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Fresenius Investor News

Fresenius Kabi continues growth strategy and acquires I.V. drug company

Fresenius Kabi AG, a subsidiary of Fresenius AG, today announced an agreement to acquire Labesfal – Laboratório de Especialidades Farmacêuticas Almiro S.A. The company is headquartered in Campo de Besteiros in central Portugal and offers intravenously administered drugs (I.V. drugs) for the domestic market. This acquisition will significantly expand the I.V. drug portfolio of Fresenius Kabi, the European market leader in infusion and nutrition therapy. Fresenius Kabi plans to introduce Labesfal's products throughout Europe. The acquisition is an important step in the company's growth strategy. "We have announced in the past that we intend to expand the I.V. drug business of Fresenius Kabi. The purchase of Labesfal offers excellent growth opportunities in this attractive market segment," said Dr. Ulf M. Schneider, Chairman of the Management Board of Fresenius AG.

Privately-owned Labesfal ranks among the 10 most successful companies in Portugal. In 2004, the company achieved sales of € 56 million and employed approximately 320 people. The acquisition will be accretive to Fresenius Kabi's earnings in the first year and will lead to a further improvement in the EBIT margin of the company. Labesfal holds an excellent position on the Portuguese hospital market with a comprehensive product portfolio of generic I.V. drugs such as antibiotics, analgesics and local anesthetics as well as for treating gastrointestinal diseases.

Labesfal's state-of-the-art production site in Campo de Besteiros has adequate capacity for international expansion. For 2005, Fresenius Kabi plans to establish a competence center for the production of I.V. drugs at this location. The company has significant know-how in the production of sterile infusion solutions.

Fresenius Kabi is a leader in the development, production and distribution of infusion therapy products for hospitals. Labesfal is an excellent fit in this seg-

ment. Fresenius Kabi plans to use its existing sales and marketing network to introduce Labesfal's I.V. drug products to the European market. The products are expected to receive European regulatory approval within the next two years. Fresenius Kabi estimates the market size of the European hospital market for the I.V. drugs portfolio of Labesfal at € 1.2 billion*.

The former owner of Labesfal, Joaquim Coimbra, will become Chairman of the newly-created advisory board of the company. The management team will include current Labesfal management and local Fresenius Kabi executives.

The acquisition requires the approval of Portuguese antitrust authorities.

* Source: Fresenius Kabi Internal Research

Conference Call

A conference call to inform about the acquisition will be held on January 7, 2005 at 1 p.m. CET. All investors are cordially invited to follow the conference call in a live broadcast over the Internet at www.fresenius-ag.com / Investor Relations / Presentations. A replay of the call will be available on our website shortly after the call.

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