



## Investor News

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July 17, 2008

### **Issuance of mandatory exchangeable bonds, exchangeable into ordinary shares of Fresenius Medical Care AG & Co. KGaA**

The Management Board of Fresenius SE resolved today, with the consent of the Supervisory Board, to issue mandatory exchangeable bonds with a nominal amount of up to € 600 million. The bonds will be issued by Fresenius Finance (Jersey) Ltd. Upon redemption the bonds will be mandatorily exchangeable into ordinary shares of Fresenius Medical Care AG & Co. KGaA.

The bonds will be offered in a private placement solely to institutional investors outside the United States, Canada, Australia and Japan. There will be no public offering of the bonds.

Fresenius Medical Care is the world's largest provider of dialysis products and services and Fresenius' largest business segment. Fresenius SE currently owns approximately 36 % of both the ordinary voting shares and of the total subscribed capital of Fresenius Medical Care. Fresenius SE continues to view Fresenius Medical Care as a core business segment within the Fresenius Group.

The net proceeds from the issuance will be used to contribute to the funding of the previously announced acquisition of APP Pharmaceuticals, Inc. The acquisition is an important step in the growth strategy of Fresenius Kabi, a business segment of Fresenius SE. Through the acquisition of APP Pharmaceuticals Fresenius Kabi enters the U.S. pharmaceuticals market and achieves a leading position in the global I.V.

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generics market. This North American platform provides further attractive growth opportunities for Fresenius Kabi's existing product portfolio.

At the time of issuance, up to 17 million ordinary shares of Fresenius Medical Care are underlying the bonds. At redemption, even after delivery of the underlying Fresenius Medical Care shares, Fresenius SE will still hold more than 30 % of Fresenius Medical Care's voting stock.

The bonds have a maturity of 3 years and will be issued at 100 % of the principal amount. The coupon is expected to be in a range from 5  $\frac{1}{8}$  % to 5  $\frac{5}{8}$  % p.a. The minimum exchange price equals the reference share price and the maximum exchange price is expected to be set between 118 % and 122 % of the reference share price. This structure allows Fresenius SE to participate in a potential upside of Fresenius Medical Care shares.

The bonds' reference price corresponds to the placement price determined by a bookbuilding for an accelerated secondary equity offering of Fresenius Medical Care shares. This placement will be executed by Credit Suisse and Deutsche Bank concurrent with the issuance of the bonds, without direct involvement of Fresenius SE, however. In line with common market practice, the placement will coordinate potential selling interest in Fresenius Medical Care common shares resulting from the issuance of the bonds.

Settlement of the bonds is expected on August 14, 2008. Fresenius intends to list the bonds in the Open Market (Freiverkehr) segment of the Frankfurt Stock Exchange. However, the issue is not conditional upon obtaining listing.

Dr. Patrick Soon-Shiong, founder and majority shareholder of APP Pharmaceuticals, has committed to buy mandatory exchangeable bonds in the amount of € 100 million in this transaction. The mandatory exchangeable bonds subscribed by Dr. Soon-Shiong will have identical terms as the other bonds, with settlement subject to the closing of Fresenius Kabi's acquisition of APP Pharmaceuticals.

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Credit Suisse, Deutsche Bank, Dresdner Kleinwort and JPMorgan are acting as Joint Bookrunners for the offering.

The issuance of the mandatory exchangeable bonds is the first component of the long-term financing of the acquisition of APP Pharmaceuticals. Within the next 12 months, Fresenius may complement it with a capital increase of up to € 300 million. Any residual financing requirement will consist of debt instruments.

Dr. Ulf Mark Schneider, Chairman of the Management Board of Fresenius SE commented: "Fresenius Medical Care will continue to be a core business of the Fresenius Group and a strong earnings contributor based on its excellent growth profile. With the mandatory exchangeable bonds we will participate in any increase of Fresenius Medical Care's value over the next three years. At the same time, we strengthen our business segment Fresenius Kabi with the acquisition of APP Pharmaceuticals and enhance the financial results of our Group. We do not anticipate a further reduction of our holdings in Fresenius Medical Care."

Supplemental information to the Bond:

Issuer:	Fresenius Finance (Jersey) Ltd
Shares:	Fresenius Medical Care AG & Co. KGaA
ISIN:	DE0005785802
WKN:	578580
Listed:	Regulated Market / Prime Standard of the Frankfurt Stock Exchange; New York Stock Exchange (NYSE)

## Glossary

**Reference price:** Placement price of Fresenius Medical Care shares determined by bookbuilding

**Principal amount:** Face value per bond (€50,000)

## About Fresenius SE

Fresenius is a health care group with international operations, providing products and services for dialysis, hospital and outpatient medical care. In 2007, group sales were approx. € 11.4 billion. On March 31, 2008 the Fresenius Group had 116,203 employees worldwide.

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For more information visit the Company's website at [www.fresenius.com](http://www.fresenius.com).

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Board of Management: Dr. Ulf M. Schneider (President and CEO), Rainer Baule, Dr. Francesco De Meo, Dr. Jürgen Götz, Dr. Ben Lipps, Stephan Sturm, Dr. Ernst Wastler  
Supervisory Board: Dr. Gerd Krick (Chairman)  
Registered Office: Bad Homburg, Germany/Commercial Register No. HRB 10660