FRESENIUS

Quarterly Financial Report of Fresenius Group

applying United States Generally Accepted Accounting Principles

(U.S. GAAP)

1st Half and 2nd Quarter 2010

CONTENT

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FRESENIUS GROUP FIGURES AT A GLANCE

Fresenius is a health care group providing products and services for dialysis, hospitals and the medical care of patients at home. In addition, Fresenius focuses on hospital operation, as well as on engineering and services for hospitals and other health care facilities. In 2009, group sales were approximately €14.2 billion. On June 30, 2010, more than 133,000 employees have dedicated themselves to the service of health in about 100 countries worldwide.

EARNINGS

€ in millions	Q2/2010	Q2/2009	Change	H1/2010	H1/2009	Change
Sales	**4,043**	3,522	15%	**7,686**	6,895	11%
EBIT	**618**	508	22%	**1,118**	985	14%
Net income [1]	**183**	130	41%	**302**	240	26%
Earnings per ordinary share in € [1]	**1.12**	0.81	38%	**1.86**	1.49	26%
Earnings per preference share in € [1]	**1.13**	0.82	38%	**1.87**	1.50	26%
Operating cash flow	**367**	418	-12%	**805**	600	34%

BALANCE SHEET

€ in millions	June 30, 2010	Dec. 31, 2009	Change
Total assets	**23,907**	20,882	14%
Non-current assets	**17,433**	15,519	12%
Equity	**8,635**	7,652	13%
Net debt	**8,779**	7,879	11%
Investments [2]	**471**	439	7%

RATIOS

€ in millions	Q2/2010	Q2/2009	H1/2010	H1/2009
EBITDA margin	**19.2%**	18.4%	**18.5%**	18.3%
EBIT margin	**15.3%**	14.4%	**14.5%**	14.3%
Depreciation and amortization in % of sales	**3.9**	3.9	**4.0**	4.0
Operating cash flow in % of sales	**9.1**	11.9	**10.5**	8.7
Equity ratio (June 30/December 31)			**36.1%**	36.6%
Net debt/EBITDA (June 30/December 31)			**3.16**	3.01

[1] Net income attributable to Fresenius SE; adjusted for the effects of mark-to-market accounting of the Mandatory Exchangeable Bonds (MEB) and the Contingent Value Rights (CVR) relating to the acquisition of APP Pharmaceuticals. These effects are not cash relevant.
[2] Investments in property, plant and equipment and intangible assets, acquisitions (H1). Does not include a €100 million cash out for a short-term bank deposit by Fresenius Medical Care in Q2 2010.

INFORMATION ON THE BUSINESS SEGMENTS

FRESENIUS MEDICAL CARE – Dialysis products, Dialysis care

US$ in millions	H1/2010	H1/2009	Change
Sales	5,828	5,323	9%
EBIT	888	813	9%
Net income [1]	459	419	10%
Operating cash flow	643	437	47%
Investments/Acquisitions [5]	396	337	18%
R & D expenses	44	42	5%
Employees, per capita on balance sheet date (June 30/December 31)	73,841	71,617	3%

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

€ in millions	H1/2010	H1/2009	Change
Sales	1,745	1,500	16%
EBIT	347	290	20%
Net income [2]	136	85	60%
Operating cash flow	189	166	14%
Investments/Acquisitions	80	50	60%
R & D expenses	65	62	5%
Employees, per capita on balance sheet date (June 30/December 31)	22,490	21,872	3%

FRESENIUS HELIOS – Hospital operation

€ in millions	H1/2010	H1/2009	Change
Sales	1,223	1,164	5%
EBIT	110	100	10%
Net income [3]	62	53	17%
Operating cash flow	133	90	48%
Investments/Acquisitions	83	123	-33%
Employees, per capita on balance sheet date (June 30/December 31)	33,057	33,364	-1%

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

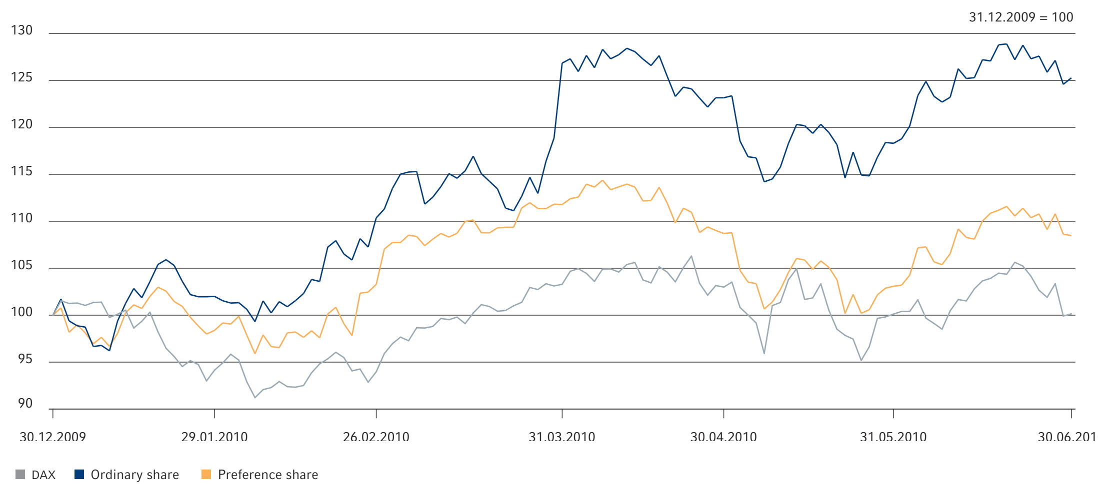
€ in millions	H1/2010	H1/2009	Change
Sales	338	247	37%
EBIT	15	9	67%
Net income [4]	12	8	50%
Operating cash flow	35	44	-20%
Investments/Acquisitions	4	2	100%
Order intake	328	156	110%
Employees, per capita on balance sheet date (June 30/December 31)	3,013	2,849	6%

[1] Net income attributable to Fresenius Medical Care AG & Co. KGaA.
[2] Net income attributable to Fresenius Kabi AG.
[3] Net income attributable to HELIOS Kliniken GmbH.
[4] Net income attributable to VAMED AG.
[5] Does not include a US$133 million cash out for a short-term bank deposit in Q2 2010.

FRESENIUS SHARES

In the first half of the year, the Fresenius shares outperformed the DAX. The ordinary shares increased by 25% and the preference shares by 8% as of June 30, 2010. The DAX closed at 5,966 points, nearly unchanged compared with the year-end quotation of 2009.

RELATIVE SHARE PRICE PERFORMANCE VS. DAX



FRESENIUS SHARE INFORMATION

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

	H1/2010	2009	Change
Ordinary share			
Number of shares (June 30/December 31)	**80,873,715**	80,657,688	
Quarter-end quotation in €	**54.43**	43.45	25%
High in €	**56.00**	43.76	28%
Low in €	**41.80**	27.69	51%
Ø Trading volume (number of shares per trading day)	**64,680**	70,012	-8%
Preference share			
Number of shares (June 30/December 31)	**80,873,715**	80,657,688	
Quarter-end quotation in €	**54.25**	50.01	8%
High in €	**57.20**	50.01	14%
Low in €	**47.96**	31.40	53%
Ø Trading volume (number of shares per trading day)	**401,117**	500,509	-20%
Market capitalization, € in millions (June 30/December 31)	**8,789**	7,538	17%

MANAGEMENT REPORT

Our continued focus on revenue growth and the Group's operating margin proved to be successful. All business segments achieved excellent financial results. Fresenius Kabi significantly exceeded our expectations, primarily due to the successful sales and earnings development of APP Pharmaceuticals in North America. We are very confident about our prospects for the second half of 2010 and raise our earnings outlook for the Group.

EXCELLENT SALES AND EARNINGS GROWTH – EARNINGS OUTLOOK RAISED

- Continued strong growth in all business segments
- Fresenius Kabi significantly exceeds expectations, primarily in North America
- All business segments raise or fully confirm 2010 guidance
- 2010 Group earnings outlook[1] raised

	H1/2010	at actual rates	in constant currency
Sales	€7.7 bn	11%	10%
EBIT	€1.1 bn	14%	12%
Net income[1]	€302 m	26%	23%

HEALTH CARE INDUSTRY

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

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

SALES BY REGION

€ in millions	H1/2010	H1/2009	Change at actual rates	Currency translations effects	Change at constant rates	Organic growth	Acquisitions/ Divestitures	% of total sales
Europe	3,176	2,896	10%	1%	9%	8%	1%	41%
North America	3,409	3,051	12%	1%	11%	10%	1%	44%
Asia-Pacific	590	533	11%	7%	4%	4%	0%	8%
Latin America	379	300	26%	12%	14%	12%	2%	5%
Africa	132	115	15%	9%	6%	6%	0%	2%
Total	7,686	6,895	11%	1%	10%	9%	1%	100%

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

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

RESULTS OF OPERATIONS, FINANCIAL POSITION, ASSETS AND LIABILITIES

SALES

Group sales increased by 11% at actual rates and by 10% in constant currency to €7,686 million (H1 2009: €6,895 million). Organic sales growth was 9%. Acquisitions contributed a further 1%. Currency translation had a positive effect of 1%.

In Europe, sales grew by 9% in constant currency with organic sales growth contributing 8%. In North America, sales grew by 11% in constant currency. Organic sales growth was 10%. Organic growth rates in the emerging markets reached 4% in Asia-Pacific and 12% in Latin America. Organic sales growth in Asia-Pacific was impacted by the volatility of Fresenius Vamed's project business.

EARNINGS

Group EBITDA increased by 13% at actual rates and by 11% in constant currency to €1,425 million (H1 2009: €1,260 million). Group EBIT improved by 14% at actual rates and by 12% in constant currency to €1,118 million (H1 2009: €985 million). The EBIT margin increased to 14.5% (H1 2009: 14.3%). The excellent growth was mainly driven by Fresenius Kabi, especially in North America. In the first quarter of 2010, EBIT was impacted by the devaluation of the Venezuelan bolivar and related charges at Fresenius Medical Care.

Group net interest improved to -€281 million (H1 2009: -€294 million).

The other financial result was -€96 million and includes valuation changes of the fair redemption value of the Mandatory Exchangeable Bonds (MEB) of -€117 million and the Contingent Value Rights (CVR) of €21 million. Both are non-cash items.

The Group tax rate [1] was 32.0% (H1 2009 [1]: 30.5%). The tax rate in the first half of 2009 was influenced by a revaluation of a tax claim at Fresenius Medical Care.

Noncontrolling interest increased to €267 million (H1 2009: €240 million), of which 94% was attributable to the noncontrolling interest in Fresenius Medical Care.

Group net income [2] increased by 26% at actual rates and by 23% in constant currency to €302 million (H1 2009 [2]: €240 million). Earnings per ordinary share [2] increased to

SALES BY BUSINESS SEGMENT

€ in millions	**H1/2010**	H1/2009	Change at actual rates	Currency translations effects	Change at constant rates	Organic Growth	Acquisitions/ Divestitures	% of total sales
Fresenius Medical Care	**4,392**	3,994	10%	2%	8%	7%	1%	57%
Fresenius Kabi	**1,745**	1,500	16%	4%	12%	11%	1%	23%
Fresenius Helios	**1,223**	1,164	5%	0%	5%	6%	-1%	16%
Fresenius Vamed	**338**	247	37%	0%	37%	36%	1%	4%

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

€1.86 and earnings per preference share[1] to €1.87 (H1 2009[1]: ordinary share €1.49; preference share €1.50). This represents an increase of 26% for both share classes.

RECONCILIATION TO ADJUSTED EARNINGS

The Group's U.S. GAAP financial results as of June 30, 2010 and as of June 30, 2009 include the effects of mark-to-market accounting of the Mandatory Exchangeable Bonds (MEB) and the Contingent Value Rights (CVR) related to the acquisition of APP Pharmaceuticals. Those special items are recognized in the financial result of the "Corporate/Other" segment. Adjusted earnings represent the Group's business operations in the reporting period.

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

Net income[2] (including special items) was €240 million, or €1.48 per ordinary share and €1.49 per preference share.

INVESTMENTS

The Fresenius Group spent €320 million on property, plant and equipment (H1 2009: €283 million). Acquisition spending was €151 million (H1 2009: €156 million).

CASH FLOW

Operating cash flow increased by 34% to €805 million (H1 2009: €600 million), mainly driven by strong earnings growth and tight working capital management. The cash flow margin improved to 10.5% (H1 2009: 8.7%). Net capital expenditure was €320 million (H1 2009: €292 million). Free cash flow before acquisitions and dividends improved by 57% to €485 million (H1 2009: €308 million). Free cash flow after acquisitions and dividends[3] was €58 million (H1 2009: -€76 million).

RECONCILIATION

	Net income			
€ in millions	**Q2/2010**	Q2/2009	**H1/2010**	H1/2009
Net income[1]	**183**	130	**302**	240
Other financial result:				
Mandatory Exchangeable Bonds (mark-to-market)	**-34**	-33	**-83**	24
Contingent Value Rights (mark-to-market)	**3**	13	**21**	10
Earnings according to U.S. GAAP[2]	**152**	110	**240**	274

EARNINGS

€ in millions	**Q2/2010**	Q2/2009	**H1/2010**	H1/2009
EBIT	**618**	508	**1,118**	985
Net income[1]	**183**	130	**302**	240
Net income[2]	**152**	110	**240**	274
Basic earnings per ordinary share in €[1]	**1.12**	0.81	**1.86**	1.49
Basic earnings per ordinary share in €[2]	**0.94**	0.67	**1.48**	1.69
Basic earnings per preference share in €[1]	**1.13**	0.82	**1.87**	1.50
Basic earnings per preference share in €[2]	**0.95**	0.68	**1.49**	1.70

[1] Net income attributable to Fresenius SE; adjusted for the effects of mark-to-market accounting of the Mandatory Exchangeable Bonds (MEB) and the Contingent Value Rights (CVR) relating to the acquisition of APP Pharmaceuticals.
[2] Net income attributable to Fresenius SE.
[3] Does not include a €100 million cash out for a short-term bank deposit by Fresenius Medical Care in Q2 2010.

ASSET AND LIABILITY STRUCTURE

The Fresenius Group's total assets grew by 14% to €23,907 million (Dec. 31, 2009: €20,882 million). In constant currency, the increase was 4%. Current assets increased by 21% at actual rates and by 11% in constant currency to €6,474 million (Dec. 31, 2009: €5,363 million). Non-current assets grew by 12% at actual rates and by 1% in constant currency to €17,433 million (Dec. 31, 2009: €15,519 million). The change at actual rates is mainly attributable to the 15% strengthening of the U.S. dollar against the euro since year-end 2009.

Total shareholders' equity increased by 13% at actual rates to €8,635 million (Dec. 31, 2009: €7,652 million). In constant currency, total shareholders' equity remained close to previous year's level. The equity ratio was 36.1% (Dec. 31, 2009: 36.6%).

Group debt grew by 13% at actual rates to €9,387 million (Dec. 31, 2009: €8,299 million). In constant currency, Group debt increased by 2%.

For the net debt/EBITDA leverage calculation, net debt is translated at the currency spot rates as of June 30, whereas EBITDA is translated at the average exchange rates of the last twelve months. Due to the strengthening of the U.S. dollar against the euro, the net debt/EBITDA ratio increased to 3.16 as of June 30, 2010 (Dec. 31, 2009: 3.01). At identical exchange rates for net debt and EBITDA, the ratio further improved to 2.92.

SECOND QUARTER OF 2010

Group sales increased by 15% at actual rates to €4,043 million (Q2 2009: €3,522 million). In constant currency, sales increased by 9%. Organic sales growth was 9%. EBIT increased by 22% at actual rates to €618 million (Q2 2009: €508 million). In constant currency, EBIT increased by 16%. Group net income[1] rose by 41% to €183 million (Q2 2009[1]: €130 million). In constant currency, growth of 36% was achieved. Earnings per share[1] increased by 38% to €1.12 per ordinary share and €1.13 per preference share (Q2 2009[1]: earnings per ordinary share €0.81; earnings per preference share €0.82). In constant currency, both share classes improved by 34%. Group net income[2] including special items was €152 million (Q2 2009[2]: €110 million). Earnings per ordinary share[2] including special items was €0.94 and per preference share[2] €0.95.

Investments in property, plant and equipment were €196 million (Q2 2009: €155 million). Acquisition spending was €70 million (Q2 2009: €44 million). More than 85% of the acquisition spending relates to the business segment Fresenius Medical Care.

INVESTMENTS BY BUSINESS SEGMENT

in million €	**H1/2010**	H1/2009	thereof property, plant and equipment	thereof acquisitions	Change	% of total
Fresenius Medical Care[3]	**299**	253	171	128	18%	63%
Fresenius Kabi	**80**	50	57	23	60%	17%
Fresenius Helios	**83**	123	83	0	-33%	18%
Fresenius Vamed	**4**	2	4	0	100%	1%
Corporate/Other	**5**	11	5	0	-55%	1%
Total	**471**	439	320	151	7%	100%

[1] Net income attributable to Fresenius SE; adjusted for the effects of mark-to-market accounting of the Mandatory Exchangeable Bonds (MEB) and the Contingent Value Rights (CVR) relating to the acquisition of APP Pharmaceuticals.
[2] Net income attributable to Fresenius SE.
[3] Does not include a €100 million cash out for a short-term bank deposit by Fresenius Medical Care in Q2 2010.

ANNUAL GENERAL MEETING 2010

At the Annual General Meeting on May 12, 2010 the conversion of all preference shares into ordinary shares in combination with a change of the Company's legal form into a KGaA was approved by the ordinary shareholders with a majority vote of 98% and by the preference shareholders with a majority vote of 94%. The measures become effective with their registration in the commercial register. For further information, please see page 29 of the Notes.

The resolutions have been challenged by three shareholder complaints (Anfechtungsklagen) currently pending before the Frankfurt am Main Regional Court (Landgericht). Fresenius SE has initiated a clearance procedure (Freigabeverfahren) before the Higher Regional Court (Oberlandesgericht) of Frankfurt am Main. Through this, the registration of the change of legal form in the commercial register and the execution of the conversion of shares shall be accomplished in the second half of the year.

Furthermore, the shareholders approved with a majority vote of more than 99% the proposal of the Management Board and Supervisory Board to increase the dividend by 7% for the 2009 fiscal year. Ordinary shareholders receive a dividend of €0.75 (2008: €0.70), preference shareholders a dividend of €0.76 (2008: €0.71) per share. Another resolution was passed, inter alia, on the approval of the remuneration system of the members of the Management Board for fiscal year 2010.

CASH FLOW STATEMENT (SUMMARY)

€ in millions	**H1/2010**	H1/2009	Change
Net income	**507**	514	-1%
Depreciation and amortization	**307**	275	12%
Change in accruals for pensions	**13**	10	30%
Cash flow	**827**	799	4%
Change in working capital	**-84**	-165	49%
Changes in mark-to-market evaluation of the MEB and the CVR	**62**	-34	--
Operating cash flow	**805**	600	34%
Property, plant and equipment	**-330**	-301	-10%
Proceeds from the sale of property, plant and equipment	**10**	9	11%
Free cash flow before acquisitions and dividends	**485**	308	57%
Cash used for acquisitions/proceeds from disposals	**-131**	-132	1%
Dividends	**-296**	-252	-17%
Free cash flow after acquisitions and dividends	**58**	-76	176%
Financial investments	**-100**	0	--
Cash provided by/used for financing activities	**183**	67	173%
Effect of exchange rates on change in cash and cash equivalents	**47**	0	--
Net change in cash and cash equivalents	**188**	-9	--

BUSINESS SEGMENTS

FRESENIUS MEDICAL CARE

Fresenius Medical Care is the world's leading provider of services and products for patients with chronic kidney failure. As of June 30, 2010, Fresenius Medical Care was treating 202,414 patients in 2,599 dialysis clinics.

US$ in millions	**Q2/2010**	Q2/2009	Change	**H1/2010**	H1/2009	Change
Sales	**2,946**	2,764	7%	**5,828**	5,323	9%
EBITDA	**586**	528	11%	**1,134**	1,029	10%
EBIT	**465**	418	11%	**888**	813	9%
Net income [1]	**248**	221	12%	**459**	419	10%
Employees				**73,841 (June 30, 2010)**	71,617 (Dec. 31, 2009)	3%

FIRST HALF OF 2010

- High organic sales growth of 7%
- 2010 outlook fully confirmed

Fresenius Medical Care achieved sales growth of 9% to US$5,828 million (H1 2009: US$5,323 million). Organic growth was 7%, acquisitions contributed 1% and currency translation contributed a further 1%.

Sales in dialysis care increased by 11% at actual rates and by 10% in constant currency to US$4,395 million (H1 2009: US$3,977 million). Dialysis product sales grew by 6% at actual rates and 4% in constant currency to US$1,433 million (H1 2009: US$1,346 million).

In North America, sales increased by 9% to US$3,986 million (H1 2009: US$3,650 million). Dialysis services revenue increased by 10% to US$3,578 million. Average revenue per treatment for U.S. clinics increased to US$356 in the second quarter of 2010 compared to US$344 for the same quarter in 2009 and US$355 in the first quarter of 2010. This development was principally attributable to reimbursement increases and increased utilization of pharmaceuticals. Sales in dialysis products improved by 3% to US$408 million in the first half of 2010.

Sales outside North America ("International" segment) grew by 10% at actual rates and by 6% in constant currency to US$1,842 million (H1 2009: US$1,673 million). Sales in dialysis care increased by 13% (9% in constant currency) to US$817 million. Dialysis product sales improved by 8% (4% in constant currency) to US$1,025 million.

EBIT increased by 9% to US$888 million (H1 2009: US$813 million) resulting in an EBIT margin of 15.2% (H1 2009: 15.3%).

In North America, EBIT margin increased to 16.0% (H1 2009: 15.6%). Margin development was favorably influenced by an increase in revenue per treatment as well as the effect of economies of scale from revenue growth.

In the International segment, EBIT margin was 17.6% (H1 2009: 18.0%). EBIT margin was positively influenced by the effect of economies of scale from revenue growth, favorable foreign exchange rate effects and lower bad debt expenses. It was impacted by the devaluation of the Venezuelan bolivar and related charges as well as higher depreciation expenses as a result of the expansion of production capacities.

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

Net income[1] increased by 10% to US$459 million (H1 2009: US$419 million).

In the second quarter of 2010, Fresenius Medical Care announced that it has signed an agreement to acquire Asia Renal Care Ltd. Asia Renal Care operates more than 100 clinics throughout Asia treating about 6,200 patients. The acquisition of Asia Renal Care will strengthen Fresenius Medical Care's leading market position in the Asia-Pacific region. Furthermore, Fresenius Medical Care acquired an operator of dialysis clinics in Russia's Krasnodar region. KNC currently treats around 1,000 patients in five dialysis clinics. By acquiring KNC, Fresenius Medical Care intends to strengthen its position in the Russian Federation's growing dialysis services market.

SECOND QUARTER OF 2010

Fresenius Medical Care increased sales by 7% to US$2,946 million (Q2 2009: US$2,764 million). Organic sales growth was 6%. EBIT improved by 11% to US$465 million (Q2 2009: US$418 million). Net income[1] for the second quarter 2010 was US$248 million, an increase of 12% (Q2 2009: US$221 million).

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

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

FRESENIUS KABI

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

€ in millions	Q2/2010	Q2/2009	Change	H1/2010	H1/2009	Change
Sales	**945**	778	21%	**1,745**	1,500	16%
EBITDA	**239**	185	29%	**419**	356	18%
EBIT	**202**	152	33%	**347**	290	20%
Net income[1]	**90**	47	91%	**136**	85	60%
Employees				**22,490 (June 30, 2010)**	21,872 (Dec. 31, 2009)	3%

FIRST HALF OF 2010

- Strong organic sales growth of 11% – EBIT margin at 19.9%
- Excellent development especially in North America
- 2010 EBIT margin outlook raised – Sales growth expected at upper end of range

Sales increased by 16% to €1,745 million (H1 2009: €1,500 million). Organic sales growth was 11%. Acquisitions contributed 1%. Currency translation had a positive effect of 4%. This was mainly attributable to the strengthening of the currencies in Brazil, Australia and South Africa against the euro.

In Europe, sales reached €836 million (H1 2009: €772 million), driven by 5% organic growth. In North America, sales increased to €445 million (H1 2009: €347 million). Organic sales growth was 26%. In the Asia-Pacific region, Fresenius Kabi achieved organic sales growth of 12% to €279 million (H1 2009: €235 million). Sales in Latin America and Africa increased to €185 million (H1 2009: €146 million), organic sales growth was 7%.

EBIT grew by 20% to €347 million (H1 2009: €290 million). The EBIT margin improved to 19.9% (H1 2009: 19.3%). The EBIT increase is mainly driven by the excellent development in North America where new product launches and strong demand due to drug shortages had a positive effect.

Net interest improved to -€141 million (H1 2009: -€157 million). Net income[1] increased by 60% to €136 million (H1 2009: €85 million).

Sales at APP Pharmaceuticals (APP) increased by 28% to US$521 million (H1 2009: US$408 million). Adjusted EBITDA[2] grew by 9% to US$186 million (H1 2009: US$171 million). EBIT increased by 17% to US$151 million (H1 2009: US$129 million). The EBIT margin was 29.0%. In addition to the reported APP earnings, Fresenius Kabi generated EBIT contributions from imported IV drugs distributed by APP in North America.

The number of APP's 2010 product approvals from the FDA (U.S. Food and Drug Administration) has increased to four in the first half of 2010, following only one approval in the first quarter of 2010. In addition, Fresenius Kabi Oncology received three approvals from the FDA in the first half of 2010.

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

Operating cash flow of Fresenius Kabi increased by 14% to €189 million (H1 2009: €166 million). The cash flow margin was 10.8% (H1 2009: 11.1%). Cash flow before acquisitions and dividends grew by 13% to €124 million (H1 2009: €110 million).

SECOND QUARTER OF 2010

In the second quarter of 2010, Fresenius Kabi increased sales by 21% at actual rates and by 15% in constant currency to €945 million (Q2 2009: €778 million). Organic sales growth was 14%. Acquisitions contributed 1% to sales. EBIT grew by 33% to €202 million (Q2 2009: €152 million). EBIT margin was 21,4% (Q2 2009: 19.5%). Fresenius Kabi's net income[1] improved to €90 million (Q2 2009: €47 million).

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

[1] Net income attributable to Fresenius Kabi AG.

FRESENIUS HELIOS

Fresenius Helios is one of the largest private hospital operators in Germany. The HELIOS Kliniken Group owns 61 hospitals, including five maximum care hospitals in Berlin-Buch, Erfurt, Krefeld, Schwerin and Wuppertal. HELIOS treats more than 2 million patients per year, thereof approximately 600,000 inpatients, and operates a total of more than 18,500 beds.

€ in millions	**Q2/2010**	Q2/2009	Change	**H1/2010**	H1/2009	Change
Sales	**615**	587	5%	**1,223**	1,164	5%
EBITDA	**78**	76	3%	**150**	138	9%
EBIT	**58**	56	4%	**110**	100	10%
Net income[1]	**34**	33	3%	**62**	53	17%
Employees				**33,057 (June 30, 2010)**	33,364 (Dec. 31, 2009)	-1%

FIRST HALF OF 2010

- Continued high organic sales growth of 6%
- 2010 sales and EBIT expected at upper end of range

Sales increased by 5% to €1,223 million (H1 2009: €1,164 million). Organic growth was again strong and achieved 6%. This was mainly driven by an increase in hospital admissions. The divestiture of one acute care hospital as of January 1, 2010 impacted sales growth by 1%.

EBIT grew by 10% to €110 million (H1 2009: €100 million). The EBIT margin improved to 9.0% (H1 2009: 8.6%). Net income[1] increased by 17% to €62 million (H1 2009: €53 million).

HELIOS conducted a patient survey in 2009 and received feedback from more than 67,000 patients. The results were published in the second quarter of 2010. Overall satisfaction and the willingness to recommend the HELIOS hospitals to others were 95%. The feedback confirms the high quality of both medical staff (95% positive feedback) and nursing staff (94% positive feedback) at the HELIOS clinics.

SECOND QUARTER OF 2010

Fresenius Helios reported sales growth of 5% to €615 million in the second quarter of 2010 (Q2 2009: €587 million). Organic sales growth was 5%. EBIT increased by 4% to €58 million (Q2 2009: €56 million). EBIT margin was 9.4% (Q2 2009: 9.5%). Net income[1] improved to €34 million (Q2 2009: €33 million).

[1] Net income attributable to HELIOS Kliniken GmbH.

FRESENIUS VAMED

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

€ in millions	Q2/2010	Q2/2009	Change	H1/2010	H1/2009	Change
Sales	**182**	131	39%	**338**	247	37%
EBITDA	**10**	7	43%	**19**	12	58%
EBIT	**8**	5	60%	**15**	9	67%
Net income [1]	**6**	4	50%	**12**	8	50%
Employees				**3,013 (June 30, 2010)**	2,849 (Dec 31, 2009)	6%

FIRST HALF OF 2010

- Order intake more than doubled – Order backlog near all-time high
- 2010 sales and EBIT expected at upper end of range

Sales increased by 37% to €338 million (H1 2009: €247 million). Organic sales growth reached 36%. Sales in the project business rose by 53% to €230 million (H1 2009: €150 million). Sales in the service business increased by 11% to €108 million (H1 2009: €97 million).

EBIT increased to €15 million (H1 2009: €9 million). The EBIT margin improved to 4.4% (H1 2009: 3.6%). Net income[1] rose to €12 million (H1 2009: €8 million).

The excellent development of order intake and order backlog continued. Order intake in the project business more than doubled to €328 million (H1 2009: €156 million). Fresenius Vamed received a turnkey contract for the construction of the examination and therapy center (U / B West) for the University Hospital in Cologne/Germany with an order volume of €62 million. Following the completion of the project, Fresenius Vamed will be responsible for the service management of the center for a period of 25 years. The order intake also includes the supply of medical-technical equipment to the King Hamad general hospital in Bahrain with an order volume of €52 million. Order backlog increased to €768 million (Dec. 31, 2009: €679 million, +13%).

SECOND QUARTER OF 2010

Sales increased by 39% to €182 million in the second quarter of 2010 (Q2 2009: €131 million). This excellent increase was fully achieved by organic growth. EBIT was €8 million (Q2 2009: €5 million). EBIT margin was 4.4% (Q2 2009: 3.8%). Net income[1] was €6 million (Q2 2009: €4 million).

[1] Net income attributable to VAMED AG.

EMPLOYEES

As of June 30, 2010, Fresenius employed 133,197 people (Dec. 31, 2009: 130,510). This is an increase of 2%.

EMPLOYEES BY BUSINESS SEGMENT

Number of employees	June 30, 2010	Dec. 31, 2009	Change
Fresenius Medical Care	**73,841**	71,617	3%
Fresenius Kabi	**22,490**	21,872	3%
Fresenius Helios	**33,057**	33,364	-1%
Fresenius Vamed	**3,013**	2,849	6%
Corporate/Other	**796**	808	-1%
Total	**133,197**	130,510	2%

RESEARCH AND DEVELOPMENT

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

RESEARCH AND DEVELOPMENT EXPENSES BY BUSINESS SEGMENT

€ in millions	H1/2010	H1/2009	Change
Fresenius Medical Care	**34**	31	10%
Fresenius Kabi	**65**	62	5%
Fresenius Helios	**0**	0	
Fresenius Vamed	**0**	0	
Corporate/Other	**15**	22	-32%
Total	**114**	115	-1%

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

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

DIALYSIS

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

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

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

INFUSION THERAPIES, GENERIC IV DRUGS, AND MEDICAL DEVICES

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

Our R&D strategy is aligned with this focus:

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

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

ANTIBODY THERAPIES

Fresenius Biotech develops innovative therapies with trifunctional antibodies for the treatment of cancer. In the field of polyclonal antibodies, Fresenius Biotech has successfully marketed ATG-Fresenius S for many years. ATG-Fresenius S is an immunosuppressive agent used to prevent and treat graft rejection following organ transplantation.

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

Fresenius Biotech reported sales of approximately €1.4 million with the trifunctional antibody Removab (catumaxomab) in the first half of 2010. Preparations for market launches in other European countries are ongoing.

Fresenius Biotech's EBIT was -€15 million (H1 2009: -€22 million).

OPPORTUNITIES AND RISK REPORT

Compared to the presentation in the 2009 annual report, there have been no material changes in Fresenius' overall opportunities and risk situation. In the ordinary course of Fresenius Group's operations, the Fresenius Group is subject to litigation, arbitration and investigations relating to various aspects of its business. The Fresenius Group regularly analyzes current information about such claims for probable losses and provides accruals for such matters, including estimated expenses for legal services, as appropriate.

In addition, we report on legal proceedings, currency and interest risks on pages 39 to 43 in the Notes of this report.

SUBSEQUENT EVENTS

There were no significant changes in the Group position or environment sector since the end of the first half of 2010.

OUTLOOK 2010

FRESENIUS GROUP

Based on the Group's excellent financial results in the first half, Fresenius now expects net income[1] to increase by 10% to 15% in constant currency in 2010. Previously, the Company expected net income to increase by 8% to 10% in constant currency. Fresenius fully confirms its sales guidance of 7% to 9% in constant currency.

The improved earnings outlook already includes expected one-time expenses of €10 million to €20 million pre-tax which Fresenius Kabi plans to invest in further efficiency improvements in Europe in the second half of 2010.

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

FRESENIUS MEDICAL CARE

For the full year 2010, Fresenius Medical Care confirms its outlook. Revenue is expected to grow to more than US$12 billion. Net income[2] is expected to be between US$950 million and US$980 million.

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

FRESENIUS KABI

Fresenius Kabi raises its EBIT margin outlook for 2010 and forecasts a margin between 18.5% and 19.0%. The previous guidance was 18% to 19%. The raised guidance already includes expected one-time expenses of €10 million to €20 million pre-tax which Fresenius Kabi plans to invest in further efficiency improvements in Europe in the second half of 2010. Organic sales growth is projected to reach the upper end of the announced range of 7% to 9%.

FRESENIUS HELIOS

Fresenius Helios fully confirms its outlook for 2010. The company projects organic sales growth of 3% to 5% and EBIT to be between €220 million and €230 million. For both metrics, the company expects to achieve the upper end of the respective range.

FRESENIUS VAMED

Fresenius Vamed fully confirms its outlook for 2010 and expects to grow both sales and EBIT at the upper end of the targeted range of 5% to 10%.

FRESENIUS BIOTECH

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

INVESTMENTS

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

EMPLOYEES

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

RESEARCH AND DEVELOPMENT

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

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

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

GROUP FINANCIAL OUTLOOK 2010

	Previous guidance	New guidance
Sales, growth (in constant currency)	7% – 9%	confirmed
Net income[1], growth (in constant currency)	8% – 10%	10% – 15%

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

OUTLOOK 2010 BY BUSINESS SEGMENT

		Previous guidance	New guidance
Fresenius Medical Care	Sales	> US$12 billion	confirmed
	Net income[1]	US$950 m – US$980 m	confirmed
Fresenius Kabi	Sales, growth (organic)	7% – 9%	at upper end of range
	EBIT-margin	18% – 19%	18.5% – 19.0%
Fresenius Helios	Sales, growth (organic)	3% – 5%	at upper end of range
	EBIT	€220 m – €230 m	at upper end of range
Fresenius Vamed	Sales, growth	5% – 10%	at upper end of range
	EBIT, growth	5% – 10%	at upper end of range
Fresenius Biotech	EBIT	- €35 m – - €40 m	confirmed

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

CONSOLIDATED STATEMENT OF INCOME (UNAUDITED)

€ in millions	Q2/2010	Q2/2009	H1/2010	H1/2009
Sales	**4,043**	3,522	**7,686**	6,895
Cost of sales	**-2,682**	-2,354	**-5,152**	-4,635
Gross profit	**1,361**	1,168	**2,534**	2,260
Selling, general and administrative expenses	**-686**	-603	**-1,302**	-1,160
Research and development expenses	**-57**	-57	**-114**	-115
Operating income (EBIT)	**618**	508	**1,118**	985
Net interest	**-138**	-149	**-281**	-294
Other financial result	**-45**	-34	**-96**	43
Financial result	**-183**	-183	**-377**	-251
Income before income taxes	**435**	325	**741**	734
Income taxes	**-135**	-90	**-234**	-220
Net income	**300**	235	**507**	514
Less noncontrolling interest	**148**	125	**267**	240
Net income attributable to Fresenius SE	**152**	110	**240**	274
Earnings per ordinary share in €	**0.94**	0.67	**1.48**	1.69
Fully diluted earnings per ordinary share in €	**0.92**	0.67	**1.46**	1.68
Earnings per preference share in €	**0.95**	0.68	**1.49**	1.70
Fully diluted earnings per preference share in €	**0.93**	0.68	**1.47**	1.69

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

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)

€ in millions	Q2/2010	Q2/2009	H1/2010	H1/2009
Net income	**300**	235	**507**	514
Other comprehensive income (loss)				
Foreign currency translation	**461**	-252	**803**	-73
Cash flow hedges	**-78**	37	**-113**	-3
Actuarial gain/losses on defined benefit pension plans	**-5**	3	**-7**	2
Income taxes related to components of other comprehensive income (loss)	**15**	-14	**19**	-4
Other comprehensive income (loss)	**393**	-226	**702**	-78
Total comprehensive income	**693**	9	**1,209**	436
Comprehensive income (loss) attributable to noncontrolling interest	**370**	-8	**639**	196
Comprehensive income attributable to Fresenius SE	**323**	17	**570**	240

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (UNAUDITED)

€ in millions	June 30, 2010	Dec. 31, 2009
Cash and cash equivalents	**608**	420
Trade accounts receivable, less allowance for doubtful accounts	**2,881**	2,509
Accounts receivable from and loans to related parties	**21**	26
Inventories	**1,503**	1,235
Other current assets	**1,117**	893
Deferred taxes	**344**	280
I. Total current assets	**6,474**	5,363
Property, plant and equipment	**3,881**	3,559
Goodwill	**11,902**	10,356
Other intangible assets	**1,023**	1,053
Other non-current assets	**464**	436
Deferred taxes	**163**	115
II. Total non-current assets	**17,433**	15,519
Total assets	**23,907**	20,882
Trade accounts payable	**623**	601
Short-term accounts payable to related parties	**3**	7
Short-term accrued expenses and other short-term liabilities	**2,860**	2,197
Short-term debt	**458**	287
Short-term loans from related parties	**8**	2
Current portion of long-term debt and capital lease obligations	**1,721**	261
Current portion of trust preferred securities of Fresenius Medical Care Capital Trusts	**483**	0
Short-term accruals for income taxes	**117**	122
Deferred taxes	**48**	51
A. Total short-term liabilities	**6,321**	3,528
Long-term debt and capital lease obligations, less current portion	**4,289**	5,228
Senior Notes	**2,428**	2,066
Mandatory Exchangeable Bonds	**554**	554
Long-term accrued expenses and other long-term liabilities	**646**	481
Trust preferred securities of Fresenius Medical Care Capital Trusts, less current portion	**0**	455
Pension liabilities	**323**	309
Long-term accruals for income taxes	**227**	194
Deferred taxes	**484**	415
B. Total long-term liabilities	**8,951**	9,702
I. Total liabilities	**15,272**	13,230
A. Noncontrolling interest	**3,894**	3,382
Subscribed capital	**162**	161
Capital reserve	**2,095**	2,073
Other reserves	**2,301**	2,183
Accumulated other comprehensive income (loss)	**183**	-147
B. Total Fresenius SE shareholders' equity	**4,741**	4,270
II. Total shareholders' equity	**8,635**	7,652
Total liabilities and shareholders' equity	**23,907**	20,882

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

CONSOLIDATED STATEMENT OF CASH FLOWS (UNAUDITED)

€ in millions	H1/2010	H1/2009
Operating activities		
Net income	507	514
Adjustments to reconcile net income to cash and cash equivalents provided by operating activities		
Depreciation and amortization	307	275
Change in deferred taxes	-31	40
Gain on sale of fixed assets	-2	–
Changes in assets and liabilities, net of amounts from businesses acquired or disposed of		
Trade accounts receivable, net	-139	-46
Inventories	-141	-148
Other current and non-current assets	-31	-186
Accounts receivable from/payable to related parties	7	-2
Trade accounts payable, accrued expenses and other short-term and long-term liabilities	324	177
Accruals for income taxes	4	-24
Net cash provided by operating activities	805	600
Investing activities		
Purchase of property, plant and equipment	-330	-301
Proceeds from sales of property, plant and equipment	10	9
Acquisitions and investments, net of cash acquired and net purchases of intangible assets	-237	-134
Proceeds from divestitures	6	2
Net cash used in investing activities	-551	-424
Financing activities		
Proceeds from short-term borrowings	835	32
Repayments of short-term borrowings	-788	-211
Proceeds from short-term borrowings from related parties	–	–
Repayments of short-term borrowings from related parties	–	–
Proceeds from long-term debt and capital lease obligations	388	484
Repayments of long-term debt and capital lease obligations	-591	-762
Proceeds from the issuance of Senior Notes	242	753
Repayments of liabilities from Senior Notes	0	-100
Changes of accounts receivable securitization program	65	-142
Proceeds from the exercise of stock options	35	10
Dividends paid	-296	-252
Change in noncontrolling interest	-2	–
Exchange rate effect due to corporate financing	-1	3
Net cash used in financing activities	-113	-185
Effect of exchange rate changes on cash and cash equivalents	47	–
Net increase/decrease in cash and cash equivalents	188	-9
Cash and cash equivalents at the beginning of the reporting period	420	370
Cash and cash equivalents at the end of the reporting period	608	361

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

STATEMENT OF CHANGES IN EQUITY (UNAUDITED)

	Ordinary shares		Preference shares		Subscribed Capital	
	Number of shares in thousand	Amount € in thousands	Number of shares in thousand	Amount € in thousands	Amount € in thousands	Amount € in millions
As of December 31, 2008	80,572	80,572	80,572	80,572	161,144	161
Proceeds from the exercise of stock options	5	5	5	5	10	–
Compensation expense related to stock options						
Dividends paid						
Purchase/sale of noncontrolling interest						
Comprehensive income (loss)						
Net income						
Other comprehensive income (loss)						
Cash flow hedges						
Foreign currency translation						
Adjustments relating to pension obligations						
Comprehensive income (loss)						
As of June 30, 2009	80,577	80,577	80,577	80,577	161,154	161
As of December 31, 2009	80,658	80,658	80,658	80,658	161,316	161
Proceeds from the exercise of stock options	216	216	216	216	432	1
Compensation expense related to stock options						
Dividends paid						
Purchase/sale of noncontrolling interest						
Comprehensive income (loss)						
Net income						
Other comprehensive income (loss)						
Cash flow hedges						
Foreign currency translation						
Adjustments relating to pension obligations						
Comprehensive income						
As of June 30, 2010	**80,874**	**80,874**	**80,874**	**80,874**	**161,748**	**162**

STATEMENT OF CHANGES IN EQUITY (UNAUDITED)

	Reserves					
	Capital reserve € in millions	Other reserves € in millions	Accumulated other comprehensive income (loss) € in millions	Total Fresenius SE shareholders' equity € in millions	Noncontrolling interest € in millions	Total shareholders' equity € in millions
As of December 31, 2008	2,048	1,803	-102	3,910	3,033	6,943
Proceeds from the exercise of stock options	–			–	10	10
Compensation expense related to stock options	11			11	7	18
Dividends paid		-114		-114	-138	-252
Purchase/sale of noncontrolling interest				0	14	14
Comprehensive income (loss)						
Net income		274		274	240	514
Other comprehensive income (loss)						
Cash flow hedges			-6	-6	0	-6
Foreign currency translation			-29	-29	-44	-73
Adjustments relating to pension obligations			1	1	0	1
Comprehensive income (loss)		274	-34	240	196	436
As of June 30, 2009	2,059	1,963	-136	4,047	3,122	7,169
As of December 31, 2009	2,073	2,183	-147	4,270	3,382	7,652
Proceeds from the exercise of stock options	13			14	21	35
Compensation expense related to stock options	9			9	7	16
Dividends paid		-122		-122	-174	-296
Purchase/sale of noncontrolling interest				0	19	19
Comprehensive income (loss)						
Net income		240		240	267	507
Other comprehensive income (loss)						
Cash flow hedges			-79	-79	0	-79
Foreign currency translation			413	413	372	785
Adjustments relating to pension obligations			-4	-4	0	-4
Comprehensive income		240	330	570	639	1,209
As of June 30, 2010	**2,095**	**2,301**	**183**	**4,741**	**3,894**	**8,635**

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

SEGMENT REPORTING FIRST HALF (UNAUDITED)

	Fresenius Medical Care			Fresenius Kabi			Fresenius Helios			Fresenius Vamed			Corporate/Other[2]			Fresenius Group		
by business segment, € in millions	**2010**	2009	Change	**2010**	2009	Change	**2010**	2009	Change	**2010**	2009	Change	**2010**	2009	Change	**2010**	2009	Change
Sales	**4,392**	3,994	10%	**1,745**	1,500	16%	**1,223**	1,164	5%	**338**	247	37%	**-12**	-10	-20%	**7,686**	6,895	11%
thereof contribution to consolidated sales	**4,391**	3,993	10%	**1,723**	1,480	16%	**1,223**	1,164	5%	**338**	247	37%	**11**	11	0%	**7,686**	6,895	11%
thereof intercompany sales	**1**	1	0%	**22**	20	10%	**0**	0		**–**	0		**-23**	-21	-10%	**0**	0	
contribution to consolidated sales	**57%**	58%		**23%**	21%		**16%**	17%		**4%**	4%		**0%**	0%		**100%**	100%	
EBITDA	**854**	772	11%	**419**	356	18%	**150**	138	9%	**19**	12	58%	**-17**	-18	6%	**1,425**	1,260	13%
Depreciation and amortization	**185**	162	14%	**72**	66	9%	**40**	38	5%	**4**	3	33%	**6**	6	0%	**307**	275	12%
EBIT	**669**	610	10%	**347**	290	20%	**110**	100	10%	**15**	9	67%	**-23**	-24	4%	**1,118**	985	14%
Net interest	**-102**	-112	9%	**-141**	-157	10%	**-27**	-29	7%	**1**	2	-50%	**-12**	2	--	**-281**	-294	4%
Income taxes	**-193**	-160	-21%	**-60**	-40	-50%	**-17**	-13	-31%	**-4**	-3	-33%	**40**	-4	--	**-234**	-220	-6%
Net income attributable to Fresenius SE	**346**	315	10%	**136**	85	60%	**62**	53	17%	**12**	8	50%	**-316**	-187	-69%	**240**	274	-12%
Operating cash flow	**485**	328	48%	**189**	166	14%	**133**	90	48%	**35**	44	-20%	**-37**	-28	-32%	**805**	600	34%
Cash flow before acquisitions and dividends	**321**	141	128%	**124**	110	13%	**50**	45	11%	**31**	42	-26%	**-41**	-30	-37%	**485**	308	57%
Total assets[1]	**13,039**	10,982	19%	**7,193**	6,335	14%	**3,244**	3,199	1%	**525**	456	15%	**-94**	-90	-4%	**23,907**	20,882	14%
Debt[1]	**4,748**	3,865	23%	**4,697**	4,184	12%	**1,097**	1,099	0%	**6**	2	200%	**-1,161**	-851	-36%	**9,387**	8,299	13%
Capital expenditure, gross	**171**	190	-10%	**57**	43	33%	**83**	46	80%	**4**	2	100%	**5**	2	150%	**320**	283	13%
Acquisitions, gross/financial investments[3]	**228**	63	--	**23**	7	--	**–**	77	-100%	**–**	0		**0**	9	-100%	**251**	156	61%
Research and development expenses	**34**	31	10%	**65**	62	5%	**–**	0		**0**	0		**15**	22	-32%	**114**	115	-1%
Employees (per capita on balance sheet date)[1]	**73,841**	71,617	3%	**22,490**	21,872	3%	**33,057**	33,364	-1%	**3,013**	2,849	6%	**796**	808	-1%	**133,197**	130,510	2%
Key figures																		
EBITDA margin	**19.5%**	19.3%		**24.0%**	23.7%		**12.3%**	11.9%		**5.6%**	4.9%					**18.5%**	18.3%	
EBIT margin	**15.2%**	15.3%		**19.9%**	19.3%		**9.0%**	8.6%		**4.4%**	3.6%					**14.5%**	14.3%	
Depreciation and amortization in % of sales	**4.2%**	4.1%		**4.1%**	4.4%		**3.3%**	3.3%		**1.2%**	1.2%					**4.0%**	4.0%	
Operating cash flow in % of sales	**11.0%**	8.2%		**10.8%**	11.1%		**10.9%**	7.7%		**10.4%**	17.8%					**10.5%**	8.7%	
ROOA[1]	**12.4%**	12.2%		**10.9%**	10.2%		**7.3%**	7.1%		**15.8%**	22.8%					**10.6%**	10.5%	

[1] 2009: December 31
[2] Including special items from the acquisition of APP Pharmaceuticals, Inc.
[3] Includes a €100 million cash out for a short-term bank deposit by Fresenius Medical Care in the second quarter of 2010

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

SEGMENT REPORTING SECOND QUARTER (UNAUDITED)

	Fresenius Medical Care			Fresenius Kabi			Fresenius Helios			Fresenius Vamed			Corporate/Other[1]			Fresenius Group		
by business segment, € in millions	**2010**	2009	Change	**2010**	2009	Change	**2010**	2009	Change	**2010**	2009	Change	**2010**	2009	Change	**2010**	2009	Change
Sales	**2,308**	2,029	14%	**945**	778	21%	**615**	587	5%	**182**	131	39%	**-7**	-3	-133%	**4,043**	3,522	15%
thereof contribution to consolidated sales	**2,307**	2,029	14%	**933**	768	21%	**615**	587	5%	**182**	131	39%	**6**	7	-14%	**4,043**	3,522	15%
thereof intercompany sales	**1**	0		**12**	10	20%	**0**	0		**–**	0		**-13**	-10	-30%	**0**	0	
contribution to consolidated sales	**57%**	58%		**23%**	21%		**15%**	17%		**5%**	4%		**0%**	0%		**100%**	100%	
EBITDA	**458**	387	18%	**239**	185	29%	**78**	76	3%	**10**	7	43%	**-9**	-8	-13%	**776**	647	20%
Depreciation and amortization	**95**	81	17%	**37**	33	12%	**20**	20	0%	**2**	2	0%	**4**	3	33%	**158**	139	14%
EBIT	**363**	306	19%	**202**	152	33%	**58**	56	4%	**8**	5	60%	**-13**	-11	-18%	**618**	508	22%
Net interest	**-53**	-55	4%	**-67**	-78	14%	**-14**	-14	0%	**0**	1	-100%	**-4**	-3	-33%	**-138**	-149	7%
Income taxes	**-101**	-75	-35%	**-39**	-22	-77%	**-9**	-8	-13%	**-2**	-2	0%	**16**	17	-6%	**-135**	-90	-50%
Net income attributable to Fresenius SE	**193**	163	18%	**90**	47	91%	**34**	33	3%	**6**	4	50%	**-171**	-137	-25%	**152**	110	38%
Operating cash flow	**233**	209	11%	**115**	126	-9%	**97**	84	15%	**-54**	4	--	**-24**	-5	--	**367**	418	-12%
Cash flow before acquisitions and dividends	**140**	107	31%	**82**	107	-23%	**36**	62	-42%	**-57**	3	--	**-24**	-6	--	**177**	273	-35%
Capital expenditure, gross	**94**	104	-10%	**36**	24	50%	**60**	23	161%	**3**	1	200%	**3**	3	0%	**196**	155	26%
Acquisitions, gross/financial investments[2]	**160**	33	--	**10**	4	150%	**–**	-2	100%	**0**	0		**0**	9	-100%	**170**	44	--
Research and development expenses	**17**	13	31%	**32**	32	0%	**–**	0		**–**	0		**8**	12	-33%	**57**	57	0%
Key figures																		
EBITDA margin	**19.9%**	19.1%		**25.3%**	23.8%		**12.7%**	12.9%		**5.5%**	5.3%					**19.2%**	18.4%	
EBIT margin	**15.8%**	15.1%		**21.4%**	19.5%		**9.4%**	9.5%		**4.4%**	3.8%					**15.3%**	14.4%	
Depreciation and amortization in % of sales	**4.1%**	4.0%		**3.9%**	4.2%		**3.3%**	3.4%		**1.1%**	1.5%					**3.9%**	3.9%	
Operating cash flow in % of sales	**10.0%**	10.3%		**12.2%**	16.2%		**15.8%**	14.3%		**-29.7%**	3.1%					**9.1%**	11.9%	

[1] Including special items from the acquisition of APP Pharmaceuticals, Inc.
[2] Includes a €100 million cash out for a short-term bank deposit by Fresenius Medical Care in the second quarter of 2010

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

CONTENT NOTES

GENERAL NOTES

1. PRINCIPLES

I. GROUP STRUCTURE

Fresenius is a worldwide operating health care group with products and services for dialysis, the hospital and the medical care of patients at home. Further areas of activity are hospital operations as well as engineering and services for hospitals and other health care facilities. In addition to the activities of Fresenius SE, the operating activities were split into the following legally-independent business segments (subgroups) as of June 30, 2010:

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

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

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

On May 12, 2010, Fresenius SE's Annual General Meeting approved the change of Fresenius SE's legal form into a partnership limited by shares (Kommanditgesellschaft auf Aktien, KGaA) with the name Fresenius SE & Co. KGaA in combination with the conversion of all non-voting preference shares into voting ordinary shares. The change of legal form as well as the conversion of shares was also approved by the preference shareholders through a special resolution.

Upon registration of the resolution in the commercial register, the holders of preference shares will receive one ordinary share in Fresenius SE & Co. KGaA for each preference share held in Fresenius SE; the ordinary shareholders will receive one ordinary share in Fresenius SE & Co. KGaA for each ordinary share held in Fresenius SE. The notional proportion of each non-par value share in the share capital as well as the share capital itself will remain unchanged. The change of Fresenius SE's legal form into a KGaA will neither lead to the liquidation of the Company nor to the formation of a new legal entity. The legal and commercial identity of the Company will be preserved.

The legal form of the KGaA enables Fresenius to achieve the benefits of a single share class while maintaining the control position of the Else Kröner-Fresenius Foundation which holds approximately 58% of the ordinary shares in Fresenius SE prior to the change. The European company Fresenius Management SE, a wholly-owned subsidiary of the Else Kröner-Fresenius Foundation, is designated to be the general partner of Fresenius SE & Co. KGaA. The Management Board of Fresenius Management SE will be identical to Fresenius SE's current Management Board and will assume the management of Fresenius SE & Co. KGaA. The Else Kröner-Fresenius Foundation's right to provide the general partner is tied to the holding of more than 10% of the share capital in Fresenius SE & Co. KGaA. In connection with the change of the legal form, it is intended to merge the Dutch Calea Nederland N.V., a wholly-owned subsidiary of Fresenius SE, into Fresenius SE & Co. KGaA. This cross-border merger is to become effective immediately upon the change of the legal form taking effect and serves the purpose of clearing up and simplifying the group structure. As a result, Fresenius SE & Co. KGaA will be able to maintain its well-established governance structure with a Supervisory Board consisting of twelve members including employee representatives with an international composition.

In addition to the existing Conditional Capitals, three Authorized Capitals will be created with the articles of association that were approved at the Annual General Meeting. These can be used as an alternative source of shares for Fresenius SE & Co. KGaA's three active employee participation programs.

The resolutions have been challenged by three shareholder complaints (Anfechtungsklagen) currently pending before the Frankfurt am Main Regional Court (Landgericht). Fresenius SE has initiated a clearance procedure (Freigabeverfahren) before the Higher Regional Court (Oberlandesgericht) of Frankfurt am Main. Through this, the registration of the change of legal form in the commercial register and the execution of the conversion of shares shall be accomplished in the second half of the year.

III. BASIS OF PRESENTATION

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

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

The accounting policies underlying these interim financial statements are mainly the same as those applied in the consolidated financial statements as of December 31, 2009.

IV. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Principles of consolidation

The condensed consolidated financial statements and management report for the first half and the second quarter ended June 30, 2010 have not been audited nor reviewed and should be read in conjunction with the notes included in the consolidated financial statements as of December 31, 2009, published in the 2009 Annual Report.

Except for the reported acquisitions (see note 2, Acquisitions and investments), there have been no other major changes in the entities consolidated.

The consolidated financial statements for the first half and the second quarter ended June 30, 2010 include all adjustments that, in the opinion of the Management Board, are of a normal and recurring nature, necessary to provide an appropriate view of the assets and liabilities, financial position and results of operations of the Fresenius Group.

The results of operations for the first half ended June 30, 2010 are not necessarily indicative of the results of operations for the fiscal year 2010.

Classifications

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

Valuation

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

Use of estimates

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

V. RECENT PRONOUNCEMENTS, APPLIED

The Fresenius Group has prepared its consolidated financial statements at June 30, 2010 in conformity with U.S. GAAP in force for interim periods on January 1, 2010.

The Fresenius Group applied the following standards, as far as they are relevant for Fresenius Group's business, for the first time in the first half ended June 30, 2010:

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

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

The Fresenius Group implemented the amendments prescribed by ASU 2009-16 and ASU 2009-17 as of January 1, 2010, which did not have a material impact on the results of the Fresenius Group in the first half ended June 30, 2010.

VI. RECENT PRONOUNCEMENTS, NOT YET APPLIED

The FASB issued the following for the Fresenius Group relevant new standard.

In July 2010, the FASB issued **Accounting Standards Update 2010-20** (ASU 2010-20), Disclosures about the Credit Quality of Financing Receivables and the Allowance for Credit Losses. ASU 2010-20 is an update of ASC Topic 310, Receivables. This update requires enhanced disclosures on a disaggregated basis about:

- the nature of the credit risk inherent in the portfolio of financing receivables
- how that risk is analyzed and assessed in arriving at the allowance for credit losses
- the changes and reasons for those changes in the allowance for credit losses

The disclosures required under ASU 2010-20 as of the end of a reporting period are effective for interim and annual reporting periods ending on or after December 15, 2010. Disclosures about activity that occurs during a reporting period are effective for interim and annual reporting periods beginning on or after December 15, 2010. Earlier adoption is permitted. The Fresenius Group is currently evaluating the impact of ASU 2010-20 on its consolidated financial statements.

The Fresenius Group does generally not adopt new accounting standards before compulsory adoption date.

2. ACQUISITIONS AND INVESTMENTS

The Fresenius Group made acquisitions and investments of €251 million and €156 million in the first half of 2010 and the first half of 2009, respectively. Of this amount, €237 million were paid in cash and €14 million were assumed obligations in the first half of 2010.

In the first half of 2010, Fresenius Medical Care spent €228 million on acquisitions. These related in an amount of €128 million mainly to the purchase of dialysis clinics. In addition, Fresenius Medical Care invested €100 million in short-term investments with banks (with a maturity greater than three and less than twelve months).

In the first half of 2010, Fresenius Kabi spent €23 million on acquisitions. The acquisition of the cas central compounding baden-württemberg GmbH, Germany, was the biggest individual project.

NOTES ON THE CONSOLIDATED STATEMENT OF INCOME

Net income attributable to Fresenius SE for the first half of 2010 in an amount of €240 million includes several special items relating to the acquisition of APP Pharmaceuticals, Inc. (APP) in 2008. These special items in a total amount of -€62 million (before tax: -€96 million) are described in note 4, Other financial result. Net income attributable to Fresenius SE before special items is €302 million (H1 2009: €240 million).

3. SALES

Sales by activity were as follows:

€ in millions	H1/2010	H1/2009
Sales of services	**4,664**	4,263
Sales of products and related goods	**2,790**	2,479
Sales from long-term production contracts	**232**	152
Other sales	**–**	1
Sales	**7,686**	6,895

4. OTHER FINANCIAL RESULT

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

The registered and tradable Contingent Value Rights (CVR) awarded to the APP shareholders are traded at the NASDAQ Stock Exchange in the United States. The corresponding liability is therefore valued with the current stock exchange price at the reporting date. This valuation resulted in an income of €21 million as of June 30, 2010 (income of €10 million as of June 30, 2009).

Due to their contractual definition, the issued Mandatory Exchangeable Bonds (MEB) include derivative financial instruments that have to be measured at fair value. This measurement resulted in an expense (before tax) of €117 million as of June 30, 2010 (income before tax of €33 million as of June 30, 2009).

5. TAXES

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

6. EARNINGS PER SHARE

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

	H1/2010	H1/2009
Numerators, € in millions		
Net income attributable to Fresenius SE	240	274
less preference on preference shares	1	1
less effect from dilution due to Fresenius Medical Care shares and MEB	1	–
Income available to all classes of shares	238	273
Denominators in number of shares		
Weighted-average number of ordinary shares outstanding	80,721,481	80,573,402
Weighted-average number of preference shares outstanding	80,721,481	80,573,402
Weighted-average number of shares outstanding of all classes	161,442,962	161,146,804
Potentially dilutive ordinary shares	569,006	285,021
Potentially dilutive preference shares	569,006	285,021
Weighted-average number of ordinary shares outstanding assuming dilution	81,290,487	80,858,423
Weighted-average number of preference shares outstanding assuming dilution	81,290,487	80,858,423
Weighted-average number of shares outstanding of all classes assuming dilution	162,580,974	161,716,846
Basic earnings per ordinary share in €	1.48	1.69
Preference per preference share in €	0.01	0.01
Basic earnings per preference share in €	1.49	1.70
Fully diluted earnings per ordinary share in €	1.46	1.68
Preference per preference share in €	0.01	0.01
Fully diluted earnings per preference share in €	1.47	1.69

NOTES ON THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION

7. CASH AND CASH EQUIVALENTS

As of June 30, 2010 and December 31, 2009, cash and cash equivalents were as follows:

€ in millions	June 30, 2010	Dec. 31, 2009
Cash	598	411
Time deposits and securities (with a maturity of up to 90 days)	10	9
Total cash and cash equivalents	608	420

As of June 30, 2010 and December 31, 2009, earmarked funds of €99 million and €17 million, respectively, were included in cash and cash equivalents.

8. TRADE ACCOUNTS RECEIVABLE

As of June 30, 2010 and December 31, 2009, trade accounts receivable were as follows:

€ in millions	June 30, 2010	Dec. 31, 2009
Trade accounts receivable	3,205	2,794
less allowance for doubtful accounts	324	285
Trade accounts receivable, net	2,881	2,509

9. INVENTORIES

As of June 30, 2010 and December 31, 2009, inventories consisted of the following:

€ in millions	June 30, 2010	Dec. 31, 2009
Raw materials and purchased components	337	298
Work in process	273	185
Finished goods	893	752
Inventories	1,503	1,235

10. GOODWILL AND OTHER INTANGIBLE ASSETS

As of June 30, 2010 and December 31, 2009, intangible assets, split into amortizable and non-amortizable intangible assets, consisted of the following:

AMORTIZABLE INTANGIBLE ASSETS

	June 30, 2010			Dec. 31, 2009		
€ in millions	Acquisition cost	Accumulated amortization	Carrying amount	Acquisition cost	Accumulated amortization	Carrying amount
Patents, product and distribution rights	615	122	493	538	93	445
Technology	88	18	70	69	12	57
Non-compete agreements	196	135	61	157	109	48
Other	479	271	208	423	234	189
Total	1,378	546	832	1,187	448	739

NON-AMORTIZABLE INTANGIBLE ASSETS

	June 30, 2010			Dec. 31, 2009		
€ in millions	Acquisition cost	Accumulated amortization	Carrying amount	Acquisition cost	Accumulated amortization	Carrying amount
Tradenames	187	0	187	161	0	161
Management contracts	4	0	4	153	0	153
Goodwill	11,902	0	11,902	10,356	0	10,356
Total	12,093	0	12,093	10,670	0	10,670

In the second quarter of 2010, administrative services agreements of Fresenius Medical Care in an amount of €162 million were reclassified from the category management contracts to goodwill due to the approval Fresenius Medical Care received in April 2010 from the state of New York for full ownership of the managed facilities in that state.

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

€ in millions	Q3–4/2010	2011	2012	2013	2014	Q1–2/2015
Estimated amortization expenses	48	91	88	84	81	36

The carrying amount of goodwill has developed as follows:

€ in millions	Fresenius Medical Care	Fresenius Kabi	Fresenius Helios	Fresenius Vamed	Corporate/ Other	**Fresenius Group**
Carrying amount as of January 1, 2009	**5,253**	**3,511**	**1,565**	**44**	**6**	**10,379**
Additions	125	43	61	0	0	229
Foreign currency translation	-164	-88	0	0	0	-252
Carrying amount as of December 31, 2009	**5,214**	**3,466**	**1,626**	**44**	**6**	**10,356**
Additions	62	18	–	1	0	81
Disposals	0	-7	0	0	0	-7
Reclassifications	162	0	0	0	0	162
Foreign currency translation	865	445	0	0	0	1,310
Carrying amount as of June 30, 2010	**6,303**	**3,922**	**1,626**	**45**	**6**	**11,902**

As of June 30, 2010 and December 31, 2009, the carrying amounts of the other non-amortizable intangible assets were €175 million and €299 million, respectively, for Fresenius Medical Care as well as €16 million and €15 million, respectively, for Fresenius Kabi.

11. DEBT AND CAPITAL LEASE OBLIGATIONS

SHORT-TERM DEBT

The Fresenius Group had short-term debt of €458 million and €287 million at June 30, 2010 and December 31, 2009, respectively. As of June 30, 2010, these consisted of €214 million borrowed by certain subsidiaries of the Fresenius Group under lines of credit with commercial banks and €244 million outstanding short-term borrowings under the accounts receivable facility of Fresenius Medical Care.

LONG-TERM DEBT AND CAPITAL LEASE OBLIGATIONS

As of June 30, 2010 and December 31, 2009, long-term debt and liabilities from capital lease obligations consisted of the following:

€ in millions	June 30, 2010	Dec. 31, 2009
Fresenius Medical Care 2006 Senior Credit Agreement	2,751	2,445
2008 Senior Credit Agreement	1,704	1,602
Euro Notes	800	800
European Investment Bank Agreements	546	424
Capital lease obligations	46	45
Other	163	173
Subtotal	6,010	5,489
less current portion	1,721	261
Long-term debt and capital lease obligations, less current portion	4,289	5,228

Fresenius Medical Care 2006 Senior Credit Agreement

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

The following table shows the available and outstanding amounts under the Fresenius Medical Care 2006 Senior Credit Agreement at June 30, 2010:

US$ in millions	Maximum amount available	Balance outstanding
Revolving Credit	1,000	515
Term Loan A	1,314	1,314
Term Loan B	1,546	1,546
Total	3,860	3,375

In addition, at June 30, 2010 and December 31, 2009, US$122 million and US$97 million, respectively, were utilized as letters of credit which are not included as part of the balances outstanding at those dates.

The Revolving Credit as well as Term Loan A of FMC-AG & Co. KGaA are due on March 31, 2011 and are therefore shown as current portion under the short-term liabilities in an amount of US$1,386 million (€1,129 million) at June 30, 2010.

As of June 30, 2010, FMC-AG & Co. KGaA was in compliance with all covenants under the Fresenius Medical Care 2006 Senior Credit Agreement.

2008 Senior Credit Agreement

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

The following table shows the available and outstanding amounts under the 2008 Senior Credit Agreement at June 30, 2010:

	Maximum amount available		**Balance outstanding**	
		€ in millions		**€ in millions**
Revolving Credit Facilities	US$550 million	448	US$24 million	**20**
Term Loan A	US$877 million	715	US$877 million	**715**
Term Loan C (in US$)	US$990 million	806	US$990 million	**806**
Term Loan C (in €)	€163 million	163	€163 million	**163**
Total		2,132		**1,704**

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

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

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

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

As of June 30, 2010, Fresenius SE was in compliance with all covenants under the 2008 Senior Credit Agreement.

Euro Notes

As of June 30, 2010, Euro Notes (Schuldscheindarlehen) of the Fresenius Group consisted of the following:

	Maturity	Interest rate	**Book value/ nominal value € in millions**
Fresenius Finance B.V. 2008/2012	April 2, 2012	5.59%	**62**
Fresenius Finance B.V. 2008/2012	April 2, 2012	variable	**138**
Fresenius Finance B.V. 2007/2012	July 2, 2012	5.51%	**26**
Fresenius Finance B.V. 2007/2012	July 2, 2012	variable	**74**
Fresenius Finance B.V. 2008/2014	April 2, 2014	5.98%	**112**
Fresenius Finance B.V. 2008/2014	April 2, 2014	variable	**88**
Fresenius Finance B.V. 2007/2014	July 2, 2014	5.75%	**38**
Fresenius Finance B.V. 2007/2014	July 2, 2014	variable	**62**
FMC-AG & Co. KGaA 2009/2012	Oct. 27, 2012	7.41%	**36**
FMC-AG & Co. KGaA 2009/2012	Oct. 27, 2012	variable	**119**
FMC-AG & Co. KGaA 2009/2014	Oct. 27, 2014	8.38%	**15**
FMC-AG & Co. KGaA 2009/2014	Oct. 27, 2014	variable	**30**
Euro Notes			**800**

European Investment Bank Agreements

The following table shows the outstanding amounts under the European Investment Bank (EIB) facilities as of June 30, 2010:

	Maximum amount available € in millions	Maturity	**Book value € in millions**
Fresenius SE	196	2013	**196**
FMC-AG & Co. KGaA	274	2013/2014	**274**
HELIOS Kliniken GmbH	76	2019	**76**
Loans from EIB	546		**546**

The EIB loans were drawn down in both euros or U.S. dollars.

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

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

CREDIT LINES

In addition to the financial liabilities described before, the Fresenius Group maintains additional credit facilities which have not been utilized, or have only been utilized in part as of reporting date. As of June 30, 2010, the additional financial cushion resulting from unutilized credit facilities was approximately €1.8 billion.

12. SENIOR NOTES

As of June 30, 2010 and December 31, 2009, Senior Notes of the Fresenius Group consisted of the following:

				Book value € in millions	
	Notional amount	Maturity	Interest rate	**June 30, 2010**	Dec. 31, 2009
Fresenius Finance B.V. 2006/2013	€500 million	Jan 31, 2013	5.00%	**500**	500
Fresenius Finance B.V. 2006/2016	€650 million	Jan 31, 2016	5.50%	**634**	639
Fresenius US Finance II, Inc. 2009/2015	€275 million	July 15, 2015	8 3/4%	**260**	259
Fresenius US Finance II, Inc. 2009/2015	US$500 million	July 15, 2015	9.00%	**385**	326
FMC Finance III S.A. 2007/2017	US$500 million	July 15, 2017	6 7/8%	**402**	342
FMC Finance VI S.A. 2010/2016	€250 million	July 15, 2016	5.50%	**247**	0
Senior Notes				**2,428**	2,066

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

As of June 30, 2010, the Fresenius Group was in compliance with all of its covenants.

13. TRUST PREFERRED SECURITIES

The trust preferred securities of the Fresenius Medical Care Capital Trust IV and V are due on June 15, 2011 and are therefore shown as current portion under short-term liabilities in an amount of € 483 million at June 30, 2010.

14. PENSIONS AND SIMILAR OBLIGATIONS

DEFINED BENEFIT PENSION PLANS

At June 30, 2010, the pension liability of the Fresenius Group was €333 million. The current portion of the pension liability in an amount of €10 million is recognized in the statement of financial position as short-term accrued expenses and other short-term liabilities. The non-current portion of €323 million is recorded as pension liability.

Contributions to Fresenius Group's pension fund were €2 million in the first half of 2010. The Fresenius Group expects approximately €5 million contributions to the pension fund during 2010.

Defined benefit pension plans' net periodic benefit costs of €17 million were comprised of the following components:

€ in millions	H1/2010	H1/2009
Service cost	7	7
Interest cost	16	16
Expected return on plan assets	-8	-8
Amortization of unrealized actuarial losses, net	2	2
Amortization of prior service costs	–	–
Amortization of transition obligations	–	–
Settlement loss	–	0
Net periodic benefit cost	**17**	17

15. NONCONTROLLING INTEREST

Noncontrolling interest in the Group was as follows:

€ in millions	June 30, 2010	Dec. 31, 2009
Noncontrolling interest in FMC-AG & Co. KGaA	3,537	3,050
Noncontrolling interest in HELIOS Kliniken GmbH	4	4
Noncontrolling interest in VAMED AG	33	33
Noncontrolling interest in the business segments		
Fresenius Medical Care	164	145
Fresenius Kabi	41	37
Fresenius Helios	112	110
Fresenius Vamed	3	3
Corporate/Other	0	0
Total noncontrolling interest	**3,894**	3,382

Noncontrolling interest increased by €512 million to €3,894 million in the first half of 2010. The change resulted from the noncontrolling interest in profit of €267 million, less dividend payments of €174 million as well as noncontrolling interest in stock options, currency effects and first-time consolidations in a total amount of €419 million.

16. FRESENIUS SE SHAREHOLDER´S EQUITY

SUBSCRIBED CAPITAL

During the first half of 2010, 432,054 stock options were exercised. Accordingly, at June 30, 2010, the subscribed capital of Fresenius SE was divided into 80,873,715 bearer ordinary shares and 80,873,715 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, Conditional Capital II and Conditional Capital III, which exist to secure the subscription rights in connection with already issued stock options on bearer ordinary shares and bearer preference shares of the stock option plans of 1998, 2003 and 2008 (see note 21, Stock options).

The following table shows the development of the Conditional Capital:

in €	Ordinary shares	Preference shares	Total
Conditional Capital I Fresenius AG Stock Option Plan 1998	656,550	656,550	1,313,100
Conditional Capital II Fresenius AG Stock Option Plan 2003	2,149,221	2,149,221	4,298,442
Conditional Capital III Fresenius SE Stock Option Plan 2008	3,100,000	3,100,000	6,200,000
Total Conditional Capital as of January 1, 2010	**5,905,771**	**5,905,771**	**11,811,542**
Fresenius AG Stock Option Plan 1998 – options exercised	-94,461	-94,461	-188,922
Fresenius AG Stock Option Plan 2003 – options exercised	-121,566	-121,566	-243,132
Total Conditional Capital as of June 30, 2010	**5,689,744**	**5,689,744**	**11,379,488**

APPROVED CAPITAL

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

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

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

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

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

DIVIDENDS

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

In May 2010, a dividend of €0.75 per bearer ordinary share and €0.76 per bearer preference share was approved by Fresenius SE's shareholders at the Annual General Meeting and paid. The total dividend payment was €122 million.

OTHER NOTES

17. LEGAL PROCEEDINGS

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

Further information regarding legal disputes, court proceedings and investigations can be found in detail in the consolidated financial statements in the 2009 Annual Report. In the following, only the changes during the first half ended June 30, 2010 compared to the information provided in the consolidated financial statements are described. These changes should be read in conjunction with the overall information in the consolidated financial statements in the 2009 Annual Report; defined terms or abbreviations having the same meaning as in the 2009 Annual Report.

BAXTER PATENT DISPUTE "TOUCHSCREEN INTERFACES" (1)

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

BAXTER PATENT DISPUTE "TOUCHSCREEN INTERFACES" (2)

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

BAXTER PATENT DISPUTE "LIBERTY CYCLER"

During and after discovery, seven of the asserted nine patents were dropped from the suit. On July 28, 2010, at the conclusion of the trial, the jury returned a verdict in favor of FMCH finding that the Liberty™ cycler does not infringe any of the asserted claims of the Baxter patents.

GAMBRO PATENT DISPUTE

After a first hearing in February 2010, the court ordered in May 2010 that the proceedings concerning the determination of compensation to be paid by Fresenius Medical Care are stayed until there is a final court decision on the invalidity of the patent. The patent expired in May 2010, meaning that the provisional enforced injunction is not longer effective.

RENAL CARE GROUP – CLASS ACTION "ACQUISITION"

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

RENAL CARE GROUP – COMPLAINT "METHOD II"

On March 22, 2010, the Tennessee District Court entered judgment against defendants for approximately US$23 million in damages and interest under the unjust enrichment count of the complaint but denied all relief under the six False Claims Act counts of the complaint. Fresenius Medical Care appealed the Tennessee District Court's decision to the United States Court of Appeals for the Sixth Circuit and secured a stay of enforcement of the judgment pending appeal. The United States Attorney filed a cross appeal, but also asked the Tennessee District Court for an indicative or supplemental ruling. On June 23, 2010, the Tennessee District Court issued an indicative ruling to the effect that, if the case were remanded to the District Court, it would expect to enter a judgment under the False Claims Act against Fresenius Medical Care for approximately US$104 million. Fresenius Medical Care believes that RCG's operation of its Method II supply company was in compliance with applicable law, that no relief is due to the United States, and that its position in the litigation will ultimately be sustained.

FRESENIUS MEDICAL CARE HOLDINGS – QUI TAM COMPLAINT

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

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.

18. FINANCIAL INSTRUMENTS

VALUATION OF FINANCIAL INSTRUMENTS

Estimation of fair values of financial instruments

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

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

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

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

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

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

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

Fair value of financial instruments

The following table presents the carrying amounts and fair values of the Group's financial instruments as of June 30, 2010 and December 31, 2009, respectively:

	June 30, 2010		Dec. 31, 2009	
€ in millions	Carrying amount	Fair value	Carrying amount	Fair value
Cash and cash equivalents	**608**	**608**	420	420
Assets recognized at carrying amount	**2,902**	**2,902**	2,535	2,535
Liabilities recognized at carrying amount	**10,567**	**10,700**	9,461	9,611
Liabilities recognized at fair value	**150**	**150**	55	55
Derivatives for hedging purposes	**-422**	**-422**	-115	-115

Derivatives for hedging purposes as well as derivatives embedded in the MEB were recognized at gross values as other assets in an amount of €15 million and other liabilities in an amount of €570 million.

Derivative and non-derivative financial instruments recognized at fair value are classified according to the three-tier fair value hierarchy. For the fair value measurement of derivatives for hedging purposes, significant other observable inputs are used. Therefore, they are classified as Level 2 in accordance with the defined fair value hierarchy levels. The derivatives embedded in the MEB are also classified as Level 2. The valuation of the CVR is based on the current stock exchange price, they are therefore classified as Level 1. The liabilities recognized at fair value consist of embedded derivatives and the CVR and are consequently classified in their entirety as the lower hierarchy Level 2. There were no financial instruments that would have to be classified as Level 3 within the Fresenius Group.

FAIR VALUES OF DERIVATIVE FINANCIAL INSTRUMENTS

	June 30, 2010		Dec. 31, 2009	
€ in millions	**Assets**	**Liabilities**	Assets	Liabilities
Interest rate contracts (current)	**–**	**53**	–	–
Interest rate contracts (non-current)	**–**	**157**	–	134
Foreign exchange contracts (current)	**3**	**133**	18	11
Foreign exchange contracts (non-current)	**–**	**13**	20	1
Derivatives designated as hedging instruments [1]	**3**	**356**	38	146
Foreign exchange contracts (current) [1]	**12**	**52**	11	17
Foreign exchange contracts (non-current) [1]	**–**	**29**	–	1
Derivatives embedded in the MEB (non-current)	**0**	**133**	0	21
Derivatives not designated as hedging instruments	**12**	**214**	11	39

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

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

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

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

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

	H1/2010		
€ in millions	Gain or loss recognized in other comprehensive income (loss) (effective portion)	Gain or loss reclassified from accumulated other comprehensive income (loss) (effective portion)	Gain or loss recognized in income
Interest rate contracts	-73	-3	-1
Foreign exchange contracts	-48	-5	–
Derivatives in cash flow hedging relationships [1]	**-121**	**-8**	**-1**
Foreign exchange contracts			-48
Derivatives in fair value hedging relationships			**-48**
Derivatives designated as hedging instruments	**-121**	**-8**	**-49**

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

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

	H1/2009		
€ in millions	Gain or loss recognized in other comprehensive income (loss) (effective portion)	Gain or loss reclassified from accumulated other comprehensive income (loss) (effective portion)	Gain or loss recognized in income
Interest rate contracts	4	-2	0
Foreign exchange contracts	-10	–	–
Derivatives in cash flow hedging relationships [1]	**-6**	**-2**	**–**
Foreign exchange contracts			17
Derivatives in fair value hedging relationships			**17**
Derivatives designated as hedging instruments	**-6**	**-2**	**17**

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

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

	Gain or loss recognized in income	
€ in millions	**H1/2010**	H1/2009
Foreign exchange contracts	**-102**	-5
Derivatives embedded in the MEB	**-113**	33
Derivatives not designated as hedging instruments	**-215**	28

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

The Fresenius Group expects to recognize a net amount of -€20 million of the existing gains and losses deferred in accumulated other comprehensive income (loss) in earnings within the next 12 months.

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

MARKET RISK

General

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

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

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

Derivative financial instruments

Foreign exchange risk management

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

As of June 30, 2010, the notional amounts of foreign exchange contracts totaled €2,738 million. These foreign exchange contracts have been entered into to hedge risks from operational business and in connection with loans in foreign currency. The predominant part of the foreign exchange forward contracts to hedge risks from operational business was recognized as cash flow hedge, while foreign exchange contracts in connection with loans in foreign currencies are partly recognized as fair value hedges. The fair values of cash flow hedges and fair value hedges were -€120 million and -€23 million, respectively.

As of June 30, 2010, the Fresenius Group was party to foreign exchange contracts with a maximum maturity of 29 months.

Interest rate risk management

The Fresenius Group enters into interest rate swaps and, on a small scale, into interest rate options in order to hedge against interest rate exposures arising from long-term borrowings at variable rates by swapping them into fixed rates.

The Fresenius Group enters into interest rate swaps that are designated as cash flow hedges with a notional volume of US$4,075 million (€3,321 million) and €407 million as well as a fair value of -US$224 million and -€27 million, respectively, which expire between 2011 and 2016.

19. SUPPLEMENTARY INFORMATION ON CAPITAL MANAGEMENT

The Fresenius Group has a solid financial profile. As of June 30, 2010, the equity ratio was 36.12% and the debt ratio (debt/total assets) was 39.26%. As of June 30, 2010, the net debt/EBITDA ratio, which is measured on the basis of U.S. GAAP figures, was 3.2.

The aims of the capital management and further information can be found in the consolidated financial statements in the 2009 Annual Report.

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

The following table shows the company rating of Fresenius SE:

	Standard & Poor's	Moody's	Fitch
Company rating	BB	Ba1	BB
Outlook	positive	stable	positive

In 2010, all rating agencies increased the outlook. Moody's raised the outlook from negative to stable on May 28, 2010. Standard & Poor's as well as Fitch increased the outlook from stable to positive on April 29, 2010 and on August 3, 2010, respectively.

20. NOTES ON SEGMENT REPORTING

GENERAL

The segment reporting tables shown on pages 26 to 27 of this interim report are 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, 2010.

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

Fresenius Medical Care is the world's leading provider of dialysis products and dialysis care for the life-saving treatment of patients with chronic kidney failure. Fresenius Medical Care treats 202,414 patients in its 2,599 own dialysis clinics.

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

Fresenius Helios is one of the largest private hospital operators in Germany.

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

The segment Corporate/Other mainly comprises the holding functions of Fresenius SE as well as Fresenius Netcare GmbH, which provides services in the field of information technology as well as Fresenius Biotech, which does not fulfill the characteristics of a reportable segment. In addition, the segment Corporate/Other includes intersegment consolidation adjustments as well as special items for example in connection with the fair value measurement of the MEB and the CVR.

NOTES ON THE BUSINESS SEGMENTS

Explanations regarding the notes on the business segments can be found in the consolidated financial statements in the 2009 Annual Report.

RECONCILIATION OF KEY FIGURES TO CONSOLIDATED EARNINGS

€ in millions	H1/2010	H1/2009
Total EBIT of reporting segments	**1,141**	1,009
General corporate expenses Corporate/Other (EBIT)	**-23**	-24
Group EBIT	**1,118**	985
Net interest	**-281**	-294
Other financial result	**-96**	43
Income before income taxes	**741**	734

RECONCILIATION OF NET DEBT WITH THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION

€ in millions	June 30, 2010	Dec. 31, 2009
Short-term borrowings	**458**	287
Short-term liabilities and loans from related parties	**8**	2
Current portion of long-term debt and capital lease obligations	**1,721**	261
Current portion of trust preferred securities of Fresenius Medical Care Capital Trusts	**483**	0
Long-term debt and capital lease obligations, less current portion	**4,289**	5,228
Senior Notes	**2,428**	2,066
Trust preferred securities of Fresenius Medical Care Capital Trusts, less current portion	**0**	455
Debt	**9,387**	8,299
less cash and cash equivalents	**608**	420
Net debt	**8,779**	7,879

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

21. STOCK OPTIONS

FRESENIUS SE STOCK OPTION PLANS

On June 30, 2010, Fresenius SE had three stock option plans in place; the Fresenius AG stock option based plan of 1998 (1998 Plan), the Fresenius AG Stock Option Plan 2003 (2003 Plan) which is based on convertible bonds and the stock option based Fresenius SE Stock Option Plan 2008 (2008 Plan). Currently, stock options can only be granted under the 2008 Plan.

Transactions during the first half of 2010

During the first half of 2010, Fresenius SE received cash of €14 million from the exercise of 432,054 stock options.

At June 30, 2010, out of 265,044 outstanding and exercisable options issued under the 1998 Plan, 25,800 were held by the members of the Fresenius SE Management Board. The number of outstanding stock options issued under the 2003 Plan was 2,529,514, of which 1,700,488 were exercisable. The members of the Fresenius SE Management Board held 514,500 options. Out of 2,099,448 outstanding stock options issued under the 2008 Plan, 361,200 were held by the members of the Fresenius SE Management Board.

At June 30, 2010, 982,766 options for ordinary shares and 982,766 options for preference shares were outstanding and exercisable.

At June 30, 2010, total unrecognized compensation costs related to non-vested options granted under the 2003 Plan and the 2008 Plan were €12 million. These costs are expected to be recognized over a weighted-average period of 1.5 years.

22. RELATED PARTY TRANSACTIONS

Prof. Dr. h. c. Roland Berger, a member of the Supervisory Board of Fresenius SE, is a partner and was the chairman of the supervisory board of Roland Berger Strategy Consultants until August 1, 2010. In the first half of 2010, the Fresenius Group paid this company €0.2 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 maintains business relations with Commerzbank under customary conditions.

Dr. Gerhard Rupprecht, a member of the Supervisory Board of Fresenius SE, is a member of the management board of Allianz SE and the chairman of the management board of Allianz Deutschland AG. Dr. Franceso De Meo, member of the Management Board of Fresenius SE, is a member of the supervisory board of Allianz Private Krankenversicherungs-AG. In the first half of 2010, the Fresenius Group paid €1.7 million for insurance premiums to Allianz.

Dr. Dieter Schenk, deputy chairman of the Supervisory Board of Fresenius SE, is a partner in the law firm Noerr LLP (formerly: Nörr Stiefenhofer Lutz) that provides legal services to the Fresenius Group. In the first half of 2010, the Fresenius Group paid this law firm €0.5 million for services rendered.

23. SUBSEQUENT EVENTS

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

24. CORPORATE GOVERNANCE

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

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 Group management report 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, 2010

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 quarter 2010 Conference Call Live webcast	November 2, 2010
Report on Fiscal Year 2010 Analyst Meeting, Bad Homburg v. d. H. Press conference, Bad Homburg v. d. H. Live webcast	February 23, 2011
Report on 1st quarter 2011 Conference Call Live webcast	May 4, 2011
Annual General Meeting, Frankfurt am Main, Germany	May 13, 2011
Report on the first half 2011 Conference Call Live webcast	August 2, 2011
Report on 1st – 3rd quarter 2011 Conference Call Live webcast	November 2, 2011

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