Explanatory Report of the General Partner of Fresenius SE & Co. KGaA (Fresenius Management SE) on the Statements pursuant to Section 289 Para. 4 and 5, Section 315 Para. 4 of the German Commercial Code (*Handelsgesetzbuch – HGB*)

I. Information pursuant to Section 289 Para. 4, Section 315 Para. 4 German Commercial Code

1. Subscribed Capital, Rights and Obligations attaching to Shares

The summary below shows the subscribed capital of Fresenius SE & Co. KGaA (as of December 31, 2010 of Fresenius SE).

	December 31, 2011		December 31, 2010	
	Number of shares	Subscribed capital in €	Number of shares	Subscribed capital in €
Ordinary shares / capital	163,237,336	163,237,336.00	81,225,045	81,225,045.00
Preference shares / capital	0	0	81,225,045	81,225,045.00
Total	163,237,336	163,237,336.00	162,450,090	162,450,090.00

As at 31 December 2010, Fresenius SE had a subscribed capital of € 162,450,090.00, divided into 81,225,045 voting ordinary shares and 81,225,045 non-voting preference shares.

The change of legal form to a KGaA was registered with the commercial register on January 28, 2011, and thereby became effective. In accordance with the resolution of the General Meeting and the Articles of Association of Fresenius SE & Co. KGaA, all the ordinary shares of Fresenius SE thereby became ordinary shares of Fresenius SE & Co. KGaA. At the same time, all non-voting preference shares of Fresenius SE were mandatorily converted at a 1:1 exchange ratio into voting ordinary shares of Fresenius SE & Co. KGaA. The Company's total share capital remained unchanged. The listing of the two classes of Fresenius SE share was discontinued on January 28, 2011. The ordinary shares of Fresenius SE & Co. KGaA commenced trading on January 31, 2011.

As of December 31, 2011, the subscribed capital of Fresenius SE & Co. KGaA amounted to € 163,237,336.00, divided into 163,237,336 ordinary shares.

The shares of Fresenius SE & Co. KGaA are non-par-value bearer shares. Each share confers one vote in the General Meeting. Each share represents a proportionate amount of the share capital of € 1.00. Shareholders' rights are regulated by the German Stock Corporation Act (*Aktiengesetz – AktG*) and the Articles of Association.

2. Restrictions on Voting Rights and on the Transfer of Securities

The ordinary shares issued by the Company are not subject to any restrictions on voting rights or on the transfer of securities under its articles of association or by law at the balance sheet date. No restrictions on shareholders' voting rights resulting from agreements between shareholders are known to the Management Board.

3. Holdings relating to more than Ten Percent of Voting Rights

Direct and indirect ownership interests in Fresenius SE & Co. KGaA are listed on pages 179 and 180 of the Annual Report 2011 in the Notes under "Notification by shareholders". The Else Kröner-Fresenius-Foundation, being the largest shareholder, informed Fresenius SE & Co. KGaA on December 30, 2011 that it holds 46,871,154 ordinary shares of Fresenius SE & Co. KGaA. This corresponds to a voting interest of 28.71%. No other direct or indirect holdings in the Company's share capital that exceed 10% of the voting rights are known to the Management Board.

4. Securities carrying Special Rights granting Controlling Powers

None of the shares issued by the Company carry special rights granting their holders any controlling powers.

5. How Rights Are Exercised on Shares under an Employee Share Scheme if not Directly by Employees

No information is available on the exercise of voting rights on shares under an employee share scheme where the rights are not directly exercised by employees.

6. Legal Provisions and Provisions of the Articles of Association on the Appointment and Dismissal of the Management and on Amendments of the Articles of Association

Pursuant to Article 7 para. 2 of the Articles of Association of Fresenius SE & Co. KGaA, the general partner is responsible for the management of Fresenius SE & Co. KGaA. When the change of legal form became effective on January 28, 2011, Fresenius Management SE acceded as general partner to the Company. Pursuant to Article 6 para. 3 of the Articles of Association of Fresenius SE & Co. KGaA the general partner is excluded from the Company

- if and as soon as all shares in the general partner are no longer held directly or indirectly by a person holding more than 10 % of the share capital of the Company, directly or indirectly via a controlled enterprise within the meaning of Section 17 German Stock Corporation Act; this will not apply if and when all shares in the general partner are held directly or indirectly by the Company; or

- if the shares in the general partner are acquired by a person who does not, within twelve months after such acquisition takes effect, submit a takeover bid or a compulsory bid to the shareholders of the Company pursuant to the rules of the German Securities Acquisition and Takeover Act (WpÜG) according to the following stipulations. The consideration offered to the other shareholders must take account of a payment made by the acquirer to the holder of the shares in the general partner for the acquisition of the shares in the general partner and the Company in excess of the sum of the general partner's equity and of the average stock exchange price of the shares in the Company being acquired, during the last five stock exchange trading days before the day of the conclusion of the agreement on the acquisition of the shares in the general partner.

The other statutory grounds for withdrawal of the general partner remain unaffected.

The appointment and the replacement of members of the Management Board of the general partner are governed by the legal provisions in Article 39 Council Regulation (EC) No. 2157/2001 of 8 October 2001 on the Statute for a European Company (SE) (SE Regulation), Section 16 SE Implementation Act (SEAG) and Sections 84, 85 of the German Stock Corporation Act as well as Article 7 para. 1, 2 of the Articles of Association of Fresenius Management SE. The members of the Management Board are appointed and dismissed by the Supervisory Board of the general partner, Fresenius Management SE. The Articles of Association of Fresenius Management SE permit that deputy members of the management board are appointed. The members of the Management Board are appointed for a maximum of five years. They may be reappointed.

The Supervisory Board may revoke the appointment of a member of the Management Board for cause. Causes are, in particular, a gross breach of the Management Board member's duties and a vote of no confidence by the General Meeting.

Changes to the Articles of Association are made in accordance with Section 278 Para. 3, Section 179 of the German Stock Corporation Act and Article 17 para. 3 of the Articles of Association of Fresenius SE & Co. KGaA. According to Section 285 Para. 2 Sentence 1 of the German Stock Corporation Act, amendments to the Articles of Association require the consent of the general partner.

7. Powers of the General Partner to Issue and Buy Back Shares

By resolution of the Annual General Meeting on May 13, 2011, the previous Authorized Capitals I to V were revoked and a new Authorized Capital I was created. Accordingly, Fresenius Management SE, as general partner, is authorized, subject to the consent of the Supervisory Board of Fresenius SE & Co. KGaA:

- to increase the subscribed capital of Fresenius SE & Co. KGaA by a total amount of up to € 40,320,000.00 until May 12, 2016, through a single or multiple issuance of new bearer ordinary shares against cash contributions and / or contributions in kind (Authorized Capital I). Shareholders' pre-emptive rights of subscription can be excluded.

In addition, there are the following Conditional Capitals, adjusted for stock options that have been exercised in the meantime:

- The subscribed capital is conditionally increased by up to € 888,428.00 through the issuance of new bearer ordinary shares (Conditional Capital I). The conditional capital increase will only be executed to the extent that subscription rights have been issued under the 1998 Stock Option Plan and the holders of these subscription rights exercise their rights.

- The subscribed capital is conditionally increased by up to € 2,976,630.00 through the issuance of new bearer ordinary shares (Conditional Capital II). The conditional capital increase will only be executed to the extent that convertible bonds for ordinary shares have been issued under the 2003 Stock Option Plan and the holders of these convertible bonds exercise their conversion rights.

- The subscribed capital is conditionally increased by up to € 6,024,524.00 through the issuance of new bearer ordinary shares (Conditional Capital III). The conditional capital increase will only be executed to the extent that subscription rights have been or will be issued under the 2008 Stock Option Plan, the holders of these subscription rights exercise their rights, and the Company does not use its own treasury shares to service the subscription rights or does not exercise its right to make payment in cash, whereby the granting of subscription rights to the Management Board of the general partner, and their settlement, shall be solely and exclusively the responsibility of its Supervisory Board.

Fresenius SE & Co. KGaA does not have a share buyback program. The General Meeting of Fresenius SE & Co. KGaA has currently not granted any authorization to acquire own shares, either.

The agenda for the Annual General Meeting on May 11, 2012, however, includes the resolution on the authorization to purchase and use own shares pursuant to sec. 71 para. 1 no. 8 of the German Stock Corporation Act (AktG) as well as on the exclusion of subscription rights (item 10). Further, the agenda includes the resolution authorizing the issue of option bonds and/or convertible bonds and the exclusion of subscription rights as well as the resolution concerning the creation of a conditional capital and corresponding amendment to the Articles of Association (item 9).

8. Significant Agreements Conditional upon a Change of Control Following a Takeover Bid

A change of control following a takeover bid could under certain circumstances have an effect on some of the long-term financing agreements of Fresenius SE & Co. KGaA, which contain provisions dealing with a change of control. These are market standard change of control clauses which may grant creditors the right to terminate prematurely in the event of a change of control. However, the right to terminate is generally effective only if the change of control involves a down-grade of the rating of the Company.

There are no other significant agreements between Fresenius SE & Co. KGaA and other persons that are conditional upon a change of control following a takeover bid.

9. Agreements of the Company concluded with Members of the Management Board of the General Partner or Employees Providing for Compensation in the Event of a Takeover Bid

The service contracts of the Management Board members of the general partner do not contain any express provisions dealing with a change of control. No compensation in the event of a takeover bid has been agreed on with employees, either.

II. Information Pursuant to Section 289 Para. 5 of the German Commercial Code

1. Legal Background

The German Accounting Law Modernization Act (*Bilanzrechtsmodernisierungsgesetz – BilMoG*), which entered into force on May 29, 2009, amended various provisions of German law including Sections 289 and 315 of the German Commercial Code as well as Sections 120 and 175 of the German Stock Corporation Act. The BilMoG required that a written report be presented to the General Meeting containing, among other things, the newly introduced compulsory disclosures in the management report pursuant to Section 289 Para. 5 German Commercial Code on the internal control and risk management system in relation to the company and group financial reporting process.

In the subsequent German Act Implementing the Shareholder Rights Directive (*ARUG*), the German legislature concentrated the requirements to submit explanatory disclosures in Section 176 Para. 1 Sentence 1 German Stock Corporation Act and removed the obligations to submit disclosures according to Sections 120 Para. 3 Sentence 2, 175 Para. 2 Sentence 1 German Stock Corporation Act. By doing so, however, the reference to Section 289 Para. 5 German Commercial Code, which had been added by the German Accounting Law Modernization Act and relates to the disclosures in the management report on the internal control and risk management system in relation to the financial reporting process, was not maintained; thus, there would be no factual obligation to submit disclosures pursuant to Section 289 Para. 5 German Commercial Code. On the other hand, the German Federal Ministry of Justice has published a statement on Section 175 Para. 2 Sentence 1 German Stock Corporation Act (http://www.gesetze-im-internet.de/aktg/__175.html), stating that the change of Section 175 Para. 2 Sentence 1 German Stock Corporation Act required under the ARUG was not practicable due to an editorial mistake. The obligation introduced by the BilMoG to submit disclosures regarding the information according to Section 289 Para. 5 German Commercial Code exists if this change under the ARUG is not followed.

As a precaution, therefore, an explanatory report on the disclosures made pursuant to Section 289 Para. 5 German Commercial Code shall be issued for the financial year 2011.

2. Subject Matter of the Report

According to the explanatory memorandum to the German Accounting Law Modernization Act, the internal control system encompasses the principles, procedures and measures to ensure the effectiveness and efficiency of the accounting, the correctness of the accounting, and the compliance with applicable law. This also includes the internal audit system to the extent that it relates to accounting.

The risk management system and the internal control system in relation to the financial reporting process encompass control and monitoring processes for accounting and financial reporting.

3. Main Features of the Risk Management and Internal Control Systems

The main features of the risk management and internal control systems in the Fresenius Group can be described as follows:

The Fresenius risk management system is closely linked to corporate strategy. Its main element is a control system with which Fresenius can identify significant risks at an early stage and counteract them individually.

Responsibilities for the processes and monitoring risks in the individual business segments have been assigned as follows:

- Using standardized processes, risk situations are evaluated regularly and compared with specific requirements. If negative developments emerge, responses can be initiated at an early stage.

- The managers responsible are required to report without delay any relevant changes in the risk profile to the Management Board.

- Fresenius keeps markets under constant observation and maintains close contacts with customers, suppliers, and institutions in order to be able to swiftly identify and react to changes in the business environment.

The risk management system is supported both at group level and in the individual business segments by risk controlling measures and a management information system. Detailed monthly and quarterly reports are used to identify and analyze deviations of the actual compared to the planned business development. In addition, the risk management system comprises a control system that oversees organizational processes and measures, as well as internal controls and audits. The Fresenius risk management system is regularly evaluated and, if necessary, adjusted to allow prompt reaction to changes in the markets. This system has proved effective to date.

The functionality and effectiveness of the risk management system is reviewed regularly by the Management Board and the internal auditing department. Conclusions arising from the audits are taken into account in the ongoing refinement of the risk management system. The control system is also regularly reviewed by the Management Board and the internal auditing department.

The auditor reviews whether the control system set up by the Management Board is suitable for the early identification of risks that would put the continued existence of the company in danger. The insights gained from the audit regarding the internal control system as it pertains to accounting are taken into account in the continued development of the system.

Fresenius has ensured that the scope and focus of the organizational structure and systems for identifying and evaluating risks, and for developing counter-measures and for the avoidance of risks, are aligned suitably with the company-specific requirements and that they are properly functional. However, there can be no absolute certainty that this will enable all risks to be fully identified and controlled.

4. Explanation of the Main Features of the Risk Management and Internal Control Systems in View of Financial Reporting

The risk management and internal control systems, the main features of which have just been described, ensure that all business facts and data are properly collected, processed and evaluated and thus included in external accounting. They safeguard that the accounting at Fresenius SE & Co. KGaA as well as at all companies included in the consolidated financial statements will be uniform and in compliance with the legal and statutory requirements as well as internal guidelines.

Correctness and reliability of accounting processes and financial reporting, and thus preparation of annual financial statements, consolidated financial statements, and management reports in compliance with applicable rules, is assured by numerous measures and internal controls. A four-tier reporting especially promotes intensive discussion and ensures controls of the financial results. At each reporting level (local entity, region, business segment, group), financial data and key figures are reported, discussed, and compared on a regular monthly and quarterly basis with the prior-year figures, budget, and the latest forecast. In addition, all parameters, assumptions, and estimates that are of relevance for the externally reported group and segment results are discussed intensively with the department responsible for preparing the group's consolidated financial statements. These matters are also reviewed and discussed quarterly in the Supervisory Board's Audit Committee.

Control mechanisms, such as automated and manual reconciliation procedures, are further precautions in place to assure that financial reporting is reliable and that transactions are correctly accounted for. All consolidated entities report according to Group-wide standards determined at the head office. These are regularly adjusted to changes made to the accounting regulations. The consolidation proposals are supported by the IT system. In this context, please refer to the comprehensive consolidation of internal Group balances. To prevent abuse, care is taken to maintain a systematic separation of functions. Management control and evaluations also help to ensure that risks having a direct impact on financial reporting are identified and that controls are in place to minimize them. Moreover, changes in accounting rules are monitored and employees involved in financial reporting are instructed regularly and comprehensively. If necessary, external experts and specialists are engaged. The Treasury, Tax, Controlling, and Legal departments are involved to support the preparation of the financial statements. Finally the information provided is verified once again by the department responsible for preparing the consolidated financial statements.

Fresenius Medical Care, an important group company, is additionally subject to the controls of Section 404 of the Sarbanes-Oxley Act. The Sarbanes-Oxley Act was passed in the USA in the year 2002 and is intended to improve the reliability of reporting by business undertakings. It extended the responsibilities of the management and of the Audit Committee as well as the disclosure and auditing duties.

Bad Homburg, March 2012

Fresenius SE & Co. KGaA
represented by its general partner,
Fresenius Management SE
The Management Board