

Invitation to the Ordinary General Meeting

Securities Identification Number:

ISIN: DE0005785604 // WKN: 578 560

ISIN: DE0005785620 // WKN: 578 562

ISIN: DE0005785638 // WKN: 578 563

We hereby invite our shareholders to the

Ordinary General Meeting

Which is to take place at the Marriott Hotel Frankfurt, Hamburger Allee 2-10, 60486 Frankfurt am Main, on 28 May 2003 at 10 a.m.

Agenda

- Presentation of the approved annual financial statements of Fresenius AG and Fresenius Group for the 2002 fiscal year. Presentation of the management report for Fresenius AG and Fresenius Group for 2002. Presentation of the report of the Supervisory Board.**
- Resolution on appropriation of the distributable profit.**
The Management Board and the Supervisory Board propose that the distributable profit in the amount of Euro 47,807,637.93 shown in the annual financial statements should be used in the following way:

Dividend payment of Euro 1.14 per each of the 20,484,842 ordinary shares that is entitled to dividend payment	Euro	23,352,719.88
Dividend payment of Euro 1.17 per each of the 20,484,842 preference shares that is entitled to dividend payment	Euro	23,967,265.14
<hr/> The dividend is payable on May 29, 2003.		
Amount carried forward to new account	Euro	487,652.91
	Euro	47,807,637.93

3. Resolution to approve the activities of the Management Board during the 2002 fiscal year.

The Management Board and the Supervisory Board propose that approval should be given.

4. Resolution to approve the activities of the Supervisory Board during the 2002 fiscal year.

The Management Board and the Supervisory Board propose that approval should be given.

5. Election of the Supervisory Board.

The term in office of the current members of the Supervisory Board will terminate upon the closure of the general meeting on 28 May 2003.

The composition of the Supervisory Board is governed by §§ 96 Section 1 and Section 101 of the Stock Corporation Act (Aktiengesetz) and § 7 Section 1 No. 1 of the Co-determination Act (Mitbestimmungsgesetz), with the result that six members of the Supervisory Board are to be elected by the shareholders meeting and six members by the employees.

The General Meeting will not be bound by election nominations.

The Supervisory Board proposes to the general meeting to appoint the following shareholder representatives to the Supervisory Board:

Dr. Gerd Krick

Königstein

Education

Engineer, Dr.

Kind of activity

Chairman Managing Board Fresenius AG
(until 28.05.2003)

Offices

Supervisory Board

Vereinigte Krankenversicherung AG

Advisory Board

HDI Haftpflichtverband der deutschen Industrie V.a.G.

Board of Directors

Adelphi Capital Europe Fund, Grand Cayman, Cayman Islands

Board of Trustees

Donau Universität Krems, Austria

Administrative Board

Dresdner Bank Luxembourg S.A., Luxembourg

Corporate Offices

Supervisory Board

Fresenius Kabi AG (Chairman)

Fresenius Kabi Austria GmbH, Graz, Austria

Fresenius Medical Care AG (Chairman)

VAMED AG, Vienna, Austria (Chairman)

Dr. Gabriele Kröner

Munich

Education

Doctor, Dr. med.

Kind of activity

Doctor

Gerhard Roggemann

Hanover

Education

Lawyer

Kind of activity

Member of the Managing Board WestLB AG Düsseldorf/Münster
(former: Westdeutsche Landesbank Girozentrale)

Member of the Managing Board
WestLB AG Düsseldorf/Münster
(former: Westdeutsche Landesbank Girozentrale)

Offices

Supervisory Board

AXA Lebensversicherung AG

AXA Investment Managers Deutschland GmbH

Börse Düsseldorf AG (Deputy Chairman)

Deutsche Börse AG

Hapag-Lloyd AG

Solvay Deutschland GmbH

VHV Autoversicherungs-AG

WestAM Holding GmbH (Chairman)

WestLB Asset Management Kapitalanlagegesellschaft mbH (Chairman)

West Pensionsfonds AG (Deputy Chairman)

West Pensionskasse AG (Deputy Chairman)

WPS WertpapierService Bank AG

Board of Governors

International University of Bremen GmbH

Board of Directors

Banque d' Orsay S.A., Paris (Chairman)

Administrative Board

WestLB International S.A., Luxembourg (Chairman)

Dr. Dieter Schenk

Munich

Education

Dr. jur.

Kind of activity

Lawyer and tax consultant

Kanzlei Nörr, Stiefenhofer & Lutz

Offices

Supervisory Board

Deutsche BA Luftfahrtgesellschaft mbH
Fresenius Medical Care AG (Deputy Chairman)
Gabor Shoes AG (Chairman)
Greiffenberger AG (Deputy Chairman)
TOPTICA Photonics AG (Deputy Chairman)

Dr. Karl Schneider

Mannheim

Education

Agronomist, Dipl. sc agr
Engineer, Dipl.

Kind of activity

Former Spokesman of the Managing Board of Südzucker AG

Dr. Bernhard Wunderlin

Bad Homburg v.d.H.

Education

Master of Business Administration, Dr. oec. publ.

Kind of activity

Former Managing Director Harald Quandt Holding GmbH

Offices

Supervisory Board

Augsburger Aktienbank AG (Chairman)
FERI Family Office AG (Chairman)
Harald Quandt Holding GmbH

Advisory Board

Von Rautenkranz Nachfolger GbR

Board of Directors

PerryCapital, New York

Managing Board

Gemeinnützige Hertie-Stiftung

6. Resolution concerning modification of the Articles of Association.

Following the recommendations of the German Corporate Governance Code (Clause 5.4.5., Section 1, Sentence 3 of the Code) the Chair position and the membership in committees shall be compensated separately.

The Management Board and the Supervisory Board propose the following resolution:

In § 13, Section 2 of the Articles of Association "Compensation of the members of the Supervisory Board" (Aufsichtsratsvergütung) the following new Sentence 6 will be added:

„ For the membership in the Audit Committee (Prüfungsausschuss) and in the Labour Committee (Personalausschuss) of the Supervisory Board each member of the Su-

pervisory Board will receive an additional fee of € 10,000.00, the Chairman of such a committee will receive twice that amount.”

7. Resolution concerning a conditional increase of the capital stock for the grant of convertible bonds to members of the Managing Board of Fresenius AG, to management staff members of affiliates of Fresenius AG, to employees of Fresenius AG and to employees of affiliates of Fresenius AG on the basis of the Stock option plan 2003 with a reduction in the conditional capital approved by the Annual General Meeting of 18 June 1998 and no longer required and concerning modifications of the Articles of Association.

The Management Board and the Supervisory Board propose the following resolution:

1. Underlying principles of the stock option plan 2003

a) Authorization to issue convertible bonds

Subject to the consent of the Supervisory Board, the Managing Board is hereby authorized to issue once or recurrently up to 27 May 2008 convertible bonds entitling to a total subscription of up to 900,000 bearer ordinary shares and up to 900,000 non-voting bearer preference shares with a total par value of Euro 4,608,000.00 to members of the Managing Board of the Corporation, to management staff members of affiliates of the Corporation, to employees of the Corporation and to employees of affiliates of the Corporation. However, management staff members and employees of Fresenius Medical Care AG and of companies affiliated with the Corporation solely through Fresenius Medical Care AG will be excluded. The Supervisory Board is hereby authorized accordingly insofar as members of the Managing Board of the Corporation are concerned.

Each convertible bond has a par value of Euro 2.56 and is interest-bearing at the rate of 5.5% per annum, payable in arrears. The term of the convertible bonds is 10 years as of grant. A convertible bond with a par value of Euro 2.56 provides an entitlement for a term of up to 10 years after grant of such convertible bond, in consideration of the requirements established under this resolution for the subscription of a bearer ordinary share and a non-voting bearer preference share in the Corporation.

b) Beneficiaries and Allocation of the Convertible Bonds

The entitlement to, the quantity and the nature of convertible bonds (with or without a success target) will be determined for the relevant group of employees by the Managing Board, and for Managing Board members by the Supervisory Board. Convertible bonds of voting bearer ordinary share and convertible bonds of a non-voting bearer preference share will always be issued in the same amount. The group of employees will include management staff members – except for Managing Board members of the Corporation -, executive staff members and other employees of Fresenius AG and of those companies affiliated with the Corporation. However, management staff members and employees of Fresenius Medical Care AG and of companies affiliated with the Corporation solely through Fresenius Medical Care AG will be excluded. The competent corporate body granting the convertible bonds may, exercising its due discretion, grant convertible bonds also to persons who would not be eligible for obtaining convertible bonds with respect to the applica-

ble time period, but who are eligible with respect to another time period within the business year concerned.

Should convertible bonds which are subject to a success target be offered to the beneficiaries, the beneficiary may instead acquire convertible bonds without a success target, in which case the quantity of convertible bonds he or she may acquire will be reduced by 15%. If the reduced quantity does not result in a number dividable by 2, the reduced quantity shall be rounded down to the next lower number dividable by 2.

The group of Managing Board members shall be entitled to 400,000 convertible bonds with an entitlement to subscribe to 200,000 bearer ordinary shares and non-voting bearer preference shares each. The employees shall be entitled to 1,400,000 convertible bonds with an entitlement to subscribe to 700,000 bearer ordinary shares and non-voting bearer preference shares each.

The statutory subscription right for shareholders is excluded.

- c) **Periods of Grant**
The convertible bonds will be granted on the first working day in July.
- d) **Non-Transferability and No Charter**
The convertible bonds granted are not transferable inter vivos by way of a legal transaction. The individual convertible bonds issued within a period of grant will be summarized in one global certificate; there is no right to individual certificates.
- e) **Vesting Period and Conversion Periods**
The beneficiaries may exercise the corresponding conversion right for one third of the convertible bonds 2 years after the relevant grant. The corresponding conversion right for a further third of the convertible bonds may be exercised three years after the grant of such convertible bonds and for the remaining third of the convertible bonds 4 years after the grant of the relevant convertible bonds. Convertible bonds of bearer ordinary shares and convertible bonds of a non-voting bearer preference shares can only be converted in the same amount.

Exercise of the conversion right is permitted within 15 working days after the ordinary general meeting of the Corporation and 15 working days after publication of the business figures of the Corporation for the past calendar quarter if and when at this point in time the ordinary general meeting of the Corporation for the past business year has already taken place.

Should the Corporation or its affiliates be taken over, or in similar exceptional cases, special regulations may be adopted by the Managing Board with the consent of the Supervisory Board, and by the Supervisory Board insofar as Managing Board members are concerned, provided that the statutory provisions are observed.

- f) **General Prerequisites for Exercise**
The conversion right may be exercised only as long as the holder of the convertible bonds is in the employment or service of the Corporation or an affiliate, including Fresenius AG or one of its affiliates, for which notice of termination or dismissal has not been given. The transfer of employees of the Com-

pany to Fresenius Medical Care AG or its affiliated entities shall not exclude the employees' conversion right. In case of death, occupational disability or incapacity for employment, retirement or dismissal on operational grounds and in similar exceptional cases, special regulations may be adopted.

g) Success Target as Prerequisite of Exercise

The convertible bonds may be issued either as convertible bonds which are subject to a success target or as convertible bonds without a success target.

In the case of convertible bonds which are subject to a success target, exercise of the conversion right will be conditional on achievement of that target. The success target shall be deemed to have been met if the increase of the joint average stock-exchange rate of the bearer ordinary shares and the non-voting bearer preference shares in the Corporation exceeds the stock exchange rate on the date of grant of the respective convertible bond (Initial Value) by 25% or more for at least one day, prior to exercise of the relevant conversion right. The Initial Value shall be the joint average stock exchange rate of the bearer ordinary share and the non-voting bearer preference share in the Corporation during the last 30 trading days of the stock exchange before the grant of the convertible bond.

The stock exchange price of the individual shares in the Corporation shall be deemed to be the closing price of the shares (ordinary share / preference share) in the Corporation in electronic "Xetra" trading of the Deutsche Börse AG. Should a closing price not be established in "Xetra" electronic trading, then with the consent of the Supervisory Board the Managing Board shall be entitled to agree on an appropriate way to substitute a closing price established by way of "Xetra" electronic trading.

The Managing Board is hereby authorized to establish other restrictions as prerequisites for exercise in the convertible bond terms. The same applies to the Supervisory Board regarding convertible bonds for the Managing Board.

h) Conversion Price

Upon the exercise of the conversion right the beneficiary shall pay to the Corporation a conversion price per bearer ordinary share as well as per non-voting bearer preference share to which he or she subscribes. The conversion price for convertible bonds without a success target shall correspond to the average stock exchange price of the bearer ordinary share as well as the non-voting bearer preference share of the Corporation during the last 30 trading days at the stock exchange prior to the grant of the relevant convertible bonds, less the par value of the converted convertible bond. The conversion price for convertible bonds which are subject to a success target shall correspond to the stock exchange rate of the bearer ordinary share as well as the non-voting bearer preference share in the Corporation at the time the target is achieved for the first time, less the par value of the converted convertible bond.

Clause 1 g) Section 3 (definition of the "Stock Exchange Rate") shall apply accordingly.

The conversion price shall be reduced in accordance with the more detailed provisions of the convertible bond terms if and when during the term of the convertible bonds the Corporation either increases its capital or establishes conversion rights, option rights or other convertible bonds or conversion obligations which are coupled with the grant of a subscription right to its share-

holders, and fails to grant a subscription right to persons who hold convertible bonds pursuant to this resolution of the general meeting.

- i) **Alternative Performance of the Conversion Right**
Instead of a subscription to new bearer ordinary share and non-voting bearer preference shares in the Corporation upon the exercise of the conversion right, with the consent of the Supervisory Board the Managing Board may resolve, and the Supervisory Board may resolve insofar as Managing Board members are concerned, that bearer ordinary shares and non-voting bearer preference shares in the Corporation which the latter acquires or holds as company-owned shares be issued to the beneficiaries.

Acquisition of the Corporation's company-owned shares for the purpose of alternative satisfaction of the conversion right shall take place according to the statutory regulations; authorization pursuant to § 71 Section 1 No. 8 of the Stock Corporation Act (Aktiengesetz) is not granted by this resolution.

- j) **Other Regulations**
Subject to the consent of the Supervisory Board, insofar as members of the group of employees are concerned, the Managing Board is hereby authorized to determine further details of the terms of the convertible bonds, the issue and the features of the convertible bonds as well as the conversion procedure for the convertible bonds issued. Insofar as Managing Board members are concerned, the Supervisory Board is hereby authorized to determine further details of the terms of the convertible bonds, the issue and the features of the convertible bonds as well as the conversion procedure for the convertible bonds issued.

2. Reduction of the previous Conditional Capital (Conditional Capital I) and creation of new Conditional Capital (Conditional Capital II) as well as corresponding modifications of the Articles of Association

- a) The previously existing conditional capital of Euro 2,224,005.12 (Conditional Capital I ordinary shares) according to § 4 Section 5, 1 of the Articles of Association, shall be reduced to the amount necessary in order to secure the conversion rights ensuing from the previously issued stock options of bearer ordinary shares on the basis of the authorization of the general meeting of 18 June 1998 namely to Euro 1,648,005.12, divided into 643,752 bearer ordinary shares.

The previously existing conditional capital of Euro 2,224,005.12 (Conditional Capital I preference shares) according to § 4 Section 5, 2 of the Articles of Association, shall be reduced to the amount necessary in order to secure the conversion rights ensuing from the previously issued stock options of non-voting bearer preference shares on the basis of the authorization of the general meeting of 18 June 1998 namely to Euro 1,648,005.12, divided into 643,752 non-voting bearer preference shares.

- b) The capital stock of the Corporation shall be increased conditionally by up to a maximum of Euro 2,304,000.00 through the issue of up to 900,000 bearer ordinary shares (Conditional Capital II ordinary shares) and by up to a maximum of Euro 2,304,000 through the issue of up to 900,000 non-voting bearer preference shares (Conditional Capital II preference shares) to the beneficiaries of the convertible bonds to be issued pursuant to clause 1 above. The bearer ordinary shares and the non-voting bearer preference shares shall be issued

at the conversion price established in each case pursuant to clause 1 h) above. The conditional capital increase shall be implemented only insofar as convertible bonds are issued and the holders of such convertible bonds exercise their conversion right. The new bearer ordinary shares and the new non-voting bearer preference shares shall participate in profits as of the start of the fiscal year in which they are issued.

- c) Modification of Articles of Association:
- aa) § 4 Section 5, 1. Sub-Section, Sentence 1 of the Articles of Association (Capital Stock) will be reworded as follows:
- "The capital stock of the Corporation is conditionally increased by up to a maximum of Euro 1,648,005.12, divided into a maximum of 643,752 par value shares, through the issue of new bearer ordinary shares (Conditional Capital I ordinary shares)."
- bb) § 4 Section 5, 2. Sub-Section, Sentence 1 of the Articles of Association (Capital Stock) will be reworded as follows:
- "The capital stock of the Corporation is conditionally increased by up to a maximum of Euro 1,648,005.12, divided into a maximum of 643,752 par value shares, through the issue of new non-voting bearer preference shares (Conditional Capital I preference shares)."
- cc) § 4 of the Articles of Association (Capital Stock) will receive a new Section 6 as follows:
- „The capital stock of the Corporation is increased conditionally by up to a maximum of Euro 2,304,000.00, divided into a maximum of 900,000 par of shares, through the issue of new bearer ordinary shares (Conditional Capital II ordinary shares). The conditional capital increase will be implemented on the basis of the authorization of the general meeting of 28 May 2003 only insofar as convertible bonds are issued and the holders of such convertible bonds exercise their conversion right. The new bearer ordinary shares will participate in profits as of the start of the fiscal year in which they are issued.
- The capital stock of the Corporation is increased conditionally by up to a maximum of Euro 2,304,000.00, divided into a maximum of 900,000 par of shares, through the issue of new non-voting bearer preference shares (Conditional Capital II preference shares). The conditional capital increase will be implemented on the basis of the authorization of the general meeting of 28 May 2003 only insofar as convertible bonds are issued and the holders of such convertible bonds exercise their conversion right. The new non-voting bearer preference shares will participate in profits as of the start of the fiscal year in which they are issued.“
- dd) The previous Section 6 of § 4 of the Articles of Association will become Section 7.

8. Appointment of the auditor for the 2003 fiscal year.

The Supervisory Board proposes to elect KPMG Deutsche Treuhand-Gesellschaft Aktiengesellschaft Wirtschaftsprüfungsgesellschaft, Frankfurt am Main, as auditor for the 2003 fiscal year.

Those shareholders who deposit their shares, during normal business hours, no later than on the fifth day prior to the General Meeting, i.e. by 23 May 2003, with the Corporation, or a Notary Public in the Federal Republic of Germany, or a securities clearing and deposit bank, or one of the banks and their branches listed below, until the close of the General Meeting will be entitled to attend the General Meeting.

Deposit banks are:

- Dresdner Bank AG
- WestLB AG
- Bayerische Hypo- und Vereinsbank AG
- Deutsche Bank AG
- DZ Bank AG Deutsche Zentral-Genossenschaftsbank
- HSBC Trinkaus & Burkhardt KGaA
- Morgan Stanley Bank AG
- Taunus-Sparkasse

In case of deposit with a German Notary Public or a securities clearing and deposit bank, we would like to ask you to submit the certificate to be issued by them to the cash office of the Corporation no later than on the 26 May 2003.

The shares will be deemed properly deposited if, with the consent of the depository, the shares are blocked in favor of such depository at a credit institution until the close of the General Meeting.

For the deposited shares the share holder will get a admission ticket to the General Meeting.

Each common share will grant one (1) vote in the General Meeting. The preference shares are non-voting shares.

The shareholder may also exercise his voting right and/or his right of attendance at the General Meeting by a proxy, for example the depository bank, an association of shareholders or another person of his choice. Furthermore, the company offers its shareholders the opportunity to authorise staff members, nominated by the company, as proxies to exercise shareholders' voting rights in accordance with instructions prior to the General Meeting. Shareholders who wish to authorise the proxies nominated by the company require an invitation to the General Meeting. Any voting proxies must be forwarded to the company in writing. The shareholders shall receive the relevant documents and information together with their invitation and admission ticket to the General Meeting. To ensure timely receipt of the admission ticket, shareholders should request the invitation from their custodian bank at their earliest convenience.

Counter motions in accordance with § 126 Section 1 of the German Stock Corporation Act (Aktiengesetz) have to be submitted exclusively to:

Fresenius AG
Investor Relations
Else-Kröner-Strasse 1
61352 Bad Homburg v.d.H.

Telefax: +49 (06172) 608-2488

Counter motions of shareholders will be published after receipt on our Internet website <http://www.fresenius.de>

Bad Homburg v.d.H., April 2003

Fresenius Aktiengesellschaft
The Managing Board



Invitation to the Separate Meeting of Preference Shareholders

Securities Identification Number:

ISIN: DE0005785638 // WKN: 578 563

We hereby invite our preference shareholders to the

Separate Meeting

which is to take place at the Marriott Hotel Frankfurt, Hamburger Allee 2–10, 60486 Frankfurt am Main, following the Ordinary General Meeting to be held there on 28 May 2003 at 10 a.m.

Agenda

Approval of a resolution of the ordinary general meeting held on the same day concerning a conditional increase of the capital stock for the grant of convertible bonds to members of the Managing Board of Fresenius AG, to management staff members of affiliates of Fresenius AG, to employees of Fresenius AG and to employees of affiliates of Fresenius AG on the basis of the Stock option plan 2003 with a reduction in the conditional capital approved by the Annual General Meeting of 18 June 1998 and no longer required and concerning modifications of the Articles of Association.

The Managing Board and the Supervisory Board propose the adoption of the following resolution:

1. Underlying principles of the stock option plan 2003

- a) Authorization to issue convertible bonds
Subject to the consent of the Supervisory Board, the Managing Board is hereby authorized to issue once or recurrently up to 27 May 2008 convertible bonds entitling to a total subscription of up to 900,000 bearer ordinary shares and up to 900,000 non-voting bearer preference shares with a total par value of Euro 4,608,000.00 to members of the Managing Board of the Corporation, to management staff members of affiliates of the Corporation, to employees of the Corporation and to employees of affiliates of the Corporation. However, management staff members and employees of Fresenius Medical Care AG and of companies affiliated with the Corporation solely through Fresenius Medical Care AG will be excluded. The Supervisory Board is hereby author-

ized accordingly insofar as members of the Managing Board of the Corporation are concerned.

Each convertible bond has a par value of Euro 2.56 and is interest-bearing at the rate of 5.5% per annum, payable in arrears. The term of the convertible bonds is 10 years as of grant. A convertible bond with a par value of Euro 2.56 provides an entitlement for a term of up to 10 years after grant of such convertible bond, in consideration of the requirements established under this resolution for the subscription of a bearer ordinary share and a non-voting bearer preference share in the Corporation.

b) **Beneficiaries and Allocation of the Convertible Bonds**

The entitlement to, the quantity and the nature of convertible bonds (with or without a success target) will be determined for the relevant group of employees by the Managing Board, and for Managing Board members by the Supervisory Board. Convertible bonds of voting bearer ordinary share and convertible bonds of a non-voting bearer preference share will always be issued in the same amount. The group of employees will include management staff members – except for Managing Board members of the Corporation -, executive staff members and other employees of Fresenius AG and of those companies affiliated with the Corporation. However, management staff members and employees of Fresenius Medical Care AG and of companies affiliated with the Corporation solely through Fresenius Medical Care AG will be excluded. The competent corporate body granting the convertible bonds may, exercising its due discretion, grant convertible bonds also to persons who would not be eligible for obtaining convertible bonds with respect to the applicable time period, but who are eligible with respect to another time period within the business year concerned.

Should convertible bonds which are subject to a success target be offered to the beneficiaries, the beneficiary may instead acquire convertible bonds without a success target, in which case the quantity of convertible bonds he or she may acquire will be reduced by 15%. If the reduced quantity does not result in a number divisible by 2, the reduced quantity shall be rounded down to the next lower number divisible by 2.

The group of Managing Board members shall be entitled to 400,000 convertible bonds with an entitlement to subscribe to 200,000 bearer ordinary shares and non-voting bearer preference shares each. The employees shall be entitled to 1,400,000 convertible bonds with an entitlement to subscribe to 700,000 bearer ordinary shares and non-voting bearer preference shares each.

The statutory subscription right for shareholders is excluded.

c) **Periods of Grant**

The convertible bonds will be granted on the first working day in July.

d) **Non-Transferability and No Charter**

The convertible bonds granted are not transferable inter vivos by way of a legal transaction. The individual convertible bonds issued within a period of

grant will be summarized in one global certificate; there is no right to individual certificates.

e) Vesting Period and Conversion Periods

The beneficiaries may exercise the corresponding conversion right for one third of the convertible bonds 2 years after the relevant grant. The corresponding conversion right for a further third of the convertible bonds may be exercised three years after the grant of such convertible bonds and for the remaining third of the convertible bonds 4 years after the grant of the relevant convertible bonds. Convertible bonds of bearer ordinary shares and convertible bonds of a non-voting bearer preference shares can only be converted in the same amount.

Exercise of the conversion right is permitted within 15 working days after the ordinary general meeting of the Corporation and 15 working days after publication of the business figures of the Corporation for the past calendar quarter if and when at this point in time the ordinary general meeting of the Corporation for the past business year has already taken place.

Should the Corporation or its affiliates be taken over, or in similar exceptional cases, special regulations may be adopted by the Managing Board with the consent of the Supervisory Board, and by the Supervisory Board insofar as Managing Board members are concerned, provided that the statutory provisions are observed.

f) General Prerequisites for Exercise

The conversion right may be exercised only as long as the holder of the convertible bonds is in the employment or service of the Corporation or an affiliate, including Fresenius AG or one of its affiliates, for which notice of termination or dismissal has not been given. The transfer of employees of the Company to Fresenius Medical Care AG or its affiliated entities shall not exclude the employees' conversion right. In case of death, occupational disability or incapacity for employment, retirement or dismissal on operational grounds and in similar exceptional cases, special regulations may be adopted.

g) Success Target as Prerequisite of Exercise

The convertible bonds may be issued either as convertible bonds which are subject to a success target or as convertible bonds without a success target.

In the case of convertible bonds which are subject to a success target, exercise of the conversion right will be conditional on achievement of that target. The success target shall be deemed to have been met if the increase of the joint average stock-exchange rate of the bearer ordinary shares and the non-voting bearer preference shares in the Corporation exceeds the stock exchange rate on the date of grant of the respective convertible bond (Initial Value) by 25% or more for at least one day, prior to exercise of the relevant conversion right. The Initial Value shall be the joint average stock exchange rate of the bearer ordinary share and the non-voting bearer preference share in the Corporation during the last 30 trading days of the stock exchange before the grant of the convertible bond.

The stock exchange price of the individual shares in the Corporation shall be deemed to be the closing price of the shares (ordinary share / preference share) in the Corporation in electronic "Xetra" trading of the Deutsche Börse AG. Should a closing price not be established in "Xetra" electronic trading,

then with the consent of the Supervisory Board the Managing Board shall be entitled to agree on an appropriate way to substitute a closing price established by way of "Xetra" electronic trading.

The Managing Board is hereby authorized to establish other restrictions as prerequisites for exercise in the convertible bond terms. The same applies to the Supervisory Board regarding convertible bonds for the Managing Board.

h) Conversion Price

Upon the exercise of the conversion right the beneficiary shall pay to the Corporation a conversion price per bearer ordinary share as well as per non-voting bearer preference share to which he or she subscribes. The conversion price for convertible bonds without a success target shall correspond to the average stock exchange price of the bearer ordinary share as well as the non-voting bearer preference share of the Corporation during the last 30 trading days at the stock exchange prior to the grant of the relevant convertible bonds, less the par value of the converted convertible bond. The conversion price for convertible bonds which are subject to a success target shall correspond to the stock exchange rate of the bearer ordinary share as well as the non-voting bearer preference share in the Corporation at the time the target is achieved for the first time, less the par value of the converted convertible bond.

Clause 1 g) Section 3 (definition of the "Stock Exchange Rate") shall apply accordingly.

The conversion price shall be reduced in accordance with the more detailed provisions of the convertible bond terms if and when during the term of the convertible bonds the Corporation either increases its capital or establishes conversion rights, option rights or other convertible bonds or conversion obligations which are coupled with the grant of a subscription right to its shareholders, and fails to grant a subscription right to persons who hold convertible bonds pursuant to this resolution of the general meeting.

i) Alternative Performance of the Conversion Right

Instead of a subscription to new bearer ordinary share and non-voting bearer preference shares in the Corporation upon the exercise of the conversion right, with the consent of the Supervisory Board the Managing Board may resolve, and the Supervisory Board may resolve insofar as Managing Board members are concerned, that bearer ordinary shares and non-voting bearer preference shares in the Corporation which the latter acquires or holds as company-owned shares be issued to the beneficiaries.

Acquisition of the Corporation's company-owned shares for the purpose of alternative satisfaction of the conversion right shall take place according to the statutory regulations; authorization pursuant to § 71 Section 1 No. 8 of the Stock Corporation Act (Aktiengesetz) is not granted by this resolution.

j) Other regulations

Subject to the consent of the Supervisory Board, insofar as members of the group of employees are concerned, the Managing Board is hereby authorized to determine further details of the terms of the convertible bonds, the issue and the features of the convertible bonds as well as the conversion procedure for the convertible bonds issued. Insofar as Managing Board members are concerned, the Supervisory Board is hereby authorized to determine further details of the terms of the convertible bonds, the issue and the features of the

convertible bonds as well as the conversion procedure for the convertible bonds issued.

2. Reduction of the previous Conditional Capital (Conditional Capital I) and creation of new Conditional Capital (Conditional Capital II) as well as corresponding modifications of the Articles of Association

- a) The previously existing conditional capital of Euro 2,224,005.12 (Conditional Capital I ordinary shares) according to § 4 Section 5, 1 of the Articles of Association, shall be reduced to the amount necessary in order to secure the conversion rights ensuing from the previously issued stock options of bearer ordinary shares on the basis of the authorization of the general meeting of 18 June 1998 namely to Euro 1,648,005.12, divided into 643,752 bearer ordinary shares.

The previously existing conditional capital of Euro 2,224,005.12 (Conditional Capital I preference shares) according to § 4 Section 5, 2 of the Articles of Association, shall be reduced to the amount necessary in order to secure the conversion rights ensuing from the previously issued stock options of non-voting bearer preference shares on the basis of the authorization of the general meeting of 18 June 1998 namely to Euro 1,648,005.12, divided into 643,752 non-voting bearer preference shares.

- b) The capital stock of the Corporation shall be increased conditionally by up to a maximum of Euro 2,304,000.00 through the issue of up to 900,000 bearer ordinary shares (Conditional Capital II ordinary shares) and by up to a maximum of Euro 2,304,000 through the issue of up to 900,000 non-voting bearer preference shares (Conditional Capital II preference shares) to the beneficiaries of the convertible bonds to be issued pursuant to clause 1 above. The bearer ordinary shares and the non-voting bearer preference shares shall be issued at the conversion price established in each case pursuant to clause 1 h) above. The conditional capital increase shall be implemented only insofar as convertible bonds are issued and the holders of such convertible bonds exercise their conversion right. The new bearer ordinary shares and the new non-voting bearer preference shares shall participate in profits as of the start of the fiscal year in which they are issued.

- c) Modification of Articles of Association:

- aa) § 4 Section 5, 1. Sub-Section, Sentence 1 of the Articles of Association (Capital Stock) will be reworded as follows:

"The capital stock of the Corporation is conditionally increased by up to a maximum of Euro 1,648,005.12, divided into a maximum of 643,752 par value shares, through the issue of new bearer ordinary shares (Conditional Capital I ordinary shares)."

- bb) § 4 Section 5, 2. Sub-Section, Sentence 1 of the Articles of Association (Capital Stock) will be reworded as follows:

"The capital stock of the Corporation is conditionally increased by up to a maximum of Euro 1,648,005.12, divided into a maximum of 643,752 par value shares, through the issue of new non-voting bearer preference shares (Conditional Capital I preference shares)."

- cc) § 4 of the Articles of Association (Capital Stock) will receive a new Section 6 as follows:

„The capital stock of the Corporation is increased conditionally by up to a maximum of Euro 2,304,000.00, divided into a maximum of 900,000 par of shares, through the issue of new bearer ordinary shares (Conditional Capital II ordinary shares). The conditional capital increase will be implemented on the basis of the authorization of the general meeting of 28 May 2003 only insofar as convertible bonds are issued and the holders of such convertible bonds exercise their conversion right. The new bearer ordinary shares will participate in profits as of the start of the fiscal year in which they are issued.

The capital stock of the Corporation is increased conditionally by up to a maximum of Euro 2,304,000.00, divided into a maximum of 900,000 par of shares, through the issue of new non-voting bearer preference shares (Conditional Capital II preference shares). The conditional capital increase will be implemented on the basis of the authorization of the general meeting of 28 May 2003 only insofar as convertible bonds are issued and the holders of such convertible bonds exercise their conversion right. The new non-voting bearer preference shares will participate in profits as of the start of the fiscal year in which they are issued.“

- dd) The previous Section 6 of § 4 of the Articles of Association will become Section 7.

Those preference shareholders who deposit their shares, during normal business hours, no later than on the fifth day prior to the General Meeting, i.e. by 23 May 2003, with the Corporation, or a Notary Public in the Federal Republic of Germany, or a securities clearing and deposit bank, or Dresdner Bank AG and its branches, until the close of the General Meeting will be entitled to attend the General Meeting.

Deposit banks are:

- Dresdner Bank AG
- WestLB AG
- Bayerische Hypo- und Vereinsbank AG
- Deutsche Bank AG
- DZ Bank AG Deutsche Zentral-Genossenschaftsbank
- HSBC Trinkaus & Burkhardt KGaA
- Morgan Stanley Bank AG
- Taunus-Sparkasse

In case of deposit with a German Notary Public or a securities clearing and deposit bank, we would like to ask you to submit the certificate to be issued by them to the cash office of the Corporation no later than on the 26 May 2003.

The shares will be deemed properly deposited if, with the consent of the depository, the shares are blocked in favor of such depository at a credit institution until the close of the Separate Meeting of Preference Shareholders.

For the deposited shares the share holder will get a ticket to the Separate Meeting of Preference Shareholders.

Each preference share will grant one (1) vote in the Separate Meeting of Preference Shareholders.

The shareholder may also exercise his voting right and/or his right of attendance at the Separate Meeting of Preference Shareholders by a proxy, for example the depositary bank, an association of shareholders or another person of his choice. Furthermore, the company offers its shareholders the opportunity to authorise staff members, nominated by the company, as proxies to exercise shareholders' voting rights in accordance with instructions prior to the Special Meeting of Preference Shareholders. Shareholders who wish to authorise the proxies nominated by the company require an invitation to the Special Meeting of Preference Shareholders. Any voting proxies must be forwarded to the company in writing. The shareholders shall receive the relevant documents and information together with their invitation and admission ticket to the Special Meeting of Preference Shareholders. To ensure timely receipt of the admission ticket, shareholders should request said invitation from their custodian bank at their earliest convenience.

Counter motions in accordance with § 126 Section 1 of the German Stock Corporation Act (Aktiengesetz) have to be submitted exclusively to:

Fresenius AG
Investor Relations
Else-Kröner-Strasse 1
61352 Bad Homburg v.d.H.

Telefax: +49 (06172) 608-2488

Counter motions of shareholders will be published after receipt on our Internet website <http://www.fresenius.de>

Bad Homburg v.d.H., April 2003

Fresenius Aktiengesellschaft
The Managing Board

**Report of the Managing Board to the Ordinary General Meeting of Fresenius Aktiengesellschaft (regarding agenda item 7) and to the Separate Meeting of Preference Shareholders (regarding the sole agenda item) of Fresenius Aktiengesellschaft on
28 May 2003**

Report of the Managing Board in accordance with § 221 Section 4, Sentence 2 in conjunction with § 186 Section 4, Sentence 2 of the Stock Corporation Act (Aktiengesetz).

Agenda item 7 of the Ordinary General Meeting and sole agenda item for the Separate Meeting of Preference Shareholders provides for the creation of conditional capital and the issue of convertible bonds to the Managing Board and employees of the Fresenius Group (so-called "Stock option plan").

The issuance of shares for options or convertible bonds is nowadays considered a standard component of performance-based remuneration for international corporations. Thus, employee share ownership schemes are essential in order to recruit and retain (on a long-term basis) sufficient numbers of highly qualified personnel and executives. Moreover, the employee share ownership scheme is intended to achieve above-average staff motivation which is crucial for company success. The resulting potential additional enhancement of the company's value also benefits shareholders.

After a term of five years, the company's current Share option plan, established in 1998, will come to an end, necessitating the launch of a new employee share ownership scheme.

Since the German Law on Corporate Governance and Transparency (KonTraG) introduced pure equity options in 1998, it is possible, in principle, to issue either pure equity options or convertible bonds in connection with employee share ownership schemes. Pure equity options are usually the preferred choice for employee share ownership schemes, as they do not require staff to make any advance payment in the form of a convertible bond deposit. The company's expiring Stock option plan of 1998 was based on such a model; however, the Stock Corporation Act (Aktiengesetz) requires a mandatory performance target when using equity options. On an international level, such performance targets are generally not mandatory, and often regarded as unusual. We find ourselves in increasing competition for highly qualified staff, on a global level, having increased our own international focus over the last few years. Those companies we compete against primarily offer Stock option plans without performance targets. A Share option plan requiring specific performance targets would therefore not be conducive to our objectives – such as offering attractive remuneration schemes to recruit and retain highly qualified staff and executives – outside Germany. In contrast, foreign companies are able to offer their staff equity options without any such performance targets. Thus, the structural disadvantage for German companies is quite significant when competing for highly qualified personnel.

A further important function of employee share ownership schemes is to encourage and strengthen staff identification with the company and, in the case of an international Group such as Fresenius AG, also with the Group as a whole. It is therefore advisable to avoid any differentiation between the company and its Group companies, as well as among individual Group companies.

For these reasons, the Managing Board decided to establish an employee share ownership scheme based on convertible bonds. Although a performance target is not mandatory in this case, there is no intention to abolish such a target altogether. Hence, the employees will be offered convertible bonds whose conversion is depend-

ent on reaching a specific performance target. However, in order to be able to nevertheless take regional requirements into consideration, every employee will have the opportunity to subscribe convertible bonds having no performance target instead of the convertible bonds offered having a performance target. Due to the lesser risk associated with the latter, the number of convertible bonds granted will be lower in this case. According to the Black-Scholes option pricing model (a recognised mathematical method for the calculation of the value of convertible bonds), the market value of a conversion right attached to a convertible bond with a performance target is Euro 13.26. The market value of the conversion right attached to a convertible bond having no performance target is Euro 15.02. Thus, the conversion right including a performance target is valued approximately 12 % below the conversion right having no performance target. In order to create an additional incentive for choosing convertible bonds with a performance target, the number of convertible bonds without performance target offered to employees is 15 % lower, and therefore exceeds the purely arithmetical difference in value.

Apart from the opportunity to choose convertible bonds having no performance target, the requirements for exercising the conversion rights correspond to those of a Stock option plan.

The resolution itself consists of three main parts: the fundamentals of the Stock option plan, the actual resolution with regard to the capital increase, and the relevant amendments to the Memorandum and Articles of Association. The principal fundamentals of the new Stock option plan are outlined below:

No. 1 lit. a) authorises the Managing Board, subject to approval by the Supervisory Board, to issue 1,800,000 convertible bonds each having a nominal value of Euro 2.56; comprising, in equal parts, convertible bonds for ordinary bearer shares and convertible bonds for non-voting bearer preference shares. The convertible bond deposit will accrue interest in arrears, at a rate of 5.5% per annum. The total term of the convertible bond will be ten years. Each convertible bond having a nominal value of Euro 2.56 carries the right to subscribe to one ordinary bearer share, or to one non-voting bearer preference share, of the company against payment of the conversion price. The nominal value of the convertible bond corresponds to the pro-rata amount of the share capital per each share.

All employees of the company and its affiliated enterprises are eligible for the subscription of convertible bonds. In addition, convertible bonds may be granted to the members of the company's Managing Board and the management staff members of affiliated enterprises. However, Fresenius Medical Care AG and any enterprises affiliated with the Group solely through this company are not counted among the affiliated enterprises. This is intended to avoid any overlaps in participation between the company's employee share ownership scheme and the employee share ownership scheme operated by Fresenius Medical Care AG. Moreover, the resolution expressly states the maximum number of convertible bonds available for issuance to members of the Managing Board. The Managing Board decides on both the subscription and number of convertible bonds, unless this concerns members of the Managing Board. In such cases, the decision will be taken by the Supervisory Board. The number of convertible bonds granted depends on the potential impact the relevant employee may have on the company value. The greater the relevant staff member's influence on the company's value and success, the more convertible bonds may be granted to that employee.

To enable the granting of convertible bonds to employees and/or members of the Managing Board, the shareholders' statutory subscription rights must be excluded (No. 1 lit. b), as the required convertible bonds would otherwise not be available for

issuance to employees. As the Share option plan is designed to serve the best interests of both company and shareholders, the Managing Board believes the exclusion of subscription rights to be reasonably justified.

In order to prevent any conceivable insider violation, the acquisition periods for convertible bonds are limited and precisely defined (No. 1 lit. c).

An additional measure for the prevention of any insider violations is the restriction of the exercise of convertible rights to periods during which any insider violation is virtually impossible due to the prior publication of financial data. To avoid the creation of new shares (i.e. shares whose entitlement to dividends differs from that of existing shares), exercise will not be possible during the period from the beginning of the year until the company's Ordinary General Meeting (No. 1 lit. e).

In order to increase the retentive effect resulting from the issuance of convertible bonds, convertible bonds may only be converted on a tiered basis over a period of time. Thus, a third of the convertible bonds may be exercised after two years, a further third after three years and the remaining third after four years from the date of granting (No. 1 lit. e).

In line with our objective of staff retention, conversion rights can only be exercised if no notice of termination has been given with regard to the employment relationship with either the company or one of its affiliated enterprises. For special cases, such as death or retirement of a bondholder, special rules may be passed (No. 1 lit. f).

Convertible bonds with a performance target may only be converted into shares of the company if the common average exchange price of ordinary bearer shares and non-voting bearer preference shares has increased by no less than 25 % on the issue price since the granting of the relevant convertible bond. This performance target, in conjunction with the conversion price for convertible bonds having a performance target, will also avoid the recognition of personnel expenses in accordance with US GAAP.

Upon exercise of conversion rights, a conversion price must be paid. For convertible bonds with a performance target, the conversion price corresponds to the exchange price of the ordinary bearer share or the non-voting bearer preference share of the company at the time of reaching the performance target for the first time. For convertible bonds having no performance target, the conversion price corresponds to the average exchange price of the ordinary bearer share or the non-voting bearer preference share of the company during the last 30 exchange trading days prior to the granting of the convertible bond. The nominal value of the converted convertible bond, that has already been paid, will be offset against the conversion price (No. 1 lit. h). The company will receive a cash inflow from the payment of the conversion price.

In order to ensure the required degree of flexibility, eligible persons exercising their conversion rights may also be granted shares which the company acquires or holds as treasury shares. However, since the present resolution does not include a resolution for the purchase of treasury shares, such purchase will require a specific resolution to this effect by the General Meeting (No. 1 lit. i).