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Fresenius Investor News

First half of 2006: Firmly on growth track Excellent operating performance in all segments Full-year sales and earnings forecast raised

- Sales € 5.1 billion,
 + 37 % at actual rates, + 34 % in constant currency
- EBIT € 681 million,
 + 50 % at actual rates, + 46 % in constant currency
- Net income € 140 million,
 + 39 % at actual rates, + 36 % in constant currency

- Fresenius Medical Care with strong sales and earnings growth
- Fresenius Kabi in the second quarter with EBIT margin record of more than 15 %
- Fresenius ProServe fully on track
- Integration of Renal Care Group progressing well; integration of HELIOS/WKA completed

Group outlook 2006: Sales and earnings forecast raised

Given the Company's strong performance in the first half, Fresenius raises its full-year 2006 sales and earnings outlook. Group sales are now expected to increase by approximately 35 % in constant currency to about € 10.7 billion. Net income is projected to grow by about 40 % in constant currency. The net income guidance already includes an amount of approximately € 27 million (after tax) associated with expected one-time expenses as well as expenses related to the stock option accounting change. Previously, the Company had expected net income growth to exceed 30 %. Earnings per share are now projected to increase by approximately 15 % in constant currency. Previously, earnings per share growth of around 10 % had been projected.

Sales – Strong growth continues

Group sales increased by 37 % to € 5,078 million (H1 2005: € 3,702 million). Excellent organic growth contributed 9 % to revenue growth. Acquisitions, in particular the first-time consolidation of Renal Care Group and HELIOS Kliniken in the income statement, contributed 25 %. Currency translation effects added 3 % to sales growth.

In North America, sales grew significantly due to the first-time consolidation of Renal Care Group. In addition, organic growth was excellent with 8 %. In Europe, the substantial sales increase was driven by the first-time consolidation of HELIOS Kliniken. However, underlying organic growth came in at a very good rate of 7 %. Excellent growth rates were achieved in the emerging markets, with organic growth of 24 % in Asia-Pacific and 19 % each in Latin America and Africa.

in million €	H1 2006	H1 2005	Change	Currency translation effects	Change at constant rates	Organic growth	Acquisitions/ Divestitures	% of total sales
Europe	2,159	1,454	48%	0%	48%	7%	41%	43%
North America	2,270	1,758	29%	6%	23%	8%	15%	45%
Asia-Pacific	330	246	34%	4%	30%	24%	6%	6%
Latin America	212	156	36%	13%	23%	19%	4%	4%
Africa	107	88	22%	2%	20%	19%	1%	2%
Total	5,078	3,702	37%	3%	34%	9%	25%	100%

Sales contribution of the three business segments:

	H1 2006	H1 2005
Fresenius Medical Care	63%	69%
Fresenius Kabi	18%	22%
Fresenius ProServe	19%	9%

Fresenius ProServe's increased sales contribution is the result of the consolidation of HELIOS Kliniken.

Strong earnings growth

Group EBIT increased by 50 % at actual rates and by 46 % in constant currency to € 681 million (H1 2005: € 453 million). The growth was driven by the successful operating performance of all business segments as well as the first-time consolidation of Renal Care Group and HELIOS Kliniken. EBIT includes a gain of € 32 million from the divestitures of dialysis clinics in the USA. The sale was a condition of the US Federal Trade Commission for the approval of the Renal Care Group acquisition. EBIT also includes a total of € 11 million one-time expenses and expenses related to the stock option accounting change.

Primarily, given the debt financing of the Renal Care Group acquisition, Group net interest increased to € -194 million (H1 2005: -97 million). This number however also

includes one-time expenses of € 30 million associated with the refinancing of Group debt.

The tax rate was 41.9 % (H1 2005: 39.3 %). It was substantially influenced by the tax expense associated with the divestitures of the dialysis clinics in the USA. As the goodwill attributable to the divested clinics is not considered for tax purposes, the sale resulted in a loss of € 2 million after tax. Excluding this effect the tax rate was 36.9 %.

Minority interest was € 143 million (H1 2005: € 115 million). 94 % was attributable to the minority interest of Fresenius Medical Care.

Group net income grew by 39 % at actual rates and by 36 % in constant currency to € 140 million (H1 2005: € 101 million). This result includes one-time expenses of € 19 million, primarily for the refinancing of debt as well as for expenses related to the stock option accounting change. Thus, approximately 70 % of the expected one-time expenses for the full-year 2006 are already included in the Group net income.

Earnings per ordinary share rose to € 2.75 (H1 2005: € 2.46) while earnings per preference share rose to € 2.77 (H1 2005: € 2.48). This is an increase of 12 % for both share classes (9 % in constant currency). The average number of shares grew to 50,852,320 mainly due to the share issue in December 2005.

Investments

Fresenius Group spent € 225 million for property, plant and equipment and intangible assets (H1 2005: € 115 million). Acquisition spending increased to € 3,408 million due to the acquisition of Renal Care Group (H1 2005: € 227 million).

Cash flow

Operating cash flow increased by 17 % to € 385 million (H1 2005: € 329 million). The key driver was the significant improvement in earnings whereas the tax expense associated with the divestitures of the dialysis clinics had a negative effect. Cash flow before acquisitions and dividends was € 172 million (H1 2005: € 224 million). The acquisition of Renal Care Group was financed through bank debt.

Solid balance sheet structure

Total assets increased by 28 % to € 14,831 million (December 31, 2005: € 11,594 million). In constant currency, total assets grew 34 %. The substantial increase is mainly related to the Renal Care Group acquisition which was consolidated in the balance sheet for the first time as of March 31, 2006. Current assets increased by 10 % to € 3,871 million (December 31, 2005: € 3,531 million). Non-current assets were € 10,960 million (H1 2005: € 8,063 million), an increase of 36 %. This was primarily due to the goodwill resulting from the Renal Care Group acquisition.

Group debt increased to € 6,154 million (December 31, 2005: € 3,502 million) due to financing of the Renal Care Group acquisition.

As of June 30, 2006, the net debt/EBITDA ratio was 3.3 (December 31, 2005: 2.3).

Shareholders' equity including minority interest grew 5 % to € 5,380 million (December 31, 2005: € 5,130 million), driven by the very good earnings development. Given the debt financing of the Renal Care Group acquisition, the equity ratio (including minority interests) decreased to 36.3 % (December 31, 2005: 44.2 %).

Employees

As of June 30, 2006, the Group had 100,196 employees worldwide (December 31, 2005: 91,971). The increase of 8,225 employees is primarily due to the acquisition of Renal Care Group.

Fresenius Biotech

Fresenius Biotech develops innovative therapies with trifunctional antibodies for the treatment of cancer as well as cell therapies for the treatment of the immune system. In the field of polyclonal antibodies, Fresenius Biotech has successfully marketed ATG-Fresenius S for many years. ATG-Fresenius S is an immunosuppressive agent used to prevent and treat graft rejection following organ transplantation.

Fresenius Biotech has successfully continued its clinical study program. The company reported encouraging results of a phase IIa study with the trifunctional antibody removab[®] in the treatment of ovarian cancer patients. Based on these results, Fresenius Biotech is planning to start a European phase II study for this indication in the second half of 2006.

A phase II study on breast cancer started in March 2006. About 40 patients will be included in the trial. A phase II study for the treatment of gastric cancer with approximately 50 patients started in June 2006. The results from the malignant ascites phase II/III study are expected at the end of this year.

For the full year 2006, Fresenius Biotech continues to expect an EBIT in the range of € -45 to -50 million, largely due to the higher expenses for expanded clinical study program.

The Business Segments

Fresenius Medical Care

Fresenius Medical Care is the world's leading provider of products and services for patients with chronic kidney failure. As of June 30, 2006, Fresenius Medical Care (incl. Renal Care Group and after divestitures) was serving 161,675 patients in 2,078 dialysis clinics.

in million US\$	H1 2006*	H1 2006	H1 2005	Change*
Sales	3,912	3,912	3,283	19%
EBITDA	728	757	579	26%
EBIT	587	616	458	28%
Net income	266	246	223	19%
Employees	58,394 (Jun 30, 2006)	58,394 (Jun 30, 2006)	50,250 (Dec 31, 2005)	16%

* before one-time expenses, expenses related to the stock option accounting change and the effect of the FTC-related clinic divestitures in the USA

- Strong sales and earnings growth in all regions
- Renal Care Group integration well under way and on track
- Outlook for 2006 upgraded

Fresenius Medical Care achieved strong sales growth of 19 % to US\$ 3,912 million (H1 2005: US\$ 3,283 million). This was driven by both the excellent operating performance and the first-time consolidation of Renal Care Group in the income statement. Organic growth reached 9 %. Sales in dialysis care increased by 24 % to US\$ 2,924 million (H1 2005: US\$ 2,363 million). In dialysis products, Fresenius Medical Care achieved sales of 988 million US\$ (H1 2005: US\$ 920 million), an increase of 7 % (10 % in constant currency).

In North America, Fresenius Medical Care increased sales by 24 % to US\$ 2,754 million (H1 2005: US\$ 2,215 million). Organic growth reached 8 %. Sales outside North America ("International") grew by 8 % (12 % in constant currency) to US\$ 1,158 million (H1 2005: US\$ 1,068 million).

Net income increased by 10 % to US\$ 246 million (H1 2005: US\$ 223 million). This result includes one-time expenses of US\$ 20 million primarily for the refinancing of Fresenius Medical Care debt, for expenses related to the stock option accounting change as well as for the after-tax loss on the divestitures of dialysis clinics in the USA. Excluding the above effects net income was up 19 % to US\$ 266 million.

Based on the strong performance in the first half of 2006, Fresenius Medical Care upgrades its guidance for the full year 2006. After expecting to report a revenue of about US\$ 8.1 billion, the company now expects a revenue for 2006 of about US\$ 8.3 billion.

Fresenius Medical Care also upgrades its outlook for reported net income for 2006. After expecting a net income between US\$ 515 million and US\$ 535 million, the company now expects to report a net income of at least US\$ 542 million, which represents an increase of at least 15% over the 2005 level.

In order to show the underlying performance of Fresenius Medical Care, the guidance provided does not take into effect any expected one-time items and the stock option accounting change. After previously assuming the after-tax impact of one-time items and the stock option accounting change to be about US\$ 60 million Fresenius Medical Care now expects this impact to be about US\$ 40 million for the full year 2006.

For further information, please see Fresenius Medical Care's Investor News at www.fmc-ag.com.

Fresenius Kabi

Fresenius Kabi offers infusion therapies and clinical nutrition for seriously and chronically ill patients in the hospital and out-patient environments. The company is also a leading provider of transfusion technology products.

in million €	H1 2006	H1 2005	Change
Sales	937	818	15%
EBITDA	177	150	18%
EBIT	139	110	26%
Net income	60	51	18%
Employees	15,345 (Jun 30, 2006)	14,453 (Dec 31, 2005)	6%

- Strong organic sales growth of 8 %
- Record EBIT margin of more than 15 % in the second quarter
- Sales and earnings outlook for 2006 raised

Fresenius Kabi's sales increased by 15 % to € 937 million (H1 2005: € 818 million). The company achieved strong organic growth of 8 %. Acquisitions, primarily Clinico and the first-time consolidation of Pharmatel, contributed 4 % to sales. Currency translation added a further 3 %.

Sales in Europe (excluding Germany) increased by 9 %, in Germany by 5 %. Fresenius Kabi did extremely well in the emerging markets outside Europe and achieved sales growth of 44 % in Asia-Pacific, 36 % in Latin America and 25 % in the other regions. Organic growth in the regions outside Europe was well into the double digits.

Fresenius Kabi showed an excellent performance at the EBIT level, with an increase of 26 % to € 139 million (H1 2005: € 110 million). The EBIT margin improved by 140 basis points to 14.8 % (H1 2005: 13.4 %). In the second quarter, the EBIT margin reached a new record level of 15.1 %. Net profit rose by 18 % to € 60 million (H1 2005: € 51 million). This already includes one-time expenses of € 11 million for the early redemption of the 2003 Eurobond.

Based on the excellent performance in the first half, Fresenius Kabi raises its EBIT margin outlook for the full year 2006 from previously 14.5-15.0 % to now >15 %. The company now expects sales growth of 11 to 12 % in constant currency. Previously, growth of around 10 % had been projected.

Fresenius ProServe

Fresenius ProServe is a leading German hospital operator with more than 50 facilities. Moreover, the company offers engineering and services for hospitals and other health care facilities as well as for the pharmaceutical industry.

in million €	H1/2006	H1/2005 incl. HELIOS Kliniken	H1/2005 as reported	Change incl. HELIOS Kliniken
Sales	974	942	350	3%
EBITDA	90	80	19	13%
EBIT	62	54	7	15%
Net income	23	15	-1	53%
Employees	25,844 (Jun 30, 2006)	26,664 (Dec 31, 2005)	26,664 (Dec 31, 2005)	-3%

- Very good performance in hospital operations
- Strong order intake in the engineering & services businesses
- Outlook for 2006 fully confirmed

Fresenius ProServe achieved excellent financial results. Sales grew by 3 % to € 974 million (H1 2005 incl. HELIOS Kliniken: € 942 million). Organic growth amounted to 4 %. On a comparable basis, EBIT increased by 15 % to € 62 million (H1 2005 incl. HELIOS Kliniken: € 54 million).

Sales in hospital operations (HELIOS Kliniken Group) amounted to € 767 million (H1 2005: € 765 million). Organic growth was 2 %. EBIT increased to € 56 million, the EBIT margin improved to 7.3 % (H1 2005 incl. HELIOS Kliniken: € 48 million and 6.3 %). The integration of WKA into HELIOS Kliniken Group was successfully completed. The focus is now on continued efficiency improvements at the WKA clinics and on further growth through privatization in the German hospital market.

Sales in the engineering and services business (VAMED, Pharmaplan) increased 17 % to € 207 million (H1 2005: € 177 million). EBIT rose 50 % to € 9 million (H1 2005: € 6 million). Order intake and order backlog continued to develop very positively. Order intake increased by 19 % to € 185 million (H1 2005: € 156 million). Order backlog rose 14 % to € 409 million as of June 30, 2006 (December 31, 2005: € 360 million).

In March 2006, HELIOS Kliniken agreed to acquire HUMAINE Kliniken GmbH. HUMAINE operates six acute and post-acute care hospitals with a total of 1,850 beds. The transaction is expected to be completed in the third quarter. The acquisition of HUMAINE will be accretive to Fresenius Group's earnings per share in the fiscal year 2006 already.

Fresenius ProServe confirms its 2006 full-year outlook and expects revenue growth of 1 to 3 % before acquisitions, based on 2005 revenues including HELIOS of € 2,009 million. EBIT is forecast to rise to € 140 to 150 million (2005 incl. HELIOS: € 125 million).

Video Webcast

As part of the publication of our results for the first half of 2006, an analyst conference will be held at the Fresenius headquarters in Bad Homburg on August 3, 2006 at 1:30 p.m. CEDT (7.30 a.m. EDT). All investors are cordially invited to follow the conference in a live broadcast over the Internet at www.fresenius-ag.com / Investor Relations / Presentations. Following the meeting, a recording of the conference will be available as video-on-demand.

Quarterly report

The report for the first half and the second quarter of 2006 will be available on August 14, 2006 on the Internet at www.fresenius-ag.com / Investor Relations / Financial Reports / Quarterly Reports.

This release contains forward-looking statements that are subject to certain risks and uncertainties. Future results could differ materially from those described in these forward-looking statements due to various factors, e.g., changes in the business, economic and competitive environment, regulatory reforms, results of clinical trials, foreign exchange rate fluctuations, uncertainties in litigation or investigative proceedings, and the availability of financing. Fresenius does not undertake any responsibility to update the forward-looking statements in this release.

Fresenius Group in Figures

Consolidated statement of income (US GAAP) (unaudited)

in million €	H1 2006	H1 2005
Sales	5,078	3,702
Cost of goods sold	-3,496	-2,486
Gross profit	1,582	1,216
Selling, general and administrative expenses	-827	-695
Research and development expenses	-74	-68
Operating income (EBIT)	681	453
Net interest	-194	-97
Earnings before income taxes and minority interest	487	356
Income taxes	-204	-140
Minority interest	-143	-115
Net income	140	101
Basic earnings per ordinary share (in €)	2.75	2.46
Fully diluted earnings per ordinary share (in €)	2.72	2.44
Basic earnings per preference share (in €)	2.77	2.48
Fully diluted earnings per preference share (in €)	2.74	2.46

Average number of shares	25,426,160	20,499,712
Ordinary shares	25,426,160	20,499,712
Preference shares		
EBIT (in million €)	681	453
Depreciation and amortization (in million €)	186	151
EBITDA (in million €)	867	604
EBIT margin	13.4%	12.2%
EBITDA margin	17.1%	16.3%

Key figures of the balance sheet (US GAAP) (unaudited)

in million €	June 30, 2006	Dec 31, 2005	Change
Assets			
Current assets	3,871	3,531	10%
thereof trade accounts receivable	2,017	1,871	8%
thereof inventories	803	727	10%
thereof cash and cash equivalents	253	252	0%
Non-current assets	10,960	8,063	36%
thereof property, plant and equipment	2,577	2,356	9%
thereof goodwill and other intangible assets	7,753	5,221	48%
Total assets	14,831	11,594	28%
Liabilities and shareholders' equity			
Liabilities	9,451	6,464	46%
thereof trade accounts payable	327	353	-7%
thereof accruals and other short-term liabilities	2,379	2,068	15%
thereof debt	6,154	3,502	76%
Minority interest	2,429	2,289	6%
Shareholders' equity	2,951	2,841	4%
Total liabilities and shareholders' equity	14,831	11,594	28%

Cash flow statement (US-GAAP) (unaudited)

in million €	H1 2006	H1 2005	Change
Net income before minority interest	283	216	31%
Depreciation and amortization	186	151	23%
Change in accruals for pensions	2	5	-60%
Cash flow	471	372	27%
Change in working capital	-86	-43	-100%
Operating cash flow	385	329	17%
Capital expenditure, net	-213	-105	-103%
Free cash flow before acquisitions and dividends	172	224	-23%
Cash used for acquisitions, net	-3,015	-182	--
Dividends paid	-154	-127	21%
Free cash flow after acquisitions and dividends	-2,997	-85	--
Cash provided by/used for financing activities	3,009	87	--
Effect of exchange rates on change in cash and cash equivalents	-11	7	--
Net increase in cash and cash equivalents	1	9	-89%

Segment reporting by business segment H1 2006 (US GAAP)

in million €	Fresenius Medical Care			Fresenius Kabi			Fresenius ProServe			Corporate/Other			Group		
	H1 2006	H1 2005	Change	H1 2006	H1 2005	Change	H1 2006	H1 2005	Change	H1 2006	H1 2005	Change	H1 2006	H1 2005	Change
Sales	3,182	2,555	25%	937	818	15%	974	350	178%	-15	-21	29%	5,078	3,702	37%
thereof contribution to consolidated sales	3,180	2,542	25%	919	804	14%	971	348	179%	8	8	0%	5,078	3,702	37%
thereof intercompany sales	2	13	-85%	18	14	29%	3	2	50%	-23	-29	21%	0	0	
contribution to consolidated sales	63%	69%		18%	22%		19%	9%		0%	0%		100%	100%	
EBITDA	616	451	37%	177	150	18%	90	19	--	-16	-16	0%	867	604	44%
Depreciation and amortization	115	94	22%	38	40	-5%	28	12	133%	5	5	0%	186	151	23%
EBIT	501	357	40%	139	110	26%	62	7	--	-21	-21	0%	681	453	50%
Net interest	-127	-66	-92%	-43	-26	-65%	-21	-5	--	-3	0	--	-194	-97	-100%
Net income	200	174	15%	60	51	18%	23	-1	--	-143	-123	-16%	140	101	39%
Operating cash flow	266	209	27%	80	105	-24%	68	32	113%	-29	-17	-71%	385	329	17%
Free cash flow before acquisitions and dividends	136	133	2%	44	86	-49%	27	27	0%	-35	-22	-59%	172	224	-23%
Debt ¹⁾	4,482	1,857	141%	954	903	6%	853	229	--	-135	513	-126%	6,154	3,502	76%
Total assets ¹⁾	9,944	6,767	47%	1,941	1,867	4%	2,906	2,859	2%	40	101	-60%	14,831	11,594	28%
Capital expenditure	141	81	74%	37	23	61%	41	6	--	6	5	20%	225	115	96%
Acquisitions	3,400	40	--	8	186	-96%	--	1	-100%	0	0	0%	3,408	227	--
Research and development expenses	21	21	0%	32	28	14%	--	0	--	21	19	11%	74	68	9%
Employees (per capita on balance sheet date)¹⁾	58,394	50,250	16%	15,345	14,453	6%	25,844	26,664	-3%	613	604	1%	100,196	91,971	9%
Key figures															
EBITDA margin	19.4%	17.7%		18.9%	18.3%		9.2%	5.4%					17.1%	16.3%	
EBIT margin	15.7%	14.0%		14.8%	13.4%		6.4%	2.0%					13.4%	12.2%	
ROOA ¹⁾	10.3% ²⁾	12.6%		16.5%	14.5%		5.9%	3.6% ³⁾					9.9% ²⁾	11.7% ³⁾	
Depreciation and amortization as % of sales	3.6%	3.7%		4.1%	4.9%		2.9%	3.4%					3.7%	4.1%	

¹⁾ 2005: December 31

²⁾ calculation is based on the pro forma EBIT which does not include the gain on the sale of Fresenius Medical Care dialysis clinics

³⁾ operating assets excluding HELIOS Kliniken

Segment reporting by business segment Q2 2006 (US GAAP)

	Fresenius Medical Care			Fresenius Kabi			Fresenius ProServe			Corporate/Other			Total		
	Q2 2006	Q2 2005	Change	Q2 2006	Q2 2005	Change	Q2 2006	Q2 2005	Change	Q2 2006	Q2 2005	Change	Q2 2006	Q2 2005	Change
Sales	1,729	1,327	30%	471	420	12%	498	179	178%	-8	-11	27%	2,690	1,915	40%
of which contributing to consolidated sales	1,727	1,320	31%	462	413	12%	496	178	179%	5	4	25%	2,690	1,915	40%
of which intercompany sales	2	7	-71%	9	7	29%	2	1	100%	-13	-15	13%	0	0	
contribution to consolidated sales	64%	69%		17%	22%		19%	9%		0%	0%		100%	100%	
EBITDA	362	238	52%	90	79	14%	47	10	--	-9	-7	-29%	490	320	53%
Depreciation and amortization	64	49	31%	19	21	-10%	15	6	150%	2	3	-33%	100	79	27%
EBIT	298	189	58%	71	58	22%	32	4	--	-11	-10	-10%	390	241	62%
Net interest	-80	-34	-135%	-17	-14	-21%	-11	-2	--	-2	0	--	-110	-50	-120%
Net income	103	92	12%	34	27	26%	12	0	--	-74	-64	-16%	75	55	36%
Operating cash flow	131	104	26%	52	67	-22%	31	14	121%	-15	-24	38%	199	161	24%
Free cash flow before acquisitions and dividends	55	58	-5%	34	55	-38%	11	11	0%	-19	-26	27%	81	98	-17%
Capital expenditure	83	48	73%	19	12	58%	20	4	--	3	3	0%	125	67	87%
Acquisitions	115	23	--	3	23	-87%	-	0	--	0	0	0%	118	46	157%
Research and development expenses	11	11	0%	17	14	21%	-	0	--	11	10	10%	39	35	11%
Key figures															
EBITDA margin	20.9%	17.9%		19.1%	18.8%		9.4%	5.6%					18.2%	16.7%	
EBIT margin	17.2%	14.2%		15.1%	13.8%		6.4%	2.2%					14.5%	12.6%	
Depreciation and amortization as % of sales	3.7%	3.7%		4.0%	5.0%		3.0%	3.4%					3.7%	4.1%	