

**General Partner's Written Report to the Annual General Meeting of Fresenius SE & Co. KGaA regarding item 10 of the Agenda pursuant to sec. 186 para. 4 sent. 2 in conjunction with sec. 71 para. 1 no. 8 sent. 5 German Stock Corporation Act:**

Under agenda item 10, it will be proposed to the General Meeting that the general partner be authorized to purchase and use own shares. Through this measure, it is intended to authorize the Company for the first time - in accordance with the predominant practice of large publicly listed companies in Germany - to exploit the benefits associated with the instrument of own shares in the best interests of the Company and all its shareholders. In order to achieve a maximum of flexibility in the handling of own shares, it is intended to grant the authorization for the maximum period of five years permitted under stock corporation law, i.e. until May 10, 2017.

The acquisition of own shares can be effected by way of a purchase via the stock exchange, by means of a public tender offer to all shareholders by the Company itself or an invitation to all shareholders to submit offers for sale. In the event of the last two acquisition scenarios, the shareholders can decide themselves how many shares and - if a price range is fixed also - at what price they want to tender those shares to the Company. In any case, the general partner will observe the principle of equal treatment provided for under German stock corporation law in accordance with sec. 53a of the German Stock Corporation Act when acquiring own shares. The proposed acquisition scenarios via the stock exchange, by way of a public tender offer made to all shareholders or by means of an invitation to submit offers for sale all take account of that principle.

If in the case of a public tender offer or in case of an invitation to submit sales offers the total volume of shares offered or tendered exceeds the volume of shares intended to be bought back, the Company will accept those shares on a pro-rata basis. However, it is possible to provide for a preferential acceptance of smaller numbers of shares of up to 100 shares per offering shareholder in order to prevent arithmetical fractions of shares when the quotas to be acquired are determined and to avoid small numbers of residual shares, thereby facilitating the technical execution as a whole.

In the event of an acquisition by way of a public tender offer or a public invitation to submit offers for sale, the purchase price offered or the limit values of the purchase price range per share (exclusive of incidental acquisition expenses (*Erwerbsnebenkosten*)) must not exceed or fall below the average trading price of shares of the Company in the Xetra trading system (or a comparable successor system) by more than 10% on the three exchange trading days preceding the date of the publication of the offer or the public invitation to submit an offer for sale. If significant deviations from the relevant price occur after the publication of a tender offer or public invitation to submit an offer for sale, it will be possible to adjust the offer or invitation to submit such an offer, with such adjustment being based on the relevant average price on the three exchange trading days prior to the publication of any such adjustment, if any. The tender offer or invitation to submit such an offer may be subject to further conditions.

The general partner is authorized to use own shares purchased on the basis of this authorization for any purpose legally permissible and in particular for the following purposes:

The proposed authorization entitles the general partner to partially or entirely cancel (*einziehen*) own shares bought back, in accordance with common practice among large German listed companies, without a further resolution of the General Meeting being required. In this respect, it shall also be possible to cancel the shares without a capital reduction pursuant to

sec. 237 para. 3 no. 3 of the German Stock Corporation Act (called a simplified procedure). The pro-rata amount of the remaining shares in terms of their share in the Company's share capital increases as a result of the cancellation of shares without a capital deduction (sec. 8 para. 3 of the German Stock Corporation Act). Consequently, it is also intended to authorize the general partner in that respect to adapt the Articles of Association to take account of the modified number of no-par value shares.

Own shares may also be sold in ways other than via the stock exchange or by means of an offer made to all shareholders, against payment in cash and to the exclusion of the subscription right. Thus, the Company will be placed in a position where it is able to react swiftly and flexibly to favorable market situations. Moreover, it will be possible to win additional domestic and foreign investors by selling shares, for example to institutional investors. In order to take appropriate account of the concept of anti-dilution protection in favor of shareholders, the aforementioned use is subject, pursuant to sec. 186 para. 3 sent. 4 of the German Stock Corporation Act, to the condition that own shares may only be sold at a price which is not significantly lower than the relevant stock exchange price at the time when the shares are sold; in this respect, the price of sale will be finally determined immediately prior to the disposal itself. Additionally, the permitted sales volume is limited in such case to 10% of the Company's existing respective share capital at the effective date of the authorization or - if such value is smaller - at the time when the authorization is exercised. The shareholders are thereby given the general opportunity to maintain their shareholding quota by way of a parallel acquisition of shares in the Company via the stock exchange at comparable conditions. For the purposes of anti-dilution protection, the authorized volume shall be reduced by the pro-rata amount of the share capital allocable to such shares of the Company, or to which conversion and/or option rights or obligations resulting from bonds relate, which have been issued or disposed of otherwise, to the exclusion of the subscription right, during the term of this authorization in accordance with sec. 186 para. 3 sent. 4 of the German Stock Corporation Act applied directly, analogously or mutatis mutandis

Furthermore, it will also be possible to use own shares against contributions in kind within the scope of business combinations and upon acquisition of companies and other assets, excluding the shareholders' subscription right. In particular in the international globalised market of corporate transactions, it is not infrequent that a delivery of liquid shares is requested as a consideration. In this context, interesting opportunities can arise for using the Company's shares as a liquid consideration. The Company continuously monitors the market regarding potential opportunities to further strengthen the Company's position on the market in the best interests of the Company and its shareholders by way of such acquisition opportunities. By using the Company's own shares, such transactions can be executed flexibly and quickly, without having to consult the General Meeting, which is often not possible due to time constraints. Additionally, such transactions can materially contribute to conserving the Company's liquidity. Therefore, such opportunity of using own shares lies in the overall interests of the Company and its shareholders. In determining the valuation ratios, the general partner will additionally take care that the interests of shareholders are reasonably safeguarded.

The authorization further provides that own shares in lieu of the utilization of a conditional capital of the Company can also be issued, excluding the subscription right of shareholders, to employees of the Company and its affiliated companies, including members of the management of affiliated companies, and used to fulfill options or obligations to purchase shares of the Company granted or to be granted to employees of the Company or its affiliated companies as well as members of the management of affiliated companies. In this way, it is for example also intended to make it possible to offer the respective beneficiaries shares of

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the Company within the scope of stock option programs or employees benefit schemes - without having to resort to conditional capital. The issue of own shares to employees and officers of the Company, in particular in view of long-term compensation components having the purpose of securing the Company's sustainable success, is in the best interests of the Company and its shareholders, since it materially promotes the identification of employees and officers with their company as well as the Company's value as such. Furthermore, the use of existing own shares instead of having to draw on conditional capital can be economically sensible for the Company.

The aforementioned opportunity to use own shares in order to discharge long-term share-based compensation components, excluding the subscription right of shareholders, shall also be available in favor of the members of the general partner's Management Board. In order to take reasonable account of potential conflicts of interest resulting from the Company's legal form as well as the corporate governance according to the German Stock Corporation law, the corresponding authorization to use own shares will, however, not be addressed to the general partner (represented by the Management Board), but to its Supervisory Board.

Own shares may further be used to fulfill Bonds carrying option or conversion rights or conversion obligations, issued by the Company or dependent entities of the Company as defined in sec. 17 of the German Stock Corporation Act and excluding subscription rights according to sec. 186 para. 3 sent. 4 of the German Stock Corporation Act. In order to comply with the rights resulting therefrom, it may be appropriate, considering the Company's interests, to partially or entirely use own shares instead of shares resulting from a corresponding capital increase, which requires that the subscription right of shareholders be excluded.

Fractional amounts, if any, may be excluded in an offer made to all shareholders. This is necessary in view of the technical processing of such offer, in order to avoid the issue of fractional amounts of shares. The general partner will dispose of the shares excluded from the shareholders' subscription right, called unassigned fractions (*freie Spitzen*), either by selling them via the stock exchange or otherwise at the best possible conditions for the Company.

The possible uses mentioned above are not limited to the Company's own shares acquired on the basis of this authorizing resolution; they also include shares of the Company acquired pursuant to sec. 71 d sent. 5 of the German Stock Corporation Act. In this way, additional flexibility is also created, in the best interests of the Company, also with a view to using such own shares in accordance with this authorizing resolution.

The Management Board will inform the General Meeting of the use made of this authorization.

Bad Homburg v.d.H., March 2012

**Fresenius SE & Co. KGaA**

**The General Partner  
Fresenius Management SE  
The Management Board**