FRESENIUS

Quarterly Financial Report of Fresenius Group

applying United States Generally Accepted Accounting Principles

(US GAAP)

1st Half and 2nd Quarter 2008

FRESENIUS

CONTENTS

FRESENIUS GROUP FIGURES AT A GLANCE

in million €	**Q2/2008**	Q2/2007	Change in %	**H1/2008**	H1/2007	Change in %
Sales	**2,912**	2,825	3	**5,710**	5,592	2
EBIT	**404**	400	1	**781**	780	0
EBIT margin	**13.9 %**	14.2%		**13.7 %**	13.9 %	
Net income	**112**	102	10	**212**	195	9
Earnings per ordinary share in €	**0.72**	0.66	9	**1.36**	1.26	8
Earnings per preference share in €	**0.73**	0.67	9	**1.37**	1.27	8
Operating cash flow	**203**	266	-24	**481**	553	-13
Operating cash flow in % of sales	**7.0**	9.4		**8.4**	9.9	
Investments[1]	**254**	230	10	**624**	525	19

in million €	**June 30, 2008**	December 31, 2007	Change in %
Total assets	**15,491**	15,324	1
Non-current assets	**10,986**	11,033	0
Net debt	**5,464**	5,338	2
Equity[2]	**6,073**	6,059	0
Equity ratio	**39.2 %**	39.5 %	
Employees	**117,453**	114,181	3

Fresenius shares	**H1/2008**	2007	Change in %
Number of ordinary shares (June 30/December 31)	**77,678,718**	77,582,385	
Quarter-end quotation in €	**54.98**	56.00	-2
High in €	**60.87**	63.35	-4
Low in €	**51.42**	50.17	2
∅ Trading volume (number of shares per trading day)	**77,099**	70,574	9
Number of preference shares (June 30/December 31)	**77,678,718**	77,582,385	
Quarter-end quotation in €	**54.87**	56.90	-4
High in €	**59.25**	63.12	-6
Low in €	**50.69**	50.70	0
∅ Trading volume (number of shares per trading day)	**525,549**	534,660	-2
Market capitalization (in million €, June 30/December 31)	**8,533**	8,759	-3

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

[2] Equity including minority interest

MANAGEMENT DISCUSSION AND ANALYSIS

- **Sales: € 5.7 billion, + 2 % at actual rates, + 9 % in constant currency**
- **EBIT: € 781 million, + 0 % at actual rates, + 8 % in constant currency**
- **Net income: € 212 million, + 9 % at actual rates, + 14 % in constant currency**

First half 2008: Strong financial results
- Excellent sales and earnings growth in constant currency
- Strong financial results in all business segments with high organic sales growth
- All business segments fully on track to achieve full-year guidance

Sales growth of 9 % in constant currency
Group sales increased by 9 % in constant currency and by 2 % at actual rates to € 5,710 million (H1 2007: € 5,592 million). Organic sales growth was 6 %. Acquisitions contributed a further 4 %. Divestitures reduced sales growth by 1 %. Currency translation had a negative impact of 7 %. This is mainly attributable to the average US dollar rate depreciating 15 % against the euro in the first half of 2008 compared to previous year's period.

Sales growth in the business segments was as follows:

In Europe sales grew by 15 % in constant currency with organic sales growth of 8 %. In North America constant currency and organic sales growth were each 3 %. Strong organic growth rates were achieved in the emerging markets reaching 14 % in Asia-Pacific and 16 % in Latin America.

Strong earnings growth
Group EBITDA increased by 10 % in constant currency and by 2 % at actual rates to € 998 million (H1 2007: € 977 million). Group operating income (EBIT) grew by 8 % in constant currency to € 781 million (H1 2007: € 780 million). The Group's EBIT margin was 13.7 % (H1 2007: 13.9 %).

Group net interest improved to € -167 million (H1 2007: € -185 million) mainly due to lower average interest rates of Fresenius Medical Care's debt and currency translation effects.

The Group tax rate was 34.9 % (H1 2007: 36.0 %).

Sales in million €	H1/2008	H1/2007	Change at actual rates	Currency translation effects	Change at constant rates	Organic growth	Acquisitions/ Divestitures	% of total sales
Fresenius Medical Care	**3,382**	3,554	-5 %	-11 %	6 %	6 %	0 %	59 %
Fresenius Kabi	**1,121**	986	14 %	-3 %	17 %	10 %	7 %	20 %
Fresenius Helios	**1,040**	890	17 %	0 %	17 %	5 %	12 %	18 %
Fresenius Vamed	**177**	160	11 %	0 %	11 %	11 %	0 %	3 %

Sales in million €	H1/2008	H1/2007	Change at actual rates	Currency translation effects	Change at constant rates	Organic growth	Acquisitions/ Divestitures	% of total sales
Europe	**2,667**	2,337	14 %	-1 %	15 %	8 %	7 %	47 %
North America	**2,242**	2,515	-11 %	-14 %	3 %	3 %	0 %	39 %
Asia-Pacific	**422**	384	10 %	-8 %	18 %	14 %	4 %	7 %
Latin America	**269**	231	16 %	-5 %	21 %	16 %	5 %	5 %
Africa	**110**	125	-12 %	-8 %	-4 %	-8 %	4 %	2 %
Total	**5,710**	5,592	2 %	-7 %	9 %	6 %	3 %	100 %

Minority interest increased slightly to € 188 million (H1 2007: € 186 million), of which 93 % was attributable to the minority interest in Fresenius Medical Care.

Group net income grew by 14 % in constant currency and by 9 % at actual rates to € 212 million (H1 2007: € 195 million). Earnings per ordinary share increased to € 1.36 and earnings per preference share increased to € 1.37 (H1 2007: ordinary share € 1.26, preference share € 1.27). This represents an increase of 8 % for both share classes.

Continued investments in growth

Fresenius Group spent € 332 million for property, plant and equipment and intangible assets (H1 2007: € 302 million). Acquisition spending was € 292 million (H1 2007: € 223 million).

Sustainable cash flow development

Operating cash flow decreased to € 481 million (H1 2007: € 553 million) due to the higher working capital requirements. The cash flow margin was 8.4 % (H1 2007: 9.9 %). Cash flow before acquisitions and dividends was € 149 million (H1 2007: € 258 million) mainly due to net capital expenditure increasing to € 332 million (H1 2007: € 295 million). Free cash flow after net acquisitions (€ 224 million) and dividends (€ 218 million) was € -293 million (H1 2007: € -94 million).

Solid balance sheet

Fresenius Group's total assets increased by 5 % in constant currency and by 1 % at actual rates to € 15,491 million (December 31, 2007: € 15,324 million). Current assets increased by 8 % in constant currency and by 5 % at actual rates to € 4,505 million (December 31, 2007: € 4,291 million). Non-current assets were € 10,986 million (December 31, 2007: € 11,033 million).

Shareholders' equity including minority interest increased by 4 % in constant currency to € 6,073 million (December 31, 2007: € 6,059 million). The equity ratio (including minority interest) was 39.2 % (December 31, 2007: 39.5 %).

Group debt increased by 2 % at actual rates to € 5,805 million (December 31, 2007: € 5,699 million). In constant currency, Group debt increased by 5 %. As of June 30, 2008, the net debt/EBITDA ratio was 2.7 (December 31, 2007: 2.6).

Cash flow statement (Summary, unaudited)

in million €	**H1/2008**	H1/2007	Change in %
Net income before minority interest	400	381	5
Depreciation and amortization	217	197	10
Change in accruals for pensions	7	4	75
Cash flow	**624**	**582**	**7**
Change in working capital	-143	-29	–
Operating cash flow	**481**	**553**	**-13**
Capital expenditure, net	-332	-295	-13
Cash flow before acquisitions and dividends	**149**	**258**	**-42**
Cash used for acquisitions, net	-224	-164	-37
Dividends paid	-218	-188	-16
Free cash flow after acquisitions and dividends	**-293**	**-94**	**–**
Cash provided by/used for financing activities	280	141	99
Effect of exchange rates on change in cash and cash equivalents	-7	-2	–
Net change in cash and cash equivalents	**-20**	**45**	**–**

Number of employees increased
As of June 30, 2008, Fresenius increased the number of its employees by 3 % to 117,453 (December 31, 2007: 114,181). The growth was mainly attributable to Fresenius Kabi and Fresenius Medical Care.

Second quarter of 2008
Group sales increased by 3 % at actual rates to € 2,912 million (Q2 2007: € 2,825 million). In constant currency, sales increased by 11 %. Organic sales growth was 8 %. Acquisitions contributed 3 %.

EBIT increased by 1 % at actual rates to € 404 million (Q2 2007: € 400 million). In constant currency, EBIT increased by 9 %. Group net income rose by 10 % to € 112 million (Q2 2007: € 102 million). In constant currency, strong growth of 15 % was achieved.

Earnings per ordinary share increased by 9 % to € 0.72, earnings per preference share increased to € 0.73 (Q2 2007: earnings per ordinary share € 0.66; earnings per preference share € 0.67). In constant currency, both share classes improved by 13 %.

Investments in property, plant and equipment and intangible assets grew by 9 % to € 178 million (Q2 2007: € 163 million). Acquisition spending was € 76 million (Q2 2007: € 67 million).

Fresenius Biotech
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.

Studies with the antibodies Removab® and Rexomun® in various indications are ongoing in Europe and the US. Orphan Drug Designation was achieved in Switzerland for the antibody Removab in the indications malignant ascites, gastric cancer and ovarian cancer. The Swiss Agency for therapeutic products (Swiss Medic) grants the Orphan Drug Designation to medicinal products used for rare, life-threatening or chronic diseases that affect no more than five in every 10,000 people in Switzerland and for which no sufficient effective treatment exists.

The registration process for Removab in Europe in the indication malignant ascites is proceeding according to plan. Fresenius Biotech dispatched the marketing authorization application to the European Medicines Agency (EMEA) in December 2007.

Fresenius Biotech's EBIT was € -20 million (H1 2007: € -20 million). For 2008, Fresenius Biotech expects an EBIT of approximately € -50 million.

OPPORTUNITIES AND RISK REPORT

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

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

In addition, we report on legal proceedings, currency and interest risks on pages 34 to 41 in the Notes of this report.

GROUP OUTLOOK 2008

Outlook for 2008 confirmed

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

For divisional outlook information please see pages 9 to 12 of this report.

RESOLUTIONS OF THE ANNUAL GENERAL MEETING

At the Annual General Meeting on May 21, 2008 the shareholders unanimously approved the proposal of the Management Board and Supervisory Board to increase the dividend by about 15 % for the 2007 fiscal year. Ordinary shareholders received a dividend of € 0.66 (2006: € 0.57), preference shareholders a dividend of € 0.67 per share (2006: € 0.58).

Further resolutions of the Annual General Meeting were the approval of the stock option plan 2008 and relating amendments of the company statutes. Both resolutions also required the approval of the preference shareholders.

CHANGES TO THE SUPERVISORY BOARD

The following members of the Supervisory Board of Fresenius SE were elected by the ordinary general meeting on May 21, 2008:

- Prof. Dr. h.c. Roland Berger, Munich, Management Consultant
- Dario Ilossi, Rome (Italy), Trade Union Officer FEMCA Cisl – Energy, Fashion and Chemicals
- Konrad Kölbl, Hof am Laithagebirge (Austria), Chairman of the Group Works Council VAMED AG
- Dr. Gerd Krick, Königstein, former Chairman of the Management Board Fresenius AG
- Klaus-Peter Müller, Bad Homburg v.d.H., Chairman of the Supervisory Board of Commerzbank AG
- Dr. Gerhard Rupprecht, Gerlingen, Member of the Management Board Allianz SE
- Wilhelm Sachs, Friedrichsdorf, Chairman of the General Works Council Fresenius SE
- Dr. Dieter Schenk, Munich, Lawyer and Tax consultant
- Stefan Schubert, Limburg-Staffel, Chairman of the Group Works Council Wittgensteiner Kliniken GmbH
- Dr. Karl Schneider, Mannheim, former Spokesman Südzucker AG
- Rainer Stein, Berlin, Chairman of the Group Works Council HELIOS Kliniken GmbH
- Niko Stumpfögger, Zeuthen, Secretary of the Trade Union ver.di, Betriebs- und Branchenpolitik im Bereich Gesundheit und Soziales

BUSINESS SEGMENT FRESENIUS MEDICAL CARE

Fresenius Medical Care is the world's leading provider of services and products for patients with chronic kidney failure. As of June 30, 2008, Fresenius Medical Care was treating 179,340 patients in 2,318 dialysis clinics.

in million US$	Q2/2008	Q2/2007	Change in %	H1/2008	H1/2007	Change in %
Sales	**2,665**	2,404	11	**5,177**	4,725	10
EBITDA	**532**	477	12	**1,017**	926	10
EBIT	**429**	391	10	**818**	756	8
Net income	**211**	179	18	**397**	339	17
Employees				**66,486 (June 30, 2008)**	64,662 (Dec 31, 2007)	3

First half of 2008

- Strong growth in all regions
- Outlook 2008 fully confirmed

Fresenius Medical Care achieved sales growth of 10 % to US$ 5,177 million (H1 2007: US$ 4,725 million). Organic growth was 6 %. Currency translation effects had a positive impact of 4 %. Sales in dialysis care increased by 6 % to US$ 3,769 million (H1 2007: US$ 3,556 million). In dialysis products sales grew by 20 % to US$ 1,408 million (H1 2007: US$ 1,169 million).

In North America sales increased by 3 % to US$ 3,382 million (H1 2007: US$ 3,297 million). Dialysis services revenue increased by 2 % to US$ 3,028 million. Sales outside North America ("International" segment) grew by 26 % (12 % in constant currency) to US$ 1,795 million (H1 2007: US$ 1,428 million). Strong sales growth in constant currency was achieved in Asia-Pacific (+11 %), Europe (+12 %) and Latin America (+16 %).

EBIT rose by 8 % to US$ 818 million (H1 2007: US$ 756 million) resulting in an EBIT margin of 15.8 % (H1 2007: 16.0 %). This development mainly reflected higher research and development expenses. Reduced reimbursement rates for EPO and lower utilization of EPO as well as start-up cost for new clinics were offset by increases in underlying reimbursement rates, cost containment and continued strong performance of renal products including PhosLo.

Net income increased by 17 % to US$ 397 million (H1 2007: US$ 339 million).

Second quarter of 2008

Fresenius Medical Care increased sales by 11 % to US$ 2,665 million (Q2 2007: US$ 2,404 million). In constant currency, sales grew by 7 %. Organic sales growth was 7 %. Average revenue per treatment in the US was US$ 327 in the second quarter of 2008 (Q2 2007: US$ 327). In the first quarter of 2008, average revenue per treatment in the US was US$ 326. The sequential improvement in the revenue per treatment was due to an increase in EPO utilization. EBIT increased by 10 % to US$ 429 million (Q2 2007: US$ 391 million). Net income in Q2 2008 grew by 18 % to US$ 211 million (Q2 2007: US$ 179 million).

Full-year 2008 outlook

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

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

BUSINESS SEGMENT FRESENIUS KABI

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

in million €	**Q2/2008**	Q2/2007	Change in %	**H1/2008**	H1/2007	Change in %
Sales	**576**	503	15	**1,121**	986	14
EBITDA	**115**	101	14	**223**	197	13
EBIT	**94**	82	15	**181**	159	14
Net income	**51**	45	13	**97**	87	11
Employees				**18,323 (June 30, 2008)**	16,964 (Dec 31, 2007)	8

First half of 2008

- Excellent organic growth of 10 %
- Outlook 2008 fully confirmed

Fresenius Kabi increased sales by 14 % to € 1,121 million (H1 2007: € 986 million). Organic sales growth was 10 %. Net acquisitions contributed a further 7 % to sales. Currency translation effects had a negative impact of 3 %. This was mainly due to the depreciation of currencies in Great Britain, South Africa and China.

Organic sales growth in Europe (excluding Germany) was 7 %. In Germany organic sales growth was 2 %. In the Asia-Pacific region Fresenius Kabi again achieved significant organic sales growth of 27 %. Organic sales growth in Latin America was 9 % and in other regions 11 %.

EBIT grew by 14 % to € 181 million (H1 2007: € 159 million). The EBIT margin was 16.1 % (H1 2007: 16.1 %). Net income grew by 11 % to € 97 million (H1 2007: € 87 million).

Second quarter of 2008

In the second quarter of 2008, Fresenius Kabi increased sales by 15 % to € 576 million (Q2 2007: € 503 million). Fresenius Kabi reported strong organic sales growth of 11 %. EBIT grew by 15 % to € 94 million (Q2 2007: € 82 million). EBIT margin was 16.3 %. Net income increased by 13 % to € 51 million (Q2 2007: € 45 million).

Full-year 2008 outlook

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

On July 7, 2008, Fresenius SE announced that Fresenius Kabi has signed definitive agreements to acquire APP Pharmaceuticals, Inc. APP is a leading manufacturer of intravenously administered generic drugs (I.V. generics) in North America. The acquisition is an important step in Fresenius Kabi's growth strategy. Through the acquisition of APP, Fresenius Kabi enters the U.S. pharmaceuticals market and achieves a leading position in the global I.V. generics market. This North American platform provides further attractive growth opportunities for Fresenius Kabi's existing product portfolio.

BUSINESS SEGMENT FRESENIUS HELIOS

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

in million €	**Q2/2008**	Q2/2007	Change in %	**H1/2008**	H1/2007	Change in %
Sales	**531**	451	18	**1,040**	890	17
EBITDA	**65**	47	38	**120**	91	32
EBIT	**45**	36	25	**83**	68	22
Net income	**22**	15	47	**37**	26	42
Employees				**30,060 (June 30, 2008)**	30,043 (Dec 31, 2007)	0

First half of 2008

- Excellent sales and earnings growth
- Outlook 2008 fully confirmed

Fresenius Helios increased sales by 17 % to € 1,040 million (H1 2007: € 890 million). Acquisitions contributed 11% to overall sales growth. Organic growth was strong at 5 %*. This performance was driven by the significant growth in hospital admissions compared to the same period last year.

The integration of the HELIOS clinics Krefeld and Hüls made significant progress in the second quarter. The strong increase in hospital admissions of about 9 % in the first half of 2008 compared to the first half of 2007 reflects the operating progress achieved. The new Krefeld hospital construction plans were finalized in May 2008, setting the stage for an efficient state-of-the art facility.

EBIT grew strongly by 22 % to € 83 million (H1 2007: € 68 million) due to the very good financial performance of the established clinics. The EBIT margin increased to 8.0 % (H1 2007: 7.6 %). Net income improved by 42 % to € 37 million (H1 2007: € 26 million).

Sales at the established clinics rose by 5 %* to € 945 million. EBIT improved by 31 % to € 89 million. The EBIT margin was 9.4 % (H1 2007: 7.6 %). The acquired clinics (consolidation < 1 year) achieved sales of € 95 million and an EBIT of € -6 million.

Second quarter of 2008

Fresenius Helios reported sales growth of 18 % to € 531 million (Q2 2007: € 451 million). Organic sales growth was excellent at 6 %*. Acquisitions contributed 10 % to overall sales growth. EBIT increased by 25 % to € 45 million (Q2 2007: € 36 million). EBIT margin was 8.5 % (Q2 2007: 8.0 %). Net income grew by 47 % to € 22 million (Q2 2007: € 15 million).

Full-year 2008 outlook

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

* growth rate on a like for like basis

BUSINESS SEGMENT FRESENIUS VAMED

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

in million €	**Q2/2008**	Q2/2007	Change in %	**H1/2008**	H1/2007	Change in %
Sales	**103**	87	18	**177**	160	11
EBITDA	**6**	5	20	**11**	11	0
EBIT	**5**	4	25	**9**	9	0
Net income	**5**	4	25	**9**	8	13
Employees				**1,826 (June 30, 2008)**	1,767 (Dec 31, 2007)	3

First half of 2008

- Strong sales growth of 11 %; order intake doubled
- Outlook 2008 fully confirmed

In the first half of 2008, Fresenius Vamed achieved sales growth of 11 % to € 177 million (H1 2007: € 160 million). Acquisitions contributed 4 % to sales growth whereas divestitures had a negative impact of 4 %. Sales in the project business rose by 14 % to € 99 million (H1 2007: € 87 million). Sales in the service business improved by 7 % to € 78 million (H1 2007: € 73 million). Organic sales growth was 11 %.

EBIT was € 9 million (H1 2007: € 9 million). The EBIT margin was 5.1 % (H1 2007: 5.6 %). Net income increased by 13 % to € 9 million (H1 2007: € 8 million).

Order intake in the project business doubled to € 170 million (H1 2007: € 84 million). Order backlog as of June 30, 2008 was € 573 million, an increase of 12 % (December 31, 2007: € 510 million).

Second quarter of 2008

Fresenius Vamed reported sales growth of 18 % to € 103 million in Q2 2008 (Q2 2007: € 87 million). Organic sales growth was excellent at 21 %. EBIT rose by 25 % to € 5 million (Q2 2007: € 4 million). EBIT margin was 4.9 %, compared to 4.6 % in Q2 2007. Net income was € 5 million (Q2 2007: € 4 million), an increase of 25 %.

In the second quarter of 2008, Fresenius Vamed reported an order intake of € 45 million. An order of approximately € 25 million contributed to this growth. The order consists of the extension of a hospital in Oberndorf near Salzburg, Austria. Furthermore, Fresenius Vamed received their first order from Sri Lanka with a volume of about € 8 million regarding the supply of medical technical equipment for 25 hospitals.

Full-year 2008 outlook

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

FINANCIAL STATEMENTS

CONSOLIDATED STATEMENT OF INCOME (UNAUDITED)

in million €	**Q2/2008**	Q2/2007	**H1/2008**	H1/2007
Sales	**2,912**	2,825	**5,710**	5,592
Cost of sales	**-1,973**	-1,889	**-3,879**	-3,768
Gross profit	**939**	936	**1,831**	1,824
Selling, general and administrative expenses	**-488**	-493	**-957**	-960
Research and development expenses	**-47**	-43	**-93**	-84
Operating income (EBIT)	**404**	400	**781**	780
Net interest	**-83**	-90	**-167**	-185
Earnings before income taxes and minority interest	**321**	310	**614**	595
Income taxes	**-111**	-111	**-214**	-214
Minority interest	**-98**	-97	**-188**	-186
Net income	**112**	102	**212**	195
Basic earnings per ordinary share in €	**0.72**	0.66	**1.36**	1.26
Fully diluted earnings per ordinary share in €	**0.70**	0.65	**1.34**	1.24
Basic earnings per preference share in €	**0.73**	0.67	**1.37**	1.27
Fully diluted earnings per preference share in €	**0.71**	0.66	**1.35**	1.25

See accompanying Notes to the unaudited Consolidated Financial Statements.

CONSOLIDATED BALANCE SHEET (UNAUDITED)

in million €	June 30, 2008	December 31, 2007
Cash and cash equivalents	**341**	361
Trade accounts receivable, less allowance for doubtful accounts	**2,241**	2,159
Accounts receivable from and loans to related parties	**15**	8
Inventories	**974**	875
Prepaid expenses and other current assets	**664**	603
Deferred taxes	**270**	285
I. Total current assets	**4,505**	4,291
Property, plant and equipment	**3,077**	2,971
Goodwill	**6,934**	7,094
Other intangible assets	**553**	546
Other non-current assets	**288**	290
Deferred taxes	**134**	132
II. Total non-current assets	**10,986**	11,033
Total assets	**15,491**	15,324

Trade accounts payable	**455**	485
Short-term accounts payable to related parties	**5**	5
Short-term accrued expenses and other short-term liabilities	**1,971**	1,897
Short-term borrowings	**592**	362
Short-term loans from related parties	**–**	–
Current portion of long-term debt and liabilities from capital lease obligations	**143**	115
Current portion of Senior Notes	**100**	0
Current portion of trust preferred securities of Fresenius Medical Care Capital Trusts	**0**	455
Short-term accruals for income taxes	**144**	158
Deferred taxes	**31**	26
A. Total short-term liabilities	**3,441**	3,503
Long-term debt and liabilities from capital lease obligations, less current portion	**3,222**	2,887
Senior Notes, less current portion	**1,312**	1,434
Long-term accrued expenses and other long-term liabilities	**302**	326
Trust preferred securities of Fresenius Medical Care Capital Trusts, less current portion	**436**	446
Pension liabilities	**279**	270
Long-term accruals for income taxes	**92**	87
Deferred taxes	**334**	312
B. Total long-term liabilities	**5,977**	5,762
I. Total liabilities	**9,418**	9,265
II. Minority interest	**2,609**	2,644
Subscribed capital	**155**	155
Capital reserve	**1,753**	1,739
Other reserves	**1,745**	1,636
Accumulated other comprehensive loss	**-189**	-115
III. Total shareholders' equity	**3,464**	3,415
Total liabilities and shareholders' equity	**15,491**	15,324

See accompanying Notes to the unaudited Consolidated Financial Statements.

CONSOLIDATED CASH FLOW STATEMENT (UNAUDITED)

in million €	H1/2008	H1/2007
Cash provided by/used for operating activities		
Net income	212	195
Minority interest	188	186
Adjustments to reconcile net income to cash and cash equivalents provided by operating activities		
Depreciation and amortization	217	197
Change in deferred taxes	46	15
Gain/loss on sale of fixed assets	-9	–
Changes in assets and liabilities, net of amounts from businesses acquired or disposed of		
Change in trade accounts receivable, net	-118	-53
Change in inventories	-112	-104
Change in prepaid expenses and other current and non-current assets	-42	-5
Change in accounts receivable from/payable to related parties	-7	2
Change in trade accounts payable, accruals and other short-term and long-term liabilities	114	96
Change in accruals for income taxes	-8	24
Cash provided by operating activities	481	553
Cash provided by/used for investing activities		
Purchase of property, plant and equipment	-342	-313
Proceeds from the sale of property, plant and equipment	10	18
Acquisitions and investments, net of cash acquired and net purchases of intangible assets	-252	-213
Proceeds from divestitures	28	49
Cash used for investing activities	-556	-459
Cash provided by/used for financing activities		
Proceeds from short-term borrowings	43	247
Repayments of short-term borrowings	-144	-29
Repayments of borrowings from related parties	0	-1
Proceeds from long-term debt and liabilities from capital lease obligations	565	146
Repayments of long-term debt and liabilities from capital lease obligations	-81	-350
Repayments of trust preferred securities of Fresenius Medical Care Capital Trusts	-443	0
Changes of accounts receivable facility	336	105
Proceeds from the exercise of stock options	10	16
Dividends paid	-218	-188
Change in minority interest	-6	0
Exchange rate effect due to corporate financing	–	7
Cash provided by/used for financing activities	62	-47
Effect of exchange rate changes on cash and cash equivalents	-7	-2
Net decrease/increase in cash and cash equivalents	-20	45
Cash and cash equivalents at the beginning of the reporting period	361	261
Cash and cash equivalents at the end of the reporting period	341	306

See accompanying Notes to the unaudited Consolidated Financial Statements.

CONSOLIDATED STATEMENT OF SHAREHOLDERS' EQUITY (UNAUDITED)

	Ordinary shares		Preference shares		Subscribed capital	
	Number of shares (thousand)	Amount (thousand €)	Number of shares (thousand)	Amount (thousand €)	Amount (thousand €)	Amount (million €)
As of December 31, 2006	**77,177**	**77,177**	**77,177**	**77,177**	**154,354**	**154**
Proceeds from the exercise of stock options	196	196	196	196	392	1
Compensation expense related to stock options						
Dividends paid						
Comprehensive income (loss)						
Net income						
Other comprehensive income (loss) related to						
Cash flow hedges						
Foreign currency translation						
Adjustments relating to pension obligation						
Comprehensive income (loss)						
As of June 30, 2007	**77,373**	**77,373**	**77,373**	**77,373**	**154,746**	**155**
As of December 31, 2007	**77,582**	**77,582**	**77,582**	**77,582**	**155,164**	**155**
Proceeds from the exercise of stock options	97	97	97	97	194	–
Compensation expense related to stock options						
Dividends paid						
Comprehensive income (loss)						
Net income						
Other comprehensive income (loss) related to						
Cash flow hedges						
Foreign currency translation						
Adjustments relating to pension obligation						
Comprehensive income (loss)						
As of June 30, 2008	**77,679**	**77,679**	**77,679**	**77,679**	**155,358**	**155**

See accompanying Notes to the unaudited Consolidated Financial Statements.

CONSOLIDATED STATEMENT OF SHAREHOLDERS' EQUITY (UNAUDITED)

	Reserves		Other comprehensive income (loss)			
	Capital reserve (million €)	Other reserves (million €)	Foreign currency translation (million €)	Cash flow hedges (million €)	Pensions (million €)	Total shareholders' equitiy (million €)
As of December 31, 2006	**1,702**	**1,315**	**34**	**30**	**-67**	**3,168**
Proceeds from the exercise of stock options	9					10
Compensation expense related to stock options	7					7
Dividends paid		-89				-89
Comprehensive income (loss)						
Net income		195				195
Other comprehensive income (loss) related to						
Cash flow hedges				7		7
Foreign currency translation			-34			-34
Adjustments relating to pension obligation					3	3
Comprehensive income (loss)		195	-34	7	3	171
As of June 30, 2007	**1,718**	**1,421**	**–**	**37**	**-64**	**3,267**
As of December 31, 2007	**1,739**	**1,636**	**-86**	**-9**	**-20**	**3,415**
Proceeds from the exercise of stock options	5					5
Compensation expense related to stock options	9					9
Dividends paid		-103				-103
Comprehensive income (loss)						
Net income		212				212
Other comprehensive income (loss) related to						
Cash flow hedges				6		6
Foreign currency translation			-79			-79
Adjustments relating to pension obligation					-1	-1
Comprehensive income (loss)		212	-79	6	-1	138
As of June 30, 2008	**1,753**	**1,745**	**-165**	**-3**	**-21**	**3,464**

See accompanying Notes to the unaudited Consolidated Financial Statements.

SEGMENT REPORTING FIRST HALF

by business segment, in million €	Fresenius Medical Care 2008	2007	Change	Fresenius Kabi 2008	2007	Change	Fresenius Helios 2008	2007[1]	Change	Fresenius Vamed 2008	2007[1]	Change	Corporate/Other 2008	2007[1]	Change	Fresenius Group 2008	2007	Change
Sales	3,382	3,554	-5%	1,121	986	14%	1,040	890	17%	177	160	11%	-10	2	--	5,710	5,592	2%
thereof contribution to consolidated sales	3,380	3,553	-5%	1,104	964	15%	1,040	890	17%	177	160	11%	9	25	-64%	5,710	5,592	2%
thereof intercompany sales	2	1	100%	17	22	-23%	0	0	0%	0	0	0%	-19	-23	17%	0	0	
contribution to consolidated sales	59%	64%		20%	17%		18%	16%		3%	3%		0%	0%		100%	100%	
EBITDA	664	697	-5%	223	197	13%	120	91	32%	11	11	0%	-20	-19	-5%	998	977	2%
Depreciation and amortization	130	129	1%	42	38	11%	37	23	61%	2	2	0%	6	5	20%	217	197	10%
EBIT	534	568	-6%	181	159	14%	83	68	22%	9	9	0%	-26	-24	-8%	781	780	0%
Net interest	-108	-140	23%	-34	-24	-42%	-30	-23	-30%	3	2	50%	2	0	--	-167	-185	10%
Net income	259	255	2%	97	87	11%	37	26	42%	9	8	13%	-190	-181	-5%	212	195	9%
Operating cash flow	262	382	-31%	90	62	45%	122	105	16%	41	24	71%	-34	-20	-70%	481	553	-13%
Cash flow before acquisitions and dividends	45	204	-78%	44	8	--	61	47	30%	39	22	77%	-40	-23	-74%	149	258	-42%
Total assets[2]	9,459	9,626	-2%	2,549	2,310	10%	3,077	3,072	0%	419	390	7%	-13	-74	82%	15,491	15,324	1%
Debt[2]	3,771	3,833	-2%	1,292	1,121	15%	1,087	1,136	-4%	0	0	0%	-345	-391	12%	5,805	5,699	2%
Capital expenditure	224	187	20%	37	44	-16%	62	66	-6%	2	3	-33%	7	2	--	332	302	10%
Acquisitions	88	92	-4%	163	38	--	0	84	-100%	11	6	83%	30	3	--	292	223	31%
Research and development expenses	26	21	24%	44	40	10%	0	1	-100%	0	0	0%	23	22	5%	93	84	11%
Employees (Per capita on balance sheet date)[2]	66,486	64,662	3%	18,323	16,964	8%	30,060	30,043	0%	1,826	1,767	3%	758	745	2%	117,453	114,181	3%
Key figures																		
EBITDA margin	19.6%	19.6%		19.9%	20.0%		11.5%	10.2%		6.2%	6.9%					17.5%	17.5%	
EBIT margin	15.8%	16.0%		16.1%	16.1%		8.0%	7.6%		5.1%	5.6%					13.7%	13.9%	
Depreciation and amortization in % of sales	3.8%	3.6%		3.7%	3.9%		3.6%	2.6%		1.1%	1.3%					3.8%	3.5%	
Operating cash flow in % of sales	7.7%	10.8%		8.0%	6.3%		11.7%	11.8%		23.2%	15.0%					8.4%	9.9%	
ROOA[2]	12.4%	12.5%		16.7%	17.7%		6.0%	5.6%		13.8%	22.8%					10.9%	11.4%	

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

The segment reporting is an integral part of the Notes.
The following Notes are an integral part of the unaudited Consolidated Financial Statements.

SEGMENT REPORTING SECOND QUARTER

by business segment, in million €	Fresenius Medical Care 2008	2007	Change	Fresenius Kabi 2008	2007	Change	Fresenius Helios 2008	2007[1]	Change	Fresenius Vamed 2008	2007[1]	Change	Corporate/Other 2008	2007[1]	Change	Fresenius Group 2008	2007	Change
Sales	**1,706**	1,783	-4 %	**576**	503	15 %	**531**	451	18 %	**103**	87	18 %	**-4**	1	--	**2,912**	2,825	3 %
thereof contribution to consolidated sales	**1,705**	1,782	-4 %	**568**	492	15 %	**531**	451	18 %	**103**	87	18 %	**5**	13	-62 %	**2,912**	2,825	3 %
thereof intercompany sales	**1**	1	0 %	**8**	11	-27 %	**0**	0	0 %	**0**	0	0 %	**-9**	-12	25 %	**0**	0	
contribution to consolidated sales	**59 %**	63 %		**19 %**	18 %		**18 %**	16 %		**4 %**	3 %		**0 %**	0 %		**100 %**	100 %	
EBITDA	**340**	354	-4 %	**115**	101	14 %	**65**	47	38 %	**6**	5	20 %	**-11**	-9	-22 %	**515**	498	3 %
Depreciation and amortization	**65**	64	2 %	**21**	19	11 %	**20**	11	82 %	**1**	1	0 %	**4**	3	33 %	**111**	98	13 %
EBIT	**275**	290	-5 %	**94**	82	15 %	**45**	36	25 %	**5**	4	25 %	**-15**	-12	-25 %	**404**	400	1 %
Net interest	**-53**	-68	22 %	**-17**	-12	-42 %	**-15**	-11	-36 %	**2**	1	100 %	**0**	0	0 %	**-83**	-90	8 %
Net income	**135**	133	2 %	**51**	45	13 %	**22**	15	47 %	**5**	4	25 %	**-101**	-95	-6 %	**112**	102	10 %
Operating cash flow	**134**	166	-19 %	**48**	43	12 %	**80**	66	21 %	**-39**	-1	--	**-20**	-8	-150 %	**203**	266	-24 %
Cash flow before acquisitions and dividends	**19**	70	-73 %	**30**	19	58 %	**46**	26	77 %	**-40**	-2	--	**-23**	-11	-109 %	**32**	102	-69 %
Capital expenditure	**118**	99	19 %	**21**	24	-13 %	**33**	37	-11 %	**1**	2	-50 %	**5**	1	--	**178**	163	9 %
Acquisitions	**38**	20	90 %	**37**	38	-3 %	**0**	9	-100 %	**1**	1	0 %	**0**	-1	100 %	**76**	67	13 %
Research and development expenses	**13**	11	18 %	**22**	21	5 %	**0**	1	-100 %	**0**	0	0 %	**12**	10	20 %	**47**	43	9 %
Key figures																		
EBITDA margin	**19.9 %**	19.8 %		**20.0 %**	20.1 %		**12.2 %**	10.4 %		**5.8 %**	5.7 %					**17.7 %**	17.6 %	
EBIT margin	**16.1 %**	16.3 %		**16.3 %**	16.3 %		**8.5 %**	8.0 %		**4.9 %**	4.6 %					**13.9 %**	14.2 %	
Depreciation and amortization in % of sales	**3.8 %**	3.6 %		**3.6 %**	3.8 %		**3.8 %**	2.4 %		**1.0 %**	1.1 %					**3.8 %**	3.5 %	
Operating cash flow in % of sales	**7.9 %**	9.4 %		**8.3 %**	8.5 %		**15.1 %**	14.6 %		**-37.9 %**	-1.1 %					**7.0 %**	9.4 %	

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

The segment reporting is an integral part of the Notes.
The following Notes are an integral part of the unaudited Consolidated Financial Statements.

FRESENIUS

CONTENTS 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 June 30, 2008:

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

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

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

II. BASIS OF PRESENTATION

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

Since January 1, 2005, Fresenius SE as a stock exchange listed company with a domicile in a member state of the European Union fulfills its obligation to prepare and publish the consolidated financial statements in accordance with the International Financial Reporting Standards (IFRS) applying Section 315a of the German Commercial Code (HGB). Simultaneously, the Fresenius Group voluntarily prepares and publishes the consolidated financial statements in accordance with US GAAP.

III. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Principles of consolidation

The consolidated financial statements for the first half and the second quarter ended June 30, 2008 have not been audited and should be read in conjunction with the notes included in the consolidated financial statements as of December 31, 2007, published in the 2007 Annual Report. There have been no major changes in the entities consolidated.

The consolidated financial statements for the first half and the second quarter ended June 30, 2008 include all adjustments that, in the opinion of the Management Board, are of a normal and recurring nature, necessary to provide an appropriate view of the assets and liabilities, financial position and results of operations of the Fresenius Group.

The results of operations for the first half ended June 30, 2008 are not necessarily indicative of the results of operations for the fiscal year 2008 ending December 31, 2008.

Classification

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

Use of estimates

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

IV. NEW ACCOUNTING STANDARDS

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

The fair value option:

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

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

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

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

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

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

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

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

In June 2008, FASB issued **Emerging Issues Task Force (EITF) Issue No. 08-3**, Accounting by Lessees for Maintenance Deposits under Lease Arrangements. EITF 08-3 rules how to account for maintenance deposits when the excess amounts on the deposit at the expiration of the lease are to be retained by the lessor (non-refundable maintenance deposits). According to EITF 08-3, all non-refundable maintenance deposits shall be accounted for as deposits. For the Fresenius Group, this standard is effective for interim periods and fiscal years beginning after December 15, 2008. The Fresenius Group is currently evaluating the impact of this standard on its consolidated financial statements.

2. ACQUISITIONS

The Fresenius Group made acquisitions of € 292 million and € 223 million in the first half of 2008 and the first half of 2007, respectively. Of this amount, € 252 million were paid in cash and € 37 million were assumed obligations in the first half of 2008.

In the first half of 2008, acquisitions of Fresenius Medical Care in an amount of € 88 million related mainly to the purchase of dialysis clinics.

In the first half of 2008, Fresenius Kabi spent € 163 million which mainly referred to the acquisitions of Ribbon S.r.L., Italy, and Laboratorio Sanderson S.A., Chile.

In April 2008, Fresenius Kabi has entered into agreements to acquire 73.3 % of the share capital of the Indian company Dabur Pharma Ltd. for a price of Indian rupee 76.50 per share in cash (total amount: € 139 million). In accordance with Indian regulations, Fresenius Kabi also announced a public offer to acquire up to a further 20 % shareholding for a price of Indian rupee 76.50 per share in cash. Meanwhile, the public offer was successfully completed. Upon closing of the transaction expected in August 2008, Fresenius Kabi will hold about 90 % of the shares.

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

NOTES ON THE CONSOLIDATED STATEMENT OF INCOME

3. SALES

Sales by activity were as follows:

in million €	H1/2008	H1/2007
Sales of services	**3,602**	3,657
Sales of products and related goods	**2,007**	1,820
Sales from long-term production contracts	**101**	115
Other sales	**–**	0
Sales	**5,710**	5,592

4. TAXES

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

Fresenius SE and its subsidiaries are subject to tax audits on a regular basis. On May 28, 2008, Fresenius Medical Care entered into a settlement agreement with the Internal Revenue Service (IRS) to resolve its appeal of the IRS's disallowance of deductions for the civil settlement payments made to qui tam relators in connection with the resolution of the 2000 investigation. The settlement agreement, which provides for a refund to Fresenius Medical Care of approximately US$ 24 million (€ 15 million) plus interest, is subject to approval by the US Congress Joint Committee on Taxation. The settlement agreement preserves Fresenius Medical Care´s right to continue to pursue claims for refund of all other disallowed deductions. Furthermore, during the first half of 2008, there were no material changes according to tax audits, 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 2007 Annual Report.

5. EARNINGS PER SHARE

The following table is a reconciliation of the numerators and denominators of the basic and diluted earnings per share computations and shows the basic and fully diluted earnings per ordinary and preference share for the first half ending June 30.

	H1/2008	H1/2007
Numerators in million €		
Net income	**212**	195
less preference on preference shares	**1**	1
less effect from dilution due to Fresenius Medical Care shares	**–**	1
Income available to all classes of shares	**211**	193
Denominators in number of shares		
Weighted-average number of ordinary shares outstanding	**77,622,751**	77,271,249
Weighted-average number of preference shares outstanding	**77,622,751**	77,271,249
Weighted-average number of shares outstanding of all classes	**155,245,502**	154,542,498
Potentially dilutive ordinary shares	**719,325**	971,947
Potentially dilutive preference shares	**719,325**	971,947
Weighted-average number of ordinary shares outstanding assuming dilution	**78,342,076**	78,243,196
Weighted-average number of preference shares outstanding assuming dilution	**78,342,076**	78,243,196
Weighted-average number of shares outstanding of all classes assuming dilution	**156,684,152**	156,486,392
Basic earnings per ordinary share in €	**1.36**	1.26
Preference per preference share in €	**0.01**	0.01
Basic earnings per preference share in €	**1.37**	1.27
Fully diluted earnings per ordinary share in €	**1.34**	1.24
Preference per preference share in €	**0.01**	0.01
Fully diluted earnings per preference share in €	**1.35**	1.25

NOTES ON THE CONSOLIDATED BALANCE SHEET

6. CASH AND CASH EQUIVALENTS

As of June 30, 2008 and December 31, 2007, cash and cash equivalents were as follows:

in million €	June 30, 2008	December 31, 2007
Cash	331	349
Securities (with a maturity of up to 90 days)	10	12
Cash and cash equivalents	341	361

As of June 30, 2008 and December 31, 2007, committed funds of € 63 million and € 65 million, respectively, were included in cash and cash equivalents.

7. TRADE ACCOUNTS RECEIVABLE

As of June 30, 2008 and December 31, 2007, trade accounts receivable were as follows:

in million €	June 30, 2008	December 31, 2007
Trade accounts receivable	2,471	2,382
less allowance for doubtful accounts	230	223
Trade accounts receivable, net	2,241	2,159

8. INVENTORIES

As of June 30, 2008 and December 31, 2007, inventories consisted of the following:

in million €	June 30, 2008	December 31, 2007
Raw materials and purchased components	228	200
Work in process	151	125
Finished goods	595	550
Inventories	974	875

9. GOODWILL AND OTHER INTANGIBLE ASSETS

As of June 30, 2008 and December 31, 2007, intangible assets, split into amortizable and non-amortizable intangible assets, consisted of the following:

Amortizable intangible assets

	June 30, 2008			December 31, 2007		
in million €	Acquisition cost	Accumulated amortization	Carrying amount	Acquisition cost	Accumulated amortization	Carrying amount
Non-compete agreements	139	87	52	144	88	56
Technology	63	5	58	68	3	65
Other	398	253	145	347	239	108
Total	600	345	255	559	330	229

Non-amortizable intangible assets

in million €	June 30, 2008 Acquisition cost	Accumulated amortization	Carrying amount	December 31, 2007 Acquisition cost	Accumulated amortization	Carrying amount
Tradenames	**159**	**0**	**159**	168	0	168
Management contracts	**139**	**0**	**139**	149	0	149
Goodwill	**6,938**	**4**	**6,934**	7,098	4	7,094
Total	**7,236**	**4**	**7,232**	7,415	4	7,411

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

in million €	Q3–4/2008	2009	2010	2011	2012	Q1–2/2013
Estimated amortization expenses	19	34	30	28	26	10

The carrying amount of goodwill has developed as follows:

in million €	
Carrying amount as of January 1, 2008	**7,094**
Additions	148
Disposals	-4
Foreign currency translation	-304
Carrying amount as of June 30, 2008	**6,934**

10. DEBT AND LIABILITIES FROM CAPITAL LEASE OBLIGATIONS

SHORT-TERM BORROWINGS

Short-term borrowings of € 592 million and € 362 million at June 30, 2008 and December 31, 2007, respectively, consisted of € 212 million borrowed by certain subsidiaries of the Fresenius Group under lines of credit with commercial banks and US$ 599 million (€ 380 million) outstanding short-term borrowings under the accounts receivable facility of Fresenius Medical Care. In addition, Fresenius SE has a commercial paper program which was not utilized at June 30, 2008.

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

LONG-TERM DEBT AND LIABILITIES FROM CAPITAL LEASE OBLIGATIONS

As of June 30, 2008 and December 31, 2007, long-term debt and liabilities from capital lease obligations consisted of the following:

in million €	**June 30, 2008**	December 31, 2007
Fresenius Medical Care 2006 Senior Credit Agreement	**2,060**	2,151
Euro Notes	**800**	440
European Investment Bank Agreements	**253**	169
Capital lease obligations	**42**	42
Other	**210**	200
Subtotal	**3,365**	3,002
less current portion	**143**	115
Long-term debt and liabilities from capital lease obligations, less current portion	**3,222**	2,887

Fresenius Medical Care 2006 Senior Credit Agreement

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

The following table shows the available and outstanding amounts under the Fresenius Medical Care 2006 Senior Credit Agreement at June 30, 2008 and December 31, 2007:

	Maximum amount available		Balance outstanding	
in million US$	**June 30, 2008**	Dec 31, 2007	**June 30, 2008**	Dec 31, 2007
Revolving Credit	**1,000**	1,000	**119**	38
Term Loan A	**1,550**	1,550	**1,550**	1,550
Term Loan B	**1,578**	1,578	**1,578**	1,578
Total	**4,128**	4,128	**3,247**	3,166

In addition, at June 30, 2008 and December 31, 2007, US$ 100 million and US$ 87 million, respectively, were utilized as letters of credit which are not included as part of the balances outstanding at those dates.

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

As of June 30, 2008, Fresenius Medical Care was in compliance with all financial covenants under the Fresenius Medical Care 2006 Senior Credit Agreement.

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

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

Euro Notes

As of June 30, 2008, Euro Notes (Schuldscheindarlehen) of the Fresenius Group consisted of the following:

	Maturity	Interest rate	**Notional amount in million €**
Fresenius Finance B.V. 2007/2012	July 2, 2012	5.51 %	**26**
Fresenius Finance B.V. 2007/2012	July 2, 2012	variable	**74**
Fresenius Finance B.V. 2007/2014	July 2, 2014	5.75 %	**38**
Fresenius Finance B.V. 2007/2014	July 2, 2014	variable	**62**
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. 2008/2014	April 2, 2014	5.98 %	**112**
Fresenius Finance B.V. 2008/2014	April 2, 2014	variable	**88**
FMC Finance S.à.r.l. Luxembourg IV 2005/2009	July 27, 2009	4.57 %	**126**
FMC Finance S.à.r.l. Luxembourg IV 2005/2009	July 27, 2009	variable	**74**
Euro Notes			**800**

The notional amount of the Euro Notes equals the book value. In April 2008, Fresenius Finance B.V. issued Euro Notes in an amount of € 400 million in four tranches with four and six year terms. The proceeds from the issuance of the Euro Notes were mainly utilized to redeem Euro Notes of € 40 million that were due in May 2008 as well as for the repayment of short-term debt and general corporate purposes.

European Investment Bank Agreements

The following table shows the outstanding amounts under the European Investment Bank (EIB) facilities as of June 30, 2008:

	Maximum amount available in million €	Maturity	**Book value in million €**
Fresenius SE	96	2013	**40**
FMC-AG & Co. KGaA	221	2013/2014	**121**
HELIOS Kliniken GmbH	96	2019	**92**
Loans from EIB	413		**253**

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

CREDIT LINES

In addition to the financial liabilities described before, the Fresenius Group maintains additional credit facilities which have not been utilized, or have only been utilized in part as of reporting date. As of June 30, 2008, the additional financial cushion resulting from unutilized credit facilities was more than € 1.2 billion.

11. SENIOR NOTES

As of June 30, 2008, Senior Notes of the Fresenius Group consisted of the following:

	Notional amount	Maturity	Interest rate	**Book value in million €**
Fresenius Finance B.V. 2003/2009	€ 100 million	April 30, 2009	7.50 %	**100**
Fresenius Finance B.V. 2006/2013	€ 500 million	Jan 31, 2013	5.00 %	**500**
Fresenius Finance B.V. 2006/2016	€ 500 million	Jan 31, 2016	5.50 %	**500**
FMC Finance III S.A. 2007/2017	US$ 500 million	July 15, 2017	$6\frac{7}{8}$ %	**312**
Senior Notes				**1,412**

As of June 30, 2008, the Fresenius Group was in compliance with all financial covenants under the terms of its Senior Notes. The Senior Notes issued by Fresenius Finance B.V. which mature on April 30, 2009 are classified as short-term liability and shown as current portion in the balance sheet.

12. PENSIONS AND SIMILAR OBLIGATIONS

DEFINED BENEFIT PENSION PLANS

At June 30, 2008, the pension liability of the Fresenius Group was € 289 million. The current portion of the pension liability in an amount of € 10 million is recognized in the balance sheet as short-term accrued expenses and other short-term liabilities. The non-current portion of € 279 million is recorded as pension liabilities. At June 30, 2008, prepaid pension costs in an amount of € 12 million related to the North American pension plan and are recorded within other non-current assets.

70 % of the pension liabilities in an amount of € 289 million relate to the "Versorgungsordnung der Fresenius-Unternehmen" established in 1988, which applies for most of the German entities of the Fresenius Group except Fresenius Helios. The rest of the pension liabilities relates to individual plans from entities of Fresenius Helios in Germany and non-German Group entities. Fresenius Medical Care Holdings, Inc., a subsidiary of Fresenius Medical Care, has a defined benefit pension plan for its employees in the United States and supplemental executive retirement plans.

Contributions to the Fresenius Group's pension fund were € 2 million in the first half of 2008. The Fresenius Group expects approximately € 5 million contributions to the pension fund during 2008.

Defined benefit pension plans' net periodic benefit costs of € 15 million were comprised of the following components:

in million €	**H1/2008**	H1/2007
Interest cost	**14**	13
Service cost	**8**	9
Amortization of unrealized actuarial losses, net	**1**	3
Amortization of prior service costs	**–**	–
Amortization of transition obligations	**–**	–
Settlement loss	**0**	–
Expected return on plan assets	**-8**	-8
Net periodic benefit cost	**15**	17

The following weighted-average assumptions were used in determining net periodic benefit cost for the first half ended June 30:

in %	**H1/2008**	H1/2007
Discount rate	**5.80**	5.02
Expected return of plan assets	**7.03**	7.07
Rate of compensation increase	**3.66**	3.75

Pension liabilities at June 30, 2008 and December 31, 2007 related to the following geographical regions:

in million €	**June 30, 2008**	December 31, 2007
Germany	**253**	244
Europe (excluding Germany)	**35**	34
North America	**0**	0
Asia-Pacific	**–**	–
Latin America	**1**	1
Africa	**0**	0
Total pension liabilities	**289**	279

13. TRUST PREFERRED SECURITIES

Fresenius Medical Care issued trust preferred securities through Fresenius Medical Care Capital Trusts. The sole asset of each trust is a senior subordinated note of FMC-AG & Co. KGaA or a wholly-owned subsidiary of FMC-AG & Co. KGaA. As of June 30, 2008, Fresenius Medical Care was in compliance with all financial covenants under all trust preferred securities agreements.

The trust preferred securities outstanding as of June 30, 2008 and December 31, 2007 were as follows:

	Year issued	Stated amount	Interest rate	Mandatory redemption date	**June 30, 2008 in million €**	Dec 31, 2007 in million €
Fresenius Medical Care Capital Trust II	1998	US$ 450 million	7⅞%	Feb 1, 2008	**0**	301
Fresenius Medical Care Capital Trust III	1998	DM 300 million	7⅜%	Feb 1, 2008	**0**	154
Fresenius Medical Care Capital Trust IV	2001	US$ 225 million	7⅞%	Jun 15, 2011	**138**	149
Fresenius Medical Care Capital Trust V	2001	€ 300 million	7⅜%	Jun 15, 2011	**298**	297
Trust preferred securities					**436**	901

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

14. MINORITY INTEREST

Minority interest in the Group was as follows:

in million €	**June 30, 2008**	December 31, 2007
Minority interest in FMC-AG & Co. KGaA	**2,368**	2,426
Minority interest in VAMED AG	**25**	25
Minority interest in HELIOS Kliniken GmbH	**4**	8
Minority interest in the business segments		
Fresenius Medical Care	**89**	72
Fresenius Helios	**89**	85
Fresenius Kabi	**33**	27
Fresenius Vamed	**1**	1
Corporate/Other	**–**	–
Total minority interest	**2,609**	2,644

In the first half of 2008, minority interest decreased by € 35 million to € 2,609 million. The change resulted from negative currency effects as well as first-time consolidations in a total amount of € 108 million and from the minorities' share of profit of € 188 million as well as proportionate dividend payments of € 115 million.

15. SHAREHOLDERS' EQUITY

SUBSCRIBED CAPITAL

During the first half of 2008, 192,666 stock options were exercised. Accordingly, at June 30, 2008, the subscribed capital of Fresenius SE was divided into 77,678,718 bearer ordinary shares and 77,678,718 non-voting bearer preference shares. The shares are issued as non-par value shares. The proportionate amount of the subscribed capital is € 1.00 per share.

CONDITIONAL CAPITAL

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

On May 21, 2008, Fresenius SE's Annual General Meeting has resolved upon the Fresenius SE Stock Option Plan 2008 (2008 Plan) by authorizing the granting of subscription rights to members of the Management Board and managerial employees of the Company and affiliated companies. To fulfill the subscription rights under the 2008 Plan, the subscribed capital of Fresenius SE was increased conditionally by up to € 6.2 million through the issue of up to 3.1 million no par value bearer ordinary shares and 3.1 million no par value bearer preference shares (Conditional Capital III). The change in Fresenius SE's Articles of Association with regard to the Conditional Capital III became effective after its registration in the commercial register on July 11, 2008.

The following table shows the development of the Conditional Capital:

in €	Ordinary Shares	Preference Shares	Total
Conditional Capital I Fresenius AG Stock Option Plan 1998	768,306.00	768,306.00	1,536,612.00
Conditional Capital II Fresenius AG Stock Option Plan 2003	2,364,711.00	2,364,711.00	4,729,422.00
Total Conditional Capital as of January 1, 2008	**3,133,017.00**	**3,133,017.00**	**6,266,034.00**
Fresenius AG Stock Option Plan 1998 – options exercised	-58,467.00	-58,467.00	-116,934.00
Fresenius AG Stock Option Plan 2003 – options exercised	-37,866.00	-37,866.00	-75,732.00
Total Conditional Capital as of June 30, 2008	**3,036,684.00**	**3,036,684.00**	**6,073,368.00**

DIVIDENDS

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

In May 2008, a dividend of € 0.66 per bearer ordinary share and € 0.67 per bearer preference share was approved by Fresenius SE's shareholders at the Annual General Meeting and paid. The total dividend payment was € 103 million.

OTHER NOTES

16. LEGAL PROCEEDINGS

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

COMMERCIAL LITIGATION

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

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

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

No admission of liability has been or will be made. The Settlement Agreement has been approved by the U.S. District Court. Subsequent to the Merger, W.R. Grace & Co. was involved in a multi-step transaction involving Sealed Air Corporation (Sealed Air, formerly: Grace Holding, Inc.). Fresenius Medical Care is engaged in litigation with Sealed Air to confirm its entitlement to indemnification from Sealed Air for all losses and expenses incurred by Fresenius Medical Care relating to pre-Merger tax liabilities and Merger-related claims. Under the Settlement Agreement, upon confirmation of a plan that satisfies the conditions of Fresenius Medical Care's payment obligation, this litigation will be dismissed with prejudice.

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

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

Gambro Pty Limited and Gambro Lundia AB (Gambro AB, together with Gambro Pty Limited: Gambro Group) commenced litigation against FMC-AG & Co.KGaA's Australian subsidiary, Fresenius Medical Care Australia Pty Limited (Fresenius Medical Care Australia) regarding infringement and damages with respect to a Gambro AB patent protecting intellectual property in relation to a system for preparation of dialysis or replacement fluid, the Gambro Bicart device in Australia (Gambro Patent). As a result of the commercialization of a system for the preparation of dialysis fluid based on the Fresenius Medical Care Bibag device in Australia, the Australian courts concluded that Fresenius Medical Care Australia infringed the Gambro Patent. In May 2008, the Gambro Group and Fresenius Medical Care Australia and FMC-AG & Co. KGaA entered into a Deed of Settlement and Release pursuant to which Fresenius Medical Care made certain cash payments to the Gambro Group and pursuant to which the proceedings and all claims under the Gambro Patent, including any claims for relief for losses alleged to have been incurred after the expiry of the Gambro Patent, were resolved.

Two patent infringement actions have been pending in Germany between Gambro Industries (Gambro) on the one side and Fresenius Medical Care Deutschland GmbH (FMC D-GmbH) and FMC-AG & Co. KGaA on the other side (hereinafter collectively: Fresenius Medical Care). Gambro herein alleged patent infringements concerning a patent on a device for the preparation of medical solutions by Fresenius Medical Care. The first case was dismissed as being unfounded. Such decision has already become final. In the second case, the District Court of Mannheim rendered a judgement on June 27, 2008 deciding in favor of Gambro and declaring that Fresenius Medical Care has infringed a patent claim. Accordingly, the court ordered Fresenius Medical Care to pay compensation (to be determined in a separate court proceeding) for alleged infringement and to stop offering the alleged patent infringing technology in its current form in Germany. Such verdict could be enforced provisionally by way of security to be deposited by Gambro, however, Fresenius Medical Care has received no notice that Gambro has applied for provisional enforceability, as yet. FMC D-GmbH brought an invalidity action in the Federal German Patent Court (BPatG) against Gambro's patent. This case is currently pending with the Federal Court of Justice as the court of appeal. Fresenius Medical Care has also filed an appeal against the District Court's verdict. Irrespective of the outcome of the appeal, Fresenius Medical Care pursues to develop design modifications to the concerned devices that

Fresenius Medical Care expects will enable it to provide an alternative technical solution. In view of the pending appeal against BPatG's verdict and Fresenius Medical Care's appeal against the District Court's verdict, Fresenius Medical Care continues to believe that the alleged patent infringing technology does not infringe any valid patent claims of Gambro.

OTHER LITIGATION AND POTENTIAL EXPOSURES

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

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

FMCH and its subsidiaries, including RCG (prior to the RCG acquisition), received a subpoena from the U.S. Department of Justice, Eastern District of Missouri, in connection with a joint civil and criminal investigation. FMCH received its subpoena in April 2005. RCG received its subpoena in August 2005. The subpoenas require production of a broad range of documents relating to FMCH's and RCG's operations, with specific attention to documents related to clinical quality programs, business development activities, medical director compensation and physician relationships, joint ventures, and anemia management programs, RCG's supply company, pharmaceutical and other services that RCG provides to patients, RCG's relationships to pharmaceutical companies, and RCG's purchase of dialysis equipment from FMCH. The Office of the Inspector General of the U.S. Department of Health and Human

Services and the U.S. Attorney’s office for the Eastern District of Texas have also confirmed that they are participating in the review of the anemia management program issues raised by the U.S. Attorney’s office for the Eastern District of Missouri. On July 17, 2007, the U.S. Attorney’s office filed a civil complaint against RCG and FMCH in its capacity as RCG’s current corporate parent in the United States District Court, Eastern District of Missouri. The complaint seeks monetary damages and penalties with respect to issues arising out of the operation of RCG’s Method II supply company through 2005, prior to the date of FMCH’s acquisition of RCG. The complaint is styled United States of America ex rel. Julie Williams et al. vs. Renal Care Group, Renal Care Group Supply Company and FMCH. Fresenius Medical Care believes that RCG’s operation of its Method II supply company was in compliance with applicable law and will defend this litigation vigorously. Fresenius Medical Care will continue to cooperate in the ongoing investigation.

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

In August 2007, the Sheet Metal Workers National Pension Fund filed a complaint in the United States District Court for the Central District of California, Western Division (Los Angeles), alleging that Amgen, Inc., Fresenius Medical Care and Davita, Inc. marketed Amgen’s products, Epogen® and Aranesp®, to hemodialysis patients for uses not approved by the FDA and thereby caused a putative class of commercial insurers to pay for unnecessary prescriptions of these products. Although the court dismissed the original allegations against Fresenius Medical Care, it granted plaintiff leave to amend and this litigation was subsequently consolidated with other cases against Epogen® and Aranesp® Off-Label Marketing and Sales Practices Multidistrict Litigation and assigned to the Central District of California. On July 2, 2008, a consolidated complaint was filed in the Multidistrict Litigation that renews allegations against Fresenius Medical Care and DaVita, in addition to those against Amgen.

On November 27, 2007, the United States District Court for the Western District of Texas (El Paso) unsealed and permitted service of two complaints previously filed under seal by a qui tam relator, a former FMCH local clinic employee (Qui tam is a legal provision under the United States False Claims Act, which allows for private individuals to bring suit on behalf of the U.S. federal government, as far as such individuals believe to have knowledge of presumable fraud committed by third parties). The first complaint alleges that a nephrologist unlawfully employed in his practice an assistant to perform patient care tasks that the assistant was not licensed to perform and that Medicare billings by the nephrologist and FMCH therefore violated the False Claims Act. The second complaint alleges that FMCH unlawfully retaliated against the relator by discharging her from employment constructively.

The United States Attorney for the Western District of Texas has declined to intervene and to prosecute on behalf of the United States. Counsel for the nephrologist has asserted that a criminal investigation of the relator's allegations is continuing and has moved the Court to stay all activity in the qui tam until the alleged criminal investigation has concluded. FMCH has received no other notice of the pendency of any criminal investigation related to this matter.

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

ACCRUED SPECIAL CHARGE OF FRESENIUS MEDICAL CARE FOR LEGAL MATTERS

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

17. FINANCIAL INSTRUMENTS

VALUATION OF FINANCIAL INSTRUMENTS

Fair value of financial instruments

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

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

The following table presents the carrying amounts and fair values of the Group's financial instruments as of June 30, 2008 and December 31, 2007, respectively.

	June 30, 2008		December 31, 2007	
in million €	**Carrying amount**	**Fair value**	Carrying amount	Fair value
Cash and cash equivalents	**341**	**341**	361	361
Assets recognized at carrying amount	**2,256**	**2,256**	2,167	2,167
Liabilities recognized at carrying amount	**6,218**	**6,151**	6,147	6,118
Derivatives	**-8**	**-8**	- 16	- 16

For the fair value measurement of derivatives, significant other observable inputs are used. Therefore, they are classified as Level-2 in accordance with FAS 157 and were recognized at gross values as other current assets in an amount of € 18 million and other liabilities in an amount of € -26 million.

MARKET RISK

General

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

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

Derivative financial instruments

Foreign exchange risk management

Solely for the purpose of hedging foreign exchange transaction exposures, the Fresenius Group enters into foreign exchange forward contracts and, on a small scale, foreign exchange options. As of June 30, 2008, the notional amounts of foreign exchange contracts totaled € 759 million with a fair value of € 6 million. These foreign exchange contracts included foreign exchange options with a nominal value of € 24 million and a market value of € 0 million.

These foreign exchange contracts have been entered into to hedge risks from operational business and in connection with intercompany loans in foreign currency. The predominant part of the foreign exchange forward contracts to hedge risks from operational business was recognized as cash flow hedge.

As of June 30, 2008, the Fresenius Group was party to foreign exchange contracts with a maximum maturity of 31 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 medium-term and long-term borrowings at variable rates by swapping them into fixed rates. In addition, the Fresenius Group used interest rate swaps to hedge against changes of the fair value of the underlying fixed rate financial liabilities.

The Fresenius Group enters into interest rate swaps that are designated as cash flow hedges. The US dollar interest rate swaps and the Euro interest rate swaps have a notional volume of US$ 2,950 million (€ 1,871 million) and € 404 million and a fair value of US$ -41 million (€ -26 million) and € 12 million, respectively.

At December 31, 2007, US dollar interest rate swaps designated as fair value hedges at Fresenius Medical Care had a notional volume of US$ 450 million. On February 1, 2008, the fair value hedges of Fresenius Medical Care expired together with the mandatory redemption of the underlying debt. At June 30, 2008, no further fair value hedges existed within the Fresenius Group.

18. SUPPLEMENTARY INFORMATION ON CAPITAL MANAGEMENT

The Fresenius Group has a solid financial profile. As of June 30, 2008, the equity ratio (including minority interest) was 39.20 % and the debt ratio 37.47 %. The net debt/EBITDA ratio was 2.7.

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

Fresenius is covered by both of the two leading rating agencies, Moody's and Standard & Poor's. Standard & Poor's upgraded the rating for senior debt on March 19, 2008 from BB to BB+ and raised the outlook of the company rating on May 13, 2008 from stable to positive. Following the announcement of the acquisition of APP Pharmaceuticals, Inc. (APP), Standard & Poor's revised the outlook to negative from positive on July 9, 2008. On May 20, 2008, Moody's has raised the company rating of Fresenius SE and the ratings of the senior debt from Ba2 to Ba1. A stable outlook has been assigned to these ratings. Moody's announced on July 7, 2008 that the ratings have been placed on review for a possible downgrading in connection with the acquisition of APP.

	Standard & Poor's	Moody's
Company rating	BB	Ba1
Outlook	negative	under review
Senior debt	BB+	Ba1

19. SUPPLEMENTARY INFORMATION ON CASH FLOW STATEMENT

The cash flow statement is shown on page 15. The following summaries provide additional information on the consolidated cash flow statement:

in million €	**H1/2008**	H1/2007
Interest paid	**172**	199
Income taxes paid	**157**	168

Cash paid for acquisitions consisted of the following:

in million €	**H1/2008**	H1/2007
Assets acquired	**290**	293
Liabilities assumed	**-27**	-62
Notes assumed in connection with acquisitions	**-37**	-10
Cash paid	**226**	221
Cash acquired	**-6**	-10
Cash paid for acquisitions, net	**220**	211

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

in million €	H1/2008	H1/2007
Operating cash flow	**481**	553
Purchase of property, plant and equipment	**-342**	-313
Proceeds from sale of property, plant and equipment	**10**	18
Cash flow before acquisitions and dividends	**149**	258
Purchase/sale of shares in related companies, investments and intangible assets, net	**-224**	-164
Cash flow before dividends	**-75**	94
Dividends paid	**-218**	-188
Free cash flow after dividends	**-293**	-94

20. NOTES ON SEGMENT REPORTING

GENERAL

The segment reporting shown on pages 18 and 19 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 June 30, 2008.

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

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

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

Fresenius Medical Care is the world's leading provider of dialysis products and dialysis care for the life-saving treatment of patients with chronic kidney failure. Fresenius Medical Care treats 179,340 patients in its 2,318 own dialysis clinics.

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

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

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

NOTES ON THE BUSINESS SEGMENTS

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

Reconciliation of key figures to consolidated earnings

in million €	**H1/2008**	H1/2007
Total EBITDA of reporting segments	**1,018**	996
Depreciation and amortization	**-217**	-197
General corporate expenses Corporate/Other (EBITDA)	**-20**	-19
Net interest	**-167**	-185
Total earnings before income taxes and minority interest	**614**	595
Total EBIT of reporting segments	**807**	804
General corporate expenses Corporate/Other (EBIT)	**-26**	-24
Net interest	**-167**	-185
Total earnings before income taxes and minority interest	**614**	595
Depreciation and amortization of reporting segments	**211**	192
Depreciation and amortization Corporate/Other	**6**	5
Total depreciation and amortization	**217**	197

Reconciliation of net debt with the consolidated balance sheet

in million €	**June 30, 2008**	December 31, 2007
Short-term borrowings	**592**	362
Short-term liabilities and loans from related parties	**–**	–
Current portion of long-term debt and liabilities from capital lease obligations	**143**	115
Current portion of Senior Notes	**100**	0
Current portion of trust preferred securities of Fresenius Medical Care Capital Trusts	**0**	455
Long-term debt and liabilities from capital lease obligations, less current portion	**3,222**	2,887
Senior Notes, less current portion	**1,312**	1,434
Trust preferred securities of Fresenius Medical Care Capital Trusts, less current portion	**436**	446
Debt	**5,805**	5,699
less cash and cash equivalents	**341**	361
Net debt	**5,464**	5,338

21. STOCK OPTIONS

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

In the first half of 2008, the Fresenius Group recognized compensation cost in an amount of € 15 million for stock options granted since 1998. For stock incentive plans which are performance based, the Fresenius Group recognizes compensation cost over the vesting periods, based on the then current market values of the underlying stock.

FAIR VALUE OF STOCK OPTIONS

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

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

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

FRESENIUS SE STOCK OPTION PLANS

On June 30, 2008, Fresenius SE had three stock option plans in place – the stock option based plan of 1998 (1998 Plan), the 2003 Plan which is based on convertible bonds and the new stock option based plan of 2008. The latter is currently the only plan under which stock options can be granted.

Fresenius SE Stock Option Plan 2008

On May 21, 2008, Fresenius SE's Annual General Meeting has resolved upon the Fresenius SE Stock Option Plan 2008 (2008 Plan) by authorizing the granting of subscription rights to members of the Management Board and managerial employees of the Company and affiliated companies. To fulfill the subscription rights under the 2008 Plan, the subscribed capital of Fresenius SE was increased conditionally by up to € 6.2 million through the issue of up to 3.1 million no par value bearer ordinary shares and 3.1 million no par value bearer preference shares.

Under the 2008 Plan, up to 6.2 million options can be issued, which carry entitlement to obtain 3.1 million ordinary shares and 3.1 million preference shares. Up to 1.2 million options are designated for members of the Management Board of Fresenius SE, up to 3.2 million options are designated for members of the management of directly or indirectly affiliated companies (except for Fresenius Medical Care) and up to 1.8 million options are designated for managerial staff members of Fresenius SE and its affiliated companies (except for Fresenius Medical Care). With respect to the members of Fresenius SE's Management Board, the Supervisory Board has sole authority to grant stock options and administer the 2008 Plan. The Management Board of Fresenius SE has such authority with respect to all other participants in the 2008 Plan. Options under the 2008 Plan can be granted in five tranches with effect as of the first bank working day in July and/or the first bank working day in December. The exercise price of options shall be the average closing price of Fresenius SE's ordinary shares and preference shares, respectively, on the Frankfurt Stock Exchange during the 30 calendar days immediately prior to each grant date. Options granted have a seven-year term but can be exercised only after a three-year vesting period. The vesting of options granted is mandatorily subject to the condition, in each case, that the annual success target within the three-year vesting period is achieved. For each such year, the success target is achieved if the consolidated net income of the Fresenius Group, adjusted for extraordinary effects, has increased by at least 8 % compared to the respective adjusted net income of the previous fiscal year. For each year in which the success target has not been met, one-third of the options granted shall forfeit. The adjusted net income shall be calculated on the basis of the calculation method of the accounting principles according to US GAAP. For the purposes of the 2008 Plan, the adjusted net income is determined and will be verified bindingly by Fresenius SE's auditor during the audit of the consolidated financial statements. Upon exercise of vested options, Fresenius SE has the right to grant treasury shares or a cash payment in lieu of increasing capital by the issuance of new shares. If all conditions are fulfilled, stock options may be exercised throughout the year with the exception of certain pre-determined black-out periods.

Transactions during the first half of 2008

During the first half of 2008, Fresenius SE received € 5 million from the exercise of 192,666 stock options.

At June 30, 2008, out of 737,862 outstanding and exercisable options issued under the 1998 Plan, 25,800 were held by the members of the Fresenius SE Management Board. The number of outstanding stock options issued under the 2003 Plan was 3,275,294, of which 707,882 were exercisable. The members of the Fresenius SE Management Board held 538,020 options.

Stock option transactions are summarized as follows:

Options for ordinary shares	Number of options	Weighted-average exercise price in €
Balance at December 31, 2007	**2,121,996**	**34.93**
Exercised	96,333	23.81
Forfeited	19,085	39.27
Balance at June 30, 2008	**2,006,578**	**35.42**

Options for preference shares	Number of options	Weighted-average exercise price in €
Balance at December 31, 2007	**2,121,996**	**35.74**
Exercised	96,333	26.43
Forfeited	19,085	39.64
Balance at June 30, 2008	**2,006,578**	**36.15**

The following table provides a summary of fully vested options outstanding and exercisable for both preference and ordinary shares at June 30, 2008:

	Number of options	Average remaining contractual life in years	Weighted-average exercise price in €
Options for ordinary shares	722,872	4.27	23.51
Options for preference shares	722,872	4.27	25.15

At June 30, 2008, total unrecognized compensation costs related to non-vested options granted under the 2003 Plan were € 13 million. These costs are expected to be recognized over a weighted-average period of 1.9 years.

22. RELATED PARTY TRANSACTIONS

Dr. Gerhard Rupprecht, a member of the Supervisory Board of Fresenius SE, is a member of the management board of Allianz SE and the chairman of the management board of Allianz Deutschland AG. Dr. Gerd Krick, chairman of the Supervisory Board of Fresenius SE, is a member of the supervisory board of Allianz Private Krankenversicherungs-AG. In the first half of 2008, the Fresenius Group paid € 4 million for insurance premiums to Allianz. Furthermore, the Fresenius Group keeps business accounts under customary conditions with Dresdner Bank, a wholly-owned subsidiary of Allianz.

Dr. Dieter Schenk, deputy chairman of the Supervisory Board of Fresenius SE, is a partner in the law firm Nörr Stiefenhofer Lutz that provides legal services to the Fresenius Group. In the first half of 2008, the Fresenius Group paid this law firm € 0.5 million for services rendered.

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 half of 2008, the Fresenius Group paid this company € 1.5 million for consulting services rendered.

Klaus-Peter Müller, a member of the Supervisory Board of Fresenius SE, is the chairman of the supervisory board of Commerzbank AG. The Fresenius Group keeps business accounts with Commerzbank under customary conditions.

23. SUBSEQUENT EVENTS

FRESENIUS KABI TO ACQUIRE APP PHARMACEUTICALS, INC.

In July 2008, Fresenius Kabi has signed definitive agreements to acquire APP Pharmaceuticals, Inc. (APP). APP is a leading manufacturer of intravenously administered generic drugs (I.V. generics) in North America. Through the acquisition of APP, Fresenius Kabi enters the US pharmaceuticals market and achieves a leading position in the global I.V. generics market.

APP shareholders will receive a Cash Purchase Price of US$ 23.00 per share and a registered and tradable Contingent Value Right (CVR) that could deliver up to US$ 6.00 per share additionally, payable in 2011, if APP exceeds a cumulative adjusted EBITDA target for 2008 to 2010. Based on the Cash Purchase Price, the transaction values the fully diluted equity capital of APP at approximately US$ 3.7 billion.

APP focuses on I.V. generics for hospital use and distributes its products in the US and Canada. The company employs around 1,400 people and has modern production facilities in Illinois, New York and Puerto Rico as well as a distribution company in Toronto, Canada. In 2007, APP achieved sales of US$ 647 million and an adjusted EBITDA of US$ 253 million.

The definitive agreements include a written consent and voting agreement with Dr. Patrick Soon-Shiong, APP's founder and shareholder of over 80 % of the outstanding stock. The transaction has already been approved by APP's Board of Directors including the non-executive Directors. The transaction is subject to customary closing conditions, including regulatory approvals by the US antitrust authority. Closing of the transaction is expected to be at the end of 2008 or beginning of 2009.

It is planned to finance the acquisition with a mix of debt and equity, targeted to minimize the impact on Fresenius SE's credit ratings. However, given Fresenius' rapid progress in de-levering since 2006, the largest portion of the financing will consist of debt instruments. Financing commitments for the total amount have been received from Deutsche Bank, Credit Suisse and JP Morgan.

To finance the acquisition, Fresenius SE priced an issue of mandatory exchangeable bonds with an aggregate nominal amount of € 554.4 million on July 17, 2008. The bonds are issued by Fresenius Finance (Jersey) Ltd. Upon redemption, the bonds will be mandatorily exchangeable into ordinary shares of Fresenius Medical Care AG & Co. KGaA. Upon maturity, a maximum of 16.80 million and a minimum of 14.24 million shares will be deliverable and Fresenius SE's shares in Fresenius Medical Care's total subscribed capital will decrease by 4.8 % to 5.66 % depending on the market price.

The bonds have a maturity of 3 years and carry a coupon of 5⅝ % p.a. The minimum exchange price equals the reference share price of € 33.00 and the maximum exchange price has been set 18 % above the reference share price. This structure allows Fresenius SE to participate in a potential upside of Fresenius Medical Care shares up to the maximum exchange price of € 38.94. Settlement of the bonds is expected on August 14, 2008. Settlement of the bonds subscribed by Dr. Patrick Soon-Shiong in a nominal amount of € 100 million is subject to the closing of Fresenius Kabi's acquisition of APP.

The issuance of the mandatory exchangeable bonds is the first component of the long-term financing of the acquisition of APP. Within the next 12 months, Fresenius SE may complement it with a capital increase of up to € 300 million. Any residual financing requirement will consist of debt instruments.

FRESENIUS MEDICAL CARE SIGNS AGREEMENTS FOR INTRAVENOUS IRON PRODUCTS

In July 2008, Fresenius Medical Care entered into two separate and independent license and distribution agreements, one for the USA and one for certain countries in Europe and the Middle East, to market and distribute Galenica Ltd.'s intravenous Iron products, such as Venofer® and Ferinject® for dialysis treatment. In North America, the license agreement among FMCH, Luitpold Pharmaceuticals, Inc. and Vifor (International), Inc. provides FMCH with exclusive rights to manufacture and distribute Venofer® to freestanding (non-hospital based) US dialysis facilities. In addition, it grants FMCH similar rights for Injectafer® (ferric carboxymaltose), a proposed new IViron medication currently under clinical study in the US. The US license agreement has a term of ten years, includes a

FMCH extension option, and requires payment by FMCH over the ten year term of aggregate royalties of approximately US$ 2 billion, subject to certain early termination provisions. The US transaction is subject to customary closing conditions including expiration of the applicable waiting period under the US antitrust law. The closing of the transaction is anticipated in 2008.

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

24. CORPORATE GOVERNANCE

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

25. RESPONSIBILITY STATEMENT

"To the best of our knowledge, and in accordance with the applicable reporting principles for interim financial reporting, the interim consolidated financial statements give a true and fair view of the assets, liabilities, financial position and profit or loss of the Group, and the interim management report of the Group includes a fair review of the development and performance of the business and the position of the Group, together with a description of the principal opportunities and risks associated with the expected development of the Group for the remaining months of the financial year."

Bad Homburg v. d. H., August 6, 2008

The Management Board

Dr. U. M. Schneider R. Baule Dr. F. De Meo

Dr. J. Götz Dr. B. Lipps S. Sturm Dr. E. Wastler

FINANCIAL CALENDAR

Report on 1st – 3rd quarters 2008	
Conference call	
Live webcast	November 4, 2008

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Chairman of the Supervisory Board: Dr. Gerd Krick