Quarterly Financial Report of Fresenius Group

applying International Financial Reporting Standards (IFRS)

1st – 3rd Quarter and 3rd Quarter 2016

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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 September 30, 2016, more than 230,000 employees have dedicated themselves to the service of health in about 100 countries worldwide.

SALES, EARNINGS, AND CASH FLOW

€ in millions	Q3/2016	Q3/2015	Change	Q1–3/2016	Q1–3/2015	Change
Sales	**7,433**	7,034	6%	**21,651**	20,656	5%
EBIT[1]	**1,084**	1,032	5%	**3,071**	2,851	8%
Net income[2]	**395**	367	8%	**1,131**	996	14%
Earnings per share in €[2]	**0.72**	0.67	7%	**2.07**	1.83	13%
Operating cash flow	**940**	904	4%	**2,273**	2,161	5%

BALANCE SHEET AND INVESTMENTS

€ in millions	Sept. 30, 2016	Dec. 31, 2015	Change
Total assets	**44,319**	43,233	3%
Non-current assets	**33,234**	32,800	1%
Equity[3]	**19,489**	18,453	6%
Net debt	**13,345**	13,725	-3%
Investments[4]	**1,651**	1,232	34%

RATIOS

	Q3/2016	Q3/2015	Q1–3/2016	Q1–3/2015
EBITDA margin[1]	**18.6%**	18.8%	**18.3%**	17.9%
EBIT margin[1]	**14.6%**	14.7%	**14.2%**	13.8%
Depreciation and amortization in % of sales	**4.1%**	4.1%	**4.2%**	4.1%
Operating cash flow in % of sales	**12.6%**	12.9%	**10.5%**	10.5%
Equity ratio (September 30/December 31)			**44.0%**	42.7%
Net debt/EBITDA (September 30/December 31)[5]			**2.49**	2.65

[1] Before special items
[2] Net income attributable to shareholders of Fresenius SE & Co. KGaA; before special items
[3] Equity including noncontrolling interest
[4] Investments in property, plant and equipment, and intangible assets, acquisitions (nine months)
[5] Before special items, at LTM average exchange rates for both net debt and EBITDA, 2016 pro forma acquisitions.

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	Q3/2016	Q3/2015	Change	Q1–3/2016	Q1–3/2015	Change
Sales	**4,598**	4,231	9%	**13,224**	12,390	7%
EBIT	**670**	614	9%	**1,851**	1,665	11%
Net income [1]	**333**	262	27%	**855**	713	20%
Operating cash flow	**439**	579	-24%	**1,296**	1,412	-8%
Investments/Acquisitions	**332**	311	7%	**1,245**	881	41%
R & D expenses	**44**	35	26%	**120**	100	20%
Employees, per capita on balance sheet date (September 30 / December 31)				**115,774**	110,242	5%

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

€ in millions	Q3/2016	Q3/2015	Change	Q1–3/2016	Q1–3/2015	Change
Sales	**1,511**	1,499	1%	**4,457**	4,431	1%
EBIT [2]	**300**	301	0%	**916**	872	5%
Net income [3]	**173**	170	2%	**532**	479	11%
Operating cash flow	**311**	235	32%	**646**	589	10%
Investments/Acquisitions	**83**	72	15%	**299**	249	20%
R & D expenses [2]	**88**	82	7%	**249**	243	2%
Employees, per capita on balance sheet date (September 30 / December 31)				**34,394**	33,195	4%

FRESENIUS HELIOS – Hospital operations

€ in millions	Q3/2016	Q3/2015	Change	Q1–3/2016	Q1–3/2015	Change
Sales	**1,470**	1,393	6%	**4,382**	4,167	5%
EBIT [2]	**175**	165	6%	**507**	472	7%
Net income [4]	**140**	126	11%	**402**	352	14%
Operating cash flow	**207**	155	34%	**437**	386	13%
Investments/Acquisitions	**79**	59	34%	**212**	171	24%
Employees, per capita on balance sheet date (September 30 / December 31)				**72,246**	69,728	4%

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

€ in millions	Q3/2016	Q3/2015	Change	Q1–3/2016	Q1–3/2015	Change
Sales	**268**	268	0%	**740**	731	1%
EBIT	**15**	14	7%	**31**	30	3%
Net income [5]	**10**	10	0%	**21**	20	5%
Operating cash flow	**21**	0	--	**22**	-44	150%
Investments/Acquisitions	**2**	6	-67%	**6**	13	-54%
Order intake	**209**	192	9%	**674**	476	42%
Employees, per capita on balance sheet date (September 30 / December 31)				**8,076**	8,262	-2%

[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

The Fresenius share reached a new record high of €72.87 in September. With an increase of 8% since the start of the year, the Fresenius share has outperformed the DAX index, which decreased 2% in the same period.

FIRST TO THIRD QUARTER 2016

Following the year's volatile start and the surprising result of the Brexit referendum, financial markets recovered at the start of the third quarter. The slight recovery of the global economy had a calming effect on the markets. Germany's benchmark index has moved laterally since the beginning of August.

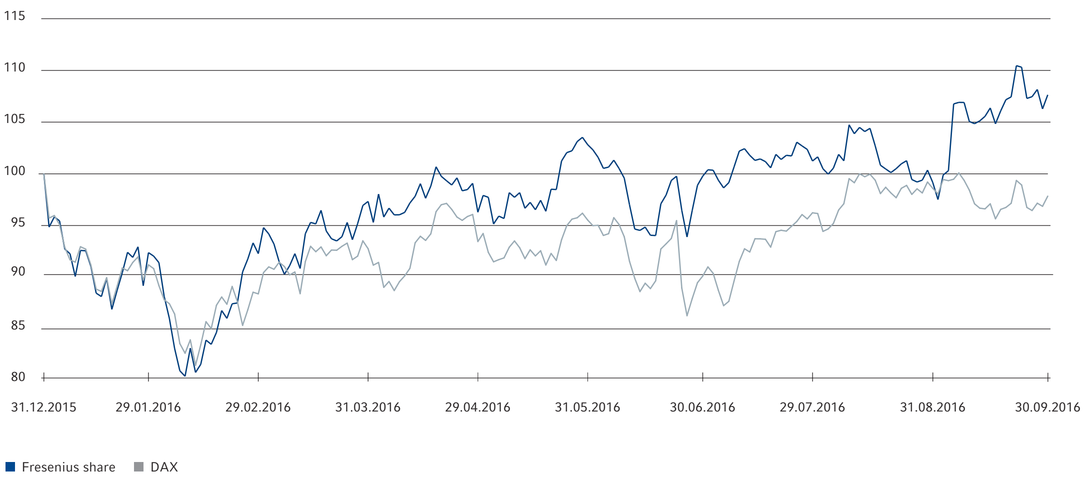
The ECB left its policies unchanged during its September meeting. Its counterpart in the U.S., the Federal Reserve, left rates unchanged in a corridor between 0.25% and 0.5% for the sixth time in a row at its September meeting.

The economic growth of the euro zone continues. The economy in the euro zone should grow 1.6% this year, according to the latest ECB forecast. The Federal Reserve's latest forecast calls for 2% growth in the U.S.

Against this economic backdrop, the DAX fell 2% in the first nine months of 2016 to 10,511 points. The Fresenius share closed at €71.01 on September 30, 2016, 8% higher than its final closing price in 2015.

RELATIVE SHARE PRICE PERFORMANCE VS. DAX

31.12.2015 = 100



KEY DATA OF THE FRESENIUS SHARE

	Q1–3/2016	2015	Change
Number of shares (September 30 / December 31)	**546,932,731**	545,727,950	
Quarter-end quotation in €	**71.01**	65.97	8%
High in €	**72.87**	69.75	4%
Low in €	**53.05**	42.41	25%
Ø Trading volume (number of shares per trading day)	**1,182,791**	1,390,878	-15%
Market capitalization, € in millions (September 30 / December 31)	**38,838**	36,002	8%

MANAGEMENT REPORT

Fresenius achieved substantial earnings growth in the third quarter, following our very strong development in the first half. Each business segment continued to grow organically in every region. That makes us even more confident for the full year 2016. We raise the lower end of our Group earnings guidance.

CONTINUED STRONG SALES AND EARNINGS GROWTH; LOWER END OF GROUP EARNINGS GUIDANCE RAISED

	Q 3/2016	at actual rates	in constant currency	Q1–3/2016	at actual rates	in constant currency
Sales	**€7.4 bn**	+6%	+7%	**€21.7 bn**	+5%	+6%
EBIT [1]	**€1,084 m**	+5%	+6%	**€3,071 m**	+8%	+8%
Net income [2]	**€395 m**	+8%	+8%	**€1,131 m**	+14%	+14%

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 5% (6% in constant currency) to €21,651 million (Q1–3/2015: €20,656 million). Organic sales growth was 6%. The minor negative currency translation effects (-1%) were mainly related to the devaluation of Latin American currencies against the Euro. Acquisitions contributed 1% and divestitures reduced sales by 1%.

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

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

EARNINGS

€ in millions	Q3/2016	Q3/2015	Q1–3/2016	Q1–3/2015
EBIT [1]	**1,084**	1,032	**3,071**	2,851
Net income [2]	**395**	367	**1,131**	996
Net income [3]	**382**	350	**1,118**	984
Earnings per share in € [2]	**0.72**	0.67	**2.07**	1.83
Earnings per share in € [3]	**0.69**	0.64	**2.04**	1.81

EARNINGS

Group EBITDA [1] increased by 8% (9% in constant currency) to €3,972 million (Q1–3/2015: €3,688 million). Group EBIT [1] increased by 8% (8% in constant currency) to €3,071 million (Q1–3/2015: €2,851 million). The EBIT margin [1] increased to 14.2% (Q1–3/2015: 13.8%).

Group net interest decreased to -€433 million (Q1–3/2015: -€476 million), mainly due to more favorable financing terms and lower net debt.

With 28.0%, the Group tax rate [1] was below the previous year (Q1–3/2015: 29.9%). The decrease is mainly due to released tax accruals at Fresenius Medical Care in Q3/2016.

Noncontrolling interest increased to €768 million (Q1–3/2015: €670 million), of which 96% was attributable to the noncontrolling interest in Fresenius Medical Care.

Group net income [2] increased by 14% (14% in constant currency) to €1,131 million (Q1–3/2015: €996 million). Group net income [2] is affected by impairment losses from acquired inprocess R&D of €20 million (Q1–3/2015: €0 million). Excluding these losses, the currency adjusted increase was 16%. Earnings per share [2] increased by 13% (14% in constant currency) to €2.07 (Q1–3/2015: €1.83).

SALES BY REGION

€ in millions	Q1–3/2016	Q1–3/2015	Change at actual rates	Currency translations effects	Change at constant rates	Organic growth	Acquisitions/ divestitures	% of total sales [4]
North America	**10,398**	9,581	9%	0%	9%	7%	2%	48%
Europe	**8,026**	7,807	3%	-1%	4%	3%	1%	37%
Asia-Pacific	**2,106**	2,032	4%	-2%	6%	8%	-2%	10%
Latin America	**882**	980	-10%	-19%	9%	12%	-3%	4%
Africa	**239**	256	-7%	-9%	2%	2%	0%	1%
Total	**21,651**	20,656	5%	-1%	6%	6%	0%	100%

SALES BY BUSINESS SEGMENT

€ in millions	Q1–3/2016	Q1–3/2015	Change at actual rates	Currency translations effects	Change at constant rates	Organic growth	Acquisitions/ divestitures	% of total sales [4]
Fresenius Medical Care	**11,847**	11,118	7%	-1%	8%	7%	1%	55%
Fresenius Kabi	**4,457**	4,431	1%	-3%	4%	6%	-2%	21%
Fresenius Helios	**4,382**	4,167	5%	0%	5%	4%	1%	21%
Fresenius Vamed	**740**	731	1%	0%	1%	2%	-1%	3%

All segment data according to U.S. GAAP

[1] Before special items
[2] Net income attributable to shareholders of Fresenius SE & Co. KGaA; 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 September 30, 2016 and as of September 30, 2015 do 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 €1,059 million (Q1 – 3/2015: €960 million), primarily for the modernization and expansion of dialysis clinics, production facilities and hospitals.

Total acquisition spending was €592 million (Q1 – 3/2015: €272 million), including the acquisition of dialysis clinics and further expansion in the field of care coordination at Fresenius Medical Care, the acquisition of a U.S. pharmaceutical plant for ready-to-administer prefilled syringes at Fresenius Kabi and the acquisition of the municipal hospital Niederberg at Fresenius Helios.

RECONCILIATION

€ in millions	**Q1 – 3/ 2016 (before special items)**	Kabi efficiency program	integration costs for acquired Rhön hospitals	disposal gains from two HELIOS hospitals	**Q1 – 3/ 2016 according to IFRS (incl. special items)**	Q1 – 3/ 2015 (before special items)	Kabi efficiency program	integration costs for acquired Rhön hospitals	disposal gains from two HELIOS hospitals	Q1 – 3/ 2015 according to IFRS (incl. special items)
Sales	**21,651**				**21,651**	20,656				20,656
EBIT	**3,071**	**-13**	0	0	**3,058**	2,851	-53	-12	34	2,820
Interest result	**-433**				**-433**	-476				-476
Net income before taxes	**2,638**	**-13**	0	0	**2,625**	2,375	-53	-12	34	2,344
Income taxes	**-739**				**-739**	-709	17	2	0	-690
Net income	**1,899**	**-13**	0	0	**1,886**	1,666	-36	-10	34	1,654
Less noncontrolling interest	**-768**				**-768**	-670				-670
Net income attributable to shareholders of Fresenius SE & Co. KGaA	**1,131**	**-13**	0	0	**1,118**	996	-36	-10	34	984

€ in millions	**Q3/2016 (before special items)**	Kabi efficiency program	integration costs for acquired Rhön hospitals	disposal gains from two HELIOS hospitals	**Q3/2016 according to IFRS (incl. special items)**	**Q3/2015 (before special items)**	Kabi efficiency program	integration costs for acquired Rhön hospitals	disposal gains from two HELIOS hospitals	**Q3/2015 according to IFRS (incl. special items)**
Sales	**7,433**				**7,433**	7,034				7,034
EBIT	**1,084**	**-13**	0	0	**1,071**	1,032	-20	-4	0	1,008
Interest result	**-142**				**-142**	-146				-146
Net income before taxes	**942**	**-13**	0	0	**929**	886	-20	-4	0	862
Income taxes	**-259**				**-259**	-263	7	0	0	-256
Net income	**683**	-13	0	0	**670**	623	-13	-4	0	606
Less noncontrolling interest	**-288**				**-288**	-256				-256
Net income attributable to shareholders of Fresenius SE & Co. KGaA	**395**	**-13**	0	0	**382**	367	-13	-4	0	350

The special items are reported in the Group / Other segment.

INVESTMENTS BY BUSINESS SEGMENT

€ in millions	Q1–3/2016	Q1–3/2015	thereof property, plant and equipment	thereof acquisitions	Change	% of total
Fresenius Medical Care	**1,115**	791	670	445	41%	68%
Fresenius Kabi	**299**	249	185	114	20%	18%
Fresenius Helios	**212**	171	179	33	24%	13%
Fresenius Vamed	**6**	13	6	0	-54%	1%
Corporate/Other	**4**	-2	4	0	--	0%
IFRS Reconciliation	**15**	10	15	0	50%	--
Total	**1,651**	1,232	1,059	592	34%	100%

All segment data according to U.S. GAAP

CASH FLOW

Operating cash flow increased by 5% to €2,273 million (Q1–3/2015: €2,161 million) with a margin of 10.5% (Q1–3/2015: 10.5%).

Free cash flow before acquisitions and dividends decreased slightly to €1,206 million (Q1–3/2015: €1,219 million). Free cash flow after acquisitions and dividends was €252 million (Q1–3/2015: €574 million).

ASSET AND LIABILITY STRUCTURE

The Group's total assets increased by 3% (4% in constant currency) to €44,319 million (Dec. 31, 2015: €43.233 million), driven by its growing scale of operations. Current assets grew by 6% (7% in constant currency) to €11,085 million (Dec. 31, 2015: €10,433 million). Non-current assets increased by 1% (3% in constant currency) to €33.234 million (Dec. 31, 2015: €32,800 million).

Total shareholders' equity grew by 6% (7% in constant currency) to €19,489 million (Dec. 31, 2015: €18,453 million). The equity ratio increased to 44.0% (Dec. 31, 2015: 42.7%).

Group debt decreased by 2% (1% in constant currency) to €14,530 million (Dec. 31, 2015: €14,769 million). As of September 30, 2016, the net debt/EBITDA ratio was 2.49[1,2] (Dec. 31, 2015: 2.65[1]).

CASH FLOW STATEMENT (SUMMARY)

€ in millions	Q1–3/2016	Q1–3/2015	Change
Net income	**1,886**	1,654	14%
Depreciation and amortization	**901**	837	8%
Change in accruals for pensions	**-22**	57	-139%
Cash flow	**2,765**	2,548	9%
Change in working capital	**-492**	-387	-27%
Operating cash flow	**2,273**	2,161	5%
Property, plant and equipment, investments net	**-1,067**	-942	-13%
Cash flow before acquisitions and dividends	**1,206**	1,219	-1%
Cash used for acquisitions, net	**-304**	-63	--
Dividends paid	**-650**	-582	-12%
Free cash flow paid after acquisitions and dividends	**252**	574	-56%
Cash provided by/used for financing activities	**-117**	-791	85%
Effect of exchange rates on change in cash and cash equivalents	**6**	17	-65%
Net change in cash and cash equivalents	**141**	-200	171%

[1] Before special items; at LTM average exchange rates for both net debt and EBITDA
[2] Pro forma acquisitions

THIRD QUARTER OF 2016

In Q3/2016, Group sales increased by 6% (7% in constant currency) to €7,433 million (Q3/2015: €7,034 million). Organic sales growth was 6%. Acquisitions contributed 1%.

In Q3/2016, Group EBIT[1] increased by 5% (6% in constant currency) to €1,084 million (Q3/2015: €1,032 million), the EBIT margin[1] was 14.6% (Q3/2015: 14.7%). Group EBIT[1] includes impairment losses from acquired in-process R & D of € 7 million (Q3/2015: €0 million). Excluding these losses, the currency adjusted increase was 7%.

In Q3/2016, the Group tax rate[1] was 27.5% (Q3/2015: 29.7%).

In Q3/2016, Group net income[1,2] increased by 8% (8% in constant currency) to €395 million (Q3/2015: €367 million).

Earnings per share[1,2] increased by 7% (7% in constant currency) to €0.72 (Q3/2015: €0.67).

With €940 million, operating cash flow in Q3/2016 was slightly above the level of the strong prior-year quarter (Q3/2015: €904 million), despite of a US$100 million discretionary cash contribution of Fresenius Medical Care to its pension plan assets in the United States. The cash flow margin was 12.6% (Q3/2015: 12.9%).

Investments in property, plant and equipment increased to €385 million (Q3/2015: €343 million). Acquisition spending was €87 million (Q3/2015: €78 million).

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

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 chronic kidney failure. As of September 30, 2016, Fresenius Medical Care was treating 306,366 patients in 3,579 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	Q3/2016	Q3/2015	Change	Q1–3/2016	Q1–3/2015	Change
Sales	**4,598**	4,231	9%	**13,224**	12,390	7%
EBITDA	**867**	793	9%	**2,424**	2,202	10%
EBIT	**670**	614	9%	**1,851**	1,665	11%
Net income [1]	**333**	262	27%	**855**	713	20%
Employees (Sept. 30/Dec. 31)				**115,774**	110,242	5%

- **9% sales growth in constant currency in Q3**
- **27% net income growth in Q3 (17% before one-time items [2])**
- **2016 outlook confirmed**

FIRST THREE QUARTERS OF 2016

Sales increased by 7% (8% in constant currency) to US$13,224 million (Q1–3/2015: US$12,390 million). Organic sales growth was 7%. Acquisitions contributed 1%.

Health Care services sales (dialysis services and care coordination) increased by 8% (9% in constant currency) to US$10,720 million (Q1–3/2015: US$9,929 million). Dialysis product sales increased by 2% (4% in constant currency) to US$2,504 million (Q1–3/2015: US$2,461 million).

In North America, sales increased by 9% to US$9,512 million (Q1–3/2015: US$8,730 million). Health Care services sales grew by 9% to US$8,838 million (Q1–3/2015: US$8,087 million). Dialysis product sales increased by 5% to US$674 million (Q1–3/2015: US$642 million).

Sales outside North America increased by 2% (7% in constant currency) to US$3,700 million (Q1–3/2015: US$3,639 million). Health Care services sales increased by 2% (9% in constant currency) to US$1,882 million (Q1–3/2015: US$1,842 million). Dialysis product sales remained nearly unchanged at (increased by 5% in constant currency to) US$1,819 million (Q1–3/2015: US$1,797 million).

EBIT increased by 11% (12% in constant currency) to US$1,851 million (Q1–3/2015: US$1,665 million). The EBIT margin was 14.0% (Q1–3/2015: 13.4%). EBIT before one-time items [3] increased by 10%.

Net income [1] increased by 20% (20% in constant currency) to US$855 million (Q1–3/2015: US$713 million). Net income before one-time items [1,2] increased by 16%.

Operating cash flow decreased by 8% to US$1,296 million (Q1–3/2015: US$1,412 million). The cash flow margin was 9.8% (Q1–3/2015: 11.4%). The decrease is mainly attributable to a discretionary cash contribution of US$100 million to Fresenius Medical Care's pension plan assets in the United States.

[1] Net income attributable to shareholders of Fresenius Medical Care AG & Co. KGaA
[2] 2015 before divestiture of dialysis business in Venezuela (-US$27 million after tax) and European pharmaceutical business (US$5 million after tax)
[3] 2015 before divestiture of dialysis business in Venezuela (-US$26 million before tax) and European pharmaceutical business (US$8 million before tax)

THIRD QUARTER OF 2016

In Q3/2016, sales increased by 9% (9% in constant currency) to US$4,598 million (Q3/2015: US$4,231 million). Organic sales growth was 7%.

In Q3/2016, EBIT increased by 9% (10% in constant currency) to US$670 million (Q3/2015: US$614 million). The EBIT margin was 14.6% (Q3/2015: 14.5%). EBIT before one-time items[1] increased by 6%.

In Q3/2016, net income[2] grew by 27% (28% in constant currency) to US$333 million (Q3/2015: US$262 million). Net income before one-time items[2,3] increased by 17%.

As a consequence, in Q3/2016, operating cash flow decreased to US$439 million (Q3/2015: US$579 million) with a cash flow margin of 9.5% (Q3/2015: 13.7%). The decrease is mainly attributable to a discretionary cash contribution of US$100 million to Fresenius Medical Care's pension plan assets in the United States.

Please see page 18 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] 2015 before divestiture of dialysis business in Venezuela (-US$26 million before tax) and European pharmaceutical business (US$8 million before tax)
[2] Net income attributable to shareholders of Fresenius Medical Care AG & Co. KGaA
[3] 2015 before divestiture of dialysis business in Venezuela (-US$27 million after tax) and European pharmaceutical business (US$5 million after tax)

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	**Q3/2016**	Q3/2015	Change	**Q1–3/2016**	Q1–3/2015	Change
Sales	**1,511**	1,499	1%	**4,457**	4,431	1%
EBITDA [1]	**361**	369	-2%	**1,101**	1,060	4%
EBIT [1]	**300**	301	0%	**916**	872	5%
Net income [2]	**173**	170	2%	**532**	479	11%
Employees (Sept. 30 / Dec. 31)				**34,394**	33,195	4%

- **5% organic sales growth in Q3**
- **1% constant currency EBIT [1] growth in Q3**
- **2016 outlook raised: both, organic sales growth and EBIT [1] growth in constant currency of 4% to 6% expected**

FIRST THREE QUARTERS OF 2016

Sales increased by 4% in constant currency to €4,457 million (Q1–3/2015: €4,431 million). Organic sales growth was 6%. The divestment of the Australian and German oncology compounding business reduced sales by 2%.

Sales in Europe remained nearly unchanged at €1,569 million (Q1–3/2015: €1,566 million). Organic sales growth was 2%. Divestitures reduced sales by 2%.

Sales in North America increased by 5% (organic growth: 5%) to €1,628 million (Q1–3/2015: €1,555 million), mainly driven by new product launches.

Sales in Asia-Pacific decreased by 5% (organic growth: 8%) to €821 million (Q1–3/2015: €862 million). Adverse currency translation effects reduced sales by 5%, divestitures by another 8%.

Given adverse currency translation effects, sales in Latin America/Africa decreased by 2% (organic growth: 16%, in particular due to inflation driven price increases) to €439 million (Q1–3/2015: €448 million).

EBIT [1] increased by 5% (7% in constant currency) to €916 million (Q1–3/2015: €872 million). The EBIT margin [1] improved to 20.6% (Q1–3/2015: 19.7%).

Net income [2] increased by 11% (12% in constant currency) to €532 million (Q1–3/2015: €479 million).

Operating cash flow increased by 10% to €646 million (Q1–3/2015: €589 million) with a margin of 14.5% (Q1–3/2015: 13.3%).

THIRD QUARTER OF 2016

In Q3/2016, sales increased by 1% (3% in constant currency) to €1,511 million (Q3/2015: €1,499 million). Negative currency translation effects (-2%) were mainly related to the devaluation of the Chinese yuan and the Argentine peso against the Euro. Organic sales growth was 5%.

[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.

In Q3/2016, sales in Europe of €521 million were slightly above prior-year level (Q3/2015: €514 million). Organic sales growth was 3%.

In Q3/2016, sales in North America increased by 2% (organic growth: 2%) to €542 million (Q3/2015: €529 million).

In Q3/2016, sales in Asia-Pacific decreased by 3% (organic growth: 9%) to €290 million (Q3/2015: €298 million).

In Q3/2016, sales in Latin America/Africa remained unchanged at €158 million (Q3/2015: €158 million). Organic sales growth was 7%.

In Q3/2016, EBIT[1] remained virtually unchanged at €300 million (Q3/2015: €301 million). EBIT[1] increased by 1% in constant currency. The EBIT margin[1] was 19.9% (Q3/2015: 20.1%).

In Q3/2016, net income[2] increased by 2% (3% in constant currency) to €173 million (Q3/2015: €170 million).

In Q3/2016, operating cash flow increased by 32% to €311 million (Q3/2015: €235 million), due to a catch-up from Q2/2016 and temporarily reduced net working capital requirements. The cash flow margin increased to 20.6% (Q3/2015: 15.7%).

Please see page 18 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 112 hospitals, thereof 88 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 approximately 35,000 beds.

€ in millions	**Q3/2016**	Q3/2015	Change	**Q1–3/2016**	Q1–3/2015	Change
Sales	**1,470**	1,393	6%	**4,382**	4,167	5%
EBITDA [1]	**223**	213	5%	**650**	612	6%
EBIT [1]	**175**	165	6%	**507**	472	7%
Net income [2]	**140**	126	11%	**402**	352	14%
Employees (Sept. 30 / Dec. 31)				**72,246**	69,728	4%

- **4% organic sales growth in Q3**
- **20 bps sequential EBIT margin increase**
- **2016 outlook confirmed**

FIRST THREE QUARTERS OF 2016

Sales increased by 5% to €4,382 million (Q1–3/2015: €4,167 million). Organic sales growth was 4%. Acquisitions increased sales by 1%.

EBIT [1] grew by 7% to €507 million (Q1–3/2015: €472 million). The EBIT margin [1] increased to 11.6% (Q1–3/2015: 11.3%).

Net income [2] increased by 14% to €402 million (Q1–3/2015: €352 million).

Operating cash flow increased by 13% to €437 million (Q1–3/2015: €386 million) with a margin of 10.0% (Q1–3/2015: 9.3%).

THIRD QUARTER OF 2016

In Q3/2016, sales increased by 6% to €1,470 million (Q3/2015: €1,393 million). Organic sales growth was 4%.

In Q3/2016, EBIT [1] increased by 6% to €175 million (Q3/2015: €165 million). Sequentially, the EBIT margin increased by 20 bps to 11.9%.

In Q3/2016, net income [2] increased by 11% to €140 million (Q3/2015: €126 million).

In Q3/2016 operating cash flow increased by 34% to €207 million (Q3/2015: €155 million), mainly driven by decreased working capital. The cash flow margin increased to 14.1% (Q3/2015: 11.1%).

Please see page 19 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	**Q3/2016**	Q3/2015	Change	**Q1–3/2016**	Q1–3/2015	Change
Sales	**268**	268	0%	**740**	731	1%
EBITDA	**18**	17	6%	**39**	38	3%
EBIT	**15**	14	7%	**31**	30	3%
Net income [1]	**10**	10	0%	**21**	20	5%
Employees (Sept. 30/Dec. 31)				**8,076**	8,262	-2%

- **Strong order intake of €209 million in Q3**
- **2016 outlook confirmed**

FIRST THREE QUARTERS OF 2016

Sales increased by 1% (1% in constant currency) to €740 million (Q1–3/2015: €731 million). Organic sales growth was 2%. Sales in the project business decreased by 2% to €325 million (Q1–3/2015: €333 million). Sales in the service business grew by 4% to €415 million (Q1–3/2015: €398 million).

EBIT increased by 3% to €31 million (Q1–3/2015: €30 million). The EBIT margin increased to 4.2% (Q1–3/2015: 4.1%).

Net income [1] grew by 5% to €21 million (Q1–3/2015: €20 million).

Order intake increased by 42% to €674 million (Q1–3/2015: €476 million). As of September 30, 2016, order backlog grew to €1,995 million (December 31, 2015: €1,650 million).

THIRD QUARTER OF 2016

In Q3/2016, sales remained unchanged at €268 million (Q3/2015: €268 million). Organic sales growth was 1%.

In Q3/2016, EBIT increased by 7% to €15 million (Q3/2015: €14 million). The EBIT margin increased to 5.6% (Q3/2015: 5.2%).

In Q3/2016, net income [1] of €10 million was at prior-year level (Q3/2015: €10 million).

In Q3/2016, order intake increased by 9% to €209 million (Q3/2015: €192 million).

Please see page 19 of the Management Report for the 2016 outlook of Fresenius Vamed.

[1] Net income attributable to shareholders of Vamed AG

EMPLOYEES

As of September 30, 2016, the number of employees increased by 4% to 231,432 (Dec. 31, 2015: 222,305).

EMPLOYEES BY BUSINESS SEGMENT

Number of employees	Sept. 30, 2016	Dec. 31, 2015	Change
Fresenius Medical Care	**115,774**	110,242	5%
Fresenius Kabi	**34,394**	33,195	4%
Fresenius Helios	**72,246**	69,728	4%
Fresenius Vamed	**8,076**	8,262	-2%
Corporate/Other	**942**	878	7%
Total	**231,432**	222,305	4%

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	Q1–3/2016	Q1–3/2015	Change
Fresenius Medical Care	**108**	90	20%
Fresenius Kabi	**249**	243	2%
Fresenius Helios	–	–	--
Fresenius Vamed	**0**	0	--
Corporate/Other	**0**	4	-100%
IFRS Reconciliation	**28**	2	--
Total	**385**	339	14%

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 third 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 43 to 48 in the Notes of this report.

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 [1]
Company rating	BBB -	Baa3	BBB -
Outlook	stable	stable	stable

ANNOUNCED ACQUISITIONS

On September 5, 2016 Fresenius Group announced, that Fresenius Helios acquires IDC Salud Holding S.L.U. ("Quirónsalud"), Spain's largest private hospital operator, for a purchase price of €5.76 billion (on a cash and debt-free basis). Fresenius Helios acquires 100% of the share capital in Quirónsalud. Sellers are the private equity group CVC Capital Partners, the founder and CEO of Quirónsalud Víctor Madera, as well as other members of Quirónsalud's management board.

The transaction is subject to regulatory approval by the relevant antitrust authorities and is expected to close in Q1/2017.

On September 6, 2016, Fresenius SE & Co. KGaA entered into a Bridge Financing Facility in the amount of €3,750 million with a group of banks. The Bridge Financing Facility is guaranteed by Fresenius Kabi AG and Fresenius ProServe GmbH. It is planned to temporarily utilize this facility to fund the acquisition of IDC Salud Holding S.L.U. (Quirónsalud) by Fresenius Helios. In the event of an utilization of the brigde financing facility, it is planned to refinance the facility with long-term financial instruments in due course.

SUBSEQUENT EVENTS

On October 14, 2016, the Senior Credit Agreement 2013 has been increased by an incremental term loan A of €900 million and an incremental revolving facility of €300 million. The incremental facilities are used to fund the acquisition of IDC Salud Holding S.L.U. (Quirónsalud) by Fresenius Helios.

There were no further significant changes in the Fresenius Group's operating environment following the end of the third quarter of 2016. No further 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 third quarter of 2016.

OUTLOOK 2016

(all data according to U.S. GAAP)

FRESENIUS GROUP

Based on the Group's excellent financial results and strong prospects for the remainder of the year, Fresenius raises the lower end of its 2016 Group earnings guidance range. The upper end of the Group's earnings guidance remains unchanged, due to the offsetting effect of financing costs related to the Quirónsalud acquisition. Net income [1], is now expected to grow by 12% to 14% in constant currency. Previously, Fresenius expected net income [1] growth of 11% to 14% in constant currency. The company confirms its Group sales guidance. Sales are expected to increase by 6% to 8% 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. Net income [3] is expected to increase by 15% to 20% [4].

FRESENIUS KABI

Fresenius Kabi raises its outlook for 2016 and now expects both organic sales growth and EBIT [5] growth in constant currency of 4% to 6%. Previously, Fresenius Kabi had projected 3% to 5% for both metrics.

[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

	Previous guidance	New guidance
Sales, growth (in constant currency)	6% – 8%	confirmed
Net income [1], growth (in constant currency)	11% – 14%	12% – 14%

All data 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

		Previous guidance	New 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)	3% – 5%	4% – 6%
	EBIT [3] (in constant currency)	3% – 5%	4% – 6%
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

All data according to U.S. GAAP
[1] Savings from the global efficiency program are included, while acquisitions 2015 / 2016 are not taken into account. 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, the outlook is based on current exchange rates
[3] 2015 before costs for the efficiency program at Fresenius Kabi (€105 million before tax)

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.

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 more than 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	Q3/2016	Q3/2015	Q1–3/2016	Q1–3/2015
Sales	**7,433**	7,034	**21,651**	20,656
Cost of sales	**-5,038**	-4,756	**-14,700**	-14,131
Gross profit	**2,395**	2,278	**6,951**	6,525
Selling, general and administrative expenses	**-1,196**	-1,155	**-3,508**	-3,366
Research and development expenses	**-128**	-115	**-385**	-339
Operating income (EBIT)	**1,071**	1,008	**3,058**	2,820
Net interest	**-142**	-146	**-433**	-476
Income before income taxes	**929**	862	**2,625**	2,344
Income taxes	**-259**	-256	**-739**	-690
Net income	**670**	606	**1,886**	1,654
Noncontrolling interest	**288**	256	**768**	670
Net income attributable to shareholders of Fresenius SE & Co. KGaA	**382**	350	**1,118**	984
Earnings per share in €	**0.69**	0.64	**2.04**	1.81
Fully diluted earnings per share in €	**0.69**	0.63	**2.03**	1.79

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	Q3/2016	Q3/2015	Q1–3/2016	Q1–3/2015
Net income	**670**	606	**1,886**	1,654
Other comprehensive income (loss)				
Positions which will be reclassified into net income in subsequent years				
Foreign currency translation	**-75**	-280	**-248**	587
Cash flow hedges	**12**	14	**19**	39
Change of fair value of available for sale financial assets	**–**	–	**–**	–
Income taxes on positions which will be reclassified	**-2**	-3	**–**	-31
Positions which will not be reclassified into net income in subsequent years				
Actuarial gains/losses on defined benefit pension plans	**-1**	2	**12**	-33
Income taxes on positions which will not be reclassified	**-1**	-1	**-4**	11
Other comprehensive income (loss), net	**-67**	-268	**-221**	573
Total comprehensive income	**603**	338	**1,665**	2,227
Comprehensive income attributable to noncontrolling interest	**231**	146	**631**	1,010
Comprehensive income attributable to shareholders of Fresenius SE & Co. KGaA	**372**	192	**1,034**	1,217

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	September 30, 2016	December 31, 2015
Cash and cash equivalents	1,185	1,044
Trade accounts receivable, less allowance for doubtful accounts	4,939	4,597
Accounts receivable from and loans to related parties	20	78
Inventories	3,052	2,860
Other current assets	1,889	1,854
I. Total current assets	**11,085**	10,433
Property, plant and equipment	7,731	7,429
Goodwill	21,752	21,646
Other intangible assets	1,651	1,727
Other non-current assets	1,466	1,399
Deferred taxes	634	599
II. Total non-current assets	**33,234**	32,800
Total assets	**44,319**	43,233

LIABILITIES AND SHAREHOLDERS' EQUITY

€ in millions	September 30, 2016	December 31, 2015
Trade accounts payable	1,040	1,291
Short-term accounts payable to related parties	79	9
Short-term accrued expenses and other short-term liabilities	5,349	5,008
Short-term debt	966	202
Short-term debt from related parties	–	4
Current portion of long-term debt and capital lease obligations	609	607
Current portion of Senior Notes	547	349
Short-term accruals for income taxes	262	195
A. Total short-term liabilities	**8,852**	7,665
Long-term debt and capital lease obligations, less current portion	4,833	5,502
Senior Notes, less current portion	6,725	7,267
Convertible bonds	850	838
Long-term accrued expenses and other long-term liabilities	1,494	1,334
Pension liabilities	1,030	1,077
Long-term accruals for income taxes	208	221
Deferred taxes	838	876
B. Total long-term liabilities	**15,978**	17,115
I. Total liabilities	**24,830**	24,780
A. Noncontrolling interest	**7,594**	7,300
Subscribed capital	547	546
Capital reserve	3,366	3,309
Other reserves	7,732	6,964
Accumulated other comprehensive income	250	334
B. Total Fresenius SE & Co. KGaA shareholders' equity	**11,895**	11,153
II. Total shareholders' equity	**19,489**	18,453
Total liabilities and shareholders' equity	**44,319**	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	Q1–3/2016	Q1–3/2015
Operating activities		
Net income	**1,886**	1,654
Adjustments to reconcile net income to cash and cash equivalents provided by operating activities		
Depreciation and amortization	**901**	837
Gain on sale of investments and divestitures	**-3**	-39
Change in deferred taxes	**-46**	-81
Gain/loss on sale of fixed assets	**-1**	–
Changes in assets and liabilities, net of amounts from businesses acquired or disposed of		
Trade accounts receivable, net	**-350**	-376
Inventories	**-210**	-375
Other current and non-current assets	**-81**	199
Accounts receivable from/payable to related parties	**65**	83
Trade accounts payable, accrued expenses and other short-term and long-term liabilities	**69**	306
Accruals for income taxes	**43**	-47
Net cash provided by operating activities	**2,273**	2,161
Investing activities		
Purchase of property, plant and equipment	**-1,087**	-960
Proceeds from sales of property, plant and equipment	**20**	18
Acquisitions and investments, net of cash acquired and net purchases of intangible assets	**-478**	-239
Proceeds from sale of investments and divestitures	**174**	176
Net cash used in investing activities	**-1,371**	-1,005
Financing activities		
Proceeds from short-term debt	**952**	504
Repayments of short-term debt	**-197**	-275
Proceeds from long-term debt and capital lease obligations	**374**	354
Repayments of long-term debt and capital lease obligations	**-1,023**	-996
Proceeds from the issuance of Senior Notes	**0**	269
Repayments of liabilities from Senior Notes	**-250**	-729
Changes of accounts receivable securitization program	**-46**	-41
Proceeds from the exercise of stock options	**68**	132
Dividends paid	**-650**	-582
Change in noncontrolling interest	**–**	-4
Exchange rate effect due to corporate financing	**5**	-5
Net cash used in financing activities	**-767**	-1,373
Effect of exchange rate changes on cash and cash equivalents	**6**	17
Net increase/decrease in cash and cash equivalents	**141**	-200
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	**1,185**	975

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

€ in millions	Q1–3/2016	Q1–3/2015
Received interest	**30**	41
Paid interest	**-479**	-482
Income taxes paid	**-683**	-598

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	3,467	3,467	3	87	
Compensation expense related to stock options				12	
Dividends paid					-283
Purchase of noncontrolling interest					
Noncontrolling interest subject to put provisions					-37
Comprehensive income (loss)					
Net income					984
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					984
As of September 30, 2015	545,000	545,000	545	3,282	6,580
As of December 31, 2015	545,728	545,728	546	3,309	6,964
Proceeds from the exercise of stock options	1,205	1,205	1	37	
Compensation expense related to stock options				20	
Dividends paid					-300
Purchase of noncontrolling interest					
Noncontrolling interest subject to put provisions					-50
Comprehensive income (loss)					
Net income					1,118
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)					1,118
As of September 30, 2016	**546,933**	**546,933**	**547**	**3,366**	**7,732**

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		90	42	132
Compensation expense related to stock options		12	–	12
Dividends paid		-238	-343	-581
Purchase of noncontrolling interest		0	27	27
Noncontrolling interest subject to put provisions		-37	-83	-120
Comprehensive income (loss)				
Net income		984	670	1,654
Other comprehensive income (loss)				
Cash flow hedges	15	15	14	29
Change of fair value of available for sale financial assets	–	–	–	–
Foreign currency translation	226	226	340	566
Actuarial losses on defined benefit pension plans	-8	-8	-14	-22
Comprehensive income	233	1,217	1,010	2,227
As of September 30, 2015	160	10,567	6,990	17,557
As of December 31, 2015	334	11,153	7,300	18,453
Proceeds from the exercise of stock options		38	30	68
Compensation expense related to stock options		20	14	34
Dividends paid		-300	-350	-650
Purchase of noncontrolling interest		0	81	81
Noncontrolling interest subject to put provisions		-50	-112	-162
Comprehensive income (loss)				
Net income		1,118	768	1,886
Other comprehensive income (loss)				
Cash flow hedges	2	2	10	12
Change of fair value of available for sale financial assets	–	–	–	–
Foreign currency translation	-90	-90	-151	-241
Actuarial gains on defined benefit pension plans	4	4	4	8
Comprehensive income (loss)	-84	1,034	631	1,665
As of September 30, 2016	**250**	**11,895**	**7,594**	**19,489**

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

FRESENIUS SE & CO, KGAA
CONSOLIDATED SEGMENT REPORTING FIRST THREE QUARTERS (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	**11,847**	11,118	7%	**4,457**	4,431	1%	**4,382**	4,167	5%	**740**	731	1%
thereof contribution to consolidated sales	**11,830**	11,100	7%	**4,419**	4,397	1%	**4,382**	4,167	5%	**711**	701	1%
thereof intercompany sales	**17**	18	-6%	**38**	34	12%	**0**	0		**29**	30	-3%
contribution to consolidated sales	**55%**	55%		**21%**	22%		**21%**	20%		**3%**	3%	
EBITDA	**2,172**	1,976	10%	**1,101**	1,060	4%	**650**	612	6%	**39**	38	3%
Depreciation and amortization	**513**	482	6%	**185**	188	-2%	**143**	140	2%	**8**	8	0%
EBIT	**1,659**	1,494	11%	**916**	872	5%	**507**	472	7%	**31**	30	3%
Net interest	**-276**	-272	-1%	**-114**	-144	21%	**-28**	-36	22%	**-1**	-2	50%
Income taxes	**-422**	-397	-6%	**-243**	-228	-7%	**-76**	-78	3%	**-8**	-7	-14%
Net income attributable to shareholders of Fresenius SE & Co, KGaA	**766**	639	20%	**532**	479	11%	**402**	352	14%	**21**	20	5%
Operating cash flow	**1,161**	1,267	-8%	**646**	589	10%	**437**	386	13%	**22**	-44	150%
Cash flow before acquisitions and dividends	**504**	696	-28%	**438**	381	15%	**261**	248	5%	**16**	-52	131%
Total assets[1]	**23,885**	23,298	3%	**10,676**	10,395	3%	**8,694**	8,430	3%	**995**	988	1%
Debt[1]	**7,961**	7,942	0%	**5,168**	5,234	-1%	**1,325**	1,282	3%	**187**	161	16%
Other operating liabilities[1]	**4,239**	4,198	1%	**2,050**	1,931	6%	**1,492**	1,479	1%	**451**	488	-8%
Capital expenditure, gross	**670**	581	15%	**185**	212	-13%	**179**	142	26%	**6**	9	-33%
Acquisitions, gross/investments	**445**	210	112%	**114**	37	--	**33**	29	14%	**–**	4	-100%
Research and development expenses	**108**	90	20%	**249**	243	2%	**–**	–	--	**0**	0	
Employees (per capita on balance sheet date)[1]	**115,774**	110,242	5%	**34,394**	33,195	4%	**72,246**	69,728	4%	**8,076**	8,262	-2%
Key figures												
EBITDA margin	**18.3%**	17.8%		**24.7%**	23.9%		**14.8%**	14.7%		**5.3%**	5.2%	
EBIT margin	**14.0%**	13.4%		**20.6%**	19.7%		**11.6%**	11.3%		**4.2%**	4.1%	
Depreciation and amortization in % of sales	**4.3%**	4.3%		**4.2%**	4.2%		**3.3%**	3.4%		**1.1%**	1.1%	
Operating cash flow in % of sales	**9.8%**	11.4%		**14.5%**	13.3%		**10.0%**	9.3%		**3.0%**	-6.0%	
ROOA[1]	**10.1%**	9.6%		**12.9%**	13.2%		**8.4%**	8.1%		**9.8%**	11.1%	

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

	Corporate/Other			IFRS-Reconciliation			Fresenius Group		
by business segment, € in millions	**2016**	2015[4]	Change	**2016[5]**	2015	Change	**2016**	2015	Change
Sales	**-81**	-78	-4%	**306**	287	7%	**21,651**	20,656	5%
thereof contribution to consolidated sales	**3**	4	-25%	**306**	287	7%	**21,651**	20,656	5%
thereof intercompany sales	**-84**	-82	-2%	**0**	0		**0**	0	
contribution to consolidated sales	**0%**	0%		**0%**	0%		**100%**	100%	
EBITDA	**-13**	-40	68%	**10**	11	-9%	**3,959**	3,657	8%
Depreciation and amortization	**8**	7	14%	**44**	12	--	**901**	837	8%
EBIT	**-21**	-47	55%	**-34**	-1	--	**3,058**	2,820	8%
Net interest	**-14**	-22	36%	**0**	0		**-433**	-476	9%
Income taxes	**3**	25	-88%	**7**	-5	--	**-739**	-690	-7%
Net income attributable to shareholders of Fresenius SE & Co, KGaA	**-567**	-491	-15%	**-36**	-15	-140%	**1,118**	984	14%
Operating cash flow	**-7**	-47	85%	**14**	10	40%	**2,273**	2,161	5%
Cash flow before acquisitions and dividends	**-12**	-54	78%	**-1**	0		**1,206**	1,219	-1%
Total assets[1]	**-175**	-152	-15%	**244**	274	-11%	**44,319**	43,233	3%
Debt[1]	**-111**	150	-174%	**0**	0		**14,530**	14,769	-2%
Other operating liabilities[1]	**359**	344	4%	**871**	695	25%	**9,462**	9,135	4%
Capital expenditure, gross	**4**	6	-33%	**15**	10	50%	**1,059**	960	10%
Acquisitions, gross/investments	**0**	-8	100%	**0**	0		**592**	272	118%
Research and development expenses	**0**	4	-100%	**28**	2	--	**385**	339	14%
Employees (per capita on balance sheet date)[1]	**942**	878	7%	**0**	0		**231,432**	222,305	4%
Key figures									
EBITDA margin							**18.3%[2]**	17.9%[2,3]	
EBIT margin							**14.2%[2]**	13.8%[2,3]	
Depreciation and amortization in % of sales							**4.2%**	4.1%	
Operating cash flow in % of sales							**10.5%**	10.5%	
ROOA[1]							**10.3%[6]**	10.2%[7]	

[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] After costs for the efficiency program
[6] The underlying pro forma EBIT does not include costs for the efficiency program.
[7] 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.

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

	Fresenius Medical Care			Fresenius Kabi			Fresenius Helios			Fresenius Vamed		
by business segment, € in millions	**2016**	2015	Change	**2016**	2015[1]	Change	**2016**	2015[2]	Change	**2016**	2015	Change
Sales	**4,117**	3,806	8%	**1,511**	1,499	1%	**1,470**	1,393	6%	**268**	268	0%
thereof contribution to consolidated sales	**4,112**	3,800	8%	**1,498**	1,488	1%	**1,470**	1,393	6%	**258**	258	0%
thereof intercompany sales	**5**	6	-17%	**13**	11	18%	**0**	0		**10**	10	0%
contribution to consolidated sales	**56%**	55%		**20%**	21%		**20%**	20%		**4%**	4%	
EBITDA	**776**	714	9%	**361**	369	-2%	**223**	213	5%	**18**	17	6%
Depreciation and amortization	**176**	162	9%	**61**	68	-10%	**48**	48	0%	**3**	3	0%
EBIT	**600**	552	9%	**300**	301	0%	**175**	165	6%	**15**	14	7%
Net interest	**-90**	-89	-1%	**-37**	-42	12%	**-8**	-11	27%	**-1**	0	
Income taxes	**-147**	-152	3%	**-80**	-82	2%	**-27**	-26	-4%	**-4**	-3	-33%
Net income attributable to shareholders of Fresenius SE & Co. KGaA	**298**	235	27%	**173**	170	2%	**140**	126	11%	**10**	10	0%
Operating cash flow	**393**	521	-25%	**311**	235	32%	**207**	155	34%	**21**	0	
Cash flow before acquisitions and dividends	**182**	319	-43%	**228**	171	33%	**133**	98	36%	**19**	-1	--
Capital expenditure, gross	**216**	207	4%	**80**	71	13%	**74**	58	28%	**2**	2	0%
Acquisitions, gross/investments	**80**	73	10%	**3**	1	200%	**5**	1	--	**0**	4	-100%
Research and development expenses	**40**	31	29%	**88**	82	7%	**–**	–	--	**0**	0	
Key figures												
EBITDA margin	**18.8%**	18.7%		**23.9%**	24.6%		**15.2%**	15.3%		**6.7%**	6.3%	
EBIT margin	**14.6%**	14.5%		**19.9%**	20.1%		**11.9%**	11.8%		**5.6%**	5.2%	
Depreciation and amortization in % of sales	**4.3%**	4.3%		**4.0%**	4.5%		**3.3%**	3.4%		**1.1%**	1.1%	
Operating cash flow in % of sales	**9.5%**	13.7%		**20.6%**	15.7%		**14.1%**	11.1%		**7.8%**	0.0%	

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

	Corporate/Other			IFRS-Reconciliation			Fresenius Group		
by business segment, € in millions	**2016**	2015[3]	Change	**2016[4]**	2015	Change	**2016**	2015	Change
Sales	**-27**	-26	-4%	**94**	94	0%	**7,433**	7,034	6%
thereof contribution to consolidated sales	**1**	1	0%	**94**	94	0%	**7,433**	7,034	6%
thereof intercompany sales	**-28**	-27	-4%	**0**	0		**0**	0	
contribution to consolidated sales	**0%**	0%		**0%**	0%		**100%**	100%	
EBITDA	**-5**	-17	71%	**0**	-1	100%	**1,373**	1,295	6%
Depreciation and amortization	**3**	2	50%	**11**	4	175%	**302**	287	5%
EBIT	**-8**	-19	58%	**-11**	-5	-120%	**1,071**	1,008	6%
Net interest	**-6**	-4	-50%	**0**	0		**-142**	-146	3%
Income taxes	**3**	5	-40%	**-4**	2	--	**-259**	-256	-1%
Net income attributable to shareholders of Fresenius SE & Co, KGaA	**-222**	-184	-21%	**-17**	-7	-143%	**382**	350	9%
Operating cash flow	**-3**	-11	73%	**11**	4	175%	**940**	904	4%
Cash flow before acquisitions and dividends	**-5**	-14	64%	**0**	0		**557**	573	-3%
Capital expenditure, gross	**2**	1	100%	**11**	4	175%	**385**	343	12%
Acquisitions, gross/investments	**-1**	-1	0%	**0**	0		**87**	78	12%
Research and development expenses	**0**	1	-100%	**0**	1	-100%	**128**	115	11%
Key figures									
EBITDA margin							**18.6%[1]**	18.8%[1,2]	
EBIT margin							**14.6%[1]**	14.7%[1,2]	
Depreciation and amortization in % of sales							**4.1%**	4.1%	
Operating cash flow in % of sales							**12.6%**	12.9%	

[1] Before costs for the efficiency program
[2] Before integration costs
[3] After costs for the efficiency program and integration costs
[4] After costs for the efficiency program

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.

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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 September 30, 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 three quarters and the third quarter ended September 30, 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 and investments), there have been no other major changes in the entities consolidated.

The consolidated financial statements for the first three quarters and the third quarter ended September 30, 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 three quarters ended September 30, 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 September 30, 2016 in conformity with IFRS in force for interim periods on January 1, 2016.

In the first three quarters 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 **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.

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.

The EU Commission's endorsements of IFRS 9, IFRS 16 and of the amendments to IAS 7 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 AND INVESTMENTS

The Fresenius Group made acquisitions, investments and purchases of intangible assets of €592 million and €272 million in the first three quarters of 2016 and 2015, respectively. Of this amount, €478 million was paid in cash and €114 million was assumed obligations in the first three quarters of 2016.

FRESENIUS MEDICAL CARE

In the first three quarters of 2016, Fresenius Medical Care spent €445 million on acquisitions, mainly on acquisitions of dialysis clinics as well as in care coordination.

FRESENIUS KABI

In the first three quarters of 2016, Fresenius Kabi spent €114 million on acquisitions including the acquisition of a U.S. pharmaceutical manufacturing plant and a line of seven drugs.

FRESENIUS HELIOS

In the first three quarters of 2016, Fresenius Helios spent €33 million on acquisitions, mainly for the purchase of 100% of the shares in Klinikum Niederberg gGmbH, Germany and for the purchase of outpatient clinics.

Acquisition of IDC Salud Holding S.L.U. (Quirónsalud)

On September 5, 2016, Fresenius Helios announced the signing of a purchase agreement to acquire 100% of the share capital in IDC Salud Holding S.L.U. (Quirónsalud), Spain, for a total purchase price of €5.76 billion. Sellers are the private equity group CVC Capital Partners, Víctor Madera, founder and CEO of Quirónsalud, and other members of Quirónsalud's management board. Quirónsalud, Spain's largest private hospital operator covers the full spectrum of inpatient and outpatient care. The transaction is expected to be closed in the first quarter of 2017 after approval by the antitrust authorities. €5.36 billion of the total purchase price will be debt-financed and the remaining €400 million will be financed through the issuance of 6,108,176 shares by Fresenius SE & Co. KGaA to Víctor Madera.

NOTES ON THE CONSOLIDATED STATEMENT OF INCOME

3. SPECIAL ITEMS

Net income attributable to shareholders of Fresenius SE & Co. KGaA for the first three quarters of 2016 in the amount of €1,118 million includes special items relating to Fresenius Kabi's efficiency program.

The special items had the following impact on the consolidated statement of income:

€ in millions	EBIT	Net income attributable to shareholders of Fresenius SE & Co. KGaA
Earnings Q1–3/2016, adjusted	3,071	1,131
Costs for Fresenius Kabi's efficiency program	-13	-13
Earnings Q1–3/2016 according to IFRS	**3,058**	**1,118**

4. SALES

Sales by activity were as follows:

€ in millions	Q1–3/2016	Q1–3/2015
Sales of services	**14,706**	13,759
Sales of products and related goods	**6,613**	6,553
Sales from long-term production contracts	**327**	338
Other sales	**5**	6
Sales	**21,651**	20,656

5. RESEARCH AND DEVELOPMENT EXPENSES

Research and development expenses of €385 million (Q1–3/2015: €339 million) included expenditures for research and non-capitalizable development costs as well as depreciation and amortization expenses relating to capitalized development costs of €12 million (Q1–3/2015: €12 million). In the first three quarters of 2016, research and development expenses included impairments on capitalized development expenses of €32 million (Q1–3/2015: €0 million). These related to in-process R & D of product approval projects, which were acquired through the acquistion of Fresenius Kabi USA, Inc.

6. TAXES

In the third quarter of 2016, Fresenius Medical Care released tax liabilities due to tax audit settlements with the tax authorities.

During the first three quarters of 2016, there were no further 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.

7. EARNINGS PER SHARE

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

	Q1–3/2016	Q1–3/2015
Numerators, € in millions		
Net income attributable to shareholders of Fresenius SE & Co. KGaA	**1,118**	984
less effect from dilution due to Fresenius Medical Care shares	**–**	–
Income available to all ordinary shares	**1,118**	984
Denominators in number of shares		
Weighted-average number of ordinary shares outstanding	**546,179,291**	543,366,248
Potentially dilutive ordinary shares	**3,776,244**	4,562,590
Weighted-average number of ordinary shares outstanding assuming dilution	**549,955,535**	547,928,838
Basic earnings per share in €	**2.04**	1.81
Fully diluted earnings per share in €	**2.03**	1.79

NOTES ON THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION

8. CASH AND CASH EQUIVALENTS

As of September 30, 2016 and December 31, 2015, cash and cash equivalents were as follows:

€ in millions	Sept. 30, 2016	Dec. 31, 2015
Cash	1,163	992
Time deposits and securities (with a maturity of up to 90 days)	22	52
Total cash and cash equivalents	**1,185**	1,044

As of September 30, 2016 and December 31, 2015, earmarked funds of €76 million and €57 million, respectively, were included in cash and cash equivalents.

9. TRADE ACCOUNTS RECEIVABLE

As of September 30, 2016 and December 31, 2015, trade accounts receivable were as follows:

€ in millions	Sept. 30, 2016	Dec. 31, 2015
Trade accounts receivable	5,673	5,247
less allowance for doubtful accounts	734	650
Trade accounts receivable, net	**4,939**	4,597

10. INVENTORIES

As of September 30, 2016 and December 31, 2015, inventories consisted of the following:

€ in millions	Sept. 30, 2016	Dec. 31, 2015
Raw materials and purchased components	661	602
Work in process	591	526
Finished goods	1,939	1,839
less reserves	139	107
Inventories, net	**3,052**	2,860

11. OTHER CURRENT AND NON-CURRENT ASSETS

As of September 30, 2016, investments were comprised of investments of €590 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 three quarters of 2016, income of €55 million (Q1–3/2015: €20 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 €258 million financial assets available for sale as of September 30, 2016 (December 31, 2015: €257 million) mainly relating to shares in funds.

12. GOODWILL AND OTHER INTANGIBLE ASSETS

As of September 30, 2016 and December 31, 2015, intangible assets, split into amortizable and non-amortizable intangible assets, consisted of the following:

AMORTIZABLE INTANGIBLE ASSETS

	September 30, 2016			December 31, 2015		
€ in millions	Acquisition cost	Accumulated amortization	Carrying amount	Acquisition cost	Accumulated amortization	Carrying amount
Patents, product and distribution rights	714	368	346	713	356	357
Capitalized development costs	494	309	185	492	273	219
Technology	374	127	247	383	111	272
Customer relationships	331	85	246	323	61	262
Software	456	282	174	406	248	158
Non-compete agreements	326	258	68	321	251	70
Other	438	272	166	420	258	162
Total	**3,133**	**1,701**	**1,432**	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	Q4/2016	2017	2018	2019	2020	Q1–3/2021
Estimated amortization expenses	52	194	189	186	178	133

NON-AMORTIZABLE INTANGIBLE ASSETS

	September 30, 2016			December 31, 2015		
€ in millions	**Acquisition cost**	**Accumulated amortization**	**Carrying amount**	Acquisition cost	Accumulated amortization	Carrying amount
Tradenames	**216**	**0**	**216**	221	0	221
Management contracts	**3**	**0**	**3**	6	0	6
Goodwill	**21,752**	**0**	**21,752**	21,646	0	21,646
Total	**21,971**	**0**	**21,971**	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	335	5	74	0	0	414
Reclassifications	3	0	0	0	0	3
Foreign currency translation	-224	-87	0	0	0	-311
Carrying amount as of September 30, 2016	**12,076**	**5,060**	**4,511**	**99**	**6**	**21,752**

As of September 30, 2016 and December 31, 2015, the carrying amounts of the other non-amortizable intangible assets were €191 million and €198 million, respectively, for Fresenius Medical Care as well as €28 million and €29 million, respectively, for Fresenius Kabi.

13. DEBT AND CAPITAL LEASE OBLIGATIONS

SHORT-TERM DEBT

As of September 30, 2016 and December 31, 2015, short-term debt consisted of the following:

	Book value	
€ in millions	**Sept. 30, 2016**	December 31, 2015
Fresenius SE & Co. KGaA Commercial Paper	**190**	0
Fresenius Medical Care AG & Co. KGaA Commercial Paper	**550**	0
Other short-term debt	**226**	202
Short-term debt	**966**	202

LONG-TERM DEBT AND CAPITAL LEASE OBLIGATIONS

As of September 30, 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 September 30, 2016	Book value December 31, 2015
Fresenius Medical Care 2012 Credit Agreement	**2,186**	2,399
2013 Senior Credit Agreement	**1,588**	2,203
Schuldschein Loans	**1,164**	914
Accounts Receivable Facility of Fresenius Medical Care	**0**	46
Capital lease obligations	**155**	151
Other	**349**	396
Subtotal	**5,442**	6,109
less current portion	**609**	607
Long-term debt and capital lease obligations, less current portion	**4,833**	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 September 30, 2016 and at December 31, 2015:

	September 30, 2016			
	Maximum amount available		**Balance outstanding**	
		€ in millions		**€ in millions**
Revolving Credit (in US$)	US$1,000 million	896	**US$13 million**	**12**
Revolving Credit (in €)	€400 million	400	**€0 million**	**0**
US$ Term Loan	US$2,150 million	1,926	**US$2,150 million**	**1,926**
€ Term Loan	€258 million	258	**€258 million**	**258**
Total		3,480		**2,196**
less financing cost				**10**
Total				**2,186**

	December 31, 2015			
	Maximum amount available		**Balance outstanding**	
		€ in millions		**€ 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 September 30, 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 September 30, 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.

On October 14, 2016, the Senior Credit Agreement 2013 has been increased by an incremental term loan A of €900 million and an incremental revolving facility of € 300 million. The incremental facilities are used to fund the acquisition of IDC Salud Holding S.L.U. (Quirónsalud) by Fresenius Helios.

The following tables show the available and outstanding amounts under the 2013 Senior Credit Agreement at September 30, 2016 and at December 31, 2015:

	September 30, 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	269	**US$0 million**	**0**
Term Loan A (in €)	€964 million	964	**€964 million**	**964**
Term Loan A (in US$)	US$712 million	638	**US$712 million**	**638**
Total		2,771		**1,602**
less financing cost				**14**
Total				**1,588**

	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 September 30, 2016, the Fresenius Group was in compliance with all covenants under the 2013 Senior Credit Agreement.

Schuldschein Loans

As of September 30, 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	**Sept. 30, 2016**	Dec. 31, 2015
Fresenius SE & Co. KGaA 2012/2016	€108 million	April 4, 2016	3.36%	**0**	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%	**97**	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	**275**	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	**14**	0
Fresenius US Finance II, Inc. 2016/2023	US$43 million	March 10, 2023	3.12%	**39**	0
Schuldschein Loans				**1,164**	914

The Schuldschein Loans issued by Fresenius SE & Co. KGaA in the amount of €108 million, which were due on April 4, 2016, 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.

The Schuldschein Loans issued by Fresenius SE & Co. KGaA in the total amount of €125 million which are due on August 22, 2017 are shown as current portion of long-term debt and capital lease obligations in the consolidated statement of financial position.

As of September 30, 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 September 30, 2016, the additional financial cushion resulting from unutilized credit facilities was approximately €3.4 billion. Thereof €2.5 billion accounted for syndicated credit facilities.

Bridge Financing Facility

On September 6, 2016, Fresenius SE & Co. KGaA entered into a Bridge Financing Facility in the amount of €3,750 million with a group of banks. The Bridge Financing Facility is guaranteed by Fresenius Kabi AG and Fresenius ProServe GmbH. It is planned to temporarily utilize this facility to fund the acquisition of IDC Salud Holding S.L.U. (Quirónsalud) by Fresenius Helios.

In the event of a utilization of the bridge financing facility, it it planned to refinance the facility with long-term financial instruments in due course.

14. SENIOR NOTES

As of September 30, 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	**Sept. 30, 2016**	Dec. 31, 2015
Fresenius SE & Co. KGaA 2014/2019	€300 million	Feb. 1, 2019	2.375%	**299**	297
Fresenius SE & Co. KGaA 2012/2019	€500 million	Apr. 15, 2019	4.25%	**497**	497
Fresenius SE & Co. KGaA 2013/2020	€500 million	July 15, 2020	2.875%	**497**	496
Fresenius SE & Co. KGaA 2014/2021	€450 million	Feb. 1, 2021	3.00%	**444**	443
Fresenius SE & Co. KGaA 2014/2024	€450 million	Feb. 1, 2024	4.00%	**449**	450
Fresenius US Finance II, Inc. 2014/2021	US$300 million	Feb. 1, 2021	4.25%	**267**	275
Fresenius US Finance II, Inc. 2015/2023	US$300 million	Jan. 15, 2023	4.50%	**266**	273
FMC Finance VI S.A. 2010/2016	€250 million	July 15, 2016	5.50%	**0**	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%	**397**	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%	**447**	457
Fresenius Medical Care US Finance, Inc. 2011/2021	US$650 million	Feb. 15, 2021	5.75%	**576**	590
Fresenius Medical Care US Finance II, Inc. 2011/2018	US$400 million	Sept. 15, 2018	6.50%	**356**	363
Fresenius Medical Care US Finance II, Inc. 2012/2019	US$800 million	July 31, 2019	5.625%	**714**	732
Fresenius Medical Care US Finance II, Inc. 2014/2020	US$500 million	Oct. 15, 2020	4.125%	**445**	456
Fresenius Medical Care US Finance II, Inc. 2012/2022	US$700 million	Jan. 31, 2022	5.875%	**624**	639
Fresenius Medical Care US Finance II, Inc. 2014/2024	US$400 million	Oct. 15, 2024	4.75%	**355**	364
Senior Notes				**7,272**	7,616

All Senior Notes included in the table are unsecured.

As of July 29, 2016, the original issuer, Fresenius Finance B.V. has been replaced by the successor issuer Fresenius SE & Co. KGaA.

The Senior Notes issued by FMC Finance VI S.A. which were due on July 15, 2016 were repaid as scheduled.

The Senior Notes issued by FMC Finance VIII S.A. which were due on October 15, 2016 and the Senior Notes issued by Fresenius Medical Care US Finance, Inc. which are due on July 15, 2017 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 September 30, 2016, the Fresenius Group was in compliance with all of its covenants under the Senior Notes.

15. CONVERTIBLE BONDS

As of September 30, 2016 and December 31, 2015, the convertible bonds of the Fresenius Group net of debt issuance costs consisted of the following:

					Book value € in millions	
	Notional amount	Maturity	Coupon	Current conversion price	**Sept. 30, 2016**	Dec. 31, 2015
Fresenius SE & Co. KGaA 2014/2019	€500 million	Sept. 24, 2019	0.000%	€49.5184	**471**	464
Fresenius Medical Care AG & Co. KGaA 2014/2020	€400 million	Jan. 31, 2020	1.125%	€73.6054	**379**	374
Convertible bonds					**850**	838

The fair value of the derivative embedded in the convertible bonds of Fresenius SE & Co. KGaA was €239 million at September 30, 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 €95 million at September 30, 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 €239 million and €95 million, respectively, at September 30, 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.

16. PENSIONS AND SIMILAR OBLIGATIONS

DEFINED BENEFIT PENSION PLANS

At September 30, 2016, the pension liability of the Fresenius Group was €1,049 million. The current portion of the pension liability of €19 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 €1,030 million is recorded as pension liability.

Contributions to Fresenius Group's pension fund were €106 million in the first three quarters of 2016. This amount includes a discretionary cash contribution of US$ 100 million (€ 90 million) by Fresenius Medical Care to its pension plan assets in the United States. The Fresenius Group expects approximately €112 million contributions to the pension fund during 2016.

Defined benefit pension plans' net periodic benefit costs of €66 million (Q1–3/2015: €57 million) were comprised of the following components:

€ in millions	Q1–3/2016	Q1–3/2015
Service cost	43	35
Net interest cost	23	22
Net periodic benefit cost	**66**	57

17. NONCONTROLLING INTEREST

As of September 30, 2016 and December 31, 2015, noncontrolling interest in the Fresenius Group was as follows:

€ in millions	Sept. 30, 2016	Dec. 31, 2015
Noncontrolling interest in Fresenius Medical Care AG & Co. KGaA	6,378	6,128
Noncontrolling interest in VAMED AG	52	49
Noncontrolling interest in the business segments		
Fresenius Medical Care	1,017	936
Fresenius Kabi	79	121
Fresenius Helios	61	59
Fresenius Vamed	7	7
Total noncontrolling interest	**7,594**	7,300

Noncontrolling interest changed as follows:

€ in millions	Q1–3/2016
Noncontrolling interest as of January 1, 2016	**7,300**
Noncontrolling interest in profit	768
Stock options	44
Purchase of noncontrolling interest	81
Dividend payments	-350
Currency effects and other changes	-249
Noncontrolling interest as of September 30, 2016	**7,594**

18. 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 three quarters of 2016, 1,204,781 stock options were exercised. Consequently, as of September 30, 2016, the subscribed capital of Fresenius SE & Co. KGaA consisted of 546,932,731 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 25, 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	-200,602
Fresenius SE Stock Option Plan 2008 – options exercised	-1,004,179
Total Conditional Capital as of September 30, 2016	**85,445,315**

As of September 30, 2016, the Conditional Capital was composed as follows:

in €	Ordinary shares
Conditional Capital I Fresenius AG Stock Option Plan 2003	5,061,385
Conditional Capital II Fresenius SE Stock Option Plan 2008	6,212,728
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 September 30, 2016	**85,445,315**

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, a dividend of €0.55 per bearer ordinary share was approved by Fresenius SE & Co KGaA's shareholders at the Annual General Meeting and paid. The total dividend payment was €300 million.

19. 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	8	–	226	-8	226	323	549
Amounts reclassified from accumulated other comprehensive income (loss)	7	0	–	0	7	17	24
Other comprehensive income (loss), net	15	–	226	-8	233	340	573
Balance as of September 30, 2015	**-92**	**1**	**540**	**-289**	**160**	**488**	**648**
Balance as of December 31, 2015	-82	1	659	-244	334	638	972
Other comprehensive income (loss) before reclassifications	-6	–	-90	4	-92	-145	-237
Amounts reclassified from accumulated other comprehensive income (loss)	8	0	–	0	8	8	16
Other comprehensive income (loss), net	2	–	-90	4	-84	-137	-221
Balance as of September 30, 2016	**-80**	**1**	**569**	**-240**	**250**	**501**	**751**

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] Q1–3/2016	Q1–3/2015	Affected line item in the consolidated statement of income
Details about accumulated other comprehensive income (loss) components			
Cash flow hedges			
Interest rate contracts	**23**	28	Interest income/expense
Foreign exchange contracts	**-1**	16	Cost of sales
Foreign exchange contracts	**2**	-9	Selling, general and administrative expenses
Other comprehensive income (loss)	**24**	35	
Tax expense or benefit	**-8**	-11	
Other comprehensive income (loss), net	**16**	24	
Total reclassifications for the period	**16**	24	

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

OTHER NOTES

20. LEGAL AND REGULATORY MATTERS

The Fresenius Group is routinely involved in 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 three quarters ended September 30, 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 in the consolidated financial statements as of December 31, 2015 applying Section 315a HGB in accordance with IFRS.

PRODUCT LIABILITY LITIGATION

In the first week of November 2016, the timetable for the product liability litigation was further amended. Therefore, the timetable published in this quarterly financial report according to IFRS differs from the timetable published in the quarterly financial report according to US-GAAP on November 1, 2016.

As subsequently amended with the courts' approval as to the applicable timetable, plaintiffs must advise FMCH of acceptance of the settlement by November 14, 2016; FMCH has until December 2, 2016 to exercise any rights to void the settlement; and payment of the settlement amount must be made until December 9, 2016 if the settlement is confirmed.

Subsequent to the agreement in principle, FMCH's insurers in the AIG group initiated an action for declaratory judgment in New York state court advancing various arguments for reducing the amount of their coverage obligations. FMCH filed an action in Massachusetts state court seeking to compel the AIG group carriers to honor their obligations under applicable policies, including reimbursement to FMCH of litigation defense costs incurred before the agreement in principle was reached. The affected carriers have confirmed that the coverage litigation does not impact their commitment to fund US$220 million of the settlement with plaintiffs.

Four institutional plaintiffs have filed complaints against FMCH or its affiliates under state deceptive practices statutes resting on certain background allegations common to the Granuflo®/Naturalyte® personal injury litigation, but seeking as remedy the repayment of sums paid to FMCH attributable to the Granuflo®/Naturalyte® products. These cases implicate different legal standards, theories of liability and forms of potential recovery from those in the personal injury litigation and their claims will not be extinguished by the personal injury litigation settlement described above. The four plaintiffs are the Attorneys General for the States of Kentucky, Louisiana and Mississippi and the commercial insurance company Blue Cross Blue Shield of Louisiana in its private capacity. See, State of Mississippi ex rel. Hood, v. Fresenius Medical Care Holdings, Inc., No. 14-cv-152 (Chancery Court, DeSoto County); State of Louisiana ex re. Caldwell and Louisiana Health Service & Indemnity Company v. Fresenius Medical Care Airline, 2016 Civ. 11035 (U.S.D.C. D. Mass.);

Commonwealth of Kentucky ex rel. Beshear v. Fresenius Medical Care Holdings, Inc. et al., No. 16-CI-00946 (Circuit Court, Franklin County).

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.

CIVIL COMPLAINT "HAWAII"

In July 2015, the Attorney General for Hawaii issued a civil complaint under the Hawaii False Claims Act alleging a conspiracy pursuant to which certain Liberty subsidiaries of FMCH overbilled Hawaii Medicaid for Liberty's Epogen® administrations to Hawaii Medicaid patients during the period from 2006 through 2010, prior to the time of FMCH's acquisition of Liberty. See, Hawaii v. Liberty Dialysis – Hawaii, LLC et al., Case No. 15-1-1357-07 (Hawaii 1st Circuit). The State alleges that Liberty acted unlawfully by relying on incorrect and unauthorized billing guidance provided to Liberty by Xerox State Healthcare LLC, which acted as Hawaii's contracted administrator for its Medicaid program reimbursement operations during the relevant period. The amount of the overpayment claimed by the State is approximately US$8 million, but the State seeks civil remedies, interest, fines, and penalties against Liberty and FMCH under the Hawaii False Claims Act substantially in excess of the overpayment. FMCH filed third-party claims for contribution and indemnification against Xerox. The State's False Claims Act complaint was filed after Liberty initiated an administrative action challenging the State's recoupment of alleged overpayments from sums currently owed to Liberty. The administrative action is continuing.

SUBPOENA "TEXAS (DALLAS)"

On June 30, 2016, FMCH received a subpoena from the United States Attorney for the Northern District of Texas (Dallas) seeking information about the use and management of pharmaceuticals including Velphoro® as well as FMCH's interactions with DaVita Healthcare Partners, Inc. FMCH understands that the subpoena relates to an investigation previously disclosed by DaVita and that the investigation encompasses DaVita, Amgen, and Sanofi. FMCH is cooperating in the investigation.

SUBPOENA "NEVADA"

Through a further ancilliary subpoena of June 2016, the DOJ has requested further information from Fresenius Kabi USA without changing the focus of the investigation.

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, insurance plans and suppliers 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, dialysis clinics and other health care facilities, 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 one pending FDA warning letter, 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, the federal Civil Monetary Penalties 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 liabilities mentioned in the consolidated financial statements as of December 31, 2015 applying Section 315a HGB in accordance with IFRS and besides the purchase price obligation in the amount of €5.76 billion for the acquisition of Quirónsalud, the current estimated amount of Fresenius Group's other known individual contingent liabilities is immaterial.

21. 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 September 30, 2016 and December 31, 2015, classified into classes:

€ in millions	Fair value hierarchy level	**September 30, 2016** Carrying amount	**September 30, 2016** Fair value	December 31, 2015 Carrying amount	December 31, 2015 Fair value
Cash and cash equivalents	1	**1,185**	**1,185**	1,044	1,044
Assets recognized at carrying amount	2	**4,959**	**4,959**	4,675	4,675
Assets recognized at fair value	1	**258**	**258**	257	257
Liabilities recognized at carrying amount	2	**15,649**	**16,841**	16,069	17,171
Liabilities recognized at fair value	2	**335**	**335**	338	338
Noncontrolling interest subject to put provisions recognized at fair value	3	**951**	**951**	808	808
Derivatives for hedging purposes	2	**315**	**315**	358	358

Explanations regarding the significant methods and assumptions used to estimate the fair values of financial instruments and classification of fair value measurements according to the three-tier fair value hierarchy as well as explanations with regard to existing and expected risks from financial instruments and hedging can be found in the consolidated financial statements as of December 31, 2015 applying Section 315a HGB in accordance with IFRS.

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

€ in millions	Q1–3/2016
Noncontrolling interest subject to put provisions as of January 1, 2016	**808**
Noncontrolling interest subject to put provisions in profit	119
Purchase of noncontrolling interest subject to put provisions	73
Dividend payments	-120
Currency effects and other changes	71
Noncontrolling interest subject to put provisions as of September 30, 2016	**951**

As of September 30, 2016, there was no indication for further possible significant risks from financial instruments or that a decrease in the value of Fresenius Group's financing receivables (other current and non-current assets) was probable and the allowances on credit losses of financing receivables are immaterial.

FAIR VALUES OF DERIVATIVE FINANCIAL INSTRUMENTS

	September 30, 2016		December 31, 2015	
€ in millions	**Assets**	**Liabilities**	Assets	Liabilities
Interest rate contracts (current)	**0**	**–**	0	2
Interest rate contracts (non-current)	**0**	**2**	0	1
Foreign exchange contracts (current)	**12**	**14**	16	6
Foreign exchange contracts (non-current)	**1**	**–**	1	1
Derivatives designated as hedging instruments [1]	**13**	**16**	17	10
Interest rate contracts (non-current)	**–**	**1**	0	3
Foreign exchange contracts (current) [1]	**5**	**21**	23	7
Foreign exchange contracts (non-current) [1]	**–**	**–**	–	–
Derivatives embedded in the convertible bonds	**0**	**334**	0	335
Stock options to secure the convertible bonds [1]	**334**	**0**	335	0
Derivatives not designated as hedging instruments	**339**	**356**	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 €352 million and other liabilities in an amount of €371 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

	Q1–3/2016		
€ 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	2	23	0
Foreign exchange contracts	-7	1	0
Derivatives designated as hedging instruments [1]	**-5**	**24**	**0**

	Q1–3/2015		
€ 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	-7	28	0
Foreign exchange contracts	11	7	0
Derivatives designated as hedging instruments [1]	**4**	**35**	**0**

[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	**Q1–3/2016**	Q1–3/2015
Interest rate contracts	**–**	–
Foreign exchange contracts	**-26**	14
Derivatives embedded in the convertible bonds	**1**	-128
Call options to secure the convertible bonds	**-1**	128
Derivatives not designated as hedging instruments	**-26**	14

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.

The Fresenius Group expects to recognize a net amount of €1 million of the existing losses 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 €31 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 three quarters of 2016 and 2015, gains in an immaterial amount for available for sale financial assets were recognized in other comprehensive income (loss).

MARKET RISK

Derivative financial instruments

Classification

The existing 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 September 30, 2016 and December 31, 2015, the Fresenius Group had €18 million and €37 million of derivative financial assets subject to netting arrangements and €38 million and €19 million of derivative financial liabilities subject to netting arrangements. Offsetting these derivative financial instruments would have resulted in net assets of €11 million and €28 million as well as net liabilities of €31 million and €10 million at September 30, 2016 and December 31, 2015, respectively.

Foreign exchange risk management

As of September 30, 2016, the notional amounts of foreign exchange contracts totaled €1,737 million. These foreign exchange contracts have been entered into to hedge risks from operational business and in connection with loans in foreign currency. Foreign exchange forward contracts to hedge risks from operational business were exclusively recognized as cash flow hedges as of September 30, 2016. The fair value of cash flow hedges was -€1 million.

As of September 30, 2016, the Fresenius Group was party to foreign exchange contracts with a maximum maturity of 21 months.

Interest rate risk management

As of September 30, 2016, the U.S. dollar denominated interest rate hedges had a notional volume of US$200 million (€179 million) as well as a fair value of -US$0.3 million (-€0.3 million) and expire in 2021. As of September 30, 2016, the euro denominated interest rate hedges had a notional volume of €567 million and a fair value of -€3 million. These interest rate hedges expire in the years 2016 to 2022.

At September 30, 2016 and December 31, 2015, the Fresenius Group had losses of €51 million and €68 million, respectively, related to settlements of pre-hedges deferred in accumulated other comprehensive income (loss), net of tax.

22. SUPPLEMENTARY INFORMATION ON CAPITAL MANAGEMENT

The Fresenius Group has a solid financial profile. As of September 30, 2016, the equity ratio was 44.0% and the debt ratio (debt/total assets) was 32.8%. As of September 30, 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 2.5.

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:

	Sept. 30, 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	**BBB-**	BB+
Outlook	**stable**	stable

On July 29, 2016, Fitch has upgraded the credit rating from BB+ to BBB- with a stable outlook.

23. SUPPLEMENTARY INFORMATION ON THE CONSOLIDATED STATEMENT OF CASH FLOWS

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

€ in millions	Q1–3/2016	Q1–3/2015
Assets acquired	583	211
Liabilities assumed	-42	-26
Noncontrolling interest	-53	-8
Notes assumed in connection with acquisitions	-115	-27
Cash paid	373	150
Cash acquired	-23	-4
Cash paid for acquisitions, net	350	146
Cash paid for investments, net of cash acquired	120	70
Cash paid for intangible assets, net	8	23
Total cash paid for acquisitions and investments, net of cash acquired, and net purchases of intangible assets	478	239

24. NOTES ON THE CONSOLIDATED SEGMENT REPORTING

GENERAL

The consolidated segment reporting shown on pages 25 to 28 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 September 30, 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. Further explanations with regard to the business segments can be found in the consolidated financial statements as of December 31, 2015 applying Section 315a HGB in accordance with IFRS.

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	Q1–3/2016	Q1–3/2015
Total EBIT of reporting segments	3,093	2,871
Special items	-13	-31
General corporate expenses Corporate/Other (EBIT)	-22	-20
Group EBIT	3,058	2,820
Net interest	-433	-476
Income before income taxes	2,625	2,344

RECONCILIATION OF NET DEBT WITH THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION

€ in millions	Sept. 30, 2016	Dec. 31, 2015
Short-term debt	966	202
Short-term debt from related parties	–	4
Current portion of long-term debt and capital lease obligations	609	607
Current portion of Senior Notes	547	349
Long-term debt and capital lease obligations, less current portion	4,833	5,502
Senior Notes, less current portion	6,725	7,267
Convertible bonds	850	838
Debt	14,530	14,769
less cash and cash equivalents	1,185	1,044
Net debt	13,345	13,725

25. STOCK OPTIONS

FRESENIUS SE & CO. KGAA STOCK OPTION PLANS

As of September 30, 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 three quarters of 2016

On July 25, 2016, Fresenius SE & Co. KGaA awarded 2,244,538 stock options under the 2013 LTIP, including 348,750 options to members of the Management Board of Fresenius Management SE, at an exercise price of €66.02, a fair value of €15.31 each and a total fair value of €34 million, which will be amortized over the four-year vesting period. Fresenius SE & Co. KGaA also awarded 234,205 phantom stocks, including 34,574 phantom stocks granted to members of the Management Board of Fresenius Management SE, at a measurement date (September 30, 2016) fair value of €68.18 each and a total fair value of €16 million, which will be revalued if the fair value changes, and amortized over the four-year vesting period.

During the first three quarters of 2016, Fresenius SE & Co. KGaA received cash of €25 million from the exercise of 1,204,781 stock options.

327,862 convertible bonds were outstanding and exercisable under the 2003 Plan at September 30, 2016. The members of the Fresenius Management SE Management Board held no more convertible bonds. At September 30, 2016, out of 2,795,041 outstanding stock options issued under the 2008 Plan, 333,420 were held by the members of the Fresenius Management SE Management Board. 8,056,388 stock options issued under the 2013 LTIP were outstanding at September 30, 2016. The members of the Fresenius Management SE Management Board held 1,046,250 stock options. 1,056,569 phantom stocks issued under the 2013 LTIP were outstanding at September 30, 2016. The members of the Fresenius Management SE Management Board held 202,055 phantom stocks.

As of September 30, 2016, 3,122,903 options for ordinary shares were outstanding and exercisable. On September 30, 2016, total unrecognized compensation cost related to non-vested options granted under the 2013 LTIP was €62 million. This cost is expected to be recognized over a weighted-average period of 3.1 years.

FRESENIUS MEDICAL CARE AG & CO. KGAA PERFORMANCE SHARES

Fresenius Medical Care AG & Co. KGaA Long-Term Incentive Program 2016

As of May 11, 2016, the issuance of stock options and phantom stocks under the Fresenius Medical Care AG & Co. KGaA (FMC-AG & Co. KGaA) Long-Term Incentive Program 2011 (LTIP 2011) is no longer possible. In order to continue to enable the members of the Management Board, the members of the management boards of affiliated companies and managerial staff members to adequately participate in the long-term, sustained success of Fresenius Medical Care, the Management Board and the Supervisory Board of Fresenius Medical Care Management AG have approved and adopted the FMC-AG & Co. KGaA Long-Term Incentive Plan 2016 (LTIP 2016) as a successor program effective January 1, 2016.

The LTIP 2016 is a variable compensation program with long-term incentive effects. Pursuant to the LTIP 2016, the plan participants may be granted so-called “Performance Shares” annually or semiannually during 2016 to 2018. Performance Shares are non-equity, cash-settled virtual compensation instruments which may entitle plan participants to receive a cash payment depending on the achievement of pre-defined performance targets further defined below as well as FMC-AG & Co. KGaA’s share price development.

For members of the Management Board, the Supervisory Board will, in due exercise of its discretion and taking into account the individual responsibility and performance of each Management Board member, determine an initial value for each grant for any awards to Management Board members. For plan participants other than the members of the Management Board, such determination will be made by the Management Board. In order to determine the number of Performance Shares each plan participant receives, their respective grant value will be divided by the value per Performance Share at the time of the grant, which is mainly determined based on the average price of FMC-AG & Co. KGaA's shares over a period of 30 calendar days prior to the respective grant date.

The number of granted Performance Shares may change over the performance period of three years, depending on the level of achievement of the following: (i) revenue growth, (ii) growth in net income attributable to shareholders of FMC-AG & Co. KGaA (net income growth) and (iii) return on invested capital (ROIC) improvement.

Revenue, net income and ROIC are determined according to IFRS in Euro based on full year results. Revenue growth and net income growth, for the purpose of this plan, are determined at constant currency.

An annual target achievement level of 100% will be reached for the revenue growth performance target if revenue growth is 7% in each individual year of the three-year performance period; revenue growth of 0% will lead to a target achievement level of 0% and the maximum target achievement level of 200% will be reached in the case of revenue growth of at least 16%. If revenue growth ranges between these values, the degree of target achievement will be linearly interpolated between these values.

An annual target achievement level of 100% for the net income growth performance target will be reached if net income growth is 7% in each individual year of the three-year performance period. In the case of net income growth of 0%, the target achievement level will also be 0%; the maximum target achievement of 200% will be reached in the case of net income growth of at least 14%. Between these values, the degree of target achievement will be determined by means of linear interpolation.

With regard to ROIC improvement, an annual target achievement level of 100% will be reached if the target ROIC as defined for the respective year is reached. The target ROIC is 7.3% for 2016 and will increase by 0.2 percentage points per year to 7.5% (2017), 7.7% (2018), 7.9% (2019) and 8.1% (2020). A target achievement level of 0% will be reached if the ROIC falls below the target ROIC for the respective year by 0.2 percentage points or more, whereas the maximum target achievement level of 200% will be reached if the target ROIC for the respective year is exceeded by 0.2 percentage points or more. The degree of target achievement will be determined by means of linear interpolation if the ROIC ranges between these values. In case the annual ROIC target achievement level in the third year of a performance period is equal or higher than the ROIC target achievement level in each of the two previous years of such performance period, the ROIC target achievement level of the third year is deemed to be achieved for all years of the respective performance period.

The achievement level for each of the three performance targets will be weighted annually at one-third to determine the yearly target achievement for each year of the three-year performance period. The level of overall target achievement over the three-year performance period will then be determined on the basis of the mean of these three average yearly target achievements. The overall target achievement can be in a range of 0% to 200%.

The number of Performance Shares granted to the plan participants at the beginning of the performance period will each be multiplied by the level of overall target achievement in order to determine the final number of Performance Shares.

The final number of Performance Shares is generally deemed earned four years after the day of a respective grant (the vesting period). The number of such vested Performance Shares is then multiplied by the average FMC-AG & Co. KGaA share price over a period of 30 days prior to the lapse of this four-year vesting period. The respective resulting amount will then be paid to the plan participants as cash compensation.

Transactions during the first three quarters of 2016

The first awards under the LTIP 2016 were granted on July 25, 2016. FMC-AG & Co. KGaA awarded 633,967 Performance Shares, the equivalent in Euros at the grant date being €49 million, including 79,888 Performance Shares or €6 million awarded to the members of the Management Board of FMC Management AG. The fair value per Performance Share at the grant date was €76.80.

During the first three quarters of 2016, 827,252 stock options were exercised. Fresenius Medical Care AG & Co. KGaA received cash of €35.2 million upon exercise of these stock options and €7.6 million from a related tax benefit.

26. RELATED PARTY TRANSACTIONS

In 2015, Fresenius Medical Care provided unsecured loans to an associated company under customary conditions, which have been fully repaid as of June 30, 2016.

27. SUBSEQUENT EVENTS

There have been no significant changes in the Fresenius Group's operating environment following the end of the first three quarters 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 three quarters of 2016.

28. 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

Report on Fiscal Year 2016	February 22, 2017
Report on 1st quarter 2017 Conference call, Live webcast	May 3, 2017
Annual General Meeting, Frankfurt am Main Live webcast of the speech of the Chairman of the Management Board	May 12, 2017
Report on 1st half 2017 Conference call, Live webcast	August 1, 2017
Report on 1st–3rd quarter 2017 Conference call, Live webcast	November 2, 2017

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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Commercial Register: Bad Homburg v. d. H.; HRB 11852
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: Stephan Sturm (President and CEO), Dr. Francesco De Meo, Dr. Jürgen Götz, Mats Henriksson, Rice Powell, Dr. Ernst Wastler
Chairman of the Supervisory Board: Dr. Gerd Krick

For additional information on the performance indicators used please refer to pages 25, 40, 56f., 100f. and 194 of the Annual Report 2015 of Fresenius SE & Co. KGaA . Constant currencies for income and expenses are calculated using prior year average rates; constant currencies for assets and liabilities are calculated using the mid-closing rate on the date of the respective statement of financial position (cf. Annual Report 2015, page 111 in the PDF https://www.fresenius.com/financial_reporting/Fresenius_GB_US_GAAP_2015_englisch.pdf).

Forward-looking statements:
This Quarterly Financial Report contains forward-looking statements. These statements represent assessments which we have made on the basis of the information available to us at the time. Should the assumptions on which the statements are based on not occur, or if risks should arise – as mentioned in the consolidated financial statements and the management report as of December 31, 2015 applying Section 315a HBG in accordance with IFRS and the SEC filings of Fresenius Medical Care AG & Co. KGaA – the actual results could differ materially from the results currently expected.