Extraordinary General Meeting of Fresenius AG on December 4, 2006

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

The spoken word takes precedence.

Chart 1: Welcome

Good morning, Ladies and Gentlemen. On behalf of the Management Board I would like to welcome you to the Extraordinary General Meeting of Fresenius AG. We are very pleased that you have come to today's meeting and we appreciate your interest in our Company. I would also like to welcome the journalists, our guests and everyone who has joined us on the Internet.

Chart 2: Agenda

Before discussing the items on today's agenda, I would like to begin by highlighting the Fresenius Group's financial performance and give an outlook for the full year 2006. I will then move on to Fresenius AG's conversion into a European company. Finally, I would like to close by commenting on the proposed share split and the capital increase from the Company's funds.

Chart 3: Sustained successful financial performance

Over the past years, Fresenius has grown very successfully. This growth was characterized by key strategic steps, including landmark acquisitions, solid management of our operations and commercial prudence. Fresenius Medical Care, Fresenius Kabi and Fresenius ProServe have been built into three strong business segments of the Group. As you can see from the chart sales have grown by more than 6 billion euros between 1996 and 2005. This is a compounded annual growth rate of 17 percent. The growth in operating income has been even stronger, averaging 23 percent per year. Over the same period, the number of employees has increased by about 60,000. With the two recent major acquisitions – HELIOS and Renal Care Group – we have grown significantly. In 2006, revenues will exceed the 10 billion euro mark for the first time.

Chart 4: Excellent Q1-3 2006 financial results

Let me now focus on the very impressive financial results in the first nine months of this year. We achieved sales of 7.8 billion euros. This was an increase of 37 percent. Operating income rose even stronger by 51 percent to nearly 1.1 billion euros, taking us above the one billion euro mark for the first time in Fresenius' history. Net income, Ladies and Gentlemen, was up 45 percent to 233 million euros. So, after nine months we are already above the 222 million euros we had achieved in 2005. Earnings per share rose by 16 percent due to the higher number of shares outstanding after the capital increase at the end of last year.

I would like to emphasize that, in addition to this excellent financial performance, the two major acquisitions – HELIOS Kliniken and Renal Care Group – have been successfully integrated. It is an outstanding achievement to have substantially expanded our existing business with organic growth of 9 percent and further margin improvements while swiftly integrating these two companies at the same time. We are very proud of this accomplishment, and I would like to take this opportunity to thank all our associates most sincerely on behalf of the Management Board for their special effort and commitment.

Chart 5: Double-digit earnings growth in all business segments

This chart shows that we had excellent growth in all three business segments in the first nine months of 2006. All segments increased their operating income at double-digit rates.

Let me focus on that in greater detail:

Fresenius Medical Care achieved strong sales growth of 23 percent. This was driven by both the excellent organic growth of 10 percent and the first-time consolidation of the Renal Care Group. Operating income increased to 964 million dollars, an even stronger increase of 39 percent. At the same time, a number of exciting product and R&D initiatives were pushed forward.

Fresenius Kabi also achieved excellent financial results, increasing its sales by 13 percent to 1.4 billion euros. Organic growth was strong with 8 percent. The company continued its strong growth outside Europe and increased sales by 44 percent in Asia-Pacific and by 31 percent in Latin America. Operating income rose by 25 percent to 213 million euros. Fresenius Kabi achieved a substantial improvement in the operating margin to 15.2 percent. In the same period of last year, the operating margin was 13.7 percent.

What we have accomplished at Fresenius ProServe this year is quite exceptional. We have not only integrated HELIOS Kliniken into Fresenius Group but at the same time we have also put the pre-existing clinics of the Wittgensteiner Group under the management of HELIOS. We completed the integration process successfully, swiftly and professionally. On top of that, we continued our expansion in the German hospital market with the acquisition of HUMAINE Kliniken. The acquisition was closed in the third quarter of 2006, adding six new hospitals with around 1,850 beds.

As you see here, Fresenius ProServe's sales rose by 6 percent to 1.5 billion euros in the first nine months. Operating income grew by 21 percent to 105 million euros. Fresenius ProServe is now very well positioned and holds considerable growth opportunities for the future.

Chart 6: 2006 financial outlook raised

This brings me to the Group outlook for the full year 2006. We expect sales growth of over 35 percent to more than 10.7 billion euros. Based on the very strong financial results in the third quarter we have raised our forecast for Group net income again. We now project growth of 40 to 45 percent in constant currency, compared with our previous guidance of around 40 percent. So, based on the net income of 222 million euros in 2005 we expect that net income in 2006 should be clearly in excess of 300 million euros.

On this optimistic outlook, let me now move on to the items on today's agenda.

Chart 7: Introduction item no.1

Ladies and Gentlemen, under the first item we propose to you that Fresenius AG be converted into a European company – a Societas Europaea, or SE. The SE is a legal form based on European law. Since the end of 2004, the EU allows the formation of stock corporations under this multinational legal form in its member states. An SE which has its registered office in Germany is comparable to a German stock corporation (AG) and can be publicly listed on a stock exchange. The detailed description in the Conversion Report compares the status of shareholders of Fresenius AG with that of shareholders of Fresenius SE.

Chart 8: Reasons for the conversion

First of all, let me explain the reasons for the conversion. With this step, we can successfully continue our high-quality and efficient corporate governance. At the same time, this legal form reflects the international focus of our business. The SE particularly facilitates an open and international corporate culture. In so far, the proposed conversion is a consistent step in the Company's development.

Chart 9: Corporate Governance – Supervisory Board

Now, I would like to focus on Corporate Governance. Flexibility and the ability to act swiftly in changing markets are crucial for success, especially for international companies. It is therefore important for us to be able to continue our high-quality and efficient corporate governance. It has been our experience that efficient corporate governance can be pursued in a supervisory board of reasonable size that allows a close cooperation with the management board. We believe that this contributes towards the Company's success. It is therefore intended to maintain the present size of the supervisory board with twelve members. This size ensures that the principle defined in the German Corporate Governance Code – that "management board and supervisory board cooperate closely to the benefit of the enterprise" – can continue to be practiced successfully at Fresenius in the future. This will enable the efficiency and flexibility of the cooperation to be preserved.

The Supervisory Board of Fresenius SE – like the present Supervisory Board of Fresenius AG – will consist of six shareholder representatives and six employee representatives. Without the proposed conversion, Fresenius would have to increase the number of supervisory board members from twelve to twenty since it now has close to 30,000 employees in Germany.

Another reason for the conversion is that all employees in the EU and the signatory states to the European Economic Area will then participate in appointing employee representatives to the supervisory board. The number of employees in other European countries outside Germany has grown rapidly in the past years. Their involvement in the co-determination process is therefore a logical consequence and creates a strong identification with Fresenius.

Chart 10: Statutes of Fresenius SE

Next, I will elaborate on the statutes of the SE. I would like to point out that the legal form of an SE which has its registered office in Germany largely follows the rules for a German stock corporation. The statutes of the future Fresenius SE – and this was particularly important for us – are for the most part identical to the articles of association of Fresenius AG. So, the capital of Fresenius SE at the time of the conversion will correspond to the capital of Fresenius AG. The main changes in the statutes of Fresenius SE compared with the present articles of association are the following:

First: As you know, the chairman of the supervisory board has a casting vote in the case of a parity of votes. Contrary to the articles of association of Fresenius AG, this right also applies to the deputy chairman, provided that he is a shareholder representative. So that an employee representative can be elected as deputy chairman, the statutes of Fresenius SE provide for two deputies, whereby the employee representative has no casting vote. These provisions are contained in Sections 10 and 11 of the statutes of Fresenius SE.

Second: A provision has been made in Section 7 of the SE statutes which gives the chairman of the management board the right to veto resolutions of the management board. If the chairman exercises this veto right, the resolution is deemed to not have been passed.

Third: Another change which follows from the SE Regulation is that the Annual General Meeting must be held within the first six months after the close of the financial year. The German Stock Corporation Act provides for a period of eight months.

And, finally, fourth: Amendments to the statutes require a majority of two-thirds of the votes cast unless mandatory provisions of law stipulate otherwise. If at least half of the subscribed capital is represented at the Annual General Meeting, a simple majority is sufficient. At present, such amendments to the articles of association of Fresenius AG can be adopted by a simple majority.

Chart 11: Regional distribution

With this chart, I would like to draw your attention once again to Fresenius' international presence. European locations have been gaining more and more weight. Based on the figures for the first nine months of 2006, 22 percent of our sales are generated in Germany, 21 percent in the rest of Europe and 57 percent in the rest of the world. The distribution of our employees by region shows a similar picture. 30 percent work in Germany, 19 percent in the rest of Europe and 51 percent in the rest of the world. This indicates that the involvement of European employees in the co-determination process is long overdue and more than justified.

Chart 12: Conversion of Fresenius AG into an SE

Now let me just mention a several important items which will not change with the conversion into an SE and will continue to apply within the Group.

Fresenius SE will continue to have its registered office in Germany. The Management Board and the Supervisory Board will remain committed to this country in which the Company was founded.

The Group's organizational structure will not change either. Fresenius SE will still act as operating holding company of Fresenius Medical Care, Fresenius Kabi and Fresenius ProServe. The decentralized and regional structure is an integral part of the Group's organization since many years.

The conversion of Fresenius AG into an SE will not lead to the Company's liquidation or to the formation of a new legal entity. It is simply a change of legal form, in which the Company's legal and economic identity will be preserved. There is no transfer of assets or liabilities. The annual financial statements and the management report as well as the consolidated financial statements and the Group management report will continue to be prepared under the same rules as for a German stock corporation. The conversion therefore has no accounting or tax consequences.

Since the Company remains the same legal entity after conversion, your ownership interests as shareholders in Fresenius continue to exist unchanged. By law, with the conversion, you become shareholders of Fresenius SE. There is no change in your legal status, for instance with regard to voting rights and dividend entitlements. The conversion does not affect the stock exchange trading of the Fresenius shares either.

Chart 13: SE conversion schedule

I will now just briefly outline the proposed time frame for the conversion. In preparation for the conversion a so-called employee involvement procedure has been initiated. The objective is the conclusion of an agreement with the management board regarding the involvement of employees in the SE. This includes in particular the participation of the employees in the Supervisory Board of Fresenius SE and the procedure for the information and consultation of employees. A Special Negotiating Body is established for this purpose – consisting of representatives of the employees in the EU and the signatory states to the European Economic Area – which will convene for the first time in mid-January. The law provides for a negotiation period of up to six months in principle. Once these negotiations have been completed, the SE should be registered in the commercial register. We expect that this will be in the third quarter of next year. The Fresenius AG shares will then be exchanged into SE shares.

Ladies and Gentlemen: We are convinced that, the conversion into a European Company is a consistent step in the Company's development and will support it's future progress. We therefore kindly ask you to approve this proposal.

Chart 14: Introduction item no. 2

Let me now move on to the second item on the agenda – new division of the subscribed capital with capital increase from the Company's funds.

Chart 15: Development of Fresenius shares

As you see from the chart on the left, the price of the ordinary and the preference shares rose fourfold in less than four years.

The chart on the right shows the performance of our shares relative to the DAX and the MDAX over this period. Here you can see that the Fresenius shares have clearly outperformed both of these benchmarks. I hope that you, too, have been pleased with the excellent performance of the Fresenius shares over the past years.

Chart 16: Rationale for the share split

Due to the strong performance the Fresenius share price is currently one of the highest in Germany's HDAX index as you can see from the table. At present there are 74 HDAX stocks trading below 50 euros, only twelve are priced above 100 euros. There are only two companies with higher share prices than Fresenius. This makes the Fresenius shares look expensive. The proposed share split is intended to reduce the price for each share and to increase the shares' attractiveness for a broader group of investors. It is also intended to promote trading activity in Fresenius shares.

Chart 17: Implement share split and capital increase from Company's funds

As a first step, the subscribed capital of Fresenius AG is to be increased from Company's funds by approximately 22.6 million euros to about 154.4 million euros, without issuing new shares. This will be followed by a share split into approximately 77 million ordinary shares and approximately 77 million preference shares. The new proportionate amount of the subscribed capital will then be one euro per share.

After the share split, every shareholder will hold three shares for each share previously held. As a result of the share split the price level will be reduced arithmetically without affecting the overall value for shareholders. This proposal requires a number of changes to the Company's articles of association to take account of the changed ratios. The preference dividend and the minimum dividend payable on the preference shares will remain unchanged. In future, three preference shares will represent the preference entitlement which one preference share represents at present.

We kindly ask you to approve this proposal as well.

Chart 18: Summary

Ladies and Gentlemen, let me conclude: the Management Board and the Supervisory Board are convinced that the conversion of Fresenius AG into a European company and the share split combined with a capital increase from the Company's funds are two further important steps for Fresenius. Together with a long-term strategy focused on profitable growth, these two steps will further strengthen the Company as it continues along its successfull path into the future. We hope that these measures meet with your approval and we very much appreciate your continued trust and support on this path.

Thank you for your attention.