General Partner's Written Report to the Annual General Meeting of Fresenius SE & Co. KGaA regarding item 9 of the Agenda:

Adequate capital is an essential prerequisite for the Company's development. The issue of option bonds and/or convertible bonds ("Bonds") enables the Company to take advantage of attractive funding opportunities, such as access to debt at favorable interest rates.

The general partner shall be authorized to issue Bonds and a resolution to create a corresponding Conditional Capital shall be passed.

The authorization proposed under agenda item 9 is for the issue of Bonds of up to Euro 2.5 billion with option/conversion rights in respect of shares of Fresenius SE & Co. KGaA. For this purpose, up to 16,323,734 new ordinary bearer shares of Fresenius SE & Co. KGaA representing up to Euro 16,323,734.00 of the share capital are to be issued from the new Conditional Capital to be created. Upon full exercise of this authorization, this would mean that the present share capital would be increased by around 10%. The authorization is temporary and ends on May 10, 2017.

The Company is to use the German or the international capital markets, or both, and to issue euro-denominated Bonds depending on the market situation, also through its affiliated companies if necessary (with the exception of Fresenius Medical Care AG & Co. KGaA and its affiliated companies). The Bonds are also to provide for the possibility of mandatory conversions, such as in the form of an obligation to exercise the option/conversion rights. Furthermore, instead of redeeming the Bonds through shares from the Conditional Capital, a provision is also to be stipulated to deliver own shares of Fresenius SE & Co. KGaA or to pay the cash equivalent.

The portion of share capital represented by the shares to be subscribed per partial Bond may be no higher than or the nominal amount of the partial bond or equivalent to an issue price below the nominal amount. The conversion/option price must not fall short of a minimum issue price to be calculated according to an exactly prescribed method. The starting point for the calculation is the stock exchange price of the Fresenius share and its connection to the time when the Bonds are placed. Without prejudice to sec. 9 para. 1 of the German Stock Corporation Act (*Aktiengesetz*), the conversion/option price may be adjusted to preserve the value of the Bonds on the basis of an anti-dilution or adjustment clause, as provided for in the conditions underlying the Bond in question, if the Company increases the share capital before the end of the option or conversion period, granting a subscription right to its shareholders, or if the Company issues or underwrites further Bonds and does not grant subscription rights to the holders of existing option rights or conversion rights or the corresponding obligations. The Bond conditions may also make a stipulation for an adjustment to the option or conversion price to preserve the value of the rights in the case of other measures taken by the Company that may lead to a dilution of the value of the option or conversion rights or the corresponding obligations.

In principle, the shareholders have a subscription right for the Bonds of this type. In order to facilitate handling, the Bonds may also be issued to credit institutions who will be instructed to offer them for subscription to the shareholders according to their subscription rights. In some cases, however, the general partner will also be authorized to exclude subscription rights with the consent of the Supervisory Board.

According to sec. 221 para. 4 sent. 2 of the German Stock Corporation Act, the provisions of sec. 186 para. 3 sent. 4 of the German Stock Corporation Act shall apply mutatis mutandis to the exclusion of subscription rights on the issue of convertible bonds and/or option bonds. The 10% limit of the share capital stipulated in this section for the exclusion of subscription rights at the time when the General Meeting adopts the resolution granting authorization to issue Bonds or – if the value is lower – at the time when the authorization is exercised, will not be exceeded due to the explicit limits placed on the authorization granted, not even together with other shares issued or sold in accordance with this statutory provision during the time that this authorization remains effective. Shares issued between the time that the resolution granting authorization to issue Bonds is adopted by the General Meeting and the time when this authorization is exercised on the basis of the Authorized Capital in accordance with Article 4 para. (4) of the Articles of Association, excluding the shareholders' subscription rights and against contributions in kind, will also be taken into account with regard to this limit. Furthermore, shares acquired before this authorization is exercised on the basis of the authorization to be granted to the general partner by this General Meeting and proposed under agenda item 10 and shares sold excluding subscription rights in accordance with sec. 71 para. 1 no. 8 in conjunction with sec. 186 para. 3 sent. 4 of the German Stock Corporation Act will also be taken into account with regard to this limit.

Placement excluding the shareholders' subscription rights makes it possible for the Company to take advantage of favorable situations on the capital market at short notice, thus achieving a significantly higher cash inflow than if the Bonds were to be placed preserving the subscription right. If subscription rights were to be granted, the success of the placement would be at risk or would involve additional effort due to the uncertainty as to whether the subscription rights would be exercised. Favorable conditions for the Company, as close as possible to market terms, can only be achieved if the Company is not bound by such conditions for an excessively long offering period. Otherwise, in order to ensure the attractiveness of the conditions and thus the chances of an issue being a success over the entire offering period, it would be necessary to make quite a substantial discount.

The shareholders' interests will be protected by the fact that the Bonds are not to be issued at a price significantly below their theoretical market value. The theoretical market value is to be calculated on the basis of recognized actuarial methods. When setting the price, the general partner will keep the discount on the stock exchange price as small as possible, taking account of the situation on the capital market. This means that the arithmetical market value of a subscription right will fall to almost zero, so that the shareholders will not suffer any significant financial disadvantages due to the exclusion of subscription rights.

The other cases proposed for the exclusion of the subscription right merely serve to simplify the process of issuing Bonds. The exclusion of fractional amounts makes sense and reflects market practice; it serves to create a manageable subscription ratio. The usual exclusion of the subscription right in favor of the holders of Bonds that have already been issued has the advantage that the conversion/option price for Bonds already issued and regularly provided with an anti-dilution mechanism does not need to be reduced. This means that the Bonds can be attractively placed in several tranches, thus allowing in total a higher cash inflow. The proposed exclusions of the subscription right are therefore in the particular interest of the Company and its shareholders.

The general partner may only exercise the authorization granted to exclude the subscription right to the extent that the total volume of Bonds issued with the exclusion of the subscription rights can be exchanged for shares in the Company whose total volume does not exceed 20% of the share capital. This limits the total scope of a Bond issue excluding subscription rights. In this way, shareholders will be given additional protection against the possible dilution of their existing holdings. Offsetting clauses ensure that the general partner does not exceed the 20% limit by additionally exercising other authorizations granted – for example in relation to Authorized Capital – and excluding the shareholders' subscription right there as well.

The Conditional Capital IV is needed in order to fulfill the option/conversion rights to Fresenius shares associated with the Bonds.

At present there are no concrete plans to exercise the authorization to issue option bonds and/or convertible bonds. In all cases the general partner will carefully examine whether the exercise of this authorization is in the interests of the Company and its shareholders. It will report to the General Meeting each time the authorization is exercised.

Bad Homburg v.d.H., March 2012

Fresenius SE & Co. KGaA

The General Partner
Fresenius Management SE
The Management Board