UNDERSTAND

HOW OUR MARKETS WORK | MAGAZINE 2015

WHICH TREATMENT FITS BEST FOR OUR PATIENTS

HOW WE CAN IMPROVE THE QUALITY OF LIFE OF OUR PATIENTS

How our business works and how we can further shape the development of the industry

WHAT MATTERS

FRESENIUS MEDICAL CARE

MAGAZINE 2015

UNDERSTAND
WHAT MATTERS

OUR GROWTH

... IS BUILT ON OUR
IN-DEPTH UNDERSTANDING
OF OUR MARKETS, BUSINESS
AND OUR PATIENTS' NEEDS.

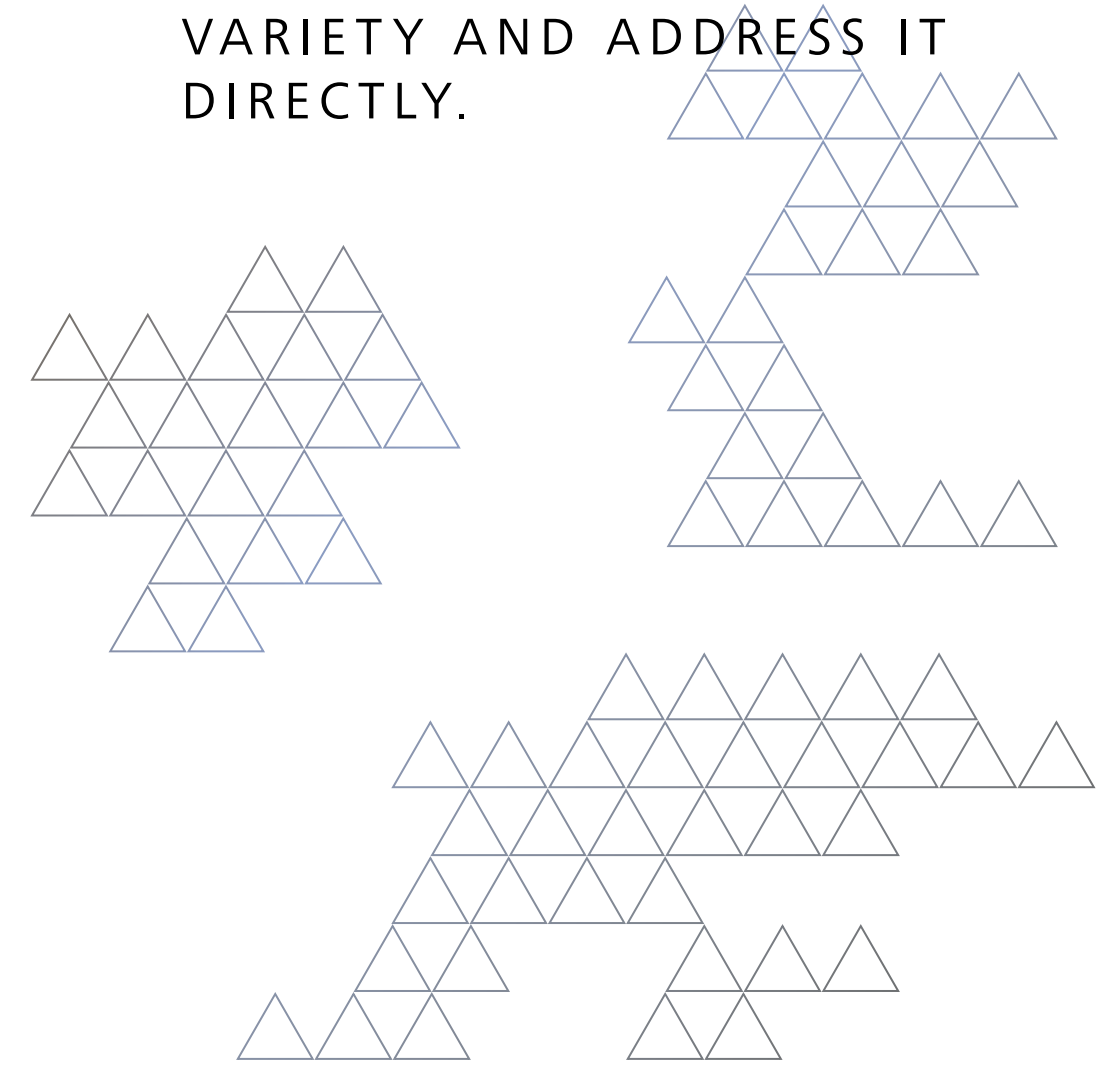
Our markets are evolving, driven by global megatrends such as demographic change, the increase in lifestyle diseases, changes in the health care industry and improved access to medical care.

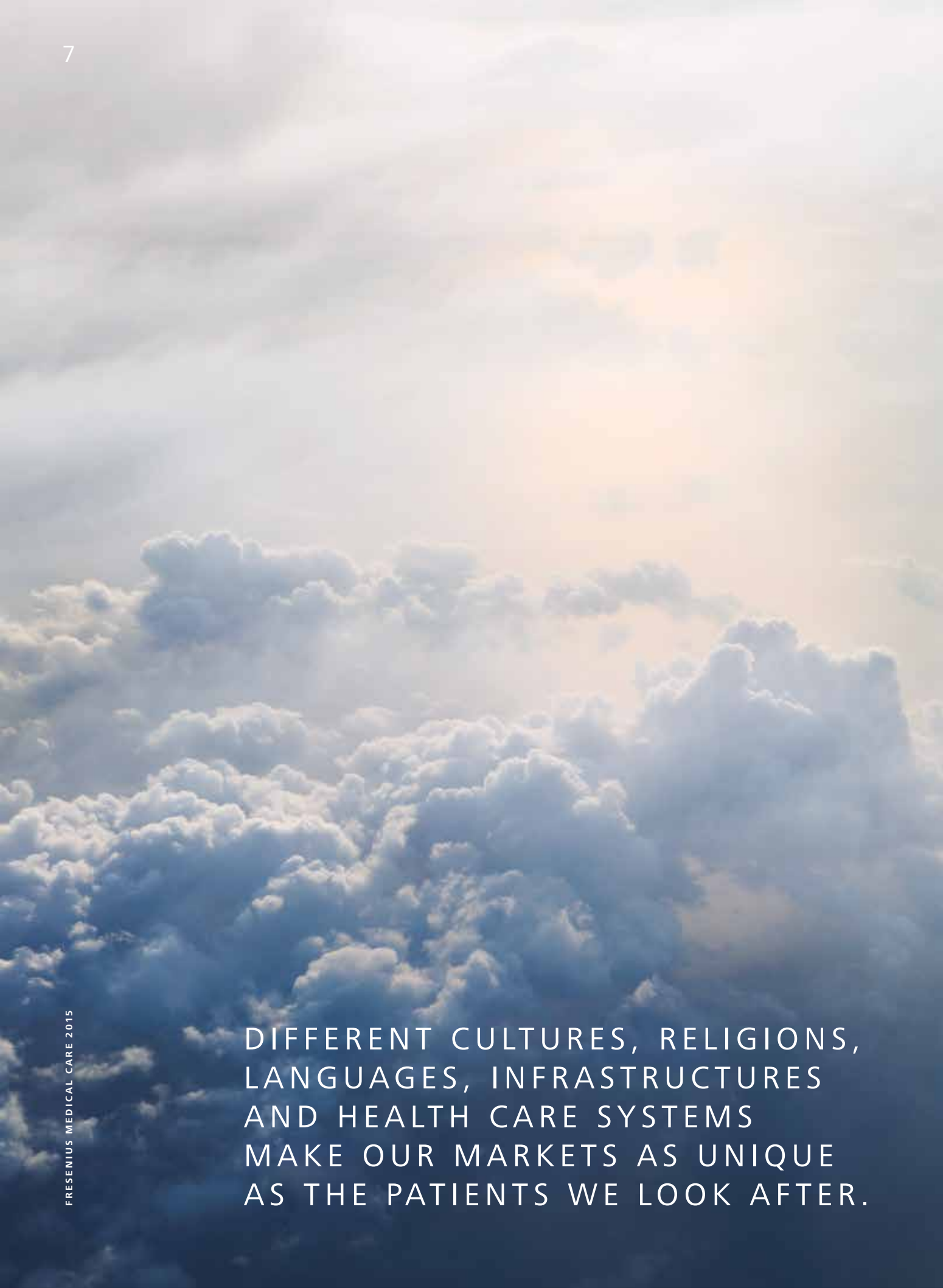
As well as impacting on the requirements of our business, these trends are also changing the needs of our patients.

For us, successful growth means understanding these changes and actively using them as an opportunity to keep on improving our patients' quality of life. Because we understand what matters.

UNDER-STANDING MARKETS

OUR MARKETS ARE DIVERSE. WE UNDERSTAND THIS VARIETY AND ADDRESS IT DIRECTLY.



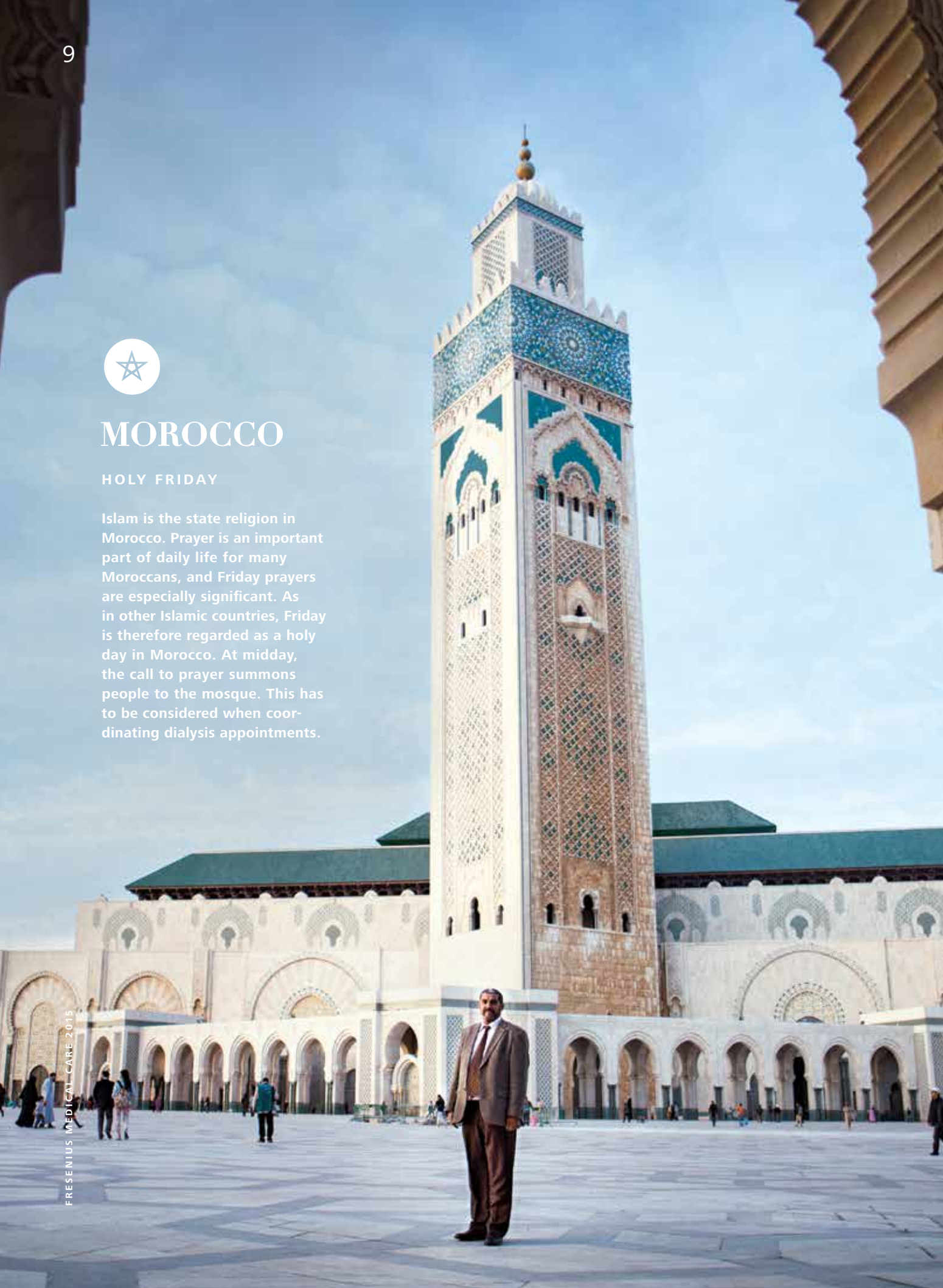


DIFFERENT CULTURES, RELIGIONS, LANGUAGES, INFRASTRUCTURES AND HEALTH CARE SYSTEMS MAKE OUR MARKETS AS UNIQUE AS THE PATIENTS WE LOOK AFTER.

UNITED STATES

BOUNDLESS OPPORTUNITIES

Most of our dialysis clinics are in the U.S. These clinics treat approximately 38% of all the country's dialysis patients. We also provide non-dialysis medical services, for example, the coordination of hospitalist and intensivist services. This enables us to expand our business beyond dialysis.



MOROCCO

HOLY FRIDAY

Islam is the state religion in Morocco. Prayer is an important part of daily life for many Moroccans, and Friday prayers are especially significant. As in other Islamic countries, Friday is therefore regarded as a holy day in Morocco. At midday, the call to prayer summons people to the mosque. This has to be considered when coordinating dialysis appointments.

RUSSIA

SIZE IS RELATIVE

Russia is the biggest country in the world, extending across 11 time zones. However, it is also one of the most sparsely populated territorial states. This presents a challenge for adequate comprehensive health care.

INDONESIA

REMOTE LOCATIONS

Indonesia's health care system is less developed than that of other emerging countries. This is about to change. The multiethnic state aims to set up a comprehensive health care system. This is a vast project, partly because of the country's geography: The largest island nation in the world consists of 17,500 islands, more than 6,000 of which are inhabited. Many of them are remote and rarely populated.

PORTUGAL

PIONEER

Portugal was the first country in the world to introduce a reimbursement model for dialysis that collectively refunds all essential services and the use of dialysis products. The level of reimbursement is linked to specific treatment outcomes. There are indications that other health care systems are moving towards holistic, value-based remuneration.

HUNGARY

PREVENTION IS THE BEST TREATMENT

To draw attention to chronic kidney failure and focus physicians and patients more on early nephrological care, Fresenius Medical Care supports prevention programs such as the Hungarian National Kidney Program. This trains physicians and educates people in the risk groups on the topic. It is a valuable approach, as early treatment can help to stabilize the course of chronic kidney failure.

COLOMBIA

LITTLE STORIES – BIG IMPACT

"La lectura cura" (reading heals) is the name of a project in which volunteer helpers regularly read to patients at our Colombian dialysis clinics with the aim of putting them at ease and improving their well-being.

Fresenius Medical Care is present with its products in more than 120 countries around the world. The market conditions vary considerably. The Company successfully takes this into account with its differentiated product range.

Around

2.8 M

people worldwide received dialysis in 2015.

DIALYSIS MARKET VOLUME IN 2015:

$73 BN

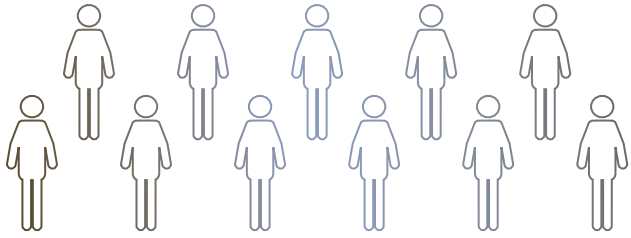
One in two dialysis machines worldwide is made by Fresenius Medical Care.

CARE COORDINATION IS A GROWTH MARKET: REVENUE INCREASED BY 81%

HEALTH CARE SPENDING AS A SHARE OF GROSS DOMESTIC PRODUCT:

17%

IN THE U.S.
(Germany: 11%, India: 4%)



More than 104,000 employees work for Fresenius Medical Care around the globe.

Growth in the number of dialysis patients worldwide in 2015:

~6%

THE DIVERSITY OF OUR REGIONS

IN A RECENT INTERVIEW, THE REGIONAL EXECUTIVES OF FRESENIUS MEDICAL CARE TALKED ABOUT THE COMPANY'S GROWTH STRATEGY AND EXPLAINED HOW IT MAPS TO LOCAL MARKET DYNAMICS.

Dominik Wehner
Chief Executive Officer
for Europe, Middle East
and Africa (EMEA)

"We are moving from standalone products towards value-based selling."

"We have a tremendous opportunity to be at the forefront of a new direction of health care."

Ron Kuerbitz
Chief Executive Officer
for North America

FIRST OF ALL, GENTS, PERHAPS YOU COULD BRIEFLY DESCRIBE THE MARKETS YOU SERVE?

Dominik Wehner, Europe, Middle East and Africa (EMEA)

As you can imagine, EMEA – spread over three continents – is a very diverse region. We have many different cultures, languages, religions and health care systems in countries that vary in size from the smallest in the world to the largest. So this is definitely a case of "one size does not fit all".

John Anderson, Latin America

The same goes for me. Latin America, which includes Central America and the Caribbean, is a vast, extremely diverse region. The fact that most of the population speaks Spanish is deceptive – it is in fact very heterogeneous. Just to illustrate the gap in living standards, Latin America has the two poorest countries in the Western hemisphere – Haiti and Honduras – and two of the richest – Cayman Islands and the Dutch Antilles!

Ron Kuerbitz, North America

Actually, we have a very different story in my region with its three large countries. The biggest revenue driver for us is the U.S., with a largely established health care system where patients with chronic conditions such as renal disease are generally reimbursed. We have nothing like the diversity or variability you might see in Europe or Latin America, but competition is very stiff.

Roberto Fusté, Asia-Pacific

The two defining features of the Asia-Pacific market are its size and growth rate. Asia-Pacific is home to over 57% of the world's population. Overall, we are seeing 8% annual patient growth in this region, with China, India, the Philippines, Vietnam and Pakistan even outpacing the 10% mark.

SO I SUPPOSE THE LOCAL MARKET CHALLENGES ALSO VARY FROM REGION TO REGION?

Roberto Fusté, Asia-Pacific

Most definitely. In Asia-Pacific, the main challenge lies in reaching a huge population with limited health care infrastructure and resources. Nurses in particular are in short supply. In many large emerging markets, health care budgets are still developing so we can expect more investment in infrastructure moving forward.

Dominik Wehner, EMEA

For us, the challenge in expanding our business beyond dialysis lies in managing diversity by finding scalable, replicable business models – similar to the dialysis model – and transferring them to new market opportunities.

John Anderson, Latin America

The health care systems in Latin America are largely public and generally underfunded – ranging from a reasonably satisfactory service to very poor levels of care. Few in number, private systems are sophisticated and provide high-quality medical treatment. I would love to see local governments taking health care more seriously, providing adequate budgets and running their systems efficiently.

Ron Kuerbitz, North America

U.S. health care faces rising cost pressures. In recent years, we are seeing decreasing governmental reimbursement rates that do not adequately cover our costs. However, the country desperately needs to focus on the unique needs of the chronically ill, who currently account for 86% of total health care costs. We need to step back – and make sure we're also seeing the opportunities that are embedded in every market challenge.

WHAT OPPORTUNITIES IN PARTICULAR DID YOU HAVE IN MIND, RON?

Ron Kuerbitz, North America

I am talking for instance about the transition from volume-based to value-based care. With the volume model, physicians are paid a fee for each service, so the more you do, the better. The value model, already a reality in the U.S., is all about outcomes and how a patient – and the payer – perceives the process. The U.S. government has announced that 30% of the public insurance payments will be value-based by 2016 and this figure should rise to 50% by 2018. So they're going to measure quality, they're going to measure customer service and then they're going to reward efficiency.

SO WHY IS THAT AN OPPORTUNITY FOR FRESENIUS MEDICAL CARE?

Ron Kuerbitz, North America

Value-based care also means managing costs. I believe that we are able to do this even better than other players because we see our patients on a regular

basis and understand their condition. We can combine medical management with really effective financial management. Currently, we are participating in some federal pilots, one focusing on dialysis patients and another one on hospitalization. The better we manage the processes, the lower the costs.

ARE OTHER REGIONS ALSO LOOKING TO REACH BEYOND THE CORE DIALYSIS BUSINESS TO DRIVE GROWTH?

Dominik Wehner, EMEA

Certainly in EMEA. Of course we will continue to grow with our core dialysis offerings in emerging markets. But we will complement this with new cross-regional Care Coordination business models in mature and saturated markets. In other words, health care services beyond our core business. I am thinking of health care services to manage the comorbidities that our patients face, for instance.

SO YOU'RE ALSO SEEING A SHIFT TOWARDS VALUE RATHER THAN VOLUME IN THE PRODUCTS BUSINESS IN EMEA?

Dominik Wehner, EMEA

Definitely. We are moving from stand-alone products towards value-based selling. The conventional expectation 'I just need a good product' is yesterday's attitude. Think IT – consumers don't want a computer and a monitor any more. They want a solution to their problem. Health care is no different. And that represents a change in mindset – and a massive shift for a sales organization.

BUT YOU'RE CONFIDENT THE COMPANY CAN MASTER THIS CHANGE?

Dominik Wehner, EMEA

Yes, thanks to our strong experience in the service business, we are better positioned than most competitors to drive this change and capitalize on it. At some point, we might even be selling medical outcomes – now that's something to think about!

WHAT ABOUT LATIN AMERICA JOHN? HOW ARE YOU TACKLING LOCAL MARKET CHALLENGES THERE?

John Anderson, Latin America

Through a multi-faceted approach. On the one hand, we focus on quality and on cost-cutting solutions to be able to deliver affordable, high-quality dialysis. On the other, we are constantly negotiating with the authorities for better reimbursement rates. A key success factor here is our efforts to train and retain good and experienced employees in order to work efficiently and provide good quality dialysis treatments despite the other challenges.

AND WHAT ABOUT YOU, ROBERTO?

Roberto Fusté, Asia-Pacific

For us, it's all about availability, accessibility and affordability. So availability means we participate in the market and ensure we are equipped with the necessary resources and skills to meet customers' needs. Accessibility means we need to engage with decision-makers to ensure we have market access. Not forgetting of course the need to deliver affordable therapies tailored to local market needs.

Roberto Fusté
Chief Executive Officer
for Asia-Pacific

"Asia-Pacific is home to over 57% of the world's population with, overall, 8% annual patient growth."

HOW DO YOU TRANSLATE THIS INTO GROWTH OPPORTUNITIES?

Roberto Fusté, Asia-Pacific

We have different go-to-market strategies. In the emerging markets, we will be looking to establish dialysis clinics, home therapy programs and professional education services. In the more mature markets, we will expand our comprehensive clinic infrastructure and – in selected markets – add Care Coordination services.

John Anderson
Executive Vice President
Latin America

"A key success factor here is our efforts to train and retain good and experienced employees."

ANY PROMISING TRENDS IN LATIN AMERICA, JOHN?

John Anderson, Latin America

As health care systems mature and dialysis referral rates rise, we will be looking at a significant growth potential in Latin America – especially in our low-penetration markets. Also, the recent relaxation of laws in Brazil governing foreign investment in medical infrastructure has turned this massive country into a potential new window of opportunity for us. So now we need to focus on fine-tuning our negotiation skills with government stakeholders so we can present win-win business cases built on solid, proven health care economics.

FINALLY, PERHAPS EACH OF YOU COULD NAME ONE OR TWO KEY MILESTONES OR SUCCESS FACTORS IN FRESENIUS MEDICAL CARE'S JOURNEY?

Dominik Wehner, EMEA

As a company, I think we can be proud of how we manage diversity. I do not know many companies with such a complex business model across such a global network. Looking beyond the challenges, diversity also presents enormous, long-term development potential – from several directions.

Roberto Fusté, Asia-Pacific

I think the hard work we are doing now will pave the way for our future success in Asia-Pacific. We are putting the resources, infrastructure and skills in place to meet all the renal and related care needs of patients in this region. More to the point, our work will support our positioning as the health care partner of choice.

Ron Kuerbitz, North America

At Fresenius Medical Care North America, we have a tremendous opportunity to be at the forefront of a new direction in health care and take a big stake in the discussion around the transition to value-based care.

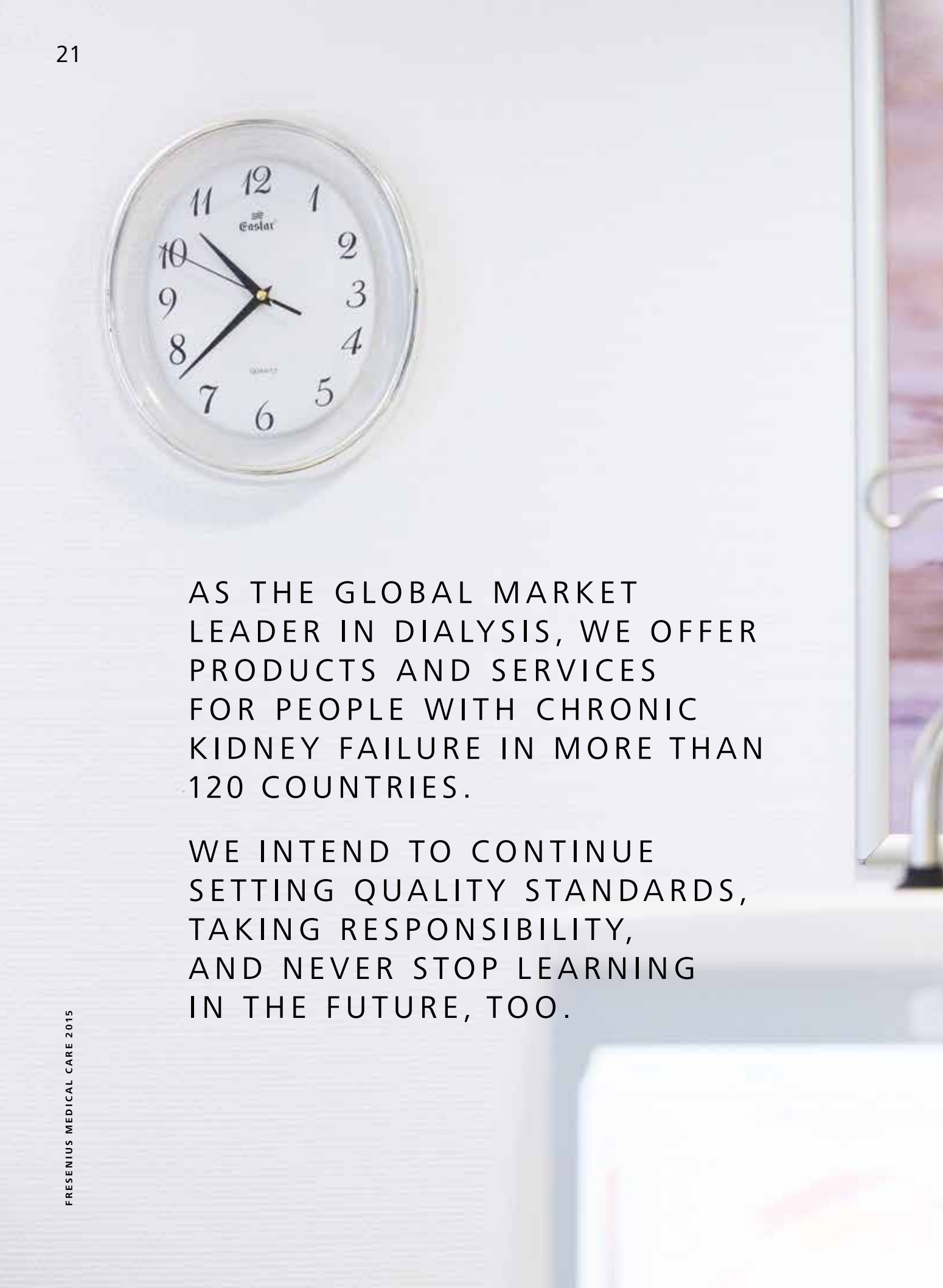
John Anderson, Latin America

I'd like to add that, for me, success is a matter of perseverance. If at first you don't succeed, try again. As anyone who knows the business in this challenging region will confirm, you have to be resilient, very patient and also have a sense of humor and a long-term view.

OUR BUSINESS IS CONSTANTLY EVOLVING.

WE WANT TO CONTINUE TO ACTIVELY CONTRIBUTE TO THE DEVELOPMENT OF THE INDUSTRY WITH NEW IDEAS.

UNDER-STANDING OUR BUSINESS



AS THE GLOBAL MARKET LEADER IN DIALYSIS, WE OFFER PRODUCTS AND SERVICES FOR PEOPLE WITH CHRONIC KIDNEY FAILURE IN MORE THAN 120 COUNTRIES.

WE INTEND TO CONTINUE SETTING QUALITY STANDARDS, TAKING RESPONSIBILITY, AND NEVER STOP LEARNING IN THE FUTURE, TOO.

PRODUCTS

We aim to further optimize the success of dialysis treatment, minimize risk factors, and continuously improve our patients' quality of life through innovative treatments and technologies. Our product range encompasses dialysis machines, dialyzers and other disposable products for chronic and acute dialysis and other blood cleansing procedures.

SERVICES

Every 0.7 seconds, our employees treat a dialysis patient at one of our dialysis clinics somewhere in the world. Our teams of physicians and dialysis experts are specialists when it comes to high-quality patient care.

CARE COORDINATION

We combine non-dialysis medical services under the term Care Coordination. They include vascular, cardiovascular, and endovascular specialty services, coordination of hospitalist and intensivist services by specialist physicians, and urgent care services. This enables us to expand our business beyond dialysis and thus continue to grow.

QUALIFIED MEDICAL STAFF

A combination of technical and medical expertise is essential in clinics. By providing training and ongoing qualifications for our staff, we have a direct influence on the quality of patient care. The human and emotional bond that our employees develop with our patients is also very important to our patients' well-being. In addition, it helps them to stick more closely to the often challenging treatment plan.

QUALITY

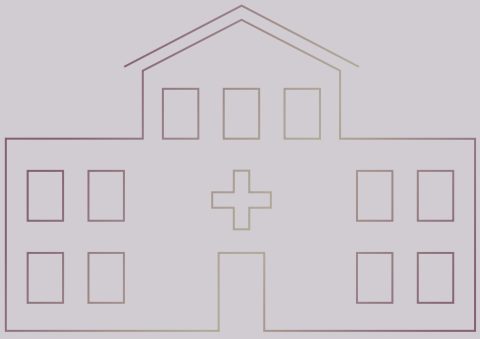
As a life-sustaining treatment, dialysis is subject to the highest safety and quality requirements. Our external and internal quality standards are geared to providing our patients with the best possible treatment.

37

production sites worldwide

OUR CARE COORDINATION DIVISION COMPASSES AMONG OTHERS:

- **VASCULAR SURGERY**
- **PHARMACEUTICALS DISTRIBUTION**
- **LABORATORY TESTING SERVICES**
- **URGENT CARE SERVICES**
- **HEALTH PLAN SERVICES**
- **HOSPITALIST AND INTENSIVIST SERVICES**



WE OPERATE

3,418

DIALYSIS CENTERS IN MORE THAN 45 COUNTRIES WORLDWIDE.

WE PROVIDE:

– Dialysis products
– Dialysis services
– Additional medical services

REVENUE 2015 IN $ BN

16.74

With 294,381 patients treated in 2015 globally Fresenius Medical Care is the leading provider of dialysis services.

HOSPITALIST CARE WITH A PERSONAL TOUCH

DR. RANA TAN
is one of Sound Physicians chief hospitalists at Harrison Medical Center in Bremerton, Washington State.

HOSPITALISTS SERVE AS A CRUCIAL LINK BETWEEN PATIENTS, THE HOSPITAL AND THEIR PRIMARY CARE PHYSICIAN, ENSURING THAT CARE IS DELIVERED IN GOOD TIME, SAFELY, EFFICIENTLY — AND WITH THE PERSONAL TOUCH THAT IS SO IMPORTANT WHEN LIVES ARE AT STAKE.

SNAPSHOTS FROM A DAY IN THE LIFE OF DR. RANA TAN, ONE OF SOUND PHYSICIANS' CHIEF HOSPITALISTS, AT HARRISON MEDICAL CENTER IN WASHINGTON STATE.

5:00 a.m.

Dr. Tan routinely gets up early. By 5:00 a.m., two hours before her 12-hour shift at Bremerton's Harrison Medical Center begins, the doctor is already on her computer and doing what she calls "pre-rounding", or creating a mental map of who requires what attention this particular day.

Dr. Tan works fast and methodically, flagging the most critical cases for a closer look once she gets to work and preparing the files of others for discharge to make sure that patients leave the hospital on the same day. "Doing the paperwork and planning so early in the day gives me a plan for my day," she says. "It translates into having more time with my patients, ideally half an hour at a time. That's what I'm really here for."

7:00 a.m.

The day shift begins for Dr. Tan and the other hospitalists who are part of Sound Physicians and work at Harrison Medical Center, a squat beige building with close to 200 beds located a short ferry ride west of Seattle. The physicians gather in their meeting room on the third floor of the West Wing to map out the schedule, looking at new admissions that have arrived overnight and consulting on the status of their existing patients.

The doctors, who all work alternative one-week shifts before taking a week off, are responsible for the well-being of more than 100 patients that day. As chief hospitalist, Dr. Tan cares for around 15 patients personally, but she also keeps an eye on the progress of patients under the care of other doctors on

"Doing the paperwork and planning so early in the day means having more time for my patients."

her team. A hospitalist is a relatively new medical specialty, dating back to the early 2000s. It refers to a physician whose practice is dedicated entirely to the care of hospitalized patients. Physicians like Dr. Tan have no practice outside the hospital itself but instead focus on providing the best possible care for patients in the hospital from admission to discharge.

Sound Physicians, based in nearby Tacoma, is one of the early leaders in the field. Since being launched in 2001, the physician-led organization has grown into a network of more than 2,000 doctors in nearly 300 hospitals and post-acute care facilities in 33 U.S. states. In 2014, Fresenius Medical Care acquired a majority stake in the nationwide practice that is focused on improving the acute episode of care and managing patients who are at high risk of readmission in the 90-day post-acute phase.

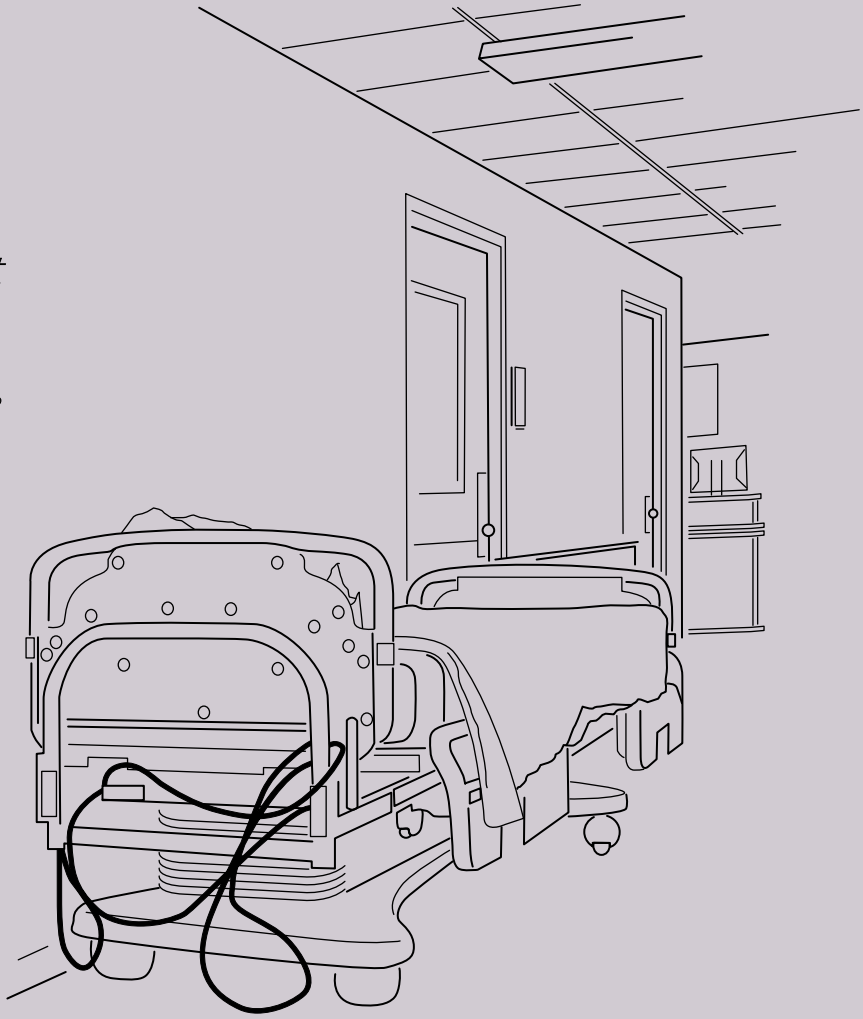
9:30 a.m.

Dr. Tan, who trained as a pulmonary and critical care physician, checks her smartphone for new messages by the workstation at the second floor nursing station. A patient's son has called, a colleague wants her advice regarding treatment of a heart attack, and several prescriptions await her approval. She returns some calls before continuing visits with the patients assigned to her care that day, who can range from stroke sufferers to patients with renal disease or cancer.

How to make the most of a physician's time is an art that Dr. Tan has turned into a science since becoming a hospitalist in 2005. "Even in a small hospital, there's a lot of unnecessary walking going on," she says as she rushes down a hallway and steps into an elevator. To put numbers to that hunch, she equipped her colleagues with pedometers and measured their daily itineraries. They averaged 3 to 5 miles on foot – which equals lost face-time with patients and presents an opportunity to optimize hospital logistics. As a result, Dr. Tan introduced a system whereby each patient is assigned to one of six teams that correspond to a hospitalist on duty that week.

Each team's patients are grouped in close geographical proximity, if possible on the same floor, to minimize travel time. Color codes are used to identify the teams. "The color codes make it easy to decide who looks after whom," says Dr. Tan. She carries the color grid printed on a credit-card-sized badge with her at all times. The system ensures that her staff is never too far away from their patients, generating significant efficiency gains for the doctors at Harrison Medical Center and for the hospital. No wonder that Sound Physicians honored Dr. Tan with its 2013 Summit Award, which honors hospitalists who display exemplary all-round performance.

"If you plan for discharge the moment a patient comes in, you can care for more people more efficiently."



11:00 a.m.

At this time, Dr. Tan has already cleared seven patients for discharge, meaning they can either return home or move to a post-acute care facility such as a skilled nursing facility before noon. Ensuring safe and smooth transitions is part of a hospitalist's job, making sure a social worker, nurse or primary care physician on the outside has a full and clear picture of a patient's diagnosis, treatment, new medications and recovery plans to take over. "If you plan for discharge the moment a patient comes in, you can care for more people more efficiently," explains Dr. Tan during a rare breather in her schedule. After all, raising the hospital's acute care outcomes and economic performance is one of her other core competencies.

Since Dr. Tan and her colleagues have a 360-degree view of each patient in their care during his or her stay, they can help the hospital turn beds faster and free up staff because patients are not kept in unnecessarily. Otherwise, the hospital could rack up costly "avoidable days" that lengthen the stay for patients unnecessarily and can negatively affect the hospital's bottom line.

"Our job is to make sure we accurately report the diagnosis and what care is provided for the patient throughout their stay."

12:30 p.m.

The eyes and ears of Dr. Tan's team is Catherine Druce-Smith, one of Sound's hospitalist registered nurses. She is the central communication link between the hospitalist teams, patients and the hospital. This unique nursing role focuses on driving meaningful improvements in the care of patients and the hospital under the hospitalist service. Part of this work includes conducting a bedside patient feedback survey daily, inquiring about the patients' condition, needs and worries. "We have a list of scripted questions, but the conversation is really driven by the patient," says Druce-Smith. First, she inquires if the doctor has been in yet to see the patient. Then she digs deeper: "Do you know what we are doing for your health condition? Can you share your plan of care that the physician has explained to you?" Every survey ends with an open-ended invitation to provide feedback: "What can we do to take care of you better?"

Druce-Smith gathers and relays this input to the hospitalists, either by e-mail, text or in a quick conversation. The six hospitalist teams try to act on almost all requests, even if they sound far-fetched at first. "Feedback is extremely important to help us do our job better," explains Dr. Tan.

3:55 p.m.

Another innovation Dr. Tan has created to improve the workflow are several small, dedicated workspaces for hospitalists right around the corner from the nurses' desk on each floor. They provide a quiet zone in the daily bustle of patient care and administrative tasks. She stops by one such room on the third floor to review the medical records, images and lab tests for a stroke patient with serious hemorrhaging. She discusses possible treatment approaches with the hospital staff. Each hospitalist works with a team comprising specialty physicians and other hospital staff, plus a case manager and social worker who help address issues that patients experience outside the hospital. Having reached a conclusion on the stroke patient, Dr. Tan consults her smartphone yet again for a quick snapshot of the patients on her schedule for the day.

Sound Physicians has developed a proprietary software workflow and communications platform called SoundConnect that all of its hospitalist providers and hospitalist nurses can access whenever they need to, either on one of the workstations set up around the hospital or, since early 2016, on a companion mobile app called Brio. "No question, I couldn't do my work without SoundConnect," says Dr. Tan. "It's the best way to get a high-level overview of our patients and what we are doing for them." SoundConnect gathers all available information about each patient, from diagnosis to medications and up-to-date doctor's notes, into a live dashboard. This keeps every provider in the loop, particularly during crunch times such as the handover to the hospitalist on duty during the night. "There is no other way we could bring a colleague up to speed about 100 or more patients." SoundConnect gathers the team's performance data on patient acuity, length of stay, discharge information and workflows to determine the quality of its outcomes.

5:45 p.m.

It's just past peak time for admissions at the emergency department. Dr. Tan takes a trip to the ground floor to confer with the "admitter", a hospitalist dedicated to evaluating every new patient coming in.

Harrison Medical Center which is part of the CHI Franciscan Health system has 33 beds in its emergency department and admits more than two dozen new patients a day on average. One of the key accomplishments of the hospitalist team, was to provide a smooth care pathway from the moment someone comes into the emergency department and is admitted, right through to discharge. But care management is also taking on a new meaning. As the population ages and chronic diseases become more common, planning for transitional care following discharge in the patient's home or in a post-acute care facility has also started to play a larger role in managing a hospital's operations and performance. It's not unusual, reports Catherine Druce-Smith, to have five or more seniors of 90 years and older in her weekly patient census.

6:05 p.m.

The evening has snuck up on her, and Dr. Tan stops by a workstation to update her documentation, coding and billing records. As a physician who is not limited to one department, specialty or floor, she has a unique view of the entire workflow of a hospital, allowing her to drive changes in quality and performance. Keeping accurate notes and assigning diagnosis codes correctly helps hospitals perform better, since they are reimbursed depending on the proper diagnosis and performance metrics including readmission rates. More detailed and precise records mean that administrators can bill more accurately for the ailments diagnosed and care provided.

"Many outcomes look bad on paper simply because the hospital didn't document how sick the patient really was when he or she arrived," explains Dr. Tan. "Our job is to improve on that and make sure we accurately report the diagnosis and what care is provided for the patient throughout their stay." The net effect, according to Sound Physicians' founder and CEO, Dr. Robert Bessler, are shorter stays, better outcomes and optimized financial performance for Sound Physician's hospital partners.

7:05 p.m.

Her day at Harrison Medical Center is officially over, but Dr. Tan has other duties awaiting her. She is actively involved in the local community and has for the past nine years been part of the Bremerton Community Theater. After performing as an amateur actor and designing sets, Dr. Tan is now directing plays such as "12 Angry Men". Tonight, she has to direct the rehearsal of the annual children's play. "Wrangling 50 kids to do a play together is quite some work," she laughs as she leaves the hospital after one last look at her smartphone and a quick chat with the "swing doctor", the hospitalist who ensures a smooth transition between the daytime team of six and the single night-shift hospitalist. But then again, Dr. Tan knows a thing or two about engaging with people and optimizing a challenging workflow.

UNDER-STANDING PATIENTS

EVERY PATIENT IS UNIQUE, WHICH IS WHY WE OFFER A RANGE OF CUSTOMIZABLE TREATMENTS.

IN ADDITION, WE TAKE ENOUGH TIME TO LISTEN TO OUR PATIENTS AND UNDERSTAND THEIR NEEDS, AS THAT IS THE ONLY WAY TO PROVIDE HIGH-QUALITY CARE.

HEMODIALYSIS

Reyna Castro

is a hemodialysis (HD) patient. The Argentinean started her first dialysis treatment back in 2000. Her blood is cleansed outside her body using a dialysis machine. It flows through a synthetic filter, the dialyzer ("artificial kidney"), and is fed back into the body after being cleansed. HD is generally performed three times a week for four hours, usually at a dialysis clinic.

Pedro Monteiro

has been a peritoneal dialysis (PD) patient since 2011. His life is not much different to how it was before he went on dialysis. PD takes place inside his body. Sterile dialysate is flushed through his abdominal cavity, with the peritoneum acting as the dialysis membrane. Patients mostly perform PD treatment themselves at home or at work several times a day or at night.

EXERCISE

Leonardo Berthelot

had his first dialysis treatment over 15 years ago. He now does sports on a regular basis and feels the benefits: It improves his muscle strength, fitness, endurance, coordination and flexibility, while preventing imbalances in his bone metabolism and cardiovascular diseases.

DIET

Liberta Brandão

enjoys cooking for her whole family. The dialysis patient knows that a healthy diet is an integral part of her treatment; the ingredients and meals have to be adapted to individual requirements. It is important that all dialysis patients get enough calories and protein, choose foods with a low phosphate, potassium and salt content and don't drink too much.

FAMILY LIFE

Gizella Laurencsik

experienced her first dialysis treatment as a life-changing moment. However, she is glad to have the help and support of her husband and children. Family life often changes when a family member is chronically ill. But that doesn't have to be a negative experience, and can actually bring the family closer together.

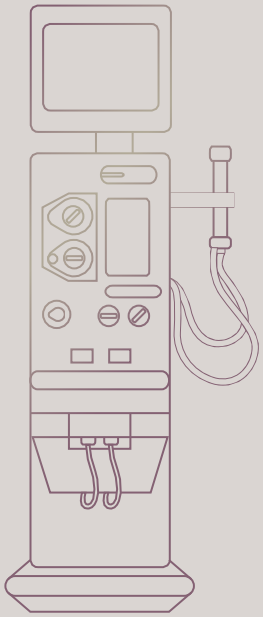
Development of the number of dialysis patients worldwide:

2015

~ 2.8 M

2020

~ 3.8 M



HÄMODIALYSE (HD)

88% of dialysis patients undergo hemodialysis mostly at specialized clinics. It is the most common procedure in renal replacement therapy.

REGIONAL DISTRIBUTION OF OUR DIALYSIS PATIENTS:

North America

182,852

Europe/Middle East/Africa

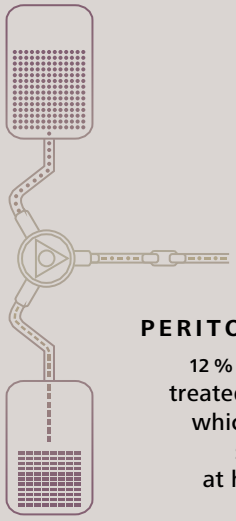
54,857

Latin America

30,200

Asia-Pacific

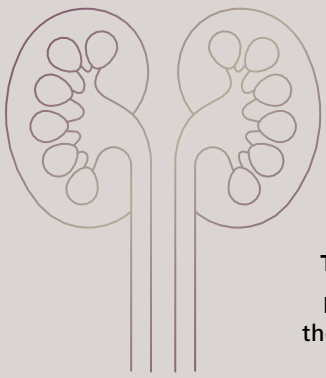
26,472



PERITONEAL DIALYSIS (PD)

12 % of dialysis patients are treated with peritoneal dialysis, which is usually performed several times a day at home or even at work.

We treat a dialysis patient somewhere in the world every 0.7 seconds.



TRANSPLANTATION

In kidney transplantation, the patient is given a healthy kidney from a donor.

PREVENTION PROGRAMS CAN SLOW DOWN THE PROGRESSION OF KIDNEY DISEASE AND EASE THE TRANSITION TO DIALYSIS FOR PATIENTS.

"THERE'S NOT MUCH I CAN'T DO."

GIZELLA LAURENCSIK
Gizella Laurencsik from Hungary has to go for dialysis three times a week. Between sessions, she relaxes surrounded by her pictures and figurines.

Dolls, figurines, portraits – Gizella Laurencsik's living room is teeming with small artworks. The 65-year-old made them all herself. She discovered her passion for handicraft relatively late in life. "I was given a straw doll and thought, well, I could do that too," Gizella Laurencsik recalls. She started making the small straw figurines. Once she had got the hang of it, she made dozens of them, one after another, and gave them to friends. "That was in winter 2001."

Gizella Laurencsik is very good at remembering dates and years. After all, several of them changed her life. There was November 1970, a time of upheaval, when she and her husband moved into their small house in Karancsalja, a village in northern Hungary around an hour's drive from Budapest. Another milestone was in 1996, when kidney disease forced her to give up work. And, of course, the dates when her two sons and four grandchildren were born.

THE JOURNEY TO DIALYSIS

The most recent date etched in Gizella Laurencsik's memory is May 26, 2014, the day she first encountered a dialysis machine.

> **"I went to a part of the hospital I'd never been to before. A nurse came up to me and asked me what I was looking for. Anxiously, I told her I was a new patient. She took me to a room and showed me where to sit. Then another nurse came to explain to me what was going to happen. She was very nice, but it was strange to see my blood flowing through these lines. I could feel the heat of the blood."**

Making the decision to undergo dialysis is a life-changing moment. Like any other patient, Gizella Laurencsik was deeply apprehensive. But she was determined to be strong, and pulled herself together: "If others have managed to get through this treatment, so can I." She had known for some time that the day was coming when her kidneys would no longer function adequately and dialysis would be inevitable. Fortunately, primary care physicians and specialists were on hand to help her and prepare her from an early stage.

> **"I had been going to kidney specialists for treatment for 17 years. Then I underwent a vascular access procedure to prepare me for dialysis. But I wanted to put off the treatment for as long as possible. I felt fine, and had no intoxication symptoms, until in May 2014 my blood values became increasingly critical."**

At her physician's recommendation, Gizella Laurencsik switched to a low-protein diet before going on dialysis. However, since becoming a dialysis patient, she has to make sure she eats lots of 'high-quality' protein, such as that found in fish and poultry, for example.

RISK FACTORS

Various aspects are conducive to kidney disease:
- Diabetes
- Obesity
- High blood pressure
- Genetic predispositions

"A NURSE CAME UP TO ME. ANXIOUSLY, I TOLD HER I WAS A NEW PATIENT."

A GENTLE START

Dr. Stefano Stuard believes that the transition to dialysis described by Gizella Laurencsik is ideal. The nephrologist is responsible for coordinating medical operations at Fresenius Medical Care's dialysis clinics in Europe, the Middle East and Africa. He also oversees the programs for treatment of pre-dialysis patients. "Our aim is to ensure that patients are well prepared for a kidney transplant. This means that we need to keep them as physically stable as possible. Patients who are not sufficiently adjusted to dialysis beforehand often suffer cardiovascular complications such as congestive heart failure." These complications are obstacles to a subsequent kidney transplant. According to Stuard, priority should be given to ensuring that patients start dialysis as late as possible, when symptoms cannot be more corrected by conservative therapy, and having a smooth transition.

To help physicians and patients focus more on this pre-dialysis period, Fresenius Medical Care also supports national programs in various countries, such as the Hungarian National Kidney Program, which has been training physicians and educating people in risk groups on the topic since 2011. Blood-testing days, health days and information events are aimed at raising awareness of the risk of kidney diseases. "It's a wonderful program," explains Stefano Stuard. Fresenius Medical Care supports similar activities in Poland and the Czech Republic.

PRE-DIALYSIS

At an early stage of the disease, nephrologists can treat or prevent key complications, such as:
- Anemia
- High blood pressure
- Heart failure

EARLY DETECTION

People with the risk factors listed before should have their kidney function examined on a regular basis.

LIVING WITH THE MACHINE

Gizella Laurencsik now has to undergo dialysis at the nearby clinic three times a week. She goes for treatment first thing in the morning at 6 a.m. so she can spend her afternoons walking with her husband in a nearby park and working on her handicraft.

> **"There's not much I can't do. I do the housework, water the flowers, tend the garden. It's just that everything goes at a slower pace, everything takes longer."**

For Gizella Laurencsik, it is important to keep up her usual routine. "My life hasn't actually changed at all," she maintains. Her children and grandchildren don't perceive her as being ill because she keeps so busy in the house, in the garden and in the art group that she joined ten years ago. Gizella Laurencsik obviously hopes it stays that way. "I've never really liked long trips," she admits, which is partly why she finds it easy to stick to her dialysis regime. "At the moment, I'm coping well," she says, looking around at all her small artworks.

"THERE'S NOT MUCH I CAN'T DO. IT'S JUST THAT EVERYTHING GOES AT A SLOWER PACE, EVERYTHING TAKES LONGER."

OUR EMPLOYEES
ARE OUR STRENGTH

UNDER-STANDING CONNECTIONS

OUR BUSINESS IS HIGHLY COMPLEX. WE POOL OUR EMPLOYEES' EXPERTISE, DEDICATION, AND EXPERIENCE AND TAKE ADVANTAGE OF CROSS-CULTURAL COLLABORATION. IN OUR WORK, WE ASK THE QUESTIONS THAT ENABLE EVERYONE INVOLVED TO MOVE AHEAD.

PATIENTS
How can we further optimize treatment to improve our patients' quality of life in the long-term?

PHYSICIANS
How can we ensure that therapy systems offer maximum safety and greater treatment success?

NURSING STAFF
How can we simplify the management of clinical practice to make more time for patients?

RESEARCH AND DEVELOPMENT
Which innovations in materials and technology combined with medical advances promise the greatest benefit for patients?

PRODUCTION AND QUALITY ASSURANCE
How can we implement quality standards and design production to be as efficient as possible?

MARKETING AND SALES
How can we ensure that new therapy systems reach hospitals – and hence patients – as quickly as possible?

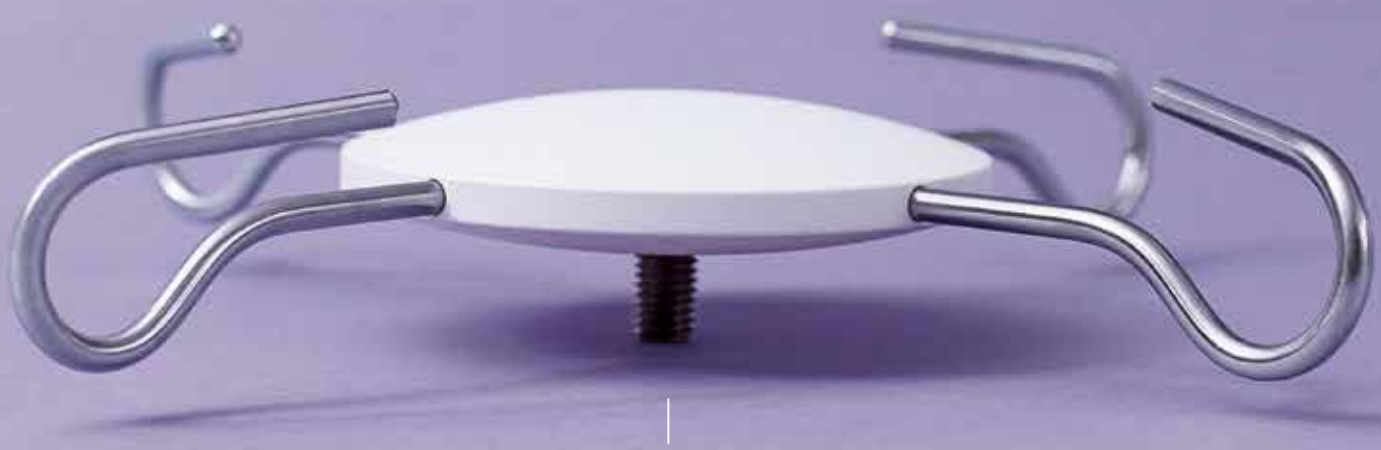
OUR RESEARCH AND DEVELOPMENT TEAM WORKS CLOSELY WITH EXPERTS FROM PRODUCTION – ALWAYS WITH THE SHARED GOAL OF ACHIEVING THE BEST POSSIBLE QUALITY.

RESEARCH AND DEVELOPMENT
New medical discoveries, growing patient numbers and unprecedented opportunities thanks to technological progress: Our experts in this field work every day to develop practical solutions in interdisciplinary teams.

QUALITY ASSURANCE
From testing the reliability of all components to validating test results, Quality Assurance guarantees that our products and services are as safe as possible.

TECHNICAL APPLICATION SUPPORT
Treatment experts not only train nurses and physicians, but are also available at our clinics to answer questions and help with any difficulties that arise.

MARKETING
Medical devices should be explained in an appropriate way to ensure that medical staff can take advantage of innovative products to achieve optimal treatment results.



SALES
Efficient patient care requires supplying our customers with our products reliably and comprehensively.

GENERATING INTEREST, PROVIDING INFORMATION, PRESENTING INNOVATIONS, AND MAKING OUR PRODUCTS MORE TANGIBLE – THESE ARE THE FIRST STEPS ON THE WAY TO REACHING OUR PATIENTS.

VISIONS EVOLVE FROM KNOWLEDGE, AND FROM EXPERIENCE GATHERED CONTINUOUSLY OVER MANY YEARS. JUST AS THE INDIVIDUAL COMPONENTS OF A DIALYSIS MACHINE ARE PERFECTLY INTEGRATED, OUR 104,033 EMPLOYEES WORLDWIDE COLLABORATE CLOSELY IN ALL AREAS.

In 2015, we cared for more than 294,000 dialysis patients.

We performed around 45 M dialysis treatments in 2015.

Since the first series production run (in 1979), we have made more than 600,000 dialysis machines at our factories.

Our products and services are available in 120 countries.

Some 120 liters of blood flow through the tubing during treatment.

Up to 50 employees are involved in producing a single machine.

A dialysis machine can offer up to 1.4 million different configuration options.

Dialysis machines are pre-programmed in up to 30 operating languages.

Creating a completely new therapy system requires the experience gained from millions of treatments combined with the cross-disciplinary expertise at our development and production sites

Fresenius Medical Care accounts for more than one in every two dialysis machines.

A dialysis machine consists of some 8,000 parts.

We have employees in more than 50 countries.

STATE-OF-THE-ART TECHNOLOGIES ARE THE BASIS FOR OPTIMIZED, INTUITIVE WORKFLOWS AT THE HOSPITAL AND PROVIDE ADDED VALUE FOR PATIENTS.

SOFTWARE
Modern touch screens and easy-to-understand programs make it easier for medical staff to use the therapy system and minimize the risk of errors.

DATA MANAGEMENT
Digitization reduces the effort required to collect, analyze, and store treatment data and increases data quality. All treatment providers have access to historical data as well as to up-to-date patient data at any time.

Developing new products, improving dialysis treatments and hence increasing our patients' quality of life are integral parts of our strategy.

15,350

EMPLOYEES WORKED IN PRODUCTION AND QUALITY ASSURANCE IN MORE THAN 20 COUNTRIES IN 2015.

Our patent portfolio comprises

6,643

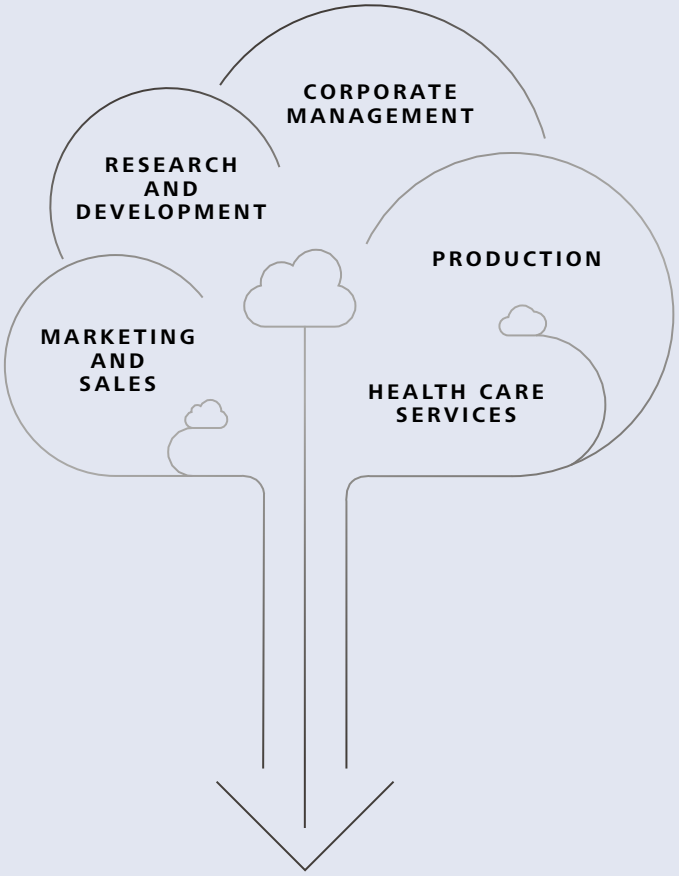
property rights in more than 1,000 patent families.

$140 M

invested in Research and Development

649

highly qualified employees work in the area of Research and Development.



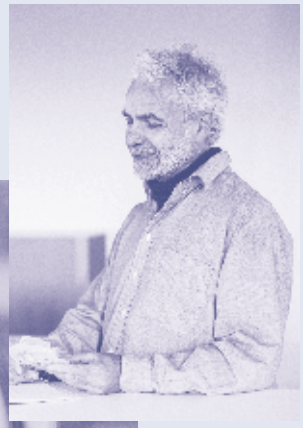
WE AIM:
TO OFFER OUR PATIENTS THE BEST AND SAFEST DIALYSIS PRODUCTS AND HEALTH CARE SERVICES

TURNING A VISION INTO A NEW THERAPY SYSTEM

IMPROVING QUALITY OF LIFE – THERE IS NO GREATER INCENTIVE. EXPERTS AT FRESENIUS MEDICAL CARE WORK IN INTERDISCIPLINARY TEAMS TO DEVELOP A NEW THERAPY SYSTEM FOR DIALYSIS.

STEP 1 – THE VISION

When maximum reliability is the basic requirement for a new development, progress can become a highly complex task. This applies particularly to medical products. How can we develop a therapy system that enables advanced treatment while further minimizing the risks involved, enhancing ease of use and increasing effectiveness – a system whose collective benefits constitute a major step forwards? By reducing the complexity of the system. By working together to achieve the best possible solution, using an interdisciplinary approach, with theoretical and practical knowledge, and with experts from the areas of research, development and clinical practice. Product developers and managers, designers, process engineers and material scientists work closely with specialists from the sharp end of dialysis to advance the development of a system that improves treatment for patients – and makes the job of nursing staff and physicians considerably easier.

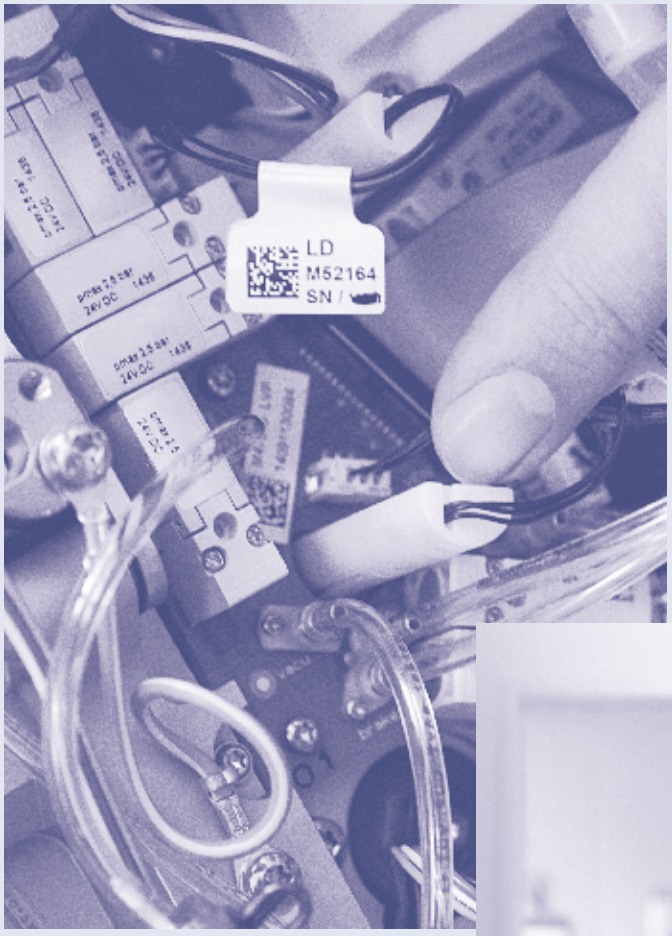


"The benefits for patients are always initially at the center of any new development."

MARTIN LAUER
Product Developer in Research and Development

“Faster, easier, safer: We have high expectations in terms of the intelligence of a new machine.”

DR. THEOHARIS TSOBANELIS
Medical Director of the Center for Renal Diseases and Hypertension (CfNH) in Frankfurt/Main, Germany



STEP 2 – DEVELOPMENT

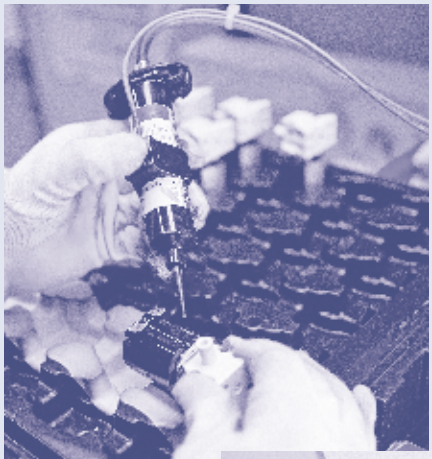
Which advancements deliver what benefits? How can we achieve even greater treatment quality and safety for our patients? Are there other ways to improve treatment, for instance by making it easier for clinic staff to use the therapy system? At the start of the development phase, the team has to deal with a wide range of challenges and objectives. The priorities only become apparent later on: In what areas will the new system create the greatest impact? Where is there still scope for technical advances in a system that is already highly developed? Empirical values are used in Research and Development: In most dialysis clinics, patients are treated from early in the morning until late at night, six days a week. Fresenius Medical Care experts responsible for training and for applying the Company’s therapy systems are in constant dialog with physicians, nursing staff, and patients. They pass on feedback from clinical practice to Research and Development. A vision for a new system gradually becomes reality.

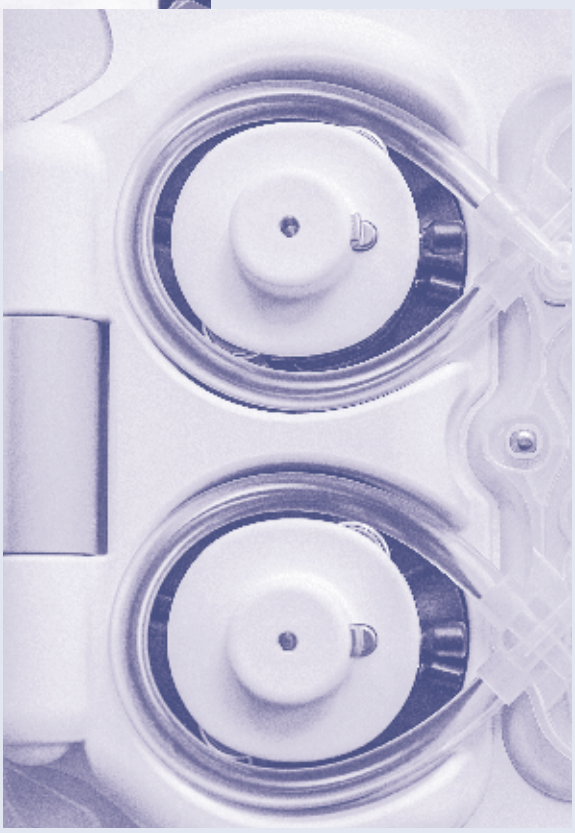
"The greatest opportunities lie in optimizing the way the system is handled: Less complex operation means more time for patients."

DR. JOACHIM NOACK
Technical Project Manager for Research and Development

STEP 3 – OPTIMIZATION

The team pays attention to detail from the inner workings of the therapy system to the design of the interface: Greater flexibility in the day-to-day running of the clinic can only be achieved if dialysis treatment runs smoothly. That leaves more time for patients. "Maximum effective treatment time, intuitive handling, fewer components – these are just some of our main aims," says Dr. Joachim Noack, Technical Project Manager at Fresenius Medical Care. In the optimization phase, the last remaining weak points are identified, processes are finely honed, and feedback from users' practical experience is implemented. It is a combination of planning at the desk, work in the research laboratory, the workshop and the clinic. Physicians and researchers meet application consultants, designers, material scientists, process developers, and experts for approval processes. During clinical testing, the system goes through several stages to verify aspects such as its performance. The product is only put into operation in selected clinics once the prototype is as safe as a standard product and has been officially approved.





STEP 4 – IMPLEMENTATION

The new therapy system is a major step forward: Fewer procedures, less preparation, easier operation and reduced risks. As a result, nursing staff spend less time on the machine and even more with patients. The self-contained complete system reduces manual contact with the components of the therapy system, thus minimizing the risk of infection. Treatment is simplified considerably. What's more, this is measurable. Even before its official launch, more than 100,000 treatments were performed with the new system at selected clinics. The results were positive in several respects, both for patients and nursing staff: It simplifies handling, improves monitoring, and increases safety. Even during dialysis, different treatment methods and their associated requirements can be easily adapted to the patient's changed needs via a touch screen. The system meets high ergonomic standards, enables intuitive operation and has a clear and modern design. "Innovations are extremely important from a clinical perspective," says Dr. Theoharis Tsobanelis, Medical Director at the Center for Renal Diseases and Hypertension (CfNH) in Frankfurt/Main. "Even if there is little chance of shortening individual dialysis treatment, improvements in the range of treatments and handling of the equipment are essential. We welcome the extra safety, tranquility and effectiveness that the system grants our patients." The vision has become reality – the new therapy system is ready to use.

"Our experience with the new therapy system has shown: It grants our patients extra safety, tranquility and effectiveness."

DR. THEOHARIS TSOBANELIS
Medical Director of the Center for Renal Diseases and Hypertension (CfNH) in Frankfurt/Main

WE WOULD LIKE TO THANK
OUR PATIENTS AND PARTNERS FOR
THEIR CONFIDENCE IN OUR
COMPANY AND OUR EMPLOYEES
FOR THEIR DEDICATION AND
COMMITMENTS IN THE PAST YEAR.

THANK YOU

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UNDERSTAND

ANNUAL REPORT
2015

That we can do more than dialysis

THAT WE HAVE SET THE COURSE FOR A SUCCESSFUL FUTURE

WHICH INNOVATIVE SOLUTIONS ARE IMPORTANT TO OUR PATIENTS

HOW WE FURTHER STRENGTHEN OUR MARKET POSITION AND GENERATE PROFITABLE GROWTH

WHAT COUNTS

FRESENIUS MEDICAL CARE

Fresenius Medical Care is the world's leading provider of products and services for people with chronic kidney failure.

OPERATING INCOME (EBIT) IN $ M

2015[1]

2,387

2014

2,255

Change of 6%

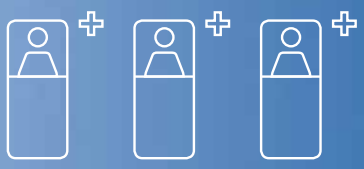
EMPLOYEES

2015

104,033

(2014: 99,895)

PATIENTS



2015

294,381

(2014: 286,312)

REVENUE IN $ M

2015

16,738

(2014: $15,832 M)

Change of 6%

NET INCOME IN $ M

2015[1]

1,066

2014

1,045

Change of 2%

DIALYSIS CENTERS

2015

3,418

(2014: 3,361)

SELECTED KEY FIGURES IN $ M

	2015	*2014*
Earnings before interest, taxes, depreciation and amortization (EBITDA)	3,044	2,954
Net cash provided by (used in) operating activities	1,960	1,861
Free cash flow[2]	1,025	941
Capital expenditures	935	920
Acquisitions and investments, net	66	1,770
Operating income margin in %	13.9	14.2
Return on invested capital (ROIC) in %	6.9	6.9
Equity ratio (equity/total assets) in %	41.1	39.5

[1] *Adjusted for the out-of-court settlement in principle in a product liabilities case (GranuFlo®).*
[2] *Net cash provided by (used in) operating activities after capital expenditures, before acquisitions and investments.*

ANNUAL REPORT 2015

UNDERSTAND WHAT COUNTS

OUR GROWTH IS BASED ON

... OUR IN-DEPTH UNDERSTANDING OF OUR MARKETS AND BUSINESS AREAS, ENHANCING OUR RANGE OF PRODUCTS AND SERVICES AND BOOSTING OUR OPERATIONAL EXCELLENCE.

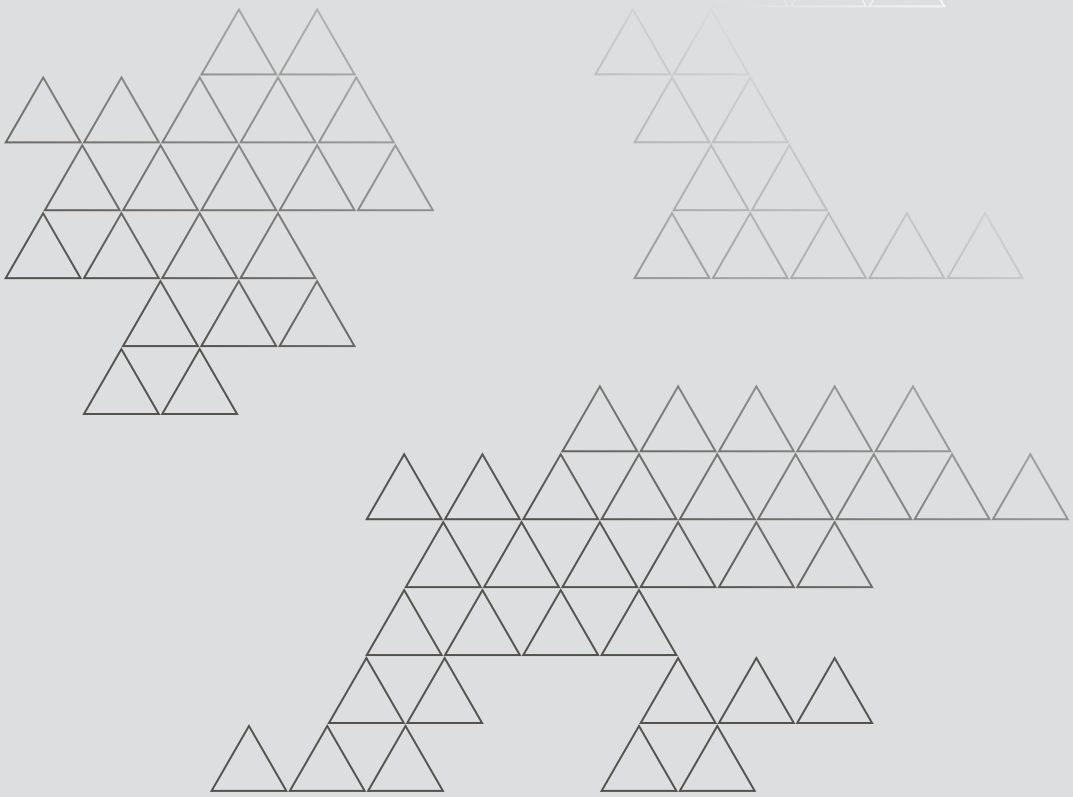
As the world's leading provider of dialysis treatments and products, we have set ourselves ambitious targets: We aim to continuously increase our revenue, further expand our global presence, and create added value for patients, employees and investors.

Understanding is the key to our success: We understand the complex environment in which we operate, we are aware of what is required of our products and services, and we know how to position ourselves to manage all these tasks efficiently. That is why we can offer the best, most innovative products and services, and give more and more people access to life-saving dialysis. Because we understand what counts.

EXPANDING OUR
GLOBAL PRESENCE

ACKNOWLEDGING REGIONAL DIFFERENCES

We think globally. And act locally. This understanding enables us to strengthen our market position in the long-term and to generate profitable growth. ➜ COMPANY PROFILE STARTING ON PAGE 31



TAPPING INTO
NEW BUSINESS AREAS

IDENTIFYING MARKET REQUIREMENTS

As a vertically integrated company, we are able to cover the complete dialysis value chain. This holistic approach enables us to expand our range of services and tap into new business areas. ➜ STRATEGY, OBJECTIVES AND CORPORATE MANAGEMENT STARTING ON PAGE 39

ENHANCING PRODUCTS AND TREATMENTS

RECOGNIZING NEEDS

We know our patients. And their needs. That is why we are constantly enhancing our products and treatments. Innovative solutions allow us to address specific requirements in a targeted manner – always with the aim of improving our patients' quality of life.

➜ RESEARCH AND DEVELOPMENT STARTING ON PAGE 55

INCREASING
OPERATIONAL EXCELLENCE
AND FLEXIBILITY

SHAPING THE FUTURE

We are well positioned. But we want to keep moving forward. We are constantly optimizing our structures and processes to be able to respond even more flexibly to changes and strengthen our long-term competitiveness. ➜ **OUTLOOK STARTING ON PAGE 97**

CREATING A FUTURE
WORTH LIVING. FOR PATIENTS.
WORLDWIDE. EVERY DAY.

OUR VISION

About four decades of experience, innovative research, the global leader in dialysis services and products – that is Fresenius Medical Care.

Patients with kidney disease can now look ahead with much more confidence thanks to our innovative technologies and treatment concepts. We give them a future, one that offers them the best-possible quality of life. We use the increasing demand for modern dialysis

methods to our advantage and work consistently to enhance the Company's growth perspectives. Together with our employees, we focus on pursuing strategies that will enable us to uphold our technological leadership. As a vertically integrated company, we offer products and services for the entire dialysis value chain.

The highest medical standards are our benchmark. This is our commitment to our patients, our partners in the health care system and our investors, who trust in the reliable performance and the future of Fresenius Medical Care.

1 TO OUR SHAREHOLDERS

2 OUR FISCAL YEAR

3 CORPORATE GOVERNANCE

4 CONSOLIDATED FINANCIAL STATEMENTS

5 FURTHER INFORMATION

TO OUR SHAREHOLDERS

1 TO OUR SHAREHOLDERS

WE GROW WORLDWIDE,
BECAUSE WE UNDERSTAND
WHAT COUNTS.

Dear

SHARE-HOLDERS,

We can only offer the best care if we truly understand our patients, our business and the markets in which we operate. This is becoming increasingly challenging in an environment as fast-changing and diverse as the global health care market.

In 2015, we continued on our path to a new business segment that will enable us to benefit from these changes. Growing our business beyond Fresenius Medical Care's core dialysis products and services requires time and investment, as well as a profound understanding of the market dynamics. Based on our long-term experience in the dialysis market, we are in a unique position to deliver on this.

Take our largest market, the United States. Under the new U.S. reimbursement system, care providers are increasingly no longer being paid for each unit of care provided, but for the overall outcome of treatment. This requires physicians to coordinate the information they have on patients in a multidisciplinary network to be able to provide the right care at the right time in the right place – either within or outside our clinic walls. As you can imagine, this presents a significant challenge.

The good news is that Fresenius Medical Care did not just start preparing for this transition yesterday. In fact, we have been acquiring assets for several years to ensure that we have the necessary structures and the right talent in place to adapt to these changing requirements. We call these activities around our core dialysis business "Care Coordination". I am very pleased with how our core dialysis business has performed in 2015 and the progress we are making in further integrating the Care Coordination activities.

In 2015, we already started reaping the rewards of our work in recent years, thanks to great achievements in all fields of our business. Against a strong currency headwind and a challenging reimbursement situation in the United States, we were able to meet our targets for 2015. We increased our revenue by 6% to $16.74 billion compared to 2014. At the same time, our adjusted net income increased by 2%.

What's more, we further expanded our knowledge of our patients and markets in 2015. Health care in China, for example, is fundamentally different to the systems in place in the United States and Europe and requires a customized approach. Nevertheless, the same underlying principles apply: Understand the market, stay ahead of the curve and develop the market early on. In 2015, Fresenius Medical Care opened the China Design Center in Shanghai, enabling us to further grow our global research and development footprint. This investment not only underlines our commitment to making our dialysis treatments and technologies more widely available to patients in emerging markets, but it also helps us to better understand the needs of these markets.

This understanding also enables us to reduce the cost of care through more effective cost management. I am very pleased with the progress of our Global Efficiency Program. We are well ontrack to reach our goal of pre-tax savings of $300 million through this program by the end of 2016. But that's not all: We will continue to look for further savings opportunities and ways to make our processes even more efficient. After all, you can only manage care if you can manage cost.

2016 marks another important milestone in our history and gives us another reason to celebrate: Fresenius Medical Care's 20th anniversary!

Twenty years might sound young, but I am extremely proud of the Fresenius Medical Care team and of its outstanding achievements over the past two decades. I would like to express my sincere thanks to all employees who have contributed to this impressive accomplishment through their passion, commitment and hard work.

We have learned a lot over the past two decades and I am very happy that we have got to where we are now: With the assets and knowledge we have amassed, the talent we have on board and the way we are conducting our business. We can now leverage the expertise we have gained over the past years to shape a successful future for Fresenius Medical Care.

In the coming years, we will continue to focus on our four main strategic goals: (1) to grow our core dialysis business and expand our global presence, (2) to further develop adjacent business areas around dialysis, (3) to enhance our products and treatments to provide even better care for our patients, and (4) to foster operational excellence and flexibility, thereby benefitting from our long-term experience and understanding of the market.

Understanding is also strongly linked to trust. After all, how can you trust something you do not understand? We are committed to cultivating an open and transparent dialogue with you, our shareholders. I personally enjoy our discussions with the capital market and would like to thank you for your long-term trust in Fresenius Medical Care.

Our business success and the confidence placed in us by the capital market were again reflected in our share price performance in 2015. This increased by 26% over the course of the year, marking a new all-time high in November 2015. I also take great pleasure in proposing the 19th consecutive dividend increase to the Annual General Meeting, this time by 3% to €0.80 per share. We also remain fully committed to our policy of growing the dividend approximately in line with the increase in earnings per share.

Dear shareholders, I am convinced that we have an enormous opportunity to change the way we fundamentally provide care for our patients. Thanks to the dynamic growth of our Care Coordination business and the ongoing strong performance of our core business, we are well equipped for future success. By 2020, we plan to increase our revenue by 10% per year on average to $28 billion. This is an ambitious target for which we are well prepared.

We are very satisfied with our achievements over the past two decades. We confirm our full year guidance for 2016 and will continue to focus on further strengthening our business to deliver high-quality care for our patients and value to our shareholders.

Yours sincerely,

RICE POWELL
Chairman of Fresenius Medical Care

Bad Homburg v. d. Höhe, March 9, 2016

MANAGEMENT BOARD

RICE POWELL
CEO and Chairman
Member since January 1, 2004
CEO since January 1, 2013

MICHAEL BROSNAN
Finance
Member since January 1, 2010

ROBERTO FUSTÉ
Asia-Pacific
Member since January 1, 1999

RONALD KUERBITZ
North America
Member since January 1, 2013

KENT WANZEK
Production and Quality
Member since January 1, 2010

DOMINIK WEHNER
Europe, Middle East and
Africa, and Labour Relations
Director Germany
Member since April 1, 2014

DR. OLAF SCHERMEIER
Research and Development
Member since March 1, 2013

CAPITAL MARKET AND SHARES

Fresenius Medical Care's share price performed very well in 2015 in a volatile environment; at the end of the year, it stood at €77.73, around 26% higher than it was at the start. In the same period, the DAX gained 9.6%. We are confident that we can continue to grow Fresenius Medical Care's shareholder value in the long-term with our strategic approach.

FRESENIUS MEDICAL CARE'S SHARES MAKE SIGNIFICANT GAINS

Fresenius Medical Care's shares were again among the best-performing stocks on the DAX in 2015, and managed to hold their own in what was a challenging economic environment. After a muted start to the year, the shares rallied strongly in the first quarter. In particular, the ambitious growth targets for 2016 published in February 2015 provided significant momentum. The cost savings from the Global Efficiency Program also met with a positive response from the market. In the second half of the year, delayed tendering processes in the U.S., negative currency translation effects and increased legal and consultancy costs dampened the Company's prospects, causing a sharp fall in the share price. By contrast, as the year progressed, the strong operating income in the third quarter and in particular an improved cost structure in the U.S. provided a considerable increase.

At the end of the year, the share price was €77.73, up around 26% compared to the start of the year. Thanks to this performance, Fresenius Medical Care's shares were among the ten best stocks on the DAX in 2015. At the beginning of November, our shares reached a new all-time high of €83.13. Their low for the year was €60.57 on January 7, 2015.

Further information on the share price and index performance can be found in table 1.1 as well as charts 1.2, 1.3 and 1.4.

The long-term comparison clearly demonstrates the strength and stability of Fresenius Medical Care shares: Over the past ten years, the Company's share price has risen by more than 260%. Investors seeking long-term growth who invested €10,000 in Fresenius Medical Care shares ten years ago and reinvested the dividends would have had €30,220 in their accounts as of December 31, 2015, equivalent to an average annual return of around 12%. This means that Fresenius Medical Care's shares significantly outperformed indices such as the DAX, the Dow Jones and the Euro Stoxx Health Care, which posted annual growth rates of 7, 5 and 6% respectively in the same period.

Increase in market capitalization

Fresenius Medical Care's market capitalization amounted to €23.73 BN at the end of the year under review, almost €5 BN higher than the prior-year figure of €18.77 BN. At 0.78 M per trading day, the trading volume of the shares on the Xetra trading platform was virtually unchanged from the previous year (0.82 M).

STOCK INDICES/SHARES — T. 1.1

	Country/ region	*31.12.2015*	*31.12.2014*	*Change*	*High*	*Low*
DAX	*GER*	10,743	9,806	9.6%	12,375	9,428
Dow Jones	*U.S.*	17,425	17,823	(2.2%)	18,312	15,666
DJ EURO STOXX 50	*EUR*	3,268	3,146	3.8%	3,829	3,008
DJ EURO STOXX Healthcare	*EUR*	795	694	14.6%	875	689
Fresenius Medical Care share *in €*	*GER*	77.73	61.85	25.7%	83.13	60.57
Fresenius Medical Care ADR *in $*	*U.S.*	41.84	37.14	12.7%	45.72	35.96

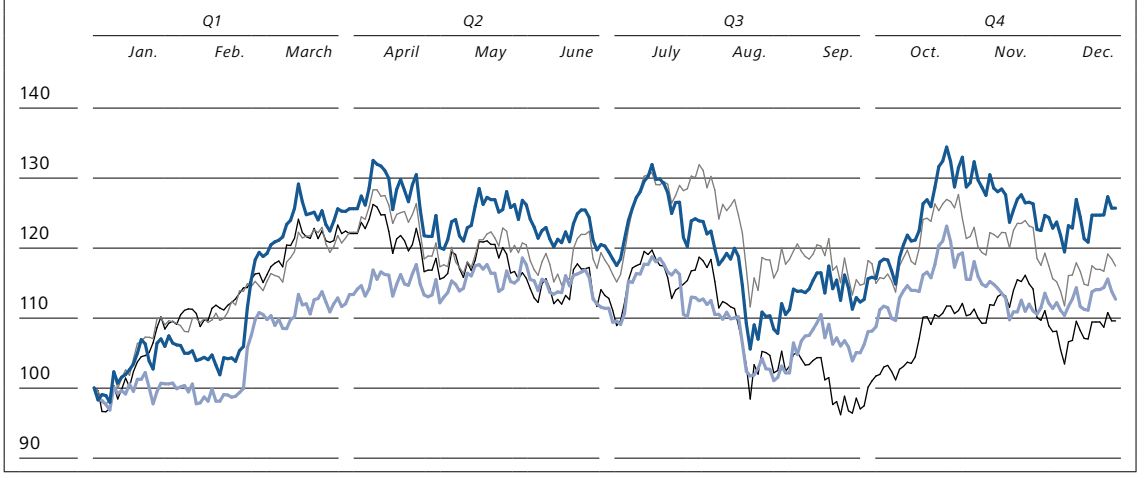
Source: FactSet data, own calculations

Stable position in DAX rankings

The rankings published by Deutsche Börse form the basis for the composition of the DAX. They are compiled every month based on the trading volume and market capitalization on the basis of the free float. At year-end 2015, our weighting in the DAX was 1.87% (2014: 1.62%), we were ranked 20th in terms of market capitalization (2014: 20th) and 24th in terms of trading volume (2014: 26th).

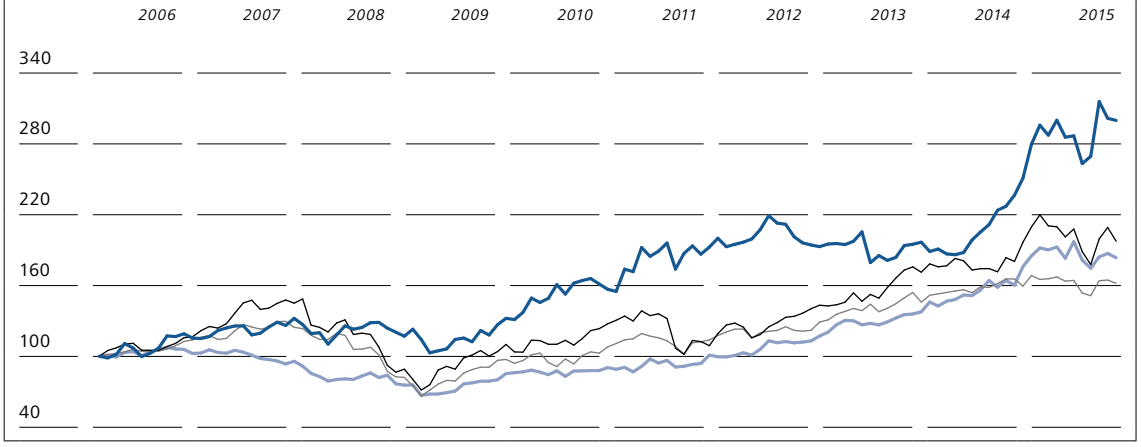
Fresenius Medical Care's shares are included in a number of other important international share indices, such as the Dow Jones, MSCI and the FTSE. Our shares were listed in the Dow Jones Sustainability Europe Index for the seventh consecutive year, and in the Dow Jones Sustainability World Index for the third year running. Both indices take into account ecological and social as well as economic criteria.

INDEX AND SHARE PRICE PERFORMANCE, INDEXED, JANUARY 1, 2015 – DECEMBER 31, 2015 C. 1.2



Fresenius Medical Care share (€) *Fresenius Medical Care-ADR ($)* *DAX* *DJ Euro Stoxx Healthcare*
Source: Bloomberg, own calculations

INDEX AND SHARE PRICE PERFORMANCE ON A TEN-YEAR COMPARISON, INDEXED, DECEMBER 31, 2005 – DECEMBER 31, 2015 C. 1.3



Fresenius Medical Care share (€)* *DAX* *Dow Jones Industrial Average (DJIA)* *DJ Euro Stoxx Healthcare*
* *Dividends reinvested*
Source: Bloomberg, own calculations

Positive price performance for ADRs

In 2015, the price of Fresenius Medical Care shares listed on the New York Stock Exchange in the form of American depositary receipts (ADR) increased by 13%. Two ADRs are equivalent to one Fresenius Medical Care share. The price movement of the ADR is tied to that of Fresenius Medical Care's shares, taking into account the development of the euro/U.S. dollar exchange rate. ADRs account for around 16% of the entire trading volume, while our shares make up approximately 84%.

DIVIDEND CONTINUITY

At the Annual General Meeting on May 12, 2016, we will propose a dividend to shareholders of €0.80 per share.

Based on the proposed dividend and our closing share price at the end of 2015, the dividend yield for our shares should be around 1.0% (2014: 1.3%). This means the dividend would have risen by around 9% each year on average since 1997.

Assuming the proposed dividend is accepted, the total payout for 2015 would amount to approximately €244 M. Applying the euro/U.S. dollar exchange rate at the end of the year under review, the total dividend works out at around $266 M. Based on our net income of $1.03 BN, this represents a payout ratio of about 26%.

SHAREHOLDER STRUCTURE STILL VERY BALANCED

Based on our latest shareholder structure analysis at the end of the 2015 financial year, we were able to match around 93% (2014: 85%) of the approximately 305.3 M shares outstanding with their owners. As of December 31, 2015, the number of Fresenius Medical Care shares held by our largest shareholder, Fresenius SE & Co. KGaA, remained unchanged at around 94.4 M. This corresponds to a 30.9% interest

SHARE PRICE PERFORMANCE, ABSOLUTE
JANUARY 1, 2015 – DECEMBER 31, 2015
C. 1.4
in €

Fresenius Medical Care share
Source: Bloomberg, own calculations

in our share capital. In the same analysis, we identified a further twelve institutional investors with an interest in our share capital of more than 1%.

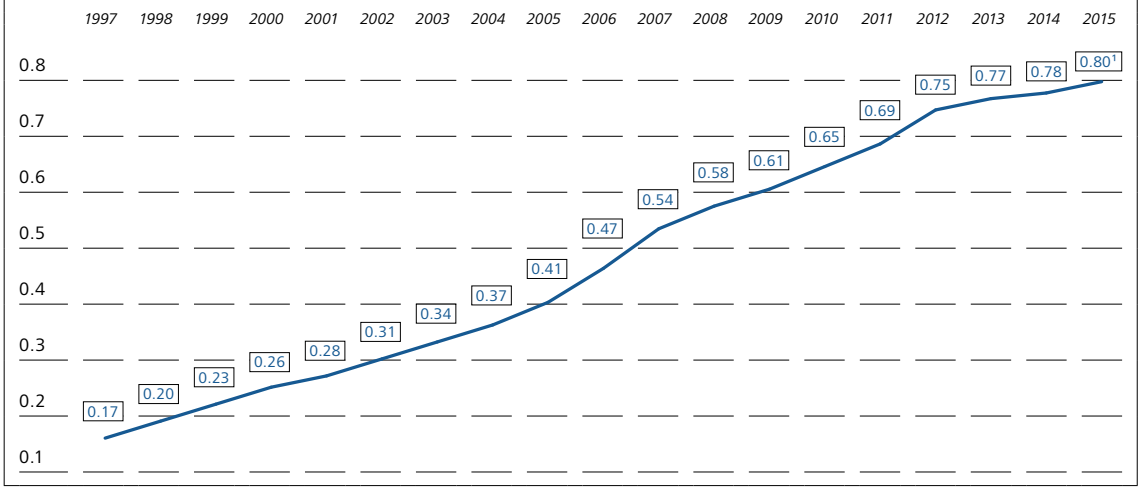
According to the analysis, 535 institutional investors (2014: 548) own Fresenius Medical Care shares, with the top 20 investors alone holding approximately 44% of identified shares in the free float (2014: 43%). Eight of the top 20 investors are based in Great Britain, while six are in the U.S., three in Germany, two in France and one in Norway.

In terms of distribution of regionally allocated shares held by institutional investors: 31% of all shares identified in the free float were held in North America. Another 55.3% of the shares were held in Europe excluding Germany, with Great Britain and Ireland accounting for the majority (32.8% of free float). 11.8% of the shares were held in Germany.

Our shareholder structure is well balanced in terms of regional breakdown as well as the share of private and institutional investors.

DEVELOPMENT OF THE DIVIDEND C. 1.5

in €



¹ *Proposal to be approved by the Annual General Meeting on May 12, 2016.*

NUMBER OF IDENTIFIED SHARES AS PER SHAREHOLDER STRUCTURE ANALYSIS T. 1.6

Figures rounded in M

	Number of shares	*in %*	*in % of free float*
Number of shares outstanding as of December 31, 2015	305.3	100.0	–
Identified shares	283.0	92.7	–
Unidentified shares	22.3	7.3	10.6
Shares in free float	210.9	69.1	–
▸ IDENTIFIED SHARES BASED ON FREE FLOAT	**188.6**	**–**	**89.4**

VOTING RIGHTS NOTIFICATIONS IN 2015

As of the end of 2015, Fresenius Medical Care had not received any notification that a shareholder holds a stake of more than 5% in the Company (with the exception of Fresenius SE & Co. KGaA). All voting rights notifications as per sections 21 and 25 of the German Securities Trading Act (WpHG) are published on our website, www.freseniusmedicalcare.com, under "Investors".

ANALYSTS' ASSESSMENTS OF OUR SHARES

Financial analysts continued to show great interest in our Company. 27 equity analysts, known as sell-side analysts, actively tracked our shares and covered our Company last year. As of the end of 2015, 12 analysts rated our shares as "buy", another 12 advised holding our shares, and three analysts issued a "sell" recommendation.

GEOGRAPHICAL DISTRIBUTION OF IDENTIFIED SHARES

T. 1.7

Figures rounded in M

	Dec. 2015		*Dec. 2014*	
	Number of shares	*in %*	*Number of shares*	*in %*
North America	52.45	30.98	45.46	30.02
Germany	20.06	11.84	18.29	12.07
Great Britain and Ireland	55.46	32.75	44.84	29.60
France	18.16	10.72	17.33	11.44
Norway	5.43	3.21	5.44	3.59
Rest of Europe	14.57	8.60	16.81	11.10
Remaining regions	3.21	1.90	3.30	2.18
▸ **REGIONALLY ATTRIBUTABLE SHARES**	**169.34**	**100.0**	**151.46**	**100.0**
Private investors	19.25	–	12.30	–
▸ **IDENTIFIED SHARES BASED ON FREE FLOAT**	**188.59**	**–**	**163.76**	**–**

BASIC SHARE DATA

T. 1.8

Share type	No-par value bearer share
Stock exchanges	
Germany	Frankfurt Stock Exchange/Prime Standard
U.S.	New York Stock Exchange (NYSE)
Securities identification numbers and ticker symbols	
Deutsche Börse	FME
NYSE (ADR)	FMS
WKN	578 580
ISIN	DE0005785802
CUSIP number (NYSE)	358029106
Reuters	FMEG.DE (Xetra) or FMS.N (NYSE)
Bloomberg	FME GY (Xetra) or FMS US (NYSE)

SUCCESSFUL INVESTOR RELATIONS ACTIVITIES

Our investor relations activities in 2015 again focused on delivering continuous and transparent information to all capital market participants. This included disclosing information on Fresenius Medical Care's strategy and management principles, its operational and financial business developments and the Company's outlook to a wide audience comprising not only shareholders, other capital market participants and analysts, but also employees, journalists and the general public. Our aim is to make a significant contribution to increasing the value of Fresenius Medical Care in the long-term by means of effective financial communication.

In the year under review, we presented Fresenius Medical Care in more than 750 one-on-ones with analysts and investors and answered questions about our business performance and the Company's

KEY FIGURES FOR FRESENIUS MEDICAL CARE'S SHARE T. 1.9

		2015	2014	2013	2012	2011
Number of shares[1]	in M shares	305.31	303.56	301.45	302.74	300.16
Share prices (Xetra trading)						
High for the year	in €	83.13	61.85	55.60	59.51	55.13
Low for the year	in €	60.57	47.15	47.00	50.80	41.11
Year-end	in €	77.73	61.85	51.73	52.31	52.50
Average daily trading volume	in units	778,076	816,486	828,269	668,588	831,757
Share prices (ADR NYSE)						
High for the year	in $	45.72	37.63	36.07	38.93	39.96
Low for the year	in $	35.96	32.06	31.02	32.13	27.88
Year-end	in $	41.84	37.14	35.58	34.30	33.99
Average daily trading volume	in units	150,013	134,825	179,875		
Market capitalization[2]						
Year-end	in € M	23,732	18,775	15,594	15,986	15,930
Year-end	in $ M	25,837	22,795	21,505	21,092	20,612
Exchange rate[3]	$ to €	1.0887	1.2141	1.3794	1.3194	1.2939
Index weighting						
DAX	in %	1.87	1.62	1.37	1.64	2.16
Dividend						
Dividend per share	in €	0.80[4]	0.78	0.77	0.75	0.69
Dividend yield[5]	in %	1.0	1.3	1.5	1.4	1.3
Total dividend payout	in € M	244[4]	237	232	230	210
Earnings per share (EPS)						
Number of shares[6]	in M	304.44	302.34	301.88	301.14	299.01
Earnings per share (EPS)	in $	3.38	3.46	3.65	3.89	3.54

[1] *Shares outstanding as of December 31 of the respective year.*
[2] *Based on shares outstanding.*
[3] *Euro reference rates of the European Central Bank as of December 31 of the respective year.*
[4] *Proposal to be voted on by the Annual General Meeting on May 12, 2016.*
[5] *With reference to the respective year-end.*
[6] *Weighted average of shares outstanding.*

future. In addition, we showcased our Company at 11 roadshows and 19 investment conferences around the globe.

Furthermore, the Management Board informed investors and analysts about Fresenius Medical Care's Care Coordination activities and their significance for the Company's growth strategy at "Meet the Management" events in New York and London in November 2015. Further information on our strategy can be found in the "Strategy, Objectives and Corporate Management" chapter starting on page 39.

Analysts and investors appreciate our Company's investor relations activities. The quality of our capital market communication was acknowledged several times throughout the year. For example, a survey carried out by the U.S. magazine "Institutional Investor" ranked Fresenius Medical Care first in the "Medical Technologies & Services" category in Europe for the eighth year in succession.

On our website www.freseniusmedicalcare.com, we also provide the following information:

- price information on our shares listed on the Frankfurt and New York stock exchanges,
- publications such as quarterly reports, Annual Reports, investor news and ad hoc disclosures,
- full year and interim reports in the form of live webcasts of analyst meetings and conference calls, including corresponding information and presentation material,
- live transmission of the CEO's speech to the Annual General Meeting,
- financial calendar with information on financial reporting, the Annual General Meeting and other events.

29

100

OUR FISCAL YEAR

2 OUR FISCAL YEAR

OPERATIONS

We are the number one specialist in health care solutions for patients with chronic kidney failure. With innovative products and therapies, we set the highest possible standards in dialysis treatment.

COMPANY PROFILE

THE WORLD'S LEADING INTEGRATED DIALYSIS COMPANY

Fresenius Medical Care is the world's leading provider of products and services for people with chronic kidney failure, around 2.8 M of whom worldwide regularly undergo dialysis treatment. Dialysis is a life-saving blood cleansing procedure that substitutes the function of the kidney in the event of kidney failure.

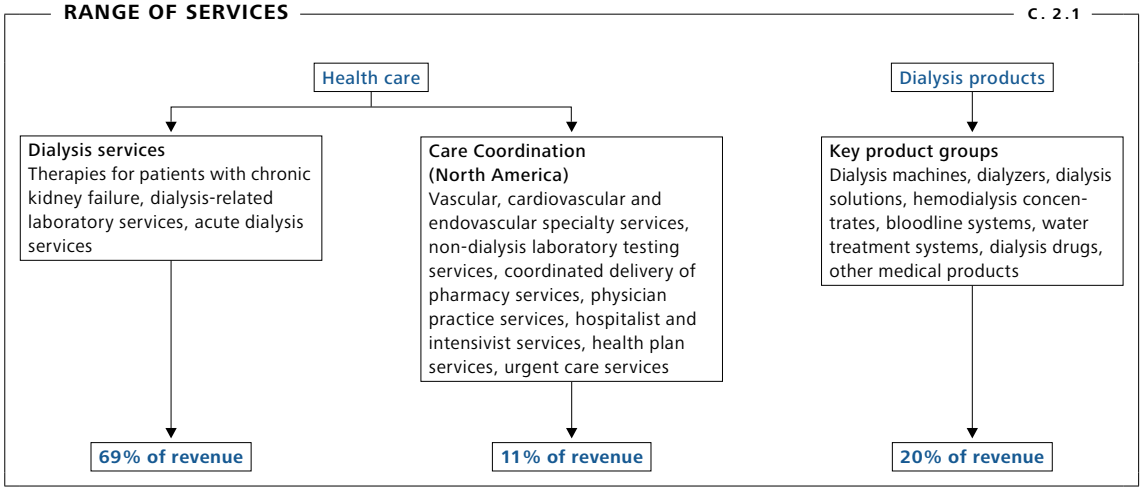
Formed in 1996 following the merger of the dialysis business of the Fresenius AG and the U.S. dialysis service provider National Medical Care, Fresenius Medical Care is a vertically integrated company that provides products and services across the entire dialysis value chain. As the leading provider of dialysis products such as dialysis machines, dialyzers and associated disposable accessories, we are present in more than 120 countries around the world. At the same time, we care for over 294,000 dialysis patients in all 3,418 dialysis clinics in more than 45 countries. We are continuously developing this network of clinics, which is the largest and most international in the world, to accommodate the ever growing number of dialysis patients.

Demographic factors contribute to the further growth of dialysis markets. They include aging populations and a growing number of people with diabetes and high blood pressure – diseases that often lead to chronic kidney failure. In addition, the life expectancy of dialysis patients is increasing as a result of continuous improvements to the quality of treatment and ever higher standards of living, also in developing countries.

In addition to dialysis treatment itself, we provide medical services, which are grouped under the heading "Care Coordination". In our reporting, we combine revenues from our dialysis services business and from Care Coordination under health care – see chart 2.1. Nevertheless, the main part of our revenue is still generated by dialysis products and dialysis services.

Fresenius Medical Care has more than 104,000 employees in over 50 countries, and generated revenue of $16.74 BN in 2015.

RANGE OF SERVICES C. 2.1



LEGAL AND ORGANIZATIONAL GROUP STRUCTURE

Fresenius Medical Care has the legal form of a partnership limited by shares (KGaA). The corporate structure of Fresenius Medical Care AG & Co. KGaA as well as the Company's management and supervisory structure are set out in the "Corporate Governance Report" starting on page 108. The members of the Management Board are presented on page 20; information on the positions of the Management Board and the Supervisory Board can be found starting on page 136.

Fresenius Medical Care has a decentralized organizational structure and is divided into the North America, EMEA (Europe, Middle East, Africa), Latin America and Asia-Pacific regions, which also constitute our segments – see chart 2.2.

Fresenius Medical Care's headquarters are in Bad Homburg, Germany. The headquarters of North America, our most important region in terms of revenue, are in Waltham, Massachusetts (U.S.). A list of our major holdings can be found starting on page 210.

REPORTING ON THE BASIS OF U.S. GAAP

Fresenius Medical Care is listed on the Frankfurt and New York Stock Exchanges and reports on the basis of U.S. GAAP (United States Generally Accepted Accounting Principles) with the U.S. dollar as the reporting currency. The Company is therefore obliged to submit a Form 20-F annual report to the U.S. Securities and Exchange Comission (SEC), on which this publication is partly based. Furthermore, the Company prepares reports in accordance with the International Financial Reporting Standards (IFRS) and German Comercial Code (HGB). These publications are also available on the Internet at www.fresenius medicalcare.com.

OUR RANGE OF SERVICES

Healthy kidneys rid the blood of waste products, regulate water levels, and produce important hormones. If the kidneys are irreparably damaged and are therefore no longer able to function properly for a longer period of time, this is known as chronic kidney failure. Many diseases can lead to chronic kidney failure, particularly diabetes, chronic nephritis, and high blood pressure.

There are currently two treatment options for chronic kidney failure: kidney transplant and dialysis. We distinguish between two dialysis methods: hemodialysis (HD) and peritoneal dialysis (PD). Fresenius Medical Care offers products, therapies and services for both dialysis methods.

Our dialysis products

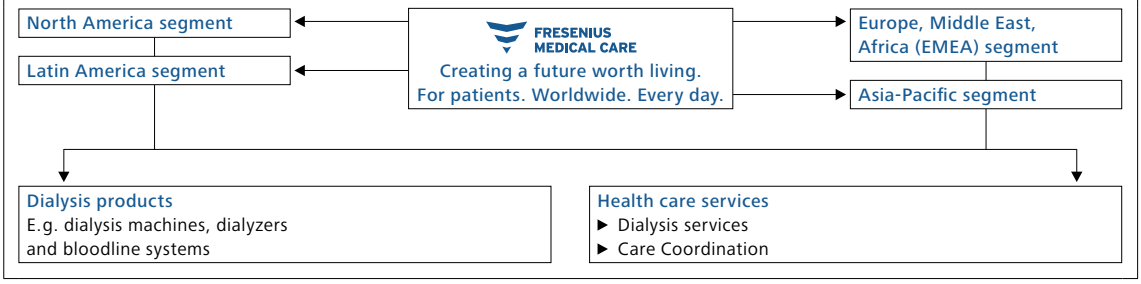
We use our dialysis products in our own dialysis clinics and also sell them to third parties. In 2015, revenue from our dialysis products business accounted for 20% of our total revenue.

Hemodialysis

Hemodialysis (HD) is by far the most common type of therapy for chronic kidney failure. Overall, 88% of dialysis patients receive this treatment. In this process, the patient's blood is filtered outside the body in what is called a dialyzer. This removes toxins and excess water from the blood, while retaining blood cells and important proteins. Blood circulation is monitored and controlled during treatment by a dialysis machine.

Fresenius Medical Care provides a wide range of products for HD for use in both our own and third-party clinics. These include machines and modular machine components, dialyzers, bloodline systems, HD solutions and concentrates, water treatment systems, as well as data processing and analysis systems. Fresenius Medical Care is the clear leader in the

ORGANIZATIONAL STRUCTURE C. 2.2



market for dialysis machines and dialyzers. We sold more than 46,000 dialysis machines worldwide in 2015 (2014: 43,000). This means that more than one in two systems bought are produced by Fresenius Medical Care. In addition, we sold around 120 M dialyzers in 2015 (2014: 115 M). The Company therefore accounts for almost half of global sales of these products. For further information, see the "Sector-specific Environment" section starting on page 62.

Home hemodialysis (home HD) is an alternative to treatment in a dialysis clinic. This form of dialysis therapy is performed by patients at home, usually with the assistance of a partner or trained personnel. The market for home HD is still small: At the end of 2015, only around 0.6% of all dialysis patients received this treatment. Fresenius Medical Care provided care for around 4,100 home HD patients in the year under review; around 24% of all home HD patients therefore use our dialysis products.

Peritoneal dialysis

In peritoneal dialysis (PD), the peritoneum is used as a natural filter. It has similar properties to dialyzer membranes: It allows certain substances to permeate its pores, while retaining others. PD is carried out by patients themselves while at home or away, for example at work. We offer systems and solutions for continuous ambulatory peritoneal dialysis (CAPD) and automated peritoneal dialysis (APD). In the case of CAPD, dialysis solution is fed manually from a bag through a catheter into the patient's abdominal cavity, where it is flushed through the peritoneum. This process is carried out three to five times a day. After four to five hours, the patient drains the dialysis solution – now mixed with metabolic products – into an empty bag and replaces it with fresh solution. This ensures that the blood is continuously and gently cleansed. APD is mostly carried out at night. A special device called a cycler takes over the exchange of dialysis fluid. In the evening, the patient connects up with the cycler, which then automatically replaces the dialysate several times during the night after just a short time in the abdominal cavity. The cycler ensures that the dialysis solution mixed with metabolic products is fed in and drained out. As a result, the blood is continuously cleansed at night and virtually no treatment is required during the day.

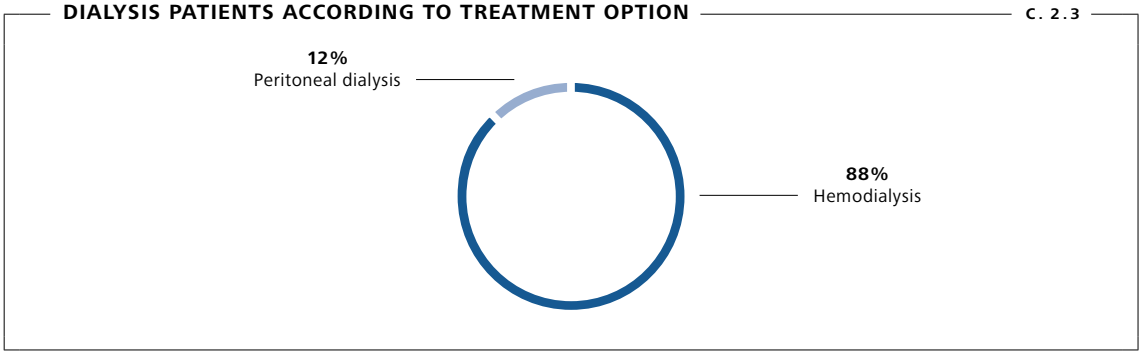
In the year under review, around 12% of all dialysis patients worldwide underwent PD treatment. We provided products to approximately 53,000 PD patients by the end of the year, meaning that around 16% of all PD patients use our dialysis products.

Acute dialysis

Generally, dialysis patients suffer from chronic kidney failure – a disorder which, in most cases, develops gradually over many years. But in acute medical emergencies, patients may also be in need of dialysis because of rapid kidney failure, for instance after a serious accident. Continuous renal replacement therapy is used in intensive-care units to treat acute kidney failure in critically ill patients. Fresenius Medical Care also provides products and services for this.

In 2015, Fresenius Medical Care launched the therapy system multiFiltratePRO. It builds on the Company's extensive experience with its successful anticoagulant Ci-Ca® that allows patients to undergo particularly lengthy treatment without the need for heparin. For further information, see the "Research and Development" chapter starting on page 55.

DIALYSIS PATIENTS ACCORDING TO TREATMENT OPTION C. 2.3



Source: Company data and estimates

Further blood cleansing procedures

Extracorporeal blood cleansing is used not only to treat chronic kidney failure, but also to support the liver function on a temporary basis (liver support therapy). Excess blood fats or pathogenic antibodies can also be removed in this way (therapeutic apheresis). It is mainly used in patients who can no longer be treated successfully with medication. In 2015, Fresenius Medical Care launched the absorber IgEnio, which is used to treat severe asthma, for example. For further information, see the "Research and Development" chapter starting on page 55.

Dialysis drugs

As well as their key function of excreting the end products of metabolism, our kidneys produce hormones such as vitamin D for healthy bone metabolism and erythropoiesis-stimulating agents (ESAs), such as EPO, which stimulate the formation of red blood cells. In addition, the kidney regulates the body's mineral balance. Although dialysis can perform some functions in patients with kidney failure to a large extent, patients must also take drugs to replace missing hormones and maintain the body's mineral balance. These usually include agents to stimulate red blood cell production, iron compounds, phosphate binders, vitamin D preparations and calcimimetics – see the Glossary starting on page 214.

We obtain vitamin D from specialist suppliers. The vast majority of our ESAs, phosphate binders, potassium binders and iron compounds are also sourced from Vifor Fresenius Medical Care Renal Pharma, a joint venture with the Swiss company Galenica. Further information can be found in the "Events Significant for Business Development" section starting on page 68.

Our dialysis services

In our 3,418 dialysis clinics worldwide, we provide 294,381 patients with life-saving dialysis treatment and other associated services such as laboratory tests. Dialysis treatment at our clinics is usually performed three times a week for several hours by trained medical staff. We are also available as a point of contact at our dialysis clinics to provide medical support and training for home dialysis patients.

Patient care

Our aim in providing care for our patients is to give them the best possible quality of treatment. Our therapy concept for dialysis treatment is therefore based on the following principles:

- We use our own high-quality products, pharmaceuticals and procedures in our clinics and in caring for home dialysis patients; these are continually being refined by our research and development team.
- We provide our patients with comprehensive treatment and medical advice from specialized clinical personnel and physicians.
- We place great value on the dialysis clinics themselves, as they create a pleasant atmosphere for patients and employees while enabling safe, efficient dialysis treatment.
- We have continuous improvement systems in place to further enhance our high-quality dialysis treatment while ensuring that the resources used are handled efficiently.
- We gear our work to internal and external quality standards, for example in relation to patient care, hygiene in clinical practice, the architecture of our facilities and the purity of water used in treatment.

Quality management in our dialysis clinics

We have installed special quality management systems at our dialysis clinics and regularly inspect their application ourselves as well as having this checked by third parties. In Europe, for example, this is performed by the technical inspection association TÜV. Its experts inspect our clinics in standardized annual audits to control conformance to the ISO 9001 standard for quality management and the ISO 14001 standard for environmental management. In the U.S., our clinics are monitored by the Centers for Medicare and Medicaid Services (CMS), a public health care authority.

We measure and assess the treatment quality at our dialysis clinics on the basis of generally recognized quality standards such as industry-specific clinical benchmarks, as well as our own quality targets. In 2015, we again provided our patients all over the world with top-quality treatment, as shown by the current medical quality parameters in table 2.4. Detailed information on the parameters can be found in the Glossary starting on page 214.

We carry out regular patient surveys to find out where we can make further improvements and in which areas we should expand our services. In the U.S., the state-run public health care authority CMS specifies the content of patient satisfaction surveys. We use the results to inform and train both our patients and our clinic staff in a more targeted way with the aim of improving our patients' quality of life in the long-term.

Medical services – Care Coordination

Since 2014, our non-dialysis services have been bundled in the Care Coordination division. Care Coordination currently includes vascular, cardiovascular and endovascular surgery services, non-dialysis laboratory testing services and physician practice services, as well as coordination of hospitalist and intensivist services, health plan services, coordinated delivery of pharmacy services and urgent care services.

Care Coordination enables us to expand and increase the growth of our business beyond dialysis, for example in markets where the privatized dialysis market is relatively well developed and we already have high market share. Even though our Care Coordination strategy is globally oriented, our non-dialysis services are currently mainly available in our biggest market, the U.S., where the health care system is undergoing major change and moving away from reimbursement of individual services towards holistic and coordinated care. With our activities in the Care Coordination division and our experience in dialysis, we can help to shape the evolution of the health care system and use this as a basis for additional growth.

QUALITY DATA T. 2.4

Relating to the fourth quarter of the respective year, in %

	Description	*Possible impact if too low*	*U.S.*		*Europe/ Middle East/ Africa*		*Latin America*		*Asia-Pacific*[1]	
			2015	*2014*	***2015***	*2014*	***2015***	*2014*	***2015***	*2014*
Kt/V > 1,2	Effectiveness of dialysis: measures how well the patient was detoxified	Possibly more days spent in hospital; increased mortality	98	96	96	96	92	90	97	97
Hemoglobin = 10–12 g/dl	Hemoglobin is responsible for transporting oxygen around the body	Indicative of anemia	72	74	77	76	52	50	60	60
Hemoglobin = 10–13 g/dl (int. reg.)			78	80	77	77	69	66	68	69
Calcium 8.4–10.2 mg/dl	Measures the patient's nutritional status and mineral balance	Marker for increased mortality	84	85	77	76	75	76	75	76
Albumin ≥ 3.5 g/dl[2]			81	83	92	92	90	90	89	91
Phosphate ≤ 5.5 mg/dl			64	64	79	79	75	75	72	70
Patients without catheter (after 90 days)	Measures the number of patients with vascular access	Possibly more days spent in hospital[2]	84	83	82	83	83	82	91	92
Days in hospital per patient	Result of complications during dialysis	Restriction to patients' quality of life	10.0	10.3[3]	9.5	9.4	3.5	3.2	4.2	4.3

[1] *Includes data from the dialysis service provider Jiate in Taiwan and the Philippines.*
[2] *International standard BCR CRM470.*
[3] *U.S. hospitalization data source was revised in 2015, therefore the numbers for 2014 restated.*

Figures based on:
– KDOQI guidelines (Kidney Disease Outcomes Quality Initiative) in the U.S.,
– EBPG standard (European Best Practice Guidelines) in Europe,
– KDIGO guidelines (Kidney Disease: Improving Global Outcomes), a recent but increasingly important global initiative.

At the same time, patients and health care systems can benefit from coordinated care and lower costs respectively. Further information can be found in the "Sector-specific Environment" section starting on page 62 and the "Events Significant for Business Development" section starting on page 68.

In 2015, Care Coordination in North America accounted for around 11% of our total revenue. We plan to further expand this area in the future. Further information can be found in the "Objectives and Strategy for Sustainable Value Enhancement" section starting on page 39.

COMPETITIVE POSITION

The largest provider of dialysis services

Fresenius Medical Care is the world's leading provider of dialysis services with a market share of about 10% based on the number of treated patients. Not only do we care for the largest number of dialysis patients, we also operate more dialysis clinics than any other company: In 2015, we ran 3,418 (2014: 3,361) clinics worldwide. We treated most of our patients (62%) in North America, 19% in Europe, 10% in Latin America and 9% in the Asia-Pacific region.

Market leader in dialysis products

Our dialysis products accounted for around 34% of the global market in 2015 (2014: 34%), which means that we are still the market leader in this area as well. The market share of our key products – dialyzers and dialysis machines – was even higher at around 45% (2014: 44%) and 50% (2014: around 50%) respectively.

Detailed information on the major markets and the position of Fresenius Medical Care can be found in the "Sector-specific Environment" section starting on page 62.

Expanding Care Coordination

We currently offer services in the area of Care Coordination almost exclusively in our largest market, the U.S. Our goal is to expand this business area in the future.

One of our providers in Care Coordination is Sound Inpatient Physicians, Inc. (Sound Physicians), a health care service provider that we acquired in 2014. Sound Physicians coordinates a network of more than 2,000 specialized hospitalists as well as intensivists and specialists in care transition at nearly 300 hospitals and post-acute facilities in U.S.

QUALITY REQUIREMENTS AND REIMBURSEMENT SYSTEMS

Reimbursement systems for dialysis treatment vary from country to country and often even within countries. Fresenius Medical Care provides dialysis services in more than 45 countries with different economic conditions. Thanks to this international experience, we are able to support the efforts of national health care systems to create suitable reimbursement structures, adapt our business to local conditions and operate on a profitable basis. Further information can be found in the "Sector-specific Environment" section starting on page 62.

As a life-saving treatment, dialysis is subject to the highest safety and quality requirements. This applies to the production of our dialysis products as well as dialysis treatment at our own clinics. These underlying requirements are stipulated in numerous national and international legal provisions, standards and norms, which form the basis for our corporate activities. In addition to the legally prescribed standards, we have developed in-house guidelines that go beyond the statutory provisions in many areas. For more information, see the "Our Range of Services" section starting on page 32 and the "Procurement and Production" section starting on page 37.

PROCUREMENT AND PRODUCTION

The Global Manufacturing and Quality (GMQ) division centrally manages all of Fresenius Medical Care's activities worldwide in the procurement of raw materials and semi-finished goods, production including quality management, and distribution in North America – see chart 2.5. This centralized approach enables us to

- continuously enhance the efficiency of our processes,
- optimize cost structures,
- improve returns on our capital invested in manufacturing,
- respond more flexibly,
- fulfill our commitment to meeting high quality and safety standards.

At the end of 2015, GMQ had 15,350 employees (2014: 14,767) at 37 production sites in more than 20 countries.

Strategic purchasing: Global responsibility

Strategic purchasing at Fresenius Medical Care is geared towards ensuring the availability, safety and quality of the materials used in production. The goal is to further expand our competitive and internationally balanced supplier network.

At around $1.4 BN, the purchasing volume of materials and bought-in services in the GMQ division in 2015 was roughly on a par with the previous year's figures. Although greater demand for dialysis products boosted production volumes and consequently purchasing volumes as well, this was not reflected in a higher turnover adjusted for currency fluctuations.

By further standardizing our procurement processes and making them more transparent, we are able to continuously improve our efficiency in purchasing while ensuring a constant supply of material and maintaining our quality level. The focus here is on enhancing processes across all regions within the purchasing function as well as optimizing processes at interfaces to other departments.

Our production sites: Task allocation in a growing global network

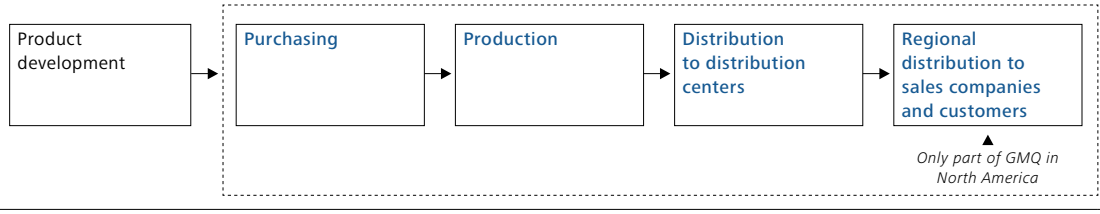
Our production strategy is aimed at manufacturing top-quality products in the right place at the right time on the best possible terms. We are able to successfully implement this strategy thanks to a network of large production sites that allow us to make technically sophisticated products and sell them worldwide as well as production sites that primarily supply products regionally. The most important plants for dialyzer production are in St. Wendel (Germany), Ogden (U.S.), L'Arbresle (France), Changshu (China) and Buzen (Japan). We manufacture dialysis machines in Schweinfurt (Germany) and Concord, California (U.S.).

Chart 2.6 on page 38 presents an overview of our main production sites.

Highest quality standards

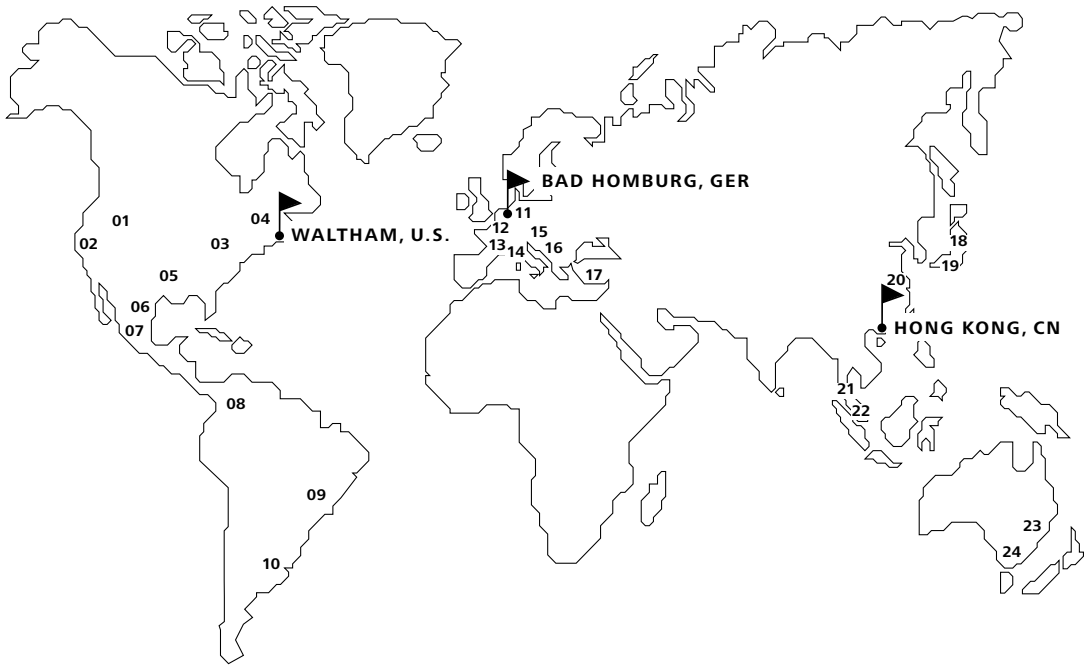
At Fresenius Medical Care, we believe in supplying products and therapies of the highest quality and as reliably as possible to ensure the best medical care for our patients and customers. To enable us to fulfill this aspiration and the numerous regulatory requirements, our processes in the business regions are embedded in comprehensive quality management systems. These ensure that all of our products and procedures comply with quality and safety standards – from their development, market approval, manufacture and use in clinics, right up to training

GLOBAL MANUFACTURING AND QUALITY (GMQ) C. 2.5



MAJOR LOCATIONS

C. 2.6



America

WALTHAM, U.S.
Regional headquarters
North America

01 Ogden, U.S.
Dialyzers

02 Concord, U.S.
Dialysis machines

03 Toledo, U.S.
Hemodialysis concentrates

04 Montreal, CA
Hemodialysis concentrates

05 Irving, U.S.
Hemodialysis concentrates

06 Reynosa, MX
Bloodline systems

07 Guadalajara, MX
Dialysis solutions, hemodialysis concentrates

08 Santafé de Bogotà, CO
Dialysis solutions, hemodialysis concentrates

09 Jaguariúna, BR
Dialysis solutions, hemodialysis concentrates

10 Pilar, AR
Hemodialysis concentrates

Europe

BAD HOMBURG, GER
Company headquarters and regional headquarters for Europe, Middle East, Africa and Latin America

11 Schweinfurt, DE
Dialysis machines

12 St. Wendel, DE
Dialyzers, dialysis solutions

13 L'Arbresle, FR
Dialysis solutions, hemodialysis concentrates

14 Palazzo Pignano, IT
Bloodline systems

15 Krems, AT
Adsorbers

16 Vršac, SRB
Bloodline systems, dialyzers, hemodialysis concentrates

17 Antalya, TR
Bloodline systems

Asia-Pacific

HONG KONG, CN
Regional headquarters
Asia-Pacific

18 Inukai, JP
Fiber bundles

19 Buzen, JP
Dialyzers, dialysis solutions

20 Changshu, CN
Bloodline systems, dialyzers, hemodialysis concentrates

21 Ipoh, MY
Water treatment systems

22 Enstek, MY
Hemodialysis concentrates

23 Smithsfield, AU
Hemodialysis concentrates

24 Scoresby, AU
Dialysis chairs, packs

customers and dealing with complaints. In addition, our production sites are certified according to regional quality standards, in some cases to several at once.

Our quality management systems in production combine internal regulations, processes and procedures with the demands of generally recognized external standards and guidelines. Our plants apply recognized quality management tools such as Lean Six Sigma – see the Glossary starting on page 214 – for optimizing production and testing processes as well as general workflows.

STRATEGY, OBJECTIVES AND CORPORATE MANAGEMENT

VISION AND PRINCIPLES FOR OUR CORPORATE MANAGEMENT

Sustainable and responsible corporate action is essential for Fresenius Medical Care to allow us to continue investing successfully in our employees, our research and development as well as production, and enhancing our divisions now and in the future. We are guided in this by our vision of creating a future worth living for patients, worldwide, every day.

Our efforts to provide our patients around the world with a better life through excellent products and services are based on our commitment to the core values of our Company: Quality, honesty and integrity, innovation and progress, respect and dignity. Our corporate culture and policy as well as our entire business activities are guided by our values. This also applies to our work and business relationships with our patients, customers, business partners, public authorities, investors and the general public, as well as with our employees.

These fundamental values are firmly established in our Code of Ethics and Business Conduct. Our Code of Conduct describes our Company's business standards and emphasizes our commitment to operate in accordance with the applicable laws and regulations and with our own company policies. Details on corporate governance and compliance at Fresenius Medical Care can be found in the "Corporate Governance Report" starting on page 108. Further information on our understanding of corporate responsibility can be found starting on page 44.

OBJECTIVES AND STRATEGY FOR SUSTAINABLE VALUE ENHANCEMENT

Our aim is to further consolidate our position as the world's leading provider of top-quality dialysis treatments and products and to use it as a basis for sustainable, profitable growth. Moreover, with Care Coordination we want to expand our offering to additional medical services. In doing so, we want to continuously increase the enterprise value of Fresenius Medical Care and create added value for patients, health care systems, employees, and investors worldwide. Our financial stability enables us to benefit from attractive corporate financing and a degree of flexibility that we intend to uphold. Over the next few years, we will continue to pursue our aim of consolidating our leading position in a financially responsible manner.

Our strategy is based on an in-depth analysis of the major trends affecting Fresenius Medical Care:

- Demographic change: As the average life expectancy is rising, the share of older people in the population is growing. However, kidney function deteriorates with age. In combination with harmful influences such as longstanding high blood pressure or diabetes, low kidney function can lead to chronic kidney failure. Demographic development is therefore a key factor in the number of dialysis patients, which is expected to rise from around 2.8 M worldwide in 2015 to 3.8 M in 2020.
- Increase in lifestyle diseases: Diseases such as high blood pressure and diabetes are becoming increasingly common due to factors such as lack of exercise, an unhealthy diet and obesity. They can cause damage to the human body and also impair kidney function in the long-term.
- Improved access to medical care: In many countries, thanks to growing levels of prosperity as well as ongoing efforts to establish and expand balanced and sustainable health care systems,

a large number of patients now have access to suitable dialysis treatments for the first time. We expect this trend to continue, and the resultant demand for high-quality products and treatments to increase.

- Changes in the health care industry: The health care industry is constantly changing, mainly because of the developments mentioned above. We firmly believe that demand for the holistic care of kidney patients will continue to rise, and that the focus will shift in future from offering individual dialysis products or services to combining all fields of application related to dialysis and coordinating them more effectively.

Fresenius Medical Care's corporate strategy in the coming years will therefore pursue the following four strategic objectives:

- growing continuously and expanding our global presence,
- tapping into new business areas,
- enhancing products and treatments,
- expanding operational excellence and flexibility.

Based on these four strategic objectives, we have devised specific measures that will form the main thrust of our corporate activities in the future.

Growing continuously and expanding our global presence

We are committed to actively shaping the development of the industry while benefiting from the global growth of the market. We achieve this, for example, by enabling more and more people to access life-saving dialysis treatment and developing innovative products and therapies that improve our patients' quality of life.

To strengthen our market position, we have developed various approaches ranging from organic growth to continuously assessing suitable acquisitions. Another requirement for lasting, profitable growth is aligning our business activities to attractive future markets. One opportunity for tapping into new markets is through public-private partnerships in the dialysis business. The public sector benefits from a high-quality dialysis infrastructure, which enables it to care for more patients more effectively and less expensively.

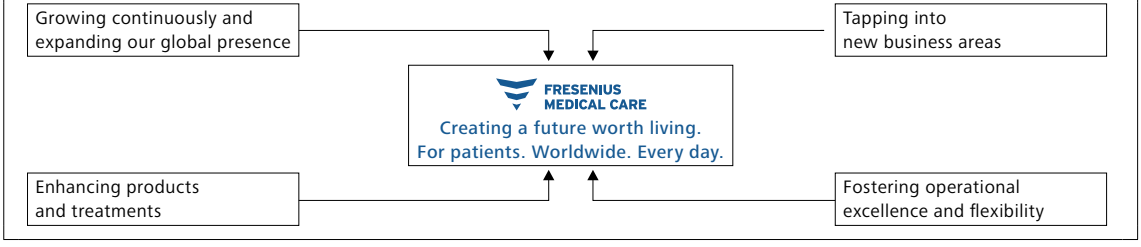
Tapping into new business areas

Fresenius Medical Care considers its main focus to be the holistic care of dialysis patients and dialysis-related treatments. In addition to our products and the dialysis treatment itself, we are increasingly offering additional services for patient care. These include laboratory services as well as services relating to vascular access, an essential aspect of treatment for dialysis patients. We have combined these medical services that go beyond dialysis treatment under the heading "Care Coordination", which we plan to expand further in the future. This integrated health care concept allows us to open up new business areas and thus meet the growing demand for holistic care for our patients. Furthermore, it enables us to integrate the individual treatment steps with the aim of further improving the quality of care for our patients and easing the strain on health care systems.

Enhancing products and treatments

Developing innovative products and continuously improving our dialysis treatments form an inherent part of our strategy of sustainable growth. We have a global network of research and development

CORPORATE STRATEGY C. 2.7



centers. This enables us to become familiar with local requirements and respond to them quickly. At the same time, chronic kidney failure is increasingly becoming a global problem, and demand for improved, high-quality yet cost-efficient products is growing. This gives rise to an increasing number of synergies in the area of product development, which we intend to leverage even more in future. For further information, see the "Research and Development" chapter starting on page 55.

The quality and safety of our products and services are given top priority at Fresenius Medical Care. We consider them to be synonymous with our patients' quality of life. Right from the product and treatment development stage, we put our patients first. Trust in the quality of our products and services makes us a reliable partner for patients, physicians, and care staff alike. We will continue to focus on the quality of our products and services in the future.

Expanding operational excellence and flexibility

Further attention is paid to improving Fresenius Medical Care's profitability with lasting effect and managing the Company even more efficiently. We will continue to optimize and modernize our administrative structures and processes in the future and make greater use of synergies, for example in our "Global Manufacturing and Quality" and "Global Research and Development" business areas. In this way, we aim to meet the growth in demand and create the conditions to be able to respond more flexibly to changes in the market.

At the same, we will use our regional structure in the future to be a strong, reliable local partner and to react quickly to specific customer needs or changes in our markets or in the regulatory environment and further improve access to new markets.

The Global Efficiency Program launched in 2013 should further improve the performance of the entire organization and thus boost its competitiveness and investment capacity in the years ahead. Consequently, we expect long-term efficiency gains over the next few years, which should increase to $300 M before tax by the beginning of 2017.

Growth strategy 2020

Based on this strategic focus, we set ourselves new long-term targets in 2014 with our growth strategy 2020. The aim is to increase Fresenius Medical Care's revenue to $28 BN by 2020. This corresponds to an average annual growth rate of around 10%. At the same time we expect high single-digit annual growth in net income. In addition to our ongoing strong performance in our existing core business with dialysis products and treatment for dialysis patients, we also want to achieve these ambitious goals with the expansion of additional medical services that go beyond dialysis treatment. We will continue to expand these services, which we have pooled under the heading "Care Coordination", in the future. Their share of total revenue is expected to rise from 11% in 2015 to around 18% in 2020. This increase in revenue should stem from both organic growth and acquisitions. An investment volume of up to $3 BN has been budgeted for this by 2020.

FINANCIAL STRATEGY

Besides optimizing our financial costs, ensuring financial flexibility takes top priority in Fresenius Medical Care's financing strategy. The Company remains financially flexible by using a wide range of financing instruments in different markets and currencies ensuring a high level of diversification in terms of the banks we work with. Our financing profile is characterized by a wide spread of maturities up to 2024.

Our main financing instrument is the syndicated credit agreement with revolving credit facilities and loans in U.S. dollars and euros.

In our long-term financial planning, we focus primarily on the debt/EBITDA ratio. Fresenius Medical Care holds a strong market position in the growing dialysis sector, which is considered to be non-cyclical and is characterized by relatively stable cash flows. For further information on our financial strategy, see the "Financial Situation" section starting on page 77.

KEY PERFORMANCE INDICATORS

The Management Board of Fresenius Medical Care manages the Company on the basis of strategic and operating requirements as well as various financial indicators. The management ratios used in the individual business segments are identical. The aim is to ensure long-term corporate success. These indicators are an essential component of forecast reporting. In addition, we collect and examine a large number of financial and non-financial performance indicators, some of which we include in forecast reporting.

An overview of Fresenius Medical Care's key performance indicators can be found in table 2.8.

OTHER FINANCIAL AND NON-FINANCIAL PERFORMANCE INDICATORS

In addition to our key performance indicators, we also use operating indicators based on the following return calculations:

- ROIC (return on invested capital) expresses how efficiently a company allocates the capital under its control or how well it employs its capital with regard to a specific investment project. Fresenius Medical Care's ROIC in 2015 remained stable at 6.9%.
- ROOA (return on operating assets) expresses how efficiently a company manages its total employed capital by calculating profit in relation to total capital. At 9.6% in 2015, Fresenius Medical Care's ROOA was comparable to the previous year (2014: 9.7%).

KEY PERFORMANCE INDICATORS — T. 2.8

	Definition	***2015***	*2014*
Revenue	Proceeds from provision of services and sale, letting or leasing	$16,738 M	$15,832 M
Operating income (EBIT)	Indicator for assessing earning power	$2,327 M	$2,254 M
Operating income margin (EBIT margin)	Ratio of operating income to revenue; indicator for assessing profitability	13.9%	14.2%
Growth in net income	Earnings after taxes and net income attributable to non-controlling interests; indicator for assessing earnings power	–2%	–6%
Growth in earnings per share	Net income divided by the weighted average number of shares outstanding during the year	–2%	–5%
Capital expenditures	Ratio relating to the capital employed in the Company in the form of replacement and expansion investments	$936 M	$920 M
Net cash provided by operating activities *in % of revenue*	Net inflow of cash and cash equivalents generated from business operations in relation to revenue; indicator of solvency and internal financing potential (funds available for replacement and expansion investments) relative to net revenue	11.7%	11.8%
Free cash flow *in % of revenue*	Freely available cash flow after capital expenditures in relation to revenue; indicator of the funds available for acquisitions, dividends and loan repayments relative to net revenue	6.1%	5.9%
Delivered EBIT	As a result of the increase of noncontrolling interest holders in our operations, we believe a measure that is meaningful to investors is operating income less noncontrolling interests ("Delivered EBIT"); delivered EBIT approximates the operating income attributable to the shareholders of Fresenius Medical Care AG & Co. KGaA	$2,043 M	$2,040 M
Debt/EBITDA ratio	Debt divided by EBITDA (earnings before interest, taxes, depreciation and amortization) adjusted for other non-cash expenditure and largest acquisitions; indicator of how many years it takes to repay debts from own funds	2.7	3.1

- ROE (return on equity) provides an insight into a company's earning power. To calculate this, corporate net income (net income attributable to shareholders of Fresenius Medical Care AG & Co. KGaA) is placed in relation to employed shareholder capital (capital of shareholders of Fresenius Medical Care AG & Co. KGaA). At 10.4% in 2015, ROE (after tax) was slightly below the previous year's level.
- When calculating our cost of capital, we use the WACC (weighted average cost of capital) formula. The WACC is derived using the weighted average of costs incurred for equity and debt. Fresenius Medical Care's WACC in 2015 was 6.5%, after 6.4% in the previous year. Comparing the Company's WACC with its ROIC of 7.1% reveals that in 2015, Fresenius Medical Care not only generated its capital costs, but also increased its shareholder value.

In addition, we measure our success on the basis of clearly defined non-financial indicators, although these do not form the core of Fresenius Medical Care's corporate management. They include:

- Number of dialysis patients: In 2015, Fresenius Medical Care treated a total of 294,381 patients in more than 45 countries (2014: 286,312 patients).
- Number of dialysis clinics: The number of dialysis clinics operated by Fresenius Medical Care was 3,418 in 2015 (2014: 3,361).
- Number of dialysis treatments: We performed 44.6 M dialysis treatments in 2015 (2014: 42.7 M).
- Number of employees: The number of employees has risen steadily in recent years. In 2015, 104,033 people worked at Fresenius Medical Care, compared with 99,895 in the previous year. This is attributable to acquisitions, particularly in the field of dialysis services, as well as organic growth.

We manage our investments using a detailed coordination and evaluation process. The Management Board sets the investment budget for the group as well as the focus of investments. Before concrete investment projects or acquisitions are realized, our internal Acquisition & Investment Committee (AIC) examines the individual projects and measures taking into account the return on investment and potential return. The investment projects are evaluated based on commonly used procedures such as the net present value and internal interest rate methods; payback periods are also included in the assessment. In this way, we try to ensure that we only make and implement investments and acquisitions that actually increase shareholder value.

Further information on acquisitions can be found in the "Financial Situation" section starting on page 77.

Details on the development of these indicators as well as other financial figures can also be found in the "Results of Operations, Financial Situation, Assets and Liabilities" chapter starting on page 71.

CORPORATE RESPONSIBILITY

Not only are a company's activities affected by a number of external factors; companies themselves also influence their environment in many ways. Our activities are always focused on our patients. As a manufacturer and provider of dialysis products and health care services, we are a business partner to suppliers as well as to other companies and organizations in the health care system. We are also an international employer. At the same time, we gear our corporate activities towards using resources in an environmentally sound way. We act as a partner for state health care systems, i.e. governments, and thus making an important contribution to society. Corporate responsibility at Fresenius Medical Care therefore goes beyond economic responsibility and is geared towards sustainability and trust with regard to our stakeholder groups and their many demands on Fresenius Medical Care.

Consequently, we consider sustainable action to be an integral part of our commercial success rather than just one of many factors. Responsible management and trust-based dialog with our stakeholders are therefore firmly embedded in our Code of Conduct.

For Fresenius Medical Care, sustainability means acting responsibly to achieve commercial success as well as environmental and social progress and secure the Company's future. In doing so, we distinguish between the following four areas:

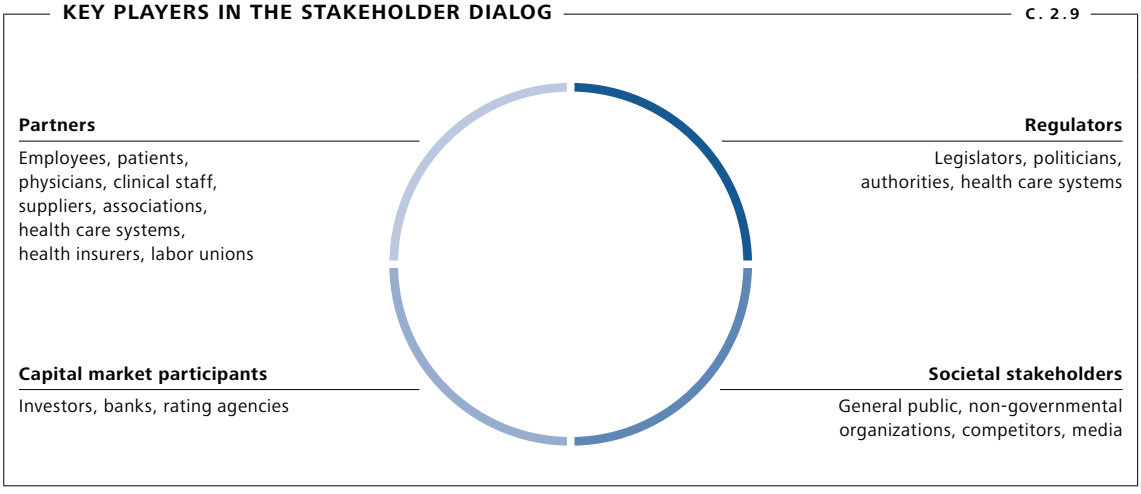
- economic responsibility,
- responsibility for our employees,
- responsibility for the environment,
- social responsibility.

Fresenius Medical Care's sustainability activities again won plaudits in 2015: Our Company has featured in the prestigious Dow Jones Sustainability Europe Index every year since 2009 and in the Dow Jones Sustainability World Index since 2013.

STAKEHOLDER DIALOG AND SUSTAINABLE VALUE-ADDED

Our business activities are based on responsible management that is rooted in integrity, sound corporate governance and adherence to compliance principles and requires and encourages ethically impeccable conduct from all employees and managers. Due to Fresenius Medical Care's global presence and regional diversity, our sustainability management is largely

KEY PLAYERS IN THE STAKEHOLDER DIALOG C. 2.9



organized on a regional basis, in the same way as our operations management.

Regular, trust-based interaction with our stakeholders – see chart 2.9 on page 44 – is very important to us. They place many different demands on Fresenius Medical Care both at a national and an international level. We aim to make our corporate decisions more transparent and create trust through dialog. At the same time, by interacting with our stakeholders, we can identify a wide range of trends at an early stage, strengthen our social commitment and act sustainably.

Sustainable corporate development is based on economic responsibility and business success. We can only create value for our stakeholders by being successful as defined by our strategy with a focus on profitable growth. This in turn provides a long-term foundation for Fresenius Medical Care. For this reason, the value analysis in table 2.10 not only depicts the Company's business success in the strict sense of the term (revenue, profit, returns on capital employed), but also its more broadly defined measurable output that also benefits our various interest and stakeholder groups. Through our corporate activities and ongoing business operations, we generate value and thus meet our stakeholders' expectations as a reliable employer for managers, physicians, medical staff and many other employees. We provide our creditors with interest, and our investors with dividends and increases in value on the capital market. By paying business tax, we make a direct contribution to society.

Value-added – in other words the Company's contribution to private and public income and its distribution among all participants – is the result of the Company's output after outlays such as material expenses or depreciation and amortization have been deducted. Company output includes revenue, changes in inventories, own work capitalized, other operating income, interest income, and income from investments. In 2015, we increased our value-added by 10% to $8,929 M – see table 2.10.

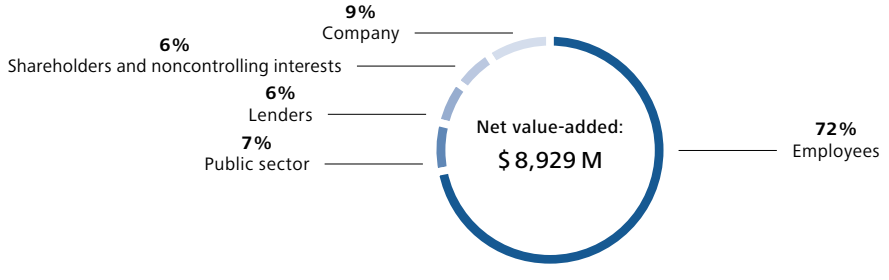
Chart 2.11 shows the breakdown of the value-added we created for our stakeholders in 2015. Our employees benefit from by far the biggest share of the value-added generated by Fresenius Medical Care. Significant amounts of our value-added also go to our lenders and shareholders and to society as a whole in the form of taxes.

ORIGIN OF SUSTAINABLE VALUE-ADDED T. 2.10

in $ M

	2015		2014	
Creation				
Company output	16,729	100%	15,877	100%
Outlays	(7,083)	–42%	(7,016)	–44%
Gross value added	9,646	58%	8,861	56%
Depreciation and amortization	(717)	–4%	(699)	–4%
▸ **NET VALUE ADDED**	**8,929**	**54%**	8,162	52%

USE OF VALUE-ADDED[1] C. 2.11



[1] *Subject to approval of the proposal for the appropriation of earnings at the Annual General Meeting on May 12, 2016.*

ECONOMIC RESPONSIBILITY

Economic responsibility is an integral part of our corporate strategy and management. Fresenius Medical Care again achieved economic success in 2015 and posted profitable growth. We improved our revenue in line with our strategy, thus generating economic value-added.

We present our economic development and responsibility in detail, particularly in the section "Objectives and Strategy for Sustainable Value Enhancement" starting on page 39, "Results of Operations, Financial Situation, Assets and Liabilities" starting on page 71 as well as in the Consolidated Financial Statements starting on page 139.

RESPONSIBILITY FOR OUR EMPLOYEES

Fresenius Medical Care owes its business success to the commitment of its employees. We offer them a varied working environment and long-term prospects. Our strategy of recruiting employees with outstanding skills and great potential and supporting their development within the Company using targeted measures also means that we are investing in the future of our Company. By offering diversity, fair, performance-related working and pay conditions, continuous personnel development and a healthy work-life balance, Fresenius Medical Care aims to retain and increase its attractiveness as an employer.

Our personnel management is organized on a regional basis to meet the requirements in different countries. Higher-level strategic personnel management issues are managed centrally.

Number of employees continues to grow

As of December 31, 2015, Fresenius Medical Care employed a total of 104,033 members of staff (full-time equivalents) in more than 50 countries worldwide. This means that our workforce grew by 4% or more than 4,138 in absolute terms compared to the previous year. This was attributable mainly to general growth in our regions and to acquisitions.

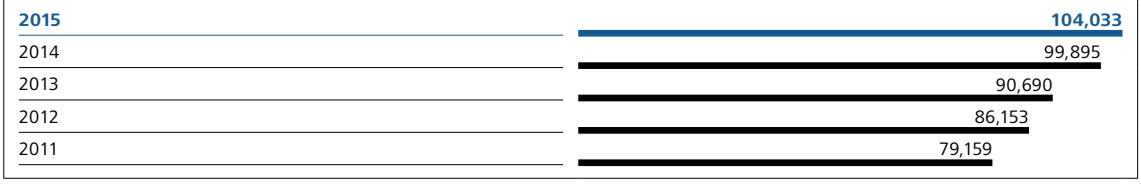
At the end of the year, most of our employees were based in North America, followed by the EMEA region (Europe, Middle East, Africa) – see table 2.13 on page 47. The workforce in the North America region grew fastest last year as a result of expanding our clinic network.

Staff costs rose to $6.49 BN in 2015 (2014: $5.82 BN), corresponding to 39% (2014: 37%) of revenue. Average staff costs per employee stood at $62,342 (2014: $58,291).

In Germany, Fresenius Medical Care employed approximately 4,900 people (2014: around 4,500) at the end of the year under review, accounting for around 5% (2014: 5%) of the total workforce. This underscores our very high degree of internationalization. The average age of our employees in Germany was 43.3 years, somewhat above the previous year's figure (42.4 years). The average length of employment in the Company slightly declined from 12.0 years in 2014 to 11.8 years in 2015. The staff turnover rate was 5.8% (2014: 3.6%).

NUMBER OF EMPLOYEES C. 2.12

Full-time equivalents



Recruitment: Enhancing our attractiveness as an employer

As well as retaining employees with outstanding skills and great potential, we face the challenge now more than ever of positioning Fresenius Medical Care as an attractive employer on the employment market. This makes it easier to recruit qualified new employees now and in the future.

Fresenius Medical Care gives students the opportunity to gain practical experience in various areas of the Company. We supervise internships, student research and project studies as well as bachelor and master theses, and cooperate closely with higher education institutions to enable talented young people to get to know us as an attractive employer early on. One example of this is our partnership with the University of Applied Sciences in Würzburg-Schweinfurt (FHWS). The FHWS is renowned for providing high-quality education in business engineering, plastics technology, mechanical engineering and computer engineering, especially electrical engineering with a focus on medical technology and automation technology. Its students and graduates are attractive potential employees for Fresenius Medical Care, particularly for our dialysis machine development and production site in Schweinfurt. For this reason, we have signed a cooperation agreement with FHWS covering aspects such as scholarships and student excursions to the Schweinfurt plant, as well as lectures and semester-long projects within various divisions of our Company.

In addition to classic recruitment activities, we get the opportunity to meet young researchers by cooperating with international higher education institutions in the area of research and development and supporting young scientists, for example as part of their doctoral thesis.

To strengthen our public image as an attractive employer, we further enhanced our employer branding strategy in the year under review. In collaboration with higher education institutions, at career fairs, on our website and in social networks, we can now address our target groups in an even more focused way and emphasize the wide range of career opportunities at Fresenius Medical Care.

EMPLOYEES BY REGION T. 2.13

Full-time equivalents

	2015	*2014*	*Change*	*Share*
▸ **NORTH AMERICA**	**54,103**	**51,329**	**2,774**	**52%**
Health care services	52,886	50,085		
Dialysis products	1,217	1,244		
▸ **EUROPE, MIDDLE EAST AND AFRICA**	**16,695**	**16,302**	**393**	**16%**
Health care services	13,595	13,280		
Dialysis products	3,100	3,022		
▸ **ASIA-PACIFIC**	**8,260**	**7,718**	**542**	**8%**
Health care services	6,454	6,123		
Dialysis products	1,806	1,595		
▸ **LATIN AMERICA**	**9,005**	**9,066**	**(61)**	**9%**
Health care services	8,207	8,274		
Dialysis products	798	792		
▸ **WORLDWIDE**	**104,033**	**99,895**	**4,138**	**100%**
Health care services	81,142	77,762		
Dialysis products	6,921	6,653		
Corporate [1]	15,970	15,480	490	15%

[1] *Including the divisions Global Manufacturing and Quality and Global Research and Development.*

Promoting diversity in the Company

Fresenius Medical Care brings together a variety of cultures and skills under one corporate roof. As a company with global operations, we value the diversity that our employees provide in the form of their qualifications, personal strengths, characteristics, interests and ideas. We intend to continue promoting diversity in the Company in the future and encourage employees in all regions to embrace it as one of the Company's strengths.

Key issues in this respect are the share of women and men in the Company as a whole and in management positions. In 2015, 69% of employees were female. The proportion of women in the first management level was around 18.8% and of the second management level below the Management Board was 28.0% by the end of 2015. The first management level includes all direct reports worldwide to a member of the Management Board who are participants of the Long Term Incentive Program (or any successive program). The second management level includes all direct reports worldwide to a member of the first management level who are participants of the Long Term Incentive Program (or any successive program).

For us the composition of participants in the group-wide Long Term Incentive Program is a good indicator of the number of women in leading executive positions around the world. The proportion of women in this group of our top 850 executives was approximately 32%.

At Fresenius Medical Care, qualifications are the paramount consideration in all hiring and promotion decisions. This means that women and men with comparable abilities have the same career opportunities. Fresenius Medical Care will continue to rigorously apply this principle, while naturally adhering to the obligations arising from the new act on the equal participation of women and men in executive positions in private companies and the public sector.

Training young people

In Germany, we invest in the Company's future by offering professional training for young people, for example. In association with the Fresenius Group, we can offer young women and men a wide range of prospects in the form of apprenticeships as part of a dual education in a variety of trades, from warehouse logistics specialists, electronics technicians for operating equipment and IT specialists to industrial business management assistants as well as internships as part of bachelor of arts courses in freight forwarding, transportation and logistics, and bachelor of science courses in business information technology. In the year under review, we offered additional training opportunities in digital media studies at our headquarters in Bad Homburg in cooperation with the Baden-Württemberg Cooperative State University. In 2015, we provided more than 3,600 apprentices with vocational training jointly with the Fresenius Group. In addition, more than 70 students were enrolled in dual education courses last year.

Fresenius Medical Care apprentices were once again recognized for their outstanding performance in the past financial year, garnering national and Chamber-level awards from the local Chambers of Industry and Commerce. In previous years, we were able to take on all apprentices and work-study trainees who completed their courses with good grades and expressed an interest in working at our Company.

Through our involvement in and with schools, we aim to continue encouraging young people to start their career at Fresenius Medical Care and giving them career advice. To this end, we organize information days for pupils, parents and teachers, visits to plants for school classes, internships, support for bachelor theses and job application training courses. For example, in 2015, we were involved in the "Training Night" in Bad Homburg for the fifth time. At this event, students and parents can find information about vocational training and dual education as well as career prospects.

EMPLOYEES BY FUNCTIONAL AREA T. 2.14

Full-time equivalents

	2015	*2014*	*Change*	*Share*
Production and services	91,208	88,019	3,189	87%
Headquarters	9,298	8,848	450	9%
Sales and marketing	2,878	2,429	449	3%
Research and development	649	599	50	1%
▸ **TOTAL**	**104,033**	**99,895**	**4,138**	**100%**

Enhancing personnel development

We place great value on enabling our employees to apply their individual skills in our Company to the best of their ability and to continue on their career path as a specialist, manager, or project leader. Fresenius Medical Care is continuously expanding its training portfolio with this in mind.

Life-long learning, continuous feedback on personal performance, and professional challenges in line with employees' abilities are the most important instruments in our company-wide personnel development program. Our global presence gives employees the opportunity to work abroad. In this way, we can offer talented employees clear career prospects while ensuring effective succession planning.

Programs for specialist staff and managers

Our managers and employees with leadership potential are given the opportunity to take part in training programs developed especially for them. Here are three examples:

- The Global Executive Challenge (GEC) is a global program for employees in management positions aimed at capturing synergies across regions and encouraging cooperation. The GEC program gives participants the impetus to put their newly acquired knowledge into practice in their day-to-day work with the goal of strengthening their skills as managers.
- The Fresenius Top Executive Program is a worldwide, company-specific program for personnel development in top management positions, focusing on leadership, change management and globalization. We run this program in cooperation with Harvard Business School.
- The Fresenius Strategic Management Skills Program is a global program for personnel development at middle management level as well as for employees with management potential; we run this program in cooperation with the University of St. Gallen.

As one of the largest employers of medical personnel worldwide, we place great value on providing our specialist dialysis staff with a wide range of training and further educational opportunities. We offer needs-based training for employees at our dialysis clinics, mostly at a regional level. Examples from the U.S. include:

- The UltraCare Clinical Advancement Program (UCAP) consists of five modular training levels and is aimed at new and experienced employees in dialysis clinics as well as in the areas of home therapy and acute dialysis. It helps dialysis specialists to develop and expand their knowledge and leadership skills and prepares them for the next step in their career as a clinic manager, health trainer for patients, or mentor to clinic staff, for example. We have continuously enhanced the program over the past few years. In the year under review, more than 4,700 dialysis specialists were enrolled in this development program.
- Mentor Connection is a mentoring program in which senior dialysis specialists coach, assist, and advise new colleagues. In this way, we support young managers on-site in our clinics and enable them to settle into their new leadership positions quickly.

E-learning further expanded

A medium that gained further importance for personnel development at Fresenius Medical Care across all functional areas is e-learning: This comprises digital training courses via the internet and intranet. Our Fresenius Learning Center is an interactive e-learning platform that allows access to a large number of learning programs for different target groups, often in the respective language. The aim is to make company-wide standards known worldwide. In 2015, we added around 20 new e-learning programs to the Fresenius Learning Center. We aim to integrate IT-based forms of learning into personnel development to an ever greater extent in future, too, in the form of blended learning.

PERCENTAGE OF MEN AND WOMEN IN THE COMPANY T. 2.15

Based on headcount

	2015	2014
Total employees *in %*		
Male	31	31
Female	69	69
Employees in upper management positions *in %*		
Male	68	68
Female	32	32

Increasing motivation and identification with the Company through performance-related pay

Fresenius Medical Care endeavors to pay its employees in line with their performance and allow them to share in the Company's success. Our remuneration concept therefore comprises fixed and variable components for most employees.

Profit sharing

We encourage our employees to identify more with Fresenius Medical Care by giving them a stake in our Company's success. Annual bonuses for all employees in Germany are based on the operating earnings (EBIT) of the Fresenius Group in that particular year. In 2015, each eligible employee received a profit share of €2,335 for the preceding financial year. Employees receive half of this amount in the form of Fresenius Medical Care stocks, while the other half is paid in cash.

Remuneration program with long-term incentive effect

Since 2011, a remuneration program incorporating long-term incentives has been in place at Fresenius Medical Care; this is a combination of a stock option plan and a phantom stock plan. In this program, exercising options is linked directly to the Company's success. Over a period of five years, senior managers at Fresenius Medical Care receive a total of up to 12 M options for bearer shares or phantom stocks. They can exercise these after a period of four years on the condition that the adjusted earnings per share (EPS) have increased by at least 8% in each year or as a compounded average over the four-year period. If this hurdle is cleared in just one, two, or three years, the options are reduced on a pro rata basis. If earnings per share fall short of the mark completely, the options are canceled. Some 850 senior managers worldwide participated in this program in 2015.

Further information on the stock option plan and the phantom stock plan can be found in the "Notes to Consolidated Financial Statements" starting on page 148.

Creating an attractive working environment

We aim to offer our employees an attractive working environment that enables them to combine their professional and family lives. We support this with flexible working hours, part-time work models, childcare allowances, health care and sports programs. This commitment is paying off: In 2015, Fresenius Medical Care North America was named one of the best employers in the U.S. by the business magazine Forbes.

Work-life balance

To supplement our other working time models, we have introduced compensation time accounts in Germany. In addition to a salary component in line with collective pay agreements, employees can "pay" value equivalents such as vacation days or compensation components into these personal time accounts and use them later on, for example for their professional development or a flexible transition to retirement. The aim of this program is to offer our employees attractive long-term prospects within the Company and thus benefit from their experience for as long as possible.

Health care management programs

We offer our employees at our different locations a wide range of company health schemes adapted to their requirements as well as their individual physical and mental strain. These include company relaxation and exercise courses, subsidized back training, information and events relating to health as well as regular health checks for executives.

PROFIT SHARING T. 2.16

	2015	2014	2013	2012	2011
Figure *in €*	2,335	2,134	2,164	2,036	2,000
Number of eligible employees	3,417	3,213	3,325	3,231	3,068

Setting the highest standards for occupational safety

We are continuously enhancing our occupational safety measures and standards. Each year, our production sites and laboratories in the U.S. are put through a formal program to monitor environmental and occupational safety standards. Audits are carried out to check compliance with regulations from the U.S. Occupational Safety & Health Administration, the Department of Transportation and the Environmental Protection Agency as well as state and local statutes. At the end of August 2015, Fresenius Medical Care North America received the "Safety in Excellence Award" for the 16th time from the U.S. casualty and property insurer CNA. This award honors the Company's commitment to its employees' health, to safety as well as to damage and risk prevention.

In the EMEA region (Europe, Middle East and Africa), we bundled our occupational health measures in a central management system for occupational safety in line with the BS OHSAS 18001 standard in 2013 and incorporated it into our integrated management system. In 2015, we once again focused on reviewing our processes in the event of work-related accidents and the resultant preventive measures.

RESPONSIBILITY FOR THE ENVIRONMENT

To ensure that we fulfill our corporate responsibility to the environment in a systematic and coordinated way, we have established a company environmental management system. This enables us to implement environmental requirements and design our operational processes to use resources as efficiently as possible, and in this way to save on costs. The main objectives of environmental protection at our Company are to comply with environmental regulations, continuously optimize the use of resources and reduce the associated CO_2 emissions. In addition, our environmental management increasingly supports the business divisions in creating added value for our customers with eco-friendly products and services.

Environmental management organization and environmental strategy

As our corporate structure is decentralized, we implement environmental management at a regional level, as we do with most of our other operating measures. The responsible environmental managers develop strategies to boost environmental protection at our production sites and dialysis clinics and promote environmental awareness among our employees on site. They also coordinate environmental audits carried out at our production sites and dialysis clinics by external government agencies, institutions and our own auditors.

Environmental management is part of our integrated management system in the EMEA region (Europe, Middle East and Africa). The German technical inspection association TÜV Süd regularly checks compliance with the ISO 14001 environmental management standard at our Company headquarters, in Global Research and Development, in our certified plants and certified national clinic organizations. At the end of 2015, eight of our European production sites (2014: nine) and our medical product development were certified according to ISO 14001. This drop in numbers is due to the closure of one of our Italian production sites. The certified environmental management system has now been introduced in 14 European countries (2014: 13). Our clinic organization in Bosnia-Herzegovina introduced the system in 2015 and had it certified according to ISO 14001.

We have also set ourselves the target of further reducing water consumption by 11% on average, and electricity consumption by 7% per dialysis treatment between 2013 and 2018. We already achieved reductions of 7% (water) and 15% (electricity) by 2015. In recent years, we have significantly reduced the volume of blood-contaminated waste. Our aim is to keep these figures down in the future, taking existing legislation into account.

Environmental management at our production sites

At our European production sites, we use performance indicators for energy and raw material consumption to calculate the resource efficiency of our production processes. This enables us to identify further potential in a production process that has already been largely optimized. A certified energy management system based on ISO 50001 is in place at our two largest German production sites in St. Wendel and Schweinfurt. By assessing the energy efficiency of all processes and facilities, we aim to identify further potential savings and then introduce appropriate measures.

We are also continuously striving to make our production processes even more environmentally friendly in North America. For example, in Ogden, our largest production site in North America, we recycle the large amounts of water and solvent required for dialyzer production. In 2015 alone, we recovered and reused around 250 M liters of water and 12 M liters of solvent. In addition, we recycle much of the plastic and cardboard waste from our North American production sites.

At Enstek, our production site in Malaysia, we commissioned a solar power unit in 2015, which allows us to cover part of the site's energy requirement. We intend to install another of these power units at our site in Smithfield, Australia, in 2016.

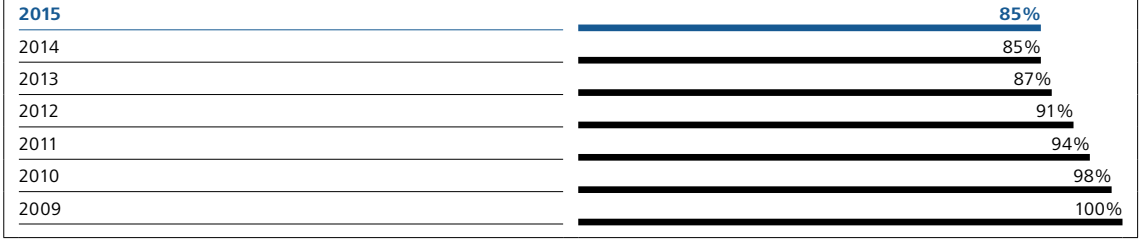
DEVELOPMENT OF AVERAGE ELECTRICITY CONSUMPTION C. 2.17

Per dialysis treatment

Source: Clinical software e-con5 for the region Europe, Middle East and Africa

DEVELOPMENT OF AVERAGE WATER CONSUMPTION C. 2.18

Per dialysis treatment



Source: Clinical software e-con5 for the region Europe, Middle East and Africa

DEVELOPMENT OF AVERAGE BLOOD-CONTAMINATED WASTE C. 2.19

Per dialysis treatment

Source: Clinical software e-con5 for the region Europe, Middle East and Africa

In addition, we implemented further environmental projects at our production sites worldwide in 2015 to reduce water and electricity consumption and save on packaging material.

Ecologically sustainable dialysis products

We are continuously working to make our products and processes more environmentally friendly, for example by using new materials with improved environmental properties or developing new technologies that further reduce the resource consumption of our dialysis machines. In this way, we aim to provide our customers with added value by helping them save on costs or fulfill environmental requirements more effectively.

Environmental management in our dialysis clinics

One of our top priorities is to further reduce the impact of dialysis treatment on the environment while ensuring resource and cost efficiency. We achieve this by using ecologically sustainable dialysis products as well as constructing, modernizing, and running environmentally friendly dialysis clinics.

For example, in North America, internal guidelines ensure that our dialysis clinic buildings and interiors are designed to be as environmentally compatible as possible. We meet or surpass industry standards for the insulation of roofs, walls, doors, and windows. We also increasingly ensure that water treatment systems purchased for dialysis use resources and energy efficiently.

We established the eco4dialysis initiative in 2015. We intend to use this in future to offer both our own dialysis clinics and those of other operators in the EMEA region the service of making their technical and medical processes more efficient and adapting them to the individual local conditions. In this way, we aim to optimize the consumption of resources and reduce operating costs.

A central element in managing the resource efficiency of our dialysis clinics in the EMEA and Latin America region is our clinical software e-con5, which we launched in 2008 to create a comprehensive environmental management system for these regions. Of our dialysis clinics, 518 in Europe (2014: 502) and 209 in Latin America (2014: 206) now use e-con5, enabling them to gather and compare data on resource efficiency and quickly make improvements. In the EMEA region, thanks to this software, we have systematically reduced water and energy consumption as well as the amount of blood-contaminated waste in our dialysis clinics in the past few years – see charts 2.17, 2.18 and 2.19 on page 52.

As part of environmental management at our dialysis clinics in the U.S., we are working with an external service provider that records and documents energy and water consumption in all our clinics on an ongoing basis. Its tasks also include checking and settling the corresponding energy and water bills.

In addition, we train our employees at our dialysis clinics worldwide to raise their awareness of the contribution they can make themselves to environmental protection on a day-to-day basis. For example, our environmental department in Bogotá (Colombia) has initiated a "Green Day" for all employees on which activities covering all aspects of environmental protection are introduced and explained. Furthermore, in the context of the "Environmental Leaders" program in Colombia, we train volunteers in clinics who then go on to support the implementation of environmental projects.

SOCIAL RESPONSIBILITY

In a global market, Fresenius Medical Care is organized regionally with a high level of local responsibility for business operations. This also applies to our Company's social commitment. For this reason, we not only support global organizations and projects, but also especially regional and local initiatives, which are as diverse as our employees. In this respect, we mainly focus on projects that serve the common good and promote sustainable development according to the principle of helping others to help themselves, ensuring that they have a long-term impact.

Commitment to a better quality of life

As a dialysis company, our goal is to continuously improve the quality of life of kidney patients. We pursue this aim also beyond our core range of products and services by cooperating globally with regional and international associations and institutions that champion the interests of dialysis patients. In addition, we develop our own initiatives to help patients lead a healthier and more active life.

To this end, we sponsor the Renal Support Network in the U.S., a charitable association run by and for patients with chronic kidney failure. It aims to provide patients and their families with health education, give them more confidence in day-to-day life and boost their initiative.

In Brazil, we provide financial and professional support to the Fundação do Rim, a charitable foundation that helps young dialysis patients in the province of Rio de Janeiro. This organization is committed to raising awareness among the authorities and the public of the need to ensure the supply of medication for children and adolescents and give them access to kidney transplants, as well as establishing more pediatric dialysis units in hospitals. At the same time, it organizes special programs for young patients, such as exercise, art, and music therapy classes, and trains parents in how to deal with their children's disease.

In Colombia, we have set up our own foundation to promote the health and well-being of our patients beyond actual dialysis treatment. The Fundación Fresenius is financed by donations from industry, our employees, and private individuals. For example, the foundation provides patients with a hot meal after dialysis treatment, the only meal of the day for many of them. It also offers patients in need free travel between their home and the dialysis clinic. In 2015, a large number of patients also took part in cultural and sporting events organized by the foundation.

In Argentina, one in three dialysis patients leave school with no qualifications and therefore have difficulty reading and writing. This low level of education amplifies the typical problems of living with dialysis, such as complying with the treatment plan and taking medication regularly. As part of a program that we have been running and expanding for many years in conjunction with the Ministry of Education of Buenos Aires province, we now offer classes for patients at 18 of our dialysis clinics to enable them to obtain their qualifications.

Raising public awareness

We regularly take advantage of the annual World Kidney Day to inform people worldwide about the importance of the kidneys and the negative effects of kidney diseases. With a wide range of different measures, our employees take part in awareness-raising initiatives in hospitals, shopping centers, schools, and the social media.

Using our expertise and network for social commitment

Fresenius Medical Care organizes and supports scientific conferences with international nephrology experts as well as training programs for physicians and dialysis specialists worldwide, thus helping to ensure a high level of quality in dialysis. This is especially important in regions where modern health care standards are still being developed. One example is our partnership with the Sustainable Kidney Care Foundation. We support this foundation via our subsidiary, the Renal Research Institute. It promotes projects, mainly in Africa, that give patients with acute kidney failure access to dialysis treatment, including in regions without an existing supply structure.

Emergency aid in crisis situations and donations

To ensure that patients' vital dialysis treatment is not interrupted even in extreme weather conditions such as severe storms or floods, Fresenius Medical Care's professional emergency response teams are called into action in the affected regions. Their task is to protect patients and employees in emergency situations and to give patients the best possible care, even under difficult conditions.

In crisis situations or in the event of international disasters, the Company as a whole fulfills its social responsibility. We provide funds, dialysis machines and medical supplies for institutions that need specific aid quickly. For example, after the devastating earthquake in Nepal in April 2015, we provided dialysis machines, water treatment systems, and disposable accessories, enabling dialysis patients to receive their vital treatment even though many medical facilities and items of equipment were badly damaged by the earthquake. In Tianjin (China) we donated several acute dialysis machines and disposables to treat injured people after the explosion disaster at the container terminal in August 2015.

In North America, the Fresenius Medical Care Incident Command Center coordinates emergency task forces in critical situations, for example during hurricanes, storm surges, or in the tornado season. This center is in close contact with the Kidney Community Emergency Response Coalition (KCER), a U.S.-wide crisis network. This grouping of various organizations and institutions includes patient and professional associations in nephrology, dialysis providers, hospitals and authorities such as the FDA (Food and Drug Administration), and the CMS (Centers for Medicare and Medicaid Services). By collaborating with KCER, we can closely coordinate our crisis management as required with the activities of government bodies such as the United States Department of Homeland Security and the Federal Emergency Management Agency (FEMA), which reports to it. FEMA is a national coordination office for disaster relief.

RESEARCH AND DEVELOPMENT

Developing innovative products and improving our dialysis treatments form an integral part of our growth strategy. Our Global Research and Development (R&D) activities enable us to develop products efficiently and to systematically promote the exchange of knowledge and technology between regions.

GLOBAL RESEARCH AND DEVELOPMENT STRATEGY

Health care systems face major financial challenges now and in the long-term. With regard to our R&D activities, this confirms our intention to develop innovative products that are not only of the highest quality, but are also affordable so that caregivers and patients can benefit from them. Based on our experience in operating our own dialysis clinics, we do not consider these to be incompatible aims.

During the past two years, we have reorganized our R&D activities away from a regional structure and towards a more global approach. This enables us to respond even better to the demand for improved high-quality yet cost-efficient treatment methods, which is growing worldwide. In doing so, we continue to take regional market conditions into account by offering a differentiated product range in more than 120 countries.

Our new R&D strategy is focused on improving our ability to deliver innovative competitive products on time and enhancing our focus on developing countries. We have identified six core areas as the future focal points of our R&D activities – see chart 2.20 on page 56.

Market leadership

To maintain our position as market leader, we aim to consistently and sustainably offer innovative technology, products and features that put us ahead of the competition and improve processes, manufacturing, services and, most importantly, the quality of life and medical outcomes for our patients.

Vertical integration

R&D analyzes and improves therapy systems as well as processes in our clinics using lean principles supported by technology. As we are a vertically integrated company, our R&D benefits from direct access to the opinions and experience of patients and clinical staff at our own dialysis centers. This helps them to enhance the usability and features of our products in such a way as to optimize and further automate processes in the clinics and simplify operations.

Global portfolio management

We actively manage and control our global product portfolio to identify synergies between different product families. By exploiting these synergies, we can improve R&D efficiency and speed up time to market. Even though different markets have different requirements, our platform approach and modular system components enable us to reduce development times, achieve economies of scale in purchasing and bundle our development resources.

New technologies and applications

Apart from new products that are about to enter the market, we are working on and significantly investing in new technologies and applications for mid and long-term growth. A stringent and systematic portfolio management approach ensures transparency across all projects and new ideas.

In addition to our internal R&D efforts, we collaborate with external partners to create a comprehensive innovation and technology network. These include numerous academic institutions, such as research institutes at renowned universities in the U.S. as well as the Renal Research Institute (RRI) in New York. This subsidiary of Fresenius Medical Care North America is a leading institution in the field of clinical research into chronic kidney failure. Together, we are working on fundamental issues related to dialysis treatment. To encourage open innovation, we are increasingly working with start-ups to gain access to latest technologies in our core business as well as in adjacent areas of future strategic interest.

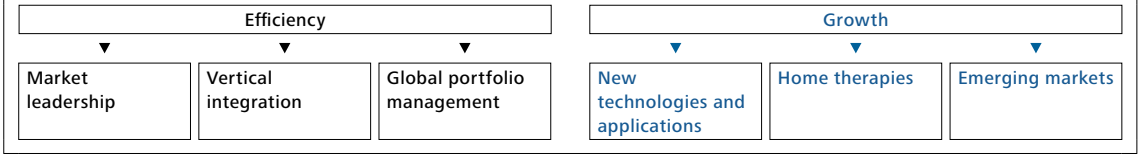
Home therapies

More people than ever suffer from chronic kidney failure. The resultant higher cost burden for health care systems and the limited availability of trained personnel for dialysis centers are boosting demand for home therapy systems worldwide. Home dialysis and its associated technologies and products are therefore another key focal point of our R&D activities.

Emerging markets

Many dialysis patients in emerging markets still lack reliable access to treatment. Extending dialysis coverage in these markets offers potential for growth and can save many lives. To achieve this, we are developing a dedicated product portfolio for these markets and expanding our local presence. As one of the larger emerging markets, China is a major focus of our efforts. In 2015, we established the China Design Center in Shanghai. This new facility significantly extends the footprint of our existing R&D teams and provides insights and proximity to local customers, regulatory bodies and our local supplier networks. Teams of employees from R&D, production and purchasing are working together to

CORE AREAS R&D ACTIVITIES C. 2.20



develop market-ready products for the local dialysis market. It is part of a long-term strategy that the China Design Center will provide multiple advantages to the existing global R&D organization, for example, faster and easier market access due to the proximity to local regulatory bodies, lower product costs and higher integration with existing supplier networks in Asia and an improved product roadmap due to a deeper understanding of local customer and market requirements. While the focus is currently on PD products and dialysis machines, the aim is to develop a complete product portfolio especially for this market.

INNOVATIONS 2015 AND BEYOND

In the past year, we launched a number of new products for renal therapy on the global market. One example is the multiFiltratePRO therapy system for continuous renal replacement therapy (CRRT), primarily for the treatment of acute kidney failure in critically ill patients at intensive care units. The system includes a multitude of advanced features that support physicians and caregivers, who are increasingly subject to a greater workload. These include a large touchscreen monitor that displays all required information, intuitive handling, fully integrated fluid heaters for reliably accurate fluid temperature control and a "care mode" that prevents unnecessary alarms. The multiFiltratePRO platform also builds on our substantial experience with our Ci-Ca® regional anticoagulation system, resulting in fewer bleeding complications for patients.

Other new products and features introduced in 2015 include new software to facilitate operations in dialysis clinics by improving access to patient and treatment information at the bedside, improved central station monitoring and optimized treatment prescriptions for individual patients. Based on our fluid management technology, the CritLine-Clic blood volume monitor makes it easier to correct overhydration, thus contributing to fewer hospitalizations and improving the quality of life for patients.

The year 2016 will be marked by the launch of a new dialysis machine, our next-generation hemodialysis platform for the treatment of chronic renal failure. At the core of this system is an array of new technologies and inventions that combine user-friendliness and cost efficiency with the highest treatment quality.

In the same year, we will also generate the first clinical data of a new dialyzer. By modifying the inner wall of the hollow fiber, we will create a more hemocompatible fiber surface and reduce the need for heparin in standard dialysis treatments.

Fresenius Medical Care offers home dialysis patients innovative product solutions for both home hemodialysis and peritoneal dialysis. We are also expanding our product offerings in Asia-Pacific by developing and launching new continuous ambulatory peritoneal dialysis (CAPD) products and solutions in local manufacturing sites

We currently develop a portfolio of state-of-the-art peritoneal dialysis (PD) technologies together with our partners. The new product platform will offer dialysis systems, so-called cyclers, designed for use in Automated Peritoneal Dialysis (APD) therapy, which is the most frequently utilized home therapy for the treatment of end-stage renal disease. They are lightweight and compact, making it more practical to dialyze at home. The smaller size of this new generation of PD cyclers will provide flexibility for dialysis patients.

Our ongoing development efforts in the area of home dialysis also include the Portable Artificial Kidney (PAK). The main advantages of the PAK compared to conventional dialysis machines are its small size and transportability along with a significant reduction in the amount of water required from 120 liters per treatment on average in conventional machines to between six and ten liters in the PAK. This means that the PAK is extremely resource-efficient and flexible, giving home dialysis patients maximum independence and mobility.

ETHICAL STANDARDS IN R&D

As part of our innovation culture, we also strive to carry out research and development responsibly.

Whenever Fresenius Medical Care launches a new medical device or pharmaceutical product, the Company is legally required to prove and extensively document its effectiveness and safety. This can result in the need for clinical studies. Our industry is subject to extensive guidelines and laws intended to ensure that no ethical principles are violated during such studies, that physicians and institutions carrying out studies on companies' behalf have been carefully selected based on their qualifications, and that scientifically accepted methods are applied. They include, for example, the declaration of the World Medical Association, which prescribes basic ethical principles for clinical research, EU directives on pharmaceuticals (such as Directive 2001/20/EC), the EU Medical Device Directive (MDD) and ISO standard 14155, which defines the criteria for clinical investigation and reporting in clinical research. Fresenius Medical Care carries out its clinical research in accordance with these regulations. In addition, we observe national laws and regulations such as the Pharmaceuticals Act (AMG) and the Medical Devices Act (MPG) in Germany, or the U.S. Food and Drug Administration (FDA) regulations. Fresenius Medical Care's own Standard Operating Procedures (SOP) for employees combine these regulations with internal rules to ensure that clinical studies commissioned by us are carried out and documented properly. Before a study can even begin, our application must be approved by ethics committees in the relevant countries.

We only use animal testing to obtain approval for new products and forms of treatment where this is prescribed by law. Such tests are carried out by third-party research institutes in recognized test laboratories, and are always approved by an ethics committee for animal testing. As a matter of principle, our strategy is to avoid animal testing and to use alternative methods wherever possible.

EXPENDITURES FOR R&D T. 2.21

in $ M

	2015	2014	2013	2012	2011
▸ TOTAL	140	122	126	112	111

NUMBER OF PATENTS T. 2.22

	2015	2014	2013	2012	2011
▸ TOTAL	6,643	6,133	5,560	4,850	4,415

NUMBER OF EMPLOYEES IN R&D T. 2.23

Full-time equivalents

	2015	2014	2013	2012	2011
▸ TOTAL	649	599	552	530	530

R&D RESOURCES

In the year under review, Fresenius Medical Care spent a total of around $140 M on R&D (2014: $122 M). Around a quarter of our R&D expenditures went into funding advance developments, laying the foundations for future product innovations.

At the end of 2015, our patent portfolio comprised some 6,643 patents in approximately 1,025 patent families, i.e. groups of patents linked to the same invention. Our R&D work in the year under review produced around 86 additional patent families. A broad portfolio of patents will provide us with a wide range of treatment options in this competitive area in future.

In 2015, 649 highly qualified employees worked for Fresenius Medical Care in R&D worldwide (2014: 599). They come from various backgrounds: Physicians work side by side with software specialists, business economists and engineers in interdisciplinary teams.

Around 370 employees, and therefore the majority of our R&D staff, are based in Europe. Most activities are carried out at our facilities in Schweinfurt and Bad Homburg (Germany). Other R&D sites are in St. Wendel (Germany), Bucharest (Romania) and Krems (Austria). In the U.S., the Company maintains centers of excellence for the development of devices in Concord and Lake Forest, California, and for dialyzers and other disposable products in Ogden, Utah. Development activities in Shanghai and Changshu (China) are focused on the growing demand for cost-effective dialysis systems for Asia and emerging markets. The global R&D organization coordinates collaboration and technology exchange among the various sites.

BUSINESS DEVELOPMENT

The dialysis market is a growth market with demand for products and services for kidney patients steadily rising. This is partly due to demographic factors such as the aging population. Fresenius Medical Care's business is impacted more by government reimbursement rates and systems than by economic cycles.

GENERAL SITUATION

OVERALL ECONOMIC ENVIRONMENT

Global economy: Sluggish development

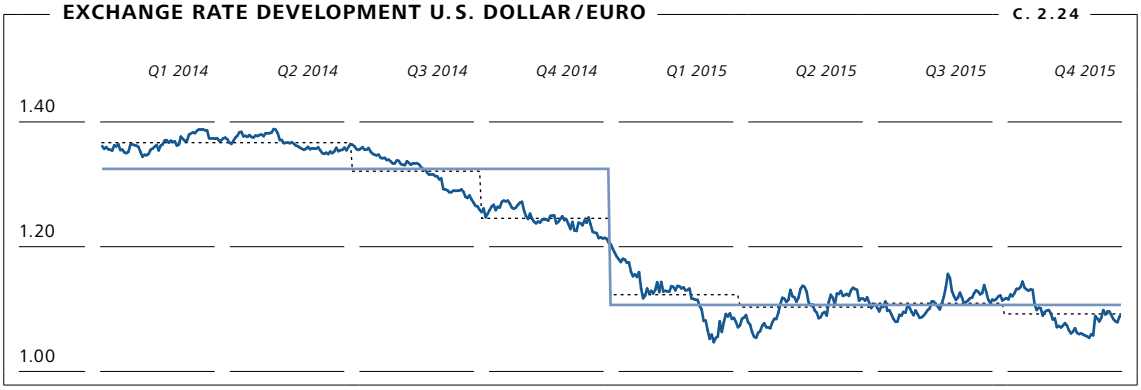
In 2015, global economic growth stabilized at a low level; however, the economic slump anticipated by economists in the meantime did not occur. The U.S. and other advanced economies again experienced a moderate expansion rate with the momentum varying considerably between individual regions. By contrast, growth in emerging countries was slow due to the deepening recessions in Russia, Brazil, and China.

Exchange rate development: Euro further weakened

Some exchange rates fluctuated significantly in 2015. Since we generate a large part of our sales in the U.S. and the euro zone and do our financial accounting in U.S. dollars, the performance of the U.S. dollar and the euro is of particular importance to us. The euro lost around 16% against the U.S. dollar on average in 2015 compared to the previous year, with the downward trend that started in the second half of the previous year continuing throughout the whole of 2015. This development had a strong negative impact on revenue and other key income items as a result of the translation of the results of operations in euro into the reporting currency U.S. dollar.

We reduce our transaction risks, i.e. risks due to foreign currency items or exchange rate fluctuations, through our global network of production facilities, which is geared towards the demand in our dialysis products business: As many of our production facilities are based in the markets that they serve, we incur costs in the same currency in which we generate our revenue. The exchange rate development between the euro and the local currencies is significant for our large production sites in the euro zone because of intragroup sales to group companies in other currency areas. As a result of these sales, our subsidiaries are affected by changes in the exchange

EXCHANGE RATE DEVELOPMENT U.S. DOLLAR/EURO C. 2.24



$/€ Annual average Quarterly average
Source: FactSet

rate between the invoicing currencies and the currencies in which they conduct their local business. In our largest division, health care services, the risk of exchange rate fluctuations is relatively low because we provide our services locally and therefore in the respective currency. Transaction effects had a slight positive impact on key income items. In total, translation and transaction effects had a negative impact on revenue and other key income items in 2015.

Further information on the economic environment can be found in the "Comparison of the Actual Business Results with Forecasts" section starting on page 69 and in the "Outlook" chapter starting on page 97.

STRUCTURAL AND LEGAL ENVIRONMENT

Our customers are mostly health insurers and companies

Fresenius Medical Care's most important customers are state-owned or public health insurers, private health insurers, and companies.

Health care systems vary from country to country

As renal replacement therapy is a life-saving medical service, patients do not usually have to pay for dialysis themselves. Instead, the costs are borne by the responsible health care system. The reimbursement systems for dialysis treatment – in other words, the structures used by health care systems to reimburse dialysis services – differ from country to country and often vary within countries. The factors determining reimbursement include regional conditions, the treatment method, regulatory issues, and the type of dialysis service provider (public or private).

The health care debate in some countries is currently focused on establishing reimbursement structures based on treatment quality (pay for performance). In this case, more responsibility is transferred to the medical service provider, subject to transparency and quality criteria. The goal of reimbursement models of this kind is to maintain high treatment quality combined with lower overall costs for the health care system.

One example of a reimbursement model based on qualitative criteria is the reimbursement system for dialysis in the U.S., our biggest sales market. This system applies to dialysis treatment for patients who are predominantly covered by national health insurance (Medicare patients); we generate around 32% of our revenue with these patients. Dialysis costs are reimbursed in the scope of a lump-sum reimbursement system that bundles specific products and services in a single reimbursement rate. This reimbursement rate is adjusted each year based on the rise in costs of a "market basket" of specific products and services for medical care less a productivity factor. In addition, between 2014 and 2017, changes in the use of specific drugs and biopharmaceuticals included in the base rate will gradually be incorporated into the reimbursement rate. In 2015, the base rate per treatment was $239.43, up 0.2% on the previous year.

The U.S. reimbursement system also takes into account quality parameters such as the regulation of the hemoglobin content of the blood and the effectiveness of dialysis treatment (quality incentive program, QIP). For dialysis clinics that do not meet the defined quality standards, reimbursements can be cut by up to 2%. In the next few years, the underlying quality standards will be continuously adapted and extended.

We are also working closely with the Centers for Medicare and Medicaid Services (CMS), a state-run public health care authority, in the area of Care Coordination. For example, we have been involved in the "Bundled Payments for Care Improvement" (BPCI) initiative via our subsidiary Sound Physicians since April 2015. BPCI is a three-year pilot project in which specific health care services for Medicare patients are reimbursed on a lump-sum basis. As a participant in this project, we can become entitled to additional reimbursement if we provide high-quality care at a cost that is below a set threshold.

SECTOR-SPECIFIC ENVIRONMENT

The dialysis market is growing worldwide. At the end of 2015, more than 2.8 M dialysis patients were being treated. With our many decades of experience, we can provide patients with high-quality dialysis products and services from a single source. We are therefore ideally placed to further expand our business and consolidate our position as market leader.

Collecting and analyzing market data

Reliable information on the development of the dialysis market and its general conditions is essential for the success of our business. To enable us to obtain and manage representative market information, Fresenius Medical Care has developed its own tool, the Market and Competitor Survey (MCS). We use it to collect and analyze relevant dialysis market and competitor data once a year and leverage this within the Company. This information serves as a basis for strategic decisions made by management, research and development and marketing, as well as for our external reporting, such as the Annual Report. Unless otherwise stated, the data in this chapter is based on the MCS survey. We regularly adapt it to account for new trends such as changes in the use of certain treatments as well as in the structure of our competitive environment caused by the entry of new providers, for example.

In recent years, the gap between information provided by the two leading U.S. data sources on patient numbers and patient number growth rates has widened. This is accompanied by a significant time lag in reporting this data. Fresenius Medical Care therefore reviewed its methods for collecting current estimates and forecasts of patient numbers in 2015. This has led to a restatement of both reported patient numbers and growth rates in North America.

Rising patient numbers

Chronic kidney failure is a global disease: At the end of 2015, approximately 3.5 M patients were being treated, either with a transplant or dialysis.

The incidence of chronic kidney failure varies between regions. Prevalence, i.e. the relative number of people being treated for end-stage renal disease in a particular country, also differs significantly from one country to another. The prevalence rate, measured in patients per million population (pmp), can be well below 100, especially in developing countries. In countries in the European Union, it averages just over 1,100 pmp. Countries like Japan and the U.S. have very high levels that exceed 2,000 pmp in places, for example. In Taiwan, the rate is even as high as 3,000 pmp.

There are various reasons for the significant divergence in prevalence rates:

- The countries differ demographically, as age structures in the population vary worldwide.
- The prevalence of risk factors for kidney disease such as diabetes and high blood pressure varies widely.
- The genetic predisposition for kidney disease also differs significantly around the world.
- Access to dialysis is still restricted in many countries, meaning that many patients suffering from kidney failure are not treated and therefore do not appear in prevalence statistics.
- Cultural factors such as nutrition play a role.

The number of dialysis patients in 2015 rose by around 6%. In the U.S., Japan, and Western and Central Europe the increase in the number of patients was again below average in 2015. In these regions, prevalence is already relatively high and patients generally have reliable access to treatment, normally dialysis. In economically weaker regions, on the other hand,

growth was above average – an indication that access to dialysis treatment in these countries is still limited and is gradually improving. Beside an easier access to dialysis, other factors contribute to a rise in global prevalence, for example the spreading incidence of illnesses that cause renal damage, such as diabetes and high blood pressure, as well as the general aging of the global population due to medical advances.

Comparison of treatment methods

Of the approximately 2.8 M patients undergoing dialysis treatment at the end of 2015, 2.492 M – about 88% – were being treated with hemodialysis and around 326,000 (12%) with peritoneal dialysis – see the Glossary starting on page 214. In a global comparison of treatment methods, hemodialysis is clearly the most common.

DIALYSIS PATIENTS: REGIONAL DEVELOPMENT T. 2.25

	2015	*Change*
North America	613,000	~4%
Europe/Middle East/Africa	690,000	~4%
Asia-Pacific	1,240,000	~8%
Latin America	275,000	~5%
▸ **WORLDWIDE**	**2,818,000**	**~6%**

Source: Company information and estimates

REGIONAL DISTRIBUTION OF DIALYSIS IN CLINICS AND HOME DIALYSIS T. 2.26

	Clinic dialysis	*Home dialysis*
North America	79%	21%
U.S.	88%	12%
Europe/Middle East/Africa	93%	7%
Asia-Pacific	89%	11%
Latin America	88%	12%

Source: Company information and estimates

PATIENTS WITH CHRONIC KIDNEY FAILURE T. 2.27

in M

Patients with chronic kidney failure	**3.572**	**100%**
Of which patients with transplants	0.709	20%
Of which dialysis patients	**2.818**	**80%**
Hemodialysis (HD)	2.492	71%
Peritoneal dialysis (PD)	0.326	9%

Source: Company information and estimates

MARKET POSITION IN KEY PRODUCT GROUPS T. 2.28

	1st place	*2nd place*
Dialyzers	Fresenius Medical Care	Nipro
Dialysis machines	Fresenius Medical Care	Nikkiso
Concentrates for hemodialysis	Fresenius Medical Care	Baxter
Bloodline systems	Fresenius Medical Care	Nipro
Products for peritoneal dialysis	Baxter	Fresenius Medical Care

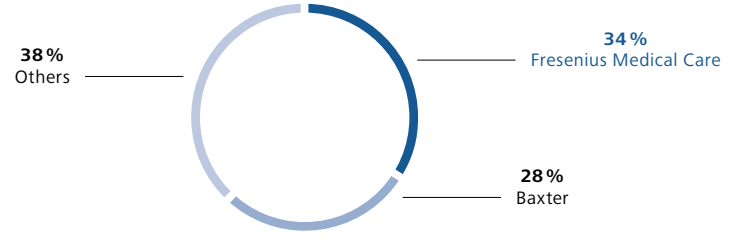
Source: Company information and estimates

Dialysis patients can be treated either in a dialysis clinic or at home. Treatment options available outside dialysis clinics are home hemodialysis (relatively uncommon so far) and peritoneal dialysis. Table 2.26 on page 63 shows how the ratio of patients treated in dialysis clinics to patients on home dialysis varies from region to region

The third option for treating patients with end-stage renal disease is kidney transplantation. Approximately 709,000 patients were living with a transplanted kidney at the end of 2015. However, for many years, the number of donated organs worldwide has been significantly lower than the number of patients on transplant waiting lists. Despite extensive efforts by regional initiatives to increase awareness of kidney donation and the willingness to donate, the share of patients receiving kidney transplantation compared with other treatment methods has remained relatively unchanged over the past ten years.

DIALYSIS PRODUCTS C. 2.29

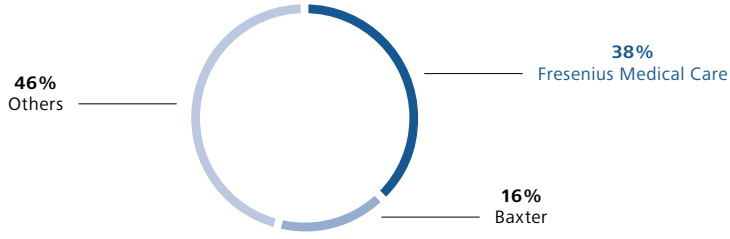
Market share, based on revenue



Source: Company information and estimates

HEMODIALYSIS PRODUCTS C. 2.30

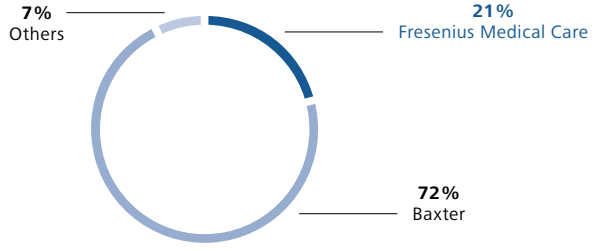
Market share, based on revenue



Source: Company information and estimates

PERITONEAL DIALYSIS PRODUCTS C. 2.31

Market share, based on revenue



Source: Company information and estimates

FRESENIUS MEDICAL CARE IN A GLOBAL COMPARISON

The volume of the global dialysis market decreased to around $73 BN in 2015, according to our estimates, due to the strong effect of exchange rate fluctuations. The market grew by 4% last year in constant currency terms. We expect the following approximate breakdown for this market volume: around $13 BN for dialysis products and approximately $60 BN for dialysis services (including dialysis drugs).

Dialysis products: Two major providers

The main dialysis products include dialyzers, hemodialysis machines, concentrates and dialysis solutions, along with products for peritoneal dialysis – see the Glossary starting on page 214. In terms of revenue, the two largest manufacturers of dialysis products together accounted for approximately 62% of the worldwide market in 2015. Fresenius Medical Care was the market leader in this segment with a market share of 34%.

Dialyzers for hemodialysis are the largest product group in the dialysis market with a worldwide sales volume of more than 270 M units in 2015. Around 120 M were made by Fresenius Medical Care, meaning that we comfortably held the largest market share in this segment. We set a new unit sales record in the U.S., our largest single market, with more than 44 M dialyzers sold in 2015. Hemodialysis machines constitute another key segment of our product business. Here, too, we are the clear market leader: More than half of the around 81,000 dialysis machines sold worldwide in 2015 were produced by Fresenius Medical Care. The U.S. is our biggest sales market for dialysis machines. In the year under review, we manufactured more than 93% of dialysis machines sold there. Our 2008 machine series is the leading dialysis system in the U.S. with more than 122,000 units in use.

In the area of peritoneal dialysis, we account for 21% of the global market in terms of revenue – see also chart 2.31 on page 64.

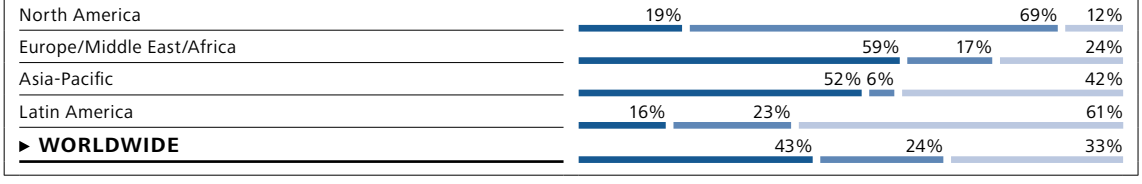
Dialysis services: Most patients treated in dialysis clinics

Renal patients generally receive dialysis treatment in a hospital or dialysis clinic, which they visit three times a week for several hours. They are treated either during the day or overnight while they sleep. Further treatment options include home dialysis, which patients mostly carry out themselves at home under expert guidance and with the necessary accessories, or dialysis on vacation, Fresenius Medical Care also offers services for this case. The vast majority of dialysis services, however, involve conventional treatment in hospitals or clinics.

In 2015, most dialysis patients were cared for in one of around 36,900 dialysis clinics worldwide, resulting in an average of some 75 patients per clinic. The organization of the clinics differs significantly depending on whether the health care system in the respective country is mainly state-run or privately operated.

DIALYSIS CLINIC OPERATORS C. 2.32

Share of patients treated



Public *Companies* *Private individuals*

Source: Company information and estimates

Fresenius Medical Care operates its own dialysis clinics in countries where the health care system allows private-sector companies to provide medical services and an appropriate reimbursement system is in place. For some years now, health care systems in many countries have been under pressure to improve the quality of treatment while keeping health care costs as low as possible. Some countries have therefore started to contemplate whether and how specialized private companies can help them in this. Other countries are only just setting up their health care systems and are looking to interact with health care companies that have a good reputation due to their high-quality service portfolio, with the aim of developing modern treatment standards. In both cases, Fresenius Medical Care, as an experienced vertically integrated provider, is the right partner: With our high-quality, innovative products and services, we are ideally equipped to continue expanding our position on the dialysis market.

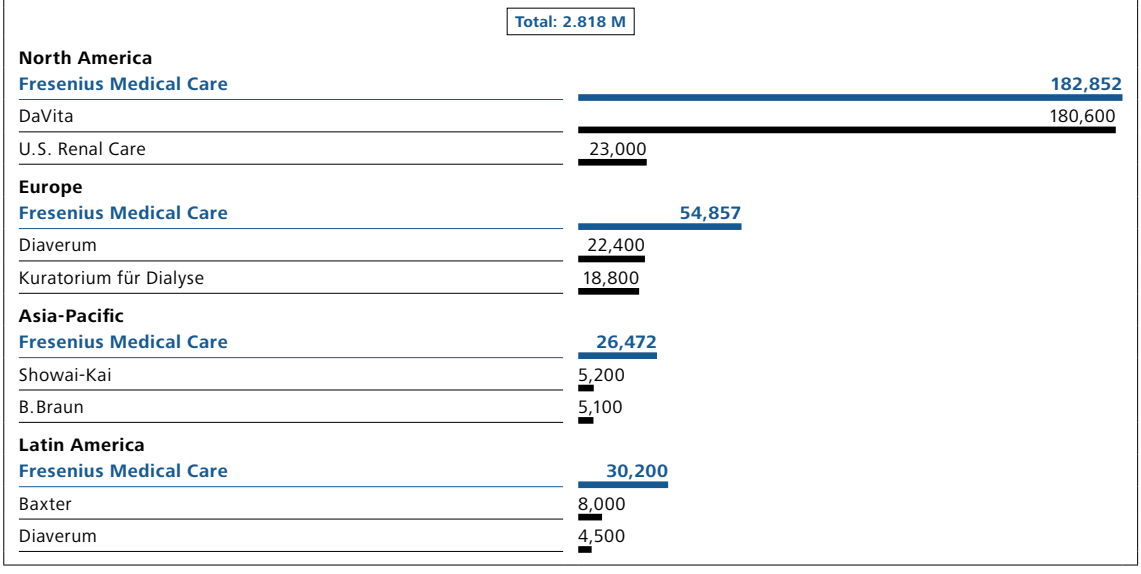
In this respect, the Chinese market will also become increasingly important for our business: The country's government is making efforts to develop a modern health care system with corresponding reimbursement structures – an important prerequisite for opening the market for dialysis services to international providers.

With this in mind, we will continue to drive our growth in China through continuous cooperation with local hospitals, via management contracts and for the time expand our collaboration through joint ventures providing hospital services including dialysis. So far, we cooperate with 116 clinics (previous year: 107 clinics) supplying dialysis products and providing clinical management services.

In the U.S., Fresenius Medical Care and DaVita together treat around 75% of all dialysis patients; this means that there is already a very high concentration of dialysis clinics. In the year under review, Fresenius Medical Care treated more than 178,000 patients,

DIALYSIS SERVICES BY REGION C. 2.33

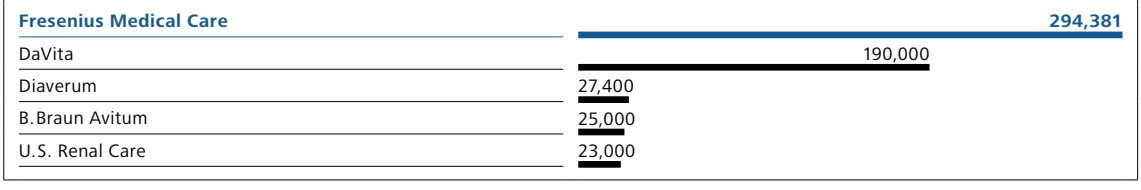
Number of patients treated



Source: Company information and estimates

TOP 5 DIALYSIS PROVIDERS WORLDWIDE C. 2.34

Number of patients treated



Source: Company information and estimates

approximately 38% of all dialysis patients in the U.S. (2014: around 176,000 patients, approximately 37%).

Outside the U.S., the dialysis services segment is still considerably more fragmented: With more than 1,200 dialysis clinics and around 116,000 patients in 45 countries, Fresenius Medical Care operates by far the largest and most international network of clinics.

Overall, Fresenius Medical Care further consolidated its position as clear market leader in the dialysis services business in the period under review: Over the past year, we treated 294,381 dialysis patients (2014: 286,312) in 3,418 clinics (2014: 3,361).

Dialysis drugs supplement our range

Usually, patients undergoing dialysis require medication to counteract anemia and control their mineral metabolism, both consequences of chronic kidney failure. Erythropoiesis-stimulating agents used to treat anemia account for almost two thirds of the total market for dialysis drugs. We obtain these as well as phosphate binders for controlling bone metabolism and iron compounds for treating anemia mainly from Vifor Fresenius Medical Care Renal Pharma, a joint venture with the Swiss company Galenica. More information on this can be found in the "Events Significant for Business Development" section starting on page 68.

Care Coordination: Expanding our business

Chronic diseases such as diabetes and cardiovascular diseases are becoming increasingly common and are responsible for almost two out of three deaths worldwide. In the U.S., for example, 86% of the country's health care budget is spent on treating chronic diseases. Chronic diseases have a major impact on the health economy, not only in industrialized countries, but also in many emerging countries. At present, more than 95% of health care spending goes toward treating chronic diseases and less than 5% toward preventive measures.

To counter the resultant rise in cost pressure, many health care systems are moving away from reimbursing individual services and towards holistic, coordinated care. One example is the reimbursement system in the U.S., our largest market. Whereas in 2010 only around 50 regionally organized health care organizations took part in a value-based reimbursement program with a holistic care approach, the number has now risen to 500.

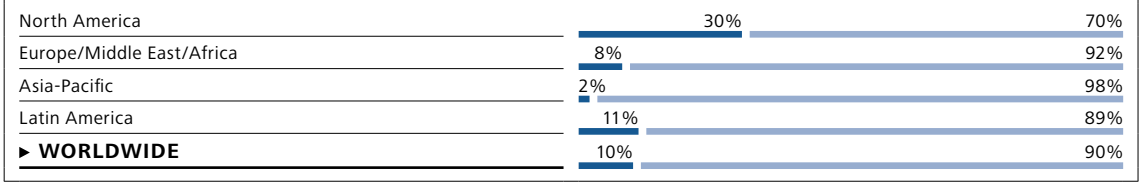
Fresenius Medical Care is also involved in establishing value-based reimbursement initiatives and has taken part in several pilot projects run by the CMS since 2015, both in the area of dialysis and in hospital care for patients – see the "Events Significant for business development" section starting on page 68.

Thanks to our activities in the area of Care Coordination and our experience in dialysis, we can help to shape the development of the health care system, enabling us to grow further. At the same time, patients benefit from holistic and coordinated care. We also aim to create added value for health care systems by reducing health care costs.

We combine non-dialysis medical services in the area of Care Coordination. This currently includes services relating to vascular, cardiovascular and endovascular surgery, non-dialysis laboratory testing and physician practice services, as well as coordinating hospitalist and intensivist services by specialist physicians, health plan services, coordinated delivery of pharmacy services and urgent care services, for example.

One of our medical service providers in the area of Care Coordination is Sound Physicians, a leading health care organization, focused on improving quality and reducing cost throughout the episode of care in the communities they serve – coordinating care from emergency to inpatient care (hospitalists and

PATIENTS TREATED C. 2.35



Fresenius Medical Care *Other providers*
Source: Company data and estimates

intensivists) as well as post-acute. More than 2,000 Sound Physicians providers cared for more than one million patients in 2015, at nearly 300 hospitals and post-acute facilities in U.S.

Currently, we mainly offer medical services in Care Coordination in the U.S., and have adapted our activities in this field to this market. The extent of the roll out of our Care Coordination services outside the U.S. can vary in individual countries and regions, depending on the respective reimbursement system and market environment.

OVERVIEW OF THE FISCAL YEAR

Once again, the general conditions in our core business of dialysis did not change significantly in 2015. We reached the targets we had set ourselves. In the future, we aim to focus even more on offering our patients holistic treatment by expanding the medical services we provide beyond dialysis treatment.

EVENTS SIGNIFICANT FOR BUSINESS DEVELOPMENT

Capital expenditures and acquisitions

In implementing our investment strategy, we gave priority to growing our clinic network and our product business once more in 2015. We also invested in expanding our research and development activities in the Asia-Pacific region by opening the China Design Center.

We had already started to step up our Care Coordination activities in 2014 by making several acquisitions in North America. Last year, we mainly concentrated our efforts on integrating and enhancing the individual companies.

Further information on our capital expenditures and acquisitions can be found in the "Financial Situation" section starting on page 77.

Divestitures

In 2015, we sold our dialysis services business in Venezuela. The challenging economic situation in the country and the resultant conditions prevented us from continuing our dialysis services business in a satisfactory manner. However, we continue to sell our dialysis products there.

Last year, we also transferred our European marketing rights for specific drugs for treating kidney diseases to Vifor Fresenius Medical Care Renal Pharma Ltd. As a result, the joint venture between Fresenius Medical Care and the Swiss company Galenica specializing in nephrology drugs has expanded its product range. Further information can be found in the "Results of Operations, Financial Situation, Assets and Liabilities" chapter starting on page 71.

Alliances

In 2015, we concluded an agreement with Galenica. The Swiss company will supply us with the drug Mircera; use is restricted to our dialysis clinics in North America. Mircera is an erythropoesis-stimulating agent for treating anemia in adult patients with chronic kidney failure. It can be used as an alternative to the more cost-intensive EPO.

Agreement in principle

On February 15, 2016 we have reached an agreement in principle with a committee designated by the plaintiffs to resolve litigation in the U.S. involving the dialysis acid concentrates GranuFlo®/NaturaLyte®. Provided that certain thresholds and restrictions are met, the settlement amount would be $250 M, funding provided to the plaintiffs in August 2015, partially offset by insurance recoveries of $220 M. In addition, accruals have been made for insurance risk self-retention, legal fees and other anticipated costs associated with the finalization of the settlement in the amount of $30 M. The net result of the above impacts in the amount of $60 M pretax ("net settlement expense"), is included in selling, general and administrative expenses. The after tax loss related to the net settlement expense was $37 M.

Change to the Group structure

At the beginning of 2015, we restructured our business segments and adapted our segment reporting. The four business segments of Fresenius Medical Care are North America, EMEA (Europe, Middle East, Africa), Asia-Pacific and Latin America.

New or developing reimbursement models in North America

In 2015, the Centers for Medicare and Medicaid (CMS), a state-run public health care authority, created a comprehensive new care model for the holistic treatment of patients with terminal kidney disease. Known under its acronym ESCO, this model is intended to reduce the costs for treating patients while maintaining the quality of treatment. Companies that meet the program's minimum quality standards while reducing CMS's costs for care of their patients to below a prescribed value receive a portion of the cost savings. Several of Fresenius Medical Care's dialysis clinics are taking part in the pilot project.

Another initiative in the U.S. is called Bundled Payments for Care Improvement (BPCI). Services performed during an illness or a course of treatment, such as the provision and coordination of hospitalist services by specialist physicians, accounting services for physicians and rehabilitation measures, are reimbursed on a lump-sum basis. Our subsidiary Sound Physicians joined BPCI in 2015. In the context of BPCI, we can gain entitlement to additional reimbursement if we are able to provide quality care at a cost that is below a set value. Any higher costs will then have to be borne by Fresenius Medical Care.

Business environment

The Company's business environment remained largely unchanged in many markets in 2015, as did the relevant legal frameworks for our business. Especially in the U.S., our largest sales market, we are still obliged to continue operating in an environment that does not sufficiently account for rising treatment costs in its reimbursement rates. In the past fiscal year, Fresenius Medical Care successfully continued its activities in its core business, made further progress in growing its Care Coordination operations and achieved further savings in the context of its Global Efficiency Program.

COMPARISON OF THE ACTUAL BUSINESS RESULTS WITH FORECASTS

The general conditions in our core business of dialysis did not change significantly in 2015. We met our targets for 2015.

The net settlement expense as mentioned in the "Events Significant for Business Development" section starting on page 68 was not included in the targets for the financial year 2015. To make the actual results for 2015 comparable to the targets they were adjusted accordingly. We restated operating income by $60 M. Net income was adjusted by $37 M.

At the beginning of the year under review, we expected revenue growth of 5 to 7% for 2015, corresponding to a 10 to 12% rise on a constant currency basis. In actual fact, we increased revenue by 6% to $16.74 BN. On a constant currency basis, revenue rose by 11%. All regions contributed to this positive performance, especially North America and Asia-Pacific.

We had forecast moderate growth in operating income (EBIT) for 2015, wherein the net settlement expense from the agreement in the amount of $60 M is not included. And we achieved an adjusted EBIT of $2.39 BN, corresponding to an increase of 6%.

At the beginning of the year, we set a target range for net income growth of 0 to 5%. This included cost savings from the Global Efficiency Program and additional expenditure for the expansion of Care Coordination as part of our growth strategy 2020. The after tax loss related to the net settlement expense of $37 M was not included in this target range. In real terms, we generated an adjusted net income of $1.07 BN in 2015, a 2% increase, which thereby was within our target range. Even excluding earnings contributions from acquisitions made in 2015, net income was still up by 1% and was therefore in line with expectations. Further information can be found in the "Results of Operations" section starting on page 71.

Earnings per share increased by 1%, almost in line with the development of net income, as we had expected.

The steady growth of the dividend is reflected in our dividend proposal: Subject to approval by the Annual General Meeting on May 12, 2016, the dividend per share will increase by 3% to €0.80 (2015: €0.78). More information on the dividend proposal can be found in the "Dividend Continuity" section on page 24.

In 2015, we budgeted around $1.0 BN for capital expenditures. In actual fact, our net capital expenditures came to $0.9 BN. We earmarked $0.4 BN for acquisitions and equity investments. This year, we have already reduced our forecast to around $0.3 BN. Overall, we have invested $0.1 BN in acquisitions and equity investments less divestments. For further information, see the "Financial Situation" section starting on page 77.

Net cash provided by operating activities driven by earnings development and sound management of days sales outstanding was high in 2015 at $1.96 BN. Relative to revenue, this corresponded to 11.7%, exceeding the target of more than 10%.

Free cash flow amounted to 6.1% of revenue in 2015, and was therefore also above our expectation of "more than 4%".

According to our forecast, the debt/EBITDA ratio (defined as the ratio of the total financial debt to earnings before interest, taxes, depreciation and amortization = debt/EBITDA) should have been around 3.0 by the end of 2015. In actual fact, we achieved an even better figure of 2.7 as at the reporting date.

The number of employees at Fresenius Medical Care (calculated on the basis of full-time equivalents) increased from 99,895 at the end of 2014 to 104,033 at the end of 2015. It therefore came very close to our forecast of around 105,000 employees. The Company's organic growth and acquisitions contributed to the increase in the number of employees compared with the previous year.

Research and development expenditures aimed at boosting Fresenius Medical Care's ability to adapt to future requirements amounted to $140 M, precisely meeting our target. Our research and development activities are focused on further developing existing product groups on an ongoing basis. Details can be found in the "Research and Development" chapter starting on page 55.

The dialysis market developed as we anticipated: The number of patients worldwide grew by around 6%. As expected, there were no significant changes compared to the previous year concerning the allocation of dialysis patients to different treatment methods. Hemodialysis continued to be by far the most important method used to treat chronic kidney failure in 2015. For further information, see the "Sector-specific Environment" section starting on page 62.

TARGETS AND RESULTS T. 2.36

	Results 2015	*Results 2015 adjusted for net settlement expense*	*Targets 2015*
Growth in revenue	6% ($16.74 BN)		5–7%
Growth in operating income (EBIT)	3% ($2.3 BN)	6% ($2.4 BN)	Moderate growth
Growth in net income[1]	–2% ($1.03 BN)	2% ($1.07 BN)	0–5%
Growth in earnings per share[1]	–2%	1%	In line with the expected development of net income
Dividend	€0.80[2] per share (+3%)		Earnings-oriented dividend policy
Capital expenditures	$0.9 BN		~$1.0 BN
Acquisitions and equity investments	$0.1 BN		$0.3 BN
Cash flow from operating activities *in % of net revenue*	11.7%		>10%
Free cash flow *in % of net revenue*	6.1%		>4%
Debt/EBITDA ratio	2.8	2.7	~3.0
Employees[3]	104,033		~105,000
Research and development expenditures	$140 M		~$140 M

[1] *Net income attributable to shareholders of Fresenius Medical Care AG & Co. KGaA.*
[2] *Proposal to be voted on by the Annual General Meeting on May 12, 2016.*
[3] *Calculated on the basis of full-time equivalents.*

MANAGEMENT'S GENERAL ASSESSMENT OF BUSINESS PERFORMANCE

In a challenging environment, 2015 was a positive year for Fresenius Medical Care. Despite highly negative currency translation effects and a difficult reimbursement situation in the U.S., we met our targets and continued to grow. Compared with 2014, we managed to increase our revenue by 6% to $16.74 BN, setting a new record.

For Fresenius Medical Care, 2015 was particularly characterized by strong organic growth in North America and the out-of-court settlement in principle in a product liability case. Success in our product business in the first half of the year as well as non-recurring effects from the divestiture of the services business in Venezuela and the sale of marketing rights for specific drugs for treating kidney diseases in Europe affected our business outside North America. More information can be found in the "Events Significant for Business Development" section starting on page 68.

In 2015, we also continued to enhance our Care Coordination operations. This expansion requires time and investment as well as an extensive understanding of the market dynamics. A current example is our largest market, the U.S. In the new U.S. reimbursement system, health care service providers are increasingly being paid for the overall treatment outcome rather than for individual units of care delivered. In our core business and with the expansion of our Care Coordination operations, we have been preparing for this switch for some time to ensure that we have the requisite structures in place. With our many years of experience in the dialysis market, we are uniquely placed to use this development as a long-term opportunity.

To boost our profitability in the years ahead, we continued to pursue our Global Efficiency Program in 2015, making further cost savings. We still expect to achieve our target by the end of 2016 and increase savings to $300 M before tax.

In addition, we continued our investment activities at an undiminished pace. We invested around $900 M in 2015, mainly in equipping existing and new dialysis clinics, preserving and expanding production capacity and in the area of Care Coordination.

Our strategic decisions and activities in 2015 have set the course for the future. Fresenius Medical Care stands on strong foundations. We aim to build on these in the next few years.

RESULTS OF OPERATIONS, FINANCIAL SITUATION, ASSETS AND LIABILITIES

The financial year 2015 was in line with our expectations: We achieved good results despite challenging market conditions.

RESULTS OF OPERATIONS

Revenue

In the year under review, Fresenius Medical Care increased its revenue by 6% to $16.74 BN, corresponding to an 11% growth rate in constant currency terms. Organic revenue growth amounted to 6%, with acquisitions excluding sales and closures of clinics and other business units accounting for five percentage points of revenue growth. Health care services revenue rose by 9% (+13% on a constant currency basis) to $13.39 BN. Dialysis product revenue fell by 7% to $3.35 BN in 2015. This was due to negative currency translation effects in the three international segments. In constant currency terms, dialysis product revenue rose by 4%. At the end of 2015, we operated 3,418 dialysis clinics, 2% more than at the end of 2014. We treated 294,381 dialysis patients by the end of the year, an increase of 3%. The number of treatments rose by 4% to around 44.60 M in the year under review.

Revenue in North America, still our most important segment with a share of 71%, was $11.81 BN in 2015, 13% more than the $10.50 BN generated in the

previous year. Organic revenue growth amounted to 6%, with acquisitions accounting for seven percentage points. Health care services revenue increased by 13.2% to $10.93 BN in 2015 (2014: $9.66 BN). Of this amount, $9.05 BN were attributable to dialysis services, up 5% compared to last year. The remaining $1.88 BN stemmed from Care Coordination revenue with an increase of 81% compared to 2014. Dialysis product revenue grew organically by 4% to $881 M (2014: $845 M).

Revenue outside North America (international segments) fell by 7% (+9% in constant currency terms) to $4.90 BN in 2015. Organic growth amounted to 7%, with acquisitions excluding sales and closures of clinics and other business units having a positive effect of two percentage points. Health care services revenue outside North America was down 5% on the previous year to $2.46 BN. In constant currency terms, this represents an increase of 12%. Dialysis product revenue fell by 9% to $2.44 BN in 2015, corresponding to 6% organic growth in constant currency terms.

In the Europe, Middle East and Africa (EMEA) region, revenue declined by 14% to $2.63 BN in the last financial year. In constant currency terms, revenue rose by 3%. It accounted for 16% of total revenue (2014: 20%). By the end of 2015, we were treating

REVENUE BY SEGMENT T. 2.37

in $ M

	2015	2014	Change	Exchange rate effects	Organic growth	Acquisitions net of divestments
North America						
Dialysis products	881	845	4%	0%	4%	0%
Health care services	10,932	9,655	13%	0%	7%	6%
of which dialysis services	9,050	8,616	5%	0%	5%	0%
of which Care Coordination	1,882	1,039	81%	0%	25%	56%
▸ **TOTAL**	**11,813**	**10,500**	**13%**	**0%**	**6%**	**7%**
Europe, Middle East and Africa						
Dialysis products	1,403	1,634	–14%	–17%	3%	0%
Health care services	1,226	1,438	–15%	–18%	4%	–1%
▸ **TOTAL**	**2,629**	**3,072**	**–14%**	**–17%**	**3%**	**0%**
Asia-Pacifc						
Dialysis products	835	788	6%	–7%	11%	2%
Health care services	667	569	17%	–13%	5%	25%
▸ **TOTAL**	**1,502**	**1,357**	**11%**	**–9%**	**9%**	**11%**
Latin America						
Dialysis products	199	248	–19%	–23%	6%	–2%
Health care services	567	588	–4%	–21%	20%	–3%
▸ **TOTAL**	**766**	**836**	**–8%**	**–21%**	**16%**	**–3%**
Worldwide						
Dialysis products[1]	3,346	3,582	–7%	–11%	5%	–1%
Health care services	13,392	12,250	9%	–4%	7%	6%
▸ **TOTAL**	**16,738**	**15,832**	**6%**	**–5%**	**6%**	**5%**

[1] *Including revenue generated by corporate functions of $28 M for 2015 and $67 M for 2014.*

54,857 patients in 659 dialysis facilities in this region. This was 2,009 patients or 4% more than 12 months previously. In 2015, we generated revenue of $1.23 BN from health care services, down 15% on the preceding year. On a constant currency basis, revenue was up 3%. Dialysis product revenue amounted to $1.40 BN, down 14% year-on-year. In constant currency terms, we also posted revenue growth of 3%.

Asia-Pacific recorded an increase in revenue of 11% to $1.50 BN. This corresponds to revenue growth of 20% based on constant currencies. This figure accounted for 9% of total revenue and therefore remained unchanged from the previous year. Health care services revenue rose by 17% (+30% on a constant currency basis) to $667 M. Dialysis product revenue increased by 6% (+13% on a constant currency basis) to $835 M. By the end of 2015, we were treating more than 26,000 patients in 320 dialysis facilities in this region.

Revenue in Latin America fell by 8% to $766 M; based on constant currencies, it grew by 13%. This accounted for 4% of total revenue, down from 5% in the previous year. At $567 M, health care services revenue was below the previous year's level of $588 M. In constant currency terms, revenue rose by 17%. We generated revenue of $199 M from dialysis products, 19% less than in the previous year. Based on constant currencies, it grew by 4%. By the end of 2015, more than 30,000 patients were receiving dialysis treatment in the 229 clinics in this business region.

PATIENTS T. 2.38

	2015	2014	Change
North America	182,852	176,203	4%
Europe, Middle East and Africa	54,857	52,848	4%
Asia-Pacifc	26,472	25,278	5%
Latin America	30,200	31,983	–6%
▸ **TOTAL**	**294,381**	**286,312**	**3%**

TREATMENTS T. 2.39

in M

	2015	2014	Change
North America	27.69	26.61	4%
Europe, Middle East and Africa	8.21	8.05	2%
Asia-Pacifc	3.79	3.27	16%
Latin America	4.91	4.81	2%
▸ **TOTAL**	**44.60**	**42.74**	**4%**

CLINICS T. 2.40

	2015	2014	Change
North America	2,210	2,162	2%
Europe, Middle East and Africa	659	635	4%
Asia-Pacifc	320	317	1%
Latin America	229	247	–7%
▸ **TOTAL**	**3,418**	**3,361**	**2%**

Earnings

Gross profit

Gross profit in 2015 amounted to $5.33 BN, up 7% compared to 2014. The gross profit margin grew from 31.6 to 31.9%. The higher margin was largely based on lower costs for disposable products, particularly as a result of a reduction in the cost of erythropoietin-stimulating substances (ESA) in North America. By contrast, the margin in Latin America decreased due to higher (production) costs due to inflation and was partly offset by positive exchange-rate effects.

Selling, general and administrative expenses rose by 10% to $2.90 BN (2014: $2.64 BN) and from 16.7 to 17.3% as a percentage of revenue. This development stemmed from cost increases in percentage of revenue, mainly in Latin America where it was driven by the impact of the loss from the divestment of the service business in Venezuela and in Asia-Pacific due to unfavorable foreign exchange effects. In the EMEA region, on the other hand, costs decreased, largely caused by a gain from the sale of our European marketing rights for certain renal pharmaceuticals. In addition, varying margins in all four business segments generated a positive effect.

Research and development expenses were $140 M, up on the previous year's figure of $122 M.

Operating income (EBIT)

Earnings before interest and taxes (EBIT) rose by 3% in 2015 to $2.33 BN, compared with $2.25 BN in the previous year. The operating margin fell from 14.2 to 13.9%. This was due to the higher share of revenue of selling and administrative expenses. However, it was partially offset by an increase in the gross profit margin. Operating income excluding non-recurring effects – excluding net expenses from the basic out-of-court settlement in a product liability case (see the "Events Significant for Business Development" section starting on page 68 and note 19 in the "Notes to Consolidated Financial Statements" on page 190), the negative effect from the sale of the services business in Venezuela, the positive effect from the sale of European marketing rights for certain renal pharmaceuticals and the negative effect of the closure of production plants in 2014 – rose by 5% to $2.39 BN, compared with $2.27 BN in 2014.

In North America, operating income was up 9% to $1.80 BN in 2015. The operating margin decreased from 15.6% in 2014 to 15.2% in 2015.

Outside North America, operating income fell by 5% to $923 M in 2015. The operating margin grew from 18.4 to 18.9%. Table 2.41 on page 75 provides a detailed overview of operating income by region.

Delivered EBIT

As a result of the increase in noncontrolling interests in our business operations, we have included operating earnings net of noncontrolling interests (Delivered EBIT) in our reporting as an additional performance indicator.

In 2015, Delivered EBIT remained virtually unchanged compared to the previous year at $2.04 BN.

Net interest

Net interest expenses in 2015 amounted to $391 M, after $411 M in 2014. This development was mainly due to favorable effects from converting the interest expenses of euro-denominated bonds to U.S. dollars as well as to interest income from the early repayment of interest-bearing financial investments (see note 7 in the "Notes to Consolidated Financial Statements" on page 165). In addition, the adjustment of our 2012 credit agreement had a negative impact on the previous year's figures. The increase in the average debt level had the opposite effect.

Further details on our financial situation can be found starting on page 77.

Tax rate

Income tax expense in the year under review amounted to $623 M, compared with $584 M in 2014. This corresponds to an effective tax rate of 32.1%, after 31.7% in 2014.

Net income

Net income attributable to shareholders of Fresenius Medical Care AG & Co. KGaA fell by 2% to $1.03 BN in 2015, compared with $1.05 BN in 2014.

Net income excluding net expenses from the out-of-court settlement in principle in a product liability case of $60 M before tax and $37 M after tax, the negative effect ($27 M after tax) from the sale of the dialysis services business in Venezuela, the positive effect ($11 M after tax) from the sale of our European marketing rights for specific drugs for the treatment of kidney diseases, and the negative effect ($13 M after tax) from the closure of production sites on net income in 2014 rose by 2% in 2015 from $1.06 BN to $1.08 BN. For more information see chart 2.42 on page 76.

Earnings per share

Basic earnings per share (EPS) fell by 2% in 2015 to $3.38, compared with $3.46 in 2014. The average weighted number of shares outstanding in 2015 was around 304.4 M (2014: 302.3 M). This increase stems from exercising stock options. Details on how earnings per share are derived can be found in the "Notes to Consolidated Financial Statements" starting on page 148.

Performance indicators for Care Coordination in North America

In 2015, we defined new performance indicators for the North America region. These relate to U.S. health care programs in which we are involved and with which we intend to make statements on our business development in the area of Care Coordination in the region – see chart 2.44 on page 77. Further information on the programs concerned can be found in the "Events Significant for Business Development" section starting on page 68.

OPERATING INCOME (EBIT) AND DELIVERED EBIT T. 2.41

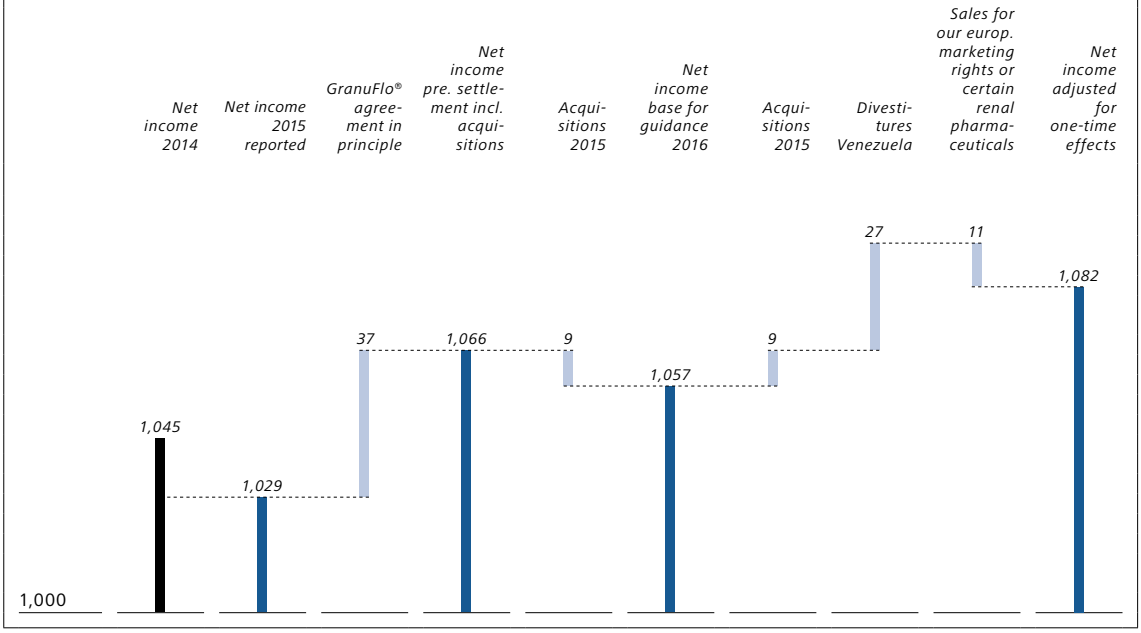
in $ M

	2015	2014	Change
North America			
EBIT	1,798	1,643	9%
Delivered EBIT	1,524	1,436	6%
Europe, Middle East and Africa			
EBIT	577	590	–2%
Delivered EBIT	574	587	–2%
Asia-Pacifc			
EBIT	298	279	7%
Delivered EBIT	291	274	6%
Latin America			
EBIT	48	101	–52%
Delivered EBIT	48	101	–53%
Corporate functions			
EBIT	(394)	(358)	10%
Delivered EBIT	(394)	(358)	10%
▸ **TOTAL**			
EBIT	**2,327**	**2,255**	**3%**
Delivered EBIT	**2,043**	**2,040**	**0%**

- Member months under medical cost management: This is calculated by multiplying the number of patients included in value-based reimbursement programs such as Medicare Advantage or other value-based programs in the U.S. by the corresponding number of months they have been members of these programs ("member months"). In the aforementioned programs, we assume the risk associated with generating savings. If the number of participating patients rises, this can impact our results.
- Medical cost under management: This relates to the management of medical costs associated with our patient membership in value and risk-based programs.
- Care Coordination patient encounters: This is the sum of all encounters and procedures completed during a certain period by Sound Physicians, MedSpring Urgent Care, Fresenius Vascular Care, and National Cardiovascular Partners as well as the corresponding figures relating to patients in our Fresenius Medical Care Rx Bone Mineral Metabolism program.

RECONCILIATION TO NET INCOME[1] C. 2.42

in $ M



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

ABRIDGED STATEMENT OF INCOME T. 2.43

in $ M

	2015	2014	Change
Revenue	16,738	15,832	6%
Cost of revenue	11,407	10,836	5%
▸ GROSS PROFIT	**5,331**	**4,996**	**7%**
in % of revenue	31,9	31,6	
▸ OPERATING INCOME (EBIT)	**2,327**	**2,255**	**3%**
Interest expenses, net	391	411	–5%
▸ EARNINGS BEFORE TAXES	**1,936**	**1,844**	**5%**
▸ NET INCOME[1]	**1,029**	**1,045**	**–2%**

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

Status of incoming orders

Eighty percent of Fresenius Medical Care's business model involves regular services that are not determined by project-related incoming orders. Product business, which chiefly consists of single-use products, is mainly characterized by consistent long-term demand rather than project-related orders. For these reasons, the order volume is not an informative indicator for the earnings development of Fresenius Medical Care.

FINANCIAL SITUATION

Our investment and financing strategy did not change significantly in the last financial year. This is also due to our business model, which allows us a more consistent and higher level of debt than may be the case in other industries in view of stable, high cash flows. We still regard our refinancing options as being very stable and flexible. In the year under review, our investing activities were again focused on our health care services business.

Principles and objectives of financial management

Besides optimizing our financial costs, ensuring financial flexibility takes top priority in Fresenius Medical Care's financing strategy. The Company remains flexible by using a wide range of financial instruments and guaranteeing a high level of diversification with regard to our investors and banks. Our financing profile is characterized by a wide spread of maturities up to 2024.

Our main financing instrument is the syndicated credit agreement with revolving credit facilities and long-term loans in U.S. dollars and euros. We also use a range of other medium-term and long-term financing instruments, particularly bonds in U.S. dollars and euros as well as an equity-neutral convertible bond. Furthermore, Fresenius Medical Care has sufficient financing flexibility in the form of credit facilities, an accounts receivable securitization program and, since January 2016, a commercial paper program (see note 9 in the "Notes to Consolidated Financial Statements" starting on page 166). These instruments enable us to borrow funds at short notice as required.

We intend to continue to meet our current cash and cash equivalents and financing requirements from net cash provided by operating activities, existing and future credit agreements as well as the issue of commercial papers (see note 9 in the Notes to Consolidated Financial Statements starting on page 166) and bonds. In addition, we expect to secure the funds required for acquisitions or other purposes by successfully concluding long-term financing, for example by issuing bonds. We also aim to maintain our financial flexibility with a target of at least $500 M in committed and unutilized credit facilities.

Our main financing needs in 2016 comprise the repayment of bonds, quarterly payments in the context of the 2012 credit agreement and dividend payments amounting to an estimated $244 M in May 2016. We assume that these payments and the expected capital expenditures on property, plant and equipment as well as acquisitions and equity investments will be covered by the cash flow, the credit facilities currently in place and, if necessary, additional borrowing. Our obligations arising from the financing agreements currently give us enough flexibility to meet our short-term financing requirements. In general, we assume that we will also have sufficient funds to reach our objectives and growth targets in the future.

In our long-term financial planning, we focus primarily on our leverage ratio, defined as the debt/EBITDA ratio. This compares our total financial debt

KEY PERFORMANCE INDICATORS IN CARE COORDINATION T. 2.44

	2015	*2014*	*Change*
North America			
Member months under medical cost management	208,933	15,853	1,218%
Medical cost under management *in $ M*	1,660	122	1,255%
Care Coordination patient encounters	5,005,695	1,818,170	175%

with our earnings before interest, taxes, depreciation and amortization (EBITDA).

Although we are not immune to the global financial crisis, we believe that we are well-placed to continuously expand our business while fulfilling our financial obligations in the event of maturity. Due to the ongoing demand for our health care services and dialysis products, and the fact that we receive most of our reimbursements for health care services from state health care organizations, our business is generally non-cyclical. A substantial portion of our accounts receivable are generated by government entities. While payment and collection practices vary not only between countries but also between individual authorities in a country, governmental payors are usually associated with a low to moderate credit risk. At the end of 2015, the debt/EBITDA ratio was 2.8. Further information on this can be found in the "Strategy, Objectives and Corporate Management" chapter starting on page 39 and in the Outlook starting on page 97.

Credit rating

In January of the year under review, Standard & Poor's Ratings Services increased Fresenius Medical Care's corporate credit rating from "BB+" to "BBB–" and gave a "stable" outlook. Moody's continued to rate the Company "Ba1" with a "stable" outlook. In addition, the ratings agency Fitch confirmed our corporate credit rating of "BB+" and gave a "positive" outlook.

Relevance of off-balance-sheet financing instruments for our financial situation and assets and liabilities

Fresenius Medical Care is not involved in any off-balance-sheet transactions that would be likely to materially affect the Company's financial situation, profit and loss position, liquidity, investments, assets or capitalization.

MAJOR FINANCING INSTRUMENTS T. 2.45

	Amount in M	*Coupon*	*Maturity*
Credit agreement for revolving credit facility *in $*	$1,000	–	October 30, 2019
Credit agreement for revolving credit facility *in €*	€400	–	October 30, 2019
Credit agreement, term loan A *in $*	$2,300	–	October 30, 2019
Credit agreement, term loan A *in €*	€276	–	October 30, 2019
Accounts receivable facility	$800	–	November 24, 2017
Senior notes 2010–2016	€250	5.50%	July 15, 2016
Senior notes 2011–2016	€100	3-month Euribor +3.50%	October 15, 2016
Senior notes 2007–2017	$500	6.875%	July 15, 2017
Senior notes 2011–2018	$400	6.50%	September 15, 2018
Senior notes 2011–2018	€400	6.50%	September 15, 2018
Senior notes 2012–2019	€250	5.25%	July 31, 2019
Senior notes 2012–2019	$800	5.625%	July 31, 2019
Equity-neutral convertible bonds 2014–2020[1]	€400	1.125%	January 31, 2020
Senior notes 2014–2020	$500	4.125%	October 15, 2020
Senior notes 2011–2021	$650	5.75%	February 15, 2021
Senior notes 2011–2021	€300	5.25%	February 15, 2021
Senior notes 2012–2022	$700	5.875%	January 31, 2022
Senior notes 2014–2024	$400	4.75%	October 15, 2024

[1] *Concurrently with the bond issuance, Fresenius Medical Care has purchased call options (cash-settled) on its shares to off-set in full the economic exposure from a potential exercise of the conversion rights embedded in the bonds. Therefore, the instrument will not result in the issuance of new shares upon conversion. A dilution of Fresenius Medical Care's share capital through issuance of new shares in connection with this transaction is ruled out.*

Liquidity analysis

Our main sources of liquidity are net cash provided by operating activities, short-term financial liabilities to third parties and associated companies, and income from the issue of long-term debt and shares. We use this liquidity primarily to:

- finance our working capital,
- fund acquisitions and joint ventures,
- develop independent dialysis clinics and other health care facilities,
- purchase equipment for existing or new dialysis clinics and production sites,
- repay debt,
- pay dividends and buy back shares.

19th consecutive dividend increase

The Management Board and Supervisory Board will propose the 19th consecutive dividend increase to the Annual General Meeting: The recommended dividend per share represents an increase from €0.78 for 2014 to €0.80 for 2015. The total dividend payout is expected to amount to approximately €244 M (2014: €237 M). For further information on the dividend, please refer to the "Dividend Continuity" section on page 24.

Capital expenditures and acquisitions

In 2015, Fresenius Medical Care spent $1.00 BN on capital expenditures, acquisitions and the purchase of intangible assets minus income from divestments. Of this amount, $498 M was spent on the North America region, $135 M on the EMEA region, $49 M on Asia-Pacific, $47 M on Latin America and $272 M on corporate functions.

Total net capital expenditures on property, plant and equipment amounted to $935 M, up from $920 M in 2014. The majority of capital expenditures were used for equipping existing and new clinics, preserving and expanding production capacity, primarily in North America, Germany, France, Colombia and Malaysia, as well as for dialysis machines made available to customers and for Care Coordination. Capital expenditures on property, plant and equipment amounted to almost 6% of overall revenue, roughly on a par with the previous year.

In addition to the above-mentioned capital expenditures on property, plant and equipment, we used funds for acquisitions, equity investments and purchasing intangible assets. Capital expenditures in North America mainly comprised financial assets available for sale, the purchase of dialysis clinics and loan receivables to an associated company. Capital expenditures in the EMEA region mainly related to the purchase of dialysis clinics and capital contributions to an associated company. Capital expenditures in the Asia-Pacific region largely consisted of the acquisition of a distributor. By contrast, income was raised, for example, through the repayment of a loan with the nature of a financial investment in the form of a credit facility (see note 7 in the "Notes to Consolidated Financial Statements" on page 165), repayment of a loan granted to an associated company in 2014, and the sale of European market rights for specific drugs for treating kidney diseases. Table 2.47 and chart 2.48 on page 80 show the regional breakdown of capital expenditures.

Expansion activities accounted for 48% of capital expenditures, while 52% went on maintaining existing production sites and dialysis clinics.

CREDIT RATING T. 2.46

	Company rating			*Outlook*	*Financial liabilities*	
					Secured	*Unsecured*
	2015	*2014*	*2013*	***2015***	***2015***	***2015***
Standard & Poor's	BBB–	BB+	BB+	Stable	BBB–	BB+
Moody's	Ba1	Ba1	Ba1	Stable	Baa3	Ba2
Fitch	BB+	BB+	BB+	Stable	BBB–	BB+

Cash flow analysis

Our consolidated statement of cash flows gives an insight into how our Company has generated and used cash and cash equivalents. In conjunction with the other main components of the consolidated financial statements, the consolidated statement of cash flows provides information that helps to assess the changes to our net assets and our financial structure (including liquidity and solvency).

The cash flow from operating activities is used to assess whether a company can generate the funds required to finance replacement and expansion investments. The indicator "net cash provided by (used in) operating activities in percent of revenue" shows what percentage of revenue is available in the form of funds.

Net cash provided by operating activities is impacted by the profitability of our business and the development of our working capital, primarily inventories and receivables.

The days sales outstanding (DSO), in other words the number of days before customers settle outstanding invoices of Fresenius Medical Care, decreased by a further day in the year under review from a total of 72 days as at the end of 2014 to a total of 71 days as at the end of 2015.

Public health institutions in numerous countries outside the U.S. require a significant length of time until payment is made because a substantial number of payors are government entities whose payments are often determined by local laws and regulations and budget constraints. Table 2.49 on page 81 shows DSO by region.

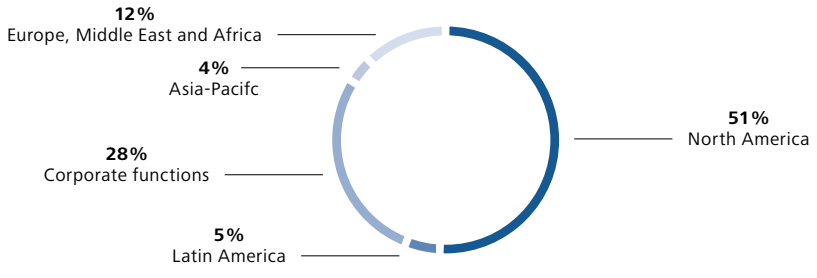
The DSO increase in the North America segment is due to payment delays following the implementation of the BPCI program, which resulted in certain

NET CAPITAL EXPENDITURES AND ACQUISITIONS BY SEGMENT T. 2.47

in $ M

	2015	*Of which property, plant and equipment*	*Of which acquisitions/ intangible assets and other capital expenditures*	*Of which divestments*	*2014*
North America	498	480	229	211	1,996
Europe, Middle East and Africa	135	112	54	31	209
Asia-Pacifc	49	36	13	0	128
Latin America	47	46	1	0	70
Corporate functions	272	261	20	9	287
▸ **TOTAL**	**1,001**	**935**	**317**	**251**	**2,690**

NET CAPITAL EXPENDITURES ON PROPERTY, PLANT AND EQUIPMENT BY REGION C. 2.48



subsidiary entities changing their legal name, requiring the introduction of new billing numbers. The decrease in DSO in the Asia-Pacific segment reflects an improvement in payment collections in China and the takeover of a distributor. The rise in DSO in the Latin America segment stems from increased sales in the region coupled with periodic delays in payment by public health care organizations in certain countries.

Because we receive most of our reimbursements from government health organizations and private insurance companies, we assume that most of our receivables are collectable.

In the year under review, we achieved a free cash flow of $1.02 BN, compared to $0.94 BN in 2014. Accounting for payments for acquisitions (net of divestitures) of $66 M (2014: $1.77 BN), our free cash flow after acquisitions and divestitures was $959 M, compared to $–829 M in the previous year.

ASSETS AND LIABILITIES

Balance sheet structure analysis

The Company's total assets remained virtually unchanged from the previous year at $25.53 BN (2014: $25.38 BN). On a constant currency basis, they rose by 4% to $26.42 BN.

Non-current assets amounted to $18.55 BN at the end of 2015, compared to $18.66 BN at the end of 2014. This corresponds to approximately 73% of the Company's total assets. They include goodwill of $13.03 BN (2014: $13.08 BN), primarily from the foundation of Fresenius Medical Care in 1996, the acquisition of Renal Care Group, Inc. in 2006 and the acquisition of Liberty Dialysis Holdings, Inc. in 2012 as well as further acquisitions in previous years. Property, plant and equipment increased by 4% to $3.43 BN in the

DAYS SALES OUTSTANDING T. 2.49

in days, December 31

	2015	2014	Change
North America	53	50	3
Europe, Middle East and Africa	104	104	0
Asia-Pacifc	113	124	–11
Latin America	141	128	13
▸ **TOTAL**	**71**	**72**	**–1**

ABBREVIATED STATEMENT OF CASH FLOW[1] T. 2.50

in $ M

	2015	2014	Change
Cash and cash equivalents at the beginning of the year	634	683	–7%
Net cash provided by operating activities	1,960	1,861	5%
Net cash provided by investing activities	(1,001)	(2,690)	–63%
Net cash provided by financing activities	(1,008)	805	–
Exchange rate-related changes in cash and cash equivalents	(35)	(25)	–
Cash and cash equivalents at the end of the year	550	634	–13%
Free cash flow	1,025	941	9%

[1] *More details can be found in the Consolidated Cash Flow Statement starting on page 144.*

NET CASH PROVIDED BY OPERATING ACTIVITIES C. 2.51

in $ M

year under review, largely as a result of capital expenditures. Further information on this can be found in the "Financial Situations" section starting on page 77.

Current assets amounted to $6.98 BN at the end of 2015, compared with $6.72 BN in the previous year. The increase in current assets stems from larger inventories, mainly as a result of higher stocks of disposable products, particularly ESAs, an increase in trade receivables and other current assets. The increase in other current assets largely results from the rise in insurance reimbursement claims in connection with the basic settlement regarding the NaturaLyte® and GranuFlo® cases and from the financial assets available for sale, partly offset by a decrease in tax refund claims and the receivables in the context of the Medicare and Medicaid programs.

On the liabilities side of the balance sheet, equity was up 5% to $10.50 BN at the end of 2015. This increase was mainly attributable to earnings after income tax as well as cash inflows from exercising stock options. It was countered by foreign-currency translation effects, dividend payments and the fair-value measurement of noncontrolling interests subject to put provisions. The equity ratio rose by one percentage point year-on-year to 41%.

At $15.04 BN, liabilities were 2% (+1 in constant currency terms) down on the previous year's figure of $15.35 BN. This total includes the respective noncontrolling interests with put options. Financial liabilities amounted to $8.65 BN, compared to $9.47 BN in 2014. Current financial liabilities accounted for $0.79 BN of this figure (2014: $0.45 BN). This increase largely stems from the rise in the current component of the senior notes. Non-current financial liabilities amounted to $7.86 BN in 2015, compared to $9.02 BN in 2014. This decrease was mainly a result of the partial repayment of drawings under the accounts receivable facility, the quarterly repayment of the Amended 2012 credit agreement and the reclassification of the before mentioned current portion of our senior notes. The financial liabilities included 73% posted in U.S. dollars, compared with 72% in 2014. For further information, see the Consolidated Balance Sheet starting on page 142.

BALANCE-SHEET STRUCTURE T. 2.52

in $ M

	2015	Share of total assets	2014	Share of total assets
Assets				
Non-current assets[1]	18,549	73%	18,663	74%
Current assets[1]	6,984	27%	6,718	26%
Of which receivables	3,503	14%	3,397	13%
Of which inventories	1,341	5%	1,116	4%
Of which other assets	2,140	8%	2,205	9%
▸ **TOTAL ASSETS**	**25,533**	**100%**	**25,381**	**100%**
Equity and liabilities				
Equity	10,496	41%	10,028	40%
Liabilities[1]	15,037	59%	15,353	60%
Of which non-current liabilities[1,2]	10,852	43%	11,876	47%
Of which current liabilities	4,185	16%	3,477	13%
▸ **TOTAL EQUITY AND LIABILITIES**	**25,533**	**100%**	**25,381**	**100%**

[1] *After value adjustments on receivables from provision of health care services.*
[2] *Including noncontrolling interests with put options.*

RISK AND OPPORTUNITIES REPORT

Risk and opportunities management is an integral component of management and control at Fresenius Medical Care. The Company's risk and opportunities profile has not changed significantly compared to the previous year. There are no discernible risks that could jeopardize the continued existence of the Company.

RISK AND OPPORTUNITIES MANAGEMENT

As a manufacturer and service provider with global operations, we are naturally exposed to risks associated with our entrepreneurial activities. Ultimately, we can only take advantage of opportunities that arise for our business if we are willing to take certain risks. Thanks to our many years of experience and our extensive knowledge of the markets, we are able to uncover and realistically assess risks and opportunities.

We see risk management as the ongoing task of promptly identifying, determining and analyzing the spectrum of risks within our business operations and our sector that could jeopardize the growth or the continued existence of Fresenius Medical Care, assessing their influence on business activities and, where possible, taking corrective measures. We use our risk management system as the basis for these activities.

In addition, we ensure the Company's long-term success through our opportunity management. The aim here is to identify opportunities for the Company as soon as possible, assess them and initiate suitable measures to translate them into commercial success for Fresenius Medical Care. We take long-term and medium-term opportunities into account in our strategy and budget planning. Opportunities that are feasible in the short-term are used for our ongoing business operations, provided that they are commercially viable and in line with our objectives.

RISK MANAGEMENT SYSTEM

Risk management is part of Fresenius Medical Care's integrated management system. Opportunities are not covered by the risk management system.

The two pillars of our risk management system are the corporate controlling function, which serves to identify and manage short-term risks, and the internal risk monitoring system, which is used in particular for identifying and managing mid- to long-term risks. In the risk monitoring system, regional risk coordinators are responsible for finding, assessing and managing potential as well as existing industry and market-related risks in their region and reporting them to the regional chief financial officers. Twice a year, the regional CFOs send their aggregated risk management reports to the central risk management coordinator, who consolidates them and passes them on to the Management Board. The main focus is on material risks with a total negative impact of €25 M or more in relation to operating income (EBIT). The Management Board is informed directly and immediately of any newly identified significant risks (for risk reporting see chart 2.53 on page 84). The effectiveness of the risk management system is monitored by the Audit and Corporate Governance Committee of the Supervisory Board. More information is available in the "Report of the Supervisory Board" starting on page 103 and in the "Declaration on Corporate Governance" starting on page 108.

Standard reporting to management is another important tool for controlling risks, as well as for taking preventive measures promptly. Therefore, the Management Board of Fresenius Medical Care is informed on a monthly basis about the industry situation, our operating and non-operating business, and the outcome of analyses of our earnings and financial position, as well as of our assets position on a quarterly basis.

A further element of the risk management system is our Internal Audit department, which is regularly informed about the results of the internal risk monitoring system. Each year, it examines selected departments and group companies worldwide on the basis of the internationally recognized standards defined by the Institute of Internal Auditors (IIA). The Internal Audit department covers a wide spectrum including aspects such as the efficiency of controls in business processes, the reliability of financial reporting and compliance with accounting regulations and internal policies. Which of the Company's locations and units are to be audited is determined annually on the basis of a selection model. In 2015, a total of

50 audits were carried out at Fresenius Medical Care's sites, including international ones.

Nevertheless it is important to note that even a functioning and adequate risk management system like the one in place at Fresenius Medical Care cannot guarantee that all risks are identified and controlled.

INTERNAL CONTROL AND RISK MANAGEMENT SYSTEM (ICS)

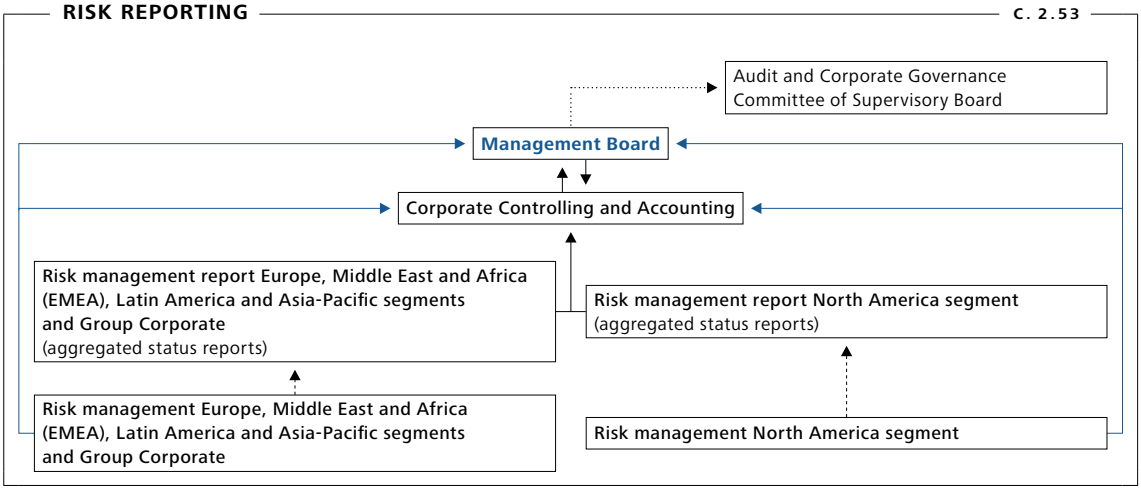
Fresenius Medical Care's ICS for financial reporting ensures that the Company complies with applicable accounting standards. An internal reporting process that is generally carried out at four levels ensures that financial data and key figures are reliably recorded, processed and controlled. At each of these reporting levels – the local entity, the region, the segment and the entire group – the figures and data are compared regularly on a monthly and quarterly basis with the previous year's values, budget targets and the latest projections, and discussed in detail. Finally, in addition to the Management Board and the departments responsible for preparing the annual and consolidated financial statements, the Audit and Corporate Governance Committee of the Supervisory Board analyzes and evaluates current financial data.

Control mechanisms and compliance

Our ICS contains guidelines and instructions with the aim of guaranteeing that all Fresenius Medical Care transactions are accurately reported and significant earnings and expenses are recorded only after management approval (dual-control principle).

Further control mechanisms to ensure reliable financial reporting and correct recording of transactions in accounting and the consolidation process include system-supported and manual reconciliations, as well as the separation of certain personnel functions to prevent potential conflicts of interest. The fact that all process owners assess the risks of their respective processes in terms of their implications for accounting also helps to ensure that risks with a direct impact on financial reporting are identified and controls are in place to minimize these risks. Changes to accounting standards are discussed on an ongoing basis within the Company and taken into consideration when preparing the financial statements; employees responsible for financial reporting are also given regular and extensive training on the subject. Consolidation is performed centrally by the department responsible for group accounting based on the reporting packages and sub-group financial statements submitted by the local group entities.

RISK REPORTING C. 2.53



Assessment of general and specific risks and identification of new risks; review and consolidation of risks in the risk management report
Reporting and review of risk management report
Ad hoc risk reporting (considerable new risks)
Reporting of risk management report

Furthermore, Fresenius Medical Care has implemented comprehensive quality management systems and a compliance program, which are continuously monitored. We aim to ensure that our business activities fully adhere to recognized standards as well as local laws and regulations. An important element of the compliance program is the Code of Conduct. More information on this can be found in the "Compliance" section starting on page 115.

Special control and transparency requirements in the U.S.

As Fresenius Medical Care is also listed on the New York Stock Exchange, it is subject to the requirements of the U.S. Sarbanes-Oxley Act (SOX). Section 404 of this U.S. federal law stipulates that the management boards of companies listed in the U.S. must take responsibility for implementing and adhering to an appropriate ICS to guarantee reliable financial reporting. To this end, we review the appropriateness and effectiveness of our ICS for financial reporting in regular internal audits. All these criteria are also included in the review by the Company's independent auditors.

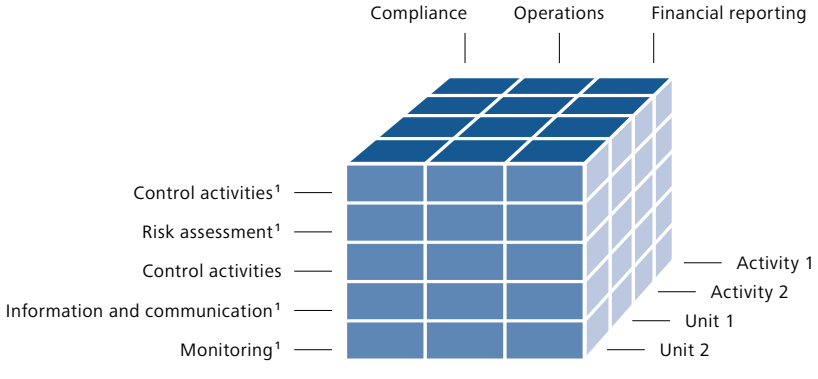
To assess the effectiveness of our ICS for financial reporting, we apply the COSO model – see chart 2.54. This was developed by the Committee of Sponsoring Organizations of the Treadway Commission and is recognized as a standard by the U.S. Securities and Exchange Commission (SEC). In accordance with the COSO model, Fresenius Medical Care's ICS for financial reporting is divided into five levels: control environment, risk assessment, control activities, information and communication, as well as monitoring of the ICS. Each of these levels is regularly documented, tested and assessed. Fresenius Medical Care has aligned its internal controls to fulfill the requirements of the COSO model in all respects.

Our review of the ICS for financial reporting complies with a specific SEC guideline (Commission Guidance Regarding Management's Report on Internal Control Over Financial Reporting). Management evaluates the effectiveness of the ICS for the current fiscal year, consulting external advisers if necessary. A corporate steering committee meets several times a year to review changes to and new requirements of the SOX, discuss possible control deficiencies, and derive measures. In addition, the Audit and Corporate Governance Committee of the Supervisory Board is informed regularly in its meetings of management's assessment of the effectiveness of the ICS.

As of December 31, 2015, the management assessed Fresenius Medical Care's ICS for financial reporting and deemed it effective.

Internal control systems for financial reporting are subject to inherent limitations, no matter how carefully they are designed. As a result, there is no absolute assurance that financial reporting objectives can be met, nor that misstatements will always be prevented or detected.

COSO-FRAMEWORK C. 2.54



[1] *Entity level controls.*

RISK AREAS

Of all the risks to which the Company is exposed, those that could significantly impact Fresenius Medical Care's financial situation, assets and liabilities as things stand today are described below. Further risks of which we are not yet aware could also adversely affect our operating activities.

Region-specific risks

Fresenius Medical Care's international business activities are subject to a number of political, legal and financial risks, which we carefully monitor and assess. We, our customers as well as private and government health insurers rely on capital to transact business. If access to capital via the financial markets is made more difficult or expensive, this impairs our business operations. We also conduct continuous and comprehensive analyses of country-specific risks with our international markets in mind. These risks can stem from political, social, or economic instability in individual countries, for instance.

Industry-specific risks

Risks relating to changes in the health care market are of major importance to Fresenius Medical Care. Key factors in this respect are regulatory changes in the health care sector as well as the development of new products and treatments by competitors.

Strategic and competition risks

Fresenius Medical Care has numerous competitors in the area of health care services as well as the sale of dialysis products. There is the risk of a competitor impairing our sales opportunities, thus causing us to lose market share, or of our strategy failing to account for key trends in the market.

We counter this risk with our research and development activities. Working closely with medical and scientific communities enables us to identify and enhance important technological and pharmaceutical innovations at an early stage. These alliances also guarantee that we have a high degree of knowledge about recent advances in alternative treatment methods and allow us to adjust our corporate strategy as required.

In addition, we comprehensively monitor and analyze the market environment, the competitive situation and the legal conditions in the respective sectors and regions. These include the market for generics and patented drugs for kidney patients, as increased demand for these products can adversely affect our business with pharmaceutical drugs. To this end, we maintain strategic departments in-house that identify and analyze relevant information relating to our markets and communicate it within the Company on a regular basis.

As a vertically integrated company, we also benefit from direct contact with our patients and medical staff. This proximity to the market means that we have access to important information that allows us to develop and offer products and treatments that meet demand. Furthermore, we are consistently pressing ahead with our programs to cut costs and improve the efficiency of our processes to boost our competitive position.

Risks arising from legal conditions in the health care sector

Our health care services and our products are subject to extensive government regulation in almost every country in which we operate. In addition, we have to comply with specific legal requirements in each country, including antitrust regulations. This applies to areas including:

- the quality, safety and effectiveness of medical and pharmaceutical products and precursors,
- the operation of production facilities, laboratories and dialysis clinics,
- labeling and advertising of products,
- correct reporting and invoicing of reimbursements from government and private health insurers,
- the discounting of reimbursed drug and medical device products and the reporting of drug prices to government authorities;
- the collection, dissemination, access, use, security and privacy of protected health information; and
- remuneration for medical personnel as well as financial agreements with physicians and institutions that arrange patient referrals.

Violating health regulations or other regulations under public law can result in far-reaching legal repercussions. These include in particular the loss or

suspension of federal certifications, penalties and fines, increased costs for fulfilling regulatory requirements, exclusion from reimbursement programs of the respective government health care system, or even a total or partial ban on business operations. To ensure that our products and services meet the applicable quality requirements, we have introduced quality management systems in the various regions. In addition, we perform internal checks of our production sites and clinics to ensure that they adhere to the quality standards.

In the highly regulated environment in which we operate, changes in the law, especially relating to reimbursement, can also impact our business success and the implementation of our strategy. The same is true for health care reforms that could change the reimbursement method for health care service providers.

In 2015, we generated much of our global revenue from providing dialysis services that are reimbursed by the U.S. federal health insurance programs Medicare and Medicaid. To receive the full reimbursement rate granted under the lump-sum reimbursement system, dialysis facilities must meet specific quality standards. If Fresenius Medical Care fails to meet them, this could adversely affect the Company's revenue, financial situation and operating result. Furthermore, government authorities can change the requirements or conditions for participating in health care programs as well as the methods used for calculating discounts and prices. This too could significantly reduce our revenue and operating result. For this reason, we monitor legislative activities and plans very carefully and work closely with government health care agencies.

Another portion of our revenue, also in the U.S., stems from reimbursements by non-governmental insurers. So far, these reimbursement rates have often been considerably higher than those of comparable government programs in the respective countries. However, non-governmental insurers could also change the level of reimbursements for products and services. We maintain close business relationships with private health insurers, which we attempt to secure by concluding contracts that are as long-term as possible to ensure that our business remains profitable and stable.

Details on changes in the reimbursement system in the U.S., our most important market, can be found in the "Structural and Legal Environment " section on page 61.

Risks associated with operating activities

We are exposed to risks associated with operating activities through manufacturing our products and offering dialysis-related services.

Quality risks

Dialysis treatment and the use of the requisite products involve specific risks for patients, which could have negative repercussions for Fresenius Medical Care if they were to occur. In addition to national and international standards and laws that set binding safety standards for dialysis products, we have drawn up in-house quality guidelines, some of which even exceed the statutory requirements. Rigorous compliance with all quality requirements is ensured primarily by our extensive quality management systems, which contain documented process and work instructions for the employees concerned. Moreover, we perform internal checks of our production sites and clinics to ensure that our dialysis products and health care services adhere to quality standards. Our plants and clinics are also subject to external checks by the responsible regulatory bodies.

Our quality management encompasses environmental management, as environmental resources are used for manufacturing dialysis products and the operation of dialysis clinics produces clinical waste. More information on this can be found in the "Corporate Responsibility" chapter starting on page 44.

Risks in research and development (R&D)

The risk of goals not being achieved or being achieved much later than anticipated is inherent in the development of new products and therapies. Comprehensive, cost-intensive preclinical and clinical tests are

required before regulatory approval is granted. We systematically monitor, test and improve all products, packaging, applications and technologies. We counter potential risks in the area of R&D by continuously analyzing and assessing development trends and examining whether R&D projects fit in with Fresenius Medical Care's overall strategy. For further information, see the "Research and Development" chapter starting on page 55.

Patent risks

One typical patent risk is inadequate protection for technologies and products developed by Fresenius Medical Care. This could result in competitors' copying our products without incurring comparable development costs. To mitigate this risk, we have installed a comprehensive patent management with defined processes, responsibilities and reporting lines.

Furthermore, there is the risk that Fresenius Medical Care could infringe upon the patent of a competitor and thus be liable for damages. This could even result in a ban on further sales of the affected product. We minimize this risk by systematically monitoring and reviewing patent applications by competitors as well as issued patents to ensure that our products do not violate the rights of third parties.

Risks in purchasing

As part of our purchasing strategy, we secure the production capacity of established strategic suppliers through long-term contracts on the one hand, and build relationships with new, high-performing partners on the other. At the same time, we generally rely on at least two sources for all supply-critical and price-critical primary products (dual sourcing, multiple sourcing). This strategy, combined with continuously monitoring market developments, enables us to minimize the risk of bottleneck situations considerably, even at times when the availability of materials is limited. All relevant suppliers are subject to regular company-wide performance and risk monitoring.

Fresenius Medical Care is exposed to market-driven fluctuations in the price of raw materials. By continuously conducting market analyses, shaping supplier relations and contracts in accordance with our needs, and reviewing the use of financial instruments on a case-by-case basis, we are able to counteract these fluctuations to a certain extent. By intensifying cooperation between our procurement teams in different regions, we can benefit from international price advantages and counter risks related to currency fluctuations or dependencies on individual suppliers.

A further risk relates to low-quality raw materials, semi-finished goods and components that we procure externally. We source only high-quality products that are verifiably safe and suitable for their intended use from certified suppliers that meet our strict specifications and requirements and have a proven track record in manufacturing these materials. We ensure that our suppliers are qualified by requiring certification by external institutes as well as regular audits; in addition, we perform an extensive evaluation of sample products and carry out regular quality checks. We also continuously assess our suppliers in the context of our demanding supplier management system.

Personnel risks

Our Company's success depends to a large extent on the dedication, motivation and abilities of our employees and managers.

Our continued growth in the area of health care services depends in particular on our ability to recruit and retain qualified physicians and skilled care personnel. As a result, we are currently enhancing various measures and initiatives with the aim of further increasing the satisfaction of our clinic personnel and maintaining their high level of motivation.

Competition for experienced engineers and technical research and development staff is intense. We minimize the associated risks through our active human resources management. The purpose of this is to find and cultivate new employees with potential as well as specialist staff and managers, and to support their development with targeted measures. Fresenius Medical Care offers employees a challenging work environment, long-term prospects for their

professional development, performance-related bonus payments and attractive social benefits. Detailed information relating to human resources management can be found in the "Responsibility for our Employees" section starting on page 46.

Risks due to non-compliance with laws and standards

Fresenius Medical Care's decentralized structure means that it has thousands of employees working at numerous subsidiaries. Despite training, supervision and compliance programs, we cannot fully guarantee that employees will not inadvertently, negligently, or deliberately violate Company compliance guidelines or anti-corruption legislation. Such infringements could disrupt our business operations and adversely affect our operating result or financial situation. Our Code of Conduct describes our Company's business standards and emphasizes our commitment to operate in accordance with the applicable laws and regulations and with our own company policies. Further details on our compliance program can be found starting on page 115.

IT risks

As Fresenius Medical Care continues to grow and become more international, the processes within the Company are becoming increasingly complex. This makes us more dependent on the information and communication technologies we use to structure our processes which we are increasingly harmonizing between different regions. A breakdown of these systems could temporarily lead to standstill of extensive parts of our business and consequently cause heavy damages. By loss of sensitive data or non-compliance with data protection related laws, regulations and standards, our position in competition, our reputation as well as our whole business could be threatened. Hence, we use constantly updated and newly developed hardware and software to prevent potential security risks in the area of information technology (IT). We are continuously enhancing our IT security guidelines and processes with the help of our Information Security Management System (ISMS) based on the internationally recognized security standard ISO 27002. Business data is regularly backed up. Potential IT risks are covered by a detailed disaster recovery plan, which is tested and improved on an ongoing basis. Fresenius Medical Care operates three data centers at geographically separate locations, each with an associated disaster recovery plan, to maximize the availability and data security of our IT systems and prevent complete, worldwide system outages. We mirror critical systems, such as the clinical systems and the communication infrastructure and servers, creating a copy of them.

To minimize organizational risks arising from manipulation or unauthorized access, access is protected by passwords that are changed regularly. Moreover, we observe Company guidelines relating to data protection, which also regulate the assignment of access rights. Compliance is monitored by measures including checks based on Section 404 of the Sarbanes-Oxley Act; see also page 85. Operational and security audits are carried out every year both internally and by external auditors.

Acquisition and investment risks

The dialysis services market is characterized by a high level of consolidation. Whether and to what extent we can make further acquisitions in the future also depends on the available financial resources, the applicable antitrust legislation in various countries and existing credit agreements. In addition, our acquisition and investment decisions must be viable. This is why financial risks in connection with acquisitions and investments are assessed at an early stage by internal and, if necessary, external specialists. Potential acquisitions and investments are analyzed by an internal committee (Acquisition Investment Committee, AIC) based on minimum requirements relating to a number of parameters. The profitability of acquisitions and investments is also monitored after the event on the basis of these key indicators. More information on corporate management and control can be found starting on page 39.

Financial risks

The main financial risks that affect our Company are currency and interest rate risks. We use derivative financial instruments to protect us against these risks. However, we do not use them for trading or speculation purposes. We take out these derivative financial instruments with highly rated banks (the majority have at least an "A" rating) that have been approved by the Management Board.

Foreign exchange risks

Our foreign exchange risks primarily result from transactions (purchases and sales) between group companies located in different regions and currency areas. Most of our transaction risks stem from sales of products in the euro zone to other international group companies. The foreign exchange risks are therefore related to changes in the euro against the U.S. dollar in particular. We use the statistically calculated cash-flow-at-risk model to roughly quantify transaction risks in foreign currencies. This indicates the amount of a potential loss from the forecast foreign exchange cash flows over the next twelve months with a probability of 95%. As of December 31, 2015, our cash flow at risk amounted to $51.2 M.

Interest rate risks

We use interest rate hedging instruments to prevent the risk of changes in interest rates arising from long-term debt that is subject to variable interest rates. According to a sensitivity analysis, if the relevant reference interest rates for the Company, such as Libor, increased by 50 basis points, based on the current high level of hedging and the high percentage of fixed interest liabilities, net income (attributable to shareholders of Fresenius Medical Care AG & Co. KGaA) would fall by around 1%. The interest derivatives will expire between 2016 and 2019.

Liquidity and financing risks

To ensure the continued existence of Fresenius Medical Care, we must be able to meet the obligations arising from our operating and financial activities. Management uses effective working capital and cash management and a forward-looking valuation of refinancing alternatives to control the Company's liquidity and thus reduce potential liquidity risks.

As of December 31, 2015, our financial liabilities totaled €7.94 BN. Our credit and bond agreements contain conditions that require adherence to specific financial key ratios. Non-compliance with these conditions could lead to an obligation to repay the financial liabilities prematurely. We believe that we are in a position to comply with the required key figures.

Other risks

Further risks to our Company arise from legal disputes and tax audits.

Legal risks and product liability

As a company with global operations in the health care industry, Fresenius Medical Care is exposed to legal risks. These can pertain to industry-specific lawsuits relating to negligence, product liability, treatment errors and other claims. Risks associated with legal disputes are continuously identified, assessed and reported within our Company. These disputes can lead to compensation claims and legal costs, regardless of whether the claimant is ultimately entitled to compensation. Medical products can be subject to recall campaigns, which can have a negative impact on our financial and earnings situation. Fresenius Medical Care is involved in various legal disputes resulting from our business operations. We always counter risks arising from legal disputes with the assistance of a lawyer. If necessary, we make accounting provisions by setting up reserves. For details on ongoing legal proceedings and further information on material legal risks to which Fresenius Medical Care is exposed, please refer to the "Notes to Consolidated Financial Statements" starting on page 148.

Tax risks

Fresenius Medical Care is subject to applicable country-specific tax laws and regulations. Any changes to these can lead to higher tax expenses and higher tax payments. Modifications to or the developments within tax systems can affect tax liabilities and profitability. Fresenius Medical Care is regularly inspected by various financial authorities. Tax risks resulting from this are continually identified and evaluated. Details on major tax risks can be found in the "Notes to Consolidated Financial Statements" starting on page 148.

Risks due to global economic conditions and disruptions in financial markets

The Company is dependent on the conditions of the financial markets and the global economy. In order to pursue its business, the Company is reliant on capital, as are its renal product customers and commercial health care insurers. Limited or expensive access to capital in the financial markets could adversely affect the Company's business.

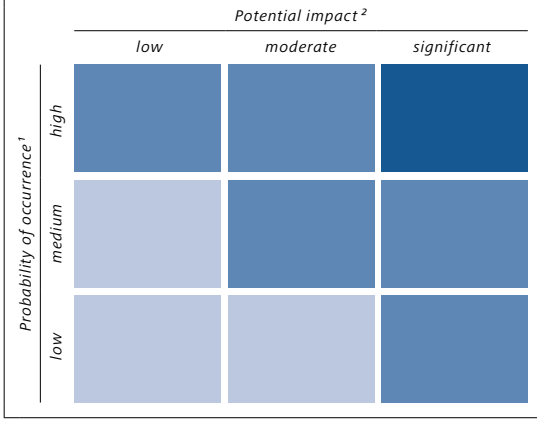
The global recovery from the financial crisis continues. This development is accompanied by unexpected interferences like emerging geopolitical conflicts in several world regions. Thus, the overall global economic outlook remains uncertain and current economic conditions could adversely affect the Company's business and profitability. To the extent that payors are negatively impacted by a decline in the economy, the Company may experience further pressure on commercial rates, a further slowdown in collections and a reduction in the amounts it expects to collect. Devaluation of currencies and worsening economic conditions, including inflationary cost increases in various markets in connection with deteriorating country ratings also increase the risk of a goodwill impairment, which could lead to a partial or a total goodwill write off in the affected cash generating units. If the global economic conditions continue or worsen, the Company's financial cost could increase, its financial flexibility could be limited and its results of operations could be adversely affected. The Company believes to be well positioned to continue to grow its business while meeting its financial obligations.

Further information on the risks for Fresenius Medical Care can be found in the consolidated financial statements and in the Form 20-F report on the Internet at www.freseniusmedicalcare.com in the "Investors" section.

RISK ANALYSIS AND ASSESSMENT

In chart 2.55, we use key terms to describe the probability of the stated risks occurring in the forecast period of 2016 and their potential impact on the development of Fresenius Medical Care's results of operations, financial situation, assets and liabilities. This makes our assessments of the individual risk areas easier to understand. Allocating these risks to risk categories (RC) 1 to 3 also clarifies our current assessment of the risk; the status shows how the allocation has changed in relation to the previous year.

RISKS WITH POTENTIAL IMPACT IN 2016 — C. 2.55



Specific risks³	Status
Purchasing	▶
Legal conditions	▶
Quality	▶
Legal disputes	▶
Taxes	▶
IT risks	▲
Interest rates	▶
Foreign currencies	▶
Non-compliance with laws and standards	▶
Global economic conditions and disruptions in financial markets	▲

Risk category 1 *Risk category 2* *Risk category 3* ▶ *unchanged* ▲ *increased*

¹ *Probability of occurrence:* ***low*** *= 0 % to < 33 %,* ***medium*** *= ≥ 33 % to < 66 %,* ***high*** *= ≥ 66 % to 100 %.*
² *Impact on the 1 year forecast:* ***low*** *= small negative,* ***moderate*** *= moderate negative,* ***significant*** *= substantial negative.*
³ *For the forecasting period 2016.*

OPPORTUNITIES MANAGEMENT

As a vertically integrated dialysis Company, we can offer almost all of the products and services that a patient with chronic kidney failure requires for treatment. Our 3,418 dialysis clinics in more than 45 countries constitute the largest and most international network in the world. As a result, we possess valuable dialysis expertise that is unique in the industry. Thanks to this wealth of experience, we understand that high quality is not only the key to a better quality of life for patients, but can also make a significant contribution to reducing the costs of health care. Based on this understanding and our business model, major opportunities arise that could have a positive impact on the results of operations, financial situation, assets and liabilities of Fresenius Medical Care as things stand today.

Regional and industry-specific opportunities

As much of our business is organized regionally, we can identify industry-specific trends and requirements as well as the resultant opportunities in the different regions at an early stage and gear our actions to them. To capture business opportunities, we also perform comprehensive quantitative and qualitative analyses. This involves systematically evaluating relevant market data, closely examining research projects and taking general societal health trends into consideration – see the "Strategy, Objectives and Corporate Management" section starting on page 39. Our analyses focus on general economic, industry-specific, regional and local developments as well as regulatory changes. In addition, close cooperation between our Strategy and Planning departments and the managers of other departments allows us to identify global opportunities as early as possible.

Patient growth and demographic development

The dialysis market is a growth market that is largely unaffected by macroeconomic influences. According to estimates, the number of people worldwide suffering from chronic kidney failure and requiring dialysis treatment is rising at a relatively constant rate of around 6% annually. It is expected to reach more than 2.8 M patients in 2016 and around 3.8 M by 2020. Social trends contribute to this rise in patient numbers. In Europe and the U.S. in particular, they include the aging population and the increasing incidence of diabetes and hypertension, two illnesses that frequently precede the onset of end-stage renal disease. In developing and emerging countries, the growing population and gradually improved access to dialysis as a result of increasing wealth are key factors that further boost demand for dialysis products and services. We want to continue to make a significant contribution to meeting this demand in the future.

Changes in legal and political conditions

Whether or not private companies can offer dialysis treatment and in what form depends on the health care system of the country in which they operate and its legal framework. For Fresenius Medical Care, opportunities to tap into new markets or to expand its market share arise if a country opens up to private dialysis providers. These decisions are also increasingly influenced by the following factors:

- Health care systems face the challenge of having to deliver ever more comprehensive medical care (longer life expectancy, increase in concomitant diseases, fully-functioning health care provision still being established).
- Dialysis is a complex life-sustaining procedure, which places high demands on health care systems in terms of expertise and efficiency. Therefore, public health care providers are increasingly looking for solutions with private providers.

One example is Germany, the seventh-largest market worldwide in terms of the number of dialysis patients. We lead the market here with our products. Dialysis clinics are operated predominantly by physicians in private practice, hospitals, and non-profit organizations; however, for a number of years, Fresenius Medical Care has also offered dialysis services in outpatient medical care centers. At the end of 2015, we were involved in 26 care centers (2014: 18). As an experienced partner, we want to continue to support our customers in setting up new structures in the German health care system and take advantage of the opportunity to strengthen our business in the long-term.

Public-private partnerships (PPP)

In some countries, public-private partnerships (PPP) are an attractive business model for Fresenius Medical Care. These are contractually defined project alliances between the public sector and private companies in which both partners share the financing, tasks, risks and opportunities of a project. Our extensive dialysis expertise gives us a competitive edge here, too, as it enables us to make suitable offers flexibly for various levels of care for hospitals, health insurers, local or national authorities. Depending on the contract, we set up new dialysis clinics and install the equipment, train medical personnel in quality, hygiene and nutrition, or manage the clinics ourselves on the terms agreed. This enables the public sector to care for more patients more effectively and less expensively. The PPP model allows Fresenius Medical Care to tap into new markets, expand its market share, and extend its range of products and services with new forms of health care.

Growing demand for integrated health care

Cost pressure and the growing number of patients are resulting in an increase in global demand for a holistic (integrated) health care concept for patients with chronic kidney failure. All health care services and therapies associated with the treatment of a kidney patient are combined to create a holistic program that is tailored to the patient's individual needs and the requirements of the health insurer. Depending on the contract and the structure of the health care system, dialysis can be supplemented by medical tests, drugs for kidney patients and vascular access management, for example. This comprehensive care from a single source is aimed at improving the way in which the different stages of treatment are coordinated and controlled, minimizing complications and thereby avoiding additional stays in hospital as far as possible. It increases the patient's quality of life and the quality of treatment, while reducing the overall costs of the treatment.

Fresenius Medical Care is particularly well placed to offer integrated, high-quality treatment programs for chronically ill kidney patients for several reasons: As a manufacturer of market-leading dialysis products and an operator of the largest global dialysis clinic network, we have long-standing experience in providing comprehensive care for dialysis patients. Thanks to the high quality and reliability of our products and services, we enjoy a very good reputation in the industry. In addition, we use sophisticated internal feedback instruments to measure and compare the success of treatment at our clinics and to rapidly identify any potential for improvement.

Beyond our core business with dialysis products and the treatment of dialysis patients, we benefit from a network in the field of medical services. These services include vascular care and medication management for patients with kidney disease, as well as our laboratory and pharmacy business. This provides us with significant opportunities for the future. We plan to expand this network further in the coming years.

Opportunities related to business operations

New products and technologies

If patient numbers grow as strongly as anticipated, cost pressure continues to rise, and the capacity of clinics is no longer sufficient, home therapies are expected to take on a more crucial role in dialysis. This development presents us with opportunities for growth. Home dialysis as well as associated technologies and products will therefore continue to be a key focal point of our R&D activities. One major aim here is to give dialysis patients the greatest possible independence and mobility with a resource-efficient and flexible device. We will continue to add innovative products and technologies to our range in the future to react to growth opportunities and meet the demand for integrated care as effectively as possible.

Internal organization and processes

Fresenius Medical Care can benefit from a number of long-term opportunities in organizing and shaping its business operations. To this end, we use the lean management and Six Sigma management methods to analyze and better coordinate our production processes worldwide in order to keep on reducing both our defect rates and manufacturing cycles. We are systematically expanding environmental management at our production sites and clinics to improve our operating efficiency.

Capital expenditures and acquisitions

We evaluate ideas for growth initiatives generated from market analyses in the context of our annual budget planning, or more frequently if necessary. We manage the investments required for implementing projects using a detailed coordination and evaluation process. The Management Board sets the investment budget for the group as well as the focus of investment. Before realizing investment projects, an internal committee examines the individual projects and measures, taking into account their yield requirements and potential return on investment. Projects are then initiated if they help to increase the Company's value.

By expanding our health care services business through acquisitions and purchasing expertise and relevant technologies in the area of research and development, we are investing in our future growth. Through close collaboration between our Strategy and Planning departments and the managers responsible for our acquisitions, we are able to identify suitable potential purchases worldwide at an early stage. Further information on our acquisitions in the year under review can be found in the "Financial Situation" section starting on page 77.

Fresenius Medical Care's business model

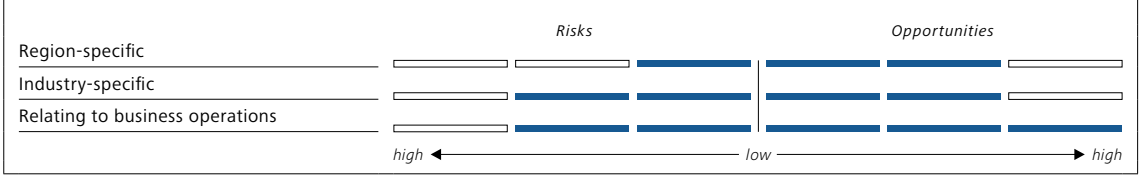
Our business model itself also provides opportunities for our Company's future growth. As a vertically integrated dialysis Company, we not only offer almost all of the products and services that a patient with chronic kidney failure requires for treatment, but also use these on a daily basis in our own clinics. As a result, we can benefit a great deal from the feedback of our patients, physicians and nurses worldwide in developing and manufacturing new products as well as in organizing our clinic management. This gives us a crucial competitive advantage.

MANAGEMENT BOARD ASSESSMENT OF OVERALL RISKS AND OPPORTUNITIES

The Management Board bases its assessment of overall risk on Fresenius Medical Care's risk management system, which is regularly reviewed by third parties and by senior management. The Company's overall risk situation is determined by the risks described above. Management is not currently aware of any risks that threaten the continued existence of Fresenius Medical Care.

The effectiveness of the implemented risk management system is monitored and, if necessary, improved as part of a Company-wide review of the integrated management system. The Management Board will continue to expand the risk management and the review of the associated management system to be able to identify, investigate and assess potential risks even more quickly and implement appropriate countermeasures. From an organizational point of view, we believe that we have created all the necessary conditions to identify emerging risk situations early and to react appropriately if necessary.

RISK AND OPPORTUNITIES PROFILE FOR 2016 C. 2.56



We remain confident that our integrated global business model and our group's earning power constitute a sound basis for our business development, enabling us to utilize the potential that arises for the Company. In view of our leading position on the dialysis market, our innovative strength, our committed staff and our structured processes for identifying risks early and managing opportunities, we firmly believe that we can continue to make the most of any opportunities that arise for our business in a responsible manner.

According to our estimates, we have a well-balanced risk/opportunities profile both in the long-term and for the 2016 forecasting period.

SUBSEQUENT EVENTS

Fresenius Medical Care's business development met our expectations in the first weeks of 2016.

MANAGEMENT BOARD CHANGES

In January 2016, Fresenius Medical Care announced a change on the Management Board. Harry de Wit will become a new Management Board member for the Asia-Pacific region effective April 1, 2016. He will succeed Roberto Fusté, who has decided to resign from his operational responsibilities and stepping down from the Management Board of Fresenius Medical Care effective March 31, 2016. He will advise the Company on strategic decisions until 2018. Harry de Wit has been working in various areas of the medical technology sector for over 25 years. He served as President for Asia at Covidien in Singapore from 2010. After Covidien was taken over by Medtronic, he opted to leave the company.

AGREEMENT IN PRINCIPLE IN PRODUCT LIABILITY LITIGATION

On February 17, 2016, the Company reached an agreement in principle to resolve the GranuFlo®/ NaturaLyte® product liability litigation, which is reflected in the Consolidated Financial Statements as of December 31, 2015 starting on page 139, the section "Overview of the Fiscal Year" starting on page 68 and in the section "Results of Operations, Financial Situation, Assets and Liabilities" starting on page 71.

ECONOMIC AND BUSINESS ENVIRONMENT

There were no fundamental changes in the economic and business environment in our field of activity. Dialysis continues to be a medically indispensable and life-saving treatment for acute or chronic kidney failure for which there is no comparable alternative treatment with the exception of kidney transplantation.

We are currently not planning any major changes in Fresenius Medical Care's organizational structure, administration, legal form or with regard to personnel which could lead to a significant impairment of the results of operations, financial situation, assets and liabilities of our Company.

OVERALL ASSESSMENT OF THE BUSINESS SITUATION

Fresenius Medical Care's business development met our expectations in the first weeks of 2016.

From today's perspective, we expect to achieve our revenue, earnings and the other performance ratios as planned. At this report's editorial deadline, the current development of our business is basically in line with our expectations.

OUTLOOK

We continue to remain optimistic regarding Fresenius Medical Care's performance in the years ahead. In the future, we aim to further expand our product and services business and reduce costs. Thanks to our strong operating basis in our core business of dialysis and in the area of Care Coordination as well as our Global Efficiency Program, we will be able to grow our net income in the current financial year.

BUSINESS POLICY

Fresenius Medical Care is the world's leading dialysis company. We aim to further expand this position in the years ahead. As always, the groundbreaking principle of our corporate strategy is to fully capture the potential of the vertically integrated company. This means rigorously utilizing the advantages that arise from covering the complete value chain of dialysis. Fresenius Medical Care pursues the aim of making constant progress in providing holistic care to dialysis patients and in dialysis-related treatments. In addition to our products and dialysis treatment itself, we will continue to expand our activities in the area of Care Coordination and offer supplementary medical services for the treatment of our patients in the future.

We have no plans to make significant changes to our business policy.

OUR INDUSTRY ENVIRONMENT CONTINUES TO GROW

Fresenius Medical Care expects the number of dialysis patients worldwide to increase by about 6% in 2016. Some significant regional differences are likely to remain. We anticipate 1 to 4% growth in patient numbers in the U.S., Japan, Western and Central Europe. The number of patients with chronic kidney disease is already relatively high in these regions and patients generally have reliable access to treatment, normally dialysis. In economically weaker regions, the growth rates are even higher with values of up to 10%, and in some countries even more. We expect patient numbers to continue growing in the coming years – see table 2.57.

Demographic factors are one of the main reasons for the continued growth of dialysis markets, including the aging population and the rising number of patients with diabetes and high blood pressure – two diseases that often precede chronic kidney failure. In addition, the life expectancy of dialysis patients is increasing primarily due to ongoing improvements in the quality of treatment and ever higher standards of living, even in developing countries.

As a result of an improved infrastructure, the establishment of health care systems and an increase in chronic diseases in Asia, Latin America, Eastern Europe, the Middle East and Africa, we expect high growth

EXPECTED GROWTH IN PATIENT NUMBERS — T. 2.57

	Growth 2016
North America	~4%
Europe/Middle East/Africa	~4%
Asia-Pacific	~8%
Latin America	~5%
▸ **WORLDWIDE**	**~6%**

Source: Internal estimate

rates in dialysis. This opens up huge potential for the entire spectrum of dialysis services and products, as most of the world's population live in these regions.

We do not expect significant changes in treatment methods. Hemodialysis will remain the treatment of choice in future, accounting for about 88% of all dialysis therapies. Peritoneal dialysis will continue to be the preferred treatment for about 12% of all dialysis patients. The volume of the worldwide dialysis market, which amounted to about $73 BN last year according to preliminary estimates, is expected to increase by around 4%. This is based on the assumption that exchange rates remain stable in the forecasting period. As a result, the overall volume of the dialysis market could reach around $75 BN in 2016.

GROWTH MARKETS AND FUTURE SALES MARKETS

We consider Care Coordination to be a growth market for Fresenius Medical Care. We significantly increased our revenue in this area last year. In the North America region, Care Coordination accounted for 11% of total revenue. We expect revenue from this to rise substantially in 2016.

We also see growth potential in our core business. Our aim is to keep on expanding our dialysis services business worldwide. Above and beyond this, we have operated our own sales organizations in the product business in key growth markets in Eastern Europe, Latin America and Asia for several years and already hold a leading market position in these regions. We serve smaller markets via distributors. We intend to continue expanding our regional range of products and services in the future. Acquisitions can help us to achieve our aim of strengthening our business.

LEGAL STRUCTURE AND ORGANIZATION

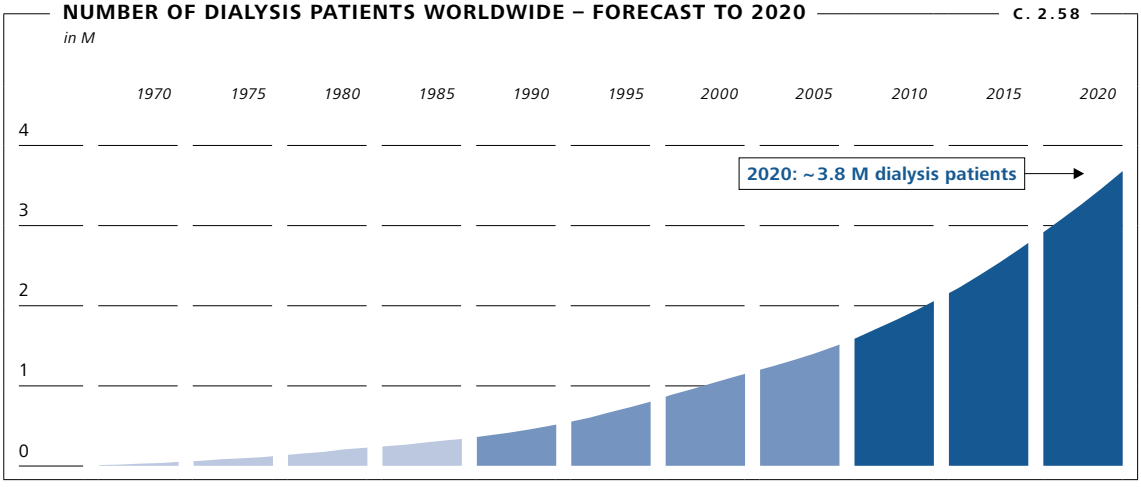
The holding company of Fresenius Medical Care has been a partnership limited by shares (Kommanditgesellschaft auf Aktien, KGaA) since 2006. Changes to the legal form are not planned in the foreseeable future. We also intend to retain our decentralized organizational structure. In our view, this well-proven structure guarantees maximum flexibility and allows us to adapt to the requirements of individual markets.

BUSINESS DEVELOPMENT OF FRESENIUS MEDICAL CARE IN 2016

Once again, we have set ourselves ambitious targets for 2016 based on the following assumptions:

- Savings from the Global Efficiency Program are included in the earnings targets.
- Acquisitions made in 2015 and 2016 are not included.

NUMBER OF DIALYSIS PATIENTS WORLDWIDE – FORECAST TO 2020 C. 2.58



Source: Internal estimates

Exchange rates

Fresenius Medical Care's forecasts for business development in 2016 are based on the prevailing exchange rates at the start of 2016. As mentioned in the "Overall Economic Environment" section starting on page 60, the relationship of the U.S. dollar to the euro is particularly important for Fresenius Medical Care.

Revenue

In 2016, we expect revenue growth of 7 to 10% in constant currency terms.

Earnings

Operating income

We expect operating income and delivered EBIT after considering minority interests to exceed the planned growth in revenue in 2016.

Net income

Net income attributable to shareholders of Fresenius Medical Care AG & Co. KGaA is expected to grow by 15 to 20% in 2016 compared to 2015. This income forecast is based on net income in 2015 of $1.057 BN (adjusted for the costs of the out-of-court settlement in principle in the GranuFlo® product liability case of $–37 M and $9 M for acquisitions).

Earnings per share

In the 2016 financial year, earnings per share are expected to develop largely in line with net income year-on-year.

Dividend

We intend to maintain our profit-oriented dividend policy in principle. Information on the proposed dividend increase can be found in the "Dividend Continuity" section on page 24.

Capital expenditures and acquisitions

We plan to spend $1.0 BN to $1.1 BN on capital expenditures. Around 50% of this amount is earmarked for expansion investments.

Apart from financing projects to expand capacity and optimize costs in our production sites, capital expenditures will be used primarily to construct new dialysis clinics, equip distribution companies and make essential replacements.

OUTLOOK FOR 2016 — T. 2.59

	Adjusted income for 2015 – excluding net expenses from settlement –	*Targets for 2016*
Revenue[1,2]	$16.7 BN	Growth of 7–10% (on a constant currency basis)
Operating income	$2.4 BN	Growth > growth in revenue
Residual EBIT	$2.1 BN	Growth > growth in revenue
Net income[3]	$1.1 BN	
Growth in net income[2,3]		15–20%
Growth in earnings per share[2,3]		in line with the expected development of net income
Capital expenditures	$0.9 BN	$1.0 BN–$1.1 BN
Acquisitions and equity investments	$0.1 BN	~$0.75 BN
Net cash provided by operating activities *in % of revenue*	11.7%	>10%
Free cash flow *in % of revenue*	6.1%	>4%
Debt/EBITDA ratio	2.7	<3.0
Employees[4]	104,033	>109,000
Research and development expenditures	$140 M	$160 M–$170 M

[1] *After value adjustments on receivables from the provision of health care services.*
[2] *Targets for 2016 exclude contributions from acquisitions made in 2015 and 2016.*
[3] *Net income attributable to shareholders of Fresenius Medical Care AG & Co. KGaA.*
[4] *Full-time equivalents.*

Approximately $0.75 BN is reserved mainly for supplementary acquisitions and equity investments in the health care services sector.

Liquidity

Cash flow

Net cash provided by operating activities is again expected to account for more than 10% of revenue in 2016, while the free cash flow is set to exceed 4% of revenue.

Debt/EBITDA ratio

Fresenius Medical Care takes the relationship between financial liabilities and earnings before interest, taxes, depreciation and amortization expenses (debt/EBITDA ratio or leverage ratio) as its guideline for its long-term financial planning. This ratio was adjusted 2.7 at the end of 2015, and is expected to remain below 3.0 in 2016.

Financing

The Company's financing strategy gives top priority to ensuring our financial flexibility. Thanks to partially drawn down credit facilities and our accounts receivable facility, which was extended in November 2014, we have sufficient financial resources. We continue to aim for secured and unutilized credit facilities of between $300 M and $500 M. Our main financing needs in 2016 comprise principal repayments under the syndicated credit agreement and a dividend payment estimated at $266 M. For further information, see the "Financial Situation" section starting on page 77.

Non-financial performance indicators

Employees

Due to the anticipated expansion of our business, we expect the number of employees to grow in 2016, particularly in the area of dialysis services. By the end of 2016, the number of people working for Fresenius Medical Care is set to increase to more than 109,000 full-time equivalents.

Research and development

We plan to spend approximately $160 M to $170 M on research and development in 2016. The number of employees in this area (currently 649 full-time equivalents) is not expected to change significantly in 2016.

Our targets for the financial year 2016 are summarized in table 2.59 on page 99.

LONG-TERM GROWTH TARGET

With a view to the growth targets issued for the period to 2020, we anticipate revenue of $28 BN. This corresponds to an average annual revenue growth of around 10%. The share of revenue from services combined under the heading "Care Coordination" is likely to increase significantly up to 2020. Net income is expected to achieve high single-digit growth on a yearly basis.

GENERAL ASSESSMENT OF EXPECTED DEVELOPMENT

We remain optimistic regarding the performance of Fresenius Medical Care in the years to come. We aim to further expand our core business with dialysis products and services in the future, too. In addition, we will enhance our Care Coordination activities in the years ahead. Consequently, we expect to achieve significant income growth in this financial year and beyond, driven partly by our Global Efficiency Program. By the end of 2016, this figure is set to increase to $300 M a year. We therefore believe that we are able to achieve our growth targets for 2016.

The outlook describes the expected development of Fresenius Medical Care in the 2016 financial year. It takes into account all events known at the time the financial statements were prepared that could influence our business development in 2016. As in the past, we take every effort to ensure that we achieve and – where possible – exceed our targets. The forecasts may be adversely affected by unfavorable developments in our risk situation. Further information on the risks to which Fresenius Medical Care is exposed can be found in the "Risk and Opportunities Report" starting on page 83, the consolidated financial statements, and the Form 20-F report in the "Investors" section at www.freseniusmedicalcare.com.

3

CORPORATE GOVERNANCE

3 CORPORATE GOVERNANCE

REPORT OF THE SUPERVISORY BOARD

The Supervisory Board of Fresenius Medical Care AG & Co. KGaA in the expired financial year dealt with the duties imposed on it by the law, the Articles of Association, the rules of procedure and the German Corporate Governance Code. It supervised the general partner, Fresenius Medical Care Management AG, within its responsibility as the Supervisory Board and regularly advised the management board (hereinafter the "Management Board") on the management of the Company.

The Management Board regularly informed the Supervisory Board in written and oral reports, within a short time and comprehensively about all significant questions of business policy, the company planning and the strategy, the progress of transactions, on acquisitions, the profitability and liquidity, the situation and the perspectives of the Company and the Group and the risk situation and risk management. This and all further business issues significant for the Company were comprehensively discussed by the Supervisory Board on the basis of reports of the Management Board in the committees and in full session. In accordance with the procedure in previous years, the economic development of acquisitions of the previous years was again reviewed and compared with the planning and prognoses at the time of each acquisition. The Supervisory Board passed various resolutions within its competencies granted by law and the Articles of Association.

Meetings

In the expired financial year, four meetings of the Supervisory Board took place. In addition, the Supervisory Board deliberated in a number of telephone conferences. In the expired financial year, no Supervisory Board member attended only half of the meetings of the Supervisory Board and the committees he is a member of, or less. Between the meetings, written reports were provided. Outside of meetings, the chairman of the Supervisory Board also maintained regular and close contact with the Management Board.

Focus of the discussions in the Supervisory Board

In the expired financial year, the Supervisory Board again focused on strategic considerations and measures both in the existing areas of business as well as with a view to an expansion of the traditional business segments. Alongside the continued strong growth in the business with dialysis products und the treatment of dialysis patients, which to date is the core business, Fresenius Medical Care pursues the goal to offer further medical services in excess of the dialysis treatment itself with the growth strategy 2020. Those services, combined under the title "Care Coordination", shall form an even more significant share of the overall turnover in the future. In this area,

which for example comprises vascular, cardiovascular and endovascular surgery, non-dialysis laboratory testing and physician practice services, coordinating hospitalist and intensivist services by specialist physicians, health plan services, coordinated delivery of pharmacy services and urgent care services, the Supervisory Board has deliberated on acquisition projects. Further acquisition projects in the area of dialysis care involved dialysis centers in the EMEA region as well as the acquisition of the capital assets and working assets of, and the establishment of a joint venture with, Quad Cities Kidney Center in Moline, Illinois, and in Davenport, Iowa, (both USA). Moreover, the Supervisory Board dealt with the concentration of the business with nephrological drugs in European core markets, in particular with the phosphate binders Osvaren® and Phosphosorb®, at Vifor Fresenius Medical Care Renal Pharma, our joint enterprise with the Swiss company Galenica.

The financing situation, in particular the issuance of short-term bonds, and programs for the improvement of the harmonization grade and transparency of internal procedures at Fresenius Medical Care, was also the subject of the deliberations of the Supervisory Board.

The business development, the competitive situation and the Management Board's planning in the individual regions were equally at the centre of the discussions as the research and development activities of Fresenius Medical Care. The Supervisory Board once again informed itself about the quality assurance systems and the results of the product quality testing in the various production facilities and together with the Management Board discussed the anticipated quantitative development in the existing facilities and their expansion. The Supervisory Board was furthermore informed comprehensively on the success of the measures to improve the cost situation by way of the Global Efficiency Program introduced in the year 2013. Moreover, the Supervisory Board regularly discussed with the Management Board the litigation in connection with alleged inadequate warning notices on two acid concentrate products (NaturaLyte® and GranuFlo®).

The Supervisory Board was regularly informed on the compliance of the Company, the results of the internal revision (Global Internal Audit) and the progress of the internal investigation concerning asserted violations of provisions of the US Foreign Corrupt Practices Act (FCPA) or other anti-corruption laws.

Audit and Corporate Governance Committee

The Audit and Corporate Governance Committee, under the chairmanship of Dr. Walter L. Weisman as independent financial expert according to Sec. 100 para. 5 German Stock Corporation Act, convened a total of four times and held a number of telephone conferences in the expired financial year. It dealt with the annual and consolidated financial statements, the proposal for the allocation of profit and the Form 20-F report for the U.S. Securities and Exchange Commission (SEC). The Audit and Corporate Governance Committee also discussed each quarterly report with the Management Board. It also satisfied itself as to the independence of the auditor of the annual and consolidated financial statements, instructed him to undertake the audit, concluded the fee agreement with him and discussed and determined with him the focuses of the audit. The Audit and Corporate Governance Committee also discussed the compliance of the Company, in particular in with the context of the FCPA. It attended the respective currently ongoing investigation and on this background the related review of the internal control processes.

Representatives of the auditor participated in all meetings of the Audit and Corporate Governance Committee and in a number of telephone conferences and reported in the course thereof on their auditing and the audit review of the quarterly financial statements and, in the absence of members of the Management Board, on the cooperation with them. The representatives of the auditor also reported on the significant results of their audit and were also available for additional information.

The accountancy process and the effectiveness of the internal control system, of the risk management system and of the internal audit system as well as the audit were discussed several times in the Audit and Corporate Governance Committee. KPMG AG Wirtschaftsprüfungsgesellschaft, Berlin, reviewed, in the course of the audit, the internal control and risk management system in relation to the accountancy process and the early risk recognition system and raised no objections thereto. On February 23, 2016, it furthermore granted an unqualified audit certificate in connection with the implementation of the relevant provisions of the Sarbanes-Oxley Act concerning the internal control system. The Management Board provided periodic reports on larger individual risks to the committee.

The Management Board also informed the committee regularly, i.e. at all ordinary meetings of the Audit and Corporate Government Committee and in telephone conferences, on the compliance situation of the Company. In addition, the head of internal audit reported periodically to the committee and informed it regarding the audit plans and results.

The legal and business relations of the Fresenius Medical Care group companies to Fresenius SE & Co. KGaA and/or its affiliates were also subject matter of the reviews of the Audit and Corporate Governance Committee. It could be confirmed in each case that the relationships corresponded to such between external third parties ("at arms' length").

The results of the discussions and resolutions of the Audit and Corporate Governance Committee were in each case reported by its chairman to the Supervisory Board.

Joint Committee

The Joint Committee, the approval of which the Management Board needs for certain matters according to the Articles of Association of the Company, did not meet in the expired financial year since no occasion was given.

Nomination Committee

In the expired fiscal year, the Nomination Committee convened two times and held telephone conferences and made preparations for the election of Supervisory Board members by the ordinary shareholders meeting 2016. Subject of the consultations were inter alia matters of the "Act on Equal Participation of Women and Men in Executive Positions in Private Companies and Public Service" ("Gesetz für die gleichberechtigte Teilhabe von Frauen und Männern in Führungspositionen in der Privatwirtschaft und im öffentlichen Dienst") as well as the definition of targets for the share of female supervisory board members and an adequate implementation period. Furthermore, the Nomination Committee did prepare resolution proposals for the Supervisory Board with respect to the upcoming supervisory board elections of the annual general meeting 2016 and conducted preliminary interviews with potential female and male candidates. In the selection process, the Nomination Committee was supported by an external service provider.

Corporate Governance

The Supervisory Board again reviewed the efficiency of its work and also dealt with the exchange of information between the Management Board and the Supervisory Board (including regular information from the Management Board on new developments in the areas of corporate governance and compliance) and between the Supervisory Board and its committees. No objections arose in the course thereof.

The Supervisory Board members Rolf A. Classon, William P. Johnston, Dr. Gerd Krick, Dr. Dieter Schenk and Dr. Walter L. Weisman are also members of the supervisory board of the general partner, Fresenius Medical Care Management AG. Moreover, Dr. Gerd Krick is chairman and Dr. Dieter Schenk deputy chairman of the supervisory board of Fresenius Management SE which acts as general partner of Fresenius SE & Co. KGaA. Fresenius SE & Co. KGaA held approx. 30% of the shares in the company and all shares in Fresenius Medical Care Management AG at the end of the expired fiscal year. Dr. Gerd Krick is also chairman of the supervisory board of Fresenius SE & Co. KGaA.

Consultancy or other service relationships between Supervisory Board members and the Company existed in the expired fiscal year only with a view to Dr. Dieter Schenk who, at the same time, is a partner in the law firm Noerr LLP. The companies of the international law firm Noerr LLP provided legal advice to Fresenius Medical Care AG & Co. KGaA and its affiliates in the expired fiscal year. Fresenius Medical Care paid approx. 1.1 million € (plus VAT) to the law firm Noerr (previous year: approx. 1.1 million €). This is less than 1% of the legal and consultancy costs paid by Fresenius Medical Care worldwide. The amount paid in the expired fiscal year does not include payments which have been executed in the expired fiscal year, but had been instructed for payment in 2014 and had therefore already been reported for that year. The Supervisory Board with Dr. Dieter Schenk abstaining from voting (and the supervisory board of Fresenius Medical Care Management AG) approved the engagements and the payments after presentation of detailed information thereon and after the recommendation of the Audit and Corporate Governance Committee by resolution accordingly. Payments were in each case only effected after the approval of the Supervisory Board.

The Supervisory Board dealt with the applicable provisions of the German Corporate Governance Code and their implementation in the group of companies. The Supervisory Board found in particular that it and its committees have, in its opinion, an adequate number of independent members. Based on its deliberations, the Supervisory Board has passed a resolution on the declaration of compliance of the Company on the German Corporate Governance Code under Sec. 161 German Stock Corporation Act, and, jointly with the Management Board, has published this declaration in the version of December 2015 as made permanently available on Fresenius Medical Care AG & Co. KGaA's website.

The Corporate Governance Report of the general partner and of the Supervisory Board together with the declaration on the management according to Sec. 289a Commercial Code are on pages 108 et seqq. of the annual report. The declaration on the management for the expired financial year was discussed by the Supervisory Board and approved at its meeting on March 9, 2016.

Annual and consolidated financial statements

The annual financial statements of Fresenius Medical Care AG & Co. KGaA and the annual management report were prepared in accordance with the regulations of the German Commercial Code, the consolidated financial statements and consolidated management report under Sec. 315a German Commercial Code in accordance with International Financial Reporting Standards (IFRS) as applicable in the European Union. The accountancy, the annual financial statements and the annual management report of Fresenius Medical Care AG & Co. KGaA and the consolidated financial statements and consolidated annual management report of Fresenius Medical Care AG & Co. KGaA, in each case for the financial year 2015, were audited by KPMG AG Wirtschaftsprüfungsgesellschaft, Berlin which was elected as auditor by resolution of the annual general meeting of 19 May 2015 and instructed by the Supervisory Board. The aforementioned documents each carry an unqualified certificate. The audit reports of the auditor were laid before the Audit and Corporate Governance Committee and before the Supervisory Board. The Audit and Corporate Governance Committee, taking account of the audit reports of the auditor of the annual and consolidated financial statements and the discussions with him, reviewed the annual and consolidated financial statements and annual management reports and reported to the Supervisory Board thereon.

The Supervisory Board also reviewed the annual financial statements, the annual management report and the proposal for the application of profit and the consolidated financial statements and consolidated annual management report in each case for the financial year 2015. The documents were provided to it in good time. The Supervisory Board declared its agreement to the result of the audit of the annual financial statements and the consolidated financial statements by the auditor. The representatives of the auditor of the annual and consolidated financial statements who signed the audit reports also participated in the discussions of the Supervisory Board of the annual and consolidated financial statements, reported on the significant results of the audit and were available for additional information. No objections are to be raised by the Supervisory Board to the annual financial statements and the annual management report of the Company or to the consolidated financial statements and the consolidated annual management report even after the final results of its own review.

At its meeting on February 23, 2016, the Supervisory Board discussed the draft of the report according to Form 20-F for filing with the SEC, which contains, inter alia, the consolidated financial statements and the consolidated annual management report in accordance with the "U.S. Generally Accepted Accounting Principles" (US GAAP), with the US dollar as the reporting currency. The annual financial statements and annual management report of Fresenius Medical Care AG & Co. KGaA as well as the consolidated financial statements and consolidated annual management report for 2015, each of them presented by the general partner, Fresenius Medical Care Management AG, were approved by the Supervisory Board at its meeting on March 8, 2016.

The Supervisory Board also approved the general partner's proposal for the application of profit which provides for a dividend of €0.80 for each share.

Dependency report

The general partner Fresenius Medical Care Management AG prepared a report on its relationships to Fresenius SE & Co. KGaA and the latter's affiliates in

accordance with Sec. 312 German Stock Corporation Act for the financial year 2015. The report contains the following final declaration:

"In conjunction with the legal transactions and measures set out in the report on relationships with affiliates, and on the basis of the circumstances of which we were aware at the time when the legal transactions were carried out or when the measures were taken or not taken, our Company has received adequate consideration for every legal transaction, and has not suffered any disadvantage as a result of the fact that measures have been or have not been carried out."

Both, the Audit and Corporate Governance Committee and the Supervisory Board received the dependency report in good time and reviewed it. The auditor participated in the relevant discussions, reported on the main results of his audit, was available for additional information and added the following certificate to that report on February 24, 2016:

"Based on our audit and the conclusions reached, we confirm that 1. the disclosures made in the report are factually correct, 2. the consideration received or paid by the Company for each legal transaction disclosed in the report was not unreasonably high, 3. there are no other circumstances relating to the transactions and measures disclosed in the report which would lead to a conclusion different to the one reached by the personally liable shareholder (General Partner)."

The Audit and Corporate Governance Committee and the Supervisory Board share the view of the auditor. After to the final result of the review by the Supervisory Board, no objections to the declaration of the general partner at the foot of the report on the relationships to affiliates are to be raised.

Personnel matters

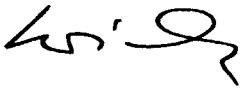
After many years as member of the Management Board and as General Manager for the region Asia-Pacific Mr. Roberto Fusté has decided to resign from both offices with effect as of March 31, 2016. It has been agreed that Mr. Roberto Fusté will continue to support Fresenius Medical Care Group with his long-term experience as Executive Advisor for Regional Strategies with effect as of April 1, 2016 and until December 31, 2018. In this function Mr. Roberto Fusté will directly report to the Chairman of the Management Board of Fresenius Medical Care Management AG.

Effective April 1, 2016 Mr. Andreas Hendrik (Harry) de Wit who has been working for over 25 year in various areas in the medical device industry with a considerable degree of expertise also in the region Asia-Pacific, will succeed Mr. Fusté as member of the Management Board and General Manager for the region Asia-Pacific. Mr. Harry de Wit will also be located in Hong Kong.

Messrs. Prof. Dr. Bernd Fahrholz and Dr. Walter L. Weisman will not present themselves on the Annual General Meeting 2016 for election to the Supervisory Board again. Their terms of office expire as of the conclusion of the Annual General Meeting on 12 May 2016. The Supervisory Board thanks the retiring Supervisory Board members for their professional dedication and for their valuable contributions as well as for the long-time and trustful cooperation. As their successors, the Supervisory Board will recommend to the annual general meeting to elect Ms. Deborah Doyle McWhinney and Ms. Pascale Witz to the Supervisory Board of the Company.

The Supervisory Board thanks the members of the Management Board as well as all employees of the group for their commitment and for the successful work performed in the expired fiscal year.

Bad Homburg v.d. Höhe, March 9, 2016
The Supervisory Board



DR. GERD KRICK
Chairman

CORPORATE GOVERNANCE REPORT AND DECLARATION ON CORPORATE GOVERNANCE

The Management Board and the Supervisory Board of Fresenius Medical Care are committed to responsible management that is focused on achieving a sustainable increase in the value of the Company. Long-term strategies, solid financial management, strict adherence to legal and ethical business standards, and a transparent communication of the Company are its key elements.

The Management Board of the General Partner, Fresenius Medical Care Management AG (hereinafter: the Management Board), and the Supervisory Board of Fresenius Medical Care AG & Co. KGaA (hereinafter: FMC AG & CO. KGAA) hereunder report pursuant to section 289a of the German Commercial Code (Handelsgesetzbuch – HGB) and to number 3.10 of the German Corporate Governance Code (Deutscher Corporate Governance Kodex, hereinafter: the Code) on the Company's corporate governance.

The Declaration on Corporate Governance is publicly available on the Company's website at www.freseniusmedicalcare.com in the "Investors" section.

DECLARATION ON CORPORATE GOVERNANCE

GROUP MANAGEMENT AND SUPERVISION STRUCTURE

The legal form of the Company is that of a partnership limited by shares (Kommanditgesellschaft auf Aktien – KGaA). Their corporate bodies provided for by statutory law are the General Meeting, the Supervisory Board and the General Partner, which is Fresenius Medical Care Management AG. In 2015 as the year under review, there were no significant changes to the Group's management and supervision structure – see chart 3.1 on page 109.

The Articles of Association of FMC AG & CO. KGAA, which also specify the responsibilities of the bodies of the Company in more detail, are available on our website at www.freseniusmedicalcare.com in the "Investors" section.

FUNCTIONING OF THE MANAGEMENT BOARD AND THE SUPERVISORY BOARD AS WELL AS COMPOSITION AND FUNCTIONING OF THEIR COMMITTEES

The German Stock Corporation Act prescribes a dual management system for stock corporations (Aktiengesellschaft) as well as for partnerships limited by shares consisting of a management body and a supervisory board. The peculiarity in the case of the legal form of a KGaA is that its business activities are conducted by a personally liable shareholder (General Partner). In the case of FMC AG & CO. KGAA, this is Fresenius Medical Care Management AG, whose Management Board is also responsible for conducting the business activities of the KGaA. Within the scope of statutory allocation of competences, the Supervisory Board is responsible for supervising and advising the Management Board and is involved in making decisions that are fundamental to the Company. The duties and responsibilities of both bodies are clearly defined by legislation and are strictly separated from one another. In addition to the Company's Supervisory Board, Fresenius Medical Care Management AG has its own Supervisory Board.

THE GENERAL PARTNER AND ITS BODIES

The Management Board of Fresenius Medical Care Management AG

The General Partner – Fresenius Medical Care Management AG – represented by its Management Board, which acts on its own responsibility, manages the Company and conducts the Company's business. Its actions and decisions are directed towards the interests of the Company. In the year under review, the Management Board was composed of seven members.

In addition to observing legislation, the Articles of Association and the principles as explained herein, the General Partner's Management Board conducts the business activities of the Company in accordance with the applicable rules of procedure within the meaning of section 77 para. 2 of the German Stock Corporation Act (Aktiengesetz – AktG) and Code number 4.2.1 sentence 2. These rules of procedure define the principles of cooperation and provide for the schedule of responsibilities. Matters of special significance and scope are decided by the full Management Board in accordance with the rules of procedure. In order to increase the efficiency of the Management Board's work, the General Partner's Supervisory Board established a Management Board Committee for certain cross-departmental matters. Such Management Board Committee essentially deals with corporate matters of subsidiaries of FMC AG & CO. KGAA or acquisitions that do not reach the minimum relevance and importance level required for being referred to the entire Management Board. Apart from the Chairman of the Management Board and the Chief Financial Officer, the Management Board Committee also includes the Management Board member responsible for the respective matter either geographically or in terms of substance. The Management Board Committee decides by virtue of unanimous resolution.

The rules of procedure determine that meetings of the Management Board are held as the circumstances require, but at least once a month.

Deliberations of the Management Board are led by the Chairman of the Management Board. If he is unavailable, this task resides with the Chief Financial Officer or, if he is also unavailable, with the Management Board member who is the most senior in age of the Management Board members present. The Chairman determines the order of the agenda items and the modus of voting. Unless unanimity or the acting of all members of the Management Board is required by mandatory legal regulations or the Articles of Association, the Management Board adopts resolutions at meetings by simple majority of votes cast, and outside the meetings by simple majority of its members.

The members of the Management Board and their areas of responsibility are introduced on the Company's website at www.freseniusmedicalcare.com in the "About us" section as well as in chapter "Management Board" starting on page 20.

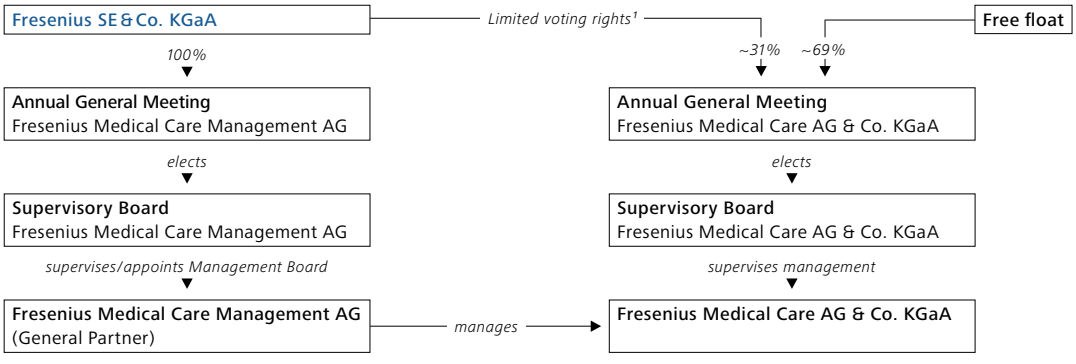
In various cases, the rules of procedure require the Management Board to obtain the prior approval of the Supervisory Board or the competent Supervisory Board committee of the General Partner.

The Supervisory Board of Fresenius Medical Care Management AG

As a stock corporation, Fresenius Medical Care Management AG also has its own Supervisory Board. It consists of six members, its Chairman is Dr. Ulf M. Schneider. Other members of the Supervisory Board of Fresenius Medical Care Management AG were in the year under review Dr. Dieter Schenk (Vice Chairman), Rolf A. Classon, William P. Johnston, Dr. Gerd Krick and Dr. Walter L. Weisman. Further information on the members of the Supervisory Board of Fresenius Medical Care Management AG is available on the

STRUCTURE OF FRESENIUS MEDICAL CARE AG & KGAA C. 3.1

Based on data as of December 31, 2015



[1] *For certain items, there are no voting rights, e.g. for the election of the Supervisory Board of Fresenius Medical Care AG & Co. KGaA, for the formal approval of the actions of the General Partner and the Supervisory Board of Fresenius Medical Care AG & Co. KGaA, for the election of the auditor of the annual financial statements.*

Company's website at www.freseniusmedicalcare.com in the "About us" section as well as in chapter "Bodies of the Company" starting on page 136.

In addition to this, for the year under review the following information is provided with regard to Dr. Schneider in his capacity as Chairman of the Supervisory Board of Fresenius Medical Care Management AG:

Dr. Ulf M. Schneider
Chairman of the management board
of Fresenius Management SE,
general partner of Fresenius SE & Co. KGaA

Supervisory Board
Fresenius Kabi AG
(Chairman)
HELIOS Kliniken GmbH
(Chairman, until September 7, 2015)
FPS Beteiligungs AG
(Chairman, until July 20, 2015)

Others
Fresenius Kabi USA, Inc., U.S.
(Board of Directors)
E.I. Du Pont de Nemours and company, U.S.
(Board of Directors)

Because of his extraordinary contributions to the development of the Company and his comprehensive experience, Dr. Ben Lipps is honorary chairman of the Supervisory Board of Fresenius Medical Care Management AG.

This Supervisory Board appoints the members of the Management Board and supervises and advises the Management Board in its management responsibilities. In accordance with Code number 5.1.3, the Supervisory Board has established rules of procedure. Unaffected by the independence requirements according to statutory rules and to the recommendations of the Code, Fresenius Medical Care Management AG has committed itself by virtue of a so-called Pooling Agreement with Fresenius SE & Co. KGaA (inter alia) to a specific form of independence as defined therein. According to the Pooling Agreement, at least one third (and at least two) of the members of the Supervisory Board of the General Partner must be independent members. Pursuant to the Pooling Agreement, an "independent member" is a member of the Supervisory Board with no substantial business or professional relationship with FMC AG & CO. KGAA, with its General Partner, with Fresenius SE & Co. KGaA, or with its general partner Fresenius Management SE, or with any affiliates of these companies.

COMMITTEES OF THE SUPERVISORY BOARD T. 3.2

Supervisory Board Committee	*Responsibility*	*Number of meetings*
Human Resources Committee 4 members **Chairman:** Dr. Ulf M. Schneider **Vice Chairman:** Dr. Gerd Krick **Other members:** William P. Johnston, Dr. Walter L. Weisman	▶ Advice on complex special matters such as the appointment of Management Board members and their compensation	As required
Regulatory and Reimbursement Assessment Committee 3 members **Chairman:** William P. Johnston **Vice Chairman:** Rolf A. Classon **Other member:** Dr. Dieter Schenk	▶ Advice on complex special matters such as regulatory provisions and reimbursement in the dialysis segment	As required
Nomination Committee 3 members **Chairman:** Dr. Ulf M. Schneider **Other members:** Dr. Gerd Krick, Dr. Walter L. Weisman	▶ Preparing personnel recommendations on suitable candidates for an election to the Supervisory Board, who are to be presented to the Supervisory Board for the purpose of its proposal to the General Meeting	As required

COMMITTEES OF THE SUPERVISORY BOARD OF FRESENIUS MEDICAL CARE MANAGEMENT AG

From the midst of its members, the Supervisory Board forms qualified committees for the efficient exercise of its responsibilities, which prepare topics and resolutions of the Supervisory Board. The Supervisory Board regularly receives briefings on the committees' work – see table 3.2 on page 110.

SUPERVISORY BOARD OF THE COMPANY

The Supervisory Board of FMC AG & CO. KGAA advises and supervises the business activities as conducted by the General Partner and performs the other duties assigned to it by law and by the Articles of Association. It is involved in strategy and planning as well as all matters of fundamental importance for the Company.

The Supervisory Board of FMC AG & CO. KGAA consisted in the year under review of the following six members: Dr. Gerd Krick (Chairman), Dr. Dieter Schenk (Vice Chairman), Rolf A. Classon, Prof. Dr. Bernd Fahrholz, William P. Johnston and Dr. Walter L. Weisman. Further information on the members of the Supervisory Board as well as their memberships in other statutory supervisory boards and comparable domestic and foreign supervisory bodies of business enterprises is available on the internet at www.fresenius medicalcare.com in the "About us" section as well as in chapter "Bodies of the Company" starting on page 136.

Because of his extraordinary contributions to the Company's development and his comprehensive experience, Dr. Ben Lipps is also honorary chairman of the Supervisory Board of FMC AG & CO. KGAA.

All members of the Supervisory Board are elected by the General Meeting of FMC AG & CO. KGAA as the competent election body according to the provisions of the German Stock Corporation Act. According to the Articles of Association, as amended by the Annual General Meeting 2015, such resolution of the General Meeting requires a simple majority of the votes cast, corresponding to the provisions of the German Stock Corporation Act. Fresenius SE & Co. KGaA is excluded from voting on this issue (further explanations on this matter can be found under "Further Information regarding Corporate Governance" in the section titled "Shareholders"). When discussing its recommendations for the election of members of the Supervisory Board to the General Meeting, the Supervisory Board will take into account the international activities of the enterprise, potential conflicts of interest, what it considers an adequate number of independent Supervisory Board members and diversity. As the composition of the Supervisory Board needs to be aligned with the interests of the enterprise and has to ensure the effective supervision and consultation of the Management Board, it is a matter of principle and of prime importance that each member is suitably qualified. In the enterprise's interest not to limit the selection of qualified candidates in a general way, the Supervisory Board confines itself to pursue self-defined targets for the representation of female Supervisory Board members (see also the paragraph "Diversity and definition of targets") and particularly refrains from an age limit for its members and from a duration limit on the term of membership of the Supervisory Board. Therefore, the Supervisory Board has overall refrained from determining and taking into account specific objectives with respect to its composition when proposing candidates and from publishing the state of their implementation in the Corporate Governance Report. Accordingly, non-compliance is declared in the declaration of compliance of the 2015 financial year also insofar.

Simultaneous membership in both the Supervisory Board and the Management Board is not permissible. In the year under review, the Supervisory Board did not include any members who were also members of the Management Board during the previous two years. The members of the Company's Supervisory Board are independent in their decisions and are not bound by requirements or instructions of third parties.

The Supervisory Board consists of what it considers an adequate number of independent members, who also do not entertain any personal or business relations with the Company, its corporate bodies, a controlling shareholder or an enterprise associated with the latter which may cause a substantial and not merely temporary conflict of interests. Details on the treatment of potential conflicts of interests are set out in the section "Legal relationships with members of the Company's corporate bodies" below.

The term of office of the members of the Supervisory Board is five years; the current term of office ends on conclusion of the General Meeting for 2016.

Details on the election, constitution and term of office of the Supervisory Board, its meetings and the adoption of resolutions, as well as its rights and obligations, are set out in the Company's Articles of Association. According to Code-number 5.1.3, the

Supervisory Board has furthermore adopted rules of procedure which set out, among other things, the modalities for convening meetings and the manner in which resolutions are adopted. Accordingly, the Supervisory Board meets at least twice per calendar half year. The deliberations of the Supervisory Board are conducted by the Chairman or, if the latter is unavailable, by his deputy, who also determines the order of the agenda items and the type of voting. As a rule, the Supervisory Board decides by simple majority of votes cast unless other majorities are prescribed by a mandatory provision of law. The Chairman of the Supervisory Board is responsible for coordinating and directing the Supervisory Board and represents the Supervisory Board vis-à-vis third parties.

In accordance with Code-number 5.6, the members of the Supervisory Board regularly carry out efficiency evaluations with regard to their work. These take place in the form of open discussions in plenary meetings. On these occasions, also the complexity and the design of the presentations, as well as the meetings' procedure and structuring are discussed. The results of the evaluations carried out show that each of the Supervisory Board and the Committees are efficiently organized and that the co-operation of the Supervisory and Management Boards of the General Partner works very well, too.

The members of the Supervisory Board regularly update themselves via in-house sources and via external sources about the current status of supervisory requirements. In addition to information provided to them by several external experts, also experts of the Company's departments regularly provide reports about relevant developments, such as – for example – relevant new developments in the revision of legal rules or in jurisprudence and also about recent developments in regulations on accounting according to U.S. GAAP and IFRS. In this way, the Supervisory Board, with the Company's reasonable assistance, ensures an ongoing qualification of its members and also a further development and updating of their expertise, power of judgment and experience, which is required for the Supervisory Board including its Committees to duly perform their tasks.

In the year under review, four meetings of the Supervisory Board and several telephone conferences have taken place. In fiscal year 2015, key aspects of the activities of the Supervisory Board involved the strategic considerations and actions on the expansion of the business areas. Another focus of the consultations involved financing issues. The business development, the competitive situation and the Management Board's business planning in the regions have also been key aspects of the consultations. The Supervisory Board was informed on the progress with regard to improve the cost base. The Supervisory Board was also informed on the quality standards system and the qualitative results of the various production sites and, together with the Management Board, deliberated on the expected developments in the volume of the existing sites and its expansions. Together with the Management Board, the Supervisory Board further discussed and deliberated legal disputes.

COMMITTEES OF THE SUPERVISORY BOARD T. 3.3

Supervisory Board Committee	*Responsibility*	*Number of meetings*
Audit and Corporate Governance Committee 4 members **Chairman:** Dr. Walter L. Weisman **Vice Chairman:** Prof. Dr. Bernd Fahrholz **Other members:** Dr. William P. Johnston, Dr. Gerd Krick	► Supervision of the accounting process, the effectiveness of the internal control system, of the risk management system, of the internal audit system and of compliance ► Supervision of the annual auditing, in particular with regard to the independence of the auditor and the additional services provided by it, issuing the auditing mandate, determining the focus areas of the auditing and the fee agreement ► Addressing the report pursuant to Form 20-F, which contains, inter alia, the consolidated group financial statements and the consolidated group financial report ► Assessment of the General Partner's report on relations to affiliated companies	At least four times per year, otherwise as required
Nomination Committee 3 members **Chairman:** Dr. Gerd Krick **Other members:** Dr. Dieter Schenk, Dr. Walter L. Weisman	► Preparing personnel recommendations on suitable candidates for an election to the Supervisory Board, who are to be presented to the Supervisory Board for the purpose of its proposal to the General Meeting	As required

COMMITTEES OF THE SUPERVISORY BOARD OF FMC AG & CO. KGAA

From the midst of its members, the Supervisory Board forms qualified committees for the efficient exercise of its responsibilities, which prepare topics and resolutions of the Supervisory Board. The Supervisory Board regularly receives briefings on the committees' work – see table 3.3 on page 112.

Further information on the Audit and Corporate Governance Committee

With the consent of the Supervisory Board, the Audit and Corporate Governance Committee adopted rules of procedure. The rules of procedure of the Audit and Corporate Governance Committee provide that between three and five members may belong to this Committee. The chairman shall not be a former member of the Management Board of the Company. All members of the Audit and Corporate Governance Committee must be independent within the meaning of the Articles of Association of the Company (section 12 para. 2 sentence 3), which means that, apart from their membership in the Supervisory Board of either the General Partner or Fresenius SE & Co. KGaA, they do not have any substantial business, professional or personal relationship with the Company or any of its affiliates. The question of independence is assessed solely by the Supervisory Board of the Company, with such independence as a rule being assumed where the member in question satisfies the requirements for independence pursuant to the New York Stock Exchange. Moreover, at least one member of the Audit and Corporate Governance Committee must be independent in terms of Section 107 para (4) in connection with Section 100 para (5) of the German Stock Corporation Act (AktG). Furthermore, members of the Audit and Corporate Governance Committee are required to possess expert knowledge in the finance and accounting sector. All members are independent within this meaning and were appointed to the Committee based on their specialist knowledge, their independence and their experience.

Joint Committee

FMC AG & CO. KGAA also has established a Joint Committee whose composition and activity is provided for in Articles 13a et seq. of the Articles of Association of the Company. The Joint Committee is convened only as required, namely in cases of certain legal transactions defined in the Articles of Association as substantial transactions and for which the General Partner requires its consent – see table 3.4.

CO-OPERATION OF GENERAL PARTNER AND SUPERVISORY BOARD OF THE COMPANY

Good corporate governance requires an efficient co-operation between the management and the supervisory board on the basis of mutual trust. The General Partner and the Supervisory Board of the Company work together closely in the Company's interest: their joint goal is to increase the Company's value in the long-term in compliance with the corporate governance principles and compliance regulations. The General Partner regularly informs the Company's Supervisory Board about all relevant issues regarding business policy, corporate planning and strategic enhancement, about the profitability of the Company as well as the development of business and the Group's position including an assessment of the risk situation. In the expired fiscal year, the Supervisory Board regularly advised the management, i.e. the Management Board of the General Partner, on the Company's management and supervised it in line with its responsibility as Supervisory Board of the partnership limited by shares.

COMMITTEES OF THE SUPERVISORY BOARD T. 3.4

Supervisory Board Committee	*Responsibility*	*Number of meetings*
Joint Committee 4 members **Members of Fresenius Medical Care Management AG:** Dr. Gerd Krick, Dr. Ulf M. Schneider **Members of Fresenius Medical Care AG & Co. KGaA:** William P. Johnston, Dr. Walter L. Weisman	▶ Approval of certain legal transactions as defined in the Articles of Association, such as acquisitions and disinvestments	As required

DIVERSITY AND DEFINITION OF TARGETS

At Fresenius Medical Care, the individual qualification is decisive for each selection of personnel. Irrespective thereof, Fresenius Medical Care duly considers aspects of diversity, e.g. internationality, age or intercultural background when selecting professionally qualified candidates.

In addition, FMC AG & CO. KGAA is required to fulfill the legal obligations arising from the "Act on Equal Participation of Women and Men in Executive Positions in Private Companies and Public Service" („Gesetz für die gleichberechtigte Teilhabe von Frauen und Männern an Führungspositionen in der Privatwirtschaft und im öffentlichen Dienst") which has entered into force in the year under review.

According to this act, the Supervisory Board of FMC AG & CO. KGAA is obliged to define targets for the representation of female members in the Supervisory Board as well as an implementation period. The legislator has expressly refrained from requiring the supervisory boards of companies which, like Fresenius Medical Care, are organized in the legal form of a partnership limited by shares with a legal entity as general partner (e.g. AG & Co. KGaA) to define such targets for the composition of the general partner's management board; hence, the Supervisory Board of FMC AG & CO. KGAA is not required to define targets with regard to the Management Board of the General Partner. Likewise, also the Supervisory Board of Fresenius Medical Care Management AG is not required to define targets for the Management Board, because Fresenius Medical Care Management AG is not subject to the act.

Against that background the Supervisory Board of FMC AG & CO. KGAA has resolved on September 29, 2015 to set the target for the representation of female Supervisory Board members at two Supervisory Board members with a view to its own composition. Therefore, the Supervisory Board aims at a proportion of women in the Supervisory Board of more than 30% within the initial implementation period ending on June 30, 2017.

Moreover, the Act on Equal Participation of Women and Men in Executive Positions in Private Companies and Public Service requires the Management Board to define targets for female representation in the two top management levels below the Management Board as well as an appropriate implementation period.

On September 28, 2015, the Management Board of Fresenius Medical Care Management AG, in fulfillment of this legal obligation, resolved to define the two top management levels below the Management Board as follows:

- the first management level includes all direct reports worldwide to a member of the Management Board who are participants in the Long Term Incentive Program (or any successive program);
- the second management level includes all direct reports worldwide to a member of the first management level who are participants in the Long Term Incentive Program (or any successive program).

In parallel, the Management Board resolved for the first time on targets for the proportion of women at the two top management levels below the Management Board and also resolved on a corresponding first implementation period. The respective targets were set at 16.0% for the first management level and at 28.2% for the second management level below the Management Board. The first implementation period was set to end on December 31, 2015, in particular to ensure a harmonization of future implementation periods with the fiscal year and, correspondingly, with other reporting obligations of FMC AG & CO. KGAA.

As at December 31, 2015, the targeted female quota has been exceeded with regard to the representation of women in the first management level below the Management Board due to successful hiring of new female employees at that level and at that date amounted to 18.8%. The proportion of women in the second management level as at December 31, 2015 has slightly decreased by 0.2% to 28.0% due to the leave of a female employee.

On January 13, 2016, the Management Board has set the subsequent implementation period for the new targets for female representation to end on December 31, 2020. The new targets to be aimed for until the end of such period were defined at 18.8% for the first management level and at 28.2% for the second management level below the Management Board. Hence, the Management Board aims for at least maintaining the existing level of female participation at the first management level and for a slight improvement on the second management level. This target determination is based on the fact that Fresenius Medical Care's recruiting and staffing practice is primarily focused on the qualification of the individual as the key determining factor for hiring and for promoting employees to top management. Therefore, the

Management Board will continue to choose candidates for the top management of Fresenius Medical Care according to the candidate's excellence and suitability for the specific role and function in such management positions, regardless of their race, gender or other non-performance related attributes.

RELEVANT INFORMATION ON CORPORATE GOVERNANCE PRACTICES

COMPLIANCE

Global business activities result in global responsibility. As the global market leader in dialysis, Fresenius Medical Care is aware of its responsibility. We are committed to conduct the Company's business activities in compliance with the respective legal provisions.

Our efforts to provide our patients around the world with a better life through excellent products and services are based on our commitment to the core values of our Company: quality, honesty and integrity, innovation and progress, respect and dignity. Our corporate culture and policy as well as our entire business activities are guided by our values. This also applies to our work and business relationships with our patients, customers, business partners, public authorities, investors and the general public, as well as to our employees.

These fundamental values are firmly established in our Code of Ethics and Business Conduct. Our Code of Conduct describes our Company's business standards and emphasizes our commitment to operate in accordance with the applicable laws and regulations and with our own company policies.

The Code of Ethics and Business Conduct is available on the Company's website at www.fresenius medicalcare.com in the "About us" section.

Each employee is required to ensure, by complying with the laws as well as the values and rules of the Company, that Fresenius Medical Care is appreciated as a partner of integrity and reliability in the health care system for patients, customers, business partners, public authorities, investors and the general public. Fresenius Medical Care has developed a compliance program which shall help to abide by these values and by the legal and ethical obligations. Compliance is the responsibility of every single employee.

Compliance organization

Our compliance organization supports managers and employees to live by these values during their daily work.

The Chief Compliance Officer, who is responsible for the worldwide compliance organization, directly reports to the Chairman of the Management Board of Fresenius Medical Care. Furthermore, the Chief Compliance Officer regularly provides a compliance update to the Audit and Corporate Governance Committee of FMC AG & CO. KGAA and to the Supervisory Board of Fresenius Medical Care Management AG.

Our compliance organization is arranged on a global scale. The compliance officers work together closely on a central, regional and national level to efficiently support the business activities.

In the year under report 2015 we established further resources within the compliance organization. The worldwide teamwork within our compliance organization was strengthened through various measures.

Compliance program

In order to adequately and effectively address the challenges and compliance risks associated with changes in the economic and regulatory environment, world-wide business activities and business development, we are continuously working on enhancing our compliance program.

The Code of Ethics and Business Conduct is the basis of the compliance program.

In the year 2015, we have revised various other compliance-related internal guidelines, processes and controls. These guidelines and provisions will be implemented in each of our business units and subsidiaries worldwide.

Existing processes and controls are also being reviewed and revised. The efficiency of our compliance program is reviewed through monitoring measures.

All employees are in a position to report potential violations of applicable law or company policies. Information on violations may also be provided anonymously.

We have also continued and further developed our compliance training. Our portfolio of compliance trainings consists of on-site and web-based trainings. On-site trainings enable our employees to discuss issues of relevant correct behavior by reference to practical examples from the daily working routine. The training of our executives and employees in positions with specific risk profiles is one focus point of our revised compliance training concept.

RISK AND OPPORTUNITY MANAGEMENT

At Fresenius Medical Care, an integrated management system is in place to ensure that risks and opportunities are already identified at an early stage, optimizing the risk profile and minimizing the costs potentially related to the occurrence of risks through timely intervention. Our risk management is therefore an important component of the corporate management of Fresenius Medical Care. The adequateness and effectiveness of our internal control systems for the financial reporting are reviewed on a regular basis by the Management Board and by our auditor.

Further information about the risk and opportunity management system can be found in the risk management section of the management report as well as on our website at www.freseniusmedicalcare.com in the "Investors" section as well as in the "Risks and Opportunities Report" starting on page 83.

GERMAN CORPORATE GOVERNANCE CODE AND DECLARATION OF COMPLIANCE

The German Corporate Governance Code includes key recommendations for the management and supervision of companies listed on a German stock exchange with the aim of making the rules for managing and supervising companies in Germany more transparent for investors. The code is also intended to enhance the trust of the public as well as that of employees and customers in the management and supervision of listed stock corporations.

The Management Board of Fresenius Medical Care Management AG and the Supervisory Board of FMC AG & CO. KGAA endorse the principles set forth in the German Corporate Governance Code. The majority of the guidelines, recommendations and suggestions in the code have been an integral and active part of Fresenius Medical Care's day-to-day operations since the founding of the Company. Comprehensive information regarding corporate governance is available on our website at www.freseniusmedicalcare.com in the "Investors" section.

The annually required Declaration of Compliance according to section 161 of the German Stock Corporation Act issued by the Management Board of Fresenius Medical Care Management AG and the Supervisory Board of FMC AG & CO. KGAA as of December 2015, previous Declarations of Compliance and other extensive information on corporate governance are made permanently available to shareholders on the Company's website at www.freseniusmedicalcare.com in the "Investors" section.

DECLARATION BY THE MANAGEMENT BOARD OF THE GENERAL PARTNER OF FRESENIUS MEDICAL CARE AG & CO. KGAA, FRESENIUS MEDICAL CARE MANAGEMENT AG, AND BY THE SUPERVISORY BOARD OF FRESENIUS MEDICAL CARE AG & CO. KGAA ON THE GERMAN CORPORATE GOVERNANCE CODE PURSUANT TO SECTION 161 GERMAN STOCK CORPORATION ACT (AKTIENGESETZ)

The Management Board of the general partner of Fresenius Medical Care AG & Co. KGaA, Fresenius Medical Care Management AG, (hereafter the Management Board) and the Supervisory Board of Fresenius Medical Care AG & Co. KGaA declare that since issuance of the previous declaration of compliance in December 2014 the recommendations of the "German Corporate Governance Code Government Commission" published by the Federal Ministry of Justice in the official section of the Federal Gazette (hereafter the Code) in the version of June 24, 2014 as well as in the version of May 5, 2015 since publication thereof in the Federal Gazette have been met and that the recommendations of the Code in the version of May 5, 2015 will be met in the future. Only the following recommendations of the Code in its versions of June 24, 2014 and May 5, 2015 have not been met and will not be met:

Code number 4.2.3 paragraph 2 sentence 6: Caps regarding specific compensation amounts

Pursuant to Code number 4.2.3 paragraph 2 sentence 6, the amount of compensation for Management Board members shall be capped, both overall and for variable compensation components.

This recommendation is not met. The service agreements with members of the Management Board do not provide for caps regarding specific amounts for all compensation components and accordingly not for caps regarding specific amounts for the overall compensation. The performance-oriented short-term compensation (the variable bonus) is capped. As regards stock options and phantom stocks as compensation components with long-term incentives, the service agreements with members of the Management Board do provide for a possibility of limitation but not for caps regarding specific amounts. Introducing caps regarding specific amounts in relation to such stock-based compensation components would contradict the basic idea of the members of the Management Board participating appropriately in the economic risks and opportunities of the Company. Instead of that, Fresenius Medical Care pursues a flexible concept considering each individual case. In situations of extraordinary developments in relation to the stock-based compensation which are not related to the performance of the Management Board, the Supervisory Board may cap the stock-based compensation.

Code number 4.2.3 paragraph 4: Severance payment cap

Pursuant to Code number 4.2.3 paragraph 4, in concluding Management Board contracts, care shall be taken to ensure that payments made to a Management Board member on premature termination of his/her contract, including fringe benefits, do not exceed the value of two years' compensation (severance payment cap) and compensate no more than the remaining term of the employment contract. The severance payment cap shall be calculated on the basis of the total compensation for the past full financial year and if appropriate also the expected total compensation for the current financial year.

These recommendations are not met insofar as the employment contracts of the members of the Management Board do not contain severance payment arrangements for the case of premature termination of the contract and consequentially do not contain a limitation of any severance payment amount insofar. Uniform severance payment arrangements of this kind would contradict the concept practiced by Fresenius Medical Care in accordance with the German Stock Corporation Act according to which employment contracts of the members of the Management Board are, in principle, concluded for the period of their appointment. They would also not allow for a well-balanced assessment in the individual case.

Code number 4.2.5 paragraph 3: Presentation in the compensation report

Pursuant to Code number 4.2.5 paragraph 3, the presentation of the compensation for each individual member of the Management Board in the compensation report shall inter alia present the maximum and minimum achievable compensation for variable compensation components by using corresponding model tables.

Fresenius Medical Care, in deviation from Code number 4.2.3 paragraph 2 sentence 6, does not provide for caps regarding specific amounts for all variable compensation components and, therefore, does not provide for caps regarding specific amounts for the overall compensation. In this respect, the compensation report cannot meet the recommendations of the code. Irrespective thereof, Fresenius Medical Care will continue to present its compensation system and the amounts paid to members of the Management Board in its compensation report in a comprehensive and transparent manner. The compensation report will include tables relating to the value of the benefits granted as well as to the allocation in the year under review which follow the structure and largely also the specifications of the model tables.

Code number 5.1.2 paragraph 2 sentence 3: Age limit for members of the Management Board

Pursuant to Code number 5.1.2 paragraph 2 sentence 3 an age limit shall be specified for members of the Management Board. As in the past, Fresenius Medical Care will refrain from determining an age limit for members of the Management Board in the future. Complying with this recommendation would unduly limit the selection of qualified candidates.

Code number 5.4.1 paragraph 2 and paragraph 3: Specification of concrete objectives regarding the composition of the Supervisory Board and their consideration when making recommendations to the competent election bodies

Pursuant to Code number 5.4.1 paragraph 2 and paragraph 3, the Supervisory Board shall specify concrete objectives regarding its composition and, when making recommendations to the competent election bodies, take these objectives into account. The objectives specified by the Supervisory Board and the status of the implementation shall be published in the Corporate Governance Report. These recommendations are not met.

The composition of the Supervisory Board needs to be aligned to the enterprise's interest and has to ensure the effective supervision and consultation of the Management Board. Hence, it is a matter of principle and of prime importance that each member is suitably qualified. When discussing its recommendations to the competent election bodies, the Supervisory Board will take into account the international activities of the enterprise, potential conflicts of interest, the number of independent Supervisory Board members within the meaning of Code number 5.4.2, and diversity.

In the enterprise's interest not to limit the selection of qualified candidates in a general way, the Supervisory Board, however, confines itself to pursue self-defined targets for the representation of female Supervisory Board members and particularly refrains from an age limit and from a duration limit on the term of membership.

Bad Homburg v.d.H., in December 2015

Management Board of the general partner of Fresenius Medical Care AG & Co. KGaA,
Fresenius Medical Care Management AG, and
Supervisory Board of Fresenius Medical Care AG & Co. KGaA

FURTHER INFORMATION REGARDING CORPORATE GOVERNANCE

SHAREHOLDERS

The shareholders of the Company exercise their rights and voting powers in the General Meeting. The share capital of FMC AG & CO. KGAA is divided exclusively into ordinary shares. Each share of FMC AG & CO. KGAA entitles the holder to one vote at the General Meeting. Shares with multiple or preference voting rights do not exist. As a matter of principle, the General Partner (as far as it would be a shareholder in the Company, which was not the case in the year under review), respectively, its sole shareholder, Fresenius SE & Co. KGaA, can exercise at the General Meeting the voting rights connected with the shares it holds in FMC AG & CO. KGAA. However, the General Partner and its sole shareholder are subject to various rules preventing them by law from voting on certain resolutions. These include, among others, the election of the Supervisory Board, formal approval of the actions of the General Partner and the members of the Supervisory Board of FMC AG & CO. KGAA, as well as the election of the auditor of the annual financial statements. This is to guarantee that the shareholders in the partnership limited by shares (KGaA) can solely decide on these matters, particularly those concerning the control of the management.

ANNUAL GENERAL MEETING

According to the principles of the German Stock Corporation Act (Aktiengesetz), shareholders can exercise their voting rights at the Annual General Meeting themselves, by proxy via a representative of their choice, or by a Company-nominated proxy acting on their instructions. Proxy voting instructions to a Company nominee can be issued before and during the Annual General Meeting until the end of the open discussion period.

The Annual General Meeting of FMC AG & CO. KGAA took place on May 19, 2015 in Frankfurt/Main (Germany). Approximately 74% of the share capital was represented at the Annual General Meeting. At the Annual General Meeting, resolutions were passed on the following topics:

- approval of the annual financial statements for the fiscal year 2014,
- allocation of distributable profit,
- approval of the actions of the General Partner and the Supervisory Board,
- election of the auditors and consolidated group auditors for the fiscal year 2015,
- adjustment of section 2 para 1 lit. a) of the Articles of Association of the Company (Objects of the business),
- rescindment of the existing authorized capitals, the creation of new authorized capitals with the possibility to exclude the pre-emption right, as well as the corresponding adjustment of section 4 para 3 and para 4 of the Articles of Association of the Company, and
- rescindment of section 8 para 1 sentence 3 of the Articles of Association of the Company (majority required for the election of members of the Supervisory Board).

All documents and information on the Annual General Meeting are available on our website at www.freseniusmedicalcare.com in the "Investors" section.

LEGAL RELATIONSHIPS WITH MEMBERS OF THE COMPANY'S CORPORATE BODIES

When making decisions and in connection with the tasks and activities performed by them, the members of the Management Board of the General Partner and of the Supervisory Board of FMC AG & CO. KGAA, as well as the Supervisory Board of Fresenius Medical Care Management AG, do not pursue personal interests or give unjustified advantages to other people. Any outside activities or business dealings with the Company by members of the corporate bodies are to be disclosed to the Supervisory Board immediately and are subject to its approval, if necessary. The Supervisory Board reports to the General Meeting about possible conflicts of interests and how to deal with them. Furthermore, Mr. Rice Powell as the Chairman of Fresenius Medical Care Management AG's Management Board, in the year under review, with the approval of Fresenius Medical Care Management AG's Supervisory Board, was at the same time a member of the Management Board of Fresenius Management SE. The members of the Supervisory Board of FMC AG & CO. KGAA Dr. Krick (Chairman) and Dr. Schenk (Vice Chairman) were, in the year under report, also members of the Supervisory Board of Fresenius Medical Care Management AG (Dr. Schenk as Vice Chairman) and of the Supervisory Board of Fresenius Management SE (Dr. Krick as Chairman, Dr. Schenk as Vice Chairman), the general partner of Fresenius SE & Co. KGaA. Furthermore, Dr. Krick is the Chairman of the Supervisory Board of Fresenius SE & Co. KGaA. Dr. Schenk continues to be chairman of the foundation board of the Else Kröner-Fresenius-Stiftung, the sole shareholder of Fresenius Management SE as well as limited shareholder of Fresenius SE & Co. KGaA, and co-executor of the estate of Mrs. Else Kröner. Dr. Krick receives a pension from Fresenius SE & Co. KGaA due to his previous work on the Management Board of the Company. During the year under review, consulting or other service relationships between members of the Supervisory Board and the Company existed only in the case of Dr. Schenk, who was in the year under review a member of the Supervisory Board of the Company and of the Supervisory Board of Fresenius Medical Care Management AG, a member of the Supervisory Board of Fresenius Management SE and, at the same time, a partner of the law firm Noerr LLP. In the year under review, the companies of the internationally operating law firm Noerr acted for FMC AG & CO. KGAA and affiliated companies as legal advisor. The Supervisory Board of Fresenius Medical Care Management AG and the Supervisory Board of FMC AG & CO. KGAA have concerned themselves with each of the assignments in a detailed manner; moreover, the Supervisory Board dealt with the fee volume for the legal advice rendered by the law firm Noerr in proportion to the fee volume for other law firms. As regards specific mandates for future services to be provided by law firm Noerr and as regards the first three quarters of the year under review, the Supervisory Board of Fresenius Medical Care Management AG and the Supervisory Board of FMC AG & CO. KGAA have already given their consent to such activity, with Dr. Schenk abstaining from the vote. The resolutions were in each case passed on the basis of a written document for the Supervisory Board specifically stating each single mandate and the invoices rendered for each mandate. All payments rendered to the law firm Noerr in the year under review were made only after the approval of both Supervisory Boards. Any services rendered in the fourth quarter of the year under review will be topic of the Supervisory Board's Meeting in March 2016 and will also be compensated only after approval has been obtained.

In the year under review, an amount of approximately €1.1 M (excluding VAT) was paid by Fresenius

Medical Care to the law firm Noerr (2014: about €1.1 M). This represents less than 1% of the legal and other consultancy fees paid by Fresenius Medical Care on a global scale. Concerning the amount paid in the year under review, it does not include payments which have been executed in the year under review, but had been instructed for payment in 2014 and had therefore been reported for fiscal year 2014 already.

INFORMATION ON DIRECTORS' DEALINGS AND SHAREHOLDING

According to section 15a of the German Securities Trading Act (Wertpapierhandelsgesetz, WpHG), members of the management and supervisory boards or other employees in exceptional management positions are required to inform the Company when buying or selling shares in Fresenius Medical Care and related financial instruments if the volume exceeds €5,000 within a single year. A detailed overview of Directors' dealings in 2015 is published on our website at www.fresenius medicalcare.com in the "Investors" section.

TRANSPARENCY OF OUR REPORTING

Fresenius Medical Care meets all transparency requirements imposed by Code-number 6. We attach special importance to informing our shareholders simultaneously and uniformly about our Company in our regular financial reporting events. Ad hoc releases and our corporate website play an essential role in these efforts. They provide investors and other interested persons equally with direct and timely access to the information we release.

FINANCIAL ACCOUNTING AND AUDIT, STOCK EXCHANGE LISTING

To date, Fresenius Medical Care prepares its Consolidated Financial Statements in accordance with the U.S. Generally Accepted Accounting Principles (U.S. GAAP) and in U.S. dollars. In line with this, the Consolidated Financial Statements as well as the Interim Consolidated Quarterly Reports are also prepared in accordance with these principles. The Consolidated Financial Statements are published within the first 90 days of the end of each fiscal year, and the quarterly reports within the first 45 days of the end of each quarter.

As required by law, consolidated financial statements and a Group management report as well as quarterly reports continue to be prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU, too.

The Annual Financial Statements and the Management Report of FMC AG & CO. KGAA are prepared in accordance with the German Commercial Code (Handelsgesetzbuch, HGB). The Annual Financial Statements are decisive for the distribution of the annual profit.

Moreover, an Annual Report of Fresenius Medical Care, which equally reflects the requirements of U.S. GAAP and the German Commercial Code, is published each year.

Fresenius Medical Care's shares are listed on the stock exchange in the U.S. (as American Depositary Receipts) and in Germany. We are therefore subject to a number of regulations and recommendations regarding the management, administration and monitoring of our Company. On the one hand, in addition to mandatory requirements under stock corporation and commercial law, we comply with the regulations of Deutsche Börse and adhere to most of the recommendations of the German Corporate Governance Code. On the other hand, being a non U.S. company (a "foreign private issuer") we are subject to the regulations connected to our listing in the U.S. Observance of the Sarbanes-Oxley Act (SOX) and portions of the Corporate Governance Rules of the New York Stock Exchange in particular is required. The Sarbanes-Oxley Act includes provisions governing companies and their auditors and is aimed at improving financial reporting, ensuring auditor independence and implementing other matters. The extension of regulations for financial reporting and internal control systems is intended to increase the trust of investors and other parties interested in the Company. We fully meet all of the current requirements applicable to our Company.

COMPENSATION REPORT

The Compensation Report of FMC AG & CO. KGAA summarizes the main elements of the compensation system for the members of the Management Board of Fresenius Medical Care Management AG, the General Partner of FMC AG & CO. KGAA, and in this regard notably explains the amounts and structure of the compensation paid to the Management Board. Furthermore, the principles and the amount of the

remuneration of the Supervisory Board are described. The Compensation Report is part of the Management Report of the annual financial statements and the annual consolidated group financial statements of FMC AG & CO. KGAA as of December 31, 2015. The Compensation Report is prepared on the basis of the recommendations of the German Corporate Governance Code and also includes the disclosures as required pursuant to the applicable statutory regulations, notably in accordance with the German Commercial Code (HGB).

COMPENSATION OF THE MANAGEMENT BOARD

The entire Supervisory Board of Fresenius Medical Care Management AG is responsible for determining the compensation of the Management Board. The Supervisory Board is assisted in this task by a personnel committee, the Human Resources Committee. In the fiscal year, the Human Resources Committee was composed of Dr. Ulf M. Schneider (Chairman), Dr. Gerd Krick (Vice Chairman), Mr. William P. Johnston and Dr. Walter L. Weisman.

I. Structure and amount of compensation

The current Management Board compensation system was last approved by resolution of the General Meeting of FMC AG & CO. KGAA on May 12, 2011 with a majority of 99.71% of the votes cast. Furthermore, this compensation system is reviewed by an independent external compensation expert on a regular basis.

The objective of the compensation system is to enable the members of the Management Board to participate reasonably in the sustainable development of the Company's business and to reward them based on their duties and performance as well as their success in managing the Company's economic and financial position giving due regard to the peer environment.

The amount of the total compensation of the members of the Management Board is measured taking particular account of relevant reference values of other DAX-listed companies and similar companies of comparable size and performance in the relevant industry sector. Furthermore, the relation of the compensation of the Management Board and that of the Senior Management as well as the staff overall is taken into account.

The compensation of the Management Board is, as a whole, performance-based and consisted of three elements in the fiscal year:

- non-performance-based compensation (fixed compensation and fringe benefits),
- short-term performance-based compensation (one-year variable compensation (bonus)),
- components with long-term incentive effects (multi-year variable compensation, consisting of stock options and share-based compensations with cash settlement).

The individual elements are designed on the basis of the following criteria:

In the fiscal year, the fixed compensation paid in Germany or Hong Kong, as the case may be, was divided in twelve equal instalments and the fixed compensation paid in the U.S. was divided in twenty-four equal instalments, in each case as base salary. Moreover, the members of the Management Board received additional benefits consisting mainly of payment for insurance premiums, the private use of company cars, special payments such as rent supplements, school fees, reimbursement of fees for the preparation of tax returns and reimbursement of certain other charges and additional contributions to pension and health insurance.

Performance-based compensation is also awarded for the fiscal year as a short-term cash component (one-year variable compensation) and as components with long-term incentive effects (stock options and share-based compensations with cash settlement). The share-based compensations with cash settlement consist of phantom stock and of the so-called Share Based Award.

The amount of the one-year variable compensation and of the Share Based Award depends on the achievement of the following individual and common targets:

- net income growth,
- free cash flow (net cash provided by (used in) operating activities after capital expenditures, before acquisitions and investments) in percent of revenue,
- operating income margin.

The level of achievement of these targets is derived from the comparison of target amounts and actual results. Furthermore, targets are divided into group level targets and those to be achieved in individual regions. Lastly, the target parameters are weighted differently by their relative share in the aggregate amount of variable compensation depending on the

respective areas of responsibility assumed by the members of the Management Board.

The net income growth to be achieved is taken into account up to a growth rate of 10%. Furthermore, the members of the Management Board were also evaluated by reference to the development of free cash flow within the Group or, as the case may be, in the relevant regions, with the targets being within a range of rates between 3% and 6% of the respective free cash flow in percent of revenue. For the benefit of Management Board members with regional responsibilities as well as for the benefit of the Management Board member responsible for Global Manufacturing & Quality, growth of regional operating income margins was compensated within individual targets ranging between 13% and 18.5%, reflecting the particularities of the respective regions and responsibilities.

The targets are, as a rule, weighted differently depending on whether the Management Board member exercises group functions – in the fiscal year, these were Mr. Rice Powell and Mr. Michael Brosnan – or whether the Management Board member is responsible for regional earnings – in the fiscal year, these were Mr. Roberto Fusté, Mr. Ronald Kuerbitz and Mr. Dominik Wehner – or have taken on specific Management Board responsibilities – such as Mr. Kent Wanzek for Global Manufacturing & Quality and Dr. Olaf Schermeier for Global Research & Development. For members of the Management Board with group functions and for Dr. Olaf Schermeier, net income growth accounts for 80% and is thus weighted higher than for the other members of the Management Board, where net income growth accounts for 60%. For the latter members of the Management Board, a further 20% is based upon the evaluation of the operating income margin. Achievement of the target for respective free cash flow in percent of revenue is weighted for all members of the Management Board equally at 20%.

Multiplying the level of target achievement by the respective fixed compensation and another fixed multiplier results in the total amount, of which a 75% share is paid out in cash to the Management Board members (one-year variable compensation) after approval of the annual financial statements of FMC AG & CO. KGAA for the respective fiscal year. Since the maximum level of target achievement is set at 120%,

AMOUNT OF CASH PAYMENTS T. 3.5

in € THOUS

	Non-performance related compensation				*Short-term performance related compensation*		*Cash compensation (without long-term incentive components)*	
	Fixed compensation		*Other benefits*[1]		*Bonus*			
	2015	*2014*[2]	***2015***	*2014*[2]	***2015***	*2014*[2]	***2015***	*2014*[2]
Rice Powell	1,239	941	342	151	1,032[3]	737[3]	2,613	1,829
Michael Brosnan	694	546	533	147	581[3]	398[3]	1,808	1,091
Roberto Fusté	580	550	482[4]	2,970[4]	648[3]	339	1,710	3,859
Ronald Kuerbitz	843	640	28	19	785[3]	503[3]	1,656	1,162
Dr. Olaf Schermeier	450	400	635[5]	234	381[3]	153	1,466	787
Kent Wanzek	538	406	112	74	594[3]	294	1,244	774
Dominik Wehner	350	263	37	20	394[3]	208	781	491
▸ **TOTAL**	**4,694**	**3,746**	**2,169**	**3,615**	**4,415**	**2,632**	**11,278**	**9,993**

[1] *Includes insurance premiums, private use of company cars, rent and relocation supplements, contributions to pension and health insurance, tax burden compensation due to varying tax rates applicable in Germany and the U.S. (net compensation) and other benefits, also in case accruals have been set up therefore.*

[2] *Please note for purposes of comparison with the amounts indicated for the fiscal year that Mr. Wehner has received compensation as a member of the Management Board only since his appointment April 1, 2014 and that the compensation is subject to foreign exchange rate fluctuations depending on whether it is contractually denominated in euro (Roberto Fusté, Dr. Olaf Schermeier and Dominik Wehner) or U.S. dollar (Rice Powell, Michael Brosnan, Ronald Kuerbitz and Kent Wanzek).*

[3] *Includes a discretionary bonus for fiscal year 2015 granted to Mr. Rice Powell in the amount of €541 (2014: €376), to Mr. Michael Brosnan in the amount of €306 (2014: €188), to Mr. Roberto Fusté in the amount of €189 (2014: €0), to Mr. Ronald Kuerbitz in the amount of €451 (2014: €188), to Dr. Olaf Schermeier in the amount of €203 (2014: €0), to Mr. Kent Wanzek in the amount of €203 (2014: €0) and to Mr. Dominik Wehner in the amount of €117 (2014: €0).*

[4] *Also included are payments and accruals the Company made in the context of holding Mr. Roberto Fusté harmless from certain adverse tax effects.*

[5] *This also includes the rent and relocation supplements incurred by the Company, including, but not limited to, non-recurring costs in connection with the relocation of Dr. Schermeier at the start of his occupation with the Company.*

the Management Board's maximum achievable one-year variable compensation is limited as regards to specific amounts.

The remaining share, amounting to 25% of the total amount calculated according to the key data above, is granted to the members of the Management Board in the form of the so-called Share Based Award, which is included in components with long-term incentive effects. The Share Based Award is subject to a three-year waiting period, although a shorter period may apply in special cases (e.g. professional incapacity, entry into retirement, non-renewal by the Company of expired service agreements). The amount of the cash payment of the Share Based Award is based on the share price of FMC AG & CO. KGAA shares upon exercise after the three-year waiting period.

In determining the variable compensation, it is ensured that performance-based components with long-term incentive effects (i.e. the Share Based Award as well as the stock option and phantom stock components described below) are granted in amounts which constitute at least 50% of the sum of all variable components for the respective fiscal year. Should this condition not be fulfilled, the Management Board members' contracts provide that the portion of variable compensation payable as one-year variable compensation shall be reduced and the portion payable as the Share Based Award shall be increased accordingly, in order to meet this requirement. The components with long-term incentive effects also comprise a limitation possibility for cases of extraordinary developments. The Supervisory Board may also grant a discretionary bonus for extraordinary performance. For the fiscal year, the Supervisory Board has granted such discretionary bonus to the members of the Management Board in the total amount of €2,010 THOUS (in 2014 the Supervisory Board has granted such discretionary bonus to Mr. Rice Powell, Mr. Michael Brosnan and Mr. Ronald Kuerbitz in the total amount of €753 THOUS).

For the fiscal year and the previous year, the amount of cash compensation payments to members of the Management Board without components with long-term incentive effects are shown in table 3.5 on page 122.

In addition to the Share Based Award, stock options under the Company's Stock Option Plan 2011 and phantom stock awards under the Phantom Stock Plan 2011 were granted to members of the Management Board as additional components with long-term incentive effects in the fiscal year. The Stock Option Plan 2011, together with the Phantom Stock Plan 2011, forms the Long Term Incentive Program 2011 (LTIP 2011).

In addition to the members of the management boards of affiliated companies, managerial staff members of the Company and of certain affiliated companies, the members of the Management Board are entitled to participate in the LTIP 2011. Under the LTIP 2011 a combination of stock options and phantom stock awards are granted to the participants. Stock options and phantom stock awards will be granted on specified grant days, no more than twice each fiscal year during the term of the LTIP 2011. The number of stock options and phantom stock awards to be granted to the members of the Management Board is determined by the Supervisory Board in its reasonable discretion. In principle all members of the Management Board are entitled to receive the same number of stock options and phantom stock awards, whereas the Chairman of the Management Board is entitled to receive double the granted quantity. At the time of the grant, the members of the Management Board can choose a ratio based on the value of the stock options vs. the value of phantom stock awards in a range between 75:25 and 50:50. The exercise of stock options and phantom stock awards is subject to several conditions, including the expiration of a four-year waiting period, the consideration of black-out periods, the achievement of defined success targets and, subject to agreements to the contrary in individual cases, the existence of a service or employment relationship. Stock options may be exercised within four years and phantom stock awards within one year after the expiration of the waiting period. For Management Board members who are U.S. taxpayers specific conditions apply with respect to the exercise period of phantom stock awards. The members of the Management Board have achieved the success target for stock options and for phantom stock in each case if, during the waiting period, either the adjusted basic income per share increases by at least 8% per annum in comparison to the previous year in each case or – if this is not the case – the compounded annual growth rate of the adjusted basic income per share during the four years of the waiting period reflects an increase of at least 8% per annum. In the fiscal year, the Supervisory Board has resolved to introduce an additional success target for phantom stock granted in the fiscal year. Pursuant to this resolution, the success target for phantom stock is also achieved if under the Global Efficiency Program an amount of $200 M has been saved until the end of

the fiscal year and, until the end of the fiscal years 2016 to 2018, an amount of $300 M is saved, each in comparison to January 1, 2013, and also the respective group target for fiscal years 2015 to 2018 – each as expected and communicated – have been achieved and confirmed by the auditor.

If with regard to any reference year or more than one of the four reference years within the waiting period neither the adjusted basic income per share increases by at least 8% per annum in comparison to the previous year nor the compounded annual growth rate of the adjusted basic income per share during the four years of the waiting period reflects an increase of at least 8% per annum, the stock options and phantom stock awards subject to such waiting period are cancelled to such proportion to which the success target was not achieved within the waiting period, i.e. in the proportion of 25% for each year in which the target is not achieved within the waiting period, up to 100%; this principle of proportional cancelation also applies to the additional success target for phantom stock as resolved by the Supervisory Board in the fiscal year.

Additional information regarding the basic principles of the LTIP 2011 and of the other employee participation programs in place at the beginning of the fiscal year and secured by conditional capital, which entitled their participants to convertible bonds or stock options (from which, however, in the past fiscal year no further options could be issued), are described in more detail in the Notes to Annual Financial Statements and the Consolidated Financial Statements in the section "Conditional Capital" on page 179.

Under Stock Option Plan 2011 in the fiscal year 3,073,360 stock options were granted in total (2014: 1,677,360), with 502,980 stock options (2014: 273,900) granted to the Management Board members. Moreover, in the fiscal year 607,828 (2014: 299,547) phantom stock awards were granted under the Phantom Stock Plan 2011, of which 62,516 awards (2014: 24,950) were granted to Management Board members.

For the fiscal year, the number and value of stock options issued to members of the Management Board and the value of the share-based compensations with cash settlement paid to them, each as compared to the previous year, are shown individually in table 3.6.

The stated values of the stock options granted to the members of the Management Board in the fiscal year correspond to their fair value at the time of grant, namely a value of €15.02 (2014: €9.01) per stock option. The exercise price for the stock options granted is €76.99 (2014: €49.93). At the day of the grant, the relevant fair value of the phantom stock issued in July of the fiscal year amounted to €73.30 (2014: €46.26).

At the end of the fiscal year, the members of the Management Board held a total of 1,565,195 stock options and convertible bonds (collectively referred to as "stock options"; 2014: 1,485,076 stock options). Also, they held a total of 118,703 phantom stock (2014: 66,960).

LONG-TERM INCENTIVE COMPONENTS T. 3.6

	Stock Options				*Share-based compensation with cash settlement*[1]		*Total*	
	Number		*in € THOUS*		*in € THOUS*		*in € THOUS*	
	2015	*2014*	***2015***	*2014*	***2015***	*2014*[2]	***2015***	*2014*[2]
Rice Powell	149,400	74,700	2,244	673	941	351	3,185	1,024
Michael Brosnan	74,700	37,350	1,122	337	480	185	1,602	522
Roberto Fusté	59,760	24,900	898	224	774	344	1,672	568
Ronald Kuerbitz	49,800	37,350	748	337	888	220	1,636	557
Dr. Olaf Schermeier	49,800	37,350	748	337	836	166	1,584	503
Kent Wanzek	69,720	24,900	1,047	224	596	329	1,643	553
Dominik Wehner	49,800	37,350	748	337	869	184	1,617	521
▸ **TOTAL**	**502,980**	**273,900**	**7,555**	**2,469**	**5,384**	**1,779**	**12,939**	**4,248**

[1] *This includes Phantom Stocks and Share Based Awards granted to Board Members during the fiscal year. The share-based compensation amounts are based on the grant date fair value.*

[2] *Please note for purposes of comparison with the amounts indicated for the fiscal year that Mr. Wehner has received compensation as a member of the Management Board only since his appointment April 1, 2014 and that the compensation is subject to foreign exchange rate fluctuations depending on whether it is contractually denominated in euro (Roberto Fusté, Dr. Olaf Schermeier and Dominik Wehner) or U.S. dollar (Rice Powell, Michael Brosnan, Ronald Kuerbitz and Kent Wanzek).*

The development and status of stock options of the members of the Management Board serving as per December 31 of the fiscal year in the fiscal year are shown in more detail in table 3.7.

Based on the targets achieved in the fiscal year, members of the Management Board serving as per December 31 of the fiscal year also earned entitlements to Share Based Awards totalling €801 THOUS (2014: €626 THOUS). On the basis of that value, determination of the specific number of virtual shares will not be made by the Supervisory Board until March of the following year, based on the then current price of the shares of FMC AG & CO. KGAA. This number will then serve as a multiplier for the share price on the relevant exercise day and as a base for calculation of the payment of this respective share-based compensation after expiry of the three-year waiting period.

Phantom stock with a total value of €4,582 THOUS (2014: €1,154 THOUS) were granted to the Management Board members under the Company's Phantom

DEVELOPMENT AND STATUS OF THE STOCK OPTIONS T. 3.7

	Options outstanding January 1, 2015		*Options granted during the fiscal year*	
	Number	*Weighted average exercise price in €*	*Number*	*Weighted average exercise price in €*
Rice Powell	407,737	45.80	149,400	76.99
Michael Brosnan	291,018	42.23	74,700	76.99
Roberto Fusté	267,675	43.74	59,760	76.99
Ronald Kuerbitz	177,702	47.90	49,800	76.99
Dr. Olaf Schermeier	74,700	49.85	49,800	76.99
Kent Wanzek	168,075	49.67	69,720	76.99
Dominik Wehner	98,169	45.21	49,800	76.99
▸ **TOTAL**	**1,485,076**	**45.58**	**502,980**	**76.99**

	Options exercised during the fiscal year			*Options forfeited during the fiscal year*	
	Number	*Weighted average exercise price in €*	*Weighted average share price in €*	*Number*	*Weighted average exercise price in €*
Rice Powell	49,800	35.49	78.12	42,019	57.30
Michael Brosnan	77,493	29.25	77.50	28,013	57.30
Roberto Fusté	74,800	34.31	77.85	28,013	57.30
Ronald Kuerbitz	48,000	38.66	78.25	22,500	57.30
Dr. Olaf Schermeier	–	–	–	–	–
Kent Wanzek	–	–	–	28,013	57.30
Dominik Wehner	16,335	29.56	77.55	7,875	57.30
▸ **TOTAL**	**266,428**	**33.55**	**77.85**	**156,433**	**57.30**

	Options outstanding December 31, 2015				*Options exercisable December 31, 2015*	
	Number	*Weighted average exercise price in €*	*Weighted average remaining contractual life in years*	*Range of exercise prices in €*	*Number*	*Weighted average exercise price in €*
Rice Powell	465,318	55.88	5.05	31.97 – 76.99	152,512	40.98
Michael Brosnan	260,212	54.46	4.71	31.97 – 76.99	101,475	41.00
Roberto Fusté	224,622	54.03	4.57	31.97 – 76.99	93,275	41.79
Ronald Kuerbitz	157,002	58.61	5.96	42.68 – 76.99	25,002	48.56
Dr. Olaf Schermeier	124,500	60.70	6.68	49.76 – 76.99	–	–
Kent Wanzek	209,782	57.73	5.19	42.68 – 76.99	68,475	45.35
Dominik Wehner	123,759	59.29	5.89	31.97 – 76.99	24,564	41.53
▸ **TOTAL**	**1,565,195**	**56.55**	**5.23**	**31.97 – 76.99**	**465,303**	**42.23**

Stock Plan 2011 in July of the fiscal year as further share-based compensation components with cash settlement.

Therefore, the amount of the total compensation of the Management Board for the fiscal year and for the previous year is as shown in table 3.8.

Components with long-term incentive effects, i.e. stock options and share-based compensation components with cash settlement, can be exercised only after the expiration of the specified waiting period (vesting period). Their value is allocated over the waiting period and proportionately recognized as an expense in the respective fiscal year of the waiting period. Compensation expenses attributable to the fiscal year and for the previous year are shown in table 3.9 on page 127.

II. Commitments to members of the Management Board for the event of the termination of their appointment

The following pension commitments and other benefits are also part of the compensation system for the members of the Management Board: individual contractual pension commitments for the Management Board members Mr. Rice Powell, Mr. Michael Brosnan, Mr. Roberto Fusté, Mr. Ronald Kuerbitz, Dr. Olaf Schermeier and Mr. Kent Wanzek have been entered into by Fresenius Medical Care Management AG. In addition, pension commitments from the participation in employee pension schemes of other Fresenius Medical Care companies exist for individual members of the Management Board.

Each of the pension commitments by Fresenius Medical Care Management AG provides for a pension and survivor benefit as of the time of conclusively ending active work, at age 65 at the earliest or upon occurrence of disability or incapacity to work (Berufs- oder Erwerbsunfähigkeit), however, calculated by reference to the amount of the recipient's most recent base salary.

The retirement pension will be based on 30% of the last fixed compensation and will increase for each complete year of service by 1.5 percentage points up to a maximum of 45%. Current pensions increase according to legal requirements (Sec. 16 of the German Act to improve company pension plans, "BetrAVG"). 30% of the gross amount of any post-retirement income from an activity of the Management Board member is offset against the pension obligation. Any amounts to which the Management Board members or their surviving dependents, respectively, are entitled from other company pension rights of the Management Board member, even from service agreements with other companies, are also to be set off. If a Management Board member dies, the surviving spouse receives a pension amounting to 60% of the resulting pension claim at that time. Furthermore, the deceased Management Board member's own legitimate children (leibliche eheliche Kinder) receive an orphan's pension amounting to 20% of the resulting pension claim at that time, until the completion of their education or they reach 25 years of age, at the latest. All orphans' pensions and the spousal pension together reach a maximum of 90% of the Management Board member's pension, however. If a Management Board member leaves the Management Board

TOTAL COMPENSATION T. 3.8

in € THOUS

	Cash compensation (without long-term incentive components)		*Components with long-term incentive effect*		*Total compensation (including long-term incentive components)*	
	2015	*2014*[1]	***2015***	*2014*[1]	***2015***	*2014*[1]
Rice Powell	2,613	1,829	3,185	1,024	5,798	2,853
Michael Brosnan	1,808	1,091	1,602	522	3,410	1,613
Roberto Fusté	1,710	3,859	1,672	568	3,382	4,427
Ronald Kuerbitz	1,656	1,162	1,636	557	3,292	1,719
Dr. Olaf Schermeier	1,466	787	1,584	503	3,050	1,290
Kent Wanzek	1,244	774	1,643	553	2,887	1,327
Dominik Wehner	781	491	1,617	521	2,398	1,012
▸ **TOTAL**	**11,278**	**9,993**	**12,939**	**4,248**	**24,217**	**14,241**

[1] *Please note for purposes of comparison with the amounts indicated for the fiscal year that Mr. Wehner has received compensation as a member of the Management Board only since his appointment April 1, 2014 and that the compensation is subject to foreign exchange rate fluctuations depending on whether it is contractually denominated in euro (Roberto Fusté, Dr. Olaf Schermeier and Dominik Wehner) or U.S. dollar (Rice Powell, Michael Brosnan, Ronald Kuerbitz and Kent Wanzek).*

of Fresenius Medical Care Management AG before reaching the age of 65, except in the event of a disability or incapacity to work (Berufs- oder Erwerbsunfähigkeit), the rights to the aforementioned benefits remain, although the pension to be paid is reduced in proportion to the ratio of the actual years of service as a Management Board member to the potential years of service until reaching the age of 65.

Based on individual contractual commitments, Management Board members Mr. Rice Powell, Mr. Michael Brosnan, Mr. Ronald Kuerbitz and Mr. Kent Wanzek participated in the U.S.-based 401(k) savings plan in the fiscal year; in this regard, contributions in the amount of $7,950 (2014: $7,800) were earned in the fiscal year in each case and allocated in January 2016. This plan generally allows employees in the U.S. to invest a portion of their gross salaries in retirement pension programs. The Company supports this investment, for full-time employees with at least one year of service, with a contribution of 50% of the investment made, up to a limit of 6% of income – whereupon the allowance paid by the Company is limited to 3% of the income – or a maximum of $18,000 ($24,000 for employees 50 years of age or older).

Furthermore, the Management Board members Mr. Rice Powell, Mr. Michael Brosnan and Mr. Ronald Kuerbitz have acquired non-forfeitable benefits from participation in employee pension plans of Fresenius Medical Care North America, which provide payment of pensions as of the age of 65 and the payment of reduced benefits as of the age of 55. In March 2002, the rights to receive benefits from the pension plans were frozen at the level then applicable.

From the time of his previous employment activities for Fresenius Medical Care Deutschland GmbH, a pension commitment exists for Management Board member Mr. Dominik Wehner. As a result of his service agreement with Fresenius Medical Care Management AG, the latter assumed this pension commitment and continues the commitment on the basis of Mr. Wehner's compensation as Management Board member. This pension commitment is based on the Fresenius companies' pension scheme of January 1, 1988 and provides old-age pensions, disability pensions and surviving dependents' pensions. It does not provide for any offsetting mechanisms against other income or pension payments. The spousal pension amounts to 60% of the disability pension or old-age pension to be granted at the time of death; the orphan's pension amounts to 10% (semi-orphans) or 20% (orphans) of the disability pension or old-age pension to be granted at the time of death. The claims of all surviving dependents are limited to a total of 100% of Mr. Dominik Wehner's pension entitlements.

Additions to pension provisions in the fiscal year for Management Board members serving as of December 31 amounted to €8,355 THOUS (2014: €6,480 THOUS). The pension commitments are shown in table 3.10 on page 128.

A post-employment non-competition covenant was agreed upon with all Management Board members. If such covenant becomes applicable, the Management Board members receive compensation amounting to half of their respective annual fixed compensation for each year of respective application of the non-competition covenant, up to a maximum of two years. The employment contracts of the Management Board members contain no express provisions that are triggered by a change of control of the Company.

EXPENSES FOR LONG-TERM INCENTIVE COMPONENTS T. 3.9

in € THOUS

	Stock Options		*Share-based compensation with cash settlement*		*Share-based compensation*	
	2015	*2014*	***2015***	*2014*	***2015***	*2014*
Rice Powell	377	176	699	435	1,076	611
Michael Brosnan	187	97	450	295	637	392
Roberto Fusté	136	86	471	258	607	344
Ronald Kuerbitz	153	59	261	83	414	142
Dr. Olaf Schermeier	153	59	177	45	330	104
Kent Wanzek	151	86	495	290	646	376
Dominik Wehner[1]	162	35	152	15	314	50
▸ **TOTAL**	**1,319**	**598**	**2,705**	**1,421**	**4,024**	**2,019**

[1] *Please note for purposes of comparison of the amounts indicated for the fiscal year to those amounts shown for 2014 that Mr. Wehner was appointed as a member of the Management Board only as of April 1, 2014 and, consequently, has received compensation to be disclosed herein as of this point in time only.*

III. Miscellaneous

All members of the Management Board have received individual contractual commitments for the continuation of their compensation in cases of sickness for a maximum of 12 months, although after six months of sick leave, insurance benefits may be set off against such payments. If a Management Board member dies, the surviving dependents will be paid three more monthly instalments after the month of death, not to exceed, however, the amount due between the time of death and the scheduled expiration of the agreement.

In the fiscal year, Prof. Emanuele Gatti – who has been a member of the Management Board until March 31, 2014 – received the pro rata compensation payments he is entitled to pursuant to his service agreement which has been terminated with effect as of the agreed termination date of April 30, 2015. These compensation payments comprised a fixed compensation (in the amount of €250 THOUS) and fringe benefits (in the amount of approximately €140 THOUS) as well as one-year and multi-year variable compensation components (in the amount of approximately €260 THOUS and in the amount of €0, respectively). The payment of the Share Based Awards earned by Prof. Gatti for the reference years 2011 to 2014 was effected, as agreed, in fiscal year 2015 after his service agreement was terminated. The long-term incentive components granted to Prof. Gatti on the basis of the LTIP 2011 and the exercisability of such components are not affected by his retirement from the Management Board. Upon reaching the age of 60, Prof. Gatti is entitled to receive an occupational old-age pension in the amount of approximately €337 THOUS per annum; in the fiscal year pension payments in the amount of approximately €113 THOUS were made to Prof. Gatti. On occasion of his retirement from the Management Board, Prof. Gatti further agreed to serve as an advisor to the Chairman of the Management Board and to be subject to a post-employment non-competition obligation for the duration of two years following the end of the term of his service agreement, i.e. until April 30, 2017, for which he will receive an annual non-compete compensation of approximately €487 THOUS. In the fiscal year Prof. Gatti received a non-compete compensation in the amount of approximately €325 THOUS.

As agreed, Dr. Rainer Runte, who has also been a member of the Management Board until March 31, 2014, was granted and paid in the fiscal year a compensation in connection with his post-contractual non-compete clause in the amount of approximately €486 THOUS as well as fringe benefits in the amount of approximately €28 THOUS.

With Dr. Ben Lipps, the Chairman of the Management Board until December 31, 2012, there is an individual agreement instead of a pension provision, to the effect that, upon termination of his employment contract/service agreement with Fresenius Medical Care Management AG, he will be retained to render consulting services to the Company for a period of ten years. Accordingly, Fresenius Medical Care Management AG and Dr. Ben Lipps entered into a consulting agreement for the period January 1, 2013 to December 31, 2022. By this consulting agreement Dr. Ben Lipps will provide consulting services on certain fields and within a specified time frame as well as complying with a non-compete covenant. The annual consideration to be granted by Fresenius Medical Care Management AG for such services amounts for the fiscal year €588 THOUS (including reimbursement of expenses). The present value of this agreement (including pension payments for the surviving spouse in case of death) amounted to €3,694 THOUS as at December 31 of the fiscal year.

DEVELOPMENT AND STATUS OF PENSION COMMITMENTS T. 3.10

in € THOUS

	As of January 1, 2015	*Increase*	*As of December 31, 2015*
Rice Powell	6,654	2,743	9,397
Michael Brosnan	2,870	1,390	4,260
Roberto Fusté	4,630	654	5,284
Ronald Kuerbitz	209	2,348	2,557
Dr. Olaf Schermeier	–	309	309
Kent Wanzek	1,494	833	2,327
Dominik Wehner	1,945	78	2,023
▸ **TOTAL**	**17,802**	**8,355**	**26,157**

In the fiscal year, no loans or advance payments of future compensation components were made to members of the Management Board of Fresenius Medical Care Management AG.

The payments to U.S. Management Board members Mr. Rice Powell, Mr. Michael Brosnan and Mr. Kent Wanzek were paid in part in the U.S. (in U.S.$) and in part in Germany (in €). For the part paid in Germany, the Company has agreed that due to varying tax rates in both countries, the increased tax burden to such Management Board members arising from German tax rates in comparison to U.S. tax rates will be balanced (net compensation). Pursuant to a modified net compensation agreement, these Management Board members will be treated as if they were taxed in their home country, the United States, only. Therefore the gross amounts may be retroactively changed. Since the actual tax burden can only be calculated in connection with the preparation of the Board members' tax returns, subsequent adjustments may have to be made, which will then be retroactively covered in future compensation reports.

Furthermore, a compensation agreement has been entered into between FMC AG & CO. KGAA, Fresenius Medical Care Management AG and Mr. Roberto Fusté, pursuant to which Mr. Fusté is held harmless from certain adverse tax effects which result from external wage tax audits for the assessment periods as from 2005. The provisions made in the previous year for such adverse tax effects in the amount of €705 THOUS were fully utilized; additional provisions for the fiscal year were not made in this context. In the fiscal year, the Company has made additional payments to compensate Mr. Fusté for such adverse tax effects in an amount of approximately €91 THOUS.

To the extent permitted by law, Fresenius Medical Care Management AG undertook to indemnify the members of the Management Board against claims against them arising out of their work for the Company and its affiliates, if such claims exceed their liability under German law. To secure such obligations, the Company has obtained Directors & Officers liability insurance carrying a deductible which complies with the requirements of the German Stock Corporation Act (AktG). The indemnity applies for the time in which each member of the Management Board is in office and for claims in this connection after termination of membership on the Management Board in each case.

Former members of the Management Board did not receive any compensation in the fiscal year other than that mentioned in the present section III. As of December 31 of the fiscal year, pension obligations towards this group of persons exist in an amount of €13,988 THOUS (2014: €13,494 THOUS).

IV. Tables of the value of benefits granted and of the allocation

The German Corporate Governance Code provides that compensation reports for fiscal years beginning after December 31, 2013 shall include information for each member of the Management Board on the benefits granted and allocations made as well as on the pension expenses for year under report. The model tables provided in the appendix to the German Corporate Governance Code shall be used to present this information. The following tables include information on the value of benefits granted as well as on the allocations made. They adhere to the structure and, to the greatest extent possible, the standards of the model tables of the German Corporate Governance Code see tables 3.11 and 3.12 starting on page 130.

V. Adjustments to the compensation system for the Management Board as of fiscal year 2016

The Long Term Incentive Program 2011 consisting of the Stock Option Plan 2011 and the Phantom Stock Plan 2011 expired at the end of the fiscal year as scheduled. Thus, no further issuances will be made under this Program. In order to allow the members of the Management Board of the General Partner and other managerial staff members in the interest of the Company to continue to adequately participate in the long-term, sustained success of the Company even after the expiry of this program, it is currently intended to introduce a new Long Term Incentive Program based on a virtual share based cash compensation component (LTIP 2016). The Supervisory Board of the General Partner is expected to resolve upon this program shortly.

In case of the introduction of the planned LTIP 2016 it is further intended to submit the adjusted compensation system for the members of the Management Board to the Annual General Meeting on May 12, 2016 for approval. In that case the main elements of the LTIP 2016 and the related adjustments to the existing compensation system will be published in the context of the convening of and explained within the Annual General Meeting 2016. Further adjustments to the compensation system for the members of the Management Board are currently not planned.

BENEFITS GRANTED

in € THOUS

	Rice Powell *Chariman of the Management Board* *Member of the Management Board since December 21, 2005*[2]				Michael Brosnan *Chief Financial Officer* *Member of the Management Board since January 1, 2010*				Roberto Fusté *Member of the Management Board for Asia-Pacific* *Member of the Management Board since December 21, 2005*[2]			
	2015	**2015** *Minimum*	**2015** *Maximum*	*2014*[3]	**2015**	**2015** *Minimum*	**2015** *Maximum*	*2014*[3]	**2015**	**2015** *Minimum*	**2015** *Maximum*	*2014*[3]
Fixed compensation	1,239	1,239	1,239	941	694	694	694	546	580	580	580	550
Fringe benefits[1]	342	342	342	151	533	533	533	147	482[5]	482	482	2,970[5]
Total non-performance-based compensation	1,581	1,581	1,581	1,092	1,227	1,227	1,227	693	1,062	1,062	1,062	3,520
One-year variable compensation	2,586[4]	169	2,995[4]	1,929[4]	1,451[4]	98	1,680[4]	1,088[4]	1,146[4]	83	1,337[4]	908
Multi-year variable compensation/components with long-term incentive effects	3,185	–	n. a.	1,024	1,602	–	n. a.	522	1,672	–	n. a.	568
thereof Share Based Award – New Incentive Bonus Plan 2010 3-year term/ 3-year waiting period	164	–	n. a.	120	92	–	n. a.	70	153	–	n. a.	113
thereof Long Term Incentive Program 2011 – Stock Option Plan 2011 8-year term/ 4-year vesting period	2,244	–	n. a.	673	1,122	–	n. a.	337	898	–	n. a.	224
thereof Long Term Incentive Program 2011 – Phantom Stock Plan 2011 5-year term/ 4-year vesting period	777	–	n. a.	231	388	–	n. a.	115	621	–	n. a.	231
Total non-performance-based and performance-based compensation	7,352	1,750	n. a.	4,045	4,280	1,325	n. a.	2,303	3,880	1,145	n. a.	4,996
Pension expense	570	570	570	429	533	533	533	404	280	280	280	233
Value of Benefits granted	7,922	2,320	n. a.	4,474	4,813	1,858	n. a.	2,707	4,160	1,425	n. a.	5,229

[1] *Includes insurance premiums, private use of company cars, rent and relocation supplements, contributions to pension and health insurance, tax burden compensation due to varying tax rates applicable in Germany and the U.S. (net compensation) and other benefits, also in case accruals have been set up therefore.*

[2] *The date indicated refers to the appointment to the Management Board of the General Partner.*

[3] *Please note for purposes of comparison with the amounts indicated for the fiscal year that Mr. Wehner has received compensation as a member of the Management Board only since his appointment April 1, 2014 and that the compensation is subject to foreign exchange rate fluctuations depending on whether it is contractually denominated in euro (Roberto Fusté, Dr. Olaf Schermeier and Dominik Wehner) or U.S. dollar (Rice Powell, Michael Brosnan, Ronald Kuerbitz and Kent Wanzek).*

[4] *Includes a discretionary bonus for fiscal year 2015 granted to Mr. Rice Powell in the amount of €541 (2014: €376), to Mr. Michael Brosnan in the amount of €306 (2014: €188), to Mr. Roberto Fusté in the amount of €189 (2014: €0), to Mr. Ronald Kuerbitz in the amount of €451 (2014: €188), to Mr. Kent Wanzek in the amount of €203 (2014: €0), to Dr. Olaf Schermeier in the amount of €203 (2014: €0) and to Mr. Dominik Wehner in the amount of €117 (2014: €0).*

[5] *Also included are payments and accruals the Company made in the context of holding Mr. Roberto Fusté harmless from certain adverse tax effects.*

[6] *This also includes the rent and relocation supplements incurred by the Company, including, but not limited to, non-recurring costs in connection with the relocation of Dr. Schermeier at the start of his occupation with the Company.*

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	Ronald Kuerbitz *Member of the Management Board for North America* *Member of the Management Board since January 1, 2013*				**Kent Wanzek** *Member of the Management Board for Global Manufacturing Operations* *Member of the Management Board since January 1, 2010*				**Dr. Olaf Schermeier** *Member of the Management Board for Global Research and Development* *Member of the Management Board since March 1, 2013*				**Dominik Wehner** *Member of the Management Board for EMEA* *Member of the Management Board since April 1, 2014*			
	2015	**2015** Minimum	**2015** Maximum	2014[3]	**2015**	**2015** Minimum	**2015** Maximum	2014[3]	**2015**	**2015** Minimum	**2015** Maximum	2014[3]	**2015**	**2015** Minimum	**2015** Maximum	2014[3]
	843	843	843	640	538	538	538	406	450	450	450	400	350	350	350	263
	28	28	28	19	112	112	112	74	635[6]	635	635	234	37	37	37	20
	871	871	871	659	650	650	650	480	1,085	1,085	1,085	634	387	387	387	283
	1,841[4]	115	2,120[4]	1,244[4]	1,091[4]	73	1,268[4]	671	946[4]	56	1,094[4]	660	695[4]	53	810[4]	433
	1,636	–	n. a.	557	1,643	–	n. a.	553	1,584	–	n. a.	503	1,617	–	n. a.	521
	111	–	n. a.	105	130	–	n. a.	98	59	–	n. a.	51	92	–	n. a.	69
	748	–	n. a.	337	1,047	–	n. a.	224	748	–	n. a.	337	748	–	n. a.	337
	777	–	n. a.	115	466	–	n. a.	231	777	–	n. a.	115	777	–	n. a.	115
	4,348	986	n. a.	2,460	3,384	723	n. a.	1,704	3,615	1,141	n. a.	1,797	2,699	440	n. a.	1,237
	2,327	2,327	2,327	–	292	292	292	210	–	–	–	–	99	99	99	29
	6,675	3,313	n. a.	2,460	3,676	1,015	n. a.	1,914	3,615	1,141	n. a.	1,797	2,798	539	n. a.	1,266

ALLOCATIONS

in € THOUS

	Rice Powell *Chairman of the Management Board Member of the Management Board since December 21, 2005*[2]		Michael Brosnan *Chief Financial Officer Member of the Management Board since January 1, 2010*		Roberto Fusté *Member of the Management Board for Asia-Pacific Member of the Management Board since December 21, 2005*[2]	
	2015	*2014*[3]	***2015***	*2014*[3]	***2015***	*2014*[3]
Fixed compensation	1,239	941	694	546	580	550
Fringe benefits[1]	342	151	533	147	482[4]	2,970[4]
Performance-based compensation	1,581	1,092	1,227	693	1,062	3,520
One-year variable compensation	1,032[5]	737[5]	581[5]	398[5]	648[5]	339
Multi-year variable compensation/components with long-term incentive effects	2,608	399	4,031	1,330	3,518	2,154
thereof Share Based Award – New Incentive Bonus Plan 2009 3-year term/3-year vesting period						
Grant 2009	–	–	–	–	–	154
thereof Share Based Award – New Incentive Bonus Plan 2010 3 Jahre 3-year term/3-year vesting period						
Grant 2010	–	399	–	225	–	155
Grant 2011	485	–	292	–	262	–
thereof Internation Stock Option Plan 2001 10-year term/one third 2-, 3- and 4-year vesting period						
Grant 2004	–	–	–	680	–	1,050
Grant 2005	–	–	2,353	–	–	–
thereof Stock Option Plan 2006 7-year term/3-year vesting period						
Grant 2007	–	–	–	425	–	795
Grant 2008	2,123	–	1,386	–	2,110	–
Grant 2009	–	–	–	–	1,146	–
Grant 2010	–	–	–	–	–	–
thereof Long Term Incentive Program 2011 – Stock Option Plan 2011 8-year term/4-year vesting period						
Grant 2011	–	–	–	–	–	–
thereof Long Term Incentive Program 2011 – Phantom Stock Plan 2011 5-year term/4-year vesting period						
Grant 2011	–	–	–	–	–	–
Other	–	–	–	–	–	–
Total non-performance-based and performance-based compensation	5,221	2,228	5,839	2,421	5,228	6,013
Pension expense	570	429	533	404	280	233
Allocation	5,791	2,657	6,372	2,825	5,508	6,246

[1] *Includes insurance premiums, private use of company cars, rent and relocation supplements, contributions to pension and health insurance, tax burden compensation due to varying tax rates applicable in Germany and the U.S. (net compensation) and other benefits, also in case accruals have been set up therefore.*

[2] *The date indicated refers to the appointment to the Management Board of the General Partner.*

[3] *Please note for purposes of comparison with the amounts indicated for the fiscal year that Mr. Wehner has received compensation as a member of the Management Board only since his appointment April 1, 2014 and that the compensation is subject to foreign exchange rate fluctuations depending on whether it is contractually denominated in euro (Roberto Fusté, Dr. Olaf Schermeier and Dominik Wehner) or U.S. dollar (Rice Powell, Michael Brosnan, Ronald Kuerbitz and Kent Wanzek).*

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	Ronald Kuerbitz *Member of the Management Board for North America* *Member of the Management Board since January 1, 2013*		**Kent Wanzek** *Member of the Management Board for Global Manufacturing Operations* *Member of the Management Board since January 1, 2010*		**Dr. Olaf Schermeier** *Member of the Management Board for Global Research and Development* *Member of the Management Board since March 1, 2013*		**Dominik Wehner** *Member of the Management Board for EMEA* *Member of the Management Board since April 1, 2014*	
	2015	*2014*[3]	***2015***	*2014*[3]	***2015***	*2014*[3]	***2015***	*2014*[3]
	843	640	538	406	450	400	350	263
	28	19	112	74	635[6]	234	37	20
	871	659	650	480	1,085	634	387	283
	785[5]	503[5]	594[5]	294	381[5]	153	394[5]	208
	1,900	1,084	255	932	–	–	784	–
	–	–	–	–	–	–	–	–
	–	–	–	179	–	–	–	–
	–	–	255	–	–	–	–	–
	–	–	–	–	–	–	–	–
	–	–	–	–	–	–	475	–
	–	442	–	–	–	–	–	–
	–	642	–	345	–	–	309	–
	824	–	–	408	–	–	–	–
	1,076	–	–	–	–	–	–	–
	–	–	–	–	–	–	–	–
	–	–	–	–	–	–	–	–
	–	–	–	–	–	–	–	–
	3,556	2,246	1,499	1,706	1,466	787	1,565	491
	2,327	–	292	210	–	–	99	29
	5,883	2,246	1,791	1,916	1,466	787	1,664	520

[4] *Also included are payments and accruals the Company made in the context of holding Mr. Roberto Fusté harmless from certain adverse tax effects.*

[5] *Includes a discretionary bonus for fiscal year 2015 granted to Mr. Rice Powell in the amount of €541 (2014: €376), to Mr. Michael Brosnan in the amount of €306 (2014: €188), to Mr. Roberto Fusté in the amount of €189 (2014: €0), to Mr. Ronald Kuerbitz in the amount of €451 (2014: €188), to Mr. Kent Wanzek in the amount of €203 (2014: €0), to Dr. Olaf Schermeier in the amount of €203 (2014: €0) and to Mr. Dominik Wehner in the amount of €117 (2014: €0).*

[6] *This also includes the rent and relocation supplements incurred by the Company, including, but not limited to, non-recurring costs in connection with the relocation of Dr. Schermeier at the start of his occupation with the Company.*

COMPENSATION OF THE SUPERVISORY BOARD

The compensation of the FMC AG & CO. KGAA Supervisory Board is set out in clause 13 of the Articles of Association. If the General Meeting resolves on a higher compensation in consideration of the annual profits with a majority of three-fourths of the votes cast, such compensation will apply.

Each Supervisory Board member receives a fixed salary of $80 THOUS for each full fiscal year, payable in four equal instalments at the end of a calendar quarter. The Chairman of the Supervisory Board receives additional compensation of $80 THOUS and his deputy additional compensation of $40 THOUS per respective complete fiscal year.

In addition, each member of the Supervisory Board shall also receive as a variable performance-related compensation component an additional remuneration which is based upon the respective average growth in basic earnings per share of the Company (EPS) during the period of the last three fiscal years prior to the payment date (3-year average EPS growth). The amount of the variable performance-related remuneration component is $60 THOUS in case of achieving a 3-year average EPS growth corridor from 8.00 to 8.99%, $70 THOUS in the corridor from 9.00 to 9.99% and $80 THOUS in case of a growth of 10.00% or more. If the aforementioned targets are reached, the respective variable remuneration amounts are earned to their full extent, i.e. within these margins there is no pro rata remuneration. In any case, this component is limited to a maximum of $80 THOUS per annum. Reciprocally, the members of the Supervisory Board are only entitled to the remuneration component if the 3 year average EPS growth of at least 8.00% is reached. The remuneration, based on the target achievement, is in principle disbursed on a yearly basis, namely following approval of the Company's annual financial statements, this for the fiscal year based on the 3-year average EPS growth for the fiscal years 2013, 2014 and 2015.

In application of the principles above, neither for the previous year nor for the fiscal year a variable performance-related compensation component was generated.

As a member of a committee, a Supervisory Board member of FMC AG & CO. KGAA additionally annually receives $40 THOUS, or, as chairman or vice chairman of a committee, $60 THOUS or $50 THOUS, respectively payable in identical instalments at the end of a calendar quarter. For memberships in the Nomination Committee and in the Joint Committee as well as in the capacity of their respective chairmen and deputy chairmen, no separate remuneration shall be granted.

Should a member of the FMC AG & CO. KGAA Supervisory Board be a member of the Supervisory Board of the General Partner Fresenius Medical Care Management AG at the same time, and receive compensation for his work on the Supervisory Board of Fresenius Medical Care Management AG, the compensation for the work as a FMC AG & CO. KGAA Supervisory Board member shall be reduced by half. The same applies to the additional compensation for the Chairman of the FMC AG & CO. KGAA Supervisory Board and his deputy, to the extent that they are at the same time chairman and deputy, respectively, of the Supervisory Board of Fresenius Medical Care Management AG. If the deputy chairman of the FMC AG & CO. KGAA Supervisory Board is at the same time chairman of the Supervisory Board at Fresenius Medical Care Management AG, he shall receive no additional compensation for his work as deputy chairman of the FMC AG & CO. KGAA Supervisory Board to this extent.

The compensation for the Supervisory Board of Fresenius Medical Care Management AG and the compensation for its committees were charged to FMC AG & CO. KGAA in accordance with section 7 para. 3 of the Articles of Association of FMC AG & CO. KGAA.

The members of the Supervisory Board are to be reimbursed for the expenses incurred in their exercise of their offices, which also include the applicable VAT.

The total compensation of the Supervisory Board of FMC AG & CO. KGAA including the amount charged by Fresenius Medical Care Management AG to FMC AG & CO. KGAA, is stated in table 3.13 on page 135.

COMPENSATION OF THE SUPERVISORY BOARD

T. 3.13

in € THOUS[1]

	Fixed compensation for Supervisory Board at				*Compensation for committee services at*				*Non-Performance related compensation*	
	FMC Management AG		*FMC AG & Co. KGaA*		*FMC Management AG*		*FMC AG & Co. KGaA*			
	2015	*2014*	***2015***	*2014*	***2015***	*2014*	***2015***	*2014*	***2015***	*2014*
Dr. Gerd Krick	36	30	108	90	54	45	36	30	234	195
Dr. Dieter Schenk	54	45	54	45	45	38	–	–	153	128
Dr. Ulf M. Schneider[2]	144	120	–	–	63	53	–	–	207	173
Dr. Walter L. Weisman	36	30	36	30	45	38	54	45	171	143
William P. Johnston	36	30	36	30	108	90	36	30	216	180
Prof. Dr. Bernd Fahrholz[3]	–	–	72	60	–	–	45	38	117	98
Rolf A. Classon	36	30	36	30	54	45	–	–	126	105
▸ **TOTAL**	**342**	**285**	**342**	**285**	**369**	**309**	**171**	**143**	**1,224**	**1,022**

[1] *Shown without VAT and withholding tax; translation of U.S. dollar amounts at respective average exchange rates for the respective year.*
[2] *Chairman of the Supervisory Board of FMC Management AG, but not member of the Supervisory Board of FMC AG & Co. KGaA; compensation paid by FMC Management AG.*
[3] *Member of the Supervisory Board of FMC AG & Co. KGaA, but not member of the Supervisory Board of FMC Management AG; compensation paid by FMC AG & Co. KGaA.*

BODIES OF THE COMPANY
FRESENIUS MEDICAL CARE AG & CO. KGAA

SUPERVISORY BOARD

Dr. Gerd Krick
Chairman

Supervisory Board
Fresenius Management SE (Chairman)
Fresenius SE & Co. KGaA (Chairman)
Fresenius Medical Care Management AG
Vamed AG, Austria (Chairman)

Dr. Dieter Schenk
Vice Chairman
Attorney and tax advisor

Supervisory Board
Fresenius Management SE
(Vice Chairman)
Fresenius Medical Care Management AG
(Vice Chairman)
Bank Schilling & Co. AG
(Chairman, since May 5, 2015;
previously member since May 1, 2015)
Gabor Shoes AG (Chairman)
Greiffenberger AG
(Vice Chairman)
TOPTICA Photonics AG (Chairman)

Foundation Board
Else Kröner-Fresenius-Stiftung (Chairman)

Dr. Walter L. Weisman
Former Chairman and Chief Executive Officer
of American Medical International, Inc.

Supervisory Board
Fresenius Medical Care Management AG

Board of Trustees
California Institute of Technology, U.S.
(Senior Trustee)
Los Angeles County Museum of Art, U.S.
(Life Trustee)
Oregon Shakespeare Festival, U.S.
(Trustee)

William P. Johnston
Former Chairman of the Board of Directors of
Renal Care Group, Inc.

Supervisory Board
Fresenius Medical Care Management AG

Board of Directors
The Hartford Mutual Funds, Inc., U.S.
(Chairman, since August 6, 2015;
previously member)
HCR-Manor Care, Inc., U.S.

Others
The Carlyle Group, U.S. (Operating Executive)

Prof. Dr. Bernd Fahrholz
Attorney

Rolf A. Classon
Chairman of the Board of Directors
of Hill-Rom Holdings, Inc.

Supervisory Board
Fresenius Medical Care Management AG

Board of Directors
Auxilium Pharmaceuticals, Inc., U.S.
(Chairman, until January 29, 2015)
Tecan Group Ltd., U.S. (Chairman)
Catalent, Inc., U.S.

Dr. Ben J. Lipps
Honorary Chairman

SUPERVISORY BOARD COMMITTEES

Audit and Corporate Governance Committee
Dr. Walter L. Weisman (Chairman)
Prof. Dr. Bernd Fahrholz
(Vice Chairman)
William P. Johnston
Dr. Gerd Krick

Nomination Committee
Dr. Gerd Krick (Chairman)
Dr. Dieter Schenk
Dr. Walter L. Weisman

Joint Committee[1]
William P. Johnston
Dr. Gerd Krick[2]
Dr. Walter L. Weisman

[1] *Dr. Ulf M. Schneider is an additional member of the Joint Committee as representative of Fresenius Medical Care Management AG. He is not a member of the Supervisory Board of Fresenius Medical Care AG & Co. KGaA.*
[2] *Member of the Joint Committee as representative of Fresenius Medical Care Management AG.*

FRESENIUS MEDICAL CARE MANAGEMENT AG GENERAL PARTNER OF FRESENIUS MEDICAL CARE AG & CO. KGAA

SUPERVISORY BOARD

Dr. Ulf M. Schneider
Chairman

Management Board
Fresenius Management SE,
General Partner of Fresenius SE & Co. KGaA
(Chairman)

Supervisory Board
Fresenius Kabi AG (Chairman)
HELIOS Kliniken GmbH
(Chairman, until September 7, 2015)
FPS Beteiligungs AG
(Chairman, until July 20, 2015)

Board of Directors
Fresenius Kabi U.S., Inc., U.S.
E.I. Du Pont de Nemours and Company, U.S.

Dr. Dieter Schenk
Vice Chairman

Dr. Gerd Krick

Dr. Walter L. Weisman

William P. Johnston

Rolf A. Classon

Dr. Ben J. Lipps
Honorary Chairman

MANAGEMENT BOARD

Rice Powell
Chairman and Chief Executive Officer

Management Board
Fresenius Management SE,
General Partner of Fresenius SE & Co. KGaA

Board of Directors
Fresenius Medical Care Holdings, Inc., U.S.
(Chairman)

Board of Administration
Vifor Fresenius Medical Care Renal Pharma Ltd.,
Switzerland (Vice Chairman)

Michael Brosnan
Chief Financial Officer

Board of Directors
Fresenius Medical Care Holdings, Inc., U.S.

Board of Administration
Vifor Fresenius Medical Care Renal Pharma Ltd.,
Switzerland

Roberto Fusté
Chief Executive Officer for Asia-Pacific

Ronald Kuerbitz
Chief Executive Officer for North America

Board of Administration
Vifor Fresenius Medical Care Renal Pharma Ltd.,
Switzerland (since March 31, 2015)

Board of Directors
Fresenius Medical Care Holdings, Inc., U.S.
Specialty Care Services Group, LLC, U.S.

Dr. Olaf Schermeier
Chief Executive Officer for Research and Development

Kent Wanzek
Chief Executive Officer for Global Manufacturing Operations

Board of Directors
Fresenius Medical Care Holdings, Inc., U.S.

Dominik Wehner
Chief Executive Officer for Europe, Middle East and Africa and Labor Relations Director for Germany

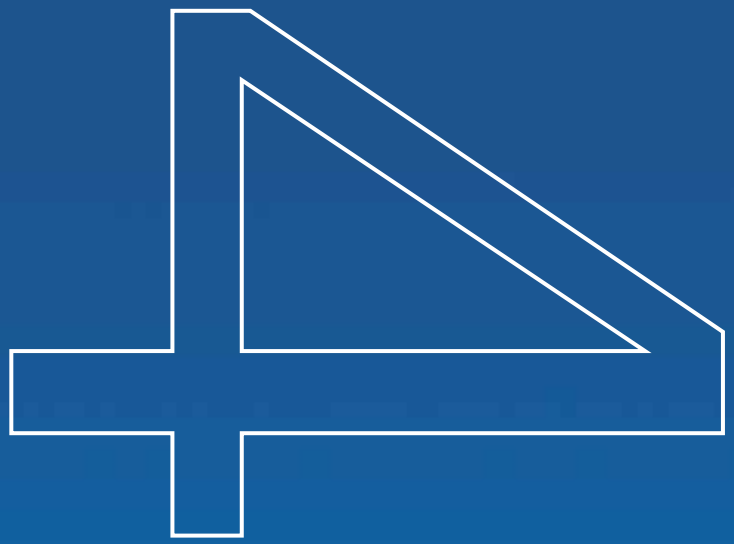
Board of Administration
Vifor Fresenius Medical Care Renal Pharma Ltd.,
Switzerland

SUPERVISORY BOARD COMMITTEES

Human Resources Committee
Dr. Ulf M. Schneider (Chairman)
Dr. Gerd Krick (Vice Chairman)
William P. Johnston
Dr. Walter L. Weisman

Regulatory and Reimbursement Assessment Committee
William P. Johnston (Chairman)
Rolf A. Classon (Vice Chairman)
Dr. Dieter Schenk

Nomination Committee
Dr. Ulf M. Schneider (Chairman)
Dr. Gerd Krick
Dr. Walter L. Weisman



CONSOLIDATED FINANCIAL STATEMENTS

4 CONSOLIDATED FINANCIAL STATEMENTS

Fresenius Medical Care filed an Annual Report under Form 20-F with the Securities and Exchange Commission (SEC) with additional information on the company. Fresenius Medical Care's Annual Report on Form 20-F may be obtained from the company.

The audited Financial Statements of the group's holding company, Fresenius Medical Care AG & Co. KGaA, will be submitted electronically to the German Federal Gazette (Bundesanzeiger) who files these Financial Statements with the company register. These Financial Statements can be obtained from the company.

The audited Consolidated Financial Statements in accordance with § 315a Commercial Code (HGB) will be submitted electronically to the German Federal Gazette (Bundesanzeiger) who files these Consolidated Financial Statements with the company register. These Financial Statements can be obtained from the company.

The publications can be also accessed on www.freseniusmedicalcare.com.

CONSOLIDATED STATEMENTS OF INCOME

CONSOLIDATED STATEMENTS OF INCOME

T. 4.1

in $ THOUS, except share data

	Note	2015	2014
Net revenue			
Health Care		13,801,298	12,552,646
Less: patient service bad debt provision		409,583	302,647
Net Health Care		13,391,715	12,249,999
Dialysis products		3,345,867	3,581,614
▸ **TOTAL**	23	**16,737,582**	**15,831,613**
Costs of revenue			
Dialysis Care		9,861,253	9,131,005
Dialysis products		1,545,166	1,704,762
▸ **TOTAL**		**11,406,419**	**10,835,767**
Gross profit		5,331,163	4,995,846
Operating (income) expenses			
Selling, general and administrative		2,895,581	2,644,037
Research and development		140,302	122,114
Income from equity method investees	23	(31,452)	(24,838)
▸ **OPERATING INCOME**		**2,326,732**	**2,254,533**
Interest income		(116,575)	(84,240)
Interest expense		508,035	495,367
Income before income taxes		1,935,272	1,843,406
Income tax expense	17	622,123	583,598
Net income		1,313,149	1,259,808
Less: Net income attributable to noncontrolling interests		283,704	214,542
▸ **NET INCOME ATTRIBUTABLE TO SHAREHOLDERS OF FMC AG & CO. KGAA**		**1,029,445**	**1,045,266**
▸ **BASIC EARNINGS PER SHARE**	15	**3.38**	**3.46**
▸ **FULLY DILUTED EARNINGS PER SHARE**	15	**3.38**	**3.45**

See accompanying notes to consolidated financial statements.

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME T. 4.2

in $ THOUS

	Note	2015	2014
▸ **NET INCOME**		**1,313,149**	**1,259,808**
Gain (loss) related to cash flow hedges	20, 21	60,131	25,547
Actuarial gains (losses) on defined benefit pension plans	11, 21	83,927	(215,161)
Gain (loss) related to foreign currency translation	21	(353,504)	(421,789)
Income tax (expense) benefit related to components of other comprehensive income	21	(44,067)	68,161
▸ **OTHER COMPREHENSIVE INCOME (LOSS), NET OF TAX**	21	**(253,513)**	**(543,242)**
▸ **TOTAL COMPREHENSIVE INCOME**		**1,059,636**	**716,566**
Comprehensive income attributable to noncontrolling interests		278,743	208,456
▸ **COMPREHENSIVE INCOME ATTRIBUTABLE TO SHAREHOLDERS OF FMC AG & CO. KGAA**		**780,893**	**508,110**

See accompanying notes to consolidated financial statements.

CONSOLIDATED BALANCE SHEETS

CONSOLIDATED BALANCE SHEETS T. 4.3

in $ THOUS, except share data, December 31

Assets	Note	2015	2014
Current assets			
Cash and cash equivalents		549,500	633,855
Trade accounts receivable less allowance for doubtful accounts of $465,790 in 2015 and $418,508 in 2014		3,285,196	3,203,655
Accounts receivable from related parties	2	218,285	193,225
Inventories	3	1,340,751	1,115,554
Prepaid expenses and other current assets	4	1,374,715	1,326,569
Deferred taxes	17	216,127	245,354
▸ **TOTAL CURRENT ASSETS**		**6,984,574**	**6,718,212**
Property, plant and equipment, net	5	3,425,574	3,290,180
Intangible assets	6	830,489	869,411
Goodwill	6	13,032,750	13,082,180
Deferred taxes	17	140,938	141,052
Investment in equity method investees	23	644,709	676,822
Other assets and notes receivables	7	474,452	603,124
▸ **TOTAL ASSETS**		**25,533,486**	**25,380,981**

See accompanying notes to consolidated financial statements.

CONSOLIDATED BALANCE SHEETS

T. 4.3

in $ THOUS, except share data, December 31

Liabilities and shareholders' equity	Note	2015	2014
Current liabilities			
Accounts payable		627,828	573,184
Accounts payable to related parties	2	153,023	140,731
Accrued expenses and other current liabilities	8	2,503,137	2,197,245
Short-term debt	9	109,252	132,693
Short-term debt from related parties	9	19,052	5,357
Current portion of long-term debt and capital lease obligations	10	664,335	313,607
Income tax payable		72,819	79,687
Deferred taxes	17	36,399	34,787
▸ **TOTAL CURRENT LIABILITIES**		**4,185,845**	**3,477,291**
Long-term debt and capital lease obligations, less current portion	10	7,853,487	9,014,157
Other liabilities		465,625	411,976
Pension liabilities	11	585,328	642,318
Income tax payable		162,500	177,601
Deferred taxes	17	756,333	804,609
▸ **TOTAL LIABILITIES**		**14,009,118**	**14,527,952**
Noncontrolling interests subject to put provisions and other temporary equity	12	1,028,368	824,658
Shareholders' equity			
Ordinary shares, no par value, €1.00 nominal value, 392,462,972 shares authorized, 312,863,071 issued and 305,314,120 outstanding	13	387,162	385,215
Treasury stock, at cost	13	(505,014)	(505,014)
Additional paid-in capital	13	3,470,308	3,546,075
Retained earnings	13	7,870,981	7,104,780
Accumulated other comprehensive (loss) income	21	(1,336,295)	(1,087,743)
▸ **TOTAL FMC AG & CO. KGAA SHAREHOLDERS' EQUITY**		**9,887,142**	**9,443,313**
Noncontrolling interests not subject to put provisions		608,858	585,058
▸ **TOTAL EQUITY**		**10,496,000**	**10,028,371**
▸ **TOTAL LIABILITIES AND EQUITY**		**25,533,486**	**25,380,981**

See accompanying notes to consolidated financial statements.

CONSOLIDATED STATEMENTS OF CASH FLOWS

CONSOLIDATED STATEMENTS OF CASH FLOWS T. 4.4

in $ THOUS

	Note	2015	2014
Operating activities			
Net income		1,313,149	1,259,808
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization	5, 6, 23	717,322	699,328
Change in deferred taxes, net		(45,452)	113,790
(Gain) loss on sale of fixed assets and investments		(2,318)	2,654
Compensation expense related to stock options	16	12,323	8,507
Investments in equity method investees, net		(17,776)	23,123
Changes in assets and liabilities, net of amounts from businesses acquired:			
Trade accounts receivable, net		(330,960)	(157,411)
Inventories		(301,009)	(85,758)
Prepaid expenses, other current and non-current assets		47,997	(24,179)
Accounts receivable from related parties		(300)	(118,800)
Accounts payable to related parties		27,208	113,822
Accounts payable, accrued expenses and other current and non-current liabilities		548,955	121,424
Income tax payable		(9,092)	(94,916)
▸ **NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES**		**1,960,047**	**1,861,392**

See accompanying notes to consolidated financial statements.

CONSOLIDATED STATEMENTS OF CASH FLOWS

T. 4.4

in $ THOUS

	Note	2015	2014
Investing activities			
Purchases of property, plant and equipment	23	(952,943)	(931,627)
Proceeds from sale of property, plant and equipment		17,408	11,673
Acquisitions and investments, net of cash acquired, and purchases of intangible assets	7, 22, 23	(316,810)	(1,779,058)
Proceeds from divestitures		251,660	8,257
▸ **NET CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES**		**(1,000,685)**	**(2,690,755)**
Financing activities			
Proceeds from short-term debt		287,526	197,481
Repayments of short-term debt		(313,872)	(171,889)
Proceeds from short-term debt from related parties		58,804	303,695
Repayments of short-term debt from related parties		(44,270)	(358,638)
Proceeds from long-term debt and capital lease obligations (net of debt issuance costs of $58,967 in 2014)		6,035	2,910,611
Repayments of long-term debt and capital lease obligations		(324,855)	(1,647,978)
Increase (decrease) of accounts receivable securitization program		(290,750)	(9,500)
Proceeds from exercise of stock options		94,166	107,047
Dividends paid	13	(263,244)	(317,903)
Distributions to noncontrolling interests		(284,474)	(250,271)
Contributions from noncontrolling interests		67,395	42,356
▸ **NET CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES**		**(1,007,539)**	**805,011**
▸ **EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS**		**(36,178)**	**(24,570)**
Cash and cash equivalents			
Net increase (decrease) in cash and cash equivalents		(84,355)	(48,922)
Cash and cash equivalents at beginning of period		633,855	682,777
▸ **CASH AND CASH EQUIVALENTS AT END OF PERIOD**		**549,500**	**633,855**

See accompanying notes to consolidated financial statements.

CONSOLIDATED STATEMENT OF SHAREHOLDERS' EQUITY

CONSOLIDATED STATEMENT OF SHAREHOLDERS' EQUITY T. 4.5

in $ THOUS, except share data

		Shares		Treasury stock	
	Note	*Number of shares*	*No par value*	*Number of shares*	*Amount*
▸ **BALANCE AT DECEMBER 31, 2013**		**308,995,730**	**382,411**	**(7,548,951)**	**(505,014)**
Proceeds from exercise of options and related tax effects	*16*	2,108,521	2,804	–	–
Compensation expense related to stock options	*16*	–	–	–	–
Dividends paid	*13*	–	–	–	–
Purchase/sale of noncontrolling interests		–	–	–	–
Contributions from/to noncontrolling interests		–	–	–	–
Expiration of put provisions and other reclassifications	*12*	–	–	–	–
Changes in fair value of noncontrolling interests subject to put provisions	*12*	–	–	–	–
Net income		–	–	–	–
Other comprehensive income (loss)	*21*	–	–	–	–
Comprehensive income		–	–	–	–
▸ **BALANCE AT DECEMBER 31, 2014**		**311,104,251**	**385,215**	**(7,548,951)**	**(505,014)**
Proceeds from exercise of options and related tax effects	*16*	1,758,820	1,947	–	–
Compensation expense related to stock options	*16*	–	–	–	–
Vested subsidiary stock incentive plans	*16*				
Dividends paid	*13*	–	–	–	–
Purchase/sale of noncontrolling interests		–	–	–	–
Contributions from/to noncontrolling interests		–	–	–	–
Expiration of put provisions and other reclassifications	*12*	–	–	–	–
Changes in fair value of noncontrolling interests subject to put provisions	*12*	–	–	–	–
Net income		–	–	–	–
Other comprehensive income (loss)	*21*	–	–	–	–
Comprehensive income		–	–	–	–
▸ **BALANCE AT DECEMBER 31, 2015**		**312,863,071**	**387,162**	**(7,548,951)**	**(505,014)**

See accompanying notes to consolidated financial statements.

CONSOLIDATED STATEMENT OF SHAREHOLDERS' EQUITY

T. 4.5

in $ THOUS, except share data

	Note	Additional paid in capital	Retained earnings	Accumulated other comprehensive income (loss)	Total FMC AG & Co. KGaA shareholders' equity	Noncontrolling interests not subject to put provisions	Total
▸ **BALANCE AT DECEMBER 31, 2013**		**3,530,337**	**6,377,417**	**(550,587)**	**9,234,564**	**250,456**	**9,485,020**
Proceeds from exercise of options and related tax effects	16	99,182	–	–	101,986	–	101,986
Compensation expense related to stock options	16	8,507	–	–	8,507	–	8,507
Dividends paid	13	–	(317,903)	–	(317,903)	–	(317,903)
Purchase/sale of noncontrolling interests		(2,184)	–	–	(2,184)	322,570	320,386
Contributions from/to noncontrolling interests		–	–	–	–	(71,054)	(71,054)
Expiration of put provisions and other reclassifications	12	–	–	–	–	4,650	4,650
Changes in fair value of noncontrolling interests subject to put provisions	12	(89,767)	–	–	(89,767)	–	(89,767)
Net income		–	1,045,266	–	1,045,266	80,949	1,126,215
Other comprehensive income (loss)	21	–	–	(537,156)	(537,156)	(2,513)	(539,669)
Comprehensive income					508,110	78,436	586,546
▸ **BALANCE AT DECEMBER 31, 2014**		**3,546,075**	**7,104,780**	**(1,087,743)**	**9,443,313**	**585,058**	**10,028,371**
Proceeds from exercise of options and related tax effects	16	87,065	–	–	89,012	–	89,012
Compensation expense related to stock options	16	12,323	–	–	12,323	–	12,323
Vested subsidiary stock incentive plans	16	(4,613)	–	–	(4,613)	–	(4,613)
Dividends paid	13	–	(263,244)	–	(263,244)	–	(263,244)
Purchase/sale of noncontrolling interests		7,461	–	–	7,461	7,169	14,630
Contributions from/to noncontrolling interests		–	–	–	–	(100,852)	(100,852)
Expiration of put provisions and other reclassifications	12	–	–	–	–	(5,206)	(5,206)
Changes in fair value of noncontrolling interests subject to put provisions	12	(178,003)	–	–	(178,003)	–	(178,003)
Net income		–	1,029,445	–	1,029,445	124,577	1,154,022
Other comprehensive income (loss)	21	–	–	(248,552)	(248,552)	(1,888)	(250,440)
Comprehensive income					780,893	122,689	903,582
▸ **BALANCE AT DECEMBER 31, 2015**		**3,470,308**	**7,870,981**	**(1,336,295)**	**9,887,142**	**608,858**	**10,496,000**

See accompanying notes to consolidated financial statements.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Unless otherwise noted, numbers are stated in thousands, except share data

1. THE COMPANY AND BASIS OF PRESENTATION

The Company

Fresenius Medical Care AG & Co. KGaA (FMC AG & CO. KGAA or the Company), a German partnership limited by shares (Kommanditgesellschaft auf Aktien), is the world's largest kidney dialysis company. The Company provides dialysis treatment and related dialysis care services to persons who suffer from end-stage renal disease (ESRD), as well as other health care services. The Company provides dialysis products for the treatment of ESRD, including products manufactured and distributed by the Company such as hemodialysis machines, peritoneal cyclers, dialyzers, peritoneal solutions, hemodialysis concentrates, solutions and granulates, bloodlines, renal pharmaceuticals and systems for water treatment. The Company supplies dialysis clinics it owns, operates or manages with a broad range of products in addition to sales of dialysis products to other dialysis service providers. The Company describes its other health care services as "Care Coordination." Care Coordination services include the coordinated delivery of pharmacy services, vascular, cardiovascular and endovascular specialty services, non-dialysis laboratory testing services, physician services, hospitalist and intensivist services, health plan services and urgent care services, which, together with dialysis care services represent the Company's health care services.

In these notes, "FMC AG & CO. KGAA," or the "Company," "we", "us" or "our" refers to the Company or the Company and its subsidiaries on a consolidated basis, as the context requires. The term "North America segment" refers to the North America operating segment; the term "EMEA segment" refers to the Europe, Middle East and Africa operating segment, the term "Asia-Pacific segment" refers to the Asia-Pacific operating segment, and the term "Latin America segment" refers to the Latin America operating segment. For further discussion of our operating segments, see note 23.

Basis of presentation

The accompanying consolidated financial statements have been prepared in accordance with the United States' generally accepted accounting principles (U.S. GAAP).

The preparation of consolidated financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. Such financial statements reflect all adjustments that, in the opinion of management, are necessary for a fair presentation of the results of the periods presented. All such adjustments are of a normal recurring nature.

Summary of significant accounting policies

a) Principles of consolidation

The consolidated financial statements include the earnings of all companies in which the Company has legal or effective control. This includes variable interest entities (VIEs) for which the Company is deemed the primary beneficiary. The Company also consolidates certain clinics that it manages and financially controls. Noncontrolling interests represent the proportionate equity interests in the Company's consolidated entities that are not wholly owned by the Company. Noncontrolling interests of acquired entities are valued at fair value. The equity method of accounting is used for investments in associated companies over which the Company has significant exercisable influence, even when the Company holds 50% or less of the common stock of the entity. All significant intercompany transactions and balances have been eliminated.

The Company has entered into various arrangements with certain legal entities whereby the entities' investors own disproportionate equity ownership interests in relation to the risks and rewards they retain for these arrangements or the entities are unable to provide their own funding for their operations. In these arrangements, the entities are VIEs in which the Company has been determined to be the primary beneficiary and which therefore have been fully consolidated. During 2015, the Company has consolidated three new VIEs in the North America segment as a result of new arrangements with legal entities whereby the entities' investors own disproportionate equity ownership interests in relation to the risks and rewards they retain for these arrangements while two entities have ceased to be VIEs due to either an increase in the Company's shareholdings to 100% or a dissolution of a previously consolidated entity. In the Latin America segment, 18 entities have ceased to be VIEs due to a change in legislation allowing the company to increase its shareholdings to 100%. The Company has provided some or all of the following services to VIEs: management, financing or product supply. Consolidated VIEs generated approximately $761,675 and $533,652 in revenue in 2015 and 2014, respectively. At December 31, 2015 and 2014 the Company provided funding to VIEs through loans and accounts receivable of $277,119 and $298,875, respectively. The table below shows the carrying amounts of the assets and liabilities of VIEs at December 31, 2015 and 2014:

CARRYING AMOUNTS VIES T. 4.6

in $ THOUS

	2015	2014
Trade accounts receivable, net	278,365	195,369
Other current assets	73,206	232,487
Property, plant and equipment, intangible assets & other non-current assets	37,637	59,351
Goodwill	25,760	37,934
Accounts payable, accrued expenses and other liabilities	369,635	485,006
Non-current loans from related parties	28,986	28,985
Equity	16,347	11,150

b) Cash and cash equivalents

Cash and cash equivalents comprise cash funds and all short-term, liquid investments with original maturities of up to three months.

c) Inventories

Inventories are stated at the lower of cost (determined by using the average or first-in, first-out method) or net realizable value see note 3. Costs included in inventories are based on invoiced costs and/or production costs or the marked to market valuation, as applicable. Included in production costs are material, direct labor and production overhead, including depreciation charges.

d) Property, plant and equipment

Property, plant, and equipment are stated at cost less accumulated depreciation see note 5. Significant improvements are capitalized; repairs and maintenance costs that do not extend the useful lives of the assets are charged to expense as incurred. Property and equipment under capital leases are stated at the present value of future minimum lease payments at the inception of the lease, less accumulated depreciation. Depreciation on property, plant and equipment is calculated using the straight-line method over the estimated useful lives of the assets ranging from 4 to 40 years for buildings and improvements with a weighted average life of 13 years and 3 to 19 years for machinery and equipment with a weighted average life of 11 years. Equipment held under capital leases and leasehold improvements are amortized using the straight-line method over the shorter of the lease term or the estimated useful life of the asset. Internal use platform software that is integral to the computer equipment it supports is included in property, plant and equipment. The Company capitalizes interest on borrowed funds during construction periods. Interest capitalized during 2015 and 2014 was $6,082 and $4,285, respectively.

e) Intangible assets and goodwill

Intangible assets such as non-compete agreements, technology, distribution rights, patents, licenses to treat, licenses to manufacture, distribute and sell pharmaceutical drugs, exclusive contracts and exclusive licenses, trade names, management contracts, application software, acute care agreements, customer relationships and lease agreements are recognized and reported apart from goodwill see note 6.

Goodwill and identifiable intangibles with indefinite useful lives are not amortized but tested for impairment annually or when an event becomes known that could trigger an impairment. The Company identified trade names and certain qualified management contracts as intangible assets with indefinite useful lives because, based on an analysis of all of the relevant factors, there is no foreseeable limit to the period over which those assets are expected to generate net cash inflows for the Company. Intangible assets with finite useful lives are amortized over their respective useful lives to their residual values. The Company amortizes non-compete agreements over their useful life which on average is 6 years. Technology is amortized over its useful life of 15 years. Licenses to manufacture, distribute and sell pharmaceutical drugs, exclusive contracts and exclusive licenses are amortized over their useful life which on average is 10 years. Customer relationships are amortized over their useful life of 11 years. All other intangible assets are amortized over their weighted average useful lives of 7 years. The weighted average useful life of all amortizable intangible assets is 9 years. Intangible assets with finite useful lives are evaluated for impairment when events have occurred that may give rise to an impairment.

To perform the annual impairment test of goodwill, the Company identified its reporting units and determined their carrying value by assigning the assets and liabilities, including the existing goodwill and intangible assets, to those reporting units. The reporting units are the North America segment, EMEA segment, Asia-Pacific segment and the Latin America segment. For the purpose of goodwill impairment testing, all corporate assets are allocated to the reporting units.

In a first step, the Company compares the fair value of a reporting unit to its carrying amount. Fair value is determined using estimated future cash flows for the unit discounted by an after-tax weighted average cost of capital (WACC) specific to that reporting unit. Estimating the future cash flows involves significant assumptions, especially regarding future reimbursement rates and sales prices, number of treatments, sales volumes and costs. In determining discounted cash flows, the Company utilizes for every reporting unit, its three-year budget, projections for years 4 to 10 and a representative growth rate for all remaining years. Projections for up to ten years are possible due to the stability of the Company's business which, results from the non-discretionary nature of the health care services we provide, the need for products utilized to provide such services and the availability of government reimbursement for a substantial portion of our services. The reporting units' respective expected growth rates for the period beyond ten years are: North America segment 1%, EMEA segment 0%, Asia-Pacific segment 4% and Latin America segment 4%. The discount factor is determined by the WACC of the respective reporting unit. The Company's WACC consisted of a basic rate of 6.15% for 2015. The basic rate is then adjusted by a country-specific risk rate and, if appropriate, by a factor to reflect higher risks associated with the cash flows from recent material acquisitions, until they are appropriately integrated, within each reporting unit. In 2015, WACCs for the reporting units ranged from 6.13% to 19.41%.

In the case that the fair value of the reporting unit is less than its carrying value, a second step would be performed which compares the implied fair value of the reporting unit's goodwill to the carrying value of its goodwill. If the fair value of the goodwill is less than the carrying value, the difference is recorded as an impairment.

To evaluate the recoverability of intangible assets with indefinite useful lives, the Company compares the fair values of intangible assets with their carrying values. An intangible asset's fair value is determined using a discounted cash flow approach or other methods, if appropriate.

f) Derivative financial instruments

Derivative financial instruments, which primarily include foreign currency forward contracts and interest rate swaps, are recognized as assets or liabilities at fair value in the balance sheet see note 20. From time to time, the Company may enter into other types of derivative instruments which are dealt with on a transaction by transaction basis. Changes in the fair value of derivative financial instruments classified as fair value hedges and in the corresponding underlying assets and liabilities are recognized periodically in earnings, while the effective portion of changes in fair value of derivative financial instruments classified as cash flow hedges is recognized in accumulated other comprehensive income (loss) (AOCI) in shareholders' equity. The ineffective portion is recognized in current net earnings. The change in fair value of derivatives that do not qualify for hedge accounting are recorded in the income statement and usually offset the changes in value recorded in the income statement for the underlying asset or liability.

g) Foreign currency translation

For purposes of these consolidated financial statements, the U.S. dollar is the reporting currency. Substantially all assets and liabilities of the parent company and all non-U.S. subsidiaries are translated at year-end exchange rates, while revenues and expenses are translated at average exchange rates. Adjustments for foreign currency translation fluctuations are excluded from net earnings and are reported in AOCI. In addition, the translation adjustments of certain intercompany borrowings, which are of a long-term nature, are reported in AOCI.

h) Revenue recognition and allowance for doubtful accounts

Revenue recognition

Health Care revenues, other than the hospitalist revenues discussed below, are recognized on the date the patient receives treatment and includes amounts related to certain services, products and supplies utilized in providing such treatment. The patient is obligated to pay for health care services at amounts estimated to be receivable based upon the Company's standard rates or at rates determined under reimbursement arrangements. In the U.S., these arrangements are generally with third party payors, such as Medicare, Medicaid or commercial insurers. Outside the U.S., the reimbursement is usually made through national or local government programs with reimbursement rates established by statute or regulation.

Dialysis product revenues are recognized upon transfer of title to the customer, either at the time of shipment, upon receipt or upon any other terms that clearly define passage of title. Product revenues are normally based upon pre-determined rates that are established by contractual arrangement.

For both health care revenues and dialysis product revenues, patients, third party payors and customers are billed at our standard rates net of contractual allowances, discounts or rebates to reflect the estimated amounts to be receivable from these payors.

In the U.S., hospitalist revenues are reported at the estimated net realizable amount from third-party payors, client hospitals, and others at the time services are provided. Third-party payors include federal and state agencies (under the Medicare and Medicaid programs), managed care health plans, and commercial insurance companies. Inpatient acute care services rendered to Medicare and Medicaid program beneficiaries are paid according to a fee-for-service schedule. These rates vary according to a patient classification system that is based on clinical, diagnostic and other factors. Inpatient acute services generated through payment arrangements with managed care health plans and commercial insurance companies are recorded on an accrual basis in the period in which services are provided at established rates. Contractual adjustments and bad debts are recorded as deductions from gross revenue to determine net revenue. In addition to the net patient service revenue described below, the company receives subsidies from hospitals to provide hospitalist services.

For services performed for patients where the collection of the billed amount or a portion of the billed amount cannot be determined at the time services are performed, Health Care Entities must record the difference between the receivable recorded and the amount estimated to be collectible as a provision with the expense presented as a reduction of Health Care revenue. The provision includes such items as amounts due from patients without adequate insurance coverage and patient co-payment and deductible amounts due from patients with health care coverage. The Company determines the provision primarily on past collection history and reports it as "Patient service bad debt provision" on the Consolidated Statements of Income.

A minor portion of product revenues outside the North America segment is generated from arrangements which give the customer, typically a health care provider, the right to use dialysis machines. In the same contract the customer agrees to purchase the related treatment disposables at a price marked up from the standard price list. If the right to use the machine is conveyed through an operating lease, FMC AG & CO. KGAA does not recognize revenue upon delivery of the dialysis machine but recognizes revenue on the sale of disposables with revenue for the use of dialysis machines recognized over the term of the lease contract. If the lease of the machines is a sales type lease, ownership of the dialysis machine is transferred to the user upon installation of the dialysis machine at the customer site. In this type of contract, revenue is recognized in accordance with the accounting principles for sales type leases.

Any tax assessed by a governmental authority that is incurred as a result of a revenue transaction (e.g. sales tax) is excluded from revenues and the related revenue is reported on a net basis.

Allowance for doubtful accounts

In the North America segment for receivables generated from health care services, the accounting for the allowance for doubtful accounts is based on an analysis of collection experience and recognizing the differences between payors. The Company also performs an aging of accounts receivable which enables the review of each customer and their payment pattern. From time to time, accounts receivable are reviewed for changes from the historic collection experience to ensure the appropriateness of the allowances.

The allowance for doubtful accounts in the EMEA segment, the Asia-Pacific segment, the Latin America segment and the dialysis products business in the North America segment is an estimate comprised of customer specific evaluations regarding their payment history, current financial stability, and applicable country specific risks for receivables that are overdue more than one year. The changes in the allowance for these receivables are recorded in selling, general and administrative as an expense.

When all efforts to collect a receivable, including the use of outside sources where required and allowed, have been exhausted, and after appropriate management review, a receivable deemed to be uncollectible is considered a bad debt and written off.

i) Research and development expenses

Research and development expenses are expensed as incurred.

j) Income taxes

Current taxes are calculated based on the profit (loss) of the fiscal year and in accordance with local tax rules of the respective tax jurisdictions. Expected and executed additional tax payments and tax refunds for prior years are also taken into account. Benefits from income tax positions have been recognized only when it was more likely than not that the Company would be entitled to the economic benefits of the tax positions. The more-likely-than-not threshold has been determined based on the technical merits that the position will be sustained upon examination. If a tax position meets the more-likely-than-not recognition threshold, management estimates the largest amount of tax benefit that is more than fifty percent likely to be realized upon settlement with a taxing authority, which becomes the amount of benefit recognized. If a tax position is not considered more likely than not to be sustained based solely on its technical merits, no benefits are recognized.

The Company recognizes deferred tax assets and liabilities for the future tax consequences attributable to temporary differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax basis, tax credits and tax loss carryforwards which are more likely than not to be utilized. Deferred tax assets and liabilities are measured using the respective countries enacted tax rates to be applied to taxable income in the years in which those temporary differences are expected to be recovered or settled. In addition, the recognition of deferred tax assets considers the budget planning of the Company and implemented tax strategies. A valuation allowance is recorded to reduce the carrying amount of the deferred tax assets unless it is more likely than not that such assets will be realized see note 17.

It is the Company's policy that assets for uncertain tax positions are recognized to the extent it is more likely than not the tax will be recovered. It is also the Company's policy to recognize interest and penalties related to its income tax positions as income tax expense.

k) Impairment

The Company reviews the carrying value of its long-lived assets or asset groups with definite useful lives to be held and used for impairment whenever events or changes in circumstances indicate that the carrying value of these assets may not be recoverable. Recoverability of these assets is measured by a comparison of the carrying value of an asset to the future net cash flows directly associated with the asset. If assets are considered to be impaired, the impairment recognized is the amount by which the carrying value exceeds the fair value of the asset. The Company uses a discounted cash flow approach or other methods, if appropriate, to assess fair value.

Long-lived assets to be disposed of by sale are reported at the lower of carrying value or fair value less cost to sell and depreciation is ceased. Long-lived assets to be disposed of other than by sale are considered to be held and used until disposal.

For the Company's policy related to goodwill impairment, see 1e above.

l) Debt issuance costs

Debt issuance costs related to a recognized debt liability are presented on the balance sheet as a direct deduction from the carrying amount of that debt liability. These costs are amortized over the term of the related obligation see note 10.

m) Self-insurance programs

Under the insurance programs for professional, product and general liability, auto liability and worker's compensation claims, the Company's largest subsidiary is partially self-insured for professional liability claims. For all other coverage, the Company assumes responsibility for incurred claims up to predetermined amounts above which third party insurance applies. Reported liabilities for the year represent estimated future payments of the anticipated expense for claims incurred (both reported and incurred but not reported) based on historical experience and existing claim activity. This experience includes both the rate of claims incidence (number) and claim severity (cost) and is combined with individual claim expectations to estimate the reported amounts.

n) Concentration of risk

The Company is engaged in the manufacture and sale of products for all forms of kidney dialysis, principally to health care providers throughout the world, and in providing kidney dialysis treatment. The Company also provides additional health care services under Care Coordination. The Company performs ongoing evaluations of its customers' financial condition and, generally, requires no collateral.

Approximately 32% and 31% of the Company's worldwide revenues were earned and subject to regulations under Medicare and Medicaid, governmental health care programs administered by the United States government in 2015 and 2014, respectively.

No single debtor other than U.S. Medicare and Medicaid accounted for more than 5% of total trade accounts receivable in any of these years. Trade accounts receivable outside the North America segment are, for a large part, due from government or government-sponsored organizations that are established in the various countries within which we operate. Amounts pending approval from third party payors represent less than 3% at December 31, 2015.

See note 3 for discussion of suppliers with long-term purchase commitments.

o) Legal contingencies

From time to time, during the ordinary course of the Company's operations, the Company is party to litigation and arbitration and is subject to investigations relating to various aspects of its business see note 19. The Company regularly analyzes current information about such claims for probable losses and provides accruals for such matters, including the estimated legal expenses and consulting services in connection with these matters, as appropriate. The Company utilizes its internal legal department as well as external resources for these assessments. In making the decision regarding the need for loss accrual, the Company considers the degree of probability of an unfavorable outcome and its ability to make a reasonable estimate of the amount of loss.

The filing of a suit or formal assertion of a claim or assessment, or the disclosure of any such suit or assertion, does not necessarily indicate that accrual of a loss is appropriate.

p) Earnings per share

Basic earnings per share is calculated by dividing net income attributable to shareholders by the weighted average number of shares outstanding during the year. Diluted earnings per share include the effect of all potentially dilutive instruments on shares that would have been outstanding during the years presented had the dilutive instruments been issued.

Equity-settled awards granted under the Company's stock incentive plans see note 16, are potentially dilutive equity instruments.

q) Treasury stock

The Company may, from time to time, acquire its own shares (treasury stock) as approved by its shareholders. The acquisition, sale or retirement of its treasury stock is recorded separately in equity. For the calculation of basic earnings per share, treasury stock is not considered outstanding and is therefore deducted from the number of shares outstanding with the value of such treasury stock shown as a reduction of the Company's equity.

r) Employee benefit plans

For the Company's funded benefit plans, the defined benefit obligation is offset against the fair value of plan assets (funded status). A pension liability is recognized in the consolidated balance sheets if the defined benefit obligation exceeds the fair value of plan assets. A pension asset is recognized (and reported under "Other assets and notes receivables" in the consolidated balance sheets) if the fair value of plan assets exceeds the defined benefit obligation and if the Company has a right of reimbursement against the fund or a right to reduce future payments to the fund. Changes in the funded status of a plan resulting from actuarial gains or losses and prior service costs or credits that are not recognized as components of the net periodic benefit cost are recognized through accumulated other comprehensive income, net of tax, in the year in which they occur. Actuarial gains or losses and prior service costs are subsequently recognized as components of net periodic benefit cost when realized. The Company uses December 31 as the measurement date when measuring the funded status of all plans.

s) Stock option plans and other stock based compensation plans

The grant date fair value of stock options and convertible equity instruments that are settled by delivering equity-instruments granted to members of the Management Board of the Fresenius Medical Care Management AG and executive employees of the group entities by FMC AG & CO. KGAA is measured using the binominal option pricing model and recognized as expense over the vesting period of the stock option plans.

The balance sheet date fair value of cash-settled phantom stocks granted to members of the Management Board of Fresenius Medical Care Management AG and executive employees of the Company is calculated using the binominal option pricing model. The corresponding liability based on the balance sheet date fair value is accrued over the vesting period of the phantom stock plans.

Two of the Company's subsidiaries are authorized to issue incentive units see note 16. The balance sheet date fair value of the awards under the subsidiary stock incentive plans, whereby Incentive Units are issued by certain of the Company's subsidiaries, is calculated using the Monte Carlo pricing model. The corresponding liability is accrued over the vesting period of the Incentive Units.

t) Recent pronouncements

Recently implemented accounting pronouncements

On April 7, 2015, FASB issued Accounting Standards Update 2015-03 (ASU 2015-03), Interest – Imputation of Interest (Subtopic 835-30): Simplifying the Presentation of Debt Issuance Costs, which requires that debt issuance costs related to a recognized debt liability be presented in the balance sheet as a direct deduction from the carrying amount of that liability, consistent with debt discounts. This update is effective for fiscal years beginning after December 15, 2015, and for interim periods within fiscal years beginning after December 15, 2015. Earlier adoption is permitted. We adopted this ASU as of December 31, 2015. In accordance with ASU 2015-03, we have adjusted Prepaid expenses and other current assets, Other assets and notes receivables and Long-term debt and capital lease obligations in the amount of $6,498, $59,622 and $66,120, respectively, as of December 31, 2014.

Recent accounting pronouncements not yet adopted

On May 28, 2014, the FASB issued Accounting Standards Update 2014-09 (ASU 2014-09), Revenue from Contracts with Customers, Topic 606. Simultaneously, the IASB published its equivalent revenue standard, "IFRS 15," Revenue from Contracts with Customers. The standards are the result of a convergence project between FASB and the IASB. This update specifies how and when companies reporting under U.S. GAAP will recognize revenue as well as providing users of financial statements with more informative and relevant disclosures. ASU 2014-09 supersedes some guidance included in topic 605, Revenue Recognition, some guidance within the scope of Topic 360, Property, Plant, and Equipment, and some guidance within the scope of Topic 350, Intangibles – Goodwill and Other. This ASU applies to nearly all contracts with customers, unless those contracts are within the scope of other standards (for example, lease contracts or insurance contracts). With the issuance of Accounting Standards Update 2015-14 (ASU 2015-14), Revenue from Contracts with Customers (Topic 606): Deferral of the Effective Date on August 12, 2015, the effective date of ASU 2014-09 for public business entities, among others, was deferred from fiscal years and interim periods within those years beginning on or after December 15, 2016 to fiscal years and interim periods within those years beginning on or after December 15, 2017. Earlier adoption is not permitted. We are currently evaluating the impact of ASU 2014-09, in conjunction with ASU 2015-14, on our Consolidated Financial Statements.

On February 18, 2015, FASB issued Accounting Standards Update 2015-02 (ASU 2015-02), Consolidation (Topic 810): Amendments to the Consolidation Analysis, which focuses on clarifying guidance related to the evaluation of various types of legal entities such as limited partnerships, limited liability corporations and certain security transactions for consolidation. The update is effective for fiscal years beginning after December 15, 2015, and for interim periods within fiscal years beginning after December 15, 2015. We are currently evaluating the impact of ASU 2015-02 on our Consolidated Financial Statements.

On September 25, 2015, FASB issued Accounting Standards Update 2015-16 (ASU 2015-16), Business Combinations (Topic 805): Simplifying the Accounting for Measurement-Period Adjustments. ASU 2015-16 requires that an acquirer recognize adjustments to provisional amounts that are identified during the measurement period in the reporting period in which the adjustment amounts are determined. The update also requires that the acquirer separately discloses the portion of the amount recorded in current period earnings that would have been recorded in previous periods as a result of an adjustment to the provisional amounts, calculated as if the accounting had been completed at the acquisition date. The update is effective for fiscal years and interim periods within those years beginning on or after December 15, 2015. We are currently evaluating the impact of ASU 2015-16 on our Consolidated Financial Statements.

On November 20, 2015, FASB issued Accounting Standards Update 2015-17 (ASU 2015-17) Income Taxes (Topic 740): Balance Sheet Classification of Deferred Taxes, which focuses on reducing the complexity of classifying deferred taxes on the balance sheet. ASU 2015-17 eliminates the current requirement for organizations to present deferred tax liabilities and assets as current and noncurrent in a classified balance sheet and requires the classification of all deferred tax assets and liabilities as noncurrent. The update is effective for fiscal years and interim periods within those years beginning on or after December 15, 2016. As earlier adoption is permitted, we will adopt ASU 2015-17 beginning in the fiscal year 2016.

On January 5, 2016, FASB issued Accounting Standards Update 2016-01 (ASU 2016-01) Financial Instruments – Overall (Subtopic 825-10): Recognition and Measurement of Financial Assets and Financial Liabilities. ASU 2016-01 focuses on improving the recognition and measurement of financial instruments to provide users of financial statements with more decision-useful information. ASU 2016-01 affects the accounting treatment and disclosures related to financial instruments and equity instruments. The update is effective for fiscal years and interim periods within those years beginning on or after December 15, 2017. Earlier adoption is generally not permitted. We are currently evaluating the impact of ASU 2016-01 on our Consolidated Financial Statements.

2. RELATED PARTY TRANSACTIONS

The Company's parent, Fresenius SE & Co. KGaA (Fresenius SE), a German partnership limited by shares, owns 100% of the share capital of Fresenius Medical Care Management AG, the Company's General Partner (General Partner). Fresenius SE is also the Company's largest shareholder and owns approximately 30.91% of the Company's outstanding shares at December 31, 2015. The Company has entered into certain arrangements for services, leases and products with Fresenius SE or its subsidiaries and with certain of the Company's equity method investees as described in item a) below. The Company's terms related to the receivables or payables for these services, leases and products are generally consistent with the normal terms of the Company's ordinary course of business transactions with unrelated parties. Financing arrangements as described in item b) below have agreed upon terms which are determined at the time such financing transactions occur and reflect market rates at the time of the transaction. The relationship between the Company and its key management personnel who are considered to be related parties is described in item c) below. Our related party transactions are settled through Fresenius SE's cash management system where appropriate.

a) Service agreements, lease agreements and products

The Company is party to service agreements with Fresenius SE and certain of its affiliates (collectively the Fresenius SE Companies") to receive services, including, but not limited to: administrative services, management information services, employee benefit administration, insurance, information technology services, tax services and treasury management services. The Company also provides central purchasing services to the Fresenius SE Companies. Under these agreements, the Company also performs clinical studies and marketing and distribution services for certain of its equity method investees. These related party agreements generally have a duration of 1–5 years and are renegotiated on an as needed basis when the agreement comes due.

The Company is a party to real estate operating lease agreements with the Fresenius SE Companies, which include leases for the Company's corporate headquarters in Bad Homburg, Germany and production sites in Schweinfurt and St. Wendel, Germany. The majority of the leases expire in 2016 and the Company intends to extend these leases. As of December 31, 2015 and 2014, future minimum rental payments under these non-cancelable operating leases with Fresenius SE were $24,224 and $21,761 as well as $16,215 and $33,402 with other Fresenius SE affiliates, respectively. These minimum rental payments are included within the amounts disclosed in note 18.

In addition to the above mentioned service and lease agreements, the Company sold products to the Fresenius SE Companies and made purchases from the Fresenius SE Companies and equity method investees. In addition, Fresenius Medical Care Holdings, Inc. (FMCH) purchases heparin supplied by Fresenius Kabi USA, Inc. (Kabi USA), through an independent group purchasing organization (GPO). Kabi USA is an indirect, wholly-owned subsidiary of Fresenius SE. The Company has no direct supply agreement with Kabi USA and does not submit purchase orders directly to Kabi USA. FMCH acquires heparin from Kabi USA, through the GPO contract, which was negotiated by the GPO at arm's length on behalf of all members of the GPO.

The Company entered into an agreement with a Fresenius SE company for the manufacturing of plasma collection devices. The Company agreed to produce 3,500 units which can be further increased to a maximum of 4,550 units, over the length of the five year contract. On January 1, 2015, this manufacturing business was sold to Kabi USA for $9,327 for which a fairness opinion was obtained from a reputable global accounting firm. The disposal was accounted for as a transaction between parties under common control at the carrying amounts without the generation of profits.

In December 2010, the Company formed a renal pharmaceutical company with Galenica Ltd., named Vifor Fresenius Medical Care Renal Pharma Ltd. (VFMCRP), an equity method investee of which the Company owns 45%. Further, in 2015 the Company entered into an exclusive supply agreement to purchase erythropoietin-stimulating agents, ESAS.

Below is a summary, including the Company's receivables from and payables to the indicated parties resulting from the above described transactions with related parties.

SERVICE AGREEMENTS, LEASE AGREEMENTS AND PRODUCTS T. 4.7

in $ THOUS

	2015		2014		December 31, 2015		December 31, 2014	
	Sales of goods and services	Purchases of goods and services	Sales of goods and services	Purchases of goods and services	Accounts receivables	Accounts payables	Accounts receivables	Accounts payables
Service agreements								
Fresenius SE	254	20,262	380	21,788	422	3,185	106	3,134
Fresenius SE affiliates	8,135	74,258	7,956	68,236	2,104	4,079	1,396	2,462
Equity method investees	23,369	–	17,911	–	10,180	–	4,265	–
▸ **TOTAL**	**31,758**	**94,520**	**26,247**	**90,024**	**12,706**	**7,264**	**5,767**	**5,596**
Lease agreements								
Fresenius SE	–	9,621	–	10,554	–	–	–	–
Fresenius SE affiliates	–	14,660	–	17,389	–	–	–	–
▸ **TOTAL**	**–**	**24,281**	**–**	**27,943**	**–**	**–**	**–**	**–**
Products								
Fresenius SE	5	–	1	–	–	–	–	–
Fresenius SE affiliates	25,920	37,166	63,917	44,754	8,774	3,768	18,352	4,132
Equity method investees	–	275,340	–	27,584	–	8,253	–	270
▸ **TOTAL**	**25,925**	**312,506**	**63,918**	**72,338**	**8,774**	**12,021**	**18,352**	**4,402**

b) Financing

The Company receives short-term financing from and provides short-term financing to Fresenius SE. The Company also utilizes Fresenius SE's cash management system for the settlement of certain intercompany receivables and payables with its subsidiaries and other related parties. As of December 31, 2015 and December 31, 2014, the Company had accounts receivables from Fresenius SE related to short-term financing in the amount of $131,252 and $146,144, respectively. As of December 31, 2015 and December 31, 2014, the Company had accounts payables to Fresenius SE related to short-term financing in the amount of $115,932 and $103,386, respectively. The interest rates for these cash management arrangements are set on a daily basis and are based on the then-prevailing overnight reference rate for the respective currencies.

On August 19, 2009, the Company borrowed €1,500 ($1,633 at December 31, 2015 and $1,821 at December 31, 2014) from the General Partner on an unsecured basis at 1.335%. The loan repayment has been extended periodically and is currently due August 22, 2016 with an interest rate of 1.334%. On November 28, 2013, the Company borrowed an additional €1,500 ($1,633 at December 31, 2015 and $1,821 at December 31, 2014) with an interest rate of 1.875% from the General Partner. This loan is due on November 25, 2016 with an interest rate of 1.223%.

On June 12, 2014, the Company provided a one-year unsecured term loan to one of its equity method investees in the amount of $22,500 at an interest rate of 2.5366%. This loan was repaid in full on June 12, 2015.

On various dates starting July 22, 2015, the Company provided unsecured term loans to one of its equity method investees, of which CHF 64,756 ($65,067) were drawn as of December 31, 2015. Each loan has an interest rate of 1.8% matures on July 22, 2016, contains automatic one-year renewals and requires a six-month termination notice. The loans were entered into in order to fund the sale of European marketing rights for certain renal pharmaceuticals to the same equity method investee as well as to finance the investee's payments for license and distribution agreements. The sale of these marketing rights resulted in a gain of approximately $11,137, after tax.

At December 31, 2015 and December 31, 2014, a subsidiary of Fresenius SE held unsecured senior notes issued by the Company in the amount of €8,300 and €8,300 ($9,036 at December 31, 2015 and $10,077 at December 31, 2014), respectively. The senior notes were issued in 2011 and 2012, mature in 2021 and 2019, respectively, and each has a coupon rate of 5.25% with interest payable semiannually. For further information on these senior notes, see note 10.

At December 31, 2015 and December 31, 2014, the Company borrowed from Fresenius SE €14,500 and €1,400 ($15,786 at December 31, 2015 and $1,700 at December 31, 2014) on an unsecured basis at an interest rate of 0.970% and 1.188%, respectively. For further information on this loan agreement, see note 9.

c) Key management personnel

Due to the legal form of a German partnership limited by shares, the General Partner holds a key management position within the Company. In addition, as key management personnel, members of the Management Board and the Supervisory Board, as well as their close relatives, are considered related parties.

The Company's Articles of Association provide that the General Partner shall be reimbursed for any and all expenses in connection with management of the Company's business, including remuneration of the members of the General Partner's supervisory board and the members of the General Partner's management board. The aggregate amount reimbursed to the General Partner was $16,940 and $25,511, respectively, for its management services during 2015 and 2014 and included an annual fee of $133 and $159, respectively, as compensation for assuming liability as general partner. The annual fee is set at 4% of the amount of the General Partner's share capital (€3,000 as of December 31, 2015). As of December 31, 2015 and December 31, 2014, the Company had accounts receivable from the General Partner in the amount of $486 and $462, respectively. As of December 31, 2015 and December 31, 2014, the Company had accounts payable to the General Partner in the amount of $17,806 and $27,347, respectively.

The Chairman of the Company's Supervisory Board is also the Chairman of the Supervisory Board of Fresenius SE and of the general partner of Fresenius SE. He is also a member of the Supervisory Board of the Company's General Partner.

The Vice Chairman of the Company's Supervisory Board is a member of the Supervisory Board of the general partner of Fresenius SE and Vice Chairman of the Supervisory Board of the Company's General Partner. He is also Chairman of the Advisory Board of a charitable foundation that is the sole shareholder of the general partner of Fresenius SE. He is also a partner in a law firm which provided services to the Company and certain of its subsidiaries. The Company incurred expenses in the amount of $958 and $1,957 for these services during 2015 and 2014, respectively. Five of the six members of the Company's Supervisory Board, including the Chairman and Vice Chairman, are also members of the Supervisory Board of the Company's General Partner.

The Chairman of the Supervisory Board of the Company's general partner is also the Chairman of the Management Board of the general partner of Fresenius SE, and the Chairman and Chief Executive Officer of the Management Board of the Company's general partner is a member of the Management Board of the general partner of Fresenius SE.

3. INVENTORIES

At December 31, 2015 and December 31, 2014, inventories consisted of the following:

INVENTORIES T. 4.8
in $ THOUS

	2015	2014
Finished goods	670,291	677,110
Health care supplies	395,342	170,614
Raw materials and purchased components	206,525	197,920
Work in process	68,593	69,910
▸ **TOTAL**	**1,340,751**	**1,115,554**

Under the terms of certain unconditional purchase agreements, the Company is obligated to purchase approximately $484,007 of materials, of which $198,888 is committed at December 31, 2015 for 2016. The terms of these agreements run 1 to 6 years.

4. PREPAID EXPENSES AND OTHER CURRENT ASSETS

At December 31, 2015 and 2014, prepaid expenses and other current assets consisted of the following:

PREPAID EXPENSES AND OTHER CURRENT ASSETS T. 4.9
in $ THOUS

	2015	2014
Available for sale financial assets[1]	271,952	168,062
Insurance recoveries	220,000	–
Income taxes receivable	131,396	238,317
Cost report receivable from Medicare and Medicaid	109,311	137,543
Other taxes receivable	69,684	80,163
Other deferred charges	63,210	58,315
Leases receivable	53,117	55,503
Prepaid rent	51,651	53,015
Receivables for supplier rebates	48,625	85,548
Payments on account	37,016	30,680
Derivatives	27,021	28,241
Prepaid insurance	21,848	21,290
Amounts due from managed locations	20,468	34,054
Deposit/Guarantee/Security	15,276	19,447
Other	234,140	316,391
▸ **TOTAL PREPAID EXPENSES AND OTHER CURRENT ASSETS**	**1,374,715**	**1,326,569**

[1] *The impact on the Consolidated Statements of Income and the Consolidated Statements of Shareholders' Equity is not material.*

The item "Insurance recoveries" includes the recognized amount in relation to the NaturaLyte® and GranuFlo® agreement in principle, which partially offsets the accrued settlement amount recorded in "Accrued expenses and other current liabilities" see note 8. For further information, see note 19 "Commitment and contingencies – commercial litigation".

The item "Other" in the table above primarily includes loans to customers, receivables from employees and notes receivables.

5. PROPERTY, PLANT AND EQUIPMENT

At December 31, 2015 and 2014, property, plant and equipment consisted of the following:

ACQUISITION OR MANUFACTURING COSTS T. 4.10

in $ THOUS

	Jan. 01, 2015	*Currency change*	*Changes in consolidation group*	*Additions*	*Reclassifications*	*Disposals*	***Dec. 31, 2015***
Land	65,081	(5,622)	202	1,139	4,738	(462)	65,076
Buildings and improvements	2,630,431	(79,389)	(859)	51,614	194,826	(38,605)	2,758,018
Machinery and equipment	3,965,870	(244,777)	(5,890)	460,449	60,937	(165,711)	4,070,878
Machinery, equipment and rental equipment under capitalized leases	62,016	(2,849)	2,729	8,481	(386)	(812)	69,179
Construction in progress	314,067	(21,757)	(1,643)	434,671	(263,491)	(16,416)	445,431
▸ PROPERTY, PLANT AND EQUIPMENT	**7,037,465**	**(354,394)**	**(5,461)**	**956,354**	**(3,376)**	**(222,006)**	**7,408,582**

DEPRECIATION T. 4.11

in $ THOUS

	Jan. 01, 2015	*Currency change*	*Changes in consolidation group*	*Additions*	*Reclassifications*	*Disposals*	***Dec. 31, 2015***
Land	1,410	(94)	–	–	–	13	1,329
Buildings and improvements	1,391,005	(32,188)	(3,095)	200,778	1,428	(27,946)	1,529,982
Machinery and equipment	2,330,450	(146,661)	(11,019)	396,546	(4,809)	(145,149)	2,419,358
Machinery, equipment and rental equipment under capitalized leases	24,420	(1,145)	(19)	9,640	145	(702)	32,339
Construction in progress	–	–	–	–	–	–	–
▸ PROPERTY, PLANT AND EQUIPMENT	**3,747,285**	**(180,088)**	**(14,133)**	**606,964**	**(3,236)**	**(173,784)**	**3,983,008**

NET BOOK VALUE T. 4.12

in $ THOUS, December 31

	2015	*2014*
Land	63,747	63,671
Buildings and improvements	1,228,036	1,239,426
Machinery and equipment	1,651,520	1,635,420
Machinery, equipment and rental equipment under capitalized leases	36,840	37,596
Construction in progress	445,431	314,067
▸ PROPERTY, PLANT AND EQUIPMENT	**3,425,574**	**3,290,180**

Depreciation expense for property, plant and equipment amounted to $606,964 and $600,845 for the years ended December 31, 2015 and 2014, respectively.

Included in machinery and equipment at December 31, 2015 and 2014 were $628,140 and $614,797, respectively, of peritoneal dialysis cycler machines which the Company leases to customers with end-stage renal disease on a month-to-month basis and hemodialysis machines which the Company leases to physicians under operating leases.

Accumulated depreciation related to machinery, equipment and rental equipment under capital leases was $32,339 and $24,420 at December 31, 2015 and 2014, respectively.

6. INTANGIBLE ASSETS AND GOODWILL

At December 31, 2015 and 2014, the carrying value and accumulated amortization of intangible assets other than goodwill consisted of the following:

ACQUISITION COSTS T. 4.13

in $ THOUS

	Jan. 01, 2015	*Currency change*	*Changes in consolidation group*	*Additions*	*Reclassifications*	*Disposals*	***Dec. 31, 2015***
Amortizable intangible assets							
Non-compete agreements	338,443	(2,545)	15,251	1	–	(4,964)	346,186
Technology	113,346	–	–	–	(6,136)	(700)	106,510
Licenses and distribution agreements	194,810	(15,110)	(4,993)	12,445	6,136	(8)	193,280
Customer relationships	239,694	(1,176)	24,236	–	–	–	262,754
Construction in progress	32,653	(1,472)	(1,727)	12,788	(15,898)	(3,011)	23,333
Self-developed software	122,944	(6,627)	–	18,692	6,149	(244)	140,914
Other	355,750	(14,493)	2,827	10,925	9,143	(7,087)	357,065
▸ **TOTAL**	**1,397,640**	**(41,423)**	**35,594**	**54,851**	**(606)**	**(16,014)**	**1,430,042**
Non-amortizable intangible assets							
Tradename	240,764	(109)	–	–	–	–	240,655
Management contracts	7,104	(88)	–	–	–	–	7,016
▸ **TOTAL**	**247,868**	**(197)**	**–**	**–**	**–**	**–**	**247,671**
▸ **INTANGIBLE ASSETS**	**1,645,508**	**(41,620)**	**35,594**	**54,851**	**(606)**	**(16,014)**	**1,677,713**
▸ **GOODWILL**	**13,524,221**	**(170,222)**	**116,866**	**–**	**–**	**–**	**13,470,865**

AMORTIZATION

T. 4.14

in $ THOUS

	Jan. 01, 2015	*Currency change*	*Changes in consolidation group*	*Additions*	*Reclassifications*	*Disposals*	***Dec. 31, 2015***
Amortizable intangible assets							
Non-compete agreements	257,234	(865)	–	21,815	–	(4,964)	273,220
Technology	51,225	–	–	6,625	–	(29)	57,821
Licenses and distribution agreements	111,754	(8,895)	(4,993)	14,309	–	(8)	112,167
Customer relationships	12,059	(54)	–	23,302	–	40	35,347
Construction in progress	–	–	–	–	–	–	–
Self-developed software	59,955	(2,286)	–	16,162	–	(1,034)	72,797
Other	252,619	(9,618)	(109)	28,146	(746)	(5,671)	264,621
▸ TOTAL	**744,846**	**(21,718)**	**(5,102)**	**110,359**	**(746)**	**(11,666)**	**815,973**
Non-amortizable intangible assets							
Tradename	31,251	–	–	–	–	–	31,251
Management contracts	–	–	–	–	–	–	–
▸ TOTAL	**31,251**	**–**	**–**	**–**	**–**	**–**	**31,251**
▸ INTANGIBLE ASSETS	**776,097**	**(21,718)**	**(5,102)**	**110,359**	**(746)**	**(11,666)**	**847,224**
▸ GOODWILL	**442,041**	**(3,893)**	**(33)**	**–**	**–**	**–**	**438,115**

NET BOOK VALUE

T. 4.15

in $ THOUS, December 31

	2015	*2014*
Amortizable intangible assets		
Non-compete agreements	72,966	81,209
Technology	48,689	62,121
Licenses and distribution agreements	81,113	83,056
Customer relationships	227,407	227,635
Construction in progress	23,333	32,653
Self-developed software	68,117	62,989
Other	92,444	103,131
▸ TOTAL	**614,069**	**652,794**
Non-amortizable intangible assets		
Tradename	209,404	209,513
Management contracts	7,016	7,104
▸ TOTAL	**216,420**	**216,617**
▸ INTANGIBLE ASSETS	**830,489**	**869,411**
▸ GOODWILL	**13,032,750**	**13,082,180**

The amortization on intangible assets amounted to $110,359 and $98,483 for the years 2015 and 2014, respectively. The table shows the estimated amortization expense of these assets for the following five years.

ESTIMATED AMORTIZATION EXPENSE T. 4.16

in $ THOUS

	2016	*2017*	*2018*	*2019*	*2020*
Estimated amortization expense	109,544	104,430	100,258	98,126	92,092

Goodwill

Changes in the carrying amount of goodwill are mainly a result of acquisitions and the impact of foreign currency translations. The Company's acquisitions consisted primarily of the purchase of clinics in the normal course of operations and the purchase of a distributor in the Asia-Pacific segment in 2015 and the expansion in Care Coordination in 2014. The changes to goodwill in 2015 and 2014 are as follows:

GOODWILL T. 4.17

in $ THOUS

	North America Segment	*EMEA Segment*	*Asia-Pacific Segment*	*Latin America Segment*	*Segment Total*	*Corporate*	*Total*
▸ **BALANCE AS OF DECEMBER 31, 2013**	**9,645,647**	**1,243,988**	**269,802**	**80,367**	**11,239,804**	**418,383**	**11,658,187**
Goodwill acquired, net of divestitures	1,535,840	19,010	121,971	33,986	1,710,807	–	1,710,807
Reclassifications	–	–	–	–	–	–	–
Foreign currency translation adjustment	(533)	(244,117)	(26,422)	(13,529)	(284,601)	(2,213)	(286,814)
▸ **BALANCE AS OF DECEMBER 31, 2014**	**11,180,954**	**1,018,881**	**365,351**	**100,824**	**12,666,010**	**416,170**	**13,082,180**
Goodwill acquired, net of divestitures	43,186	52,484	22,247	(1,018)	116,899	–	116,899
Reclassifications	–	4,867	(2,774)	–	2,093	(2,093)	–
Foreign currency translation adjustment	(561)	(132,260)	(11,250)	(20,531)	(164,602)	(1,727)	(166,329)
▸ **BALANCE AS OF DECEMBER 31, 2015**	**11,223,579**	**943,972**	**373,574**	**79,275**	**12,620,400**	**412,350**	**13,032,750**

7. OTHER ASSETS AND NOTES RECEIVABLES

On August 12, 2013, FMCH made an investment-type transaction by providing a credit facility to a middle-market dialysis provider in the amount of up to $200,000 to fund general corporate purposes. Of the $200,000 facility, $180,137 was drawn prior to December 31, 2015. This investment, which had a maturity date of July 4, 2020, was repaid in the amount of $185,254, including accrued interest of $3,315 and a prepayment premium of $1,802 on December 31, 2015.

8. ACCRUED EXPENSES AND OTHER CURRENT LIABILITIES

At December 31, 2015 and 2014, accrued expenses and other current liabilities consisted of the following:

ACCRUED EXPENSES AND OTHER CURRENT LIABILITIES T. 4.18
in $ THOUS

	2015	2014
Accrued salaries, wages and incentive plan compensations	658,266	647,627
Unapplied cash and receivable credits	395,817	333,858
Accrued settlement	280,000	–
Accrued self-insurance	225,845	235,284
Accrued operating expenses	142,045	139,652
Accrued interest	121,348	119,886
Lease obligations	105,469	100,712
Withholding tax and VAT	84,918	91,839
Accrued variable payments outstanding for acquisition	52,370	32,984
Derivatives	11,614	53,804
Other	425,445	441,599
▸ **TOTAL ACCRUED EXPENSES AND OTHER CURRENT LIABILITIES**	**2,503,137**	**2,197,245**

The item "Accrued settlement" includes accruals related to our NaturaLyte® and GranuFlo® agreement in principle, partially offset by insurance recoveries recorded in note 4 "Prepaid expenses and other current assets". For further information, see note 19 "Commitment and contigencies – commerical litigation".

The item "Other" in the table above includes accruals for legal and compliance costs, deferred income, bonuses and rebates, commissions, short-term position of pension liabilities, physician compensation and accrued rents.

9. SHORT-TERM DEBT AND SHORT-TERM DEBT FROM RELATED PARTIES

At December 31, 2015 and December 31, 2014, short-term debt and short-term debt from related parties consisted of the following:

SHORT-TERM DEBT AND SHORT-TERM DEBT FROM RELATED PARTIES T. 4.19

in $ THOUS

	2015	*2014*
Borrowings under lines of credit	109,230	132,495
Other financial liabilities	22	198
▸ **SHORT-TERM DEBT**	**109,252**	**132,693**
Short-term debt from related parties see note 2b	19,052	5,357
▸ **SHORT-TERM DEBT AND SHORT-TERM DEBT FROM RELATED PARTIES**	**128,304**	**138,050**

Borrowings under lines of credit and further availabilities

Borrowings under lines of credit in the amount of $109,230 and $132,495 at December 31, 2015 and 2014, respectively, represented amounts borrowed by the Company's subsidiaries under lines of credit with commercial banks. The average interest rates on these borrowings at December 31, 2015 and 2014 were 6.38% and 5.09%, respectively.

Excluding amounts available under the amended 2012 credit agreement (the amended 2012 credit agreement), see note 10, at December 31, 2015 and 2014, the Company had $222,888 and $247,735 available under other commercial bank agreements. In some instances, lines of credit are secured by assets of the Company's subsidiary that is party to the agreement or may require the Company's guarantee. In certain circumstances, the subsidiary may be required to meet certain covenants. From January 2016 onwards, the Company can also issue short-term notes of up to €1,000,000 ($1,086,800 on January 19, 2016) under a commercial paper program.

The Company and certain consolidated entities operate a multi-currency notional pooling cash management system. The Company met the conditions to offset balances within this cash pool for reporting purposes. At December 31, 2015, cash and borrowings under lines of credit in the amount of $48,277 were offset under this cash management system.

Short-term debt from related parties

The Company is party to an unsecured loan agreement with Fresenius SE under which the Company or its subsidiaries may request and receive one or more short-term advances up to an aggregate amount of $400,000 until maturity on October 30, 2017. The interest on the advance(s) will be at a fluctuating rate per annum equal to LIBOR or EURIBOR as applicable plus an applicable margin. Advances can be repaid and reborrowed. At December 31, 2015 and December 31, 2014, the Company borrowed from Fresenius SE €14,500 and €1,400 ($15,786 at December 31, 2015 and $1,700 at December 31, 2014) on an unsecured basis at an interest rate of 0.970% and 1.188%, respectively. For further information on short-term debt from related parties outstanding at December 31, 2015, see note 2b.

10. LONG-TERM DEBT AND CAPITAL LEASE OBLIGATIONS

As of December 31, 2015 and December 31, 2014, long-term debt and capital lease obligations consisted of the following:

LONG-TERM DEBT AND CAPITAL LEASE OBLIGATIONS T. 4.20

in $ THOUS

	2015	2014
Amended 2012 credit agreement	2,611,580	2,881,930
Senior notes	5,325,618	5,473,979
Equity-neutral convertible bonds	407,705	447,263
Accounts receivable facility	50,185	340,575
Capital lease obligations	40,621	40,991
Other	82,113	143,026
▸ **LONG-TERM DEBT AND CAPITAL LEASE OBLIGATIONS**	**8,517,822**	**9,327,764**
Less current portion	(664,335)	(313,607)
▸ **LONG-TERM DEBT AND CAPITAL LEASE OBLIGATIONS, LESS CURRENT PORTION**	**7,853,487**	**9,014,157**

The Company's long-term debt as of December 31, 2015, all of which ranks equally in rights of payment, are described as follows:

Amended 2012 credit agreement

The Company originally entered into a syndicated credit facility of $3,850,000 and a 5 year period (the 2012 credit agreement) with a large group of banks and institutional investors (collectively, the lenders) on October 30, 2012. On November 26, 2014, the 2012 credit agreement was amended to increase the total credit facility to approximately $4,400,000 (approximately $4,000,000 as of December 31, 2015 due to quarterly repayments and currency effects) and extend the term for an additional two years until October 30, 2019.

As of December 31, 2015, the amended 2012 credit agreement consists of:

- A revolving credit facility of approximately $1,500,000 comprising a $1,000,000 revolving facility and a €400,000 revolving facility, which will be due and payable on October 30, 2019.
- A term loan facility of $2,300,000, also scheduled to mature on October 30, 2019. Quarterly repayments of $50,000 began in January 2015 with the remaining balance outstanding due October 30, 2019.
- A term loan facility of €276,000 scheduled to mature on October 30, 2019. Quarterly repayments of €6,000 began in January 2015 with the remaining balance outstanding due October 30, 2019.

Interest on the credit facilities is, at the Company's option, at a rate equal to either (i) LIBOR or EURIBOR (as applicable) plus an applicable margin or (ii) the base rate as defined in the amended 2012 credit agreement plus an applicable margin. At December 31, 2015 and 2014, the dollar-denominated tranches outstanding under the amended 2012 credit agreement had a weighted average interest rate of 1.72% and 1.61%, respectively. At December 31, 2015 and 2014, the euro-denominated tranche had an interest rate of 1.38% and 1.42%, respectively.

The applicable margin is variable and depends on the Company's consolidated leverage ratio which is a ratio of its consolidated funded debt less cash and cash equivalents held by the consolidated group to consolidated EBITDA (as these terms are defined in the amended 2012 credit agreement).

In addition to scheduled principal payments, indebtedness outstanding under the amended 2012 credit agreement would be reduced by portions of the net cash proceeds received from certain sales of assets.

Obligations under the amended 2012 credit agreement are secured by pledges of capital stock of certain material subsidiaries in favor of the lenders.

The amended 2012 credit agreement contains affirmative and negative covenants with respect to the Company and its subsidiaries. Under certain circumstances these covenants limit indebtedness, investments, and restrict the creation of liens. Under the amended 2012 credit agreement the Company is required to comply with a maximum consolidated leverage ratio (ratio of consolidated funded debt less cash and cash equivalents held by the consolidated group to consolidated EBITDA). Additionally, the amended 2012 credit agreement provides for a limitation on dividends, share buy-backs and similar payments. Dividends to be paid are subject to an annual basket, which is €400,000 ($435,480 at December 31, 2015) for 2016, and will increase in subsequent years. Additional dividends and other restricted payments may be made subject to the maintenance of a maximum leverage ratio.

In default, the outstanding balance under the amended 2012 credit agreement becomes immediately due and payable at the option of the lenders.

The following table shows the available and outstanding amounts under the amended 2012 credit agreement at December 31, 2015 and 2014:

AMENDED 2012 CREDIT AGREEMENT T. 4.21

in THOUS

	Maximum amount available 2015		*Balance outstanding[1] 2015*	
Revolving credit USD	$1,000,000	$1,000,000	$25,110	$25,110
Revolving credit EUR	€400,000	$435,480	–	–
USD term loan	$2,300,000	$2,300,000	$2,300,000	$2,300,000
EUR term loan	€276,000	$300,481	€276,000	$300,481
▸ **TOTAL**		**$4,035,961**		**$2,625,591**

	Maximum amount available 2014		*Balance outstanding[1] 2014*	
Revolving credit USD	$1,000,000	$1,000,000	$35,992	$35,992
Revolving credit EUR	€400,000	$485,640	–	–
USD term loan	$2,500,000	$2,500,000	$2,500,000	$2,500,000
EUR term loan	€300,000	$364,230	€300,000	$364,230
▸ **TOTAL**		**$4,349,870**		**$2,900,222**

[1] *Amounts shown are excluding debt issuance costs.*

In addition, at December 31, 2015 and December 31, 2014, the Company had letters of credit outstanding in the amount of $3,600 and $6,893, respectively, under the USD revolving credit facility, which are not included above as part of the balance outstanding at those dates but which reduce available borrowings under the applicable revolving credit facility.

Senior notes

At December 31, 2015 and 2014, the Company's senior notes consisted of the following:

SENIOR NOTES T. 4.22

in THOUS

		Face amount	*Maturity*	*Coupon*	*Book value in $*	
Issuer/Transaction					***2015***	*2014*
FMC Finance VI S.A. 2010	€	250,000	July 15, 2016	5.50%	271,409	301,206
FMC Finance VIII S.A. 2011[1]	€	100,000	October 15, 2016	3.45%	108,735	121,052
FMC US Finance, Inc. 2007	$	500,000	July 15, 2017	6.875%	497,363	495,631
FMC Finance VIII S.A. 2011	€	400,000	September 15, 2018	6.50%	430,600	478,182
FMC US Finance II, Inc. 2011	$	400,000	September 15, 2018	6.50%	395,678	394,080
FMC US Finance II, Inc. 2012	$	800,000	July 31, 2019	5.625%	796,505	795,014
FMC Finance VIII S.A. 2012	€	250,000	July 31, 2019	5.25%	270,655	301,357
FMC US Finance II, Inc. 2014	$	500,000	October 15, 2020	4.125%	495,944	495,092
FMC US Finance, Inc. 2011	$	650,000	February 15, 2021	5.75%	642,167	640,626
FMC Finance VII S.A. 2011	€	300,000	February 15, 2021	5.25%	324,045	360,807
FMC US Finance II, Inc. 2012	$	700,000	January 31, 2022	5.875%	696,086	694,918
FMC US Finance II, Inc. 2014	$	400,000	October 15, 2024	4.75%	396,431	396,014
▸ **TOTAL**					**5,325,618**	**5,473,979**

[1] *This note carries a variable interest rate which was 3.45% at December 31, 2015.*

All senior notes are unsecured and guaranteed on a senior basis jointly and severally by the Company and by FMCH and Fresenius Medical Care Deutschland GmbH (D-GmbH), (together with FMCH, the guarantor subsidiaries). The issuers may redeem the senior notes (except for the floating rate senior notes) at any time at 100% of principal plus accrued interest and a premium calculated pursuant to the terms of the indenture. The holders have the right to request that the issuers repurchase the senior notes at 101% of principal plus accrued interest upon the occurrence of a change of control of the Company followed by a decline in the ratings of the respective senior notes.

The Company has agreed to a number of covenants to provide protection to the holders which, under certain circumstances, limit the ability of the Company and its subsidiaries to, among other things, incur debt, incur liens, engage in sale-leaseback transactions and merge or consolidate with other companies or sell assets. At December 31, 2015, the Company was in compliance with all of its covenants under the senior notes.

Equity-neutral convertible bonds

On September 19, 2014, the Company issued €400,000 ($514,080 at issuance) principal amount of equity-neutral convertible bonds (the convertible bonds) which have a coupon of 1.125% and are due on January 31, 2020. The bonds were issued at par. The current conversion price is €73.6354. Beginning November 2017, bond holders can exercise the conversion rights embedded in the bonds at certain dates. In order to fully offset the economic exposure from the conversion feature, the Company purchased call options on its shares (share options). Any increase of the Company's share price above the conversion price would be offset by a corresponding value increase of the share options. The Company will amortize the remaining cost of these options and various other offering costs over the life of these bonds in the amount of €25,512 ($27,775 at December 31, 2015), effectively increasing the total interest rate to 2.611%. The convertible bonds are jointly and severally guaranteed by FMCH and D-GmbH.

Accounts receivable facility

The Company refinanced the accounts receivable facility on November 24, 2014 for a term expiring on November 24, 2017 with the available borrowings at $800,000.

The following table shows the available and outstanding amounts under the accounts receivable facility at December 31, 2015 and December 31, 2014.

ACCOUNTS RECEIVABLE FACILITY T. 4.23

in $ THOUS

	Maximum amount available[1]		Balance outstanding[2]	
	2015	*2014*	***2015***	*2014*
Accounts Receivable Facility	800,000	800,000	51,000	341,750

[1] *Subject to availability of sufficient accounts receivable meeting funding criteria.*
[2] *Amounts shown are excluding debt issuance costs.*

The Company also had letters of credit outstanding under the accounts receivable facility in the amount of $16,622 at December 31, 2015 and $66,622 at December 31, 2014. These letters of credit are not included above as part of the balance outstanding at December 31, 2015 and 2014; however, they reduce available borrowings under the accounts receivable facility.

Under the accounts receivable facility, certain receivables are sold to NMC Funding Corporation (NMC funding), a wholly-owned subsidiary. NMC funding then assigns percentage ownership interests in the accounts receivable to certain bank investors. Under the terms of the accounts receivable facility, NMC funding retains the right, at any time, to recall all the then outstanding transferred interests in the accounts receivable. Consequently, the receivables remain on the Company's Consolidated Balance Sheet and the proceeds from the transfer of percentage ownership interests are recorded as long-term debt.

NMC funding pays interest to the bank investors calculated based on the commercial paper rates for the particular tranches selected. At December 31, 2015 and 2014, the interest rate was 0.89% and 0.65%, respectively. Refinancing fees, which include legal costs and bank fees, are amortized over the term of the facility.

Other

At December 31, 2015 and 2014, in conjunction with certain acquisitions and investments, the Company had pending payments of purchase considerations totaling approximately $4,115 and $34,973, respectively, of which $2,597 and $31,369, respectively, were classified as the current portion of long-term debt.

Annual payments

Aggregate annual payments applicable to the amended 2012 credit agreement, senior notes, the convertible bonds, the accounts receivable facility, capital leases and other borrowings for the five years subsequent to December 31, 2015 and thereafter are:

ANNUAL PAYMENTS T. 4.24

in $ THOUS

	2016	*2017*	*2018*	*2019*	*2020*	*Thereafter*	***Total***
Annual payments	665,237	808,731	1,070,566	3,024,520	940,395	2,091,194	**8,600,643**

11. EMPLOYEE BENEFIT PLANS

General

FMC AG & CO. KGAA recognizes pension costs and related pension liabilities for current and future benefits to qualified current and former employees of the Company. The Company's pension plans are structured in accordance with the differing legal, economic and fiscal circumstances in each country. The Company currently has two types of plans, defined benefit and defined contribution plans. In general, plan benefits in defined benefit plans are based on all or a portion of the employees' years of services and final salary. Plan benefits in defined contribution plans are determined by the amount of contribution by the employee and the employer, both of which may be limited by legislation, and the returns earned on the investment of those contributions.

Upon retirement under defined benefit plans, the Company is required to pay defined benefits to former employees when the defined benefits become due. Defined benefit plans may be funded or unfunded. The Company has two major defined benefit plans, one funded plan in the U.S. and one unfunded plan in Germany.

Actuarial assumptions generally determine benefit obligations under defined benefit plans. The actuarial calculations require the use of estimates. The main factors used in the actuarial calculations affecting the level of the benefit obligations are: assumptions on life expectancy, the discount rate and future salary and benefit levels. Under the Company's funded plans, assets are set aside to meet future payment obligations. An estimated return on the plan assets is recognized as income in the respective period. Actuarial gains and losses are generated when there are variations in the actuarial assumptions and by differences between the actual and the estimated projected benefits obligations and the return on plan assets for that year. The Company's pension liability is impacted by these actuarial gains or losses.

Under defined contribution plans, the Company pays defined contributions to an independent third party as directed by the employee during the employee's service life, which satisfies all obligations of the Company to the employee. The employee retains all rights to the contributions made by the employee and to the vested portion of the Company paid contributions upon leaving the Company. The Company has a defined contribution plan in the U.S.

Defined benefit pension plans

During the first quarter of 2002 FMCH, the Company's U.S. subsidiary, curtailed its defined benefit and supplemental executive retirement plans. Under the curtailment amendment for substantially all employees eligible to participate in the plan, benefits have been frozen as of the curtailment date and no additional defined benefits for future services will be earned. The Company has retained all employee benefit obligations as of the curtailment date. Each year FMCH contributes at least the minimum amount required by the Employee Retirement Income Security Act of 1974, as amended. In 2015, FMCH's minimum funding requirement was $19,340. In addition to the compulsory contributions, the Company voluntarily provided $759 to the defined benefit plan. Expected funding for 2016 is $15,506.

The benefit obligation for all defined benefit plans at December 31, 2015, was $810,987 (2014: $877,722) which consists of the gross benefit obligation of $477,667 (2014: $494,269) for the U.S. plan, which is funded by plan assets, and the benefit obligation of $333,320 (2014: $383,453) for the German unfunded plan.

The following table shows the changes in benefit obligations, the changes in plan assets, the funded status of the pension plans and the net pension liability. Benefits paid as shown in the changes in benefit obligations represent payments made from both the funded and unfunded plans while the benefits paid as shown in the changes in plan assets include only benefit payments from the Company's funded benefit plan.

FUNDED STATUS OF EMPLOYEE BENEFIT PLANS T. 4.25

in $ THOUS

	2015	2014
Change in benefit obligation		
Benefit obligation at beginning of year	877,722	660,860
Foreign currency translation	(39,406)	(46,505)
Service cost	24,936	18,617
Interest cost	27,783	29,513
Amendments	(879)	–
Transfer of plan participants	(102)	220
Actuarial (gain) loss	(56,840)	234,199
Benefits paid	(22,227)	(19,182)
▸ **BENEFIT OBLIGATION AT END OF YEAR**	**810,987**	**877,722**
Change in plan assets		
Fair value of plan assets at beginning of year	270,858	248,495
Actual return on plan assets	(11,159)	(3,600)
Employer contributions	20,098	42,365
Benefits paid	(19,640)	(16,402)
▸ **FAIR VALUE OF PLAN ASSETS AT END OF YEAR**	**260,157**	**270,858**
▸ **FUNDED STATUS AT END OF YEAR**	**550,830**	**606,864**
▸ **BENEFIT PLANS OFFERED BY OTHER SUBSIDIARIES**	**41,595**	**41,990**
▸ **NET PENSION LIABILITY**	**592,425**	**648,854**

Benefit plans offered by the U.S. and Germany contain a pension liability of $550,830 and $606,864 at December 31, 2015 and 2014, respectively. The pension liability consists of a current portion of $4,194 (2014: $4,151) which is recognized as a current liability in the line item "accrued expenses and other current liabilities" in the balance sheet. The non-current portion of $546,636 (2014: $602,713) is recorded as non-current pension liability in the balance sheet. Approximately 80% of the beneficiaries are located in the U.S. with the majority of the remaining 20% located in Germany.

The accumulated benefit obligation for all defined benefit pension plans with an obligation in excess of plan assets was $750,222 and $811,359 at December 31, 2015 and 2014, respectively; the related plan assets had a fair value of $260,157 and $270,858 at December 31, 2015 and 2014, respectively.

Benefit plans offered by other subsidiaries outside of the U.S. and Germany contain separate benefit obligations. The total net pension liability for these other plans was $41,595 and $41,990 at December 31, 2015 and 2014 respectively and consists of a pension asset of $61 (2014: $68) recognized as "other non-current assets and notes receivables" and a current pension liability of $2,964 (2014: $2,453), which is recognized as a current liability in the line item "accrued expenses and other current liabilities". The non-current pension liability of $38,692 (2014: $39,605) for these plans is recorded as "non-current pension liability" in the balance sheet.

At December 31, 2015 the weighted average duration of the defined benefit obligation was 18 years (2014: 18 years).

The table below reflects pre-tax effects of actuarial losses (gains) in other comprehensive income (OCI) relating to pension liabilities. At December 31, 2015, there are no cumulative effects of prior service costs included in other comprehensive income.

OTHER COMPREHENSIVE INCOME (LOSS) RELATED TO PENSION LIABILITIES T. 4.26

in $ THOUS

	Actuarial (gains) losses
▸ **ACTUARIAL (GAINS) LOSSES RECOGNIZED IN OCI AT DECEMBER 31, 2013**	**222,967**
Actuarial (gain) loss for the year	253,969
Amortization of unrealized losses	(17,147)
Foreign currency translation	(21,661)
▸ **ACTUARIAL (GAINS) LOSSES RECOGNIZED IN OCI AT DECEMBER 31, 2014**	**438,128**
Actuarial (gain) loss for the year	(29,278)
Prior service costs (credit)	(879)
Amortization of unrealized losses	(34,623)
Foreign currency translation	(19,147)
▸ **ACTUARIAL (GAINS) LOSSES RECOGNIZED IN OCI AT DECEMBER 31, 2015**	**354,201**

The actuarial loss expected to be amortized from other comprehensive income into net periodic pension cost over the next year is $31,416.

The discount rates for all plans are based upon yields of portfolios of equity and highly rated debt instruments with maturities that mirror the plan's benefit obligation. The Company's discount rates at December 31, 2015 and at December 31, 2014 are the weighted average of these plans based upon their benefit obligations.

The following weighted-average assumptions were utilized in determining benefit obligations at December 31:

WEIGHTED-AVERAGE ASSUMPTIONS FOR BENEFIT OBLIGATIONS T. 4.27

in %

	2015	*2014*
Discount rate	3.70	3.23
Rate of compensation increase	3.29	3.28

Sensitivity analysis

Increases and decreases in principal actuarial assumptions by 0.5 percentage points would affect the pension liability at December 31, 2015 as follows:

SENSITIVITY ANALYSIS T. 4.28

in $ THOUS

	0.5% increase	***0.5% decrease***
Discount rate	(67,168)	76,940
Rate of compensation increase	9,253	(9,161)
Rate of pensions increase	24,551	(22,107)

The sensitivity analysis was calculated based on the average duration of the pension obligations determined at December 31, 2015. The calculations were performed isolated for each significant actuarial parameter, in order to show the effect on the fair value of the pension liability separately.

The sensitivity analysis for compensation increases and for pension increases excludes the U.S. pension plan because it is frozen and therefore is not affected by changes from these two actuarial assumptions.

The defined benefit pension plans' net periodic benefit costs are comprised of the following components for each of the years ended December 31:

COMPONENTS OF NET PERIODIC BENEFIT COST T. 4.29

in $ THOUS

	2015	2014
Components of net periodic benefit cost:		
Service cost	24,936	18,617
Interest cost	27,783	29,513
Expected return on plan assets	(16,403)	(16,169)
Amortization of unrealized losses	34,623	17,147
▸ **NET PERIODIC BENEFIT COSTS**	**70,939**	**49,108**

Net periodic benefit cost is allocated as personnel expense within costs of revenues, selling, general and administrative expense or research and development expense. This is depending upon the area in which the beneficiary is employed.

The following weighted-average assumptions were used in determining net periodic benefit cost for the year ended December 31:

WEIGHTED-AVERAGE ASSUMPTIONS FOR NET PERIODIC BENEFIT COSTS T. 4.30

in %

	2015	2014
Discount rate	3.23	4.55
Expected return of plan assets	6.00	6.00
Rate of compensation increase	3.28	3.29

Expected benefit payments for the next five years and in the aggregate for the five years thereafter are as follows:

EXPECTED BENEFIT PAYMENTS T. 4.31

in $ THOUS

	2016	2017	2018	2019	2020	2021–2025
Expected benefit payments	22,511	24,127	25,575	27,462	29,621	178,189

Plan assets

The following table presents the fair values of the Company´s pension plan assets at December 31, 2015 and 2014.

PLAN ASSETS T. 4.32

in $ THOUS

		Fair value measurements 2015	
Asset category	***Total***	*Quoted prices in active markets for identical assets (Level 1)*	*Significant observable inputs (Level 2)*
Equity investments			
Index funds[1]	64,828	98	64,730
Fixed income investments			
Government securities[2]	4,815	4,269	546
Corporate bonds[3]	169,717	–	169,717
Other bonds[4]	7,794	–	7,794
U.S. treasury money market funds[5]	13,003	13,003	–
Other types of investments			
Cash, money market and mutual funds[6]	–	–	–
▸ **TOTAL**	**260,157**	**17,370**	**242,787**

		Fair value measurements 2014	
Asset category	***Total***	*Quoted prices in active markets for identical assets (Level 1)*	*Significant observable inputs (Level 2)*
Equity investments			
Index funds[1]	69,485	(310)	69,795
Fixed income investments			
Government securities[2]	1,629	850	779
Corporate bonds[3]	181,132	–	181,132
Other bonds[4]	4,573	–	4,573
U.S. treasury money market funds[5]	7,989	7,989	–
Other types of investments			
Cash, money market and mutual funds[6]	6,050	6,050	–
▸ **TOTAL**	**270,858**	**14,579**	**256,279**

[1] *This category comprises low-cost equity index funds not actively managed that track the S&P 500, S&P 400, Russell 2000, MSCI Emerging Markets Index and the Morgan Stanley International EAFE Index.*
[2] *This category comprises fixed income investments by the U.S. government and government sponsored entities.*
[3] *This category primarily represents investment grade bonds of U.S. issuers from diverse industries.*
[4] *This category comprises private placement bonds as well as collateralized mortgage obligations.*
[5] *This category represents funds that invest in U.S. treasury obligations directly or in U.S. treasury backed obligations.*
[6] *This category represents cash, money market funds as well as mutual funds comprised of high grade corporate bonds.*

The methods and inputs used to measure the fair value of plan assets are as follows:

- Common stocks are valued at their market prices at the balance sheet date.
- Index funds are valued based on market quotes.
- Government bonds are valued based on both market prices and market quotes.
- Corporate bonds and other bonds are valued based on market quotes at the balance sheet date.
- Cash is stated at nominal value which equals the fair value.
- U.S. treasury money market funds as well as other money market and mutual funds are valued at their market price.

Plan investment policy and strategy

For the U.S. funded plan, the Company periodically reviews the assumption for long-term expected return on pension plan assets. As part of the assumptions review, a range of reasonable expected investment returns for the pension plan as a whole was determined based on an analysis of expected future returns for each asset class weighted by the allocation of the assets. The range of returns developed relies both on forecasts, which include the actuarial firm's expected long-term rates of return for each significant asset class or economic indicator, and on broad-market historical benchmarks for expected return, correlation, and volatility for each asset class. As a result, the Company's expected rate of return on pension plan assets was 6.00% for 2015.

The Company´s overall investment strategy is to achieve a mix of approximately 98% of investments for long-term growth and income and 2% in cash or cash equivalents. Investment income and cash or cash equivalents are used for near-term benefit payments. Investments are governed by the investment policy and include well diversified index funds or funds targeting index performance.

The investment policy, utilizing a revised target investment allocation in a range around 30% equity and 70% long-term U.S. corporate bonds, considers that there will be a time horizon for invested funds of more than 5 years. The total portfolio will be measured against a custom index that reflects the asset class benchmarks and the target asset allocation. The Plan policy does not allow investments in securities of the Company or other related party securities. The performance benchmarks for the separate asset classes include: S&P 500 Index, S&P 400 Mid-Cap Index, Russell 2000 Index, MSCI EAFE Index, MSCI Emerging Markets Index and Barclays Capital Long-Corporate Bond Index.

Defined contribution plans

Most FMCH employees are eligible to join a 401(k) savings plan. Employees can deposit up to 75% of their pay up to a maximum of $18 if under 50 years old ($24 if 50 or over) under this savings plan. The Company will match 50% of the employee deposit up to a maximum Company contribution of 3% of the employee's pay. The Company's total expense under this defined contribution plan for the years ended December 31, 2015 and 2014 was $46,267 and $41,560, respectively.

12. NONCONTROLLING INTERESTS SUBJECT TO PUT PROVISIONS AND OTHER TEMPORARY EQUITY

The Company has potential obligations to purchase the noncontrolling interests held by third parties in certain of its consolidated subsidiaries. These obligations are in the form of put provisions and are exercisable at the third-party owners' discretion within specified periods as outlined in each specific put provision. If these put provisions were exercised, the Company would be required to purchase all or part of third-party owners' noncontrolling interests at the appraised fair value at the time of exercise. The methodology the Company uses to estimate the fair values of the noncontrolling interest subject to put provisions assumes the greater of net book value or a multiple of earnings, based on historical earnings, development stage of the underlying business and other factors. Additionally, there are put provisions that are valued by an external valuation firm. The external valuation estimates the fair values using a combination of discounted cash flows and a multiple of earnings and/or revenue. The estimated fair values of the noncontrolling interests subject to these put provisions can also fluctuate, the discounted cash flows and the implicit multiple of earnings and/or revenue at which these noncontrolling interest obligations may ultimately be settled could vary significantly from our current estimates depending upon market conditions.

At December 31, 2015 and 2014, the Company's potential obligations under these put options were $1,023,755 and $824,658, respectively. At December 31, 2015 and 2014, put options with an aggregate purchase obligation of $258,552 and $123,846, respectively, were exercisable. In the last three fiscal years ending December 31, 2015, eleven such put provisions have been exercised for a total consideration of $13,747.

The following is a roll forward of noncontrolling interests subject to put provisions for the years ended December 31, 2015 and 2014:

NONCONTROLLING INTERESTS SUBJECT TO PUT PROVISIONS T. 4.33

in $ THOUS

	2015	*2014*
▸ **BEGINNING BALANCE AS OF JANUARY 1,**	**824,658**	**648,251**
Contributions to noncontrolling interests	(164,830)	(142,696)
Purchase/sale of noncontrolling interests	7,915	87,902
Contributions from noncontrolling interests	16,749	16,064
Expiration of put provisions and other reclassifications	5,206	(4,650)
Changes in fair value of noncontrolling interests	178,003	89,767
Net income	159,127	133,593
Other comprehensive income (loss)	(3,073)	(3,573)
▸ **ENDING BALANCE AS OF DECEMBER 31,**	**1,023,755**	**824,658**

In addition to the amounts in the table above, other temporary equity related to the subsidiary stock incentive plan was $4,613 as of December 31, 2015 see note 16.

13. SHAREHOLDERS' EQUITY

Capital stock

The General Partner has no equity interest in the Company and, therefore, does not participate in either the assets or the profits and losses of the Company. However, the General Partner is compensated for all outlays in connection with conducting the Company's business, including the remuneration of members of its management board and its supervisory board see note 2.

The general meeting of a partnership limited by shares may approve authorized capital (genehmigtes Kapital). The resolution creating authorized capital requires the affirmative vote of a majority of three quarters of the capital represented at the vote and may authorize the General Partner and its management board to issue new shares up to a stated amount for a period of up to five years. The nominal value of any proposed increase of the authorized capital may not exceed half of the issued capital stock at the time of the authorization.

In addition, the general meeting of a partnership limited by shares may create conditional capital (bedingtes Kapital) for the purpose of issuing (i) new shares to holders of convertible bonds or other securities which grant a right to shares, (ii) new shares as the consideration in a merger with another company, or (iii) new shares offered to management or employees. In each case, the authorizing resolution requires the affirmative vote of a majority of three quarters of the capital represented at the vote. The nominal value for any proposed increase of the conditional capital may not exceed half or, in the case of conditional capital created for the purpose of issuing shares to management and employees, 10% of the Company's issued capital at the time of the resolution.

All resolutions increasing the capital of a partnership limited by shares also require the consent of the General Partner in order for the resolutions to go into effect.

Following the conversion of all 3,975,533 outstanding preference shares into ordinary shares (approved at FMC AG & Co. KGaA's Annual General Meeting (AGM) and Preference Shareholder Meeting held on May 16, 2013) in the amount of €3,976 ($4,465) on a 1:1 basis, subscribed capital at December 31, 2013 comprised solely ordinary shares. In addition, 32,006 options associated with the preference shares were converted into options associated with ordinary shares. At the time of preference share conversion, there were no dividend arrearages.

Authorized capital

By resolution of the AGM on May 19, 2015, the General Partner was authorized, with the approval of the supervisory board, to increase, on one or more occasions, the Company's share capital until May 18, 2020 up to a total of €35,000 through issue of new bearer ordinary shares for cash contributions, "authorized capital 2015/I". Additionally, the newly issued shares may be taken up by a credit and/or financial institution or a consortium of such credit and/or financial institutions retained by the General Partner with the obligation to offer them to the shareholders of the Company. The General Partner is entitled, subject to the approval of the supervisory board, to exclude the pre-emption rights of the shareholders. However, such an exclusion of pre-emption rights will be permissible only for fractional amounts. No authorized capital 2015/I has been issued at December 31, 2015.

In addition, by resolution of the AGM of shareholders on May 19, 2015, the General Partner was authorized, with the approval of the supervisory board, to increase, on one or more occasions, the share capital of the Company until May 18, 2020 up to a total of €25,000 through the issue of new bearer ordinary shares for cash contributions or contributions in kind, "authorized capital 2015/II". The new shares can also be obtained by a credit and/or financial institution or a consortium of such credit and/or financial institutions retained by the General Partner with the obligation to offer the shares to the Company's shareholders for subscription.The General Partner is entitled, subject to the approval of the supervisory board, to exclude the 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 issued shares does not exceed 10% of the nominal share value of the Company's share capital and the issue price for the new shares is at the time of the determination by the General Partner not significantly lower than the stock price of the existing listed shares of the same class 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. No authorized capital 2015/II has been issued at December 31, 2015.

Authorized capital 2015/I and authorized capital 2015/II became effective upon registration with the commercial register of the local court in Hof an der Saale on June 10, 2015.

A further resolution of the AGM of shareholders on May 19, 2015 cancelled the Company's previous authorized capital as they were not utilized through the authorization expiry in May 10, 2015. The previous authorized capital has additionally been removed from the Company's Articles of Association.

Conditional capital

By resolution of the Company's AGM on May 12, 2011, the Company's share capital was conditionally increased with regards to the 2011 stock option plan (2011 SOP) by up to €12,000 subject to the issue of up to twelve million no par value bearer ordinary shares with a calculated proportionate value of €1.00 each. The conditional capital increase can only be used for the purposes of servicing stock options under the 2011 SOP, with each stock option awarded exercisable for one ordinary share. The Company has the right to deliver ordinary shares that it owns or purchases in the market in lieu of increasing capital by issuing new shares. For further information, see note 16.

By resolution of the Company's AGM on May 9, 2006, as amended by the resolution of the Company's AGM on May 15, 2007, resolving a three-for-one share split, the Company's share capital was conditionally increased by up to €15,000 corresponding to 15 million ordinary shares with no par value and a calculated proportionate value of €1.00 each. This conditional capital increase can only be used for the purposes of servicing stock options under the Company's Stock Option Plan 2006 with each stock option awarded exercisable for one ordinary share see note 16. The Company has the right to deliver ordinary shares that it owns or purchases in the market in lieu of increasing capital by issuing new shares.

Through the Company's other employee participation programs, the Company has issued convertible bonds and stock option/subscription rights (Bezugsrechte) to employees and the members of the Management Board of the General Partner and employees and members of management of affiliated companies that entitle these persons to receive shares. At December 31, 2015, 8,737,270 convertible bonds or options remained outstanding with a remaining average term of 6 years under these programs. For the year ending December 31, 2015, 1,758,820 options had been exercised under these employee participation plans see note 16.

As the result of the Company's three-for-one stock split for both then-outstanding preference and ordinary shares, which was approved by the shareholders at the AGM on May 15, 2007, on June 15, 2007 the Company's Conditional Capital was increased by $6,557 (€4,454). Conditional capital at December 31, 2015 was $21,338 (€19,600). For all programs, conditional capital of $17,664 (€16,226) was available, which included $12,718 (€11,682) for the 2011 SOP and $4,946 (€4,544) for the 2006 Plan see note 16.

Treasury Stock

By resolution of the Company's AGM on May 12, 2011, the Company was authorized to conduct a share buy-back program to repurchase ordinary shares. On April 4, 2013, the Company issued an ad hoc announcement of a share buy-back program in the aggregate value of up to €385,000 (approximately $500,000). The buy-back started on May 20, 2013 and was completed on August 14, 2013 after 7,548,951 shares had been repurchased in the amount of €384,966 ($505,014). These shares are restricted treasury stock which means there are no associated dividends or voting rights. These treasury shares will be used solely to either reduce the registered share capital of the Company by cancellation of the acquired shares, or to fulfill employee participation programs of the Company.

The following tabular disclosure provides the monthly detail of shares repurchased during the buy-back program, which ended on August 14, 2013:

SHARE BUY-BACK T. 4.34

Period	Average price paid per share		Total number of shares purchased as part of publicly announced plans or programs	Total value of shares repurchased	
	in €	in $[1]		in €[3]	in $[2, 3]
				in THOUS	
May 2013	52.96	68.48	1,078,255	57,107	73,842
June 2013	53.05	69.95	2,502,552	132,769	175,047
July 2013	49.42	64.63	2,972,770	146,916	192,124
August 2013	48.40	64.30	995,374	48,174	64,001
▶ **TOTAL**	**51.00**	**66.90**	**7,548,951**	**384,966**	**505,014**

[1] *The dollar value is calculated using the daily exchange rate for the share repurchases made during the month.*
[2] *The value of the shares repurchased in dollar is calculated using the total value of the shares purchased in Euro converted using the daily exchange rate for the transactions.*
[3] *This amount is inclusive of fees (net of taxes) paid in the amount of approximately $106 (€81) for services rendered.*

Dividends

Under German law, the amount of dividends available for distribution to shareholders is based upon the unconsolidated retained earnings of Fresenius Medical Care AG & Co. KGaA as reported in its balance sheet determined in accordance with the German Commercial Code (Handelsgesetzbuch). In addition, the payment of dividends by FMC AG & Co. KGaA is subject to limitations under the amended 2012 credit agreement see note 10.

Cash dividends of $263,244 for 2014 in the amount of €0.78 per ordinary share were paid on May 20, 2015.

Cash dividends of $317,903 for 2013 in the amount of €0.77 per ordinary share were paid on May 16, 2014.

14. SOURCES OF REVENUE

Outside of the U.S., the Company does not recognize patient service revenue at the time the services are rendered without assessing the patient's ability to pay. Accordingly, the additional disclosure requirements introduced with ASU 2011-07 apply solely to U.S. patient service revenue. Below is a table showing the sources of our U.S. patient service revenue (net of contractual allowance and discounts but before patient service bad debt provision), included in the Company's health care revenue, for the years ended December 31, 2015 and 2014:

U.S. PATIENT SERVICE REVENUE T. 4.35

in $ THOUS

	2015	2014
Medicare program	5,058,262	4,677,053
Private/alternative payors	4,830,401	4,278,847
Medicaid and other government sources	538,077	433,092
Hospitals	915,184	568,859
▸ **TOTAL PATIENT SERVICE REVENUE**	**11,341,924**	**9,957,851**

15. EARNINGS PER SHARE

The following table contains reconciliations of the numerators and denominators of the basic and diluted earnings per share computations for 2015 and 2014:

RECONCILIATION OF BASIC AND DILUTED EARNINGS PER SHARE T. 4.36

in $ THOUS, except share data

	2015	2014
Numerators		
Net income attributable to shareholders of FMC AG & Co. KGaA	1,029,445	1,045,266
Denominators		
Total weighted average shares outstanding	304,440,184	302,339,124
Potentially dilutive shares	479,851	528,772
▸ **TOTAL WEIGHTED AVERAGE SHARES OUTSTANDING ASSUMING DILUTION**	**304,920,035**	**302,867,896**
Basic earnings per share	3.38	3.46
Fully diluted earnings per share	3.38	3.45

16. STOCK OPTIONS

Fresenius Medical Care AG & Co. KGaA stock options and other share-based plans

In connection with its equity-settled stock option programs, the Company incurred compensation expense of $6,583 and $6,307 for the years ending December 31, 2015 and 2014, respectively. There were no capitalized compensation costs in any of the three years presented. The Company also recognized a related income tax benefit of $1,857 and $1,384 for the years ending December 31, 2015 and 2014, respectively.

At December 31, 2015, the Company has various stock-based compensation plans as follows:

Fresenius Medical Care AG & Co. KGaA long term incentive program 2011

On May 12, 2011, the Fresenius Medical Care AG & Co. KGaA stock option plan 2011 (2011 SOP) was established by resolution of the Company's AGM. The 2011 SOP, together with the phantom stock plan 2011, which was established by resolution of the General Partner's Management and Supervisory Boards, forms the Company's long term incentive program 2011 (2011 incentive program). Under the 2011 incentive program, participants were granted awards, which consisted of a combination of stock options and phantom stock. Awards under the 2011 incentive program were granted over a five year period and were able to be granted on the last Monday in July and/or the first Monday in December each year. The final grant under the 2011 incentive program was made in December 2015. Generally and

prior to the respective grants, participants were able to choose how much of the granted value is granted in the form of stock options and phantom stock in a predefined range of 75:25 to 50:50, stock options vs. phantom stock. For grants made in 2014 and 2015 related to the participants who did not belong to the General Partner's Management Board, the grant ratio was predefined at 50:50. The number of phantom shares granted instead of stock options and within the aforementioned proportions was determined on the basis of a fair value assessment pursuant to a binomial model. With respect to grants made in July, this fair value assessment was conducted on the day following the Company's AGM and with respect to the grants made in December, on the first Monday in October. Awards under the 2011 incentive program are subject to a four-year vesting period. Vesting of the awards granted is subject to achievement of performance targets. The 2011 incentive program was established with a conditional capital increase up to €12,000 subject to the issue of up to twelve million non-par value bearer ordinary shares with a nominal value of €1.00, each of which can be exercised to obtain one ordinary share.

The Management Board, members of the management boards of the Company's affiliated companies and the managerial staff members of the Company and of certain affiliated companies are entitled to participate in the 2011 incentive program. With respect to participants who are members of the Management Board, the General Partner's Supervisory Board has sole authority to make plan interpretations, decide on certain adjustments and to grant awards under the 2011 incentive program. The General Partner has such authority with respect to all other participants in the 2011 incentive program.

The exercise price of stock options granted under the 2011 incentive program shall be the average stock exchange price on the Frankfurt Stock Exchange of the Company's shares during the 30 calendar days immediately prior to each grant date. Stock options granted under the 2011 incentive program have an eight-year term and can be exercised only after a four-year vesting period. Stock options granted under the 2011 incentive program to U.S. participants are non-qualified stock options under the United States Internal Revenue Code of 1986, as amended. Options under the 2011 incentive program are not transferable by a participant or a participant's heirs, and may not be pledged, assigned, or disposed of otherwise.

Phantom stock awards under the 2011 incentive program entitle the holders to receive payment in Euro from the Company upon exercise of the phantom stock. The payment per phantom share in lieu of the issuance of such stock shall be based upon the share price on the Frankfurt Stock Exchange of one of the Company's shares on the exercise date. Phantom stock awards have a five-year term and can be exercised only after a four-year vesting period, beginning with the grant date, however a shorter period may apply for certain exceptions. For participants who are U.S. tax payers, the phantom stock is deemed to be exercised in any event in the month of March following the end of the vesting period.

During 2015, under the 2011 incentive program, the Company awarded 3,073,360 stock options, including 502,980 stock options granted to the Management Board, at a weighted average exercise price of $83.89 (€77.06), a weighted average fair value of $16.57 each and a total fair value of $50,923 which will be amortized over the four-year vesting period. The Company also awarded 607,828 shares of phantom stock, including 62,516 shares of phantom stock granted to members of the Management Board at a measurement date weighted average fair value of $80.36 (€73.81) each and a total fair value of $48,843, which will be revalued if the fair value changes, and amortized over the four-year vesting period.

During 2014, under the 2011 incentive program, the Company awarded 1,677,360 stock options, including 273,900 stock options granted to the Management Board, at a weighted average exercise price of $61.14 (€50.35), a weighted average fair value of $12.21 each and a total fair value of $20,479 which will be amortized over the four-year vesting period. The Company also awarded 299,547 shares of phantom stock, including 24,950 shares of phantom stock granted to members of the Management Board at a measurement date weighted average fair value of $70.62 (€58.17) each and a total fair value of $21,155, which will be revalued if the fair value changes, and amortized over the four-year vesting period.

New incentive bonus plan

In 2015, the Management Board was eligible for performance-related compensation that depended upon achievement of targets. The targets are measured by reference to operating income margin, net income growth and free cash flow (net cash provided by operating activities after capital expenditures before acquisitions and investments) in percentage of revenue, and are derived from the comparison of targeted and actually achieved current year figures. Targets are divided into group level targets and those to be achieved in individual regions and areas of responsibility.

Performance-related bonuses for fiscal year 2015 will consist proportionately of a cash component and a share-based component which will be paid in cash. Upon meeting the annual targets, the cash component will be paid after the end of 2015. The share-based component is subject to a three- or four-year vesting period, although a shorter period may apply in special cases. The amount of cash for the payment relating to the share-based component shall be based on the share price of Fresenius Medical Care AG & Co. KGaA ordinary shares upon exercise. The amount of the achievable bonus for each of the members of the Management Board is capped.

Share-based compensation related to this plan for years 2015 and 2014 was $891 and $1,040, respectively.

Fresenius Medical Care AG & Co. KGaA stock option plan 2006

The Fresenius Medical Care AG & Co. KGaA stock option plan 2006 (amended 2006 plan) was established with a conditional capital increase up to €12,800, subject to the issue of up to five million no par value bearer ordinary shares with a nominal value of €1.00, each of which can be exercised to obtain one ordinary share. In connection with the share split affected in 2007, the principal amount was adjusted to the same proportion as the share capital out of the capital increase up to €15,000 by the issue of up to 15 million new non-par value bearer ordinary shares. After December 2010, no further grants were issued under the amended 2006 plan. Options granted under this plan are exercisable through December 2017.

Options granted under the amended 2006 plan to US participants are non-qualified stock options under the United States Internal Revenue Code of 1986, as amended. Options under the amended 2006 plan are not transferable by a participant or a participant's heirs, and may not be pledged, assigned, or otherwise disposed of.

Fresenius Medical Care 2001 international stock incentive plan

Under the Fresenius Medical Care 2001 international stock incentive plan (the 2001 plan), options in the form of convertible bonds with a principal of up to €10,240 were issued to the Management Board and other employees of the Company representing grants for up to 4 million non-voting preference shares. The convertible bonds originally had a par value of €2.56 and bear interest at a rate of 5.5%. In connection with the share split affected in 2007, the principal amount was adjusted in the same proportion as the share capital out of the capital increase and the par value of the convertible bonds was adjusted to €0.85 without affecting the interest rate.

Based on the resolution of the Annual General Meeting and the separate Meeting of the Preference Shareholders on May 16, 2013 regarding the conversion of all preference shares into ordinary shares, the 2001 plan was amended accordingly. The partial amount of the capital increase which was formerly referred to as the issuance of bearer preference shares will now be referred exclusively to the issuance of bearer ordinary shares.

Effective May 2006, no further grants can be issued under the 2001 plan and no options were granted under this plan after 2005. As of December 31, 2015, there are no outstanding options under the 2001 Plan.

Additional stock option plans information

At December 31, 2015, the Management Board held 1,565,195 stock options and employees of the Company held 7,172,075 stock options under the various stock-based compensation plans of the Company.

At December 31, 2015, the Management Board held 118,703 phantom shares and employees of the Company held 1,046,070 phantom shares under the 2011 incentive plan.

The table below provides reconciliations for stock options outstanding at December 31, 2015, as compared to December 31, 2014.

RECONCILIATION OF OPTIONS OUTSTANDING T. 4.37

	Options	*Weighted average exercise*	
	in THOUS	*in €*	*in $*
Stock options for shares			
▸ **BALANCE AT DECEMBER 31, 2014**	**9,189**	**48.34**	**52.63**
Granted	3,073	77.06	83.89
Exercised	1,759	39.09	42.55
Forfeited	1,766	56.02	60.99
▸ **BALANCE AT DECEMBER 31, 2015**	**8,737**	**58.75**	**63.96**

The following table provides a summary of fully vested options outstanding and exercisable at December 31, 2015:

FULLY VESTED OUTSTANDING AND EXERCISABLE OPTIONS T. 4.38

	Number of options	*Weighted average remaining contractual life*	*Weighted average exercise price*		*Aggregate intrinsic value*	
	in THOUS	*in years*	*in €*	*in $*	*in €*	*in $*
Options for shares	1,611	2.05	43.81	47.70	54,647	59,494

At December 31, 2015, there was $55,304 of total unrecognized compensation costs related to non-vested options granted under all plans. These costs are expected to be recognized over a weighted-average period of 2 years.

During the years ended December 31, 2015 and 2014, the Company received cash of $76,093 and $98,523, respectively, from the exercise of stock options see note 13. The intrinsic value of convertible bonds and stock options exercised for the twelve-month periods ending December 31, 2015 and 2014 was $73,886 and $47,396, respectively. The Company recorded a cash inflow for income taxes from stock option exercises of $18,073 and $8,529 for the years ending December 31, 2015 and 2014, respectively. The excess tax benefit allocated to additional paid-in capital for the twelve-month periods ending December 31, 2015 and 2014 for all share-based compensation programs was $13,451 and $4,056, respectively.

In connection with cash-settled share based payment transactions under the 2011 incentive program the Company recognized expense of $11,932 and $5,389 for the years ending December 31, 2015 and 2014, respectively.

Fair value information

The Company used a binomial option-pricing model in determining the fair value of the awards under the 2011 SOP and the amended 2006 plan. Option valuation models require the input of subjective assumptions including expected stock price volatility. The Company's assumptions are based upon its past experiences, market trends and the experiences of other entities of the same size and in similar industries. Expected volatility is based on historical volatility of the Company's shares. To incorporate the effects of expected early exercise in the model, an early exercise of vested options was assumed as soon as the share price exceeds 155% of the exercise price. The Company's stock options have characteristics that vary significantly from traded options and changes in subjective assumptions can materially affect the fair value of the option. The assumptions used to determine the fair value of the 2015 and 2014 grants are as follows:

ASSUMPTIONS T. 4.39

	2015	2014
Expected dividend yield *in %*	1.46	1.99
Risk-free interest rate *in %*	0.44	0.83
Expected volatility *in %*	22.32	22.16
Expected life of options *in years*	8	8
Weighted average exercise price *in €*	77.06	50.35
Weighted average exercise price *in $*	83.89	61.14

Subsidiary stock incentive plans

Subsidiary stock incentive plans were established during 2014 in conjunction with two acquisitions made by the Company. Under these plans, two of the Company's subsidiaries are authorized to issue a total of 116,103,806 incentive units. The incentive units have two types of vesting conditions – a service condition and a performance condition. Of the total Incentive Units granted, eighty percent vest ratably over a four year period and twenty percent vest upon the achievement of certain of the relevant subsidiary's performance targets over a six year vesting period (the performance units").

Fifty percent of the performance units will vest upon achievement of performance targets in 2017. The remaining 50%, plus any unvested performance units, will vest upon achievement of performance targets in 2019. All of the performance units will vest upon achievement of performance targets in 2020, if not previously vested. Additionally, for one of the subsidiaries, all performance units not previously vested will vest upon successful completion of an initial public offering.

As of December 31, 2015 and 2014, there was $17,886 and $20,005, respectively, of total unrecognized compensation cost related to unvested incentive units under the plans. These costs are expected to be recognized over a weighted average period of 4.2 years.

The Company used the Monte Carlo pricing model in determining the fair value of the awards under this incentive plan. Option valuation models require the input of subjective assumptions including expected stock price volatility. The Company's assumptions are based upon its past experiences, market trends and the experiences of other entities of the same size and in similar industries.

17. INCOME TAXES

Income before income taxes is attributable to the following geographic locations:

INCOME BEFORE INCOME TAXES T. 4.40

in $ THOUS

	2015	2014
Germany	134,193	243,684
United States	1,440,040	1,262,570
Other	361,039	337,152
▸ **TOTAL**	**1,935,272**	**1,843,406**

Income tax expense (benefit) for the years ended December 31, 2015 and 2014, consisted of the following:

EXPENSE (BENEFIT) FOR INCOME TAXES T. 4.41

in $ THOUS

	2015	2014
Current		
Germany	72,231	72,613
United States	458,780	270,676
Other	138,588	141,291
▸ **TOTAL CURRENT**	**669,599**	**484,580**
Deferred		
Germany	(45,813)	(22,651)
United States	(12,693)	152,423
Other	11,030	(30,754)
▸ **TOTAL DEFERRED**	**(47,476)**	**99,018**
▸ **TOTAL**	**622,123**	**583,598**

A reconciliation between the expected and actual income tax expense is shown below. The expected corporate income tax expense is computed by applying the German corporation tax rate (including the solidarity surcharge) and the trade tax rate on income before income taxes. The German combined statutory tax rates were 29.62% and 29.20% for the fiscal years ended December 31, 2015 and 2014, respectively.

RECONCILIATION OF INCOME TAXES T. 4.42

in $ THOUS

	2015	2014
Expected corporate income tax expense	573,228	538,275
Tax-free income	(35,715)	(44,658)
Income from equity method investees	(14,272)	(5,476)
Tax rate differentials	126,263	148,294
Nondeductible expenses	36,406	25,161
Taxes for prior years	19,969	(25,247)
Change in valuation allowance	(2,571)	6,284
Noncontrolling partnership interests	(109,470)	(81,594)
Tax on divestitures	14,953	–
Other	13,332	22,559
▸ **ACTUAL INCOME TAX EXPENSE**	**622,123**	**583,598**
▸ **EFFECTIVE TAX RATE**	**32.1%**	**31.7%**

The tax effects of the temporary differences that give rise to deferred tax assets and liabilities at December 31, 2015 and 2014, are presented below:

DEFERRED INCOME TAX ASSETS AND LIABILITIES T. 4.43

in $ THOUS

	2015	2014
Deferred tax assets		
Accounts receivable	8,850	7,007
Inventory	11,503	9,424
Intangible assets	7,967	6,876
Property, plant and equipment and other non-current assets	28,476	22,268
Accrued expenses and other liabilities	372,365	285,333
Pensions	151,732	170,659
Net operating loss carryforwards, tax credit carryforwards and interest carryforwards	131,640	138,934
Derivatives	1,317	10,912
Stock-based compensation	3,173	11,934
Other	4,018	12,407
▸ **TOTAL DEFERRED TAX ASSETS**	**721,041**	**675,754**
Less: valuation allowance	(34,654)	(49,479)
▸ **NET DEFERRED TAX ASSETS**	**686,387**	**626,275**
Deferred tax liabilities		
Accounts receivable	43,664	40,453
Inventory	8,318	10,316
Intangible assets	686,650	704,391
Property, plant and equipment, intangible and other non-current assets	129,835	163,286
Accrued expenses and other liabilities	5,575	10,368
Derivatives	5,488	4,177
Other	242,524	146,274
▸ **TOTAL DEFERRED TAX LIABILITIES**	**1,122,054**	**1,079,265**
▸ **NET DEFERRED TAX ASSETS (LIABILITIES)**	**(435,667)**	**(452,990)**

The item "Other" includes the deferred tax liability in the amount of $86,790 related to the recognized insurance recoveries in relation to the NaturaLyte® and GranuFlo® agreement in principle. For further information, see note 19 "Commitments and contingencies – commercial litigation".

The valuation allowance decreased by $14,825 in 2015 and increased by $916 in 2014.

The net operating losses included in the table below reflect U.S. federal tax, German corporate income tax, and other tax loss carryforwards in the various countries in which we operate, and expire as follows:

NET OPERATING LOSS CARRYFORWARDS T. 4.44

in $ THOUS

2016	*2017*	*2018*	*2019*	*2020*	*2021*	*2022*	*2023*	*2024*	*2025 and thereafter*	*Without expiration date*	***Total***
16,775	16,411	22,130	27,396	17,430	5,187	8,585	4,144	18,243	4,819	81,370	**222,490**

In assessing the realizability of deferred tax assets, management considers whether it is more-likely-than-not that some portion or all of a deferred tax asset will be realized. The ultimate realization of deferred tax assets is dependent upon the generation of future taxable income during the periods in which those temporary differences and tax loss carryforwards become deductible. Management considers the expected reversal of deferred tax liabilities and projected future taxable income in making this assessment. Based upon the level of historical taxable income and projections for future taxable income over the periods in which the deferred tax assets are deductible, management believes it is more-likely-than-not the Company will realize the benefits of these deductible differences, net of the existing valuation allowances at December 31, 2015.

The Company provides for income taxes and foreign withholding taxes on the cumulative earnings of foreign subsidiaries and foreign corporate joint ventures that will not be reinvested. At December 31, 2015, the Company provided for $9,273 (2014: $11,426) of deferred tax liabilities associated with earnings that are likely to be distributed in 2016 and the following years. Provision has not been made for additional taxes on $7,463,853 (2014: $6,622,324) undistributed earnings of foreign subsidiaries as these earnings are considered indefinitely reinvested. The earnings could become subject to additional tax if remitted or deemed remitted as dividends; however calculation of such additional tax is not practicable. These taxes would predominantly comprise foreign withholding tax on dividends of foreign subsidiaries, and German income tax; however, those dividends and capital gains would generally be 95% tax free for German tax purposes.

FMC AG & CO. KGAA companies are subject to tax audits in Germany and the U.S. on a regular basis and on-going tax audits in other jurisdictions.

In Germany, the tax years 2006 through 2013 are currently under audit by the tax authorities. The Company recognized and recorded the current proposed adjustments of this audit period in the financial statements. Fiscal years 2014 until 2015 are open to audit.

In the U.S., the tax years 2011 and 2012 are currently under audit by the tax authorities. Fiscal years 2013 until 2015 are open to audit. FMCH is also subject to audit in various state jurisdictions. A number of these audits are in progress and various years are open to audit in various state jurisdictions. All expected results for both federal and state income tax audits have been recognized in the financial statements.

Subsidiaries of FMC AG & CO. KGAA in a number of countries outside of Germany and the U.S. are also subject to tax audits. The Company estimates that the effects of such tax audits are not material to these consolidated financial statements.

The following table shows the reconciliation of the beginning and ending amounts of unrecognized tax benefits:

RECONCILIATION OF UNRECOGNIZED TAX BENEFITS (EXCLUDING INTEREST) T. 4.45

in $ THOUS

	2015	*2014*
▸ **BALANCE AT JANUARY 1**	**166,108**	**199,924**
Increases in unrecognized tax benefits prior periods	30,973	35,584
Decreases in unrecognized tax benefits prior periods	(20,244)	(21,143)
Increases in unrecognized tax benefits current period	–	12,600
Changes related to settlements with tax authorities	(6,762)	(60,872)
Reductions as a result of a lapse of the statute of limitations	(1,300)	–
Foreign currency translation	(19,486)	15
▸ **BALANCE AT DECEMBER 31**	**149,289**	**166,108**

Included in the balance at December 31, 2015 were $147,412 of unrecognized tax benefits which would affect the effective tax rate if recognized. The Company is currently not in a position to forecast the timing and magnitude of changes in unrecognized tax benefits.

During the year ended December 31, 2015 the Company recognized expense of $11,478 and in 2014 benefit of $13,986 for interest and penalties. At December 31, 2015 and December 31, 2014 the Company had a total accrual of income tax related interest and penalties of $27,029 and $1,397, respectively.

18. OPERATING LEASES

The Company leases buildings and machinery and equipment under various lease agreements expiring on dates through 2047. Rental expense recorded for operating leases for the years ended December 31, 2015 and 2014 was $754,380 and $729,387, respectively. For information regarding intercompany operating leases, see note 2 a.

Future minimum rental payments under non-cancelable operating leases for the five years succeeding December 31, 2015 and thereafter are:

FUTURE MINIMUM RENTAL PAYMENTS T. 4.46

in $ THOUS

	2016	*2017*	*2018*	*2019*	*2020*	*Thereafter*	***Total***
Future minimum rental payments	696,831	595,078	509,936	436,120	361,637	1,159,673	**3,759,275**

19. COMMITMENTS AND CONTINGENCIES

Legal and regulatory matters

The Company is routinely involved in numerous claims, lawsuits, regulatory and tax audits, investigations and other legal matters arising, for the most part, in the ordinary course of its business of providing health care services and products. Legal matters that the Company currently deems to be material or noteworthy are described below. For the matters described below in which the Company believes a loss is both reasonably possible and estimable, an estimate of the loss or range of loss exposure is provided. For the other matters described below, the Company believes that the loss probability is remote and/or the loss or range of possible losses cannot be reasonably estimated at this time. The outcome of litigation and other legal matters is always difficult to predict accurately and outcomes that are not consistent with the Company's view of the merits can occur. The Company believes that it has valid defenses to the legal matters pending against it and is defending itself vigorously. Nevertheless, it is possible that the resolution of one or more of the legal matters currently pending or threatened could have a material adverse effect on its business, results of operations and financial condition.

Commercial litigation

On April 5, 2013, the U.S. Judicial Panel on Multidistrict Litigation ordered that the numerous lawsuits filed in various federal courts alleging wrongful death and personal injury claims against FMCH and certain of its affiliates relating to FMCH's acid concentrate products NaturaLyte® and GranuFlo® be transferred and consolidated for pretrial management purposes into a consolidated multidistrict litigation in the United States District Court for the District of Massachusetts, styled In Re: Fresenius GranuFlo®/NaturaLyte® Dialysate Products Liability Litigation, Case No. 2013-md-02428. The Massachusetts state courts and the St. Louis City (Missouri) court subsequently established similar consolidated litigation for such cases filed in Massachusetts county courts and St. Louis City court. See, In Re: Consolidated Fresenius Cases, Case No. MICV 2013-03400-0 (Massachusetts Superior Court, Middlesex County). These lawsuits allege generally that inadequate labeling and warnings for these products caused harm to patients. In addition, similar cases have been filed in other state courts. On February 17, 2016, the Company reached and reported to the courts an agreement in principle with a committee for plaintiffs in all cases. The agreement in principle calls for the Company to pay $250,000 into a settlement fund in August 2016 in exchange for releases of all or substantially all of the plaintiffs' claims, subject to the Company's right to void the settlement under certain conditions, including if more than 3% of all plaintiffs reject the settlement by July 2016 or the distribution of rejecters meet certain criteria. The Company's affected insurers have agreed to fund $220,000 of the settlement fund, with a reservation of rights regarding certain coverage issues between and among the Company and its insurers. The Company has accrued a net expense of $60,000 for consummation of the settlement, including legal fees and other anticipated costs.

Certain of the complaints in the litigation named combinations of FMC AG & CO. KGAA, FMC Management AG, Fresenius SE and Fresenius Management SE as defendants, in addition to FMCH and its domestic United States affiliates. The agreement in principle provides for dismissals and releases of claims encompassing the European defendants.

The accruals for the agreement in principle, the related costs and insurance recoveries are based upon information currently available to the Company. These estimates may change as more or new information becomes available.

Certain plaintiffs including the Attorneys General of Louisiana and Mississippi have filed complaints against FMCH or its affiliates under state deceptive practices statutes resting on certain background allegations common to the GranuFlo®/NaturaLyte® personal injury litigation. These cases, however, implicate different legal standards, theories of liability and forms of potential recovery and, as such, are not currently subject to the agreement in principle discussed above. FMCH believes that these deceptive practices lawsuits are without merit and will defend them vigorously.

Other litigation and potential exposures

On February 15, 2011, a whistleblower (relator) action under the False Claims Act against FMCH was unsealed by order of the United States District Court for the District of Massachusetts and served by the relator. The United States did not intervene initially in the case United States ex rel. Chris Drennen v. Fresenius Medical Care Holdings, Inc., 2009 Civ. 10179 (D. Mass.). The relator's complaint, which was first filed under seal in February 2009, alleged that the Company sought and received reimbursement from government payors for serum ferritin and multiple forms of hepatitis B laboratory tests that were medically unnecessary or not properly ordered by a physician. Discovery on the relator's complaint closed in May 2015. On October 2, 2015, the United States Attorney moved to intervene on the relator's complaint with respect only to certain Hepatitis B surface antigen tests performed prior to 2011, when Medicare reimbursement rules for such tests changed. FMCH believes that the allegations of the complaint are without merit and will defend the litigation vigorously.

Subpoenas or search warrants were issued by federal and state law enforcement authorities under the supervision of the United States Attorneys for the Districts of Connecticut, Southern Florida, Eastern Virginia and Rhode Island to American Access Care LLC (AAC), which the Company acquired in October 2011, and to the Company's subsidiary, Fresenius Vascular Care, Inc., which now operates former AAC centers as well as its own original facilities. As of September 30, 2015, the Company had entered into settlements of allegation made by the United States Attorneys for Connecticut, Southern Florida, and Rhode Island under which the Company paid approximately $8 million in exchange for releases related to activities of American Access Care prior to the acquisition. Pursuant to the AAC acquisition agreement the prior owners are obligated to indemnify the Company for payments under these settlements, subject to certain limitations and deductibles. The three settlements implicate only actions and events occurring prior to the Company's acquisition of AAC. The Eastern Virginia investigation remains active and outstanding. It appears to relate to issues similar to the others, but is being conducted in part as a grand jury proceeding.

On October 6, 2015, the Office of Inspector General of the United States Department of Health and Human Services (OIG) issued a subpoena to the Company seeking information about utilization and invoicing by Fresenius Vascular Care facilities as a whole for a period beginning after the acquisition of AAC. The Company is cooperating in the OIG's inquiry.

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

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

The Company's independent counsel, in conjunction with the Company's Compliance Department, has reviewed the Company's anti-corruption compliance program, including internal controls related to compliance with international anti-bribery laws, and appropriate enhancements are being implemented. The Company continues to be fully committed to FCPA and other anti-bribery law compliance.

In December 2012, FMCH received a subpoena from the United States Attorney for the District of Massachusetts requesting production of a broad range of documents related to two products manufactured by FMCH: electron-beam sterilization of dialyzers and the Liberty peritoneal dialysis cycler. FMCH has cooperated fully in the government's investigation. In December 2014, FMCH was advised that the government's investigation was precipitated by a whistleblower, who first filed a complaint under seal in June 2013. In September 2014, the government declined to intervene in the whistleblower's actions. On March 31, 2015, the relator served his complaint styled Reihanifam v. Fresenius USA, Inc, 2013 Civ. 11486 (D. Mass.). On May 14, 2015, the court dismissed without prejudice the relator's False Claims

Act allegations after receiving the United States' confirmation that it would not intervene as to those allegations. The relator acting pro se has filed motions requesting extended time to identify and retain counsel.

In January 2013 and April 2015, FMCH received subpoenas from the United States Attorney for the Western District of Louisiana and the Attorney General for the Commonwealth of Massachusetts, respectively, requesting discovery responses relating to the GranuFlo® and NaturaLyte® acid concentrate products that are also the subject of personal injury litigation described above. FMCH cooperated fully in the government's investigations. FMCH has learned that these subpoenas were issued in connection with a relator's complaint under the False Claims Act first filed in March 2012 that has been dismissed by the relator.

In August 2014, FMCH received a subpoena from the United States Attorney for the District of Maryland inquiring into FMCH's contractual arrangements with hospitals and physicians, including contracts relating to the management of in-patient acute dialysis services. FMCH is cooperating in the investigation.

In July 2015, the Attorney General for Hawaii issued a civil complaint under the Hawaii False Claims Act styled Hawaii v. Liberty Dialysis – Hawaii, LLC et al., Case No. 15-1-1357-07 (Hawaii 1st Circuit) alleging that Xerox State Healthcare, LLC, M Group Consulting LLC and certain Liberty Healthcare subsidiaries of FMCH conspired to overbill Hawaii Medicaid for Liberty's Epogen administrations to Hawaii Medicaid patients during the period from 2006 through 2010, prior to the time of FMCH's acquisition of Liberty. The complaint alleges that Xerox State Healthcare LLC which acted as Hawaii's contracted administrator for its Medicaid program reimbursement operations during 2006–2010, provided incorrect and unauthorized billing guidance to Liberty and its consultant, M4 Consultants, Inc. (a subsidiary of M Group Consulting LLC until 2008, and now a subsidiary of Liberty), which Liberty relied on for purposes of its Epogen billing to the Hawaii Medicaid program. The complaint seeks civil damages authorized under the Hawaii False Claims Act. FMCH will vigorously contest the complaint.

On August 31 and November 25, 2015, respectively, FMCH received subpoenas from the United States Attorneys for the District of Colorado and the Eastern District of New York inquiring into FMCH's participation in and management of dialysis facility joint ventures in which physicians are partners. FMCH is cooperating in the investigations.

From time to time, the Company is a party to or may be threatened with other litigation or arbitration, claims or assessments arising in the ordinary course of its business. Management regularly analyzes current information including, as applicable, the Company's defenses and insurance coverage and, as necessary, provides accruals for probable liabilities for the eventual disposition of these matters.

The Company, like other health care providers, conducts its operations under intense government regulation and scrutiny. It must comply with regulations which relate to or govern the safety and efficacy of medical products and supplies, the marketing and distribution of such products, the operation of manufacturing facilities, laboratories and dialysis clinics, and environmental and occupational health and safety. With respect to its development, manufacture, marketing and distribution of medical products, if such compliance is not maintained, the Company could be subject to significant adverse regulatory actions by the FDA and comparable regulatory authorities outside the U.S. These regulatory actions could include warning letters or other enforcement notices from the FDA, and/or comparable foreign regulatory authority which may require the Company to expend significant time and resources in order to implement appropriate corrective actions. If the Company does not address matters raised in warning letters or other enforcement notices to the satisfaction of the FDA and/or comparable regulatory authorities outside the U.S., these regulatory authorities could take additional actions, including product recalls, injunctions against the distribution of products or operation of manufacturing plants, civil penalties, seizures of the Company's products and/or criminal prosecution. FMCH is currently engaged in remediation efforts with respect to three pending FDA warning letters. The Company must also comply with the laws of the United States, including the federal Anti-Kickback Statute, the federal False Claims Act, the federal Stark Law and the federal Foreign Corrupt Practices Act as well as other federal and state fraud and abuse laws. Applicable laws or regulations may be amended, or enforcement agencies or courts may make interpretations that differ from the Company's interpretations or the manner in which it conducts its business. Enforcement has become a high priority for the federal government and some states. In addition, the provisions of the False Claims Act authorizing payment of a portion of any recovery to the party bringing the suit encourage private plaintiffs to commence whistleblower actions. By virtue of this regulatory environment, the Company's business activities and practices are subject to extensive review by regulatory authorities and private parties, and continuing audits, subpoenas, other inquiries, claims and litigation relating to the Company's compliance with applicable laws and regulations. The Company may not always be aware that an inquiry or action has begun, particularly in the case of whistleblower actions, which are initially filed under court seal.

The Company operates many facilities throughout the United States and other parts of the world. In such a decentralized system, it is often difficult to maintain the desired level of oversight and control over the thousands of individuals employed by many affiliated companies. The Company relies upon its management structure, regulatory and legal resources, and the effective operation of its compliance program to direct, manage and monitor the activities of these employees. On occasion, the Company may identify instances where employees or other agents deliberately, recklessly or inadvertently contravene the Company's policies or violate applicable law. The actions of such persons may subject the Company and its subsidiaries to liability under the Anti-Kickback Statute, the Stark Law, the False Claims Act and the Foreign Corrupt Practices Act, among other laws and comparable laws of other countries.

Physicians, hospitals and other participants in the health care industry are also subject to a large number of lawsuits alleging professional negligence, malpractice, product liability, worker's compensation or related claims, many of which involve large claims and significant defense costs. The Company has been and is currently subject to these suits due to the nature of its business and expects that those types of lawsuits may continue. Although the Company maintains insurance at a level which it believes to be prudent, it cannot assure that the coverage limits will be adequate or that insurance will cover all asserted claims. A successful claim against the Company or any of its subsidiaries in excess of insurance coverage could have a material adverse effect upon it and the results of its operations. Any claims, regardless of their merit or eventual outcome, could have a material adverse effect on the Company's reputation and business.

The Company has also had claims asserted against it and has had lawsuits filed against it relating to alleged patent infringements or businesses that it has acquired or divested. These claims and suits relate both to operation of the businesses and to the acquisition and divestiture transactions. The Company has, when appropriate, asserted its own claims, and claims for indemnification. A successful claim against the Company or any of its subsidiaries could have a material adverse effect upon its business, financial condition, and the results of its operations. Any claims, regardless of their merit or eventual outcome, could have a material adverse effect on the Company's reputation and business.

Other than those individual contingent liabilities mentioned above, the amount of the Company's other known individual contingent liabilities is immaterial.

20. FINANCIAL INSTRUMENTS

Non-derivative financial instruments

The following table presents the carrying amounts and fair values of the Company's non-derivative financial instruments at December 31, 2015, and December 31, 2014.

NON-DERIVATIVE FINANCIAL INSTRUMENTS T. 4.47

in $ THOUS

		2015		2014	
	Fair value hierarchy	*Carrying amount*	*Fair value*	*Carrying amount*	*Fair value*
Assets					
Cash and cash equivalents	1	549,500	549,500	633,855	633,855
Accounts receivable[1,2]	2	3,521,741	3,521,741	3,431,672	3,431,672
Available for sale financial assets	1	275,770	275,770	171,917	171,917
Notes receivables	3	–	–	180,250	180,308
Liabilities					
Accounts payable[1]	2	780,851	780,851	713,915	713,915
Short-term debt[1]	2	128,304	128,304	138,050	138,050
Long-term debt, excluding amended 2012 credit agreement, senior notes and convertible bonds	2	172,919	172,919	524,592	527,062
Amended 2012 credit agreement	2	2,611,580	2,625,591	2,881,930	2,900,222
Senior notes	2	5,325,618	5,782,937	5,473,979	5,992,859
Convertible bonds	2	407,705	546,057	447,263	531,193
Noncontrolling interests subject to put provisions	3	1,028,368	1,028,368	824,658	824,658

[1] *Also includes amounts from related parties.*
[2] *Includes long-term accounts receivable, which are included in "Other assets and notes receivables" in the Consolidated Balance Sheets.*

The carrying amounts in the table are included in the consolidated balance sheets under the indicated captions or, in the case of long-term debt, in the captions shown in note 10.

The significant methods and assumptions used in estimating the fair values of non-derivative financial instruments are as follows:

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

Short-term financial instruments such as accounts receivable, accounts payable and short-term debt are valued at their carrying amounts, which are reasonable estimates of the fair value due to the relatively short period to maturity of these instruments.

The fair value of available for sale financial assets quoted in an active market is based on price quotations at the period-end date.

The valuation of notes receivable was determined using significant unobservable inputs. They were valued using a constructed index based upon similar instruments with comparable credit ratings, terms, tenor, interest rates and that are within the Company's industry. The Company tracked the prices of the constructed index from the note issuance date to the reporting date to determine fair value. See note 7 for further information on the long-term notes receivable.

The fair values of major long-term financial liabilities are calculated on the basis of market information. Instruments for which market quotes are available are measured using these quotes. The fair values of the other long-term financial liabilities are calculated at the present value of the respective future cash flows. To determine these present values, the prevailing interest rates and credit spreads for the Company as of the balance sheet date are used.

The valuation of noncontrolling interests subject to put provisions is determined using significant unobservable inputs. See note 12 for a discussion of the Company's methodology for estimating the fair value of these noncontrolling interests subject to put obligations.

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

Derivative financial instruments

The Company is exposed to market risk from changes in foreign exchange rates and interest rates. In order to manage the risk of currency exchange rate and interest rate fluctuations, the Company enters into various hedging transactions by means of derivative instruments with highly rated financial institutions as authorized by the Company's General Partner. On a quarterly basis, the Company performs an assessment of its counterparty credit risk. The Company currently considers this risk to be low. The Company's policy, which has been consistently followed, is that financial derivatives be used only for the purpose of hedging foreign currency and interest rate exposure.

In certain instances, the Company enters into derivative contracts that do not qualify for hedge accounting but are utilized for economic purposes (economic hedges). The Company does not use financial instruments for trading purposes.

The Company established guidelines for risk assessment procedures and controls for the use of financial instruments. They include a clear segregation of duties with regard to execution on one side and administration, accounting and controlling on the other.

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

The Company elects not to offset the fair values of derivative financial instruments subject to master netting agreements in its consolidated balance sheets.

At December 31, 2015 and December 31, 2014, the Company had $24,366 and $26,820, respectively, of derivative financial assets subject to netting arrangements and $12,765 and $52,380 of derivative financial liabilities subject to netting arrangements. Offsetting these derivative financial instruments would have resulted in net assets of $16,273 and $13,856 as well as net liabilities of $4,672 and $39,416 at December 31, 2015 and December 31, 2014, respectively.

In connection with the issuance of the equity-neutral convertible bonds in September 2014, the Company purchased share options. Any change in the Company's share price above the conversion price would be offset by a corresponding value change in the share options.

Foreign exchange risk management

The Company conducts business on a global basis in various currencies, though a majority of its operations are in Germany and the United States. For financial reporting purposes, the Company has chosen the U.S. dollar as its reporting currency. Therefore, changes in the rate of exchange between the U.S. dollar and the local currencies in which the financial statements of the Company's international operations are maintained affect its results of operations and financial position as reported in its consolidated financial statements.

Additionally, individual subsidiaries are exposed to transactional risks mainly resulting from intercompany purchases between production sites and other subsidiaries with different functional currencies. This exposes the subsidiaries to fluctuations in the rate of exchange between the invoicing currencies and the currency in which their local operations are conducted. For the purpose of hedging existing and foreseeable foreign exchange transaction exposures, the Company enters into foreign exchange forward contracts and, on a small scale, foreign exchange options. At December 31, 2015 and December 31, 2014 the Company had no foreign exchange options.

Changes in the fair value of the effective portion of foreign exchange forward contracts designated and qualifying as cash flow hedges of forecasted product purchases and sales are reported in AOCI. Additionally, in connection with intercompany loans in foreign currency, the Company uses foreign exchange swaps thus assuring that no foreign exchange risks arise from those loans, which, if they qualify for cash flow hedge accounting, are also reported in AOCI. These amounts recorded in AOCI are subsequently reclassified into earnings as a component of cost of revenues for those contracts that hedge product purchases or as an adjustment of interest income/expense for those contracts that hedge loans, in the same period in which the hedged transaction affects earnings. The notional amounts of foreign exchange contracts in place that are designated and qualify as cash flow hedges totaled $193,880 and $401,555 at December 31, 2015 and December 31, 2014, respectively.

The Company also enters into derivative contracts for forecasted product purchases and sales and for intercompany loans in foreign currencies which do not qualify for hedge accounting but are utilized for economic hedges as defined above. In these two cases, the change in value of the economic hedge is recorded in the income statement and usually offsets the change in value recorded in the income statement for the underlying asset or liability. The notional amounts of economic hedges that do not qualify for hedge accounting totaled $1,637,129 and $1,568,928 at December 31, 2015 and December 31, 2014, respectively.

Interest rate risk management

The Company enters into derivatives, particularly interest rate swaps and, to a certain extent, interest rate options to protect against the risk of rising interest rates. These interest rate derivatives are designated as cash flow hedges and have been entered into in order to effectively convert payments based on variable interest rates into payments at a fixed interest rate. The euro-denominated interest rate swaps expire between 2016 and 2019 and have a weighted average interest rate of 0.70%. Interest payable and receivable under the swap agreements is accrued and recorded as an adjustment to interest expense.

At December 31, 2015 and December 31, 2014, the notional amount of the euro-denominated interest rate swaps in place was €376,000 and €394,000 ($409,351 and $478,355 at December 31, 2015 and December 31, 2014, respectively).

In addition, the Company also enters into interest rate hedges (pre-hedges) in anticipation of future long-term debt issuance, from time to time. These pre-hedges are used to hedge interest rate exposures with regard to interest rates which are relevant for the future long-term debt issuance and which could rise until the respective debt is actually issued. These pre-hedges were settled at the issuance date of the corresponding long-term debt with the settlement amount recorded in AOCI amortized to interest expense over the life of the debt. At December 31, 2015 and December 31, 2014, the Company had $58,581 and $85,675, respectively, related to such settlements of pre-hedges deferred in AOCI, net of tax.

Derivative financial instruments valuation

The following table shows the carrying amounts of the Company's derivatives at December 31, 2015 and December 31, 2014.

DERIVATIVE FINANCIAL INSTRUMENTS VALUATION T. 4.48

in $ THOUS

	2015		2014	
	Assets[2]	Liabilities[2]	Assets[2]	Liabilities[2]
Derivatives in cash flow hedging relationships[1]				
Current				
Foreign exchange contracts	3,114	(2,921)	2,659	(24,509)
Interest rate contracts	–	(1,637)	–	–
Non-current				
Foreign exchange contracts	171	(127)	–	(77)
Interest rate contracts	–	(961)	–	(4,779)
▸ **TOTAL**	**3,285**	**(5,646)**	**2,659**	**(29,365)**
Derivatives not designated as hedging instruments[1]				
Current				
Foreign exchange contracts	23,908	(7,056)	25,582	(29,295)
Non-current				
Foreign exchange contracts	1,062	(65)	–	(137)
Derivatives embedded in the convertible bonds	–	(115,990)	–	(65,767)
Share options to secure the convertible bonds	115,990	–	65,767	–
▸ **TOTAL**	**140,960**	**(123,111)**	**91,349**	**(95,199)**

[1] *At December 31, 2015 and December 31, 2014, the valuation of the Company's derivatives was determined using significant other observable inputs (level 2) in accordance with the fair value hierarchy levels established in U.S. GAAP.*

[2] *Derivative instruments are marked to market each reporting period resulting in carrying amounts being equal to fair values at the reporting date.*

The carrying amounts for the current portion of derivatives indicated as assets in the table above are included in prepaid expenses and other current assets in the consolidated balance sheets while the current portion of those indicated as liabilities are included in accrued expenses and other current liabilities. The non-current portions indicated as assets or liabilities are included in the consolidated balance sheets in other assets and notes receivables or other liabilities, respectively.

The significant methods and assumptions used in estimating the fair values of derivative financial instruments are as follows:

The fair value of interest rate swaps is calculated by discounting the future cash flows on the basis of the market interest rates applicable for the remaining term of the contract as of the balance sheet date. To determine the fair value of foreign exchange forward contracts, the contracted forward rate is compared to the current forward rate for the remaining term of the contract as of the balance sheet date. The result is then discounted on the basis of the market interest rates prevailing at the balance sheet date for the applicable currency. The fair value of the embedded derivative of the convertible bonds is calculated using the difference between the market value of the convertible bond and the market value of an adequate straight bond discounted with the market interest rates as of the reporting date.

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

THE EFFECT OF DERIVATIVES ON THE CONSOLIDATED FINANCIAL STATEMENTS T. 4.49

in $ THOUS

	Amount of gain or (loss) recognized in AOCI on derivatives (Effective portion)		*Location of (gain) or loss reclassified from AOCI in income (Effective portion)*	*Amount of (gain) or loss reclassified from AOCI in income (Effective portion)*	
	for the year ended December 31,			*for the year ended December 31,*	
	2015	*2014*		***2015***	*2014*
Derivatives in cash flow hedging relationships					
Interest rate contracts	17,362	19,550	Interest income/expense	22,810	26,571
Foreign exchange contracts	2,273	(23,123)	Costs of revenue	17,686	2,549
▸ **TOTAL**	**19,635**	**(3,573)**		**40,496**	**29,120**

	Location of (gain) or loss recognized in income on derivatives	*Amount of (gain) or loss recognized in income on derivatives*	
		for the year ended December 31,	
		2015	*2014*
Derivatives not designated as hedging instruments			
Foreign exchange contracts	Selling, general and administrative expense	(61,328)	(83,901)
Foreign exchange contracts	Interest income/expense	8,196	6,483
Derivatives embedded in the convertible bonds	Interest income/expense	58,105	32,641
Share options to secure the convertible bonds	Interest income/expense	(58,105)	(32,641)
▸ **TOTAL**		**(53,132)**	**(77,418)**

For foreign exchange derivatives, the Company expects to recognize $1,276 of losses deferred in AOCI at December 31, 2015, in earnings during the next twelve months.

The Company expects to incur additional interest expense of $21,323 over the next twelve months which is currently deferred in AOCI. This amount reflects the projected amortization of the settlement amount of the terminated swaps and the current fair value of the additional interest payments resulting from the interest rate swaps maturing between 2016 and 2019 at December 31, 2015.

At December 31, 2015, the Company had foreign exchange derivatives with maturities of up to 18 months and interest rate swaps with maturities of up to 46 months.

21. OTHER COMPREHENSIVE INCOME (LOSS)

The changes in the components of other comprehensive income (loss) for the years ended December 31, 2015 and 2014 are as follows:

OTHER COMPREHENSIVE INCOME (LOSS) T. 4.50

in $ THOUS

	Pretax	*Tax effect*	*Net, before non-controlling interests*	*Non-controlling interests*	*Other comprehensive income (loss), net of tax*
2015					
Other comprehensive income (loss) relating to cash flow hedges					
Changes in fair value of cash flow hedges during the period	19,635	(6,154)	13,481	–	13,481
Reclassification adjustments	40,496	(10,914)	29,582	–	29,582
Total other comprehensive income (loss) relating to cash flow hedges	60,131	(17,068)	43,063	–	43,063
Foreign currency translation adjustment	(348,543)	–	(348,543)	(4,961)	(353,504)
Defined benefit pension plans					
Actuarial (loss) gain on defined benefit pension plans	49,304	(14,148)	35,156	–	35,156
Reclassification adjustments	34,623	(12,851)	21,772	–	21,772
Total other comprehensive income (loss) relating to defined benefit pension plans	83,927	(26,999)	56,928	–	56,928
▸ OTHER COMPREHENSIVE INCOME (LOSS)	**(204,485)**	**(44,067)**	**(248,552)**	**(4,961)**	**(253,513)**
2014					
Other comprehensive income (loss) relating to cash flow hedges					
Changes in fair value of cash flow hedges during the period	(3,573)	1,417	(2,156)	–	(2,156)
Reclassification adjustments	29,120	(8,385)	20,735	–	20,735
Total other comprehensive income (loss) relating to cash flow hedges	25,547	(6,968)	18,579	–	18,579
Foreign currency translation adjustment	(415,703)	–	(415,703)	(6,086)	(421,789)
Defined benefit pension plans					
Actuarial (loss) gain on defined benefit pension plans	(232,308)	81,476	(150,832)	–	(150,832)
Reclassification adjustments	17,147	(6,347)	10,800	–	10,800
Total other comprehensive income (loss) relating to defined benefit pension plans	(215,161)	75,129	(140,032)	–	(140,032)
▸ OTHER COMPREHENSIVE INCOME (LOSS)	**(605,317)**	**68,161**	**(537,156)**	**(6,086)**	**(543,242)**

Changes in AOCI by component for the years ended December 31, 2015 and 2014 are as follows:

CHANGES IN AOCI BY COMPONENT T. 4.51

in $ THOUS

	Gain (loss) related to cash flow hedges	*Actuarial gain (loss) on defined benefit pension plans*	*Gain (loss) related to foreign-currency translation*	*Total, before non-controlling interests*	*Non-controlling interests*	***Total***
▸ **BALANCE AT DECEMBER 31, 2013**	**(121,856)**	**(141,987)**	**(286,744)**	**(550,587)**	**825**	**(549,762)**
Other comprehensive income (loss) before reclassifications	(2,156)	(150,832)	(415,703)	(568,691)	(6,086)	(574,777)
Amounts reclassified from AOCI	20,735	10,800	–	31,535	–	31,535
Other comprehensive income (loss) after reclassifications	18,579	(140,032)	(415,703)	(537,156)	(6,086)	(543,242)
▸ **BALANCE AT DECEMBER 31, 2014**	**(103,277)**	**(282,019)**	**(702,447)**	**(1,087,743)**	**(5,261)**	**(1,093,004)**
Other comprehensive income (loss) before reclassifications	13,481	35,156	(348,543)	(299,906)	(4,961)	(304,867)
Amounts reclassified from AOCI	29,582	21,772	–	51,354	–	51,354
Other comprehensive income (loss) after reclassifications	43,063	56,928	(348,543)	(248,552)	(4,961)	(253,513)
▸ **BALANCE AT DECEMBER 31, 2015**	**(60,214)**	**(225,091)**	**(1,050,990)**	**(1,336,295)**	**(10,222)**	**(1,346,517)**

Reclassifications out of AOCI for the years ended December 31, 2015 and 2014 are as follows:

RECLASSIFICATIONS OUT OF AOCI T. 4.52

in $ THOUS

	Amount of (gain) loss reclassified from AOCI in income		*Location of (gain) loss reclassified from AOCI in income*
Details about AOCI components	***2015***	*2014*	
(Gain) loss related to cash flow hedges			
Interest rate contracts	22,810	26,571	Interest income/expense
Foreign exchange contracts	17,686	2,549	Costs of revenue
	40,496	29,120	Total before tax
	(10,914)	(8,385)	Tax expense or benefit
	29,582	20,735	Net of tax
Actuarial (gain) loss on defined benefit pension plans			
Amortization of unrealized (gain) loss	34,623	17,147	[1]
	34,623	17,147	Total before tax
	(12,851)	(6,347)	Tax expense or benefit
	21,772	10,800	Net of tax
Total reclassifications for the period	51,354	31,535	Net of tax

[1] *Included in the computation of net periodic pension cost (see Note 11 for additional details).*

22. SUPPLEMENTARY CASH FLOW INFORMATION

The following additional information is provided with respect to the consolidated statements of cash flows:

SUPPLEMENTARY CASH FLOW INFORMATION T. 4.53

in $ THOUS

	2015	2014
Supplementary cash flow information		
Cash paid for interest	379,784	379,978
Cash paid for income taxes[1]	547,401	689,954
Cash inflow for income taxes from stock option exercises[2]	18,073	8,529
Supplemental disclosures of cash flow information		
Details for acquisitions:		
Assets acquired	(216,023)	(2,505,027)
Liabilities assumed	34,841	450,808
Noncontrolling interest subject to put provisions	7,622	95,015
Noncontrolling interest	983	328,997
Non-cash consideration	69,233	18,253
Cash paid	(103,344)	(1,611,954)
Less cash acquired	3,193	132,433
▸ **NET CASH PAID FOR ACQUISITIONS**	**(100,151)**	**(1,479,521)**
Cash paid for investments	(184,101)	(274,913)
Cash paid for intangible assets	(32,558)	(24,624)
▸ **TOTAL CASH PAID FOR ACQUISITIONS AND INVESTMENTS, NET OF CASH ACQUIRED, AND PURCHASES OF INTANGIBLE ASSETS**	**(316,810)**	**(1,779,058)**

[1] *Net of tax refund.*
[2] *Thereof the excess tax benefit allocated to additional paid-in capital for the twelve-month periods ending December 31, 2015 and 2014 was $13,451 and $4,056, respectively.*

23. SEGMENT AND CORPORATE INFORMATION

In 2015, the Company increased its operating segments from three to four segments in conjunction with a change in the structure of how the Company manages its business. The operating segments are the North America segment, the EMEA segment, the Asia-Pacific segment and the Latin America segment. Accordingly, the two reporting segments disclosed in prior years (the North America segment and the International segment, which was comprised of EMEA, Asia-Pacific and Latin America) have now been reclassified into four reporting segments during 2015.

Management evaluates each segment using measures that reflect all of the segment's controllable revenues and expenses. With respect to the performance of business operations, management believes that the most appropriate U.S. GAAP measures are revenue, operating income and operating income margin. The Company does not include income taxes as it believes this is outside the segments' control. Financing is a corporate function, which the Company's segments do not control. Therefore, the Company does not include interest expense relating to financing as a segment measurement. Similarly, the Company does not allocate certain costs, which relate primarily to certain headquarter overhead charges, including accounting and finance, because the Company believes that these costs are also not within the control of the individual segments. Production of products, production asset management, quality management and procurement related to production are centrally managed at Corporate. The Company's global research and development is also centrally managed at Corporate. These Corporate activities do not fulfill the definition of a segment. Products are transferred to the segments at cost; therefore no internal profit is generated. The associated internal revenues for the product transfers and their elimination are recorded as Corporate activities. Capital expenditures for production are based on the expected demand of the segments and

consolidated profitability considerations. In addition, certain revenues, investments and intangible assets, as well as any related expenses, are not allocated to a segment but are accounted for as Corporate.

Information pertaining to the Company's segment and Corporate activities for the twelve-month periods ended December 31, 2015 and 2014 is set forth below.

SEGMENT AND CORPORATE INFORMATION T. 4.54

in $ THOUS

	North America Segment	*EMEA Segment*	*Asia-Pacific Segment*	*Latin America Segment*	*Segment total*	*Corporate*	***Total***
2015							
Revenue external customers	11,813,330	2,628,688	1,501,456	766,424	16,709,898	27,684	16,737,582
Inter-segment revenue	5,292	1	143	447	5,883	(5,883)	–
▸ REVENUE	**11,818,622**	**2,628,689**	**1,501,599**	**766,871**	**16,715,781**	**21,801**	**16,737,582**
▸ OPERATING INCOME[1]	**1,797,835**	**576,895**	**297,860**	**48,233**	**2,720,823**	**(394,091)**	**2,326,732**
Depreciation and amortization	(399,434)	(113,131)	(44,616)	(14,835)	(572,016)	(145,306)	(717,322)
Income (loss) from equity method investees	20,799	6,820	2,526	1,307	31,452	–	31,452
Total assets	17,411,104	3,306,939	1,731,908	609,563	23,059,514	2,473,972	25,533,486
Thereof investments in equity method investees	288,956	220,610	109,347	25,796	644,709	–	644,709
Capital expenditures, acquisitions and investments[2]	709,503	174,229	48,949	50,549	983,230	286,523	1,269,753
2014[3]							
Revenue external customers	10,500,095	3,072,067	1,356,936	836,008	15,765,106	66,507	15,831,613
Inter-segment revenue	8,992	0	7	336	9,335	(9,335)	–
▸ REVENUE	**10,509,087**	**3,072,067**	**1,356,943**	**836,344**	**15,774,441**	**57,172**	**15,831,613**
▸ OPERATING INCOME	**1,642,911**	**589,971**	**279,046**	**101,439**	**2,613,367**	**(358,834)**	**2,254,533**
Depreciation and amortization	(364,137)	(133,155)	(37,729)	(19,814)	(554,835)	(144,493)	(699,328)
Income (loss) from equity method investees	18,457	4,415	942	1,024	24,838	–	24,838
Total assets[4]	16,888,556	3,585,851	1,821,667	723,079	23,019,153	2,361,828	25,380,981
Thereof investments in equity method investees	291,118	238,604	119,428	27,672	676,822	–	676,822
Capital expenditures, acquisitions and investments[5]	2,006,585	210,509	128,480	74,135	2,419,709	290,976	2,710,685

[1] *On July 1, 2015, the Company completed the sale of its clinics in Venezuela to a third party. The purchase price for these clinics was $7,500, which resulted in a loss of approximately $26,289 before tax (approximately $26,920 after tax). The loss is primarily included in selling, general and administrative costs line item of the Consolidated Income Statements.*

[2] *North America, EMEA, Asia-Pacific, Latin America and Corporate acquisitions and investments exclude $6,070, $41,454, $36,455, $244 and $26,214, respectively, of non-cash acquisitions and investments for 2015.*

[3] *Prior year information was adjusted to conform to the current year's presentation due to the disaggregation of the International Segment disclosed previously into the EMEA Segment, Asia-Pacific Segment and Latin America Segment.*

[4] *At December 31, 2014 debt issuance costs in the amount of $66,120 have been reclassified between prepaid expenses and other current assets, other assets and notes receivables and long-term debt and capital lease obligations to conform to the current year's presentation.*

[5] *North America, EMEA, Asia-Pacific and Latin America acquisitions exclude $35,656, $2,595, $164,044 and $5,379, respectively, of non-cash acquisitions for 2014.*

For the geographic presentation, revenues are attributed to specific countries based on the end user's location for products and the country in which the service is provided. Information with respect to the Company's geographic operations is set forth in the table below:

GEOGRAPHIC DIVISION T. 4.55

in $ THOUS

	Germany	*North America*	*Rest of the world*	***Total***
2015				
Revenue external customers	400,401	11,813,330	4,523,851	16,737,582
Long-lived assets	556,276	14,771,036	2,963,439	18,290,751
2014				
Revenue external customers	456,937	10,500,095	4,874,581	15,831,613
Long-lived assets	520,690	14,753,136	3,182,123	18,455,949

24. SUBSEQUENT EVENTS

Mr. Roberto Fusté, a member of the General Partner's Management Board as well as the Chief Executive Officer of the Asia-Pacific segment resigned from the General Partner's Management Board effective March 31, 2016 and will retire from the Company. Mr. Fusté is succeeded by Mr. Harry de Wit, as of April 1, 2016.

On February 17, 2016, the Company reached an agreement in principle to resolve the GranuFlo®/NaturaLyte® product liability litigation (see note 19 "Commitments and contingencies – commercial litigation"), which has been reflected in the Consolidated Financial Statements as of December 31, 2015 starting on page 139, the section "Overview of the Fiscal Year" starting on page 68 and in the section "Results of Operations, Financial Situation, Assets and Liabilities" starting on page 71.

MANAGEMENT'S ANNUAL REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING

Management of the Company is responsible for establishing and maintaining adequate internal control over financial reporting, as such term is defined in Exchange Act Rule 13a-15(f). The Company's internal control over financial reporting is a process designed by or under the supervision of the Company's chief executive officer and chief financial officer to provide reasonable assurance regarding the reliability of financial reporting and the preparation of the Company's financial statements for external reporting purposes in accordance with U.S. generally accepted accounting principles.

As of December 31, 2015, management conducted an assessment of the effectiveness of the Company's internal control over financial reporting based on the criteria established in Internal Control – Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). Management's assessment follows the guidance for management of the evaluation of internal controls over financial reporting released by the Securities and Exchange Commission on May 23, 2007. Based on this assessment, management has determined that the Company's internal control over financial reporting is effective as of December 31, 2015.

The Company's internal control over financial reporting includes policies and procedures that (1) pertain to the maintenance of records that in reasonable detail accurately and fairly reflect transactions and dispositions of assets; (2) provide reasonable assurance that the Company's transactions are recorded as necessary to permit preparation of financial statements in accordance with U.S. generally accepted accounting principles, and that the Company's receipts and expenditures are being made only in accordance with authorizations of the Company's management and directors; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of the Company's assets that could have a material effect on the Company's financial statements.

Because of its inherent limitation, internal control over financial reporting, no matter how well designed, cannot provide absolute assurance of achieving financial reporting objectives and may not prevent or detect misstatements. Therefore, even if the internal control over financial reporting is determined to be effective it can provide only reasonable assurance with respect to financial statement preparation and presentation. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

The Company's internal control over financial reporting as of December 31, 2015 has been audited by KPMG AG Wirtschaftsprüfungsgesellschaft, an independent registered public accounting firm, as stated in their report included on page 205.

February 24, 2016

Fresenius Medical Care AG & Co. KGaA,
a partnership limited by shares,
represented by:
Fresenius Medical Care Management AG,
its General Partner

RICE POWELL
Chief Executive Officer and Chairman of the
Management Board of the General Partner

MICHAEL BROSNAN
Chief Financial Officer and member of the
Management Board of the General Partner

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM ON INTERNAL CONTROL OVER FINANCIAL REPORTING

THE SUPERVISORY BOARD
FRESENIUS MEDICAL CARE AG & CO. KGAA

We have audited the internal control over financial reporting of Fresenius Medical Care AG & Co. KGaA and subsidiaries ("Fresenius Medical Care" or the "Company") as of December 31, 2015, based on criteria established in Internal Control-Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). Fresenius Medical Care's management is responsible for maintaining effective internal control over financial reporting and its assessment of the effectiveness of internal control over financial reporting included in the accompanying Management's Annual Report on Internal Control over Financial Reporting. Our responsibility is to express an opinion on the Company's internal control over financial reporting based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audit also included performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

In our opinion, Fresenius Medical Care maintained, in all material respects, effective internal control over financial reporting as of December 31, 2015, based on criteria established in Internal Control-Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the consolidated balance sheets of Fresenius Medical Care as of December 31, 2015 and 2014, and the related consolidated statements of income, comprehensive income, shareholders' equity and cash flows for each of the years in the three-year period ended December 31, 2015, and our report dated February 24, 2016 expressed an unqualified opinion on those consolidated financial statements.

Frankfurt am Main, Germany
February 24, 2016

KPMG AG
Wirtschaftsprüfungsgesellschaft

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

THE SUPERVISORY BOARD FRESENIUS MEDICAL CARE AG & CO. KGAA

We have audited the accompanying consolidated balance sheets of Fresenius Medical Care AG & Co. KGaA and subsidiaries ("Fresenius Medical Care" or the "Company") as of December 31, 2015 and 2014 and the related consolidated statements of income, comprehensive income, shareholders' equity and cash flows for each of the years in the three-year period ended December 31, 2015. In connection with our audits of the consolidated financial statements, we have also audited the financial statement schedule as listed in the accompanying index. These consolidated financial statements and the financial statement schedule are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements and the financial statement schedule based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Fresenius Medical Care as of December 31, 2015 and 2014, and the results of their operations and their cash flows for each of the years in the three-year period ended December 31, 2015, in conformity with U.S. generally accepted accounting principles. Also in our opinion, the related financial statement schedule, when considered in relation to the consolidated financial statements taken as a whole, presents fairly, in all material respects, the information set forth therein.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), Fresenius Medical Care's internal control over financial reporting as of December 31, 2015, based on criteria established in Internal Control – Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO), and our report dated February 24, 2016 expressed an unqualified opinion on the effectiveness of the Company's internal control over financial reporting.

Frankfurt am Main, Germany
February 24, 2016

KPMG AG
Wirtschaftsprüfungsgesellschaft

FURTHER INFORMATION

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5 FURTHER INFORMATION

REGIONAL ORGANIZATION

EUROPE/MIDDLE EAST/AFRICA

T. 5.1

Germany	FMC Deutschland GmbH	Bad Homburg v.d.H.	100%
France	FMC France S.A.S.	Créteil	100%
Great Britain	FMC (U.K.) Ltd.	Nottinghamshire	100%
Serbia	FMC Srbija d.o.o.	Vršac	100%
Italy	FMC Italia S.p.A.	Cremona	100%
Spain	NMC of Spain S.A.U.	Madrid	100%
South Africa	FMC South Africa (Pty.) Ltd.	Johannesburg	100%
Turkey	Fresenius Medikal Hizmetler A.S.	Istanbul	100%
Belgium	FMC Belgium N.V.	Antwerp	100%
Morocco	FMC Nord Ouest et Centre Afrique S.A.	Casablanca	100%
Ireland	FMC (Ireland) Ltd.	Dublin	100%
Poland	FMC Polska S.A.	Poznań	100%
Portugal	NephroCare Portugal S.A.	Lisbon	100%
Romania	FMC Romania S.r.l.	Bucharest	100%
United Arab Emirates	FMC Gulf FZ LLC	Dubai	100%
Croatia	Euromedical d.o.o.	Zagreb	100%
Russian Federation	ZAO Fresenius SP	Moscow	100%
Slovakia	FMC Slovensko spol. s.r.o.	Pieštany	100%
Slovenia	FMC Slovenija d.o.o.	Zreče	100%
Czech Republic	FMC DS s.r.o.	Prague	100%
Hungary	FMC Dializis Center Kft.*	Budapest	100%
Sweden	FMC Sverige AB	Stockholm	100%
Ukraine	FMC Ukraine TOV	Kiev	100%
Finland	FMC Suomi OY	Helsinki	100%
Lebanon	FMC Lebanon S.a.r.l.	Beirut	99%
The Netherlands	FMC Nederland B.V.	Nieuwkuijk	100%
Austria	FMC Austria GmbH	Vienna	100%
Denmark	FMC Danmark A/S	Taastrup	100%
Switzerland	FMC (Schweiz) AG	Oberdorf	100%
Bosnia & Herzegovina	FMC BH d.o.o.	Sarajevo	100%
Estonia	OÜ FMC Estonia	Tartu	100%
Bulgaria	FMC Bulgaria EOOD	Gabrovo	100%
Kazakhstan	FMC Kazakhstan LLP	Almaty	100%

NORTH AMERICA

U.S.	FMC Holdings Inc.	New York	100%
Mexico	FMC de México S.A. de C.V.	Guadalajara	100%

LATIN AMERICA

Argentina	FMC Argentina S.A.	Buenos Aires	100%
Colombia	FMC Colombia S.A.	Bogotá	100%
Brazil	FMC Ltda.	São Paulo	100%
Chile	FMC Chile S.A.	Santiago de Chile	100%
Peru	FMC del Perú S.A.	Lima	100%
Ecuador	Nefrocontrol S.A.	Quito	100%
The Netherlands Antilles	Caribbean Medic Health Care System N.V.	Curaçao	100%

ASIA-PACIFIC

Australia	FMC Australia Pty. Ltd.	Sydney	100%
Japan	Fresenius-Kawasumi Co. Ltd.	Tokyo	70%
China	FMC (Shanghai) Co. Ltd.	Shanghai	100%
Hong Kong	FMC Hong Kong Ltd.	Hong Kong	100%
Singapore	Asia Renal Care (SEA) Pte. Ltd.	Singapore	100%
Taiwan	FMC Taiwan Co. Ltd.	Taipei	100%
India	FMC India Pvt. Ltd.	New Delhi	100%
Indonesia	PT FMC Indonesia	Jakarta	100%
Malaysia	FMC Malaysia Sdn. Bhd.	Kuala Lumpur	100%
Philippines	FMC Philippines Inc.	Makati City	100%
South Korea	FMC Korea Ltd.	Seoul	100%
Thailand	FMC (Thailand) Ltd.	Bangkok	100%
Pakistan	FMC Pakistan (Private) Ltd.	Lahore	100%
Vietnam	FMC Vietnam LLC	Ho Chi Minh City	100%

Production *Sales* *Service*

*Simplified chart of Fresenius Medical Care's regional organization. Line of business in respective country in 2015. We use FMC for Fresenius Medical Care except for all subsidiaries marked with *. Some percentages of subsidiaries represent direct and indirect shareholdings.*

MAJOR SUBSIDIARIES

MAJOR SUBSIDIARIES OF FRESENIUS MEDICAL CARE

T. 5.2

in $ M, except employees

Name[1] and location		Ownership[2] in %	Revenue[3]	Net income/ (-loss)[3]	Equity Dec. 31[3]	Employees Dec. 31[4]
Europe/Middle East/Africa						
Germany	FMC Deutschland GmbH, Bad Homburg v.d.H.	100	1,876.8	0.0	573.4	3,363
	FMC GmbH, Bad Homburg v.d.H.	100	302.7	0.0	49.3	333
France	FMC France S.A.S., Créteil	100	136.7	4.1	22.2	177
	FMC SMAD S.A.S., Savigny	100	165.1	10.3	74.2	441
Great Britain	FMC (U.K.) Ltd., Nottinghamshire	100	99.6	15.0	62.9	172
Serbia	FMC Srbija d.o.o., Vršac	100	70.1	7.1	38.6	926
Italy	FMC Italia S.p.A., Cremona	100	120.3	9.5	71.2	220
	SIS-TER S.p.A., Cremona	100	115.2	4.6	18.0	301
Spain	FMC España S.A.U., Madrid	100	108.6	11.7	144.0	168
	NMC of Spain S.A.U., Madrid	100	0.6	1.7	64.2	1,260
South Africa	FMC South Africa (Pty.) Ltd., Johannesburg	100	7.3	0.9	5.3	638
Turkey	Fresenius Medikal Hizmetler A.S., Istanbul	100	63.5	(0.4)	42.1	176
Belgium	FMC Belgium N.V., Antwerp	100	37.7	2.7	10.7	37
Morocco	FMC Nord Ouest et Centre Afrique S.A., Casablanca	100	15.5	0.5	9.5	69
Poland	FMC Polska S.A., Poznań	100	51.3	1.8	157.5	71
	Fresenius Nephrocare Polska Sp.z.o.o., Poznań	100	106.1	6.3	21.0	1,010
Portugal	FMC Portugal S.A., Maia	100	45.5	4.6	24.9	40
	NephroCare Portugal S.A., Lisbon	100	120.7	16.5	80.2	947
Romania	FMC Romania S.r.l., Bucharest	100	35.1	2.8	21.3	71
Russian Federation	ZAO Fresenius SP, Moscow	100	91.3	(0.7)	6.5	194
Slovakia	FMC Slovensko spol. s.r.o., Pieštany	100	17.9	0.9	8.7	24
Slovenia	FMC Slovenija d.o.o., Zreče	100	6.7	0.4	2.8	11
	NEFRODIAL d.o.o., Zreče	100	11.6	(0.2)	0.5	90
Czech Republic	FMC CR s.r.o., Prague	100	0.0	2.9	7.3	61
Hungary	FMC Magyarország Egészségügyi Kft., Budapest	100	20.0	0.0	17.5	43
	FMC Dializis Center Kft., Budapest*	100	34.5	(0.5)	(0.2)	621
Sweden	FMC Sverige AB, Stockholm	100	28.1	1.7	12.4	35
Ukraine	FMC Ukraine TOV, Kiev	100	2.8	(0.2)	(2.6)	77
Finland	FMC Suomi OY, Helsinki	100	18.6	1.7	5.8	24
Lebanon	FMC Lebanon S.a.r.l., Beirut	99	5.4	0.2	1.0	16
Netherlands	FMC Nederland B.V., Nieuwkuijk	100	23.2	4.6	10.8	37
	RKZ Dialysecentrum B.V., Beverwijk	90	2.0	0.1	2.4	10
Austria	FMC Austria GmbH, Vienna	100	29.9	2.5	4.9	37
Denmark	FMC Danmark A/S, Taastrup	100	12.1	1.0	4.0	22
Switzerland	FMC (Schweiz) AG, Oberdorf	100	43.1	3.7	10.2	54
Estonia	OÜ FMC Estonia, Tartu	100	3.5	(0.1)	0.7	33

[1] *We use FMC for Fresenius Medical Care except for all subsidiaries marked with *.*
[2] *Direct and indirect interest.*
[3] *These figures comply with the financial statements prepared in accordance with the specific generally accepted accounting principles of each country and do not reflect the amounts included in the Consolidated Financial Statements. Shareholders' equity and earnings are translated at the year-end current rate, and sales are translated at the average rate of the year.*
[4] *Full-time equivalents.*

MAJOR SUBSIDIARIES OF FRESENIUS MEDICAL CARE

T. 5.2

in $ M, except employees

Name[1] and location		Ownership[2] in %	Revenue[3]	Net income/ (-loss)[3]	Equity Dec. 31[3]	Employees Dec. 31[4]
North America						
U.S.	FMC Holdings Inc., New York	100	11,664.8	637.2	8,085.9	62,306
Mexico	FMC de México S.A. de C.V., Guadalajara, Jalisco[5]	100	158.7	2.3	40.8	1,934
Latin America						
Argentina	FMC Argentina S.A., Buenos Aires	100	261.2	23.2	78.0	2,793
Colombia	FMC Colombia S.A., Bogotá	100	128.1	11.5	83.5	1,674
Brazil	FMC Ltda., São Paulo	100	108.3	(22.8)	15.9	768
Chile	Pentafarma S.A., Santiago	100	20.2	2.7	17.0	70
Peru	FMC del Perú S.A., Lima	100	8.1	0.5	5.0	79
Ecuador	Manadialisis S.A., Quito	100	19.8	1.2	4.2	621
Asia-Pacific						
Australia	FMC Australia Pty. Ltd., Sydney	100	122.7	4.8	66.1	328
Japan	FMC Japan K.K., Tokyo	100	66.0	15.3	101.6	650
	Fresenius-Kawasumi Co. Ltd., Tokyo	70	17.3	1.1	17.1	63
China	FMC (Shanghai) Co. Ltd., Shanghai	100	307.0	17.6	131.1	462
	FMC (Jiangsu) Co. Ltd., Changshu	100	45.9	(8.3)	51.2	919
Hong Kong	FMC Hong Kong Ltd., Hong Kong	100	30.5	1.8	64.8	58
	Biocare Technology Company Ltd., Hong Kong	100	39.3	0.4	6.7	14
	Excelsior Renal Service Co. Ltd., Hong Kong	51	26.0	(2.7)	18.9	914
Singapore	Asia Renal Care (SEA) Pte. Ltd., Singapore	100	0.1	(2.2)	30.5	291
Taiwan	FMC Taiwan Co. Ltd., Taipei	100	64.9	10.7	27.7	101
	Jiate Excelsior Co. Ltd., Taipei	51	7.1	5.5	6.6	13
India	FMC India Pvt. Ltd., Neu Delhi	100	50.0	3.3	9.8	212
Indonesia	PT FMC Indonesia, Jakarta	100	21.2	2.1	14.2	53
Malaysia	FMC Malaysia Sdn. Bhd., Kuala Lumpur	100	30.9	1.1	25.6	259
Philippines	FMC Philippines, Inc., Makati City	100	29.0	1.6	19.3	110
	FMC Renalcare Corp., Makati City*	100	2.3	(1.2)	(2.5)	61
South Korea	FMC Korea Ltd., Seoul	100	160.8	16.4	104.9	206
	NephroCare Korea Inc., Seoul	100	4.9	0.3	5.1	18
Thailand	FMC (Thailand) Ltd., Bangkok	100	12.2	(0.5)	11.9	5
	NephroCare (Thailand) Co., Ltd., Bangkok	100	4.5	0.2	2.9	47
Pakistan	FMC Pakistan (Private) Ltd., Lahore	100	10.7	2.2	5.4	44
Vietnam	FMC Vietnam LLC, Ho Chi Minh City	100	5.3	0.9	1.9	22

[1] *We use FMC for Fresenius Medical Care except for all subsidiaries marked with *.*
[2] *Direct and indirect interest.*
[3] *These figures comply with the financial statements prepared in accordance with the specific generally accepted accounting principles of each country and do not reflect the amounts included in the Consolidated Financial Statements. Shareholders' equity and earnings are translated at the year-end current rate, and sales are translated at the average rate of the year.*
[4] *Full-time equivalents.*
[5] *Included in the consolidated financial statement (U.S. GAAP) of FMC Holdings Inc.*

FIVE-YEAR SUMMARY

FIVE-YEAR SUMMARY

T. 5.3

$ in THOUS, except share data

	2015	2014	2013	2012	2011
Statements of income					
Net revenue[1]	16,737,582	15,831,613	14,609,727	13,800,282	12,570,515
Costs of revenue[2]	11,406,419	10,835,767	9,871,330	9,199,029	8,418,474
Gross profit[1, 2]	5,331,163	4,995,846	4,738,397	4,601,253	4,152,041
Selling, general and administrative expenses[1, 2]	2,895,581	2,644,037	2,382,501	2,188,491	1,997,274
Research and development expenses	140,302	122,114	125,805	111,631	110,834
Income from equity method investees	31,452	24,838	26,105	17,442	30,959
Other operating expenses				100,000	
Operating income	2,326,732	2,254,533	2,256,196	2,218,573	2,074,892
Investment gain				139,600	
Interest expenses, net	391,460	411,127	408,561	426,060	296,533
Income before income taxes	1,935,272	1,843,406	1,847,635	1,932,113	1,778,359
Income tax expense	622,123	583,598	592,012	605,136	601,097
Net income attributable to noncontrolling interests	283,704	214,542	145,733	140,168	106,108
▸ **NET INCOME ATTRIBUTABLE TO SHAREHOLDERS OF FMC AG & CO. KGAA**	**1,029,445**	**1,045,266**	**1,109,890**	**1,186,809**	**1,071,154**
Basic earnings per ordinary share	3.38	3.46	3.65	3.89	3.54
Earnings before interest and taxes, depreciation and amortization (EBITDA)	3,044,054	2,953,861	2,904,421	2,821,469	2,632,175
Personnel expenses	6,485,585	5,822,949	5,199,723	4,871,606	4,362,315
Depreciation	606,963	600,845	555,125	515,455	479,438
Amortization	110,359	98,483	93,100	87,441	77,845
Balance sheet					
Current assets[3]	6,984,574	6,718,212	6,279,946	6,120,970	5,690,520
Non-current assets[3]	18,548,912	18,662,769	16,774,489	16,128,055	13,782,944
▸ **TOTAL ASSETS[3]**	**25,533,486**	**25,380,981**	**23,054,435**	**22,249,025**	**19,473,464**
Short-term debt	792,639	451,657	670,360	456,570	1,716,590
Other current liabilities	3,393,206	3,025,634	2,883,613	2,713,421	2,546,021
Total current liabilities	4,185,845	3,477,291	3,553,973	3,169,991	4,262,611
Long-term debt[3]	7,853,487	9,014,157	7,681,449	7,764,941	5,435,424
Other non-current liabilities	1,969,786	2,036,504	1,685,742	1,583,573	1,303,921
Total non-current liabilities[3]	9,823,273	11,050,661	9,367,191	9,348,514	6,739,345
Total liabilities[3]	14,009,118	14,527,952	12,921,164	12,518,505	11,001,956
Noncontrolling interests subject to put provisions	1,028,368	824,658	648,251	523,260	410,491
Equity	10,496,000	10,028,371	9,485,020	9,207,260	8,061,017
▸ **TOTAL LIABILITIES AND EQUITY[3]**	**25,533,486**	**25,380,981**	**23,054,435**	**22,249,025**	**19,473,464**
Total debt[3]	8,646,126	9,465,814	8,351,809	8,221,511	7,152,014
Working capital[3, 4]	3,591,368	3,692,578	3,518,103	3,529,035	3,259,499

[1] *Revenues have been restated in 2012 to reflect the retrospective adoption of Accounting Standards Update 2011-07, Health Care Entities. Bad debt expense was reclassified from selling, general and administrative expenses as a reduction of revenue (2011: $225 M).*

[2] *Freight expense was reclassified in 2012 from selling, general and administrative expenses to costs of revenue to harmonize the presentation for all segments (2011: $144 M).*

[3] *Debt issuance costs have been reclassified from current and non-current assets to long-term debt to conform to the current year's presentation (2014: $66 M; 2013: $65 M; 2012: $77 M; 2011: $59 M).*

[4] *Current assets less current liabilities (excluding short-term debt and accruals for special charge recorded in accrued expenses and other current liabilities until 2013).*

FIVE-YEAR SUMMARY

T. 5.3

$ in THOUS, except share data

	2015	2014	2013	2012	2011
Credit rating					
Standard & Poor's					
Corporate credit rating	BBB–	BB+	BB+	BB+	BB
Secured debt	BBB–	BBB–	BBB–	BBB–	BBB–
Moody's					
Corporate credit rating	Ba1	Ba1	Ba1	Ba1	Ba1
Secured debt	Baa3	Baa3	Baa3	Baa3	Baa3
Fitch					
Corporate credit rating	BB+	BB+	BB+	BB+	BB+
Secured debt	BBB–	BBB–	BBB–	BBB	BBB
Cash flow					
Net cash provided by (used in) operating activities	1,960,047	1,861,392	2,034,805	2,039,063	1,446,482
Capital expenditures, net	(935,535)	(919,954)	(728,091)	(665,643)	(570,530)
Free cash flow (net cash provided by (used in) operating activities after capital expenditures, before acquisitions and investments)	1,024,512	941,438	1,306,714	1,373,420	875,952
Acquisitions and investments	(316,810)	(1,779,058)	(495,725)	(1,878,908)	(1,785,329)
Proceeds from divestitures	251,660	8,257	18,276	263,306	9,990
Share data					
Year-end share price Frankfurt, Xetra *in €*					
Ordinary shares	77.73	61.85	51.73	52.31	52.50
Preference shares[5]				42.24	42.95
Year-end share price (ADR) New York *in $*					
Ordinary shares	41.84	37.14	35.58	34.30	33.99
Preference shares[5]				27.60	27.50
Weighted average number of ordinary shares	304,440,184	302,339,124	301,877,303	301,139,652	299,012,744
Weighted average number of preference shares	–	–	1,937,819	3,969,307	3,961,617
Total dividend amount *in € THOUS*	244,251	236,773	232,114	230,114	209,929
Dividend per share[6] *in €*	0.80	0.78	0.77	0.75	0.69
Employees					
Full-time equivalents	104,033	99,895	90,690	86,153	79,159
Operational ratios in %					
EBITDA margin	18.2	18.7	19.9	20.4	20.9
Operating income margin	13.9	14.2	15.4	16.1	16.5
Growth in basic earnings per share	(2.2)	(5.4)	(6.1)	10.0	8.7
Organic revenue growth (currency-adjusted)	6.5	5.3	4.6	4.9	2.2
Return on invested capital (ROIC)[3,7]	6.9	6.9	7.8	7.7	8.7
Return on operating assets (ROOA)[3,7]	9.6	9.7	10.5	10.8	12.1
Return on equity before taxes[8]	19.6	19.5	20.0	21.6	22.5
Return on equity after taxes[8]	10.4	11.1	12.0	13.3	13.6
Cash flow return on invested capital (CFROIC)[7]	12.0	12.6	12.7	13.7	14.3
Debt/EBITDA ratio[3,7,9]	2.8	3.0	2.8	2.8	2.7
Gearing ((total debt – cash)/equity)	0.8	0.9	0.8	0.8	0.8
EBITDA/Interest expenses, net	7.8	7.2	7.1	6.6	8.9
Net cash provided by (used in) operating activities in % of revenue[1]	11.7	11.8	13.9	14.8	11.5
Equity ratio (equity/total assets)[3]	41.1	39.5	41.1	41.4	41.4
Dialysis care data					
Treatments *in M*	44.6	42.7	40.5	38.6	34.4
Patients	294,381	286,312	270,122	257,916	233,156
Clinics	3,418	3,361	3,250	3,160	2,898

[5] *As of the preference share conversion on June 28th, 2013, the company no longer has two classes of shares.*
[6] *2015: Proposal to be approved by the Annual General Meeting on May 12, 2016.*
[7] *2014: Adjusted for largest acquisitions made during the year; 2012: Pro forma numbers including Liberty Dialysis Holdings Inc., after FTC mandated divestitures.*
[8] *Return on equity has been calculated based on net income attributable to shareholders of FMC AG & CO. KGaA and the total FMC AG & CO. KGaA shareholders' equity.*
[9] *EBITDA adjusted for other non-cash charges (2015: $83 M; 2014: $57 M; 2013: $68 M; 2012: $64 M; 2011: $54 M).*

GLOSSARY

A

ALBUMIN
A protein that has two important functions. On the one hand, it binds water and therefore contributes to the fact that the liquid contained in the blood remains in the bloodstream and does not penetrate the arterial walls into the surrounding tissue. On the other hand, it is an important transport protein for various substances. Among others, many drugs, but also free fatty acids and hormones are bound to albumin and are transported in the blood throughout the body. The level of this protein provides information on the general nutritional condition of a patient.

AMERICAN DEPOSITARY RECEIPT
ADR
A physical certificate representing indirect ownership instead of the shares themselves in a non-U.S. company. Fresenius Medical Care's shares are listed on the New York Stock Exchange (NYSE) in the form of american depositary receipts (ADR).

ANEMIA
Reduced oxygen transport capacity of the blood, measured as reduced hemoglobin concentration in the blood.

ANTICOAGULANT
Agents (e.g. heparin) that prevent blood coagulation.

ARTERIOVENOUS (AV) VASCULAR ACCESS
A direct surgically created connection between an artery (blood vessel carrying blood from the heart to the body) and a vein (blood vessel carrying blood to the heart) in the patient's forearm. This connection forms a large blood vessel with an increased blood flow, providing access for hemodialysis. Adequate vascular access is a prerequisite for hemodialysis.

AUTOMATED PERITONEAL DIALYSIS
APD
Machine-supported version of peritoneal dialysis treatment usually performed at night.

B

BODY COMPOSITION MONITOR
BCM
Device that can be used to precisely measure the composition of the human body and its fluid status and hence to determine the level of overhydration in dialysis patients.

BIBAG
Dry bicarbonate concentrate for online production of liquid bicarbonate concentrate used in bicarbonate hemodialysis with our hemodialysis machines of the 4008 and 5008 series ONLINEplus system.

BIOFINE
Environmentally friendly material for producing foils, tubing and other components for peritoneal and acute dialysis. Biofine is recyclable and PVC-free.

BLOOD
Fluid circulating in the body consisting of plasma and cells (red blood cells, white blood cells, platelets, etc.). The main function of blood is to transport oxygen, nutrients and hormones to the cells and to remove waste products (such as carbon dioxide and urea). Blood also regulates the water and electrolyte balance and helps fight off contaminants as part of the immune system.

BLOOD CELLS, RED
Erythrocyte
Blood cells responsible for transporting oxygen. They are produced by erythropoietin, a hormone formed in the kidneys.

BLOOD CELLS, WHITE
Leukocytes
Blood cells that defend the human body against infections. They are involved in allergic reactions and destroy damaged, old or dead cells in the body.

BLOOD COAGULATION
A complex process during which blood forms solid clots. It is an important part of hemostasis whereby a damaged blood vessel wall is covered by a fibrin clot that stops hemorrhaging and helps repair the damaged vessel. Disorders in coagulation can lead to increased hemorrhaging and/or thrombosis through to embolism. During dialysis treatment, blood coagulation is inhibited with anticoagulants such as heparin.

BLOODLINE SYSTEM
Tubing system connecting a patient's blood circulation with a dialyzer during the dialysis treatment.

C

CALCIMIMETICS
An extension of the therapy options to more effectively influence the bone and mineral metabolism in patients with chronic kidney disease. Calcimimetics are administered when the thyroid gland is hyperactive, which is often the case with dialysis patients. Calcimimetics also have a positive effect on the calcium level of the bones.

CATHETER
A flexible tube inserted by surgery through the skin into a blood vessel or cavity to transport fluid into or out of the body. In peritoneal dialysis, a catheter is used to infuse dialysis solution into the abdominal cavity and drain it out again. In hemodialysis, a catheter can be used as a vascular access for dialysis treatment. In this case, the catheter is usually inserted into the superior vena cava, or occasionally the femoral vein.

CONTINUOUS AMBULATORY PERITONEAL DIALYSIS
CAPD
A treatment method where the dialysis solution is exchanged manually, generally four times a day.

D

DAYS SALES OUTSTANDING
DSO
Indicates the average number of days it takes for a receivable to be paid. A shorter DSO results in less interest for the creditor and a lower risk of default.

DAX
Acronym for "German stock index" – calculated on the basis of the weighted prices of the 30 largest (according to market capitalization and market turnover) German stock corporations.

DEBT/EBITDA RATIO
Important indicator in corporate management. It compares a company's debt to earnings before interest, tax, depreciation and amortization and other non-cash charges.

DIABETES
An increased blood glucose (sugar) level resulting from the body's inability to use glucose efficiently. As the main regulatory hormone in sugar metabolism, insulin is normally used to control this condition.

DIALYSIS
Form of renal replacement therapy where a semipermeable membrane – in peritoneal dialysis the peritoneum of the patient, in hemodialysis the membrane of the dialyzer – is used to clean a patient's blood.

DIALYSIS SOLUTION
Dialysate
Fluid used in dialysis in order to remove the filtered substances and excess water from the blood.

DIALYZER
Special filter used in hemodialysis for removing toxic substances, waste products of metabolic processes and excess water from the blood. The dialyzer is sometimes referred to as an "artificial kidney".

DIALYZER MEMBRANE
Semi-permeable barrier in the dialyzer to separate the blood from the dialysis solution.

DIVIDEND
Portion of a company's profit. The profit to be distributed divided by the number of outstanding shares shows the dividend per share, which is paid to shareholders usually once a year in the form of cash.

E

EBIT
Earnings before interest and taxes
Operating result before interest and taxes. Key performance figure, which is used to assess the company's profitability, irrespective of regional taxation and different forms of financing.

EBITDA
Earnings before interest, taxes, depreciation and amortization
Key performance figure to assess the operating performance before investments.

EBT
Earnings before taxes
An indicator of a company's earning power, irrespective of regional differences in taxation.

ERYTHROPOIESIS-STIMULATING AGENTS
ESA
Recombinant human EPO that is commonly prescribed to patients on dialysis who suffer from anemia.

ERYTHROPOIETIN
EPO
Hormone that stimulates the production of red blood cells.

EUCLID
European clinical database for ensuring the quality of dialysis treatment. The database records the treatment data of dialysis patients and allows an efficient comparison of treatment quality among individual dialysis clinics.

F

FDA
U.S. Food and Drug Administration.

FREE FLOAT
The total amount of a company's shares that is available for trading. According to the definition of Deutsche Börse, all shares which are not held by major shareholders (at least five percent of the registered share capital) form part of the free float, to be acquired and traded by the broad public.

G

GLOMERULAR FILTRATION RATE
GFR
The GFR indicates the volume of liquid that the kidneys filter from the blood per minute (primary urine). This ranges from more than 90 ml/min in healthy kidneys (stage 1) to less than 15 ml/min (stage 5) when dialysis or a kidney transplant is needed. Persons with stage 4 chronic kidney disease (CKD) have advanced kidney damage (GFR of 15 to 29 ml/min); it is highly likely that these patients will need dialysis or a kidney transplant in the near future.

Stages of chronic kidney disease according to the U.S. National Kidney Foundation:

Stage 1 – kidney damage with normal or increased GFR
≥ 90 GFR (ml/min/1.73 M)

Stage 2 – slightly decreased GFR
60 – 89 GFR (ml/min/1.73 M)

Stage 3 – moderately decreased GFR
30 – 59 GFR (ml/min/1.73 M)

Stage 4 – severely decreased GFR
15 – 29 GFR (ml/min/1.73 M)

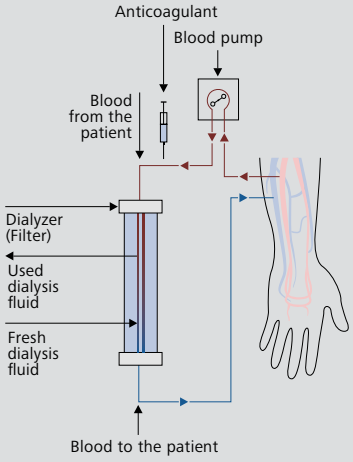
Stage 5 – kidney failure
< 15 (or dialysis) GFR (ml/min/1.73 M)

H

HEMODIAFILTRATION
HDF
Hemodiafiltration is a process that combines hemodialysis and hemofiltration. The theoretical starting point for combining these two processes is the fact that low-molecular substances such as urea and creatinine are predominantly removed by diffusive transportation such as in hemodialysis, whereas the larger molecules are to be predominantly removed by convective transportation as in hemofiltration. In hemodiafiltration (HDF), the total amount of removed toxins is higher than in the individual processes, since convection and diffusion do not add up, but run in parallel and influence each other. The more permeable synthetic membranes ("high-flux dialyzers") with superior ultrafiltration performance are used for hemodiafiltration. As in hemofiltration, the ultrafiltrate is replaced by a sterile solution (substitution solution) in hemodiafiltration.

HEMODIALYSIS
HD

Treatment method for dialysis patients where the patient's blood flows outside the body through disposable bloodlines into a special filter, the dialyzer. The dialysis solution carries away waste products and excess water, and the purified blood is returned to the patient. The process is controlled by a hemodialysis machine that pumps blood, adds anti-coagulants, regulates the purification process, and controls the mixing of the dialysis solution and its flow rate through the system. A patient typically receives three treatments per week, lasting from three to six hours each.



HEMOFILTRATION
HF

A type of treatment for patients with chronic kidney failure that does not use dialysis solution. The solutes are removed by using convective forces to filter plasma water through a semi-permeable membrane. Substitution fluid is used to replace the volume removed by filtration.

HEMOGLOBIN

Substance in red blood cells that carries oxygen throughout the body.

HEPARIN

Universal anticoagulant substance that is administered during hemodialysis to inhibit the blood coagulation.

HIGHVOLUMEHDF

A therapy system of the hemodiafiltration (HDF). With HighVolumeHDF the substitution volume by convective transport is higher than with HDF. Recent studies proof that the HighVolumeHDF therapy significantly improves patient survival rates compared to conventional dialysis treatments.

I

INDEX

Indicates the development of the stock market as a whole and/or of individual stock groups (e.g. DAX, DOW JONES, STOXX). Share indices act as a guide for investors to help them identify trends in the stock market. The index calculation is based on a weighted value for the average performance of the stock corporations that are included in the respective index.

IRON COMPOUND

Iron product for the treatment of anemia resulting from iron deficiency in dialysis patients. An example is the product Venofer.

ISO

International organization for standardization.

K

KIDNEYS

The kidneys are located at the rear of the abdominal cavity, one each on the right and left side of the spinal column. These vital organs are approximately 10 to 12 cm long and weigh only around 160 grams each. The kidneys ensure a regulated acid-base balance by filtering excreta and producing urine. Approximately 1,700 liters of blood normally pass through an adult's kidneys every 24 hours.

KIDNEY FAILURE, ACUTE
Acute loss of renal function. Depending on the severity of renal function loss, intermittent dialysis treatment may be necessary. In contrast to chronic kidney failure, dialysis can help completely restore kidney function in many patients.

KIDNEY FAILURE, CHRONIC
endstage renal disease, ESRD
Permanent failure of the kidney (terminal kidney failure) resulting from slow and progressive final loss of kidney function (no longer detoxification of the body) over several years. Since the renal function cannot be recovered, the patient has to be treated with renal replacement therapy, i.e. kidney transplantation or dialysis. Chronic kidney failure is accompanied by long-term complications such as renal anemia, hypertension and other cardiovascular problems, as well as bone disease, loss of appetite and malnutrition.

KIDNEY TRANSPLANTATION
A surgical procedure to implant a kidney from a donor.

KOMMANDITGESELLSCHAFT AUF AKTIEN
KGaA
A German legal form meaning partnership limited by shares. An entity with its own legal identity in which at least one general partner has full liability (personally liable shareholder, or Komplementäraktionär), while the other shareholders have an interest in the capital stock divided into shares without being personally liable for the debts of the company.

$\frac{KT}{V}$
Indicator to evaluate treatment quality. It is calculated by dividing the product of urea clearance (K) and the duration of treatment (dialysis time, t) by the filtration rate of certain toxins (the urea distribution volume in the patient, V).

L

LEAN SIX SIGMA
Quality management system used to describe, measure, analyze, improve and monitor processes with the goal of quality improvement.

LIBERTY CYCLER
Innovative device with PIN technology (automatic inline-closing system to eliminate the risk of contamination during disconnection from peritoneal dialysis systems) for automated peritoneal dialysis marketed exclusively in the U.S. The Liberty Cycler automatically regulates the exchange of used and fresh dialysis solution. It is equipped with a state-of-the-art pumping mechanism, is easy to set-up and also has integrated patient data management software.

M

MARKET CAPITALIZATION
Total value of all outstanding shares of a company calculated by the number of shares multiplied by the share price.

MEDICARE/MEDICAID
A program developed by the federal U.S. Social Security Administration that reimburses health insurance companies and providers of medical services for medical care to individuals over 65, people with chronic kidney failure (end-stage renal disease, ESRD) or the disabled.

O

ONLINEPLUS SYSTEM
A system for our 4008 and 5008 series hemodialysis machines to perform online hemodiafiltration and online hemofiltration. Online means that the dialysis machine automatically produces the infusion solution for treatment. The online method is a safe, user-friendly, resource-saving and cost-efficient alternative to ready-made infusion solutions in bags.

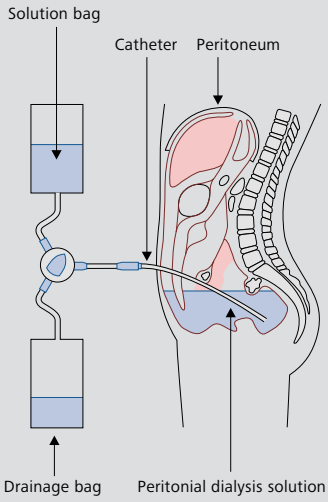
OPERATING MARGIN
Earnings before interest and taxes (EBIT) divided by revenues.

ORGANIC GROWTH
Organic growth means the growth of a company before acquisitions, divestitures and currency translation effects.

P

PERITONEAL DIALYSIS
PD

Dialysis treatment method using the patient's peritoneum, i.e. the tissue that covers the inner surface of the abdominal cavity and the abdominal organs, as the dialyzing membrane for blood purification. A sterile dialysis solution is introduced and removed through a catheter that has been surgically implanted into the patient's abdominal cavity. The solution absorbs toxins and excess water. Most treatments are supported by a machine, the cycler, and are administered by the patients at home or at work several times a day or during the night.



PHOSPHATE BINDER

Phosphate binders bind excess phosphate obtained via food within the intestine. Excess phosphate is normally discharged by healthy kidneys. This filtering process can only partially be replaced in patients with chronic kidney failure by dialysis. Too much phosphate in the blood can cause numerous adverse effects, such as bone disease, thyroid problems and vascular calcification. PhosLo, OsvaRen or Velphoro (PA21) are examples of phosphate binders for patients with chronic kidney disease.

POLYSULFONE

A polymer (plastic) used to produce dialyzer membranes. It is characterized by extreme thermal stability, chemical resistance and blood compatibility.

PREVALENCE

Number of patients who suffer from a specific disease within a defined period.

R

RATING

The rating is a classification of the creditworthiness of a company accepted in the international capital market. It is published by independent rating agencies such as Standard & Poor's, Moody's or Fitch based on a company analysis.

RETURN ON EQUITY
ROE

The return on equity is an indicator of company profitability related to the shareholders' equity.

RETURN ON INVESTED CAPITAL
ROIC

The return on a Company's invested capital divided by average invested capital. Invested capital consists of current and noncurrent assets plus accumulated goodwill amortization, net of cash and cash equivalents, deferred tax assets, accounts payable (including those due to related parties), accrued expenses and other liabilities (including income tax provisions).

RETURN ON OPERATING ASSETS
ROOA

EBIT divided by average operating assets. Operating assets consist of cash and cash equivalents, accounts receivable (including those due from related parties), inventories, prepaid expenses and other current and noncurrent assets, less noncurrent deferred tax assets and accounts payable (including those due to related parties).

S

SARBANES-OXLEY ACT
SOX
A law aimed at corporations and their auditors designed to improve financial accounting. The intention of SOX is to strengthen the confidence of shareholders and other stakeholders by extending regulations which relate to financial reporting and internal monitoring systems. SOX requirements include strict obligations for a company's management regarding the provision of complete and correct information. The rules apply for all U.S. exchange-listed companies.

SECURITIES AND EXCHANGE COMMISSION
SEC
A federal agency that regulates and monitors the U.S. financial markets.

SLEEP.SAFE
Automated peritoneal dialysis system offering the full range of peritoneal dialysis options as well as a maximum of safety and comfort for the patient, physician and nursing staff. Compared to previous models, sleep.safe harmony, launched in 2014, is even easier to operate and offers tailor-made solutions to meet patient's requirements.

SUPPLY CHAIN MANAGEMENT
Management of all tasks along the supply chain, ranging from supplier selection, procurement and warehousing to the transport of goods to customers with the goal of improving efficiency in the value chain.

U

U.S. GAAP
United States generally accepted accounting principles.

V

VOLATILITY
Price fluctuation of a security or currency. This is often calculated in terms of the standard deviation from the share price history or implicit from a price-setting formula.

W

WORKING CAPITAL
Current assets less current liabilities. The higher the working capital, the more secure a company's liquidity.

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PUBLICATION SERVICE
This Annual Report is also available in German and may be obtained from the Company upon request.

Annual reports, interim reports, and further information on the company are also available on our website: www.freseniusmedicalcare.com

Printed reports can be ordered online, by phone or in writing from Investor Relations & Corporate Communications.

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The paper used for the Annual Report 2015 has been produced in accordance with the international FSC® standard, meaning, the pulp has been produced from sustainably managed forests. Furthermore, the Annual Report 2015 has been produced in a carbon-neutral manner. The CO_2 emissions caused by its production were compensated for by certified climate protection projects.

Financial Calendar

subject to change

MAY 3, 2016

Report on the
first quarter 2016

MAY 12, 2016

Annual General Meeting

FRANKFURT AM MAIN, GERMANY

MAY 13, 2016

Payment of dividend[1]

[1] *subject to the approval of the Annual General Meeting*

AUGUST 2, 2016

Report on the
second quarter 2016

OCTOBER 27, 2016

Report on the
third quarter 2016

Important Fairs

APRIL 13 – 17, 2016

51th Congress of the European Association for the Study of the Liver (EASL)
BARCELONA, SPANIEN

APRIL 30 – MAY 3, 2016

American Society for Pediatric Nephrology Annual Meeting
BALTIMORE, U.S.

MAY 21 – 24, 2016

53rd Congress of the European Renal and the European Dialysis and Transplantation Association (ERA-EDTA)
VIENNA, AUSTRIA

AUGUST 27 – 31, 2016

Congress of the European Society of Cardiology 2016
ROME, ITALY

SEPTEMBER 17 – 20, 2016

45th International Conference of the European Dialysis & Transplant Nurses Association and European Renal Care Association (EDTNA/ERCA)
VALENCIA, SPAIN

SEPTEMBER 22 – 24, 2016

10th Congress of the International Society for Hemodialysis (ISHD)
MARRAKECH, MOROCCO

OCTOBER 1 – 5, 2016

29th Congress of the European Society of Intensive Care Medicine
MILAN, ITALY

NOVEMBER 15 – 20, 2016

ASN Kidney Week 2016
The American Society of Nephrology
CHICAGO, U.S.

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