



Fresenius Medical Care

P R E S S R E L E A S E

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Fresenius Medical Care reports Fourth Quarter and Full Year 2005 Results

Excellent Full Year 2005:

**The Company exceeded its financial targets, achieved record earnings
and proposes its 9th consecutive annual dividend increase.**

Net Revenue	\$ 6,772 million	+ 9%
Operating Income (EBIT)	\$ 939 million	+ 10%
Operating Income (EBIT) excluding one-time-costs	\$ 961 million	+ 13%
Net Income	\$ 455 million	+ 13%
Net Income excluding one-time-costs	\$ 472 million	+ 17%
Dividend Proposal Ordinary Share	€ 1.23	+ 10%
Preference Share	€ 1.29	+ 9%

Bad Homburg, Germany – February 22, 2006 – Fresenius Medical Care AG & Co. KGaA (“the Company”) (Frankfurt Stock Exchange: FME, FME3) (NYSE: FMS, FMS-p), the world’s largest provider of Dialysis Products and Services, today announced its results for the fourth quarter and full year of 2005.

Fourth Quarter 2005:

Revenue

Total revenue for the fourth quarter 2005 compared to the fourth quarter 2004 increased by 8% (10% at constant currency) to \$1,772 million. The organic growth rate worldwide was 9%. Dialysis Services revenue grew by 8% to \$1,257 million (8% at constant currency) in the fourth quarter of 2005. Dialysis Products revenue increased by 9% to \$516 million (13% at constant currency) in the same period.

North America revenue increased by 9% to \$1,194 million. Dialysis Services revenue increased by 7% to \$1,049 million. Average revenue per treatment for the U.S. clinics increased by 4% to \$302 in the fourth quarter 2005, as compared to \$290 for the same quarter in 2004. Dialysis Products revenue increased by 22% to \$145 million led by strong sales of our 2008K hemodialysis machines and dialyzers.

International revenue was \$578 million, an increase of 7% (12% at constant currency) as compared to the fourth quarter of 2004. Dialysis Services revenue reached \$208 million, an increase of 11% (15% at constant currency). Dialysis Products revenue increased by 5% to \$370 million (10% at constant currency).

Earnings

Operating income (EBIT) increased by 7% to \$244 million. Operating income for the fourth quarter 2005 includes \$14 million of one-time costs associated with the transformation of Fresenius Medical Care's legal form into a Kommanditgesellschaft auf Aktien (or KGaA, a partnership limited by shares) and related legal fees and costs concerning the settlement of shareholder litigation.

Excluding one-time costs, operating income for the fourth quarter 2005 increased by 14% to \$258 million. This very good performance resulted in an operating margin of 14.6% as compared to 13.9% for the same quarter in 2004.

Compared to the fourth quarter 2004, the operating margin in North America increased by 50 basis points to 14.5%. In our International segment, the operating margin increased by 210 basis points to 17.4%. Our strong operational performance in the International segment was positively impacted by better production efficiencies, a favorable reimbursement environment in major dialysis service countries and foreign currency gains.

Net interest expense remained unchanged at \$46 million for the fourth quarter of 2005 as compared to the same quarter in 2004.

Income tax expense was \$82 million in the fourth quarter of 2005, as compared to \$72 million in the fourth quarter of 2004, reflecting effective **tax rates** of 41.3% and 39.8%, respectively.

Net income for the fourth quarter 2005 was \$116 million, an increase of 7%. Excluding one-time costs, net income increased by 18% to \$127 million.

Earnings per share (EPS) for the fourth quarter of 2005 rose by 5% to \$1.18 per ordinary share (\$0.39 per American Depositary Share (ADS), as compared to \$1.12 (\$0.37 per ADS) for the fourth quarter of 2004. The weighted average number of shares outstanding for the fourth quarter of 2005 was approximately 97.6 million shares, as compared to 96.3 million shares for the fourth quarter 2004. The increase in shares outstanding results from stock option exercises in 2005.

Cash Flow

In the fourth quarter of 2005, the Company generated \$200 million in **net cash from operations**, or 11.3% of revenue, which is at the high end of our expectations.

A total of \$135 million, net of disposals, was used for **capital expenditures**. **Free Cash Flow before acquisitions** was \$65 million for the fourth quarter of 2005. Days Sales Outstanding (DSO) in the fourth quarter of 2005 remained unchanged at 82 days from the third quarter of 2005 as a result of strong cash collection efforts. A total of \$39 million in cash was used for **acquisitions**.

Full Year 2005:

Earnings and Revenue

For the full year 2005, **net income** was \$455 million, up 13% from 2004. Excluding one-time costs, net income increased by 17% to \$472 million.

Net revenue was \$6,772 million, up 9% compared to 2004. Adjusted for currency, net revenue rose 8%.

Operating income (EBIT) increased by 10% to \$939 million. Operating income for the full year 2005 includes \$22 million of one-time costs associated with the transformation of Fresenius Medical Care's legal form into a Kommanditgesellschaft auf Aktien and related legal fees and costs concerning the settlement of shareholder litigation.

Excluding one-time costs, operating income increased by 13% to \$961 million, resulting in an operating margin of 14.2% as compared to 13.7% for the year 2004.

Net interest expense for the full year 2005 decreased by 6% to \$173 million. Income tax expense was \$309 million for the full year as compared to \$265 million in 2004. This reflects an effective **tax rate** of 40.3% for 2005.

For the full year 2005, **earnings per ordinary share** rose by 13% to \$4.68 (\$1.56 per ADS). The weighted average number of shares outstanding during 2005 was approximately 96.8 million.

Cash Flow

Cash from operations during the full year 2005 was \$670 million as compared to \$828 million for 2004. This decrease was mainly due to income tax payments for prior years in Germany and North America, and a reduction in cash generated due to a slower rate of DSO improvement this year.

A total of \$297 million was used for **capital expenditures**, net of disposals. **Free Cash Flow before acquisitions** for 2005 was \$373 million as compared to \$567 million in 2004. Net cash used for acquisitions was \$125 million in 2005.

For a complete overview of the fourth quarter and the full year 2005, please refer to the appendix.

Patients - Clinics - Treatments

As of December 31, 2005, Fresenius Medical Care treated approximately 131,450 **patients** worldwide, which represents a 6% increase in patients. North America provided dialysis treatments for more than 89,300 patients (up 3%) and the International segment served approximately 42,150 patients (up 11%).

As of December 31, 2005, the Company operated a total of 1,680 **clinics** worldwide, comprised of 1,155 clinics, an increase of 2% in North America, and 525 clinics, an increase of 11%, in the International segment.

Fresenius Medical Care delivered approximately 19.73 million dialysis **treatments** worldwide in 2005, which represents an increase of 5% year over year. North America accounted for 13.47 million treatments, an increase of 4%, and the International segment delivered 6.26 million treatments, an increase of 8% over last year.

Dividends

The Company will continue to follow an earnings-driven dividend policy. For the ninth consecutive year, shareholders can expect to receive an **increased annual dividend** for the fiscal year 2005. At the Annual General Meeting to be held on May 09, 2006, shareholders will be asked to approve a dividend of € 1.23 per ordinary share, an increase of 10% from 2004 (€ 1.12) and € 1.29 per preference share, an increase of 9% from 2004 (€ 1.18).

Renal Care Group Acquisition

On February 15, 2006, the Company announced that its wholly-owned subsidiary, Fresenius Medical Care Holdings, Inc. and Renal Care Group, Inc. (RCG) have signed an agreement to sell a total of approximately 100 dialysis clinics to National Renal Institutes, Inc., a wholly-owned subsidiary of DSI Holding Company, Inc. The purchase price for the clinics is approximately \$450 million to be paid in cash, subject to post-closing adjustments for working capital and other routine matters. The sale of the clinics is expected to close shortly after the completion of Fresenius Medical Care's acquisition of Renal Care Group, Inc.

The execution of this agreement is an important step toward concluding the review by the United States Federal Trade Commission (FTC) of Fresenius Medical Care's acquisition of Renal Care Group. The completion of the merger with Renal Care Group is targeted to close on or before March 31, 2006, subject to meeting all closing conditions including final approval by the FTC.

Transformation of Legal Form to a KGaA and Conversion of Preference Shares into Ordinary Shares

Within the 4-week tender period ended February 3, 2006, approximately 96% of all outstanding preference shares were tendered for conversion into ordinary shares. This includes tenders of roughly 92% of outstanding preference shares represented by American Depositary Shares (ADS). The transformation into a Kommanditgesellschaft

auf Aktien (KGaA – partnership limited by shares) and the conversion of preference shares into ordinary shares became effective upon registration with the commercial register of the local court (Amtsgericht) in Hof an der Saale (Germany) on Friday evening, February 10, 2006.

As of February 10, 2006, the share capital of Fresenius Medical Care AG & Co. KGaA consists of 96,629,422 ordinary bearer shares and 1,132,757 non-voting preference bearer shares.

Outlook for 2006

For the full year 2006, the Company expects **revenue growth** at constant currencies of approximately 25% on a *pro forma* basis, giving effect to the RCG merger as compared to 2005 reported revenues. *Pro forma* amounts assume consolidation of RCG's operations into Fresenius Medical Care for the full twelve months of 2006. For the full year 2006, the Company expects to report revenue of more than \$8 billion.

The Company's projected **net income growth** on a *pro forma* basis for 2006 is expected to be between 10 and 15 percent, based on the \$472 million net income excluding one-time costs, achieved in 2005.

Guidance provided by the Company does not take into effect any expected one-time items and the change of accounting principle for stock options - SFAS 123(R) in the fiscal year 2006. The Company expects the after tax impact of the one-time items and SFAS 123(R) to be around \$50 million.

In addition in 2006, the Company expects **capital expenditures** on a *pro forma* basis to be approximately \$450 million, and approximately \$100 million for **acquisitions**.

Ben Lipps, Chief Executive Officer of Fresenius Medical Care, commented: "Once again, we have exceeded our financial targets and achieved record earnings. Our financial performance shows the continued strength of our business segments worldwide. In addition, we are proposing our ninth consecutive annual dividend increase. Having now selected a qualified and committed buyer for the clinics to be divested, we are focusing on the completion of the RCG transaction, which is targeted to close on or before March 31, 2006, subject to meeting all closing conditions including final approval by the FTC. We are clearly well positioned for the future. "

Video Webcast

Fresenius Medical Care will hold a press conference at its headquarters in Bad Homburg, Germany, to discuss the results of the fourth quarter and full year of 2005 on February 22, 2006, at 10:00 a.m. CET. The Company cordially invites you to view the live video webcast of the meeting at the Company's website www.fmc-ag.com. A replay will be available shortly after the meeting.

Fresenius Medical Care is the world's largest, integrated provider of products and services for individuals undergoing dialysis because of chronic kidney failure, a condition that affects more than 1,400,000 individuals worldwide. Through its network of approximately 1,680 dialysis clinics in North America, Europe, Latin America, Asia-Pacific and Africa, Fresenius Medical Care provides dialysis treatment to approximately 131,450 patients around the globe. Fresenius Medical Care is also the world's leading provider of dialysis products such as hemodialysis machines, dialyzers and related disposable products. For more information about Fresenius Medical Care visit the Company's website at www.fmc-ag.com.

This release contains forward-looking statements that are subject to various risks and uncertainties. Actual results could differ materially from those described in these forward-looking statements due to certain factors, including changes in business, economic and competitive conditions, regulatory reforms, foreign exchange rate fluctuations, uncertainties in litigation or investigative proceedings, and the availability of financing. These and other risks and uncertainties are detailed in Fresenius Medical Care AG & Co. KGaA's reports filed with the U.S. Securities and Exchange Commission. Fresenius Medical Care AG & Co. KGaA does not undertake any responsibility to update the forward-looking statements in this release.

Fresenius Medical Care AG Statement of Earnings

(in US-\$ thousands, except share and per share data)

	Twelve Months December 31,		% Change
	2005	2004	
Net revenue			
Dialysis Care	4,866,833	4,501,197	8.1%
Dialysis Products	1,904,986	1,726,805	10.3%
Total net revenue	6,771,819	6,228,002	8.7%
Cost of revenue	4,439,154	4,142,117	7.2%
Gross profit	2,332,665	2,085,885	11.8%
Selling, general and administrative	1,342,792	1,182,176	13.6%
Research and development	50,955	51,364	-0.8%
Operating income (EBIT)	938,918	852,345	10.2%
Interest expense, net	173,192	183,746	-5.7%
Earnings before income taxes and minority interest	765,726	668,599	14.5%
Income tax expense	308,748	265,415	16.3%
Minority interest	2,026	1,186	70.8%
Net income	454,952	401,998	13.2%
Operating income (EBIT)	938,918	852,345	10.2%
Depreciation and amortization	251,452	232,586	8.1%
EBITDA	1,190,370	1,084,931	9.7%
Earnings per Ordinary share	\$4.68	\$4.16	12.6%
Earnings per Ordinary ADS	\$1.56	\$1.39	12.6%
Earnings per Preference share	\$4.75	\$4.23	12.4%
Earnings per Preference ADS	\$1.58	\$1.41	12.4%
Weighted average number of shares			
Ordinary shares	70,000,000	70,000,000	
Preference shares	26,789,816	26,243,059	
Employees			
Full-time equivalents	47,521	44,526	