



## **Annual General Meeting of Fresenius SE & Co. KGaA on May 11, 2012**

### **Speech of Dr. Ulf M. Schneider, Chairman of the Management Board**

**The spoken word has precedence.**

*Chart: Welcome*

Good morning, ladies and gentlemen. On behalf of the Management Board, I would like to welcome you to the Annual General Meeting of Fresenius SE & Co. KGaA. We are very pleased that so many of you could attend and appreciate your interest in our Company. I would also like to welcome the members of the press, our guests, and everyone who has joined us on the Internet.

*Chart: Agenda*

I will begin by highlighting the Fresenius Group's financial results in 2011. I will then move on to the development of the Fresenius share price and the first quarter of the current year. Finally, I will close with the outlook for the full year 2012 and our growth prospects.

*Chart: 2011 – An outstanding year for Fresenius*

2011 was another excellent year for Fresenius, with new records for sales and earnings. We were able to exceed the extraordinarily strong 2010 fiscal year results. Improving our profitability across all business segments was another outstanding success.

In addition, we further improved the balance of contributions from our four business segments to Group net income. Excluding Fresenius Medical Care, the Group accounted for 67% of net income in 2011, compared with only 29% in 2004. This is an excellent development and increases the Company's diversification and stability.

2011 was also a year of significant acquisitions. We substantially strengthened our dialysis and hospital businesses, thereby laying the foundation for continued strong growth in 2012 and beyond. Let me give you more detail on this point:

In 2011, Fresenius Medical Care considerably strengthened its business in North America and Europe. The acquisition of the third largest dialysis clinic operator in the United States, Liberty Dialysis Holdings, which we concluded at the end of February 2012, further extended Fresenius Medical Care's leading position in dialysis services. The acquisition of American Access Care significantly expanded our position in vascular access management, a vital part of dialysis care. Fresenius Medical Care also increased its European market presence in dialysis services – especially in the fast-growing Eastern European markets – by acquiring International Dialysis Centers.

Fresenius Helios further strengthened its position in the German hospital market through two major acquisitions: The Damp Group in northern Germany and a maximum care hospital in Duisburg. Both provide an excellent strategic fit and ideally complement the HELIOS hospital network which currently includes 75 clinics with more than 23,000 beds.

*Chart: Fresenius Group: Excellent Financial Results*

Now to the excellent 2011 financial results. Let me first draw your attention to the gray-shaded area on this chart: Group sales increased by 6% in constant currency and by 3% at actual rates to €16.5 billion. As expected, the gain fell somewhat short of the dynamic growth seen in previous years due to the implementation of the new end-stage renal disease prospective payment system in the United States, which initially included reimbursement cuts. I would like to emphasize that Fresenius Medical Care managed this challenge exceptionally well.

Group EBIT increased by 9% in constant currency and by 6% to €2.6 billion at current rates. We posted even stronger growth in Group net income before special items relating to the acquisition of APP Pharmaceuticals, achieving an increase of 18% in constant currency and of 17% to €770 million at current rates. Including special items, which in 2011 were incurred for the last time, Group net income amounted to €690 million.

Over the last five years we achieved an average yearly growth of 10% in sales, 12% in EBIT and 17% in Group net income. This translates into an increase of Group sales by more than €5 billion over this period – with continuously improving profitability. We increased our EBIT margin from 14.2% in 2007 to 15.5% in 2011, an excellent result achieved despite difficult economic conditions and continued cost-containment measures in health care. I would like to sincerely thank all our employees, on behalf of the Management Board, for achieving such extraordinary results not only in 2011, but over many years. Their enthusiasm and commitment to excellence will remain essential to achieving our future goals.

In addition to the mandatory IFRS statements, Fresenius has voluntarily prepared its 2011 financial statements according to U.S. GAAP. The reported figures are largely identical under both standards.

For the disclosures pursuant to Sections 289 and 315 of the German Commercial Code, please refer to the separate report available at the Annual General Meeting and on our website.

*Chart: Fresenius Share: Attractive Long-Term Shareholder Returns*

Dear shareholders, based on our excellent results and the very good prospects for the current year, we are pleased to propose the 19<sup>th</sup> consecutive dividend increase. We propose to increase the dividend by 10%, to 95 euro cents.

Investing in the Fresenius share is a rewarding long-term investment. The graph on the right shows the Company's growth over the last 10 years including reinvested dividends. You will notice that the Fresenius share has yielded a compound annual rate of return of 12.2%, compared with only 1.4% for the DAX index.

*Chart: Fresenius Share Price Development 2011 and 2012*

Now to the Fresenius share price in 2011: The excellent financial results and our positive outlook have also been reflected in the share price development. The Fresenius share price rose by 14% in 2011, significantly outperforming the DAX, which fell by 15%.

Our share has significantly improved its ranking in the DAX since the end of January 2011, as a result of converting the preference shares into ordinary shares to create a single share class. The stock's ranking in market capitalization improved from 26<sup>th</sup> to 21<sup>st</sup>, and in turnover from 34<sup>th</sup> to 29<sup>th</sup>. The attractiveness of our stock on the capital market has grown considerably.

In the first months of this year, the Fresenius share rose further, and currently trades 9% higher than at the end of 2011. The DAX also posted a gain of 9% over the same period.

I am convinced that the Fresenius stock will continue to be an attractive investment in the future. We are well positioned to maintain our path of profitable growth, and the vast majority of analysts continue to rate the Company's share as a "buy".

Let me now turn to two points on today's agenda: In agenda item 9 we ask you for authorization to issue option bonds and/or convertible bonds, and for the creation of a conditional capital. We wish to ensure that the Company will have additional flexibility to finance future growth. The issue of option bonds and/or convertible bonds enables the Company to take advantage of attractive funding opportunities, such as access to debt at favorable interest rates.

Under agenda item 10 we propose a resolution concerning the authorization to purchase and use own shares. The Company should be in a position to take advantage of the benefits associated with the instrument of own shares in the best interests of the Company and all its shareholders and to minimize their dilution. This resolution is consistent with the standard practice of large publicly listed companies in Germany.

*Chart: Fresenius Group: Excellent Start Into 2012*

I will now discuss the first quarter of 2012. We had an excellent start and are heading for another record year. Group sales increased by 10% in constant currency and by 13% at actual rates to €4.4 billion. Net income grew by 15% in constant currency and by 18% at actual rates to €200 million. Including a non-taxable investment gain from Fresenius Medical Care, Group net income totaled €230 million. All business segments are on track to achieve their 2012 targets.

*Chart: Fresenius Medical Care: 1<sup>st</sup> Quarter 2012 and Outlook*

Fresenius Medical Care increased sales by 9% to US\$3.2 billion in the first quarter of 2012. Acquisitions contributed 7%. Net income increased by 10% to US\$244 million, and to US\$370 million including the non-taxable investment gain.

Fresenius Medical Care fully confirmed its outlook and projects sales of approximately US\$14 billion for 2012. This corresponds to sales growth of 13 to 15% in constant currency. Net income of approximately US\$1.14 billion is expected, compared to US\$1.07 billion in 2011.

*Chart: Fresenius Kabi: 1<sup>st</sup> Quarter 2012 and Outlook*

Fresenius Kabi had a very successful start into 2012. Sales increased by 14% to €1.1 billion. EBIT grew by 9% to €215 million.

Fresenius Kabi raised its outlook for 2012 and now forecasts organic sales growth of 6 to 8%. This increase is based on the excellent ongoing development in all product segments and regions. In addition, Fresenius Kabi continues to benefit from supply constraints for intravenously administered drugs in the United States. The EBIT margin is expected to be at the upper end of the targeted range of 19.5 to 20% for 2012.

*Chart: Fresenius Helios: 1<sup>st</sup> Quarter 2012 and Outlook*

Turning now to Fresenius Helios. Sales increased by 11% to €717 million in the first quarter of 2012, with acquisitions having an impact of 6%. Fresenius Helios grew organically by 5%, at the upper end of the forecast for 2012, and EBIT increased by 17% to €68 million.

Fresenius Helios raised its EBIT outlook for 2012. The company now projects EBIT to increase to the upper end of the targeted range of €310 million to €320 million, compared to €270 million in 2011. Fresenius Helios continues to expect organic sales growth of 3 to 5%.

*Chart: Fresenius Vamed: 1<sup>st</sup> Quarter 2012 and Outlook*

Fresenius Vamed achieved sales growth of 1% to €142 million in the first quarter of 2012. As expected, this increase was below our full-year guidance due to the fluctuating project business; the same applies for EBIT, which remained at the previous year's level of €5 million. The company reported a very good order intake of €104 million and an order backlog of €872 million, which corresponds to a multiple of 1.8 times last year's project sales and provides a sound basis for further sales growth.

Fresenius Vamed also fully confirmed its 2012 outlook and expects sales and EBIT growth of 5 to 10%.

*Chart: Fresenius Group: Positive Outlook 2012*

Ladies and gentlemen, the expectations of our business segments again add up to a very positive Group outlook. Sales are projected to increase by 10 to 13% in constant currency and we expect to reach the upper end of this range. Group net income is forecast to grow by 12 to 15% in constant currency.

*Chart: Offer to Acquire RHÖN-KLINIKUM AG*

Before I start with the global trends in health care and our growth prospects, I will briefly outline some more details on the planned acquisition of all outstanding shares of RHÖN-KLINIKUM AG for €22.50 per share in cash. The offer document is expected to be made available on May 18, 2012.

RHÖN-KLINIKUM AG is one of Germany's largest private hospital operators, with reported sales of €2.6 billion and net income of €161 million in 2011. RHÖN-KLINIKUM AG has 53 hospitals with a total of approximately 16,000 beds, as well as 39 health care centers, and treated nearly 2.3 million patients last year.

The planned acquisition of RHÖN-KLINIKUM AG is a milestone in the further expansion of our hospital business. We intend to combine RHÖN-KLINIKUM AG with Fresenius Helios, creating an entity that will have sales of approximately €6 billion and will be the largest private hospital operator in Germany. Patients will benefit as we combine the strengths of RHÖN-KLINIKUM AG and HELIOS to develop new, forward-looking approaches to health care. By extending our health care network across the entire country, we will bring some 75% of Germany's people within an hour's drive of one of our hospitals. Combining these two companies will take our proven and attractive hospital business model to the next level.

*Chart: Fresenius Group: Ideal Strategic Posture to Benefit from Major Health Care Trends*

Fresenius has the ideal strategic posture for further growth. We are benefiting significantly from major global health care trends:

First of all, from an aging population and the increasing demand for health care. Demographic change, increasing health awareness, and medical advances point to continued, stable growth in our markets well into the future.

Second, from dynamic emerging market growth. With their extensive sales and production networks, Fresenius Medical Care and Fresenius Kabi are very well represented in these regions and positioned to participate in this dynamic growth. Fresenius Kabi today achieves more than a third of its sales in emerging countries, with sales growth significantly higher than 10%. Fresenius Vamed also enjoys excellent opportunities for constructing and equipping health care facilities.

Third, from the continuing growth of generics. We are now approximately in the middle of the so-called "patent cliff", a period between 2009 and 2016 during which a number of drugs will lose their patent protection. Fresenius Kabi benefits from these patent expiries by bringing generics onto the market. Economically generics make a vital contribution in making health care more affordable due to lower pricing compared to the original drugs. Due to increasing generic penetration we also see considerable future growth potential in this area.

And finally, we benefit from the rise of private providers in health care services, whether through the operation of dialysis clinics, the privatization of hospitals, or the production of patient-specific drugs and clinical nutrition solutions. We also see increasing demand for the hospital outsourcing services provided by Fresenius Vamed. All our business segments are well positioned to benefit from this global trend, as well.

*Chart: Fresenius Group: Positive Mid-Term Outlook*

I confirm our ambitious mid-term financial targets. For the Group we expect, as in the past, average annual organic sales growth of 6 to 9%. In addition, we are aiming for Group net income of more than €1 billion in 2014, which will require annual earnings growth of approximately 10%.



Quality and cost leadership are essential for our Company's success. They will remain top priorities at each of our four business segments as we strive to provide the best possible care for our patients.

Fresenius is a diversified company, with leading positions in a growing health care market. We will continue to pursue our Company's long-term strategy – which is based on innovation, quality and market leadership – and also the further successful global rollout of our products and services. We will swiftly and successfully integrate the newly acquired companies into the Group and continue to lead Fresenius with commercial prudence.

Ladies and gentlemen, I thank you for your commitment and loyalty to Fresenius and look forward to your continued trust and support.

Thank you for your attention.

### Safe Harbour Statement

This announcement is neither an offer to purchase nor a solicitation of an offer to sell RK AG shares. The final terms and further provisions regarding the public offer will be disclosed in the offer document after the publication has been approved by the German Federal Financial Supervisory Authority (Bundesanstalt für Finanzdienstleistungsaufsicht, BaFin). The final terms of the public offer may differ from the basic information described herein. Investors and holders of RK AG shares are strongly recommended to read any such offer document and all documents in connection with the public offer as they are published, since they will contain important information.

If any announcements or information in this document contain forward-looking statements, such statements do not represent facts and are characterized by words such as "expect", "believe", "estimate", "intend", "aim", "assume" or similar expressions. Such statements express the intentions, opinions or current expectations and assumptions of the Fresenius and the bidder FPS Beteiligungs AG, for example with regard to the potential consequences of the takeover offer for Rhön-Klinikum, for those Rhön-Klinikum shareholders who choose not to accept the takeover offer or for future financial results of Rhön-Klinikum. Such forward-looking statements are based on current plans, estimates and forecasts which Fresenius and the bidder FPS Beteiligungs AG have made to the best of their knowledge, without claiming to be correct in the future, and speak only as of the date on which they are made. It should be kept in mind that actual events or consequences may differ materially from those contained in or expressed by such forward-looking statements. Forward-looking statements are subject to risks and uncertainties, e.g. changes in business, economic and competitive conditions, regulatory reforms, results of clinical trials, foreign exchange rate fluctuations, uncertainties in litigation or investigative proceedings, and the availability of financing, and usually cannot be influenced by Fresenius and the bidder FPS Beteiligungs AG. If any of these risks and uncertainties materialize, or if the assumptions underlying any of our forward-looking statements prove incorrect, then our actual results may be materially different from those we express or imply by such statements. We do not intend or assume any obligation to update these forward-looking statements.

The takeover offer will be implemented in accordance with the applicable laws of the Federal Republic of Germany, in particular the German Securities Acquisition and Takeover Act (Wertpapiererwerbs- und Übernahmegesetz, WpÜG), in conjunction with the German regulation on the contents of offer documents, consideration related to tender offers and compulsory offers, and exemptions from the obligation to publish and submit an offer (WpÜG-Angebotsverordnung). These provisions may differ considerably from the provisions that apply to public takeovers in the United States of America (the "United States").

The takeover offer will be implemented in the United States pursuant to Section 14(e) and Regulation 14E of the U.S. Securities Exchange Act of 1934, as amended, and otherwise in accordance with the provisions of the WpÜG. It may be difficult for shareholders whose place of residence, seat or place of habitual abode is in the United States to enforce their rights and claims under U.S. federal securities laws, since both the Rhön-Klinikum and the bidder are seated outside the United States. U.S. shareholders may not be able to sue a company seated outside the United States, nor its officers or directors who are resident outside the United States before a court outside the United States for violations of U.S. securities laws. Furthermore, it may be difficult to enforce the decisions of a U.S. court against a company seated outside the United States.

The takeover offer is not made or intended to be made pursuant to the provisions of any other legal system. Accordingly, no notifications, registrations, admissions or approvals of the takeover offer or of the offer document containing the takeover offer have been or will be applied for or initiated by the Bidder and the persons acting in conjunction with the Bidder outside of the Federal Republic of Germany and the United States. Fresenius and the bidder FPS Beteiligungs AG therefore do not assume any responsibility for compliance with laws other than the laws of the Federal Republic of Germany and the United States.

The takeover offer will not be filed, published or publicly advertised pursuant to the laws of any jurisdiction other than the Federal Republic of Germany and the United States.

Fresenius and the bidder FPS Beteiligungs AG assume no responsibility for the publication, dissemination, dispatch, distribution or circulation of any documents connected with the intended Takeover Offer or the acceptance of the intended offer outside the Federal Republic of Germany or the United States being permissible under the provisions of legal systems other than those of the Federal Republic of Germany and the United States. Furthermore, Fresenius and the bidder FPS Beteiligungs AG assume no responsibility for the non-compliance of third parties with any laws.

This release contains forward-looking statements that are subject to various risks and uncertainties. Future results could differ materially from those described in these forward-looking statements due to certain factors, e.g. changes in business, economic and competitive conditions, regulatory reforms, results of clinical trials, foreign exchange rate fluctuations, uncertainties in litigation or investigative proceedings, and the availability of financing. Fresenius does not undertake any responsibility to update the forward-looking statements in this release..