FRESENIUS

Quarterly Financial Report of Fresenius Group

applying International Financial Reporting Standards (IFRS)

1st Half and 2nd Quarter 2014

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This Quarterly Financial Report was published on August 7, 2014.

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 2013, Group sales were €20.5 billion. As of June 30, 2014, approximately 210,000 employees have dedicated themselves to the service of health in about 100 countries worldwide.

SALES, EARNINGS, AND CASH FLOW

€ in millions	**Q2/2014**	Q2/2013	Change	**H1/2014**	H1/2013	Change
Sales	**5,568**	5,148	8%	**10,826**	10,087	7%
EBIT [1]	**759**	751	1%	**1,389**	1,449	-4%
Net income [2]	**256**	257	0%	**479**	482	-1%
Earnings per share in € [2] before stock split	**1.42**	1.44	-1%	**2.66**	2.70	-1%
Earnings per share in € [2] after stock split	**0.48**	0.48	0%	**0.89**	0.90	-1%
Operating cash flow	**567**	508	12%	**709**	955	-26%

BALANCE SHEET AND INVESTMENTS

€ in millions	**June 30, 2014**	Dec. 31, 2013	Change
Total assets	**35,545**	32,859	8%
Non-current assets	**26,467**	25,259	5%
Equity [3]	**14,015**	13,595	3%
Net debt	**13,360**	11,852	13%
Investments [4]	**1,697**	583	191%

RATIOS

€ in millions	**Q2/2014**	Q2/2013	**H1/2013**	H1/2013
EBITDA margin [1]	**17.8%**	18.8%	**17.1%**	18.5%
EBIT margin [1]	**13.6%**	14.6%	**12.8%**	14.4%
Depreciation and amortization in % of sales	**4.1%**	4.2%	**4.2%**	4.2%
Operating cash flow in % of sales	**10.2%**	9.9%	**6.5%**	9.5%
Equity ratio (June 30/December 31)			**39.4%**	41.4%
Net debt/EBITDA (June 30/December 31) [5]			**3.37**	2.48

[1] 2014 before integration costs (Fenwal; acquired Rhön hospitals) and disposal gains (two HELIOS hospitals; Rhön stake); 2013 before integration costs (Fenwal)
[2] Net income attributable to shareholders of Fresenius SE & Co. KGaA; 2014 before integration costs (Fenwal; acquired Rhön hospitals) and disposal gains (two HELIOS hospitals; Rhön stake); 2013 before integration costs (Fenwal)
[3] Equity including noncontrolling interest
[4] Investments in property, plant and equipment, and intangible assets, acquisitions (H1)
[5] 2014 pro forma including acquired Rhön hospitals and excluding disposal of two HELIOS hospitals; before integration costs (Fenwal; acquired Rhön hospitals) and disposal gains (two HELIOS hospitals; Rhön stake); 2013 pro forma excluding advances made for the acquisition of hospitals from Rhön-Klinikum AG; before integration costs (Fenwal)

INFORMATION BY BUSINESS SEGMENT

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

FRESENIUS MEDICAL CARE – Dialysis products, Dialysis services

US$ in millions	H1/2014	H1/2013	Change
Sales	**7,398**	7,076	5%
EBIT	**1,001**	1,038	-4%
Net income [1]	**439**	488	-10%
Operating cash flow	**562**	841	-33%
Investments/Acquisitions	**1,022**	447	129%
R & D expenses	**61**	61	-1%
Employees, per capita on balance sheet date (June 30/December 31)	**100,374**	95,637	5%

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

€ in millions	H1/2014	H1/2013	Change
Sales	**2,466**	2,519	-2%
EBIT [2]	**411**	469	-12%
Net income [3]	**217**	242	-10%
Operating cash flow	**215**	238	-10%
Investments/Acquisitions	**147**	166	-11%
R & D expenses	**125**	117	7%
Employees, per capita on balance sheet date (June 30/December 31)	**32,676**	31,961	2%

FRESENIUS HELIOS – Hospital operations

€ in millions	H1/2014	H1/2013	Change
Sales	**2,521**	1,695	49%
EBIT [4]	**250**	179	40%
Net income [5]	**179**	119	50%
Operating cash flow	**205**	80	156%
Investments/Acquisitions	**840**	55	--
Employees, per capita on balance sheet date (June 30/December 31)	**68,731**	42,913	60%

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

€ in millions	H1/2014	H1/2013	Change
Sales	**398**	421	-5%
EBIT	**15**	15	0%
Net income [6]	**10**	9	11%
Operating cash flow	**-62**	3	--
Investments/Acquisitions	**4**	11	-64%
Order intake	**300**	311	-4%
Employees, per capita on balance sheet date (June 30/December 31)	**7,333**	7,010	5%

[1] Net income attributable to shareholders of Fresenius Medical Care AG & Co. KGaA
[2] Before integration costs (Fenwal)
[3] Net income attributable to shareholders of Fresenius Kabi AG; before integration costs (Fenwal)
[4] 2014 before integration costs (acquired Rhön hospitals) and disposal gains (two HELIOS hospitals; Rhön stake)
[5] Net income attributable to shareholders of HELIOS Kliniken GmbH; 2014 before integration costs (acquired Rhön hospitals) and disposal gains (two HELIOS hospitals; Rhön stake)
[6] Net income attributable to shareholders of VAMED AG

FRESENIUS SHARE

Following a strong start to the year and a new all-time high of €119.70 in February, the Fresenius share closed at €108.90 at the end of the first half. On August 1, the three-for-one stock split became effective.

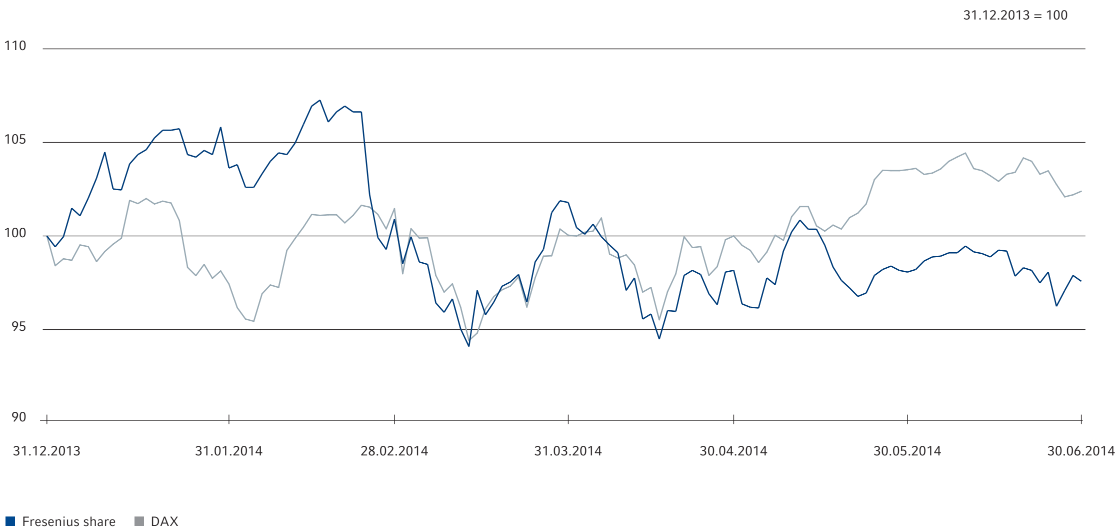
FIRST HALF OF 2014

Following a strong start to the year, stock markets were affected by geopolitical tensions and weak economic growth in emerging markets. At the same time, the accelerating growth of the global economy continued during the first half. The Eurozone's growth domestic product is expected to expand by 1% in 2014, while GDP growth in the US is forecast at 2.3%. In support of this positive trend, the ECB continued its expansive fiscal policy and set the interest rate for bank deposits at below 0% for the first time ever. The US Federal Reserve continued to reduce bond purchases in the second quarter. An increase in the prime interest rate is not expected to occur before 2015.

The Fresenius share reached a new all-time high of €119.70 in February. The share closed at €108.90 on June 30 (December 31, 2013: €111.60). The DAX increased 4.6% over the same period and reached a record high of 10,029 points in June.

On August 1, the three-for-one stock split approved by the Annual General Meeting in May became effective. The share closed at € 36.99 on August 4, the first trading day following the stock split.

RELATIVE SHARE PRICE PERFORMANCE VS. DAX



KEY DATA OF THE FRESENIUS SHARE

	H1/2014	2013	Change
Number of shares before stock split (June 30/December 31)	**179,992,481**	179,694,829	
Quarter-end quotation in €	**108.90**	111.60	-2.4%
High in €	**119.70**	111.95	6.9%
Low in €	**105.00**	81.91	28.2%
Ø Trading volume (number of shares per trading day)	**383,676**	423,064	-9.3%
Market capitalization, € in millions (June 30/December 31)	**19,572**	20,054	-2.5%

MANAGEMENT REPORT

All business segments showed marked improvement from the first quarter. The integration of the newly acquired hospitals is fully on track and Kabi saw growing business momentum in all key markets. Looking ahead, Fresenius expects growth to accelerate further across the Group in the second half of the year and fully confirms its 2014 earnings guidance.

ACCELERATED GROWTH IN Q2 – FRESENIUS RAISES FY 2014 SALES OUTLOOK, FULLY CONFIRMS EARNINGS OUTLOOK

	H1/2014	at actual rates	in constant currency
Sales	€10.8 bn	+7%	+12%
EBIT [1]	€1,389 m	-4%	-1%
Net income [2]	€479 m	-1%	+1%

HEALTH CARE INDUSTRY

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

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

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

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

RESULTS OF OPERATIONS, FINANCIAL POSITION, ASSETS AND LIABILITIES

SALES

Group sales increased by 7% (12% in constant currency) to €10,826 million (H1/2013: €10,087 million). Organic sales growth was 3%. Acquisitions contributed 9%. Divestitures had a marginal effect on sales growth.

Organic sales growth was 3% in North America and 2% in Europe. In Asia-Pacific organic sales growth was 2%, impacted by a slow first quarter in China for Fresenius Medical Care and Fresenius Kabi. In Latin America organic sales growth was 9%. In Africa, the decline in sales is mainly due to fluctuations in the project business at Fresenius Vamed.

[1] 2014 before integration costs (Fenwal: €3 million; acquired Rhön hospitals: €8 million) and disposal gains (two HELIOS hospitals: €22 million; Rhön stake: €35 million); 2013 before integration costs (Fenwal: €27 million)

[2] Net income attributable to shareholders of Fresenius SE & Co. KGaA; 2014 before integration costs (Fenwal: €2 million; acquired Rhön hospitals: €6 million) and disposal gains (two HELIOS hospitals: €21 million; Rhön stake: €34 million); 2013 before integration costs (Fenwal: €20 million); including these effects, net income attributable to shareholders of Fresenius SE & Co. KGaA increased by 14% (+16% in constant currency) to €526 million

EARNINGS

€ in millions	Q2/2014	Q2/2013	H1/2014	H1/2013
EBIT[1]	**759**	751	**1,389**	1,449
Net income[2]	**256**	257	**479**	482
Net income[3]	**283**	242	**526**	462
Earnings per share in €[2] before stock split	**1.42**	1.44	**2.66**	2.70
Earnings per share in €[3] before stock split	**1.58**	1.35	**2.93**	2.59
Earnings per share in €[2] after stock split	**0.48**	0.48	**0.89**	0.90
Earnings per share in €[3] after stock split	**0.53**	0.45	**0.98**	0.86

Adverse currency translation effects weighed on Group sales in all regions, particularly in Latin America (-19%), Asia-Pacific (-7%), Africa (-7%) and North America (-5%).

EARNINGS

Group EBITDA[1] was €1,847 million (H1/2013: €1,871 million) and increased by 2% in constant currency. Group EBIT[1] decreased by 4% (-1% in constant currency) to €1,389 million (H1/2013: €1,449 million). Besides currency headwinds, this development is mainly attributable to the year-over-year comparison of issues at Fresenius Medical Care and Fresenius Kabi which occurred in 2013. The EBIT margin was 12.8% (H1/2013: 14.4%).

Group net interest was -€283 million (H1/2013: -€313 million). Improved financing terms as well as favorable currency effects contributed to the decrease. In addition, H1/2013 net interest included €14 million one-time costs resulting from the early redemption of a Senior Note.

The Group tax rate[1] was 30.1% and above the prior-year level (H1/2013: 28.3%). In Q2/2014, the Group tax rate was 32.2% due to a special tax effect at Fresenius Medical Care.

Noncontrolling interest was €294 million (H1/2013: €332 million), of which 94% was attributable to the noncontrolling interest in Fresenius Medical Care.

Group net income[2] decreased by 1% (+1% in constant currency) to €479 million (H1/2013: €482 million). Earnings per share[2] were €2.66 (H1/2013: €2.70). Group net income[2] excluding the special tax effect at Fresenius Medical Care remained at previous year's level (+2% in constant currency).

Group net income attributable to shareholders of Fresenius SE & Co. KGaA including integration costs for Fenwal and the acquired Rhön hospitals, as well as the disposal gains from

SALES BY REGION

€ in millions	H1/2014	H1/2013	Change at actual rates	Currency translations effects	Change at constant rates	Organic growth	Acquisitions/ divestitures	% of total sales
North America	**4,365**	4,368	0%	-5%	5%	3%	2%	40%
Europe	**4,852**	4,010	21%	-1%	22%	2%	20%	45%
Asia-Pacific	**945**	954	-1%	-7%	6%	2%	4%	9%
Latin America	**517**	570	-9%	-19%	10%	9%	1%	5%
Africa	**147**	185	-21%	-7%	-14%	-15%	1%	1%
Total	**10,826**	10,087	7%	-5%	12%	3%	9%	100%

SALES BY BUSINESS SEGMENT

€ in millions	H1/2014	H1/2013	Change at actual rates	Currency translations effects	Change at constant rates	Organic growth	Acquisitions/ divestitures	% of total sales
Fresenius Medical Care	**5,399**	5,388	0%	-6%	6%	4%	2%	50%
Fresenius Kabi	**2,466**	2,519	-2%	-5%	3%	2%	1%	23%
Fresenius Helios	**2,521**	1,695	49%	0%	49%	3%	46%	23%
Fresenius Vamed	**398**	421	-5%	0%	-5%	-8%	3%	4%

All segment data according to U.S. GAAP

[1] 2014 before integration costs (Fenwal; acquired Rhön hospitals) and disposal gains (two HELIOS hospitals; Rhön stake); 2013 before integration costs (Fenwal)
[2] Net income attributable to shareholders of Fresenius SE & Co. KGaA; 2014 before integration costs (Fenwal; acquired Rhön hospitals) and disposal gains (two HELIOS hospitals; Rhön stake); 2013 before integration costs (Fenwal)
[3] Net income attributable to shareholders of Fresenius SE & Co. KGaA

two HELIOS hospitals and the Rhön stake increased by 14% (+16% in constant currency) to €526 million. Earnings per share increased by 13% (+15% in constant currency) to €2.93.

On August 1, 2014, the stock split with capital increase from company funds approved by the Annual General Meeting in May became effective (see subsequent events on page 18). After implementation of the stock split earnings per share[1] were €0.89 (H1/2013: €0.90). Including integration costs for Fenwal and the acquired Rhön hospitals, as well as the disposal gains from two HELIOS hospitals and the Rhön stake, earnings per share were €0.98.

RECONCILIATION

The Group's IFRS financial results as of June 30, 2014 and June 30, 2013 comprise special items. Net income attributable to shareholders of Fresenius SE & Co. KGaA excludes integration costs (Fenwal; acquired Rhön hospitals) as well as disposal gains (two HELIOS hospitals, Rhön stake). Adjusted earnings represent the Group's business operations in the reporting period.

INVESTMENTS

The Fresenius Group spent €527 million on property, plant and equipment (H1/2013: €433 million). The Company primarily invested in the modernization and expansion of production facilities and hospitals as well as in the equipment of new, and the expansion of existing dialysis clinics.

RECONCILIATION

€ in millions	**H1/2014 before special items**	Fenwal integration costs	integration costs for acquired Rhön hospitals	disposal gain from two HELIOS hospitals	disposal gain from Rhön stake	**H1/2014 according to IFRS (incl. special items)**	H1/2013 before special items	Fenwal integration costs	H1/2013 according to IFRS (incl. special items)
Sales	**10,826**					**10,826**	10,087		10,087
EBIT	**1,389**	-3	-8	22	35	**1,435**	1,449	-27	1,422
Interest result	**-283**					**-283**	-313		-313
Net income before taxes	**1,106**	-3	-8	22	35	**1,152**	1,136	-27	1,109
Income taxes	**-333**	1	2	-1	-1	**-332**	-322	7	-315
Net income	**773**	-2	-6	21	34	**820**	814	-20	794
Less noncontrolling interest	**-294**					**-294**	-332		-332
Net income attributable to shareholders of Fresenius SE & Co. KGaA	**479**	-2	-6	21	34	**526**	482	-20	462

€ in millions	**Q2/2014 before special items**	Fenwal integration costs	integration costs for acquired Rhön hospitals	disposal gain from two HELIOS hospitals	disposal gain from Rhön stake	**Q2/2014 according to IFRS (incl. special items)**	Q2/2013 before special items	Fenwal integration costs	Q2/2013 according to IFRS (incl. special items)
Sales	**5,568**					**5,568**	5,148		5,148
EBIT	**759**	-2	-8	0	35	**784**	751	-20	731
Interest result	**-145**					**-145**	-150		-150
Net income before taxes	**614**	-2	-8	0	35	**639**	601	-20	581
Income taxes	**-198**	1	2	0	-1	**-196**	-168	5	-163
Net income	**416**	-1	-6	0	34	**443**	433	-15	418
Less noncontrolling interest	**-160**					**-160**	-176		-176
Net income attributable to shareholders of Fresenius SE & Co. KGaA	**256**	-1	-6	0	34	**283**	257	-15	242

[1] Net income attributable to shareholders of Fresenius SE & Co. KGaA; 2014 before integration costs (Fenwal; acquired Rhön hospitals) and disposal gains (two HELIOS hospitals; Rhön stake); 2013 before integration costs (Fenwal)

INVESTMENTS BY BUSINESS SEGMENT

€ in millions	H1/2014	H1/2013	thereof property, plant and equipment	thereof acquisitions	Change	% of total
Fresenius Medical Care	**746**	340	306	440	119%	44%
Fresenius Kabi	**147**	166	128	19	-11%	9%
Fresenius Helios	**840**	55	83	757	--	49%
Fresenius Vamed	**4**	11	3	1	-64%	0%
Corporate/Other	**1**	3	2	-1	-67%	0%
IFRS Reconciliation	**-41**	8	5	-46	--	-2%
Total	**1,697**	583	527	1,170	191%	100%

All segment data according to U.S. GAAP

Total acquisition spending was €1,170 million (H1/2013: €150 million), including €756 million for the acquisition of hospitals from Rhön-Klinikum AG.

CASH FLOW

Operating cash flow was €709 million (H1/2013: €955 million) with a margin of 6.5% (H1/2013: 9.5%). The decrease was mainly attributable to the payment for the W.R. Grace bankruptcy settlement of US$115 million[1], increased working capital at Fresenius Medical Care and Fresenius Kabi as well as a change from annual to monthly upfront payments to Fresenius Vamed for a technical management contract all in Q1/2014.

Net capital expenditure increased to €537 million (H1/2013: €424 million). Free cash flow before acquisitions and dividends was €172 million (H1/2013: €531 million).

Free cash flow after acquisitions and dividends was -€1,275 million (H1/2013: €92 million).

ASSET AND LIABILITY STRUCTURE

The Group's total assets increased by 8% (at actual rates and in constant currency) to €35,545 million (Dec. 31, 2013: €32,859 million). This increase is mainly attributable to the first-time consolidation of hospitals acquired from Rhön-Klinikum AG. Current assets grew by 19% to €9,078 million (Dec. 31, 2013: €7,600 million). Non-current assets increased by 5% to €26,467 million (Dec. 31, 2013: €25,259 million).

Total shareholders' equity increased by 3% to €14,015 million (Dec. 31, 2013: €13,595 million).

The equity ratio was 39.4% (Dec. 31, 2013: 41.4%).

CASH FLOW STATEMENT (SUMMARY)

€ in millions	H1/2014	H1/2013	Change
Net income	**820**	794	3%
Depreciation and amortization	**458**	422	9%
Change in accruals for pensions	**6**	20	-70%
Cash flow	**1,284**	1,236	4%
Change in working capital	**-575**	-281	-105%
Operating cash flow	**709**	955	-26%
Property, plant and equipment	**-542**	-441	-23%
Proceeds from the sale of property, plant and equipment	**5**	17	-71%
Cash flow before acquisitions and dividends	**172**	531	-68%
Cash used for acquisitions, net	**-990**	7	--
Dividends paid	**-457**	-446	-2%
Free cash flow paid after acquisitions and dividends	**-1,275**	92	--
Cash provided by/used for financing activities	**1,468**	-133	--
Effect of exchange rates on change in cash and cash equivalents	**13**	-2	--
Net change in cash and cash equivalents	**206**	-43	--

[1] See Annual Report 2013 according to IFRS, page 113 f.

Group debt was €14,430 million (Dec. 31, 2013: €12,716 million). Net debt was €13,360 million (Dec. 31, 2013: €11,852 million).

As of June 30, 2014, the net debt/EBITDA ratio was 3.37[1] (Dec. 31, 2013: 2.48[2]). The increase is mainly due to the acquisition of hospitals from Rhön-Klinikum AG.

SECOND QUARTER OF 2014

Group sales increased by 8% to €5,568 million (Q2/2013: €5,148 million). In constant currency, sales increased by 13%. Organic sales growth was 3%, acquisitions contributed a further 10%. EBIT[3] increased by 1% at actual rates (5% in constant currency) to €759 million (Q2/2013: €751 million). In Q2/2014, the EBIT margin increased sequentially by 160 bps to 13.6%. Group net income[4] reached €256 million (Q2/2013: €257 million). In constant currency, growth of 2% was achieved. Earnings per share[4] was €1.42 (Q2/2013: €1.44). In constant currency, earnings per share improved by 1%. Group net income, attributable to shareholders of Fresenius SE & Co. KGaA reached €283 million (Q2/2013: €242 million). Earnings per share were €1.58.

After implementation of the stock split, earnings per share[4] were €0.48 (Q2/2013: €0.48). Including integration costs for Fenwal and the acquired Rhön hospitals, as well as the disposal gains from the Rhön stake, earnings per share were €0.53.

Operating cash flow was €567 million (Q2/2013: €508 million) with a margin of 10.2% (Q2/2013: 9.9%). Investments in property, plant and equipment increased to €291 million (Q2/2013: €251 million). Acquisition spending was €246 million (Q2/2013: €72 million).

ANNUAL GENERAL MEETING 2014

At the Annual General Meeting 2014, the shareholders of Fresenius SE & Co. KGaA approved all agenda items with a large majority. Fresenius SE & Co. KGaA shareholders voted with a majority of 99.81% to approve the 21st consecutive dividend increase proposed by the general partner and the Supervisory Board. Shareholders received €1.25 per common share (2013: €1.10). With a majority of 99.48%, the shareholders approved a stock split with capital increase from company funds and the corresponding changes to the Articles of Association.

Please see page 11 for all voting results.

[1] Pro forma including acquired Rhön hospitals and excluding two HELIOS hospitals; before integration costs (Fenwal; acquired Rhön hospitals) and disposal gains (two HELIOS hospitals; Rhön stake)
[2] Pro forma excluding advances made for the acquisition of hospitals from Rhön-Klinikum AG; before integration costs (Fenwal)
[3] 2014 before integration costs (Fenwal: €2 million; acquired Rhön hospitals: €8 million) and disposal gains (Rhön stake: €35 million); 2013 before integration costs (Fenwal: €20 million)
[4] Net income attributable to shareholders of Fresenius SE & Co. KGaA; 2014 before integration costs (Fenwal: €1 million; acquired Rhön hospitals: €6 million) and disposal gains (Rhön stake: €34 million); 2013 before integration costs (Fenwal: €15 million)

		Number of shares for which valid votes were cast	in % of the capital stock	Yes votes: Number	Yes votes: in % of the valid votes cast	No votes: Number	No votes: in % of the valid votes cast
Item no. 1	Resolution on the Approval of the Annual Financial Statements of Fresenius SE & Co. KGaA for the Fiscal Year 2013	133,022,867	73.97 %	132,990,806	99.98%	32,061	0.02%
Item no. 2	Resolution on the Allocation of the Distributable Profit	133,024,559	73.97 %	132,769,026	99.81%	255,533	0.19%
Item no. 3	Resolution on the Approval of the Actions of the General Partner for the Fiscal Year 2013	83,085,433	46.20 %	81,774,695	98.42%	1,310,738	1.58%
Item no. 4	Resolution on the Approval of the Actions of the Supervisory Board for the Fiscal Year 2013	82,038,635	45.62 %	80,712,687	98.38%	1,325,948	1.62%
Item no. 5	Election of the Auditor and Group Auditor for the Fiscal Year 2014	83,878,062	46.64 %	82,683,761	98.58%	1,194,301	1.42%
Item no. 6	Resolution on the Approval of the Adjustment of Existing Enterprise Agreements	133,023,036	73.97 %	133,021,694	99.99%	1,342	0.01%
Item no. 7	Resolution on a Capital Increase from Company Funds with Issue of New Shares, the Adjustment of the Authorization for the Granting of Subscription Rights to Managerial Staff Members (Führungskräfte) and Members of the Management Board of Fresenius SE & Co. KGaA or an Affiliated Company (Stock Option Program 2013), as well as on the Corresponding Adjustments of Article 4 (Share Capital) and Article 13 (Remuneration of Supervisory Board Members)	133,022,355	73.97 %	132,335,973	99.48%	686,382	0.52%
Item no. 8	Resolution on the Cancellation of the Existing Authorized Capital I and on the Creation of a New Authorized Capital I with Authorization for Exclusion of Subscription Rights and a Corresponding Amendment to the Articles of Association	132,340,012	73.59 %	122,036,988	92.21%	10,303,024	7.79%
Item no. 9	Resolution on the Cancellation of the Existing Authorization to issue Option Bonds and/or Convertible Bonds dated May 11, 2012 and the Associated Conditional Capital III, and on the Creation of a New Authorization to issue Option Bonds and/or Convertible Bonds, on the Exclusion of Subscription Rights, and on the Creation of Conditional Capital and corresponding Amendments to the Articles of Association	131,450,906	73.10 %	122,981,703	93.56%	8,469,203	6.44%
Item no. 10	Resolution on the Cancellation of the Authorization to Purchase and Use Own Shares pursuant to sec. 71 para. 1 sent. 8 of the German Stock Corporation Act granted by Resolution of the Annual General Meeting of May 11, 2012, and an Authorization to Purchase and Use Own Shares pursuant to sec. 71 para. 1 sent. 8 of the German Stock Corporation Act and on the Exclusion of Subscription Rights	131,905,491	73.35 %	127,443,153	96.62%	4,462,338	3.38%
Item no. 11	Resolution on the Authorization to utilize Equity Derivatives to purchase Own Shares subject to Exclusion of any Tender Right	132,939,328	73.93 %	129,169,769	97.16%	3,769,559	2.84%

BUSINESS SEGMENTS

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

FRESENIUS MEDICAL CARE

Fresenius Medical Care is the world's leading provider of services and products for patients with chronic kidney failure. As of June 30, 2014, Fresenius Medical Care was treating 280,942 patients in 3,335 dialysis clinics.

US$ in millions	Q2/2014	Q2/2013	Change	H1/2014	H1/2013	Change
Sales	**3,835**	3,613	6%	**7,398**	7,076	5%
EBITDA	**725**	703	3%	**1,337**	1,353	-1%
EBIT	**556**	544	2%	**1,001**	1,038	-4%
Net income [1]	**234**	263	-11%	**439**	488	-10%
Employees (June 30/December 31)				**100,374**	95,637	5%

FIRST HALF OF 2014

- Second quarter shows accelerated growth and margin improvement
- Net income impacted by US$18 million special tax effect
- 2014 guidance confirmed

Sales increased by 5% (6% in constant currency) to US$7,398 million (H1/2013: US$7,076 million). Organic sales growth was 4%. Acquisitions contributed 2%. Adverse currency effects reduced sales by 1%.

Sales in dialysis services increased by 6% (7% in constant currency) to US$5,731 million (H1/2013: US$5,421 million). Dialysis product sales increased by 1% (1% in constant currency) to US$1,667 million (H1/2013: US$1,655 million).

In North America sales grew by 5% to US$4,914 million (H1/2013: US$4,663 million). Dialysis services sales increased by 6% to US$4,517 million (H1/2013: US$4,261 million). Dialysis product sales decreased by 1% to US$397 million (H1/2013: US$402 million).

Sales outside North America ("International" segment) increased by 3% (5% increase in constant currency) to US$2,458 million (H1/2013: US$2,397 million) impacted inter alia by the reorganization of the distribution network in China. Sales in dialysis services increased by 5% (10% in constant currency) to US$1,214 million (H1/2013: US$1,161 million). Dialysis product sales increased by 1% (1% in constant currency) to US$1,244 million (H1/2013: US$1,236 million).

EBIT decreased by 4% to US$1,001 million (H1/2013: US$1,038 million). The EBIT margin was 13.5% (H1/2013: 14.7%). EBIT was impacted by sequestration and rebasing of Medicare's reimbursement rate in the United States.

Net income attributable to shareholders of Fresenius Medical Care AG & Co. KGaA decreased by 10% to US$439 million (H1/2013: US$488 million). Excluding a special tax effect at Fresenius Medical Care in Q2/2014, net income attributable to shareholders of Fresenius Medical Care AG & Co. KGaA was US$457 million.

Operating cash flow was US$562 million (H1/2013: US$841 million). The decrease was mainly attributable to the payment for the W.R. Grace bankruptcy settlement of US$115 million and increased working capital in Q1/2014. The cash flow margin was 7.6% (H1/2013: 11.9%).

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

SECOND QUARTER OF 2014

Fresenius Medical Care increased sales by 6% (7% in constant currency) to US$3,835 million (Q2/2013: US$3,613 million). Organic sales growth was 5%, acquisitions contributed 2%. Adverse currency translation effects reduced sales by 1%. EBIT increased by 2% to US$556 million (Q2/2013: US$544 million). The EBIT margin increased sequentially by 200 bps to 14.5%. Net income [1] was US$234 million, a decrease of 11% (Q2/2013: US$263 million).

Please see page 18 of the Management Report for the 2014 outlook of Fresenius Medical Care.

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

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

FRESENIUS KABI

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

€ in millions	**Q2/2014**	Q2/2013	Change	**H1/2014**	H1/2013	Change
Sales	**1,253**	1,259	0%	**2,466**	2,519	-2%
EBITDA [1]	**260**	287	-9%	**513**	575	-11%
EBIT [1]	**210**	232	-9%	**411**	469	-12%
Net income [2]	**111**	123	-10%	**217**	242	-10%
Employees (June 30/December 31)				**32,676**	31,961	2%

FIRST HALF OF 2014

- 4% organic sales growth and EBIT margin of 16.8% in Q2
- €10 million adverse currency impact on EBIT in Q2
- 13.8% cash flow margin in Q2
- 2014 guidance fully confirmed

Sales decreased by 2% (+3% increase in constant currency) to €2,466 million (H1/2013: €2,519 million). Organic sales growth was 2% (Q2/2014: 4%). Adverse currency translation effects weighed on sales (-5%), mainly due to the weaker currencies in the United States, Brazil, Argentina and South Africa against the Euro.

Sales in Europe decreased by 1% (organic sales growth: +1%) to €1,024 million (H1/2013: €1,030 million). Sales in North America decreased by 5% (organic sales growth: 0%) to €747 million (H1/2013: €784 million). Asia-Pacific sales were €464 million (organic sales growth: +6%; H1/2013: €456 million). Sales in Latin America/Africa decreased by 7% (organic sales growth: +11%) to €231 million (H1/2013: €249 million).

EBIT [1] was €411 million (H1/2013: €469 million), a decrease of 9% in constant currency. Adverse currency translation effects particularly weighed on Q2 EBIT with -4% compared to -2% in Q1/2014. Besides currency headwinds, EBIT was impacted by lower HES sales and the 2013 price cuts in China. The EBIT margin of 16.7% was in line with expectations and our guidance range.

Net income [2] decreased by 10% to €217 million (H1/2013: €242 million).

Fresenius Kabi's operating cash flow was €215 million (H1/2013: €238 million) with a margin of 8.7% (H1/2013: 9.4%), mainly due to temporarily higher working capital requirements. Cash flow improved from Q1 (€42 million) to Q2 (€173 million). Cash flow before acquisitions and dividends in H1/2014 was €73 million (H1/2013: €120 million).

Integration costs for Fenwal were €3 million (pre-tax) in H1/2014. These costs are reported in the Group Corporate/Other segment. The vast majority of planned integration costs of €40–50 million are expected to accrue towards the end of 2014.

SECOND QUARTER OF 2014

In the second quarter of 2014, Fresenius Kabi increased sales by 5% in constant currency to €1,253 million (Q2/2013: €1,259 million). Organic sales growth was 4%, acquisitions contributed 1%. EBIT [1] declined by 9% to €210 million (Q2/2013: €232 million). The EBIT margin was 16.8% (Q2/2013: 18.4%). Sequentially, EBIT margin improved by 20 basis points in Q2/2014. Fresenius Kabi's net income [2] decreased by 10% to €111 million (Q2/2013: €123 million).

Please see page 19 of the Management Report for the 2014 outlook of Fresenius Kabi.

[1] Before integration costs (Fenwal)
[2] Net income attributable to shareholders of Fresenius Kabi AG; before integration costs (Fenwal)

FRESENIUS HELIOS

Fresenius Helios is Germany's largest hospital operator. HELIOS owns 111 hospitals, thereof 87 acute care clinics including seven maximum care hospitals in Berlin-Buch, Duisburg, Erfurt, Krefeld, Schwerin, Wiesbaden and Wuppertal. HELIOS treats more than 4.2 million patients per year, thereof more than 1.2 million inpatients, and operates more than 34,000 beds.

€ in millions	Q2/2014	Q2/2013	Change	H1/2014	H1/2013	Change
Sales	1,294	854	52%	2,521	1,695	49%
EBITDA[1]	186	121	54%	344	235	46%
EBIT[1]	136	92	48%	250	179	40%
Net income[2]	102	63	62%	179	119	50%
Employees (June 30/December 31)				68,731	42,913	60%

FIRST HALF OF 2014

- 3% organic sales growth fully in line with guidance
- Acquired hospitals show positive margin development
- New 2014 guidance: EBIT of €540–560 million for HELIOS including the acquired hospitals

Sales increased by 49% to €2,521 million (H1/2013: €1,695 million). The strong increase in sales is mainly due to the acquired hospitals from Rhön-Klinikum AG. The divestment of two HELIOS hospitals reduced sales growth by 2%. Organic sales growth was 3% in H1 and Q2.

EBIT[1] grew by 40% to €250 million (H1/2013: €179 million). The EBIT margin was 9.9% (H1/2013: 10.6%). The margin decline is due to the consolidation of the newly acquired hospitals.

Net income[2] increased by 50% to €179 million (H1/2013: €119 million).

Sales of the established hospitals grew by 3% to €1,713 million. EBIT improved by 5% to €184 million. The EBIT margin increased to 10.7% (H1/2013: 10.6%).

Sales of the acquired hospitals were €808 million, EBIT was €66 million and EBIT margin was 8.2%. Q2/2014 EBIT margin increased substantially to 9.1% (Q1/2014: 7.0%).

In Q1/2014, approximately 90% of the acquisition of hospitals from Rhön-Klinikum AG was completed. Approximately 70% of the acquired business was consolidated as of January 1, 2014, and approximately 20% as of March 1, 2014. The acquisition of HSK Dr. Horst Schmidt Kliniken in Wiesbaden is consolidated as of June 30, 2014. In addition, HELIOS acquired Rhön-Klinikum's 265-bed hospital in Cuxhaven with 2013 sales of approximately €40 million. The transaction was completed on July 31, 2014.

The integration of the acquired hospitals is progressing as planned.

SECOND QUARTER OF 2014

In the second quarter of 2014, Fresenius Helios improved sales to €1,294 million (Q2/2013: €854 million), an increase of 52%. Organic sales growth was 3%, acquisitions contributed 51% to sales growth, divestments reduced sales by 2%. EBIT[3] increased by 48% to €136 million (Q2/2013: €92 million). The EBIT margin decreased by 30 basis points to 10.5% compared to Q2/2013. Sequentially, the EBIT margin increased substantially by 120 basis points compared to 9.3% in Q1/2014. Net income[4] grew by 62% to €102 million (Q2/2013: €63 million).

Please see page 19 of the Management Report for the 2014 outlook of Fresenius Helios.

[1] 2014 before integration costs and disposal gains (two HELIOS hospitals; Rhön stake)
[2] Net income attributable to shareholders of HELIOS Kliniken GmbH; 2014 before integration costs and disposal gains (two HELIOS hospitals; Rhön stake)
[3] 2014 before integration costs and disposal gains (Rhön stake)
[4] Net income attributable to shareholders of HELIOS Kliniken GmbH; 2014 before integration costs and disposal gains (Rhön stake)

FRESENIUS VAMED

Fresenius Vamed manages projects and provides services for hospitals and other health care facilities worldwide.

€ in millions	Q2/2014	Q2/2013	Change	H1/2014	H1/2013	Change
Sales	**207**	237	-13%	**398**	421	-5%
EBITDA	**12**	12	0%	**20**	19	5%
EBIT	**9**	10	-10%	**15**	15	0%
Net income [1]	**6**	6	0%	**10**	9	11%
Employees (June 30/December 31)				**7,333**	7,010	5%

FIRST HALF OF 2014

- Continued strong order intake of €300 million
- Results reflect typical quarterly fluctuations in the project business
- 2014 guidance fully confirmed

Sales decreased by 5% to €398 million (H1/2013: €421 million). Organic sales growth was -8%. Acquisitions contributed 3%. Sales in the project business decreased by 17% to €173 million (H1/2013: €208 million) reflecting typical quarterly fluctuations. Sales in the service business grew by 6% to €225 million (H1/2013: €213 million).

EBIT was €15 million (H1/2013: €15 million) with a margin of 3.8% (H1/2013: 3.6%).

Net income [1] increased to €10 million (H1/2013: €9 million).

Order intake was €300 million (H1/2013: €311 million). As of June 30, 2014, order backlog was €1,262 million (Dec. 31, 2013: €1,139 million).

SECOND QUARTER OF 2014

Sales in the second quarter of 2014 were €207 million (Q2/2013: €237 million). EBIT was €9 million (Q2/2013: €10 million). EBIT margin was 4.3% (Q2/2013: 4.2%). Net income [1] remained at the previous year's level of €6 million.

Please see page 19 of the Management Report for the 2014 outlook of Fresenius Vamed.

[1] Net income attributable to shareholders of Vamed AG

EMPLOYEES

As of June 30, 2014, the number of employees increased by 18% to 209,933 (Dec. 31, 2013: 178,337). This is mainly due to the acquisition of hospitals from Rhön-Klinikum AG.

EMPLOYEES BY BUSINESS SEGMENT

Number of employees	June 30, 2014	Dec 31, 2013	Change
Fresenius Medical Care	**100,374**	95,637	5%
Fresenius Kabi	**32,676**	31,961	2%
Fresenius Helios	**68,731**	42,913	60%
Fresenius Vamed	**7,333**	7,010	5%
Corporate/Other	**819**	816	0%
Total	**209,933**	178,337	18%

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
- Infusion and nutrition therapies
- Generic IV drugs
- 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	H1/2014	H1/2013	Change
Fresenius Medical Care	**44**	47	-6%
Fresenius Kabi	**125**	117	7%
Fresenius Helios	**–**	–	--
Fresenius Vamed	**0**	0	
Corporate/Other	**1**	3	-67%
IFRS Reconciliation	**2**	3	-33%
Total	**172**	170	1%

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 fi nancial statements and management report as of December 31, 2013, applying Section 315a HGB in accordance with IFRS, there have been no material changes in Fresenius' overall opportunities and risk situation in the first half of 2014.

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 46 to 52 in the Notes of this report.

SUBSEQUENT EVENTS

On August 1, 2014, the stock split with capital increase from company funds approved by the Annual General Meeting in May became effective. After close of trading, shareholders' deposits and the stock exchange listing were converted. Trading at the new split-adjusted price began on August 4, 2014. Every shareholder received two additional shares for each share held. Fresenius shares continue to trade under ISIN DE0005785604. Following the split, the subscribed capital of Fresenius SE & Co. KGaA amounts to € 540,511,632 divided into 540,511,632 ordinary shares. In conjunction with the stock split, Fresenius has also changed the ratio of its American Depositary Receipts ("ADRs") which trade on OTCQX International Premier in the U.S. The ratio has changed from 8 ADRs representing one underlying Fresenius share to 4 ADRs representing one underlying share. The ratio change came into effect on August 4, 2014.

HELIOS acquired Rhön-Klinikum's 265-bed hospital in Cuxhaven with 2013 sales of approximately €40 million. The transaction was completed on July 31, 2014 and will be consolidated as of August 1, 2014.

Besides the items mentioned, there were no significant changes in the Fresenius Group's operating environment following the end of the first half of 2014. No other events of material importance on the assets and liabilities, financial postion, and result of operations of the Group have occured after the close of the first half of 2014.

RATING

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

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

	Standard & Poor's	Moody's	Fitch
Company rating	BB+	Ba1	BB+
Outlook	positive	negative	positive

On March 20, 2014, Fitch confirmed the BB+ rating of Fresenius with positive outlook. The rating confirmation reflects the performance in 2013 as well as the completion and financing of the acquisition of hospitals from Rhön-Klinikum AG. Fitch had placed Fresenius on rating watch in September 2013 following Rhön transaction announcement.

OUTLOOK 2014 [1]

(all data according to U.S. GAAP)

FRESENIUS GROUP

Fresenius raises its sales outlook following acquisitions at Fresenius Medical Care, and now expects sales to increase by 14% to 16% in constant currency. Previously, the Company expected sales growth of 12% to 15%. Fresenius fully confirms its net income [2] guidance, and continues to expect an increase of 2% to 5% in constant currency.

The net debt/EBITDA ratio is expected to be approximately 3.25 particularly reflecting Fresenius Medical Care's acquisitions (previously 3.00 to 3.25).

FRESENIUS MEDICAL CARE

Fresenius Medical Care confirms its outlook for 2014. Fresenius Medical Care expects sales of approximately US$15.2 billion, translating into a growth rate of around 4%. This outlook excludes sales of about US$500 million from acquisitions.

Net income attributable to shareholders of Fresenius Medical Care AG & Co. KGaA is expected to be unchanged between US$1.0 to US$1.05 billion. The company has initiated a global efficiency program designed to enhance its

[1] Includes contributions from the acquisition of hospitals from Rhön-Klinikum AG
[2] Net income attributable to shareholders of Fresenius SE & Co. KGaA; 2014 before integration costs (Fenwal; acquired Rhön hospitals) and disposal gains (two HELIOS hospitals; Rhön stake); 2013 before integration costs (Fenwal)

performance over a multi-year period. Potential cost savings before income taxes of up to US$60 million generated from this program are not included in the outlook for 2014.

FRESENIUS KABI

Fresenius Kabi fully confirms its 2014 outlook and projects organic sales growth of 4% to 6% and an EBIT margin of 16.5% to 18%.

FRESENIUS HELIOS

Fresenius Helios continues to project 2014 organic sales growth of 3% to 5%. The acquired hospitals are also expected to show 3% to 5% organic growth and to contribute sales of approximately €1.8 billion. EBIT for HELIOS including the acquired hospitals is expected to increase to €540 – 560 million.

FRESENIUS VAMED

Fresenius Vamed fully confirms its 2014 outlook and expects to achieve organic sales growth 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 be more than 210,000 in 2014. This is mainly the result of the acquisition of hospitals from Rhön-Klinikum AG. 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 2014. 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.

GROUP FINANCIAL OUTLOOK 2014 [1]

	Previous guidance	New guidance [2]
Sales, growth (constant currency)	12% – 15%	14% – 16%
Net income [3], growth (in constant currency)	2% – 5%	confirmed

[1] Includes contributions from the acquisition of hospitals from Rhön-Klinikum AG
[2] Includes acquisitions at Fresenius Medical Care
[3] Net income attributable to shareholders of Fresenius SE & Co. KGaA; 2014 before integration costs (Fenwal; acquired Rhön hospitals) and disposal gains (two HELIOS hospitals; Rhön stake); 2013 before integration costs (Fenwal)

OUTLOOK 2014 BY BUSINESS SEGMENT

		Previous guidance	New guidance
Fresenius Medical Care	Sales	~US$15.2 bn	confirmed
	Net income [1]	US$1.0 bn – US$1.05 bn	confirmed
Fresenius Kabi	Sales growth (organic)	4% – 6%	confirmed
	EBIT margin	16.5% – 18%	confirmed
Fresenius Helios	Sales growth (organic) [2]	3% – 5%	confirmed
	Sales contribution acquired hospitals		€ ~1.8 bn
	EBIT [3]		€540 m – €560 m
Fresenius Vamed	Sales growth	5% – 10%	confirmed
	EBIT, growth	5% – 10%	confirmed

[1] Net income attributable to shareholders of Fresenius Medical Care AG & Co. KGaA
[2] Fresenius Helios continues to project 2014 organic sales growth of 3 to 5%; the acquired Rhön hospitals are also expected to show 3 to 5% organic growth
[3] New EBIT guidance including acquired Rhön hospitals

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

€ in millions	Q2/2014	Q2/2013	H1/2014	H1/2013
Sales	**5,568**	5,148	**10,826**	10,087
Cost of sales	**-3,877**	-3,505	**-7,570**	-6,869
Gross profit	**1,691**	1,643	**3,256**	3,218
Selling, general and administrative expenses	**-817**	-820	**-1,649**	-1,626
Research and development expenses	**-90**	-92	**-172**	-170
Operating income (EBIT)	**784**	731	**1,435**	1,422
Net interest	**-145**	-150	**-283**	-313
Income before income taxes	**639**	581	**1,152**	1,109
Income taxes	**-196**	-163	**-332**	-315
Net income	**443**	418	**820**	794
Noncontrolling interest	**160**	176	**294**	332
Net income attributable to shareholders of Fresenius SE & Co. KGaA	**283**	242	**526**	462
Earnings per ordinary share in € (before stock split 1 : 3)	**1.58**	1.35	**2.93**	2.59
Fully diluted earnings per ordinary share in € (before stock split 1 : 3)	**1.56**	1.34	**2.90**	2.56
Earnings per ordinary share in € (after stock split 1 : 3)	**0.53**	0.45	**0.98**	0.86
Fully diluted earnings per ordinary share in € (after stock split 1 : 3)	**0.52**	0.44	**0.97**	0.85

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	Q2/2014	Q2/2013	H1/2014	H1/2013
Net income	**443**	418	**820**	794
Other comprehensive income (loss)				
Positions which will be reclassified into net income in subsequent years				
Foreign currency translation	**93**	-258	**30**	-44
Cash flow hedges	**14**	21	**18**	33
Change of fair value of available for sale financial assets	**-37**	8	**-23**	17
Income taxes on positions which will be reclassified	**2**	-1	**-3**	-9
Positions which will not be reclassified into net income in subsequent years				
Actuarial losses on defined benefit pension plans	**-2**	–	**-2**	–
Income taxes on positions which will not be reclassified	**1**	–	**1**	–
Other comprehensive income (loss), net	**71**	-230	**21**	-3
Total comprehensive income	**514**	188	**841**	791
Comprehensive income attributable to noncontrolling interest	**221**	45	**330**	337
Comprehensive income attributable to shareholders of Fresenius SE & Co. KGaA	**293**	143	**511**	454

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	June 30, 2014	Dec. 31, 2013
Cash and cash equivalents	1,070	864
Trade accounts receivable, less allowance for doubtful accounts	3,932	3,481
Accounts receivable from and loans to related parties	34	28
Inventories	2,277	2,015
Other current assets	1,765	1,212
I. Total current assets	**9,078**	7,600
Property, plant and equipment	6,342	5,083
Goodwill	17,048	14,921
Other intangible assets	1,392	1,408
Other non-current assets	1,100	3,318
Deferred taxes	585	529
II. Total non-current assets	**26,467**	25,259
Total assets	**35,545**	32,859

LIABILITIES AND SHAREHOLDERS' EQUITY

€ in millions	June 30, 2014	Dec. 31, 2013
Trade accounts payable	856	885
Short-term accounts payable to related parties	1	2
Short-term accrued expenses and other short-term liabilities	3,623	3,197
Short-term debt	791	2,376
Short-term loans from related parties	3	6
Current portion of long-term debt and capital lease obligations	593	855
Short-term accruals for income taxes	243	211
A. Total short-term liabilities	**6,110**	7,532
Long-term debt and capital lease obligations, less current portion	6,028	4,366
Senior Notes	6,559	5,113
Convertible bonds	456	0
Long-term accrued expenses and other long-term liabilities	681	600
Pension liabilities	736	714
Long-term accruals for income taxes	177	180
Deferred taxes	783	759
B. Total long-term liabilities	**15,420**	11,732
I. Total liabilities	**21,530**	19,264
A. Noncontrolling interest	**5,327**	5,212
Subscribed capital	180	180
Capital reserve	3,483	3,456
Other reserves	5,364	5,071
Accumulated other comprehensive loss	-339	-324
B. Total Fresenius SE & Co. KGaA shareholders' equity	**8,688**	8,383
II. Total shareholders' equity	**14,015**	13,595
Total liabilities and shareholders' equity	**35,545**	32,859

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	H1/2014	H1/2013
Operating activities		
Net income	820	794
Adjustments to reconcile net income to cash and cash equivalents provided by operating activities		
Depreciation and amortization	458	422
Gain on sale of investments and divestitures	-56	-44
Change in deferred taxes	-23	-16
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	-166	-91
Inventories	-191	-176
Other current and non-current assets	-95	-3
Accounts receivable from/payable to related parties	-9	-9
Trade accounts payable, accrued expenses and other short-term and long-term liabilities	-47	74
Accruals for income taxes	17	4
Net cash provided by operating activities	709	955
Investing activities		
Purchase of property, plant and equipment	-542	-441
Proceeds from sales of property, plant and equipment	5	17
Acquisitions and investments, net of cash acquired and net purchases of intangible assets	-997	-138
Proceeds from sale of investments and divestitures	7	145
Net cash used in investing activities	-1,527	-417
Financing activities		
Proceeds from short-term loans	614	416
Repayments of short-term loans	-2,222	-67
Proceeds from short-term loans from related parties	–	–
Repayments of short-term loans from related parties	–	–
Proceeds from long-term debt and capital lease obligations	1,772	1,777
Repayments of long-term debt and capital lease obligations	-708	-1,485
Proceeds from the issuance of Senior Notes	1,420	500
Repayments of liabilities from Senior Notes	0	-1,150
Proceeds from the issuance of Convertible Bonds	500	0
Payments for the share buy-back program of Fresenius Medical Care	0	-176
Changes of accounts receivable securitization program	52	17
Proceeds from the exercise of stock options	42	37
Dividends paid	-457	-446
Change in noncontrolling interest	–	-2
Exchange rate effect due to corporate financing	-2	–
Net cash provided by/used in financing activities	1,011	-579
Effect of exchange rate changes on cash and cash equivalents	13	-2
Net increase/decrease in cash and cash equivalents	206	-43
Cash and cash equivalents at the beginning of the reporting period	864	885
Cash and cash equivalents at the end of the reporting period	1,070	842

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

€ in millions	H1/2014	H1/2013
Received interest	27	19
Paid interest	-265	-303
Income taxes paid	-351	-286

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, 2012	178,188	178,188	178	3,342	4,421
Proceeds from the exercise of stock options	245	245	–	18	
Compensation expense related to stock options				12	
Dividends paid					-196
Purchase of noncontrolling interest					
Share buy-back program of Fresenius Medical Care AG & Co. KGaA					-59
Liabilities for noncontrolling interest subject to put provisions					-9
Comprehensive income (loss)					
Net income					462
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 (loss)					462
As of June 30, 2013	178,433	178,433	178	3,372	4,619
As of December 31, 2013	179,695	179,695	180	3,456	5,071
Proceeds from the exercise of stock options	297	297	–	21	
Compensation expense related to stock options				6	
Dividends paid					-225
Purchase of noncontrolling interest					
Liabilities for noncontrolling interest subject to put provisions					-8
Comprehensive income (loss)					
Net income					526
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 (loss)					526
As of June 30, 2014	**179,992**	**179,992**	**180**	**3,483**	**5,364**

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, 2012	-85	7,856	5,293	13,149
Proceeds from the exercise of stock options		18	19	37
Compensation expense related to stock options		12	7	19
Dividends paid		-196	-250	-446
Purchase of noncontrolling interest		0	–	–
Share buy-back program of Fresenius Medical Care AG & Co. KGaA		-59	-131	-190
Liabilities for noncontrolling interest subject to put provisions		-9	-21	-30
Comprehensive income (loss)				
Net income		462	332	794
Other comprehensive income (loss)				
Cash flow hedges	18	18	7	25
Change of fair value of available for sale financial assets	17	17	–	17
Foreign currency translation	-43	-43	-2	-45
Actuarial losses on defined benefit pension plans	–	–	–	–
Comprehensive income (loss)	-8	454	337	791
As of June 30, 2013	-93	8,076	5,254	13,330
As of December 31, 2013	-324	8,383	5,212	13,595
Proceeds from the exercise of stock options		21	21	42
Compensation expense related to stock options		6	-1	5
Dividends paid		-225	-232	-457
Purchase of noncontrolling interest		0	15	15
Liabilities for noncontrolling interest subject to put provisions		-8	-18	-26
Comprehensive income (loss)				
Net income		526	294	820
Other comprehensive income (loss)				
Cash flow hedges	7	7	5	12
Change of fair value of available for sale financial assets	-16	-16	–	-16
Foreign currency translation	-6	-6	32	26
Actuarial losses on defined benefit pension plans	–	–	-1	-1
Comprehensive income (loss)	-15	511	330	841
As of June 30, 2014	**-339**	**8,688**	**5,327**	**14,015**

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

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

	Fresenius Medical Care			Fresenius Kabi			Fresenius Helios			Fresenius Vamed		
by business segment, € in millions	**2014**	2013	Change	**2014**[2]	2013[2]	Change	**2014**[3]	2013	Change	**2014**	2013	Change
Sales	**5,399**	5,388	0%	**2,466**	2,519	-2%	**2,521**	1,695	49%	**398**	421	-5%
thereof contribution to consolidated sales	**5,381**	5,376	0%	**2,447**	2,497	-2%	**2,521**	1,695	49%	**381**	404	-6%
thereof intercompany sales	**18**	12	50%	**19**	22	-14%	**0**	0		**17**	17	0%
contribution to consolidated sales	**50%**	54%		**23%**	25%		**23%**	17%		**4%**	4%	
EBITDA	**976**	1,030	-5%	**513**	575	-11%	**344**	235	46%	**20**	19	5%
Depreciation and amortization	**245**	240	2%	**102**	106	-4%	**94**	56	68%	**5**	4	25%
EBIT	**731**	790	-7%	**411**	469	-12%	**250**	179	40%	**15**	15	0%
Net interest	**-142**	-158	10%	**-95**	-130	27%	**-27**	-27	0%	**0**	-1	100%
Income taxes	**-203**	-208	2%	**-88**	-84	-5%	**-40**	-29	-38%	**-4**	-4	0%
Net income attributable to shareholders of Fresenius SE & Co. KGaA	**320**	372	-14%	**217**	242	-10%	**179**	119	50%	**10**	9	11%
Operating cash flow	**410**	640	-36%	**215**	238	-10%	**205**	80	156%	**-62**	3	--
Cash flow before acquisitions and dividends	**107**	397	-73%	**73**	120	-39%	**122**	34	--	**-66**	-2	--
Total assets[1]	**17,678**	16,764	5%	**8,801**	8,598	2%	**8,074**	6,597	22%	**694**	726	-4%
Debt[1]	**6,692**	6,103	10%	**4,907**	4,735	4%	**1,512**	3,538	-57%	**133**	117	14%
Other operating liabilities[1]	**2,867**	2,749	4%	**1,458**	1,439	1%	**1,226**	813	51%	**283**	327	-13%
Capital expenditure, gross	**306**	254	20%	**128**	111	15%	**83**	50	66%	**3**	5	-40%
Acquisitions, gross/investments	**440**	86	--	**19**	55	-65%	**757**	5	--	**1**	6	-83%
Research and development expenses	**44**	47	-6%	**125**	117	7%	**–**	–	--	**0**	0	
Employees (per capita on balance sheet date)[1]	**100,374**	95,637	5%	**32,676**	31,961	2%	**68,731**	42,913	60%	**7,333**	7,010	5%
Key figures												
EBITDA margin	**18.1%**	19.1%		**20.8%**	22.8%		**13.6%**	13.9%		**5.0%**	4.5%	
EBIT margin	**13.5%**	14.7%		**16.7%**	18.6%		**9.9%**	10.6%		**3.8%**	3.6%	
Depreciation and amortization in % of sales	**4.5%**	4.5%		**4.1%**	4.2%		**3.7%**	3.3%		**1.3%**	1.0%	
Operating cash flow in % of sales	**7.6%**	11.9%		**8.7%**	9.4%		**8.1%**	4.7%		**-15.6%**	0.7%	
ROOA[1]	**10.1%**	10.5%		**10.8%**	11.9%		**7.0%**	9.3%		**10.9%**	11.6%	

FRESENIUS SE & CO. KGAA

CONSOLIDATED SEGMENT REPORTING FIRST HALF (UNAUDITED)

by business segment, € in millions	Corporate/Other 2014[4,5]	Corporate/Other 2013[4]	Corporate/Other Change	IFRS-Reconciliation 2014	IFRS-Reconciliation 2013	IFRS-Reconciliation Change	Fresenius Group 2014	Fresenius Group 2013	Fresenius Group Change
Sales	-51	-36	-42%	93	100	-7%	10,826	10,087	7%
thereof contribution to consolidated sales	3	15	-80%	93	100	-7%	10,826	10,087	7%
thereof intercompany sales	-54	-51	-6%	0	0		0	0	
contribution to consolidated sales	0%	0%		0%	0%		100%	100%	
EBITDA	47	-26	--	-7	11	-164%	1,893	1,844	3%
Depreciation and amortization	5	6	-17%	7	10	-30%	458	422	9%
EBIT	42	-32	--	-14	1	--	1,435	1,422	1%
Net interest	-19	3	--	0	0		-283	-313	10%
Income taxes	4	9	-56%	-1	1	-200%	-332	-315	-5%
Net income attributable to shareholders of Fresenius SE & Co, KGaA	-192	-280	31%	-8	0		526	462	14%
Operating cash flow	-18	-14	-29%	-41	8	--	709	955	-26%
Cash flow before acquisitions and dividends	-18	-18	0%	-46	0		172	531	-68%
Total assets[1]	255	73	--	43	101	-57%	35,545	32,859	8%
Debt[1]	1,283	-1,689	176%	-97	-88	-10%	14,430	12,716	13%
Other operating liabilities[1]	175	155	13%	308	306	1%	6,317	5,789	9%
Capital expenditure, gross	2	5	-60%	5	8	-38%	527	433	22%
Acquisitions, gross/investments	-1	-2	50%	-46	0		1,170	150	--
Research and development expenses	1	3	-67%	2	3	-33%	172	170	1%
Employees (per capita on balance sheet date)[1]	819	816	0%	0	0		209,933	178,337	18%
Key figures									
EBITDA margin							17.1%[2,3]	18.5%[2]	
EBIT margin							12.8%[2,3]	14.4%[2]	
Depreciation and amortization in % of sales							4.2%	4.2%	
Operating cash flow in % of sales							6.5%	9.5%	
ROOA[1]							9.1%[6]	10.3%[7]	

[1] 2013: December 31
[2] Before integration costs (Fenwal)
[3] Before integration costs (acquired Rhön hospitals) and disposal gains (two HELIOS hospitals; Rhön stake)
[4] After integration costs (Fenwal)
[5] After integration costs (acquired Rhön hospitals) and disposal gains (two HELIOS hospitals; Rhön stake)
[6] The underlying pro forma EBIT does not include integration costs (Fenwal; acquired Rhön hospitals) and disposal gains (two HELIOS hospitals; Rhön stake).
[7] The underlying pro forma EBIT does not include integration costs (Fenwal).

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 SECOND QUARTER (UNAUDITED)

	Fresenius Medical Care			Fresenius Kabi			Fresenius Helios			Fresenius Vamed		
by business segment, € in millions	**2014**	2013	Change	**2014**[1]	2013[1]	Change	**2014**[2]	2013	Change	**2014**	2013	Change
Sales	**2,797**	2,765	1%	**1,253**	1,259	0%	**1,294**	854	52%	**207**	237	-13%
thereof contribution to consolidated sales	**2,785**	2,758	1%	**1,242**	1,248	0%	**1,294**	854	52%	**198**	229	-14%
thereof intercompany sales	**12**	7	71%	**11**	11	0%	**0**	0		**9**	8	13%
contribution to consolidated sales	**51%**	54%		**22%**	25%		**23%**	17%		**4%**	4%	
EBITDA	**529**	538	-2%	**260**	287	-9%	**186**	121	54%	**12**	12	0%
Depreciation and amortization	**123**	122	1%	**50**	55	-9%	**50**	29	72%	**3**	2	50%
EBIT	**406**	416	-2%	**210**	232	-9%	**136**	92	48%	**9**	10	-10%
Net interest	**-72**	-79	9%	**-47**	-64	27%	**-11**	-12	8%	**1**	0	
Income taxes	**-129**	-110	-17%	**-46**	-39	-18%	**-22**	-15	-47%	**-3**	-3	0%
Net income attributable to shareholders of Fresenius SE & Co. KGaA	**170**	201	-15%	**111**	123	-10%	**102**	63	62%	**6**	6	0%
Operating cash flow	**328**	401	-18%	**173**	106	63%	**128**	47	172%	**-8**	-42	81%
Cash flow before acquisitions and dividends	**169**	269	-37%	**96**	44	118%	**76**	20	--	**-11**	-46	76%
Capital expenditure, gross	**160**	142	13%	**74**	66	12%	**51**	30	70%	**1**	4	-75%
Acquisitions, gross/investments	**293**	29	--	**2**	42	-95%	**-3**	2	--	**0**	-1	100%
Research and development expenses	**22**	24	-8%	**66**	64	3%	**–**	–	--	**0**	0	
Key figures												
EBITDA margin	**18.9%**	19.5%		**20.8%**	22.8%		**14.4%**	14.2%		**5.8%**	5.1%	
EBIT margin	**14.5%**	15.1%		**16.8%**	18.4%		**10.5%**	10.8%		**4.3%**	4.2%	
Depreciation and amortization in % of sales	**4.4%**	4.4%		**4.0%**	4.4%		**3.9%**	3.4%		**1.4%**	0.8%	
Operating cash flow in % of sales	**11.7%**	14.5%		**13.8%**	8.4%		**9.9%**	5.5%		**-3.9%**	-17.7%	

FRESENIUS SE & CO. KGAA

CONSOLIDATED SEGMENT REPORTING SECOND QUARTER (UNAUDITED)

by business segment, € in millions	Corporate/Other 2014[3,4]	2013[3]	Change	IFRS-Reconciliation 2014	2013	Change	Fresenius Group 2014	2013	Change
Sales	**-30**	-18	-67%	**47**	51	-8%	**5,568**	5,148	8%
thereof contribution to consolidated sales	**2**	8	-75%	**47**	51	-8%	**5,568**	5,148	8%
thereof intercompany sales	**-32**	-26	-23%	**0**	0		**0**	0	
contribution to consolidated sales	**0%**	0%		**0%**	0%		**100%**	100%	
EBITDA	**25**	-16	--	**3**	5	-40%	**1,015**	947	7%
Depreciation and amortization	**1**	2	-50%	**4**	6	-33%	**231**	216	7%
EBIT	**24**	-18	--	**-1**	-1	0%	**784**	731	7%
Net interest	**-16**	5	--	**0**	0		**-145**	-150	3%
Income taxes	**3**	4	-25%	**1**	0		**-196**	-163	-20%
Net income attributable to shareholders of Fresenius SE & Co, KGaA	**-103**	-150	31%	**-3**	-1	-200%	**283**	242	17%
Operating cash flow	**-11**	-9	-22%	**-43**	5	--	**567**	508	12%
Cash flow before acquisitions and dividends	**-9**	-12	25%	**-46**	0		**275**	275	0%
Capital expenditure, gross	**2**	4	-50%	**3**	5	-40%	**291**	251	16%
Acquisitions, gross/investments	**0**	-1	100%	**-46**	1	--	**246**	72	--
Research and development expenses	**1**	2	-50%	**1**	2	-50%	**90**	92	-2%
Key figures									
EBITDA margin							**17.8%[1,2]**	18.8%[1]	
EBIT margin							**13.6%[1,2]**	14.6%[1]	
Depreciation and amortization in % of sales							**4.1%**	4.2%	
Operating cash flow in % of sales							**10.2%**	9.9%	

[1] Before integration costs (Fenwal)
[2] Before integration costs (acquired Rhön hospitals) and disposal gains (Rhön stake)
[3] After integration costs (Fenwal)
[4] After integration costs (acquired Rhön hospitals) and disposal gains (Rhön stake)

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 health care 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 health care 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 (subgroups) as of June 30, 2014:

- 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, 2013.

III. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Principles of consolidation

The condensed consolidated financial statements and management report for the first half and the second quarter ended June 30, 2014 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, 2013 applying Section 315a HGB in accordance with IFRS.

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

The consolidated financial statements for the first half and the second quarter ended June 30, 2014 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 half ended June 30, 2014 are not necessarily indicative of the results of operations for the fiscal year 2014.

Classifications

Certain items in the consolidated financial statements for the first half of 2013 and for the year 2013 have been reclassified to conform with 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 June 30, 2014 in conformity with IFRS in force for interim periods on January 1, 2014.

The Fresenius Group applied the following standards, as far as they are relevant for Fresenius Group's business, for the first time:

In June 2013, the International Accounting Standards Board (IASB) issued **Novation of Derivatives and Continuation of Hedge Accounting (Amendments to IAS 39)**. Due to the amendments to IAS 39, a novation of a derivative from one counterparty to a central counterparty, as a consequence of new laws or regulations if specific conditions are met, is not resulting in the discontinuation of hedge accounting. The amendments of IAS 39 are effective for fiscal years beginning on or after January 1, 2014. Earlier adoption is permitted. The Fresenius Group adopted the amendments to IAS 39 as of January 1, 2014. They do not have an impact on the consolidated financial statements of the Fresenius Group.

In May 2011, the IASB issued **IFRS 10, Consolidated Financial Statements**, and in June 2012 amended its transition guidance. The new standard provides one single definition of "control". The new standard replaces the previously relevant consolidation guidance in IAS 27 (2008), Consolidated and Separate Financial Statements and SIC-12, Consolidation – Special Purpose Entities. According to IFRS 10, an entity (subsidiary) is controlled by an investor, who is exposed or has rights to variable returns from the involvement with the entity (subsidiary), when the investor has existing rights that give it the ability to direct the activities that significantly affect the investee's returns. In accordance with the standards of the IASB, IFRS 10 is effective retrospectively for fiscal years beginning on or after January 1, 2013. Earlier adoption is permitted concurrently with IFRS 11, IFRS 12 and IAS 28 (as amended in 2011). According to EU law, the date of the first time adoption was postponed to January 1, 2014. The Fresenius Group adopted IFRS 10 as of January 1, 2014. IFRS 10 does not have a material impact on the consolidated financial statements of the Fresenius Group.

In May 2011, the IASB issued **IFRS 11, Joint Arrangements**, and in June 2012 amended its transition guidance. The standard defines and regulates the accounting of arrangements under common control (joint arrangements). The new standard replaces the guidance on accounting for joint ventures previously included in IAS 31, Interests in Joint Ventures and SIC-13, Jointly Controlled Entities – Non-Monetary Contributions by Venturers. Joint arrangements are defined as arrangements for which two or more parties have contractually agreed joint control. Joint control exists if decisions about relevant activities must be taken unanimously by all parties. Additionally, IFRS 11 classifies joint arrangements in joint operations and joint ventures and gives guidance on how to account for both types. Parties to a joint operation have rights to the assets and obligations for the liabilities of the arrangement and shall include them in their consolidated financial statements proportionally to their interest. Parties to a joint venture have a right to the net position (asset or liability) of the arrangement and it will be accounted for using the equity method. The option to consolidate using the proportional method of accounting has been eliminated. In accordance with the standards of the IASB, IFRS 11 is effective retrospectively for fiscal years beginning on or after January 1, 2013. Earlier adoption is permitted concurrently with IFRS 10, IFRS 12 and IAS 28 (as amended in 2011). According to EU law, the date of the first time adoption was postponed to January 1, 2014. The Fresenius Group adopted IFRS 11 as of January 1, 2014. IFRS 11 does not have a material impact on the consolidated financial statements of the Fresenius Group.

In May 2011, the IASB issued an amended version of **IAS 28, Investments in Associates and Joint Ventures**. This version stipulates that joint ventures as described in IFRS 11, Joint Arrangements, shall be accounted for using the equity method guidance in IAS 28, among others. In accordance with the standards of the IASB, the amended version of IAS 28 is effective retrospectively for fiscal years beginning on or after January 1, 2013. Earlier adoption is permitted concurrently with IFRS 10, IFRS 11 and IFRS 12. According to EU law, the date of the first time adoption was postponed to January 1, 2014. The Fresenius Group adopted the amended version of IAS 28 as of January 1, 2014. This version does not have a material impact on the consolidated financial statements of the Fresenius Group.

In May 2011, the IASB issued **IFRS 12, Disclosure of Interests in Other Entities**, and in June 2012 amended its transition guidance. The standard gathers all disclosure requirements for interests held in other entities including joint arrangements. In accordance with the standards of the IASB, IFRS 12 is effective retrospectively for fiscal years beginning on or after January 1, 2013. Earlier adoption is permitted concurrently with IFRS 10, IFRS 11 and IAS 28 (as amended in 2011). According to EU law, the date of the first time adoption was postponed to January 1, 2014. The Fresenius Group adopted IFRS 12 as of January 1, 2014. IFRS 12 does not have a material impact on the consolidated financial statements of the Fresenius Group.

V. RECENT PRONOUNCEMENTS, NOT YET APPLIED

The IASB issued the following relevant new standards for the Fresenius Group:

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. This new standard is effective for fiscal years beginning on or after January 1, 2017. Earlier adoption is permitted. The Fresenius Group is currently evaluating the impact on its consolidated financial statements.

In May 2014, the IASB issued **Amendments to IFRS 11, Accounting for Acquisitions of Interests in Joint Operations**. The amendments add new guidance on accounting for the acquisition of an interest in a joint operation in which the activity constitutes a business, as defined in IFRS 3, Business Combinations. In such cases, all of the principles on business combinations accounting in IFRS 3 and other IFRSs have to be applied, except for those principles that conflict with the guidance in IFRS 11. In addition, the acquirer shall disclose the information required by IFRS 3. Those amendments shall be applied prospectively for fiscal years beginning on or after January 1, 2016. Earlier adoption is permitted. The Fresenius Group is currently evaluating the impact on its consolidated financial statements.

In December 2011, the IASB issued **Mandatory Effective Date and Transition Disclosures (Amendments to IFRS 9 and IFRS 7)**. The amendments to IFRS 9 defer the mandatory effective date of IFRS 9 from January 1, 2013 to January 1, 2015. Earlier adoption is permitted. This mandatory effective date has been cancelled in connection with another amendment which was issued in November 2013. The amendments to IFRS 7 relieve entities from restating comparative financial statements. Instead, additional disclosures about the transition from IAS 39 to IFRS 9 are required when an entity first applies IFRS 9. The Fresenius Group will apply this guidance when applying IFRS 9 for the first time.

In November 2009, the IASB issued **IFRS 9, Financial Instruments for the accounting of financial assets**, which replaces the IAS 39 financial asset categories with two categories. Financial assets that have basic loan features and are managed on a contractual yield basis must be measured at amortized cost. All other financial assets are measured at fair value through profit and loss, whereby for strategic equity investments there is an option to record changes in fair value through other comprehensive income (loss). In October 2010, the IASB issued **additions to IFRS 9, Financial Instruments for the accounting of financial liabilities**. These additions complete the classification and measurement of financial instruments phase of the project to replace IAS 39, Financial Instruments: Recognition and Measurement. The new guidance requires entities that choose to measure financial liabilities at fair value to generally present changes in the entity's own credit risk within other comprehensive income (loss). Other current accounting guidance for financial liabilities has been maintained. In November 2013, the IASB issued **additions to IFRS 9, Financial Instruments**, by introducing a new hedge accounting model. This new model enables entities to reflect their risk management activities more flexibly. For liabilities elected to be measured at fair value, the changes to IFRS 9 introduce the possibility to recognize gains and losses, caused by a worsening in an entity's own credit risk, no longer in profit or loss. The accounting for liabilities can be changed before applying any of the other requirements in IFRS 9. Furthermore, the IASB cancelled the mandatory date of January 1, 2015. 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 recognised 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 15 and of the amendments to IFRS 11 and IFRS 7 are still outstanding.

All other pronouncements issued by the IASB have been reviewed. As expected, they do not have a material impact on the consolidated financial statements of the Fresenius Group.

2. ACQUISITIONS, DIVESTITURES AND INVESTMENTS

The Fresenius Group made acquisitions and investments of €1,170 million and €150 million in the first half of 2014 and 2013, respectively. Of this amount, €997 million was paid in cash and €173 million was assumed obligations in the first half of 2014.

FRESENIUS MEDICAL CARE

In the first half of 2014, Fresenius Medical Care spent €440 million on acquisitions, mainly for the purchase of dialysis clinics and the short-term investment in available for sale securities.

On June 27, 2014, Fresenius Medical Care announced the acquisition of a majority stake in Sound Inpatient Physicians, Inc., USA, a physician services organization focused on hospitalist and post-acute care services, for approximately US$550 million. The transaction was closed in July 2014.

FRESENIUS KABI

In the first half of 2014, Fresenius Kabi spent €19 million on acquisitions, mainly for the purchase of further shares in Fresenius Kabi Oncology Ltd., India.

On April 25, 2014, Fresenius Kabi announced the formation of a joint venture with the pharmaceutical company CJSC Binnopharm in Russia. The joint venture combines Fresenius Kabi's Russian and CIS business with CJSC Binnopharm. Fresenius Kabi will hold a 51% stake in the new company. The transaction is expected to close by year end 2014. On May 9, 2014 Fresenius Kabi announced the acquisition of the Brasilian pharmaceutical company Novafarma Indústria Farmacêutica Ltda. After antitrust approval, the transaction could be closed on July 3, 2014. Furthermore, on July 4, 2014, Fresenius Kabi acquired two companies in Ecuador, Medisumi, a pharmaceutical distributor, as well as Labfarm, an I.V. antibiotic manufacturer.

FRESENIUS HELIOS

Fresenius Helios spent €757 million on acquisitions in the first half of 2014. Thereof, €756 million related to the acquisition of hospitals and outpatient facilities of Rhön-Klinikum AG, Germany. Taking into account the advance payment of €2,178 million made at the end of the year 2013 in conjunction with this acquisition, the transaction amount added up to €2,934 million.

In connection with the acquisition of hospitals of Rhön-Klinikum AG, Fresenius Helios sold two hospitals in Borna and Zwenkau in the first quarter of 2014 due to antitrust authority requirements. The corresponding book gain in the amount of €22 million before tax is included in selling, general and administrative expenses in the consolidated statement of income.

Acquisition of hospitals of Rhön-Klinikum AG

Between February 27 and June 16, 2014, Fresenius Helios completed the acquisition of 40 hospitals and 12 outpatient facilities of Rhön-Klinikum AG, Germany. In most instances, 100% of the share capital was purchased, only in a few cases 94% to 99% of the share capital was acquired. In relation to HSK Dr. Horst Schmidt Kliniken, 49% of the share capital was acquired.

The transaction strengthens Fresenius Helios' position as Europe's largest hospital operator and provides the basis for offering nationwide care models across Germany.

Due to contractual conditions and indirect power resulting out of them, the Fresenius Group fully consolidated the majority of the acquired hospitals and outpatient facilities as of January 1, 2014, according to IFRS 10. The majority of the other acquired companies has been fully consolidated as of February 27, 2014. The HSK Dr. Horst Schmidt Kliniken that were acquired on June 16, 2014 have been consolidated since June 30, 2014.

The transaction was accounted for as a business combination. The following table summarizes the current estimated fair values of assets acquired and liabilities assumed at the date of the acquisition. This allocation of the purchase price is based upon the best information available to management at present. Due to the relatively short interval between the closing date of the acquisition and the date of the statement of financial position, this information may be incomplete. Any adjustments to acquisition accounting, net of related income tax effects, will be recorded with a corresponding adjustment to goodwill.

€ in millions	
Trade accounts receivable	234
Working capital and other assets	326
Assets	1,107
Liabilities	-533
Goodwill	1,879
Noncontrolling interest	-2
Consideration transferred	**3,011**
Net cash acquired	-77
Transaction amount	**2,934**

The goodwill in the amount of €1,879 million that was acquired as part of the acquisition is not deductible for tax purposes.

Goodwill is an asset representing the future economic benefits arising from other assets acquired in a business combination that are not individually identified and separately recognized. Goodwill arises principally due to the fair value placed on an established stream of future cash flows versus building a similar business.

The noncontrolling interests acquired as part of the acquisition are stated at fair value.

In the first half of 2014, the acquired hospitals and outpatient facilities have contributed €808 million to sales and €66 million to the operating income (EBIT) of the Fresenius Group.

In addition, Fresenius Helios acquired Rhön-Klinikum AG's 265-bed hospital in Cuxhaven with sales of approximately €40 million in 2013. The transaction was closed on July 31, 2014.

FRESENIUS VAMED

In the first half of 2014, Fresenius Vamed spent €1 million on acquisitions.

CORPORATE / OTHER

On June 30, 2014, the Fresenius Group sold the 5% stake in Rhön-Klinikum AG which was acquired in 2012 as part of the takeover offer to the shareholders of Rhön-Klinikum AG. The corresponding book gain in the amount of €35 million before tax is included in selling, general and administrative expenses in the consolidated statement of income.

NOTES ON THE CONSOLIDATED STATEMENT OF INCOME

3. SPECIAL ITEMS

Net income attributable to shareholders of Fresenius SE & Co. KGaA for the first half of 2014 in the amount of €526 million includes special items relating to the integration of Fenwal and the acquired Rhön hospitals as well as relating to the divestment of two HELIOS hospitals and of the Rhön stake.

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 H1/2014, adjusted		479
Integration costs for Fenwal	-3	-2
Integration costs for the acquired Rhön hospitals	-8	-6
Disposal gain from the divestment of two HELIOS hospitals	22	21
Disposal gain from the divestment of the Rhön stake	35	34
Earnings H1/2014 according to IFRS		**526**

4. SALES

Sales by activity were as follows:

€ in millions	H1/2014	H1/2013
Sales of services	**7,019**	6,138
Sales of products and related goods	**3,628**	3,733
Sales from long-term production contracts	**176**	210
Other sales	**3**	6
Sales	**10,826**	10,087

5. RESEARCH AND DEVELOPMENT EXPENSES

Research and development expenses of €172 million (H1/2013: €170 million) included expenditures for research and non-capitalizable development costs as well as depreciation and amortization expenses relating to capitalized development costs of €7 million (H1/2013: €11 million).

6. TAXES

During the first half of 2014, there were no material changes relating to tax audits, accruals for income taxes as well as recognized and accrued payments for interest and penalties. Explanations regarding the tax audits and further information can be found in the consolidated financial statements as of December 31, 2013 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 before registration of the capital increase from company's funds (stock split 1 : 3, see note 18, Fresenius SE & Co KGaA shareholders' equity) with the commercial register on August 1, 2014:

	H1/2014	H1/2013
Numerators, € in millions		
Net income attributable to shareholders of Fresenius SE & Co. KGaA	**526**	462
less effect from dilution due to Fresenius Medical Care shares	**–**	–
Income available to all ordinary shares	**526**	462
Denominators in number of shares		
Weighted-average number of ordinary shares outstanding	**179,853,835**	178,306,694
Potentially dilutive ordinary shares	**1,519,162**	1,817,683
Weighted-average number of ordinary shares outstanding assuming dilution	**181,372,997**	180,124,377
Basic earnings per ordinary share in €	**2.93**	2.59
Fully diluted earnings per ordinary share in €	**2.90**	2.56

After registration of the capital increase from company's funds (stock split 1 : 3, see note 18, Fresenius SE & Co KGaA shareholders' equity) with the commercial register on August 1, 2014, earnings per share including and excluding the dilutive effect from stock options issued were as follows:

	H1/2014	H1/2013
Basic earnings per ordinary share in €	**0.98**	0.86
Fully diluted earnings per ordinary share in €	**0.97**	0.85

NOTES ON THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION

8. CASH AND CASH EQUIVALENTS

As of June 30, 2014 and December 31, 2013, cash and cash equivalents were as follows:

€ in millions	June 30, 2014	Dec. 31, 2013
Cash	1,057	846
Time deposits and securities (with a maturity of up to 90 days)	13	18
Total cash and cash equivalents	1,070	864

As of June 30, 2014 and December 31, 2013, earmarked funds of €46 million and €22 million, respectively, were included in cash and cash equivalents.

9. TRADE ACCOUNTS RECEIVABLE

As of June 30, 2014 and December 31, 2013, trade accounts receivable were as follows:

€ in millions	June 30, 2014	Dec. 31, 2013
Trade accounts receivable	4,436	3,968
less allowance for doubtful accounts	504	487
Trade accounts receivable, net	3,932	3,481

10. INVENTORIES

As of June 30, 2014 and December 31, 2013, inventories consisted of the following:

€ in millions	June 30, 2014	Dec. 31, 2013
Raw materials and purchased components	494	446
Work in process	370	323
Finished goods	1,497	1,314
less reserves	84	68
Inventories, net	2,277	2,015

11. OTHER CURRENT AND NON-CURRENT ASSETS

The purchase price deposit in the amount of €2,178 million, that was shown under other non-current assets as of December 31,2013, was offset in the course of the acquisition of hospitals and outpatient facilities of Rhön-Klinikum AG in the first quarter of 2014.

As of June 30, 2014, investments, securities and long-term loans were comprised of investments of €495 million (December 31, 2013: €482 million), mainly regarding the joint venture between Fresenius Medical Care and Galenica Ltd., that were accounted for under the equity method. In the first half of 2014, income of €13 million (H1/2013: €7 million) resulting from this valuation was included in selling, general and administrative expenses in the consolidated statement of income. Moreover, investments, securities and long-term loans included €124 million financial assets available for sale as of June 30, 2014 (December 31, 2013: €197 million). Furthermore, investments and long-term loans included €130 million as of June 30, 2014 that Fresenius Medical Care loaned to a middle-market dialysis provider.

12. GOODWILL AND OTHER INTANGIBLE ASSETS

As of June 30, 2014 and December 31, 2013, intangible assets, split into amortizable and non-amortizable intangible assets, consisted of the following:

AMORTIZABLE INTANGIBLE ASSETS

€ in millions	June 30, 2014 Acquisition cost	June 30, 2014 Accumulated amortization	June 30, 2014 Carrying amount	Dec. 31, 2013 Acquisition cost	Dec. 31, 2013 Accumulated amortization	Dec. 31, 2013 Carrying amount
Patents, product and distribution rights	**577**	**250**	**327**	571	235	336
Technology	**307**	**58**	**249**	303	48	255
Non-compete agreements	**241**	**185**	**56**	237	174	63
Capitalized development costs	**385**	**219**	**166**	378	211	167
Other	**811**	**411**	**400**	776	376	400
Total	**2,321**	**1,123**	**1,198**	2,265	1,044	1,221

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

€ in millions	Q3–4/2014	2015	2016	2017	2018	Q1–2/2019
Estimated amortization expenses	83	158	150	144	141	69

NON-AMORTIZABLE INTANGIBLE ASSETS

€ in millions	June 30, 2014 Acquisition cost	June 30, 2014 Accumulated amortization	June 30, 2014 Carrying amount	December 31, 2013 Acquisition cost	December 31, 2013 Accumulated amortization	December 31, 2013 Carrying amount
Tradenames	**189**	**0**	**189**	182	0	182
Management contracts	**5**	**0**	**5**	5	0	5
Goodwill	**17,048**	**0**	**17,048**	14,921	0	14,921
Total	**17,242**	**0**	**17,242**	15,108	0	15,108

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, 2013	**8,650**	**4,237**	**2,144**	**77**	**6**	**15,114**
Additions	194	138	14	8	0	354
Disposals	0	-4	0	0	0	-4
Reclassifications	–	0	0	0	0	–
Foreign currency translation	-398	-145	0	0	0	-543
Carrying amount as of December 31, 2013	**8,446**	**4,226**	**2,158**	**85**	**6**	**14,921**
Additions	166	3	1,880	0	0	2,049
Disposals	0	–	-26	0	0	-26
Foreign currency translation	75	29	0	0	0	104
Carrying amount as of June 30, 2014	**8,687**	**4,258**	**4,012**	**85**	**6**	**17,048**

The goodwill additions in the segment Fresenius Helios in the first half of 2014 resulted from the acquisition of hospitals and outpatient facilities of Rhön-Klinikum AG.

As of June 30, 2014 and December 31, 2013, the carrying amounts of the other non-amortizable intangible assets were €165 million and €158 million, respectively, for Fresenius Medical Care as well as €29 million, respectively, for Fresenius Kabi.

13. DEBT AND CAPITAL LEASE OBLIGATIONS

SHORT-TERM DEBT

The Fresenius Group had short-term debt of €791 million and €2,376 million at June 30, 2014 and December 31, 2013, respectively. As of June 30, 2014, this debt consisted of borrowings by certain entities of the Fresenius Group under lines of credit with commercial banks of €361 million. Furthermore, €430 million were outstanding under the commercial paper program of Fresenius SE & Co. KGaA, which was increased to €1,000 million in March 2014.

Bridge Financing Facility

On October 15, 2013, Fresenius SE & Co. KGaA entered into a Bridge Financing Facility in the amount of €1,800 million with a group of banks. The Bridge Financing Facility was guaranteed by Fresenius ProServe GmbH and Fresenius Kabi AG.

The Bridge Financing Facility had been drawn in an amount of €1,500 million on December 30, 2013. The proceeds were used for advances made in the amount of €2,178 million under a fiduciary arrangement for the acquisition of hospitals and outpatient facilities of Rhön-Klinikum AG. The majority of the transaction was closed on February 27, 2014.

The Bridge Financing Facility initially had a one year tenor and had to be mandatorily reduced by the net proceeds of any capital markets transaction. In line with these provisions, the facility has been reduced by the net proceeds of the €1,200 million Senior Notes issuances as well as the US$300 million Senior Notes issuance that were made in January and February 2014. For more information, see note 14, Senior Notes. On February 27, 2014, the Bridge Financing Facility was voluntarily cancelled before maturity and the remaining outstanding amount of €90 million was prepaid.

LONG-TERM DEBT AND CAPITAL LEASE OBLIGATIONS

As of June 30, 2014 and December 31, 2013, long-term debt and capital lease obligations consisted of the following:

€ in millions	June 30, 2014	Dec. 31, 2013
Fresenius Medical Care 2012 Credit Agreement	2,393	1,963
2013 Senior Credit Agreement	2,537	1,709
Euro Notes	987	859
European Investment Bank Agreements	44	188
Accounts receivable facility of Fresenius Medical Care	310	255
Capital lease obligations	154	94
Other	299	248
Subtotal	6,724	5,316
less current portion	593	855
less financing cost	103	95
Long-term debt and capital lease obligations, less current portion	**6,028**	4,366

Fresenius Medical Care 2012 Credit Agreement

Fresenius Medical Care AG & Co. KGaA (FMC-AG & Co. KGaA) entered into a syndicated credit facility (Fresenius Medical Care 2012 Credit Agreement) of initially US$3,850 million with a large group of banks and institutional investors (collectively, the Lenders) on October 30, 2012 which replaced a prior credit agreement.

On July 1, 2014, the Fresenius Medical Care 2012 Credit Agreement was increased by establishing an incremental term loan tranche of US$600 million (Term Loan A-2) to finance an investment in the U.S. into Sound Inpatient Physicians, Inc., which closed in July 2014, and for general corporate purposes. Term Loan A-2 has a one year maturity and must be mandatorily prepaid with 100% of the net cash proceeds of US$-denominated bonds or syndicated term loans, to the extent that these proceeds exceed a certain threshold.

The interest rate under the Term Loan A-2 is a rate equal to either (i) LIBOR plus an applicable margin or (ii) the Base Rate as defined in the Fresenius Medical Care 2012 Credit Agreement plus an applicable margin. The applicable margin increases after 90 days and 180 days following disbursement.

The following tables show the available and outstanding amounts under the Fresenius Medical Care 2012 Credit Agreement at June 30, 2014 and at December 31, 2013:

	June 30, 2014			
	Maximum amount available	€ in millions	**Balance outstanding**	**€ in millions**
Revolving Credit (in US$)	US$600 million	440	**US$235 million**	**173**
Revolving Credit (in €)	€500 million	500	**€463 million**	**463**
Term Loan A	US$2,400 million	1,757	**US$2,400 million**	**1,757**
Total		2,697		**2,393**

	December 31, 2013			
	Maximum amount available	€ in millions	**Balance outstanding**	**€ in millions**
Revolving Credit (in US$)	US$600 million	435	**US$138 million**	**100**
Revolving Credit (in €)	€500 million	500	**€50 million**	**50**
Term Loan A	US$2,500 million	1,813	**US$2,500 million**	**1,813**
Total		2,748		**1,963**

In addition, at June 30, 2014 and December 31, 2013, Fresenius Medical Care had letters of credit outstanding in the amount of US$7 million and US$9 million, respectively, which were not included above as part of the balance outstanding at those dates but which reduce available borrowings under the Revolving Credit Facility.

As of June 30, 2014, 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 initial amount of US$1,300 million and €1,250 million. The 2013 Senior Credit Agreement was funded on June 28, 2013 and replaced the 2008 Senior Credit Agreement. On August 7, 2013, the 2013 Senior Credit Agreement was extended by a term loan B facility in the amount of US$500 million.

The 2013 Senior Credit Agreement allows for establishment of incremental facilities if certain conditions are met. In line with these provisions, the 2013 Senior Credit Agreement has been increased on November 27, 2013 by facilities in the initial amount of €1,200 million, which consisted initially of an incremental term loan facility A of €600 million, an incremental term loan facility B of €300 million and an incremental revolving facility of €300 million. These incremental facilities were drawn down on February 27, 2014 and were used to fund the acquisition of hospitals from Rhön-Klinikum AG.

The following tables show the available and outstanding amounts under the 2013 Senior Credit Agreement at June 30, 2014 and at December 31, 2013:

	June 30, 2014			
	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	220	**US$0 million**	**0**
Term Loan A (in €)	€1,187 million	1,187	**€1,187 million**	**1,187**
Term Loan A (in US$)	US$940 million	688	**US$940 million**	**688**
Term Loan B (in €)	€299 million	299	**€299 million**	**299**
Term Loan B (in US$)	US$496 million	363	**US$496 million**	**363**
Total		3,657		**2,537**

	December 31, 2013			
	Maximum amount available		**Balance outstanding**	
		€ in millions		**€ in millions**
Revolving Credit Facilities (in €)	€600 million	600	**€0 million**	**0**
Revolving Credit Facilities (in US$)	US$300 million	218	**US$0 million**	**0**
Term Loan A (in €)	€637 million	637	**€637 million**	**637**
Term Loan A (in US$)	US$980 million	710	**US$980 million**	**710**
Term Loan B (in US$)	US$499 million	362	**US$499 million**	**362**
Total		2,527		**1,709**

As of June 30, 2014, the Fresenius Group was in compliance with all covenants under the 2013 Senior Credit Agreement.

Euro Notes

As of June 30, 2014 and December 31, 2013, Euro Notes (Schuldscheindarlehen) of the Fresenius Group consisted of the following:

			Book value/nominal value € in millions	
	Maturity	Interest rate	**June 30, 2014**	Dec. 31, 2013
Fresenius Finance B.V. 2008/2014	April 2, 2014	5.98%	**0**	112
Fresenius Finance B.V. 2008/2014	April 2, 2014	variable	**0**	88
Fresenius Finance B.V. 2007/2014	July 2, 2014	5.75%	**38**	38
Fresenius Finance B.V. 2007/2014	July 2, 2014	variable	**62**	62
Fresenius SE & Co. KGaA 2012/2016	April 4, 2016	3.36%	**156**	156
Fresenius SE & Co. KGaA 2012/2016	April 4, 2016	variable	**129**	129
Fresenius SE & Co. KGaA 2013/2017	Aug. 22, 2017	2.65%	**51**	51
Fresenius SE & Co. KGaA 2013/2017	Aug. 22, 2017	variable	**74**	74
Fresenius SE & Co. KGaA 2014/2018	April 2, 2018	2.09%	**97**	0
Fresenius SE & Co. KGaA 2014/2018	April 2, 2018	variable	**76**	0
Fresenius SE & Co. KGaA 2012/2018	April 4, 2018	4.09%	**72**	72
Fresenius SE & Co. KGaA 2012/2018	April 4, 2018	variable	**43**	43
Fresenius SE & Co. KGaA 2014/2020	April 2, 2020	2.67%	**106**	0
Fresenius SE & Co. KGaA 2014/2020	April 2, 2020	variable	**55**	0
Fresenius Medical Care AG & Co. KGaA 2009/2014	Oct. 27, 2014	8.38%	**9**	11
Fresenius Medical Care AG & Co. KGaA 2009/2014	Oct. 27, 2014	variable	**19**	23
Euro Notes			**987**	859

All Euro Notes due in 2014 are shown as current portion of long-term debt and capital lease obligations in the consolidated statement of financial position.

The Euro Notes issued by Fresenius Finance B.V. in the amount of €200 million, which were due on April 2, 2014, were repaid as scheduled. Fresenius SE & Co. KGaA issued Euro Notes in the amount of €334 million for the refinancing of the €200 million Euro Notes as well as for general corporate purposes on April 2, 2014. In addition, an agreement for the issuance of further Euro Notes in an amount of €166 million was reached. These additional Euro Notes were issued on July 2, 2014. The new Euro Notes are guaranteed by Fresenius Kabi AG and Fresenius ProServe GmbH.

As of June 30, 2014, the Fresenius Group was in compliance with all of its covenants under the Euro Notes.

European Investment Bank Agreements

The following table shows the amounts outstanding under the European Investment Bank (EIB) facilities as of June 30, 2014 and December 31, 2013:

		Book value € in millions	
	Maturity	June 30, 2014	Dec. 31, 2013
Fresenius Medical Care AG & Co. KGaA	2013/2014	**0**	140
HELIOS Kliniken GmbH	2019	**44**	48
Loans from EIB		**44**	188

The loans borrowed by FMC-AG & Co. KGaA, which were due on February 3 and 17, 2014, respectively, were repaid as scheduled.

As of June 30, 2014, the Fresenius Group was in compliance with the respective covenants.

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 June 30, 2014, the additional financial cushion resulting from unutilized credit facilities was approximately €2.2 billion.

14. SENIOR NOTES

As of June 30, 2014 and December 31, 2013, Senior Notes of the Fresenius Group consisted of the following:

				Book value € in millions	
	Notional amount	Maturity	Interest rate	June 30, 2014	Dec. 31, 2013
Fresenius Finance B.V. 2014/2019	€300 million	Feb. 1, 2019	2.375%	**299**	0
Fresenius Finance B.V. 2012/2019	€500 million	Apr. 15, 2019	4.25%	**500**	500
Fresenius Finance B.V. 2013/2020	€500 million	July 15, 2020	2.875%	**500**	500
Fresenius Finance B.V. 2014/2021	€450 million	Feb. 1, 2021	3.00%	**445**	0
Fresenius Finance B.V. 2014/2024	€450 million	Feb. 1, 2024	4.00%	**453**	0
Fresenius US Finance II, Inc. 2009/2015	€275 million	July 15, 2015	8.75%	**272**	270
Fresenius US Finance II, Inc. 2009/2015	US$500 million	July 15, 2015	9.00%	**362**	357
Fresenius US Finance II, Inc. 2014/2021	US$300 million	Feb. 1, 2021	4.25%	**218**	0
FMC Finance VI S.A. 2010/2016	€250 million	July 15, 2016	5.50%	**249**	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%	**243**	243
Fresenius Medical Care US Finance, Inc. 2007/2017	US$500 million	July 15, 2017	6.875%	**364**	360
Fresenius Medical Care US Finance, Inc. 2011/2021	US$650 million	Feb. 15, 2021	5.75%	**473**	468
Fresenius Medical Care US Finance II, Inc. 2011/2018	US$400 million	Sept. 15, 2018	6.50%	**290**	287
Fresenius Medical Care US Finance II, Inc. 2012/2019	US$800 million	July 31, 2019	5.625%	**586**	580
Fresenius Medical Care US Finance II, Inc. 2012/2022	US$700 million	Jan. 31, 2022	5.875%	**513**	508
Senior Notes				**6,559**	5,113

On January 23, 2014, Fresenius Finance B.V. issued unsecured Senior Notes of €750 million. The €300 million tranche due 2019 has a coupon of 2.375% and was issued at a price of 99.647%. The €450 million tranche which has a coupon of 3.00% was issued at a price of 98.751% and is due in 2021.

Moreover, Fresenius Finance B.V. placed €300 million of unsecured Senior Notes with a maturity of 10 years on January 28, 2014. The Senior Notes have a coupon of 4.00% and were placed at par. On February 6, 2014, these Senior Notes were increased by an amount of €150 million at a price of 102%. The Senior Notes in the nominal amount of €450 million were issued on February 11, 2014.

Furthermore, on February 14, 2014, Fresenius US Finance II, Inc. issued US$300 million of unsecured Senior Notes with a maturity of seven years. The Senior Notes have a coupon of 4.25% and were issued at par.

Net proceeds of the Senior Notes issued in January and February 2014 were used to partially refinance the drawing under the Bridge Financing Facility. On February 27, 2014, the Bridge Financing Facility was voluntarily cancelled before maturity and the remaining outstanding amount of €90 million was repaid.

As of June 30, 2014, the Fresenius Group was in compliance with all of its covenants.

15. CONVERTIBLE BONDS

On March 18, 2014, the Fresenius Group placed €500 million equity-neutral convertible bonds due 2019. The bonds were issued at par. The coupon was fixed at 0%, the initial conversion price has been determined at €149.3786. This represents a 35% premium over the reference share price of €110.65081. The reference share price has been determined as the arithmetic average of Fresenius' daily volume-weighted average XETRA share prices over a period of 10 consecutive XETRA trading days, starting on March 19, 2014. Net proceeds were used to partially fund the acquisition of hospitals and outpatient facilities of Rhön-Klinikum AG. Due to the dividend payment in May 2014, the conversion price was adjusted to €149.1748.

The fair value of the derivative embedded in the convertible bonds was €60 million at June 30, 2014. Fresenius SE & Co. KGaA has purchased stock options (call options) to secure against future fair value fluctuations of this derivative. The stock options also had an aggregate fair value of €60 million at June 30, 2014. The conversion will be cash-settled. Any increase of Fresenius' share price above the conversion price would be offset by a corresponding value increase of the call options.

The derivative embedded in the convertible bonds and the stock 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 June 30, 2014, the pension liability of the Fresenius Group was €751 million. The current portion of the pension liability of €15 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 €736 million is recorded as pension liability.

Contributions to Fresenius Group's pension fund were €30 million in the first half of 2014. The Fresenius Group expects approximately €39 million contributions to the pension fund during 2014.

Defined benefit pension plans' net periodic benefit costs of €30 million (H1/2013: €29 million) were comprised of the following components:

€ in millions	H1/2014	H1/2013
Service cost	17	15
Net interest cost	13	14
Net periodic benefit cost	**30**	29

17. NONCONTROLLING INTEREST

As of June 30, 2014 and December 31, 2013, noncontrolling interest in the Fresenius Group was as follows:

€ in millions	June 30, 2014	Dec. 31, 2013
Noncontrolling interest in Fresenius Medical Care AG & Co. KGaA	4,631	4,528
Noncontrolling interest in VAMED AG	38	38
Noncontrolling interest in the business segments		
Fresenius Medical Care	421	399
Fresenius Kabi	112	127
Fresenius Helios	122	117
Fresenius Vamed	3	3
Total noncontrolling interest	**5,327**	5,212

Noncontrolling interest changed as follows:

€ in millions	H1/2014
Noncontrolling interest as of January 1, 2014	**5,212**
Noncontrolling interest in profit	294
Stock options	20
Purchase of noncontrolling interest	15
Dividend payments	-232
Currency effects, first-time consolidations and other changes	18
Noncontrolling interest as of June 30, 2014	**5,327**

18. FRESENIUS SE & CO. KGAA SHAREHOLDERS' EQUITY

SUBSCRIBED CAPITAL

Capital increase from company's funds (stock split 1 : 3)

On May 16, 2014, the Annual General Meeting of Fresenius SE & Co. KGaA has resolved a capital increase from company's funds with issuance of new shares. For each existing non-par value share, Fresenius SE & Co. KGaA issued two new non-par value shares without additional payment to the shareholders. Accordingly, upon execution of the capital increase, both the subscribed capital of Fresenius SE & Co. KGaA and the number of shares issued tripled (stock split 1 : 3).

After registration of the capital increase with the commercial register on August 1, 2014, the subscribed capital increased to €540,511,632 (including newly created shares due to options exercised until this date). The new shares have full dividend entitlement for the fiscal year 2014. The proportionate amount of the subscribed capital will continue to be €1.00 per share.

During the first half of 2014, 297,652 stock options were exercised. Consequently, as of June 30, 2014, the subscribed capital of Fresenius SE & Co. KGaA consisted of 179,992,481 bearer ordinary shares. The shares are issued as non-par value shares.

AUTHORIZED CAPITAL

In connection with the stock split 1 : 3 described before, by resolution of the Annual General Meeting on May 16, 2014, the previous Authorized Capital I was revoked and a new Authorized Capital I with a proportionally adjusted amount and a five-year term was created.

In accordance with the new provision in the articles of association of Fresenius SE & Co. KGaA, the general partner, Fresenius Management SE, is authorized, with the approval of the Supervisory Board, until May 15, 2019, to increase Fresenius SE & Co. KGaA's subscribed capital by a total amount of up to €120,960,000 through a single or multiple issues of new bearer ordinary shares against cash contributions and / or contributions in kind (Authorized Capital I).

The number of shares must increase in the same proportion as the subscribed capital. A subscription right must be granted to the shareholders in principle. In defined cases, the general partner is authorized, with the consent of the Supervisory Board, to decide on the exclusion of the shareholders' subscription right (e. g. to eliminate fractional amounts). For cash contributions, the authorization can only be exercised if the issue price is not significantly below the stock exchange price of the already listed shares at the time the issue price is fixed with final effect by the general partner. Furthermore, in case of a capital increase against cash contributions, the proportionate amount of the shares issued with exclusion of subscription rights may not exceed 10% of the subscribed capital. An exclusion of subscription rights in the context of the use of other authorizations concerning the issuance or the sale of the shares of Fresenius SE & Co. KGaA or the issuance of rights which authorize or bind to the subscription of shares of Fresenius SE & Co. KGaA has to be taken into consideration during the duration of the Authorized Capital until its utilization. In the case of a subscription in kind, the subscription right can be excluded only in order to acquire a company, parts of a company or a participation in a company.

The authorizations granted concerning the exclusion of subscription rights can be used by Fresenius Management SE only to such extent that the proportional amount of the total number of shares issued with exclusion of the subscription rights does not exceed 20% of the subscribed capital. An exclusion of subscription rights in the context of the use of other authorizations concerning the issuance or the sale of the shares of Fresenius SE & Co. KGaA or the issuance of rights which authorize or bind to the subscription of shares of Fresenius SE & Co. KGaA has to be taken into consideration during the duration of the Authorized Capital until its utilization.

The changes to the Authorized Capital I became effective upon registration with the commercial register on August 1, 2014.

CONDITIONAL CAPITAL

Stock option plans

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).

Due to the stock split 1 : 3, Conditional Capitals I, II and IV increase, by operation of law, in the same proportion as the subscribed capital. After registration with the commercial register on August 1, 2014, the Conditional Capital I amounts to €6,014,670 (March 31, 2014: €2,066,919), the Conditional Capital II to €11,680,542 (March 31, 2014: €4,177,950) and the Conditional Capital IV to €25,200,000 (March 31, 2014: €8,400,000).

Option bearer bonds and convertible bonds

The previous authorization to issue option bearer bonds and / or convertible bonds (Conditional Capital III) dated May 11, 2012 was revoked by resolution of the Annual General Meeting of Fresenius SE & Co. KGaA on May 16, 2014. In line with the stock split 1 : 3, the same Annual General Meeting approved a new Conditional Capital III with a proportionally adjusted amount and a five-year term. The new Conditional Capital III became effective upon registration with the commercial register on August 1, 2014.

Accordingly, the general partner is authorized, with the approval of the Supervisory Board, until May 15, 2019, to issue option bearer bonds and / or convertible bearer bonds, once or several times, for a total nominal amount of up to €2.5 billion. To fulfill the granted subscription rights, the subscribed capital of Fresenius SE & Co. KGaA is increased conditionally by up to €48,971,202 through issuing of up to 48,971,202 new bearer ordinary shares. The conditional capital increase shall only be implemented to the extent that the holders of cash issued convertible bonds or of cash issued warrants from option bonds exercise their conversion or option rights and as long as no other forms of settlement are used. The new bearer ordinary shares shall participate in the profits from the start of the fiscal year in which they are issued.

After registration with the commercial register on August 1, 2014, the Conditional Capital III amounts to €48,971,202 (March 31, 2014: €16,323,734).

The following table shows the development of the Conditional Capital:

in €	Ordinary shares
Conditional Capital I Fresenius AG Stock Option Plan 2003	2,111,517
Conditional Capital II Fresenius SE Stock Option Plan 2008	4,262,602
Conditional Capital III, approved on May 11, 2012	16,323,734
Conditional Capital IV Fresenius SE & Co. KGaA Stock Option Plan 2013	8,400,000
Total Conditional Capital as of January 1, 2014	**31,097,853**
Fresenius AG Stock Option Plan 2003 – options exercised	-95,939
Fresenius SE Stock Option Plan 2008 – options exercised	-201,713
Total Conditional Capital as of June 30, 2014	**30,800,201**

CAPITAL RESERVES

Capital reserves are comprised of the premium paid on the issuance of shares and the exercise of stock options.

In connection with the capital increase from company's funds, the capital reserves are reduced by €360,341,088 due to a conversion of a portion of the capital reserves into subscribed capital.

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 2014, a dividend of €1.25 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 €224.6 million.

19. OTHER COMPREHENSIVE INCOME (LOSS)

Other comprehensive income (loss) comprises 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, 2012	-120	-17	167	-115	-85	18	-67
Other comprehensive income (loss) before reclassifications	13	17	-43	–	-13	–	-13
Amounts reclassified from accumulated other comprehensive income (loss)	5	0	–	0	5	5	10
Other comprehensive income (loss), net	18	17	-43	–	-8	5	-3
Balance as of June 30, 2013	**-102**	**–**	**124**	**-115**	**-93**	**23**	**-70**
Balance as of December 31, 2013	-105	17	-105	-131	-324	-256	-580
Other comprehensive income (loss) before reclassifications	-2	–	-6	-	-8	30	22
Amounts reclassified from accumulated other comprehensive income (loss)	9	-16	–	0	-7	6	-1
Other comprehensive income (loss), net	7	-16	-6	–	-15	36	21
Balance as of June 30, 2014	**-98**	**1**	**-111**	**-131**	**-339**	**-220**	**-559**

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

€ in millions	Amount of gain or loss reclassified from accumulated other comprehensive (income) loss		Affected line item in the consolidated statement of income
	H1/2014	H1/2013	
Details about accumulated other comprehensive (income) loss components			
Cash flow hedges			
Interest rate contracts	**17**	14	Interest income/expense
Foreign exchange contracts	**2**	–	Cost of sales
Foreign exchange contracts	**2**	-1	Selling, general and administrative expenses
Foreign exchange contracts	**–**	1	Interest income/expense
Other comprehensive income (loss)	**21**	14	
Tax expense or benefit	**-6**	-4	
Other comprehensive income (loss), net	**15**	10	
Change of fair value of available for sale financial assets	**-23**	0	Selling, general and administrative expenses
Tax expense or benefit	**7**	0	
Other comprehensive income (loss), net	**-16**	0	
Total reclassifications for the period	**-1**	10	

OTHER NOTES

20. LEGAL AND REGULATORY MATTERS

The Fresenius Group is routinely involved in numerous claims, lawsuits, regulatory and tax audits, investigations and other legal matters arising, for the most part, in the ordinary course of its business of providing health care services and products. Legal matters that the Fresenius Group currently deems to be material 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, 2013 applying Section 315a HGB in accordance with IFRS. In the following, only the changes during the first half ended June 30, 2014 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, 2013 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, 2013 applying Section 315a HGB in accordance with IFRS.

W.R. GRACE & CO. LAWSUIT

On February 3, 2014, the Court of Appeals dismissed the last of the appeals of the District Court order confirming the plan of reorganization, and the Grace Bankruptcy Plan went effective on that date. Pursuant to the terms of the Settlement Agreement and the Grace Bankruptcy Plan, all actions asserting fraudulent conveyance and other claims raised on behalf of asbestos claimants were dismissed with prejudice and Fresenius Medical Care received protection against existing and potential future W.R. Grace & Co. related claims, including fraudulent conveyance and asbestos claims by operation of injunctions and releases and Fresenius Medical Care also received indemnification against income tax claims related to the non-NMC members of the W.R. Grace & Co. consolidated tax group. Also, pursuant to the Settlement Agreement on February 3, 2014, Fresenius Medical Care paid a total of US$115 million, which had previously been accrued and is included on Fresenius Group's consolidated statement of financial position, to the asbestos personal injury and property damage trusts created under the Grace Bankruptcy Plan. No admission of liability was made.

BAXTER PATENT DISPUTE "TOUCHSCREEN INTERFACES" (1)

On March 5, 2014, Baxter petitioned the United States Supreme Court to review the decisions of the Federal Circuit. On May 19, 2014, the U.S. Supreme Court denied Baxter's petition and let stand the Federal Circuit's order dismissing the case.

PRODUCT LIABILITY LITIGATION

In addition, similar cases have been filed in state courts outside Massachusetts, in some of which the judicial authorities have established consolidated proceedings for their disposition.

INTERNAL REVIEW

Fresenius Medical Care has received communications alleging conduct in countries outside the U.S. and Germany that may violate the U.S. Foreign Corrupt Practices Act (FCPA) or other anti-bribery laws. The Audit and Corporate Governance Committee of Fresenius Medical Care's Supervisory Board is conducting an investigation with the assistance of independent counsel. Fresenius Medical Care voluntarily advised the U.S. Securities and Exchange Commission (SEC) and the U.S. Department of Justice (DOJ). Fresenius Medical Care's investigation and dialogue with the SEC and DOJ are ongoing. Fresenius Medical Care has received a subpoena from the SEC requesting additional documents and a request from the DOJ for copies of the documents provided to the SEC. Fresenius Medical Care is cooperating with the requests.

Conduct has been identified that may result in monetary penalties or other sanctions under the FCPA or other antibribery laws. In addition, Fresenius Medical Care's ability to conduct business in certain jurisdictions could be negatively impacted. Fresenius Medical Care has previously recorded a non-material accrual for an identified matter. Given the current status of the investigations and remediation activities, Fresenius Medical Care cannot reasonably estimate the range of possible loss that may result from identified matters or from the final outcome of the investigations or remediation activities.

Fresenius Medical Care's independent counsel, in conjunction with Fresenius Medical Care's Compliance Department, have reviewed Fresenius Medical Care's anti-corruption compliance program, including internal controls related to compliance with international anti-bribery laws, and appropriate enhancements are being implemented. Fresenius Medical Care is fully committed to FCPA compliance.

CHINA ANTI-DUMPING INVESTIGATION

On June 13, 2014, the Ministry of Commerce of the People's Republic of China, (MOFCOM) launched an anti-dumping investigation into producers of hemodialysis equipment in the European Union and Japan, which includes certain of the Fresenius Medical Care's subsidiaries. Fresenius Medical Care intends to cooperate in this investigation.

The Fresenius Group regularly analyzes current information including, as applicable, 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 health care providers, conducts its operations under intense government regulation and scrutiny. It must comply with regulations which relate to or govern the safety and efficacy of medical products and supplies, the marketing and distribution of such products, the operation of manufacturing facilities, laboratories and dialysis clinics, and environmental and occupational health and safety. With respect to its development, manufacture, marketing and distribution of medical products, if such compliance is not maintained, the Fresenius Group could be subject to significant adverse regulatory actions by the U.S. Food and Drug Administration (FDA) and comparable regulatory authorities outside the U.S. 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 U.S., these regulatory authorities could take additional actions, including product recalls, injunctions against the distribution of products or operation of manufacturing plants, civil penalties, seizures of Fresenius Group's products, and/or criminal prosecution. FMCH is currently engaged in remediation efforts with respect to three pending FDA warning letters, Fresenius Kabi with respect to two pending FDA warning letters. The Fresenius Group must also comply with the laws of the United States, including the federal Anti-Kickback Statute, the federal False Claims Act, the federal Stark Law and the federal Foreign Corrupt Practices Act as well as other federal and state fraud and abuse laws. Applicable laws or regulations may be amended, or enforcement agencies or courts may make interpretations that differ from Fresenius Group's interpretations or the manner in which it conducts its business. Enforcement has become a high priority for the federal government and some states. In addition, the provisions of the False Claims Act authorizing payment of a portion of any recovery to the party bringing the suit encourage private plaintiffs to commence "qui tam" or "whistle blower" 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 "whistle blower" actions, which are initially filed under court seal.

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 June 30, 2014 and December 31, 2013, classified into classes:

€ in millions	Fair value hierarchy level	June 30, 2014 Carrying amount	June 30, 2014 Fair value	Dec. 31, 2013 Carrying amount	Dec. 31, 2013 Fair value
Cash and cash equivalents	1	**1,070**	**1,070**	864	864
Assets recognized at carrying amount	3	**4,096**	**4,107**	3,629	3,636
Assets recognized at fair value	1	**124**	**124**	197	197
Liabilities recognized at carrying amount	2	**15,287**	**15,943**	13,603	14,137
Liabilities recognized at fair value	2	**61**	**61**	1	1
Noncontrolling interest subject to put provisions recognized at fair value	3	**408**	**408**	378	378
Derivatives for hedging purposes	2	**46**	**46**	10	10

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

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

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

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

The class assets recognized at carrying amount consists of trade accounts receivable and a loan which Fresenius Medical Care granted to a middle-market dialysis provider. The fair value of the loan is based on significant unobservable inputs of comparable instruments and thus the class is classified as fair value hierarchy Level 3.

The class assets recognized at fair value is comprised of European government bonds, shares and shares in funds. The fair values of these assets are calculated on the basis of market information. Therefore, this class is classified as Level 1.

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

The derivative embedded in the convertible bonds is included in the class liabilities recognized at fair value. The fair value of this derivative is derived from market quotes. The class was classified as Level 2.

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

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

€ in millions	H1/2014
Noncontrolling interest subject to put provisions as of January 1, 2014	**378**
Noncontrolling interest subject to put provisions in profit	43
Purchase of noncontrolling interest subject to put provisions	7
Dividend payments	-44
Currency effects, first-time consolidations and other changes	24
Noncontrolling interest subject to put provisions as of June 30, 2014	**408**

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

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

In the class derivatives for hedging purposes, stock options are included to secure the convertible bonds. The fair values of these stock options are derived from market quotes. For the fair value measurement of the class derivatives for hedging purposes, significant other observable inputs are used. Therefore, the class is classified as Level 2 in accordance with the defined fair value hierarchy levels.

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

FAIR VALUES OF DERIVATIVE FINANCIAL INSTRUMENTS

	June 30, 2014		Dec. 31, 2013	
€ in millions	**Assets**	**Liabilities**	Assets	Liabilities
Interest rate contracts (current)	**0**	**1**	0	4
Interest rate contracts (non-current)	**0**	**4**	0	4
Foreign exchange contracts (current)	**4**	**9**	15	5
Foreign exchange contracts (non-current)	**0**	**–**	1	–
Derivatives designated as hedging instruments [1]	**4**	**14**	16	13
Interest rate contracts (current)	**0**	**0**	0	–
Interest rate contracts (non-current)	**0**	**1**	0	1
Foreign exchange contracts (current) [1]	**4**	**8**	15	8
Foreign exchange contracts (non-current) [1]	**–**	**–**	1	1
Derivative embedded in the convertible bonds	**0**	**60**	0	0
Stock options to secure the convertible bonds [1]	**60**	**0**	0	0
Derivatives not designated as hedging instruments	**64**	**69**	16	10

[1] Derivatives designated as hedging instruments, foreign exchange contracts not designated as hedging instruments and stock options to secure the convertible bonds 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 derivative embedded in the convertible bonds were recognized at gross value within other assets in an amount of €68 million and other liabilities in an amount of €82 million.

The current portion of interest rate contracts and foreign exchange contracts 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 derivative embedded in the convertible bonds and the stock 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

	H1/2014		
€ 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	17	1
Foreign exchange contracts	-5	4	0
Derivatives in cash flow hedging relationships [1]	**-3**	**21**	**1**
Foreign exchange contracts			-1
Derivatives in fair value hedging relationships			**-1**
Derivatives designated as hedging instruments	**-3**	**21**	**–**

	H1/2013		
€ 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	12	14	1
Foreign exchange contracts	7	–	–
Derivatives in cash flow hedging relationships [1]	**19**	**14**	**1**
Foreign exchange contracts			-6
Derivatives in fair value hedging relationships			**-6**
Derivatives designated as hedging instruments	**19**	**14**	**-5**

[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	**H1/2014**	H1/2013
Interest rate contracts	**–**	2
Foreign exchange contracts	**6**	50
Derivatives not designated as hedging instruments	**6**	52

Gains from derivatives in fair value hedging relationships and from foreign exchange contracts not designated as hedging instruments recognized in the consolidated statement of income are faced by losses 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 €32 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.

MARKET RISK

General

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

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

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

Securities, which are predominantly held as European government bonds and shares in funds, are generally subject to the risk of changing stock exchange prices. Therefore, the stock exchange prices of these securities are continuously monitored to identify possible price risks on time.

Derivative financial instruments

Classification

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

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

At June 30, 2014 and December 31, 2013, the Fresenius Group had €8 million and €29 million of derivative financial assets subject to netting arrangements and €21 million and €22 million of derivative financial liabilities subject to netting arrangements. Offsetting these derivative financial instruments would have resulted in net assets of €4 million and €22 million as well as net liabilities of €17 million and €15 million at June 30, 2014 and December 31, 2013, respectively.

Foreign exchange risk management

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

As of June 30, 2014, the notional amounts of foreign exchange contracts totaled €1,472 million. These foreign exchange contracts have been entered into to hedge risks from operational business and in connection with loans in foreign currency. The predominant part of the foreign exchange forward contracts to hedge risks from operational business was recognized as cash flow hedge, while foreign exchange contracts in connection with loans in foreign currencies are partly recognized as fair value hedges. The fair value of cash flow hedges was -€5 million. As of June 30, 2014, no fair value hedges were recognized in the Fresenius Group.

As of June 30, 2014, the Fresenius Group was party to foreign exchange contracts with a maximum maturity of 18 months.

Interest rate risk management
The Fresenius Group enters into interest rate swaps and, on a small scale, into interest rate options in order to protect against the risk of rising interest rates. These interest rate derivatives are mainly designated as cash flow hedges and have been entered into in order to convert payments based on variable interest rates into payments at a fixed interest rate.

As of June 30, 2014, the interest rate swaps had a notional volume of US$600 million (€439 million) and €378 million as well as fair values of -US$1 million and -€5 million, respectively, which expire between 2014 and 2022.

In addition, the Fresenius Group also enters into interest rate hedges (pre-hedges) in anticipation of future debt issuance to effectively convert the variable interest rate related to the future debt to a fixed interest rate. These pre-hedges are settled at the issuance date of the corresponding debt with the settlement amount recorded in accumulated other comprehensive income (loss) amortized to interest expense over the life of the pre-hedges. At June 30, 2014 and December 31, 2013, the Fresenius Group had €101 million and €113 million, respectively, related to such 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 June 30, 2014, the equity ratio was 39.4% and the debt ratio (debt/total assets) was 40.6%. As of June 30, 2014, the net debt/EBITDA ratio (pro forma, before special items), which is measured on the basis of U.S. GAAP figures, was 3.4.

The aims of the capital management and further information can be found in the consolidated financial statements as of December 31, 2013 applying Section 315a HGB in accordance with IFRS.

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

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

	Standard & Poor's	Moody's	Fitch
Company rating	BB+	Ba1	BB+
Outlook	positive	negative	positive

In March 2014, Fitch confirmed the BB+ rating with a positive outlook. Fitch had put the rating on "watch evolving" in September 2013 after the announcement of the acquisition of hospitals from Rhön-Klinikum AG. The rating confirmation reflects Fresenius Group's performance in 2013 as well as the completion of the Rhön hospital acquisition.

23. SUPPLEMENTARY INFORMATION ON THE CONSOLIDATED STATEMENT OF CASH FLOWS

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

€ in millions	H1/2014	H1/2013
Assets acquired	1,797	189
Liabilities assumed	-567	-36
Noncontrolling interest	-9	-16
Notes assumed in connection with acquisitions	-174	-14
Cash paid	1,047	123
Cash acquired	-190	-5
Cash paid for acquisitions, net	857	118
Cash paid for investments, net of cash acquired	136	18
Cash paid for intangible assets, net	4	2
Total cash paid for acquisitions and investments, net of cash acquired, and net purchases of intangible assets	997	138

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 June 30, 2014.

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

Fresenius Medical Care is the world's leading provider of services and products for patients with chronic kidney failure. As of June 30, 2014, Fresenius Medical Care was treating 280,942 patients in 3,335 dialysis clinics.

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

Fresenius Helios is Germany's largest hospital operator. At June 30, 2014, Fresenius Helios owned 110 hospitals, thereof 86 acute care clinics including 7 maximum care hospitals in Berlin-Buch, Duisburg, Erfurt, Krefeld, Schwerin, Wiesbaden and Wuppertal and 24 post-acute care clinics. Fresenius Helios treats more than 4.2 million patients per year, thereof more than 1.2 million inpatients, and operates more than 34,000 beds.

Fresenius Vamed manages projects and provides services for hospitals and other health care facilities worldwide.

The segment Corporate/Other is mainly comprised of the holding functions of Fresenius SE & Co. KGaA as well as Fresenius Netcare GmbH, which provides services in the field of information technology and, until June 28, 2013, Fresenius Biotech, which did not fulfill the characteristics of a reportable segment. In addition, the segment Corporate/Other includes intersegment consolidation adjustments as well as special items (see note 3, Special items).

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

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, 2013 applying Section 315a HGB in accordance with IFRS.

RECONCILIATION OF KEY FIGURES TO CONSOLIDATED EARNINGS

€ in millions	H1/2014	H1/2013
Total EBIT of reporting segments	1,393	1,455
General corporate expenses Corporate/Other (EBIT)	42	-33
Group EBIT	1,435	1,422
Net interest	-283	-313
Income before income taxes	1,152	1,109

RECONCILIATION OF NET DEBT WITH THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION

€ in millions	June 30, 2014	Dec. 31, 2013
Short-term debt	791	2,376
Short-term loans from related parties	3	6
Current portion of long-term debt and capital lease obligations	593	855
Long-term debt and capital lease obligations, less current portion	6,028	4,366
Senior Notes	6,559	5,113
Convertible bonds	456	0
Debt	14,430	12,716
less cash and cash equivalents	1,070	864
Net debt	13,360	11,852

25. STOCK OPTIONS

FRESENIUS SE & CO. KGAA STOCK OPTION PLANS

As of June 30, 2014, 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 options can be granted.

Transactions during the first half of 2014

During the first half of 2014, Fresenius SE & Co. KGaA received cash of €12 million from the exercise of 297,652 stock options.

465,549 convertible bonds were outstanding and exercisable under the 2003 Plan at June 30, 2014. The members of the Fresenius Management SE Management Board held 89,768 convertible bonds. At June 30, 2014, out of 2,994,235 outstanding stock options issued under the 2008 Plan, 808,925 were exercisable and 526,060 were held by the members of the Fresenius Management SE Management Board. 700,231 stock options issued under the 2013 LTIP were outstanding at June 30, 2014. The members of the Fresenius Management SE Management Board held 105,000 stock options. 109,192 phantom stocks issued under the 2013 LTIP were outstanding at June 30, 2014. The members of the Fresenius Management SE Management Board held 27,272 phantom stocks.

As of June 30, 2014, 1,274,474 options for ordinary shares were outstanding and exercisable. On June 30, 2014, total unrecognized compensation cost related to non-vested options granted under the 2008 Plan and the 2013 LTIP was €21 million. This cost is expected to be recognized over a weighted-average period of 2.4 years.

Changes due to the capital increase from company's funds (stock split 2014 at a ratio of 1 : 3)

Compared to the existing conditions described in the consolidated financial statements as of December 31, 2013, the following material changes to the stock option plans result from the stock split 2014 at a ratio of 1 : 3 coming into effect:

Fresenius SE & Co. KGaA Stock Option Plan 2013 (SOP 2013)

As far as options have not yet been granted under the SOP 2013, the total volume of not yet granted subscription rights increases in the same proportion as the subscribed capital (factor 3). The same applies to the subsets of the subscription rights that are attributable to individual groups of participants. For stock options that were granted before the stock split 2014 came into effect, the entitlement of the participants to receive new shares through the exercise of stock options increases in the same proportion as the subscribed capital (factor 3). The participants are now entitled to receive three bearer ordinary shares of Fresenius SE & Co. KGaA. The exercise price is reduced proportionally.

Fresenius SE & Co. KGaA Phantom Stock Plan 2013 (PSP 2013)

The holders of phantom stocks, that were issued before the stock split 2014 came into effect, will be granted an economic compensation through retroactively tripling the number of phantom stocks granted before the stock split 2014 came into effect.

Stock Option Plan 2008

For stock options that were granted before the stock split 2014 came into effect, the entitlement of the participants to receive new shares through the exercise of stock options increases in the same proportion as the subscribed capital (factor 3). The participants are now entitled to receive three bearer ordinary shares of Fresenius SE & Co. KGaA (originally of Fresenius SE). The maximum number of ordinary shares to be issued increases accordingly. The exercise price is reduced proportionally.

Stock Option Plan 2003

Convertible bonds granted prior to the registration of the resolutions of the Annual General Meeting dated December 4, 2006 with the commercial register regarding the capital increase from company's funds and the new division of the subscribed capital (stock split 2006) but converted after the stock split 2014 came into effect, now entitle participants to receive nine bearer ordinary shares of Fresenius SE & Co. KGaA (originally of Fresenius AG or of Fresenius SE, respectively) per convertible bond. The maximum number of ordinary shares to be issued increases accordingly. The conversion price is reduced proportionally.

Convertible bonds granted after the registration of the stock split 2006 with the commercial register but converted after the stock split 2014 came into effect, now entitle participants to receive three bearer ordinary shares of Fresenius SE & Co. KGaA (originally of Fresenius AG or of Fresenius SE, respectively) per convertible bond. The maximum number of ordinary shares to be issued increases accordingly. The conversion price is reduced proportionally.

FRESENIUS MEDICAL CARE AG & CO. KGAA STOCK OPTION PLANS

During the first half of 2014, 857,026 stock options were exercised. Fresenius Medical Care AG & Co. KGaA received cash of €27.4 million upon exercise of these stock options and €2.3 million from a related tax benefit.

26. RELATED PARTY TRANSACTIONS

Prof. Dr. med. D. Michael Albrecht, a member of the Supervisory Board of Fresenius SE & Co. KGaA, is medical director and spokesman of the management board of the University Hospital Carl Gustav Carus Dresden and a member of the supervisory board of the University Hospital Aachen. Furthermore, he was a member of the supervisory board of the University Hospital Magdeburg until October 3, 2013 and a member of the supervisory board of the University Hospital Rostock until February 28, 2013. The Fresenius Group maintains business relations with these hospitals in the ordinary course and under customary conditions.

Prof. Dr. h. c. Roland Berger, a member of the Supervisory Board of Fresenius Management SE and of Fresenius SE & Co. KGaA, is a partner of Roland Berger Strategy Consultants Holding GmbH. In the first half of 2014, after discussion and approval by the Supervisory Board of Fresenius Management SE and Fresenius SE & Co. KGaA, the Fresenius Group paid €2.3 million to affiliated companies of the Roland Berger group for consulting services rendered.

Klaus-Peter Müller, a member of the Supervisory Board of Fresenius Management SE and of Fresenius SE & Co. KGaA, is the chairman of the supervisory board of Commerzbank AG. The Fresenius Group maintains business relations with Commerzbank under customary conditions.

Dr. Gerhard Rupprecht, a member of the Supervisory Board of Fresenius Management SE and of Fresenius SE & Co. KGaA, is a member of the supervisory board of Allianz France SA. In the first half of 2014, the Fresenius Group paid €5.8 million for insurance premiums to the Allianz group under customary conditions.

Dr. Dieter Schenk, deputy chairman of the Supervisory Board of Fresenius Management SE, is a partner in the international law firm Noerr LLP, which provides legal services to the Fresenius Group. In the first half of 2014, after discussion and approval of each mandate by the Supervisory Board of Fresenius Management SE, the Fresenius Group paid €0.5 million to this law firm for legal services rendered.

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

27. SUBSEQUENT EVENTS

There have been no significant changes in the Fresenius Group's operating environment following the end of the first half of 2014. 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 half of 2014.

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 under Who we are – Corporate Governance – Declaration of Conformity and of Fresenius Medical Care AG & Co. KGaA www.fmc-ag.com under Investor Relations – Corporate Governance – Declaration of Compliance, respectively.

29. RESPONSIBILITY STATEMENT

"To the best of our knowledge, and in accordance with the applicable reporting principles for interim financial reporting, the interim consolidated financial statements give a true and fair view of the assets, liabilities, financial position and profit or loss of the Group, and the interim Group management report includes a fair review of the development and performance of the business and the position of the Group, together with a description of the principal opportunities and risks associated with the expected development of the Group for the remaining months of the financial year."

Bad Homburg v. d. H., August 7, 2014

Fresenius SE Co. KGaA,
represented by:
Fresenius Management SE, its General Partner

The Management Board

Dr. U. M. Schneider | Dr. F. De Meo | Dr. J. Götz

M. Henriksson | R. Powell | S. Sturm | Dr. E. Wastler

FINANCIAL CALENDAR

Report on 1st – 3rd quarter 2014 Conference call, Live webcast	November 4, 2014
Annual General Meeting, Frankfurt am Main Live webcast of the speech of the Chairman of the Management Board	May 20, 2015

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 [1]
Trading platform	OTCQX

[1] As of August 4, 2014, the ADR ratio was changed in conjunction with the company's stock split (previous ratio: 8 ADR = 1 Share)

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Chairman of the Supervisory Board: Dr. Gerd Krick

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