FRESENIUS

# Quarterly Financial Report of Fresenius Group

applying United States Generally Accepted Accounting Principles

(US GAAP)

## 1st Quarter 2009

FRESENIUS

# CONTENTS



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# FRESENIUS GROUP FIGURES AT A GLANCE

Fresenius is a health care group with international operations, providing products and services for dialysis, hospital and outpatient medical care. In 2008, group sales were approximately € 12.3 billion. On March 31, 2009 the Fresenius Group had 126,849 employees worldwide.

## Earnings

| in million € | **Q1/2009** | Q1/2008 | Change in % |
|---|---|---|---|
| Sales | **3,373** | 2,798 | 21 |
| Net income[1], adjusted | **110** | 100 | 10 |
| Earnings per ordinary share in €, adjusted | **0.68** | 0.64 | 6 |
| Earnings per preference share in €, adjusted | **0.68** | 0.64 | 6 |
| Operating cash flow | **182** | 278 | -35 |

## Balance sheet

| in million € | **March 31, 2009** | December 31, 2008 | Change in % |
|---|---|---|---|
| Total assets | **21,537** | 20,544 | 5 |
| Non-current assets | **16,101** | 15,466 | 4 |
| Total shareholders' equity[2] | **7,372** | 6,943 | 6 |
| Net debt | **8,793** | 8,417 | 4 |
| Investments[3] | **240** | 370 | -35 |

## Ratios

| | **Q1/2009** | Q1/2008 |
|---|---|---|
| EBITDA margin | **18.2 %** | 17.3 % |
| EBIT margin | **14.1 %** | 13.5 % |
| D & A in % of sales | **4.0** | 3.8 |
| Operating cash flow in % of sales | **5.4** | 9.9 |
| Equity ratio (March 31/December 31) | **34.2 %** | 33.8 % |
| Net debt /EBITDA (March 31/December 31)[4] | **3.6** | 3.6 |

[1] Net income attributable to Fresenius SE; adjusted for the effects of mark-to-market accounting of the Mandatory Exchangeable Bonds (MEB) and the Contingent Value Rights (CVR) relating to the acquisition of APP Pharmaceuticals.
[2] Total Shareholder's equity (including noncontrolling interest)
[3] Investments in property, plant and equipment, acquisitions (Q1)
[4] Before special items from the APP acquisition, on a pro forma basis

## INFORMATION ON THE BUSINESS SEGMENTS

**FRESENIUS MEDICAL CARE** – Dialysis products, Dialysis care, Extracorporeal therapies

| in million US$ | Q1/2009 | Q1/2008 | Change in % |
|---|---|---|---|
| Sales | **2,560** | 2,512 | 2 |
| EBIT | **396** | 389 | 2 |
| Net income[1] | **198** | 186 | 7 |
| Operating cash flow | **156** | 192 | -19 |
| Capital expenditure/acquisitions | **151** | 233 | -35 |
| R & D expenses | **23** | 19 | 20 |
| Employees (per capita on balance sheet date March 31/Dezember 31) | **69,190** | 68,050 | 2 |

**FRESENIUS KABI** – Infusion therapy, I.V. drugs, Clinical nutrition, Medical devices/Transfusion technology

| in million € | Q1/2009 | Q1/2008 | Change in % |
|---|---|---|---|
| Sales | **722** | 545 | 32 |
| EBIT | **138** | 87 | 59 |
| Net income[2] | **38** | 46 | -17 |
| Operating cash flow | **40** | 42 | -5 |
| Capital expenditure/acquisitions | **22** | 142 | -85 |
| R & D expenses | **30** | 22 | 36 |
| Employees (per capita on balance sheet date March 31/Dezember 31) | **21,371** | 20,457 | 4 |

**FRESENIUS HELIOS** – Hospital operation

| in million € | Q1/2009 | Q1/2008 | Change in % |
|---|---|---|---|
| Sales | **577** | 509 | 13 |
| EBIT | **44** | 38 | 16 |
| Net income[3] | **20** | 15 | 33 |
| Operating cash flow | **6** | 42 | -86 |
| Capital expenditure/acquisitions | **102** | 29 | -- |
| Employees (per capita on balance sheet date March 31/Dezember 31) | **32,639** | 30,088 | 8 |

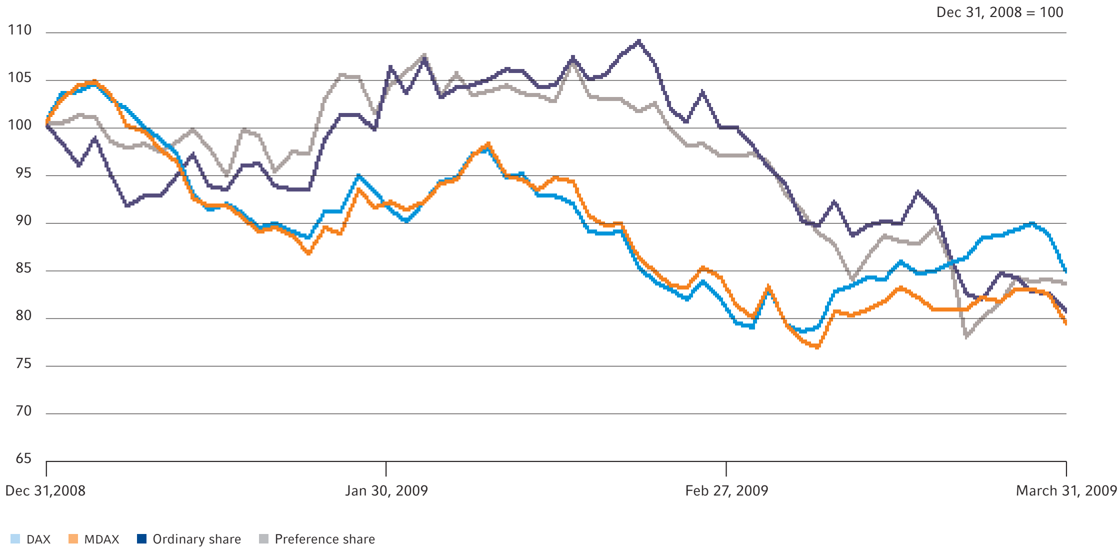
**FRESENIUS VAMED** – Engineering and Services for hospitals and other health care facilities

| in million € | Q1/2009 | Q1/2008 | Change in % |
|---|---|---|---|
| Sales | **116** | 74 | 57 |
| EBIT | **4** | 4 | 0 |
| Net income[4] | **4** | 4 | 0 |
| Operating cash flow | **40** | 80 | -50 |
| Capital expenditure/acquisitions | **1** | 11 | -91 |
| Order intake | **88** | 125 | -30 |
| Employees (per capita on balance sheet date March 31/Dezember 31) | **2,835** | 2,802 | 1 |

[1] Net income attributable to Fresenius Medical Care AG & Co. KGaA
[2] Net income attributable to Fresenius Kabi AG
[3] Net income attributable to HELIOS Kliniken GmbH
[4] Net income attributable to VAMED AG

# FRESENIUS SHARES

**Relative share price performance**




Fresenius shares were both affected by the downturn of the financial market. The DAX fell 15 % to 4,085 points in the first quarter of 2009. The MDAX lost 21 % to 4,426 points on March 31, 2009. The Fresenius ordinary shares lost 21 % and the preference shares lost 17 % in the first quarter of 2009.

Fresenius share information

| | Ordinary share | Preference share |
|---|---|---|
| Securities Identification no. | 578 560 | 578 563 |
| Ticker symbol | FRE | FRE3 |
| ISIN | DE0005785604 | DE0005785638 |
| Bloomberg symbol | FRE GR | FRE3 GR |
| Reuters symbol | FREG.de | FREG_p.de |
| Main trading location | Frankfurt/Xetra | Frankfurt/Xetra |

| | Q1/2009 | 2008 | Change in % |
|---|---|---|---|
| **Ordinary share** | | | |
| Number of shares (March 31/December 31) | **80,571,867** | 80,571,867 | |
| Quarter-end quotation in € | **28.55** | 36.23 | -21 |
| High in € | **39.58** | 60.87 | -35 |
| Low in € | **28.40** | 31.93 | -11 |
| ∅ Trading volume (number of shares per trading day) | **73,634** | 79,081 | -7 |
| **Preference share** | | | |
| Number of shares (March 31/December 31) | **80,571,867** | 80,571,867 | |
| Quarter-end quotation in € | **34.56** | 41.59 | -17 |
| High in € | **44.83** | 59.25 | -24 |
| Low in € | **31.40** | 37.23 | -16 |
| ∅ Trading volume (number of shares per trading day) | **489,173** | 566,635 | -14 |
| | | | |
| Market capitalization (in million €, March 31/December 31) | **5,085** | 6,270 | -19 |

# MANAGEMENT REPORT

### Q1 2009: Successful start into 2009

- Strong sales and earnings growth
- Positive impact of currency translation
- All business segments fully on track – guidance for 2009 confirmed

- **Sales:** **€ 3.4 billion**
  **+ 21 % at actual rates**
  **+ 15 % in constant currency**
- **EBIT:** **€ 477 million**
  **+ 27 % at actual rates**
  **+ 20 % in constant currency**
- **Adjusted net income[1]:** **€ 110 million**
  **+ 10 % at actual rates**
  **+ 6 % in constant currency**

## HEALTH CARE INDUSTRY

The health care sector is one of the world's major industries and, compared with other sectors, has set itself apart through years of continuous growth and its relative insensitivity to economic fluctuations. Its main drivers in the industrialized countries are aging populations, the demand for innovative therapies and advances in medical technology. Growing health consciousness is also increasing the demand for health care services and facilities. In the emerging countries, the main growth driver is the increasing availability of primary health care. At the same time, the cost of health care is rising and is claiming an ever increasing share of national income. Reforms and cost-containment measures are the main reactions to the steadily rising expenditures. Increasingly, new incentives for cost-conscious as well as quality-conscious performance are created. The quality of treatment is a crucial factor in optimizing medical results and reducing overall treatment costs. Against this background, ever greater emphasis is being placed on disease prevention and innovative reimbursement models where the quality of treatment is the key parameter.

## RESULTS OF OPERATIONS, FINANCIAL POSITION, ASSETS AND LIABILITIES

### SALES

Group sales increased by 15 % in constant currency and by 21 % at actual rates to € 3,373 million (Q1 2008: € 2,798 million). Organic sales growth was 8 %. Acquisitions contributed a further 7 %. Currency translation had a positive impact of 6 %. This is mainly attributable to the average US dollar rate improving 13 % against the euro.

In Europe sales grew by 12 % in constant currency with organic sales growth contributing 8 %. In North America sales grew by 18 % in constant currency. Organic growth was 7 %. The strong increase in constant currency sales is mainly due to the consolidation of APP Pharmaceuticals from September 2008. Acquisitions contributed 11 %. Strong organic growth rates were achieved in the emerging markets, reaching 16 % in Asia-Pacific and 14 % in Latin America.

Sales by region

| in million € | Q1/2009 | Q1/2008 | Change at actual rates | Currency translation effects | Change at constant rates | Organic growth | Acquisitions/ Divestitures | % of total sales |
|---|---|---|---|---|---|---|---|---|
| Europe | **1,410** | 1,292 | 9 % | -3 % | 12 % | 8 % | 4 % | 42 % |
| North America | **1,513** | 1,127 | 34 % | 16 % | 18 % | 7 % | 11 % | 45 % |
| Asia-Pacific | **255** | 200 | 28 % | 6 % | 22 % | 16 % | 6 % | 8 % |
| Latin America | **143** | 129 | 11 % | -6 % | 17 % | 14 % | 3 % | 4 % |
| Africa | **52** | 50 | 4 % | -7 % | 11 % | 9 % | 2 % | 1 % |
| **Total** | **3,373** | 2,798 | 21 % | 6 % | 15 % | 8 % | 7 % | 100 % |

[1] Net income attributable to Fresenius SE; adjusted for the effects of mark-to-market accounting of the Mandatory Exchangeable Bonds (MEB) and the Contingent Value Rights (CVR) relating to the acquisition of APP Pharmaceuticals.

## EARNINGS

Group EBITDA increased by 21 % in constant currency and by 27 % at actual rates to € 613 million (Q1 2008: € 483 million). Group operating income (EBIT) grew by 20 % in constant currency and by 27 % at actual rates to € 477 million (Q1 2008: € 377 million). The Group's EBIT margin was 14.1 % (Q1 2008: 13.5 %).

Group net interest was € -145 million (Q1 2008: € -84 million). Lower average interest rates on liabilities of Fresenius Medical Care were more than offset by incremental debt relating to the acquisitions of APP Pharmaceuticals and Dabur Pharma and currency translation effects.

The other financial result was € 77 million and includes valuation changes of the fair redemption value of both the Mandatory Exchangeable Bonds (MEB) and the Contingent Value Rights (CVR).

The Group tax rate was 33.4 % (Q1 2008: 35.2 %).

Noncontrolling interest increased to € 111 million (Q1 2008: € 90 million), of which 93 % was attributable to the noncontrolling interest in Fresenius Medical Care.

Adjusted net income[1] grew by 6 % in constant currency and by 10 % at actual rates to € 110 million (Q1 2008: € 100 million). Both adjusted earnings per ordinary share and adjusted earnings per preference share increased to € 0.68 (Q1 2008: ordinary share € 0.64, preference share € 0.64). This represents an increase of 3 % for both share classes in constant currency.

### Reconciliation to net income according to US GAAP

The Group's US GAAP quarterly financial results as of March 31, 2009 include the effects of mark-to-market accounting of the Mandatory Exchangeable Bonds (MEB) and the Contingent Value Rights (CVR) relating to the acquisition of APP Pharmaceuticals. Those special items are recognized in the financial result of the "Corporate/Other" segment. Adjusted earnings represent the Group's business operations in the reporting period.

The table below reconciles adjusted net income to net income according to US GAAP in the first quarter of 2009.

Both the Mandatory Exchangeable Bonds and the Contingent Value Rights are viewed as liabilities and therefore recognized with their fair redemption value. Valuation changes will lead to gains or expenses on a quarterly basis until maturity of the instruments.

Net income[2] (including special items) was € 164 million or € 1.02 both per ordinary share and per preference share.

Reconciliation to net income Q1/2009

| in million € | Net income Q1/2009 | Cash relevant |
|---|---|---|
| **Net income, adjusted[1]** | **110** | |
| Other financial result: | | |
| Mandatory Exchangeable Bonds (mark-to-market) | **57** | -- |
| Contingent Value Rights (mark-to-market) | **-3** | -- |
| **Net income (US GAAP)[2]** | **164** | |

Sales by business segment

| in million € | Q1/2009 | Q1/2008 | Change at actual rates | Currency translation effects | Change at constant rates | Organic growth | Acquisitions/ Divestitures | % of total sales |
|---|---|---|---|---|---|---|---|---|
| Fresenius Medical Care | **1,965** | 1,676 | 17 % | 9 % | 8 % | 8 % | 0 % | 59 % |
| Fresenius Kabi | **722** | 545 | 32 % | -3 % | 35 % | 7 % | 28 % | 21 % |
| Fresenius Helios | **577** | 509 | 13 % | 0 % | 13 % | 5 % | 8 % | 17 % |
| Fresenius Vamed | **116** | 74 | 57 % | 0 % | 57 % | 49 % | 8 % | 3 % |

[1] Net income attributable to Fresenius SE; adjusted for the effects of mark-to-market accounting of the Mandatory Exchangeable Bonds (MEB) and the Contingent Value Rights (CVR) relating to the acquisition of APP Pharmaceuticals.
[2] Net income attributable to Fresenius SE.

## INVESTMENTS

Fresenius Group spent € 128 million for property, plant and equipment (Q1 2008: € 154 million). Acquisition spending was € 112 million (Q1 2008: € 216 million).

## CASH FLOW

Operating cash flow of € 182 million was below previous year's € 278 million mainly due to an increase of inventories. Net capital expenditure was € 147 million (Q1 2008: € 161 million). Cash flow before acquisitions and dividends was € 35 million (Q1 2008: € 117 million).

## ASSET AND LIABILITY STRUCTURE

Fresenius Group's total assets increased by 2 % in constant currency and by 5 % at actual rates to € 21,537 million (December 31, 2008: € 20,544 million). Current assets increased by 5 % in constant currency and by 7 % at actual rates to € 5,436 million (December 31, 2008: € 5,078 million). Non-current assets grew by 1 % in constant currency and by 4 % at actual rates to € 16,101 million (December 31, 2008: € 15,466 million).

Total shareholders' equity increased by 3 % in constant currency and by 6 % at actual rates to € 7,372 million (December 31, 2008: € 6,943 million). The equity ratio (including noncontrolling interest) improved to 34.2 % (December 31, 2008: 33.8 %).

Group debt increased by 2 % in constant currency and by 5 % at actual rates to € 9,199 million (December 31, 2008: € 8,787 million). The acquisition financing of APP Pharmaceuticals was successfully completed in January 2009. As of March 31, 2009, the net debt/EBITDA ratio (pro forma the acquisition of APP Pharmaceuticals and excluding special items) was 3.6 (December 31, 2008: 3.6).

## GENERAL ANNUAL MEETING 2009

At the Annual General Meeting on May 8, 2009 the shareholders approved with a majority vote of more than 99 % the proposal of the Management Board and Supervisory Board to increase the dividend by 6 % for the 2008 fiscal year. Ordinary shareholders received a dividend of € 0.70 (2007: € 0. 66), preference shareholders a dividend of € 0.71 (2007: € 0.67) per share.

### Earnings

| in million € | **Q1/2009** | Q1/2008 |
|---|---|---|
| EBIT | **477** | 377 |
| Net income, adjusted[1] | **110** | 100 |
| Net income[2] | **164** | 100 |
| Basic earnings per ordinary share in €, adjusted | **0.68** | 0.64 |
| Basic earnings per ordinary share in € | **1.02** | 0.64 |
| Basic earnings per prefernce share in €, adjusted | **0.68** | 0.64 |
| Basic earnings per prefernce share in € | **1.02** | 0.64 |

### Investments by business segment

| in million € | **Q1/2009** | Q1/2008 | thereof property, plant and equipment | thereof acquisitions | Change in % | % of total |
|---|---|---|---|---|---|---|
| Fresenius Medical Care | **116** | 156 | 86 | 30 | -26 | 48 |
| Fresenius Kabi | **22** | 142 | 19 | 3 | -85 | 9 |
| Fresenius Helios | **102** | 29 | 23 | 79 | -- | 43 |
| Fresenius Vamed | **1** | 11 | 1 | 0 | -91 | 0 |
| Corporate/Other | **-1** | 32 | -1 | 0 | -103 | 0 |
| Total | **240** | 370 | 128 | 112 | -35 | 100 |

[1] Net income attributable to Fresenius SE; adjusted for the effects of mark-to-market accounting of the Mandatory Exchangeable Bonds (MEB) and the Contingent Value Rights (CVR) relating to the acquisition of APP Pharmaceuticals.
[2] Net income attributable toFresenius SE.

Ordinary shareholders approved the resolutions concerning the prolongation of an Authorized Capital I of up to € 12.8 million and the creation of an Authorized Capital II of up to € 6.4 million with a majority vote of more than 99 %. Preference shareholders approved both resolutions with a majority vote of more than 90 %. The resolved changes to the approved capitals will become effective after their registration in the commercial register.

Cash flow statement (Summary)

| in million € | Q1/2009 | Q1/2008 | Change in % |
|---|---|---|---|
| Net income | **275** | 190 | 45 |
| Depreciation and amortization | **136** | 106 | 28 |
| Change in accruals for pensions | **-2** | 4 | -150 |
| **Cash flow** | **409** | 300 | 36 |
| Change in working capital | **-173** | -22 | -- |
| Changes in mark-to-market evaluation of the MEB and CVR | **-54** | 0 | -- |
| **Operating cash flow** | **182** | 278 | -35 |
| Capital expenditure, net | **-147** | -161 | 9 |
| **Cash flow before acquisitions and dividends** | **35** | 117 | -70 |
| Cash used for acquisitions, net | **-86** | -159 | -46 |
| Dividends paid | **-11** | -5 | -120 |
| **Free cash flow after acquisitions and dividends** | **-62** | -47 | -32 |
| Cash provided by/used for financing activities | **92** | 78 | 18 |
| Effect of exchange rates on change in cash and cash equivalents | **6** | -10 | 160 |
| **Net change in cash and cash equivalents** | **36** | 21 | 71 |

# BUSINESS SEGMENTS

## FRESENIUS MEDICAL CARE

**Fresenius Medical Care is the world's leading provider of services and products for patients with chronic kidney failure. As of March 31, 2009, Fresenius Medical Care was treating 187,476 patients in 2,448 dialysis clinics.**

| in million US$ | Q1/2009 | Q1/2008 | Change in % |
|---|---|---|---|
| Sales | **2,560** | 2,512 | 2 |
| EBITDA | **501** | 485 | 3 |
| EBIT | **396** | 389 | 2 |
| Net income[1] | **198** | 186 | 7 |
| Employees | **69,190 (March 31, 2009)** | 68,050 (Dec 31, 2008) | 2 |

### 1st quarter 2009

- Strong organic sales growth of 8 % achieved
- Outlook 2009 fully confirmed

Fresenius Medical Care achieved sales growth of 2 % to US$ 2,560 million (Q1 2008: US$ 2,512 million). Organic growth was 8 %. Currency translation effects had a negative impact of 6 %. Sales in dialysis services revenue increased by 4 % to US$ 1,923 million (Q1 2008: US$ 1,844 million). In dialysis products sales were US$ 637 million (Q1 2008: US$ 667 million). In constant currency, dialysis products sales increased by 8 %.

In North America sales increased by 6 % to US$ 1,774 million (Q1 2008: US$ 1,668 million). Dialysis services revenue grew by 5 % to US$ 1,577 million. Average revenue per treatment for the U.S. clinics was at US$ 338 in the first quarter of 2009 compared to US$ 326 for the first quarter of 2008 and 335 US$ for the fourth quarter of 2008. This development was based on an increase in underlying reimbursement rates and stable EPO utilization. Sales outside North America ("International" segment) were US$ 786 million (Q1 2008: US$ 844 million). In constant currency, sales growth was 11 %.

EBIT increased by 2 % to US$ 396 million (Q1 2008: US$ 389 million) resulting in an EBIT margin of 15.5 % (Q1 2008: 15.5 %). The margin development mainly reflects higher personnel expenses, increased pharmaceutical costs and the impact of one less dialysis day in the first quarter of 2009 compared to the first quarter of 2008. These effects were partially offset by increased dialysis treatment rates and sales of the newly licensed iron products.

Net income[1] increased by 7 % to US$ 198 million (Q1 2008: US$ 186 million).

### Full-year 2009 outlook

Fresenius Medical Care fully confirms its outlook for 2009: the company expects to achieve revenue of more than US$ 11.1 billion, which is more than 8 % growth in constant currency. Net income[1] is expected to be between US$ 850 million and US$ 890 million in 2009.

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

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

## FRESENIUS KABI

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

| in million € | **Q1/2009** | Q1/2008 | Change in % |
|---|---|---|---|
| Sales | **722** | 545 | 32 |
| EBITDA | **171** | 108 | 58 |
| EBIT | **138** | 87 | 59 |
| Net income[1] | **38** | 46 | -17 |
| Employees | **21,371 (March 31, 2009)** | 20,457 (Dec 31, 2008) | 4 |

### 1st quarter 2009

- Strong sales and EBIT growth
- Outlook 2009 fully confirmed

Fresenius Kabi increased sales by 32 % to € 722 million (Q1 2008: € 545 million). Organic sales growth was 7 %. Net acquisitions contributed 28 % to sales. Currency translation had a net negative impact of 3 %. This was mainly due to the depreciation of currencies in Great Britain, Brazil and South Africa against the euro, whereas positive translation effects resulted from the strengthening of the Chinese yuan.

In Europe, sales reached € 376 million, driven by 5 % organic growth. In North America, sales increased from € 30 million in the first quarter of 2008 to € 168 million in the first quarter of 2009 due to the acquisition of APP Pharmaceuticals. Organic sales growth was 3 %. In the Asia-Pacific region Fresenius Kabi achieved organic sales growth of 10 % to € 111 million. Sales in Latin America and Africa increased to € 67 million, driven by 20 % organic growth.

EBIT grew by 59 % to € 138 million (Q1 2008: € 87 million). EBIT includes a € 7 million non-cash charge related to the amortization of APP intangible assets. The EBIT margin increased to 19.1 % (Q1 2008: 16.0 %). Net interest increased to € 79 million (Q1 2008: € 17 million) due to the acquisition financing. Net income[1] was € 38 million (Q1 2008: € 46 million).

Sales at APP Pharmaceuticals were US$ 192 million in the first quarter of 2009. Adjusted EBITDA[2] was US$ 81 million and EBIT was US$ 61 million.

### Full-year 2009 outlook

Fresenius Kabi fully confirms its outlook for 2009: the company targets sales growth in constant currency of 25 to 30 %. Further, Fresenius Kabi forecasts an EBIT margin in the range of 19.5 to 20.5 %. Currency translation effects may impact Fresenius Kabi's margin as APP provides a significant earnings contribution from the US$ area. This guidance is based on the US$/€ exchange rate from the beginning of 2009.

Special items relating to the acquisition of APP Pharmaceuticals are included in the segment "Corporate/Other".

[1] Net income attributable to Fresenius Kabi AG.
[2] Non-GAAP financial measures – Adjusted EBITDA is a defined term in the indenture governing the Contingent Value Rights (CVRs), however it is not a recognized term under GAAP.

## FRESENIUS HELIOS

**Fresenius Helios is one of the largest private hospital operators in Germany. The HELIOS Kliniken Group owns 62 hospitals, including five maximum care hospitals in Berlin-Buch, Erfurt, Krefeld, Schwerin and Wuppertal. HELIOS treats about 600,000 in-patients per year at its clinics and operates a total of more than 18,000 beds.**

| in million € | **Q1/2009** | Q1/2008 | Change in % |
|---|---|---|---|
| Sales | **577** | 509 | 13 |
| EBITDA | **62** | 55 | 13 |
| EBIT | **44** | 38 | 16 |
| Net income[1] | **20** | 15 | 33 |
| Employees | **32,639 (March 31, 2009)** | 30,088 (Dec 31, 2008) | 8 |

### 1st quarter 2009

- Excellent sales and earnings growth
- Outlook 2009 fully confirmed

Fresenius Helios increased sales by 13 % to € 577 million (Q1 2008: € 509 million). Net acquisitions contributed 8 % to overall sales growth. Strong organic growth of 5 % on a like-for-like basis was again driven by a significant increase in patient numbers.

EBIT grew by 16 % to € 44 million (Q1 2008: € 38 million) due to the excellent business operations of the established clinics. The EBIT margin was 7.6 % (Q1 2008: 7.5 %). Net income[1] improved by 33 % to € 20 million (Q1 2008: € 15 million).

At HELIOS' established clinics, sales rose by 5 % on a like-for-like basis to € 536 million. EBIT improved by 16 % to € 44 million. The EBIT margin increased to 8.2 % (Q1 2008: 7.5 %). The acquired clinics (consolidation <1 year) achieved sales of € 41 million and a marginally negative EBIT.

### Full-year 2009 outlook

Fresenius Helios fully confirms its outlook for 2009: the company expects to achieve sales of more than € 2.3 billion. EBIT is projected to increase to € 180 to 200 million.

[1] Net income attributable to HELIOS Kliniken GmbH.

## FRESENIUS VAMED

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

| in million € | Q1/2009 | Q1/2008 | Change in % |
|---|---|---|---|
| Sales | **116** | 74 | 57 |
| EBITDA | **5** | 5 | 0 |
| EBIT | **4** | 4 | 0 |
| Net income[1)] | **4** | 4 | 0 |
| Employees | **2,835 (March 31, 2009)** | 2,802 (Dec 31, 2008) | 1 |

### 1st quarter 2009

- Strong order backlog ensures further growth
- Outlook 2009 fully confirmed

Fresenius Vamed achieved strong sales growth of 57 % to € 116 million (Q1 2008: € 74 million). The clinics in the Czech Republic acquired from Fresenius Helios contributed 8 %. Organic sales growth was 49 %. Sales in the project business rose by 94 % to € 68 million (Q1 2008: € 35 million). Sales in the service business increased by 23 % to € 48 million (Q1 2008: € 39 million).

EBIT was € 4 million, unchanged from previous year. Significant sales growth driven by a strong project business in the first quarter of 2009 diluted the EBIT margin to 3.4 %

(Q1 2008: 5.4 %). Net income[1)] of € 4 million was also at previous year's level.

Fresenius Vamed reported an order intake of € 88 million (Q1 2008: € 125 million).

Order backlog increased by 4 % to € 592 million, close to its all-time high of € 595 million in the first quarter of 2008 (December 31, 2008: € 571 million).

### Full-year 2009 outlook

Fresenius Vamed fully confirms the outlook for 2009 and expects to achieve both sales and EBIT growth of 5 to 10 %.

1) Net income attributable to VAMED AG.

## EMPLOYEES

As of March 31, 2009, Fresenius increased the number of its employees by 4 % to 126,849 (December 31, 2008: 122,217).

Employees by business segment

| | 31.3.2009 | 31.12.2008 | Change in % |
|---|---|---|---|
| Fresenius Medical Care | **69,190** | 68,050 | 2 |
| Fresenius Kabi | **21,371** | 20,457 | 4 |
| Fresenius Helios | **32,639** | 30,088 | 8 |
| Fresenius Vamed | **2,835** | 2,802 | 1 |
| Corporate/Other | **814** | 820 | -1 |
| **Total** (per capita on balance sheet date) | **126,849** | 122,217 | 4 |

## RESEARCH AND DEVELOPMENT

We place great importance on research and development at Fresenius, where we develop products and therapies for severely and chronically ill patients. High quality is crucial for providing patients with optimal care, improving their quality of life, and thus increasing their life expectancy. As an integral part of our corporate strategy, research and development also serves to secure the Company's economic growth and success.

Research and development expenses by business segment

| in Mio € | Q1/2009 | Q1/2008 | Change in % |
|---|---|---|---|
| Fresenius Medical Care | **18** | 13 | 38 |
| Fresenius Kabi | **30** | 22 | 36 |
| Fresenius Helios | **0** | 0 | |
| Fresenius Vamed | **0** | 0 | |
| Corporate/Other | **10** | 11 | -9 |
| **Total** | **58** | 46 | 26 |

Fresenius focuses its R&D efforts on its core activities. These are:

- Dialysis and other extracorporeal therapies
- Infusion and nutrition therapies as well as related medical devices
- Antibody therapies.

### Dialysis

Research and development at Fresenius Medical Care is focused on products and therapies for dialysis and other extracorporeal blood therapies. The company benefits from its vertical integration, covering both dialysis products and dialysis care. Fresenius Medical Care continued to work hard to improve dialysis therapies. Our projects' main focus was on the further development of dialyzers and on market-specific adaptations for our hemodialysis machines.

### Infusion therapy and clinical nutrition

Fresenius Kabi's research and development activities are focused on infusion therapy and clinical nutrition. Our development competence spans all product-relevant components: the primary packaging, pharmaceutical solutions for infusion therapy and clinical nutrition, medical devices for application and the manufacturing technology for their production. We are also a leader in the development of generic drugs that are administered intravenously (IV drugs). The research and development strategy is built on the development of innovative products in product areas where we hold a leading position as well as on the continuous improvement of our pharmaceutical products and medical devices.

### Antibody therapies

Fresenius Biotech develops innovative therapies with trifunctional 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.

On April 22, 2009, the European Commission granted Fresenius Biotech the approval for Removab (catumaxomab) for the treatment of malignant ascites with immediate effect. It is the first drug worldwide with a regulatory label for the treatment of malignant ascites and provides an important new therapy approach. The European Commission’s decision will apply to all EU member states. Removab will initially be launched in Germany within the next few weeks and will subsequently be introduced in other European countries.

Fresenius Biotech’s EBIT was € -10 million in the first quarter of 2009 (Q1 2008: € -9 million).

## OPPORTUNITIES AND RISK REPORT

Compared to the presentation in the 2008 annual report, there have been no material changes in Fresenius' overall 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 33 to 38 in the Notes of this report.

## SUBSEQUENT EVENTS

There were no significant changes in the Group position or environment sector since the end of the first quarter of 2009.

## OUTLOOK 2009

### Fresenius Group

Based on the Group's strong first quarter financial results Fresenius fully confirms its positive outlook for 2009. Group sales are expected to grow by more than 10 % in constant currency. Organic growth is projected to be in a 6 to 8 % range. Adjusted net income[1] is expected to increase by approximately 10 % in constant currency.

### Fresenius Medical Care

Fresenius Medical Care fully confirms its outlook for 2009: the company expects to achieve revenue of more than US$ 11.1 billion, which is more than 8 % growth in constant currency. Net income[2] is expected to be between US$ 850 million and US$ 890 million in 2009.

### Fresenius Kabi

Fresenius Kabi fully confirms its outlook for 2009: the company targets sales growth in constant currency of 25 to 30 %. Further, Fresenius Kabi forecasts an EBIT margin in the range of 19.5 to 20.5 %. Currency translation effects may impact Fresenius Kabi's margin as APP provides a significant earnings contribution from the US$ area. This guidance is based on the US$/€ exchange rate from the beginning of 2009.

### Fresenius Helios

Fresenius Helios fully confirms its outlook for 2009: the company expects to achieve sales of more than € 2.3 billion. EBIT is projected to increase to € 180 to 200 million.

### Fresenius Vamed

Fresenius Vamed fully confirms the outlook for 2009 and expects to achieve both sales and EBIT growth of 5 to 10 %.

### Fresenius Biotech

For 2009, Fresenius Biotech confirms its guidance of an EBIT of € -40 million to € -50 million.

### Investments

Fresenius plans to invest € 700 to 750 million in property, plant and equipment (2008: € 764 million).

### Employees

The number of employees in the Group will continue to rise in the future as a result of strong organic expansion. However, the growth in the number of employees will further be held below the expected rate of organic sales growth.

[1] Net income attributable to Fresenius SE; adjusted for the effects of mark-to-market accounting of the Mandatory Exchangeable Bonds (MEB) and the Contingent Value Rights (CVR) relating to the acquisition of APP Pharmaceuticals.
[2] Net income attributable to Fresenius Medical Care AG & Co. KGaA.

### Research and development

We will continue to concentrate our research and development on products for the treatment of patients with chronic kidney failure and on infusion and nutrition therapies as well as on intravenously administered drugs. We are also focusing on targeted development in the biotechnology sector, mainly in the field of antibody therapies for the treatment of cancer.

Group Financial Outlook 2009

| | Targets 2009 |
|---|---|
| Sales, growth in constant currency | > 10 % |
| Net income[1], growth in constant currency | ~10 % |

Outlook 2009 by Business Segment

| | | Targets 2009 |
|---|---|---|
| Fresenius Medical Care | Sales<br>Net income[2] | > US$ 11.1 billion<br>US$ 850 – 890 million |
| Fresenius Kabi | Sales, growth in constant currency<br>EBIT margin[3] | 25 – 30 %<br>19.5 – 20.5 % |
| Fresenius Helios | Sales<br>EBIT | > € 2.3 billion<br>€ 180 – 200 million |
| Fresenius Vamed | Sales growth<br>EBIT growth | 5 – 10 %<br>5 – 10 % |
| Fresenius Biotech | EBIT | € -40 – -50 million |

[1] Net income attributable to Fresenius SE; adjusted for the effects of mark-to-market accounting of the Mandatory Exchangeable Bonds (MEB) and the Contingent Value Rights (CVR) relating to the acquisition of APP Pharmaceuticals.
[2] Net income attributable to Fresenius Medical Care AG & Co. KGaA.
[3] Currency translation effects may impact Fresenius Kabi's margin as APP provides a significant earnings contribution from the US$ area. This guidance is based on the US$/€ exchange rate from the beginning of 2009.

# Consolidated statement of income (unaudited)

| in million € | Q1/2009 | Q1/2008 |
|---|---|---|
| Sales | 3,373 | 2,798 |
| Cost of sales | -2,281 | -1,906 |
| **Gross profit** | 1,092 | 892 |
| Selling, general and administrative expenses | -557 | -469 |
| Research and development expenses | -58 | -46 |
| **Operating income (EBIT)** | 477 | 377 |
| Net interest | -145 | -84 |
| Other financial result | 77 | 0 |
| **Financial result** | -68 | -84 |
| **Income before income taxes** | 409 | 293 |
| Income taxes | -134 | -103 |
| **Net income** | 275 | 190 |
| Less noncontrolling interest | 111 | 90 |
| **Net income attributable to Fresenius SE** | 164 | 100 |
| | | |
| **Earnings per ordinary share in €** | 1.02 | 0.64 |
| Fully diluted earnings per ordinary share in € | 1.01 | 0.64 |
| **Earnings per preference share in €** | 1.02 | 0.64 |
| Fully diluted earnings per preference share in € | 1.01 | 0.64 |

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

# Consolidated statement of comprehensive income (unaudited)

| in million € | Q1/2009 | Q1/2008 |
|---|---|---|
| **Net income** | **275** | 190 |
| **Other comprehensive income (loss)** | | |
| Foreign currency translation | 179 | -251 |
| Cash flow hedges | -40 | -51 |
| Actuarial gains (losses) on defined benefit pension plans | -1 | 1 |
| Income taxes related to components of other comprehensive income (loss) | 10 | 21 |
| **Other comprehensive income (loss)** | **148** | -280 |
| **Total comprehensive income (loss)** | **423** | -90 |
| **Comprehensive income attributable to the noncontrolling interest** | **200** | -77 |
| **Comprehensive income attributable to Fresenius SE** | **223** | -13 |

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

# Consolidated statement of financial position (unaudited)

| in million € | March 31, 2009 | December 31, 2008 |
|---|---|---|
| Cash and cash equivalents | **406** | 370 |
| Trade accounts receivable, less allowance for doubtful accounts | **2,555** | 2,477 |
| Accounts receivable from and loans to related parties | **22** | 22 |
| Inventories | **1,283** | 1,127 |
| Prepaid expenses and other current assets | **844** | 773 |
| Deferred taxes | **326** | 309 |
| **I. Total current assets** | **5,436** | 5,078 |
| Property, plant and equipment | **3,507** | 3,420 |
| Goodwill | **10,817** | 10,379 |
| Other intangible assets | **1,113** | 1,078 |
| Other non-current assets | **531** | 433 |
| Deferred taxes | **133** | 156 |
| **II. Total non-current assets** | **16,101** | 15,466 |
| **Total assets** | **21,537** | 20,544 |
| | | |
| Trade accounts payable | **541** | 598 |
| Short-term accounts payable to related parties | **5** | 6 |
| Short-term accrued expenses and other short-term liabilities | **2,266** | 2,129 |
| Short-term borrowings | **773** | 729 |
| Short-term loans from related parties | **2** | 2 |
| Current portion of long-term debt and liabilities from capital lease obligations | **456** | 431 |
| Current portion of Senior Notes | **100** | 100 |
| Short-term accruals for income taxes | **99** | 104 |
| Deferred taxes | **76** | 70 |
| **A. Total short-term liabilities** | **4,318** | 4,169 |
| Long-term debt and liabilities from capital lease obligations, less current portion | **5,430** | 5,716 |
| Senior Notes, less current portion | **1,976** | 1,354 |
| Mandatory Exchangeable Bonds | **554** | 554 |
| Long-term accrued expenses and other long-term liabilities | **499** | 475 |
| Trust preferred securities of Fresenius Medical Care Capital Trusts | **462** | 455 |
| Pension liabilities | **289** | 282 |
| Long-term accruals for income taxes | **152** | 147 |
| Deferred taxes | **485** | 449 |
| **B. Total long-term liabilities** | **9,847** | 9,432 |
| **I. Total liabilities** | **14,165** | 13,601 |
| **A. Noncontrolling interest** | **3,234** | 3,033 |
| Subscribed capital | **161** | 161 |
| Capital reserve | **2,053** | 2,048 |
| Other reserves | **1,967** | 1,803 |
| Accumulated other comprehensive loss | **-43** | -102 |
| **B. Total Fresenius SE shareholders' equity** | **4,138** | 3,910 |
| **II. Total shareholders' equity** | **7,372** | 6,943 |
| **Total liabilities and shareholders' equity** | **21,537** | 20,544 |

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

# Consolidated statement of cash flows (unaudited)

| in million € | Q1/2009 | Q1/2008 |
|---|---|---|
| **Operating activities** | | |
| Net income | **275** | 190 |
| **Adjustments to reconcile net income to cash and cash equivalents provided by operating activities** | | |
| Depreciation and amortization | **136** | 106 |
| Change in deferred taxes | **40** | 31 |
| Gain on sale of fixed assets | **–** | -8 |
| **Changes in assets and liabilities, net of amounts from businesses acquired or disposed of** | | |
| Trade accounts receivable, net | **-12** | -46 |
| Inventories | **-128** | -52 |
| Prepaid expenses and other current and non-current assets | **-183** | 3 |
| Accounts receivable from/payable to related parties | **-1** | -1 |
| Trade accounts payable, accrued expenses and other short-term and long-term liabilities | **69** | 64 |
| Accruals for income taxes | **-14** | -9 |
| **Net cash provided by operating activities** | **182** | 278 |
| **Investing activities** | | |
| Purchase of property, plant and equipment | **-148** | -166 |
| Proceeds from sales of property, plant and equipment | **1** | 5 |
| Acquisitions and investments, net of cash acquired and net purchases of intangible assets | **-88** | -185 |
| Proceeds from divestitures | **2** | 26 |
| **Net cash used in investing activities** | **-233** | -320 |
| **Financing activities** | | |
| Proceeds from short-term borrowings | **60** | 158 |
| Repayments of short-term borrowings | **-46** | -29 |
| Proceeds from borrowings from related parties | **–** | – |
| Repayments of borrowings from related parties | **–** | – |
| Proceeds from long-term debt and capital lease obligations | **718** | 101 |
| Repayments of long-term debt and capital lease obligations | **-639** | -33 |
| Redemption of trust preferred securities of Fresenius Medical Care Capital Trusts | **0** | -453 |
| Changes of accounts receivable securitization program | **0** | 328 |
| Proceeds from the exercise of stock options | **7** | 6 |
| Dividends paid | **-11** | -5 |
| Change in noncontrolling interest | **–** | – |
| Exchange rate effect due to corporate financing | **-8** | – |
| **Net cash provided by financing activities** | **81** | 73 |
| **Effect of exchange rate changes on cash and cash equivalents** | **6** | -10 |
| **Net increase in cash and cash equivalents** | **36** | 21 |
| **Cash and cash equivalents at the beginning of the reporting period** | **370** | 361 |
| **Cash and cash equivalents at the end of the reporting period** | **406** | 382 |

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

# Statement of changes in equity (unaudited)

| | Ordinary shares | | Preference shares | | Subscribed Capital | |
|---|---|---|---|---|---|---|
| | Number of shares in thousand | Amount in thousand € | Number of shares in thousand | Amount in thousand € | Amount in thousand € | Amount in million € |
| **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 | | | | | | |
| Dividends paid | | | | | | |
| Purchase/sale of noncontrolling interest | | | | | | |
| Tax liability to be paid by noncontrolling interest | | | | | | |
| Comprehensive income (loss) | | | | | | |
| Net income | | | | | | |
| Other Comprehensive Income (Loss) | | | | | | |
| Comprehensive income (loss) | | | | | | |
| **As of March 31, 2008** | 77,618 | 77,618 | 77,618 | 77,618 | 155,236 | 155 |
| | | | | | | |
| **As of December 31, 2008** | **80,572** | **80,572** | **80,572** | **80,572** | **161,144** | **161** |
| Proceeds from the exercise of stock options | | | | | | |
| Compensation expense related to stock options | | | | | | |
| Dividends paid | | | | | | |
| Purchase/sale of noncontrolling interest | | | | | | |
| Tax liability to be paid by noncontrolling interest | | | | | | |
| Comprehensive income (loss) | | | | | | |
| Net income | | | | | | |
| Other Comprehensive Income (Loss) | | | | | | |
| Comprehensive income (loss) | | | | | | |
| **As of March 31, 2009** | **80,572** | **80,572** | **80,572** | **80,572** | **161,144** | **161** |

# Statement of changes in equity (unaudited)

| | Reserves | | | | | |
|---|---|---|---|---|---|---|
| | Capital reserve in million € | Other reserves in million € | Accumulated other comprehensive income (loss) in million € | Total Fresenius SE shareholders' equity in million € | Noncontrolling interest in million € | Total in million € |
| **As of December 31, 2007** | 1,739 | 1,636 | -115 | 3,415 | 2,644 | 6,059 |
| Proceeds from the exercise of stock options | 2 | | | 2 | 4 | 6 |
| Compensation expense related to stock options | 4 | | | 4 | 3 | 7 |
| Dividends paid | | | | 0 | -5 | -5 |
| Purchase/sale of noncontrolling interest | | | | 0 | 9 | 9 |
| Tax liability to be paid by noncontrolling interest | | | | 0 | 2 | 2 |
| Comprehensive income (loss) | | | | | | |
| Net income | | 100 | | 100 | 90 | 190 |
| Other Comprehensive Income (Loss) | | | -113 | -113 | -167 | -280 |
| Comprehensive income (loss) | | 100 | -113 | -13 | -77 | -90 |
| **As of March 31, 2008** | 1,745 | 1,736 | -228 | 3,408 | 2,580 | 5,988 |
| | | | | | | |
| **As of December 31, 2008** | **2,048** | **1,803** | **-102** | **3,910** | **3,033** | **6,943** |
| Proceeds from the exercise of stock options | – | | | – | 7 | 7 |
| Compensation expense related to stock options | 5 | | | 5 | 4 | 9 |
| Dividends paid | | | | 0 | -11 | -11 |
| Purchase/sale of noncontrolling interest | | | | 0 | -3 | -3 |
| Tax liability to be paid by noncontrolling interest | | | | 0 | 4 | 4 |
| Comprehensive income (loss) | | | | | | |
| Net income | | 164 | | 164 | 111 | 275 |
| Other Comprehensive Income (Loss) | | | 59 | 59 | 89 | 148 |
| Comprehensive income (loss) | | 164 | 59 | 223 | 200 | 423 |
| **As of March 31, 2009** | **2,053** | **1,967** | **-43** | **4,138** | **3,234** | **7,372** |

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

## Segment reporting first quarter

| by business segment, in million € | Fresenius Medical Care 2009 | 2008 | Change | Fresenius Kabi 2009 | 2008 | Change | Fresenius Helios 2009 | 2008 | Change | Fresenius Vamed 2009 | 2008 | Change | Corporate/Other 2009 | 2008 | Change | Fresenius Group 2009 | 2008 | Change |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Sales | **1,965** | 1,676 | 17% | **722** | 545 | 32% | **577** | 509 | 13% | **116** | 74 | 57% | **-7** | -6 | -17% | **3,373** | 2,798 | 21% |
| thereof contribution to consolidated sales | **1,964** | 1,675 | 17% | **712** | 536 | 33% | **577** | 509 | 13% | **116** | 74 | 57% | **4** | 4 | 0% | **3,373** | 2,798 | 21% |
| thereof intercompany sales | **1** | 1 | 0% | **10** | 9 | 11% | **0** | 0 | | **0** | 0 | | **-11** | -10 | -10% | **0** | 0 | |
| contribution to consolidated sales | **59%** | 60% | | **21%** | 19% | | **17%** | 18% | | **3%** | 3% | | **0%** | 0% | | **100%** | 100% | |
| EBITDA | **385** | 324 | 19% | **171** | 108 | 58% | **62** | 55 | 13% | **5** | 5 | 0% | **-10** | -9 | -11% | **613** | 483 | 27% |
| Depreciation and amortization | **81** | 65 | 25% | **33** | 21 | 57% | **18** | 17 | 6% | **1** | 1 | 0% | **3** | 2 | 50% | **136** | 106 | 28% |
| EBIT | **304** | 259 | 17% | **138** | 87 | 59% | **44** | 38 | 16% | **4** | 4 | 0% | **-13** | -11 | -18% | **477** | 377 | 27% |
| Net interest | **-57** | -55 | -4% | **-79** | -17 | -- | **-15** | -15 | 0% | **1** | 1 | 0% | **5** | 2 | 150% | **-145** | -84 | -73% |
| Net income attributable to Fresenius SE | **152** | 124 | 23% | **38** | 46 | -17% | **20** | 15 | 33% | **4** | 4 | 0% | **-50** | -89 | 44% | **164** | 100 | 64% |
| Operating cash flow | **119** | 128 | -7% | **40** | 42 | -5% | **6** | 42 | -86% | **40** | 80 | -50% | **-23** | -14 | -64% | **182** | 278 | -35% |
| Cash flow before acquisitions and dividends | **34** | 26 | 31% | **3** | 14 | -79% | **-17** | 15 | -- | **39** | 79 | -51% | **-24** | -17 | -41% | **35** | 117 | -70% |
| Total assets [1] | **11,173** | 10,720 | 4% | **6,564** | 6,240 | 5% | **3,176** | 3,092 | 3% | **519** | 469 | 11% | **105** | 23 | -- | **21,537** | 20,544 | 5% |
| Debt [1] | **4,262** | 4,123 | 3% | **4,509** | 4,288 | 5% | **1,125** | 1,090 | 3% | **8** | 2 | -- | **-705** | -716 | 2% | **9,199** | 8,787 | 5% |
| Capital expenditure | **86** | 106 | -19% | **19** | 16 | 19% | **23** | 29 | -21% | **1** | 1 | 0% | **-1** | 2 | -150% | **128** | 154 | -17% |
| Acquisitions | **30** | 50 | -40% | **3** | 126 | -98% | **79** | 0 | | **0** | 10 | -100% | **0** | 30 | -100% | **112** | 216 | -48% |
| Research and development expenses | **18** | 13 | 38% | **30** | 22 | 36% | **0** | 0 | | **0** | 0 | | **10** | 11 | -9% | **58** | 46 | 26% |
| Employees (per capita on balance sheet date) [1] | **69,190** | 68,050 | 2% | **21,371** | 20,457 | 4% | **32,639** | 30,088 | 8% | **2,835** | 2,802 | 1% | **814** | 820 | -1% | **126,849** | 122,217 | 4% |
| Key figures | | | | | | | | | | | | | | | | | | |
| EBITDA margin | **19.6%** | 19.3% | | **23.7%** | 19.8% | | **10.7%** | 10.8% | | **4.3%** | 6.8% | | | | | **18.2%** | 17.3% | |
| EBIT margin | **15.5%** | 15.5% | | **19.1%** | 16.0% | | **7.6%** | 7.5% | | **3.4%** | 5.4% | | | | | **14.1%** | 13.5% | |
| Depreciation and amortization in % of sales | **4.1%** | 3.8% | | **4.6%** | 3.9% | | **3.1%** | 3.3% | | **0.9%** | 1.4% | | | | | **4.0%** | 3.8% | |
| Operating cash flow in % of sales | **6.1%** | 7.6% | | **5.5%** | 7.7% | | **1.0%** | 8.3% | | **34.5%** | 108.1% | | | | | **5.4%** | 9.9% | |
| ROOA [1] | **12.2%** | 12.3% | | **9.1%** | 8.9% [2] | | **6.1%** | 6.3% | | **9.8%** | 22.2% | | | | | **9.6%** | 9.8% [2] | |

[1] 2008: December, 31
[2] The underlying pro-forma EBIT does not include special items from the acquisition of APP Pharmaceuticals, Inc. (APP).

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

FRESENIUS

# CONTENT NOTES

# 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, 2009:

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

The reporting currency in the Fresenius Group is the euro. In order to make the presentation clearer, amounts are mostly shown in million euros. Amounts which are lower than € 1 million after they have been rounded are marked with "–".

### II. BASIS OF PRESENTATION

The accompanying condensed interim 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.

The accounting policies underlying these interim financial statements are the same as those applied in the consolidated financial statements as of December 31, 2008.

The Fresenius Group adopted Financial Accounting Standard (FAS) 160, Noncontrolling Interests in Consolidated Financial Statements – an amendment of ARB No. 51, as of January 1, 2009, which establishes a framework for reporting of noncontrolling or minority interests. The main changes are the extended disclosures about noncontrolling interests in the statement of income and the statement of financial position.

Furthermore, the Fresenius Group adopted Statement No. 161, Disclosures about Derivative Instruments and Hedging Activities – an amendment of FASB Statement No. 133 (FAS 161) as of January 1, 2009. 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.

### III. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### Principles of consolidation

The condensed consolidated financial statements and management report for the first quarter ended March 31, 2009 have not been audited nor reviewed and should be read in conjunction with the notes included in the consolidated financial statements as of December 31, 2008, published in the 2008 Annual Report. In addition to the reported acquisitions (see Note 2, Acquisitions), there have been no other major changes in the entities consolidated.

The consolidated financial statements for the first quarter ended March 31, 2009 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, 2009 are not necessarily indicative of the results of operations for the fiscal year 2009.

#### Classifications

Certain items in the consolidated financial statements for the first quarter of 2008 and for the year 2008 have been reclassified to conform with the current year's presentation.

#### 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

On December 30, 2008, the Financial Accounting Standards Board (FASB) issued final staff position FSP FAS 132R-1, Employers' Disclosures about Postretirement Benefit Plan Assets (FSP 132R-1). FSP 132R-1 requires more disclosure about pension plan assets mainly regarding the following areas:

- how investment allocation decisions are made, including the factors that are pertinent to an understanding of investment policies and strategies,
- the major categories of plan assets,
- the inputs and valuation techniques used to measure the fair value of plan assets,
- the effect of fair value measurements using significant unobservable inputs (Level 3) on changes in plan assets for the period, and
- significant concentrations of risk within plan assets.

The disclosures about plan assets required by this FSP shall be provided for fiscal years ending after December 15, 2009. Upon initial application, the provisions of this FSP are not required for earlier periods that are presented for comparative purposes. Earlier application of the provisions of this FSP is permitted. The Fresenius Group will comply with the disclosure requirements of this standard in its report on its consolidated financial statements beginning for fiscal year ended December 31, 2009.

## 2. ACQUISITIONS

### ACQUISITIONS

The Fresenius Group made acquisitions of € 112 million and € 216 million in the first quarter of 2009 and the first quarter of 2008, respectively. Of this amount, € 88 million were paid in cash and € 24 million were assumed obligations in the first quarter of 2009.

In the first quarter of 2009, acquisition spending of Fresenius Medical Care in an amount of € 30 million related mainly to the purchase of dialysis clinics and license agreements.

In the first quarter of 2009, Fresenius Helios spent € 79 million which mainly referred to the acquisitions of five acute care hospitals. Fresenius Helios entered into agreements to acquire these hospitals in December 2008 and closed the transactions in February 2009.

### IMPACTS ON THE FRESENIUS GROUP'S CONSOLIDATED FINANCIAL STATEMENTS RESULTING FROM ACQUISITIONS

In July 2008, Fresenius Kabi has signed definitive agreements to acquire 100 % of the share capital of APP Pharmaceuticals, Inc. (APP). APP is a leading manufacturer of intravenously administered generic drugs (I.V. generics) in North America.

After receipt of all necessary regulatory approvals and fulfillment of further closing conditions, Fresenius Kabi has completed the acquisition of APP on September 10, 2008. The acquisition of APP has been accounted for applying the purchase method. APP has been first-time consolidated starting September 1, 2008.

APP shareholders received a cash purchase price of US$ 23.00 per share. Based on the cash purchase price, the transaction values the fully diluted equity capital of APP at approximately US$ 3.7 billion. Furthermore, the shareholders received a registered and tradable Contingent Value Right (CVR). In addition, US$ 0.9 billion of net debt was assumed. The net debt was refinanced. The acquisition was financed with a mix of debt and equity by launching Mandatory Exchangeable Bonds (MEB), capital increase and entering into a syndicated credit agreement and into a bridge credit agreement. The latter was redeemed using proceeds of the issuance of new Senior Notes in January 2009 (see Note 11, Senior Notes).

If the acquisition of APP had already been consummated at the beginning of 2008, the consolidated sales of the Fresenius Group in the first quarter of 2008 would have amounted to € 2,895 million (as reported € 2,798 million) and the adjusted net income attributable to Fresenius SE to € 77 million (as reported € 100 million). This pro forma information includes adjustments mainly for interest expense on acquisition debt and income taxes. The pro forma financial information is not necessarily indicative of the results of operations as it would have been had the acquisition of APP been consummated at the beginning of the respective periods.

## Notes on the consolidated statement of income

The group income attributable to Fresenius SE for the first quarter of 2009 in an amount of € 164 million includes several special items relating to the acquisition of APP. These special items in a total amount of € 54 million (before tax: € 77 million) are described in Note 4, Other financial result. The net income attributable to Fresenius SE before special items is € 110 million.

### 3. SALES

Sales by activity were as follows:

| in million € | Q1/2009 | Q1/2008 |
|---|---|---|
| Sales of services | **2,110** | 1,789 |
| Sales of products and related goods | **1,194** | 973 |
| Sales from long-term production contracts | **69** | 36 |
| Other sales | **–** | – |
| **Sales** | **3,373** | 2,798 |

### 4. OTHER FINANCIAL RESULT

The item other financial result includes the following special charges and revenues with regard to the acquisition of APP and its financing:

The registered and tradable CVR awarded to the APP shareholders are traded at the NASDAQ Stock Exchange in the United States. The corresponding liability is therefore valued with the current stock exchange price at the reporting date. This valuation resulted in an expense of € 3 million as of March 31, 2009.

Due to its contractual definition, the issued MEB include derivative financial instruments that have to be measured at fair value. This measurement resulted in a revenue (before tax) of € 80 million as of March 31, 2009.

### 5. EARNINGS PER SHARE

The following table shows the earnings per ordinary and preference share including and excluding the dilutive effect from stock options issued and the MEB.

| | Q1/2009 | Q1/2008 |
|---|---|---|
| **Numerators in million €** | | |
| Net income attributable to Fresenius SE | **164** | 100 |
| less effect from dilution due to Fresenius Medical Care shares and MEB | **–** | – |
| Income available to all classes of shares | **164** | 100 |
| **Denominators in number of shares** | | |
| Weighted-average number of ordinary shares outstanding | **80,571,867** | 77,598,599 |
| Weighted-average number of preference shares outstanding | **80,571,867** | 77,598,599 |
| Weighted-average number of shares outstanding of all classes | **161,143,734** | 155,197,198 |
| Potentially dilutive ordinary shares | **304,976** | 750,025 |
| Potentially dilutive preference shares | **304,976** | 750,025 |
| Weighted-average number of ordinary shares outstanding assuming dilution | **80,876,843** | 78,348,624 |
| Weighted-average number of preference shares outstanding assuming dilution | **80,876,843** | 78,348,624 |
| Weighted-average number of shares outstanding of all classes assuming dilution | **161,753,686** | 156,697,248 |
| **Basic earnings per ordinary share in €** | **1.02** | 0.64 |
| Preference per preference share in € | **0.00** | 0.00 |
| **Basic earnings per preference share in €** | **1.02** | 0.64 |
| **Fully diluted earnings per ordinary share in €** | **1.01** | 0.64 |
| Preference per preference share in € | **0.00** | 0.00 |
| **Fully diluted earnings per preference share in €** | **1.01** | 0.64 |

# Notes on the consolidated statement of financial position

## 6. CASH AND CASH EQUIVALENTS

As of March 31, 2009 and December 31, 2008, cash and cash equivalents were as follows:

| in million € | March 31, 2009 | December 31, 2008 |
|---|---|---|
| Cash | **400** | 361 |
| Securities (with a maturity of up to 90 days) | **6** | 9 |
| **Total cash and cash equivalents** | **406** | 370 |

As of March 31, 2009 and December 31, 2008, committed funds of € 125 million and € 78 million, respectively, were included in cash and cash equivalents.

## 7. TRADE ACCOUNTS RECEIVABLE

As of March 31, 2009 and December 31, 2008, trade accounts receivable were as follows:

| in million € | March 31, 2009 | December 31, 2008 |
|---|---|---|
| Trade accounts receivable | **2,819** | 2,734 |
| less allowance for doubtful accounts | **264** | 257 |
| **Trade accounts receivable, net** | **2,555** | 2,477 |

## 8. INVENTORIES

As of March 31, 2009 and December 31, 2008, inventories consisted of the following:

| in million € | March 31, 2009 | December 31, 2008 |
|---|---|---|
| Raw materials and purchased components | **311** | 278 |
| Work in process | **214** | 177 |
| Finished goods | **758** | 672 |
| **Inventories** | **1,283** | 1,127 |

## 9. GOODWILL AND OTHER INTANGIBLE ASSETS

As of March 31, 2009 and December 31, 2008, intangible assets, split into amortizable and non-amortizable intangible assets, consisted of the following:

Amortizable intangible assets

| | March 31, 2009 | | | December 31, 2008 | | |
|---|---|---|---|---|---|---|
| in million € | Acquisition cost | Accumulated amortization | Carrying amount | Acquisition cost | Accumulated amortization | Carrying amount |
| Patents, product and distribution rights | **561** | **64** | **497** | 540 | 54 | 486 |
| Technology | **75** | **10** | **65** | 71 | 8 | 63 |
| Non-compete agreements | **164** | **110** | **54** | 158 | 102 | 56 |
| Other | **423** | **264** | **159** | 361 | 212 | 149 |
| **Total** | **1,223** | **448** | **775** | 1,130 | 376 | 754 |

Non-amortizable intangible assets

| | March 31, 2009 | | | December 31, 2008 | | |
|---|---|---|---|---|---|---|
| in million € | Acquisition cost | Accumulated amortization | Carrying amount | Acquisition cost | Accumulated amortization | Carrying amount |
| Tradenames | **173** | **0** | **173** | 166 | 0 | 166 |
| Management contracts | **165** | **0** | **165** | 158 | 0 | 158 |
| Goodwill | **10,821** | **4** | **10,817** | 10,383 | 4 | 10,379 |
| **Total** | **11,159** | **4** | **11,155** | 10,707 | 4 | 10,703 |

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

| in million € | Q2–4/2009 | 2010 | 2011 | 2012 | 2013 | Q1/2014 |
|---|---|---|---|---|---|---|
| Estimated amortization expenses | 55 | 74 | 70 | 66 | 63 | 15 |

The carrying amount of goodwill has developed as follows:

| in million € | |
|---|---|
| **Carrying amount as of January 1, 2009** | **10,379** |
| Additions | 98 |
| Foreign currency translation | 340 |
| **Carrying amount as of March 31, 2009** | **10,817** |

## 10. DEBT AND LIABILITIES FROM CAPITAL LEASE OBLIGATIONS

### SHORT-TERM DEBT

Short-term borrowings of € 773 million and € 729 million at March 31, 2009 and December 31, 2008, respectively, consisted of € 339 million borrowed by certain subsidiaries of the Fresenius Group under lines of credit with commercial banks and US$ 539 million (€ 405 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 € 29 million in short-term notes were issued as of March 31, 2009.

### LONG-TERM DEBT AND LIABILITIES FROM CAPITAL LEASE OBLIGATIONS

As of March 31, 2009 and December 31, 2008, long-term debt and liabilities from capital lease obligations consisted of the following:

| in million € | **March 31, 2009** | December 31, 2008 |
|---|---|---|
| Fresenius Medical Care 2006 Senior Credit Agreement | **2,543** | 2,419 |
| 2008 Senior Credit Agreement | **1,997** | 1,896 |
| Euro Notes | **800** | 800 |
| European Investment Bank Agreements | **311** | 309 |
| Capital lease obligations | **40** | 42 |
| Bridge Credit Agreement | **0** | 467 |
| Other | **195** | 214 |
| Subtotal | **5,886** | 6,147 |
| less current portion | **456** | 431 |
| **Long-term debt and liabilities from capital lease obligations, less current portion** | **5,430** | 5,716 |

#### 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. (BofA); 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 (collectively the 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, 2009:

| in million US$ | Maximum amount available | **Balance outstanding** |
|---|---|---|
| Revolving Credit | 1,000 | **357** |
| Term Loan A | 1,462 | **1,462** |
| Term Loan B | 1,566 | **1,566** |
| **Total** | 4,028 | **3,385** |

In addition, at March 31, 2009 and at December 31, 2008, Fresenius Medical Care had letters of credit outstanding in the amount of US$ 112 million which are not included as part of the mentioned balances outstanding at those dates but which reduce available borrowings under the revolving credit facility.

As of March 31, 2009, Fresenius Medical Care was in compliance with all covenants under the Fresenius Medical Care 2006 Senior Credit Agreement.

#### 2008 Senior Credit Agreement

In connection with the acquisition of APP, the Fresenius Group entered into a US$ 2.45 billion syndicated credit agreement (2008 Senior Credit Agreement) on August 20, 2008.

In October 2008, the 2008 Senior Credit Agreement was amended to increase Term Loan B available to Fresenius US Finance I, Inc. by US$ 210.5 million and € 200 million (US$ 273 million). In November 2008, Fresenius SE agreed with the lenders upon an increase of the revolving credit facility available to Fresenius Finance I S.A. by US$ 100 million.

The following table shows the available and outstanding amounts under the 2008 Senior Credit Agreement at March 31, 2009:

| | Maximum amount available | | **Balance outstanding** | |
|---|---|---|---|---|
| | | in million € | | **in million €** |
| Revolving Credit Facilities | US$ 550 million | 413 | US$ 181 million | **136** |
| Term Loan A | US$ 1,000 million | 751 | US$ 1,000 million | **751** |
| Term Loan B (in US$) | US$ 1,211 million | 910 | US$ 1,211 million | **910** |
| Term Loan B (in €) | € 200 million | 200 | € 200 million | **200** |
| **Total** | | 2,274 | | **1,997** |

As of March 31, 2009, Fresenius SE was in compliance with all covenants under the 2008 Senior Credit Agreement.

## Euro Notes

As of March 31, 2009, Euro Notes (Schuldscheindarlehen) of the Fresenius Group consisted of the following:

| | Maturity | Interest rate | **Book value/ Nominal value in million €** |
|---|---|---|---|
| Fresenius Finance B.V. 2008/2012 | April 2, 2012 | 5.59 % | **62** |
| Fresenius Finance B.V. 2008/2012 | April 2, 2012 | variable | **138** |
| 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. 2008/2014 | April 2, 2014 | 5.98 % | **112** |
| Fresenius Finance B.V. 2008/2014 | April 2, 2014 | variable | **88** |
| 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** | | | **800** |

The Euro Notes issued by FMC Finance S.à.r.l. Luxembourg IV are shown as current portion of long-term debt and liabilities from capital lease obligations in the statement of financial position.

On April 27, 2009, Fresenius Medical Care issued Euro Notes totaling € 200 million in anticipation of retiring the existing € 200 million Euro Notes which are due on July 27, 2009. The newly issued Euro Notes, which are senior, unsecured and guaranteed by Fresenius Medical Care Holdings, Inc. and Fresenius Medical Care Deutschland GmbH, consist of four tranches having terms of 3.5 and 5.5 years with floating and fixed interest rate tranches. The initial average interest rate is 6.95 %. Proceeds of € 69.5 million of the newly issued Euro Notes were used to voluntarily retire a portion of the existing Euro Notes. The remaining proceeds will be used to liquidate the balance of the existing Euro Notes on their scheduled maturity date in July 2009.

## European Investment Bank Agreements

The following table shows the outstanding amounts under the European Investment Bank (EIB) facilities as of March 31, 2009:

| | Maximum amount available in million € | Maturity | **Book value in million €** |
|---|---|---|---|
| Fresenius SE | 96 | 2013 | **96** |
| FMC-AG & Co. KGaA | 221 | 2013/2014 | **127** |
| HELIOS Kliniken GmbH | 88 | 2019 | **88** |
| **Loans from EIB** | 405 | | **311** |

Some advances under these agreements can be denominated in certain foreign currencies including US dollar.

### Bridge Credit Agreement

The Bridge Credit Agreement entered into in connection with the acquisition of APP was repaid in January 2009 using the proceeds of new Senior Notes (see Note 11, Senior Notes).

### 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, 2009, the additional financial cushion resulting from unutilized credit facilities was approximately € 1.0 billion.

## 11. SENIOR NOTES

As of March 31, 2009 and December 31, 2008, Senior Notes of the Fresenius Group consisted of the following:

| | | | | Book value in million € | |
|---|---|---|---|---|---|
| | Notional amount | Maturity | Interest rate | **March 31, 2009** | December 31, 2008 |
| Fresenius Finance B.V. 2003/2009 | € 100 million | April 30, 2009 | 7.50 % | **100** | 100 |
| Fresenius Finance B.V. 2006/2013 | € 500 million | Jan 31, 2013 | 5.00 % | **500** | 500 |
| Fresenius Finance B.V. 2006/2016 | € 500 million | Jan 31, 2016 | 5.50 % | **500** | 500 |
| Fresenius US Finance II, Inc. 2009/2015 | € 275 million | July 15, 2015 | 8.75 % | **256** | 0 |
| Fresenius US Finance II, Inc. 2009/2015 | US$ 500 million | July 15, 2015 | 9.00 % | **350** | 0 |
| FMC Finance III S.A. 2007/2017 | US$ 500 million | July 15, 2017 | 6 7/8 % | **370** | 354 |
| **Senior Notes** | | | | **2,076** | 1,454 |

Fresenius US Finance II, Inc., a wholly-owned subsidiary of Fresenius SE, has successfully issued unsecured Senior Notes on January 21, 2009. The Notes comprise a US dollar tranche with a notional amount of US$ 500 million and a euro tranche with a notional amount of € 275 million. Both tranches will mature in 2015. The Notes are guaranteed by Fresenius SE, Fresenius Kabi AG and Fresenius ProServe GmbH.

Proceeds of the Senior Notes offering in an amount of approximately US$ 800 million were used to repay the bridge credit agreement entered into in connection with the acquisition of APP, to repay other debt and for general corporate purposes.

As of March 31, 2009, the Fresenius Group was in compliance with all of its covenants. The Senior Notes issued by Fresenius Finance B.V. which mature on April 30, 2009 are shown as current portion of Senior Notes in the statement of financial position.

## 12. PENSIONS AND SIMILAR OBLIGATIONS

### DEFINED BENEFIT PENSION PLANS

At March 31, 2009, the pension liability of the Fresenius Group was € 299 million. The current portion of the pension liability in an amount of € 10 million is recognized in the statement of financial position as short-term accrued expenses and other short-term liabilities. The non-current portion of € 289 million is recorded as pension liability.

Contributions to the Fresenius Group's pension fund were € 1 million in the first quarter of 2009. The Fresenius Group expects approximately € 5 million contributions to the pension fund during 2009.

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

| in million € | **Q1/2009** | Q1/2008 |
|---|---|---|
| Service cost | **3** | 4 |
| Interest cost | **8** | 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 | **–** | – |
| **Net periodic benefit cost** | **8** | 8 |

## 13. NONCONTROLLING INTEREST

Noncontrolling interest in the Group was as follows:

| in million € | March 31, 2009 | December 31, 2008 |
|---|---|---|
| Noncontrolling interest in FMC-AG & Co. KGaA | **2,940** | 2,751 |
| Noncontrolling interest in HELIOS Kliniken GmbH | **4** | 4 |
| Noncontrolling interest in VAMED AG | **30** | 30 |
| Noncontrolling interest in the business segments | | |
| Fresenius Medical Care | **112** | 115 |
| Fresenius Kabi | **43** | 32 |
| Fresenius Helios | **103** | 99 |
| Fresenius Vamed | **2** | 2 |
| Corporate/Other | **–** | – |
| **Total noncontrolling interest** | **3,234** | 3,033 |

In the first quarter of 2009, noncontrolling interest increased by € 201 million to € 3,234 million. The change resulted from the noncontrolling interest in profit of € 111 million, dividend payments of € 11 million and from currency effects as well as first-time consolidations in a total amount of € 101 million.

## 14. FRESENIUS SE SHAREHOLDERS' EQUITY

### SUBSCRIBED CAPITAL

At March 31, 2009, the subscribed capital of Fresenius SE was divided into 80,571,867 bearer ordinary shares and 80,571,867 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.

During the first quarter of 2009, 7,314 stock options were exercised. With the issuance of the corresponding shares after the Annual General Meeting, the subscribed capital increased by 3,657 ordinary and preference shares, respectively. These shares are entitled to dividend starting the fiscal year 2009.

### CONDITIONAL CAPITAL

Corresponding to the stock option plans, the Conditional Capital of Fresenius SE is divided into Conditional Capital I, Conditional Capital II and Conditional Capital III which 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, 2003 and 2008 (see Note 19, 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 | 682,467.00 | 682,467.00 | 1,364,934.00 |
| Conditional Capital II Fresenius AG Stock Option Plan 2003 | 2,209,125.00 | 2,209,125.00 | 4,418,250.00 |
| Conditional Capital III Fresenius SE Stock Option Plan 2008 | 3,100,000.00 | 3,100,000.00 | 6,200,000.00 |
| **Total Conditional Capital as of January 1, 2009** | **5,991,592.00** | **5,991,592.00** | **11,983,184.00** |
| Fresenius AG Stock Option Plan 2003 – options exercised | -3,657.00 | -3,657.00 | -7,314.00 |
| **Total Conditional Capital as of March 31, 2009** | **5,987,935.00** | **5,987,935.00** | **11,975,870.00** |

### APPROVED CAPITAL

By resolution of the Annual General Meeting on May 8, 2009, the previous Approved Capital I and II was revoked. The Management Board of Fresenius SE was authorized, with the approval of the Supervisory Board, until May 7, 2014,

- to increase Fresenius SE's subscribed capital by a total amount of up to € 12,800,000 through a single or multiple issue of new bearer ordinary shares and/or non-voting bearer preference shares against cash contributions (Approved Capital I). A subscription right must be granted to shareholders.
- to increase Fresenius SE's subscribed capital by a total amount of up to € 6,400,000 through a single or multiple issue of new bearer ordinary shares and/or non-voting bearer preference shares against cash contributions and/or contributions in kind (Approved Capital II). The Management Board is authorized, in each case with the consent of the Supervisory Board, to decide on the exclusion of the shareholders' subscription right.

The resolved changes to the Approved Capital will become effective after their registration in the commercial register.

### DIVIDENDS

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

In May 2009, a dividend of € 0.70 per bearer ordinary share and € 0.71 per bearer preference share was approved by Fresenius SE's shareholders at the Annual General Meeting and paid. The total dividend payment was € 114 million.

## Other notes

### 15. 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 it completed pursuant to the Agreement and Plan of Reorganization dated as of February 4, 1996 by and between W.R. Grace & Co. and Fresenius SE (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.

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 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 trial 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 or as a result of the pending U.S. Patent and Trademark Office re-examinations of the underlying Baxter patents 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 will be approximately US$ 56 million for sales through December 31, 2008 and are estimated to be in the range of US$ 2 million to US$ 3 million per month thereafter. In the interim period until its appeal is decided, Fresenius Medical Care is funding a court-approved escrow account at the royalty rates noted above. If Fresenius Medical Care wins the appeal, the escrowed funds will be returned to it with interest. In October 2008, Fresenius Medical Care completed design modifications to the 2008K machine that are expected to eliminate any incremental hemodialysis machine royalty payment exposure under the court order and permit the continued sale of the modified machine in compliance with the injunction, irrespective of the outcome of Fresenius Medical Care's appeal.

On April 28, 2008, Baxter filed suit in the U.S. District Court for the Northern District of Illinois, Eastern Division (Chicago), styled Baxter International, Inc. and Baxter Healthcare Corporation v. Fresenius Medical Care Holdings, Inc. and Fresenius USA, Inc., Case No. CV 2389, asserting that FMCH's hemodialysis machines infringe four recently issued patents (late 2007-2008), all of which are based on one of the patents at issue in the April 2003 Baxter case described above. The new patents expire in April 2011 and relate to trend charts shown on touch screen interfaces and the entry of ultrafiltration profiles (ultrafiltration is the removing of liquid from a patient's body using pressure). The court has stayed the case pending the outcome of the appeal in the April 2003 Baxter case. Fresenius Medical Care believes that its hemodialysis machines do not infringe any valid claims of the Baxter patents at issue.

On October 17, 2006, Baxter and Deka Products Ltd. (Deka) filed suit in the U.S. District Court for the Eastern District of Texas which was subsequently transferred to the Northern District of California, styled Baxter Healthcare Corporation and DEKA Products Limited Partnership v. Fresenius Medical Care Holdings, Inc. d/b/a Fresenius Medical Care North America and Fresenius USA, Inc., Case No. CV 438 TJW. The complaint alleges that FMCH's Liberty peritoneal cyclers infringe certain patents owned by or licensed to Baxter. Sales of the Liberty cyclers commenced in July 2008. Fresenius Medical Care believes that the Liberty peritoneal cycler does not infringe any valid claims of the Baxter/Deka patents.

Two patent infringement actions have been pending in Germany between Gambro Industries (Gambro) on the one side and Fresenius Medical Care Deutschland GmbH (FMC D-GmbH) and FMC-AG & Co. KGaA on the other side (hereinafter collectively: Fresenius Medical Care). Gambro herein alleged patent infringements by Fresenius Medical Care concerning a patent on a device for the preparation of medical solutions. The first case was dismissed as being unfounded. Such decision has already become final. In the second case, the District Court of Mannheim rendered a judgment on June 27, 2008 deciding in favor of Gambro and declaring that Fresenius Medical Care has infringed a patent. Accordingly, the court ordered Fresenius Medical Care to pay compensation (to be determined in a separate court proceeding) for alleged infringement and to stop offering the alleged patent infringing technology in its original form in Germany. FMC D-GmbH brought an invalidity action in the Federal German Patent Court (BPatG) against Gambro's patent. This case is currently pending with the Federal Court of Justice as the court of appeal. Fresenius Medical Care has also filed an appeal against the District Court's verdict. On January 5, 2009, Gambro enforced such verdict provisionally by way of security. However, preceding such enforcement Fresenius Medical Care had already developed design modifications, being an alternative technical solution, and replaced the alleged patent infringing technology in all of the affected devices. In view of the pending appeal against BPatG's verdict and Fresenius Medical Care's appeal against the District Court's verdict, Fresenius Medical Care continues to believe that the alleged patent infringing technology does not infringe any valid patent claims of Gambro. Therefore, Fresenius Medical Care has made no provision in the financial statements for any potential liability in this matter.

### 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 Fresenius Medical Care's acquisition of RCG (the RCG acquisition) and in connection with alleged improper backdating and/or timing of stock option grants. The amended complaint was styled Indiana State District Council of Laborers and Hod Carriers Pension Fund v. Gary Brukardt et al. The complaint sought damages against defendant, former officers and directors but did not state a claim for money damages directly against RCG. On August 30, 2007, the suit was dismissed by the trial court in its entirety. Plaintiff subsequently appealed and, on February 19, 2009, a panel of the Court of Appeals of Tennessee, an intermediate appellate court, reversed the trial court with respect to the class action counts of the complaint and remanded for discovery and trial on those counts. Fresenius Medical Care is pursuing an appeal to the Tennessee Supreme Court from the intermediate court's ruling.

FMCH and its subsidiaries, including RCG (prior to the RCG acquisition), received subpoenas from the U.S. Department of Justice, Eastern District of Missouri, in connection with a joint civil and criminal investigation. FMCH received its subpoena in April 2005. RCG received its subpoena in August 2005. The subpoenas require production of a broad range of documents relating to FMCH's and RCG's operations, with specific attention to documents related to clinical quality programs, business development activities, medical director compensation and physician relationships, joint ventures, 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. Fresenius Medical Care will continue to cooperate in the ongoing investigation.

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.

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 declined to intervene and to prosecute on behalf of the United States. Litigation on the relator's complaint is continuing.

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 (€ 86 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.

## 16. FINANCIAL INSTRUMENTS

## VALUATION OF FINANCIAL INSTRUMENTS

### Fair value of financial instruments

The following table presents the carrying amounts and fair values of the Group's financial instruments as of March 31, 2009 and December 31, 2008:

| | March 31, 2009 | | December 31, 2008 | |
|---|---|---|---|---|
| in million € | Carrying amount | Fair value | Carrying amount | Fair value |
| Cash and cash equivalents | 406 | 406 | 370 | 370 |
| Assets recognized at carrying amount | 2,577 | 2,577 | 2,499 | 2,499 |
| Assets recognized at fair value | 89 | 89 | 8 | 8 |
| Liabilities recognized at carrying amount | 10,259 | 10,292 | 9,903 | 9,793 |
| Liabilities recognized at fair value | 45 | 45 | 41 | 41 |
| Derivatives for hedging purposes | -180 | -180 | -160 | -160 |

Derivatives which do not qualify for hedge accounting have immaterial fair values. These derivatives are solely used to hedge economic business transactions and not for speculative purposes.

The financial instruments indicated as assets recognized at fair value solely consist of the derivatives embedded in the MEB. The liabilities recognized at fair value corresponds to the CVR. For the fair value measurement of derivatives for hedging purposes and derivatives embedded in the MEB, significant other observable inputs are used. Therefore, they are classified as Level 2 in accordance with the fair value hierarchy levels established in FAS 157. The valuation of the CVR is based on the current stock exchange price, they are therefore classified as Level 1. Derivatives for hedging purposes as well as derivatives embedded in the MEB were recognized at gross values as other assets in an amount of € 148 million and other liabilities in an amount of € 239 million.

### Estimation of fair values of financial instruments

The significant methods and assumptions used to estimate the fair values of financial instruments are as follows:

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

Short-term financial instruments like accounts receivable and payable and short-term borrowings are valued at their carrying amounts, which are reasonable estimates of the fair value due to the relatively short period to maturity of these instruments.

The fair values of senior notes and trust preferred securities are based on market prices and quotes as of the date of the statement of financial position. The fair values of other fixed-rate financial liabilities, for which market quotes are not available, are calculated as present value of the respective future cash flows. To determine these present values, the prevailing interest rates and credit spreads for the Fresenius Group as of the date of the statement of financial position are used.

The fair values of financial liabilities with floating interest rates approximate their carrying amounts as the interest rates for these liabilities are predominantly updated every three months with interest rates reflecting actual market conditions at the time of update.

The fair values of derivatives embedded in the MEB and the CVR correspond with their carrying amounts. The CVR are traded at the stock exchange in the United States and are therefore valued with the current stock exchange price at the reporting date. The embedded derivatives have to be measured at fair value, which is estimated based on a Black-Scholes model.

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

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

## 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 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 items in the statement of financial position 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.

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

## Derivative financial instruments

### Fair value of the derivatives designated as hedging instruments

| in million € | March 31, 2009 Assets | March 31, 2009 Liabilities |
|---|---|---|
| Interest rate contracts (current) | 0 | 8 |
| Interest rate contracts (non-current) | 0 | 183 |
| Foreign exchange contracts (current) | 28 | 26 |
| Foreign exchange contracts (non-current) | 3 | 1 |
| **Total** | **31** | **218** |

As derivative financial instruments are marked to market each period, their carrying amounts are equal to the respective fair values at reporting date.

The current portions of interest rate contracts and foreign exchange contracts indicated as assets in the table above are recognized as prepaid expenses and other current assets in the statement of financial position while the current portions of those indicated as liabilities are included in short-term accrued expenses and other short-term liabilities. The non-current portions indicated as assets or liabilities are recognized as other non-current assets and other long-term liabilities, respectively.

### Effect of derivative financial instruments on the statement of comprehensive income

| | Q1/2009 | | |
|---|---|---|---|
| in million € | Gain or loss recognized in other comprehensive income (loss) (effective portion) | Gain or loss reclassified from accumulated other comprehensive income (loss) (effective portion) | Gain or loss recognized in income (ineffective portion) |
| Interest rate contracts | -34 | – | 0 |
| Foreign exchange contracts | -5 | 1 | – |
| **Total** | **-39** | **1** | **–** |

Gains and losses resulting from interest rate contracts (recognized in income) are recognized as net interest in the consolidated statement of income. The position cost of sales in the consolidated statement of income includes gains and losses from foreign exchange contracts. Gains and losses from valuation of the derivatives embedded in the MEB are accounted as other financial result (see Note 4, Other financial result).

The Fresenius Group expects to recognize a net amount of € 7 million of the existing gains and losses deferred in accumulated other comprehensive income (loss) in earnings within the next 12 months.

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, 2009, the notional amounts of foreign exchange contracts totaled € 1,449 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, 2009, the Fresenius Group was party to foreign exchange contracts with a maximum maturity of 34 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 long-term borrowings at variable rates by swapping them into fixed rates.

The Fresenius Group enters into interest rate swaps that are designated as cash flow hedges with a notional volume of US$ 3,550 million and € 403 million, which expire at various dates from 2009 till 2014.

## 17. SUPPLEMENTARY INFORMATION ON CAPITAL MANAGEMENT

The Fresenius Group has a solid financial profile. As of March 31, 2009, the equity ratio was 34.2 % and the debt ratio 42.7 %. As of March 31, 2009, the net debt/EBITDA ratio (pro forma the acquisition of APP and excluding special items), which is measured on the basis of US GAAP figures, was 3.6.

The aims of the capital management and further information can be found in the consolidated financial statements in the 2008 Annual Report.

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

The following table shows the company rating of Fresenius SE:

| | Standard & Poor's | Moody's | Fitch |
|---|---|---|---|
| Company rating | BB | Ba1 | BB |
| Outlook | stable | negative | negative |

## 18. NOTES ON SEGMENT REPORTING

### GENERAL

The segment reporting shown on page 23 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, 2009.

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 187,476 patients in its 2,448 own dialysis clinics.

Fresenius Kabi is a globally active company, providing infusion therapies, intravenously administered generic drugs, clinical nutrition and the related medical devices. The products are used for the therapy and care of critically and chronically ill patients in and outside the hospital. In Europe, Fresenius Kabi is the market leader in infusion therapies and clinical nutrition, in the US, the company is a leading provider of intravenously administered generic drugs.

Fresenius Helios is one of the largest private hospital operators in Germany. 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 as well as special items regarding the fair value valuation of the MEB and the CVR.

### NOTES ON THE BUSINESS SEGMENTS

Explanations regarding the notes on the business segments can be found in the consolidated financial statements in the 2008 Annual Report.

Reconciliation of key figures to consolidated income

| in million € | Q1/2009 | Q1/2008 |
|---|---|---|
| Total EBIT of reporting segments | 490 | 388 |
| General corporate expenses Corporate/Other (EBIT) | -13 | -11 |
| **Group EBIT** | **477** | 377 |
| Net interest | -145 | -84 |
| Other financial result | 77 | 0 |
| **Income before income taxes** | **409** | 293 |

Reconciliation of net debt with the consolidated statement of financial position

| in million € | March 31, 2009 | December 31, 2008 |
|---|---|---|
| Short-term borrowings | **773** | 729 |
| Short-term liabilities and loans from related parties | **2** | 2 |
| Current portion of long-term debt and liabilities from capital lease obligations | **456** | 431 |
| Current portion of Senior Notes | **100** | 100 |
| Long-term debt and liabilities from capital lease obligations, less current portion | **5,430** | 5,716 |
| Senior Notes, less current portion | **1,976** | 1,354 |
| Trust preferred securities of Fresenius Medical Care Capital Trusts | **462** | 455 |
| **Debt** | **9,199** | 8,787 |
| less cash and cash equivalents | **406** | 370 |
| **Net debt** | **8,793** | 8,417 |

According to the definitions in the underlying agreements, the MEB and the CVR are not categorized as debt.

## 19. STOCK OPTIONS

### FRESENIUS SE STOCK OPTION PLANS

On March 31, 2009, Fresenius SE had three stock option plans in place; the Fresenius AG stock option based plan of 1998 (1998 Plan), the Fresenius AG Stock Option Plan 2003 (2003 Plan) which is based on convertible bonds and the new stock option based Fresenius SE Stock Option Plan 2008 (2008 Plan). The latter is currently the only plan under which stock options can be granted.

#### Transactions during the first quarter of 2009

During the first quarter of 2009, Fresenius SE received cash of € 0.2 million from the exercise of 7,314 stock options.

At March 31, 2009, out of 617,398 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 2,989,650, of which 1,248,912 were exercisable.

The members of the Fresenius SE Management Board held 514,500 options. Out of 1,099,102 outstanding stock options issued under the 2008 Plan, 180,600 were held by the members of the Fresenius SE Management Board.

At March 31, 2009, 933,155 options for ordinary shares and 933,155 options for preference shares were outstanding and exercisable.

At March 31, 2009, total unrecognized compensation costs related to non-vested options granted under the 2003 Plan and the 2008 Plan were € 19 million. These costs are expected to be recognized over a weighted-average period of two years.

### FRESENIUS MEDICAL CARE AG & CO. KGAA STOCK OPTION PLANS

In conjunction with 338,751 stock options exercised for ordinary shares and 300 stock options exercised for preference shares during the first quarter of 2009, the underlying ordinary and preference shares had not been issued as of March 31, 2009. FMC-AG & Co. KGaA received cash of € 5.8 million upon exercise of these stock options and € 1.1 million from a related tax benefit. A total of € 0.3 million was recorded as nominal value for ordinary shares subscribed and for preference shares subscribed.

## 20. 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. Franceso De Meo, member of the Management Board of Fresenius SE, is member of the supervisory board of Allianz Private Krankenversicherungs-AG. In the first quarter of 2009, the Fresenius Group paid € 1.6 million for insurance premiums to Allianz.

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 2009, the Fresenius Group paid this law firm € 0.2 million for services rendered.

Klaus-Peter Müller, a member of the Supervisory Board of Fresenius SE, is the chairman of the supervisory board of Commerzbank AG. The Fresenius Group keeps business accounts with Commerzbank and Dresdner Bank under customary conditions. The Dresdner Bank is a wholly-owned subsidiary of Commerzbank since it has been acquired in January 2009.

## 21. SUBSEQUENT EVENTS

There were no significant changes in the Group position or environment sector since the end of the first quarter of 2009. 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.

## 22. CORPORATE GOVERNANCE

For each consolidated stock exchange listed entity, the declaration pursuant to Section 161 of the German Stock Corporation Act (Aktiengesetz) has been issued and made available to shareholders.

# FINANCIAL CALENDAR

| | |
|---|---|
| Report on 1st half 2009<br>Conference call<br>Live webcast | August 4, 2009 |
| Report on 1st–3rd quarters 2009<br>Conference call<br>Live webcast | November 3, 2009 |

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Chairman of the Supervisory Board: Dr. Gerd Krick