAS 159), which gives the company the irrevocable option to measure eligible items at fair value at specified election dates. A business entity shall report unrealized gains and losses on items for which the fair value option has been elected in earnings at each subsequent reporting date.

The fair value option:

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

This Statement is effective as of the beginning of an entity's first fiscal year that begins after November 15, 2007. The Company has not opted to measure any eligible items at fair value at this time.

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

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

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

This Statement applies prospectively to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after December 15, 2008. An entity may not apply it before that date. The effective date of this Statement is the same as that of the related FAS 160. The Fresenius Group is currently evaluating the impact of this standard on its consolidated financial statements.

In March 2008, FASB issued **Statement No. 161**, Disclosures about Derivative Instruments and Hedging Activities – an amendment of FASB Statement No. 133 (FAS 161). This Statement changes the disclosure requirements for derivative instruments and hedging activities. Entities are required to provide enhanced disclosures about (a) how and why an entity uses derivative instruments, (b) how derivative instruments and related hedged items are accounted for under FAS 133 and its related interpretations, and (c) how derivative instruments and related hedged items affect an entity's financial position, financial performance, and cash flows.

The requirements of this Statement are effective for financial statements issued for fiscal years and interim periods beginning after November 15, 2008, with early application encouraged. This Statement encourages comparative disclosures for earlier periods at initial adoption. The Fresenius Group is currently evaluating the impact of this standard on its consolidated financial statements.

2. ACQUISITIONS

The Fresenius Group made acquisitions of € 215 million and € 155 million in the first quarter of 2008 and the first quarter of 2007, respectively. Of this amount, € 184 million were paid in cash and € 31 million were assumed obligations in the first quarter of 2008.

In the first quarter of 2008, acquisitions of Fresenius Medical Care in an amount of € 49 million related mainly to the purchase of dialysis clinics.

In the first quarter of 2008, Fresenius Kabi spent € 126 million which mainly referred to the acquisitions of Ribbon S.r.L., Italy, and Laboratorio Sanderson S.A., Chile.

In April 2008, Fresenius Kabi has entered into agreements to acquire 73.3 % of the share capital of the Indian company Dabur Pharma Ltd. for a price of Indian rupee 76.50 per share in cash (total amount: € 139 million). In accordance with Indian regulations, Fresenius Kabi also announced a public offer to acquire up to a further 20 % shareholding for a price of Indian rupee 76.50 per share in cash. Fresenius Kabi has entered into an agreement with a third party to secure the participation of 2.4 % of Dabur Pharma´s share capital in the public offer. Closing of the transaction is subject to completion of the public offer process in line with local regulations as well as relevant approvals required under Indian law. This is expected to occur at the beginning of the third quarter of 2008.

In the first quarter of 2008, in the segment Corporate/Other additional shares of HELIOS Kliniken GmbH, Germany, were acquired for a purchase price of € 31 million.

NOTES ON THE CONSOLIDATED STATEMENT OF INCOME

3. SALES

Sales by activity were as follows:

in million €	Q1/2008	Q1/2007
Sales of services	**1,789**	1,828
Sales of products and related goods	**973**	889
Sales from long-term production contracts	**36**	50
Other sales	**–**	–
Sales	**2,798**	2,767

4. TAXES

The German Business Tax Reform Act (Unternehmensteuerreformgesetz 2008) was enacted in the third quarter of 2007 resulting in a reduction of the corporate income tax rate from 25 % to 15 % for German companies. This reduction together with technical changes to trade tax rules reduced Fresenius Group's German entities' combined corporate income tax rate to an average of 29.8 % effective as of January 1, 2008. Deferred tax assets and liabilities for German entities which will be realized in 2008 and beyond are calculated with the new enacted tax rate.

Fresenius SE and its subsidiaries are subject to tax audits on a regular basis. During the first quarter of 2008, out of these tax audits material changes did not arise. No material changes according to unrecognized tax benefits as well as recognized and accrued payments for interest and penalties were made. Explanations regarding these tax audits and further information can be found in the consolidated financial statements in the 2007 Annual Report.

5. EARNINGS PER SHARE

The following table is a reconciliation of the numerators and denominators of the basic and diluted earnings per share computations and shows the basic and fully diluted earnings per ordinary and preference share for the quarter ending March 31.

	Q1/2008	Q1/2007
Numerators in million €		
Net income	**100**	93
less effect from dilution due to Fresenius Medical Care shares	**–**	–
Income available to all classes of shares	**100**	93
Denominators in number of shares		
Weighted-average number of ordinary shares outstanding	**77,598,599**	77,226,469
Weighted-average number of preference shares outstanding	**77,598,599**	77,226,469
Weighted-average number of shares outstanding of all classes	**155,197,198**	154,452,938
Potentially dilutive ordinary shares	**750,025**	958,005
Potentially dilutive preference shares	**750,025**	958,005
Weighted-average number of ordinary shares outstanding assuming dilution	**78,348,624**	78,184,474
Weighted-average number of preference shares outstanding assuming dilution	**78,348,624**	78,184,474
Weighted-average number of shares outstanding of all classes assuming dilution	**156,697,248**	156,368,948
Basic earnings per ordinary share in €	**0.64**	0.60
Preference per preference share in €	**0.00**	0.00
Basic earnings per preference share in €	**0.64**	0.60
Fully diluted earnings per ordinary share in €	**0.64**	0.59
Preference per preference share in €	**0.00**	0.00
Fully diluted earnings per preference share in €	**0.64**	0.59

NOTES ON THE CONSOLIDATED BALANCE SHEET

6. CASH AND CASH EQUIVALENTS

As of March 31, 2008 and December 31, 2007, cash and cash equivalents were as follows:

in million €	March 31, 2008	December 31, 2007
Cash	369	349
Securities (with a maturity of up to 90 days)	13	12
Cash and cash equivalents	**382**	361

As of March 31, 2008 and December 31, 2007, committed funds of € 86 million and € 65 million, respectively, were included in cash and cash equivalents.

7. TRADE ACCOUNTS RECEIVABLE

As of March 31, 2008 and December 31, 2007, trade accounts receivable were as follows:

in million €	March 31, 2008	December 31, 2007
Trade accounts receivable	2,366	2,382
less allowance for doubtful accounts	215	223
Trade accounts receivable, net	**2,151**	2,159

8. INVENTORIES

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

in million €	March 31, 2008	December 31, 2007
Raw materials and purchased components	208	200
Work in process	146	125
Finished goods	557	550
Inventories	**911**	875

9. GOODWILL AND OTHER INTANGIBLE ASSETS

As of March 31, 2008 and December 31, 2007, intangible assets, split into amortizable and non-amortizable intangible assets, consisted of the following:

Amortizable intangible assets

	March 31, 2008			December 31, 2007		
in million €	Acquisition cost	Accumulated amortization	Carrying amount	Acquisition cost	Accumulated amortization	Carrying amount
Non-compete agreements	138	84	54	144	88	56
Technology	63	4	59	68	3	65
Other	347	239	108	347	239	108
Total	**548**	**327**	**221**	559	330	229

Non-amortizable intangible assets

in million €	March 31, 2008 Acquisition cost	Accumulated amortization	Carrying amount	December 31, 2007 Acquisition cost	Accumulated amortization	Carrying amount
Tradenames	**158**	**0**	**158**	168	0	168
Management contracts	**139**	**0**	**139**	149	0	149
Goodwill	**6,908**	**4**	**6,904**	7,098	4	7,094
Total	**7,205**	**4**	**7,201**	7,415	4	7,411

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

in million €	Q2–4/2008	2009	2010	2011	2012	Q1/2013
Estimated amortization expenses	26	30	27	25	23	7

The carrying amount of goodwill has developed as follows:

in million €	
Carrying amount as of January 1, 2008	**7,094**
Additions	138
Disposals	-8
Foreign currency translation	-320
Carrying amount as of March 31, 2008	**6,904**

10. DEBT AND LIABILITIES FROM CAPITAL LEASE OBLIGATIONS

SHORT-TERM BORROWINGS

Short-term borrowings of € 810 million and € 362 million at March 31, 2008 and December 31, 2007, respectively, consisted of € 423 million borrowed by certain subsidiaries of the Fresenius Group under lines of credit with commercial banks and US$ 577 million (€ 365 million) outstanding short-term borrowings under the accounts receivable facility of Fresenius Medical Care. In addition, Fresenius SE has a commercial paper program under which € 22 million in short-term notes were issued as of March 31, 2008.

The rise of short-term borrowings mainly refers to the increase of Fresenius Medical Care's short-term borrowings under its accounts receivable facility. Fresenius Medical Care used the proceeds, together with borrowings under its other existing long-term credit facilities, to redeem its trust preferred securities that became due on February 1, 2008.

LONG-TERM DEBT AND LIABILITIES FROM CAPITAL LEASE OBLIGATIONS

As of March 31, 2008 and December 31, 2007, long-term debt and liabilities from capital lease obligations consisted of the following:

in million €	**March 31, 2008**	December 31, 2007
Fresenius Medical Care 2006 Senior Credit Agreement	**2,013**	2,151
Euro Notes	**440**	440
European Investment Bank Agreements	**257**	169
Capital lease obligations	**42**	42
Other	**189**	200
Subtotal	**2,941**	3,002
less current portion	**136**	115
Long-term debt and liabilities from capital lease obligations, less current portion	**2,805**	2,887

Fresenius Medical Care 2006 Senior Credit Agreement

Fresenius Medical Care entered into a US$ 4.6 billion syndicated credit agreement (Fresenius Medical Care 2006 Senior Credit Agreement) with Bank of America, N.A.; Deutsche Bank AG New York Branch; The Bank of Nova Scotia; Credit Suisse, Cayman Islands Branch; JP Morgan Chase Bank, National Association; and certain other lenders on March 31, 2006 which replaced a prior credit agreement.

The following table shows the available and outstanding amounts under the Fresenius Medical Care 2006 Senior Credit Agreement at March 31, 2008 and December 31, 2007:

	Maximum amount available		Balance outstanding	
in million US$	**March 31, 2008**	Dec 31, 2007	**March 31, 2008**	Dec 31, 2007
Revolving Credit	**1,000**	1,000	**55**	38
Term Loan A	**1,550**	1,550	**1,550**	1,550
Term Loan B	**1,578**	1,578	**1,578**	1,578
Total	**4,128**	4,128	**3,183**	3,166

In addition, at March 31, 2008 and December 31, 2007, US$ 87 million, respectively, were utilized as letters of credit which are not included as part of the balances outstanding at those dates.

The obligations under the Fresenius Medical Care 2006 Senior Credit Agreement are secured by pledges of capital stock of certain material subsidiaries in favor of the lenders.

As of March 31, 2008, Fresenius Medical Care was in compliance with all financial covenants under the Fresenius Medical Care 2006 Senior Credit Agreement.

On July 2, 2007, Fresenius Medical Care voluntarily repaid portions of the term loans outstanding utilizing a portion of the proceeds from the issuance of senior notes in an amount of US$ 500 million. Under the terms of the Fresenius Medical Care 2006 Senior Credit Agreement, advance payments on the term loans are applied first against the next four quarterly payments due with any amounts in excess of the four quarterly payments applied on a pro-rata basis against any remaining payments. As a result of the advance payments on the Term Loans, no payments will be made or will be due for either Term Loan A or B until the end of the third quarter of 2008.

On January 31, 2008, the Fresenius Medical Care 2006 Senior Credit Agreement was amended to increase certain types of permitted borrowings and to remove all limitations on capital expenditures.

Euro Notes

As of March 31, 2008, Euro Notes (Schuldscheindarlehen) of the Fresenius Group consisted of the following:

	Maturity	Interest rate	**Notional amount in million €**
Fresenius Finance B.V. 2004/2008	May 18, 2008	variable	**40**
Fresenius Finance B.V. 2007/2012	July 2, 2012	5.51 %	**26**
Fresenius Finance B.V. 2007/2012	July 2, 2012	variable	**74**
Fresenius Finance B.V. 2007/2014	July 2, 2014	5.75 %	**38**
Fresenius Finance B.V. 2007/2014	July 2, 2014	variable	**62**
FMC Finance S.à.r.l. Luxembourg IV 2005/2009	July 27, 2009	4.57 %	**126**
FMC Finance S.à.r.l. Luxembourg IV 2005/2009	July 27, 2009	variable	**74**
Euro Notes			**440**

The book value of the Euro Notes equals the notional amount. In April 2008, Fresenius Finance B.V. issued additional Euro Notes in an amount of € 400 million.

European Investment Bank Agreements

The following table shows the outstanding amounts under the European Investment Bank (EIB) facilities as of March 31, 2008:

	Maximum amount available in million €	Maturity	**Book value in million €**
Fresenius SE	96	2013	**40**
FMC-AG & Co. KGaA	221	2013/2014	**121**
HELIOS Kliniken GmbH	96	2019	**96**
Loans from EIB	413		**257**

Some advances under these agreements can be denominated in certain foreign currencies including US dollar. Accordingly, the liabilities of Fresenius Medical Care AG & Co. KGaA (FMC-AG & Co. KGaA) comprise loans of US$ 49 million and € 90 million. FMC-AG & Co. KGaA issued this € 90 million loan as part of a credit agreement with the EIB as of December 2006. This facility was fully drawn down on February 1, 2008, at an initial interest rate of 4.35 %. The interest rate is variable and changes quarterly. The term loan matures on February 1, 2014, with interest payments due quarterly.

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 reporting date. As of March 31, 2008, the additional financial cushion resulting from unutilized credit facilities was approximately € 1.3 billion.

11. SENIOR NOTES

As of March 31, 2008, Senior Notes of the Fresenius Group consisted of the following:

	Notional amount	Maturity	Interest rate	Book value in million €
Fresenius Finance B.V. 2003/2009	€ 100 million	April 30, 2009	7.50 %	**100**
Fresenius Finance B.V. 2006/2013	€ 500 million	Jan 31, 2013	5.00 %	**500**
Fresenius Finance B.V. 2006/2016	€ 500 million	Jan 31, 2016	5.50 %	**500**
FMC Finance III S.A. 2007/2017	US$ 500 million	July 15, 2017	6⅞ %	**311**
Senior Notes				**1,411**

As of March 31, 2008, the Fresenius Group was in compliance with all financial covenants under the terms of its Senior Notes.

12. PENSIONS AND SIMILAR OBLIGATIONS

DEFINED BENEFIT PENSION PLANS

At March 31, 2008, the pension liability of the Fresenius Group was € 283 million. The current portion of the pension liability in an amount of € 10 million is recognized in the balance sheet as short-term accrued expenses and other short-term liabilities. The non-current portion of € 273 million is recorded as non-current pension liability. At March 31, 2008, prepaid pension costs in an amount of € 7 million related to the North American pension plan and are recorded within other non-current assets.

70 % of the pension liabilities in an amount of € 283 million relate to the “Versorgungsordnung der Fresenius-Unternehmen“ established in 1988, which applies for most of the German entities of the Fresenius Group except Fresenius Helios. The rest of the pension liabilities relates to individual plans from entities of Fresenius Helios in Germany and non-German Group entities. Fresenius Medical Care Holdings, Inc., a subsidiary of Fresenius Medical Care, has a defined benefit pension plan for its employees in the United States and supplemental executive retirement plans.

Contributions to the Fresenius Group's pension fund were € 1 million in the first quarter of 2008. The Fresenius Group expects approximately € 4 million contributions to the pension fund during 2008.

Defined benefit pension plans' net periodic benefit costs of € 8 million were comprised of the following components:

in million €	**Q1/2008**	Q1/2007
Service cost	**4**	4
Interest cost	**7**	7
Expected return on plan assets	**-4**	-4
Amortization of unrealized actuarial losses, net	**1**	1
Amortization of prior service costs	**–**	–
Amortization of transition obligations	**–**	–
Settlement loss	**0**	–
Net periodic benefit cost	**8**	8

The following weighted-average assumptions were used in determining net periodic benefit cost for the quarter ended March 31:

in %	**Q1/2008**	Q1/2007
Discount rate	**5.80**	5.02
Expected return of plan assets	**7.03**	7.07
Rate of compensation increase	**3.66**	3.75

Pension liabilities at March 31, 2008 and December 31, 2007 related to the following geographical regions:

in million €	**March 31, 2008**	December 31, 2007
Germany	**248**	244
Europe (excluding Germany)	**34**	34
North America	**0**	0
Asia-Pacific	**–**	–
Latin America	**1**	1
Africa	**0**	0
Total pension liabilities	**283**	279

13. TRUST PREFERRED SECURITIES

Fresenius Medical Care issued trust preferred securities through Fresenius Medical Care Capital Trusts. The sole asset of each trust is a senior subordinated note of FMC-AG & Co. KGaA or a wholly-owned subsidiary of FMC-AG & Co. KGaA. As of March 31, 2008, Fresenius Medical Care was in compliance with all financial covenants under all trust preferred securities agreements.

The trust preferred securities outstanding as of March 31, 2008 and December 31, 2007 were as follows:

	Year issued	Stated amount	Interest rate	Mandatory redemption date	**March 31, 2008 in million €**	Dec 31, 2007 in million €
Fresenius Medical Care Capital Trust II	1998	US$ 450 million	$7\frac{7}{8}$%	Feb 1, 2008	**0**	301
Fresenius Medical Care Capital Trust III	1998	DM 300 million	$7\frac{3}{8}$%	Feb 1, 2008	**0**	154
Fresenius Medical Care Capital Trust IV	2001	US$ 225 million	$7\frac{7}{8}$%	Jun 15, 2011	**139**	149
Fresenius Medical Care Capital Trust V	2001	€ 300 million	$7\frac{3}{8}$%	Jun 15, 2011	**297**	297
Trust preferred securities					**436**	901

The trust preferred securities of Fresenius Medical Care Capital Trust II und III were due on February 1, 2008 and were therefore classified as a short-term liability and shown as current portion in an amount of € 455 million at December 31, 2007. Fresenius Medical Care used existing credit facilities for the repayment on February 1, 2008.

14. MINORITY INTEREST

Minority interest in the Group was as follows:

in million €	**March 31, 2008**	December 31, 2007
Minority interest in FMC-AG & Co. KGaA	**2,353**	2,426
Minority interest in VAMED AG	**26**	25
Minority interest in HELIOS Kliniken GmbH	**4**	8
Minority interest in the business segments		
Fresenius Medical Care	**82**	72
Fresenius Helios	**84**	85
Fresenius Kabi	**30**	27
Fresenius Vamed	**1**	1
Corporate/Other	**–**	–
Total minority interest	**2,580**	2,644

In the first quarter of 2008, minority interest decreased by € 64 million to € 2,580 million. The change resulted mainly from negative currency effects as well as first-time consolidations in a total amount of € 149 million and from the minorities' share of profit of € 90 million as well as proportionate dividend payments of € 5 million.

15. SHAREHOLDERS' EQUITY

SUBSCRIBED CAPITAL

During the first quarter of 2008, 72,246 stock options were exercised. Accordingly, at March 31, 2008, the subscribed capital of Fresenius SE was divided into 77,618,508 bearer ordinary shares and 77,618,508 non-voting bearer preference shares. The shares are issued as non-par value shares. The proportionate amount of the subscribed capital is € 1.00 per share.

CONDITIONAL CAPITAL

Corresponding to the stock option plans, the Conditional Capital of Fresenius SE is divided into Conditional Capital I and Conditional Capital II. Both exist to secure the subscription rights in connection with already issued stock options on bearer ordinary shares and bearer preference shares of the stock option plans of 1998 and 2003 (see Note 21, Stock options).

The following table shows the development of the Conditional Capital:

in €	Ordinary Shares	Preference Shares	Total
Conditional Capital I Fresenius AG Stock Option Plan 1998	768,306.00	768,306.00	1,536,612.00
Conditional Capital II Fresenius AG Stock Option Plan 2003	2,364,711.00	2,364,711.00	4,729,422.00
Total Conditional Capital as of January 1, 2008	**3,133,017.00**	**3,133,017.00**	**6,266,034.00**
Fresenius AG Stock Option Plan 1998 - options exercised	-36,123.00	-36,123.00	-72,246.00
Total Conditional Capital as of March 31, 2008	**3,096,894.00**	**3,096,894.00**	**6,193,788.00**

DIVIDENDS

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

For the fiscal year 2007, the Management Board of Fresenius SE proposed to the Annual General Meeting a dividend of € 0.66 per bearer ordinary share and € 0.67 per bearer preference share, i.e. a total dividend of € 103 million.

OTHER NOTES

16. LEGAL PROCEEDINGS

The Fresenius Group is routinely involved in numerous claims, lawsuits, regulatory and tax audits, investigations and other legal matters arising, for the most part, in the ordinary course of its business of providing healthcare services and products. The outcome of litigation and other legal matters is always difficult to accurately predict and outcomes that are not consistent with the 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 resolution of one or more of the legal matters currently pending or threatened could have a material adverse effect on its business, results of operations and financial condition.

COMMERCIAL LITIGATION

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

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

In 2003, Fresenius Medical Care reached agreement with the asbestos creditors' committees on behalf of the W.R. Grace & Co. bankruptcy estate and W.R. Grace & Co. in the matters pending in the Grace Chapter 11 Proceedings for the settlement of all fraudulent conveyance and tax claims against it and other claims related to Fresenius Medical Care that arise out of the bankruptcy of W.R. Grace & Co. Under the terms of the settlement agreement as amended (Settlement Agreement), fraudulent conveyance and other claims raised on behalf of asbestos claimants will be dismissed with prejudice and Fresenius Medical Care will receive protection against existing and potential future W.R. Grace & Co. related claims, including fraudulent conveyance and asbestos claims, and indemnification against income tax claims related to the non-NMC members of the W.R. Grace & Co. consolidated tax group upon confirmation of a W.R. Grace & Co. bankruptcy reorganization plan that contains such provisions. Under the Settlement Agreement, Fresenius Medical Care will pay a total of US$ 115 million without interest to the W.R. Grace & Co. bankruptcy estate, or as otherwise directed by the Court, upon plan confirmation.

No admission of liability has been or will be made. The Settlement Agreement has been approved by the U.S. District Court. Subsequent to the Merger, W.R. Grace & Co. was involved in a multi-step transaction involving Sealed Air Corporation (Sealed Air, formerly: 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.

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

On April 4, 2003, FMCH filed a suit in the U.S. District Court for the Northern District of California, styled Fresenius USA, Inc., et al., v. Baxter International, Inc., et al., Case No. C 03-1431, seeking a declaratory judgment that FMCH does not infringe on patents held by Baxter International, Inc. and its subsidiaries and affiliates (Baxter), that the patents are invalid, and that Baxter is without right or authority to threaten or maintain suit against FMCH for alleged infringement of Baxter's patents. In general, the alleged patents concern the use of touch screen interfaces for hemodialysis machines. Baxter filed counterclaims against FMCH seeking more than US$ 140 million in monetary damages and injunctive relief, and alleging that FMCH willfully infringed on Baxter's patents. On July 17, 2006, the court entered judgment on a jury verdict in favor of FMCH finding that all the asserted claims of the Baxter patents are invalid as obvious and/or anticipated in light of prior art. On February 13, 2007, the court granted Baxter's motion to set aside the jury's verdict in favor of FMCH and reinstated the patents and entered judgment of infringement. Following a retrial on damages, the court entered judgment on November 6, 2007 in favor of Baxter on a jury award of US$ 14.3 million. On April 4, 2008, the court denied Baxter's motion for a new trial, established a royalty payable to Baxter of 10 % of the sales price for continuing sales of FMCH's 2008K hemodialysis machines and 7 % of the sales price of related disposables, parts and service beginning November 7, 2007, and enjoined sales of the 2008K machine effective January 1, 2009. Fresenius Medical Care has appealed the court's rulings to the Court of Appeals for the Federal Circuit. Fresenius Medical Care is confident that it will prevail on appeal and has made no provision in its financial statements for any potential liability in this matter. If Fresenius Medical Care is unsuccessful on all appeals, including any appeal of the royalty, the royalties payable to Baxter on the machines and disposable supplies that are subject to the court's order are estimated to be in the range of US$ 2 million to US$ 4 million per month. Fresenius Medical Care is pursuing design modifications to the 2008K machine that it expects will limit the scope of royalty payment exposure and permit the continued sale of the modified 2008K machine after the January 1, 2009 injunction effective date, irrespective of the outcome of Fresenius Medical Care's appeal.

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

OTHER LITIGATION AND POTENTIAL EXPOSURES

Renal Care Group, Inc. (RCG) was named as a nominal defendant in a second amended complaint filed September 13, 2006, in the Chancery Court for the State of Tennessee Twentieth Judicial District at Nashville against former officers and directors of RCG which purports to constitute a class action and derivative action relating to alleged unlawful actions and breaches of fiduciary duty in connection with the RCG acquisition and in connection with alleged improper backdating and/or timing of stock option grants. The amended complaint was styled Indiana State District Council of Laborers and Hod Carriers Pension Fund, on behalf of itself and all others similarly situated and derivatively on behalf of RCG, Plaintiff, vs. RCG, Gary Brukardt, William P. Johnston, Harry R. Jacobson, Joseph C. Hutts, William V. Lapham, Thomas A. Lowery, Stephen D. McMurray, Peter J. Grua, C. Thomas Smith, Ronald Hinds, Raymond Hakim, and R. Dirk Allison, Defendants. The complaint sought damages against former officers and directors and did not state a claim for money damages directly against RCG. On August 30, 2007, this suit was dismissed by the trial court without leave to amend. Plaintiff subsequently appealed and the matter remains pending in the appellate court of Tennessee.

In October 2004, FMCH and its subsidiaries, including RCG (prior to the RCG acquisition), received subpoenas from the U.S. Department of Justice, Eastern District of New York, in connection with a civil and criminal investigation, which requires production of a broad range of documents relating to FMCH's and RCG's operations, with specific attention to documents relating to laboratory testing for parathyroid hormone (PTH) levels and vitamin D therapies. Fresenius Medical Care is cooperating with the government's requests for information. Fresenius Medical Care believes that it has fulfilled all requests for information made by government investigators in this matter, and that it has complied with applicable laws relating to PTH testing and use of vitamin D therapies.

FMCH and its subsidiaries, including RCG (prior to the RCG acquisition), received a subpoena from the U.S. Department of Justice, Eastern District of Missouri, in connection with a joint civil and criminal investigation. FMCH received its subpoena in April 2005. RCG received its subpoena in August 2005. The subpoenas require production of a broad range of documents relating to FMCH's and RCG's operations, with specific attention to documents related to clinical quality programs, business development activities, medical director compensation and physician relationships, joint ventures, and anemia management programs, RCG's supply company, pharmaceutical and other services that RCG provides to patients, RCG's relationships to pharmaceutical companies, and RCG's purchase of dialysis equipment from FMCH. The Office of the Inspector General of the U.S. Department of Health and Human Services and the U.S. Attorney's office for the Eastern District of Texas have also confirmed that they are participating in the review of the anemia management program issues raised by the U.S. Attorney's office for the Eastern District of Missouri. On July 17, 2007, the U.S. Attorney's office filed a civil complaint against RCG and FMCH in its capacity as RCG's current corporate parent in the United States District Court, Eastern District of Missouri. The complaint seeks monetary damages and penalties with respect to issues arising out of the operation of RCG's Method II supply company through 2005, prior to the date of FMCH's acquisition of RCG. The complaint is styled United States of America ex rel. Julie Williams et al. vs. Renal Care Group, Renal Care Group Supply Company and FMCH. Fresenius Medical Care believes that RCG's operation of its Method II supply company was in compliance with applicable law and will defend this litigation vigorously. Fresenius Medical Care will continue to cooperate in the ongoing investigation.

In May 2006, RCG received a subpoena from the U.S. Department of Justice, Southern District of New York, in connection with an investigation into RCG's administration of its stock option programs and practices, including the procedure under which the exercise price was established for certain of the option grants. The subpoena required production of a broad range of documents relating to the RCG stock option program prior to the RCG acquisition. Fresenius Medical Care believes that it has fulfilled all requests for information made by government investigators in this matter, and that RCG complied with applicable laws relating to the issuance of stock options.

In August 2007, the Sheet Metal Workers National Pension Fund filed a complaint in the United States District Court for the Central District of California, Western Division (Los Angeles), alleging that Amgen, Inc., Fresenius Medical Care and Davita, Inc. marketed Amgen's products, Epogen® and Aranesp®, to hemodialysis patients for uses not approved by the FDA and thereby caused a putative class of commercial insurers to pay for unnecessary prescriptions of these products. Motions have been filed to consolidate this case with others against Amgen alone in a single case under the federal rules for multidistrict litigation. FMCH intends to contest and defend this litigation vigorously. On February 20, 2008, the Court granted FMCH's motion to dismiss FMCH from the litigation but allowed the litigation to go forward against Amgen and DaVita. The Court also, however, allowed plaintiff additional time to file an amended complaint against FMCH.

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

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

ACCRUED SPECIAL CHARGE OF FRESENIUS MEDICAL CARE FOR LEGAL MATTERS

At December 31, 2001, Fresenius Medical Care recorded a pre-tax special charge of US$ 258 million to reflect anticipated expenses associated with the defense and resolution of pre-Merger tax claims, Merger-related claims, and commercial insurer claims. The costs associated with the Settlement Agreement and settlements with insurers have been charged against this accrual. With the exception of the proposed US$ 115 million (€ 73 million) payment under the Settlement Agreement, all other matters included in the special charge have been resolved. While Fresenius Medical Care believes that its remaining accrual reasonably estimates its currently anticipated costs related to the continued defense and resolution of this matter, no assurances can be given that its actual costs incurred will not exceed the amount of this accrual.

17. FINANCIAL INSTRUMENTS

VALUATION OF FINANCIAL INSTRUMENTS

Fair value of financial instruments

In September 2006, the Financial Accounting Standards Board (FASB) issued Statement of Financial Accounting Standards No. 157, Fair Value Measurements (FAS 157), which establishes a framework for reporting fair value and expands disclosures about fair value measurements. FAS 157 is effective for financial statements issued for fiscal years beginning after November 15, 2007, and interim periods within those fiscal years. FASB Staff Position No. 157-2 (FSP 157-2) issued February 12, 2008 delayed application of this Statement for nonfinancial assets and nonfinancial liabilities, except for items that are recognized or disclosed at fair value in the consolidated financial statements on a recurring basis (at least annually), until fiscal years beginning after November 15, 2008, and interim periods within those fiscal years. The Fresenius Group adopted this standard, except for those sections affected by FSP 157-2, as of January 1, 2008.

The Fresenius Group holds interest rate swaps and foreign exchange contracts which are carried at fair value initially and on a recurring basis. The fair value of interest rate swaps is calculated by discounting the future cash flows on the basis of the market interest rates applicable for the remaining term of the contract as of the balance sheet date. To determine the fair value of foreign exchange forward contracts, the contracted forward rate is compared to the current forward rate for the remaining term of the contract as of the balance sheet date. The result is then discounted on the basis of the market interest rates prevailing at the balance sheet date for the respective currency. Under FAS 157, the Fresenius Group is now required to take into account credit risks when measuring the fair value of derivative financial instruments. In accordance with these requirements, the credit risk is incorporated in the fair value estimation of interest rate derivatives that are liabilities. For foreign exchange forward derivatives that are liabilities, due to the relatively short length of the contracts, the Fresenius Group did not take into account its credit risk in the fair value estimation. Counterparty credit-risk adjustment is negligible due to the high credit ratings of the counterparties and is therefore not factored into the valuation of derivatives that are assets.

The following table presents the carrying amounts and fair values of the Group's financial instruments as of March 31, 2008 and December 31, 2007, respectively.

	March 31, 2008		December 31, 2007	
in million €	Carrying amount	Fair value	Carrying amount	Fair value
Cash and cash equivalents	382	382	361	361
Assets recognized at carrying amount	2,159	2,159	2,167	2,167
Liabilities recognized at carrying amount	5,999	5,965	6,147	6,118
Derivatives	-66	-66	-16	-16

For the fair value measurement of derivatives significant other observable inputs are used. Therefore they are classified as Level-2 in accordance with FAS 157 and were recognized at gross values as other current assets in an amount of € 14 million and other liabilities in an amount of € 80 million.

MARKET RISK

General

The Fresenius Group is exposed to effects related to foreign exchange fluctuations in connection with its international business activities that are denominated in various currencies. In order to finance its business operations, the Fresenius Group issues senior notes, trust preferred securities and commercial papers and enters into mainly long-term credit agreements and mid-term 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 balance sheet items bearing fixed interest rates.

In order to manage the risks 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 used for trading purposes.

Derivative financial instruments

Foreign exchange risk management

Solely for the purpose of hedging foreign exchange transaction exposures, the Fresenius Group enters into foreign exchange forward contracts and, on a small scale, foreign exchange options. As of March 31, 2008, the notional amounts of foreign exchange contracts totaled € 661 million with a fair value of € 14 million. These foreign exchange contracts included foreign exchange options with a nominal value of € 3 million and a market value of € 0.1 million.

These foreign exchange contracts have been entered into to hedge risks from operational business and in connection with intercompany 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.

As of March 31, 2008, the Fresenius Group was party to foreign exchange contracts with a maximum maturity of 21 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 hedge against interest rate exposures arising from short-term and long-term borrowings at variable rates by swapping them into fixed rates. In addition, the Fresenius Group used interest rate swaps to hedge against changes of the fair value of the underlying fixed rate financial liabilities.

The Fresenius Group enters into interest rate swaps that are designated as cash flow hedges. The US dollar interest rate swaps and the Euro interest rate swaps have a notional volume of US$ 2,950 million (€ 1,866 million) and € 445 million and a fair value of US$ -120 million (€ -76 million) and € -4 million, respectively.

At December 31, 2007, US dollar interest rate swaps designated as fair value hedges at Fresenius Medical Care had a notional volume of US$ 450 million. On February 1, 2008, the fair value hedges of Fresenius Medical Care expired together with the mandatory redemption of the underlying debt. At March 31, 2008, no further fair value hedges existed within the Fresenius Group.

18. SUPPLEMENTARY INFORMATION ON CAPITAL MANAGEMENT

The Fresenius Group has a solid financial profile. As of March 31, 2008, the equity ratio (including minority interest) was 39.53 % and the debt ratio 36.95 %. The net debt/EBITDA ratio was 2.6.

The aims of the capital management and further information can be found in the consolidated financial statements in the 2007 Annual Report.

Fresenius is covered by both of the two leading rating agencies, Moody's and Standard & Poor's. Standard & Poor's upgraded the rating for senior debt on March 19, 2008 from BB to BB+.

	Standard & Poor's	Moody's
Company rating	BB	Ba2
Outlook	stable	positive
Senior debt	BB+	Ba2

19. SUPPLEMENTARY INFORMATION ON CASH FLOW STATEMENT

The cash flow statement is shown on page 13. The following summaries provide additional information on the consolidated cash flow statement:

in million €	**Q1/2008**	Q1/2007
Interest paid	**104**	121
Income taxes paid	**74**	45

Cash paid for acquisitions consisted of the following:

in million €	**Q1/2008**	Q1/2007
Assets acquired	**244**	129
Liabilities assumed	**-27**	-40
Notes assumed in connection with acquisitions	**-31**	-2
Cash paid	**186**	87
Cash acquired	**-2**	-9
Cash paid for acquisitions, net	**184**	78

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

in million €	**Q1/2008**	Q1/2007
Operating cash flow	**278**	287
Purchase of property, plant and equipment	**-167**	-150
Proceeds from sale of property, plant and equipment	**5**	18
Cash flow before acquisitions and dividends	**116**	155
Purchase/sale of shares in related companies and investments, net	**-158**	-63
Cash flow before dividends	**-42**	92
Dividends paid	**-5**	-4
Free cash flow after dividends	**-47**	88

20. NOTES ON SEGMENT REPORTING

GENERAL

The segment reporting shown on page 16 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, 2008.

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

Sales and proceeds between the segments are indicative of the actual sales and proceeds agreed with third parties. Administrative services are billed in accordance with service level agreements.

The business segments were identified in accordance with FAS 131, Disclosures about Segments of an Enterprise and Related Information, which defines the segment reporting requirements in the annual financial statements and interim reports with regard to the operating business, product and service businesses and regions. The business segments of the Fresenius Group are as follows:

Fresenius Medical Care is the world's leading provider of dialysis products and dialysis care for the life-saving treatment of patients with chronic kidney failure. Fresenius Medical Care treats 177,059 patients in its 2,297 own dialysis clinics.

Fresenius Kabi is Europe's leading company in the field of infusion therapy and clinical nutrition with subsidiaries and distributors worldwide. Fresenius Kabi's products are used in hospitals as well as in out-patient medical care to treat critically and chronically ill patients. Fresenius Kabi is also a leading provider of transfusion technology products in Europe.

As of January 1, 2008, Fresenius ProServe was replaced by two new business segments – Fresenius Helios and Fresenius Vamed, which so far have formed Fresenius ProServe. Fresenius Helios is a leading German, private hospital operator with 60 facilities. Fresenius Vamed offers engineering and services for hospitals and other health care facilities.

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

NOTES ON THE BUSINESS SEGMENTS

Explanations regarding the notes on the business segments can be found in the consolidated financial statements in the 2007 Annual Report.

Reconciliation of key figures to consolidated earnings

in million €	Q1/2008	Q1/2007
Total EBITDA of reporting segments	492	489
Depreciation and amortization	-106	-99
General corporate expenses Corporate/Other (EBITDA)	-9	-10
Net interest	-84	-95
Total earnings before income taxes and minority interest	**293**	285
Total EBIT of reporting segments	388	392
General corporate expenses Corporate/Other (EBIT)	-11	-12
Net interest	-84	-95
Total earnings before income taxes and minority interest	**293**	285
Depreciation and amortization of reporting segments	104	97
Depreciation and amortization Corporate/Other	2	2
Total depreciation and amortization	**106**	99

Reconciliation of net debt with the consolidated balance sheet

in million €	March 31, 2008	December 31, 2007
Short-term borrowings	810	362
Short-term liabilities and loans from related parties	–	–
Current portion of long-term debt and liabilities from capital lease obligations	136	115
Current portion of trust preferred securities of Fresenius Medical Care Capital Trusts	0	455
Long-term debt and liabilities from capital lease obligations, less current portion	2,805	2,887
Senior Notes	1,411	1,434
Trust preferred securities of Fresenius Medical Care Capital Trusts	436	446
Debt	**5,598**	5,699
less cash and cash equivalents	382	361
Net debt	**5,216**	5,338

21. STOCK OPTIONS

COMPENSATION COST IN CONNECTION WITH THE STOCK OPTION PLANS OF THE FRESENIUS GROUP

In the first quarter of 2008, the Fresenius Group recognized compensation cost in an amount of € 7 million for stock options granted since 1998. For stock incentive plans which are performance based, the Fresenius Group recognizes compensation cost over the vesting periods, based on the then current market values of the underlying stock.

FAIR VALUE OF STOCK OPTIONS

Fresenius Group's determination of the fair value of grants is based on the Black-Scholes option pricing model.

The weighted-average assumptions for the calculation of the fair value of grants under the Fresenius AG Stock Option Plan 2003 (2003 Plan) made during the year 2007 are as follows:

	2007
Expected dividend yield	**0.94 %**
Risk-free interest rate	**4.48 %**
Expected volatility	**29.06 %**
Expected life of options	**5.3 years**
Exercise price per option in €	**56.74**

FRESENIUS SE STOCK OPTION PLANS

On March 31, 2008, Fresenius SE had two stock option plans in place; the Fresenius AG stock option based plan of 1998 (1998 Plan) and the currently active 2003 Plan which is based on convertible bonds. The latter is the only plan under which options in the form of convertible bonds were granted during 2007.

Transactions during the first quarter of 2008

During the first quarter of 2008, Fresenius SE received € 2 million from the exercise of 72,246 stock options.

At March 31, 2008, out of 784,662 outstanding and exercisable options issued under the 1998 Plan, 25,800 were held by the members of the Fresenius SE Management Board. The number of outstanding stock options issued under the 2003 Plan was 3,361,712, of which 783,482 were exercisable. The members of the Fresenius SE Management Board held 538,020 options.

Stock option transactions are summarized as follows:

Options for ordinary shares	Number of options	Weighted-average exercise price in €
Balance at December 31, 2007	**2,121,996**	**34.93**
Exercised	36,123	26.66
Forfeited	12,686	38.67
Balance at March 31, 2008	**2,073,187**	**35.05**

Options for preference shares	Number of options	Weighted-average exercise price in €
Balance at December 31, 2007	**2,121,996**	**35.74**
Exercised	36,123	32.13
Forfeited	12,686	39.01
Balance at March 31, 2008	**2,073,187**	**35.79**

The following table provides a summary of fully vested options outstanding and exercisable for both preference and ordinary shares at March 31, 2008:

	Number of options	Average remaining contractual life in years	Weighted-average exercise price in €
Options for ordinary shares	784,072	4.53	23.40
Options for preference shares	784,072	4.53	24.99

At March 31, 2008, total unrecognized compensation costs related to non-vested options granted under the 2003 Plan were € 16 million. These costs are expected to be recognized over a weighted-average period of 2 years.

22. RELATED PARTY TRANSACTIONS

Dr. Gerhard Rupprecht, a member of the Supervisory Board of Fresenius SE, is a member of the management board of Allianz SE and the chairman of the management board of Allianz Deutschland AG. Dr. Gerd Krick, chairman of the Supervisory Board of Fresenius SE, is a member of the supervisory board of Allianz Private Krankenversicherungs-AG. In the first quarter of 2008, the Fresenius Group paid € 2 million for insurance premiums to Allianz.

Dr. Gerd Krick is a member of the advisory board of HDI Haftpflichtverband der deutschen Industrie V.a.G. that belongs to the Talanx Group. In the first quarter of 2008, this group received € 2 million for insurance premiums.

Dr. Dieter Schenk, deputy chairman of the Supervisory Board of Fresenius SE, is a partner in the law firm Nörr Stiefenhofer Lutz that provides legal services to the Fresenius Group. In the first quarter of 2008, the Fresenius Group paid this law firm € 0.3 million for services rendered.

23. SUBSEQUENT EVENTS

There were no significant changes in the Group position or environment sector since the end of the first quarter of 2008. At present, the Fresenius Group is not planning to carry out any significant changes in its structure, administration or legal form or in the area of personnel.

24. CORPORATE GOVERNANCE

The members of the Management Boards and the Supervisory Boards of Fresenius SE and Fresenius Medical Care AG & Co. KGaA have submitted the Declaration of Compliance pursuant to Section 161 of the German Stock Corporation Act (AktG) in accordance with the German Corporate Governance Code dated June 14, 2007 and made this permanently available to the shareholders.

FINANCIAL CALENDAR

Annual General Meeting, Frankfurt am Main, Germany	May 21, 2008
Payment of dividend*	May 22, 2008
Report on 1st half 2008 Conference call Live webcast	July 30, 2008
Report on 1st – 3rd quarters 2008 Conference call Live webcast	November 4, 2008

* subject to the prior approval by the Annual General Meeting

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Location: 61352 Bad Homburg v.d.H.
Commercial Register: Amtsgericht Bad Homburg v.d.H.; HRB 10660
Management Board: Dr. Ulf M. Schneider (President and CEO), Rainer Baule, Dr. Francesco De Meo, Dr. Jürgen Götz, Dr. Ben Lipps, Stephan Sturm, Dr. Ernst Wastler
Chairman of the Supervisory Board: Dr. Gerd Krick