FRESENIUS

Quarterly Financial Report of Fresenius Group

applying United States Generally Accepted Accounting Principles
(US GAAP)

1st Quarter 2010

CONTENT

This Quarterly Financial Report was published on May 10, 2010.

FRESENIUS GROUP FIGURES AT A GLANCE

Fresenius is a health care group providing products and services for dialysis, hospitals and the medical care of patients at home. In addition, Fresenius focuses on hospital operation, as well as on engineering and services for hospitals and other health care facilities. In 2009, group sales were approximately €14.2 billion. On March 31, 2010, more than 132,000 employees have dedicated themselves to the service of health in about 100 countries worldwide.

EARNINGS

in million €	Q1/2010	Q1/2009	Change
Sales	**3,643**	3,373	8%
EBIT	**500**	477	5%
Net income [1]	**119**	110	8%
Earnings per ordinary share in € [1]	**0.74**	0.68	8%
Earnings per preference share in € [1]	**0.74**	0.68	8%
Operating cash flow	**438**	182	141%

BALANCE SHEET

in million €	March 31, 2010	Dec. 31, 2009	Change
Total assets	**22,048**	20,882	6%
Non-current assets	**16,253**	15,519	5%
Equity [2]	**8,182**	7,652	7%
Net debt	**8,033**	7,879	2%
Investments [3]	**205**	240	-15%

RATIOS

in million €	Q1/2010	Q1/2009
EBITDA margin	**17.8%**	18.2%
EBIT margin	**13.7%**	14.1%
Depreciation and amortization in % of sales	**4.1**	4.0
Operating cash flow in % of sales	**12.0**	5.4
Equity ratio (March 31/December 31)	**37.1%**	36.6%
Net debt/EBITDA (March 31/December 31)	**3.0**	3.0

[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. These effects are not cash relevant.
[2] Equity including noncontrolling interest.
[3] Investments in property, plant and equipment and intangible assets, acquisitions (Q1).

INFORMATION ON THE BUSINESS SEGMENTS

FRESENIUS MEDICAL CARE – Dialysis products, Dialysis care

in million US$	Q1/2010	Q1/2009	Change
Sales	2,882	2,560	13%
EBIT	423	396	7%
Net income[1]	211	198	7%
Operating cash flow	349	156	124%
Investments/acquisitions	200	151	32%
R & D expenses	23	23	0%
Employees, per capita on balance sheet date (March 31/December 31)	73,041	71,617	2%

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

in million €	Q1/2010	Q1/2009	Change
Sales	800	722	11%
EBIT	145	138	5%
Net income[2]	46	38	21%
Operating cash flow	74	40	85%
Investments/Acquisitions	34	22	55%
R & D expenses	33	30	10%
Employees, per capita on balance sheet date (March 31/December 31)	22,227	21,872	2%

FRESENIUS HELIOS – Hospital operation

in million €	Q1/2010	Q1/2009	Change
Sales	608	577	5%
EBIT	52	44	18%
Net income[3]	28	20	40%
Operating cash flow	36	6	--
Investments/Acquisitions	23	102	-77%
Employees, per capita on balance sheet date (March 31/December 31)	33,171	33,364	-1%

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

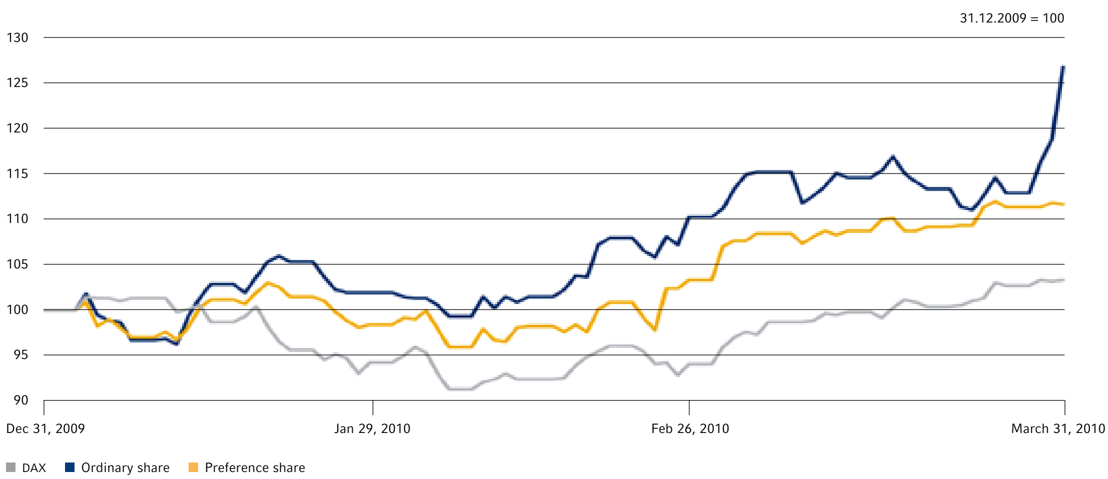
in million €	Q1/2010	Q1/2009	Change
Sales	156	116	34%
EBIT	7	4	75%
Net income[4]	6	4	50%
Operating cash flow	89	40	123%
Investments/Acquisitions	1	1	0%
Order intake	260	88	195%
Employees, per capita on balance sheet date (March 31/December 31)	3,008	2,849	6%

[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

In the first months of the year, the Fresenius shares outperformed the DAX. The ordinary shares increased by 27% and the preference shares by 12% as of March 31, 2010, compared with the year-end quotation of 2009. In the same period, the DAX only grew by 3%.

RELATIVE SHARE PRICE PERFORMANCE



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

	Q1/2010	2009	Change
Ordinary share			
Number of shares (March 31/December 31)	**80,657,688**	80,657,688	
Quarter-end quotation in €	**55.11**	43.45	27%
High in €	**55.11**	43.76	26%
Low in €	**41.80**	27.69	51%
Ø Trading volume (number of shares per trading day)	**58,879**	70,012	-16%
Preference share			
Number of shares (March 31/December)	**80,657,688**	80,657,688	
Quarter-end quotation in €	**55.90**	50.01	12%
High in €	**56.00**	50.01	12%
Low in €	**47.96**	31.40	53%
Ø Trading volume (number of shares per trading day)	**400,264**	500,509	-20%
Market capitalization, in million € (March 31/December 31)	**8,954**	7,538	19%

MANAGEMENT REPORT

All our business segments made significant progress and achieved excellent results in the first quarter of 2010. We will continue to focus on revenue growth and our operating margin. Our first-quarter results give us full confidence in confirming our outlook for 2010. We expect Group net income to be at the upper end of our guidance.

1ST QUARTER 2010: SUCCESSFUL START INTO 2010 – OUTLOOK FULLY CONFIRMED

- Continued strong growth in all business segments
- Charges arising from the devaluation of the Venezuelan bolivar and the amendment of the syndicated credit agreement fully included in reported results
- Cash flow margin increases to 12%
- All business segments on track – 2010 outlook fully confirmed

	Q1/2010	at actual rates	in constant currency
Sales	**€3.6 bn**	+8%	+10%
EBIT	**€500 m**	+5%	+7%
Net income [1]	**€119 m**	+8%	+8%

HEALTH CARE INDUSTRY

The health care sector continues to be one of the most stable industries and is characterized by its relative insensitivity to economic fluctuations compared to other sectors. The main growth factors for this market are the rising medical needs, stronger demand for innovative products and therapies, advances in medical technology and growing health consciousness, which increases the demand for health care services and facilities.

In the emerging countries additional drivers are the expanding availability and correspondingly greater demand for primary health care, increasing national incomes and hence higher spending on health care. At the same time, the cost of health care is rising and is claiming an ever-increasing share of national income.

SALES BY REGION

in million €	Q1/2010	Q1/2009	Change at actual rates	Currency translations effects	Change at constant rates	Organic growth	Acquisitions/ Divestitures	% of total sales
Europe	**1,560**	1,410	11%	1%	10%	9%	1%	43%
North America	**1,579**	1,513	4%	-7%	11%	9%	2%	43%
Asia-Pacific	**271**	255	6%	1%	5%	4%	1%	7%
Latin America	**175**	143	22%	7%	15%	13%	2%	5%
Africa	**58**	52	12%	10%	2%	2%	0%	2%
Gesamt	**3,643**	3,373	8%	-2%	10%	9%	1%	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. Both are non-cash charges.

Reforms and cost-containment measures are the main reactions to steadily rising health care expenditures. Outdated health care structures are increasingly being overhauled and market-based elements introduced into the health care system. The aim is to create new incentives for cost and quality-conscious behavior. Quality of treatment plays a crucial role in optimizing medical results and reducing overall treatment costs. In addition, ever greater importance is being placed on disease prevention and innovative reimbursement models where quality of treatment is the key parameter.

RESULTS OF OPERATIONS, FINANCIAL POSITION, ASSETS AND LIABILITIES

SALES

Group sales increased by 10% in constant currency and by 8% at actual rates to €3,643 million (Q1 2009: €3,373 million). Organic sales growth was 9%. Acquisitions contributed a further 1%. Currency translation had a negative impact of 2%.

In Europe, sales grew by 10% in constant currency with organic sales growth contributing 9%. In North America, sales grew by 11% in constant currency. Organic growth was 9%. The organic growth rates in the emerging markets reached 4% in Asia-Pacific and 13% in Latin America. The low organic growth in Asia-Pacific is due to the volatility of the project business of Fresenius Vamed.

EARNINGS

Group EBITDA increased by 8% in constant currency and by 6% at actual rates to €649 million (Q1 2009: €613 million). Group EBIT grew by 7% in constant currency and by 5% at actual rates to €500 million (Q1 2009: €477 million). The EBIT margin was 13.7% (Q1 2009: 14.1%). At Fresenius Medical Care, the EBIT margin was impacted by the devaluation of the Venezuelan bolivar and related charges. As expected, Fresenius Kabi's EBIT margin was lower than in the first quarter of 2009 mainly due to delayed IV drug product launches and continued price competition in the U.S. market. The Group EBIT margin is expected to improve over the course of the year.

Group net interest improved slightly to -€143 million (Q1 2009: -€145 million). Net interest includes one-time charges in a low single-digit million-euro range related to the reduction and renegotiation of the 2008 syndicated credit agreement.

The other financial result was -€51 million and includes valuation changes of the fair redemption value of the Mandatory Exchangeable Bonds (MEB) of -€69 million and the Contingent Value Rights (CVR) of €18 million. Both are non-cash items.

The adjusted Group tax[1] rate was 33.3% (Q1 2009 adjusted: 32.2%). The increase is attributable, among others, to the charges in Venezuela which are not tax deductible. The adjusted Group tax rate is expected to decrease over the course of the year.

SALES BY BUSINESS SEGMENT

in million €	**Q1/2010**	Q1/2009	Change at actual rates	Currency translations effects	Change at constant rates	Organic Growth	Acquisitions/ Divestitures	% of total sales
Fresenius Medical Care	**2,084**	1,965	6%	-4%	10%	8%	2%	57%
Fresenius Kabi	**800**	722	11%	1%	10%	9%	1%	22%
Fresenius Helios	**608**	577	5%	0%	5%	6%	-1%	17%
Fresenius Vamed	**156**	116	34%	0%	34%	34%	0%	4%

[1] Adjusted for the effect of mark-to-market accounting of the Mandatory Exchangeable Bonds (MEB) related to the acquisition of APP Pharmaceuticals.

Noncontrolling interest increased to €119 million (Q1 2009: €115 million), of which 93% was attributable to the minority interest in Fresenius Medical Care.

Group net income[1] grew both in constant currency and at actual rates by 8% to €119 million (Q1 2009[1]: €110 million). Earnings per ordinary share[1] and earnings per preference share[1] increased both to €0.74 (Q1 2009[1]: ordinary share €0.68, preference share €0.68). This represents an increase of 8% for both share classes.

EARNINGS

in million €	**Q1/2010**	Q1/2009
EBIT	**500**	477
Net income[1]	**119**	110
Net income[2]	**88**	164
Basic earnings per ordinary share in €, adjusted	**0,74**	0,68
Basic earnings per ordinary share in €	**0,54**	1,02
Basic earnings per preference share in €, adjusted	**0,74**	0,68
Basic earnings per preference share in €	**0,54**	1,02

RECONCILIATION TO ADJUSTED EARNINGS

The Group's US GAAP financial results as of March 31, 2010 and 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) related 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.

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 net income or expenses on a quarterly basis until maturity of the instruments.

Net income[2] (including special items) was €88 million, or €0.54 per ordinary share and €0.54 per preference share.

RECONCILIATION

	Net income	
in million €	**Q1/2010**	Q1/2009
Earnings adjusted[1]	**119**	110
Other financial result:		
Mandatory Exchangeable Bonds (MEB) (mark-to-market)	**-49**	57
Contingent Value Rights (CVR) (mark-to-market)	**18**	-3
Earnings according to US GAAP[2]	**88**	164

INVESTMENTS

The Fresenius Group spent €124 million in Q1 2010 on property, plant and equipment (Q1 2009: €128 million). Acquisition spending was €81 million (Q1 2009: €112 million).

INVESTMENTS BY BUSINESS SEGMENT

in million €	**Q1/2010**	Q1/2009	thereof property, plant and equipment	thereof acquisitions	Change	% of total
Fresenius Medical Care	**145**	116	77	68	25%	71%
Fresenius Kabi	**34**	22	21	13	55%	17%
Fresenius Helios	**23**	102	23	0	-77%	11%
Fresenius Vamed	**1**	1	1	0	0%	0%
Corporate/Other	**2**	-1	2	0	--	1%
Total	**205**	240	124	81	-15%	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 to Fresenius SE.

CASH FLOW

Operating cash flow increased significantly to €438 million (Q1 2009: €182 million), driven by strong earnings growth and tight working capital management. The cash flow margin improved to 12.0% (Q1 2009: 5.4%). Net capital expenditure was only €130 million (Q1 2009: €147 million). Cash flow before acquisitions and dividends significantly improved to €308 million (Q1 2009: €35 million). Free cash flow after acquisitions and dividends was €218 million (Q1 2009: -€62 million).

ASSET AND LIABILITY STRUCTURE

The Fresenius Group's total assets grew by 6% to €22,048 million (December 31, 2009: €20,882 million). In constant currency, the increase was 1%. Current assets increased by 4% in constant currency and by 8% at actual rates to €5,795 million (December 31, 2009: €5,363 million). Non-current assets were at €16,253 million, an increase of 5% (December 31, 2009: €15,519 million).

Total shareholders' equity increased by 7% to €8,182 million (December 31, 2009: €7,652 million). The equity ratio (including noncontrolling interest) improved to 37.1% (December 31, 2009: 36.6%).

Group debt grew by 2% to €8,500 million (December 31, 2009: €8,299 million). In constant currency, Group debt decreased by 2%. In Q1 2010, Fresenius considerably improved the terms of its 2008 syndicated credit agreement. Pursuant to the amended agreement, the interest rate of the approximately US$1.2 billion term loan B (new term loan C) will be reduced by one-third. The new applicable interest rate will consist of the relevant money market rate (LIBOR and EURIBOR) subject to a 1.50% floor (formerly 3.25%), plus a 3.00% margin (formerly 3.50%). One-time charges related to the amendment slightly impacted Fresenius' results for the first quarter of 2010. Fresenius expects a positive contribution from the amendment for the full fiscal year.

The net debt/EBITDA ratio remained unchanged at 3.0 as of March 31, 2010 (December 31, 2009: 3.0). In constant currency, the net debt/EBITDA continued to improve.

CASH FLOW STATEMENT (SUMMARY)

in million €	**Q1/2010**	Q1/2009	Change
Net income	**207**	279	-26%
Depreciation and amortization	**149**	136	10%
Change in accruals for pensions	**6**	-2	--
Cash flow	**362**	413	-12%
Change in working capital	**45**	-177	125%
Changes in mark-to-market evaluation of the MEB and the CVR	**31**	-54	157%
Operating cash flow	**438**	182	141%
Property, plant and equipment	**-135**	-148	9%
Proceeds from the sale of property, plant and equipment	**5**	1	--
Cash flow before acquisitions and dividends	**308**	35	--
Cash used for acquisitions/proceeds from disposals	**-66**	-86	23%
Dividends	**-24**	-11	-118%
Free cash flow after acquisitions and dividends	**218**	-62	--
Cash provided by/used for financing activities	**-187**	92	--
Effect of exchange rates on change in cash and cash equivalents	**16**	6	167%
Net change in cash and cash equivalents	**47**	36	31%

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, 2010, Fresenius Medical Care was treating 198,774 patients in 2,580 dialysis clinics.

in million US$	**Q1/2010**	Q1/2009	Change
Sales	**2,882**	2,560	13%
EBITDA	**548**	501	9%
EBIT	**423**	396	7%
Net income [1]	**211**	198	7%
Employees	**73,041**	71,617 (Dec 31, 2009)	2%

1ST QUARTER 2010

- High organic sales growth of 8%
- 2010 outlook fully confirmed

Fresenius Medical Care achieved sales growth of 13% to US$2,882 million (Q1 2009: US$2,560 million). Organic growth accounted for 8%, acquisitions contributed 2% and currency translation contributed a further 3%.

Sales in dialysis care increased by 13% to US$2,171 million (Q1 2009: US$1,923 million). Dialysis product sales grew by 12% at actual rates and 5% in constant currency to US$711 million (Q1 2009: US$636 million).

In North America, sales increased by 10% to US$1,960 million (Q1 2009: US$1,774 million). Dialysis services revenue increased by 12% to US$1,760 million. Average revenue per treatment for U.S. clinics increased to US$355 in the first quarter of 2010 compared to US$338 for the corresponding quarter in 2009. This development was attributable principally to reimbursement increases and increased utilization of pharmaceuticals. Sales in dialysis products improved by 1% to US$200 million.

Sales outside North America ("International" segment) grew by 17% at actual rates and by 8% in constant currency to US$922 million (Q1 2009: US$786 million). Sales in dialysis care increased by 19% (9% in constant currency) to US$411 million. Dialysis product sales improved by 16% (7% in constant currency) to US$511 million.

EBIT increased by 7% to US$423 million (Q1 2009: US$396 million) resulting in an EBIT margin of 14.7% (Q1 2009: 15.5%). In North America, the EBIT margin increased to 15.6% (Q1 2009: 15.3%). The margin development was favorably influenced by an increase in revenue per treatment and cost-containment measures.

In the International segment, the EBIT margin was 16.4% (Q1 2009: 18.7%). The EBIT margin was impacted by the devaluation of the Venezuelan bolivar and related charges.

Net income [1] increased by 7% to US$211 million (Q1 2009: US$198 million).

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 outpatient environments. The company also is a leading provider of medical devices and transfusion technology products.

in million €	Q1/2010	Q1/2009	Change
Sales	**800**	722	11%
EBITDA	**180**	171	5%
EBIT	**145**	138	5%
Net income[1]	**46**	38	21%
Employees	**22,227**	21,872 (Dec 31, 2009)	2%

1ST QUARTER 2010

- High organic sales growth of 9%
- 2010 outlook fully confirmed

Sales increased by 11% to €800 million (Q1 2009: €722 million). Organic sales growth was 9%. Acquisitions contributed 1%. Currency translation had a positive impact of 1%.

In Europe, sales reached €409 million (Q1 2009: €376 million), driven by 6% organic growth. In North America, sales increased to €179 million (Q1 2009: €168 million). Organic growth was 11%. In the Asia-Pacific region, Fresenius Kabi achieved organic sales growth of 14% to €128 million (Q1 2009: €111 million). Sales in Latin America and Africa increased to €84 million (Q1 2009: €67 million), and organic growth was 7%.

EBIT grew by 5% to €145 million (Q1 2009: €138 million). The EBIT margin was 18.1% (Q1 2009: 19.1%). As expected, the EBIT margin decreased mainly due to delayed IV drug product launches and continued price competition in the U.S. market. Net interest improved slightly to -€74 million (Q1 2009: -€79 million). Net income[1] grew by 21% to €46 million (Q1 2009: €38 million).

Sales at APP Pharmaceuticals increased by 12% to US$216 million (Q1 2009: US$192 million). APP Pharmaceuticals achieved significant sales growth of 14% in its product portfolio excluding heparin. Adjusted EBITDA[2] reached US$72 million (Q1 2009: US$81 million). EBIT was US$55 million (Q1 2009: US$61 million). The EBIT margin was 25.6%.

Operating cash flow of Fresenius Kabi increased significantly to €74 million (Q1 2009: €40 million). The cash flow margin improved to 9.3% (Q1 2009: 5.5%). Cash flow before acquisitions and dividends was strong at €42 million (Q1 2009: €3 million).

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 61 hospitals, including five maximum care hospitals in Berlin-Buch, Erfurt, Krefeld, Schwerin and Wuppertal. HELIOS treats more than 2 million patients per year, thereof ~600,000 inpatients, and operates a total of more than 18,500 beds.

in million €	Q1/2010	Q1/2009	Change
Sales	**608**	577	5%
EBITDA	**72**	62	16%
EBIT	**52**	44	18%
Net income [1]	**28**	20	40%
Employees	**33,171**	33,364 (Dec 31, 2009)	-1%

1ST QUARTER 2010

- Continued high organic sales growth of 6%
- 2010 outlook fully confirmed

Sales increased by 5% to €608 million (Q1 2009: €577 million). Organic growth was again strong and achieved 6%. This was driven by an increase in hospital admissions. Divestitures reduced sales growth by 1%.

EBIT grew by 18% to €52 million (Q1 2009: €44 million). The EBIT margin improved to 8.6% (Q1 2009: 7.6%). Net income [1] increased by 40% to €28 million (Q1 2009: €20 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 €	Q1/2010	Q1/2009	Change
Sales	**156**	116	34%
EBITDA	**9**	5	80%
EBIT	**7**	4	75%
Net income[1]	**6**	4	50%
Employees	**3,008**	2,849 (Dec 31, 2009)	6%

1ST QUARTER 2010

- Order intake nearly tripled – order backlog at new all-time high
- Outlook 2010 fully confirmed

Sales increased by 34% to €156 million (Q1 2009: €116 million). This excellent increase was fully achieved by organic growth. Sales in the project business rose by 50% to €102 million (Q1 2009: €68 million). Sales in the service business increased by 13% to €54 million (Q1 2009: €48 million).

EBIT increased by 75% to €7 million (Q1 2009: €4 million). The EBIT margin improved to 4.5% (Q1 2009: 3.4%). Net income[1] rose by 50% to €6 million (Q1 2009: €4 million).

The excellent development of order intake and order backlog continued: Order intake in the project business nearly tripled to €260 million (Q1 2009: €88 million). This includes two turnkey contracts, for a hospital in Austria with an order volume of €102 million, and for a hospital with a cancer clinic in Gabon with an order volume of €43 million. Order backlog increased to a new all-time high of €838 million (December 31, 2009: €679 million, +23%).

[1] Net income attributable to VAMED AG.

EMPLOYEES

As of March 31, 2010, Fresenius employed 132,246 people (December 31, 2009: 130,510). This is an increase of 1%.

EMPLOYEES BY BUSINESS SEGMENT

Number of employees	Mar 31, 2010	Dec 31, 2009	Change
Fresenius Medical Care	**73,041**	71,617	2%
Fresenius Kabi	**22,227**	21,872	2%
Fresenius Helios	**33,171**	33,364	-1%
Fresenius Vamed	**3,008**	2,849	6%
Corporate/Other	**799**	808	-1%
Total	**132,246**	130,510	1%

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 million €	Q1/2010	Q1/2009	Change
Fresenius Medical Care	**17**	18	-6%
Fresenius Kabi	**33**	30	10%
Fresenius Helios	**--**	0	
Fresenius Vamed	**0**	0	
Corporate/Other	**7**	10	-30%
Total	**57**	58	-2%

Fresenius focuses its R&D efforts on its core competencies:

- Dialysis
- Infusion and nutrition therapies, generic IV drugs, and medical devices
- Antibody therapies

DIALYSIS

Fresenius Medical Care focuses its research and development strategy on three essential objectives:

- to continuously enhance the quality of life of patients with chronic kidney disease using innovative products and treatment concepts,
- to offer our customers high-quality services while keeping our prices as low as possible, and,
- on this basis, to continue to expand our global leadership in the dialysis market.

Fresenius Medical Care expanded its activities in its key areas of strategic development in the first quarter of 2010.

INFUSION THERAPIES, GENERIC IV DRUGS, AND MEDICAL DEVICES

Fresenius Kabi is focused on developing products that significantly support medical advancements in the acute and post-acute treatment of critically and chronically ill patients and on helping to improve their quality of life. At the same time, we want to make high-quality treatments available to patients worldwide.

Our R&D strategy is aligned with this focus:

- develop innovative products in areas where we hold a leading position, such as blood volume replacement and clinical nutrition
- develop new formulations for drugs no longer protected by patent
- continue to develop and refine our existing portfolio of pharmaceuticals and medical devices

A key focus of our R&D work is to expand global distribution of our product portfolio. We continuously apply for authorization to market our products in major sales regions throughout the world.

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.

The European Commission issued its approval for the intraperitoneal treatment of patients with malignant ascites in April 2009. This approval is valid for all 27 member states of the European Union as well as Iceland, Liechtenstein, and Norway. Removab is the first trifunctional antibody in the world to be approved and is also the first drug for malignant ascites. We began marketing Removab in Germany and Austria in May 2009.

Fresenius Biotech reported sales of approximately €0.8 million with the trifunctional antibody Removab (catumaxomab) in the first quarter of 2010. Market launches in other European countries are in preparation. Fresenius Biotech's EBIT was -€8 million (Q1 2009: -€10 million).

OPPORTUNITIES AND RISK REPORT

Compared to the presentation in the 2009 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 35 to 39 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 2010.

On March 30, 2010, Fresenius SE announced that the resolutions on authorized capitals adopted by a large majority at Fresenius SE's annual general meeting on May 8, 2009, are final and binding. This results from the decision delivered on March 30, 2010 by the appellate court (Oberlandesgericht) in Frankfurt am Main, Germany, with regard to a judicial clearance proceeding (Freigabeverfahren) initiated by Fresenius SE. No appeal to a higher court can be filed. As a consequence, the authorized capitals, which are already recorded in the commercial register, are definitively available.

Furthermore, the Company announced on March 30, 2010 that the management and supervisory boards of Fresenius SE have unanimously resolved on the same day to propose to shareholders at the annual general meeting on May 12, 2010, the conversion of all preference shares into ordinary shares in combination with a change of the company's legal form into a partnership limited by shares – Kommanditgesellschaft auf Aktien (KGaA).

OUTLOOK 2010

FRESENIUS GROUP

Based on the Group's strong first-quarter financial results Fresenius confirms its positive outlook for 2010: Sales growth in constant currency is projected to be in a 7 to 9% range. Net income [1] is expected to increase by 8 to 10% in constant currency.

The net debt/EBITDA ratio is expected to improve further and reach a level below 3.0.

FRESENIUS MEDICAL CARE

For 2010, Fresenius Medical Care expects to achieve revenue of more than US$12 billion. Net income [2] is expected to be between US$950 and 980 million.

FRESENIUS KABI

Fresenius Kabi fully confirms its outlook for 2010: The company targets organic sales growth between 7 and 9% for 2010. Furthermore, Fresenius Kabi forecasts an EBIT margin between 18 and 19%.

FRESENIUS HELIOS

Fresenius Helios fully confirms its outlook for 2010. The company expects to achieve organic sales growth of 3 to 5%. EBIT is projected to be between €220 and 230 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) related to the acquisition of APP Pharmaceuticals.
[2] Net income attributable to Fresenius Medical Care AG & Co. KGaA.

FRESENIUS VAMED

Fresenius Vamed fully confirms the outlook for 2010 and expects to achieve both sales and EBIT growth between 5 and 10%.

FRESENIUS BIOTECH

For 2010, Fresenius Biotech confirms its guidance of an EBIT between -€35 and -40 million.

INVESTMENTS

The Group plans to invest approximately 5% of sales in property, plant and equipment.

EMPLOYEES

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

RESEARCH AND DEVELOPMENT

Our R&D activities will continue to play a key role in securing the Group's long-term growth through innovations and new therapies.

We plan to increase the Group's R&D spending in 2010. We are concentrating our R&D on further improving our products and therapies for the treatment of patients with chronic kidney failure or on broadening their functions. Another focus is infusion and nutrition therapies and the development of generic IV drugs.

In Biotechnology research, we will be focusing on the further clinical development of the antibody Removab.

GROUP FINANCIAL OUTLOOK 2010

	Targets 2010
Sales, growth (in constant currency)	7–9%
Net income[1], growth (in constant currency)	8–10%

[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) related to the acquisition of APP Pharmaceuticals.

OUTLOOK 2010 BY BUSINESS SEGMENT

	Targets 2010
Fresenius Medical Care	
Sales	US$ > 12 billion
Net income[1]	US$950–980 billion
Fresenius Kabi	
Sales, growth (organic)	7–9%
EBIT-margin	18–19%
Fresenius Helios	
Sales, growth (organic)	3–5%
EBIT	€220–230 million
Fresenius Vamed	
Sales, growth	5–10%
EBIT, growth	5–10%
Fresenius Biotech	
EBIT	€ -35 – -40 million

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

CONSOLIDATED STATEMENT OF INCOME (UNAUDITED)

in million €	Q1/2010	Q1/2009
Sales	3,643	3,373
Cost of sales	-2,470	-2,281
Gross profit	**1,173**	1,092
Selling, general and administrative expenses	-616	-557
Research and development expenses	-57	-58
Operating income (EBIT)	**500**	477
Net interest	-143	-145
Other financial result	-51	77
Financial result	**-194**	-68
Income before income taxes	**306**	409
Income taxes	-99	-130
Net income	**207**	279
Less noncontrolling interest	119	115
Net income attributable to Fresenius SE	**88**	164
Earnings per ordinary share in €	**0.54**	1.02
Fully diluted earnings per ordinary share in €	0.54	1.01
Earnings per preference share in €	**0.54**	1.02
Fully diluted earnings per preference share in €	0.54	1.01

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

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)

in million €	Q1/2010	Q1/2009
Net income	**207**	279
Other comprehensive income (loss)		
Foreign currency translation	**342**	179
Cash flow hedges	**-35**	-40
Actuarial losses on defined benefit pension plans	**-2**	-1
Income taxes related to components of other comprehensive income (loss)	**4**	10
Other comprehensive income	**309**	148
Total comprehensive income	**516**	427
Comprehensive income attributable to noncontrolling interest	**269**	204
Comprehensive income attributable to Fresenius SE	**247**	223

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (UNAUDITED)

in million €	March 31, 2010	December 31, 2009
Cash and cash equivalents	467	420
Trade accounts receivable, less allowance for doubtful accounts	2,669	2,509
Accounts receivable from and loans to related parties	19	26
Inventories	1,364	1,235
Other current assets	979	893
Deferred taxes	297	280
I. Total current assets	**5,795**	5,363
Property, plant and equipment	3,672	3,559
Goodwill	10,930	10,356
Other intangible assets	1,112	1,053
Other non-current assets	430	436
Deferred taxes	109	115
II. Total non-current assets	**16,253**	15,519
Total assets	**22,048**	20,882
Trade accounts payable	583	601
Short-term accounts payable to related parties	8	7
Short-term accrued expenses and other short-term liabilities	2,542	2,197
Short-term debt	201	287
Short-term loans from related parties	2	2
Current portion of long-term debt and capital lease obligations	1,301	261
Short-term accruals for income taxes	143	122
Deferred taxes	50	51
A. Total short-term liabilities	**4,830**	3,528
Long-term debt and capital lease obligations, less current portion	4,169	5,228
Senior Notes	2,361	2,066
Mandatory Exchangeable Bonds	554	554
Long-term accrued expenses and other long-term liabilities	539	481
Trust preferred securities of Fresenius Medical Care Capital Trusts	466	455
Pension liabilities	316	309
Long-term accruals for income taxes	211	194
Deferred taxes	420	415
B. Total long-term liabilities	**9,036**	9,702
I. Total liabilities	**13,866**	13,230
A. Noncontrolling interest	**3,656**	3,382
Subscribed capital	161	161
Capital reserve	2,082	2,073
Other reserves	2,271	2,183
Accumulated other comprehensive income (loss)	12	-147
B. Total Fresenius SE shareholders' equity	**4,526**	4,270
II. Total shareholders' equity	**8,182**	7,652
Total liabilities and shareholders' equity	**22,048**	20,882

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

CONSOLIDATED STATEMENT OF CASH FLOWS (UNAUDITED)

in million €	Q1/2010	Q1/2009
Operating activities		
Net income	207	279
Adjustments to reconcile net income to cash and cash equivalents provided by operating activities		
Depreciation and amortization	149	136
Change in deferred taxes	-11	40
Gain on sale of fixed assets	–	–
Changes in assets and liabilities, net of amounts from businesses acquired or disposed of		
Trade accounts receivable, net	-55	-12
Inventories	-73	-128
Other current and non-current assets	8	-187
Accounts receivable from/payable to related parties	9	-1
Trade accounts payable, accrued expenses and other short-term and long-term liabilities	177	69
Accruals for income taxes	27	-14
Net cash provided by operating activities	438	182
Investing activities		
Purchase of property, plant and equipment	-135	-148
Proceeds from sales of property, plant and equipment	5	1
Acquisitions and investments, net of cash acquired and net purchases of intangible assets	-68	-88
Proceeds from divestitures	2	2
Net cash used in investing activities	-196	-233
Financing activities		
Proceeds from short-term borrowings	81	60
Repayments of short-term borrowings	-27	-46
Proceeds from short-term borrowings from related parties	–	–
Repayments of short-term borrowings from related parties	–	–
Proceeds from long-term debt and capital lease obligations	127	53
Repayments of long-term debt and capital lease obligations	-457	-727
Proceeds from the issuance of Senior Notes	243	753
Changes of accounts receivable securitization program	-155	0
Proceeds from the exercise of stock options	16	7
Dividends paid	-24	-11
Change in noncontrolling interest	-2	–
Exchange rate effect due to corporate financing	-13	-8
Net cash used in/provided by financing activities	-211	81
Effect of exchange rate changes on cash and cash equivalents	16	6
Net increase in cash and cash equivalents	47	36
Cash and cash equivalents at the beginning of the reporting period	420	370
Cash and cash equivalents at the end of the reporting period	467	406

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, 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						
Comprehensive income (loss)						
Net income						
Other comprehensive income (loss)						
Cash flow hedges						
Foreign currency translation						
Adjustments relating to pension obligations						
Comprehensive income (loss)						
As of March 31, 2009	80,572	80,572	80,572	80,572	161,144	161
As of December 31, 2009	80,658	80,658	80,658	80,658	161,316	161
Proceeds from the exercise of stock options						
Compensation expense related to stock options						
Dividends paid						
Purchase/sale of noncontrolling interest						
Comprehensive income (loss)						
Net income						
Other comprehensive income (loss)						
Cash flow hedges						
Foreign currency translation						
Adjustments relating to pension obligations						
Comprehensive income (loss)						
As of March 31, 2010	**80,658**	**80,658**	**80,658**	**80,658**	**161,316**	**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 €	Non-controlling interest in million €	Total shareholders' equity in million €
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
Comprehensive income (loss)						
Net income		164		164	115	279
Other comprehensive income (loss)						
Cash flow hedges			-30	-30	0	-30
Foreign currency translation			90	90	89	179
Adjustments relating to pension obligations			-1	-1	0	-1
Comprehensive income (loss)		164	59	223	204	427
As of March 31, 2009	2,053	1,967	-43	4,138	3,234	7,372
As of December 31, 2009	2,073	2,183	-147	4,270	3,382	7,652
Proceeds from the exercise of stock options	4			4	12	16
Compensation expense related to stock options	5			5	3	8
Dividends paid				0	-19	-19
Purchase/sale of noncontrolling interest				0	9	9
Comprehensive income (loss)						
Net income		88		88	119	207
Other comprehensive income (loss)						
Cash flow hedges			-25	-25	0	-25
Foreign currency translation			185	185	150	335
Adjustments relating to pension obligations			-1	-1	0	-1
Comprehensive income (loss)		88	159	247	269	516
As of March 31, 2010	**2,082**	**2,271**	**12**	**4,526**	**3,656**	**8,182**

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

SEGMENT REPORTING FIRST QUARTER (UNAUDITED)

	Fresenius Medical Care			Fresenius Kabi			Fresenius Helios			Fresenius Vamed			Corporate/Other[2]			Fresenius Group		
by business segment, in million €	2010	2009	Change	2010	2009	Change	2010	2009	Change	2010	2009	Change	2010	2009	Change	2010	2009	Change
Sales	2,084	1,965	6%	800	722	11%	608	577	5%	156	116	34%	-5	-7	29%	3,643	3,373	8%
thereof contribution to consolidated sales	2,084	1,964	6%	790	712	11%	608	577	5%	156	116	34%	5	4	25%	3,643	3,373	8%
thereof intercompany sales	–	1	-100%	10	10	0%	0	0		0	0		-10	-11	9%	0	0	
contribution to consolidated sales	57%	59%		22%	21%		17%	17%		4%	3%		0%	0%		100%	100%	
EBITDA	396	385	3%	180	171	5%	72	62	16%	9	5	80%	-8	-10	20%	649	613	6%
Depreciation and amortization	90	81	11%	35	33	6%	20	18	11%	2	1	100%	2	3	-33%	149	136	10%
EBIT	306	304	1%	145	138	5%	52	44	18%	7	4	75%	-10	-13	23%	500	477	5%
Net interest	-49	-57	14%	-74	-79	6%	-13	-15	13%	1	1	0%	-8	5	--	-143	-145	1%
Income taxes	-92	-85	-8%	-21	-18	-17%	-8	-5	-60%	-2	-1	-100%	24	-21	--	-99	-130	24%
Net income attributable to Fresenius SE	153	152	1%	46	38	21%	28	20	40%	6	4	50%	-145	-50	-190%	88	164	-46%
Operating cash flow	252	119	112%	74	40	85%	36	6	--	89	40	123%	-13	-23	43%	438	182	141%
Cash flow before acquisitions and dividends	181	34	--	42	3	--	14	-17	182%	88	39	126%	-17	-24	29%	308	35	--
Total assets[1]	11,776	10,982	7%	6,680	6,335	5%	3,180	3,199	-1%	560	456	23%	-148	-90	-64%	22,048	20,882	6%
Debt[1]	3,940	3,865	2%	4,391	4,184	5%	1,095	1,099	0%	3	2	50%	-929	-851	-9%	8,500	8,299	2%
Capital expenditure, gross	77	86	-10%	21	19	11%	23	23	0%	1	1	0%	2	-1	--	124	128	-3%
Acquisitions, gross	68	30	127%	13	3	--	–	79	-100%	–	0		0	0		81	112	-28%
Research and development expenses	17	18	-6%	33	30	10%	–	0		0	0		7	10	-30%	57	58	-2%
Employees (per capita on balance sheet date)[1]	73,041	71,617	2%	22,227	21,872	2%	33,171	33,364	-1%	3,008	2,849	6%	799	808	-1%	132,246	130,510	1%
Key figures																		
EBITDA margin	19.0%	19.6%		22.5%	23.7%		11.8%	10.7%		5.8%	4.3%					17.8%	18.2%	
EBIT margin	14.7%	15.5%		18.1%	19.1%		8.6%	7.6%		4.5%	3.4%					13.7%	14.1%	
Depreciation and amortization in % of sales	4.3%	4.1%		4.4%	4.6%		3.3%	3.1%		1.3%	0.9%					4.1%	4.0%	
Operating cash flow in % of sales	12.1%	6.1%		9.3%	5.5%		5.9%	1.0%		57.1%	34.5%					12.0%	5.4%	
ROOA[1]	12.4%	12.2%		9.4%	10.2%		6.9%	7.1%		16.4%	22.8%					9.9%	10.5%	

[1] 2009: December 31
[2] Including special items from the acquisition of APP Pharmaceuticals, Inc.

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

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, 2010:

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

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

II. CHANGE OF FRESENIUS SE'S LEGAL FORM INTO A PARTNERSHIP LIMITED BY SHARES (KOMMANDITGESELLSCHAFT AUF AKTIEN, KGAA) AND CONVERSION OF THE PREFERENCE SHARES INTO ORDINARY SHARES

The Management and Supervisory Boards of Fresenius SE propose at its Annual General Meeting on May 12, 2010 the change of Fresenius SE's legal form from a European Company (Societas Europaea, SE) into a partnership limited by shares (Kommanditgesellschaft auf Aktien, KGaA) with the name Fresenius SE & Co. KGaA in combination with the conversion of all non-voting preference shares into voting ordinary shares. The change requires the consent of the ordinary shareholders as well as an approving special resolution of the preference shareholders. Under the terms of the resolution that relates to the change of legal form, upon such change taking effect, the holders of preference shares will receive one ordinary share in Fresenius SE & Co. KGaA for each preference share held in Fresenius SE; the ordinary shareholders will receive one ordinary share in Fresenius SE & Co. KGaA for each ordinary share held in Fresenius SE. The notional proportion of each non-par value share in the share capital and the share capital itself will remain unchanged. The change of Fresenius SE's legal form into a KGaA will neither lead to the liquidation of the Company nor to the formation of a new legal entity. The legal and commercial identity of the Company will be preserved. The proposed legal form of the KGaA enables Fresenius to achieve the benefits of a single share class while maintaining the control position of the Else Kröner-Fresenius Foundation which currently holds approximately 58% of the ordinary shares in Fresenius SE. The European company Fresenius Management SE, a wholly-owned subsidiary of the Else Kröner-Fresenius Foundation, is designated to be the general partner of Fresenius SE & Co. KGaA. The Management Board of Fresenius Management SE will be identical to Fresenius SE's current Management Board and will assume the management of Fresenius SE & Co. KGaA. The Else Kröner-Fresenius Foundations' right to provide the general partner is tied to the holding of more than 10% of the share capital in Fresenius SE & Co. KGaA. In connection with the change of the legal form, it is intended to merge the Dutch Calea Nederland N.V., a wholly-owned subsidiary of Fresenius SE, into Fresenius SE & Co. KGaA. This cross-border merger is to become effective immediately upon the change of the legal form taking effect and serves the purpose of clearing up and simplifying the group structure. As a result, Fresenius SE & Co. KGaA will be able to maintain its well-established governance structure with a Supervisory Board consisting of twelve members including employee representatives with an international composition.

In addition to the existing Conditional Capitals, three Authorized Capitals are proposed to be created with the articles of association which are submitted for approval by the Annual General Meeting. These can be used as an alternative source of shares for Fresenius SE & Co. KGaA's three active employee participation programs.

III. BASIS OF PRESENTATION

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

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 mainly the same as those applied in the consolidated financial statements as of December 31, 2009.

IV. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Principles of consolidation

The condensed consolidated financial statements and management report for the first quarter ended March 31, 2010 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, 2009, published in the 2009 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, 2010 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, 2010 are not necessarily indicative of the results of operations for the fiscal year 2010.

Classifications

Certain items in the consolidated financial statements for the first quarter of 2009 and for the year 2009 have been reclassified to conform with the current year's presentation.

Valuation

Due to the inflationary development in Venezuela, Fresenius Medical Care's subsidiaries operating in Venezuela apply Accounting Standards Codification (ASC) 830, Foreign Currency Matters, as of January 1, 2010.

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.

V. RECENT PRONOUNCEMENTS, APPLIED

The Fresenius Group has prepared its consolidated financial statements at March 31, 2010 in conformity with the ASC in force for interim periods on January 1, 2010. The Fresenius Group does generally not adopt new accounting standards before compulsory adoption date.

The Fresenius Group applied the following standards, as far as they are relevant for Fresenius Group's business, for the first time in the first quarter ended March 31, 2010:

In June 2009, the Financial Accounting Standards Board (FASB) issued **Accounting Standards Update 2009-17** (ASU 2009-17), ASC 810, Consolidations – Improvements to Financial Reporting by Enterprises Involved with Variable Interest Entities. ASU 2009-17 requires reporting entities to evaluate former Qualifying Special Purpose Entities (QSPE) for consolidation and changes the approach to determining a Variable Interest Entity's (VIE) primary beneficiary from a quantitative assessment to a qualitative assessment designed to identify a controlling financial interest. In addition, ASU 2009-17 increases the frequency of required reassessments to determine whether a company is the primary beneficiary of a VIE. It also clarifies, but does not significantly change, the characteristics that identify a VIE.

In June 2009, the FASB issued **Accounting Standards Update 2009-16** (ASU 2009-16), ASC 860, Transfers and Servicing – Accounting for Transfers of Financial Assets. ASU 2009-16 eliminates the QSPE concept, creates more stringent conditions for reporting a transfer of a portion of a financial asset as a sale, clarifies the derecognition criteria, revises how retained interests are initially measured, and removes the guaranteed mortgage securitization recharacterization provisions. ASU 2009-16 also requires additional year-end and interim disclosures about risks related to VIEs.

The Fresenius Group implemented the amendments prescribed by ASU 2009-16 and ASU 2009-17 as of January 1, 2010, which did not have a material impact on the results of the Fresenius Group in the first quarter ended March 31, 2010.

2. ACQUISITIONS

The Fresenius Group made acquisitions of €81 million and €112 million in the first quarter of 2010 and the first quarter of 2009, respectively. Of this amount, €68 million were paid in cash and €13 million were assumed obligations in the first quarter of 2010.

In the first quarter of 2010, acquisition spending of Fresenius Medical Care in an amount of €68 million related mainly to the purchase of dialysis clinics.

In the first quarter of 2010, Fresenius Kabi spent €13 million on acquisitions. The acquisition of the cas Central Compounding GmbH, Germany was the biggest individual project.

NOTES ON THE CONSOLIDATED STATEMENT OF INCOME

The net income attributable to Fresenius SE for the first quarter of 2010 in an amount of €88 million includes several special items relating to the acquisition of APP Pharmaceuticals, Inc. (APP) in 2008. These special items in a total amount of €-31 million (before tax: €-51 million) are described in note 4, Other financial result. The net income attributable to Fresenius SE before special items is €119 million (Q1 2009: €110 million).

3. SALES

Sales by activity were as follows:

in million €	Q1/2010	Q1/2009
Sales of services	**2,242**	2,110
Sales of products and related goods	**1,298**	1,194
Sales from long-term production contracts	**103**	69
Other sales	–	–
Sales	**3,643**	3,373

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 Contingent Value Rights (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 income of €18 million as of March 31, 2010 (expense of €3 million as of March 31, 2009).

Due to its contractual definition, the issued Mandatory Exchangeable Bonds (MEB) include derivative financial instruments that have to be measured at fair value. This measurement resulted in an expense (before tax) of €69 million as of March 31, 2010 (income before tax of €80 million as of March 31, 2009).

5. TAXES

During the first quarter of 2010, there were no material changes according to tax audits, accruals for income taxes, unrecognized tax benefits as well as recognized and accrued payments for interest and penalties. Explanations regarding the tax audits and further information can be found in the consolidated financial statements in the 2009 Annual Report.

6. EARNINGS PER SHARE

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

	Q1/2010	Q1/2009
Numerators in million €		
Net income attributable to Fresenius SE	88	164
less effect from dilution due to Fresenius Medical Care shares	–	–
Income available to all classes of shares	88	164
Denominators in number of shares		
Weighted-average number of ordinary shares outstanding	80,657,688	80,571,867
Weighted-average number of preference shares outstanding	80,657,688	80,571,867
Weighted-average number of shares outstanding of all classes	161,315,376	161,143,734
Potentially dilutive ordinary shares	577,285	304,976
Potentially dilutive preference shares	577,285	304,976
Weighted-average number of ordinary shares outstanding assuming dilution	81,234,973	80,876,843
Weighted-average number of preference shares outstanding assuming dilution	81,234,973	80,876,843
Weighted-average number of shares outstanding of all classes assuming dilution	162,469,946	161,753,686
Basic earnings per ordinary share in €	0.54	1.02
Preference per preference share in €	0.00	0.00
Basic earnings per preference share in €	0.54	1.02
Fully diluted earnings per ordinary share in €	0.54	1.01
Preference per preference share in €	0.00	0.00
Fully diluted earnings per preference share in €	0.54	1.01

NOTES ON THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION

7. CASH AND CASH EQUIVALENTS

As of March 31, 2010 and December 31, 2009, cash and cash equivalents were as follows:

in million €	March 31, 2010	December 31, 2009
Cash	453	411
Time deposits and securities (with a maturity of up to 90 days)	14	9
Total cash and cash equivalents	467	420

As of March 31, 2010 and December 31, 2009, earmarked funds of €110 million and €17 million, respectively, were included in cash and cash equivalents.

8. TRADE ACCOUNTS RECEIVABLE

As of March 31, 2010 and December 31, 2009, trade accounts receivable were as follows:

in million €	March 31, 2010	December 31, 2009
Trade accounts receivable	2,971	2,794
less allowance for doubtful accounts	302	285
Trade accounts receivable, net	2,669	2,509

9. INVENTORIES

As of March 31, 2010 and December 31, 2009, inventories consisted of the following:

in million €	March 31, 2010	December 31, 2009
Raw materials and purchased components	302	298
Work in process	233	185
Finished goods	829	752
Inventories	1,364	1,235

10. GOODWILL AND OTHER INTANGIBLE ASSETS

As of March 31, 2010 and December 31, 2009, intangible assets, split into amortizable and non-amortizable intangible assets, consisted of the following:

AMORTIZABLE INTANGIBLE ASSETS

	March 31, 2010			December 31, 2009		
in million €	**Acquisition cost**	**Accumulated amortization**	**Carrying amount**	Acquisition cost	Accumulated amortization	Carrying amount
Patents, product and distribution rights	**568**	**104**	**464**	538	93	445
Technology	**74**	**15**	**59**	69	12	57
Non-compete agreements	**176**	**120**	**56**	157	109	48
Other	**448**	**250**	**198**	423	234	189
Total	**1,266**	**489**	**777**	1,187	448	739

NON-AMORTIZABLE INTANGIBLE ASSETS

	March 31, 2010			December 31, 2009		
in million €	**Acquisition cost**	**Accumulated amortization**	**Carrying amount**	Acquisition cost	Accumulated amortization	Carrying amount
Tradenames	**172**	**0**	**172**	161	0	161
Management contracts	**163**	**0**	**163**	153	0	153
Goodwill	**10,930**	**0**	**10,930**	10,356	0	10,356
Total	**11,265**	**0**	**11,265**	10,670	0	10,670

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

in million €	Q2–4/2010	2011	2012	2013	2014	Q1/2015
Estimated amortization expenses	66	86	83	78	76	17

The carrying amount of goodwill has developed as follows:

in million €	Fresenius Medical Care	Fresenius Kabi	Fresenius Helios	Fresenius Vamed	Corporate/ Other	**Fresenius Group**
Carrying amount as of January 1, 2009	**5,253**	**3,511**	**1,565**	**44**	**6**	**10,379**
Additions	125	43	61	0	0	229
Foreign currency translation	-164	-88	0	0	0	-252
Carrying amount as of December 31, 2009	**5,214**	**3,466**	**1,626**	**44**	**6**	**10,356**
Additions	41	17	–	1	0	59
Foreign currency translation	338	177	0	0	0	515
Carrying amount as of March 31, 2010	**5,593**	**3,660**	**1,626**	**45**	**6**	**10,930**

As of March 31, 2010, the carrying amount of the other non-amortizable intangible assets were €319 million for Fresenius Medical Care and €16 million for Fresenius Kabi.

11. DEBT AND CAPITAL LEASE OBLIGATIONS

SHORT-TERM DEBT

The Fresenius Group had short-term debt of €201 million and €287 million at March 31, 2010 and December 31, 2009, respectively. As of March 31, 2010, these consisted of €166 million borrowed by certain subsidiaries of the Fresenius Group under lines of credit with commercial banks and €35 million in short-term notes which were issued under the commercial paper program of Fresenius SE. There were no outstanding short-term borrowings under the accounts receivable facility of Fresenius Medical Care.

LONG-TERM DEBT AND CAPITAL LEASE OBLIGATIONS

As of March 31, 2010 and December 31, 2009, long-term debt and liabilities from capital lease obligations consisted of the following:

in million €	**March 31, 2010**	December 31, 2009
Fresenius Medical Care 2006 Senior Credit Agreement	**2,265**	2,445
2008 Senior Credit Agreement	**1,649**	1,602
Euro Notes	**800**	800
European Investment Bank Agreements	**538**	424
Capital lease obligations	**46**	45
Other	**172**	173
Subtotal	**5,470**	5,489
less current portion	**1,301**	261
Long-term debt and capital lease obligations, less current portion	**4,169**	5,228

Fresenius Medical Care 2006 Senior Credit Agreement

Fresenius Medical Care AG & Co. KGaA (FMC-AG & Co. KGaA), Fresenius Medical Care Holdings, Inc. (FMCH), and certain other subsidiaries of FMC-AG & Co. KGaA that are borrowers and/or guarantors thereunder, including Fresenius Medical Care Deutschland GmbH (FMC D-GmbH), entered into a US$4.6 billion syndicated credit facility (Fresenius Medical Care 2006 Senior Credit Agreement) with Bank of America, N.A.; Deutsche Bank AG New York Branch; The Bank of Nova Scotia; Credit Suisse, Cayman Islands Branch; JP Morgan Chase Bank, National Association; and certain other lenders on March 31, 2006 which replaced a prior credit agreement.

The following table shows the available and outstanding amounts under the Fresenius Medical Care 2006 Senior Credit Agreement at March 31, 2010:

in million US$	Maximum amount available	**Balance outstanding**
Revolving Credit	1,000	**160**
Term Loan A	1,344	**1,344**
Term Loan B	1,550	**1,550**
Total	3,894	**3,054**

In addition, at March 31, 2010 and December 31, 2009, US$97 million were utilized as letters of credit which are not included as part of the balances outstanding at those dates.

The Revolving Credit as well as Term Loan A of FMC-AG & Co. KGaA are due on March 31, 2011 and are therefore classified as a short-term liability and shown as current portion in an amount of US$1,386 million (€1,028 million) at March 31, 2010.

As of March 31, 2010, FMC-AG & Co. KGaA was in compliance with all covenants under the Fresenius Medical Care 2006 Senior Credit Agreement.

2008 Senior Credit Agreement

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

The following table shows the available and outstanding amounts under the 2008 Senior Credit Agreement at March 31, 2010:

	Maximum amount available		**Balance outstanding**	
		in million €		**in million €**
Revolving Credit Facilities	US$550 million	408	US$80 million	**59**
Term Loan A	US$925 million	686	US$925 million	**686**
Term Loan C (in US$)	US$996 million	739	US$996 million	**739**
Term Loan C (in €)	€165 million	165	€165 million	**165**
Total		1,998		**1,649**

In March 2010, the 2008 Senior Credit Agreement was amended, which among other things led to a replacement of Term Loan B by Term Loan C. Both Term Loan facilities merely differ in terms of the applicable interest rate. Term Loan C is available in the amounts of US$586.4 million and €164.5 million to Fresenius US Finance I, Inc. and US$409.2 million is available to APP Pharmaceuticals, LLC. Term Loan C amortizes and is repayable in nine equal semi-annual installments commencing on June 10, 2010 with a final bullet payment on September 10, 2014.

The interest rate for Term Loan C is a rate per annum equal to the aggregate of the applicable margin of 3.00% (previously Term Loan B: 3.50%) and LIBOR or, in relation to the loan in euro, EURIBOR for the relevant interest periods, subject, in the case of Term Loan C, to a minimum LIBOR or EURIBOR of 1.50% (previously Term Loan B: 3.25%).

Other amendments of the 2008 Senior Credit Agreement relate to the financial covenants as defined in the agreement.

Prior to the amendment, voluntary prepayments were made in December 2009 and February 2010 in a total amount of US$199.7 million and €33 million.

As of March 31, 2010, Fresenius SE was in compliance with all covenants under the 2008 Senior Credit Agreement.

Euro Notes

As of March 31, 2010, 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-AG & Co. KGaA 2009/2012	Oct. 27, 2012	7.41%	**36**
FMC-AG & Co. KGaA 2009/2012	Oct. 27, 2012	variable	**119**
FMC-AG & Co. KGaA 2009/2014	Oct. 27, 2014	8.38%	**15**
FMC-AG & Co. KGaA 2009/2014	Oct. 27, 2014	variable	**30**
Euro Notes			**800**

European Investment Bank Agreements

The following table shows the outstanding amounts under the European Investment Bank (EIB) facilities as of March 31, 2010:

	Maximum amount available in million €	Maturity	**Book value in million €**
Fresenius SE	196	2013	**196**
FMC-AG & Co. KGaA	262	2013/2014	**262**
HELIOS Kliniken GmbH	80	2019	**80**
Loans from EIB	538		**538**

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

The loan agreement of €50 million FMC-AG & Co. KGaA entered into with the EIB in December 2009 was disbursed in February 2010. The loan has a four-year term and is guaranteed by FMCH and FMC D-GmbH. This loan also bears variable interest rates which are based on EURIBOR or LIBOR plus applicable margin. These interest rates change every three months. In addition, FMC-AG & Co. KGaA drew down the remaining available balance of US$81 million (€60 million) on the 2005 Revolving Credit Facility with the EIB in March 2010.

FMC-AG & Co. KGaA used the funds to refinance research and development projects.

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, 2010, the additional financial cushion resulting from unutilized credit facilities was approximately €1.6 billion.

12. SENIOR NOTES

As of March 31, 2010 and December 31, 2009, Senior Notes of the Fresenius Group consisted of the following:

				Book value in million €	
	Notional amount	Maturity	Interest rate	**March 31, 2010**	December 31, 2009
Fresenius Finance B.V. 2006/2013	€500 million	Jan 31, 2013	5.00%	**500**	500
Fresenius Finance B.V. 2006/2016	€650 million	Jan 31, 2016	5.50%	**639**	639
Fresenius US Finance II, Inc. 2009/2015	€275 million	July 15, 2015	8 3/4%	**259**	259
Fresenius US Finance II, Inc. 2009/2015	US$500 million	July 15, 2015	9.00%	**350**	326
FMC Finance III S.A. 2007/2017	US$500 million	July 15, 2017	6 7/8%	**366**	342
FMC Finance VI S.A. 2010/2016	€250 million	July 15, 2016	5.50%	**247**	0
Senior Notes				**2,361**	2,066

On January 20, 2010, FMC-AG & Co. KGaA's wholly-owned subsidiary, FMC Finance VI S.A., issued €250 million of senior unsecured notes. The Senior Notes are due in 2016. Proceeds were used to repay short-term indebtedness and for general corporate purposes. The Senior Notes will be guaranteed on a senior basis jointly and severally by FMC-AG & Co. KGaA, FMCH and FMC D-GmbH.

As of March 31, 2010, the Fresenius Group was in compliance with all of its covenants.

13. PENSIONS AND SIMILAR OBLIGATIONS

DEFINED BENEFIT PENSION PLANS

At March 31, 2010, the pension liability of the Fresenius Group was €326 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 €316 million is recorded as pension liability.

Contributions to Fresenius Group's pension fund were €1 million in the first quarter of 2010. The Fresenius Group expects approximately €5 million contributions to the pension fund during 2010.

Defined benefit pension plans' net periodic benefit costs of €10 million were comprised of the following components:

in million €	Q1/2010	Q1/2009
Service cost	4	3
Interest cost	9	8
Expected return on plan assets	-4	-4
Amortization of unrealized actuarial losses, net	1	1
Amortization of prior service costs	–	–
Amortization of transition obligations	–	–
Settlement loss	–	0
Net periodic benefit cost	**10**	8

14. NONCONTROLLING INTEREST

Noncontrolling interest in the Group was as follows:

in million €	March 31, 2010	December 31, 2009
Noncontrolling interest in FMC-AG & Co. KGaA	3,309	3,050
Noncontrolling interest in HELIOS Kliniken GmbH	4	4
Noncontrolling interest in VAMED AG	34	33
Noncontrolling interest in the business segments		
Fresenius Medical Care	151	145
Fresenius Kabi	44	37
Fresenius Helios	111	110
Fresenius Vamed	3	3
Corporate/Other	0	0
Total noncontrolling interest	**3,656**	3,382

Noncontrolling interest increased by €274 million to €3,656 million in the first quarter of 2010. The change resulted from the noncontrolling interest in profit of €119 million, less dividend payments of €19 million as well as noncontrolling interest in stock options, currency effects and first-time consolidations in a total amount of €174 million.

15. FRESENIUS SE SHAREHOLDER´S EQUITY

SUBSCRIBED CAPITAL

At March 31, 2010, the subscribed capital of Fresenius SE was divided into 80,657,688 bearer ordinary shares and 80,657,688 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 2010, 118,872 stock options were exercised. With the issuance of the corresponding shares after the Annual General Meeting, the subscribed capital will increase by 59,436 ordinary and preference shares, respectively. These shares are entitled to dividend starting the fiscal year 2010.

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 20, 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	656,550	656,550	1,313,100
Conditional Capital II Fresenius AG Stock Option Plan 2003	2,149,221	2,149,221	4,298,442
Conditional Capital III Fresenius SE Stock Option Plan 2008	3,100,000	3,100,000	6,200,000
Total Conditional Capital as of January 1, 2010	**5,905,771**	**5,905,771**	**11,811,542**
Fresenius AG Stock Option Plan 1998 – options exercised	-10,329	-10,329	-20,658
Fresenius AG Stock Option Plan 2003 – options exercised	-49,107	-49,107	-98,214
Total Conditional Capital as of March 31, 2010	**5,846,335**	**5,846,335**	**11,692,670**

APPROVED CAPITAL

By resolution of the Annual General Meeting on May 8, 2009, the previous Approved Capital I and II were revoked and 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 became effective after their registration in the commercial register.

Against the resolutions of the Annual General Meeting dated May 8, 2009 creating Approved Capitals I and II, two challenging complaints (Anfechtungsklagen) were lodged. The Frankfurt Regional Court has decided in favor of one complaint through judgment dated February 2, 2010, the other complaint was rejected. The judgment of the Frankfurt Regional Court dated February 2, 2010 is not yet final and binding.

The release procedure initiated by Fresenius SE pursuant to Section 246a of the German Stock Corporation Act (AktG) in order to secure the Authorized Capitals I and II already entered in the commercial register was decided by the higher regional court of Frankfurt am Main in favor of Fresenius SE on March 30, 2010. Therewith, the entry of the Authorized Capitals I and II into the commercial register is final and conclusive.

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 2010, a dividend of €0.75 per bearer ordinary share and €0.76 per bearer preference share will be proposed by the Management Board of Fresenius SE at the Annual General Meeting. The total dividend payment will be €122 million.

OTHER NOTES

16. LEGAL PROCEEDINGS

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

Further information regarding legal disputes, court proceedings and investigations can be found in detail in the consolidated financial statements in the 2009 Annual Report. In the following, only the changes during the first quarter ended March 31, 2010 compared to the information provided in the consolidated financial statements are described. These changes should be read in conjunction with the overall information in the consolidated financial statements in the 2009 Annual Report; defined terms or abbreviations having the same meaning as in the 2009 Annual Report.

BAXTER PATENT DISPUTE "TOUCHSCREEN INTERFACES" (1)

On March 18, 2010, the U.S. Patent and Trademark Office (USPTO) and the Board of Patent Appeals and Interferences ruled in reexamination that the remaining Baxter patent is invalid.

BAXTER PATENT DISPUTE "TOUCHSCREEN INTERFACES" (2)

All the asserted patents now stand rejected in an ongoing reexamination at the USPTO.

BAXTER PATENT DISPUTE "LIBERTY CYCLER"

During and after discovery, six of the asserted nine patents were dropped from the suit.

RENAL CARE GROUP – CLASS ACTION "ACQUISITION"

Following the trial court's dismissal of the complaint, plaintiff's appeal in part, and reversal in part by the appellate court, the cause of action purports to be a class action on behalf of former shareholders of RCG and seeks monetary damages against the individual former directors of RCG. The individual defendants, however, may have claims for indemnification and reimbursement of expenses against Fresenius Medical Care. Fresenius Medical Care expects to continue as a defendant in the litigation, which is proceeding toward trial in the Chancery Court, and believes that defendants will prevail.

RENAL CARE GROUP – COMPLAINT "METHOD II"

On March 22, 2010, the Tennessee District Court entered judgment against defendants for approximately US$23 million in damages and interest under the unjust enrichment count of the complaint but denied all relief under the six False Claims Act counts of the complaint. Fresenius Medical Care appealed the Tennessee District Court's decision to the United States Court of Appeals for the Sixth Circuit and secured a stay of enforcement of the judgment pending appeal. Fresenius Medical Care believes that RCG's operation of its Method II supply company was in compliance with applicable law, that no relief is due to the United States, and that its position in the litigation will ultimately be sustained.

FRESENIUS MEDICAL CARE HOLDINGS – QUI TAM COMPLAINT

On March 30, 2010, the District Court issued final judgment in favor of defendants on all counts based on a jury verdict rendered on February 25, 2010 and on rulings of law made by the Court during the trial.

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.

17. FINANCIAL INSTRUMENTS

VALUATION OF FINANCIAL INSTRUMENTS

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.

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

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

The carrying amounts of derivatives embedded in the MEB and the CVR correspond with their fair values. The embedded derivatives have to be measured at fair value, which is estimated based on a Black-Scholes model. 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.

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

Fresenius Group's own credit risk is incorporated in the fair value estimation of derivatives that are liabilities. Counterparty credit-risk adjustments are factored into the valuation of derivatives that are assets.

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, 2010 and December 31, 2009, respectively:

	March 31, 2010		December 31, 2009	
in million €	**Carrying amount**	**Fair value**	Carrying amount	Fair value
Cash and cash equivalents	**467**	**467**	420	420
Assets recognized at carrying amount	**2,688**	**2,688**	2,535	2,535
Liabilities recognized at carrying amount	**9,645**	**9,857**	9,461	9,611
Liabilities recognized at fair value	**106**	**106**	55	55
Derivatives designated as hedging instruments	**-252**	**-252**	-115	-115

Derivatives for hedging purposes as well as derivatives embedded in the MEB were recognized at gross values as other assets in an amount of €24 million and other liabilities in an amount of €364 million.

Derivative and non-derivative financial instruments recognized at fair value are classified according to the three-tier fair value hierarchy. For the fair value measurement of derivatives for hedging purposes, significant other observable inputs are used. Therefore, they are classified as Level 2 in accordance with the defined fair value hierarchy levels.

The derivatives embedded in the MEB are also classified as Level 2. The valuation of the CVR is based on the current stock exchange price, they are therefore classified as Level 1. The liabilities recognized at fair value consist of embedded derivatives and the CVR and are consequently classified in their entirety as the lower hierarchy Level 2. Financial instruments that would have to be classified as Level 3 do not exist within the Fresenius Group.

FAIR VALUES OF DERIVATIVE FINANCIAL INSTRUMENTS

	March 31, 2010		December 31, 2009	
in million €	**Assets**	**Liabilities**	Assets	Liabilities
Interest rate contracts (current)	**–**	**26**	–	–
Interest rate contracts (non-current)	**–**	**127**	–	134
Foreign exchange contracts (current)	**12**	**60**	18	11
Foreign exchange contracts (non-current)	**6**	**1**	20	1
Derivatives designated as hedging instruments[1]	**18**	**214**	38	146
Foreign exchange contracts (current)[1]	**6**	**58**	11	17
Foreign exchange contracts (non-current)[1]	**–**	**4**	–	1
Derivatives embedded in the MEB (non-current)	**0**	**88**	0	21
Derivatives not designated as hedging instruments	**6**	**150**	11	39

[1] Derivatives designated as hedging instruments and foreign exchange contracts not designated as hedging instruments are classified as derivatives for hedging purposes.

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

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

The current portions of interest rate contracts and foreign exchange contracts indicated as assets in the previous table are recognized as 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 or as long-term accrued expenses and other long-term liabilities, respectively. The derivatives embedded in the MEB are recognized as other long-term liabilities.

EFFECT OF DERIVATIVE INSTRUMENTS DESIGNATED AS HEDGING INSTRUMENTS ON THE STATEMENT OF FINANCIAL PERFORMANCE

	Q1/2010		
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
Interest rate contracts	-18	-2	–
Foreign exchange contracts	-21	-2	–
Derivatives in cash flow hedging relationships[1]	**-39**	**-4**	**–**
Foreign exchange contracts			-20
Derivatives in fair value hedging relationships			**-20**
Derivatives designated as hedging instruments	**-39**	**-4**	**-20**

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

EFFECT OF DERIVATIVE INSTRUMENTS DESIGNATED AS HEDGING INSTRUMENTS ON THE STATEMENT OF FINANCIAL PERFORMANCE

in million €	Q1/2009 Gain or loss recognized in other comprehensive income (loss) (effective portion)	Q1/2009 Gain or loss reclassified from accumulated other comprehensive income (loss) (effective portion)	Q1/2009 Gain or loss recognized in income
Interest rate contracts	-34	–	0
Foreign exchange contracts	-5	1	–
Derivatives in cash flow hedging relationships[1]	**-39**	**1**	**–**
Foreign exchange contracts			–
Derivatives in fair value hedging relationships			**–**
Derivatives designated as hedging instruments	**-39**	**1**	**–**

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

EFFECT OF DERIVATIVE INSTRUMENTS NOT DESIGNATED AS HEDGING INSTRUMENTS ON THE STATEMENT OF FINANCIAL PERFORMANCE

	Gain or loss recognized in income	
in million €	**Q1/2010**	Q1/2009
Foreign exchange contracts	**-56**	-4
Derivatives embedded in the MEB	**-67**	81
Derivatives not designated as hedging instruments	**-123**	**77**

Losses from derivatives in fair value hedging relationships and from foreign exchange contracts not designated as hedging instruments recognized in income are faced by gains from the underlying transactions in the corresponding amount.

The Fresenius Group expects to recognize a net amount of €-14 million of the existing gains and losses deferred in accumulated other comprehensive income (loss) in earnings within the next 12 months.

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

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 statement of financial position items bearing fixed interest rates.

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

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

Derivative financial instruments

Foreign exchange risk management

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

As of March 31, 2010, the notional amounts of foreign exchange contracts totaled €2,586 million. These foreign exchange contracts have been entered into to hedge risks from operational business and in connection with loans in foreign currency. The predominant part of the foreign exchange forward contracts to hedge risks from operational business was recognized as cash flow hedge, while foreign exchange contracts in connection with loans in foreign currencies are partly recognized as fair value hedges. The fair values of cash flow hedges and fair value hedges were €-47 million and €4 million, respectively.

As of March 31, 2010, the Fresenius Group was party to foreign exchange contracts with a maximum maturity of 32 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$3,950 million (€2,930 million) and €407 million as well as a fair value of US$-169 million and €-27 million, respectively, which expire between 2011 and 2016.

18. SUPPLEMENTARY INFORMATION ON CAPITAL MANAGEMENT

The Fresenius Group has a solid financial profile. As of March 31, 2010, the equity ratio was 37.11% and the debt ratio (debt/total assets) was 38.55%. As of March 31, 2010, the net debt/EBITDA ratio, which is measured on the basis of US GAAP figures, was 3.0.

The aims of the capital management and further information can be found in the consolidated financial statements in the 2009 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	positive	negative	stable

On April 29, 2010, Standard & Poor's raised the outlook from stable to positive.

19. NOTES ON SEGMENT REPORTING

GENERAL

The segment reporting table shown on page 23 of this interim report is an integral part of the notes.

The Fresenius Group has identified the business segments Fresenius Medical Care, Fresenius Kabi, Fresenius Helios and Fresenius Vamed which corresponds to the internal organizational and reporting structures (Management Approach) at March 31, 2010.

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

Fresenius Medical Care is the world's leading provider of dialysis products and dialysis care for the life-saving treatment of patients with chronic kidney failure. Fresenius Medical Care treats 198,774 patients in its 2,580 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 for example in connection with the fair value measurement 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 2009 Annual Report.

RECONCILIATION OF KEY FIGURES TO CONSOLIDATED EARNINGS

in million €	**Q1/2010**	Q1/2009
Total EBIT of reporting segments	**510**	490
General corporate expenses Corporate/Other (EBIT)	**-10**	-13
Group EBIT	**500**	477
Net interest	**-143**	-145
Other financial result	**-51**	77
Income before income taxes	**306**	409

RECONCILIATION OF NET DEBT WITH THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION

in million €	**March 31, 2010**	December 31, 2009
Short-term borrowings	**201**	287
Short-term liabilities and loans from related parties	**2**	2
Current portion of long-term debt and capital lease obligations	**1,301**	261
Long-term debt and capital lease obligations, less current portion	**4,169**	5,228
Senior Notes	**2,361**	2,066
Trust preferred securities of Fresenius Medical Care Capital Trusts	**466**	455
Debt	**8,500**	8,299
less cash and cash equivalents	**467**	420
Net debt	**8,033**	7,879

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

20. STOCK OPTIONS

FRESENIUS SE STOCK OPTION PLANS

On March 31, 2010, 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 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 2010

During the first quarter of 2010, Fresenius SE received cash of €4 million from the exercise of 118,872 stock options.

At March 31, 2010, out of 436,404 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 2,698,492, of which 1,847,298 were exercisable. The members of the Fresenius SE Management Board held

514,500 options. Out of 2,136,876 outstanding stock options issued under the 2008 Plan, 361,200 were held by the members of the Fresenius SE Management Board.

At March 31, 2010, 1,141,851 options for ordinary shares and 1,141,851 options for preference shares were outstanding and exercisable.

At March 31, 2010, total unrecognized compensation costs related to non-vested options granted under the 2003 Plan and the 2008 Plan were €15 million. These costs are expected to be recognized over a weighted-average period of 1.7 years.

FRESENIUS MEDICAL CARE AG & CO. KGAA STOCK OPTION PLANS

In conjunction with 475,411 stock options exercised for ordinary shares and 9,009 stock options exercised for preference shares during the first quarter of 2010, the underlying ordinary shares had not been issued as of March 31, 2010. FMC-AG & Co. KGaA received cash of €11 million upon exercise of these stock options and €1 million from a related tax benefit. A total of €0.5 million was recorded as nominal value for ordinary shares subscribed.

21. RELATED PARTY TRANSACTIONS

Prof. Dr. h.c. Roland Berger, a member of the Supervisory Board of Fresenius SE, is the chairman of the supervisory board of Roland Berger Strategy Consultants. In the first quarter of 2010, no services were rendered to the Fresenius Group by this company.

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 relations with Commerzbank under customary conditions.

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 a member of the supervisory board of Allianz Private Krankenversicherungs-AG. In the first quarter of 2010, the Fresenius Group paid €0.7 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 Noerr LLP (formerly: Nörr Stiefenhofer Lutz) that provides legal services to the Fresenius Group. In the first quarter of 2010, the Fresenius Group paid this law firm €0.1 million for services rendered.

22. SUBSEQUENT EVENTS

There have been no significant changes in the Fresenius Group's operating environment following the end of the first quarter of 2010. No other events of material importance on the assets and liabilities, financial position, and results of operations of the Group have occurred following the end of the first quarter of 2010.

23. CORPORATE GOVERNANCE

For each consolidated stock exchange listed entity, the declaration pursuant to Section 161 of the German Stock Corporation Act (Aktiengesetz) has been issued and made available to shareholders on the website of Fresenius SE www.fresenius.com under Who we are / Corporate Governance / Declaration of Conformity, including the amendment to the Declaration of Conformity dated April 1, 2010, and of Fresenius Medical Care AG & Co. KGaA www.fmc-ag.com under Investor Relations / Corporate Governance / Declaration of Compliance, respectively.

FINANCIAL CALENDAR

Annual General Meeting, Frankfurt am Main, Germany	May 12, 2010
Payment of dividend[1]	May 13, 2010
Report on the first half 2010 Conference Call Live webcast	August 3, 2010
Report on 1^{st}–3^{rd} quarters 2010 Conference Call Live webcast	November 2, 2010

All dates are subject to change.

[1] Subject to the prior approval by the Annual General Meeting

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Management Board: Dr. Ulf M. Schneider (President and CEO), Rainer Baule, Dr. Francesco De Meo, Dr. Jürgen Götz, Dr. Ben Lipps, Stephan Sturm, Dr. Ernst Wastler
Chairman of the Supervisory Board: Dr. Gerd Krick