



Fresenius Medical Care

P R E S S – R E L E A S E

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Fresenius Medical Care Confirms Outlook for 2008; Reports Strong Second Quarter and Half Year Results

Summary Second Quarter 2008:

Net revenue	\$ 2,665 million	+ 11%
Operating income (EBIT)	\$ 429 million	+ 10%
Net income	\$ 211 million	+ 18%
Earnings per share	\$ 0.71	+ 18%

Summary First Half 2008:

Net revenue	\$ 5,177 million	+ 10%
Operating income (EBIT)	\$ 818 million	+ 8%
Net income	\$ 397 million	+ 17%
Earnings per share	\$ 1.34	+ 17%

Bad Homburg, Germany – Fresenius Medical Care AG & Co. KGaA (“the Company”), the world’s largest provider of Dialysis Products and Services, today announced its results for the second quarter and first half of 2008.

Second Quarter 2008:

Revenue

Net revenue for the second quarter of 2008 increased by 11% to \$2,665 million (7% at constant currency) compared to the second quarter of 2007. Organic revenue growth worldwide was 7%. Dialysis Services revenue grew by 7% to \$1,924 million (5% at constant currency) in the second quarter of 2008. Dialysis Product revenue increased by 22% to \$741 million (12% at constant currency) in the same period.

North America revenue increased by 3% to \$1,715 million. Organic revenue growth was 4%. Dialysis Services revenue grew by 2% to \$1,533 million. Excluding the effects of the divestiture of the perfusion business in spring 2007, Dialysis Services revenue increased by 3%. Average revenue per treatment for the U.S. clinics was unchanged at \$327 in the second quarter of 2008 compared to \$327 for the same quarter in 2007 and \$326 for the first quarter of 2008. The sequential improvement in the revenue per treatment during the second quarter of 2008 compared to the first quarter of 2008 was due to an increase in EPO utilization. The Average Selling Price (ASP) for EPO in the second quarter of 2008 remained approximately 5% less than second quarter of 2007 pricing. Dialysis Product revenue increased by 13% to \$182 million. This performance was led by strong sales among the whole product portfolio including the phosphate binding drug PhosLo[®].

International revenue was \$950 million, an increase of 28% (14% at constant currency) compared to the second quarter of 2007. Organic revenue growth in the International segment was 14%. Dialysis Services revenue reached \$391 million, an increase of 32% (19% at constant currency). Dialysis Product revenue rose 25% to \$559 million (11% at constant currency), led by strong dialyzer and dialysis machine sales.

Earnings

Operating income (EBIT) increased by 10% to \$429 million compared to \$391 million in the second quarter of 2007 resulting in an operating margin of 16.1% compared to 16.3% for the second quarter 2007. This margin decrease mainly reflected the increased expenditures for our research and development activities. The strong underlying business was supported by increased reimbursement rates, dialysis services cost containment and a continued strong performance of renal products including PhosLo®. This was partially offset by a reduction in reimbursement and a lower utilization of EPO as well as start-up of new clinics and increased costs for the anticoagulant drug Heparin due to suspension of production by the principal manufacturer.

Net interest expense for the second quarter of 2008 was \$82 million compared to \$92 million in the same quarter of 2007. This positive development was mainly attributable to lower average interest rates associated with changes in the financing structure due to the redemption of a portion of the Trust Preferred Securities.

Income tax expense was \$129 million for the second quarter of 2008 compared to \$113 million in the second quarter of 2007, reflecting effective **tax rates** of 37.2% and 38.0%, respectively.

Net income for the second quarter 2008 was \$211 million, an increase of 18%.

Earnings per share (EPS) for the second quarter of 2008 rose 18% to \$0.71 per ordinary share compared to \$0.60 for the second quarter of 2007. Earnings per ordinary American Depository Share (ADS) are equivalent as one ADS represents one share as a result of the change in ratio of the Company's ordinary shares and preference shares to ADSs. The weighted average number of shares outstanding for the second quarter of 2008 was approximately 296.7 million shares compared to 295.4 million shares for the second quarter of 2007. The increase in shares outstanding is due to stock option exercises in 2007 and also in the first half of 2008.

Cash Flow

In the second quarter of 2008, the Company generated \$209 million in **cash from operations**, representing 8% of revenue. The cash flow generation was impacted by increases in inventory and other working capital.

A total of \$179 million was spent for **capital expenditures**, net of disposals. **Free Cash Flow before acquisitions** was \$30 million compared to \$95 million in the second quarter of 2007. A total of \$58 million in cash was used for **acquisitions**, net of divestitures.

First Half of 2008:

Revenue and Earnings

Net revenue was \$5,177 million, up 10% from the first half of 2007. At constant currency, net revenue rose 6%. Organic growth was 6% in the first six months of 2008.

Operating income (EBIT) increased by 8% to \$818 million compared to \$756 million in the first half of 2007, resulting in an operating margin of 15.8% compared to 16.0% for the first half of 2007. This development mainly reflected higher research and development expenses. Reduced reimbursement rates for EPO and lower utilization of EPO as well as start-up cost for new clinics were offset by increases in underlying reimbursement rates, cost containment and contributions from product sales.

Net interest expense for the first six months of 2008 was \$165 million compared to \$187 million in the same period of 2007. The reduction was mainly due to lower average interest rates associated with changes in our financing structure.

Income tax expense was \$243 million in the first half of 2008 compared to \$216 million in the same period in 2007, reflecting **tax rates** of 37.2% and 38.0%, respectively.

For the first half of 2008, **net income** was \$397 million, up 17% from the first half of 2007.

In the first six months of 2008, **Earnings per ordinary share** rose 17% to \$1.34. The weighted average number of shares outstanding during the first half of 2008 was approximately 296.6 million.

Cash flow

Cash from operations during the first six months of 2008 was \$401 million compared to \$508 million for the same period in 2007. Cash Flow generation was impacted by higher DSO and increased inventory partially offset by increased earnings.

A total of \$332 million was used for **capital expenditures**, net of disposals. **Free Cash Flow before acquisitions** for the first six months of 2008 was \$69 million compared to \$271 million in same period in 2007. A total of \$92 million in cash was used for **acquisitions**, net of divestitures.

Please refer to the attachments for a complete overview on the second quarter and first half 2008.

Patients – Clinics – Treatments

As of June 30, 2008, Fresenius Medical Care treated 179,340 **patients** worldwide, which represents a 4% increase compared to last year. North America provided dialysis treatments for 123,784 patients, an increase of 3%. Including 32 clinics managed by Fresenius Medical Care North America, the number of patients in North America was 125,559. The International segment served 55,556 patients, an increase of 8% over last year.

As of June 30, 2008, the Company operated a total of 2,318 **clinics** worldwide. This is comprised of 1,647 clinics in North America, an increase of 4%, and 671 clinics in the International segment, an increase of 7%.

Fresenius Medical Care delivered approximately 13.6 million dialysis **treatments** worldwide during the first six months of 2008. This represents an increase of 5% year over year. North America accounted for 9.39 million treatments, an increase of 3%, and the International segment delivered 4.22 million treatments, an increase of 8% over last year.

Employees

As of June 30, 2008, Fresenius Medical Care had 63,197 employees (full-time equivalents) worldwide compared to 61,406 employees at the end of 2007.

Debt/EBITDA Ratio

The ratio of debt to Earnings before Interest, Taxes and Amortization (EBITDA) decreased from 3.03 at the end of the second quarter of 2007 to 2.86 at the end of the second quarter 2008.

Credit Rating

In March 2008, Standard & Poor's assigned debt and recovery ratings for Fresenius Medical Care AG & Co. KGaA's unsecured debt issues. Based on a recovery analysis, the rating of Trust Preferred Securities IV (\$225 million) and Trust Preferred Securities V (€300 million) improved to BB from single B+. Additionally the rating of the \$500 million Senior Notes due 2017 improved from BB- to BB+. In July 2008, in connection with of Fresenius SE acquisition of APP, Standard & Poor's revised its outlook from positive to negative. At the same time, all ratings, including the BB long-term corporate ratings, were affirmed.

In May 2008, Moody's raised both the corporate and the Debt Instruments' Rating of Fresenius Medical Care AG & Co. KGaA. The corporate Credit Rating improved from Ba2 to Ba1. The Senior Secured Debt under the \$4.6 billion Credit Agreement received a Baa3 Investment Grade Rating. The Rating for the Unsecured \$500 million Senior Notes due 2017 was raised from Ba3 to Ba2. The Ratings for the Trust Preferred Securities IV (\$225 million) and Trust Preferred Securities V (€300 million) were raised from B1 to Ba3. A stable outlook was assigned to all Ratings.

Outlook for 2008

For the full year of 2008, the Company confirms its outlook and expects to achieve **revenue** of more than \$10.4 billion, an increase of more than 7%.

Net income is projected to be between \$805 million and \$825 million in 2008, an increase of 12% to 15%.

In addition, the Company expects to spend \$650 to \$750 million on **capital expenditures** and \$150 to \$250 million on **acquisitions**. The **debt/EBITDA ratio** is projected to decrease to below 2.8 by the end of 2008.

For 2010, Fresenius Medical Care continues to expect revenue of more than \$11.5 billion. Earnings after tax are projected to grow in the low- to mid-teens each year.

Ben Lipps, Chief Executive Officer of Fresenius Medical Care, commented:

“We are pleased to report a strong second quarter and first half of the year 2008 in an overall challenging environment. All business segments and regions have contributed to our strong performance. This gives us the opportunity to confirm our guidance for the full year of 2008. In 2008, we have continued to make selective acquisitions, increase our research and development efforts and expand our production capacity. We are pleased with our new pharmaceutical partnership for I.V. Iron as part of our renal pharma initiative. These investments position us to continue to lead the industry in quality and efficiency and with the

emerging pay for performance concepts in the service area, Fresenius Medical Care is well prepared for future growth.”

Conference Call

Fresenius Medical Care will hold a conference call to discuss the results of the second quarter and the first half year of 2008 on Wednesday, July 30, 2008, at 3:30 pm CEDT / 9:30 am EDT. The Company invites journalists to view the live webcast of the conference call at the Company’s website www.fmc-ag.com in the “Investor Relations” section. A replay will be available shortly after the call.

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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 1,600,000 individuals worldwide. Through its network of 2,318 dialysis clinics in North America, Europe, Latin America, Asia-Pacific and Africa, Fresenius Medical Care provides dialysis treatment to 179,340 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. Fresenius Medical Care is listed on the Frankfurt Stock Exchange (FME, FME3) and the New York Stock Exchange (FMS, FMS/P).

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 Statement of Earnings

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

	Six Months Ended June 30,		% Change
	2008	2007	
Net revenue			
Dialysis Care	3,768,546	3,555,898	6.0%
Dialysis Products	1,408,474	1,168,986	20.5%
Total net revenue	5,177,020	4,724,884	9.6%
Cost of revenue	3,397,835	3,103,146	9.5%
Gross profit	1,779,185	1,621,738	9.7%
Selling, general and administrative	921,697	838,091	10.0%
Research and development	39,772	27,907	42.5%
Operating income (EBIT)	817,716	755,740	8.2%
Interest expense, net	164,960	186,486	-11.5%
Earnings before income taxes and minority interest	652,756	569,254	14.7%
Income tax expense	243,087	216,347	12.4%
Minority interest	12,708	13,949	-8.9%
Net income	396,961	338,958	17.1%
Operating income (EBIT)	817,716	755,740	8.2%
Depreciation and amortization	198,864	170,492	16.6%
EBITDA	1,016,580	926,232	9.8%
Earnings per Ordinary share	\$1.34	\$1.15	16.6%
Earnings per Ordinary ADS	\$1.34	\$1.15	16.6%
Weighted average number of shares			
Ordinary shares	292,834,639	291,548,143	
Preference shares	3,783,922	3,718,463	
Employees			
Full-time equivalents (June 30 compared to Dec. 31)	63,197	61,406	

Fresenius Medical Care Statement of Earnings

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

	Three months ended June 30,		Change
	2008	2007	in %
Net revenue			
Dialysis Care	1,924,259	1,795,544	7.2%
Dialysis Products	741,037	608,669	21.7%
Total net revenue	2,665,296	2,404,213	10.9%
Cost of revenue	1,741,410	1,566,826	11.1%
Gross profit	923,886	837,387	10.3%
Selling, general and administrative	474,187	431,772	9.8%
Research and development	20,654	14,565	41.8%
Operating Income (EBIT)	429,045	391,050	9.7%
Interest Expense, net	82,142	91,575	-10.3%
Earnings before income taxes and minority interest	346,903	299,475	15.8%
Income tax expense	128,990	113,781	13.4%
Minority interest	6,825	7,014	-2.7%
Net income	211,088	178,680	18.1%
Operating Income (EBIT)	429,045	391,050	9.7%
Depreciation and amortization	102,238	85,581	19.5%
EBITDA	531,283	476,631	11.5%
Earnings per ordinary share	\$0.71	\$0.60	17.7%
Earnings per ordinary ADS	\$0.71	\$0.60	17.7%
Weighted average number of shares			
Ordinary shares	292,882,696	291,645,531	
Preference shares	3,788,021	3,720,652	