FRESENIUS MEDICAL CARE CORP
Form F-4
October 07, 2005

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As filed with the Securities and Exchange Commission on October 7, 2005

Registration No. 333-______

SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

Form F-4
REGISTRATION STATEMENT UNDER THE SECURITIES ACT OF 1933

Fresenius Medical Care Aktiengesellschaft
(Exact Name of Registrant as Specified in Its Charter)
Fresenius Medical Care Corporation
(Translation of Registrant s Name into English)

Germany	**3841**	**Not applicable**
(Jurisdiction of incorporation or organization)	*(Primary Standard Industrial Classification Code Number)*	*(I.R.S. Employer Identification Number)*

Else-Kröner-Strasse 1
61352 Bad Homburg v.d.H., Germany
Telephone: 011-49-6172-609-0
(Address, Including Zip Code, and Telephone Number, Including Area Code, of Registrant s Principal Executive Offices)

Dr. Ben J. Lipps
Fresenius Medical Care Holdings, Inc.
95 Hayden Avenue
Lexington, MA 02420
781-402-9000
(Name, Address, Including Zip Code, and Telephone Number, Including Area Code, of Agent For Service)

Copy to:
Charles F. Niemeth, Esq.
Baker & McKenzie LLP
805 Third Avenue
New York, NY 10022
212-751-5700

Approximate date of commencement of proposed sale to the public: As soon as practicable after this Registration Statement becomes effective and all other conditions to the consummation of the transaction described herein have been satisfied or waived.

If this Form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. o

If this Form is a post-effective amendment filed pursuant to Rule 462(d) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. o

CALCULATION OF REGISTRATION FEE

Title Of Each Class Of Securities To Be Registered(1)(2)	**Amount To Be Registered(3)**	**Proposed Maximum Offering Price Per Unit(4)**	**Proposed Maximum Aggregate Offering Price(3)(4)**	**Amount Of Registration Fee**
Ordinary Shares	6,954,322	$89.77	$624,289,485.94	$73,482

(1) American Depositary Receipts evidencing American Depositary Shares (ADSs) issuable upon deposit of the securities registered hereby will be registered under a separate registration statement on Form F-6.

(2) This registration statement is being filed by Fresenius Medical Care Aktiengesellschaft (Fresenius Medical Care AG) to register the ordinary shares of Fresenius Medical Care AG & Co. KGaA (Fresenius Medical Care KGaA) in connection with the conversion of the preference shares of Fresenius Medical Care AG into ordinary shares of Fresenius Medical Care AG, and the ensuing transformation of Fresenius Medical Care AG from a stock corporation under German law into a partnership limited by shares under German law. Fresenius Medical Care KGaA will not be formed as a separate entity but will be established by registering a transformation resolution with the commercial register Hof an der Saale, Germany. The transformation will be registered as soon as practicable following completion of the conversion offer and, accordingly, no shares of Fresenius Medical Care AG will be issued in the offer. Upon registration of the transformation, the share capital of Fresenius Medical Care AG will be transformed into the share capital of Fresenius Medical Care KGaA. Upon completion of the transformation, Fresenius Medical Care KGaA will be the successor to Fresenius Medical Care AG within the meaning of General Instruction I.A.4 to Form F-3.

(3) Includes the maximum number of ordinary shares expected to be issued or delivered to U.S. security holders pursuant to the conversion. This number is based on an estimated 7,421,000 preference shares, including preference shares in the form of ADSs, held by U.S. persons that are eligible to be converted into ordinary shares in the exchange offer and transformed in the transformation.

(4) The Proposed Maximum Aggregate Offering Price (estimated solely for the purpose of computing the amount of the registration fee pursuant to Rule 457(f)(1) and (f)(3) under the Securities Act) is based on the sum of (i) a price of 65.45 per preference share of Fresenius Medical Care AG plus (ii) the conversion premium of 9.75 per preference share. The price per preference share is based on a market value of 65.45 per preference share, calculated pursuant to Rule 457(c) by taking the average of the high and low prices of preference shares as reported on the Frankfurt Stock Exchange on October 4, 2005. The price per preference share was converted into U.S. dollars based on an exchange rate of 1.00 equals U.S. $1.1938, the Noon Buying Rate on October 4, 2005.

The Registrant hereby amends this Registration Statement on such date or dates as may be necessary to delay its effective date until the Registrant shall file a further amendment which specifically states that this Registration Statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act of 1933, or until this Registration Statement shall become effective on such date as the Commission, acting pursuant to said Section 8(a), may determine.

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The information in this prospectus is not complete and may be changed. We may not sell these securities until the registration statement filed with the Securities and Exchange Commission is effective. This prospectus is not an offer to sell these securities and we are not soliciting an offer to buy these securities in any state or jurisdiction where the offer or sale is not permitted.

SUBJECT TO COMPLETION, DATED October 7, 2005

PRELIMINARY PROSPECTUS U.S. CONVERSION OFFER

Conversion Offer
To U.S. holders of the non-voting preference shares without par value, including preference shares represented by American Depositary Shares, of Fresenius Medical Care AG

We are offering holders of our non-voting preference shares, including preference shares represented by American Depositary Shares, the opportunity to convert their preference shares into voting ordinary shares in the ratio of:

one preference share without par value for one ordinary share without par value of Fresenius Medical Care AG; and

one preference American Depositary Share (ADS) (each preference share ADS representing one-third of a preference share of Fresenius Medical Care AG) for one ordinary share ADS of Fresenius Medical Care AG (each ordinary share ADS representing one-third of an ordinary share of Fresenius Medical Care AG).

Preference shares tendered for conversion must be accompanied by payment of a conversion premium of 9.75 per preference share, or 3.25 per preference share ADS. *Holders of preference share ADSs must pay the conversion premium in U.S. dollars. Each preference share ADS tendered for conversion of the underlying preference shares must be accompanied by payment of a conversion premium of $_____ per preference share ADS.* That amount equals approximately 110% of the U.S. dollar equivalent of 3.25, based on an exchange rate of 1 equals $___ at _________, 2005 (the day before the date of this prospectus). The additional 10% U.S. dollar premium payment is required to cover possible currency exchange rate fluctuations, and any excess premium payment of more than $10.00 will be returned to converting preference share ADS holders. Holders of preference share ADSs will not be charged any depositary fees for the surrender of their preference ADSs for conversion or for the issuance of ADSs representing the ordinary shares held upon consummation of the conversion.

The U.S. offer will expire at __ p.m., New York City time, on _________, 2005, unless it is extended prior to that time. You may withdraw any preference shares or preference shares ADSs tendered in the U.S. offer at any time prior to the expiration time.

On August 30, 2005, the shareholders of Fresenius Medical Care AG approved a resolution for the transformation of Fresenius Medical Care AG from a stock corporation *(Aktiengesellschaft)* under German law into a partnership limited by shares *(Kommanditgesellschaft auf Aktien)* under German law to be called Fresenius Medical Care AG & Co. KGaA (Fresenius Medical Care KGaA). Upon registration of the transformation, the share capital of Fresenius Medical Care AG will become the share capital of Fresenius Medical Care KGaA, and shareholders in Fresenius Medical Care AG will become shareholders of Fresenius Medical Care KGaA. We intend to arrange for the registration of the transformation immediately following completion of the conversion offer, and we will not register the conversion of preference shares into ordinary shares pursuant to the conversion offer unless we are satisfied that the transformation of legal form will occur. Upon registration of the transformation of legal form, the ordinary shares of Fresenius Medical Care AG offered in this conversion offer will be transformed into ordinary shares of Fresenius Medical Care KGaA. Accordingly, holders of Fresenius Medical Care AG preference shares (including preference shares represented by ADSs) who elect to convert their shares in the conversion offer will receive ordinary shares of Fresenius Medical Care KGaA. Holders of Fresenius Medical Care AG preference shares (including preference shares represented by ADSs) who do not elect to convert their shares in the conversion offer will become preference shareholders of Fresenius Medical Care KGaA.

Fresenius Medical Care AG is making the conversion offer to all holders of its outstanding preference shares through two separate offers. See The U.S. Offer The U.S. Offer and the German Offer. Together, these offers are being made for the conversion of all issued and outstanding preference shares, including preference shares represented by preference share ADSs, and all preference shares that are or may become issuable prior to the expiration of the offers due to the exercise of outstanding preference share options or the conversion of outstanding convertible bonds issued under our employee participation programs. Depending on the level of acceptance of the offers, up to approximately 27,225,324 preference shares (including preference shares represented by ADSs) will be converted into ordinary shares pursuant to the offers. The completion of the offers is subject to certain conditions, as described under The U.S. Offer Conditions to the U.S. Offer. Subject to applicable law and regulations, we reserve the right to modify or waive any of such conditions in our discretion.

For a discussion of the risk factors that you should consider carefully in evaluating the U.S. offer, see Risk Factors beginning on page 20.

Fresenius Medical Care AG ordinary shares are listed on the Frankfurt Stock Exchange and trade on the Xetra system under the symbol FME and Fresenius Medical Care AG ordinary share ADSs are listed on the New York Stock Exchange, or NYSE, and trade under the symbol FMS. Fresenius Medical Care AG preference shares are listed on the Frankfurt Stock Exchange and trade on the Xetra system under the symbol FME3 and Fresenius Medical Care AG preference share ADSs are listed on the New York Stock Exchange, and trade under the symbol FMS p. We intend to list both the ordinary shares and preference shares of Fresenius Medical Care KGaA on the Frankfurt Stock Exchange, and we expect the shares to be traded on the Xetra system, under the symbols l and l, respectively. American Depositary Shares representing Fresenius Medical Care KGaA ordinary shares and preference shares have been approved for listing on the New York Stock Exchange, subject to official notice of issuance and, in the case of preference share ADSs, satisfaction of New York Stock Exchange distribution criteria. However, we cannot assure holders of Fresenius Medical Care AG preference ADSs that, after the conversion and the transformation, the preference ADSs of Fresenius Medical Care KGaA will be eligible for listing on the New York Stock Exchange or that we will be able to maintain an American Depositary Receipt facility for the preference shares of Fresenius Medical Care KGaA. See Stock Exchange Listing and Trading.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved the securities to be issued under this prospectus or determined if this prospectus is accurate or complete. Any representation to the contrary is a criminal offense.

The Information Agent for the U.S. Offer is:

D.F. King & Co., Inc.

This prospectus is dated ________, 2005.

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INFORMATION INCORPORATED BY REFERENCE

This prospectus incorporates important information about Fresenius Medical Care AG by reference and, as a result, this information is not included in or delivered with this prospectus. For a list of those documents that are incorporated by reference into this prospectus, see Where You Can Find More Information on page 1.

Documents incorporated by reference are available from us upon oral or written request without charge. You may also obtain documents incorporated by reference into this prospectus from the Internet site of the Securities and Exchange Commission, or SEC, at the URL (or uniform resource locator) *http://www.sec.gov* or by requesting them in writing or by telephone from the information agent for these offers:

D.F. King & Co., Inc.
48 Wall Street, 22nd Floor
New York, NY 10005
212-269-5550
or
Call Toll-Free (888) 542-7446
Email: webmaster@dfking.com

To obtain timely delivery of these documents, you must request them by no later than __________, 2005.

In deciding whether to convert your preference shares in the conversion offer described in this prospectus, you should rely only on the information contained or incorporated by reference into this prospectus and the ADS letter of transmittal (collectively referred to herein as the related U.S. offer documents). Fresenius Medical Care AG has not authorized any person to provide you with any information that is different from, or in addition to, the information that is contained in this prospectus or in the related offer documents.

The information contained in this prospectus speaks only as of the date indicated on the cover of this prospectus unless the information specifically indicates that another date applies.

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REGULATORY STATEMENT

The conversion offer described in this prospectus is subject to the applicable laws and regulations of the Federal Republic of Germany, including the Securities Prospectus Act (*Wertpapierprospektgesetz*) and of the United States, including the tender offer rules applicable to equity securities registered under Section 12 of the United States Securities Exchange Act of 1934, as amended, or the Exchange Act. This U.S. offer document constitutes a prospectus under Section 5 of the United States Securities Act of 1933, as amended, or the Securities Act, with respect to the ordinary shares offered in connection with the U.S. offer.

This prospectus does not constitute an offer to sell, or a solicitation of an offer to purchase, the securities offered by this prospectus in any jurisdiction in which such offer, solicitation or sale is not permitted or would be unlawful prior to registration or qualification under the laws of any such jurisdiction.

This prospectus has not been reviewed by the German Federal Financial Supervisory Authority (*Bundesanstalt für Finanzdienstleistungsaufsicht,* or *BaFin*). Accordingly, this prospectus may not be used to make offers or sales in Germany in connection with any offer described herein.

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WHERE YOU CAN FIND MORE INFORMATION

We file annual reports on Form 20-F and furnish periodic reports on Form 6-K to the United States Securities and Exchange Commission (the SEC). You may read and copy any of these reports at the SEC s public reference room at 100 F Street, N.W., Washington, D.C., 20549, U.S.A., and its public reference rooms in New York, New York, U.S.A. and Chicago, Illinois, U.S.A. Please call the SEC at 1-800-SEC-0330 for further information on the public reference rooms. The reports may also be obtained from the website maintained by the SEC at http://www.sec.gov, which contains reports and other information regarding registrants that file electronically with the SEC. The New York Stock Exchange currently lists American Depositary Shares representing our ordinary shares and American Depositary Shares representing our preference shares. Our periodic reports, registration statements and other information that we file with the SEC are also available for inspection and copying at the offices of the New York Stock Exchange, 20 Broad Street, New York, New York 10005, U.S.A. Our SEC filings are also available to the public from commercial document retrieval services.

We prepare annual and quarterly reports, which are then distributed to our shareholders. Our annual reports contain financial statements examined and reported upon, with opinions expressed by, our independent auditors. The consolidated financial statements of Fresenius Medical Care AG included in these annual reports are prepared in conformity with U.S. generally accepted accounting principles. Our annual and quarterly reports to our shareholders are posted on our website at www.fmc-ag.com. In furnishing our website address in this prospectus, however, we do not intend to incorporate any information on our website into this prospectus, and you should not consider any information on our website to be part of this prospectus.

We will also furnish JP Morgan Chase Bank, N.A., the depositary for our American Depositary Receipts, with all notices of general meetings of shareholders and other reports and communications that are made generally to our shareholders. Such documents will be available for inspection by appointment by registered holders of American Depositary Receipts at the principal office of the depositary, presently located at 4 New York Plaza, New York, New York, 10004 U.S.A.

This prospectus is a part of a registration statement on Form F-4 that we are filing with the SEC to register the offer of ordinary shares in connection with the conversion of our preference shares in the conversion offer. As allowed by SEC rules, this prospectus does not contain all the information included in the registration statement or the exhibits to the registration statement.

The SEC allows us to incorporate by reference information into this prospectus, which means that we can disclose important information to you by referring you to another document filed separately with the SEC. The information incorporated by reference is deemed to be part of this prospectus, except for any information superseded by information in, or incorporated by reference in, this prospectus. This prospectus incorporates by

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reference the documents set forth below that we have previously filed with or furnished to the SEC. These documents contain important information about our company and its finances.

SEC Filings (File No. 001-14444)	Period/Filing Date
Annual Report on Form 20-F	Fiscal Year ended December 31, 2004 (filing date March 1, 2005)
Form 6-K Report	January 2005 (furnished to the SEC January 14, 2005)
Form 6-K Report	January 2005 (furnished to the SEC January 25, 2005)
Form 6-K Report	April 2005 (furnished to the SEC April 12, 2005)
Form 6-K Report	April 2005 (furnished to the SEC April 21, 2005)
Form 6-K Report	June 2005 (furnished to the SEC June 7, 2005)
Form 6-K Report	July 2005 (furnished to the SEC July 5, 2005)
Amended Annual Report on Form 20-F	Fiscal year ended December 31, 2004 (filing date July 13, 2005)
Form 6-K Report	August 2005 (furnished to the SEC August 5, 2005 and containing the Company s financial statements as of and for the six months ended June 30, 2005)
Form 6-K Report	August 2005 (furnished to the SEC August 31, 2005).

We may also incorporate by reference some of the reports on Form 6-K that we furnish to the SEC between the date of this prospectus and the expiration of the conversion offer.

If you are a shareholder, we may have sent you some of the documents incorporated by reference, but you can obtain any of them through us or the SEC. Documents incorporated by reference are available from us without charge, excluding all exhibits unless we have specifically incorporated by reference an exhibit in this prospectus. **Shareholders may obtain documents incorporated by reference in this prospectus by requesting them in writing or by telephone from the appropriate party at the following address:**

In North America	Elsewhere
Fresenius Medical Care North America Investor Relations 95 Hayden Avenue Lexington, MA 02420 Attn: Heinz Schmidt Toll Free: 1(800)662-1237	Fresenius Medical Care AG Investor Relations Else-Kröner-Strasse 1 D. 61352 Bad Homburg, Germany Attn: Oliver Maier ++ 49 6172 609-2601
D.F. King & Co., Inc. 48 Wall Street New York, NY 10005 Toll Free: 1 (888) 542-7446 Banks and Brokers 1(212) 269-5550	D.F. King & Co., Inc. No. 2 London Wall Buildings London Wall, London EC2M 5PP Toll Free, Germany 0 [ ] Toll Free, U.K.: 0 800 917 8414 Call Collect: +(44) 20 7920 9700

IF YOU WOULD LIKE TO REQUEST DOCUMENTS, INCLUDING ANY DOCUMENTS WE MAY SUBSEQUENTLY FILE WITH THE SEC BEFORE THE CONVERSION OFFER EXPIRES, PLEASE DO SO BY , 2005 SO THAT YOU WILL RECEIVE THEM BEFORE THE CONVERSION OFFER EXPIRES.

In addition, the articles of association of Fresenius Medical Care AG, the proposed articles of association of Fresenius Medical Care KGaA and the historical financial information of Fresenius Medical Care AG and its subsidiaries for each of the two financial years prior to the date of this prospectus are available for inspection for the duration of the offers during normal business hours at the above address of Fresenius Medical Care AG in Bad

Homburg, Germany. Future annual reports and interim reports issued by the Company will also be available at that office.

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This prospectus does not constitute an offer to sell, or a solicitation of an offer to purchase, the securities offered by this prospectus in any jurisdiction to or from any person to whom or from whom it is unlawful to make such offer or solicitation of an offer in such jurisdiction.

You should rely only on the information contained or incorporated by reference in this prospectus or in the related U.S. offer documents. We have not authorized anyone to provide you with information that is different from what is contained in this prospectus or in the related U.S. offer documents.

This prospectus is dated , 2005. You should not assume that the information contained in this prospectus is accurate as of any date other than this date. Neither the delivery of this prospectus nor any distribution of securities pursuant to this prospectus will, under any circumstances, create any implication that there has been no change in the information set forth or incorporated into this prospectus by reference or in our affairs since the date of this prospectus.

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QUESTIONS AND ANSWERS ABOUT THE U.S. OFFER

Q: Why is Fresenius Medical Care AG making the U.S. Offer? (See page 44)

A: We are making the U.S. offer and the concurrent German offer because we believe that the conversion of our outstanding preference shares into ordinary shares, in addition to the transformation of the legal form of our company from an AG to a KGaA, will increase our financial and operative flexibility by increasing the number of publicly held ordinary shares (which we refer to as our free float). We expect that this increase in free float will increase the liquidity of our ordinary shares and strengthen our position on the DAX, the index of 30 major German stocks, while enabling us to substantially maintain our existing corporate governance.

We also believe that increased liquidity for our ordinary shares will allow us to attract equity financing so that we may pursue our long-term growth objectives and strategies, which will help us maintain and improve our position as a leading global integrated provider of dialysis products and services. There can be no assurance, however, that the anticipated benefits will be realized. For a discussion of the risk factors that you should consider carefully in evaluating the U.S. offer, see Risk Factors.

Q: Why are there two offers? (See page 32)

A: We are making two offers for legal reasons in order to satisfy regulatory requirements.

Q: What are the differences between the German offer and the U.S. offer? (See page 32)

A: Subject to statutory requirements, the German offer and the U.S. offer are being made on substantially similar terms and completion of the offers is subject to the same conditions. The U.S. offer is open to all holders of preference shares who are residents of the United States, to other U.S. persons, as defined in the rules of the SEC and to all holders of preference share ADSs, wherever located. The German offer is a public offer in Germany addressed to all holders of our preference shares who are residents of Germany and, subject to applicable local laws and regulations, is open to all holders of our preference shares who reside outside of Germany and the United States.

Q: May I participate in the German offer? (See page 32)

A: No. Holders of preference shares who are United States residents, or other U.S. persons, as defined in the rules of the SEC and all holders of preference share ADSs, wherever located, do not have the right to tender their preference shares in the German offer. You must follow the procedures set forth in this prospectus to tender your preference shares or preference share ADSs pursuant to the U.S. offer.

Q: Must I pay a premium in order to convert my preference shares to ordinary shares?

A: Yes. Conversion of preference shares requires payment of a premium of 9.75 per preference share or 3.25 per preference share ADS. The premium must be paid at the time you tender your preference shares or preference share ADS. *If you hold ADSs (each ADS representing one-third of one preference share), you must pay the conversion premium in U.S. dollars and your preference share ADSs must be accompanied by payment of $ per ADS.* That amount is approximately 110% of the U.S. dollar equivalent of 3.25, based on an exchange rate of 1 equals $ on , 2005 (the day before the date of this prospectus). The additional 10% U.S. dollar conversion premium payment is required to cover possible currency exchange rate fluctuations between the date of your payment and the date on which the depositary converts your payment into Euro for payment to Fresenius Medical Care. Your payment and 10% deposit will be held in a separate non-interest bearing account pending completion of the offer period and converted into Euro upon expiration of the U.S. offer. At the end of the offer period, after payment of your aggregate conversion premium in Euro, any deposit amount remaining of more than ten U.S. dollars ($10.00) will be returned to you without interest. If, however, the offering is not completed, both your payment and deposit will be returned to you without interest. Any amount returned to you will be paid in U.S. dollars and will depend on the prevailing exchange rate at the time funds in the possession of the depositary are converted from Euro to U.S. dollars.

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Q: How was the amount of the premium I must pay to convert my preference shares to ordinary shares determined?

A: The amount of the conversion premium corresponds to approximately one-half of the difference between the weighted average German stock exchange price of our ordinary shares and the weighted average German stock exchange price of our preference shares for the three months through and including May 3, 2005, the last trading day before our first announcement of the proposed conversion and transformation, determined by using the stock exchange prices reported on the official website of the German Federal Financial Supervisory Authority (*Bundesanstalt für Finanzdienstleistungsaufsicht,* or *BaFin*). See The Conversion and Transformation; Effects Structure of the Conversion and Transformation.

Q: If my preference shares are represented by American Depositary Shares, are there additional depositary s fees that I must pay in connection with the conversion of any preference shares?

A: No. Holders of preference American Depositary Shares who elect to convert the preference shares represented by their American Depositary Shares will not be required to pay any depositary fees for the surrender of their preference American Depositary Shares of Fresenius Medical Care AG for conversion or for the issuance of ADSs representing the ordinary shares held upon consummation of the conversion.

Q: What will I receive in the U.S. offer? (See page 33)

A: For each preference share validly tendered, not withdrawn and accompanied by payment of 9.75 in cash, you will receive one ordinary share. For each preference share ADS (each representing one-third of a preference share) validly tendered, not withdrawn and accompanied by the conversion premium payment of $ in cash, you will receive one ordinary share ADS (each representing one-third of an ordinary share).

Q: How long will the U.S. offer be open? (See page 34)

A: Unless we extend the U.S. offer, it will expire at p.m., New York City time, on , 2005.

Q: Under what circumstances will you extend the U.S. offer? (See page 34)

A: We do not currently plan to extend the conversion offer. However, if we believe that for specific reasons an extension of the conversion period would be beneficial for us or if SEC rules require us to extend the conversion offer, we may extend such period. In any event, we expect that the conversion period will not be longer than six weeks.

Q: How will you let me know if you extend the U.S. offer? (See page 34)

A: If we extend the U.S. offer we will issue a press release. Our press release will set forth the expiration date and time of the extended U.S. offer and inform holders of our preference shares that they may tender, or withdraw their tendered, preference shares at any time until the expiration of the offer period, as extended.

Q: Are there any conditions to your obligation to accept the preference shares that I tender? (See page 34)

A: Yes. Our obligation to complete the offers is subject to the conditions that:

we are satisfied that the transformation of legal form will be registered immediately following registration of the conversion; and we have entered into amendments to our senior credit facility to reflect the transformation and our accounts receivable facility to eliminate requirements that Fresenius AG own a majority of our voting shares.

Q: After I tender my preference shares in the U.S. offer, may I change my mind and withdraw them? (See page 38)

A: Yes. You may withdraw your preference shares tendered in the U.S. offer at any time until the expiration date. However, you will be required to pay the depositary s fee of five cents (5¢) per ADS ($5.00 per 100 ADSs) for the reissuance of your withdrawn preference share ADSs. Your withdrawn preference share ADSs will be returned to you upon withdrawal. However, your conversion premium less the requisite depositary fees will be returned to you only upon completion or termination of the U.S. offer.

Q: I hold American Depositary Receipts for preference share ADSs or my ADSs are held through the Direct Registration System maintained by the Depositary. How do I accept the U.S. offer? (See page 34)

A: If you hold American Depositary Receipts, or ADRs, for preference share ADSs, complete and sign the ADS letter of transmittal included with this document and send it, together with your ADRs and any other required documents, to the U.S. ADS exchange agent before the expiration of the U.S. offer. ***Do not send your certificates to Fresenius Medical Care AG or the Information Agent.***

Q: I hold preference share ADSs through a bank, broker or other nominee. How do I accept this U.S. offer? (See page 35)

A: If you hold preference share ADSs in book-entry form through a bank, broker or other nominee, instruct such bank, broker or other nominee to complete the confirmation of a book-entry transfer of your preference share ADSs into the account of the U.S. ADS exchange agent at The Depository Trust Company, commonly known as DTC, and send either an agent s message or an ADS letter of transmittal and any other required documents to the U.S. ADS exchange agent before the expiration of the U.S. offer.

Q: I hold preference shares through a U.S. custodian, such as a broker, bank or trust company. How do I accept this U.S. offer? (See page 37)

A: If you hold your preference shares through a U.S. custodian, you do not need to complete the ADS letter of transmittal. Instead, your U.S. custodian should either forward to you the transmittal materials and instructions sent by the German financial intermediary that holds the shares on behalf of the U.S. custodian as record owner or send you a separate form prepared by the U.S. custodian. If you have not yet received instructions from your U.S. custodian, please contact your U.S. custodian directly.

Q: I hold preference shares through a German financial intermediary, such as a German broker or bank. How do I accept this U.S. offer? (See page 36)

A: If you hold preference shares through a German financial intermediary, you do not need to complete the ADS letter of transmittal. Instead, your German financial intermediary should send you transmittal materials and instructions for accepting the U.S. offer before the last day of the offer. If you have not yet received instructions from your German financial intermediary, please contact your German financial intermediary directly.

Q: What will happen to my preference share options and convertible bonds if these offers are completed? (See page 41)

A: Holders of convertible bonds or stock options entitling them to preference shares under our employee participation programs will be offered the opportunity to receive convertible bonds or stock options entitling them to receive ordinary shares. The number of convertible bonds or options and the conversion or exercise prices will be adjusted to take the conversion into account. No conversion premium will be payable in connection with such adjustments.

Q: Do I need to do anything if I want to retain my preference shares? (See page 43)

A: No. If you want to retain your preference shares, you do not need to take any action. Upon registration of the transformation, whether or not the conversion is consummated, your preference shares will become preference shares of Fresenius Medical Care KGaA.

Q: When will I know the outcome of the offers?

A: We will issue a press release regarding the results of the offers promptly after they expire. We intend to file those press releases with the SEC under Form 6-K. We will also file an amendment to our Schedule TO with the SEC setting forth the final results of the offers.

Q: Is Fresenius Medical Care making any recommendation with respect to the conversion offer?

A: We believe that the conversion offer is in the best interest of the Company and its shareholders. However, preference shareholders should determine for themselves, in consultation with their tax and financial advisors, whether to accept the conversion offer with respect to all or any part of their preference shares or to retain their preference shares.

SUMMARY

The following summary does not contain all the information that may be important to investors. As an investor, you should base your investment decision on the entire prospectus, including the incorporated documents.

In this prospectus, (1) the Company refers to both Fresenius Medical Care AG prior to the transformation and Fresenius Medical Care KGaA after the transformation; (2) we and our refers either to the Company or the Company and its subsidiaries on a consolidated basis both before and after the transformation, as the context requires; and (3) Management AG refers to a newly formed entity that will serve as the general partner of Fresenius Medical Care KGaA and that is wholly owned by Fresenius AG.

General Information on the Company and its Business

Fresenius Medical Care AG has operated as a stock corporation *(Aktiengesellschaft)* organized under the laws of Germany since August 5, 1996. On August 30, 2005, our shareholders approved the transformation of the Company s legal form from an AG, to a KGaA, which is a German partnership limited by shares. Fresenius Medical Care AG is registered with the commercial register of the local court *(Amtsgericht)* of Hof an der Saale, Germany, under HRB 2460. Our registered office *(Sitz)* is Hof an der Saale, Germany.

Our business address is Else-Kröner-Strasse 1, 61352 Bad Homburg v.d.H., Germany, telephone ++49-6172-609-0.

We are the world s largest kidney dialysis company engaged in both providing dialysis care and manufacturing dialysis products, based on publicly reported revenues and patients treated. At June 30, 2005, we provided dialysis treatment to approximately 128,200 patients in 1,645 clinics worldwide located in 26 countries. In the U.S. we also perform clinical laboratory testing and provide inpatient dialysis services, therapeutic aphaeresis, hemoperfusion and other services under contract to hospitals. We also develop and manufacture a complete range of equipment, systems and disposable products, which we sell to customers in over 100 countries. For the year ended December 31, 2004, we had net revenues of $6.2 billion, an increase of 13% over 2003 revenues. We derived 68% of our revenues in 2004 from our North America operations and 32% from our international operations.

Dialysis is the artificial means of removing toxic metabolic end products and excess liquid from the body. Hemodialysis and peritoneal dialyses are the most widespread methods to treat chronic renal failure, which is also called end-stage renal disease or ESRD. ESRD is the stage of progressed chronic renal disease characterized by the irreversible loss of the renal function. Keeping the patient alive requires regular dialysis treatment or kidney transplantation. The number of possible transplantations is restricted by the lack of suitable donor kidneys. For these reasons, the majority of ESRD patients depend on dialysis.

Competitive Strengths, the Renal Care Industry and Our Strategy

We believe that our size, our activities in both dialysis care and dialysis products and our concentration in specific geographic areas allow us to operate more cost-effectively than many of our competitors.

We use the insight we gain when treating patients in developing new and improved products.

Comprehensive renal therapy solutions

Dialysis treatment. Measured against the number of patients treated worldwide, we are the leading provider of dialysis services for the treatment of ESRD. Fresenius Medical Care offers dialysis services for outpatient treatment in its own centers as well as inpatient treatment in hospitals on a contractual basis.

Due to our large number of patients, we are able to compile our own databases with patient statistics which enable us to improve the results of our dialysis treatment as well as the quality and efficiency of our dialysis products and thus to decrease mortality rates. We believe that in addition to our patient databases

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physicians in private practices, hospitals and managed care organizations determine to have their ESRD patients treated in our centers for the following reasons:

- Our reputation for high quality treatment and support of patients;
- Our extensive network of dialysis centers, which enables medical specialists to refer their patients to a conveniently located center; and
- Our reputation as a provider of technically advanced dialysis products.

We treat approximately 27% of all dialysis patients in the USA. Based on publicly available reports, we believe that our closest competitor treats approximately 17% of all dialysis patients in the USA. For the year 2004, dialysis services accounted for 72% of our total revenue.

Dialysis products. Based on publicly reported revenues, we are the world s largest manufacturer and provider of equipment and accessories for hemodialysis as well as the second largest manufacturer of products for peritoneal dialysis. We sell our dialysis products directly or through sales partners in approximately 100 countries. The majority of our customers are dialysis centers. Fresenius Medical Care produces a wide range of equipment and accessories for hemodialysis and peritoneal dialysis. These products include hemodialysis equipment, peritoneal dialysis cyclers, dialyzers, solutions for peritoneal dialysis in flexible plastic bags, hemodialysis concentrates and solutions, blood lines and disposable tubes as well as systems for water treatment in dialysis centers. For the year 2004, dialysis products accounted for 28% of our total revenue.

The dialysis market

According to the 2002 published data of the *Center for Medicare and Medicaid Services* of the U.S. Department of Health (formerly the *Health Care Financing Administration*), the number of long-term dialysis patients in the U.S. with ESRD increased from approximately 66,000 in 1982 to 297,928 at December 31, 2002. This corresponds to an annual increase of approximately 8.0%. We believe that the global growth will continue at a rate of 6% per year. At the end of 2002, there were approximately 1.3 million dialysis patients. At the end of 2002 based on data published by the Japanese Society for Dialysis Therapy approximately 230,000 dialysis patients were treated in Japan. According to market studies of Fresenius Medical Care, Japan is the second-largest dialysis market worldwide. For the rest of the world, we estimate approximately 310,000 dialysis patients in Europe, approximately 175,000 in Asia (without Japan) and approximately 160,000 in Latin America at the end of 2003.

Strategy

Our objective is generating revenue growth that exceeds market growth of the dialysis industry, measured by growth in the patient population, while maintaining our leading position in the market and increasing earnings at a faster pace than revenues. In the past five years revenues from dialysis services and products have increased more rapidly than the total market and we believe that we are well positioned to meet our objectives by focusing on the following strategies:

- Maintenance of high-quality dialysis treatment;
- Patient care programs which distinguish themselves from those of our competitors; in particular, in single-use high flux polysulfone dialyzers and related services;
- Worldwide strengthening of the presence in attractive growth markets;
- Expansion of the range of dialysis services that we offer;
- Continuing to offer a complete product range for dialysis, ensuring a constant flow of revenues from disposable products; and
- Strengthening our position as an innovator in product and process technologies.

Acquisition of Renal Care Group, Inc.

On May 3, 2005, we entered into a definitive merger agreement with Renal Care Group, Inc. (RCG) to acquire RCG for an all cash purchase price of approximately $3.5 billion. RCG is a Delaware corporation

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that provides dialysis services to patients with ESRD. As of June 30, 2005, RCG provided dialysis and ancillary services to over 31,000 patients through 445 outpatient dialysis centers in 34 states in the United States, in addition to providing acute dialysis services to more than 210 hospitals. RCG was formed in 1996 by leading nephrologists with the objective of creating a company with clinical and financial capability to manage the full range of care for ESRD patients on a cost-effective basis. As of June 30, 2005, there were more than 1,000 nephrologists with privileges to practice at one or more of RCG s outpatient dialysis centers. RCG s stockholders have approved the acquisition. Completion of the acquisition remains subject to governmental approvals (including termination or expiration of the waiting period under the Hart-Scott Rodino Antitrust Improvements Act of 1976, as amended) and receipt of certain third-party consents. On June 15, 2005, we announced that we had received a request for additional information from the United States Federal Trade Commission (FTC) relating to the RCG acquisition. We intend to continue to cooperate with the FTC and to respond promptly to the request so as to enable us to complete the acquisition during the fourth quarter of 2005 but we cannot offer any assurance that the acquisition will be completed during this time or that it will be completed at all.

The following sets forth selected unaudited *pro forma* financial data illustrating the *pro forma* effects of the acquisition of RCG. The *pro forma* income statement data are based on the income statements of FMC AG and RCG for the year ended December 31, 2004 and the six-month period ended June 30, 2005, and assume that the merger occurred as of January 1, 2004. The *pro forma* balance sheet data are based on the balance sheets of FMC AG and RCG as of June 30, 2005, and assume that the merger occurred as of June 30, 2005. The selected *pro forma* financial data should be read together with the
pro forma financial statements of FMC AG contained in Appendix A-1 to this prospectus. THE SELECTED *PRO FORMA* FINANCIAL DATA DO NOT PURPORT TO REPRESENT WHAT THE FINANCIAL POSITION OR RESULTS OF OPERATIONS OF FMC AG OR RCG WOULD ACTUALLY HAVE BEEN IF THE MERGER HAD IN FACT OCCURRED AS OF JANUARY 1, 2004 OR TO PROJECT THE FINANCIAL POSITION OR RESULTS OF OPERATIONS FOR ANY FUTURE DATE OR PERIOD.

	Year ended December 31, 2004	Six Months Ended June 30. 2005
	(in millions, except per share amounts)	
Summary of *Pro Forma* Operating Information		
Net Revenues	$ 7,523	$ 4,015
Earnings before income taxes	613	354
Net earnings	371	212
Earnings per share	$ 3.83	$ 2.19

	June 30, 2005
***Pro Forma* Balance Sheet Information**	
Total assets	$ 12,324
Total borrowings	6,584
Total liabilities	8,687
Total shareholders equity	3,637

In connection with the proposed acquisition, we have entered into a commitment letter pursuant to which Bank of America, N.A. and Deutsche Bank AG New York Branch have agreed, subject to certain conditions, to underwrite an aggregate of $5.0 billion in principal amount of term and revolving loans to be syndicated to other financial institutions. See Acquisition of Renal Care Group, Inc. The Acquisition and The New Senior Credit Facilities.

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Structure of the Conversion and Transformation

Conversion of preference shares into ordinary shares

We are offering our preference shareholders the opportunity to convert their preference shares into ordinary shares on a one-to-one basis pursuant to a conversion offer approved by shareholder meetings held on August 30, 2005. Preference shareholders who decide to convert their shares will be required to pay a premium of 9.75 per preference share ($_____ per American Depositary Share) and will lose their preferential dividend rights under the articles of association and under German law. The right to convert preference shares into ordinary shares is available only through the expiration date of the conversion offer. See The Conversion and Transformation; Effects Structure of the Conversion and Transformation. *Conversion premium payments made by holders of preference American Depositary Shares must be made in U.S. dollars*. The ADS conversion premium of $_____ per ADS includes an additional deposit of approximately 10% of the aggregate premium payment to cover possible currency exchange rate fluctuations. At the end of the offer period, after payment of the aggregate conversion premium to Fresenius Medical Care in Euro, any deposit amount of more than ten U.S. dollars ($10.00) remaining will be returned to converting shareholders without interest. Holders of preference American Depositary Shares who decide to convert their shares will not be required to pay any depositary fees for the surrender of their preference American Depositary Shares of Fresenius Medical Care AG or for the issuance of ADSs representing the ordinary shares into which the preference shares were converted. In this prospectus, we refer to this conversion of our preference shares into ordinary shares as the conversion.

Transformation into a partnership limited by shares

On August 30, 2005, our shareholders approved the transformation of the Company s legal form, from an AG, which is a German stock corporation, to a KGaA, which is a German partnership limited by shares. The transformation will become effective upon registration with the commercial register of the local court *(Amtsgericht)*, in Hof an der Saale. Upon registration of the transformation, the Company s legal form will be changed by operation of law to a partnership limited by shares, and it will continue to exist in that legal form. The Company as a KGaA will be the same legal entity under German law, rather than a successor to the stock corporation. Our share capital will become the share capital of the Company in its new legal form after the transformation. Shareholders in Fresenius Medical Care AG at the time of the registration of the transformation of legal form in the commercial register will be shareholders in Fresenius Medical Care KGaA. Fresenius Medical Care Management AG, a subsidiary of Fresenius AG, will be the general partner of the Company. We intend that the present members of the management board of Fresenius Medical Care AG (together with Gary Brukardt, currently President and Chief Executive Officer of RCG, who we expect will join the management board after the RCG merger) shall become the entire management board of the general partner after the transformation of legal form. The supervisory board of Management AG shall consist of the same persons as the present supervisory board of the Company and, with one exception, the separate supervisory board of the Company in its legal form as partnership limited by shares. In this prospectus, we refer to this transformation of our legal form as the transformation. For more information, see The Conversion and Transformation Structure of the Conversion and Transformation and The Legal Structure of Fresenius Medical Care KGaA.

Immediately following completion of the offering and registration of the ordinary shares into which our preference shares are converted, we intend to arrange for the registration of the transformation of legal form with the commercial register. Our board of management was instructed by the shareholders meeting on August 30, 2005 to register the changes in the articles of association connected with the implementation of the conversion offer only when they are convinced that the transformation into a KGaA will take place. For that reason holders of preference shares who accept the conversion offer will receive ordinary shares of the Company in the legal form of a stock corporation only in an interim step. In effect, they will receive ordinary shares of Fresenius Medical Care KGaA. Holders of preference shares who do not accept the conversion offer will hold preference shares of Fresenius Medical Care KGaA.

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Reasons for the conversion and transformation

We believe that the conversion and transformation will increase our financial and operative flexibility by increasing the number of publicly held ordinary shares (which we refer to as our free float), which we expect will increase the liquidity of our ordinary shares and strengthen our position on the DAX, the index of 30 major German stocks. We also believe that our increased liquidity will allow us to attract equity financing so that we may pursue our long-term growth objectives and strategies, which will help us maintain and improve our position as a leading global integrated provider of dialysis products and services. In addition, we believe that through transformation of legal form, our present standards of corporate governance and transparency will be substantially maintained and continued.

Additional Information on the Company

Management Board	The management board of the Company as a stock corporation consists of Dr. Ben J. Lipps (Chief Executive Officer), Dr. Emanuele Gatti, Roberto Fusté, Dr. Rainer Runte, Lawrence A. Rosen, Robert M. Powell and Mats L. Wahlstrom. Upon registration of the transformation of legal form, the Company, as a KGaA will be represented by its general partner, Fresenius Medical Care Management AG. We expect that the general partner will be represented by a management board whose members will be identical to the present management board of the Company. In addition, we expect that, subject to formal appointment by the supervisory board of the general partner, Gary Brukardt, currently president of RCG, will become a member of the management board after the closing of the merger with RCG.
Supervisory Board	The supervisory board of the Company presently consists of Dr. Gerd Krick (chairman of the supervisory board), Dr. Dieter Schenk (deputy chairman), Prof. Dr. Bernd Fahrholz, Dr. Ulf M. Schneider, Walter L. Weisman and John Gerhard Kringel. Upon registration of the transformation of legal form, all of the members of the Company s supervisory board will be members of the supervisory board of the general partner. They will also be members of the supervisory board of the company as a partnership limited by shares except for Dr. Ulf M. Schneider, who will resign from the supervisory board of the Company in the legal form of a partnership limited by shares. In accordance with German law, we intend to apply for court appointment of a sixth member of the supervisory board to replace Dr. Schneider.
Share capital	The share capital of the Company at September 30, 2005 was 248,896,829.44 consisting of 70,000,000 ordinary bearer shares and 27,225,324 preference bearer shares. This relative breakdown between preference shares and ordinary shares will change in connection with the conversion. Our share capital will not be affected by the transformation.
Listing	The Company s ordinary shares and preference shares are listed on the Frankfurt Stock Exchange on the official market with simultaneous listing in the sub-segment of the official market with additional post-admission obligations (Prime Standard). American Depositary Shares (ADS) are listed on the New York Stock Exchange.

	The Company s shares in its KGaA legal form will again be listed on the Frankfurt Stock Exchange on the official market with simultaneous listing in the sub-segment of the official market with additional post-admission obligations (Prime Standard) upon effectiveness of the transformation. American Depositary Shares representing the Company s shares in KGaA form have been approved for listing on the New York Stock Exchange.
Current auditors	The Company s auditor is KPMG Deutsche Treuhand-Gesellschaft Aktiengesellschaft, Wirtschaftsprüfungsgesellschaft, Frankfurt am Main, Germany.
Principal shareholder	Approximately 50.8% of the voting ordinary bearer shares of the Company are held by Fresenius AG. All other ordinary shares as well as the preference shares of the Company are publicly held. The participation of Fresenius AG in the voting ordinary shares will be reduced by the conversion offer. Fresenius AG holds approximately 37% of the total share capital of all classes of the Company. Upon completion of the transformation, Fresenius AG will hold 100% of the shares of the general partner, Fresenius Medical Care Management AG.
Business with related parties	In connection with our foundation and the combination of the dialysis business of Fresenius AG with that of W.R. Grace & Co. in 1996, Fresenius Medical Care AG and Fresenius AG entered into several agreements to implement restructuring measures on terms which we believe are not less favorable than would be available under contracts with unaffiliated third parties. The agreement relating to trademarks and other intellectual property entered into does not necessarily correspond to the conditions of contracts between unaffiliated parties.
Employees	At June 30, 2005, the Company had 45,862 employees, as compared to 44,526 employees on December 31, 2004.

The U.S. Offer and the German Offer

We are offering holders of our preference shares the opportunity to convert their outstanding preference shares through two separate offers for legal reasons in order to satisfy regulatory requirements. The U.S. offer and the German offer are being made on substantially similar terms and completion of the offers is subject to the same conditions. The U.S. offer is open to all holders of our preference shares who are residents of the United States, to other U.S. persons, as defined in the rules of the SEC and to all holders of our preference share ADSs, wherever located. The German offer is a public offer in Germany addressed to all holders of our preference shares who are residents of Germany and, subject to local laws and regulations, to all holders of our preference shares who reside outside of Germany and the United States.

Terms of the U.S. Offer

Upon the terms and subject to the conditions set forth in this prospectus, we are offering holders of our preference shares, including preference shares represented by American Depositary Shares, the opportunity to convert their preference shares into ordinary shares on the following terms:

- one preference share without par value for one ordinary share without par value of Fresenius Medical Care AG; and

- one preference American Depositary Share (ADS) (each preference share ADS representing one-third of a preference share of Fresenius Medical Care AG) for one ordinary share ADS of Fresenius

Medical Care AG (each ordinary share ADS representing one-third of an ordinary share of Fresenius Medical Care AG).

Preference shares tendered for conversion must be accompanied by payment of a conversion premium of 9.75 per preference share. Each preference share ADS tendered for conversion of the underlying preference shares must be accompanied by payment *in U.S. dollars* of a conversion premium of $ per preference share ADS. That amount equals approximately 110% of the U.S. dollar equivalent of 3.25. the additional 10% U.S. dollar premium payment is required to cover possible exchange rate fluctuations, and any excess premium payment of more than $10.00 will be returned to converting preference ADS holders. The conversion premium of 9.75 per preference share corresponds to approximately one-half of the difference between the weighted average stock exchange price of the ordinary shares and the weighted average German stock exchange price of the preference shares for the three months through and including May 3, 2005, the last trading day before our announcement of the proposed conversion and transformation, determined using the prices reported on the official website of the German Federal Financial Supervisory Authority (*Bundesanstalt für Finanzdienstleistungsaufsicht,* or *BaFin*).

Conditions to the U.S. Offer

Our obligation to complete the offers is subject to the conditions that:

- we are satisfied that the transformation of legal form will be registered immediately following registration of the conversion; and
- we have entered into amendments to our senior credit facility to reflect the transformation and our accounts receivable facility to eliminate requirements that Fresenius AG own a majority of our voting shares.

Expiration Date

The U.S. offer will expire at p.m., New York City time on , 2005, unless it is extended prior to such time. We do not currently plan to extend the conversion offer. However, if we believe that for specific reasons an extension of the conversion period would be beneficial for us or if SEC rules require us to extend the conversion offer, we may extend such period both in Germany and in the U.S. In any event, we expect that the conversion period will not be longer than six weeks.

Procedures for Tendering Preference Shares

The procedure for tendering preference shares varies depending on a number of factors, including:

- whether you hold preference shares or preference share ADSs;
- whether you hold your preference share ADSs in book-entry form; and
- whether you hold your preference shares through a financial intermediary in the United States or Germany.

You should read carefully the procedures for tendering your preference shares beginning on page 34 of this prospectus as well as the related transmittal materials enclosed with this prospectus.

Withdrawal Rights

You have the right to withdraw any preference shares that you have tendered in the U.S. offer at any time prior to and including the expiration date.

For a withdrawal to be effective, the German financial intermediary, the U.S. custodian or the U.S. ADS exchange agent, as applicable, must receive a written notice of withdrawal prior to the expiration date of the offer or the subsequent offering period, as applicable. You will be required to pay the depositary s fees of $5.00 per 100 ADSs for the reissuance of the withdrawn preference share ADSs.

Withdrawn preference share ADSs will be returned upon withdrawal. However, conversion premiums in connection with withdrawn preference share ADSs less the requisite depositary fees will be returned only upon completion of the U.S. offer.

Withdrawn preference shares may be retendered for conversion prior to the expiration of the offer period by following appropriate tender procedures.

Delivery of Ordinary Shares and Ordinary Share ADSs

Following the registration of the conversion with the commercial register, we intend to deliver ordinary shares or ordinary share ADSs in Fresenius Medical Care KGaA to tendering holders as soon as practicable.

Comparison of the Rights of Holders of Preference Shares and Ordinary Shares

There are differences between the rights of a preference shareholder and the rights of an ordinary shareholder. We urge you to review the discussion under The Conversion and Transformation; Effects and Description of the Shares of the Company for a discussion of these differences.

Effects on Securities Holders

Preference shareholders who do not choose to convert their shares will retain their preference rights but may suffer financial disadvantages due to the overall reduced liquidity of their preference shares. After the conversion and the transformation, the current holders of our ordinary shares and ADSs representing our ordinary shares will continue to have substantially similar rights, but will experience a dilution of their voting rights due to the increase in the number of outstanding ordinary shares. Moreover, they will experience some economic dilution as the preference shareholders who convert their shares are required to pay a conversion premium of only 9.75 which is approximately one-half of the difference between the weighted average German stock exchange price of our ordinary shares and the weighted average German stock exchange price of our preference shares for the three months through and including May 3, 2005, the last trading day before our first announcement of the proposed conversion and transformation. Preference shareholders who choose to convert their shares into ordinary shares will no longer have preference rights. For more information, see Description of the Shares of the Company, Descriptions of American Depositary Receipts, Description of the Proposed Pooling Arrangements, The Conversion and Transformation; Effects and Stock Exchange Listing and Trading.

Certain Tax Consequences

Under German tax law, the conversion and premium payments will be tax neutral to Fresenius Medical Care. Shareholders who convert their shares and pay the conversion premium will not recognize any gain or loss for German tax purposes.

Under U.S. federal income tax law, the conversion of preference shares into ordinary shares will constitute a reorganization within the meaning of Section 368(a) of the Internal Revenue Code of 1986, as amended (the Code), in which case (i) the Company will not recognize any gain or loss upon issuance of ordinary shares in exchange for preference shares; (ii) U.S. holders of preference shares that participate in the conversion will not recognize gain or loss upon their receipt of ordinary shares; and (iii) U.S. holders of preference shares who do not participate in the conversion as well as U.S. holders of ordinary shares will not recognize gain or loss upon such conversion. See Certain Tax Consequences.

Interests of Certain Persons in the Conversion and Transformation

Currently, Fresenius AG owns approximately 50.8% of our ordinary shares and, therefore, controls the management of the Company. Fresenius AG also consolidates the Company in its financial statements. In connection with the transformation, Fresenius Medical Care Management AG, a wholly-owned subsidiary of Fresenius AG, will assume the management of the Company through its position as general partner. Therefore, Fresenius AG will continue to control the Company and consolidate the Company in its financial statements after the transformation, notwithstanding the likely loss of its majority ownership of our ordinary shares due to the increased number of ordinary shares expected to be outstanding as a result of the offers.

The members of our management board will become the members of the management board of the general partner, and will enter into service contracts and compensation arrangements on the same terms after the transformation as are currently in effect. We expect that Gary Brukardt, currently the President and Chief Executive Officer of RCG, will also become a member of our management board after the closing of the RCG merger. Most or all of the members of our supervisory board will become the members of the general partner s supervisory board and (other than Dr. Ulf M. Schneider) will also become the members of the supervisory board of the Company in its KGaA form after the transformation. For more information, see Interests of Certain Persons in the Conversion and Transformation.

Stock Exchange Listing and Trading; Market for Preference Shares after the Offers.

The ordinary shares into which our preference shares will be converted, will, together with the other ordinary and preference shares of the Company in its new legal form as a KGaA, be admitted to the Frankfurt Stock Exchange on the official market. The conversion and transformation will not affect the Company s listing section, Prime Standard. The Company will continue to be included in the electronic trading system Xetra and, if the relevant criteria are fulfilled, on the German Index DAX. We expect that the listing will take place on [ ].

Preference shares submitted for conversion, will continue to be traded on the official market of the Frankfurt Stock Exchange during the conversion period of the German offer, i.e. from [ ] until [ ], and until registration of the conversion (ISIN: [ ]). The conversion of the preference shares submitted for conversion into ordinary shares will be effective upon registration in the commercial register of the local court of Hof an der Saale. We expect the transformation of legal form to be effective immediately following the registration of the conversion. ADSs submitted for conversion cannot be traded on the New York Stock Exchange.

American Depositary Shares representing Fresenius Medical Care KGaA ordinary shares and preference shares have been approved for listing on the New York Stock Exchange, subject to official notice of issuance and, in the case of preference share ADSs, satisfaction of the exchange s distribution criteria. However, a U.S. trading market for the preference ADSs may cease to be available if: (i) the preference ADSs are not eligible for New York Stock Exchange listing due to a substantial decrease in the number of outstanding preference shares; (ii) the depositary resigns as depositary for the preference shares and we are unable to designate a replacement depositary; or (iii) we otherwise terminate the preference share deposit agreement. **We cannot assure holders of preference ADSs that we will be able to maintain an American Depositary Receipt facility for our preference shares or that preference ADSs will continue to be eligible for listing on the New York Stock Exchange after the offers.** For more information, see Stock Exchange Listing and Trading.

On October 6, 2005, the closing price per share in Euro for our ordinary shares was 78.00 and the closing price per share in Euro for our preference shares was 67.59, as reported by the Frankfurt Stock Exchange Xetra system. On the same date, the closing price per American Depositary Share, or ADS, for ADSs representing our ordinary shares was $31.20, as reported by the New York Stock Exchange, and the closing price per ADS for ADSs representing our preference shares was $26.83, as reported by the New York Stock Exchange. Three ordinary share ADSs represent one ordinary share, and three preference share ADSs represent one preference share.

Appraisal Rights

Holders of preference shares do not have any appraisal rights under German law in connection with the conversion.

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The U.S. ADS Exchange Agent

JPMorgan Chase Bank, N.A. has been appointed the U.S. ADS exchange agent in connection with the U.S. offer. An ADS letter of transmittal (or a manually executed facsimile copy thereof) should be sent by each tendering preference shareholder or his or her broker, dealer, bank or other nominee to the U.S. ADS exchange agent at the addresses set forth on the back cover of this prospectus.

Costs of the Transaction/ Use of Proceeds

We estimate the costs for the conversion to be approximately $5,372,100 and the costs for the transformation to be approximately $8,953,500. We plan to use the net proceeds of the conversion offers for general corporate purposes and to reduce outstanding indebtedness.

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Summary Consolidated Financial Information

The following table summarizes the consolidated financial information for our company for each of the years 2002 through 2004 and for the six months ended June 30, 2005 and 2004. We derived the selected financial information as of and for the years ended December 31, 2002 through December 31, 2004 from our consolidated financial statements. We prepared our financial statements in accordance with U.S. generally accepted accounting principles and KPMG Deutsche Treuhand-Gesellschaft Aktiengesellschaft Wirtschaftsprüfungsgesellschaft, independent registered public accounting firm audited these financial statements. We derived the selected consolidated financial data as of June 30, 2005 and for the six months ended June 30, 2005 and 2004 from our unaudited interim consolidated financial statements which are prepared in accordance with U.S. generally accepted accounting principles. Our unaudited condensed consolidated financial statements have been prepared on a basis substantially consistent with our audited consolidated financial statements. You should read this information together with our consolidated financial statements and the notes to those statements contained in our amended Annual Report on Form 20-F for the year ended December 31, 2004, which has been incorporated by reference into this prospectus and Item 5, Operating and Financial Review and Prospects, contained in that report.

	Six Months Ended June 30,		Year Ended December 31,		
	2005	**2004**	**2004**	**2003**	**2002**
			(In millions)		
Statement of Operations Data:					
Net revenues	$ 3,283	$ 3,011	$ 6,228	$ 5,528	$ 5,084
Cost of revenues	2,157	2,004	4,142	3,699	3,428
Gross profit	1,126	1,007	2,086	1,829	1,656
Selling, general and administrative	642	570	1,183	1,022	914
Research and development	26	26	51	50	47
Operating income	458	411	852	757	695
Interest expense, net	85	92	183	211	226
Income before income taxes and minority interest	373	319	669	546	469
Net income	$ 223	$ 192	$ 402	$ 331	$ 290
Weighted average of:					
Preference shares outstanding	26,368,725	26,223,134	26,243,059	26,191,011	26,185,178
Ordinary shares outstanding	70,000,000	70,000,000	70,000,000	70,000,000	70,000,000
Basic income per Ordinary share	$ 2.31	$ 1.98	$ 4.16	$ 3.42	$ 3.00
Fully diluted income per Ordinary share	2.29	1.97	4.14	3.42	3.00
	2.35	2.02	4.23	3.49	3.06

Basic income per Preference share					
Fully diluted income per Preference share	2.33	2.01	4.21	3.49	3.06
Dividends declared per Ordinary share( )(a)			1.12	1.02	0.94
Dividends declared per Preference share( )(a)			1.18	1.08	1.00
Dividends declared per Ordinary share($)(a)			1.41	1.25	1.10
Dividends declared per Preference share($)(a)			1.48	1.32	1.17
Balance Sheet Data					
Working capital	$ 475	$ 683	$ 508	$ 794	$ 526
Total assets	7,807	7,669	7,962	7,503	6,780
Total long-term debt(b)	1,673	2,179	1,824	2,354	2,234
Shareholders equity (net assets)	3,649	3,298	3,635	3,244	2,807
Capital Stock Preference shares Nominal Value	70	70	70	70	70
Capital Stock Ordinary shares Nominal Value	229	229	229	229	229

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(a) Amounts shown for each year from 2002 to 2004 represent dividends paid with respect to such year. The actual declaration and payment of the dividend was made in the following year, after approval of the dividend at our Annual General Meeting.

(b) Total long-term debt represents long-term debt and capital lease obligations, less current portions and the mandatorily redeemable preferred securities Fresenius Medical Care Capital Trust II, Fresenius Medical Care Capital Trust III, Fresenius Medical Care Capital Trust IV, and Fresenius Medical Care Capital Trust V.

Summary of Risk Factors

The risk factors that are relevant to our business and an investment in our shares can be summarized as follows:

Our operations in both our provider business and our products business are subject to extensive governmental regulation in virtually every country in which we operate. If we do not comply with the many governmental regulations applicable to our business or with the corporate integrity agreement between us and the U.S. government, we could be excluded from government health care reimbursement programs or our authority to conduct business could be terminated.

Changes in U.S. government reimbursement for dialysis care could materially decrease our revenues and operating profit. A reduction in reimbursement for or a change in the utilization of EPO could materially reduce our revenue and operating profit. EPO is produced by a single source manufacturer. In addition to a reduction in reimbursement for EPO, an interruption of supply or our inability to obtain satisfactory purchase terms for EPO could reduce our revenues from, or increase our costs in connection with, the administration of EPO.

Creditors of W.R. Grace & Co. Conn. have asserted claims against us in connection with the merger transactions of 1996. Our agreement with W.R. Grace & Co. s creditors provides for a settlement payment from us in the amount of US$115 million upon confirmation of a final plan of reorganization of W.R. Grace & Co. If a plan of reorganization including the settlement is not approved, the creditors claims against us could be reinstated, and W.R. Grace & Co. s indemnification against such claims may not be available.

As health maintenance organizations and other managed care plans grow and consolidate, amounts paid for our services and products by non-governmental payors could decrease. Proposals for health care reform could decrease our revenues and operating profit.

The acquisition of the third largest provider of dialysis services in the United States, (Gambro Healthcare, Inc.) by the second largest provider of dialysis services in the United States, (DaVita Inc.) could foreclose certain sales of dialysis products to an important customer.

Our growth depends, in part, on our ability to continue to make acquisitions. The RCG merger and other acquisitions and their financing expose us to risks that could potentially have a material adverse affect on our financial condition and results of operation.

Numerous competitors are active in our businesses. Our competitors could develop superior technology or otherwise impact our product sales.

We face products liability and other claims which could result in significant liability. Moreover, we are exposed to additional risks from our international operations.

If physicians and other referral sources cease referring patients to our dialysis clinics or cease purchasing our dialysis products, our revenues would decrease.

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If we are unable to attract and retain skilled medical, technical and engineering personnel, we may be unable to manage our growth or continue our technical development.

Diverging views of the financial authorities could require us to make additional tax payments.

As the capital markets may be unfamiliar with the KGaA form, this may adversely affect our share price. Moreover, ADSs representing our preference shares may not be eligible for listing on the New York Stock Exchange after the conversion and transformation.

The significant indebtedness that we will incur in connection with the RCG merger may limit our ability to pay dividends or implement certain elements of our business strategy.

Fresenius AG will continue to be able to control our management and strategy even after the transformation of legal form and the consummation of the conversion offer.

Because we are not organized under U.S. Law, we are subject to certain less detailed disclosure requirements under U.S. federal securities laws.

See Risk Factors.

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RISK FACTORS

You should carefully consider the risk factors set forth below, as well as the other information contained in this prospectus, any supplement to this prospectus and the documents incorporated by reference in this prospectus. Additional risks and uncertainties not currently known to us or that we currently deem to be immaterial may also materially and adversely affect our business operations.

Risks Relating to Litigation and Regulatory Matters in the U.S.

If we do not comply with the many governmental regulations applicable to our business or with the corporate integrity agreement between us and the U.S. government, we could be excluded from government health care reimbursement programs or our authority to conduct business could be terminated, either of which would result in a material decrease in our revenue.

Our operations in both our provider business and our products business are subject to extensive governmental regulation in virtually every country in which we operate. The applicable regulations, which differ from country to country, relate in general to the safety and efficacy of medical products and supplies, the operation of manufacturing facilities, laboratories and dialysis clinics, the rate of, and accurate reporting and billing for, government and third-party reimbursement, and compensation of medical directors and other financial arrangements with physicians and other referral sources. We are also subject to other laws of general applicability, including antitrust laws.

Fresenius Medical Care Holdings, Inc. (FMCH), our principal North American subsidiary, is party to a corporate integrity agreement with the U.S. government. This agreement requires that FMCH staff and maintain a comprehensive compliance program, including a written code of conduct, training programs, regulatory compliance policies and procedures, annual audits and periodic reporting to the government. The corporate integrity agreement permits the U.S. government to exclude FMCH and its subsidiaries from participation in U.S. federal health care programs if there is a material breach of the agreement that FMCH does not cure within thirty days after FMCH receives written notice of the breach. We derive approximately 38% of our consolidated revenue from U.S. federal health care benefit programs. Consequently, if FMCH commits a material breach of the corporate integrity agreement that results in the exclusion of FMCH or its subsidiaries from continued participation in those programs, it would significantly decrease our revenue and have a material adverse effect on our business, financial condition and results of operations.

While we rely upon our management structure, regulatory and legal resources, and the effective operation of our compliance program to direct, manage and monitor these activities, if employees, deliberately or inadvertently, fail to adhere to these regulations, then our authority to conduct business could be terminated or our operations could be significantly curtailed. Any such terminations or reductions could materially reduce our revenues with a resulting adverse impact on our business, financial condition and results of operations.

In October 2004, FMCH and its Spectra Renal Management subsidiary received subpoenas from the U.S. Department of Justice, Eastern District of New York, in connection with a civil and criminal investigation, which requires production of a broad range of documents relating to our operations, with specific attention to documents relating to laboratory testing for parathyroid hormone (PTH) levels and vitamin D therapies. We are cooperating with the government s requests for information. While we believe that we have complied with applicable laws relating to PTH testing and use of vitamin D therapies, an adverse determination in this investigation could have a material adverse effect on our business, financial condition, and results of operations.

On April 1, 2005, FMCH was served with a subpoena from the office of the United States Attorney for the Eastern District of Missouri in connection with a joint civil and criminal investigation of our company. The subpoena requires production of a broad range of documents relating to the our operations, including documents related to, among other things, clinical quality programs, business development activities, medical director compensation and physician relations, joint ventures and our anemia management program. The subpoena covers the period from December 1, 1996 through the present. We are unable to predict whether proceedings might be initiated against us, when the investigation might be concluded or what the impact of this joint investigation might be.

A change in U.S. government reimbursement for dialysis care could materially decrease our revenues and operating profit.

For the twelve months ended December 31, 2004, approximately 38% of our consolidated revenues resulted from Medicare and Medicaid reimbursement. Legislative changes may affect the reimbursement rates for the services we provide, as well as the scope of Medicare and Medicaid coverage. A decrease in Medicare or Medicaid reimbursement rates or covered services could have a material adverse effect on our business, financial condition and results of operations. In December 2003, the Medicare Prescription Drug Modernization and Improvement Act was enacted. For information regarding the effects of this legislation on reimbursement rates, see Business Overview Regulatory and Legal Matters Reimbursement in our Annual Report on Form 20-F for the year ended December 31, 2004, as amended (our 2004 Form 20-F), which has been incorporated by reference into this prospectus.

A reduction in reimbursement for or a change in the utilization of EPO could materially reduce our revenue and operating profit.

Reimbursement and revenue from the administration of erythropoietin, or EPO, accounted for approximately 23% of dialysis care revenue in our North America segment for the year ended December 31, 2004. EPO is produced by a single source manufacturer, Amgen Inc. Our current contract with Amgen covers the period from January 1, 2004 to December 31, 2005. A reduction in reimbursement for EPO, a significant change in utilization of EPO, a reduction of the current overfill amount in EPO vials, an interruption of supply or our inability to obtain satisfactory purchase terms for EPO after our current contract expires could reduce our revenues from, or increase our costs in connection with, the administration of EPO, which could materially adversely affect our business, financial condition and results of operations. In July 2004, the Centers for Medicare and Medicaid Services (CMS) proposed certain changes with respect to its EPO reimbursement and utilization guidelines. Its proposal reflects the agency s conclusion that the appropriate utilization of EPO should be monitored by considering both the patient s hemoglobin/hematocrit level and the dosage. Specifically, it proposed a pre-payment claims review process in which claims for EPO with hemoglobin levels below 13 (or hematocrit of 39) would not be targeted for review, but claims for EPO with hemoglobin levels above 13 would be reviewed based on the hemoglobin value and related EPO doses, and with payment limited to a fixed amount of EPO unless there is medical justification for the hemoglobin levels. The comment period on this policy draft ended on October 7, 2004. CMS has not yet finalized the new guidelines. If the proposed revisions to CMS s EPO reimbursement guidelines are adopted, this could have an adverse impact on our results.

Creditors of W.R. Grace & Co. Conn. have asserted claims against us.

We were formed in 1996 as a result of a series of transactions with W.R. Grace & Co. that we refer to as the merger. At the time of the merger, a W.R. Grace & Co. subsidiary known as W.R. Grace & Co.-Conn. had, and continues to have, significant liabilities arising out of product-liability related litigation (including asbestos), pre-merger tax claims and other claims unrelated to its dialysis business. In connection with the merger, W.R. Grace & Co.-Conn. and other Grace entities agreed to indemnify Fresenius Medical Care AG and its subsidiaries against all liabilities of W.R. Grace & Co., whether relating to events occurring before or after the merger, other than liabilities arising from or relating to the operations of National Medical Care, a subsidiary of W.R. Grace & Co. which became our subsidiary in the merger. W.R. Grace & Co. and certain of its subsidiaries filed for reorganization under Chapter 11 of the U.S. Bankruptcy Code (the Grace Chapter 11 Proceedings) on April 2, 2001.

Pre-merger tax claims or tax claims that would arise if events were to violate the tax-free nature of the merger could ultimately be our obligation. In particular, W.R. Grace & Co. has disclosed in its filings with the SEC that: its tax returns for the 1993 to 1996 tax years are under audit by the Internal Revenue Service (the Service); W.R. Grace & Co. has received the Service s examination report on tax periods 1993 to 1996; that during those years W.R. Grace & Co. deducted approximately $122 million in interest attributable to corporate owned life insurance (COLI) policy loans; that W.R. Grace & Co. has paid $21 million of tax and interest related to COLI deductions taken in tax years prior to 1993; and that a U.S. District Court ruling has denied interest deductions of a taxpayer in a similar situation. In October 2004, W.R. Grace & Co.

obtained bankruptcy court approval to settle its COLI claims with the Service. In January 2005, W.R. Grace and Co., FMCH and Sealed Air Corporation executed a settlement agreement with respect to the Service s COLI related claims and other tax claims. On April 14, 2005, W.R. Grace & Co. paid the Service approximately $90 million in connection with taxes owed for the tax periods 1993 to 1996 pursuant to a bankruptcy court order directing W.R. Grace & Co. to make such payment. Subject to certain representations made by W.R. Grace & Co., the Company and Fresenius AG, W.R. Grace & Co. and certain of its affiliates agreed to indemnify us against this and other pre-merger and merger-related tax liabilities.

Prior to and after the commencement of the Grace Chapter 11 Proceedings, class action complaints were filed against W.R. Grace & Co. and FMCH by plaintiffs claiming to be creditors of W.R. Grace & Co.-Conn., and by the asbestos creditors committees on behalf of the W.R. Grace & Co. bankruptcy estate in the Grace Chapter 11 Proceedings, alleging among other things that the merger was a fraudulent conveyance, violated the uniform fraudulent transfer act and constituted a conspiracy. All such cases have been stayed and transferred to or are pending before the U.S. District Court as part of the Grace Chapter 11 Proceedings.

In 2003, we reached an agreement with the asbestos creditors committees and W.R. Grace & Co. in the Grace Chapter 11 Proceedings to settle all fraudulent conveyance and tax claims related to us that arise out of the Grace Chapter 11 Proceedings. The settlement agreement has been approved by the U.S. District Court. The proposed settlement is subject to confirmation of a final plan of reorganization of W.R. Grace & Co. that meets the requirements of the settlement agreement or is otherwise satisfactory to us. If the proposed settlement with the asbestos creditors committees and W.R. Grace & Co. is not confirmed in such a final plan of reorganization, the claims could be reinstated. If the claims are reinstated and the merger is determined to be a fraudulent transfer and if material damages are proved by the plaintiffs and we are not able to collect, in whole or in part, on the indemnity from any of our indemnitors, a judgment could have a material adverse effect on our business, financial condition and results of operations. See Note 6 to our consolidated financial statements in our amended 2004 Form 20-F. For additional information concerning the Grace Chapter 11 Proceedings and the settlement agreement see Legal Proceedings in our Form 6-K furnished to the SEC on August 5, 2005.

As health maintenance organizations and other managed care plans grow, amounts paid for our services and products by non-governmental payors could decrease.

We obtain a significant portion of our revenues from reimbursement provided by non-governmental third-party payors. Although non-governmental payors generally pay at higher reimbursement rates than governmental payors, managed care plans generally negotiate lower reimbursement rates than indemnity insurance plans. Some managed care plans and indemnity plans also utilize a capitated fee structure or limit reimbursement for ancillary services.

As the managed care industry continues to consolidate, there could be increased pressure to reduce the amounts paid for our services and products. These trends may be accelerated if future changes to the U.S. Medicare ESRD program require private payors to assume a greater percentage of the total cost of care given to dialysis patients over the term of their illness, or if managed care plans otherwise significantly increase their enrollment of renal patients.

If managed care plans reduce reimbursements, our revenues could decrease, and our financial condition and results of operations could be materially adversely affected.

Proposals for health care reform could decrease our revenues and operating profit.

Proposals to modify the current health care system in the U.S. to improve access to health care and control its costs are continually being considered by the federal and certain state governments. *See* Regulatory and Legal Matters Reimbursement U.S. in our 2004 Form 20-F for a discussion of the Medicare Prescription Drug Modernization and Improvement Act of 2003 and proposed changes to CMS s EPO Reimbursement guidelines. We anticipate that the U.S. Congress and state legislatures will continue to review and assess alternative health care reforms, and we cannot predict whether these reform proposals will be adopted, when they may be adopted or what impact they may have on us.

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Other countries, especially those in Western Europe, have also considered health care reform proposals and could materially alter their government-sponsored health care programs by reducing reimbursement payments. Any reduction could affect the pricing of our products and the profitability of our services, especially as we expand our international business.

Any spending decreases, reduced reimbursement payments or other significant changes in the Medicare and Medicaid programs or other developments could reduce our revenues and profitability and have a material adverse effect on our business, financial condition and results of operations.

Risks Relating to our Business

Our competitors proposed combination could foreclose certain sales to an important customer.

On October 5, 2005, DaVita Inc. (DaVita), the second largest provider of dialysis services in the U.S. and an important customer of ours, completed its acquisition of Gambro Healthcare, Inc. (Gambro Healthcare), the third largest provider of dialysis services in the U.S., and agreed to purchase a substantial portion of its dialysis product supply requirements from Gambro Renal Products, Inc. during the next ten years. This product supply contract between our customer and our competitor could result in the future in substantial reductions of DaVita s purchases of our dialysis products. Any such reduction in DaVita s purchases will decrease our product revenues and could result in a material adverse effect on our business, financial condition and results of operations.

The Renal Care Group merger and other acquisitions expose us to risks that could potentially have a material adverse affect on our financial condition and results of operation.

On May 3, 2005, we entered into a definitive merger agreement for the acquisition of Renal Care Group, Inc., or RCG, for an all cash purchase price of approximately $3.5 billion. The acquisition is subject to certain conditions, including expiration or termination of the applicable waiting period under the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended, and other regulatory approvals. We cannot assure you that we will receive the required antitrust and other regulatory approvals required to consummate this acquisition. See Acquisition of Renal Care Group, Inc.

The RCG merger and other acquisitions present both financial and managerial challenges. Following an acquisition, the infrastructure of the purchased companies, including the management information systems, must be integrated, any legal, regulatory and contractual issues arising from the acquisition must be resolved, the marketing, patient service and logistics must be standardized, and possible diverging corporate and management cultures must be reconciled. The failure to manage these challenges effectively in our acquisitions, and particularly with regard to RCG, could have a material adverse affect on our results of operations and on the further development of our business activities.

On August 9, 2005, RCG was served with a subpoena from the office of the United States Attorney for the Eastern District of Missouri in connection with a joint civil and criminal investigation. The subpoena requires the production of documents related to numerous aspects of RCG s business and operations from January 1, 1996. The areas covered by the subpoena include RCG s supply company, pharmaceutical and other services that RCG provides to patients, RCG s relationships to pharmaceutical companies, RCG s relationships with physicians, medical director compensation and joint ventures with physicians. RCG has announced that it intends to cooperate with the government s investigation, that to its knowledge, no proceedings have been initiated against it, but that it cannot predict whether or when proceedings might be initiated.

We also compete with other dialysis products and services companies in seeking selected acquisitions. If we are not able to continue to effect acquisitions in the provider business upon reasonable terms there could be an adverse impact on the growth of our business and our future growth prospects.

Our growth depends, in part, on our ability to continue to make acquisitions.

The health care industry has experienced significant consolidation in recent years, particularly in the dialysis services sector. Our ability to make future acquisitions depends, in part, on our available financial resources and limitations imposed under our credit agreements. If we make future acquisitions, we may issue ordinary shares of Fresenius Medical Care KGaA that could dilute the holdings of our shareholders, incur additional debt, assume significant liabilities or create additional expenses relating to intangible assets, any of which might reduce our reported earnings or reduce earnings per share and cause our stock price to decline. In addition, any financing that we might need for future acquisitions might be available to us only on terms that restrict our business. Acquisitions that we complete are also subject to the risks that we might not successfully integrate the acquired businesses or that we might not realize anticipated synergies from the combination. If we are not able to effect acquisitions in the dialysis care business on reasonable terms, there could be an adverse impact on growth in our business and on our results of operations.

Our competitors could develop superior technology or otherwise impact our product sales.

We face numerous competitors in both our dialysis services business and our dialysis products business, some of which may possess substantial financial, marketing or research and development resources. Competition could materially adversely affect the future pricing and sale of our products and services. In particular, technological innovation has historically been a significant competitive factor in the dialysis products business. The introduction of new products by competitors could render one or more of our products less competitive or even obsolete.

We are engaged in both manufacturing dialysis products and providing dialysis services. We compete in the dialysis services business with many customers of our products business. As a result, independent dialysis clinics, those operated by other chains and dialysis centers acquired by other products manufacturers may elect to limit or terminate their purchases of our dialysis products so as to avoid purchasing products manufactured by a competitor. In addition, as consolidation in the dialysis services business continues and other vertically integrated dialysis companies expand, the external market for our dialysis products could be reduced. Possible purchase reductions could decrease our product revenues, with a material adverse effect on our business, financial condition and results of operations.

We face products liability and other claims which could result in significant liability which we may not be able to insure on acceptable terms.

Health care companies are subject to claims alleging negligence, products liability, breach of warranty, malpractice and other legal theories that may involve large claims and significant defense costs whether or not liability is ultimately imposed. Health care products may also be subject to recalls and patent infringement claims. Although product liability and patent infringement claims and recalls have not had a material adverse effect on our businesses in the past, we cannot assure that we will not suffer one or more significant adverse judgments or product recalls in the future. See Legal Proceedings in our 2004 Form 20-F, incorporated by reference into the registration statement that includes this prospectus. Product liability and patent infringement claims or recalls could result in judgments against us or significant compliance costs, which could materially adversely affect our business, financial condition and results of operations.

While we have been able to obtain liability insurance in the past, it is possible that such insurance may not be available in the future either on acceptable terms or at all. A successful claim in excess of the limits of our insurance coverage could have a material adverse effect on our business, results of operations and financial condition. Liability claims, regardless of their merit or eventual outcome, also may have a material adverse effect on our business and reputation, which could in turn reduce our revenues and profitability.

If physicians and other referral sources cease referring patients to our dialysis clinics or cease purchasing our dialysis products, our revenues would decrease.

Our dialysis services business is dependent upon patients choosing our clinics as the location for their treatments. Patients may select a clinic based, in whole or in part, on the recommendation of their physician. We believe that physicians and other clinicians typically consider a number of factors when recommending a particular dialysis facility to an end-stage renal disease patient, including, but not limited to, the quality of care at a clinic, the competency of a clinic s staff, convenient scheduling, and a clinic s location and physical condition. Physicians may change their facility recommendations at any time, which may result in the movement of our existing patients to competing clinics, including clinics established by the physicians themselves. At most of our clinics, a relatively small number of physicians account for the referral of all or a significant portion of the patient base. If a significant number of physicians cease referring their patients to our clinics, this would reduce our dialysis care revenue and could materially adversely affect our overall operations. Our operations are also affected by referrals from hospitals, managed care plans and other sources.

The decision to purchase our dialysis products and other services or competing dialysis products and other services will be made in some instances by medical directors and other referring physicians at our dialysis clinics and by the managing medical personnel and referring physicians at other dialysis clinics, subject to applicable regulatory requirements. A decline in physician recommendations or recommendations from other sources or purchases of our products or ancillary services would reduce our dialysis product and other services revenue, and could materially adversely affect our business, financial condition and results of operations.

If we are unable to attract and retain skilled medical, technical and engineering personnel, we may be unable to manage our growth or continue our technological development.

Our continued growth in the provider business will depend upon our ability to attract and retain skilled employees, such as highly skilled nurses and other medical personnel. Competition for those employees is intense and the current nursing shortage in North America has increased our personnel and recruiting costs. Moreover, we believe that future success in the provider business will be significantly dependent on our ability to attract and retain qualified physicians to serve as medical directors of our dialysis clinics. If we are unable to achieve that goal or if doing so requires us to bear increased costs this could adversely impact our growth and results of operations.

Our dialysis products business depends on the development of new products, technologies and treatment concepts. Competition is also intense for skilled engineers and other technical research and development personnel. If we are unable to obtain and retain the services of key personnel, the ability of our officers and key employees to manage our growth would suffer and our operations could suffer in other respects. These factors could preclude us from integrating acquired companies into our operations, which could increase our costs and prevent us from realizing synergies from acquisitions. Lack of skilled research and development personnel could impair our technological development, which would increase our costs and impair our reputation for production of technologically advanced products.

We face additional risks from international operations.

We operate dialysis clinics in 26 countries and sell a range of equipment, products and services to customers in over 100 countries. Our revenues from international operations are subject to a number of risks, including the following:

- Worsening of the economic situation in Latin America;
- Fluctuations in exchange rates could adversely affect profitability;
- We could face difficulties in enforcing and collecting accounts receivable under some countries legal systems;
- Local regulations could restrict our ability to obtain a direct ownership interest in dialysis clinics or other operations;
- Political instability, especially in developing countries, could disrupt our operations;
- Some customers and governments could have longer payment cycles, with resulting adverse effects on our cash flow; and
- Some countries could impose additional taxes or restrict the import of our products.

Any one or more of these factors could increase our costs, reduce our revenues, or disrupt our operations, with possible material adverse effects on our business, financial condition and results of operations.

Diverging views of the financial authorities could require us to make additional tax payments.

We are subject to ongoing tax audits in the U.S., Germany and other jurisdictions. We have received notices of unfavorable adjustments and disallowances in connection with certain of these audits. We are contesting, and in some cases appealing certain of these unfavorable determinations. We may be subject to additional unfavorable adjustments and disallowances in connection with ongoing audits. If our objections and any final audit appeals are unsuccessful, we could be required to make additional tax payments. With respect to adjustments and disallowances currently on appeal, we do not anticipate that an unfavorable ruling would have a material impact on our results of operations. We are not currently able to determine the timing of these potential additional tax payments. If all potential additional tax payments and the Grace Chapter 11 Proceedings settlement payment were to become due contemporaneously, it could have a material adverse impact on our operating cash flow in the relevant reporting period. Nonetheless, we anticipate that cash from operations and, if required, our available liquidity will be sufficient to satisfy all such obligations if and when they come due.

Risks Relating to our Securities

Capital markets may be unfamiliar with the KGaA form, which may adversely affect our share price.

We are presently aware of only a few companies organized in KGaA form in Germany whose shares are publicly traded, and no such companies shares are listed on any national stock exchange in the United States or quoted in the Nasdaq Stock Market. The lack of familiarity of capital markets with the KGaA form, plus other factors, such as the lesser degree of shareholder influence on management and the inability to effect a takeover without the consent of Fresenius AG, could adversely affect the price of our shares after the conversion and the transformation. We will apply to list the ordinary shares of Fresenius Medical Care KGaA on the Frankfurt Stock Exchange and ADSs representing such ordinary shares have been approved for listing, subject to notice of issuance on the New York Stock Exchange. We cannot give any assurances as to the level of capital market acceptance of our securities after the transformation or the prices at which our ordinary shares or ADSs representing ordinary shares will trade after the conversion and the transformation.

ADSs representing our preference shares may not be eligible for listing on the New York Stock Exchange after the conversion and transformation. Moreover, the public market for such ADSs may be limited and highly illiquid.

We intend to apply to list the preference shares of Fresenius Medical Care KGaA on the Frankfurt Stock Exchange and ADSs representing the preference shares of Fresenius Medical Care KGaA have been approved for listing on the New York Stock Exchange, subject to notice of issuance and satisfaction of that exchange s distribution criteria. However, if most of our preference shares are converted into ordinary shares in the conversion offers, the number of preference shares of Fresenius Medical Care KGaA that would remain outstanding after completion of the transformation and the distribution of ownership of those shares might not satisfy the listing criteria of the New York Stock Exchange in relation to the ADSs representing those preference shares. Without a New York Stock Exchange or a Nasdaq Stock Market listing, we might not be able to maintain an American Depositary Receipt facility for the preference shares of Fresenius Medical Care KGaA. In addition, if substantially all of the preference shares are converted, we may terminate the deposit agreement for the preference shares, or the depositary may resign due to the substantially reduced compensation it is likely to receive for its services in such circumstances and we may not be able to find a suitable replacement. If there is a high acceptance rate of the conversion offer, any public market that may be available for the preference shares of Fresenius Medical Care KGaA after the transformation is likely to be limited and highly illiquid.

Our significant indebtedness may limit our ability to pay dividends or implement certain elements of our business strategy.

We have a substantial amount of debt. As of December 31, 2004, our total consolidated liabilities were $4.33 billion, including obligations with respect to our trust preferred securities of approximately $1.28 billion, our total consolidated assets were $7.96 billion and our shareholders equity was $3.63 billion. After completion of the acquisition of RCG (see Acquisition of the Renal Care Group, Inc.), our total consolidated liabilities will

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increase to approximately $8.7 billion and our total consolidated assets will increase to approximately $12.32 billion. Our substantial level of debt and the higher level of debt to be incurred in connection with the RCG acquisition present the risk that we might not generate sufficient cash to service our indebtedness or that our leveraged capital structure could limit our ability to finance acquisitions and develop additional projects, to compete effectively or to operate successfully under adverse economic conditions.

Our senior credit agreement and the indentures relating to our trust preferred securities include, and the new senior credit agreements that we will enter into in connection with the acquisition of RCG will include, covenants that require us to maintain certain financial ratios or meet other financial tests. Under our senior credit agreement, we are obligated to maintain a minimum consolidated net worth and a minimum consolidated interest coverage ratio (ratio of consolidated earnings before interest, taxes, depreciation and amortization (EBITDA) to consolidated net interest expense) and a certain consolidated leverage ratio (ratio of consolidated funded debt to EBITDA).

Our senior credit agreement and our indentures include, and the new senior credit agreements that we will enter into in connection with the acquisition of RCG will include other covenants which, among other things, restrict or have the effect of restricting our ability to dispose of assets, incur debt, pay dividends, create liens or make capital expenditures, investments or acquisitions. These covenants may otherwise limit our activities. The breach of any of the covenants could result in a default and acceleration of the indebtedness under the credit agreement or the indentures, which could, in turn, create additional defaults and acceleration of the indebtedness under the agreements relating to our other long-term indebtedness which would have a material adverse effect on our business, financial condition and results of operations.

Fresenius AG will own 100% of the shares in the general partner of the Company after the transformation and will continue to be able to control our management and strategy.

Fresenius AG currently holds approximately 50.8% of our voting securities. Accordingly, Fresenius AG currently possesses the ability to elect the members of the supervisory board *(Aufsichtsrat)* of the Company and, through its voting power, to approve many actions requiring the vote of the shareholders of the Company. This controlling ownership has the effect of, among other things, preventing a change in control and precluding a declaration or payment of dividends without the consent of Fresenius AG.

After the conversion and transformation, Fresenius AG will no longer possess a majority of the outstanding ordinary shares with voting power of the Company and will be precluded from voting on certain matters that will be submitted to the shareholders of the Company. See The Conversion and Transformation; Effects. However, Fresenius AG will own 100% of the outstanding shares of the general partner of the Company and will have the sole right to elect the supervisory board of the general partner which, in turn, will elect the management board of the general partner. The management board of the general partner will be responsible for the management of the Company, but the actions and decisions of the general partner s management board will be fully reviewable by the supervisory board of the general partner and by the supervisory board of the Company in its KGaA form. However, actions of the management board that currently require the consent or approval of the supervisory board of Fresenius Medical Care AG, elected by all of the shareholders, will require only the approval of the supervisory board of the general partner. Accordingly, through its ownership of the general partner, Fresenius AG will be able to exercise substantially the same degree of control over the management and strategy of Fresenius Medical Care KGaA as it currently exercises over Fresenius Medical Care AG, notwithstanding that it will no longer own a majority of the outstanding voting shares.

Because we are not organized under U.S. law, we are subject to certain less detailed disclosure requirements under U.S. federal securities laws.

Under pooling agreements that we have entered into for the benefit of minority holders of our ordinary shares and holders of our preference shares (including, in each case, holders of American Depositary Receipts representing beneficial ownership of such shares), we have agreed to file quarterly reports with the SEC, to prepare annual and quarterly financial statements in accordance with U.S. generally accepted accounting principles, and to file information with the SEC with respect to annual and general meetings of our shareholders. These pooling agreements also require that the supervisory board of Fresenius Medical Care AG include at least two members who do not have any substantial business or professional relationship with Fresenius AG, Fresenius Medical Care AG and its affiliates and require the consent of those independent directors to certain transactions between us and Fresenius AG and its affiliates. We intend to enter into similar arrangements with Fresenius AG in connection with the transformation, including requirements that the supervisory board of the general partner include independent directors.

We are a foreign private issuer, as defined in the SEC s regulations, and consequently we are not subject to all of the same disclosure requirements applicable to domestic companies. We are exempt from the SEC s proxy rules, and our annual reports contain less detailed disclosure than reports of domestic issuers regarding such matters as management, executive compensation and outstanding options, beneficial ownership of our securities and certain related party transactions. Also, our officers, directors and beneficial owners of more than 10% of our equity securities are exempt from the reporting requirements and short-swing profit recovery provisions of Section 16 of the Securities Exchange Act of 1934. We are not obligated to comply with the SEC s rules regarding internal control over financial reporting until our fiscal year ending December 31, 2006 and we are also generally exempt from most of the governance rule revisions recently adopted by the New York Stock Exchange, other than the obligation to maintain an audit committee in accordance with Rule 10A-3 under the Securities Exchange Act of 1934, as amended. These limits on available information about our company and exemptions from many governance rules applicable to domestic issuers may adversely affect the market prices for our securities.

ACQUISITION OF RENAL CARE GROUP, INC.

The Acquisition

On May 3, 2005, we entered into a definitive merger agreement for the acquisition of RCG for an all cash purchase price of approximately $3.5 billion. Renal Care Group, Inc. is a Delaware corporation and provides dialysis services to patients with chronic kidney failure, or ESRD. As of June 30, 2005, RCG provided dialysis and ancillary services to over 31,000 patients through 445 outpatient dialysis centers in 34 states in the United States, in addition to providing acute dialysis services to more than 210 hospitals. RCG was formed in 1996 by leading nephrologists with the objective of creating a company with clinical and financial capability to manage the full range of care for ESRD patients on a cost-effective basis. As of June 30, 2005, there were more than 1,000 nephrologists with privileges to practice at one or more RCG outpatient dialysis centers. In 2004, RCG had revenue of approximately $1.35 billion and net income of $122 million. RCG derives approximately 43% of its revenues from commercial insurers and other private payors. RCG s stockholders approved the merger on August 24, 2005. Completion of the acquisition remains subject to governmental approvals (including termination or expiration of the waiting period under the Hart-Scott Rodino Antitrust Improvements Act of 1976, as amended) and receipt of certain third-party consents. On June 15, 2005, we announced that we had received a request for additional information from the United States Federal Trade Commission (FTC) relating to the RCG acquisition. We intend to continue to cooperate with the FTC and to respond promptly to the request so as to enable us to complete the acquisition during the fourth quarter of 2005, but we cannot offer any assurance that the acquisition will be completed during this time or that it will be completed at all.

We have included unaudited *pro forma* combined financial statements showing the pro forma effects of the RCG merger in Appendix A-1 to this prospectus. The consolidated financial statements of RCG as of December 31, 2004 and 2003 and for each of the years in the three-year period ended December 31, 2004, and the unaudited condensed consolidated financial statements of RCG as of June 30, 2005 and for the six-month periods ended June 30, 2005 and June 30, 2004, are contained in Appendix A-2 to this prospectus.

The New Senior Credit Facilities

In connection with our proposed acquisition of RCG, we have entered into a commitment letter pursuant to which Bank of America, N.A. (BofA) and Deutsche Bank AG New York Branch (DB) have agreed,

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subject to the satisfaction of certain conditions, to underwrite an aggregate of $5.0 billion in principal amount of term and revolving loans (the Senior Credit Facilities) for syndication to other financial institutions by Banc of America Securities LLC and Deutsche Bank Securities Inc., as joint lead arrangers and joint book running managers, and BofA has agreed to act as administrative agent. The loans under the Senior Credit Facilities will be available to us, among other things, to pay the purchase price and related expenses for the acquisition of RCG, to refinance the outstanding indebtedness under our existing senior credit facility and certain indebtedness of RCG, and to utilize for working capital purposes. The Senior Credit Facilities will consist of a 5-year $1.0 billion revolving credit facility, a 5-year $2.0 billion term loan A facility, and a 7-year $2.0 billion term loan B facility. The syndication of the revolving credit facility and the term loan A facility have already been completed. Interest on the Senior Credit Facilities will be at the option of the borrowers at a rate equal to either (i) LIBOR plus an applicable margin, or (ii) the higher of BofA s prime rate or the Federal Funds rate plus 0.5% plus the applicable margin. The applicable margin is variable and depends on the consolidated leverage ratio of the borrowers.

The Senior Credit Facilities will include financial covenants that require us to maintain a certain consolidated leverage ratio and a certain consolidated fixed charge coverage ratio. The Senior Credit Facilities will also include covenants that are substantially the same as those under our existing senior credit facility, with modifications as required in the context of the transaction. Among other covenants, there will be limitations on liens, mergers, consolidations, sale of assets, incurrence of debt and capital expenditures, prepayment of certain other debt, investments and acquisitions, and transactions with affiliates.

The Senior Credit Facilities will be guaranteed by the Company and FMCH and certain of their respective subsidiaries and secured by pledges of the stock of certain of the Company s material subsidiaries. The borrowers and guarantors under the Senior Credit Facilities will provide liens on substantially all of their personal property and material real property if the non-credit enhanced senior secured debt rating of the borrowers falls below a certain level, to the extent a grant of security interests is determined appropriate by a cost-benefit analysis.

The closing of the Senior Credit Facilities will be subject, among other things, to the execution of definitive documents, the non-occurrence of a material adverse effect in relation to RCG, and the refinancing of the indebtedness under our existing senior credit facility and certain indebtedness of RCG. DB and BofA also have the right to approve any material modification to the merger agreement and any waiver of any material conditions precedent under that agreement. The commitment letter for the Senior Credit Facilities expressly permits us to consummate the conversion and the transformation. However, completion of the conversion and the transformation while our existing credit facility is in effect could require that we obtain the consent of the lenders under that facility.

CAUTIONARY STATEMENT CONCERNING FORWARD-LOOKING STATEMENTS

This prospectus, including the information incorporated by reference, contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended, which are based upon our current expectations, assumptions, estimates and projections about us and our industry that address, among other things:

- Our business development, operating development and financial condition;
- Our expectations of growth in the patient population regarding renal dialysis products and services;
- Our ability to remain competitive in the markets for our products and services;
- The effects of regulatory developments, legal and tax proceedings and any resolution of government investigations into our business;
- Changes in government reimbursement policies and those of private payors;
- Our ability to develop and maintain additional sources of financing; and

Other statements of our expectations, beliefs, future plans and strategies, anticipated development and other matters that are not historical facts.

When used in this prospectus, the words expects, anticipates, intends, plans, believes, seeks, estimates expressions are generally intended to identify forward-looking statements. Although we believe that the expectations reflected in such forward-looking statements are reasonable, forward-looking statements are inherently subject to risks and uncertainties, many of which cannot be predicted with accuracy and some of which might not even be anticipated. Future events and actual results, financial and otherwise, could differ materially from those set forth in or contemplated by the forward-looking statements contained elsewhere in this prospectus. These risks and uncertainties include: general economic, currency exchange and other market conditions, litigation and regulatory compliance risks, changes in government reimbursement for our dialysis care and pharmaceuticals, the investigations by the United States Attorneys for the Eastern District of Missouri and the Eastern District of New York, and changes to pharmaceutical utilization patterns.

In light of the risks, uncertainties and assumptions inherent in such forward-looking statements, it is possible that the future events referred to in this prospectus and the incorporated documents might not occur. Moreover, forward-looking estimates or predictions derived from third parties studies or information may prove to be inaccurate. Consequently, we cannot give any assurance regarding the future accuracy of the opinions set forth in this prospectus or the actual occurrence of the predicted developments.

This prospectus contains or incorporates by reference patient and other statistical data related to end-stage renal disease and treatment modalities, including estimates regarding the size of the patient population and growth in that population. These data have been included in reports published by organizations such as the Centers for Medicare and Medicaid Services of the U.S. Department of Health and Human Services, the Japanese Society for Dialysis Therapy and the German registry Quasi-Niere. Investors are advised to consider the information quoted from these reports with caution. Market studies are often based on information or assumptions that might not be accurate or appropriate, and their methodology is inherently predictive and speculative. Investors should be aware that some of our estimates are based on such third party market analyses. We have not independently verified the data or any assumptions on which the estimates they contain are based and therefore accept no liability for the information quoted from such data. All information not attributed to a source is derived from internal documents of the Company or publicly available information such as annual reports of other companies in the healthcare industry and is unaudited.

Our business is also subject to other risks and uncertainties that we describe from time to time in our public filings. Developments in any of these areas could cause our results to differ materially from the results that we or others have projected or may project.

USE OF PROCEEDS

The amount of net proceeds we receive as a result of the conversion offers is not determinable at the date of this prospectus. Such proceeds will consist of the conversion premium of 9.75 per preference share ($____ per preference share ADS) converted pursuant to the terms of the offers. If 100% of our outstanding preference shares are converted, we will receive net proceeds of approximately $302,510,000; if 50% of our outstanding preference shares are converted, we will receive net proceeds of approximately $148,589,000. The actual net proceeds we receive will depend solely on the number of preference shares converted pursuant to the offers. In connection with the conversion offer, we will bear expenses in the amount of approximately $5,372,100.

We plan to use the net proceeds of the conversion offers for general corporate purposes and to reduce outstanding indebtedness.

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CAPITALIZATION AND INDEBTEDNESS

The following table presents our capitalization as of June 30, 2005, on a *pro forma* basis to reflect the acquisition of RCG as if the acquisition had been consummated on June 30, 2005, and on a *pro forma* adjusted basis to reflect the hypothetical conversion of (i) 50% and (ii) 100% of our outstanding preference shares in the conversion offers, after deducting estimated offering expenses and other expenses of the conversion that we will pay. The actual net proceeds we receive will depend on the number of preference shares converted pursuant to the offers. See Use of Proceeds.

	June 30, 2005			
	Actual	**Pro forma**	**Pro forma adjusted (50% conversion)**	**Pro forma adjusted (100% conversion)**
	(Dollars in millions)			
Debt (Including current portion):				
Short Term borrowings	715	698	549	395
Long Term Debt and capital lease obligations	465	4,678	4,678	4,678
Company-Obligated mandatorily redeemable preferred securities of Fresenius Medical Care Capital Trusts holding solely Company debentures and Company-guaranteed debentures of subsidiary	1,208	1,208	1,208	1,208
Minority Interest	18	71	71	71
Total debt and minority interest	2,406	6,655	6,506	6,352
Total Shareholders Equity	3,648	3,638	3,786	3,940
Total capitalization	6,054	10,293	10,292	10,292

The conversion as proposed, with a conversion premium of 9.75, will not dilute income per share. Under the assumption that the proceeds of the conversion will be used to reduce our outstanding debt, our net income would increase due to the reduced interest payments. Additionally, and depending on the acceptance rate of the conversion offer, the total amount payable as preference dividend would be reduced.

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THE U.S. OFFER

The U.S. Offer and the German Offer

For legal reasons in order to satisfy regulatory requirements, we are offering our preference shareholders the opportunity to convert their preference shares into ordinary shares through two separate offers:

- a U.S. offer open to all holders of preference shares who are residents of the United States, to other U.S. Persons as defined in the rules of the SEC, and to all holders of preference share ADSs, wherever located; and

- a German offer as a public offer in Germany addressed to all holders of preference shares who are residents of Germany and, subject to local laws and regulations, open to all holders of preference shares who are located outside of Germany and the United States.

Taken together, the German offer and the U.S. offer provide the opportunity to convert all of our outstanding preference shares, including preference shares represented by ADSs, and all preference shares that are or may become issuable prior to the expiration of the offers due to the exercise of outstanding preference share options or the conversion of preference share convertible bonds. As of September 30, 2005, there were 27,225,324 preference shares outstanding and 4,278,643 preference shares issuable upon exercise of currently exercisable options and convertible bonds. Of these, we estimate that 758,507 preference shares are represented by preference share ADSs and, in addition, based on the best available public information, we estimate that up to approximately 6,954,322 preference shares are held by holders who are located in the United States.

The German offer [commenced] on __________, 2005 and the U.S. offer [will commence] on __________, 2005. Subject to statutory requirements, the German offer and the U.S. offer are being made on substantially similar terms and completion of the offers is subject to the same conditions. However, holders of preference shares who are residents of the United States and all holders of preference share ADSs, wherever located, do not have the right to tender their preference shares or preference share ADSs in the German offer and holders of preference shares who are not residents of the United States do not have the right to tender their preference shares in the U.S. offer. This prospectus covers only the U.S. offer to holders of preference shares and preference share ADSs.

In separating our offers into the U.S. offer and the German offer and in conducting the U.S. offer on the terms described in this prospectus, we are relying on Rule 13e-4(i) under the Exchange Act which provides exemptive relief from otherwise applicable rules to persons conducting a tender offer under certain conditions. In order to qualify for exemptive relief under Rule 13e-4(i), or Tier II relief, among other conditions, less than 40% of the preference shares, including preference shares represented by preference share ADSs, must be held by holders who are resident in the United States, or U.S. holders. In determining that the U.S. offer qualifies for Tier II relief, we have calculated, pursuant to Instruction 2 to Rule 13e-4(h)(8) and (i)1, that less than 40% of the preference shares were held by U.S. holders as of 30 days before the commencement of the tender offer.

The German offer is not being made, directly or indirectly, in or into, and may not be accepted in or from, the United States. Copies of the offer documentation being used in the German offer and any related materials are not being and should not be mailed or otherwise distributed or sent in or into the United States.

The distribution of this prospectus and the making of this U.S. offer may, in some jurisdictions, be restricted by law. The U.S. offer is not being made, directly or indirectly, in or into, and may not be accepted from within, any jurisdiction in which the making of the U.S. offer or the acceptance thereof would not be in compliance with the laws of that jurisdiction. Persons who come into possession of this prospectus should inform themselves of and observe any and all of these restrictions. Any failure to comply with these restrictions may constitute a violation of the securities laws of that jurisdiction. We do not assume any responsibility for any violation by any person of any of these laws or restrictions.

Terms of the U.S. Offer; Conversion Premium

Upon the terms and subject to the conditions of the U.S. Offer, we are offering holders of our preference shares, including preference shares represented by ADSs, the opportunity to convert their preference shares into ordinary shares in the ratio of:

one preference share without par value for one ordinary share without par value of Fresenius Medical Care AG; and

one preference American Depositary Share (ADS) (each preference share ADS representing one-third of a preference share of Fresenius Medical Care AG) for one ordinary share ADS of Fresenius Medical Care AG (each ordinary share ADS representing one-third of an ordinary share of Fresenius Medical Care AG).

Preference shares tendered for conversion must be accompanied by payment of a conversion premium of 9.75 per preference share, equivalent to 3.25 per preference share ADS. Each preference share ADS tendered for conversion of the underlying preference shares must be accompanied by payment of a conversion premium of $_____ per preference share ADS. *Holders of preference share ADSs must pay the conversion premium in U.S. dollars.* The U.S. dollar conversion premium payment includes an additional payment of approximately 10 percent to cover possible currency exchange rate fluctuations between the time of payment by converting preference ADS Holders and the time of conversion of such payments into Euro for payment to Fresenius Medical Care. For information regarding the return of any excess U.S. dollar conversion premium payment, see Procedure for Tendering Shares. The conversion premium corresponds to approximately one-half of the difference between the weighted average stock exchange price of the ordinary shares and the weighted average German stock exchange price of the preference shares on the Frankfurt Stock Exchange as calculated for the three months through and including May 3, 2005, the last trading day before our first announcement of the proposed conversion and transformation.

On August 30, 2005, the shareholders of Fresenius Medical Care AG approved a resolution for the transformation of Fresenius Medical Care AG from a stock corporation under German law into a partnership limited by shares under German law. Upon registration of the transformation with the commercial register in Hof an der Saale, Germany, the share capital of Fresenius Medical Care AG will become the share capital of Fresenius Medical Care KGaA, and shareholders in Fresenius Medical Care AG will become shareholders of Fresenius Medical Care KGaA. At the time they approved the transformation of legal form, our shareholders also approved the resolutions authorizing the conversion of our preference shares into ordinary shares. We intend to arrange for the registration of the transformation immediately following completion of the conversion offer, and we will not register the conversion of preference shares into ordinary shares pursuant to the conversion offers unless we are satisfied that the transformation of legal form will occur. Upon registration of the transformation of legal form, the ordinary shares of Fresenius Medical Care AG offered in this conversion offer will be transformed into ordinary shares of Fresenius Medical Care KGaA. Accordingly, holders of Fresenius Medical Care AG preference shares (including preference shares represented by ADSs) who elect to convert their shares in the conversion offer will as a result receive ordinary shares of Fresenius Medical Care KGaA. Holders of Fresenius Medical Care AG preference shares (including preference shares represented by ADSs) who do not elect to convert their shares in the conversion offer will become preference shareholders of Fresenius Medical Care KGaA.

No Fractional Shares

No fractional ordinary shares will be issued upon conversion of preference shares. In addition, no fractional ordinary shares ADSs will be issued upon conversion of preference share ADSs. However, preference share ADSs are not required to be tendered for conversion in integral multiples of three.

Loss of Preferred Share Dividends

Holders of preference shares or preference share ADSs who choose to convert their shares will lose their preferential dividend rights provided for in our articles of association and under German law, but will

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thereafter be entitled to receive any dividends paid on ordinary shares or ordinary share ADSs after the share conversion and subsequent transformation of the Company s legal form have occurred, effective as of January 1, 2005.

Conditions to the U.S. Offer

Our obligation to complete the U.S. offer is subject to the conditions that:

- we are satisfied that the transformation of legal form will be registered immediately following registration of the conversion; and

- we have entered into amendments to our senior credit facility to reflect the transformation and our accounts receivable facility to eliminate requirements in such facilities that Fresenius AG own a majority of our voting shares (we expect to complete such amendments prior to completion of the conversion offers).

If we determine in our reasonable discretion that any of the foregoing conditions has not been or will not be satisfied we may, subject to applicable law, terminate the U.S. offer, the German offer, or both, regardless of whether we have accepted preference shares for conversion before termination or we may waive the condition or otherwise amend the terms of the conversion offers in any respect. If we amend the conversion offers in a manner we determine constitutes a material change to their terms, or if we waive a material condition of a conversion offer, we will promptly disclose the amendment or waiver by furnishing a report on Form 6-K that we will incorporate by reference into this prospectus, and the furnishing of such report shall constitute an amendment to the registration statement that includes this prospectus. If on the date that we furnish such a report there are less than ten business days until the expiration date of the U.S. offer, we will extend either or both conversion offers so that the expiration date of the U.S. offer will be not less than ten business days following the date we furnish such Form 6-K.

Expiration Date; Extension of the Offer

The U.S. offer will expire at ___ p.m., New York City time on __________, 2005, unless it is extended prior to such time.

We intend that the U.S. offer and the German offer will expire simultaneously, subject to earlier expiration of the U.S. offer to enable to U.S. exchange agent to report the results of the U.S. offer to us.

We do not currently plan to extend the conversion offer. However, if we believe that for specific reasons an extension of the conversion period would be beneficial for us or if SEC rules require us to extend the conversion offer, we may extend such period. In any event, we expect that the conversion period will not be longer than six weeks.

Procedures for Tendering Preference Share ADSs

Preference Share American Depositary Receipts

If you hold certificates, commonly known as American depositary receipts, or ADRs, evidencing your preference share ADSs or your ADSs are held on the books of the depository through the Direct Registration System, you may tender your preference share ADSs by delivering the following materials to the U.S. ADS exchange agent prior to the expiration date at one of its addresses set forth on the back cover of this prospectus:

- your preference share ADRs, if held in certificated form;

- a properly completed and duly executed ADS letter of transmittal, or a facsimile copy with an original manual signature, with any required signature guarantees;

- payment of the conversion premium in the amount of $_____ per preference share ADS ($_____ for every three preference share ADSs evidenced by the tendered ADRs). *Payment of the conversion premium accompanying preference share ADSs must be made in U.S. dollars*; and any other documents required by the ADS letter of transmittal.

To provide for possible exchange rate fluctuations between the time of payment by ADS holders and the time such payments are converted into Euro for payment to Fresenius Medical Care, the U.S. dollar conversion premium is equal to approximately 110% of the U.S. dollar equivalent of 3.25 per preference share ADS tendered for conversion, based on an exchange rate of 1 equals $____ on__________ , 2005 (the day before the date of this prospectus). At the end of the offer period, after payment of the aggregate conversion premium to Fresenius Medical Care in Euro, any deposit amount of more than $10.00 remaining will be converted back to U.S. dollars and returned to you in U.S. dollars without interest.

If a preference share ADR is registered in the name of a person other than the signatory of the ADS letter of transmittal, the preference share ADR must be endorsed or accompanied by the appropriate stock powers. The stock powers must be signed exactly as the name or names of the registered owner or owners appear on the preference share ADR, with the signature(s) on the certificates or stock powers guaranteed as described below. See ADS letter of transmittal Signature Guarantees .

Holders of preference shares ADSs who remit premium payments via check are required to use checks drawn on U.S. banks. Holders of preference share ADSs will not be charged any depositary fees for the surrender of their preference ADSs for conversion or for the issuance of ADSs representing ordinary shares held upon consummation of the conversion.

Preference Share ADSs held in book-entry form through a bank, broker or other nominee

If you hold your preference share ADSs in book-entry form through a bank, broker or other nominee, you may tender your preference share ADSs by taking, or causing to be taken, the following actions prior to the expiration date:

a book-entry transfer of your preference share ADSs into the account of the U.S. ADS exchange agent at the Depository Trust Company, or DTC, pursuant to the procedures described below;

sending an agent s message (as defined below) through The Depository Trust Company s ATOP System to the U.S. ADS exchange agent;

the delivery to the U.S. ADS exchange agent of payment of the conversion premium in the amount of $_____ per preference share ADS ($_____ for every three preference share ADSs) evidenced by the tendered ADRs. *Payment of the conversion accompanying preference share ADSs must be made in U.S. dollars*; and

delivery to the U.S. ADS exchange agent at one of its addresses set forth on the back cover of this prospectus of any other documents required by the ADS letter of transmittal.

To provide for possible exchange rate fluctuations between the time of payment by ADS holders and the time such payments are converted into Euro for payment to Fresenius Medical Care, the U.S. dollar conversion premium is equal to approximately 110% of the U.S. dollar equivalent of 3.25 per preference share ADS tendered for conversion, based on an exchange rate of (1 equals $____ on__________ , 2005 (the day before the date of this prospectus). At the end of the offer period, after payment of the aggregate conversion premium to Fresenius Medical Care in Euro, any deposit amount of more than $10.00 remaining will be converted back to U.S. dollars and returned to you in U.S. dollars without interest.

Within two business days after the date of this prospectus, the U.S. ADS exchange agent will establish an account at DTC with respect to preference share ADSs for purposes of the U.S. offer. Any financial institution that is a participant in DTC s systems may make book-entry delivery of preference share ADSs by causing DTC to transfer such preference share ADSs into the account of the U.S. ADS exchange agent in accordance with DTC s procedure for the transfer. An agent s message delivered in lieu of the ADS letter of transmittal is a message transmitted by DTC to, and received by, the U.S. ADS exchange agent as part of a confirmation of a book-entry transfer. The message states that DTC has received an express acknowledgment from the DTC participant tendering the preference share ADSs that such participant has received and agrees to be bound by the terms of the ADS letter of transmittal and that we may enforce such agreement against such participant.

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Holders of preference shares ADSs who remit premium payments via check are required to use checks drawn on U.S. banks. Holders of preference share ADSs will not be charged any depositary fees for the surrender of their preference ADSs for conversion or for the assurance of ADSs representing ordinary shares held upon consummation of the conversion.

Preference Share ADSs held in street name

If you are not the registered holder of your preference share ADSs but hold your preference share ADSs in street name through a broker, bank or custodian, you should contact your broker, bank or custodian to discuss the appropriate procedures for tendering.

ADS letter of transmittal

Signature Guarantees. In general, signatures on letters of transmittal must be guaranteed by a firm that is a member of the Medallion Signature Guarantee Program, or by any other eligible guarantor institution, as such term is defined in Rule 17Ad-15 under the Exchange Act, each of which we refer to as an eligible institution. However, signature guarantees are not required in cases where preference share ADSs are tendered:

- by a registered holder of preference share ADSs who has not completed either the box entitled Special Issuance Instructions or the box entitled Special Delivery Instructions on the ADS letter of transmittal; or

- for the account of an eligible institution.

Partial Conversions. If you wish to tender for conversion fewer than all of the preference share ADSs evidenced by any ADRs delivered to the U.S. ADS exchange agent, you must indicate this in the ADS letter of transmittal by completing the box entitled Number of Preference Share ADSs Tendered.

Treatment of Tendered Preference Share ADSs. The ADS letter of transmittal authorizes the U.S. ADS exchange agent, as agent and attorney-in-fact for tendering holders of preference share ADSs, among other things, to surrender tendered preference share ADSs to the ADS depositary and instruct the ADS depositary to deliver the underlying ordinary shares even before we accept the tendered preference share ADSs for conversion. We intend to instruct the U.S. ADS exchange agent to take these actions promptly after the expiration of these offers. We will agree under the ADS letter of transmittal that if we do not accept the tendered preference share ADSs for conversion, we will cause the preference shares underlying those preference share ADSs to be re-deposited under the deposit agreement and preference share ADSs representing those preference shares to be delivered to the U.S. ADS exchange agent. The U.S. ADS exchange agent will then return the preference share ADSs to you. You will retain beneficial ownership of tendered preference share ADSs unless and until we accept the tendered preference share ADSs for conversion. After acceptance, you will only have a right to receive ordinary share ADSs of Fresenius Medical Care KGaA from us in accordance with the U.S. offer.

Guaranteed delivery

Guaranteed delivery procedures will not be available in connection with the U.S. offer.

Procedures for Tendering Preference Shares for Conversion

Preference shares held through German financial intermediaries

If you hold your preference shares through a German financial intermediary, you should not complete the ADS letter of transmittal. Instead, your German financial intermediary should send you transmittal materials and instructions for participating in the U.S. offer. If you have not yet received instructions from your German financial intermediary, please contact your German financial intermediary directly. You may be required to arrange for payment of the conversion premium in Euro.

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Preference shares held through U.S. custodians

If you hold your preference shares through a U.S. custodian, you should not complete an ADS letter of transmittal. Instead, your U.S. custodian should either forward you the transmittal materials and instructions sent by the German financial intermediary that holds the preference shares on behalf of your U.S. custodian as record owner or send a separate form prepared by your U.S. custodian. If you have not yet received instructions from your U.S. custodian, please contact your U.S. custodian directly. You may be required to arrange for payment of the conversion premium in Euro.

Effects of Tender

By tendering your preference shares or preference share ADS for conversion, you elect to convert such preference shares (or the preference shares underlying such preference share ADSs) into ordinary shares. You also represent and warrant that you have the power and authority to tender, exchange and convert the preference shares or preference share ADSs tendered and to acquire the ordinary shares or ordinary share ADSs. You also agree to pay the conversion premium and the charges of the ADS depositary (subject to reimbursement by Fresenius Medical Care AG if the offer is cancelled or withdrawn), and you warrant that you will, upon request, execute and deliver any additional documents deemed by us or our agents to be necessary or desirable to complete the conversion, exchange, sale, assignment and transfer of the tendered preference shares and preference share ADSs.

Other Requirements

If the ADS letter of transmittal, form of acceptance, or any certificates or stock powers are signed by trustees, executors, administrators, guardians, attorneys-in-fact, officers of corporations or other persons acting in a fiduciary or representative capacity, such persons should so indicate when signing. Proper evidence of authority to act must be submitted by such persons, although we may waive this requirement.

If any preference share ADR has been mutilated, destroyed, lost or stolen, you must contact the preference share ADS depositary and comply with the requirements under the deposit agreement to obtain a replacement preference share ADR before you will be able to tender those preference share ADSs in this U.S. offer.

If any evidence of ownership of a preference share has been mutilated, destroyed, lost or stolen, you must:

furnish to your German financial intermediary or U.S. custodian satisfactory evidence of ownership and of the destruction, loss or theft or such document;

indemnify your German financial intermediary or U.S. custodian against loss; and

comply with any other reasonable requirements.

Your tender of preference share ADSs or preference shares pursuant to any of the procedures described above in Procedures for Tendering Preference Share ADSs and Procedures for Tendering Preference Shares will constitute your binding agreement with us to the terms and conditions of the U.S. offer.

Determination of Validity

We will determine, in our sole discretion, all questions as to the validity, form and eligibility for conversion of any tendered preference shares and preference share ADSs. Our determination will be final and binding on the holders of preference shares and preference share ADSs. We reserve the absolute right to reject any and all tenders that we determine are not in proper form. We also reserve the right to waive any defect or irregularity in the tender of any preference shares and preference share ADSs of any particular holder, whether or not similar defects or irregularities are waived in the case of other securityholders. Unless otherwise waived by us, your tender of preference shares and preference share ADSs will not be valid until all defects or irregularities have been cured or waived. None of us, the U.S. ADS exchange agent, the information agent or any other person will be under any duty to give notification of any defects or irregularities in the tender of any preference shares and preference share ADSs, or incur any liability for failure to give any such notification.

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Our interpretation of the terms and conditions of the U.S. offer will be final and binding on the holders of preference shares and preference share ADSs.

In addition, in tendering preference shares and preference share ADSs for conversion, you will represent and warrant that you have the power and authority to tender, exchange and convert the preference shares or preference share ADSs tendered and to acquire the ordinary shares or ordinary share ADSs. We reserve the right to reject any preference shares and preference share ADSs that we determine do not satisfy these conditions.

Withdrawal Rights

You may withdraw preference shares or preference share ADSs tendered to us pursuant to the U.S. offer at any time prior to its expiration.

For a withdrawal to be effective, the German financial intermediary, the U.S. custodian or the U.S. ADS exchange agent, as applicable, must receive in a timely manner the written or facsimile transmission notice of withdrawal. Any such notice must specify the name of the person who tendered the preference shares and preference share ADSs being withdrawn, the number of preference shares and preference share ADSs being withdrawn and the name of the registered holder, if different from that of the person who tendered such preference shares and preference share ADSs. You will be required to pay the depositary s fees of $5.00 per 100 ADSs for the reissuance of the withdrawn preference share ADSs. These fees will be deducted from the conversion premium when it is refunded to you.

Withdrawn preference share ADSs will be returned upon withdrawal. However, conversion premiums in connection with withdrawn preference share ADSs, less the requisite depositary s fees, will only be returned upon completion or termination of the U.S. offer.

If preference share ADRs being withdrawn have been delivered or otherwise identified to the U.S. ADS exchange agent, then, prior to the physical release of such ADRs, (1) the U.S. ADS exchange agent also must receive the name of the registered holder and the serial numbers of the particular preference share ADRs and (2) the signature(s) on the notice of withdrawal must be guaranteed by an eligible institution unless such preference share ADSs have been tendered for the account of an eligible institution. If preference share ADSs have been tendered pursuant to the procedure for book-entry transfer, any notice of withdrawal must specify the name and number of the account at DTC to be credited with the withdrawal of preference share ADSs. If you have tendered preference shares for conversion, the notice of withdrawal must specify the name and number of the Euroclear Germany account to be credited with the withdrawn preference shares and preference share ADSs.

We will determine, in our sole discretion, all questions as to the form and validity (including time of receipt) of any notice of withdrawal. Our determination shall be final and binding on the holders of the preference shares and preference share ADSs.

None of us, the U.S. ADS exchange agent, the information agent or any other person will be under any duty to give notification of any defects or irregularities in any notice of withdrawal or incur any liability for failure to give any such notification. Any preference shares and preference share ADSs properly withdrawn will be deemed not to have been validly tendered for purposes of the U.S. offer (or any subsequent offering period, as the case may be) and will not be converted into ordinary shares or ordinary share ADSs. However, withdrawn preference shares and preference share ADSs may be re-tendered for conversion at any time prior to the expiration date by following the procedures described above under Procedures for Tendering Preference Share ADSs or Procedures for Tendering Preference Shares, as applicable.

We expect that preference shares (but not preference share ADSs) that have been tendered for conversion will continue to trade in Germany under a separate securities identification number. A holder of preference shares tendered for conversion (but not preference share ADSs) who wishes to sell such preference shares may do so without withdrawing the tendered shares, and should contact his or her bank or broker for instructions how to do so. Holders of preference share ADSs tendered for conversion who wish to sell their ADSs must first withdraw such ADSs in accordance with the procedures described above.

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Acceptance and Return of Preference Shares and Preference Share ADSs

Subject to the terms and conditions of the U.S. offer, we will accept any and all preference shares and preference share ADSs validly tendered, not properly withdrawn and accompanied by payment of the conversion premium, for conversion into ordinary shares or our ordinary share ADSs, as applicable, as promptly as practicable under German practice after the expiration date. As permitted by the applicable rules of the SEC, we will accept for conversion, or return, as applicable, all preference shares and preference share ADSs in accordance with applicable German law and tender offer practice.

Acceptance of tendered preference shares and preference share ADSs

We will be deemed to have accepted for conversion all preference shares and preference share ADSs validly tendered and accompanied by the required conversion premium and not properly withdrawn on the expiration date, for which such conversion was registered with the commercial register. Subject to the terms and conditions of the offers, the ordinary shares into which preference shares are converted will be transferred to the account of the financial intermediary who tendered the preference shares and preference share ADSs. *Holders of preference share ADSs must submit the conversion premium in U.S. dollars* and are required to submit a conversion premium in the amount of $_____ per preference share ADS. This amount is equal to approximately 110% of the U.S. dollar equivalent of 3.25 per preference share ADS (or 9.75 per three preference share ADSs). The additional 10% payment is required to take into account possibly currency fluctuations between the time such payments are submitted by ADS holders and the time the payments are converted into Euro for payment to Fresenius Medical Care. After conversion of the preference share ADSs tendered by such shareholders, the ADS exchange agent will return, without interest, any U.S. dollar amount remaining after payment of the conversion premium, provided such amount exceeds $10.00.

Under no circumstances will interest be paid on the conversion of preference shares and preference share ADSs into our ordinary shares or our ordinary share ADSs, as applicable, regardless of any delay in effecting the conversion.

Return of tendered preference shares, preference share ADSs and conversion premiums

In case any preference shares and preference share ADSs tendered in accordance with the instructions set forth in the offer materials are not accepted for conversion pursuant to the terms and conditions of this U.S. offer, we will cause these preference shares and preference share ADSs, together with the applicable conversion premium, to be returned as soon as practicable, likely following the registration of the conversion with the commercial register. Preference shares underlying such withdrawn preference shares ADSs will be redeposited against the issuance of the preference share ADSs to be returned. Shareholders who withdraw their preference share ADSs will be required to pay the Depositary s charges of five cents (5¢) per ADS for the reissuance of their withdrawn preference share ADSs. Such fees will be deducted from the refund of the conversion premium.

Delivery of our Ordinary Shares and our Ordinary Share ADSs; Settlement Date

Upon expiration of the conversion period, our ordinary shares or our ordinary share ADSs, as applicable, will be delivered to the tendering holders of preference shares and preference share ADSs following the registration of the conversion with the commercial register. If the offers are consummated, the final settlement date for the offers is currently expected to be within approximately __________ to __________ German trading days following the expiration date of the offers. If your ordinary share ADSs will be evidenced by ADRs registered in your name, you may not receive a confirmation of book entry registration of the ADRs until approximately two weeks after the settlement date.

Fees and Expenses

Except as set forth below, we will not pay any fees or commissions to any broker or other person soliciting tenders of preference shares and preference share ADSs pursuant to the U.S. offer or the German offer.

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In the event the conversion offers are not consummated, (but only in such event), we will pay the fees charged by the ADS depositary for preference share ADSs tendered into the offer, including any fees charged by the ADS depositary to redeposit preference shares underlying tendered preference share ADSs that have been previously withdrawn from deposit with the ADS depositary.

We have retained JPMorgan Chase Bank, N.A. to act as U.S. ADS exchange agent in connection with the U.S. offer. We will pay the U.S. ADS exchange agent reasonable and customary compensation for its services in connection with the U.S. offer, plus reimbursement of its out-of-pocket expenses. We will also reimburse brokers, dealers, commercial banks and trust companies for customary mailing and handling expenses incurred by them in forwarding material to their customers.

We have retained D.F. King & Co., Inc. to act as information agent in connection with the U.S. offer. We will pay the information agent reasonable and customary compensation for its services in connection with the U.S. offer, plus reimbursement of its out-of-pocket expenses.

We will indemnify the information agent and the U.S. ADS exchange agent against specified liabilities and expenses in connection with the U.S. offer, including liabilities under the U.S. federal securities laws. Indemnification for liabilities under the U.S. federal securities laws may be unenforceable as against public policy.

The cash expenses to be incurred in connection with the U.S. offer and the German offer will be paid by us and are estimated in the aggregate to be approximately $5,372,100. Such expenses include registration fees, the fees and expenses of the U.S. ADS exchange agent and the information agent, accounting and legal fees and printing costs.

Listing of our Ordinary Shares and our Ordinary Share ADSs

The existing shares in Fresenius Medical Care AG will be delisted from the Frankfurt Stock Exchange on registration of the transformation of legal form in the commercial register. [We will admit] both the ordinary shares and the preference shares in Fresenius Medical Care KGaA again to stock exchange trading on the Frankfurt Stock Exchange on the official market, with trading on the Prime Standard, the sub-segment of the official market with additional post-admission obligations, directly after the transformation of legal form has become effective. We will then endeavor to ensure that the new admission takes place immediately after the transformation of legal form becomes effective and therefore that the usual stock exchange tradability both of the ordinary and the preference shares in the Company is secured at all times. See Stock Exchange Listing and Trading for more information.

Effect of the Offers on the Market for our Preference Shares and Preference Shares ADSs

American Depositary Shares representing Fresenius Medical Care KGaA ordinary shares and preference shares have been approved for listing on the New York Stock Exchange subject to official notice of issuance and, in the case of preference shares ADSs, satisfaction of that exchange s distribution criteria. We cannot assure you that the preference ADSs of Fresenius Medical Care KGaA will be eligible for listing on that exchange if the number of outstanding preference shares decreases substantially due to conversion of preference shares into ordinary shares. In addition, if substantially all of the preference shares are converted, we may terminate the deposit agreement for the preference shares, or the depositary may resign due to the substantially reduced compensation it is likely to receive for its services in such circumstances. While we will endeavor to provide for continuation of a U.S. trading market for the preference shares of Fresenius Medical Care KGaA, if they are not eligible for New York Stock Exchange listing, if the depositary resigns as depositary for the preference shares and we are unable to designate a replacement depositary, or if we otherwise terminate the preference share deposit agreement, it is likely that a U.S. trading market for the preferences ADSs will cease to be available.

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Treatment of Preference Share Options and Convertible Bonds

Those persons who hold convertible bonds or stock options entitling them to preference shares under our employee participation programs will be offered the opportunity to receive convertible bonds or stock options entitling them to receive ordinary shares. The number of convertible bonds or options and the conversion or exercise prices will be adjusted to take the conversion into account. No conversion premium will be payable in connection with such adjustments.

Appraisal Rights

Holders of preference shares and preference ADSs do not have any appraisal rights under German laws in connection with the conversion.

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THE CONVERSION AND TRANSFORMATION; EFFECTS

Structure of the Conversion and Transformation

On August 30, 2005, the shareholders of Fresenius Medical Care AG approved a resolution for the transformation of Fresenius Medical Care AG from a stock corporation under German law into a partnership limited by shares under German law. Fresenius Medical Care KGaA will not be formed as a separate entity but will be established by registering the transformation resolution with the commercial register in Hof an der Saale, Germany. Upon registration of the transformation resolution, the share capital of Fresenius Medical Care AG will become the share capital of Fresenius Medical Care KGaA, and shareholders in Fresenius Medical Care AG will become shareholders of Fresenius Medical Care KGaA.

At the time they approved the transformation of legal form, our shareholders also approved the resolutions authorizing the conversion of our preference shares into ordinary shares. The conversion resolution was also approved by a special meeting of our preference shareholders held on the same day. We intend to arrange for the registration of the transformation immediately following registration of the changes to the articles of association in connection with the completion of the conversion offers. However, we will not register the conversion of preference shares into ordinary shares pursuant to the conversion offers unless we are satisfied that the transformation of legal form will occur. Accordingly, no shares of Fresenius Medical Care AG will be issued as a result of the conversion offer. Holders of Fresenius Medical Care AG preference shares (including preference shares represented by ADSs) who elect to convert their shares in the conversion offers will receive ordinary shares of Fresenius Medical Care KGaA. Holders of Fresenius Medical Care AG preference shares (including preference shares represented by ADSs) who do not elect to convert their shares in the conversion offers will become preference shareholders of Fresenius Medical Care KGaA.

The conversion premium originally proposed to our shareholders by our management board and our supervisory board was 12.25 per preference share submitted for conversion. However, as permitted by applicable German law, a counter proposal was submitted by a shareholder that provided for a reduced conversion premium of 9.75 per preference share. This counter proposal was submitted to and approved by our ordinary shareholders and our preference shareholders at the meetings held on August 30, 2005. Because the counter proposal was approved, the conversion premium payable in the conversion offer being made by the prospectus was fixed at 9.75 per preference share.

Currently, our outstanding share capital consists of ordinary shares and non-voting preference shares that are issued only in bearer form. Fresenius AG owns approximately 50.8% of our ordinary shares. Fresenius AG s ordinary shares represent approximately 37% of our total share capital of all classes. In connection with the transformation, Management AG will assume the management of the Company through its position as general partner. Fresenius AG, which currently controls the Company as holder of a majority of our ordinary shares, will continue to do so after the transformation as sole shareholder of the general partner.

The Conversion

Prior to registration of the transformation, we are offering our preference shareholders the opportunity to convert their preference shares into ordinary shares on a one-to-one basis pursuant to two conversion offers. Preference shareholders who elect to convert their shares into ordinary shares will be required to pay a premium of 9.75 per converted share (3.25 per preference share ADS) for the conversion.

In the conversion process, preference shares submitted for conversion will lose the preferential dividend right provided for under our articles of association and German law. Details of the conversion offer being made to U.S. residents and other U.S. persons are set out above under The U.S. Offer. We are also making a separate conversion offer to our preference shareholders who are not U.S. persons. The conversion will increase the number of ordinary shares outstanding held by persons other than Fresenius AG, which we refer to in this prospectus as the outside shareholders or free float of our ordinary shares, as the context requires. Under the applicable rules of Deutsche Börse AG with regard to index weighting, an increase in the number of ordinary shares in free float would lead to a strengthening of our DAX position because this position, among other criteria, is determined by reference to the market capitalization of the free float of the

largest class of shares. DAX is an index that measures the performance of the Prime Standard s 30 largest German companies in terms of order book volume and market capitalization. We believe that membership in the DAX is advantageous to us because many institutional investors utilize inclusion in the DAX index as a decisive investment criterion. Some fund investors reproduce a selected index such as the DAX and, therefore, rely exclusively on index participations. The index is based on prices generated in the electronic trading system Xetra. Assuming that most of our outstanding preference shares are converted into ordinary shares, the preference shares may have limited trading volume after the conversion.

Persons who hold convertible bonds or stock options entitling them to preference shares under our employee participation programs will be offered the opportunity to receive convertible bonds or stock options entitling them to receive ordinary shares upon conversion of their bonds or exercise of their options.

In connection with registration of the conversion we will amend our articles of association for the purpose of allotting shares as between ordinary and preference. The final version of the articles of association can be determined, however, only upon final determination of the number of preference shares submitted to, and accepted by, the Company for conversion in proper form prior to expiration of the conversion offer, together with the applicable conversion premium. As a result, when our shareholders approved the resolutions authorizing the conversion and the transformation, they also authorized our supervisory board to amend the wording of the articles of association after the conversion offer has been completed to reflect the final allocation between classes of shares.

Preference shareholders who do not convert their shares in the conversion process will retain their preference rights. Preference rights will be cancelled only for those preference shareholders who participate in the conversion offer, i.e., on a voluntary basis. Preference shares that remain on the Frankfurt Stock Exchange may be adversely affected due to the overall reduced liquidity of the preference shares, so that preference shareholders who do not participate may suffer financial disadvantages. Holders of ADSs representing our preference shares may also be adversely affected if ADSs representing preference shares of Fresenius Medical Care KGaA are not eligible for listing on the New York Stock Exchange. In such event, the sole market for the preference shares would be the Frankfurt Stock Exchange. United States holders of preference shares could incur additional costs and delays in effecting transactions in the preference shares on the Frankfurt Stock Exchange. In addition, if we determine to discontinue the preference share ADR facility due to the reduced number of preference shares outstanding after the conversion and the transformation, or if the depositary resigns and we are unable to appoint a successor, holders of ADSs representing the preference shares would no longer have the benefits of that facility, such as receipt of dividends in U.S. dollars.

The Transformation

The transformation will become effective upon registration with the commercial register of the local court (*Amtsgericht*) in Hof an der Saale. Upon registration of the transformation, the Company s legal form will be changed by operation of law from an AG, which is a German stock corporation, to a KGaA, which is a German partnership limited by shares, and it will continue to exist in that legal form. In connection with the transformation, the Company will not transfer any assets to another entity, merge into or with or consolidate with any entity, or acquire the shares of any other entity. The Company as a KGaA will be the same legal entity under German law, rather than a successor to the stock corporation. Upon effectiveness of the transformation, Management AG, a subsidiary of Fresenius AG, will become the general partner of the Company. Legal relationships existing between the Company and third parties will continue unchanged. If public registers become inaccurate by the change of name, they will be amended on the application of the entity in its new legal form.

The offices of the members of the management board of Fresenius Medical Care AG will terminate by operation of law but the service agreements of the members of the management board will continue in force after effectiveness of the transformation. The members of the management board, however, have declared that their service agreements will be rescinded by agreement without compensation. The members of the management board will, subject to their election by the supervisory board of Management AG, become members of the management board of the general partner, Management AG, effective upon the transformation, and we expect that Gary Brukardt, currently President and Chief Executive Officer of RCG, will become a member of our management board after the closing of the RCG merger. We expect that they will enter into new service agreements with the general partner on the same terms as they had with Fresenius Medical Care AG before the transformation. The service agreements of the members of the management board will thereby in effect pass to Management AG on the same conditions.

Under German law, after a transformation of legal form the members of a company s supervisory board remain in office for the remainder of their terms as members of its supervisory board if the supervisory board of the company in its new legal form is formed in the same way and with the same composition. Dr. Ulf M. Schneider, chairman of the management board of Fresenius AG, has notified us, however, that he will resign from the supervisory board effective upon entry of the transformation in the commercial register. Fresenius Medical Care KGaA will apply for a court appointment of a sixth member of the supervisory board to replace Dr. Schneider after the transformation has become effective in accordance with German law.

We intend that our management board shall notify the transformation of legal form to the commercial register even if the conversion is not consummated for any reason. We feel that the transformation alone is in our interest because it will enable us, in the mid-to-long-term, to create a more attractive capital structure for our company. However, we will not register the conversion of preference shares into ordinary shares pursuant to the conversion offers unless we are satisfied that the transformation of legal form will occur.

The Shareholders

Our share capital will become the share capital of the Company in its new legal form after the transformation. Shareholders in Fresenius Medical Care AG at the time of the registration of the transformation of legal form in the commercial register will be shareholders in Fresenius Medical Care KGaA. They will participate in all economic respects, including profits and capital, to the same extent and with the same number of shares in Fresenius Medical Care KGaA as they did in Fresenius Medical Care AG prior to the transformation becoming effective. Ordinary shareholders will hold the same number of voting ordinary shares which they had in Fresenius Medical Care AG prior to the transformation. Holders of non-voting preference shares who elect to convert their shares will receive an equal number of ordinary shares of Fresenius Medical Care KGaA. Non-voting preference shareholders who elect not to convert their shares into ordinary shares will hold the same number of non-voting preference shares as they had in Fresenius Medical Care AG prior to the transformation.

Holders of convertible bonds and stock options issued under the Company s employee participation programs will not experience any change in their legal position due to the transformation of legal form, but will have the opportunity to exchange their bonds or options for adjusted convertible bonds or options convertible into or exercisable for ordinary shares in connection with the conversion.

As a result of the adjustment of the employee participation programs, future exercise of stock options will principally result in issuance of ordinary shares. A slight dilutive effect on the voting rights of the ordinary shareholders, which did not previously exist, will result from the adjustment. This dilutive effect will occur because the issuance of ordinary shares pursuant to the employee participation programs is not subject to statutory pre-emption rights. Such adjustments are within the scope permitted by German law, and we believe that such dilution is justified in light of the benefits to be derived from the new capital structure and the motivational effects of our employee participation programs on our employees. There are no adverse effects from the adjustment of the employee participation programs for preference shareholders.

Reasons for the Conversion and Transformation

Our management board and supervisory board believe that the conversion of our outstanding preference shares into ordinary shares and the transformation of the legal form of the Company are in the overall interest of the Company and its shareholders, taking into account the existing rights of our shareholders. We believe the conversion and transformation (as well as the transformation alone) will increase our financial and operative flexibility, which will allow us to pursue our long-term growth objectives and strategies and will help us maintain and improve our position as the leading global integrated provider of dialysis products and

services. We believe that the transformation and conversion are in the interests of the Company and its shareholders overall for the following reasons:

Ability to Issue New Ordinary Shares. Our current articles of association provide only for the issuance of new non-voting preference shares. Fresenius AG, which holds approximately 50.8% of our voting ordinary shares, has advised us that it will not approve an issuance of new ordinary shares that would dilute its ownership below 50%, which would cause Fresenius AG to lose its control over the management of the Company and would preclude Fresenius AG from consolidating our financial statements with its own. Therefore, our ability to issue additional equity capital is generally limited to the issuance of preference shares, which are not as attractive to investors as ordinary shares. In our new legal form as a partnership limited by shares under German law, or a KGaA. Fresenius AG will own the general partner of the Company and, therefore, will continue to control the management of the Company after the transformation, notwithstanding the likely decrease in Fresenius AG s percentage ownership of our ordinary shares. Therefore, our new capital structure will allow us to issue ordinary shares without causing Fresenius AG to lose control over the management of the Company. We believe that our ability to issue new ordinary shares will help us attract equity financing so that we may pursue our long-term growth objectives and strategies.

Improved Liquidity. We anticipate that the conversion of the preference shares into ordinary shares will lead to an increase in the free float of our ordinary shares due to the increase in ordinary shares outstanding. We believe that the new free float of our ordinary shares will lead to an increase in the daily trading volume of our ordinary shares and will improve the liquidity of our ordinary shares, which will create more value for our existing ordinary shareholders and make our ordinary shares more attractive to large investors. We also believe that the increased free float and liquidity will allow us to raise future capital on more attractive terms because the market will be more receptive to new ordinary shares from future capital increases. Equity financing opportunities will allow us to pursue our long-term growth objectives and strategies, including pursuit of acquisitions using ordinary shares as consideration.

Improved DAX Position. We expect that the conversion of our outstanding preference shares into ordinary shares will improve our position on DAX, the German share index. Under the rules of the Frankfurt Stock Exchange, only one class of a company s shares may be considered in determining order book volume and market capitalization for purposes of DAX position. We believe that the conversion of our outstanding preference shares into ordinary shares will increase our order book volume and our market capitalization as described above and, therefore, our position on DAX. We believe that a stronger position on DAX will allow us to attract more institutional investors.

Maintenance of the Existing Levels of Corporate Governance and Transparency. Our new structure will include corporate governance arrangements that are substantially similar to our current corporate governance arrangements. We plan to arrange for all or most current members of the supervisory board of Fresenius Medical Care AG and all members of the management board to become members of the supervisory board or the management board of the general partner. In addition, we expect that Gary Brukardt, currently the President and Chief Executive Officer of RCG, will become a member of our management board after the closing of the RCG merger. Also, Fresenius AG will continue to be obligated to elect to the supervisory board of the general partner at least two persons who have no significant business relationships with Fresenius AG. As a result, we believe that Fresenius AG s ability to control the Company through its ownership of the general partner will not differ significantly from its ability to control the Company through ownership of a majority of our ordinary shares.

Acquisition of New Capital. We will acquire new capital when preference shareholders convert their preference shares into ordinary shares because the terms of the conversion offer require payment of a premium per share to us in connection with the conversion. The payments that we receive from preference shareholders in the conversion will be placed in our capital reserves, which will improve our capital ratio, and will be used to repay a portion of our outstanding long-term indebtedness. See Use of Proceeds and Capitalization and Indebtedness, above.

Benefits to our Ordinary Shareholders. Ordinary shareholders will experience dilution of their voting rights and possibly a dilution of the value of their shares as a result of the conversion of preference shares into ordinary shares. We believe, however, that the benefits that our ordinary shareholders will receive as a result of the conversion and transformation outweigh these factors. First, approximately one-half of the difference in value between the ordinary shares and the preference shares will be covered by the conversion premium which will strengthen our capital base. Further, the ordinary shares will become more attractive investments due to the increased liquidity which we expect and stronger DAX position. Finally, the preference dividend that is paid to preference shareholders will be cancelled in connection with the preference shares that are converted into ordinary shares, which will allow us to retain more capital.

Benefits to our Preference Shareholders That Choose to Convert Their Preference Shares. Holders of our outstanding preference shares are being offered the opportunity to convert their shares into ordinary shares, but are not required to do so. Although acceptance of the conversion offer requires payment of a premium per share of 9.75 to us for the conversion, the premium consists of approximately one-half of the difference between the weighted average German stock exchange price of the preference shares and the weighted average stock exchange price of the ordinary shares for the three months prior to our announcement of the planned conversion offer and transformation, determined using the prices reported on the official website of the German Financial Supervisory Authority (German version of the website). Based on such prices, holders of preference shares who elect to convert will acquire ordinary shares at a discount of 8.75 per ordinary share or approximately 14% of the weighted average stock exchange price of the ordinary shares for the three-months prior to the announcement. We believe this discount is justified by the need to provide an incentive to as many preference shareholders as possible to convert their shares into ordinary shares despite the cost and thereby achieve the highest possible rate of conversion. We believe that a clear increase in the number and liquidity of outstanding ordinary shares will strengthen our position in the DAX. (On , 2005, the day prior to the date of this prospectus, the closing prices of our preference shares and our ordinary shares on the Frankfurt Stock Exchange were and respectively.) *Holders of preference share ADSs must pay the conversion premium in U.S. dollars. See The U.S. Offer-Procedures for Tendering Preference Share ADSs.* Holders of preference American Depositary Shares who elect to convert the preference shares represented by their American Depositary Shares will not be required to pay any depositary fees for the surrender of their Fresenius Medical Care AG preference share ADSs, or for the issuance of ADSs representing the ordinary shares to be issued on conversion.

Holders of preference shares who do not choose to convert their preference shares into ordinary shares will continue to hold preference shares in the KGaA after the transformation and will continue to be entitled to receive preference dividends. However, holders of preference shares will likely experience reduced liquidity of their shares. We anticipate that the preference shares will continue to trade on the Frankfurt Stock Exchange after the conversion and transformation but we cannot offer any assurances that the preference ADSs will continue to be eligible for listing on the New York Stock Exchange if the number of outstanding preference shares decreases substantially due to the conversion of preference shares into ordinary shares. If substantially all of the preference shares are converted, we may terminate the deposit agreement for the preference shares or the depositary may resign due to the substantially reduced compensation it is likely to receive for its services in such circumstances. Our management board and supervisory board have considered the disadvantages to the holders of preference shares that do not choose to convert their shares into ordinary shares as a result of the conversion and transformation but have concluded that the conversion and transformation are nevertheless in the interest of the Company and its shareholders overall.

We believe that the conversion offer is in the best interest of the Company and its shareholders. However, preference shareholders should determine for themselves, in consultation with their tax and financial advisors, whether to accept the conversion offer with respect to all or any part of their preference shares or to retain their preference shares.

The Legal Structure of Fresenius Medical Care KGaA

A partnership limited by shares (KGaA) is a mixed form of entity under German corporate law, which has elements of both a partnership and a corporation. Like a stock corporation, the share capital of the KGaA is held by shareholders. The KGaA and the stock corporation are the only legal forms provided by German law for entities having shares tradable on the stock exchange. The KGaA is similar to a limited partnership because there are two groups of owners, the general partner on the one hand, and the KGaA shareholders on the other hand.

A KGaA s corporate bodies are its general partner, supervisory board and the general meeting of shareholders. A KGaA may have one or more general partners who conduct the business of the KGaA. They are appointed as executive bodies on the basis of their corporate position and, therefore, are so-called inherent executive bodies of the partnership under German law. However, in contrast to the appointment of the management board of a stock corporation, the supervisory board of a KGaA has no influence on appointment of the general partner. Likewise, the removal of the general partner from office is subject to very strict conditions, including the necessity of a court decision. The general partners may, but are not required to, purchase shares of the KGaA. The general partners are personally liable for the liabilities of the KGaA in relations with third parties subject, in the case of corporate general partners, to applicable limits on liability of corporations generally.

The status of the members of the two groups of owners, i.e., the group of KGaA shareholders on the one hand, and the general partner or partners, on the other hand, varies within the KGaA due to the structure of a KGaA. The KGaA shareholders exercise influence in the general meeting through their voting rights but, in contrast to a stock corporation, the general partner of a KGaA has a veto right with regard to material resolutions. The members of the supervisory board of a KGaA are elected by the general meeting as in a stock corporation. However, since the supervisory board of a KGaA has less power than the supervisory board of a stock corporation, the indirect influence exercised by the KGaA shareholders on the KGaA via the supervisory board is also less significant than in a stock corporation. For example, the supervisory board is not usually entitled to issue rules of procedure for management or to specify business management measures that require the supervisory board s consent. The status of the general partner or partners in a KGaA is stronger than that of the shareholders based on: (i) the management powers of the general partners, (ii) the existing veto rights regarding material resolutions adopted by the general meeting and (iii) the independence of the general partner from the influence of the KGaA shareholders as a collective body.

In the articles of association of a KGaA, the relationship between the general partners and the KGaA shareholders can be structured to a certain extent without restrictions. This means that the articles of association of a KGaA can be adjusted to the specific needs of the partners at the time the KGaA is founded or at the time a company is transformed into such a partnership limited by shares. Since the articles of association of a KGaA may be amended subsequently only through a resolution of the general meeting adopted by a qualified 75% majority and with the consent of the general partner, neither group of owners (i.e., the KGaA shareholders and the general partners) can unilaterally amend the articles of association without the consent of the other group. Fresenius AG will, however, continue to be able to exert significant influence over amendments to the articles of association of Fresenius Medical Care KGaA through its ownership of a significant percentage of our ordinary shares after the transformation, since such amendments require a 75% vote of the shares present at the meeting rather than three quarters of the outstanding shares.

As a general rule, the general meeting of shareholders of a partnership limited by shares and the supervisory board elected by such shareholders have less influence on the management of the company than the general meeting of shareholders and the supervisory board of a stock corporation. Such lesser influence results, to some extent, from the provisions of the German Stock Corporation Law applicable to a KGaA. In Fresenius Medical Care KGaA, the division of authority between the KGaA shareholders (acting in the general meeting and represented by the Fresenius Medical Care KGaA supervisory board), on the one hand, and Fresenius AG, as owner of the general partner, on the other hand, is intended to replicate, as far as possible, the current division of authority between Fresenius Medical Care AG s outside shareholders and Fresenius AG, as majority holder of Fresenius Medical Care AG s ordinary shares.

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The corporate legal structure of Fresenius Medical Care KGaA is intended to retain the essential elements of Fresenius AG s existing power to control the Company, but, to the extent legally feasible, not to expand such control. We intend to ensure that Fresenius AG s controlling position is conditioned upon ownership of a substantial amount of our share capital. Therefore, under the proposed articles of association, Management AG has to withdraw as general partner if Fresenius AG s holdings decrease to 25% or less of our share capital. Alternatively, Fresenius AG may sell its interest in Management AG to a third party if the sale also includes at least 25% of our share capital. At the same time, we intend to ensure that our business operations remain unaffected by the transformation of legal form as much as possible.

Management and Oversight of Fresenius Medical Care KGaA

The management structure of Fresenius Medical Care KGaA is illustrated as follows:

General Partner

A wholly owned subsidiary of Fresenius AG, Management AG, a stock corporation, will be the sole general partner of Fresenius Medical Care KGaA. We chose a stock corporation as the legal form of the general partner principally because it enables us to maintain a management structure substantially similar to Fresenius Medical Care AG s existing management structure by means of the general partner entity. The internal structure of the general partner will be substantially similar to the current structure at Fresenius Medical Care AG. In particular, we intend that the general partner will have substantially the same provisions in its articles of association concerning the relationship between the management board and the supervisory board and, subject to applicable statutory law, substantially the same rules of procedure for its executive bodies. We also plan to arrange for all current members of the management board and all or most members of the supervisory board of Fresenius Medical Care AG to become members of the management board or supervisory board of the general partner after the transformation of our legal form. In addition, we expect that Gary Brukardt, currently the President and Chief Executive of RCG, will become a member of our management board after the closing of the RCG merger.

The general partner will not make a capital contribution and, therefore, will participate in neither the assets nor the profits and losses of the KGaA. However, the general partner will be compensated for all outlays in connection with conducting the business of the partnership, including the remuneration of members of the management board and the supervisory board. See The Conversion and Transformation; Effects The Legal Structure of Fresenius Medical Care KGaA The Articles of Association of Fresenius Medical Care KGaA Organization of the Company below. Fresenius Medical Care KGaA itself is to bear all expenses of its administration. Management AG is to devote itself exclusively to the management of Fresenius Medical Care KGaA. In addition, the general partner will receive compensation amounting to 4% of its capital for assuming the liability and the management of the KGaA. This payment constitutes a guaranteed return on

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Fresenius AG s investment in the share capital of Management AG, and will amount to 60,000 per annum. This payment is required for tax reasons, to avoid a constructive dividend by the general partner to Fresenius AG in the amount of reasonable compensation for undertaking liability for the obligations of the KGaA. Management AG was incorporated on April 8, 2005 and registered with the commercial register in Hof an der Saale on May 10, 2005.

The statutory provisions governing a partnership, including a KGaA, provide in principle that the consent of the KGaA shareholders at a general meeting is required for transactions that are not in the ordinary course of business. However, as permitted by statute, the articles of association of Fresenius Medical Care KGaA permit such decisions to be made by Management AG as general partner without the consent of the KGaA shareholders primarily for the following reasons:

It is difficult to clearly distinguish between transactions that are in the ordinary course of business and those that are not, and consequently the distinction is rather uncertain under German law;

The convening of a general meeting to obtain consent to individual transactions entails substantial organizational effort and expense; and

Potential lawsuits challenging transactions or resolutions could paralyze a partnership limited by shares for a long time.

The negation of the statutory restrictions on the authority of Management AG as general partner is intended to replicate governance arrangements in Fresenius Medical Care AG, in which the shareholders of Fresenius Medical Care AG do not presently have any such veto right regarding determinations of the management board. This does not affect the general meeting s right of approval with regard to measures of unusual significance, such as a sale of a substantial part of a company s assets, as developed in German Federal Supreme Court decisions.

The relationship between the supervisory board and management board of Management AG is comparable to the existing governance provisions at Fresenius Medical Care AG. In particular, under the articles of association of Management AG, the same transactions are subject to the consent of the supervisory board of Management AG as currently require the consent of the supervisory board of Fresenius Medical Care AG. These transactions include, among others:

The acquisition, disposal and encumbrance of real property if the value or the amount to be secured exceeds a specified threshold;

The acquisition, formation, disposal or encumbrance of an equity participation in other enterprises if the value of the transaction exceeds a specified threshold;

The adoption of new or the abandonment of existing lines of business or establishments; and

Certain inter-company legal transactions.

The management board of Management AG presently consists only of Mr. Lawrence A. Rosen, who is also a member of our management board. The supervisory board consists of Dr. Ulf Schneider, Dr. Dieter Schenk and Prof. Dr. Bernd Fahrholz, who are also members of the supervisory board of Fresenius Medical Care AG. We expect that the present members of the management board of Fresenius Medical Care AG (together with Gary Brukardt, currently President and Chief Executive Officer of RCG, who we expect will join the management board after the RCG merger) will become members of the management board of Management AG. The supervisory boards of Fresenius Medical Care KGaA and of Management AG shall consist to a large extent of the same persons, and therefore consist principally of the same persons as our present supervisory board.

Supervisory Board

The supervisory board of a KGaA is similar in certain respects to the supervisory board of a stock corporation. Like the supervisory board of a stock corporation, the supervisory board of a KGaA is under an obligation to oversee the management of the business of the Company. The supervisory board is elected by the

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KGaA shareholders at the general meeting. Shares in the KGaA held by the general partner or its affiliated companies are not entitled to vote for the election of the supervisory board members of the KGaA. Accordingly, Fresenius AG will not be entitled to vote its shares for the election of Fresenius Medical Care KGaA s supervisory board. In theory, this means that Fresenius AG will have no influence on the composition of the supervisory board of Fresenius Medical Care KGaA, and that the change in legal form into Fresenius Medical Care KGaA entails an increase in the control rights for the outside shareholders.

However, under the articles of association of Fresenius Medical Care KGaA, a resolution for the election of members of the supervisory board will require the affirmative vote of 75% of the votes cast at the general meeting. Such a high vote requirement could be difficult to achieve, which could result in the court appointment of members to the supervisory board after the end of the terms of the members initially in office at the time the transformation becomes effective. In addition, because (i) the current members of the Fresenius Medical Care AG supervisory board will initially continue as the members of the supervisory board of Fresenius Medical Care KGaA (except for Dr. Ulf M. Schneider) and (ii) in the future, the Fresenius Medical Care KGaA supervisory board will propose future nominees for election to its supervisory board (subject to the right of shareholders to make nominations), Fresenius AG is likely to retain certain influence over the selection of the supervisory board of Fresenius Medical Care KGaA. The supervisory board of Fresenius Medical Care KGaA will have less power and scope for influence than the supervisory board of the Company as a stock corporation. The supervisory board of Fresenius Medical Care KGaA is not entitled to appoint the general partner or its executive bodies. Nor may the supervisory board subject the management measures of the general partner to its consent, or issue rules of procedure for the general partner. Management of the Company will be conducted by the management board of the general partner and only the supervisory board of the general partner (all of whose members will be elected solely by Fresenius AG) has the authority to appoint or remove them.

The KGaA shareholders will approve Fresenius Medical Care KGaA s annual financial statements at the general meeting. Except for making a recommendation to the general meeting regarding such approval, this matter is not within the competence of the supervisory board.

General Meeting

The general meeting is the resolution body of the KGaA shareholders. Among other matters, the general meeting of a KGaA will approve its annual financial statements. The internal procedure of the general meeting corresponds to that of the general meeting of a stock corporation. The agenda for the general meeting is fixed by the general partner and the KGaA supervisory board except that the general partner cannot propose nominees for election as members of the KGaA supervisory board or proposals for the Company auditors. Any proposals for the election of members of the supervisory board that are proposed by the supervisory board at the general meeting are non-binding. Any shareholder may submit his or her proposal. To the extent that shareholders whose holdings in the aggregate equal or exceed 10% of the share capital represented at the meeting so request, the general meeting has to vote on the nominees of such shareholders prior to voting on the nominees proposed by the supervisory board.

The transformation itself will not affect voting rights or required votes at the general meeting. However, even if only a relative small number of preference shares is converted into ordinary shares, Fresenius AG will lose its voting majority at the general meeting of Fresenius Medical Care KGaA. It is possible, therefore, that after the transformation and the conversion, resolutions of the general meeting could be adopted over the objection of Fresenius AG or that resolutions supported by Fresenius AG could be defeated. However, under German law, resolutions may be adopted by the vote of a majority of the shares present at the meeting. Therefore, even if substantially all of our preference shares are converted into ordinary shares, as long as less than approximately 73.7% of our shares are present at a meeting, Fresenius AG will continue to possess a controlling vote on most matters presented to the shareholders, other than election of the supervisory board and the matters subject to a ban on voting as set forth below, at least until we issue additional ordinary shares in a capital increase in which Fresenius AG does not participate.

After the transformation, Fresenius AG will be subject to various bans on voting at general meetings due to its ownership of the general partner. Fresenius AG will be banned from voting on resolutions concerning the election and removal from office of the supervisory board, ratification of the actions of the general partner and members of the supervisory board, the appointment of special auditors, the assertion of compensation claims against members of the executive bodies, the waiver of compensation claims, and the selection of auditors of the annual financial statements.

Certain matters requiring a resolution at the general meeting will also require the consent of the general partner after the transformation, such as amendments to the articles of association, consent to inter-company agreements, dissolution of the partnership limited by shares, mergers, a change in the legal form of the partnership limited by shares and other fundamental changes. The general partner will therefore have a veto right on these matters. Annual financial statements will be subject to approval by both the KGaA shareholders and the general partner.

The Articles of Association of Fresenius Medical Care KGaA

The articles of association of Fresenius Medical Care KGaA are based on our current articles of association, particularly with respect to capital structure, the supervisory board and the general meeting. Other parts of the articles of association, such as provisions dealing with management of the KGaA, have been adjusted to the new legal form. Certain material provisions of the articles of association are explained below, especially variations from our current articles of association. The following summary is qualified in its entirety by reference to the complete proposed form of articles of association of Fresenius Medical Care KGaA, an English translation of which is on file with the SEC.

Organization of the Company

The provisions relating to the management board in our current articles of association will be replaced in the articles of association of Fresenius Medical Care KGaA by new provisions relating to the general partner of Fresenius Medical Care KGaA. The general partner will be Management AG with its registered office in Hof an der Saale. Management AG will not make a capital contribution to the partnership and will not participate in the profit or loss of the partnership limited by shares.

Under the articles of association, possession of the power to control management of the KGaA through ownership of the general partner is conditioned upon ownership of a specific minimum portion of our share capital. Under German law, Fresenius AG could significantly reduce its holdings in our share capital while at the same time retaining its control over us through ownership of the general partner. Under our current legal structure as stock corporation, a shareholder must hold more than 50% of our ordinary shares, to exercise a controlling influence. If half our share capital were issued as preference shares (the maximum permissible by law), such controlling interest would represent 25% of our total share capital. This absolute threshold of 25% of the total share capital is the basis for the provision in the articles of association of Fresenius Medical Care KGaA requiring that a parent company within the group hold an interest of more than 25% of the share capital of Fresenius Medical Care KGaA. As a result, the general partner will be required to withdraw from the KGaA if its shareholder no longer holds, directly or indirectly, more than 25% of the share capital of Fresenius Medical Care KGaA. The effect of this provision is that the parent company within the group may not reduce its capital participation in Fresenius Medical Care KGaA below such amount without causing the withdrawal of the general partner. However, the articles of association also permit a transfer of all shares in the general partner to us, which would have the same effect as withdrawal of the general partner.

In addition, the articles of association provide that the general partner must withdraw if the shares of the general partner are acquired by a person who does not make an offer under the German Takeover Act to acquire the shares of our other shareholders within three months of the acquisition of the general partner. The consideration to be offered to shareholders must include any portion of the consideration paid for the general partner s shares in excess of the general partner s equity capital, even if the parties to the sale allocate the premium solely to the general partner s shares. Our articles of association provide that the general partner can be acquired only by a purchaser who at the same time acquires more than 25% of the KGaA s share capital.

Thus, this provision would trigger a takeover offer at a lower threshold than the German Takeover Act, which requires that a person who acquires at least 30% of a company s shares make an offer to all shareholders. The provision will enable shareholders to participate in any potential control premium payable for the shares of the general partner, although the obligations to make the purchase offer and extend the control premium to shareholders could also have the effect of discouraging a change of control.

In the event that the general partner withdraws from the partnership as described above or for other reasons, the articles of association provide for continuation of the partnership as a so-called unified KGaA (*Einheits-KGaA*), i.e., a KGaA in which the general partner is a wholly-owned subsidiary of the KGaA. Upon the coming into existence of a unified KGaA, the Fresenius Medical Care KGaA shareholders would ultimately be restored to the status as shareholders in a stock corporation, since the shareholding rights in the general partner would be exercised by the KGaA supervisory board pursuant to the articles of association. If the KGaA is continued as a unified KGaA , an extraordinary or the next ordinary general meeting would vote on a change in the legal form of the partnership limited by shares into a stock corporation. The change of legal form back to the stock corporation is facilitated in this case because the articles of association provide for a simple majority vote and because the general partner is obligated to consent to the transformation of legal form.

The general partner of Fresenius Medical Care KGaA will conduct its business and will represent Fresenius Medical Care KGaA in external relations. However, the Company will be represented by its supervisory board in transactions with its general partner. The general meeting will not be entitled to vote on business measures which are outside the ordinary course of business. Our current articles of association do not include a right to vote on such matters and we intend to include a provision in the articles of association of Fresenius Medical Care KGaA which excludes such right. This does not affect the general meeting s right of approval with regard to measures of unusual significance, such as a sale of a substantial part of a company s assets, as developed in German Federal Supreme Court decisions.

The articles of association of Fresenius Medical Care KGaA do not contain a list of business management measures which require the consent of its supervisory board. Due to the legal differences between a stock corporation and a KGaA, the supervisory board of Fresenius Medical Care KGaA will not be entitled to create or enact such a list.

The provisions of the articles of association of Fresenius Medical Care KGaA on the general meeting correspond for the most part to the provisions of our current articles of association. Under the amendments to the German Stock Corporation Act through the Act on Corporate Integrity and Modernization of the Law on Shareholder Claims, the articles provide that from the outset of the general meeting the chairperson may place a reasonable time limit on the shareholders right to speak and ask questions, insofar as is permitted by law. This provision will not take effect until the corresponding amendment to the German Stock Corporation Act becomes effective.

The articles of association provide that to the extent legally required, the general partner must declare or refuse its consent to resolutions adopted by the meeting directly at the general meeting.

Annual Financial Statement and Allocation of Profits

The articles of association of Fresenius Medical Care KGaA on rendering of accounts require that the annual financial statement and allocation of profits of Fresenius Medical Care KGaA be submitted for approval to the general meeting of the KGaA.

Corresponding to the current situation with Fresenius Medical Care AG, the articles of association provide that Management AG is authorized to transfer up to a maximum of half of the annual surplus of Fresenius Medical Care KGaA to other retained earnings when setting up the annual financial statements.

Miscellaneous

The articles of association of Fresenius Medical Care KGaA also contain a safeguard clause in case a provision in the articles of association should subsequently prove to be invalid in whole or in part or subsequently loses its validity. In this case, the remaining provisions of the articles of association will remain unaffected and a provision is to apply which best fits the meaning and purpose of the articles of association.

Articles of Association of Management AG

The articles of association of Management AG are expected to be based essentially on our existing articles of association. In particular, the current provisions of our articles of association on relations between our management board and our supervisory board will be incorporated into the new articles of association of Management AG. The amount of Management AG s share capital will be 1,500,000 to be issued as 1,500,000 registered shares without par value. By law, notice of any transfer of Management AG s shares must be provided to the management board of Management AG in order for the transferee to be recognized as a new shareholder by Management AG.

Accounting Treatment

Conversion of Our Preference Shares into Ordinary Shares

Preference shareholders participating in the conversion are be required to pay a premium to convert their preference shares into ordinary shares on a one-to-one basis. The conversion premium has been calculated as a percentage of the difference between the weighted average stock exchange price of the ordinary shares and the weighted average German stock exchange price of the preference shares on the Frankfurt Stock Exchange as calculated for the three month period prior to our first announcement of the conversion and the transformation. The conversion premium will be placed in our capital reserves without affecting our statement of operations. The amount of our subscribed capital will not be affected by the conversion. The total number of shares of both classes issued, i.e. the aggregate number of ordinary shares and preference shares, will remain unchanged. However, the conversion of our preference shares is expected to have an impact on the earnings (or loss) per share available to the holders of our ordinary shares upon conversion of our preference shares into ordinary shares.

See also the description of nonrecurring charges included in the *pro forma* financial statements of Fresenius Medical Care AG contained in Appendix A-1 to this prospectus.

Conversion of the Interests Held and Related Adjustments under the Employee Participation Programs

Our proposed offer to convert the interests held under the terms of various employee participation programs is expected to result in a new measurement date for the intrinsic value of awards issued in exchange for the awards converted and may result in variable accounting in interim and annual periods subsequent to the conversion of the award in accordance with the regulations set forth in Accounting Principles Board Opinion No. 25. The Financial Accounting Standards Board issued its final standard on accounting for share-based payments, Statements of Financial Accounting Standards No. 123R (revised 2004), *Share-Based Payment* (SFAS 123R), that requires companies to expense the cost of employee stock options and similar awards. SFAS 123R requires determining the cost that will be measured at fair value on the date of the share-based payment awards based upon an estimate of the number of awards expected to vest. We are obliged to adopt SFAS 123R no later than the beginning of 2006.

See also the description of nonrecurring charges included in the *pro forma* financial statements of Fresenius Medical Care AG contained in Appendix A-1 to this prospectus.

Transformation of Legal Form

The transformation of our legal form from a stock corporation into a partnership limited by shares will not represent a transaction that would result in measurement of the fair value of the shares of the KGaA. The carrying amounts of the assets and liabilities on our books will be carried over to the books of Fresenius Medical Care KGaA without adjustment as a result of the transformation of the legal form. We will pay the costs of the transformation transaction and the conversion offers, including the costs of soliciting shareholder approval of the transformation and conversion proposals at the general meeting and the separate meeting of preference shareholders held August 30, 2005. Such costs, estimated to be approximately, $14,325,600 will be expensed under both U.S. and German GAAP. This estimate includes formation costs, auditor costs specifically relating to the formation, the cost of required publications (in Germany and the United States), costs of the extraordinary general meeting, notary fees, court costs, stock exchange listing fees, costs of preparing, reviewing and printing the prospectus for the U.S. offer and the German stock exchange listing prospectus and the costs of external advisors (including the fees of information agents, counsel and accountants in Germany and the United States).

United States Federal Securities Laws Consequences

The transformation of our ordinary shares and preference shares held by United States persons into ordinary shares and preference shares of Fresenius Medical Care KGaA has been registered under the United States Securities Act of 1933, as amended, and the ordinary shares of Fresenius Medical Care KGaA to be issued pursuant to the U.S. offer have also been registered under that Act. The ordinary shares of Fresenius Medical Care KGaA to be issued pursuant to the German offer will be issued pursuant to the exemption for offshore transactions provided by Regulation S under the Securities Act. Shares of Fresenius Medical Care KGaA held by persons who may be deemed affiliates of the Company may be sold by such persons only in accordance with the provisions of Rule 145 under the Securities Act, pursuant to an effective registration under the Securities Act, or in transactions that are exempt from registration under the Securities Act including the Regulation S exemption under the Securities Act. Rule 145 provides, in general, that our ordinary and preference shares may be sold by an affiliate only if there is available adequate public information with respect to the Company for the period specified in Rule 145 and only if (a) the number of shares sold within any three-month period does not exceed the greater of (i) 1% of the total number of outstanding shares of the applicable class, (ii) the average weekly trading volume of such shares on the New York Stock Exchange during the four calendar weeks immediately preceding the date on which notice of the sales is filed with the SEC or (iii) the average weekly volume of trading in such securities reported through the consolidated transaction reporting system during such four-week period, (b) certain current public information is available regarding our Company (that information will be available as long as we continue to file annual reports and furnish other periodic reports with the SEC), and (c) the shares are sold in transactions directly with a market maker or in brokers transactions within the meaning of Rule 144 under the Securities Act.

INTERESTS OF CERTAIN PERSONS IN THE CONVERSION AND TRANSFORMATION

Interest of Fresenius AG

Fresenius AG currently holds approximately 35.53 million of our ordinary shares, constituting approximately 50.8% of our outstanding ordinary shares. As the holder of a majority of our voting shares, Fresenius AG is in a position to determine the results of general meeting resolutions which require only a simple majority, without regard to the vote of or attendance by other shareholders. This applies, for example, to resolutions on the election of members to the supervisory board and the appointment of our auditors. We are therefore controlled by Fresenius AG.

Because of its majority voting rights, Fresenius AG is entitled and obliged to consolidate our financial statements completely in its group financial statements. The ability to consolidate is of major significance for Fresenius AG because it provides comparable group financial statements on a consistent basis and capital markets transparency. If the conversion of preference shares into ordinary shares were implemented without the transformation and Fresenius AG acquiring the general partner interest, even minimal acceptance of the conversion offer by our preference shareholders would lead to Fresenius AG losing its voting majority in our general meeting. Consequently, Fresenius AG would no longer be entitled to fully consolidate our financial statements in its own financial statements, since it would no longer control us. As a result, Fresenius AG would be adversely affected by the conversion and resulting dilution of its voting rights in a manner that differs from the effects on other ordinary shareholders. The benefits to the other ordinary shareholders that arise from the conversion, such as potentially increased liquidity and termination of the dividend preference, would not fully compensate Fresenius AG, since Fresenius AG does not presently intend to reduce its shareholdings. Fresenius AG has informed us that it is willing to implement the conversion of our outstanding preference shares only in conjunction with the transformation of Fresenius Medical Care AG into Fresenius Medical Care KGaA and acquisition of the general partnership interest in Fresenius Medical Care KGaA, which will enable it to continue to control us and to continue to consolidate our financial statements in its financial statements. However, if the conversion offer is delayed by potential legal disputes or is withdrawn for any reason, we will nevertheless complete the transformation.

Maintenance of its controlling influence on us is also an important component of Fresenius AG s business philosophy. Fresenius AG and the Else Kröner-Fresenius Stiftung, a charitable foundation into which the Fresenius Group was incorporated by inheritance and which holds a majority of the ordinary shares of Fresenius AG, consider themselves obligated by the testamentary disposition of the founder, which provides that the business of the Fresenius Group of companies should remain and continue together as long as possible. The dialysis business of Fresenius Medical Care AG was a significant business division of the Fresenius Group of companies at the time of the testamentary deposition to the Else Kröner-Fresenius Stiftung. Accordingly, both Fresenius AG and its controlling shareholder, the Else Kröner-Fresenius Stiftung, believe that we should continue to be an integral part of the Fresenius Group under the control of Fresenius AG.

In addition to retaining its control of us, the various transactions and relationships to which the Company and Fresenius AG are parties will continue in effect after the transformation. For information with respect to such matters, see Major Shareholders and Related Party Transactions Related Party Transaction in our 2004 Form 20-F.

Under the articles of association of Fresenius Medical Care KGaA, Fresenius AG will receive a guaranteed return on its capital investment in the general partner. See The Conversion and Transformation; Effects The Legal Structure of Fresenius Medical Care KGaA The Articles of Association of Fresenius Medical Care KGaA.

Interest of the Management Board and the Supervisory Board

We expect that the members of our management board will become the members of the management board of the general partner. We expect that their service contracts and compensation arrangements will contain the same terms and conditions after the transformation. The KGaA will reimburse the general partner for its expenses in connection with the management and administration of the partnership, including compensation paid to the general partner s management board. In addition, we expect that the general partner s supervisory board will appoint Gary Brukardt, currently the President and Chief Executive Officer of RCG, as an additional member of our management board after the closing of the RCG merger. Mr. Brukardt had been a director, President and Chief Executive Officer of RCG since 2003 and served as its Executive Vice President and Chief Operating Officer from 1996 until 2003.

All or most of the members of our supervisory board will become the members of the general partner s supervisory board and (other than Dr. Ulf M. Schneider) will also become the members of the supervisory board of the KGaA. At our general meeting in May 2005, our articles of association were amended to increase the compensation of the members of our supervisory board. The members of our supervisory board will receive additional remuneration for their service on the supervisory board of the general partner. However, our articles of association and those of Management AG provide that if a person is a member of the supervisory board of Fresenius Medical Care KGaA and of the supervisory board of Management AG and receives compensation for such service from Fresenius Medical Care KGaA and from Management AG, both his fixed fee compensation as a member of the supervisory board of the KGaA and his fixed fee compensation as a member of the supervisory board of Management AG will be reduced by half. As a result, those persons who are members of both supervisory boards will receive the fixed fee remuneration provided in the articles of association only once. The same rule shall apply if the chairman or deputy chairman of our supervisory board also serves as the chairman or deputy chairman, respectively, of Management AG. In addition, a person who serves simultaneously as deputy chairman of our supervisory board and as chairman of the supervisory board of Management AG, or as deputy chairman of the supervisory board of Management AG and chairman of our supervisory board, will be compensated only for service as chairman of the applicable supervisory board.

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CERTAIN TAX CONSEQUENCES

The discussion below is a summary of certain United States federal and German tax consequences generally applicable to U.S. holders (as defined below) of the receipt and ownership of ADSs representing preference shares and ordinary shares of Fresenius Medical Care KGaA. A U.S. holder is:

- any citizen or resident of the U.S.;
- a corporation, partnership, or other entity created or organized in or under the laws of the U.S. or any political subdivision thereof; or
- an estate or trust the income of which is subject to U.S. federal income taxation regardless of source of income.

This discussion is based on the Internal Revenue Code of 1986, as amended (the Code), the U.S. Treasury regulations promulgated thereunder, Internal Revenue Service rulings, interpretations and judicial decisions, and German tax law, as currently in effect. All of these statutes, regulations and interpretations are subject to change at any time. Any change may be applied retroactively to the transactions described herein.

The discussion below is not a complete analysis of all of the potential U.S. federal and German tax consequences of receiving and holding ADSs of Fresenius Medical Care KGaA. In addition, the U.S. federal and German tax consequences to particular U.S. holders, such as insurance companies, tax-exempt entities, investors holding ADSs through partnerships or other fiscally transparent entities, investors liable for the alternative minimum tax, investors that hold ADSs as part of a straddle or a hedge, investors whose functional currency is not the U.S. dollar, financial institutions and dealers in securities, and to non-U.S. holders may be different from that discussed herein. **Investors should consult their own tax advisors with respect to the particular United States federal and German tax consequences applicable to receiving and holding ADSs of Fresenius Medical Care KGaA.**

German Tax Consequences of the Conversion

We have received a tax opinion from Nörr Stiefenhofer Lutz Partnerschaft, which has been filed as an exhibit to the registration statement that includes this prospectus, on the basis of the facts, assumptions, representations and covenants all of which must be true and accurate in all respects as of the effective time of the conversion. The tax opinion may be summarized as follows:

Consequences to the Company

The conversion and the preceding transformation may result in the termination of the existing VAT tax group between us and Fresenius AG. After the conversion and the transformation and possibly without having a VAT tax group in place between Fresenius Medical Care KGaA and Fresenius AG, there should be no material adverse VAT consequences.

Under German income tax law, the conversion of preference shares into ordinary shares and the discounted premium payments should be tax neutral for the Company. The premium payments will be shown in our contribution account for tax purposes.

Consequences to the Shareholders

Under German income tax law, the conversion of our outstanding preference shares into ordinary shares and the discounted premium payments should not have a tax effect for our shareholders. The conversion premium payable by shareholders will constitute subsequent costs of acquisition for the ordinary shares.

A tax opinion of counsel represents counsel s best legal judgment and is not binding on the German tax authorities or any court. No ruling has been or will be sought from the German tax authorities as to the tax consequences of the conversion. No assurance can be given that a position contrary to that expressed in the tax opinion will not be asserted by the German tax authorities and, ultimately sustained by a court.

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U.S. Tax Consequences of the Conversion

We have received a legal opinion from O Melveny & Myers LLP, which has been filed as an exhibit to the registration statement that includes this prospectus, to the effect that, on the basis of the facts, assumptions, representations, and covenants set forth or referred to therein, all of which must be true and accurate in all respects, the conversion of preference shares into ordinary shares will constitute a reorganization within the meaning of Section 368(a) of the Code for U.S. federal income tax purposes, in which case (i) the Company will not recognize any gain or loss upon issuance of ordinary shares in exchange for preference shares; (ii) U.S. holders of preference shares that participate in the conversion will not recognize gain or loss upon their receipt of ordinary shares; and (iii) U.S. holders of preference shares who do not participate in the conversion as well as U.S. holders of ordinary shares will not recognize gain or loss upon such conversion. Accordingly, we will report the conversion of preference shares to ordinary shares as a tax-free reorganization. The remainder of the disclosure assumes that the conversion will constitute a tax-free reorganization for U.S. federal income tax purposes.

Preference shareholders who participate in the conversion will be required to pay 9.75 per converted share. Generally, the aggregate tax basis of the ordinary shares received in the conversion will be equal to the aggregate tax basis of the preference shares surrendered increased by the total cash paid. Although the law is not entirely clear on how to treat basis and holding period for the ordinary shares received in the conversion, each ordinary share received by a preference shareholder should have a split basis and split holding period for purposes of determining long-term or short-term capital gain or loss. Accordingly, the portion of each ordinary share that is attributable to the cash paid for the conversion (such portion, the Cash Portion) will have a holding period that begins on the day following the date of the conversion and will have a basis equal to the total cash paid for converting into that ordinary share. The remaining portion of each ordinary share received by a converting preference shareholder that is attributable to the preference shares surrendered (such portion, the Preference Portion) will have a holding period determined by including (tacking) the holding period of such holder s preference shares and will have a basis in such Preference Portion equal to the tax basis of the preference share surrendered for such ordinary share.

An opinion of counsel represents counsel s best legal judgment and is not binding on the Internal Revenue Service or any court. No ruling has been, or will be, sought from the Internal Revenue Service as to the tax consequences of the transformation, and no authority exists directly on point. Accordingly, there can be no certainty that the Internal Revenue Service will not challenge the conclusions set forth in the opinion stated or referred to herein or that a court would not sustain such a challenge.

U.S. and German Tax Consequences of Holding ADSs

Tax Treatment of Dividends

Currently, German corporations are required to withhold tax on dividends paid to resident and non-resident shareholders. The required withholding rate applicable is 20% plus a solidarity surcharge of 5.5% thereon, equal to 1.1% of the gross dividend (i.e., 5.5% of the 20% tax). Accordingly, a total German withholding tax of 21.1% of the gross dividend is required. A partial refund of this withholding tax can be obtained by U.S. holders under the U.S.-German Tax Treaty. For U.S. federal income tax purposes, U.S. holders are taxable on dividends paid by German corporations subject to a foreign tax credit for certain German income taxes paid. The amount of the refund of German withholding tax and the determination of the foreign tax credit allowable against U.S. federal income tax depend on whether the U.S. holder is a corporation owning at least 10% of the voting stock of the German corporation.

In the case of any U.S. holder, other than a U.S. corporation owning our ADSs representing at least 10% of our outstanding voting stock, the German withholding tax is partially refunded under the U.S.-German Tax Treaty to reduce the withholding tax to 15% of the gross amount of the dividend. Thus, for each $100 of gross dividend that we pay to a U.S. holder, other than a U.S. corporation owning our ADSs representing at least 10% of our outstanding voting stock, the dividend after partial refund of $6.10 of the $21.10 withholding tax under the U.S.-German Tax Treaty will be subject to a German withholding tax of $15. For U.S. foreign tax credit purposes, the U.S. holder would report dividend income of $100 (to the extent paid out of current and

accumulated earnings and profits) and foreign taxes paid of $15, for purposes of calculating the foreign tax credit or the deduction for taxes paid.

Subject to certain exceptions, dividends received by a non-corporate U.S. holder will be subject to a maximum U.S. federal income tax rate of 15%. The lower rate applies to dividends only if the ADSs in respect of which such dividend is paid have been held by you for at least 61 days during the 121 day period beginning 60 days before the ex-dividend date. Periods during which you hedge a position in our ADSs or related property may not count for purposes of the holding period test. The dividends would also not be eligible for the lower rate if you elect to take dividends into account as investment income for purposes of limitations on deductions for investment income. U.S. holders should consult their own tax advisors regarding the availability of the reduced dividend rate in light of their own particular circumstances.

In the case of a corporate U.S. holder owning our ADSs representing at least 10% of our outstanding voting stock, the 21.1% German withholding tax is reduced under the U.S.-German Tax Treaty to 5% of the gross amount of the dividend. Such a corporate U.S. holder may, therefore, apply for a refund of German withholding tax in the amount of 16.1% of the gross amount of the dividends. A corporate U.S. holder will generally not be eligible for the dividends-received deduction generally allowed to U.S. corporations in respect of dividends received from other U.S. corporations.

Subject to certain complex limitations, a U.S. holder is generally entitled to a foreign tax credit equal to the portion of the withholding tax that cannot be refunded under the U.S.-German Tax Treaty.

Dividends paid in Euros to a U.S. holder of ADSs will be included in income in a dollar amount calculated by reference to the exchange rate in effect on the date the dividends, including the deemed refund of German corporate tax, are included in income by such a U.S. holder. If dividends paid in Euros are converted into dollars on the date included in income, U.S. holders generally should not be required to recognize foreign currency gain or loss in respect of the dividend income.

Under the U.S.-German Tax Treaty the refund of German tax, including the withholding tax, Treaty payment and solidarity surcharge, will not be granted when the ADSs are part of the business property of a U.S. holder s permanent establishment located in Germany or are part of the assets of an individual U.S. holder s fixed base located in Germany and used for the performance of independent personal services. But then withholding tax and solidarity surcharge may be credited against German income tax liability.

Refund Procedures

To claim a refund under the U.S.-German Tax Treaty, the U.S. holder must submit a claim for refund to the German tax authorities, with the original bank voucher, or certified copy thereof issued by the paying entity documenting the tax withheld within four years from the end of the calendar year in which the dividend is received. Claims for refund are made on a special German claim for refund form, which must be filed with the German tax authorities: Bundesamt für Finanzen, 53221 Bonn-Beuel, Germany. The claim refund forms may be obtained from the German tax authorities at the same address where the applications are filed, or from the Embassy of the Federal Republic of Germany, 4645 Reservoir Road, N.W., Washington, D.C. 20007-1998, or from the Office of International Operations, Internal Revenue Service, 1325 K Street, N.W., Washington, D.C. 20225, Attention: Taxpayer Service Division, Room 900 or can be downloaded from the homepage of the Bundesamt für Finanzen (www.bff-online.de).

U.S. holders must also submit to the German tax authorities certification of their last filed U.S. federal income tax return. Certification is obtained from the office of the Director of the Internal Revenue Service Center by filing a request for certification with the Internal Revenue Service Center, Foreign Certificate Request, P.O. Box 16347, Philadelphia, PA 19114-0447. Requests for certification are to be made in writing and must include the U.S. holder s name, address, phone number, social security number or employer identification number, tax return form number and tax period for which certification is requested. The Internal Revenue Service will send the certification back to the U.S. holder for filing with the German tax authorities.

U.S. holders of ADSs who receive a refund attributable to reduced withholding taxes under the U.S.-German Tax Treaty may be required to recognize foreign currency gain or loss, which will be treated as

ordinary income or loss, to the extent that the dollar value of the refund received by the U.S. holders differs from the dollar equivalent of the refund on the date the dividend on which such withholding taxes were imposed was received by the depositary or the U.S. holder, as the case may be.

Taxation of Capital Gains

Under the U.S.-German Tax Treaty, a U.S. holder who is not a resident of Germany for German tax purposes will not be liable for German tax on capital gains realized or accrued on the sale or other disposition of ADSs unless the ADSs are part of the business property of a permanent establishment located in Germany or are part of the assets of a fixed base of an individual located in Germany and used for the performance of independent personal services.

Upon a sale or other disposition of the ADSs, a U.S. holder will recognize gain or loss for U.S. federal income tax purposes in an amount equal to the difference between the amount realized and the U.S. holder s tax basis in the ADSs. Such gain or loss will generally be capital gain or loss if the ADSs are held by the U.S. holder as a capital asset, and will be long-term capital gain or loss if the U.S. holder s holding period for the ADSs exceeds one year. Individual U.S. holders are generally taxed at a maximum 15% rate on net long-term capital gains.

Gift and Inheritance Taxes

The U.S.-Germany estate, inheritance and gift tax treaty provides that an individual whose domicile is determined to be in the U.S. for purposes of such treaty will not be subject to German inheritance and gift tax, the equivalent of the U.S. federal estate and gift tax, on the individual s death or making of a gift unless the ADSs are part of the business property of a permanent establishment located in Germany or are part of the assets of a fixed base of an individual located in Germany and used for the performance of independent personal services. An individual s domicile in the U.S., however, does not prevent imposition of German inheritance and gift tax with respect to an heir, donee, or other beneficiary who is domiciled in Germany at the time the individual died or the gift was made.

Such treaty also provides a credit against U.S. federal estate and gift tax liability for the amount of inheritance and gift tax paid in Germany, subject to certain limitations, in a case where ADSs are subject to German inheritance or gift tax and U.S. federal estate or gift tax.

Other German Taxes

There are no German transfer, stamp or other similar taxes that would apply to U.S. holders who purchase or sell ADSs.

United States Information Reporting and Backup Withholding

Dividends and payments of the proceeds on a sale of ADSs, paid within the United States or through U.S.-related financial intermediaries are subject to information reporting and may be subject to backup withholding unless you (1) are a corporation or other exempt recipient or (2) provide a taxpayer identification number and certify (on Internal Revenue Service Form W-9) that no loss of exemption from backup withholding has occurred.

Non-U.S. shareholders are not U.S. persons generally subject to information reporting or backup withholding. However, a non-U.S. holder may be required to provide a certification (generally on Internal Revenue Service Form W-8BEN) of its non-U.S. status in connection with payments received in the United States or through a U.S.-related financial intermediary.

DESCRIPTION OF THE SHARES OF THE COMPANY

The following description of the capital shares of Fresenius Medical Care KGaA describes the material terms of our bearer ordinary shares and our bearer non-voting preference shares, but does not purport to be complete and is qualified in its entirety by reference to the form of articles of association of Fresenius Medical Care KGaA. For information with respect to the deposit agreements pursuant to which our shares will be held on behalf of U.S. shareholders who choose to hold such shares in the form of American Depositary Receipts, see Description of American Depositary Receipts.

General

At September 30, 2005, our share capital consisted of 248,896,829.44, divided into 70,000,000 ordinary shares without par value *(Stückaktien)* and 27,225,324 non-voting preference shares without par value *(Stückaktien)*. Our share capital has been fully paid in.

At the time of this conversion offer, our share capital consists of 248,896,829.44, plus 2.56 per share for each additional non-voting preference share issued after September 30, 2005 upon the exercise of options under our stock option plans. If the holders of all of our outstanding preference shares accept the proposed conversion offer in accordance with the terms of the offer when we make it, the share capital of Fresenius Medical Care KGaA will consist of 248,896,829.44, plus 2.56 per share for each additional non-voting preference share issued after September 30, 2005, consisting solely of ordinary shares without par value *(Stückaktien)*.

All shares of Fresenius Medical Care AG are and all shares of Fresenius Medical Care KGaA shares will be in bearer form. Our shares are and will be deposited as share certificates in global form *(Sammelurkunden)* with Clearstream Banking AG, Frankfurt am Main. Shareholders are not entitled to have their shareholdings issued in certificated form. All shares of Fresenius Medical Care KGaA will be freely transferable, subject to any applicable restrictions imposed by the United States Securities Act of 1933, as amended, or other applicable laws.

Capital Increases in the Past Three Years

The following table shows the capital increases that occurred during the last three years. The capital increases due to conditional capital were realized by the issuance of related shares in line with the stock option plans approved by the shareholders meeting in 1996, 1998 and 2001.

Number of Shares	Nominal Amount of the Capital Increase	Our Share Capital After the Capital Increase	Authorized Capital Used in the Capital Increase	Date of Registration with the Commercial Register
161,415	413,222.40	246,211,860.48	Conditional Capital	28 February 2002
12,067	30,891.52	246,242,752.00	Conditional Capital	3 February 2003
25,404	65,034.24	246,307,786.24	Conditional Capital	20 January 2004
82,107	210,193.92	246,517,980.16	Conditional Capital	3 March 2005
929,238	2,378,849.28	248,896,829.44	Conditional Capital	Issuance in 2005 (not yet registered with commercial register)

Authorized Capital

By resolution of our general meeting of shareholders on May 23, 2001 and May 24, 2005, our management board was authorized, with the approval of the supervisory board, to increase under certain conditions our share capital through the issue of preference shares. Such authorizations are effective until May 22, 2006 and May 23, 2010, respectively. Such authorizations were revoked at our extraordinary general meeting on August 30, 2005 as they were no longer appropriate due to the proposed conversion of our preference shares into ordinary shares.

Furthermore, by resolution of our extraordinary general meeting of shareholders on August 30, 2005, the general partner (the management board prior to the registration of the transformation), was authorized, with the approval of our supervisory board, to increase, on one or more occasions, our share capital until August 29,

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2010 by a maximum amount of 35,000,000 through issue of new ordinary shares against cash contributions, our Authorized Capital I. The general partner is also entitled, subject to the approval of our supervisory board, to decide on the exclusion of statutory pre-emption rights of the shareholders. However, such an exclusion of pre-emption rights will only be permissible for fractional amounts. The newly issued shares may be taken up by certain credit institutions determined by the general partner if such credit institutions are obliged to offer the shares to the shareholders (indirect pre-emption rights). The general partner is also entitled, subject to the approval of our supervisory board, to determine further details of the increases of the capital out of our Authorized Capital I.

In addition, by resolution of our extraordinary general meeting of shareholders on August 30, 2005, the general partner (the management board prior to the registration of the transformation), was authorized, with the approval of our supervisory board, to increase, on one or more occasions, the share capital of our Company until August 29, 2010 by a maximum amount of Euro 25,000,000 through the issue of new ordinary shares against cash contributions or contributions in kind, our Authorized Capital II. The general partner is also entitled, subject to the approval of our supervisory board, to decide on an exclusion of statutory pre-emption rights of the shareholders. However, such exclusion of pre-emption rights will be permissible only if, (i) in case of a capital increase against cash contributions, the nominal value of the issues shares does not exceed 10% of the nominal share value of Fresenius Medical Care KGaA s share capital and the issue price for the new shares is at the time of its determination by the general partner not significantly lower than the stock exchange price of the existing listed shares of the same type and with the same rights or, (ii) in case of a capital increase against contributions in kind, the purpose of such increase is to acquire an enterprise, parts of an enterprise or an interest in an enterprise. The general partner is also entitled, subject to the approval of our supervisory board, to determine further details of the increases of the capital out of our Authorized Capital II.

Conditional Capital

Through our employee participation programs, consisting of employee stock option programs and an international employee participation scheme, we have issued convertible bonds and stock option/ subscription rights *(Bezugsrechte)* to employees and the members of the management board of Fresenius Medical Care AG and employees and members of management of affiliated companies that entitle these persons to receive preference shares. With the implementation of the conversion, these programs shall be adjusted to the effect that the conversion rights and subscription rights refer to ordinary shares. We intend to put the participants in those programs in the same economic position in which they would have been without the implementation of the proposed conversion of preference shares into ordinary shares.

By resolution of our extraordinary general meeting of shareholders of August 30, 2005, our share capital was contingently increased through the issue of new non-voting preference shares and, if the conversion is implemented, new ordinary shares. The conditional capital increases will be made only to the extent that (i) convertible bonds for no par value shares are issued pursuant to the stock option program approved by the general shareholders meeting of September 24, 1996 and insofar as the holders of such convertible bonds exercise their conversion rights, (ii) stock options are granted pursuant to the stock option program approved by the general shareholders meetings of June 10, 1998 and of May 30, 2000 and insofar as the owners of such stock options exercise their subscription rights, and/or (iii) convertible bonds for no par value shares are issued pursuant to the international participation scheme for employees approved by the general shareholders meeting of May 23, 2001 and insofar as the holders of such convertible bonds exercise their conversion rights. The new non-voting preference shares and the new ordinary shares will participate in the profits as from the beginning of the fiscal year in which they are created as a result of exercise of the conversion rights (in the case of shares issued upon conversion of convertible bonds) or as from the beginning of the fiscal year in which they are issued (in the case of shares issued upon exercise of stock options).

Depending on the rate of acceptance of the conversion offer among the participants in our employee participation programs, the conditional capital created to cover the convertible bonds and the stock options will change. The supervisory board was therefore authorized to adjust the wording of the amendments to our articles of association adopted at the extraordinary meeting, i.e. the number of shares and the division of the share capital between preference shares and ordinary shares, prior to the registration of the resolution on the

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transformation of legal form with the commercial register, to the extent made necessary by the implementation of the adjustments of these programs and any issue of shares out of existing conditional capital during the period between the extraordinary general meeting and completion of the conversion.

Voting Rights

Each ordinary share entitles the holder thereof to one vote at general meetings of shareholders of Fresenius Medical Care KGaA. Resolutions are passed at an ordinary general or an extraordinary general meeting of our shareholders by a majority of the votes cast, unless a higher vote is required by law or our articles of association (such as the provisions in the Fresenius Medical Care KGaA articles of association relating to the election of our supervisory board). By statute, Fresenius AG as shareholder of the general partner will not be entitled to vote its ordinary shares in the election or removal of members of the supervisory board, the ratification of the acts of the general partners and members of the supervisory board, the appointment of special auditors, the assertion of compensation claims against members of the executive bodies arising out of the management of the Company, the waiver of compensation claims and the appointment of auditors. In the case of resolutions regarding such matters Fresenius AG s voting rights may also not be exercised by any other person.

Our preference shares do not have any voting rights, except as described in this paragraph. If we do not pay the minimum annual dividend payable on the preference shares for any year in the following year, and we do not pay both the dividend arrearage and the dividend payable on the preference shares for such following year in full in the next following year, then the preference shares shall have the same voting rights as the ordinary shares (one vote for each share held or for each three ADSs held) until all preference share dividend arrearages are fully paid up. In addition, holders of preference shares are entitled to vote on most matters affecting their preferential rights, such as changes in the rate of the preferential dividend. Any such vote requires the affirmative vote of 75% of the votes cast in a meeting of holders of preference shares.

Dividend Rights

The general partner will prepare and submit the annual financial statements for each fiscal year to our supervisory board and will propose any dividends for approval at the annual general meeting of shareholders. Usually, shareholders vote on a recommendation made by management (i.e., the general partner) and the supervisory board as to the amount of dividends to be paid. Any dividends are paid once a year, generally, immediately following our annual general meeting.

Under German law, dividends may only be paid from our balance sheet profits as determined by our unconsolidated annual financial statements *(Bilanzgewinn)* as approved by our annual general meeting of shareholders and the general partner. Unlike our consolidated annual financial statements, which are prepared on the basis of accounting principles generally accepted in the United States of America (U.S. GAAP), the unconsolidated annual financial statements referred to above are prepared on the basis of the accounting principles of the German Commercial Code *(HGB)*. Since our ordinary shares and our preference shares that are entitled to dividend payments are held in a clearing system, the dividends will be paid in accordance with the rules of the individual clearing system. We will publish notice of the dividends paid and the appointment of the paying agent or agents for this purpose in the electronic version of the German Federal Gazette *(elektronischer Bundesanzeiger)*. If dividends are declared, preference shareholders will receive 0.06 per share more than the dividend payable on our ordinary shares, but not less than 0.12 per share. Under German law, we must pay the annual dividend for our preference shares prior to paying any dividends on the ordinary shares.

In the case of holders of ADRs, the depositary will receive all dividends and distributions on all deposited securities and will, as promptly as practicable, distribute the dividends and distributions to the holders of ADRs entitled to the dividend. See Description of American Depositary Receipts Share Dividends and Other Distributions.

Liquidation Rights

Our company may be dissolved by a resolution of our general shareholders meeting passed with a majority of three quarters of our share capital represented at such general meeting and the approval of the general partner. In accordance with the German Stock Corporation Act *(Aktiengesetz)*, in such a case, any liquidation proceeds remaining after paying all of our liabilities will be distributed among our shareholders in proportion to the total number of shares held by each shareholder. Our preference shares are not entitled to a preference in liquidation.

Pre-emption Rights

Under the German Stock Corporation Act *(Aktiengesetz)*, each shareholder in a stock corporation or partnership limited by shares has a preferential right to subscribe for any issue by that company of shares, debt instruments convertible into shares, e.g. convertible bonds or option bonds, and participating debt instruments, e.g. profit participation rights or participating certificates, in proportion to the number of shares held by that shareholder in the existing share capital of the company. Such pre-emption rights are freely assignable. These rights may also be traded on German stock exchanges within a specified period of time prior to the expiration of the subscription period. Our general shareholders meeting may exclude pre-emption rights by passing a resolution with a majority of at least three quarters of our share capital represented at the general meeting at which the resolution to exclude the pre-emption rights is passed. In addition, an exclusion of pre-emption rights requires a report by the general partner justifying the exclusion by explaining why the interest of Fresenius Medical Care KGaA in excluding the pre-emption rights outweighs our shareholders interests in receiving such rights. Such justification is not required for any issue of new shares if:

- we increase our share capital against contributions in cash;
- the amount of the capital increase does not exceed 10% of our existing share capital; and
- the issue price is not significantly lower than the price for the shares quoted on a stock exchange.

General Meeting

Our annual general meeting must be held within the first eight months of each fiscal year at the location of Fresenius Medical Care KGaA s registered office, or in a German city where a stock exchange is situated or at the location of a registered office of a domestic affiliated company. To attend the general meeting and exercise voting rights after the registration of the transformation, shareholders must register for the general meeting and prove ownership of shares. The relevant reporting date is the beginning of the 21st day prior to the general meeting.

Amendments to the Articles of Association

An amendment to our articles of association requires both a voting majority of 75% of the shares entitled to vote represented at the general meeting and the approval of the general partner.

DESCRIPTION OF AMERICAN DEPOSITARY RECEIPTS

The following description of our American Depositary Receipts discusses American Depositary Receipts evidencing our ordinary ADSs and our preference ADSs. As described below, however, under Stock Exchange Listing and Trading, we cannot assure holders of our preference ADSs that, after the conversion and the transformation, the preference ADSs of Fresenius Medical Care KGaA will be eligible for listing on the New York Stock Exchange or that we will be able to maintain an American Depositary Receipt facility for the preference shares of Fresenius Medical Care KGaA.

General

JPMorgan Chase Bank, N.A., a national banking association organized under the laws of the United States, is the depositary for our ordinary shares and preference shares. Each American Depositary Share

(ADS) represents an ownership interest in one-third of one ordinary share or one-third of one preference share. We deposit the underlying shares with a custodian, as agent of the depositary, under the deposit agreements among ourselves, the depositary and all of the ADS holders of the applicable class. Each ADS also represents any securities, cash or other property deposited with the depositary but not distributed by it directly to ADS holders. The ADSs are evidenced by securities called American depositary receipts or ADRs. An ADR may be issued in either book-entry or certificated form by the depositary. If an ADR is issued in book-entry form, owners will receive periodic statements from the depositary showing their ownership interest in ADSs.

The depositary s office is located at 4 New York Plaza, New York, NY 10004, U.S.A.

An investor may hold ADSs either directly or indirectly through a broker or other financial institution. Investors who hold ADSs directly, by having an ADS registered in their names on the books of the depositary, are ADR holders. This description assumes an investor holds ADSs directly. Investors who hold ADSs through their brokers or financial institution nominees must rely on the procedures of their brokers or financial institutions to assert the rights of an ADR holder described in this section. Investors should consult with their brokers or financial institutions to find out what those procedures are.

Because the depositary s nominee will actually be the registered owner of the shares, investors must rely on it to exercise the rights of a shareholder on their behalf. The obligations of the depositary and its agents are set out in the deposit agreement. The deposit agreement and the ADSs are governed by New York law.

The deposit agreements establishing the ADR facilities for our ordinary shares and preference shares provide that, upon the conversion, the ordinary shares and preference shares of Fresenius Medical Care KGaA into which our ordinary shares and preference shares held by the depositary will be converted will continue to be treated as deposited securities under the respective deposit agreements. As a result, upon registration of the conversion, ADSs representing the right to receive our ordinary shares and preference shares will thereafter represent ADSs representing the right to ordinary and preference shares of Fresenius Medical Care KGaA, and ADRs evidencing our ADSs will thereafter evidence Fresenius Medical Care KGaA ADSs. With our consent, however, the depositary may require ADR holders to submit their ADRs and distribute new ADRs that evidence ADSs of Fresenius Medical Care KGaA. In the event, the depositary elects to do so, holders of our ADRs will be notified by the depositary and provided with instructions to carry out such a conversion. We intend to carry out the conversion in a manner that does not result in a disruption of trading in our ordinary ADSs. Trading in the preference share ADSs is likely to be adversely affected by the conversion if the preference share ADSs are not listed on the New York Stock Exchange, and the lack of such a listing for the preference share ADSs could result in termination of the preference share ADS facility. See Stock Exchange Listing and Trading.

The following is a summary of the material terms of the deposit agreements. Because it is a summary, it does not contain all the information that may be important to investors. Except as specifically noted, the description covers both ordinary ADSs and, if we maintain an American Depositary Receipt facility for the preference shares of Fresenius Medical Care KGaA after the conversion and the transformation, preference ADSs. For more complete information, investors should read the entire applicable deposit agreements and the form of ADR of the relevant class which contains the terms of the ADS. Investors may obtain a copy of the deposit agreements at the SEC s Public Reference Room, located at 450 Fifth Street, N.W., Washington, D.C. 20549.

Share Dividends and Other Distributions

We may make different types of distributions with respect to our ordinary shares and our preference shares. The depositary has agreed to pay to investors the cash dividends or other distributions it or the custodian receives on the shares or other deposited securities, after deducting its expenses. Investors will receive these distributions in proportion to the number of underlying shares of the applicable class their ADSs represent.

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Except as stated below, to the extent the depositary is legally permitted it will deliver distributions to ADR holders in proportion to their interests in the following manner:

Cash. The depositary shall convert cash distributions from foreign currency to U.S. dollars if this is permissible and can be done on a reasonable basis. The depositary will endeavor to distribute cash in a practicable manner, and may deduct any taxes or other governmental charges required to be withheld, any expenses of converting foreign currency and transferring funds to the United States, and certain other expenses and adjustments. In addition, before making a distribution the depositary will deduct any taxes withheld. If exchange rates fluctuate during a time when the depositary cannot convert a foreign currency, investors may lose some or all of the value of the distribution.

Shares. If we make a distribution in shares, the depositary will issue additional ADRs to evidence the number of ADSs representing the distributed shares. Only whole ADSs will be issued. Any shares which would result in fractional ADSs will be sold and the net proceeds will be distributed to the ADR holders otherwise entitled to receive fractional ADSs.

Rights to receive additional shares. In the case of a distribution of pre-emption rights to subscribe for ordinary shares or preference shares, or other subscription rights, if we provide satisfactory evidence that the depositary may lawfully distribute the rights, the depositary may arrange for ADR holders to instruct the depositary as to the exercise of the rights. However, if we do not furnish the required evidence or if the depositary determines it is not practical to distribute the rights, the depositary may:

sell the rights if practicable and distribute the net proceeds as cash, or

allow the rights to lapse, in which case ADR holders will receive nothing.

We have no obligation to file a registration statement under the U.S. Securities Act of 1933, as amended (the Securities Act) in order to make any rights available to ADR holders.

Other Distributions. If we make a distribution of securities or property other than those described above, the depositary may either:

distribute the securities or property in any manner it deems fair and equitable;

after consultation with us if practicable, sell the securities or property and distribute any net proceeds in the same way it distributes cash; or

hold the distributed property in which case the ADSs will also represent the distributed property.

Any U.S. dollars will be distributed by checks drawn on a bank in the United States for whole dollars and cents (fractional cents will be withheld without liability for interest and handled in accordance with the depositary s then current practices).

The depositary may choose any practical method of distribution for any specific ADR holder, including the distribution of foreign currency, securities or property, or it may retain the items, without paying interest on or investing them, on behalf of the ADR holder as deposited securities.

The depositary is not responsible if it decides that it is unlawful or impractical to make a distribution available to any ADR holders.

There can be no assurance that the depositary will be able to convert any currency at a specified exchange rate or sell any property, rights, shares or other securities at a specified price, or that any of these transactions can be completed within a specified time period.

Deposit, Withdrawal and Cancellation

The depositary will issue ADSs if an investor or his broker deposits ordinary shares or preference shares or evidence of rights to receive ordinary shares or preference shares with the custodian. Shares deposited with the custodian must be accompanied by certain documents, including instruments showing that such shares have been properly transferred or endorsed to the person on whose behalf the deposit is being made.

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The custodian will hold all deposited shares for the account of the depositary. ADR holders thus have no direct ownership interest in the shares and only have the rights that are contained in the deposit agreements. The custodian will also hold any additional securities, property and cash received on or in substitution for the deposited shares. The deposited shares and any additional items are referred to as deposited securities.

Upon each deposit of shares, receipt of related delivery documentation and compliance with the other provisions of the deposit agreement, including the payment of the fees and charges of the depositary and any taxes or other fees or charges owing, the depositary will issue an ADR or ADRs of the applicable class in the name of the person entitled to them. The ADR or ADRs will evidence the number of ADSs to which the person making the deposit is entitled.

All ADSs issued will, unless specifically requested to the contrary, be part of the depositary s book-entry direct registration system, and a registered holder will receive periodic statements from the depositary which will show the number of ADSs registered in the holder s name. An ADR holder can request that the ADSs not be held through the depositary s direct registration system and that a certificated ADR be issued. Certificated ADRs will be delivered at the depositary s principal New York office or any other location that it may designate as its transfer office. If ADRs are in book-entry form, a statement setting forth the holder s ownership interest will be mailed to holders by the depositary.

When an investor surrenders ADSs at the depositary s office, the depositary will, upon payment of certain applicable fees, charges and taxes, and upon receipt of proper instructions, deliver the whole number of ordinary shares or preference shares represented by the ADSs turned in to the account the investor directs within Clearstream Banking AG, the central German clearing firm.

The depositary may restrict the withdrawal of deposited securities only in connection with:

- temporary delays caused by closing our transfer books or those of the depositary, or the deposit of shares in connection with voting at a shareholders meeting, or the payment of dividends,
- the payment of fees, taxes and similar charges, or
- compliance with any U.S. or foreign laws or governmental regulations relating to the ADRs.

This right of withdrawal may not be limited by any other provision of the applicable deposit agreement.

Voting Rights

Only the depositary s nominee is able to exercise voting rights with respect to deposited shares. Upon receipt of a request from the depositary for voting instructions, a holder of ADSs may instruct the depositary how to exercise the voting rights for the shares which underlie the holder s ADSs. After receiving voting materials from us, the depositary will notify the ADR holders of any general shareholders meeting or solicitation of consents or proxies. This notice will describe how holders may instruct the depositary to exercise voting rights for the shares which underlie their ADSs. For instructions to be valid, the depositary must receive them on or before the date specified in the depositary s request for instructions. The depositary will try, as far as is practical, subject to the provisions of and governing the underlying shares or other deposited securities, to vote or to have its agents vote the shares or other deposited securities as instructed. The depositary will only vote or attempt to vote as holders instruct. The depositary will not itself exercise any voting discretion. Neither the depositary nor its agents are responsible for any failure to carry out any voting instructions, for the manner in which any vote is cast or for the effect of any vote.

Our preference shares are non-voting, except in a limited number of circumstances. In those circumstances in which preference shares are entitled to vote, the procedures and limitations described above will apply in connection with the depositary s request for voting instructions from holders of ADSs resenting preference shares.

There is no guarantee that holders will receive voting materials in time to instruct the depositary to vote and it is possible that holders, or persons who hold their ADSs through brokers, dealers or other third parties, will not have the opportunity to exercise a right to vote.

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Fees and Expenses

ADR holders will be charged a fee for each issuance of ADSs, including issuances resulting from distributions of shares, rights and other property, and for each surrender of ADSs in exchange for deposited securities. The fee in each case is $5.00 for each 100 ADSs (or any portion thereof) issued or surrendered.

The following additional charges shall be incurred by the ADR holders, by any party depositing or withdrawing shares or by any party surrendering ADRs or to whom ADRs are issued (including, without limitation, issuance pursuant to a stock dividend or stock split declared by the Company or an exchange of stock regarding the ADRs or the deposited securities or a distribution of ADRs), whichever is applicable:

to the extent not prohibited by the rules of any stock exchange or interdealer quotation system upon which the ADSs are traded, a fee of $1.50 per ADR or ADRs for transfers of certificated or direct registration ADRs;

a fee of $0.02 or less per ADS (or portion thereof) for any cash distribution made pursuant to the deposit agreement,

a fee of $0.02 per ADS (or portion thereof) per year for services performed, by the depositary in administering our ADR program (which fee shall be assessed against holders of ADRs as of the record date set by the depositary not more than once each calendar year and shall be payable in the manner described in the next succeeding provision),

any other charge payable by any of the depositary, any of the depositary s agents, including, without limitation, the custodian, or the agents of the depositary s agents in connection with the servicing of our shares or other deposited securities (which charge shall be assessed against registered holders of our ADRs as of the record date or dates set by the depositary and shall be payable at the sole discretion of the depositary by billing such registered holders or by deducting such charge from one or more cash dividends or other cash distributions);

a fee for the distribution of securities (or the sale of securities in connection with a distribution), such fee being in an amount equal to the fee for the execution and delivery of ADSs which would have been charged as a result of the deposit of such securities (treating all such securities as if they were shares) but which securities or the net cash proceeds from the sale thereof are instead distributed by the depositary to those holders entitled thereto;

stock transfer or other taxes and other governmental charges;

cable, telex and facsimile transmission and delivery charges incurred at your request;

transfer or registration fees for the registration of transfer of deposited securities on any applicable register in connection with the deposit or withdrawal of deposited securities;

expenses of the depositary in connection with the conversion of foreign currency into U.S. dollars; and

such fees and expenses as are incurred by the depositary (including without limitation expenses incurred in connection with compliance with foreign exchange control regulations or any law or regulation relating to foreign investment) in delivery of deposited securities or otherwise in connection with the depositary s or its custodian s compliance with applicable law, rule or regulation.

We will pay all other charges and expenses of the depositary and any agent of the depositary (except the custodian) pursuant to agreements from time to time between us and the depositary. The fees described above may be amended from time to time.

Payment of Taxes

ADR holders must pay any tax or other governmental charge payable by the custodian or the depositary on any ADS or ADR, deposited security or distribution. If an ADR holder owes any tax or other governmental charge, the depositary may (i) deduct the amount thereof from any cash distributions, or (ii) sell deposited securities and deduct the amount owing from the net proceeds of such sale. In either case the ADR holder

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remains liable for any shortfall. Additionally, if any tax or governmental charge is unpaid, the depositary may also refuse to effect any registration, registration of transfer, split-up or combination of deposited securities or withdrawal of deposited securities (except under limited circumstances mandated by securities regulations). If any tax or governmental charge is required to be withheld on any non-cash distribution, the depositary may sell the distributed property or securities to pay such taxes and distribute any remaining net proceeds to the ADR holders entitled thereto.

By holding an ADR or an interest therein, holders will be agreeing to indemnify us, the depositary, its custodian and any of our or their respective directors, employees, agents and Affiliates against, and hold each of them harmless from, any claims by any governmental authority with respect to taxes, additions to tax, penalties or interest arising out of any refund of taxes, reduced rate of withholding at source or other tax benefit obtained.

DESCRIPTION OF THE PROPOSED POOLING ARRANGEMENTS

Fresenius Medical Care AG, Fresenius AG and the independent directors of Fresenius Medical Care AG are parties to two pooling agreements for the benefit of the holders of our ordinary shares and the holders of our preference shares (other than Fresenius AG and its affiliates). Upon consummation of the conversion and the transformation, we expect to enter into pooling arrangements that we believe will provide similar benefits for the holders of the ordinary shares and preference shares of Fresenius Medical Care KGaA. The following is a summary of the material provisions of the pooling arrangements which we expect to enter into with Fresenius AG and our independent directors.

General

The pooling arrangements will be entered into for the benefit of all persons who, from time to time, beneficially own our ordinary shares, including owners of ADSs evidencing our ordinary sharers, other than Fresenius AG and its affiliates or their agents and representatives, and persons from time to time beneficially owning our preference shares (including, if we maintain an ADR facility for our preference shares after the transformation, ADSs evidencing our preference shares), other than Fresenius AG and its affiliates or their agents and representatives. Beneficial ownership is determined in accordance with the beneficial ownership rules of the SEC.

Independent Directors

Under the pooling arrangements, no less than one-third of the supervisory board of Management AG, the general partner of Fresenius Medical Care KGaA, must be independent directors, and there must be at least two independent directors. Independent directors are persons without a substantial business or professional relationship with us, Fresenius AG, or any affiliate of either, other than as a member of the supervisory board of Fresenius Medical Care KGaA or as a member of the supervisory board of Management AG. If an independent director resigns, is removed, or is otherwise unable or unwilling to serve in that capacity, a new person will be appointed to serve as an independent director in accordance with the provisions of our articles of association, the articles of association of the general partner, and the pooling arrangements, if as a result of the resignation or removal the number of independent directors falls below the required minimum.

Extraordinary Transactions

Under the pooling arrangements, we and our affiliates on the one hand, and Management AG and Fresenius AG and their affiliates on the other hand, must comply with all provisions of German law regarding: any merger, consolidation, sale of all or substantially all assets, recapitalization, other business combination, liquidation or other similar action not in the ordinary course of our business, any issuance of shares of our voting capital stock representing more than 10% of the our total voting capital stock outstanding on a fully diluted basis, and any amendment to our articles of association which adversely affects any holder of ordinary shares or preference shares, as applicable.

Interested Transactions

We and Management AG and Fresenius AG have agreed that while the pooling arrangements are in effect, a majority of the independent directors must approve any transaction or contract, or any series of related transactions or contracts, between Fresenius AG or any of its affiliates, on the one hand, and us or our controlled affiliates, on the other hand, which involves aggregate payments in any year in excess of 5 million for each individual transaction or contract, or a related series of transactions or contracts. However, approval is not required if the transaction or contract, or series of related transactions or contracts, has been described in a business plan or budget that a majority of independent directors has previously approved. In any year in which the aggregate amount of transactions that require approval, or that would have required approval in that year but for the fact that such payment or other consideration did not exceed 5 million, has exceeded 25 million, a majority of the independent directors must approve all further interested transactions involving more than 2.5 million. However, approval is not required if the transaction or contract, or series of related transactions or contracts, has been described in a business plan or budget that a majority of independent directors has previously approved.

Listing of American Depositary Shares; SEC Filings

During the term of the pooling agreement, Fresenius AG has agreed to use its best efforts to exercise its rights as the direct or indirect holder of the general partner interest in Fresenius Medical Care KGaA to cause us to, and we have agreed to:

- maintain the effectiveness of (i) the deposit agreement for the ordinary shares, or a similar agreement, and to assure that the ADSs evidencing the ordinary shares are listed on either the New York Stock Exchange or the Nasdaq Stock Market and (ii) if the preference shares remain eligible for listing on the New York Stock Exchange after the transformation, the deposit agreement for the preference shares, or a similar agreement, and to assure that the ADSs evidencing the preference shares are listed on either the New York Stock Exchange or the Nasdaq Stock Market;

- file all reports, required by the New York Stock Exchange or the Nasdaq Stock Market, as applicable, the Securities Act, the Securities Exchange Act of 1934, as amended, and all other applicable laws;

- prepare all financial statements required for any filing in accordance with generally accepted accounting principles of the U.S. (U.S. GAAP);

- on an annual basis, prepare audited consolidated financial statements including, without limitation, a balance sheet, a statement of income and retained earnings, and a statement of changes in financial position, and all appropriate notes, all in accordance U.S. GAAP, and, on a quarterly basis, prepare and furnish consolidated financial statements prepared in accordance with U.S. GAAP;

- furnish materials with the SEC with respect to annual and special shareholder meetings under cover of Form 6-K and make the materials available to the depositary for distribution to holders of ordinary share ADSs, and, if we maintain a preference share ADR facility, to holders of preference share ADSs at any time that holders of preference shares are entitled to voting fights; and

- make available to the depositary for distribution to holders of ADSs representing our ordinary shares and, if we maintain a preference share ADR facility, ADSs representing our preference shares on an annual basis, a copy of any report prepared by the supervisory board or the supervisory board of the general partner and provided to our shareholders generally pursuant to Section 314(2) of the German Stock Corporation Act, or any successor provision. These reports concern the results of the supervisory board s examination of the managing board s report on our relation with affiliated enterprises.

Term

The pooling arrangements will terminate if:

Fresenius AG or its affiliates acquire all our voting capital stock;

Fresenius AG s beneficial ownership of our outstanding share capital is reduced to less than 25%;

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Fresenius AG or an affiliate of Fresenius AG ceases to own the general partner interest in Fresenius Medical Care KGaA; or

we no longer meet the minimum threshold for obligatory registration of the ordinary shares or ADSs representing our ordinary shares and the preference shares or ADSs representing our preference shares, as applicable, under Section 12(g)(1) of the Securities Exchange Act of 1934, as amended, and Rule 12g-1 thereunder.

Amendment

Fresenius AG and a majority of the independent directors may amend the pooling arrangements, *provided*, that beneficial owners of 75% of the ordinary shares held by shareholders other than Fresenius AG and its affiliates at a general meeting of shareholders and 75% of the preference shares at a general meeting of preference shareholders, as applicable, approve such amendment.

Enforcement; Governing Law

The pooling arrangements are governed by New York law and may be enforced in the state and federal courts of New York. The Company and Fresenius AG have confirmed their intention to abide by the terms of the pooling arrangements as described above.

Directors and Officers Insurance

Subject to any mandatory restrictions imposed by German law, Fresenius Medical Care AG has obtained and Fresenius Medical Care KGaA will continue to maintain directors and officers insurance in respect of all liabilities arising from or relating to the service of the members of the supervisory board and our officers. We believe that our acquisition of that insurance is in accordance with customary and usual policies followed by public corporations in the U.S.

STOCK EXCHANGE LISTING AND TRADING

Both classes of our shares are currently listed on the Frankfurt Stock Exchange on the official market (*Amtlicher Markt*), with trading on the Prime Standard, the sub-segment of the official market with additional post-admission obligations. In addition, the shares are included in the electronic trading system Xetra. American Depositary Shares (ADS), which represent our ordinary or preference shares, are listed on the New York Stock Exchange. Three ADSs correspond to one share.

Effect of the Conversion of the Preference Shares into Ordinary Shares

By law, the conversion will occur upon registration with the commercial register of the Company of the relevant amendments to the articles of association approved at the shareholder meetings on August 30, 2005. The ordinary shares to be acquired by preference shareholders participating in the conversion will become available only as a result of such registration.

The ordinary shares that will be held by shareholders participating in the conversion offer are not at this time admitted to the Frankfurt Stock Exchange. They will, together with our other ordinary and preference shares, be admitted to the Frankfurt Stock Exchange directly after the transformation into a KGaA. We intend to arrange for the registration of the transformation immediately following registration of the conversion.

Stock Exchange Listing of the Shares of Fresenius Medical Care KGaA

The transformation of the Company into the legal form of a KGaA will become effective upon being registered with the commercial register of the Company. Shareholders in Fresenius Medical Care AG, at the time of the registration of the transformation of legal form in the commercial register will thereupon become shareholders in Fresenius Medical Care KGaA. They will participate to the same extent and with the same number of shares in Fresenius Medical Care KGaA as they did in Fresenius Medical Care AG prior to the transformation becoming effective.

Because all of our shares are maintained in collective securities accounts and by depositary banks for each shareholder, the transformation of our ordinary shares or preference shares into ordinary shares or preference shares in Fresenius Medical Care KGaA will likewise take place exclusively through the collective accounts. The transformation will be dealt with by Clearstream Banking AG, Frankfurt am Main, by entries in the securities accounts of the shareholders by the depositary banks in each case. Shareholders will be informed of the changed entries. The existing shares in Fresenius Medical Care AG will be delisted from the Frankfurt Stock Exchange on registration of the transformation of legal form in the commercial register. We will admit both the ordinary shares and the preference shares in Fresenius Medical Care KGaA again to stock exchange trading on the Frankfurt Stock Exchange on the sub-segment of the official market, the Prime Standard listing section, directly after the transformation of legal form has become effective. We will then endeavor to ensure that the new admission takes place immediately after the transformation of legal form becomes effective and therefore that the usual stock exchange tradability both of the ordinary and the preference shares in the Company is secured at all times.

Under the deposit agreements establishing the American Depositary Receipt facilities for our ordinary shares and preference shares, upon effectiveness of the transformation, the ordinary shares and preference shares of Fresenius Medical Care KGaA into which the ordinary shares and preference shares of Fresenius Medical Care AG held by the Depositary will be transformed will continue to be treated as deposited securities under the respective deposit agreements. As a result, American Depositary Shares (ADSs) representing the right to receive ordinary shares and preference shares of Fresenius Medical Care AG will, upon registration of the transformation, thereafter represent the right to ordinary and preference shares of Fresenius Medical Care KGaA, and ADRs evidencing Fresenius Medical Care AG ADSs will thereafter evidence Fresenius Medical Care KGaA ADSs. The Depositary, however, may, with our consent, require ADR holders to submit their ADRs and distribute new ADRs that evidence ADS of Fresenius Medical Care KGaA, which represent ordinary and preference shares in Fresenius Medical Care KGaA. In the event the Depositary elects to do so, holders of Fresenius Medical Care AG ADRs will be notified by the Depositary and provided with instructions to carry out such an exchange.

American Depositary Shares representing Fresenius Medical Care KGaA shares have been approved for listing on the New York Stock Exchange subject to official notice of issuance and, on the case of preference shares ADSs, satisfaction of that exchange s distribution criteria. However, we cannot assure you that the preference ADSs of Fresenius Medical Care KGaA will be eligible for listing on that exchange if the number of outstanding preference shares decreases substantially due to conversion of preference shares into ordinary shares. In addition, if substantially all of the preference shares are converted, we may terminate the deposit agreement for the preference shares, or the depositary may resign due to the substantially reduced compensation it is likely to receive for its services in such circumstances. While we will endeavor to provide for continuation of a U.S. trading market for the preference shares of Fresenius Medical Care KGaA, if they are not eligible for New York Stock Exchange listing, if the depositary resigns as depositary for the preference shares and we are unable to designate a replacement depositary, or if we otherwise terminate the preference share deposit agreement, it is likely that a U.S. trading market for the preferences ADSs will cease to be available.

German Corporate Governance Code

Under the German Stock Corporation Act, the management board and the supervisory board of a company listed on a German stock exchange must make an annual declaration regarding their compliance with the recommendations of the Government Commission German Corporate Governance Code published by the Ministry of Justice in the official part of the electronic Federal Gazette. This Code provides important regulations for the management and supervision of companies and includes statutory provisions and additional recommendations and suggestions regarding corporate governance. Only the statutory provisions are binding, but listed companies must declare whether their governance practices deviate from the recommendations. We issued our

most recent declaration as of December 2004, in which we declared that we comply with the recommendations, subject to certain exceptions. Our declaration is available on our website. Because the Code is designed to apply to listed stock corporations, we will comply with it in modified form after the transformation becomes effective. We intend to continue to follow the recommendations of the Code to the same extent as before. The general partner and the supervisory board will make a new declaration of compliance which will describe the existing exceptions and take account of the special characteristics of the KGaA.

SERVICE OF PROCESS AND ENFORCEABILITY OF CIVIL LIABILITIES

We are a German company. Some of our directors and executive officers and some of the experts named in this prospectus are residents of Germany. A substantial portion of our assets and the assets of those individuals is located outside the U.S. As a result, it may be difficult or impossible for investors to effect service of process upon those persons within the U.S. with respect to matters arising under the U.S. federal securities laws or to enforce against them in U.S. courts judgments of U.S. courts predicated on the civil liability provisions of the U.S. federal securities laws. We have been advised by our German counsel, Nörr Stiefenhofer Lutz, that there may be doubt as to the enforceability in Germany, in original actions, of liabilities predicated on the U.S. federal securities laws and that in Germany both recognition and enforcement of court judgments with respect to the civil liability provisions of the U.S. federal securities laws are solely governed by the provisions of the German Civil Procedure Code (*Zivilprozessordnung*). In some cases, especially when according to the German statutory provisions, the international jurisdiction of the U.S. court will not be recognized or if the judgment conflicts with basic principles of German law (e.g., the restrictions to compensatory damages and pre-trial discovery), the U.S. judgment might not be recognized by a German court. The service of process in U.S. proceedings on persons in Germany is regulated by a multilateral treaty guaranteeing service of writs and other legal documents in civil cases if the current address of the defendant is known.

EXPERTS

Our consolidated financial statements and schedule as of December 31, 2004 and 2003, and for each of the years in the three-year period ended December 31, 2004, included in the Fresenius Medical Care AG amended annual report on Form 20-F/ A for the year ended December 31, 2004, have been incorporated by reference herein in reliance upon the report of KPMG Deutsche Treuhand-Gesellschaft Aktiengesellschaft Wirtschaftprüfungsgesellschaft, independent registered public accounting firm, incorporated by reference herein, and upon the authority of said firm as experts in accounting and auditing.

The consolidated financial statements of Renal Care Group, Inc. at December 31, 2004 and 2003, and for each of the three years in the period ended December 31, 2004, appearing in this prospectus and registration statement have been audited by Ernst & Young LLP, independent registered public accounting firm, as set forth in their report thereon appearing elsewhere herein, and are included in reliance upon such report given on the authority of such firm as experts in accounting and auditing.

LEGAL MATTERS

Nörr Stiefenhofer Lutz, as our special German counsel, will pass upon the validity of the ordinary shares in connection with the conversion. Dr. Dieter Schenk, a member of the firm Nörr Stiefenhofer Lutz, is a member and deputy chairman of our supervisory board. Dr. Schenk is also a member of the supervisory board of Fresenius AG and one of the executors of the estate of Mrs. Else Kröner. The Else-Kröner Fresenius Stiftung, a charitable foundation established under the will of Mrs. Kröner, owns the majority of the voting shares of Fresenius AG, our controlling shareholder. Its voting rights are exercised by the executors of Mrs. Kröner s estate, currently Dr. Dieter Schenk and Dr. Karl Schneider (another member of the Fresenius AG supervisory board). Dr. h.c. Hans Kröner has resigned as executor of the estate; the court will appoint an additional executor to replace Dr. h.c. Hans Kröner. Our supervisory board member Dr. Bernd Fahrholz was a member of the firm Nörr Stiefenhofer Lutz until September 30, 2005.

APPENDIX A-1

UNAUDITED PRO FORMA CONDENSED COMBINED FINANCIAL INFO OF FRESENIUS MEDICAL CARE AG & RENAL CARE GROUP, INC.

Unaudited pro forma condensed combined financial information

The unaudited *pro forma* condensed combined financial statements are based on the audited financial statements of each of Fresenius Medical Care AG (Fresenius Medical Care or FMC-AG) and Renal Care Group, Inc. (Renal Care Group or RCG), which are, in the case of Fresenius Medical Care, included in Fresenius Medical Care s amended Annual Report on Form 20-F for the year ended December 31, 2004 and, in the case of Renal Care Group, included in the Form 10-K for the year ended December 31, 2004 and unaudited financial statements of each of Fresenius Medical Care and Renal Care Group, which are, in the case of Fresenius Medical Care, included in Fresenius Medical Care s Quarterly Report in the Form 6-K for the quarter ended June 30, 2005 and, in the case of Renal Care Group, included in the Form 10-Q for the quarter ended June 30, 2005.

References to the Renal Care Group Acquisition mean the consummation of the Renal Care Group acquisition, borrowings under the new senior credit agreement, which we anticipate entering into, of the amount required to finance the acquisition and the payment of all fees and expenses related to such acquisition and borrowings. Borrowings also include a new credit facility with the European Investment Bank (EIB) to fund certain FMC-AG capital investment projects. EIB borrowings would be in lieu of borrowings under the new senior credit facilities. The unaudited *pro forma* condensed combined financial statements give effect to the Renal Care Group Acquisition (assuming that all of the required financing is obtained through the new senior credit agreement) as if each had occurred on January 1, 2004 in the case of the unaudited *pro forma* condensed combined income statement for the year ended 2004 and for the first six months ended June 30, 2005, or on June 30, 2005 in the case of the unaudited pro forma condensed combined balance sheet data as of June 30, 2005.

The *pro forma* adjustments are based upon available information, preliminary estimates and certain assumptions that we believe are reasonable and are described in the accompanying notes to the unaudited pro forma condensed combined financial statements. The unaudited *pro forma* condensed combined financial statements do not take into account (i) any synergies or cost savings that may or are expected to occur as a result of the Renal Care Group Acquisition or (ii) any cash or non-cash charges that we may incur in connection with the Renal Care Group Acquisition, the level and timing of which cannot yet be determined. The unaudited *pro forma* condensed combined financial statements have been prepared in accordance with SEC rules and regulations.

The unaudited *pro forma* condensed combined financial statements assume that the Renal Care Group Acquisition would be accounted for using the purchase method of accounting in accordance with the Financial Accounting Standards Board, or FASB, Statement No. 141, Business Combinations, or SFAS No. 141, and the resultant goodwill and other intangible assets will be accounted for under FASB Statement No. 142, Goodwill and Other Intangible Assets, or SFAS No. 142. The total purchase price has been preliminarily allocated based on information available to us as of the date hereof, to the tangible and intangible assets acquired and liabilities assumed based on management s preliminary estimates of their current fair values. These estimates and assumptions of fair values of assets acquired and liabilities assumed and related operating results are subject to change that could result in material differences between the actual amounts and those reported in the unaudited *pro forma* condensed combined financial statements.

The unaudited *pro forma* condensed combined financial statements do not consider the transformation and conversion of preference shares into common shares. The effects of the conversion are presented in the tables in the paragraph Capitalization and Indebtedness.

The unaudited *pro forma* condensed combined financial statements are provided for illustrative purposes only and are subject to a number of uncertainties and assumptions and do not purport to represent what the combined companies actual performance or financial position would have been had the transactions occurred on the dates indicated and does not purport to indicate financial position or results of operations as of any future date or for any future period.

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Pro Forma Condensed Combined Balance Sheet
At June 30, 2005

	Historical FMC-AG	Historical RCG	Pro forma adjustments(1)	Pro forma combined balance sheet
	(unaudited) ($ in millions, except share and per share data)			
ASSETS				
Current assets				
Cash and cash equivalents	57	13		70
Trade accounts receivable, less allowance for doubtful accounts	1,453	289		1,742
Accounts receivable from related parties	53			53
Inventories	455	31		486
Prepaid expenses and other current assets	238	30		268
Deferred taxes	186	36		222
Total current assets	2,442	399	0	2,841
Property, plant and equipment, net	1,133	351		1,484
Intangible assets	595	39	175 (c)	809
Goodwill	3,437	807	2,688 (c)	6,932
Deferred taxes	27		7 (a)	34
Other assets	173	8	(17)(a)	225
			61 (b)	
Total assets	7,807	1,604	2,914	12,325
LIABILITIES AND SHAREHOLDERS EQUITY				
Current liabilities				
Accounts payable	170	29		199
Accounts payable to related parties	119			119
Accrued expenses and other current liabilities	773	187		960
Short-term borrowings	417		57 (e)	474
Short-term borrowings from related parties	43			43
Current portion of long-term debt and capital lease obligations	256	31	(75)(d)	181
			(31)(d)	
Income tax payable	174	14	(88)(c)	100
Deferred taxes	15			15
Total current liabilities	1,967	261	(137)	2,091
Long-term debt and capital lease obligations, less current portion	465	564	(403)(d)	4,678
			(564)(d)	

			485 (e)	
			2,000 (e)	
			2,000 (e)	
			131 (e)	
Other liabilities	101	17		118
Pension liabilities	99			99
Deferred taxes	301	51	70 (c)	422
Company-obligated mandatorily redeemable preferred securities of subsidiary Fresenius Medical Care Capital Trusts holding solely Company-guaranteed debentures of subsidiaries	1,208			1,208
Minority interest	18	53		71
Total liabilities	4,159	946	3,582	8,687
Shareholders equity				
Preference shares	70			70
Ordinary shares	229	1	(1)(c)	229
Treasury stock		(382)	382 (c)	0
Additional paid-in capital	2,755	424	(424)(c)	2,755
Retained earnings	744	614	(10)(a)	734
			(614)(c)	
Accumulated other comprehensive (loss) income	(150)	1	(1)(c)	(150)
Total shareholders equity	3,648	658	(668)	3,638
Total liabilities and shareholders equity	7,807	1,604	2,914	12,325

(1) The unaudited *pro forma* condensed combined financial statements give effect to the Renal Care Group Acquisition and the new Senior Credit Facilities.

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Notes to unaudited pro forma condensed combined balance sheet

(a) Write-off of the existing deferred financing costs associated with the extinguishment of our existing senior credit agreement as set forth in the table below:

Deferred financing costs	**June 30, 2005**
	($ in millions)
Deferred financing costs	17
Less current income taxes	(7)
	10

(b) Capitalized estimated deferred financing costs associated with the new senior credit agreement of $61 million.

(c) The purchase of the outstanding shares on a fully diluted basis of Renal Care Group for $3,499 million in cash plus an additional $40 million of direct acquisition cost as set forth in the table below:

Acquisition cost	**June 30, 2005**
	($ in millions)
Goodwill	2,688
Patient relationships	175
Deferred taxes on patient relationships	(70)
Lower income taxes payable due to exercise of options prior to completion of acquisition	88
Net assets RCG as of June 30, 2005	658
Acquisition cost	3,539

For purposes of this *pro forma*, we estimated that the amounts for the assets and liabilities reflected on Renal Care Group s combined balance sheet approximate the fair values of such assets and liabilities and accordingly, such amounts have not been adjusted in the accompanying *pro forma* financial information. We believe our estimates and underlying assumptions of the initial purchase price allocations and fair values of Renal Care Group s assets and liabilities provide our current best estimate and are based upon the information available to us at this time. However, these valuations are preliminary and subject to change based upon completion of a final valuation analysis. Additionally, the final purchase price is subject to adjustments. Accordingly, the final amounts will differ from the amounts shown above.

Historical experience from prior acquisitions led to the recognition of patient relationships as intangible assets at an amount of approximately 5% of those acquisition costs.

Prior to the consummation of the acquisition of Renal Care Group stock options of Renal Care Group will be exercised. A resulting tax benefit of $88 million is reflected in the purchase price allocation as a reduction of income taxes payable.

(d) The refinancing of our existing senior credit agreement and of the debt of RCG as set forth in the table below:

Refinancing of existing senior credit agreement and of the debt of RCG	**June 30, 2005**
	($ in millions)
Refinancing of existing credit agreement of FMC AG Current portion of long-term debt	75

	Long-term debt, less current portion	403
Refinancing total financial debt	RCG Current portion of long-term debt	31
	Long-term debt, less current portion	564
Total		1,073

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(e) The borrowing under the new senior credit agreement, the new EIB loan and the existing accounts receivable facility in order to finance the acquisition of Renal Care Group as well as the repayment of the old senior credit agreement and the debt of Renal Care Group as set forth in the table below:

Funding	**June 30, 2005**
	($ in millions)
New revolver	485
Bank loan A	2,000
Bank loan B	2,000
EIB loan	131
Additional A/ R facility	57
Total	4,673

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Pro Forma Condensed Combined Statement of Income
For the year ended December 31, 2004

	Historical FMC-AG	Historical RCG	Pro Forma Adjustments(1)	Pro Forma Combined
		(unaudited) ($ in millions, except per share data)		
Net revenue				
Dialysis Care	4,501	1,345		5,846
Dialysis Products	1,727		(50)(a)	1,677
	6,228	1,345	(50)	7,523
Costs of revenue				
Dialysis Care	3,232	934		4,166
Dialysis Products	910		(44)(a)	866
	4,142	934	(44)	5,032
Gross profit	2,086	411	(6)	2,491
Operating expenses				
Selling, general and administrative	1,182	157	35(b)	1,374
Research and development	52			52
Operating income	852	254	(41)	1,065
Other (income) expense				
Interest income	(14)			(14)
Interest expense	197	21	(50)(c)	430
			(4)(d)	
			266 (e)	
	183	21	212	416
Income before income taxes and minority interest	669	233	(253)	649
Income tax expense	266	76	(100)(f)	242
Minority interest	1	35		36
Net income	402	122	(153)	371
Basic income per Ordinary share	4.16			3.83
Fully diluted income per Ordinary share	4.14			3.82
Basic income per Preference share	4.23			3.91
Fully diluted income per Preference share	4.21			3.89
	70,000,000			70,000,000

Weighted average number of Ordinary shares outstanding		
Weighted average number of Preference shares outstanding	26,243,059	26,243,059
Total weighted average shares outstanding	96,243,059	96,243,059
Total weighted average shares outstanding assuming dilution	96,664,967	96,664,967
Total weighted average Preference shares outstanding assuming dilution	26,664,967	26,664,967

(1) The unaudited *pro forma* condensed combined financial statements give effect to the Renal Care Group Acquisition and the new Senior Credit Facilities.

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Notes to unaudited pro forma condensed combined income statement for the year ended December 31, 2004

(a) Reflects the elimination of sales of dialysis machines and disposables from Fresenius Medical Care to Renal Care Group, the elimination of cost of revenue at Renal Care Group regarding the purchase of disposables from Fresenius Medical Care and the elimination of cost of revenue at Fresenius Medical Care regarding sales of dialysis machines to Renal Care Group and adjustments to depreciation of dialysis machines at Renal Care Group.

(b) Reflects amortization expense associated with the intangible asset. The patient relationships are being amortized over five years as set forth in the table below:

Patient relationships	Acquisition Costs	Amortization Period	Amortization per Annum
	($ in millions, except amortization period)		
Patient relationships	175	5	35

(c) Reflects the elimination of interest expense of $50 million that was recognized on the existing 2003 senior credit agreement to be refinanced and extended and on the debt of Renal Care Group.

(d) Reflects the elimination of amortization of deferred financing costs of $4 million that was recognized on the previous existing 2003 senior credit agreement.

(e) Reflects interest expense of $260 million and the amortization of deferred financing costs of $6 million associated with borrowings from the new senior credit agreement of $4,373 million as of December 31, 2004, from the EIB loan of $131 million and increased borrowings under the existing accounts receivable securitization facility of $84 million. The revolving credit facility are assumed to bear interest at LIBOR plus a margin of 137.5 bps for an annual weighted average interest rate of 4.66%. For the $2,000 million of term loan A we entered into interest rate swaps converting LIBOR into an average fixed rate of 4.217% plus a margin of 137.5 bps resulting in an annual weighted average interest rate of 5.59%. $940 million of term loan B are assumed to bear interest at LIBOR plus a margin of 175 bps for an annual weighted interest rate of 5.04%. For the remaining $1,060 million of term loan B we will enter into interest rate swaps changing LIBOR into a fixed rate. Assuming an interest rate swap at 4.217% plus the margin of 175 bps the annual weighted average interest rate is 5.97%. The EIB loan is assumed to bear interest at LIBOR plus a margin of 50 bps for an annual weighted average interest rate of 3.79%. The accounts receivable securitization facility is assumed to bear an annual weighted interest rate of 3.59%. If interest rates were to hypothetically change by $^{1}/8$%, it is estimated that our interest expense would vary by approximately $3 million.

(f) Reflects the adjustment to the income tax expense amount of $100 million based on the overall impact of the *pro forma* adjustments at 39.7%.

Nonrecurring Charges

The unaudited *pro forma* condensed combined financial statements do not reflect material nonrecurring charges or credits which result directly from the transaction and which will impact the income statement during the next 12 months. Nonrecurring charges, which are not reflected in the condensed combined income statement for the year ended December 31, 2004, include $17 million for the write-off of the existing deferred financing costs associated with the extinguishment of our existing senior credit agreement and restructuring costs of $50 million.

For further discussion of nonrecurring charges, see notes to unaudited *pro forma* combined consolidated income statement for the six months ended June 30, 2005.

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Pro Forma Condensed Combined Statement of Income
For the six months ended June 30, 2005

	Historical FMC-AG	Historical RCG	Pro forma Adjustments(1)	Pro forma Combined Income Statement
	($ in millions, except per share data)			
Net revenue:				
Dialysis Care	2,363	758		3,121
Dialysis Products	920		(26)(a)	894
	3,283	758	(26)	4,015
Costs of revenue:				
Dialysis Care	1,691	527		2,218
Dialysis Products	466		(24)(a)	442
	2,157	527	(24)	2,660
Gross profit	1,126	231	(2)	1,355
Operating expenses:				
Selling, general and administrative	642	93	18(b)	753
Research and development	26			26
Operating income	458	138	(20)	576
Other (income) expense:				
Interest income	(6)			(6)
Interest expense	91	15	(29)(c)	208
			(2)(d)	
			133(e)	
	85	15	102	202
Income before income taxes and minority interest	373	123	(122)	374
Income tax expense	149	42	(49)(f)	142
Minority interest	1	19		20
Net income	223	62	(73)	212
Basic income per Ordinary share	2.31			2.19
Fully diluted income per Ordinary share	2.29			2.18
Basic income per Preference share	2.35			2.23
Fully diluted income per Preference share	2.33			2.22

Weighted average number of Ordinary shares outstanding	70,000,000	70,000,000
Weighted average number of Preference shares outstanding	26,368,725	26,368,725
Total weighted average shares outstanding	96,368,725	96,368,725
Total weighted average shares outstanding assuming dilution	97,026,093	97,026,093
Total weighted average Preference shares outstanding assuming dilution	27,026,093	27,026,093

(1) The unaudited *pro forma* condensed combined financial statements give effect to the Renal Care Group Acquisition and the new Senior Credit Facilities.

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Notes to unaudited pro forma condensed combined income statement for the six months ended June 30, 2005

(a) Reflects the elimination of sales of dialysis machines and disposables from Fresenius Medical Care to Renal Care Group, the elimination of cost of revenue at Renal Care Group regarding the purchase of disposables from Fresenius Medical Care and the elimination of cost of revenue at Fresenius Medical Care regarding sales of dialysis machines to Renal Care Group and adjustments to depreciation of dialysis machines at Renal Care Group.

(b) Reflects amortization expense associated with the intangible asset. The patient relationships are being amortized over five years as set forth in the table below:

Patient Relationships	Acquisition Costs	Amortization Period	Amortization per Annum
	($ in millions, except amortization period)		
Patient relationships	175	5	35

The amortization for the six months ended June 30, 2005 reflected in the *pro forma* statement amounts to $18 million.

(c) Reflects the elimination of interest expense of $29 million that was recognized on the existing 2003 senior credit agreement to be refinanced and extended and on the debt of Renal Care Group.

(d) Reflects the elimination of amortization of deferred financing costs of $2 million that was recognized on the previous existing 2003 senior credit agreement.

(e) Reflects interest expense of $130 million and the amortization of deferred financing costs of $3 million associated with borrowings from the new senior credit agreement of $4,485 million as of June 30, 2005. From the EIB loan of $131 million and increased borrowings under the existing accounts receivable securitization facility of $57 million. The revolving credit facility are assumed to bear interest at LIBOR plus a margin of 137.5bps for an annual weighted average interest rate of 4.66%. For the $2,000 million of term loan A we entered into interest rate swaps converting LIBOR into an average fixed rate of 4.217% plus a margin of 137.5 bps resulting in an annual weighted average interest rate of 5.59%. $940 million of term loan B is assumed to bear interest at LIBOR plus a margin of 175 bps for an annual weighted interest rate of 5.04%. For the remaining $1,060 million of term loan B we will enter into interest rate swaps changing LIBOR into a fixed rate. Assuming an interest rate swap at 4.217% plus the margin of 175 bps the annual weighted average interest rate is 5.97%. The EIB loan is assumed to bear interest at LIBOR plus a margin of 50 bps for an annual weighted average interest rate of 3.79%. The accounts receivable securitization facility is assumed to bear an annual weighted interest rate of 3.59%. If interest rates were to hypothetically change by $^{1}/8$%, it is estimated that our interest expense would vary by approximately $1 million.

(f) Reflects the adjustment to the income tax expense amount of $49 million based on the overall impact of the *pro forma* adjustments at 39.8%.

Nonrecurring Charges

The unaudited *pro forma* condensed combined financial statements do not reflect material nonrecurring charges or credits which result directly from the transaction and which will impact the income statement during the next 12 months. Nonrecurring charges, which are not reflected in the condensed combined income statement for the six months ended June 30, 2005, include $19 million for the write-off of the existing deferred financing costs associated with the extinguishment of our existing senior credit agreement and restructuring costs of $50 million.

The conversion of interests held and related adjustments under the employee participation programs are necessary due to the conversion of preference shares into ordinary shares. The employee stock options, which currently entitle the holders to purchase preference shares, will be modified to an entitlement to purchase ordinary shares. If the conversion of employee stock options on preference shares into stock options on ordinary shares occurs in 2005, this would result in additional compensation expense. Under our current

accounting policy, which is based on the guidance in Accounting Principles Board Opinion No. 25, *Accounting for Stock Issued to Employees*, (APB 25), the modification is expected to result in a new measurement date for the awards converted. Based on the market value of the Company s ordinary shares at June 30, 2005 and 100% acceptance of the exchange offer, additional compensation expense of $31.0 million for 2005 would result from the modification.

However, the Company does not expect to record this additional compensation expense in future financial statements under APB 25 due to the planned implementation of SFAS 123(R), *Share-Based Payment*, should the stock options be converted in 2005. The Company expects compensation expense after the adoption of SFAS 123(R) to be in line with the Company s SFAS 123(R) *pro forma* disclosures in the annual report on Form 20-F for the year ended December 31, 2004.

As a result of the conversion of the Company s preference shares into ordinary shares, the earnings per share calculation needs to reflect the difference between the market value of the ordinary share less the conversion premium of 9.75 and the carrying value of the preference shares at the exchange date as an increase of income available to preference shareholders and as a reduction of income available to ordinary shareholders. This difference represents the preference shareholders benefit over their historic investment, retained earnings and the conversion premium paid. The benefit to the preference shareholders and the reduction of income available to ordinary shareholders will depend on the market price for ordinary shares at the date of the conversion and the number of preference shares converted into ordinary shares. Based on the market value of the Company s ordinary shares at June 30, 2005 and 100% acceptance of the conversion offer, the benefit for the preference shareholders would be $15.20 and the reduction for the ordinary shareholders would be $5.74.