FRESENIUS

Quarterly Financial Report of Fresenius Group

applying International Financial Reporting Standards (IFRS)

1st Quarter 2016

TABLE OF CONTENTS

This Quarterly Financial Report was published on May 10, 2016.

FRESENIUS GROUP FIGURES AT A GLANCE

Fresenius is a global health care group providing products and services for dialysis, hospitals, and outpatient medical care. In addition, Fresenius focuses on hospital operations. We also manage projects and provide services for hospitals and other health care facilities. In 2015, Group sales were €28.0 billion. As of March 31, 2016, more than 220,000 employees have dedicated themselves to the service of health in about 100 countries worldwide.

SALES, EARNINGS, AND CASH FLOW

€ in millions	Q1/2016	Q1/2015	Change
Sales	7,015	6,578	7%
EBIT[1]	959	854	12%
Net income[2]	358	292	23%
Earnings per share in €[2]	0.65	0.54	20%
Operating cash flow	336	534	-37%

BALANCE SHEET AND INVESTMENTS

€ in millions	March 31, 2016	December 31, 2015	Change
Total assets	42,712	43,233	-1%
Non-current assets	32,173	32,800	-2%
Equity[3]	18,444	18,453	0%
Net debt	13,667	13,725	0%
Investments[4]	519	379	37%

RATIOS

€ in millions	Q1/2016	Q1/2015
EBITDA margin[1]	17.7%	17.1%
EBIT margin[1]	13.7%	13.0%
Depreciation and amortization in % of sales	4.0%	4.1%
Operating cash flow in % of sales	4.8%	8.1%
Equity ratio (March 31/December 31)	43.2%	42.7%
Net debt/EBITDA (March 31/December 31)[5]	2.65	2.65

[1] 2015 before special items
[2] Net income attributable to shareholders of Fresenius SE & Co. KGaA; 2015 before special items
[3] Equity including noncontrolling interest
[4] Investments in property, plant and equipment, and intangible assets, acquisitions (Q1)
[5] 2015 before special items, at LTM average exchange rates for both net debt and EBITDA

For a detailed overview of special items please see the reconciliation table on page 8.

INFORMATION BY BUSINESS SEGMENT

(all segment data according to U.S. GAAP)

FRESENIUS MEDICAL CARE – Dialysis products, Dialysis services

US$ in millions	Q1/2016	Q1/2015	Change
Sales	4,205	3,960	6%
EBIT	540	504	7%
Net income [1]	228	210	9%
Operating cash flow	180	447	-60%
Investments/Acquisitions	250	201	24%
R & D expenses	37	31	21%
Employees, per capita on balance sheet date (March 31/December 31)	110,821	110,242	1%

FRESENIUS KABI – IV drugs, Clinical nutrition, Infusion therapy, Medical devices/Transfusion technology

€ in millions	Q1/2016	Q1/2015	Change
Sales	1,470	1,394	5%
EBIT [2]	309	257	20%
Net income [3]	179	140	28%
Operating cash flow	124	83	49%
Investments/Acquisitions	44	58	-24%
R & D expenses [2]	79	78	1%
Employees, per capita on balance sheet date (March 31/December 31)	33,664	33,195	1%

FRESENIUS HELIOS – Hospital operations

€ in millions	Q1/2016	Q1/2015	Change
Sales	1,435	1,391	3%
EBIT [2]	159	147	8%
Net income [4]	124	107	16%
Operating cash flow	66	114	-42%
Investments/Acquisitions	38	32	19%
Employees, per capita on balance sheet date (March 31/December 31)	70,410	69,728	1%

FRESENIUS VAMED – Projects and services for hospitals and other health care facilities

€ in millions	Q1/2016	Q1/2015	Change
Sales	218	208	5%
EBIT	7	7	0%
Net income [5]	5	4	25%
Operating cash flow	-18	-37	51%
Investments/Acquisitions	2	1	100%
Order intake	237	192	23%
Employees, per capita on balance sheet date (March 31/December 31)	7,936	8,262	-4%

[1] Net income attributable to shareholders of Fresenius Medical Care AG & Co. KGaA
[2] 2015 before special items
[3] Net income attributable to shareholders of Fresenius Kabi AG; 2015 before special items
[4] Net income attributable to shareholders of HELIOS Kliniken GmbH; 2015 before special items
[5] Net income attributable to shareholders of VAMED AG

For a detailed overview of special items please see the reconciliation table on page 8.

FRESENIUS SHARE

European stock markets showed strong volatility in the first quarter of 2016 amid concerns about the effects of geopolitical tension and instability on the global economy. The Fresenius share fell 3% during the quarter, less than the 7% decline on the DAX overall.

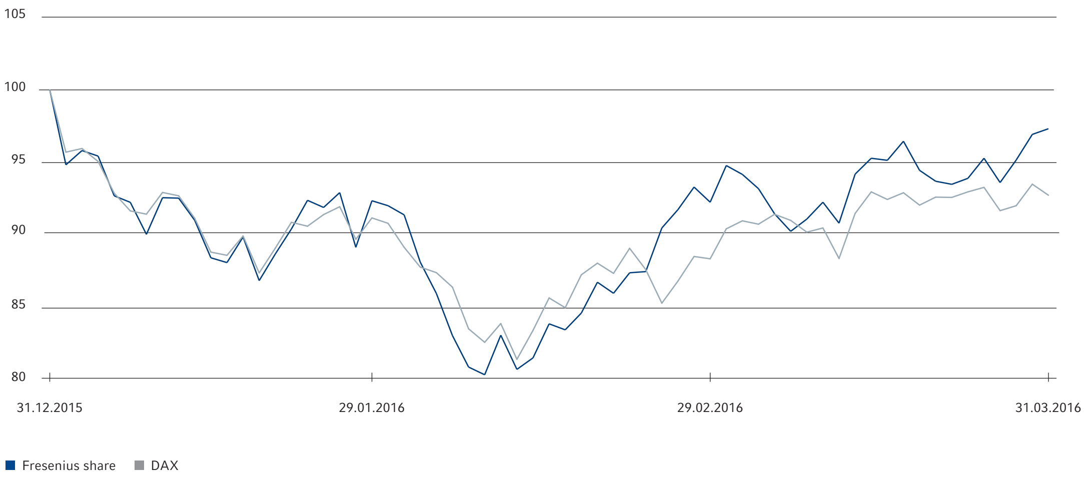
FIRST QUARTER OF 2016

Share prices declined strongly in early 2016 over worries about economic growth and falling oil prices as well as growing uncertainty over geopolitical events, such as those in the Middle East. The situation changed partially later in the quarter because of the unexpectedly positive economic development of the United States, oil price increases and economic stimulation packages in the euro zone. The euro zone economy also continued to improve and is now forecast to grow 1.4% this year by the ECB. The U.S. Federal Reserve expects the U.S. economy to expand 2.2%.

Against this economic backdrop, the DAX fell 7% in the first quarter of 2016 to 9,966 points. The Fresenius share ended the first quarter of 2016 at €64.21, a 3% decrease compared to December 31, 2015.

RELATIVE SHARE PRICE PERFORMANCE VS. DAX

31.12.2015 = 100



KEY DATA OF THE FRESENIUS SHARE

	Q1/2016	2015	Change
Number of shares (March 31/December 31)	**545,810,836**	545,727,950	
Quarter-end quotation in €	**64.21**	65.97	-3%
High in €	**64.21**	69.75	-8%
Low in €	**53.05**	42.41	25%
Ø Trading volume (number of shares per trading day)	**1,509,083**	1,390,878	8%
Market capitalization, € in millions (March 31/December 31)	**35,047**	36,002	-3%

MANAGEMENT REPORT

We have seen a strong start into 2016, reflected in our double-digit earnings growth. All business segments and regions have contributed to this success, demonstrating yet again enormous consistency in our sales and earnings development. We remain fully on track to achieve our 2016 and mid-term targets.

STRONG START INTO THE YEAR – DOUBLE-DIGIT EARNINGS GROWTH IN CONSTANT CURRENCY – FRESENIUS CONFIRMS GROUP GUIDANCE FOR 2016

	Q1/2016	at actual rates	in constant currency
Sales	**€7,015 m**	+7%	+7%
EBIT [1]	**€959 m**	+12%	+11%
Net income [2]	**€358 m**	+23%	+21%

HEALTH CARE INDUSTRY

The health care sector is one of the world's largest industries. It is relatively insensitive to economic fluctuations compared to other sectors and has posted above-average growth over the past years.

The main growth factors are rising medical needs deriving from aging populations, the growing number of chronically ill and multimorbid patients, stronger demand for innovative products and therapies, advances in medical technology and the growing health consciousness, which increases the demand for health care services and facilities.

In the emerging countries, drivers are the expanding availability and correspondingly greater demand for basic health care and increasing national incomes and hence higher spending on health care.

Health care structures are being reviewed and cost-cutting potential identified in order to contain the steadily rising health care expenditures. However, such measures cannot compensate for the cost pressure. Market-based elements are increasingly being introduced into the health care system to create incentives for cost- and quality-conscious behavior. Overall treatment costs shall be reduced through improved quality standards. In addition, ever-greater importance is being placed on disease prevention and innovative reimbursement models linked to treatment quality standards.

RESULTS OF OPERATIONS, FINANCIAL POSITION, ASSETS AND LIABILITIES

SALES

Group sales increased by 7% (7% in constant currency) to €7,015 million (Q1/2015: €6,578 million). Organic sales growth was 7%. Acquisitions contributed 1% and divestitures reduced sales by 1%.

[1] 2015 before special items
[2] Net income attributable to shareholders of Fresenius SE & Co. KGaA; 2015 before special items

For a detailed overview of special items please see the reconciliation table on page 8.

EARNINGS

Group EBITDA[1] increased by 11% (10% in constant currency) to €1,241 million (Q1/2015: €1,122 million). Group EBIT[1] increased by 12% (11% in constant currency) to €959 million (Q1/2015: €854 million). The EBIT margin[1] increased to 13.7% (Q1/2015: 13.0%).

Group net interest decreased to -€152 million (Q1/2015: -€165 million), mainly due to more favorable financing terms and lower net debt.

The Group tax rate (before special items) decreased to 28.4% (Q1/2015: 30.2%), mainly due to a lower tax rate at Fresenius Medical Care.

Noncontrolling interest increased to €220 million (Q1/2015: €189 million), of which 95% was attributable to the noncontrolling interest in Fresenius Medical Care.

EARNINGS

€ in millions	**Q1/2016**	Q1/2015
EBIT[1]	**959**	854
Net income[2]	**358**	292
Net income[3]	**358**	314
Earnings per share in €[2]	**0.65**	0.54
Earnings per share in €[3]	**0.65**	0.58

Group net income[2] increased by 23% (21% in constant currency) to €358 million (Q1/2015: €292 million). Earnings per share[2] increased by 20% (20% in constant currency) to €0.65 (Q1/2015: €0.54).

SALES BY REGION

€ in millions	**Q1/2016**	Q1/2015	Change at actual rates	Currency translations effects	Change at constant rates	Organic growth	Acquisitions/ divestitures	% of total sales[4]
North America	**3,418**	2,996	14%	2%	12%	10%	2%	49%
Europe	**2,619**	2,559	2%	-1%	3%	3%	0%	37%
Asia-Pacific	**643**	619	4%	-2%	6%	10%	-4%	9%
Latin America	**262**	327	-20%	-23%	3%	6%	-3%	4%
Africa	**73**	77	-5%	-11%	6%	6%	0%	1%
Total	**7,015**	6,578	7%	0%	7%	7%	0%	100%

SALES BY BUSINESS SEGMENT

€ in millions	**Q1/2016**	Q1/2015	Change at actual rates	Currency translations effects	Change at constant rates	Organic growth	Acquisitions/ divestitures	% of total sales[4]
Fresenius Medical Care	**3,816**	3,516	9%	0%	9%	7%	2%	55%
Fresenius Kabi	**1,470**	1,394	5%	-3%	8%	10%	-2%	21%
Fresenius Helios	**1,435**	1,391	3%	0%	3%	3%	0%	21%
Fresenius Vamed	**218**	208	5%	0%	5%	6%	-1%	3%

All segment data according to U.S. GAAP

[1] 2015 before special items
[2] Net income attributable to shareholders of Fresenius SE & Co. KGaA; 2015 before special items
[3] Net income attributable to shareholders of Fresenius SE & Co. KGaA
[4] Calculated on the basis of contribution to consolidated sales

For a detailed overview of special items please see the reconciliation table on page 8.

RECONCILIATION

The Group's IFRS financial results as of March 31, 2016 do not include special items, whereas the IFRS financial results as of March 31, 2015 include special items. Net income attributable to shareholders of Fresenius SE & Co. KGaA was adjusted for these special items. The table below shows the special items and the reconciliation from net income (before special items) to earnings according to IFRS.

INVESTMENTS

Spending on property, plant and equipment was €315 million (Q1/2015: €275 million), primarily for the modernization and expansion of dialysis clinics, production facilities and hospitals. Total acquisition spending was €204 million (Q1/2015: €104 million).

CASH FLOW

Operating cash flow decreased by 37% to €336 million (Q1/2015: €534 million) with a margin of 4.8% (Q1/2015: 8.1%). The decrease was mainly due to an adjustment in

RECONCILIATION

€ in millions	**Q1/2015 (before special items)**	Kabi efficiency program	integration costs for acquired Rhön hospitals	disposal gains from two HELIOS hospitals	**Q1/2015 according to IFRS (incl. special items)**
Sales	**6,578**				**6,578**
EBIT	**854**	-14	-2	34	**872**
Interest result	**-165**				**-165**
Net income before taxes	**689**	-14	-2	34	**707**
Income taxes	**-208**	4			**-204**
Net income	**481**	-10	-2	34	**503**
Less noncontrolling interest	**-189**				**-189**
Net income attributable to shareholders of Fresenius SE & Co. KGaA	**292**	-10	-2	34	**314**

INVESTMENTS BY BUSINESS SEGMENT

€ in millions	**Q1/2016**	Q1/2015	thereof property, plant and equipment	thereof acquisitions	Change	% of total
Fresenius Medical Care	**317**	240	227	90	32%	62%
Fresenius Kabi	**149**	92	44	105	62%	29%
Fresenius Helios	**47**	49	38	9	-4%	9%
Fresenius Vamed	**2**	1	2	0	100%	0%
Corporate/Other	**2**	-5	2	0	140%	0%
IFRS Reconciliation	**2**	2	2	0	0%	--
Total	**519**	379	315	204	37%	100%

All segment data according to U.S. GAAP

invoicing within the quarter and the timing of cash payroll payments at Fresenius Medical Care North America. Fresenius Medical Care expects that these effects will have no meaningful impact on the full year 2016 cash flow.

Free cash flow before acquisitions and dividends decreased to €2 million (Q1/2015: €258 million). Free cash flow after acquisitions and dividends was -€241 million (Q1/2015: €256 million).

ASSET AND LIABILITY STRUCTURE

The Group's total assets decreased by 1% (increased 1% in constant currency) to €42,712 million (Dec. 31, 2015: €43,233 million). Current assets grew by 1% (3% in constant currency) to €10,539 million (Dec. 31, 2015: €10,433 million). Non-current assets decreased by 2% (increased 1% in constant currency) to €32,173 million (Dec. 31, 2015: €32,800 million).

Total shareholders' equity was virtually unchanged at €18,444 million (Dec. 31, 2015: €18,453 million). In constant currency, it increased by 3%. The equity ratio increased to 43.2% (Dec. 31, 2015: 42.7%).

Group debt decreased by 1% (increased 1% in constant currency) to €14,549 million (Dec. 31, 2015: €14,769 million). As of March 31, 2016, the net debt/EBITDA ratio was 2.65[1] (Dec. 31, 2015: 2.65[1]).

CASH FLOW STATEMENT (SUMMARY)

€ in millions	Q1/2016	Q1/2015	Change
Net income	578	503	15%
Depreciation and amortization	282	268	5%
Change in accruals for pensions	26	17	53%
Cash flow	886	788	12%
Change in working capital	-550	-254	-117%
Operating cash flow	336	534	-37%
Property, plant and equipment, investments net	-334	-276	-21%
Cash flow before acquisitions and dividends	2	258	-99%
Cash used for acquisitions, net	-196	45	--
Dividends paid	-47	-47	0%
Free cash flow paid after acquisitions and dividends	-241	256	-194%
Cash provided by/used for financing activities	94	-515	118%
Effect of exchange rates on change in cash and cash equivalents	-15	76	-120%
Net change in cash and cash equivalents	-162	-183	11%

[1] 2015 before special items; at LTM average exchange rates for both net debt and EBITDA

BUSINESS SEGMENTS

(all segment data according to U.S. GAAP)

FRESENIUS MEDICAL CARE

Fresenius Medical Care is the world's largest provider of products and services for individuals with renal diseases. As of March 31, 2016, Fresenius Medical Care was treating 294,043 patients in 3,432 dialysis clinics. Along with its core business, the company seeks to expand the range of medical services in the field of care coordination.

US$ in millions	Q1/2016	Q1/2015	Change
Sales	**4,205**	3,960	6%
EBITDA	**722**	680	6%
EBIT	**540**	504	7%
Net income [1]	**228**	210	9%
Employees (March 31/Dec. 31)	**110,821**	110,242	1%

- **9% sales growth in constant currency**
- **Strong sales and EBIT growth in North America**
- **2016 outlook confirmed**

FIRST QUARTER OF 2016

Sales increased by 6% (9% in constant currency) to US$4,205 million (Q1/2015: US$3,960 million). Organic sales growth was 7%. Acquisitions contributed 2%. Currency translation effects reduced sales by 3%.

Health Care services sales (dialysis services and care coordination) increased by 7% (9% in constant currency) to US$3,414 million (Q1/2015: US$3,182 million). Dialysis product sales increased by 2% (6% in constant currency) to US$791 million (Q1/2015: US$778 million).

In North America, sales increased by 10% to US$3,044 million (Q1/2015: US$2,771 million). Health Care services sales grew by 10% to US$2,832 million (Q1/2015: US$2,571 million). Dialysis product sales increased by 6% to US$212 million (Q1/2015: US$200 million).

Sales outside North America decreased by 2% (increased by 7% in constant currency) to US$1,158 million (Q1/2015: US$1,180 million). Health Care services sales decreased by 5% (increased by 6% in constant currency) to US$582 million (Q1/2015: US$611 million). Dialysis product sales increased by 1% (8% in constant currency) to US$576 million (Q1/2015: US$569 million).

EBIT increased by 7% (8% in constant currency) to US$540 million (Q1/2015: US$504 million). The EBIT margin was 12.8% (Q1/2015: 12.7%).

Net income [1] increased by 9% (8% in constant currency) to US$228 million (Q1/2015: US$210 million).

Operating cash flow decreased by 60% to US$180 million (Q1/2015: US$447 million). The cash flow margin was 4.3% (Q1/2015: 11.3%). The decrease was mainly due to an adjustment in invoicing within the quarter and the timing of cash payroll payments at Fresenius Medical Care North America. Fresenius Medical Care expects that these effects will have no meaningful impact on the full year 2016 cash flow.

Please see page 15 of the Management Report for the 2016 outlook of Fresenius Medical Care.

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

[1] Net income attributable to shareholders of Fresenius Medical Care AG & Co. KGaA

FRESENIUS KABI

Fresenius Kabi offers infusion therapies, intravenously administered generic drugs and clinical nutrition for seriously and chronically ill patients in the hospital and outpatient environments. The company is also a leading supplier of medical devices and transfusion technology products.

€ in millions	Q1/2016	Q1/2015	Change
Sales	**1,470**	1,394	5%
EBITDA [1]	**371**	315	18%
EBIT [1]	**309**	257	20%
Net income [2]	**179**	140	28%
Employees (March 31/Dec. 31)	**33,664**	33,195	1%

- **10% organic sales growth in Q1**
- **19% constant currency EBIT [1] growth in Q1**
- **2016 outlook confirmed**

FIRST QUARTER OF 2016

Sales increased by 5% (8% in constant currency) to €1,470 million (Q1/2015: €1,394 million). Organic sales growth was 10%. Divestitures and currency translation effects reduced sales by 2% and 3% respectively.

Sales in Europe decreased by 1% (increased organically by 1%) to €512 million (Q1/2015: €518 million), mainly due to the divestment of the German oncology compounding business in February 2015. Sales in North America increased by 22% (organic growth: 20%) to €576 million (Q1/2015: €473 million). North American sales growth was mainly driven by persisting IV drug shortages as well as new product launches. Adverse currency translation effects decreased sales in Asia-Pacific by 5% (increased organically by 7%) to €254 million (Q1/2015: €268 million) and in Latin America/Africa by 5% (increased organically by 21%) to €128 million (Q1/2015: €135 million).

EBIT [1] increased by 20% (19% in constant currency) to €309 million (Q1/2015: €257 million). The EBIT margin [1] improved to 21.0% (Q1/2015: 18.5%).

Net income [2] increased by 28% (26% in constant currency) to €179 million (Q1/2015: €140 million).

Based on the excellent net income development operating cash flow increased by 49% to €124 million (Q1/2015: €83 million) with a margin of 8.4% (Q1/2015: 6.0%).

Please see page 15 of the Management Report for the 2016 outlook of Fresenius Kabi.

[1] 2015 before special items
[2] Net income attributable to shareholders of Fresenius Kabi AG; 2015 before special items

For a detailed overview of special items please see the reconciliation table on page 8.

FRESENIUS HELIOS

Fresenius Helios is Germany's largest hospital operator. HELIOS operates 111 hospitals, thereof 87 acute care clinics (including seven maximum care hospitals in Berlin-Buch, Duisburg, Erfurt, Krefeld, Schwerin, Wiesbaden and Wuppertal) and 24 post-acute care clinics. HELIOS treats more than 4.7 million patients per year, thereof approximately 1.3 million inpatients, and operates more than 34,000 beds.

€ in millions	Q1/2016	Q1/2015	Change
Sales	**1,435**	1,391	3%
EBITDA [1]	**206**	192	7%
EBIT [1]	**159**	147	8%
Net income [2]	**124**	107	16%
Employees (March 31/Dec. 31)	**70,410**	69,728	1%

- **3% organic sales growth**
- **50 bps EBIT margin [1] increase to 11.1%**
- **2016 outlook confirmed**

FIRST QUARTER OF 2016

Sales increased by 3% to €1,435 million (Q1/2015: €1,391 million). Organic sales growth was 3%. Acquisitions and divestitures had no material effect.

EBIT [1] grew by 8% to €159 million (Q1/2015: €147 million). The EBIT margin [1] increased to 11.1% (Q1/2015: 10.6%).

Net income [2] increased by 16% to €124 million (Q1/2015: €107 million).

Please see page 15 of the Management Report for the 2016 outlook of Fresenius Helios.

[1] 2015 before special items
[2] Net income attributable to shareholders of HELIOS Kliniken GmbH; 2015 before special items

For a detailed overview of special items please see the reconciliation table on page 8.

FRESENIUS VAMED

Fresenius Vamed manages projects and provides services for hospitals and other health care facilities worldwide. The portfolio ranges along the entire value chain: from project development, planning, and turnkey construction, via maintenance and technical management, to total operational management.

€ in millions	Q1/2016	Q1/2015	Change
Sales	**218**	208	5%
EBITDA	**9**	9	0%
EBIT	**7**	7	0%
Net income [1]	**5**	4	25%
Employees (March 31/Dec. 31)	**7,936**	8,262	-4%

- **Project and service business contributed equally to 6% organic sales growth**
- **Strong order intake of €237 million**
- **2016 outlook confirmed**

FIRST QUARTER OF 2016

Sales increased by 5% (5% in constant currency) to €218 million (Q1/2015: €208 million). Organic sales growth was 6%. Sales in the project business increased by 6% to €85 million (Q1/2015: €80 million). Sales in the service business grew by 4% to €133 million (Q1/2015: €128 million).

EBIT remained unchanged with €7 million (Q1/2015: €7 million). The EBIT margin was 3.2% (Q1/2015: 3.4%).

Net income [1] grew by 25% to €5 million (Q1/2015: €4 million).

Order intake increased to €237 million (Q1/2015: €192 million). As of March 31, 2016, order backlog grew to €1,803 million (December 31, 2015: €1,650 million).

Please see page 15 of the Management Report for the 2016 outlook of Fresenius Vamed.

[1] Net income attributable to shareholders of Vamed AG

EMPLOYEES

As of March 31, 2016, the number of employees increased by 1% to 223,704 (Dec. 31, 2015: 222,305).

EMPLOYEES BY BUSINESS SEGMENT

Number of employees	Mar. 31, 2016	Dec. 31, 2015	Change
Fresenius Medical Care	**110,821**	110,242	1%
Fresenius Kabi	**33,664**	33,195	1%
Fresenius Helios	**70,410**	69,728	1%
Fresenius Vamed	**7,936**	8,262	-4%
Corporate/Other	**873**	878	-1%
Total	**223,704**	222,305	1%

RESEARCH AND DEVELOPMENT

Product and process development as well as the improvement of therapies are at the core of our growth strategy. Fresenius focuses its R & D efforts on its core competencies in the following areas:

- Dialysis
- Generic IV drugs
- Infusion and nutrition therapies
- Medical devices

Apart from new products, we are concentrating on developing optimized or completely new therapies, treatment methods, and services.

RESEARCH AND DEVELOPMENT EXPENSES BY BUSINESS SEGMENT

€ in millions	Q1/2016	Q1/2015	Change
Fresenius Medical Care	**34**	27	26%
Fresenius Kabi	**79**	78	1%
Fresenius Helios	**–**	–	--
Fresenius Vamed	**0**	0	
Corporate/Other	**0**	1	-100%
IFRS Reconciliation	**2**	2	0%
Total	**115**	108	6%

All segment data according to U.S. GAAP

DIALYSIS

The complex interactions and side effects that lead to kidney failure are better explored today than ever before. Technological advances develop in parallel with medical insights to improve the possibilities for treating patients. Our R & D activities at Fresenius Medical Care aim to translate new insights into novel or improved developments and to bring them to market as quickly as possible, and thus make an important contribution towards rendering the treatment of patients increasingly comfortable, safe, and individualized.

INFUSION THERAPIES, CLINICAL NUTRITION, GENERIC IV DRUGS, AND MEDICAL DEVICES

Fresenius Kabi's research and development activities concentrate on products for the therapy and care of critically and chronically ill patients. Our focus is on areas with high medical needs, such as in the treatment of oncology patients. Our products help to support medical advancements in acute and post-acute care and improve the patients' quality of life. We develop new products in areas such as clinical nutrition. In addition, we develop generic drug formulations ready to launch at the time of market formation as well as new formulations for non-patented drugs. Our medical devices significantly contribute to a safe and effective application of infusion solutions and clinical nutrition. In transfusion technology our R & D focus is on medical devices and disposables to support the secure, user-friendly, and efficient production of blood products.

OPPORTUNITIES AND RISK REPORT

Compared to the presentation in the consolidated financial statements and the management report as of December 31, 2015 applying Section 315a HGB in accordance with IFRS, there have been no material changes in Fresenius' overall opportunities and risk situation in the first quarter of 2016.

In the ordinary course of Fresenius Group's operations, the Fresenius Group is subject to litigation, arbitration and investigations relating to various aspects of its business. The Fresenius Group regularly analyzes current information about such claims for probable losses and provides accruals for such matters, including estimated expenses for legal services, as appropriate.

In addition, we report on legal proceedings, currency and interest risks on pages 37 to 42 in the Notes of this report.

SUBSEQUENT EVENTS

There were no significant changes in the Fresenius Group's operating environment following the end of the first quarter of 2016. No other events of material importance on the assets and liabilities, financial position, and result of operations of the Group have occured after the close of the first quarter of 2016.

RATING

Fresenius is covered by the rating agencies Moody's, Standard & Poor's and Fitch.

The following table shows the company rating of Fresenius SE & Co. KGaA:

	Standard & Poor's	Moody's	Fitch
Company rating	BBB-	Baa3	BB+
Outlook	stable	stable	stable

OUTLOOK 2016

(according to U.S. GAAP)

FRESENIUS GROUP

Fresenius confirms its guidance for 2016. Sales are expected to increase by 6% to 8% in constant currency. Net income[1] is expected to grow by 8% to 12% in constant currency.

The net debt/EBITDA[2] ratio is expected to be approximately 2.5 at the end of 2016.

FRESENIUS MEDICAL CARE

Fresenius Medical Care confirms its outlook for 2016. The company expects sales to grow by 7% to 10% in constant currency and net income[3] is expected to increase by 15% to 20%[4] in 2016.

FRESENIUS KABI

Fresenius Kabi confirms its outlook for 2016 and projects low single-digit organic sales growth (in %). EBIT[5] in constant currency is expected to be roughly flat compared with 2015.

FRESENIUS HELIOS

Fresenius Helios confirms its outlook for 2016 and projects organic sales growth of 3% to 5%. EBIT is expected to increase to €670 to €700 million.

FRESENIUS VAMED

Fresenius Vamed confirms its outlook for 2016 and expects organic sales growth in the range of 5% to 10% and EBIT growth of 5% to 10%.

INVESTMENTS

The Group plans to invest around 6% of sales in property, plant and equipment.

[1] Net income attributable to shareholders of Fresenius SE & Co. KGaA; 2015 before special items
[2] Calculated at FY average exchange rates for both net debt and EBITDA; excluding potential acquisitions
[3] Net income attributable to shareholders of Fresenius Medical Care AG & Co. KGaA
[4] 2015 before GranuFlo®/NaturaLyte® settlement costs (-US$37 million after tax) and before acquisitions (US$9 million after tax); hence the basis for expected net income growth is US$1,057 million.
[5] 2015 before special items

GROUP FINANCIAL OUTLOOK 2016

	Targets 2016	Guidance
Sales, growth (in constant currency)	6% – 8%	confirmed
Net income [1], growth (in constant currency)	8% – 12%	confirmed

According to U.S. GAAP
[1] Net income attributable to shareholders of Fresenius SE & Co. KGaA; 2015 before integration costs (€12 million before tax for hospitals acquired from Rhön-Klinikum AG), before costs for the efficiency program at Fresenius Kabi (€105 million before tax), and before gain from the divestment of two HELIOS hospitals (€34 million before tax)

OUTLOOK 2016 BY BUSINESS SEGMENT

		Targets 2016	Guidance
Fresenius Medical Care	Sales growth [1] (in constant currency)	7% – 10%	confirmed
	Net income [1, 2] growth	15% – 20%	confirmed
Fresenius Kabi	Sales growth (organic)	low single-digit %	confirmed
	EBIT [3] (in constant currency)	roughly flat	confirmed
Fresenius Helios	Sales growth (organic)	3% – 5%	confirmed
	EBIT	€670 – 700 m	confirmed
Fresenius Vamed	Sales growth (organic)	5% – 10%	confirmed
	EBIT, growth	5% – 10%	confirmed

According to U.S. GAAP
[1] Savings from the global efficiency program are included, while acquisitions 2015 / 2016 are not taken into account; the outlook is based on current exchange rates. Before settlement costs for the agreement in principle for the GranuFlo® / NaturaLyte® case (-US$37 million after tax) and before acquisitions (US$9 million after tax); hence the basis for net income outlook 2016 are US$1,057 million.
[2] Net income attributable to the shareholders of Fresenius Medical Care AG & Co. KGaA
[3] 2015 before costs for the efficiency program at Fresenius Kabi (€105 million before tax)

EMPLOYEES

The number of employees in the Group will continue to rise in the future as a result of the expected expansion. We expect the number of employees to increase to approximately 230,000 in 2016 (December 31, 2015: 222,305). The number of employees is expected to increase in all business segments.

RESEARCH AND DEVELOPMENT

Our R & D activities will continue to play a key role in securing the Group's long-term growth through innovations and new therapies. We plan to increase the Group's R & D spending in 2016. About 4% to 5% of our product sales will be reinvested in research and development.

Market-oriented research and development with strict time-to-market management processes is crucial for the success of new products. We continually review our R & D results using clearly defined milestones. Innovative ideas, product development, and therapies with a high level of quality will continue to be the basis for future market-leading positions. Given the continued cost-containment efforts in the health care sector, cost efficiency combined with a strong quality focus is acquiring ever-greater importance in product development, and in the improvement of treatment concepts and therapies.

FRESENIUS SE & CO. KGAA
CONSOLIDATED STATEMENT OF INCOME (UNAUDITED)

€ in millions	Q1/2016	Q1/2015
Sales	7,015	6,578
Cost of sales	-4,776	-4,564
Gross profit	2,239	2,014
Selling, general and administrative expenses	-1,165	-1,034
Research and development expenses	-115	-108
Operating income (EBIT)	959	872
Net interest	-152	-165
Income before income taxes	807	707
Income taxes	-229	-204
Net income	578	503
Noncontrolling interest	220	189
Net income attributable to shareholders of Fresenius SE & Co. KGaA	358	314
Earnings per share in €	0.65	0.58
Fully diluted earnings per share in €	0.65	0.58

The following notes are an integral part of the unaudited condensed interim financial statements.

FRESENIUS SE & CO. KGAA
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)

€ in millions	Q1/2016	Q1/2015
Net income	578	503
Other comprehensive income (loss)		
Positions which will be reclassified into net income in subsequent years		
Foreign currency translation	-554	1,425
Cash flow hedges	7	-30
Change of fair value of available for sale financial assets	–	–
Income taxes on positions which will be reclassified	9	-25
Positions which will not be reclassified into net income in subsequent years		
Actuarial gains/losses on defined benefit pension plans	17	-49
Income taxes on positions which will not be reclassified	-6	17
Other comprehensive income (loss), net	-527	1,338
Total comprehensive income	51	1,841
Comprehensive income (loss) attributable to noncontrolling interest	-45	899
Comprehensive income attributable to shareholders of Fresenius SE & Co. KGaA	96	942

The following notes are an integral part of the unaudited condensed interim financial statements.

FRESENIUS SE & CO. KGAA
CONSOLIDATED STATEMENT OF FINANCIAL POSITION (UNAUDITED)

ASSETS

€ in millions	March 31, 2016	December 31, 2015
Cash and cash equivalents	882	1,044
Trade accounts receivable, less allowance for doubtful accounts	4,815	4,597
Accounts receivable from and loans to related parties	89	78
Inventories	2,870	2,860
Other current assets	1,883	1,854
I. Total current assets	**10,539**	10,433
Property, plant and equipment	7,452	7,429
Goodwill	21,064	21,646
Other intangible assets	1,662	1,727
Other non-current assets	1,378	1,399
Deferred taxes	617	599
II. Total non-current assets	**32,173**	32,800
Total assets	**42,712**	43,233

LIABILITIES AND SHAREHOLDERS' EQUITY

€ in millions	March 31, 2016	December 31, 2015
Trade accounts payable	1,033	1,291
Short-term accounts payable to related parties	75	9
Short-term accrued expenses and other short-term liabilities	4,884	5,008
Short-term debt	531	202
Short-term debt from related parties	–	4
Current portion of long-term debt and capital lease obligations	585	607
Current portion of Senior Notes	350	349
Short-term accruals for income taxes	266	195
A. Total short-term liabilities	**7,724**	7,665
Long-term debt and capital lease obligations, less current portion	5,156	5,502
Senior Notes, less current portion	7,085	7,267
Convertible bonds	842	838
Long-term accrued expenses and other long-term liabilities	1,311	1,334
Pension liabilities	1,085	1,077
Long-term accruals for income taxes	231	221
Deferred taxes	834	876
B. Total long-term liabilities	**16,544**	17,115
I. Total liabilities	**24,268**	24,780
A. Noncontrolling interest	**7,200**	7,300
Subscribed capital	546	546
Capital reserve	3,317	3,309
Other reserves	7,309	6,964
Accumulated other comprehensive income	72	334
B. Total Fresenius SE & Co. KGaA shareholders' equity	**11,244**	11,153
II. Total shareholders' equity	**18,444**	18,453
Total liabilities and shareholders' equity	**42,712**	43,233

The following notes are an integral part of the unaudited condensed interim financial statements.

FRESENIUS SE & CO. KGAA
CONSOLIDATED STATEMENT OF CASH FLOWS (UNAUDITED)

€ in millions	Q1/2016	Q1/2015
Operating activities		
Net income	578	503
Adjustments to reconcile net income to cash and cash equivalents provided by operating activities		
Depreciation and amortization	282	268
Gain on sale of investments and divestitures	0	-36
Change in deferred taxes	-17	-41
Gain on sale of fixed assets	1	–
Changes in assets and liabilities, net of amounts from businesses acquired or disposed of		
Trade accounts receivable, net	-325	-229
Inventories	-66	-146
Other current and non-current assets	-29	53
Accounts receivable from/payable to related parties	63	–
Trade accounts payable, accrued expenses and other short-term and long-term liabilities	-236	160
Accruals for income taxes	85	2
Net cash provided by operating activities	336	534
Investing activities		
Purchase of property, plant and equipment	-340	-282
Proceeds from sales of property, plant and equipment	6	6
Acquisitions and investments, net of cash acquired and net purchases of intangible assets	-196	-90
Proceeds from sale of investments and divestitures	–	135
Net cash used in investing activities	-530	-231
Financing activities		
Proceeds from short-term debt	384	140
Repayments of short-term debt	-53	-117
Proceeds from short-term debt from related parties	–	–
Repayments of short-term debt from related parties	–	–
Proceeds from long-term debt and capital lease obligations	371	51
Repayments of long-term debt and capital lease obligations	-568	-487
Changes of accounts receivable securitization program	-46	-139
Proceeds from the exercise of stock options	4	39
Dividends paid	-47	-47
Change in noncontrolling interest	1	–
Exchange rate effect due to corporate financing	1	-2
Net cash provided by/used in financing activities	47	-562
Effect of exchange rate changes on cash and cash equivalents	-15	76
Net decrease in cash and cash equivalents	-162	-183
Cash and cash equivalents at the beginning of the reporting period	1,044	1,175
Cash and cash equivalents at the end of the reporting period	882	992

ADDITIONAL INFORMATION ON PAYMENTS
THAT ARE INCLUDED IN NET CASH PROVIDED BY OPERATING ACTIVITIES

€ in millions	Q1/2016	Q1/2015
Received interest	9	14
Paid interest	-193	-209
Income taxes paid	-90	-117

The following notes are an integral part of the unaudited condensed interim financial statements.

FRESENIUS SE & CO. KGAA
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)

	Subscribed Capital			Reserves	
	Number of ordinary shares in thousand	Amount € in thousands	Amount € in millions	Capital reserve € in millions	Other reserves € in millions
As of December 31, 2014	541,533	541,533	542	3,183	5,871
Proceeds from the exercise of stock options	1,283	1,283	1	28	
Compensation expense related to stock options				5	
Dividends paid					
Purchase of noncontrolling interest					
Noncontrolling interest subject to put provisions					-5
Comprehensive income (loss)					
Net income					314
Other comprehensive income (loss)					
Cash flow hedges					
Change of fair value of available for sale financial assets					
Foreign currency translation					
Actuarial losses on defined benefit pension plans					
Comprehensive income					314
As of March 31, 2015	542,816	542,816	543	3,216	6,180
As of December 31, 2015	545,728	545,728	546	3,309	6,964
Proceeds from the exercise of stock options	83	83	–	2	
Compensation expense related to stock options				6	
Dividends paid					
Purchase of noncontrolling interest					
Noncontrolling interest subject to put provisions					-13
Comprehensive income (loss)					
Net income					358
Other comprehensive income (loss)					
Cash flow hedges					
Change of fair value of available for sale financial assets					
Foreign currency translation					
Actuarial gains on defined benefit pension plans					
Comprehensive income (loss)					358
As of March 31, 2016	**545,811**	**545,811**	**546**	**3,317**	**7,309**

FRESENIUS SE & CO. KGAA
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)

	Accumulated other comprehensive income (loss) € in millions	Total Fresenius SE & Co. KGaA shareholders' equity € in millions	Noncontrolling interest € in millions	Total shareholders' equity € in millions
As of December 31, 2014	-73	9,523	6,337	15,860
Proceeds from the exercise of stock options		29	10	39
Compensation expense related to stock options		5	3	8
Dividends paid		0	-47	-47
Purchase of noncontrolling interest		0	1	1
Noncontrolling interest subject to put provisions		-5	-11	-16
Comprehensive income (loss)				
Net income		314	189	503
Other comprehensive income (loss)				
Cash flow hedges	-17	-17	-5	-22
Change of fair value of available for sale financial assets	–	–	–	–
Foreign currency translation	655	655	737	1,392
Actuarial losses on defined benefit pension plans	-10	-10	-22	-32
Comprehensive income	628	942	899	1,841
As of March 31, 2015	555	10,494	7,192	17,686
As of December 31, 2015	334	11,153	7,300	18,453
Proceeds from the exercise of stock options		2	2	4
Compensation expense related to stock options		6	3	9
Dividends paid		0	-47	-47
Purchase of noncontrolling interest		0	16	16
Noncontrolling interest subject to put provisions		-13	-29	-42
Comprehensive income (loss)				
Net income		358	220	578
Other comprehensive income (loss)				
Cash flow hedges	1	1	3	4
Change of fair value of available for sale financial assets	–	–	–	–
Foreign currency translation	-267	-267	-275	-542
Actuarial gains on defined benefit pension plans	4	4	7	11
Comprehensive income (loss)	-262	96	-45	51
As of March 31, 2016	**72**	**11,244**	**7,200**	**18,444**

The following notes are an integral part of the unaudited condensed interim financial statements.

FRESENIUS SE & CO. KGAA
CONSOLIDATED SEGMENT REPORTING FIRST QUARTER (UNAUDITED)

	Fresenius Medical Care			Fresenius Kabi			Fresenius Helios			Fresenius Vamed		
by business segment, € in millions	**2016**	2015	Change	**2016**	2015[2]	Change	**2016**	2015[3]	Change	**2016**	2015	Change
Sales	**3,816**	3,516	9%	**1,470**	1,394	5%	**1,435**	1,391	3%	**218**	208	5%
thereof contribution to consolidated sales	**3,811**	3,511	9%	**1,458**	1,382	5%	**1,435**	1,391	3%	**210**	198	6%
thereof intercompany sales	**5**	5	0%	**12**	12	0%	**0**	0		**8**	10	-20%
contribution to consolidated sales	**55%**	54%		**21%**	21%		**21%**	22%		**3%**	3%	
EBITDA	**655**	604	8%	**371**	315	18%	**206**	192	7%	**9**	9	0%
Depreciation and amortization	**165**	156	6%	**62**	58	7%	**47**	45	4%	**2**	2	0%
EBIT	**490**	448	9%	**309**	257	20%	**159**	147	8%	**7**	7	0%
Net interest	**-96**	-91	-5%	**-41**	-50	18%	**-11**	-13	15%	**0**	-1	100%
Income taxes	**-125**	-122	-2%	**-80**	-62	-29%	**-24**	-25	4%	**-2**	-2	0%
Net income attributable to shareholders of Fresenius SE & Co. KGaA	**207**	186	11%	**179**	140	28%	**124**	107	16%	**5**	4	25%
Operating cash flow	**163**	397	-59%	**124**	83	49%	**66**	114	-42%	**-18**	-37	51%
Cash flow before acquisitions and dividends	**-60**	222	-127%	**57**	18	--	**29**	84	-65%	**-20**	-38	47%
Total assets[1]	**22,896**	23,298	-2%	**10,170**	10,395	-2%	**8,540**	8,430	1%	**953**	988	-4%
Debt[1]	**7,851**	7,942	-1%	**5,000**	5,234	-4%	**1,310**	1,282	2%	**171**	161	6%
Other operating liabilities[1]	**4,069**	4,198	-3%	**1,905**	1,931	-1%	**1,457**	1,479	-1%	**436**	488	-11%
Capital expenditure, gross	**227**	179	27%	**44**	58	-24%	**38**	32	19%	**2**	1	100%
Acquisitions, gross/investments	**90**	61	48%	**105**	34	--	**9**	17	-47%	**0**	0	
Research and development expenses	**34**	27	26%	**79**	78	1%	**–**	–	--	**0**	0	
Employees (per capita on balance sheet date)[1]	**110,821**	110,242	1%	**33,664**	33,195	1%	**70,410**	69,728	1%	**7,936**	8,262	-4%
Key figures												
EBITDA margin	**17.2%**	17.2%		**25.2%**	22.6%		**14.4%**	13.8%		**4.1%**	4.3%	
EBIT margin	**12.8%**	12.7%		**21.0%**	18.5%		**11.1%**	10.6%		**3.2%**	3.4%	
Depreciation and amortization in % of sales	**4.3%**	4.4%		**4.2%**	4.2%		**3.3%**	3.2%		**0.9%**	1.0%	
Operating cash flow in % of sales	**4.3%**	11.3%		**8.4%**	6.0%		**4.6%**	8.2%		**-8.3%**	-17.8%	
ROOA[1]	**9.7%**	9.6%		**13.0%**	13.2%		**8.2%**	8.1%		**10.1%**	11.1%	

FRESENIUS SE & CO. KGAA

CONSOLIDATED SEGMENT REPORTING FIRST QUARTER (UNAUDITED)

by business segment, € in millions	Corporate/Other 2016	Corporate/Other 2015[4]	Corporate/Other Change	IFRS-Reconciliation 2016	IFRS-Reconciliation 2015	IFRS-Reconciliation Change	Fresenius Group 2016	Fresenius Group 2015	Fresenius Group Change
Sales	**-25**	-26	4%	**101**	95	6%	**7,015**	6,578	7%
thereof contribution to consolidated sales	**0**	1	-100%	**101**	95	6%	**7,015**	6,578	7%
thereof intercompany sales	**-25**	-27	7%	**0**	0		**0**	0	
contribution to consolidated sales	**0%**	0%		**0%**	0%		**100%**	100%	
EBITDA	**-4**	17	-124%	**4**	3	33%	**1,241**	1,140	9%
Depreciation and amortization	**2**	3	-33%	**4**	4	0%	**282**	268	5%
EBIT	**-6**	14	-143%	**0**	-1	100%	**959**	872	10%
Net interest	**-4**	-10	60%	**0**	0		**-152**	-165	8%
Income taxes	**2**	7	-71%	**0**	0		**-229**	-204	-12%
Net income attributable to shareholders of Fresenius SE & Co, KGaA	**-153**	-120	-28%	**-4**	-3	-33%	**358**	314	14%
Operating cash flow	**-1**	-26	96%	**2**	3	-33%	**336**	534	-37%
Cash flow before acquisitions and dividends	**-4**	-28	86%	**0**	0		**2**	258	-99%
Total assets[1]	**-114**	-152	25%	**267**	274	-3%	**42,712**	43,233	-1%
Debt[1]	**217**	150	45%	**0**	0		**14,549**	14,769	-1%
Other operating liabilities[1]	**305**	344	-11%	**713**	695	3%	**8,885**	9,135	-3%
Capital expenditure, gross	**2**	3	-33%	**2**	2	0%	**315**	275	15%
Acquisitions, gross/investments	**0**	-8	100%	**0**	0		**204**	104	96%
Research and development expenses	**0**	1	-100%	**2**	2	0%	**115**	108	6%
Employees (per capita on balance sheet date)[1]	**873**	878	-1%	**0**	0		**223,704**	222,305	1%
Key figures									
EBITDA margin							**17.7%**	17.1%[2,3]	
EBIT margin							**13.7%**	13.0%[2,3]	
Depreciation and amortization in % of sales							**4.0%**	4.1%	
Operating cash flow in % of sales							**4.8%**	8.1%	
ROOA[1]							**10.1%**	10.2%[5]	

[1] 2015: December 31
[2] Before costs for the efficiency program
[3] Before integration costs and disposal gains (two HELIOS hospitals)
[4] After costs for the efficiency program, integration costs and disposal gains (two HELIOS hospitals)
[5] The underlying EBIT does not include costs for the efficiency program, integration costs and disposal gains (two HELIOS hospitals).

The consolidated segment reporting is an integral part of the notes. The following notes are an integral part of the unaudited condensed interim financial statements.

TABLE OF CONTENTS NOTES

GENERAL NOTES

1. PRINCIPLES

I. GROUP STRUCTURE

Fresenius is a global healthcare group with products and services for dialysis, hospitals and outpatient medical care. In addition, the Fresenius Group focuses on hospital operations and also manages projects and provides services for hospitals and other healthcare facilities worldwide. Besides the activities of the parent company Fresenius SE & Co. KGaA, Bad Homburg v. d. H., the operating activities were split into the following legally independent business segments as of March 31, 2016:

- Fresenius Medical Care
- Fresenius Kabi
- Fresenius Helios
- Fresenius Vamed

The reporting currency in the Fresenius Group is the euro. In order to make the presentation clearer, amounts are mostly shown in million euros. Amounts under €1 million after rounding are marked with "–".

II. BASIS OF PRESENTATION

Fresenius SE & Co. KGaA, as a stock exchange listed company with a domicile in a member state of the European Union, fulfills its obligation to prepare and publish the consolidated financial statements in accordance with the International Financial Reporting Standards (IFRS) applying Section 315a of the German Commercial Code (HGB). Simultaneously, the Fresenius Group voluntarily prepares and publishes the consolidated financial statements in accordance with the United States Generally Accepted Accounting Principles (U.S. GAAP).

The accompanying condensed interim financial statements comply with the International Accounting Standard (IAS) 34. They have been prepared in accordance with the IFRS in force on the reporting date and adopted by the European Union.

The accounting policies underlying these interim financial statements are mainly the same as those applied in the consolidated financial statements as of December 31, 2015.

III. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Principles of consolidation

The condensed consolidated financial statements and management report for the first quarter ended March 31, 2016 have not been audited nor reviewed and should be read in conjunction with the notes included and published in the consolidated financial statements as of December 31, 2015 applying Section 315a HGB in accordance with IFRS.

Except for the reported acquisitions (see note 2, Acquisitions, divestitures and investments), there have been no other major changes in the entities consolidated.

The consolidated financial statements for the first quarter ended March 31, 2016 include all adjustments that, in the opinion of the Management Board, are of a normal and recurring nature and are necessary to provide an appropriate view of the assets and liabilities, financial position and results of operations of the Fresenius Group.

The results of operations for the first quarter ended March 31, 2016 are not necessarily indicative of the results of operations for the fiscal year 2016.

Classifications

In the prior year's comparative consolidated financial statements, deferred taxes in the amount of €154 million, which relate to further netting in the field of deferred taxes, were adjusted to conform to the current year's presentation.

Use of estimates

The preparation of consolidated financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of income and expenses during the reporting period. Actual results could differ from those estimates.

IV. RECENT PRONOUNCEMENTS, APPLIED

The Fresenius Group has prepared its consolidated financial statements at March 31, 2016 in conformity with IFRS in force for interim periods on January 1, 2016.

In the first quarter of 2016, the Fresenius Group did not apply any new standard relevant for its business for the first time.

V. RECENT PRONOUNCEMENTS, NOT YET APPLIED

The International Accounting Standards Board (IASB) issued the following relevant new standards for the Fresenius Group:

In January 2016, the IASB issued **Amendments to IAS 7, Statement of Cash Flows**. The amendments are intended to improve the information related to the change in a company's debt by providing additional disclosures. The standard is effective for fiscal years beginning on or after January 1, 2017. Earlier application is permitted. The Fresenius Group is currently evaluating the impact on its consolidated financial statements.

In May 2014, the IASB issued **IFRS 15, Revenue from Contracts with Customers**. Simultaneously, the Financial Accounting Standards Board (FASB) published its equivalent revenue standard, Accounting Standards Update 2014-09 (ASU 2014-09), FASB Accounting Standards Codification (ASC) Topic 606, Revenue from Contracts with Customers. The standards are the result of a convergence project between the FASB and the IASB. This new standard specifies how and when companies reporting under IFRS will recognize revenue as well as providing users of financial statements with more informative and relevant disclosures. IFRS 15 supersedes IAS 18, Revenue, IAS 11, Construction Contracts and a number of revenue-related interpretations. This standard applies to nearly all contracts with customers, the main exceptions are leases, financial instruments and insurance contracts. In September 2015, the IASB issued the amendment **Effective Date of IFRS 15**, which defers the effective date of IFRS 15 by one year to fiscal years beginning on or after January 1, 2018. Earlier adoption is permitted. The Fresenius Group is currently evaluating the impact of IFRS 15, in conjunction with all amendments to the standard, on its consolidated financial statements.

In July 2014, the IASB issued a new version of **IFRS 9, Financial Instruments**. This IFRS 9 version is considered the final and complete version, thus, mainly replacing IAS 39 as soon as IFRS 9 is applied. It includes all prior guidance on the classification and measurement of financial assets and financial liabilities as well as hedge accounting and introduces requirements for impairment of financial instruments as well as modified requirements for the measurement categories of financial assets. The impairment provisions reflect a model that relies on expected losses (expected loss model). This model comprises a two stage approach: Upon recognition an entity shall recognize losses that are expected within the next 12 months. If credit risk deteriorates significantly, from that point in time impairment losses shall amount to lifetime expected losses. The provisions for classification and measurement are amended by introducing an additional third measurement category for certain debt instruments. Such instruments shall be measured at fair value with changes recognized in other comprehensive income (fair value through other comprehensive income). The standard is accompanied by additional disclosure requirements and is effective for fiscal years beginning on or after January 1, 2018. Earlier adoption is permitted. The Fresenius Group is currently evaluating the impact on its consolidated financial statements.

In January 2016, the IASB issued **IFRS 16, Leases**, which supersedes the current standard on lease accounting, IAS 17, as well as the interpretations IFRIC 4, SIC-15 and SIC-27. IFRS 16 significantly improves lessee accounting. For all leases, a lessee is required to recognize a right-of-use asset representing its right to use the underlying leased asset and a lease liability representing its obligation to make lease payments. Depreciation of the right-of-use asset and interest on the lease liability must be recognized in the income statement for every lease contract. Therefore, straight-line rental expenses will no longer be shown. The lessor accounting requirements in IAS 17 are substantially carried forward. The standard is effective for fiscal years beginning on or after January 1, 2019. Earlier application is permitted for entities that have also adopted IFRS 15, Revenue from Contracts with Customers. The Fresenius Group is currently evaluating the impact on its consolidated financial statements.

The EU Commission's endorsements of IFRS 9, IFRS 15, IFRS 16 and of the amendments to IAS 7 and to IFRS 15 are still outstanding.

In the Fresenius Group's view, all other pronouncements issued by the IASB do not have a material impact on the consolidated financial statements, as expected.

2. ACQUISITIONS, DIVESTITURES AND INVESTMENTS

The Fresenius Group made acquisitions, investments and purchases of intangible assets of €204 million and €104 million in the first quarter of 2016 and 2015, respectively. Of this amount, €196 million was paid in cash and €8 million was assumed obligations in the first quarter of 2016.

FRESENIUS MEDICAL CARE

In the first quarter of 2016, Fresenius Medical Care spent €90 million on acquisitions, mainly in care coordination as well as on acquisitions of dialysis clinics.

FRESENIUS KABI

In the first quarter of 2016, Fresenius Kabi spent €105 million on acquisitions including the acquisition of a U.S. pharmaceutical manufacturing plant and a line of seven drugs.

FRESENIUS HELIOS

In the first quarter of 2016, Fresenius Helios spent €9 million on acquisitions for the purchase of outpatient clinics.

NOTES ON THE CONSOLIDATED STATEMENT OF INCOME

3. SALES

Sales by activity were as follows:

€ in millions	Q1/2016	Q1/2015
Sales of services	**4,769**	4,437
Sales of products and related goods	**2,159**	2,057
Sales from long-term production contracts	**86**	81
Other sales	**1**	3
Sales	**7,015**	6,578

4. RESEARCH AND DEVELOPMENT EXPENSES

Research and development expenses of €115 million (Q1/2015: €108 million) included expenditures for research and non-capitalizable development costs as well as depreciation and amortization expenses relating to capitalized development costs of €4 million (Q1/2015: €4 million).

5. TAXES

During the first quarter of 2016, there were no material changes relating to tax audits, accruals for income taxes as well as recognized and accrued payments for interest and penalties. Explanations regarding the tax audits and further information can be found in the consolidated financial statements as of December 31, 2015 applying Section 315a HGB in accordance with IFRS.

6. EARNINGS PER SHARE

The following table shows the earnings per share including and excluding the dilutive effect from stock options issued:

	Q1/2016	Q1/2015
Numerators, € in millions		
Net income attributable to shareholders of Fresenius SE & Co. KGaA	**358**	314
less effect from dilution due to Fresenius Medical Care shares	**–**	–
Income available to all ordinary shares	**358**	314
Denominators in number of shares		
Weighted-average number of ordinary shares outstanding	**545,768,284**	542,247,910
Potentially dilutive ordinary shares	**4,263,236**	4,704,407
Weighted-average number of ordinary shares outstanding assuming dilution	**550,031,520**	546,952,317
Basic earnings per share in €	**0.65**	0.58
Fully diluted earnings per share in €	**0.65**	0.58

NOTES ON THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION

7. CASH AND CASH EQUIVALENTS

As of March 31, 2016 and December 31, 2015, cash and cash equivalents were as follows:

€ in millions	March 31, 2016	Dec. 31, 2015
Cash	**859**	992
Time deposits and securities (with a maturity of up to 90 days)	**23**	52
Total cash and cash equivalents	**882**	1,044

As of March 31, 2016 and December 31, 2015, earmarked funds of €53 million and €57 million, respectively, were included in cash and cash equivalents.

8. TRADE ACCOUNTS RECEIVABLE

As of March 31, 2016 and December 31, 2015, trade accounts receivable were as follows:

€ in millions	March 31, 2016	Dec. 31, 2015
Trade accounts receivable	**5,483**	5,247
less allowance for doubtful accounts	**668**	650
Trade accounts receivable, net	**4,815**	4,597

9. INVENTORIES

As of March 31, 2016 and December 31, 2015, inventories consisted of the following:

€ in millions	March 31, 2016	Dec. 31, 2015
Raw materials and purchased components	**611**	602
Work in process	**510**	526
Finished goods	**1,852**	1,839
less reserves	**103**	107
Inventories, net	**2,870**	2,860

10. OTHER CURRENT AND NON-CURRENT ASSETS

As of March 31, 2016, investments were comprised of investments of €559 million (December 31, 2015: €546 million), mainly regarding the joint venture between Fresenius Medical Care and Galenica Ltd., that were accounted for under the equity method. In the first quarter of 2016, income of €17 million (Q1/2015: €6 million) resulting from this valuation was included in selling, general and administrative expenses in the consolidated statement of income. Securities and long-term loans included €265 million financial assets available for sale as of March 31, 2016 (December 31, 2015: €257 million) mainly relating to shares in funds.

11. GOODWILL AND OTHER INTANGIBLE ASSETS

As of March 31, 2016 and December 31, 2015, intangible assets, split into amortizable and non-amortizable intangible assets, consisted of the following:

AMORTIZABLE INTANGIBLE ASSETS

	March 31, 2016			December 31, 2015		
€ in millions	**Acquisition cost**	**Accumulated amortization**	**Carrying amount**	Acquisition cost	Accumulated amortization	Carrying amount
Patents, product and distribution rights	**694**	**346**	**348**	713	356	357
Capitalized development costs	**477**	**268**	**209**	492	273	219
Technology	**366**	**112**	**254**	383	111	272
Customer relationships	**325**	**67**	**258**	323	61	262
Software	**411**	**255**	**156**	406	248	158
Non-compete agreements	**308**	**243**	**65**	321	251	70
Other	**412**	**256**	**156**	420	258	162
Total	**2,993**	**1,547**	**1,446**	3,058	1,558	1,500

Estimated regular amortization expenses of intangible assets for the next five years are shown in the following table:

€ in millions	Q2–4/2016	2017	2018	2019	2020	Q1/2021
Estimated amortization expenses	145	189	182	178	171	43

NON-AMORTIZABLE INTANGIBLE ASSETS

	March 31, 2016			December 31, 2015		
€ in millions	**Acquisition cost**	**Accumulated amortization**	**Carrying amount**	Acquisition cost	Accumulated amortization	Carrying amount
Tradenames	**213**	**0**	**213**	221	0	221
Management contracts	**3**	**0**	**3**	6	0	6
Goodwill	**21,064**	**0**	**21,064**	21,646	0	21,646
Total	**21,280**	**0**	**21,280**	21,873	0	21,873

The carrying amount of goodwill has developed as follows:

€ in millions	Fresenius Medical Care	Fresenius Kabi	Fresenius Helios	Fresenius Vamed	Corporate/ Other	**Fresenius Group**
Carrying amount as of January 1, 2015	**10,767**	**4,725**	**4,380**	**99**	**6**	**19,977**
Additions	105	27	57	–	0	189
Disposals	0	-1	0	0	0	-1
Reclassifications	0	2	0	0	0	2
Foreign currency translation	1,090	389	0	0	0	1,479
Carrying amount as of December 31, 2015	**11,962**	**5,142**	**4,437**	**99**	**6**	**21,646**
Additions	40	7	8	0	0	55
Reclassifications	3	0	0	0	0	3
Foreign currency translation	-461	-179	0	0	0	-640
Carrying amount as of March 31, 2016	**11,544**	**4,970**	**4,445**	**99**	**6**	**21,064**

As of March 31, 2016 and December 31, 2015, the carrying amounts of the other non-amortizable intangible assets were €187 million and €193 million, respectively, for Fresenius Medical Care as well as €29 million and €28 million, respectively, for Fresenius Kabi.

12. DEBT AND CAPITAL LEASE OBLIGATIONS

SHORT-TERM DEBT

As of March 31, 2016 and December 31, 2015, short-term debt consisted of the following:

€ in millions	Book value March 31, 2016	Book value December 31, 2015
Fresenius SE & Co. KGaA Commercial Paper	**115**	0
Fresenius Medical Care AG & Co. KGaA Commercial Paper	**205**	0
Other short-term debt	**211**	202
Short-term debt	**531**	202

LONG-TERM DEBT AND CAPITAL LEASE OBLIGATIONS

As of March 31, 2016 and December 31, 2015, long-term debt and capital lease obligations net of debt issuance costs consisted of the following:

€ in millions	Book value March 31, 2016	Book value December 31, 2015
Fresenius Medical Care 2012 Credit Agreement	**2,276**	2,399
2013 Senior Credit Agreement	**1,675**	2,203
Schuldschein Loans	**1,264**	914
Accounts Receivable Facility of Fresenius Medical Care	**0**	46
Capital lease obligations	**152**	151
Other	**374**	396
Subtotal	**5,741**	6,109
less current portion	**585**	607
Long-term debt and capital lease obligations, less current portion	**5,156**	5,502

Fresenius Medical Care 2012 Credit Agreement

Fresenius Medical Care AG & Co. KGaA (FMC-AG & Co. KGaA) originally entered into a syndicated credit facility (Fresenius Medical Care 2012 Credit Agreement) of US$3,850 million and a 5-year period with a large group of banks and institutional investors on October 30, 2012.

On November 26, 2014, the Fresenius Medical Care 2012 Credit Agreement was amended to increase the total credit facility to approximately US$4,400 million and extend the term for an additional two years until October 30, 2019.

The following tables show the available and outstanding amounts under the Fresenius Medical Care 2012 Credit Agreement after scheduled amortization payments at March 31, 2016 and at December 31, 2015:

	March 31, 2016			
	Maximum amount available	€ in millions	**Balance outstanding**	**€ in millions**
Revolving Credit (in US$)	US$1,000 million	879	**US$47 million**	**42**
Revolving Credit (in €)	€400 million	400	**€0 million**	**0**
US$ Term Loan	US$2,250 million	1,976	**US$2,250 million**	**1,976**
€ Term Loan	€270 million	270	**€270 million**	**270**
Total		3,525		**2,288**
less financing cost				**12**
Total				**2,276**

	December 31, 2015			
	Maximum amount available	€ in millions	**Balance outstanding**	**€ in millions**
Revolving Credit (in US$)	US$1,000 million	918	**US$25 million**	**23**
Revolving Credit (in €)	€400 million	400	**€0 million**	**0**
US$ Term Loan	US$2,300 million	2,113	**US$2,300 million**	**2,113**
€ Term Loan	€276 million	276	**€276 million**	**276**
Total		3,707		**2,412**
less financing cost				**13**
Total				**2,399**

At March 31, 2016 and December 31, 2015, Fresenius Medical Care had letters of credit outstanding in the amount of US$4 million under the U.S. dollar revolving credit facility, which were not included above as part of the balance outstanding at those dates but which reduce available borrowings under the applicable revolving credit facility.

As of March 31, 2016, FMC-AG & Co. KGaA and its subsidiaries were in compliance with all covenants under the Fresenius Medical Care 2012 Credit Agreement.

2013 Senior Credit Agreement

On December 20, 2012, Fresenius SE & Co. KGaA and various subsidiaries entered into a delayed draw syndicated credit agreement (2013 Senior Credit Agreement) in the original amount of US$1,300 million and €1,250 million. Since the initial funding of the 2013 Senior Credit Agreement in June 2013, additional tranches were added. Furthermore, scheduled amortization payments as well as voluntary repayments have been made. On February 29, 2016, a Term Loan B of US$489 million was voluntarily prepaid.

The following tables show the available and outstanding amounts under the 2013 Senior Credit Agreement at March 31, 2016 and at December 31, 2015:

	March 31, 2016			
	Maximum amount available		**Balance outstanding**	
		€ in millions		**€ in millions**
Revolving Credit Facilities (in €)	€900 million	900	**€0 million**	**0**
Revolving Credit Facilities (in US$)	US$300 million	264	**US$0 million**	**0**
Term Loan A (in €)	€1,026 million	1,026	**€1,026 million**	**1,026**
Term Loan A (in US$)	US$758 million	666	**US$758 million**	**666**
Total		2,855		**1,692**
less financing cost				**17**
Total				**1,675**

	December 31, 2015			
	Maximum amount available		**Balance outstanding**	
		€ in millions		**€ in millions**
Revolving Credit Facilities (in €)	€900 million	900	**€0 million**	**0**
Revolving Credit Facilities (in US$)	US$300 million	276	**US$0 million**	**0**
Term Loan A (in €)	€1,057 million	1,057	**€1,057 million**	**1,057**
Term Loan A (in US$)	US$781 million	717	**US$781 million**	**717**
Term Loan B (in US$)	US$489 million	449	**US$489 million**	**449**
Total		3,399		**2,223**
less financing cost				**20**
Total				**2,203**

As of March 31, 2016, the Fresenius Group was in compliance with all covenants under the 2013 Senior Credit Agreement.

Schuldschein Loans

As of March 31, 2016 and December 31, 2015, Schuldschein Loans of the Fresenius Group net of debt issuance costs consisted of the following:

				Book value € in millions	
	Notional amount	Maturity	Interest rate	**March 31, 2016**	Dec. 31, 2015
Fresenius SE & Co. KGaA 2012/2016	€108 million	April 4, 2016	3.36%	**108**	108
Fresenius SE & Co. KGaA 2013/2017	€51 million	Aug. 22, 2017	2.65%	**51**	51
Fresenius SE & Co. KGaA 2013/2017	€74 million	Aug. 22, 2017	variable	**74**	74
Fresenius SE & Co. KGaA 2014/2018	€97 million	April 2, 2018	2.09%	**96**	96
Fresenius SE & Co. KGaA 2014/2018	€76 million	April 2, 2018	variable	**76**	76
Fresenius SE & Co. KGaA 2014/2018	€65 million	April 2, 2018	variable	**65**	65
Fresenius SE & Co. KGaA 2012/2018	€72 million	April 4, 2018	4.09%	**72**	72
Fresenius SE & Co. KGaA 2015/2018	€36 million	October 8, 2018	1.07%	**36**	36
Fresenius SE & Co. KGaA 2015/2018	€55 million	October 8, 2018	variable	**55**	55
Fresenius SE & Co. KGaA 2014/2020	€106 million	April 2, 2020	2.67%	**105**	105
Fresenius SE & Co. KGaA 2014/2020	€55 million	April 2, 2020	variable	**55**	55
Fresenius SE & Co. KGaA 2014/2020	€101 million	April 2, 2020	variable	**100**	100
Fresenius SE & Co. KGaA 2015/2022	€21 million	April 7, 2022	variable	**21**	21
Fresenius US Finance II, Inc. 2016/2021	US$309 million	March 10, 2021	variable	**270**	0
Fresenius US Finance II, Inc. 2016/2021	US$33 million	March 10, 2021	2.66%	**29**	0
Fresenius US Finance II, Inc. 2016/2023	US$15 million	March 10, 2023	variable	**13**	0
Fresenius US Finance II, Inc. 2016/2023	US$43 million	March 10, 2023	3.12%	**38**	0
Schuldschein Loans				**1,264**	914

The Schuldschein Loans issued by Fresenius SE & Co. KGaA in the amount of €108 million, which were due on April 4, 2016, are shown as current portion of long-term debt and capital lease obligations in the consolidated statement of financial position. They were repaid as scheduled.

On March 10, 2016, Fresenius US Finance II, Inc. issued Schuldschein Loans in a total amount of US$400 million which consist of fixed and floating rate tranches and terms of five and seven years. These Schuldschein Loans are guaranteed by Fresenius SE & Co. KGaA, Fresenius Kabi AG and Fresenius ProServe GmbH.

As of March 31, 2016, the Fresenius Group was in compliance with all of its covenants under the Schuldschein Loans.

CREDIT LINES

In addition to the financial liabilities described before, the Fresenius Group maintains additional credit facilities which have not been utilized, or have only been utilized in part, as of the reporting date. At March 31, 2016, the additional financial cushion resulting from unutilized credit facilities was approximately €3.3 billion. Thereof €2.4 billion accounted for syndicated credit facilities.

13. SENIOR NOTES

As of March 31, 2016 and December 31, 2015, Senior Notes of the Fresenius Group net of debt issuance costs consisted of the following:

				Book value € in millions	
	Notional amount	Maturity	Interest rate	**March 31, 2016**	Dec. 31, 2015
Fresenius Finance B.V. 2014/2019	€300 million	Feb. 1, 2019	2.375%	**298**	297
Fresenius Finance B.V. 2012/2019	€500 million	Apr. 15, 2019	4.25%	**497**	497
Fresenius Finance B.V. 2013/2020	€500 million	July 15, 2020	2.875%	**496**	496
Fresenius Finance B.V. 2014/2021	€450 million	Feb. 1, 2021	3.00%	**443**	443
Fresenius Finance B.V. 2014/2024	€450 million	Feb. 1, 2024	4.00%	**450**	450
Fresenius US Finance II, Inc. 2014/2021	US$300 million	Feb. 1, 2021	4.25%	**262**	275
Fresenius US Finance II, Inc. 2015/2023	US$300 million	Jan. 15, 2023	4.50%	**260**	273
FMC Finance VI S.A. 2010/2016	€250 million	July 15, 2016	5.50%	**250**	249
FMC Finance VII S.A. 2011/2021	€300 million	Feb. 15, 2021	5.25%	**295**	295
FMC Finance VIII S.A. 2011/2016	€100 million	Oct. 15, 2016	variable	**100**	100
FMC Finance VIII S.A. 2011/2018	€400 million	Sept. 15, 2018	6.50%	**396**	396
FMC Finance VIII S.A. 2012/2019	€250 million	July 31, 2019	5.25%	**244**	244
Fresenius Medical Care US Finance, Inc. 2007/2017	US$500 million	July 15, 2017	6.875%	**437**	457
Fresenius Medical Care US Finance, Inc. 2011/2021	US$650 million	Feb. 15, 2021	5.75%	**564**	590
Fresenius Medical Care US Finance II, Inc. 2011/2018	US$400 million	Sept. 15, 2018	6.50%	**348**	363
Fresenius Medical Care US Finance II, Inc. 2012/2019	US$800 million	July 31, 2019	5.625%	**700**	732
Fresenius Medical Care US Finance II, Inc. 2014/2020	US$500 million	Oct. 15, 2020	4.125%	**436**	456
Fresenius Medical Care US Finance II, Inc. 2012/2022	US$700 million	Jan. 31, 2022	5.875%	**611**	639
Fresenius Medical Care US Finance II, Inc. 2014/2024	US$400 million	Oct. 15, 2024	4.75%	**348**	364
Senior Notes				**7,435**	7,616

All Senior Notes included in the table are unsecured.

The Senior Notes issued by FMC Finance VI S.A. which are due on July 15, 2016 and the Senior Notes issued by FMC Finance VIII S.A. which are due on October 15, 2016 have been reclassified as short-term debt and are shown as current portion of Senior Notes in the consolidated statement of financial position.

As of March 31, 2016, the Fresenius Group was in compliance with all of its covenants under the Senior Notes.

14. CONVERTIBLE BONDS

As of March 31, 2016 and December 31, 2015, the convertible bonds of the Fresenius Group net of debt issuance costs consisted of the following:

	Notional amount	Maturity	Coupon	Current conversion price	Book value € in millions March 31, 2016	Book value € in millions Dec. 31, 2015
Fresenius SE & Co. KGaA 2014/2019	€500 million	Sept. 24, 2019	0.000%	€49.6611	**466**	464
Fresenius Medical Care AG & Co. KGaA 2014/2020	€400 million	Jan. 31, 2020	1.125%	€73.6354	**376**	374
Convertible bonds					**842**	838

The fair value of the derivative embedded in the convertible bonds of Fresenius SE & Co. KGaA was €200 million at March 31, 2016. The derivative embedded in the convertible bonds of Fresenius Medical Care AG & Co. KGaA (FMC-AG & Co. KGaA) was recognized with a fair value of €103 million at March 31, 2016. Fresenius SE & Co. KGaA and FMC-AG & Co. KGaA have purchased stock options (call options) to secure against future fair value fluctuations of these derivatives. The call options also had an aggregate fair value of €200 million and €103 million, respectively, at March 31, 2016.

The conversions will be cash-settled. Any increase of Fresenius' share price and of Fresenius Medical Care's share price above the conversion price would be offset by a corresponding value increase of the call options.

The derivatives embedded in the convertible bonds and the call options are recognized in other non-current liabilities/assets in the consolidated statement of financial position.

15. PENSIONS AND SIMILAR OBLIGATIONS

DEFINED BENEFIT PENSION PLANS

At March 31, 2016, the pension liability of the Fresenius Group was €1,103 million. The current portion of the pension liability of €18 million is recognized in the consolidated statement of financial position within short-term accrued expenses and other short-term liabilities. The non-current portion of €1,085 million is recorded as pension liability.

Contributions to Fresenius Group's pension fund were €2 million in the first quarter of 2016. The Fresenius Group expects approximately €23 million contributions to the pension fund during 2016.

Defined benefit pension plans' net periodic benefit costs of €22 million (Q1/2015: €18 million) were comprised of the following components:

€ in millions	Q1/2016	Q1/2015
Service cost	**14**	11
Net interest cost	**8**	7
Net periodic benefit cost	**22**	18

16. NONCONTROLLING INTEREST

As of March 31, 2016 and December 31, 2015, noncontrolling interest in the Fresenius Group was as follows:

€ in millions	March 31, 2016	Dec. 31, 2015
Noncontrolling interest in Fresenius Medical Care AG & Co. KGaA	**6,041**	6,128
Noncontrolling interest in VAMED AG	**51**	49
Noncontrolling interest in the business segments		
Fresenius Medical Care	**915**	936
Fresenius Kabi	**127**	121
Fresenius Helios	**59**	59
Fresenius Vamed	**7**	7
Total noncontrolling interest	**7,200**	7,300

Noncontrolling interest changed as follows:

€ in millions	Q1/2016
Noncontrolling interest as of January 1, 2016	**7,300**
Noncontrolling interest in profit	220
Stock options	5
Purchase of noncontrolling interest	16
Dividend payments	-47
Currency effects and other changes	-294
Noncontrolling interest as of March 31, 2016	**7,200**

17. FRESENIUS SE & CO. KGAA SHAREHOLDERS' EQUITY

SUBSCRIBED CAPITAL

As of January 1, 2016, the subscribed capital of Fresenius SE & Co. KGaA consisted of 545,727,950 bearer ordinary shares.

During the first quarter of 2016, 82,886 stock options were exercised. Consequently, as of March 31, 2016, the subscribed capital of Fresenius SE & Co. KGaA consisted of 545,810,836 bearer ordinary shares. The shares are issued as non-par value shares. The proportionate amount of the subscribed capital is €1.00 per share.

CONDITIONAL CAPITAL

The following Conditional Capitals exist in order to fulfill the subscription rights under the stock option plans of Fresenius SE & Co. KGaA: Conditional Capital I (Stock Option Plan 2003), Conditional Capital II (Stock Option Plan 2008) and Conditional Capital IV (Stock Option Plan 2013) (see note 24, Stock options). Another Conditional Capital III exists for the authorization to issue option bearer bonds and / or convertible bonds.

The following table shows the development of the Conditional Capital:

in €	Ordinary shares
Conditional Capital I Fresenius AG Stock Option Plan 2003	5,261,987
Conditional Capital II Fresenius SE Stock Option Plan 2008	7,216,907
Conditional Capital III option bearer bonds and / or convertible bonds	48,971,202
Conditional Capital IV Fresenius SE & Co. KGaA Stock Option Plan 2013	25,200,000
Total Conditional Capital as of January 1, 2016	**86,650,096**
Fresenius AG Stock Option Plan 2003 – options exercised	-35,666
Fresenius SE Stock Option Plan 2008 – options exercised	-47,220
Total Conditional Capital as of March 31, 2016	**86,567,210**

As of March 31, 2016, the Conditional Capital was composed as follows:

in €	Ordinary shares
Conditional Capital I Fresenius AG Stock Option Plan 2003	5,226,321
Conditional Capital II Fresenius SE Stock Option Plan 2008	7,169,687
Conditional Capital III option bearer bonds and / or convertible bonds	48,971,202
Conditional Capital IV Fresenius SE & Co. KGaA Stock Option Plan 2013	25,200,000
Total Conditional Capital as of March 31, 2016	**86,567,210**

DIVIDENDS

Under the German Stock Corporation Act (AktG), the amount of dividends available for distribution to shareholders is based upon the unconsolidated retained earnings of Fresenius SE & Co. KGaA as reported in its statement of financial position determined in accordance with the German Commercial Code (HGB).

In May 2016, the general partner and the Supervisory Board of Fresenius SE & Co. KGaA propose a dividend of €0.55 per bearer ordinary share to the Annual General Meeting, i. e. a total dividend payment of €300 million.

18. OTHER COMPREHENSIVE INCOME (LOSS)

Other comprehensive income (loss) is comprised of all amounts recognized directly in equity (net of tax) resulting from the currency translation of foreign subsidiaries' financial statements and the effects of measuring financial instruments at their fair value as well as the change in benefit obligation.

Changes in accumulated other comprehensive income (loss) net of tax by component were as follows:

€ in millions	Cash flow hedges	Change of fair value of available for sale financial assets	Foreign currency translation	Actuarial gains/losses on defined benefit pension plans	Total, before non-controlling interest	Non-controlling interest	Total, after non-controlling interest
Balance as of December 31, 2014	-107	1	314	-281	-73	148	75
Other comprehensive income (loss) before reclassifications	-21	–	655	-10	624	704	1,328
Amounts reclassified from accumulated other comprehensive income (loss)	4	0	–	0	4	6	10
Other comprehensive income (loss), net	-17	–	655	-10	628	710	1,338
Balance as of March 31, 2015	**-124**	**1**	**969**	**-291**	**555**	**858**	**1,413**
Balance as of December 31, 2015	-82	1	659	-244	334	638	972
Other comprehensive income (loss) before reclassifications	-2	–	-267	4	-265	-268	-533
Amounts reclassified from accumulated other comprehensive income (loss)	3	0	–	0	3	3	6
Other comprehensive income (loss), net	1	–	-267	4	-262	-265	-527
Balance as of March 31, 2016	**-81**	**1**	**392**	**-240**	**72**	**373**	**445**

Reclassifications out of accumulated other comprehensive income (loss) into net income were as follows:

€ in millions	Amount of gain or loss reclassified from accumulated other comprehensive income (loss) [1]		Affected line item in the consolidated statement of income
	Q1/2016	Q1/2015	
Details about accumulated other comprehensive income (loss) components			
Cash flow hedges			
Interest rate contracts	**8**	9	Interest income/expense
Foreign exchange contracts	**–**	5	Cost of sales
Foreign exchange contracts	**1**	-1	Selling, general and administrative expenses
Other comprehensive income (loss)	**9**	13	
Tax expense or benefit	**-3**	-3	
Other comprehensive income (loss), net	**6**	10	
Total reclassifications for the period	**6**	10	

[1] Gains are shown with a negative sign, losses with a positive sign.

OTHER NOTES

19. LEGAL AND REGULATORY MATTERS

The Fresenius Group is routinely involved in numerous claims, lawsuits, regulatory and tax audits, investigations and other legal matters arising, for the most part, in the ordinary course of its business of providing healthcare services and products. Legal matters that the Fresenius Group currently deems to be material or noteworthy are described below. For the matters described below in which the Fresenius Group believes a loss is both reasonably possible and estimable, an estimate of the loss or range of loss exposure is provided. For the other matters described below, the Fresenius Group believes that the loss probability is remote and/or the loss or range of possible losses cannot be reasonably estimated at this time. The outcome of litigation and other legal matters is always difficult to predict accurately and outcomes that are not consistent with Fresenius Group's view of the merits can occur. The Fresenius Group believes that it has valid defenses to the legal matters pending against it and is defending itself vigorously. Nevertheless, it is possible that the resolution of one or more of the legal matters currently pending or threatened could have a material adverse effect on its business, results of operations and financial condition.

Further information regarding legal disputes, court proceedings and investigations can be found in detail in the consolidated financial statements as of December 31, 2015 applying Section 315a HGB in accordance with IFRS. In the following, only the changes during the first quarter ended March 31, 2016 compared to the information provided in the consolidated financial statements are described. These changes should be read in conjunction with the overall information in the consolidated financial statements as of December 31, 2015 applying Section 315a HGB in accordance with IFRS; defined terms or abbreviations having the same meaning as the consolidated financial statements as of December 31, 2015 applying Section 315a HGB in accordance with IFRS.

SUBPOENAS "MASSACHUSETTS AND LOUISIANA"

On March 29, 2016, the Court dismissed the relator's companion claims for retaliatory termination of employment, finding that the retaliation claims were barred under principles of res judicata by a January 2015 jury verdict in the United States District Court for the Central District of California. The California verdict remains on appeal in the Ninth Circuit Court of Appeals.

The Fresenius Group regularly analyzes current information including, as applicable, the Fresenius Group's defenses and insurance coverage and, as necessary, provides accruals for probable liabilities for the eventual disposition of these matters.

The Fresenius Group, like other healthcare providers, conducts its operations under intense government regulation and scrutiny. It must comply with regulations which relate to or govern the safety and efficacy of medical products and supplies, the marketing and distribution of such products, the operation of manufacturing facilities, laboratories and dialysis clinics, and environmental and occupational health and safety. With respect to its development, manufacture, marketing and distribution of medical products, if such compliance is not maintained, the Fresenius Group could be subject to significant adverse regulatory actions by the U.S. Food and Drug Administration (FDA) and comparable regulatory authorities outside the United States. These regulatory actions could include warning letters or other enforcement notices from the FDA, and/or comparable foreign regulatory authority, which may require the Fresenius Group to expend significant time and resources in order to implement appropriate corrective actions. If the Fresenius Group does not address matters raised in warning letters or other enforcement notices to the satisfaction of the FDA and/or comparable regulatory authorities outside the United States, these regulatory authorities could take additional actions, including product recalls, injunctions against the distribution of products or operation of manufacturing plants, civil penalties, seizures of Fresenius Group's products and/or criminal prosecution. FMCH is currently engaged in remediation efforts with respect to three pending FDA warning letters, Fresenius Kabi with respect to two pending FDA warning letters. The Fresenius Group must also comply with the laws of the United

States, including the federal Anti-Kickback Statute, the federal False Claims Act, the federal Stark Law and the federal Foreign Corrupt Practices Act as well as other federal and state fraud and abuse laws. Applicable laws or regulations may be amended, or enforcement agencies or courts may make interpretations that differ from Fresenius Group's interpretations or the manner in which it conducts its business. Enforcement has become a high priority for the federal government and some states. In addition, the provisions of the False Claims Act authorizing payment of a portion of any recovery to the party bringing the suit encourage private plaintiffs to commence whistleblower actions. By virtue of this regulatory environment, Fresenius Group's business activities and practices are subject to extensive review by regulatory authorities and private parties, and continuing audits, subpoenas, other inquiries, claims and litigation relating to Fresenius Group's compliance with applicable laws and regulations. The Fresenius Group may not always be aware that an inquiry or action has begun, particularly in the case of whistleblower actions, which are initially filed under court seal.

Other than those individual contingent liablilities mentioned in the consolidated financial statements as of December 31, 2015 applying Section 315a HGB in accordance with IFRS, the current estimated amount of Fresenius Group's other known individual contingent liabilities is immaterial.

20. FINANCIAL INSTRUMENTS

VALUATION OF FINANCIAL INSTRUMENTS

The following table presents the carrying amounts and fair values as well as the fair value hierarchy levels of Fresenius Group's financial instruments as of March 31, 2016 and December 31, 2015, classified into classes:

€ in millions	Fair value hierarchy level	**March 31, 2016** Carrying amount	**March 31, 2016** Fair value	December 31, 2015 Carrying amount	December 31, 2015 Fair value
Cash and cash equivalents	1	**882**	**882**	1,044	1,044
Assets recognized at carrying amount	2	**4,904**	**4,904**	4,675	4,675
Assets recognized at fair value	1	**265**	**265**	257	257
Liabilities recognized at carrying amount	2	**15,657**	**16,767**	16,069	17,171
Liabilities recognized at fair value	2	**304**	**304**	338	338
Noncontrolling interest subject to put provisions recognized at fair value	3	**817**	**817**	808	808
Derivatives for hedging purposes	2	**307**	**307**	358	358

The significant methods and assumptions used to estimate the fair values of financial instruments as well as classification of fair value measurements according to the three-tier fair value hierarchy are as follows:

Cash and cash equivalents are stated at nominal value, which equals the fair value.

The nominal value of short-term financial instruments such as accounts receivable and payable and short-term debt represents its carrying amount, which is a reasonable estimate of the fair value due to the relatively short period to maturity for these instruments.

The fair values of major long-term financial instruments are calculated on the basis of market information. Financial instruments for which market quotes are available are measured with the market quotes at the reporting date. The fair values of the other long-term financial liabilities are calculated at the present value of respective future cash flows. To determine these present values, the prevailing interest rates and credit spreads for the Fresenius Group as of the date of the statement of financial position are used.

The class assets recognized at carrying amount is classified as hierarchy Level 2.

The class assets recognized at fair value was comprised of shares in funds. The fair values of these assets are calculated on the basis of market information. The fair value of available for sale financial assets quoted in an active market is based on price quotations at the period-end date (Level 1). Therefore, this class is classified as Level 1.

The class liabilities recognized at carrying amount is classified as hierarchy Level 2.

The derivatives embedded in the convertible bonds are included in the class liabilities recognized at fair value. The fair value of the embedded derivatives is calculated using the difference between the market value of the convertible bond and the market value of an adequate straight bond discounted with the market interest rates as of the reporting date. The class was classified as Level 2.

The valuation of the class noncontrolling interest subject to put provisions recognized at fair value is determined using significant unobservable inputs. It is therefore classified as Level 3.

Following is a roll forward of noncontrolling interest subject to put provisions:

€ in millions	Q1/2016
Noncontrolling interest subject to put provisions as of January 1, 2016	**808**
Noncontrolling interest subject to put provisions in profit	38
Purchase of noncontrolling interest subject to put provisions	7
Dividend payments	-34
Currency effects and other changes	-2
Noncontrolling interest subject to put provisions as of March 31, 2016	**817**

Derivatives, mainly consisting of interest rate swaps and foreign exchange forward contracts, are valued as follows: The fair value of interest rate swaps is calculated by discounting the future cash flows on the basis of the market interest rates applicable for the remaining term of the contract as of the date of the statement of financial position. To determine the fair value of foreign exchange forward contracts, the contracted forward rate is compared to the current forward rate for the remaining term of the contract as of the date of the statement of financial position. The result is then discounted on the basis of the market interest rates prevailing at the date of the statement of financial position for the respective currency.

Fresenius Group's own credit risk is incorporated in the fair value estimation of derivatives that are liabilities. Counterparty credit risk adjustments are factored into the valuation of derivatives that are assets. The Fresenius Group monitors and analyses the credit risk from derivative financial instruments on a regular basis. For the valuation of derivative financial instruments, the credit risk is considered in the fair value of every individual instrument. The basis for the default probability are Credit Default Swap Spreads of each counterparty appropriate for the duration. The calculation of the credit risk considered in the valuation is done by multiplying the default probability appropriate for the duration with the expected discounted cash flows of the derivative financial instrument.

The class of derivatives for hedging purposes includes the call options which have been purchased to hedge the convertible bonds. The fair values of these call options are derived from market quotes. For the fair value measurement of the class derivatives for hedging purposes, significant other observable inputs are used. Therefore, the class is classified as Level 2 in accordance with the defined fair value hierarchy levels.

Currently, there is no indication that a decrease in the value of Fresenius Group's financing receivables is probable. Therefore, the allowances on credit losses of financing receivables are immaterial.

FAIR VALUES OF DERIVATIVE FINANCIAL INSTRUMENTS

	March 31, 2016		December 31, 2015	
€ in millions	**Assets**	**Liabilities**	Assets	Liabilities
Interest rate contracts (current)	**0**	**1**	0	2
Interest rate contracts (non-current)	**0**	**2**	0	1
Foreign exchange contracts (current)	**21**	**10**	16	6
Foreign exchange contracts (non-current)	**–**	**–**	1	1
Derivatives designated as hedging instruments [1]	**21**	**13**	17	10
Interest rate contracts (current)	**0**	**–**	0	0
Interest rate contracts (non-current)	**–**	**1**	0	3
Foreign exchange contracts (current) [1]	**16**	**21**	23	7
Foreign exchange contracts (non-current) [1]	**1**	**–**	–	–
Derivatives embedded in the convertible bonds	**0**	**303**	0	335
Stock options to secure the convertible bonds [1]	**303**	**0**	335	0
Derivatives not designated as hedging instruments	**320**	**325**	358	345

[1] Derivatives designated as hedging instruments, foreign exchange contracts and call options to secure the convertible bonds not designated as hedging instruments are classified as derivatives for hedging purposes.

Derivative financial instruments are marked to market each reporting period, resulting in carrying amounts equal to fair values at the reporting date.

Derivatives not designated as hedging instruments, which are derivatives that do not qualify for hedge accounting, are also solely entered into to hedge economic business transactions and not for speculative purposes.

Derivatives for hedging purposes as well as the derivatives embedded in the convertible bonds were recognized at gross value within other assets in an amount of €341 million and other liabilities in an amount of €337 million.

The current portion of derivatives indicated as assets in the preceding table is recognized within other current assets in the consolidated statement of financial position, while the current portion of those indicated as liabilities is included in short-term accrued expenses and other short-term liabilities. The non-current portions indicated as assets or liabilities are recognized in other non-current assets or in long-term accrued expenses and other long-term liabilities, respectively. The derivatives embedded in the convertible bonds and the call options to secure the convertible bonds are recognized in other non-current liabilities / assets in the consolidated statement of financial position.

EFFECT OF DERIVATIVES DESIGNATED AS HEDGING INSTRUMENTS ON THE CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Q1/2016		
€ in millions	Gain or loss recognized in other comprehensive income (loss) (effective portion)	Gain or loss reclassified from accumulated other comprehensive income (loss) (effective portion)	Gain or loss recognized in the consolidated statement of income
Interest rate contracts	–	8	0
Foreign exchange contracts	-2	1	0
Derivatives in cash flow hedging relationships [1]	**-2**	**9**	**0**
Foreign exchange contracts			0
Derivatives in fair value hedging relationships			**0**
Derivatives designated as hedging instruments	**-2**	**9**	**0**

	Q1/2015		
€ in millions	Gain or loss recognized in other comprehensive income (loss) (effective portion)	Gain or loss reclassified from accumulated other comprehensive income (loss) (effective portion)	Gain or loss recognized in the consolidated statement of income
Interest rate contracts	-8	9	0
Foreign exchange contracts	-35	4	0
Derivatives in cash flow hedging relationships [1]	**-43**	**13**	**0**
Foreign exchange contracts			-14
Derivatives in fair value hedging relationships			**-14**
Derivatives designated as hedging instruments	**-43**	**13**	**-14**

[1] The amount of gain or loss recognized in the consolidated statement of income solely relates to the ineffective portion.

EFFECT OF DERIVATIVES NOT DESIGNATED AS HEDGING INSTRUMENTS ON THE CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Gain or loss recognized in the consolidated statement of income	
€ in millions	**Q1/2016**	Q1/2015
Interest rate contracts	**–**	–
Foreign exchange contracts	**-19**	5
Derivatives embedded in the convertible bonds	**-32**	-73
Call options to secure the convertible bonds	**32**	73
Derivatives not designated as hedging instruments	**-19**	5

Losses from foreign exchange contracts not designated as hedging instruments recognized in the consolidated statement of income are faced by gains from the underlying transactions in the corresponding amount. Losses from derivatives in fair value hedging relationships recognized in the consolidated statement of income in the first quarter of 2015 are faced by gains from the underlying transactions in the corresponding amount.

The Fresenius Group expects to recognize a net amount of €2 million of the existing gains for foreign exchange contracts deferred in accumulated other comprehensive income (loss) in the consolidated statement of income within the next 12 months. For interest rate contracts, the Fresenius Group expects to recognize €29 million of losses in the course of normal business during the next 12 months in interest expense.

Gains and losses from foreign exchange contracts and the corresponding underlying transactions are accounted for as cost of sales, selling, general and administrative expenses and net interest. Gains and losses resulting from interest rate contracts are recognized as net interest in the consolidated statement of income.

In the first quarter of 2016 and 2015, losses in an immaterial amount for available for sale financial assets were recognized in other comprehensive income (loss).

MARKET RISK

General

The Fresenius Group is exposed to effects related to foreign exchange fluctuations in connection with its international business activities that are denominated in various currencies. In order to finance its business operations, the Fresenius Group issues senior notes and commercial papers and enters into mainly long-term credit agreements and Schuldschein Loans with banks. Due to these financing activities, the Fresenius Group is exposed to interest risk caused by changes in variable interest rates and the risk of changes in the fair value of statement of financial position items bearing fixed interest rates.

In order to manage the risk of interest rate and foreign exchange rate fluctuations, the Fresenius Group enters into certain hedging transactions with highly rated financial institutions as authorized by the Management Board. Derivative financial instruments are not entered into for trading purposes.

The Fresenius Group defines benchmarks for individual exposures in order to quantify interest and foreign exchange risks. The benchmarks are derived from achievable and sustainable market rates. Depending on the individual benchmarks, hedging strategies are determined and generally implemented by means of micro hedges.

Derivative financial instruments

Classification

To reduce the credit risk arising from derivatives, the Fresenius Group concluded master netting agreements with banks. Through such agreements, positive and negative fair values of the derivative contracts could be offset against one another if a partner becomes insolvent. This offsetting is valid for transactions where the aggregate amount of obligations owed to and receivable from are not equal. If insolvency occurs, the party which owes the larger amount is obliged to pay the other party the difference between the amounts owed in the form of one net payment.

These master netting agreements do not provide a basis for offsetting the fair values of derivative financial instruments in the consolidated statement of financial position as the offsetting criteria under International Financial Reporting Standards are not satisfied.

At March 31, 2016 and December 31, 2015, the Fresenius Group had €34 million and €37 million of derivative financial assets subject to netting arrangements and €34 million and €19 million of derivative financial liabilities subject to netting arrangements. Offsetting these derivative financial instruments would have resulted in net assets of €23 million and €28 million as well as net liabilities of €23 million and €10 million at March 31, 2016 and December 31, 2015, respectively.

Foreign exchange risk management

Solely for the purpose of hedging existing and foreseeable foreign exchange transaction exposures, the Fresenius Group enters into foreign exchange forward contracts and, on a small scale, foreign exchange options. To ensure that no foreign exchange risks result from loans in foreign currencies, the Fresenius Group enters into foreign exchange swap contracts.

As of March 31, 2016, the notional amounts of foreign exchange contracts totaled €2,450 million. These foreign exchange contracts have been entered into to hedge risks from operational business and in connection with loans in foreign currency. As of March 31, 2016, foreign exchange forward contracts to hedge risks from operational business were exclusively recognized as cash flow hedges. The fair value of cash flow hedges was €11 million.

As of March 31, 2016, the Fresenius Group was party to foreign exchange contracts with a maximum maturity of 27 months.

Interest rate risk management

The Fresenius Group enters into interest rate swaps and, on a small scale, into interest rate options in order to protect against the risk of rising interest rates. These interest rate derivatives are mainly designated as cash flow hedges and have been entered into in order to convert payments based on variable interest rates into payments at a fixed interest rate and in anticipation of future long-term debt issuances (pre-hedges).

As of March 31, 2016, the euro denominated interest rate hedges had a notional volume of €580 million and a fair value of -€4 million. These interest rate hedges expire in the years 2016 to 2022.

The pre-hedges are used to hedge interest rate exposures with regard to interest rates which are relevant for the future long-term debt issuance and which could rise until the respective debt is actually issued. These pre-hedges are settled at the issuance date of the corresponding long-term debt with the settlement amount recorded in accumulated other comprehensive income (loss) amortized to interest expense over the life of the debt. At March 31, 2016 and December 31, 2015, the Fresenius Group had €62 million and €68 million, respectively, related to such settlements of pre-hedges deferred in accumulated other comprehensive income (loss), net of tax.

21. SUPPLEMENTARY INFORMATION ON CAPITAL MANAGEMENT

The Fresenius Group has a solid financial profile. As of March 31, 2016, the equity ratio was 43.2% and the debt ratio (debt/total assets) was 34.1%. As of March 31, 2016, the leverage ratio on the basis of net debt/EBITDA, which is measured on the basis of U.S. GAAP figures and LTM average exchange rates, was 2.7.

The aims of the capital management and further information can be found in the consolidated financial statements as of December 31, 2015 applying Section 315a HGB in accordance with IFRS.

The Fresenius Group is covered by the rating agencies Moody's, Standard & Poor's and Fitch.

The following table shows the company rating of Fresenius SE & Co. KGaA:

	March 31, 2016	Dec. 31, 2015
Standard & Poor's		
Corporate Credit Rating	**BBB-**	BBB-
Outlook	**stable**	stable
Moody's		
Corporate Credit Rating	**Baa3**	Baa3
Outlook	**stable**	stable
Fitch		
Corporate Credit Rating	**BB+**	BB+
Outlook	**stable**	stable

22. SUPPLEMENTARY INFORMATION ON THE CONSOLIDATED STATEMENT OF CASH FLOWS

Cash paid for acquisitions (without investments in licenses) consisted of the following:

€ in millions	**Q1/2016**	Q1/2015
Assets acquired	**180**	103
Liabilities assumed	**-1**	-6
Noncontrolling interest	**-5**	2
Notes assumed in connection with acquisitions	**-8**	-15
Cash paid	**166**	84
Cash acquired	**-2**	-1
Cash paid for acquisitions, net	**164**	83
Cash paid for investments, net of cash acquired	**29**	4
Cash paid for intangible assets, net	**3**	3
Total cash paid for acquisitions and investments, net of cash acquired, and net purchases of intangible assets	**196**	90

23. NOTES ON THE CONSOLIDATED SEGMENT REPORTING

GENERAL

The consolidated segment reporting shown on pages 22 and 23 of this interim report is an integral part of the notes.

The Fresenius Group has identified the business segments Fresenius Medical Care, Fresenius Kabi, Fresenius Helios and Fresenius Vamed, which corresponds to the internal organizational and reporting structures (Management Approach) at March 31, 2016.

The business segments were identified in accordance with IFRS 8, Operating Segments, which defines the segment reporting requirements in the annual financial statements and interim reports with regard to the operating business, product and service businesses and regions. The business segments of the Fresenius Group are as follows:

Fresenius Medical Care is the world's largest integrated provider of products and services for individuals with renal diseases. As of March 31, 2016, Fresenius Medical Care was treating 294,043 patients in 3,432 dialysis clinics. Along with its core business, the company seeks to expand the range of medical services in the field of care coordination.

Fresenius Kabi offers infusion therapies, intravenously administered generic drugs and clinical nutrition for seriously and chronically ill patients in the hospital and outpatient environments. The company is also a leading supplier of medical devices and transfusion technology products.

Fresenius Helios is Germany's largest hospital operator. At March 31, 2016, the HELIOS Group operated 111 hospitals, thereof 87 acute care hospitals (including 7 maximum care hospitals in Berlin-Buch, Duisburg, Erfurt, Krefeld, Schwerin, Wiesbaden and Wuppertal) and 24 post-acute care clinics. Fresenius Helios treats more than 4.7 million patients per year, thereof approximately 1.3 million inpatients, and operates more than 34,000 beds.

Fresenius Vamed manages projects and provides services for hospitals and other healthcare facilities worldwide. The portfolio ranges along the entire value chain: from project development, planning, and turnkey construction, via maintenance and technical management, to total operational management.

The segment Corporate/Other is mainly comprised of the holding functions of Fresenius SE & Co. KGaA as well as Fresenius Netcare GmbH, which provides services in the field of information technology. In addition, the segment Corporate/Other includes intersegment consolidation adjustments as well as special items.

The key data used by the Management Board of Fresenius Management SE (the general partner of Fresenius SE & Co. KGaA) to control the segments are based on U.S. GAAP. Therefore, the segment information is given in accordance with U.S. GAAP. The column IFRS-Reconciliation provides a reconciliation from the U.S. GAAP segment data to the IFRS key data. The differences between the U.S. GAAP and the IFRS key data are mainly due to the differing recognition of in-process R & D, the different measuring of certain accruals and the different classification of certain bad debt expenses. Furthermore, gains from sale and leaseback transactions with an operating lease agreement, development costs, cumulative actuarial gains and losses for pensions and contingent considerations lead to differences between the U.S. GAAP and the IFRS key data.

NOTES ON THE BUSINESS SEGMENTS

Explanations regarding the notes on the business segments can be found in the consolidated financial statements as of December 31, 2015 applying Section 315a HGB in accordance with IFRS.

RECONCILIATION OF KEY FIGURES TO CONSOLIDATED EARNINGS

€ in millions	Q1/2016	Q1/2015
Total EBIT of reporting segments	966	863
Special items	0	18
General corporate expenses Corporate/Other (EBIT)	-7	-9
Group EBIT	959	872
Net interest	-152	-165
Income before income taxes	807	707

RECONCILIATION OF NET DEBT WITH THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION

€ in millions	March 31, 2016	Dec. 31, 2015
Short-term debt	531	202
Short-term debt from related parties	–	4
Current portion of long-term debt and capital lease obligations	585	607
Current portion of Senior Notes	350	349
Long-term debt and capital lease obligations, less current portion	5,156	5,502
Senior Notes, less current portion	7,085	7,267
Convertible bonds	842	838
Debt	14,549	14,769
less cash and cash equivalents	882	1,044
Net debt	13,667	13,725

24. STOCK OPTIONS

FRESENIUS SE & CO. KGAA STOCK OPTION PLANS

As of March 31, 2016, Fresenius SE & Co. KGaA had three stock option plans in place: the Fresenius AG Stock Option Plan 2003 (2003 Plan) which is based on convertible bonds, the stock option based Fresenius SE Stock Option Plan 2008 (2008 Plan) and the Fresenius SE & Co. KGaA Long Term Incentive Program 2013 (2013 LTIP) which is based on stock options and phantom stocks. The 2013 LTIP is the only program under which stock options can be granted.

Transactions during the first quarter of 2016

During the first quarter of 2016, Fresenius SE & Co. KGaA received cash of €1.4 million from the exercise of 82,886 stock options.

497,406 convertible bonds were outstanding and exercisable under the 2003 Plan at March 31, 2016. The members of the Fresenius Management SE Management Board held no more convertible bonds. At March 31, 2016, out of 3,755,600 outstanding stock options issued under the 2008 Plan, 560,460 were held by the members of the Fresenius Management SE Management Board. 6,186,850 stock options issued under the 2013 LTIP were outstanding at March 31, 2016. The members of the Fresenius Management SE Management Board held 967,500 stock options. 908,758 phantom stocks issued under the 2013 LTIP were outstanding at March 31, 2016. The members of the Fresenius Management SE Management Board held 236,729 phantom stocks.

As of March 31, 2016, 4,253,006 options for ordinary shares were outstanding and exercisable. On March 31, 2016, total unrecognized compensation cost related to non-vested options granted under the 2008 Plan and the 2013 LTIP was €41 million. This cost is expected to be recognized over a weighted-average period of 2.8 years.

FRESENIUS MEDICAL CARE AG & CO. KGAA STOCK OPTION PLANS

During the first quarter of 2016, 52,798 stock options were exercised. Fresenius Medical Care AG & Co. KGaA received cash of €1.7 million upon exercise of these stock options and €0.6 million from a related tax benefit.

25. RELATED PARTY TRANSACTIONS

Dr. Dieter Schenk, deputy chairman of the Supervisory Board of Fresenius Management SE, is a partner in the international law firm Noerr LLP, which provides legal services to the Fresenius Group. In the first quarter of 2016, after discussion and approval of each mandate by the Supervisory Board of Fresenius Management SE, the Fresenius Group paid €0.2 million to this law firm for legal services rendered.

In 2015, Fresenius Medical Care provided unsecured loans to an associated company under customary conditions, which had been utilized in the amount of €72 million as of March 31, 2016.

The payments mentioned in this note are net amounts. In addition, VAT and insurance tax were paid.

26. SUBSEQUENT EVENTS

There have been no significant changes in the Fresenius Group's operating environment following the end of the first quarter of 2016. No other events of material importance on the assets and liabilities, financial position, and results of operations of the Group have occurred following the end of the first quarter of 2016.

27. CORPORATE GOVERNANCE

For each consolidated stock exchange listed entity, the declaration pursuant to Section 161 of the German Stock Corporation Act (Aktiengesetz) has been issued and made available to shareholders on the website of Fresenius SE & Co. KGaA (www.fresenius.com/corporate-governance), and of Fresenius Medical Care AG & Co. KGaA (www.freseniusmedicalcare.com).

FINANCIAL CALENDAR

Annual General Meeting, Frankfurt am Main Live webcast of the speech of the Chairman of the Management Board	May 13, 2016
Payment of dividend[1]	May 16, 2016
Report on 1st half 2016 Conference call, Live webcast	August 2, 2016
Report on 1st–3rd quarter 2016 Conference call, Live webcast	October 27, 2016

[1] Subject to prior approval by the Annual General Meeting
Subject to change

FRESENIUS SHARE / ADR

	Ordinary share
Securities identification no.	578 560
Ticker symbol	FRE
ISIN	DE0005785604
Bloomberg symbol	FRE GR
Reuters symbol	FREG.de
Main trading location	Frankfurt/Xetra

	ADR
CUSIP	35804M105
Ticker symbol	FSNUY
ISIN	US35804M1053
Structure	Sponsored Level 1 ADR
Ratio	4 ADR = 1 Share
Trading platform	OTCQX

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Chairman of the Supervisory Board: Dr. Gerd Krick

General Partner: Fresenius Management SE
Registered Office and Commercial Register: Bad Homburg v. d. H.; HRB 11673
Management Board: Dr. Ulf M. Schneider (President and CEO), Dr. Francesco De Meo, Dr. Jürgen Götz, Mats Henriksson, Rice Powell, Stephan Sturm, Dr. Ernst Wastler
Chairman of the Supervisory Board: Dr. Gerd Krick