

Annual General Meeting May 28, 2003

Address to the shareholders of Fresenius AG

Dr. Gerd Krick

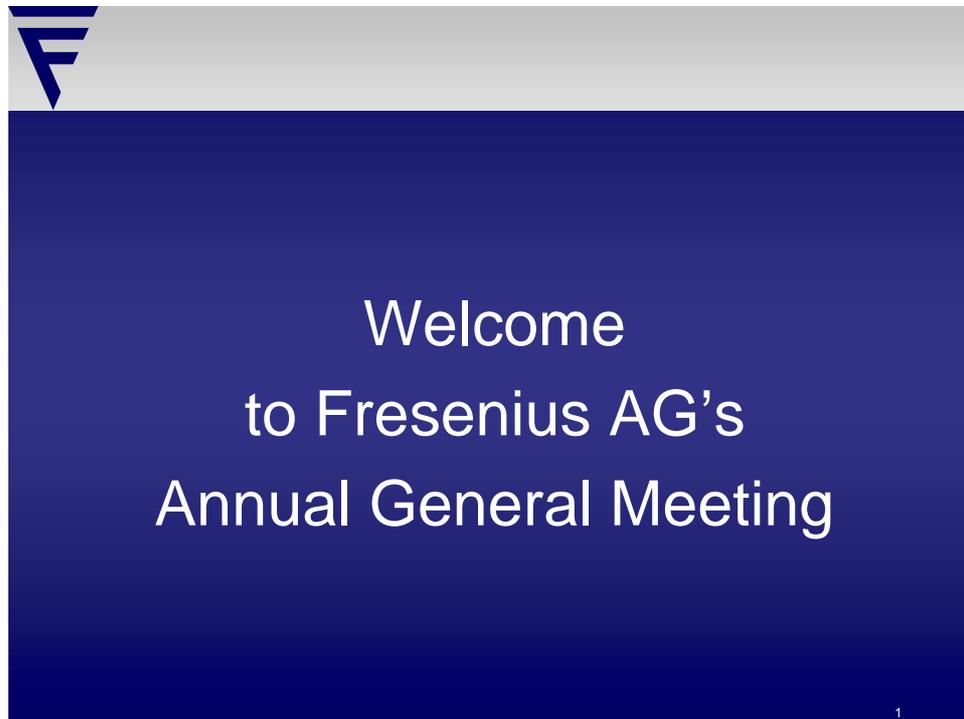
Chairman of the Managing Board

The spoken word is binding.

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Welcome

(Slide 1: Welcome to Fresenius AG's Annual General Meeting)



Good morning, Ladies and Gentlemen,

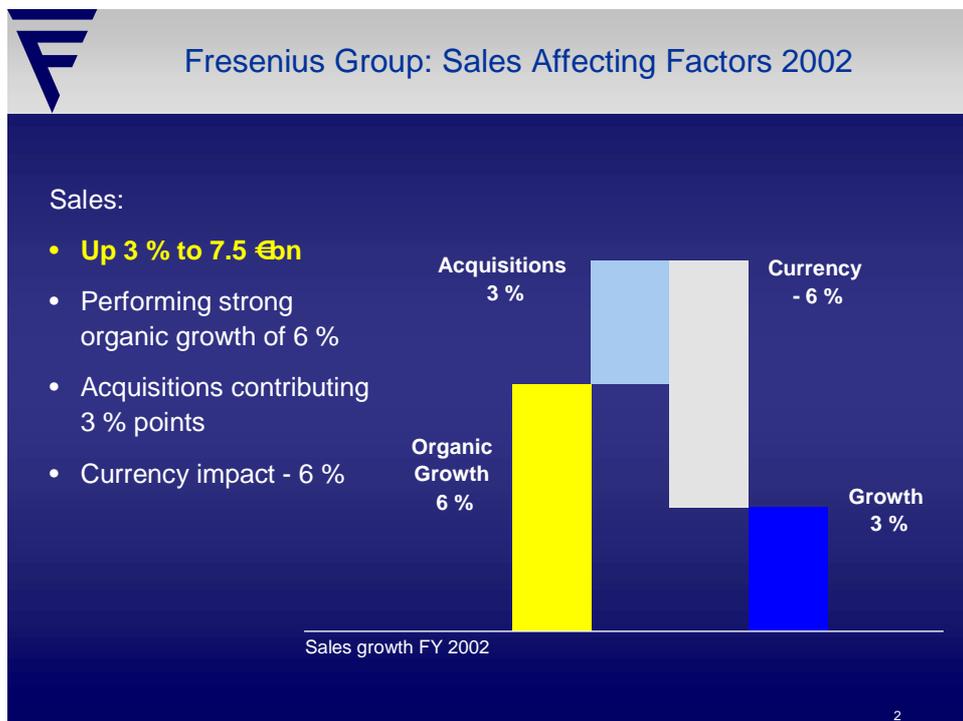
On behalf of the Managing Board of Fresenius AG I welcome you cordially to this year's Ordinary General Meeting and to the Separate Meeting of the preference shareholders which will follow. It is a pleasure to see so many of you here today and we thank you for your interest in the development of the company. I should also like to welcome our guests and the representatives of the press.

To start with, I should like to give a summary about the 2002 financial year and the first three months of the current financial year.

2002 financial year

2002 was a difficult year, as we carried out cost-intensive measures both at Fresenius Medical Care and at Fresenius Kabi, which affected our earnings. Fresenius Medical Care switched dialysis treatment from re-use to the single use of dialysers, and Fresenius Kabi completed its restructuring measures. For both business segments, these measures were of strategic importance and have a long-term impact with regard to strengthening our competitiveness. Another reason why last year was not an easy one is because we are operating in an economic environment that is becoming weaker and weaker. Cost savings imposed by the Government in the health systems are making it necessary to continually find new solutions and implement measures in order to maintain our profitability. Despite these developments, 2002 ended very positively for us.

(Slide 2: Sales Affecting Factors 2002)



We increased sales by 3 % to 7.5 billion euros in 2002. The changes in the exchange rates had a negative impact on our sales: In particular, the conversion of the dollar to the euro and the depreciation of the Argentinian

peso had a numerical effect of minus 6 %. This means that we increased sales by 9 % at constant exchange rates.

On the other hand, our organic growth was excellent. This was 6%, approximately the same as the previous year. This 6 % corresponds to a growth of around 440 million euros – growth due solely to our own efforts – and demonstrates our excellent position in the markets of the world. This is also shown in the following chart:

(Slide 3: Sales Growth in all Regions)



Our growth rates in the various regions of the world are very good. In order to give you an objective picture of our achievements, I should like to show you here the currency-adjusted growth rates: In Europe we achieved a 13 % sales increase – this increase was partly driven by acquisitions and the consolidation of Wittgenstein Kliniken for the first full year. Nevertheless, in Europe we were able to achieve an organic growth of 7 % in a saturated market that is scarcely growing. We achieved strong growth in the region Asia Pacific with a plus of 23 %. The strong demand for health services in these markets continues unabated. Our activities were also successful in Latin

America, with a sales increase of 11 %. I use the word “successful” here without limitation if you bear in mind the disastrous economic and political conditions that prevail in many countries in this region. We registered a growth of 4 % in North America. This growth figure which did not quite meet our expectations was due to the fact that our employees in this region had to concentrate on the measures to introduce single-use dialysers.

(Slide 4: Financial Key Figures 2002)

		Change at constant currency rates	Change at current currency rates
EBIT	837 €m	+ 15 %	+ 10 %
vs. 2001 goodwill adjusted		- 4 %	- 8 %
Net income	134 €m	+ 53 %	+ 44 %
vs. 2001 goodwill adjusted		- 7 %	- 12 %

2001: before special charge for US legal matters

The negative impacts due to the measures carried out in 2002 which I have already mentioned were reflected as well in our earnings. We succeeded in increasing our operating profit by 15 % currency-adjusted, and our net income by 53 %; these are certainly very positive figures. However, it must be kept in mind that according to US GAAP, goodwill is no longer amortized annually starting from 2002. If the figures for 2001 are adjusted accordingly, both operating profit and net income would have been lower than in 2001, by –4 % and -7%. Amortization of goodwill has been replaced by an annual impairment test. This test determines whether acquired goodwill is recoverable. This was the case for Fresenius and this shows that despite the large number of major and also difficult acquisitions which we have carried

out in the past years, the goodwill of the companies we acquired is recoverable.

(Slide 5: Dividend Increase for 10 Consecutive Years)



Despite the lower earnings on an adjusted basis, we propose to you that the dividend be increased. We thus want to demonstrate continuity and at the same time our faith in the positive development of Fresenius in this year and the years to come. We propose that the dividend per ordinary share be increased from 1.03 euros to 1.14 euros, and per preference share from 1.06 euros to 1.17 euros. The total value to be distributed amounts to around 47 million euros and thus corresponds to 35 % of consolidated net income. It is the 10th consecutive dividend increase. The average annual increase rate in this period amounts to 19 % - I think that this is an impressive figure.

(Slide 6: Capital Expenditure)



We have invested large amounts in the past years – both in tangible assets and in acquisitions, as you can see on the chart. We have therefore made substantial investments in order to secure our growth in the future. In 2002 we were able to reduce the funds for investments by more than half – to 507 million euros, after we had invested 1.2 billion euros in 2001.

Of these 507 million euros, 377 million euros were invested in tangible assets and 130 million in acquisitions, mainly for additional dialysis clinics.

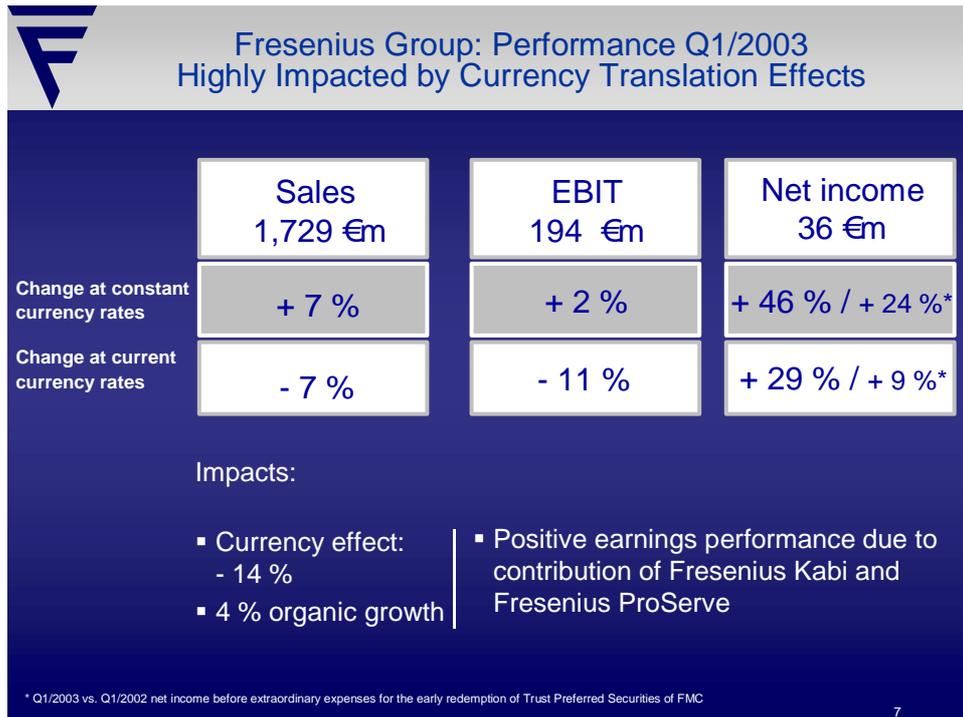
Investments in tangible assets were mainly in the founding of new dialysis clinics and in the expansion and optimisation of production plants, including the building of a joint production facility in Mexico for peritoneal dialysis products of Fresenius Medical Care and for infusion solutions of Fresenius Kabi. This new plant is an example of the synergies which can result from the close cooperation between two different business segments.

We anticipate that in the current year 2003 – without restricting ourselves in any way – we shall require a total investment volume of around 300 million

euros for tangible assets for the whole company, and about 100 million euros for acquisitions.

Development in the 1st quarter 2003

(Slide 7: Performance Q1 2003)



Now I should like to talk about the development in the 1st quarter of the current year. This was very strongly marked by the changes in the exchange rates in the mathematical conversion of currencies into euros. Please remember that the ratio of the US dollar to the euro has changed from 88 \$-cents in the first quarter of last year to 1.07 \$ now.

Sales in the 1st quarter 2003 amounted to 1.7 billion euros, a drop of 7 % at current exchange rates. The currency-adjusted figures, i.e. at the exchange rates of the previous year, show our true operating performance.

Currency-adjusted, we achieved a sales growth of 7 % of which 4 percentage points derive from organic growth and 3 percentage points from acquisitions.

And you can also see the difference which results from the strong negative currency translation effect, namely -14 %.

I should like to explain to you briefly our earnings development in the 1st quarter:

In the operating profit again the strong effect of the exchange rates becomes visible, producing a minus of 11 %; at constant exchange rates we achieved an increase of +2 %. This growth is due to the very good development of Fresenius Kabi and also the increase in earnings of Fresenius ProServe. Kabi increased its operating profit by 84 % to 35 million euros compared to the previous year's quarter. The fact that overall earnings growth is only 2% is due to the business development of Fresenius Medical Care which was affected by the Middle East crisis and the difficult economic conditions in various countries of Latin America, as well as by price pressure in Central Europe.

Earnings after taxes increased to 36 million euros, a plus of 29 %; currency-adjusted it was as much as 46 %. At this point I should like to add that according to the accounting standards of the United States, the figures for the previous year had to be adjusted to include extraordinary expenses incurred by the early redemption of trust preferred securities of Fresenius Medical Care in 2002. Without this adjustment of the previous year's figures, earnings after taxes would have grown by 9 % and at constant exchange rates - the true key business figure – by 24 %.

Outlook

(Slide 8: Outlook on 2003 as a whole)



The slide features the Fresenius logo (a stylized 'F') in the top left corner. The title 'Fresenius Group: Outlook 2003' is centered at the top. The main content is a list of four key performance indicators, each with a bullet point and a corresponding target or achievement. A horizontal line separates the first two items from the last two.

Key Performance Indicator	Target/Achievement
▪ Sales:	High single digit growth rates (at constant currency rates)
▪ Net income:	Exceed growth rate in sales
▪ EBIT margin:	15 % mid-term
▪ Debt/EBITDA ratio:	2.5 in 2005

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Our outlook for the year as a whole:

The altogether modest economic development and the weak economic prospects, together with political uncertainties, in particular in the Latin American countries and the Middle East, present major challenges to companies more than ever before. In addition, the pressure to reduce costs in the health systems, particularly in the European countries, also makes itself felt in our market segment. This situation does not fill us with optimism. Nevertheless, we anticipate a positive development for Fresenius in the 2003 financial year. We expect that on the basis of constant exchange rates, that is, at the exchange rates of 2002, we shall achieve a sales increase in the region of a high single-digit growth rate. This is an ambitious target if you look at the environment I have just described, and ambitious as well on the basis of the high absolute sales figure of 7.5 billion euros achieved in 2002. We also want to further increase earnings at constant exchange rates. The growth in net income is expected to be higher than that of sales.

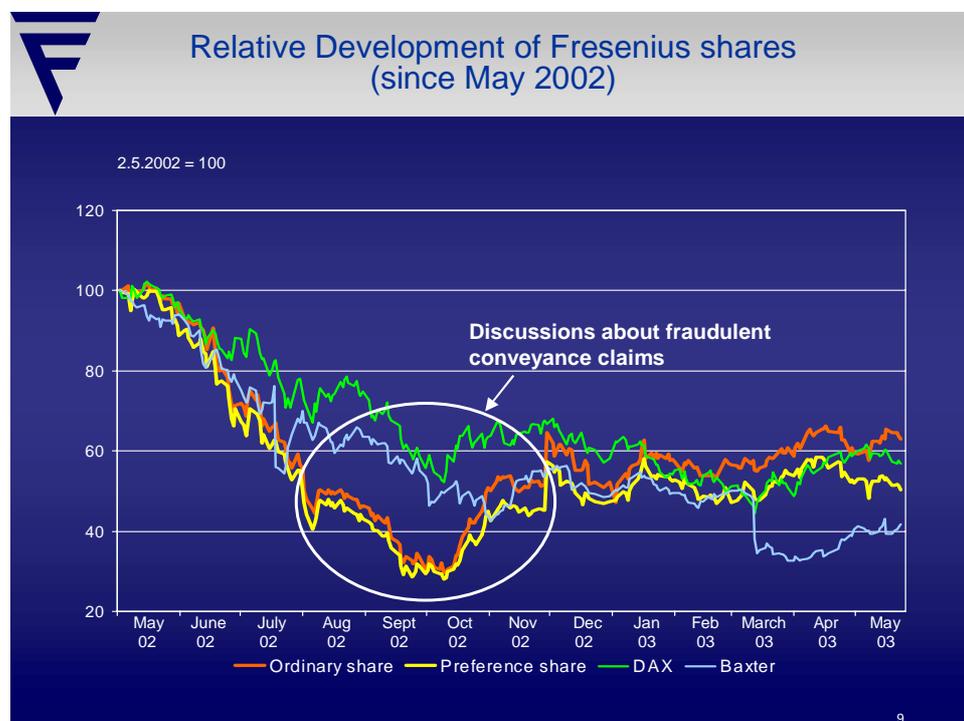
This altogether positive outlook is based on our leading market position, our products and services which are recognised all over the world, and of course on our ability to overcome difficult situations and achieve further optimisation with regard to costs.

Our medium-term goals remain unchanged, and I should like to emphasise them again at this point: In the medium term we want to achieve an operating margin of around 15 % and we also want to become one of the blue chip companies, i.e. we want to improve our debt to EBITDA ratio, that is cash flow before taxes, from 3.1 at present to 2.5 in 2005. That was our outlook.

A subject that is of great concern to all of us is the development of the financial market and in particular of the Fresenius shares.

Share price development

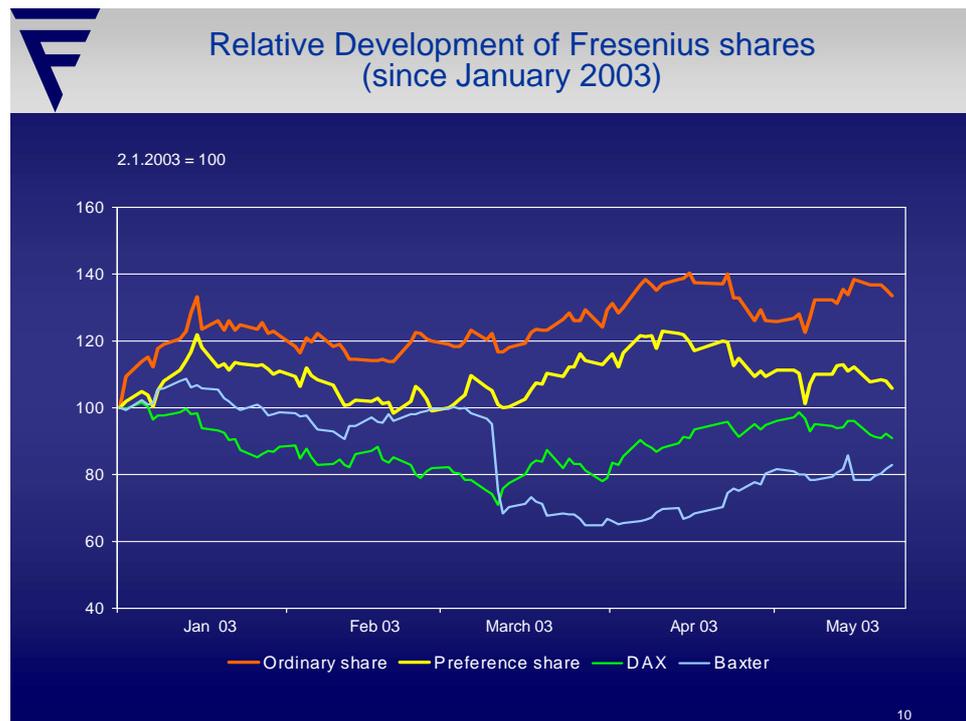
(Slide 9: Share price development from May 2002)



The situation on the stock exchange, Ladies and Gentlemen, is satisfactory neither to shareholders nor to companies. After two years of strong decline, the stock markets, particularly the German market, were marked by extremely negative developments again last year. The weak economy, accounting scandals and the risks of the crisis on the Near East contributed to this not very pleasing development. This had an impact on the value of every company. Just look at the price earnings ratios at the end of 2001: For the DAX companies they averaged 20 and more; today these ratios have more than halved and with multiples around 10.

The Fresenius shares were also caught up in this development, as you can see on this chart showing the development of our shares since our last Annual General Meeting. The situation was made even worse, especially in the period May to November 2002 – by the restructuring of Fresenius Kabi and the high costs in connection with the introduction of single-use dialysers at Fresenius Medical Care, and in particular the uncertain outcome last year of the asbestos claims in the United States. In the meantime, Fresenius Medical Care has successfully rebuffed these claims.

(Slide 10: Share price development from Jan 2003)



I consider it to be an extraordinary success, and also the financial markets have reacted with a significant rally, that the price of the Fresenius shares have developed better than the DAX and also better than our largest, and probably our only directly comparable competitor, Baxter, since the beginning of 2003.

(Slide 11: Fresenius – The Health Care Group)



Stock option plan

I should now like to talk about the stock option plan. Topic 7 of the agenda proposes that a conditional capital be created, and that convertible bonds be granted to members of the Managing Board and to employees of Fresenius AG, to the management and employees of related companies. At the same time, the reduction of the conditional capital that is no longer required from the 1998 stock option plan is to be approved. The proposed new profit-sharing programme will replace the stock option plan introduced in 1998 and which has now expired.

Nowadays, the granting of shares on the basis of options and/or convertible bonds is a normal component of performance-linked remuneration in international business. An employees' profit-sharing programme is therefore essential to attract qualified specialist and management employees and to keep them in the company on a long-term basis. Excellent employees are decisive for success and essential to increase the value of Fresenius.

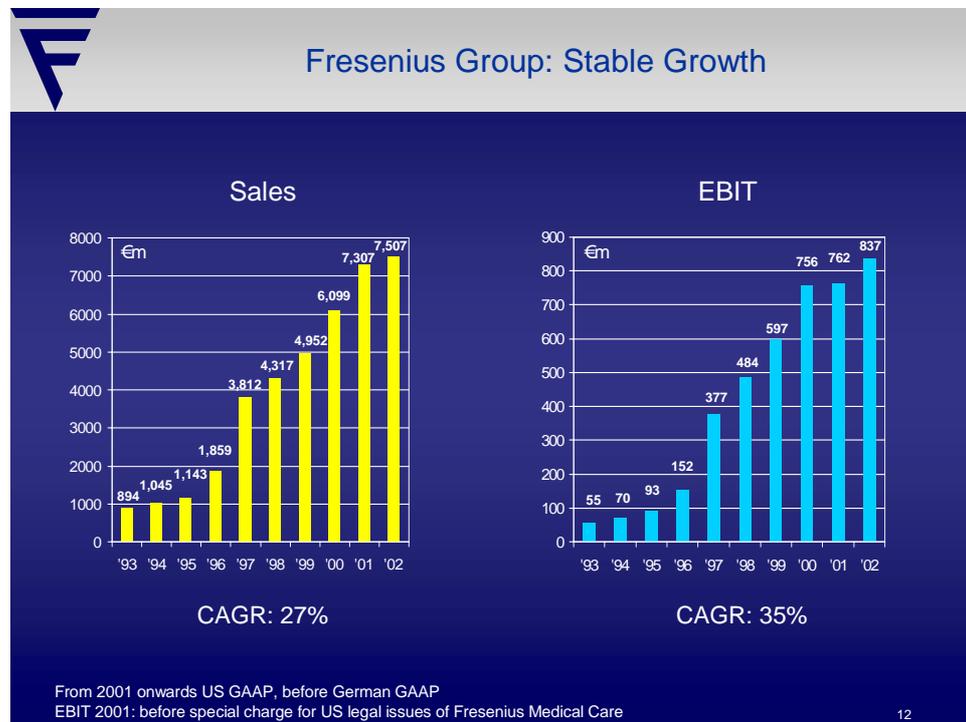
Since the introduction of new stock options by the Corporate Sector Supervision and Transparency Act (KonTraG) in 1998 it is possible in principle to issue either pure stock options or convertible bonds for employees' profit-sharing programmes. As a rule, stock options are preferable because the employees do not have to pay anything in advance, as is the case of convertible bonds. The 1998 stock option plan of Fresenius AG was also based on this model. However, the stock corporation act requires that a success target is set. Internationally, such a success target is often not necessary and really not customary in some countries such as the United States. Most of the companies with which Fresenius competes for employees in the global field offer stock option plans without success targets. This would result in significant disadvantages for German companies when competing for specialist and management staff. Our subsidiary Fresenius Medical Care therefore had a model approved in 2001 which is based on convertible bonds, similar to the one we propose to you today.

Moreover, by proposing this employees' programme we want to avoid a negative impact on earnings in accordance with American accounting regulations.

Just let me say a word about our stock option plan of the last five years: We have achieved our targets, but the exercise prices of all options issued up to now are significantly higher than the current share prices, i.e. the options have not been turned into money, so that up to now no employee has had an advantage from the stock options. For this reason alone you can be sure that all employees are working hard to increase the value of the company and thus the price of our shares.

Strategy

(Slide 12: Fresenius Group: Stable Growth)



Following my remarks on the current operating business, I should like to explain our strategy to you. It was this strategy that has made Fresenius grow - and you can see here the dynamic sales and earnings increase of the past ten years – to become a large, international health care company. In the future this strategy will be decisive for the development of the smaller businesses of Fresenius as well.

(Slide 13: Our Strategy)



Our Strategy

- Innovation
- Market Leadership
- Products and Services

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The cornerstones of our strategy are innovation, market leadership as well as products and services.

Innovations are the nucleus for growth. Fresenius always stood for innovation in the health systems, and still does so.

At the beginning of our development it was these innovative products in dialysis, such as a completely new dialysis machine and the polysulfone membrane, and in infusion solutions a blood volume substitute made on the basis of corn starch, and fat emulsions for parenteral nutrition. Today, innovations concern not only products but also services and organisational structures.

Market leadership

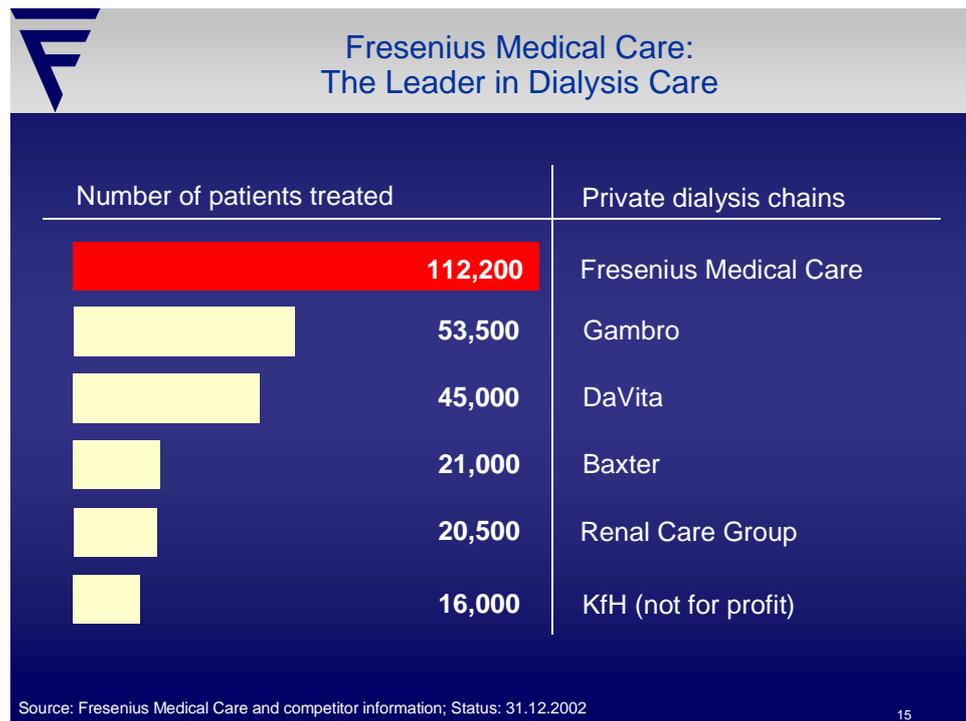
Market leadership - a cornerstone of our strategy - is essential in a continuously consolidating market. Without being No. 1 or No. 2 a company cannot survive in the long term. It is also not sufficient to be the market leader in a region; market leadership demands rather a global presence in all regions of the world.

(Slide 14: Leading Market Positions)



In our most important product segments, we have achieved these leading market positions. In dialysis, we are No. 1 in the world. In infusion and nutrition therapy we have a leading market position in Europe. In transfusion technology we are No. 2, in infusion technology No. 2 and on the path to become No. 1 in Europe. In Asia we lead the market in parenteral nutrition, if we do not take into account the Japanese market which is scarcely accessible.

(Slide 15: FMC: The Leader in Dialysis Care)



I should like to underline our market position in dialysis by showing you this chart: You can see the number of patients treated by private dialysis chains – by Fresenius Medical care and its competitors. Fresenius Medical Care treats around 112,000 patients, more than twice as many as its nearest competitor, the Swedish company Gambro.

(Slide 16: Kabi: Market Position in Asia)

F Fresenius Kabi: Market Position in Asia



Fresenius Kabi is market leader in parenteral nutrition in Asia*

Market share > 30 %



* excl. Japan

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Our position in nutrition therapy in Asia is worthy of mention. Fresenius Kabi is the number 1 in Asia in parenteral nutrition with a market share which already exceeds 30 %. We are strongly represented in this region with around 1,700 employees, of which 1,000 alone are in China. In China we have two production facilities, in Peking and Shanghai, i.e. in the region of China where between 400 and 500 million people live in an industrialised environment. The market for parenteral nutrition has already a volume of around 300 million euros. This figure is even more impressive when comparing it with the figure for Europe, namely 350 million. With a growth rate of 10 %, the potential in Asia compared to our established Western markets is enormous.

(Slide 17: Strong Global Presence - Production)



Market leadership, Ladies and Gentlemen, is only possible if at the same time you have a strong network of production facilities around the world.

On this chart you can see our international production facilities. We have therefore created an excellent structure that is the basis of our future competitiveness. We have built up this network over the past years and thus created the conditions to continue to grow with a lower amount of investments. Our aim now is to convert these production facilities to a uniform production technology which will enable us to further reduce our worldwide manufacturing costs. A new platform technology for the manufacture of infusion solutions which was developed in Friedberg will be introduced for the very first time in our new plant in Mexico.

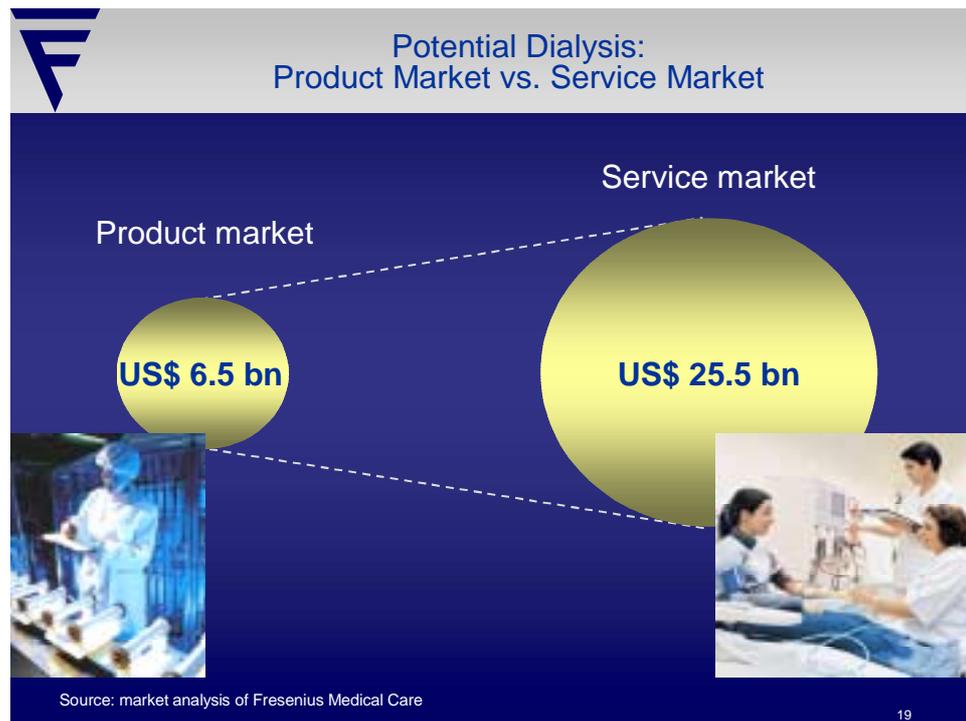
Products and services

(Slide 18: Products and services)



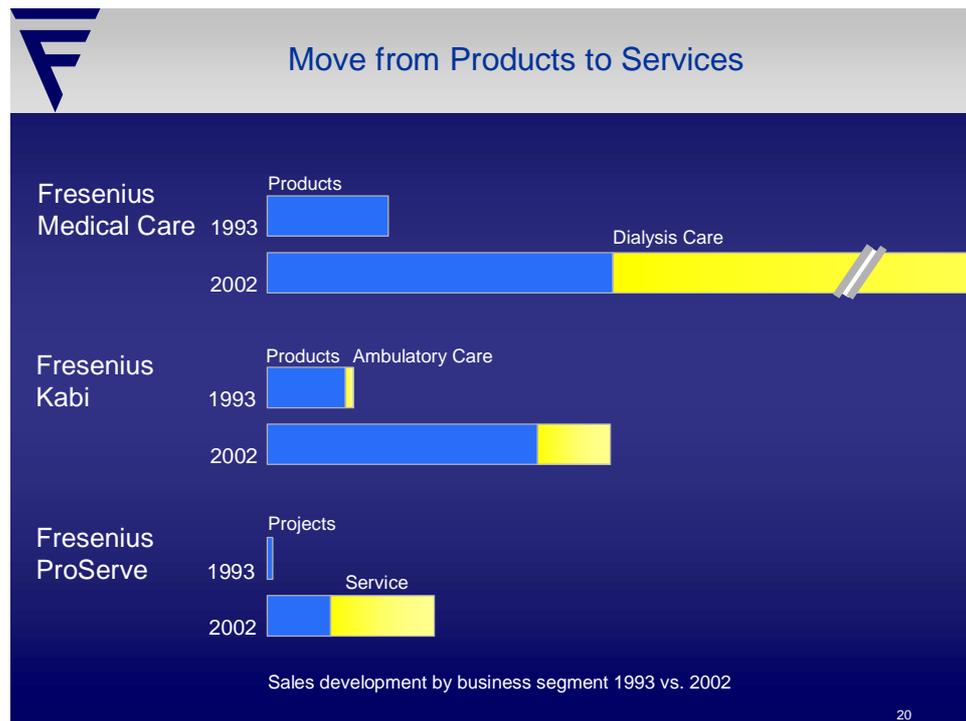
I mentioned a third cornerstone of our strategy, namely to add services to our products. Thus we will open up far larger markets for future growth.

(Slide 19: Market Potential Dialysis)



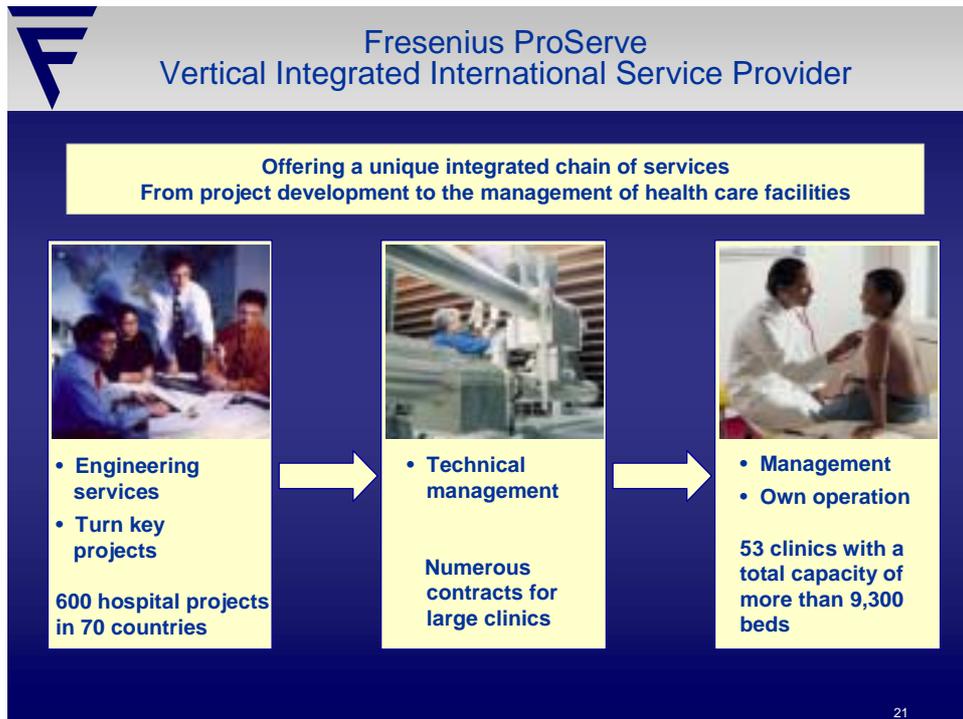
As an example, this slide shows that in dialysis the market for services at more than 25 billion US dollars is four times larger than the market for products. Also for Fresenius Kabi the market for services is large as it is growing considerably faster than the market for products.

(Slide 20: Move from Products to Services)



On this chart you can see the sales of products and services of our business segments in a ten-year comparison, and it becomes clear that we have come a long way in the implementation of this strategy. An important cornerstone for growth in the next ten to twenty years will be Fresenius ProServe. Due to the expected privatisation of the health systems we will have very good opportunities to build up a company that can command a leading position in the hospital field.

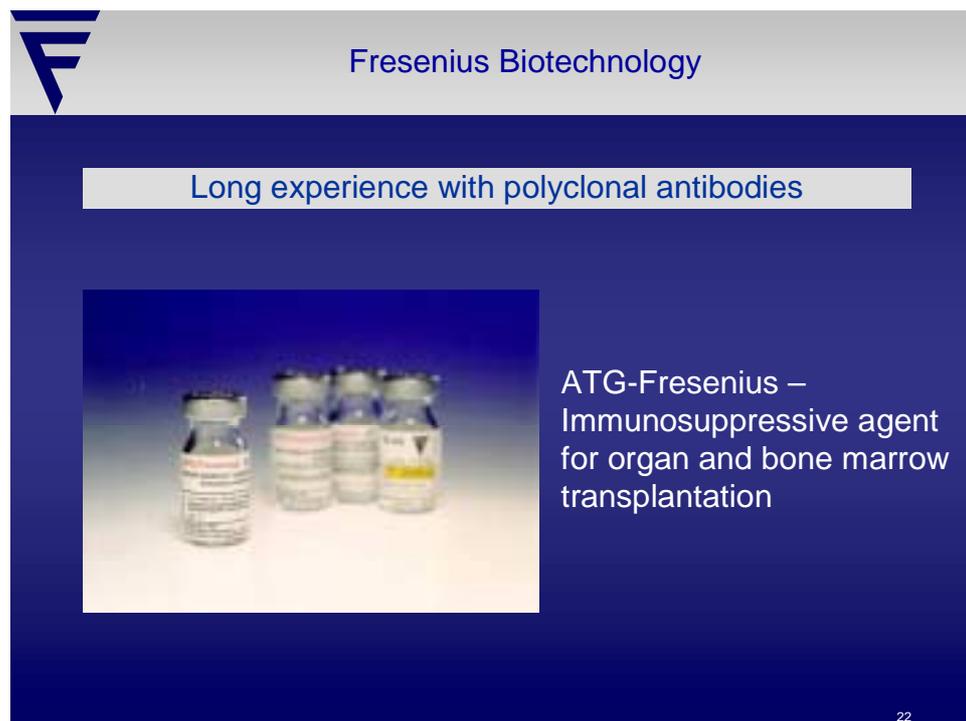
(Slide 21: Fresenius ProServe – Vertical Integrated International Service Provider)



The service chain of Fresenius ProServe ranges from the planning and construction of hospitals and health facilities, the technical management up to management and operation of such facilities. Today, Fresenius ProServe operates and manages 53 clinics and nursing facilities with more than 9,300 beds, of which 7,800 alone are in Germany. We expect that privatisation of the hospitals will, and to a lesser extent, also happen in Germany.

Just as with other services which used to be provided by the state, e.g. telecommunications or the postal service, there is no reason why health services should be provided by the government. New organisational structures, the optimum use of all resources, the creation of health centres and, in the medium term, specialisation: all these can only be implemented through privatisation. These are the targets pursued by Fresenius ProServe.

(Slide 22: Biotechnology)

A presentation slide for Fresenius Biotechnology. The slide has a dark blue background. At the top left is the Fresenius logo (a stylized 'F'). To its right, the text 'Fresenius Biotechnology' is written in white. Below this, a light blue horizontal bar contains the text 'Long experience with polyclonal antibodies'. In the center-left, there is a photograph of several glass vials containing liquids. To the right of the photograph, the text 'ATG-Fresenius – Immunosuppressive agent for organ and bone marrow transplantation' is written in white. In the bottom right corner of the slide, the number '22' is visible.

Fresenius Biotechnology

Long experience with polyclonal antibodies

ATG-Fresenius –
Immunosuppressive agent
for organ and bone marrow
transplantation

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I should now like to mention the very promising field of biotechnology, which is not part of our three large business segments. In this field, we are involved in the immunotherapeutical treatment of cancer. We are often asked what qualifies Fresenius for this field and why Fresenius is venturing to tackle such a complex subject. Our answer is simply: because very early on, in fact we were probably one of the first companies in this field, we developed a biotechnological product, ATG, and have been selling it in various markets of Europe since 1975. ATG is a polyclonal antibody – an immunosuppressive agent – to prevent transplanted organs and bone marrow from being rejected.

(Slide 23: Immune therapies for cancer)

Treatment of Cancer with Immune Therapies

Monoclonal trifunctional bispecific antibodies

anti-EpCAM anti-CD3 anti-Her2/neu anti-CD3

- Clinical trial phase I/II for ovarian cancer and non-small cell lung cancer
- Clinical trials for further indications planned

Patient individuell cell therapies

- Clinical trial phase II for renal cell cancer will start soon

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We can put this experience to good use in monoclonal bispecific trifunctional antibodies. At present we are at phase I/II of clinical trials for the indications ovarian and lung cancer and hope that we will be able to report on initial results for the indication ovarian cancer this autumn.

These antibodies have already produced positive results in compassionate trials, and some of the patients have survived tumour-free for significantly longer periods. This gives us hope that we will make further progress in this field. More clinical trials, for instance for the indication cancer of the pancreas, will follow shortly.

The second pillar of immune therapy of cancer is patient-specific cell therapies. In these therapies, cancer cells of a patient are fused with dendritic cells of a donor to form a so-called hybrid cell. Recently we received permission to manufacture these hybrid cells in our laboratory in Göttingen. A clinical phase II trial for the treatment of patients with renal cell cancer will commence soon, now that the university and the appropriate government authorities have given their approval.

Immune therapy opens up new perspectives for the treatment of hitherto incurable diseases. Research in this field is still at the beginning. However, we are convinced that immune therapies will become a firm part of medicine, and a new field of activity with extraordinary growth opportunities will open up for Fresenius.

Closing remarks

(Slide 24: Fresenius – Caring for Health)



Fresenius – Caring for Health

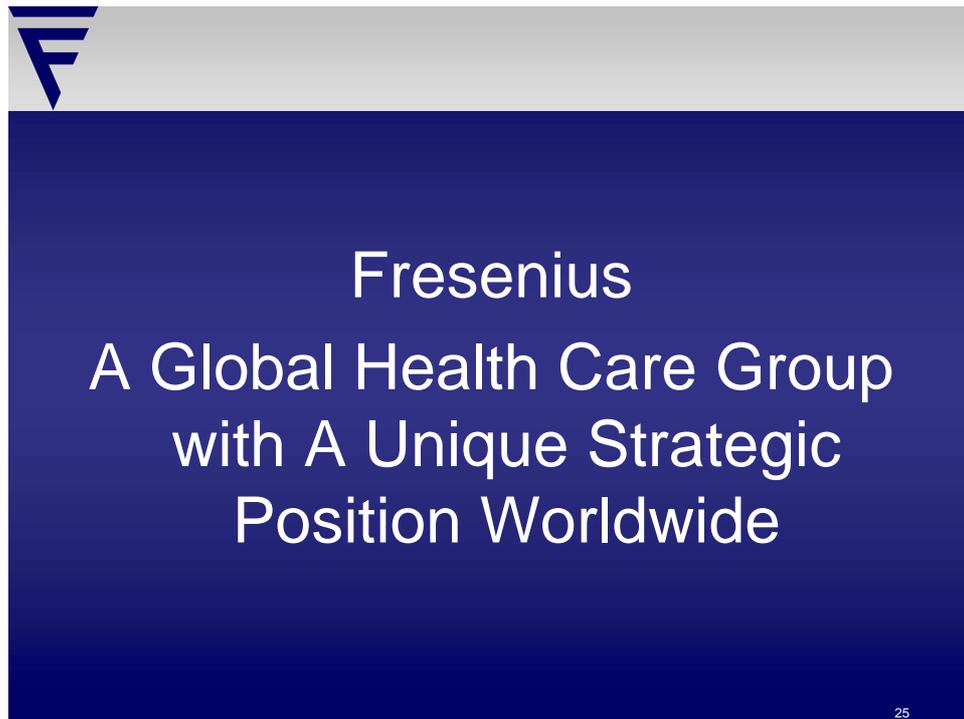
- The patient is the focus of our interest
- With our products and services we help diseased people to recover their health



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Ladies and Gentlemen, the patient is at the centre of our actions – this is both our guideline and our duty. The versatility of our programme with its holistic therapy concepts that link products and services, our scientific competence as well as power of innovation of our employees – all these aspects we utilise in order to achieve better treatment methods, and ultimately ensure success for our company.

(Slide 25: Fresenius – the health care company)



Ladies and Gentlemen, I have now worked for Fresenius for 28 years, eleven of them as Chairman of the Managing Board. During these years, Fresenius has developed from a medium-sized company to an international group. These years were a great challenge for me personally, and demanded courage and decisions from us.

Today I hand over the chairmanship of the Managing Board to Dr. Ulf M. Schneider, whom I know and hold in high esteem from his work for the Group. Dear Dr. Schneider, I wish you every success in your position and always the necessary portion of luck.

I should like to thank Dr. Karl Schneider, Chairman of the Supervisory Board, and all the other members of the Supervisory Board for the good cooperation. I also thank them for both their constructive support and the critical discussions with which they accompanied the frequently difficult decision processes. I thank my colleagues on the Managing Board for the good cooperation over the many years of our working together.

I should especially like to thank Dr. Hans Kröner who, when I was a young engineer, put his faith in me and gave me extraordinary freedom to develop dialysis to become a major element of Fresenius, and gave me the opportunity to succeed him as Chairman of the Managing Board.

Today, Fresenius stands for quality in the medical world, which fills me personally with pride. This has been achieved by our 64,000 employees who work for the patient all over the world. I should like to thank you, our employees, - and I hope that many of you are listening to me today on the Internet – for your efforts and encouragement. I hope that you will continue to support Fresenius with your great motivation and willingness to work hard, and promise that I will continue to have close ties with Fresenius in the future.

I thank you, our shareholders, for your trust, and I know that some of you here today, and whom I can see in the auditorium, have been loyal to Fresenius for a very long time. Please put this trust in my successor, Dr. Ulf M. Schneider. Fresenius is a special company with a strategic position that is unique in the world.

Thank you.