LISTING PROSPECTUS **NOT FOR GENERAL DISTRIBUTION IN THE UNITED STATES**

$500,000,000

Fresenius Medical Care US Finance III, Inc.

3.750% Notes due 2029

Guaranteed on an unsubordinated basis by Fresenius Medical Care AG & Co. KGaA and Fresenius Medical Care Holdings, Inc.

Fresenius Medical Care US Finance III, Inc. (***Issuer***) issued on June 20, 2019 (***Issue Date***) $500,000,000 aggregate principal amount of its 3.750% notes due 2029 (***Notes***). The Issuer will pay interest on the Notes semi-annually on June 15 and December 15 of each year, commencing December 15, 2019. The Notes will mature on June 15, 2029.

The Notes are unsubordinated obligations of the Issuer and rank equally with all of its existing and future unsubordinated unsecured indebtedness. The Notes are guaranteed on an unsubordinated basis (together, ***Note Guarantees***) by Fresenius Medical Care AG & Co. KGaA (***Company***) as well as Fresenius Medical Care Holdings, Inc. (***FMCH*** and, together with the Company, ***Guarantors***). Other subsidiaries of the Company do not guarantee the Notes. The Notes and the Note Guarantees are effectively subordinated to all secured indebtedness of the Issuer and the Guarantors to the extent of the value of the collateral securing such indebtedness and structurally subordinated to all liabilities of the Company's subsidiaries that are not guaranteeing the Notes. The Notes are subject to the redemption provisions as set out elsewhere in this listing prospectus (***Prospectus***).

The Prospectus constitutes a prospectus within the meaning of Article 5(3) of the Directive 2003/71/EC of the European Parliament and of the Council of November 4, 2003 (as amended, *inter alia*, by Directive 2010/73/EU of the European Parliament and of the Council of November 24, 2010) (***Prospectus Directive***) and has been drafted in accordance with the Luxembourg law of July 10, 2005 on prospectuses for securities, as amended, (*Loi du 10 juillet 2005 relative aux prospectus pour valeurs mobilières*) (***Luxembourg Prospectus Law***), which implements the Prospectus Directive into Luxembourg law.

The Prospectus has been approved by the *Commission de Surveillance du Secteur Financier* (***CSSF***), in its capacity as competent authority under the Luxembourg Prospectus Law, and will be published in electronic form on the website of the Luxembourg Stock Exchange (*www.bourse.lu*). By approving the Prospectus, the CSSF gives no undertaking as to the economic or financial opportuneness of the transaction or the quality and solvency of the Issuer in line with the provisions of Article 7(7) of the Luxembourg Prospectus Law.

Application has been made to list the Notes on the official list of the Luxembourg Stock Exchange and to admit the Notes to trading on the regulated market of the Luxembourg Stock Exchange, a market appearing on the list of regulated markets issued by the European Commission pursuant to Directive 2014/65/EU of the European Parliament and of the Council of May 15, 2014 on markets in financial instruments, as amended (***MiFID II***).

Investing in the Notes involves risks. See "*Risk Factors*" beginning on page 28.

Issue Price: 98.461% plus accrued interest from the Issue Date

Delivery of the Notes in book-entry form was made through The Depository Trust Company (***DTC***), including Euroclear Bank S.A./ N.V. as operator of the Euroclear System and Clearstream Banking, société anonyme, expected on or about June 20, 2019.

The Notes and the Note Guarantees have not been, and will not be, registered under the U.S. Securities Act of 1933, as amended (*Securities Act*). The Notes may not be offered or sold within the United States of America (*United States* or *U.S.*) or to, or for the account or benefit of, U.S. persons, except to qualified institutional buyers in reliance on the exemption from registration provided by Rule 144A under the Securities Act (*Rule 144A*) and to certain non-U.S. persons in offshore transactions in reliance on Regulation S under the Securities Act (*Regulation S*). You are hereby notified that sellers of the Notes may be relying on the exemption from the provisions of Section 5 of the Securities Act provided by Rule 144A. See "*Notice to Investors*" for additional information about eligible offerees and transfer restrictions.

Joint Lead Managers and Bookrunners

BofA Merrill Lynch	**Citigroup**	**Wells Fargo Securities**
Barclays	**Deutsche Bank Securities**	**HSBC**

Co-Lead Managers

DNB Markets	**RBC Capital Markets**	**SMBC Nikko**	**Sun Trust Robinson Humphrey**	**TD Securities**

The date of the Prospectus is June 21, 2019.

You should rely only on the information contained in the Prospectus. We have not authorized anyone to provide you with any information that is different or represent anything about us or the Notes that is not contained in the Prospectus. If given or made, any such other information or representation should not be relied upon as having been authorized by us or BofA Securities, Inc., Citigroup Global Markets Inc., Wells Fargo Securities, LLC, Barclays Capital Inc., Deutsche Bank Securities Inc., HSBC Securities (USA) Inc., DNB Markets, Inc., RBC Capital Markets, LLC, SMBC Nikko Securities America, Inc., SunTrust Robinson Humphrey, Inc., and TD Securities (USA) LLC (collectively, the *Initial Purchasers*). We are not, and the Initial Purchasers are not, making an offer to sell the Notes in any jurisdiction where an offer or sale is not permitted. You should not assume that the information contained in the Prospectus is accurate as of any date other than the date hereof. The business, financial condition, results of operations and prospects of the Issuer or the Guarantors or any of their subsidiaries may have changed since that date.

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RESPONSIBILITY STATEMENT

The Issuer and the Guarantors assume responsibility for the information contained or incorporated by reference in the Prospectus and hereby declare that, having taken all reasonable care to ensure that such is the case, the information contained or incorporated by reference in the Prospectus is, to the best of their knowledge, in accordance with the facts and contains no omission likely to affect its import.

The Prospectus under the heading "*Capitalization – Exchange Rate Information*" includes extracts from information and data publicly released by official and other sources. While we accept responsibility for accurately summarizing the information concerning exchange rate information, we accept no further responsibility in respect of such information. See also "*Market and Industry Data*". The information set out in relation to sections of the Prospectus describing clearing arrangements, including the section entitled "*Book-Entry, Delivery and Form*," is subject to any change in or reinterpretation of the rules, regulations and procedures of the DTC, Euroclear Bank S.A./N.V. (***Euroclear***) and Clearstream Banking S.A., Luxembourg (***Clearstream***), as currently in effect. While we accept responsibility for accurately summarizing the information concerning DTC, Euroclear and Clearstream, we accept no further responsibility in respect of such information.

Neither the Initial Purchasers nor any other person mentioned in the Prospectus or any incorporated documents, except for the Issuer and the Guarantors, is responsible for the information contained or incorporated by reference in the Prospectus, and accordingly, and to the extent permitted by the laws of any relevant jurisdiction, none of these persons accepts any responsibility for the accuracy and completeness of the information contained or incorporated by reference herein.

NOTICE TO INVESTORS

None of the Issuer, the Guarantors, the Initial Purchasers, U.S. Bank National Association as trustee (***Trustee***), or any of our or their respective representatives, affiliates, advisers or agents is making any representation to you regarding the legality of an investment in the Notes, and you should not construe anything in the Prospectus as legal, business or tax advice. You should consult your own advisors as to the legal, tax, business, financial and related aspects of an investment in the Notes. You must comply with all laws applicable in any jurisdiction in which you buy, offer or sell the Notes or possess or distribute the Prospectus, and you must obtain all applicable consents and approvals. None of the Issuer, the Guarantors, the Initial Purchasers or the Trustee or any of their affiliates, representatives, advisors or agents shall have any responsibility for any of the foregoing legal requirements.

The Initial Purchasers make no representation or warranty, express or implied, as to the accuracy or completeness of the information contained or incorporated by reference in the Prospectus. Nothing contained or incorporated by reference in the Prospectus is or should be relied upon as a promise or representation by any Initial Purchaser as to the past or the future. You agree to the foregoing by accepting the Prospectus.

Neither the Notes nor the Note Guarantees have been registered under the Securities Act or the securities laws of any state of the United States, and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons (as defined in Regulation S under the Securities Act) except pursuant to an exemption from, or in a transaction not subject to, the registration

requirements of the Securities Act. We have not registered, and do not intend to register, the Notes or the Note Guarantees under the Securities Act. Notwithstanding anything in the Prospectus to the contrary, you (and each of your employees, representatives or other agents) may disclose to any and all persons, without limitation of any kind, the U.S. federal tax treatment and U.S. tax structure of any offering of the Notes and all materials of any kind (including opinions or other tax analyses) that are provided to you relating to such U.S. federal tax treatment and U.S. tax structure. However, any such disclosure of the U.S. federal tax treatment or U.S. tax structure may be subject to restrictions reasonably necessary to comply with any applicable securities laws.

The Notes have been offered and sold outside the United States within the United States to "qualified institutional buyers" in reliance on Rule 144A under the Securities Act and outside the United States in reliance on Regulation S under the Securities Act. Purchasers have been notified that the sellers of the Notes may be relying on the exemption from the provisions of Section 5 of the Securities Act provided by Rule 144A. For a description of these and certain other restrictions on offers, sales and transfers of the Notes and the distribution of the Prospectus, see "*Notice to Investors in the European Economic Area*," "*Notice to Investors in the Netherlands*," "*Notice to Investors in the United Kingdom*," and "*Notice to Certain Other European Investors*," "*Notice to Investors in Canada*," and, unless and until the CSSF notifies the German Federal Financial Supervisory Authority (*Bundesanstalt für Finanzdienstleistungsaufsicht – BaFin*) regarding approval of the Prospectus, "*Notice to Investors in Germany*". By purchasing any Notes, an investor is deemed to have represented and agreed to all of the provisions contained in those sections of the Prospectus. You may be required to bear the financial risks of this investment for an indefinite period of time.

Each person receiving the Prospectus acknowledges that (1) we have afforded it an opportunity to request and to review, and it has received, all additional information considered by it to be necessary to verify the accuracy of or to supplement the information contained or incorporated by reference in the Prospectus, (2) investing in the Notes involves risks, (3) it has not relied upon the Initial Purchasers or any person affiliated with the Initial Purchasers in connection with its investigation of the accuracy of such information or its investment decision, (4) the Prospectus relates to offerings exempt from registration under the Securities Act and does not comply in important respects with the Securities and Exchange Commission (***SEC***) rules that would apply to an offering document relating to a public offering of securities, and (5) no person has been authorized to give information or to make any representation concerning us, other than as contained in the Prospectus, and in connection with an investor's examination of us.

Neither the U.S. Securities and Exchange Commission, nor any U.S. state securities regulator, nor any non- U.S. securities authority has approved or disapproved of these securities or determined that the Prospectus is accurate or complete. Any representation to the contrary is a criminal offense in the United States.

You may not use any information herein for any purpose other than considering an investment in the Notes. The Prospectus may only be used for the purpose for which it has been established.

NOTICE TO INVESTORS IN THE EUROPEAN ECONOMIC AREA

The Notes have been offered and sold. Any offer of Notes in any member state of the European Economic Area (***EEA***) which has implemented the Prospectus Directive (each, a ***Relevant Member State***) will only be made in reliance on an exemption from the requirement to publish a prospectus for offers of such Notes pursuant to Article 3(2) of the Prospectus Directive. Accordingly, any person making or intending to make an offer of the Notes in a Relevant Member State may only do so in circumstances under which no obligation arises for the Issuer or any of the Initial Purchasers to publish a

prospectus pursuant to Article 3 of the Prospectus Directive, or a supplement thereto pursuant to Article 16 of the Prospectus Directive, in each case, in relation to the Notes offered. Neither the Issuer nor the Initial Purchasers have authorized, nor do they authorize, the making of any offer of the Notes in circumstances in which an obligation arises for the Issuer or the Initial Purchasers to publish a prospectus or supplement for such offer of the Notes. The expression "Prospectus Directive" means Directive 2003/71/EC (as amended, inter alia, by the Directive 2010/73/EU) and includes any relevant implementing measure in the Relevant Member State.

PRIIPs Regulation / Prohibition of sales to EEA retail investors. The Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the European Economic Area (***EEA***). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (as amended, ***MiFID II***); (ii) a customer within the meaning of Directive 2002/92/EC of the European Parliament and of the Council of January 20, 2016 on insurance distribution (recast) (EU) 2016/97 (as amended, the ***Insurance Distribution Directive***), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or (iii) not a qualified investor as defined in the Prospectus Directive. Consequently no key information document required by Regulation (EU) No 1286/2014 of the European Parliament and of the Council of 26 November 2014 on key information documents for packaged retail and insurance-based investment products (***PRIIPs***) (as amended, the ***PRIIPs Regulation***) for offering or selling the Notes or otherwise making them available to retail investors in the EEA has been prepared and, therefore offering or selling the Notes or otherwise making those available to any retail investor in the EEA may be unlawful under the PRIIPS Regulation.

NOTICE TO INVESTORS IN GERMANY

No public offer may be made in the Federal Republic of Germany (***Germany***). The Notes have only been available in Germany (i) to, and any offering material in relation to the Notes have been directed only at, persons who are qualified investors (*qualifizierte Anleger*) within the meaning of Section 2 No. 6 of the German Securities Prospectus Act (*Wertpapierprospektgesetz* - ***WpPG***); or (ii) under any other circumstances that do not require the publication of a prospectus pursuant to Section 3(2) of the German Securities Prospectus Act (*Wertpapierprospektgesetz*). Any resale of the Notes in Germany may only be made in accordance with the German Securities Prospectus Act (*Wertpapierprospektgesetz*) and other applicable laws.

NOTICE TO INVESTORS IN LUXEMBOURG

The Prospectus has not been prepared in connection with a public offering of the Notes as defined in Part I, Article 2(1) I of the Luxembourg Prospectus Law and has therefore not been approved by the CSSF for such offerings. The Notes have been offered only (i) to persons who are qualified investors within the meaning of Part I, Article 5(2) a) of the Luxembourg Prospectus Law; or (ii) under any other circumstances that do not require the publication of a prospectus pursuant to Part I, Article 5(2) of the Luxembourg Prospectus Law.

NOTICE TO INVESTORS IN THE NETHERLANDS

The Notes are not and may not be offered in The Netherlands other than to persons or entities who or which are "Qualified Investors" as defined in the Prospectus Directive or the Dutch Financial Supervision Act.

NOTICE TO INVESTORS IN THE UNITED KINGDOM

Members of the public have not been eligible to take part in the offering of the Notes. Any offering material in relation to the Notes has been directed only at persons in the United Kingdom who are qualified investors within the meaning of the Prospectus Directive (including any implementing measure in the United Kingdom) (***Qualified Investors***) and persons who are:

(a) investment professionals falling within Article 19(5) of the Financial Services and Markets Act 2000 (***FSMA***) (Financial Promotion) Order 2005, as amended (***Order***);

(b) persons falling within Article 49(2)(a) to (d) (***high net worth companies, unincorporated associations etc.***) of the Order; or

(c) persons to whom an invitation or inducement to engage in investment activity (within the meaning of Section 21 of the FSMA in connection with the issue or sale of any securities may otherwise be lawfully communicated or caused to be communicated

(all such persons together being referred to as ***Relevant Persons***). Any offering material in relation to the Notes must not be acted on or relied on in the United Kingdom by persons who are not Relevant Persons. Persons distributing any offering material in relation to the Notes must satisfy themselves that it is lawful to do so. Any investment or investment activity to which the offering material in relation to the Notes relates is available only to Relevant Persons and will be engaged in only with Relevant Persons.

NOTICE TO CERTAIN OTHER EUROPEAN INVESTORS

France

The Prospectus has not been prepared in the context of a public offering in France within the meaning of Article L.41 1-1 of the Code Monétaire et Financier and therefore has not been approved by, registered or filed with the French Financial Market Authority (*Autorité des Marchés Financiers* – ***AMF***). Consequently, the Notes have not been offered, directly or indirectly, to the public in France and the Prospectus has not been and will not be released, issued or distributed or caused to be released, issued or distributed to the public in France or used in connection with any offer for subscription or sale of the Notes to the public in France.

The Notes may only be offered or sold in the Republic of France to qualified investors (*investisseurs qualifies*) or to providers of investment services relating to portfolio management for the account of third parties (personnes fournissant le service d'investissement de gestion de portefeuille pour compte de tiers), to the exclusion of any individuals (*cercle restraint d'investisseurs*) all as defined in and in accordance with articles L.411- 1, L. 411- 2, D. 411-1, D. 744 -1, D. 754 -1 and D. 764 -1 of the French *Code Monétaire et Financier* and the applicable regulation thereunder.

Prospective investors are informed that:

(i) the Prospectus has not been submitted for clearance to the AMF;

(ii) in compliance with Articles L. 411- 2, D. 411-1, D. 744 -1, D. 754 -1 and D. 764 -1 of the French *Code Monétaire et Financier*, any qualified investors subscribing for the Notes should be acting for their own account; and

(iii) the direct and indirect distribution or sale to the public of the Notes acquired by them may only be made in compliance with articles L.411-1, L.411-2, L.412-1 and L.621-8 to L.621-8-3 of the French *Code Monétaire et Financier*.

Italy

The offering of the Notes has not been cleared by the *Commissione Nazionale per le Società e la Borsa*, the Italian Securities Exchange Commission, (***CONSOB***) pursuant to Italian securities legislation and, accordingly, no Notes may be offered, sold or delivered, directly or indirectly, nor may copies of the Prospectus or of any other document relating to the Notes be distributed in Italy, except:

(i) to qualified investors (*investitori qualificati*), as defined by Article 35, first paragraph, letter d) of CONSOB Regulation No. 20307 of February 15, 2018, as amended, pursuant to Article 100 of Legislative Decree No. 58 of February 24, 1998, as amended (***Italian Financial Act***), and Article 34-ter, first paragraph, letter b) of CONSOB Regulation No. 11971 of May 14, 1999, as amended; or

(ii) in other circumstances which are exempted from the rules on public offerings pursuant to Article 100 of the Italian Financial Act and/or the CONSOB Regulation on Issuers.

Any offer, sale, resale or delivery of the Notes or distribution of copies of the Prospectus or any other document relating to the Notes in Italy under (i) or (ii) above must be:

(a) made by an investment firm, bank or financial intermediary permitted to conduct such activities in Italy in accordance with the Italian Financial Act, the CONSOB Regulation on Intermediaries and Legislative Decree No. 385 of September 1, 1993, as amended (***Italian Banking Act***);

(b) in compliance with Article 129 of the Italian Banking Act, as amended, and the implementing guidelines of the Bank of Italy, as amended from time to time, pursuant to which the Bank of Italy may request information on the issue or the offer of securities in Italy; and

(c) in compliance with any other applicable laws and regulations or requirement imposed by CONSOB or other competent Italian authority.

Spain

The Notes may not be sold, offered or distributed to persons in Spain, except in circumstances which do not constitute a public offer (*oferta pública*) of securities in Spain, in accordance with article 35 of the *Real Decreto Legislativo 4/2015, de 23 de octubre, por el que se aprueba el texto refundido de la Ley del Mercado de Valores*,as amended (***Spanish Securities Market Act***) and restated, or pursuant to an exemption from registration in accordance with article 41 of the Royal Decree 1310/2005 (*Real Decreto 1310/2005, de 4 de noviembre, por el que se desarrolla parcialmente la Ley 24/1988, de 28 de julio, del Mercado de valores, en materia de admisión a negociación de valores en mercados secundarios oficiales, de ofertas públicas de venta o suscripción y del folleto exigible a tales efectos*) implementing the Spanish Securities Market Act.

The Prospectus is neither approved nor registered in the administrative registries of the Comisión Nacional del Mercado de Valores, and therefore a public offer for subscription of the Notes will not be carried out in Spain. Notwithstanding that and in accordance with Article 30.1 of the Spanish Securities Market Law and Article 38 of R.D. 1310/2005, a private placement of the Notes addressed exclusively to institutional investors (as defined in Article 39 of R.D. 1310/2005) may be carried out in accordance with the requirements of R.D. 1310/2005.

NOTICE TO INVESTORS IN CANADA

The Notes have been sold only to purchasers purchasing, or deemed to be purchasing, as principal that are accredited investors, as defined in National Instrument 45-106 Prospectus Exemptions or subsection 73.3(1) of the Securities Act (Ontario), and are permitted clients, as defined in National Instrument 31-103 Registration Requirements, Exemptions and Ongoing Registrant Obligations. Any resale of the Notes must be made in accordance with an exemption from, or in a transaction not subject to, the prospectus requirements of applicable securities laws.

Securities legislation in certain provinces or territories of Canada may provide a purchaser with remedies for rescission or damages if the Prospectus (including any amendment thereto) contains a misrepresentation, provided that the remedies for rescission or damages are exercised by the purchaser within the time limit prescribed by the securities legislation of the purchaser's province or territory. The purchaser should refer to any applicable provisions of the securities legislation of the purchaser's province or territory for particulars of these rights or consult with a legal advisor.

Pursuant to section 3A.3 of National Instrument 33-105 Underwriting Conflicts (***NI 33-105***), the initial purchasers have not required to comply with the disclosure requirements of NI 33-105 regarding underwriter conflicts of interest in connection with the offering of the Notes.

CERTAIN DEFINED TERMS

In the Prospectus, (1) the terms ***Company*** and ***FMC-AG & Co. KGaA*** refer to both Fresenius Medical Care AG prior to the transformation of legal form discussed in "*The Guarantors – Fresenius Medical Care AG & Co. KGaA*" below, and to Fresenius Medical Care AG & Co. KGaA after the transformation; (2) the terms ***we***, ***us***, ***our*** and ***group*** refers either to the Company or the Company and its subsidiaries on a consolidated basis both before and after the transformation, as the context requires; (3) when used to describe or identify the Company as a Guarantor, the terms ***Company***, ***Fresenius Medical Care AG & Co. KGaA***, and ***FMC-AG & Co. KGaA*** (and ***we***, ***us***, and ***our*** in such context) refer only to the Company individually in such capacity; (4) the term ***FMCH*** refers to Fresenius Medical Care Holdings, Inc., the U.S. holding company for our North American operations and as a Guarantor. In addition, the term ***Fresenius SE*** refers to Fresenius SE & Co. KGaA, a German partnership limited by shares resulting from the change of legal form of Fresenius SE (effective as of January 2011), a European Company (*Societas Europaea*) previously called Fresenius AG, a German stock corporation. Fresenius SE owns 100% of the share capital of our general partner and 94,380,382 of our shares as of May 11, 2019, or 31.1% of our share capital based on a total of 303,136,570 outstanding shares. In the Prospectus, we use Fresenius SE to refer to that company as a partnership limited by shares, effective on and after January 28, 2011, as well as both before and after the conversion of Fresenius AG from a stock corporation into a European Company on July 13, 2007. The term ***General Partner*** refers to Fresenius Medical Care Management AG, the Company's general partner and a wholly owned subsidiary of Fresenius SE. The term ***Management Board*** refers to the members of the management board of the General Partner and, except as otherwise specified, the term ***Supervisory Board*** refers to the supervisory board of the Company. The term ***North America Segment*** refers to our North America operating segment, the term ***EMEA Segment*** refers to our Europe, Middle East and Africa operating segment, the term ***Asia-Pacific Segment*** refers to our Asia-Pacific operating segment, and the term ***Latin America Segment*** refers to our Latin America operating segment. The term ***Corporate*** includes certain headquarters' overhead charges, including accounting and finance, centrally managed production, asset management, quality management and procurement within our Global Manufacturing Quality & Supply and Global Research & Development departments. All references in the Prospectus to the notes to our financial statements are to the notes to our consolidated financial statements incorporated by reference into the Prospectus.

FORWARD-LOOKING STATEMENTS

The Prospectus contains forward-looking statements. When used in the Prospectus, the words "outlook," "expects," "anticipates," "intends," "plans," "believes," "seeks," "estimates" and similar expressions are generally intended to identify forward looking statements. Although we believe that the expectations reflected in such forward-looking statements are reasonable, forward-looking statements are inherently subject to risks and uncertainties, many of which cannot be predicted with accuracy and some of which might not even be anticipated, and future events and actual results, financial and otherwise, could differ materially from those set forth in or contemplated by the forward-looking statements contained elsewhere in the Prospectus. We have based these forward-looking statements on current estimates and assumptions made to the best of our knowledge. By their nature, such forward-looking statements involve risks, uncertainties, assumptions and other factors which could cause actual results, including our financial condition and profitability, to differ materially, positively or negatively, relative to the results expressly or implicitly described in or suggested by these statements. Moreover, forward-looking estimates or predictions derived from third parties' studies or information may prove to be inaccurate. Consequently, we cannot give any assurance regarding the future accuracy of the opinions set forth in the Prospectus or the actual occurrence of the projected developments described herein. In addition, even if our future results meet the expectations expressed here, those results may not be indicative of our performance in future periods.

These risks, uncertainties, assumptions, and other factors, including associated costs, which could cause actual results to differ from our projected results include, among others, the following:

- changes in governmental and commercial insurer reimbursement for our complete products and services portfolio, including the U.S. Medicare reimbursement system for dialysis and other health care services, including potentially significant changes that could be enacted due to the announced intention of the Trump administration to continue its efforts to repeal and replace the Patient Protection and Affordable Care Act;

- the outcome of government and internal investigations as well as litigation;

- risks relating to compliance with current and future government regulations applicable to our business including, in the U.S., the Anti-Kickback Statute, the False Claims Act, the Stark Law, the Health Insurance Portability and Accountability Act, the Health Information Technology for Economic and Clinical Health Act, the Foreign Corrupt Practices Act, the Food, Drug and Cosmetic Act, and outside the U.S., the EU Medical Device Directive, the EU General Data Protection Regulation, the two invoice policy and the Tendering and Bidding Law in China and other related local legislation, as well as other comparable regulatory regimes in many of the countries where we supply health care services and/or products;

- possible future disruptions in federal government agencies' operations and funding that could negatively impact regulatory approvals for our pharmaceutical products, medical devices and regulatory guidance;

- the influence of commercial insurers and integrated care organizations, including efforts by these organizations to manage costs by limiting healthcare benefits, reducing provider reimbursement and/or restricting options for patient funding of health insurance premiums;

- the impact of health care, tax and trade law reforms and regulation, including those proposed and enacted by the Trump administration in the U.S.;

- product liability risks;
- risks relating to our ability to continue to make acquisitions;
- risks relating to our ability to attract and retain skilled employees, including shortages of skilled clinical personnel;
- the impact of currency fluctuations;
- potential impairment loss on assets in the Latin America Segment due to decreases in the recoverable amount of those assets relative to their book value;
- our ability to protect our information technology systems against cyber security attacks or prevent other data privacy or security breaches;
- changes in our costs of purchasing and utilization patterns for pharmaceuticals;
- introduction of generic or new pharmaceuticals that compete with our products or services or the development of pharmaceuticals that greatly reduce the progression of chronic kidney disease;
- launch of new technology, or advances in medical therapies, that compete with our medical businesses;
- changes in raw material and energy costs or the inability to procure raw materials;
- collectability of our receivables, which depends primarily on the efficacy of our billing practices and the financial stability and liquidity of our governmental and commercial payors;
- our ability to achieve cost savings in various health care risk management programs in which we participate or intend to participate; and
- the greater size, market power, experience and product offerings of certain competitors in certain geographic regions and business lines.

Important factors that could contribute to such differences are noted in the Prospectus in the sections entitled "*Overview*", "*Risk Factors*", "*Management's Discussion and Analysis of Financial Condition and Results of Operations*" and "*Business of the Group*" in the notes to our audited consolidated financial statements, and in note 12, "*Commitments and Contingencies*" of the notes to our consolidated financial statements (unaudited), incorporated by reference in the Prospectus.

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

Our reported financial condition and results of operations are sensitive to accounting methods, assumptions and estimates that are the basis of our financial statements. The actual accounting policies, the judgments made in the selection and application of these policies as well as the sensitivities of reported results to changes in accounting policies, assumptions and estimates are factors to be considered along with our financial statements and the discussion under "*Management's Discussion and Analysis of Financial Condition and Results of Operations—Results of operations, financial position and net assets*" below.

As a result of the implementation of IFRS 16, Leases (*IFRS 16*) (***IFRS 16 Implementation***), the Company has updated its accounting policies accordingly. Please refer to note 1 of the notes to the consolidated financial statements (unaudited) incorporated by reference in the Prospectus for further details on the policy adoptions as well as impacts from the implementation of this standard. Excluding IFRS 16, there have been no significant changes during the three months ended March 31, 2019 to the items disclosed within the critical accounting policies and estimates in notes 1 and 2 to the audited consolidated financial statements for the year ended December 31, 2018 in accordance with IFRS as issued by the International Accounting Standards Board (***IASB***) incorporated in the Prospectus.

Rounding adjustments applied to individual numbers and percentages shown in the Prospectus may result in these figures differing immaterially from their absolute values.

MARKET AND INDUSTRY DATA

Where information in the Prospectus and the documents incorporated by reference has been specifically identified as having been extracted from third party documents, the Issuer and each of the Guarantors confirms that this information has been accurately reproduced and that as far as the Issuer and the Guarantors are aware and are able to ascertain from information published by that third party, no facts have been omitted which would render the reproduced information inaccurate or misleading. In particular, the Prospectus and the documents incorporated by reference contain patient and other statistical data related to end-stage renal disease and treatment modalities, including estimates regarding the size of the patient population and growth in that population. These data have been compiled using our Market & Competitor Survey (***MCS***), an internal information tool we created to collect, analyze and communicate relevant market and competition data on the global dialysis market that utilizes annual country-by-country surveys and publicly available information from our competitors. See "*Business of the Group*". While we believe the information obtained in our surveys and competitor publications to be reliable, we have not independently verified the data or any assumptions our MCS is derived from on which the estimates they contain are based. None of the Issuer, the Guarantors or the Initial Purchasers makes any representation as to the accuracy of such information. Market data not attributed to a specific source are our estimates, compiled using our MCS.

PRESENTATION OF FINANCIAL INFORMATION AND OTHER DATA

Unless otherwise indicated, financial information related to the Company contained or incorporated by reference in the Prospectus is (i) stated in euros and (ii) prepared and presented in accordance with IFRS as issued by the IASB. FMCH, a wholly-owned subsidiary of the Company and Guarantor, prepares its standalone financial statements in accordance with U.S. GAAP. These are converted to IFRS for use in the Company's consolidated financial information. Certain differences exist between IFRS and generally accepted accounting principles in the United States of America (***U.S. GAAP***) which might be material to the financial information herein. The Indenture imposes no obligation on us to reconcile our future financial statements prepared under IFRS to U.S. GAAP.

CERTAIN DIFFERENCES BETWEEN U.S. GAAP AND IFRS FINANCIAL INFORMATION

Financial statements and other financial information prepared in accordance with U.S. GAAP are not comparable to, and could differ from, financial statements and other financial information prepared in accordance with IFRS. Some of the principal differences between the U.S. GAAP and the IFRS key data are due to the differing cumulative actuarial gains and losses for pensions, recognition of gains from sale and lease back transactions, contingent purchase considerations, obligations from stock incentive plans and development costs. Additional differences for income taxes result from the differ-

ent accounting treatment of intercompany transactions with equity method investees. Moreover, differences for the assets result from the different accounting treatment of the sale of receivables. Potential investors should consult their own professional advisers for an understanding of the differences between IFRS and U.S. GAAP and how these differences might affect the financial information herein.

OVERVIEW

*The following is an overview of the more detailed information appearing elsewhere herein or in the documents incorporated by reference in this Prospectus (**Prospectus**). This overview should be read as an introduction to the Prospectus. It does not purport to be complete and is taken from, and is qualified in its entirety by, the remainder of the Prospectus. Any decision by an investor to invest in the Notes should be based on consideration of the Prospectus as a whole, including the documents incorporated by reference. You should carefully read this entire Prospectus, including the "Risk Factors" section, the documents incorporated by reference and the financial statements and the related notes contained in the Prospectus and the incorporated documents.*

Overview of Our Business

We are the world's largest kidney dialysis company, based on publicly reported sales and number of patients treated at March 31, 2019. We provide dialysis care and related services to persons who suffer from end stage renal disease (***ESRD***) as well as other health care services. We also develop and manufacture a wide variety of health care products, which includes dialysis and non-dialysis products. Our dialysis products include hemodialysis machines, peritoneal cyclers, dialyzers, peritoneal solutions, hemodialysis concentrates, solutions and granulates, bloodlines, renal pharmaceuticals and systems for water treatment. Our non-dialysis products include acute cardiopulmonary and apheresis products. We supply dialysis clinics we own, operate or manage with a broad range of products and also sell dialysis products to other dialysis service providers. We describe certain of our other health care services as ***Care Coordination***. Care Coordination currently includes, but is not limited to, the coordinated delivery of pharmacy services, vascular, cardiovascular and endovascular specialty services as well as ambulatory surgery center services, physician nephrology services, health plan services, urgent care services and ambulant treatment services. Prior to June 28, 2018, Care Coordination also included the coordinated delivery of emergency, intensivist and hospitalist physician services as well as transitional care which we referred to as "*hospital related physician services.*" Our healthcare services are comprised of our Care Coordination services together with our dialysis care and related services.

As a global company delivering health care services and products, we face the challenge of addressing the needs of a wide variety of stakeholders, such as patients, customers, payors, regulators and legislators in many different economic environments and health care systems. In general, government-funded programs (in some countries in coordination with private insurers) pay for certain health care items and services provided to their citizens. Not all health care systems provide for dialysis treatment. Therefore, the reimbursement systems and ancillary services utilization environment in various countries significantly influence our business.

The Company's ordinary shares are listed in the regulated market (Prime Standard) on the Frankfurt Stock Exchange and American Depositary Shares (***ADSs***) evidencing the Company's ordinary shares are listed on the New York Stock Exchange (***NYSE***). On March 31, 2019, we had a market capitalization of €22.1 billion.

We operate in a competitive, international market environment and are, therefore, subject to certain trends, risks and uncertainties that could cause actual results to differ from our projected results. The major trends affecting the industries in which we operate are:

- the aging population and increased life expectancies, shortage of donor organs for kidney transplants, and increasing incidence and better treatment of and survival of patients with di-

abetes and hypertension, which frequently precede the onset of ESRD, all of which contribute to patient growth;

- improvements in treatment quality, which prolong patient life;
- stronger demand for innovative products and therapies;
- advances in medical technology;
- ongoing cost-containment efforts and ongoing pressure to decrease healthcare costs, resulting in limited reimbursement rate increases; and
- reimbursement for the majority of treatments by governmental institutions, such as Medicare and Medicaid in the U.S.

In the emerging markets additional trends are:

- increasing national incomes and hence higher spending on health care;
- improving standards of living in developing countries, which make life-saving dialysis treatment available;
- consolidation of providers (e.g. hospital chains);
- consolidation of healthcare insurers with pricing pressure on providers; and
- privatization of healthcare providers.

Overview of Our Strategy

"*Fresenius Medical Care: Creating a future worth living. For patients. Worldwide. Every day*". This vision guides us in our efforts to give our patients around the world a better life by offering them high-quality products and outstanding health care. It is based on our core values: collaborative, proactive, reliable, excellent.

Overview of Our Strategic Core Competencies

We aim to further consolidate our expertise as the world's largest provider of top-quality dialysis treatments and products and to apply them as a basis for sustainable, profitable growth. Moreover, by expanding our range of medical services in the area of Care Coordination, our goal is to provide holistic care and improve outcomes for patients as well as payers and at the same time sustainably increase our value. Our strategic plan is built around four core competencies that will support us in the years to come:

(1) Innovating products

Developing innovative products to achieve even better outcomes for our patients is an inherent part of our strategy of sustainable, profitable growth and reinforces our technology leadership position in dialysis. In addition, we strive to identify new opportunities in value-added technologies and approaches on an ongoing basis, for example through our venture capital subsidiary Fresenius Medical Care Ventures GmbH.

(2) Standardizing medical procedures

Our goal is to standardize medical treatments and clinical processes while continuing to ensure high-quality clinical outcomes. We provided around 50 million dialysis treatments worldwide in 2018. Consequently, we have one of the largest renal patient databases in the world. We intend to use this information to standardize medical setups, open new clinics and integrate acquired clinics based on proven and efficient concepts.

(3) Coordinating patients efficiently

In an environment of growing patient numbers and changing health care systems, we see significant potential in providing value-based care. This approach focuses on selling solutions, providing holistic care and receiving outcome-based reimbursement rather than offering single products or services.

Depending on the type of health care network in which we participate, we coordinate the care of our patients with other providers including physicians and other health care facilities. We then use the accumulated patient information to create predictive analytics.

(4) Operating outpatient facilities

By leveraging our experience gained in over 3,928 proprietary dialysis clinics in approximately 50 countries, we have the knowledge to operate and manage stand-alone outpatient clinics efficiently and capture economies of scale. We are continuously optimizing and modernizing our processes and administrative structures.

Overview of Recent Developments

Acquisition of NxStage

On February 21, 2019, we completed the acquisition of NxStage Medical, Inc. (***NxStage***), a U.S.-based medical technology and services company, following approval by U.S. antitrust authorities. NxStage shareholders received merger consideration of $30.00 per share in the acquisition for total consideration of $1,976,235,000 net of cash acquired. NxStage has its headquarters in the Boston, Massachusetts area and has approximately 3,800 employees. NxStage develops, produces and markets an innovative product portfolio of medical devices for use in home dialysis and in the critical care setting. This acquisition enables us to further leverage our manufacturing, supply chain and marketing competencies across the dialysis products, services and care coordination businesses in a less labor- and capital-intensive care setting.

Share Buy-Back Program

On February 20, 2019, the Company announced a share repurchase program to be carried out in several tranches with an aggregate volume of up to €1 billion over two years, making use of the authorization granted by the Company's General Meeting on May 12, 2016 to acquire its own shares pursuant to section 71 para. 1 no. 8 of the German Stock Corporation Act (*Aktiengesetz* - ***AktG***). On May 10, 2019, the Company completed the first tranche of the share buy-back program under which the Company repurchased 3,770,772 ordinary shares at a total purchase price (excluding ancillary transaction costs) of approximately €270 million during the period from March 12, 2019 until and including May 10, 2019. This corresponds to approximately 1.2% of the Company's share capital prior to the buy-back program. The shares repurchased by the Company will be used for the sole purpose of reducing the registered share capital by cancellation of the repurchased ordinary shares. The shares were repurchased on the stock exchange via the XETRA trading system and/or via selected

multilateral trading facilities. Pursuant to the conditions of the repurchase authorization granted by the Company's General Meeting on May 12, 2016, the price per share paid by the Company, excluding ancillary transaction costs, must not exceed or fall short of the market price of the Company's shares (determined by the opening auction on the exchange trading day in the XETRA trading system) by more than 10%.

The Issuer

Fresenius Medical Care US Finance III, Inc. is a corporation incorporated under the General Corporation Law of the State of Delaware, United States. The business or purposes to be conducted by it are issuing and selling debt securities, including the Notes and debt securities to the extent permitted by the Indenture; advancing the proceeds of the Notes, any additional debt securities that the Issuer may issue and equity contributions received by the Issuer to us and our subsidiaries; and engage in any lawful financing act or activity, and any other acts related thereto or in furtherance of the foregoing purposes. Its registered office is located c/o The Corporation Trust Company, 1209 Orange Street, Wilmington, County of New Castle, Delaware 19801, United States. Its executive offices are located at 920 Winter Street, Waltham, Massachusetts, 02451-1457, United States, and its telephone number is +1 (781) 699-9000. The Issuer is a wholly owned subsidiary of the Company and will on-lend the proceeds from the sale of the Notes to other members of the group under intercompany loans. The Issuer intends to service and repay the Notes out of the payments it receives under these intercompany loans. The Issuer's material assets or sources of revenue primarily consist of the Company's capital contribution to the Issuer and its claims under various intercompany receivables. Accordingly, the Issuer's ability to service and repay the Notes depends on the ability of the counterparties to the intercompany loans to service such indebtedness. Therefore, in meeting its payment obligations under the Notes, the Issuer is wholly dependent on the profitability and cash flow of the counterparties to the intercompany loans to which it is a party.

Fresenius Medical Care Holdings

Fresenius Medical Care Holdings, Inc. is an indirectly wholly-owned subsidiary of Fresenius Medical Care AG & Co. KGaA. It was incorporated under the Business Corporation Law of the State of New York on March 21, 1988. FMCH is a holding company and is engaged, through subsidiaries, in providing dialysis treatment at its own dialysis clinics, manufacturing dialysis products and supplying those products to its clinics and selling dialysis products to other dialysis service providers, performing clinical laboratory testing, providing inpatient dialysis services and other services under contract to hospitals and providing other healthcare services (including our Care Coordination services). It is the U.S. holding company for our North American Operations. Its executive offices are located at 920 Winter Street, Waltham, Massachusetts, 02451-1457, United States, and its telephone number is +1(781) 699-9000.

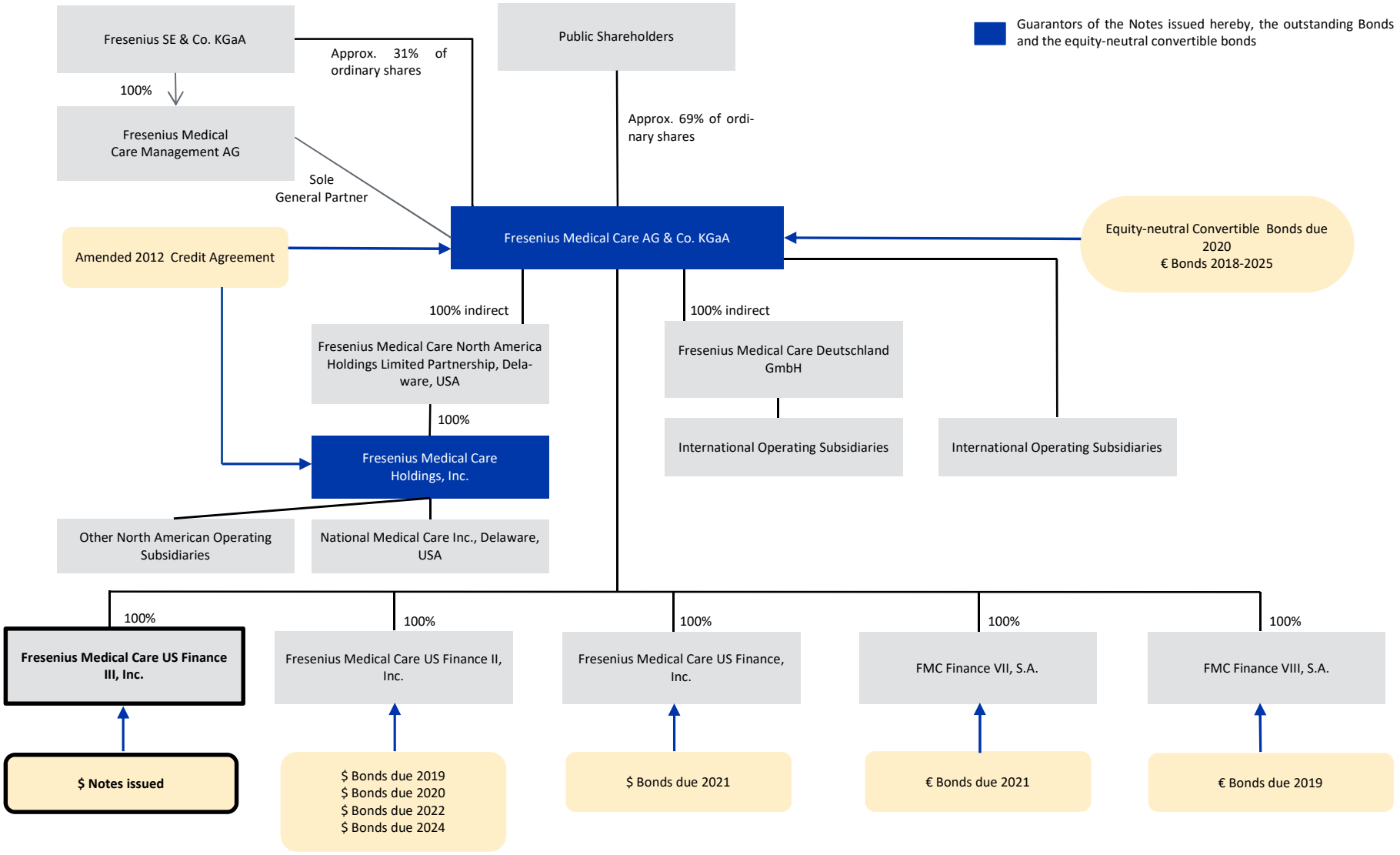
Overview of our Corporate and Financing Structure

The Issuer is a directly wholly owned subsidiary of the Fresenius Medical Care AG & Co. KGaA. FMCH is (indirectly) a wholly owned subsidiary of Fresenius Medical Care AG & Co. KGaA. FMCH is the U.S. holding company for the operations of the North America Segment. The following diagram depicts, in abbreviated form, the corporate structure and certain debt obligations of the Company as of March 31, 2019 after giving effect to the issuance of the Notes.

For additional information regarding the Company's outstanding indebtedness, see note 13, "S*hort-term debt and short-term debt from related parties*," and note 14, "*Long-term debt and capital lease obligations*" of the notes to the audited consolidated financial statements of the Company as of and

for the years ended December 31, 2018 and December 31, 2017 and note 8, "*Short-term debt and short-term debt from related parties*," and note 9, "*Long-term debt*" of the notes to our consolidated financial statements (unaudited) as of and for the three months ended March 31, 2019, referred to under "*Documents Incorporated by Reference*" in the Prospectus. See also "*Description of Certain Indebtedness*" in the Prospectus.

Overview of Our Corporate and Finance Structure[1]



(1) As of March 31, 2019, giving pro forma effect to the issuance of the Notes.

Principal Terms of the Notes

The overview below describes the principal terms of the Notes. Certain of the terms and conditions described below are subject to important limitations and exceptions. The "Description of the Notes" section of the Prospectus contains a more detailed description of the terms and conditions of the Notes.

Issuer	Fresenius Medical Care US Finance III, Inc.
Guarantors.....	Fresenius Medical Care AG & Co. KGaA and Fresenius Medical Care Holdings, Inc.
Notes	$500,000,000 aggregate principal amount of 3.750% Notes due 2029.
Class.....	The Notes are unsecured and unsubordinated obligations of the Issuer and will rank equally with all of its existing and future unsubordinated unsecured indebtedness. The Notes are guaranteed on an unsecured and unsubordinated basis by the Guarantors.
Issue Date	June 20, 2019.
Denomination of the Notes.....	The Notes were issued with a minimum denomination of $150,000 and integral multiples of $2,000 in excess thereof.
Form of the Notes	The Notes are represented by one or more global notes without interest coupons attached.
Delivery of the Notes.....	Delivery of the Notes to investors in book-entry form will be made through The Depository Trust Company on or about June 20, 2019.
Interest Rate.....	The Notes bear interest from and including June 20, 2019 to, but excluding June 15, 2029 at a rate of 3.750% per annum.
Interest Payment Dates.....	Interest is payable semi-annually in arrears on June 15 and December 15 of each year, commencing December 15, 2019. The first interest payment on December 15, 2019 will cover the period from the Issue Date to December 15, 2019.
Maturity Date	June 15, 2029.
Ranking of the Notes.....	The Notes are unsecured obligations of the Issuer and: • rank equally in right of payment with all of the Issuer's existing and future indebtedness that is not subordinated in right of payment to the Notes; • are effectively subordinated in right of payment to all of the Issuer's existing and future indebtedness that becomes secured by liens on assets to the extent of the value of the collateral securing such indebtedness; and

- are structurally subordinated in right of payment to any obligations of the Company's subsidiaries that are not Guarantors of the Notes.

Currency of the Notes	The Notes are denominated in U.S. Dollars.
Governing Law.....	The Notes, the related Indenture and the Note Guarantees are governed by the law of the State of New York.
Indenture.....	The Notes were issued under an indenture (***Indenture***) with U.S. Bank National Association as trustee (***Trustee***). Copies of the form of the Indenture are available upon request to the Issuer. We will be required to provide periodic financial reports to the Trustee under the Indenture.
Negative Pledge.....	The Indenture limits our ability and the ability of our subsidiaries to grant, incur or permit liens securing ***Capital Market Indebtedness***, subject to certain exceptions.
Note Guarantees	The Company unconditionally and irrevocably guarantees the obligations of the Issuer under the Notes. FMCH, a subsidiary of the Company (together with the Company, the ***Guarantors*** and each a ***Guarantor***, with each such guarantee being a ***Note Guarantee***), unconditionally and irrevocably guarantees, jointly and severally with the Company, the obligations of the Issuer under the Notes. At a time when a Guarantor (other than the Company) is no longer an obligor under our credit facilities agreement entered into in 2012 (as amended, modified, renewed, refunded, replaced, restated or refinanced from time to time, ***Amended 2012 Credit Agreement***), such Guarantor will no longer be a Guarantor. FMCH's Note Guarantee will not exceed the maximum amount that can be guaranteed by FMCH without rendering the Note Guarantee, as it relates to FMCH, voidable or unenforceable under applicable laws affecting the rights of creditors generally.
Ranking of the Note Guarantees.	The Note Guarantees are unsubordinated unsecured obligations of the Guarantors and:

- rank equally with all of the Guarantors' respective obligations that do not expressly provide that they are subordinated to the Note Guarantees;
- rank equally with the Guarantors' indebtedness under our Amended 2012 Credit Agreement;
- rank equally with the Guarantors' respective guarantees of the indebtedness under our outstanding senior notes (which we refer to in the Prospectus as ***Bonds***); and
- are subordinated to any debt of the Guarantors that becomes secured to the extent of the value of the collateral securing

	such debt and structurally subordinated to the indebtedness of our subsidiaries that are not Guarantors.
Optional Redemption:	The Notes are redeemable at the option of the Issuer, in whole or in part, at any time at a price equal to 100% of the principal amount thereof, together with accrued and unpaid interest to the redemption date, plus a ''make-whole'' premium. No ''make-whole'' premium will be payable in connection with a redemption of the relevant issue of Notes during the three months prior to the maturity date. See "*Description of the Notes—Optional Redemption*".
Tax Redemption	The Notes are also redeemable at the option of the Issuer, in whole but not in part, at a price equal to 100% of the principal amount thereof, plus accrued and unpaid interest to the redemption date, and Additional Amounts, if any, after certain changes in the law of any relevant taxing jurisdiction become effective that would require the payment of Additional Amounts with respect to any payments on the Notes. No "make-whole" premium will be payable upon such a redemption of the Notes. See "*Description of the Notes—Redemption for Changes in Withholding Taxes*".
Change of Control.....	Upon the occurrence of both a Change of Control and a Ratings Decline (each as defined herein), investors have the right to require us to redeem all or any part of the Notes at a redemption price in cash equal to 101% of their principal amount plus any accrued and unpaid interest. See "*Description of the Notes—Change of Control*".
Transfer Restrictions	The Notes have not been registered under the Securities Act and may not be offered or sold in the U.S. or to U.S. persons except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act.
Use of Proceeds.....	The aggregate net proceeds from the sale of $500 million principal amount of the Notes were $490.1 million after the deduction of the Initial Purchasers' discount but before estimated expenses of the offering. We intend to use the net proceeds of the sale of the Notes for general corporate purposes including refinancing of our outstanding indebtedness. See "*Use of Proceeds*".
Trustee, Principal Paying Agent and Registrar	U.S. Bank National Association.
Security Identification Numbers..	CUSIP: • Rule 144A: 35805B AA6 • Regulation S: U3149F AA7 ISIN: • Rule 144A: US35805BAA61 • Regulation S: USU3149FAA76

Overview of Risk Factors

Investing in the Notes involves substantial risks. We are exposed to a number of risks that either individually or collectively could have material adverse effects on our assets, financial condition and results of operations, and on our ability to fulfill our obligations under the Notes. The following summarizes the risks you should consider before investing in the Notes as they may impact the Issuer and the Guarantors.

Risks Relating to Our Business

- If we fail to estimate, price for and manage medical costs in an effective manner, the profitability of our value-based products and services could decline and could materially and adversely affect our results of operations, financial position and cash flows.

- We are exposed to product liability, patent infringement and other claims which could result in significant costs and liability which we may not be able to insure on acceptable terms in the future.

- Our growth depends, in part, on our ability to continue to make acquisitions and develop de novo dialysis clinics and health care centers.

- We face specific risks from international operations.

- We could be adversely affected if we experience shortages of goods or material price increases from our suppliers, or an inability to access new and improved products and technology.

- If physicians and other referral sources cease referring patients to our health care service businesses and facilities or cease purchasing or prescribing our products, our revenues would decrease.

- Our pharmaceutical product business could lose sales to generic drug manufacturers or new branded drugs.

- Our competitors could develop superior technology or otherwise take advantage of new competitive developments that impact our sales.

- Global economic conditions as well as disruptions in financial markets may have an adverse effect on our businesses.

- Any material disruption in federal government operations and funding could have a material adverse impact on our business, financial condition and results of operations.

- If we are unable to attract and retain skilled medical, technical and engineering personnel, or if legislative, union, or other labor-related activities or changes result in significant increases in our operating costs or decreases in productivity, we may be unable to manage our growth or continue our technological development.

- Diverging views of fiscal authorities could require us to make additional tax payments.

- A dependency on the payment behavior and decision-making of our business partners can affect the collectability of accounts receivable.

- Unforeseeable events (including natural disasters) could affect our services and our ability to deliver in a limited time and place.

- There are significant risks associated with estimating the amount of healthcare service revenues that we recognize that could impact the timing of our recognition of revenues or have a significant impact on our operating results and financial condition.

Risks Relating to Regulatory Matters

- We operate in a highly regulated industry such that the potential for legislative reform provides uncertainty and potential threats to our operating models and results.

- Changes in reimbursement and/or governmental regulations for health care could materially decrease our revenues and operating profit.

- If we do not comply with the numerous governmental regulations applicable to our business, we could suffer adverse legal consequences, including exclusion from government healthcare reimbursement programs or termination of our authority to conduct business, any of which would result in a material decrease in our revenue; this regulatory environment also exposes us to claims and litigation, including "whistleblower" suits.

- If we are unable to protect our information technology security systems and rely on our third-party service providers to protect their systems against cyber attacks or prevent other privacy and data security incidents that result in privacy and data breaches that disrupt our operations or result in the unintended disclosure and access of sensitive personal information or proprietary or confidential information, we could be exposed to significant regulatory fines or penalties, liability or reputational damage, or experience a material adverse impact on our business, financial condition and results of operations.

- We operate in many different jurisdictions and we could be adversely affected by violations of the U.S. Foreign Corrupt Practices Act and similar worldwide anti-corruption laws.

- If our joint ventures violate the law, our business could be adversely affected.

- If we are unable to secure appropriate reimbursement arrangements for the pharmaceuticals we provide in our dialysis clinics, our business could be adversely affected.

Risks Relating to the Issuer

- The Issuer has no material assets or sources of revenue except for claims against the Company and/or its subsidiaries resulting from intercompany receivables.

- The Issuer and FMCH may be exposed to potential risks in connection with recent U.S. tax reform, which cannot be fully assessed at this time.

Risks Relating to the Guarantors and the Note Guarantees

- German insolvency laws may preclude the recovery of payments due under the Company's Note Guarantee.

- U.S. federal and state laws allow courts, under specific circumstances, to void the Note Guarantees and to require you to return payments received from the Guarantors.

- The Guarantors obtain substantially all of their income from their respective subsidiaries, and the holding company structure may limit each Guarantor's ability to benefit from the assets of their subsidiaries.

Risks Relating to the Notes

- Our leverage could adversely affect our financial condition, prevent us from fulfilling our debt-service and other obligations under our debt securities, or prevent us from pursuing certain aspects of our business strategy.

- Despite our existing indebtedness, we may still be able to incur significantly more debt; this could intensify the risks described above.

- Our indebtedness imposes restrictions. If in the case of a breach of such restrictions the indebtedness under the Notes or certain other financing arrangements were to be accelerated, there can be no assurance that our assets would be sufficient to repay in full that indebtedness and our other indebtedness.

- The Notes are structurally subordinated to other creditors of our subsidiaries that do not guarantee the Notes.

- We may not be able to make a change of control redemption upon demand.

- There are restrictions on your ability to transfer or resell the Notes without registration under applicable U.S. securities laws.

- There is presently no active trading market for the Notes.

- You may face foreign exchange risks by investing in the Notes.

- The Notes may be redeemed prior to maturity in the case of certain tax events.

- Credit ratings may not reflect all risks of an investment in the Notes; they are not recommendations to buy or hold securities, and are subject to revision, suspension, or withdrawal at any time.

- An investment in the Notes inherently involves substantial risks, including the potential for default.

Overview Historical Consolidated Financial Data and Other Data

The following table summarizes the consolidated financial information for our business for each of the years in the five-year period ended December 31, 2018, and for the three months ended March 31, 2019 and 2018. For each of the years presented, we derived the following financial information from our consolidated financial statements. As of January 1, 2017, commencing with our quarterly report for the three months ended March 31, 2017, the consolidated financial statements and other financial information included in our quarterly reports on Form 6-K and our Annual Reports on 20-F are prepared solely in accordance with International Financial Reporting Standards (***IFRS***) as issued by the IASB, using the euro as our reporting currency, and we have discontinued publishing U.S. GAAP financial information as of the end of 2016. The following consolidated financial data as of March 31, 2019 and 2018 and for the three months ended March 31, 2019 and 2018 have been derived from our unaudited consolidated financial statements prepared in accordance with IFRS as issued by the IASB. Our unaudited consolidated financial statements were prepared on a basis substantially consistent with our audited consolidated financial statements. KPMG AG Wirtschaftsprüfungsgesellschaft (***KPMG AG***), an independent registered public accounting firm, audited these financial statements. You should regard the following financial data below only as an introduction and should base your investment decision on a review of the entire Prospectus, including the financial statements incorporated by reference herein. The following financial data in the table include financial measures that are not defined by IFRS (each, a ***Non-IFRS Measure***). For additional information regarding these Non-IFRS Measures, including a discussion of why we believe these measures are useful to investors, the purposes for which we use certain Non-IFRS Measures and reconciliations of the various Non-IFRS Measures presented in the Prospectus to the financial measures prepared in accordance with IFRS that we believe are most directly comparable to the Non-IFRS Measures, see "*Management's Discussion and Analysis of Financial Condition and Results of Operations—Performance management system*" and "*—Non-IFRS measures not utilized as key performance indicators*" in the Prospectus.

	For the three months ended March 31,		For the year ended December 31,				
	2019	2018	2018	2017	2016	2015	2014
			(in millions, except ratios and operating data)[9]				
Statement of Operations Data:							
Net revenues	€ 4,133	€ 3,976	€ 16,547	€ 17,784	€ 16,570	€ 15,455	€ 12,145
Cost of revenues	2,867	2,773	11,392	11,765	10,954	10,277	8,155
Gross profit	1,265	1,203	5,155	6,018	5,616	5,178	3,990
Selling, general and administrative	715	679	2,865	3,618	3,133	2,949	2,222
Gain related to Care Coordination activities	0	13	(809)	(26)	(14)	0	0
Research and development	34	32	134	131	147	128	94
Income from equity method investees	(20)	(18)	(73)	(67)	(59)	(28)	(19)
Operating income	537	497	3,038	2,362	2,409	2,129	1,693
Interest expense, net[1]	108	83	301	365	364	353	310
Income before income taxes[1]	429	414	2,737	1,997	2,045	1,776	1,383
Net income attributable to shareholders of FMC-AG & Co. KGaA	€ 271	€ 279	€ 1,982	€ 1,280	€ 1,144	€ 955	€ 781
Other Financial Data:							
EBITDA[2]	€ 899	€ 672	€ 3,763	€ 3,098	€ 3,110	€ 2,777	€ 2,221
Depreciation and amortization	362	175	725	735	702	648	528
Net debt[3]	12,273	6,875	5,400	6,470	7,423	7,438	7,277
Capital expenditures	201	221	1,057	944	931	859	701
Free cash flow[4],[5]	123	263	1,059	1,351	1,017	924	662
Ratio of EBITDA to interest expense, net[1],[2]	8.3 x	8.1 x	12.5 x	8.5 x	8.5 x	7.9 x	7.2 x
Ratio of net debt to EBITDA[2],[6]	2.5 x	2.3 x	1.4 x	2.1 x	2.4 x	2.7 x	3.3 x
Operating Data:							
No. of treatments	12,561,531	12,154,164	50,027,579	48,269,144	46,529,154	44,596,446	42,744,977
No. of patients	336,716	322,253	333,331	320,960	308,471	294,381	286,312
No. of clinics	3,971	3,790	3,928	3,752	3,624	3,418	3,361
Average revenue/treatment (U.S.)[7]	$ 355	$ 348	$ 354	$ 345[7]	$ 351	$ 346	$ 342

	At March 31,		At December 31,				
	2019	2018	2018	2017	2016	2015	2014
			(in millions)				
	(unaudited)		(audited) [9]				
Balance Sheet Data:							
Working Capital	€ 137	€ 1,415	€ 1,579	€ 1.074	€ 1,585	€ 2,033	€ 2,264
Total long-term debt (excluding current portion)	5,681[8]	5,797	5,046	5,795	6,833	7,214	7,425
Total assets	32,353	24,157	26,242	24,025	25,504	23,246	20,673
Total equity	13,227	10,911	12,902	10,828	11,051	9,806	8,388

(1) The years 2015 and 2014 are shown without effect from restatements associated with IAS 12, Income Taxes and IAS 37, Provisions, contingent liabilities and contingent assets. Please refer to the notes to the consolidated financial statements (audited) incorporated by reference in the Prospectus.

(2) EBITDA, as presented in this table is earnings before interest, taxes, depreciation and amortization. EBITDA is the basis for determining compliance with certain covenants contained in our Amended 2012 Credit Agreement and may be relevant in other major financing arrangements. You should not consider EBITDA to be an alternative to net earnings determined in accordance with IFRS or to cash flow from operations, investing activities or financing activities. In addition, not all funds depicted by EBITDA are available for management's discretionary use. For example, a substantial portion of such funds are subject to contractual restrictions and functional requirements to fund debt service, capital expenditures and other commitments from time to time as described in more detail elsewhere in the Prospectus. EBITDA, adjusted for acquisitions and divestitures made during the year with a purchase price above a €50 million threshold as defined in the Amended 2012 Credit Agreement and non-cash charges, is the basis for determining compliance with certain covenants contained in our Amended 2012 Credit Agreement. EBITDA, as so calculated, may not be comparable to similarly titled measures reported by other companies because our calculation of EBITDA includes these adjustments. For a reconciliation of EBITDA to net cash provided by (used in) operating activities, which we believe to be the most directly comparable IFRS financial measure, see "*Management's Discussion and Analysis of Financial Condition and Results of Operations—Performance management system—Non-IFRS measures not utilized as key performance indicators—EBITDA (Non-IFRS Measure*)."

(3) Net debt includes short-term borrowings, short-term borrowings from related parties and long-term debt (including current portion), less cash and cash equivalents.

(4) Free cash flow is the cash flow provided by (used in) operating activities after capital expenditures for property, plant and equipment but before acquisitions and investments. Free cash flow in percentage of revenue is a key performance indicator used by the Company's management. This represents the percentage of revenue that is available for acquisitions, dividends to shareholders, or the reduction of debt financing. For a reconciliation of free cash flow to net cash provided by (used in) operating activities, which we believe to be the most directly comparable IFRS financial measure, see "*Management's Discussion and Analysis of Financial Condition and Results of Operations—Performance management system—Non-IFRS measures not utilized as key performance indicators—Cash flow measures—Free cash flow (Non-IFRS Measure)*".

(5) The following table provides cash flow data for the 12-month periods ended March 31, 2019 and March 31, 2018. The historical financial information for the twelve months ended March 31, 2019 was derived by adding the Company's consolidated financial data for the three months ended March 31, 2019, to the Company's consolidated financial data for the twelve months ended December 31, 2018, and subtracting the Company's consolidated financial data for the three months ended March 31, 2018. The historical financial information for the twelve months ended March 31, 2018 was derived by adding the Company's consolidated financial data for the three months ended March 31, 2018, to the Company's consolidated financial data for the twelve months ended December 31, 2017, and subtracting the Company's consolidated financial data for the three months ended March 31, 2017.

	For the 12 months ended March 31,	
	2019[1]	2018
	(unaudited) (in € millions)	
Operating cash flow	€2,041	€1,977
in % of revenue	12%	11%
Capital expenditures, net	€ (974)	€(864)
Free cash flow	€1,067	€1,113
in % of revenue	6%	6%

(1) Adjusted to exclude the impact of the implementation of IFRS 16, Leases.

(6) Last 12 months. Adjusted for the implementation of IFRS 16. Excluding the adjustment, the ratio at March 31, 2019 would be 3.2.

(7) Restated for the implementation of IFRS 15, Revenue from Contracts with Customers. See "*Management's Discussion and Analysis of Financial Conditions and Results of Operations—II. Results of Operations, Financial Position, and Net Assets—Year ended December 31, 2018 compared to year ended December 31, 2017*".

(8) Excluding lease liabilities.

(9) Please refer to the notes tot he consolidated financial statements (audited) incorporated by reference in the Prospectus for effects of IAS 12 and IAS 37. Prior to the Company's discontinuation of publishing financial statements prepared in accordance with U.S. GAAP in 2017, the Company prepared financial information in accordance with IFRS as adopted by the EU.

Financial Data for FMCH

FMCH prepares its financial statements using U.S. GAAP. The following tables summarize the consolidated financial information and certain other information for FMCH's business prepared in accordance with U.S. GAAP as of December 31, 2018 and 2017, and for each of the years ended December 31, 2018 and 2017. The following financial information for the years ended December 31, 2018 and 2017 is derived from FMCH's audited consolidated financial statements as of and for the year ended December 31, 2018 and 2017, prepared in accordance with U.S. GAAP and incorporated by reference in the Prospectus.

Overview of Consolidated Statements of Income Data

	For the year ended December 31,	
	2018	**2017**
	(in $ thousands) (audited)	
Health Care revenues, net	12,626,439	13,006,970
Medical supplies revenue	960,589	912,234
Expenses	11,268,979	12,006,902
Income before income taxes	2,318,049	1,912,302
Net income	1,866,549	1,507,822
Income attributable to noncontrolling interests	268,518	293,359
Net income attributable to FMCH	1,598,031	1,214,463

Overview of Consolidated Balance Sheets Data

	At December 31,	
	2018	**2017**
	(in $ thousands) (audited)	
Working capital	2,299,984	1,618,788
Total assets	20,666,711	19,822,127
Total current liabilities	3,280,491	2,900,783
Total liabilities	8,492,116	9,279,633
Total equity	11,199,503	9,493,824

RISK FACTORS

Before deciding to invest in the Notes, you should carefully consider each of the following risks and all of the information set forth in the Prospectus as they may impact the Issuer and the Guarantors. If any of the following risks and uncertainties develops into actual events, our business, financial condition or results of operations could suffer. In that case, the price of our Notes could decline and you could lose all or part of your investment.

Risks Relating to Our Business

If we fail to estimate, price for and manage medical costs in an effective manner, the profitability of our value-based products and services could decline and could materially and adversely affect our results of operations, financial position and cash flows.

Through our value-based agreements and health insurance products, we assume the risk of both medical and administrative costs for certain patients in return for fixed periodic payments from governmental and commercial insurers. Our participation in various value-based programs includes the Centers for Medicare and Medicaid Services (CMS) Comprehensive End-Stage Renal Disease (***ESRD***) Care initiative, and capitation or shared savings agreements with commercial insurers in which FMCH receives a fixed fee to cover all or a defined portion of the medical costs of a defined population of patients. We previously participated in the CMS Bundled Payments for Care Improvement (***BPCI***) program until we divested our controlling interest in Sound Inpatient Physicians, Inc. (***Sound***) on June 28, 2018. We also participated in Medicare Advantage chronic special needs plans, until December 31, 2018. CMS relied on authority granted by the ACA to implement the Comprehensive ESRD Care Model, which seeks to deliver better health outcomes for ESRD patients while lowering CMS' costs. Although Congress' efforts to date to repeal the ACA have been unsuccessful, further efforts to repeal or revise the ACA, the posture of CMS in the Trump administration toward projects of this sort and litigation seeking the termination of the ACA, may affect the project's future prospects in ways which we currently cannot quantify or predict.

The reserves that we establish for health insurance policy benefits and other contractual rights and benefits are based upon assumptions and judgments concerning a number of factors, including trends in health care costs, expenses, general economic conditions and other factors. To the extent the actual claims experience is less favorable than estimated based on our underlying assumptions, our incurred losses would increase and future earnings could be adversely affected.

Our profitability in our value based agreements and shared risk products is dependent in part upon our ability to manage a patient's care, to collaborate with our payer partners, to coordinate with other health care providers, and to find cost efficient, medically appropriate sites of service for our patients. Any failure to do so would limit our ability to improve the quality of patient care and health outcomes and to reduce medically unnecessary costs, which could lead to poorer performance under value based payment arrangements.

We are exposed to product liability, patent infringement and other claims which could result in significant costs and liability which we may not be able to insure on acceptable terms in the future.

Healthcare companies are typically subject to claims alleging negligence, product liability, breach of warranty, malpractice and other legal theories that may involve large claims and significant defense costs whether or not liability is ultimately imposed. Healthcare products may also be subject to recalls and patent infringement claims which, in addition to monetary penalties, may restrict our ability to sell or use our products. We cannot assure that such claims will not be asserted against us; for ex-

ample, that significant adverse verdicts will not be reached against us for patent infringements or that large scale recalls of our products will not become necessary. In addition, the laws of some of the countries in which we operate provide legal rights to users of pharmaceutical products that could increase the risk of product liability claims. Product liability and patent infringement claims, other actions for negligence or breach of contract and product recalls or related sanctions could result in significant costs. These costs could have a material adverse impact on our business, financial condition and results of operations. While personal injury litigation involving the Company's acid concentrate product was substantially resolved by settlement consummated in November 2017, the Company and certain of its insurers are in litigation against each other relating to such insurers' coverage obligations under applicable policies.

While we have been able to obtain liability insurance in the past to partially cover our business risks, we cannot assure that such insurance will be available in the future either on acceptable terms or at all, or that our insurance carriers will not dispute their coverage obligations. In addition, FMCH, our largest subsidiary, is partially self-insured for professional, product and general liability, auto liability and worker's compensation claims, up to pre-determined levels above which our third-party insurance applies. A successful claim for which we are self-insured in an amount in excess of the limits of our insurance coverage could have a material adverse impact on our business, financial condition and results of operations. Liability claims, regardless of their merit or eventual outcome, also may have a material adverse effect on our business and result in a loss of customer confidence in us or our products, which could have a material adverse impact on our business, financial condition and results of operations. See "*Business of the Group – Regulatory and Legal Matters – Legal Proceedings*"

Our growth depends, in part, on our ability to continue to make acquisitions and develop de novo dialysis clinics and health care centers.

The health care industry experiences continuing consolidation particularly among health care providers. This development could adversely affect the Company's ability to find suitable acquisition targets and to increase future growth and product sales. Additionally, the ability to make future acquisitions as well as develop de novo dialysis clinics and health care centers depends, in part, on the availability of financial resources and the current restrictions imposed by competition laws as well as existing credit agreements. The integration of acquired businesses may cause problems, e.g., by assuming unknown liabilities, underperformance subsequent to integration, associated requirements from competition authorities, or non-compliant business practices not disclosed by the seller or not uncovered during due diligence. We also compete with other health care companies in seeking suitable acquisition targets and developing de novos. Any or all of these factors generally could adversely affect future growth, including growth of our product sales.

We face specific risks from international operations.

We operate dialysis clinics in around 50 countries and sell a range of products and services to customers in approximately 150 countries. Our international operations are subject to a number of risks, including but not limited to the following:

- the economic situation in certain countries could deteriorate;
- fluctuations in exchange rates could adversely affect profitability;
- we could face difficulties in enforcing and collecting accounts receivable under some countries' legal systems;

- local regulations could restrict our ability to obtain a direct ownership interest in dialysis clinics or other operations;

- some countries or economic unions may impose charges or restrictions, such as local content requirements, which restrict the importation of our products;

- potential increases in tariffs and trade barriers that could result from withdrawal by the United States or other countries from economic unions, including the exit from major multilateral trade agreements;

- transportation delays or interruptions; and

- international growth and expansion into emerging markets could cause us difficulty due to greater regulatory barriers than in the United States or Western Europe, the necessity of adapting to new regulatory systems, and problems related to entering new markets with different economic, social, legal and political systems and conditions.

Any one or more of these or other factors relevant to international operations could increase our costs, reduce our revenues, or disrupt our operations, with possible material adverse impact on our business and financial condition.

We could be adversely affected if we experience shortages of goods or material price increases from our suppliers or an inability to access new and improved products and technology.

The Company's business is dependent on the reliable supply of several raw materials for production and service purposes. If we are unable to counteract the risk of bottleneck situations at times of limited availability of goods and other materials in spite of our purchasing strategy in combination with ongoing monitoring of market developments, this could result in delays in production and hence have an adverse effect on our results of operations. Similarly, price increases by suppliers and the inability to access new products or technology could also adversely affect the Company's results of operations.

Our purchasing strategy is aimed at developing partnerships with strategic suppliers through long-term contracts and at the same time ensuring, where reasonably practicable, that we have at least two sources for all supply and price-critical primary products (dual sourcing, multiple sourcing). To prevent loss of suppliers, we monitor our supplier relationships on a regular basis. Suppliers which are integral to our procurement functions are also subject to performance and risk analyses as well as continuous supply chain monitoring. Through constant market analyses, a demands-based design of supplier relationships and contracts, as well as the use of financial instruments, we seek to mitigate disruptive goods shortages and potential price increases and provide access to new product and technology developments.

If physicians and other referral sources cease referring patients to our health care service businesses and facilities or cease purchasing or prescribing our products, our revenues would decrease.

In providing services within our health care business, we depend upon patients choosing our health care facilities as the location for their care. Patients may select a facility based, in whole or in part, on the recommendation of their physician. Physicians and other clinicians typically consider a number of factors when recommending a particular dialysis facility, pharmacy, physician practice, vascular surgery center or urgent care center to an ESRD patient, including, the quality of care, the competency of staff, convenient scheduling, and location and physical condition. Physicians may change their rec-

ommendations, which may result in the movement of new or existing patients to competing facilities, including facilities established by the physicians themselves. At most of our dialysis clinics, a relatively small number of physicians often account for the referral of all or a significant portion of the patient base. We have no ability to dictate these recommendations and referrals. If a significant number of physicians or other referral sources cease referring their patients to our facilities or stop purchasing or prescribing our dialysis products, this would reduce our health care revenue and could materially adversely affect our overall operations.

Our pharmaceutical product business could lose sales to generic drug manufacturers or new branded drugs.

Our branded pharmaceutical product business is subject to significant risk as a result of competition from manufacturers of generic drugs and other new competing medicines or therapies. The expiration or loss of patent protection for one of our products, the at-risk launch by a generic manufacturer of a generic version of one of our branded pharmaceutical products or the launch of new branded drugs that compete with one or more of our products could result in the loss of a major portion of sales of that branded pharmaceutical product in a very short time period, which could materially and adversely affect our business, financial condition and results of operations. See note 22 of the notes to consolidated financial statements incorporated by reference in the Prospectus.

Our competitors could develop superior technology or otherwise take advantage of new competitive developments that impact our sales.

We face numerous competitors in both our health care services business and our dialysis products business, some of which may possess substantial financial, marketing or research and development resources. Competition from new and existing competitors, and especially new competitive developments such as increasing disruption in the health care industry, and innovations in technology and care delivery models could materially adversely affect the future pricing and sale of our products and services. In particular, technological innovation has historically been a significant competitive factor in the dialysis products business. The introduction of new products or services by competitors could render one or more of our products or services less competitive or even obsolete, which could also affect the Company's sales and distribution of pharmaceuticals for which, to some extent, the Company is obligated to make certain minimum annual royalty payments.

Global economic conditions as well as disruptions in financial markets may have an adverse effect on our businesses.

We are dependent on the conditions of the financial markets and the global economy. In order to pursue our business, we are reliant on capital, as are our renal product customers and commercial health care insurers. Limited or more expensive access to capital in the financial markets could adversely affect our business and profitability. Among other things, the potential decline in federal and state revenues may create additional pressures to contain or reduce reimbursements for our services from public payors around the world, including Medicare, Medicaid in the United States and other government sponsored programs in the United States and other countries around the world.

Job losses or increases in the unemployment rate in the United States may result in a smaller percentage of our patients being covered by an employer group health plan and a larger percentage being covered by lower paying Medicare and Medicaid programs. To the extent that payors are negatively impacted by a decline in the economy, we may experience further pressure on commercial rates, a further slowdown in collections and a reduction in the amounts we expect 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 total goodwill write-off in the affected cash generating units.

In addition, uncertainty in the financial markets could adversely affect the variable interest rates payable under certain of our credit facilities or could make it more difficult to obtain or renew such facilities or to obtain other forms of financing in the future. Any or all of these factors, or other consequences of the continuation, or worsening, of domestic and global economic conditions which cannot currently be predicted, could continue to adversely affect our businesses and results of operations.

Any material disruption in federal government operations and funding could have a material adverse impact on our business, financial condition and results of operations.

A substantial portion of our revenues is dependent on federal healthcare program reimbursement, and any disruptions in U.S. government operations could have a material adverse impact on our business, financial condition and results of operations. If the U.S. government defaults on its debt, there could be broad macroeconomic effects that could raise our cost of borrowing funds, and delay or prevent our future growth and expansion. Any future federal government shutdown, U.S. government default on its debt and/or failure of the U.S. government to enact annual appropriations could have a material adverse impact on our business, financial condition and results of operations. Additionally, disruptions in U.S. government operations may negatively impact regulatory approvals and guidance that are important to our operations, and create uncertainty about the pace of upcoming health care regulatory developments.

If we are unable to attract and retain skilled medical, technical and engineering personnel, or if legislative, union, or other labor-related activities or changes result in significant increases in our operating costs or decreases in productivity, we may be unable to manage our growth or continue our technological development.

Our continued growth in the health care business will depend upon our ability to attract and retain skilled workforce, including highly skilled nurses and other medical personnel. Competition for those employees is intense and shortages for these sought-after employees, such as nurses, or skilled engineers and research and development personnel, may increase the Company's personnel and recruiting costs and/or impair our reputation for production of technologically advanced products. Moreover, we believe that future success in the provider business will be significantly dependent on our ability to attract and retain qualified physicians to serve as employees of or consultants to our health care services businesses.

Our health care products business depends on the development of new products, technologies and treatment concepts to be competitive, and for that we need to attract the best and most talented people, especially in research and development. Additionally, in recruiting, employing and retaining personnel we may be exposed to risks relating to various labor laws, legislative, union, or other labor-related activities or changes. Further, these factors could preclude us from integrating acquired companies into our operations, which could increase our costs, decrease our productivity and prevent us from realizing synergies from acquisitions. If we are unable to manage the risks above, then our growth and results of operations could be adversely impacted.

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

We are subject to ongoing tax audits in the U.S., Germany and other jurisdictions. We could potentially receive notices of unfavorable adjustments and disallowances in connection with certain of these audits. If we are unsuccessful in contesting unfavorable determinations we could be required to make additional tax payments, which could have a material adverse impact on our business, financial condition and results of operations in the relevant reporting period.

A dependency on the payment behavior and decision-making of our business partners can affect the collectability of accounts receivable.

Our health care product business, as well as our dialysis services business outside the U.S. differs across the regions in which we operate. In many cases, our products and services are paid, either directly or indirectly, by government institutions. We believe the risk of default from a government payor is lower in comparison to the commercial payors worldwide. On a country level, the payor base is characterized by distinct customer or payor groups which can range in volume from a few customers to a considerable amount of customer types which have varying levels of risk associated with default or non-payment of receivables as well as risks for dependencies based upon the competition within low volume customer base environments. In certain cases, a resulting dependency on the payment behavior and decision-making of our business partners can affect the collectability of accounts receivable and can adversely affect our business, results of operations and financial condition. We continuously seek to mitigate these risks by actively negotiating long-term contracts with major customers, targeted marketing activities, developing new product and pricing models as well as improving the quality of our services and products.

Unforeseeable events (including natural disasters) could affect our services and our ability to deliver in a limited time and place.

We operate dialysis facilities or manufacturing facilities in many regions of the world, with diverse geographic, societal and economic conditions. Unforeseeable events such as natural disasters, terrorist attacks or political instability, could affect our services and our ability to deliver those services in a limited time and place.

Through forward-looking planning and prevention programs, we are trying to prevent or mitigate the negative impact of such potential future events. In addition, to maintain operations in the event of an onset and to reduce potential impact on our patients and the organization, we have spare capacity and safety stock of certain resources as well as emergency and recovery plans in place. Some risks may be mitigated by our insurance programs.

There are significant risks associated with estimating the amount of healthcare service revenues that we recognize that could impact the timing of our recognition of revenues or have a significant impact on our operating results and financial condition.

There are significant risks associated with estimating the amount of revenues from healthcare services that we recognize in a reporting period.

- The billing and collection process is complicated due to a number of factors including insurance coverage changes, geographic coverage differences, differing interpretations of plan benefits and managed care contracts, and uncertainty about reimbursement from payers with whom we are not contracted.

- Laws and regulations governing Medicare, Medicaid and other federal programs are extremely complex, changing and subject to interpretation.

- Determining applicable primary and secondary coverage for an extensive number of patients at any point in time, together with the changes in patient coverage that occur each month or changes in plan benefits, requires complex, resource intensive processes. Errors in determining the correct coordination of benefits may result in refunds to payors.

- The complexity of estimating revenues from a primary payor also brings complexity to estimating revenues from secondary payors and patients.

- Collections, refunds and payor retractions typically continue to occur for up to three years or longer after services are provided.

If our estimates of revenues are materially inaccurate, it could impact the timing and amount of our recognition of revenues and have a significant impact on our operating results and financial condition.

Risks Relating to Regulatory Matters

We operate in a highly regulated industry such that the potential for legislative reform provides uncertainty and potential threats to our operating models and results.

The delivery of healthcare services and products is highly regulated in most of the countries in which we operate. Proposals for legislative reform in these countries are often introduced to improve access to care, address quality of care issues and manage costs of the healthcare system. In the U.S., the Trump administration has publicly announced its desire to pursue significant changes to existing health care programs, although the administration has recently stated that any efforts on its part to do so are likely to be deferred until after the 2020 elections in the U.S.. Certain health insurance provisions of the Patient Protection and Affordable Care Act of 2010 (Pub.L. 111-148), as amended by the Health Care and Education Reconciliation Act (Pub.L. 111-152) (collectively, ***ACA***) are targets for change. Changes of such nature could have significant effects on our businesses, both positive and negative, but the outcomes are impossible to predict.

While the Trump administration announced in late 2017 its intention to cease cost-sharing reduction (***CSR***) payments under the insurance exchanges created under the ACA, the administration eventually did fund CSRs in 2018 and has requested funding for CSRs in 2019. If CSR funding ceases at any point, commercial insurers have indicated that premium rates would need to increase and that they may withdraw from the insurance exchanges created under the ACA. So far average premiums for 2019 appear to be only moderately higher compared to 2018, though there is large variation between states with some states having significant increases. In addition, there is ongoing litigation, which is supported by the Trump administration, over the Federal Government's obligation to pay the CSRs and over the constitutionality of the ACA. We cannot predict whether the Trump administration will agree to pay the CSRs in 2019, continue to dismantle the insurance exchanges through other means, or how the ongoing litigation might be determined. As a result, a reduction in the availability of insurance through such exchanges could reduce the number of our commercially insured patients and shift such patients to Medicare and Medicaid. Because Medicare and Medicaid reimbursement rates are generally lower than the reimbursement rates paid by commercial insurers, a shift of commercially insured patients to Medicare and Medicaid could have a material adverse impact on our business, financial condition and results of operations.

Changes in reimbursement and/or governmental regulations for health care could materially decrease our revenues and operating profit.

We receive reimbursement for our healthcare services from both public, government-sponsored payors and private, commercial payors. A large portion of our businesses is reimbursed by government payors, in particular the Medicare and Medicaid program in the U.S. For the years ended December 31, 2018 and 2017, approximately 33% and 34%, respectively, of our consolidated revenues resulted from Medicare and Medicaid reimbursement. The Medicare and Medicaid programs change their payment methodologies and funding from time to time in ways that are driven by changes in statute, economic conditions, and policy. For example, the Budget Control Act of 2011 (***BCA***) effected a 2% reduction to Medicare payments and subsequent activity in Congress, a $1.2 trillion sequester (across-the-board spending cuts) in discretionary programs, took effect on April 1, 2013, which continues in force. In addition, options to restructure the Medicare program in the direction of a defined-contribution, "premium support" model and to shift Medicaid funding to a block grant or per capita arrangement, with greater flexibility for the states, are also likely to be considered. Changes in payment methodologies and funding or payment requirements of (without limitation) the End-Stage Renal Disease Prospective Payment System, the Physician Fee Schedule, the Clinical Laboratory Fee Schedule, and the Ambulatory Surgical Center Payment System may have material effects on our operating results. We have very little opportunity to influence or predict the magnitude of those changes.

Government reimbursement programs generally pay less than private insurance. In addition, we may experience higher write-offs of Medicare deductibles and other amounts due to uninsured and underinsured patients, resulting in an increase in uncollectible accounts. As a result, the payments we receive from private payors generate a substantial portion of the profits we report. In 2018, our sales and results were negatively impacted by lower revenue per treatment from commercial payors. Yet approximately 42% of our consolidated health care revenues were attributable to private payors and hospitals in our North America Segment in 2018. In 2018, approximately 34% of our sales from health care services were attributable to private health insurance companies in the North American Segment.

Any of the following events, among others, could have a material adverse impact on our business, financial condition and results of operations:

- we may be subject to reductions in reimbursement from private payors, including, for example, through their use of lower contract rates rather than rates based on our billed charges;

- we may experience a reduction in our ability to obtain commercially insured patients to utilize our health care services relative to historical levels;

- efforts by private payors to continue to control the cost of and/or the eligibility for access to health care services, including relative to products on and off the health care exchanges established by the ACA;

- a portion of our business that is currently reimbursed by private insurers or hospitals may become reimbursed by integrated care organizations, which may use payment methodologies that reduce reimbursement for our services. There can be no assurance that we can achieve future price increases from private insurers and integrated care organizations offering private insurance coverage to our patients; or

- if efforts to restrict or eliminate the charitable funding of patient insurance premiums are successful, a portion of our patients who are currently covered by private insurers may elect to transition to government funded reimbursement programs that reimburse us at lower rates for our services.

In addition to the foregoing factors, the health care insurance industry is experiencing continuing consolidation among insurers and pharmacy benefit managers. Such consolidation could increase the bargaining power of such private payors vis-à-vis the Company and adversely affect our ability to negotiate favorable coverage terms and reimbursement rates.

If we do not comply with the numerous governmental regulations applicable to our business, we could suffer adverse legal consequences, including exclusion from government healthcare reimbursement programs or termination of our authority to conduct business, any of which would result in a material decrease in our revenue; this regulatory environment also exposes us to claims and litigation, including "whistleblower" suits.

Our operations in both our health care services business and our products business are subject to extensive governmental regulation in virtually every country in which we operate. We are also subject to other laws of general applicability, including antitrust laws. The applicable regulations, which differ from country to country, cover areas that include:

- regulatory approvals for products or product improvements;
- regulatory approvals and oversight of clinical and certain non-clinical research and development activities;
- the quality, safety and efficacy of medical and pharmaceutical products and supplies;
- the operation and licensure of manufacturing facilities, laboratories, dialysis clinics and other health care facilities;
- product labeling, advertising and other promotion;
- accurate reporting and billing for government and third-party reimbursement, including accurate and complete medical records to support such billing and, in the U.S., the obligation to report and return overpayments within 60 days of the time that the overpayment is identified and quantified;
- 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 or other protected data;
- compensation of medical directors and other financial arrangements with physicians and other referral sources;
- audits and reviews by enforcement authorities, including the FDA, for compliance with applicable drug regulations; and
- compliance with warranty obligations and product liability rules.

Failure to comply with one or more of these laws or regulations may give rise to a number of adverse legal consequences. These include, in particular, loss or suspension of federal certifications, loss or suspension of licenses under the laws of any state or governmental authority from which we generate substantial revenues, monetary and administrative penalties, increased costs for compliance with government orders, complete or partial exclusion from government reimbursement programs, refunds of payments received from government payors and government health care program beneficiaries due to failures to meet applicable requirements or complete or partial curtailment of our authority to conduct business. Any of these consequences could have a material adverse impact on our business, financial condition and results of operations.

Our medical devices and drug products are subject to detailed, rigorous and frequently changing regulation by the U.S. Food and Drug Administration (***FDA***), and numerous other national, supranational, federal and state authorities. In addition, our facilities and procedures and those of its suppliers are subject to periodic inspection by the FDA and other regulatory authorities. The FDA and comparable regulatory authorities outside the U.S. may suspend, revoke, or adversely amend the authority necessary for research, manufacture, marketing, or sale of our products and those of our suppliers. We and our suppliers must incur expense and spend time and effort to ensure compliance with these complex regulations, and if such compliance is not maintained, they could be subject to significant adverse administrative and judicial enforcement actions in the future. These possible enforcement actions could include warning letters, injunctions, civil penalties, seizures of our products, and criminal prosecutions as well as dissemination of information to the public about such enforcement actions. These actions could result in, among other things, substantial modifications to our business practices and operations; refunds; a total or partial shutdown of production while the alleged violation is remedied; and withdrawals or suspensions of current products from the market. Any of these events, in combination or alone, could disrupt our business and have a material adverse impact on our business, financial condition and results of operations.

We operate many facilities and engage with other business associates to help carry out our health care activities. 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 and their business associates. The Company relies on its management structure, regulatory and legal resources and the effective operation of our compliance programs to direct, manage and monitor our operations to comply with government regulations. If employees were to deliberately, recklessly or inadvertently fail to adhere to these regulations, then our authority to conduct business could be terminated and our operations could be significantly curtailed. Any such terminations or reductions could materially reduce our revenues. If we fail to identify in our diligence process or to promptly remediate any non-compliant business practices in companies that we acquire, we could be subject to penalties, claims for repayment or other sanctions. Any such terminations or reductions could materially reduce our revenues, with a resulting material adverse impact on our business, financial condition and results of operations.

By virtue of this regulatory environment, our 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 our compliance with applicable laws and regulations. We may not always be aware that an inquiry or action has begun, particularly in the case of “qui tam” or “whistleblower” actions brought by private plaintiffs under the False Claims Act, which are initially filed under seal. We are the subject of a number of governmental inquiries and civil suits by the federal government and private plaintiffs.

In addition, there may be future legislative or regulatory changes that affect procedures or decision making for approving medical device or drug products. Any such legislation or regulations, if enacted

or promulgated, could result in a delay or denial of regulatory approval for our products. If any of our products do not receive regulatory approval, or there is a delay in obtaining approval, this also could have a material adverse impact on our business, financial condition and results of operations.

If we are unable to protect our information technology security systems and rely on our third-party service providers to protect their systems against cyber attacks or prevent other privacy and data security incidents that result in privacy and data breaches that disrupt our operations or result in the unintended disclosure and access of sensitive personal information or proprietary or confidential information, we could be exposed to significant regulatory fines or penalties, liability or reputational damage, or experience a material adverse impact on our business, financial condition and results of operations.

We routinely process, store and transmit large amounts of data in our operations, including sensitive personal information as well as proprietary or confidential information relating to our business or third-parties. We may be subject to breaches of the information technology security systems we use both internally and externally with third-party service providers.

A cyber-attack may penetrate our security controls and result in the misappropriation or compromise of sensitive personal information or proprietary or confidential information, including such information which is stored or transmitted on the systems used by certain of our products, to create system disruptions, cause shutdowns, or deploy viruses, worms, and other malicious software programs that attack our systems. We handle the personal information of our patients and beneficiaries, Patient Personal Data (***PPD***), throughout the United States and other parts of the world. On occasion, we or our business associates may experience a breach under the U.S. Health Insurance Portability and Accountability Act Privacy and Security Rules, the EU's General Data Protection Regulation and or other similar laws (**Data Protection Laws**), including the following events:

- impermissible use, access, or disclosure of unsecured PPD,
- a breach under the Data Protection Laws when the Company or its business associates neglect to implement the required administrative, technical and physical safeguards of its electronic systems and devices, or
- a data breach that results in impermissible use, access or disclosure of personal identifying information of its employees, patients and beneficiaries.

We have redesigned the policies and procedures for internal reporting of privacy incidents or breaches and external reporting of privacy breaches to comply with the Data Protection Laws and regulations across the world. These policies and procedures are intended to help ensure (i) our compliance with the strict reporting deadlines set by Data Protection Laws and any regulation and (ii) swift remediation of any process defect.

As we increase the amount of sensitive personal information that we store and share digitally, our exposure to these privacy and data breaches and cyber-attack risks increases, including the risk of undetected attacks, damage, loss or unauthorized disclosure or access, and the cost of attempting to protect against these risks also increases. We have implemented security technologies, processes and procedures to protect sensitive personal information and proprietary or confidential information; however, there are no assurances that such measures will be effective against all types of breaches. Any failure to keep our information technology systems and our patients' and customers' sensitive information secure from attack, damage, loss or unauthorized disclosure or access, whether as a result of our action or inaction or that of our third-party business associates or vendors that uti-

lize and store such personal information on our behalf, could adversely affect our reputation and operations and also expose us to mandatory public disclosure requirements, litigation and governmental enforcement proceedings, material fines, penalties and/or remediation costs, and compensatory, special, punitive and statutory damages, consent orders and other adverse actions, any of which could have a material adverse impact on our business, financial condition and results of operations.

We operate in many different jurisdictions and we could be adversely affected by violations of the U.S. Foreign Corrupt Practices Act and similar worldwide anti-corruption laws.

The U.S. Foreign Corrupt Practices Act (***FCPA***) and similar worldwide anti-corruption laws generally prohibit companies and their intermediaries from making improper payments to public officials for the purpose of obtaining or retaining business. Our internal policies mandate compliance with these anti-corruption laws. We operate many facilities throughout the United States and other parts of the world. Our decentralized system has thousands of persons employed by many affiliated companies, and we rely on our management structure, regulatory and legal resources and effective operation of our compliance program to direct, manage and monitor the activities of these employees and their agents. Despite our training, oversight and compliance programs, we cannot assure you that our internal control policies and procedures always will protect us from deliberate, reckless or inadvertent acts of our employees or agents that contravene the Company's compliance policies or violate applicable laws. Our continued expansion, including in developing countries, could increase the risk of such violations in the future. Violations of these laws, or allegations of such violations, could disrupt our business and result in a material adverse impact on our business, financial condition and results of operations.

Beginning in 2012, FMC-AG & Co. KGaA received certain communications alleging conduct in countries outside the United States that might violate the Foreign Corrupt Practices Act or other anti-bribery laws. FMC-AG & Co. KGaA conducted investigations with the assistance of outside counsel and, in a continuing dialogue, FMC-AG & Co. KGaA voluntarily advised the U.S. Securities and Exchange Commission (***SEC***) and the U.S. Department of Justice (***DOJ***) (collectively and interchangeably, ***government*** or ***government agencies***) about these investigations. The government agencies also conducted their own investigations, in which FMC-AG & Co. KGaA cooperated.

In the course of this dialogue, FMC-AG & Co. KGaA identified and reported to the government, and took voluntary remedial actions including employee disciplinary actions with respect to, conduct that resulted in the government seeking monetary penalties including disgorgement of profits and other remedies. This conduct revolved principally around FMC AG & Co. KGaA's products business in countries outside the United States. FMC-AG & Co. KGaA recorded charges of €200 million in 2017 and €77.2 million in 2018 encompassing estimates of the government's claims for profit disgorgement, penalties, certain legal expenses, and other related costs or asset impairments believed likely to be necessary for final resolution of the claims and issues arising from the investigation. The increase recorded in 2018 took into consideration preliminary understandings with the government on the financial terms of a potential settlement. Following this increase, which took into account incurred and anticipated legal expenses, impairments and other costs, the provision totals €224 million as of December 31, 2018.

On March 29, 2019, FMC-AG & Co. KGaA entered into a non-prosecution agreement with the DOJ and a separate agreement with the SEC intended to resolve fully and finally the government's claims against the Company arising from the investigations. FMC-AG & Co. KGaA agreed to pay a combined total in penalties and disgorgement of approximately $231.7 million to the government in connection with these agreements. As part of the settlement, FMC-AG & Co. KGaA further agreed to retain an

independent compliance monitor for a period of two years and to an additional year of self-reporting.

FMC-AG & Co. KGaA continues to implement enhancements to its anti-corruption compliance program, including internal controls related to compliance with international anti-bribery laws. FMC-AG & Co. KGaA continues to be fully committed to FCPA and other anti-bribery law compliance.

If our joint ventures violate the law, our business could be adversely affected.

A number of the dialysis clinics and health care centers that we operate are owned, or managed, by joint ventures in which one or more hospitals, physicians or physician practice groups hold an interest. Physician owners, who are usually nephrologists, may also provide medical director services and physician owners may refer patients to those centers or other centers we own and operate or to other physicians who refer patients to those centers or other centers we own and operate. Because our relationships with physicians are governed by the federal and state anti-kickback statutes, we have structured our joint venture arrangements to comply with many of the criteria for safe harbor protection under the U.S. Federal Anti-Kickback Statute; however, our investments in these joint venture arrangements do not satisfy all elements of such safe harbor. While we have established comprehensive compliance policies, procedures and programs to ensure ethical and compliant joint venture business operations, if one or more of our joint ventures were found to be in violation of the Anti-Kickback Statute, the Stark Law or other similar laws worldwide, we could be required to restructure or terminate them. We also could be required to repay to Medicare, Medicaid as well as other federal health care program amounts pursuant to any prohibited referrals, and we could be subject to criminal and monetary penalties and exclusion from federal and state healthcare programs. Imposition of any of these penalties could have a material adverse impact on our business, financial condition and results of operations.

The Issuer and FMCH may be exposed to potential risks in connection with recent U.S. tax reform, which cannot be fully assessed at this time.

On December 22, 2017, the United States enacted new tax legislation, the "Tax Cuts and Jobs Act of 2017," which provides for substantial changes to U.S. tax law. The new law decreases tax rates applicable to corporations in the United States substantially. While the U.S. Internal Revenue Service has issued guidance with respect to certain new provisions, there are numerous interpretive issues that may require further guidance or legislative action. Since the legislation is new and unclear in many respects, additional rules and regulations may be issued in the medium term. This could entail potential risks that cannot be fully assessed at this time. In particular, it cannot be excluded that the Issuer's and/or FMCH's tax positions may be affected by such future legislative and regulatory action, which could lead to an increase in the Issuer's and/or FMCH's effective tax rate and could adversely affect its financial condition and results of operations.

If we are unable to secure appropriate reimbursement arrangements for the pharmaceuticals we provide in our dialysis clinics, our business could be adversely affected.

We receive reimbursement for the treatment of Medicare patients based upon the ESRD PPS rates as determined by CMS. CMS subjects a base ESRD PPS payment rate to case-mix adjustments that take into account individual patient characteristics. The annually adjusted rates may not provide fully compensating reimbursement for the services or products consumed during service. Pharmaceuticals included within the bundled rate are subjected to increased reimbursement pressure in comparison to the pharmaceuticals currently reimbursed outside the bundle. In some cases, pharmaceuticals that were reimbursed outside of the bundle are transitioned for inclusion within the bundle. Recent-

ly, CMS clarified that once any non-oral ESRD-related drug in a category previously considered oral only is approved by the FDA, such category of drugs will cease to be considered oral only. As a result of this determination, reimbursement for calcimimetics is now included in the ESRD PPS, effective as of January 1, 2018, subject to CMS's payment of a "transitional drug add-on payment adjustment" for two years. During this transition period, CMS will not pay outlier payments for these drugs. If we are unable to secure appropriate reimbursement arrangements for the pharmaceuticals we provide in our dialysis clinics, we could experience a material adverse effect on our operating results.

Further, an increased utilization of bundled pharmaceuticals or decreases in reimbursement for pharmaceuticals outside the bundled rate may result in a material adverse impact on our results of operations. We are also subject to audits and reviews by enforcement authorities, including the FDA, for compliance with applicable drug regulations. These audits or reviews may impact our participation in Medicare and Medicaid programs, the imposition of potential fines or penalties as well as oversight or recalibration of processes and procedures which may have a material adverse impact on our business and results of operations.

Risks Relating to the Issuer

The Issuer has no material assets or sources of revenue except for claims against the Company and/or its subsidiaries resulting from intercompany receivables.

The Issuer is a wholly owned finance subsidiary of the Company and will on-lend the proceeds from the sale of the Notes under intercompany loans. The Issuer has been organized for the purpose of:

- issuing and selling debt securities, including the Notes to be issued by it, and additional debt securities (including Additional Notes (as defined in "*Description of the Notes — Additional Notes*")), to the extent permitted by the Indenture;

- advancing the proceeds of the Notes, any additional debt securities that the Issuer may issue and equity contributions received by the Issuer to us and our subsidiaries; and

- engaging in those other activities necessary, convenient or incidental thereto.

The Issuer intends to service and repay the Notes out of the payments it receives under these intercompany loans. The Issuer has no other material assets or sources of revenue except for the Company's capital contribution to the Issuer and its claims under various intercompany receivables. Accordingly, the Issuer's ability to service and repay the Notes depends on the ability of the counterparties to the intercompany loans to service such indebtedness. Therefore, in meeting its payment obligations under the Notes, the Issuer is wholly dependent on the profitability and cash flow of the counterparties to the intercompany loans to which it is a party which are, in turn, subject to the risks, contingencies and other matters described in the Prospectus.

Risks Relating to the Guarantors and the Note Guarantees

Inasmuch as FMCH is a part of our group of companies, the risks described above under "*—Risks Relating to Our Business*" and "*—Risks Relating to Regulatory Matters*" also apply to it with regard to its businesses. There are also specific risks relating to FMCH and to the Note Guarantees, including those set forth below.

German insolvency laws may preclude the recovery of payments due under the Company's Note Guarantee.

Insolvency proceedings with regard to the Company would most likely be based on and governed by the insolvency laws of Germany, the jurisdiction under which the Company is organized and in which all of its assets are located. The provisions of such insolvency laws differ substantially from U.S. bankruptcy laws and may in many instances be less favorable to holders of the Notes (each a ***Holder***) than comparable provisions of U.S. law.

In particular, an insolvency administrator (*Insolvenzverwalter*) of the Company may avoid (*anfechten*) transactions which are detrimental to insolvency creditors and which were effected prior to the commencement of insolvency proceedings. Such transactions can include the payment of any amounts to the Holders, as well as provision of security for their benefit. The administrator's right to avoid transactions under the German Insolvency Code (*Insolvenzordnung*) can, depending on the circumstances, extend to transactions during a period of up to ten-years prior to the petition for commencement of insolvency proceedings. In the event such transactions were successfully avoided, the Holders would be under an obligation to repay the amounts received plus interest or to waive the security provided (as the case may be). In addition, before the opening of insolvency proceedings, a creditor who has obtained an enforcement order has the right to avoid certain transactions, such as the payment of debt and the granting of security pursuant to the German Code on Avoidance (*Anfechtungsgesetz*). In particular, a transaction (which term includes the provision of security or the payment of debt) may be avoided in the following cases:

- the transaction was entered into by the debtor (i.e., the Company) and is directly detrimental to its insolvency creditors if the transaction was effected (i) during the three-month period prior to the petition for commencement of insolvency proceedings over the assets of the debtor and the debtor was unable to make payments when due at the time of the transaction and the beneficiary of the transaction (i.e., the Holders) had positive knowledge thereof at such time, or (ii) after a petition for the commencement of insolvency proceedings and the beneficiary of the transaction had knowledge of either the debtor's inability to make payments when due or of the petition for commencement of insolvency proceedings at the time of the transaction; the transaction was entered into during the ten-year period prior to the petition for the commencement of insolvency proceedings or following the petition with the debtor's actual intent to disadvantage creditors, provided that the beneficiary of such transaction had positive knowledge of the debtor's intent at the time of the transaction;

- the transaction granting an insolvency creditor security (including a guarantor) or satisfaction to which such creditor had no right or no right to claim in such manner or at such time it was entered into and such transaction took place (i) within the month prior to the petition for commencement of insolvency proceedings; (ii) within the second or third month preceding such petition and the debtor was unable to make payments when due at the time of such transaction; or (iii) within the second and third month prior to the petition for commencement of insolvency proceedings and the creditor had positive knowledge at the time of the transaction that it was detrimental to the creditors of the debtor; or

- the transaction granting an insolvency creditor security or satisfaction to which such creditor had a right and such transaction took place (i) within the three-month period prior to the petition for the commencement of insolvency proceedings and the debtor was unable to make payments when due at the time of the transaction and the beneficiary of the transaction had positive knowledge thereof at such time, or (ii) following a petition for the commencement of insolvency proceedings and the creditor had positive knowledge of either the debtor's inability

to make payments when due or of the petition for commencement of insolvency proceedings at the time of the transaction.

Generally, the Company would be considered unable to make payments when due if it is not able to meet at least 90% of its due financial obligations within a period of three weeks. If its security were voided or held unenforceable for any other reason, the Holders would cease to have any claim in respect of such security. Any amounts obtained from a transaction that has been voided would have to be repaid plus interest.

Where the voidability of a transaction depends on the beneficiary's knowledge of certain circumstances, it is possible that the beneficiary (i.e., the Holders) will be deemed to have knowledge of aspects that are known to a third party. For example, it is likely that note holders will be deemed to have knowledge of these circumstances that are known to the Trustee.

U.S. federal and state laws allow courts, under specific circumstances, to void the Note Guarantees and to require you to return payments received from the Guarantors.

Although Holders are direct creditors of the Guarantors by virtue of the Note Guarantees, existing or future creditors of any Guarantor could avoid or subordinate that Guarantor's Note Guarantee under U.S. federal bankruptcy laws or under applicable state fraudulent conveyance laws if they were successful in establishing that:

- the Note Guarantee was incurred with fraudulent intent; or
- FMCH did not receive fair consideration or reasonably equivalent value for issuing its Note Guarantee and
  - was insolvent at the time of the Note Guarantee;
  - was rendered insolvent by reason of the Note Guarantee;
  - was engaged in a business or transaction for which its assets constituted unreasonably small capital to carry on its business; or
  - intended to incur, or believed that it would incur, debt beyond its ability to pay such debt as it matured.

The measures of insolvency for purposes of determining whether a fraudulent conveyance occurred vary depending upon the laws of the relevant jurisdiction and upon the valuation assumptions and methodology applied by the court. Generally, however, a company would be considered insolvent for purposes of the foregoing if:

- the sum of the company's debts, including contingent, unliquidated and unmatured liabilities, is greater than all of such company's property at a fair valuation; or
- if the present fair saleable value of the company's assets is less than the amount that will be required to pay the probable liability on its existing debts as they become absolute and matured.

We cannot assure you as to what standard a court would apply in order to determine whether a Guarantor was "insolvent" as of the date its Note Guarantee was issued, and we cannot assure you that, regardless of the method of valuation, a court would not determine that any Guarantors were

insolvent on that date. The Note Guarantee of FMCH could be subject to the claim that, since the Note Guarantees were incurred for our benefit, and only indirectly for the benefit of FMCH, the obligations of FMCH thereunder were incurred for less than reasonably equivalent value or fair consideration.

The Note Guarantee entered into by FMCH contains a provision intended to limit FMCH's liability to the maximum amount that it could incur without causing the incurrence of obligations under its Note Guarantees to be fraudulent transfers. However, this provision may not be effective to protect the respective Note Guarantee from being voided under fraudulent transfer law, or may reduce FMCH's obligation to an amount that effectively makes its Note Guarantee worthless.

The Guarantors obtain substantially all of their income from their respective subsidiaries, and the holding company structure may limit each Guarantor's ability to benefit from the assets of their subsidiaries.

The Company is the holding company for the Fresenius Medical Care group and, consequently, it derives substantially all of its operating income from subsidiaries. Each of the subsidiaries is a distinct legal entity and, under certain circumstances, legal and contractual restrictions may limit the Company's ability to obtain cash from its subsidiaries. The subsidiaries may not be able, or be permitted, to make distributions to enable us to make payments in respect of our indebtedness, including the Notes.

While the Notes are guaranteed by the Company and FMCH, no other subsidiaries will guarantee the Notes. Certain of our non-guarantor subsidiaries are obligors under other indebtedness and may incur additional indebtedness in the future. In addition to our senior indebtedness, our non-guarantor subsidiaries have liabilities which would be structurally senior to the Notes and the Note Guarantees. Holders will not have any direct claim on the cash flow or assets of our non-guarantor subsidiaries and such subsidiaries will have no obligation, contingent or otherwise, to pay amounts due under the Notes or the Note Guarantees or to make funds available to the Guarantors to satisfy those payments.

In the event of a bankruptcy, liquidation, dissolution, reorganization or similar proceeding, the Guarantors' right to receive any assets of any of their respective subsidiaries or other affiliates, as well as the right of the Holders to participate in the distribution of or realize proceeds from those assets, will be structurally subordinated to the claims of creditors of those subsidiaries and affiliates, including their trade creditors and holders of other indebtedness of our subsidiaries. Accordingly, there might be only a limited amount of assets available to satisfy your claims as a Holder upon an acceleration of the maturity of the Notes.

In addition, FMCH functions exclusively as a holding company, has no independent operations, and derives substantially all of its revenue and cash from its operating subsidiaries. FMCH's ability to meet its obligations on its Note Guarantee is dependent upon the profitability and cash flow of its subsidiaries and payments by such subsidiaries to it in the form of loans, dividends, fees, or otherwise, which are in turn subject to many of the same limitations, risks and uncertainties described above.

Risks Relating to the Notes

Our leverage could adversely affect our financial condition, prevent us from fulfilling our debt-service and other obligations under our debt securities, or prevent us from pursuing certain aspects of our business strategy.

Our indebtedness could adversely affect our financial condition which could, as a result, have significant consequences to our ability to service or pay the Notes. For example, it could: jeopardize the success of our business strategy; increase our vulnerability to general adverse economic conditions; limit our ability to obtain necessary financing to fund future working capital needs, capital expenditures, and other general corporate requirements; require us to dedicate a substantial portion of our cash flow from operations, as well as the proceeds of certain financings and asset dispositions, to payments on our indebtedness, thereby reducing the availability of our cash flow and such proceeds to fund other purposes; limit our flexibility in planning for, or reacting to, changes in our business and the industry in which we operate; place us at a competitive disadvantage compared to our competitors that have less debt; limit our ability to pursue possible future acquisitions and sell assets; make it more difficult for us to satisfy our obligations under our debt securities, including the Notes; and limit our ability to borrow additional funds.

As a result, our leverage makes us vulnerable to: a downturn in the operating performance of our subsidiaries; larger than normal fluctuations or volatility in our cash flow; or a downturn in economic conditions.

Our ability to make payments on and to refinance our indebtedness, including the Notes, will depend on our ability to generate cash in the future, which is dependent on various factors. These factors include governmental and private insurer reimbursement rates for medical treatment and general economic, financial, competitive, legislative, regulatory, and other factors that are beyond our control. If our cash flow is not sufficient to meet our debt service and principal payment requirements, we could be required to refinance our obligations or to dispose of assets in order to meet such requirements. In addition, from time to time we need to refinance our existing debt as and when it matures. In either case, there is no guarantee that we will be able to refinance our existing indebtedness on terms comparable to those governing our existing indebtedness. If our cash flow is not sufficient to meet our debt service and principal payment requirements, or if we are unable to refinance our existing indebtedness on acceptable terms, it could have a material adverse effect on our business, financial condition, or results of operations. For information about our outstanding indebtedness, see note 13, "*Short-term debt and short-term debt from related parties*", and note 14, "*Long-term debt and capital lease obligations*" of the Notes to the audited consolidated financial statements of the Company as of and for the years ended December 31, 2018 and December 31, 2017 and note 8, "*Short-term debt and short-term debt from related parties*", and note 9, "*Long-term debt*" of the notes to our consolidated financial statements (unaudited) of the Company as of and for the three month period ended March 31, 2019, referred to under "*Incorporation by Reference*" in the Prospectus.

Despite our existing indebtedness, we may still be able to incur significantly more debt; this could intensify the risks described above.

Despite our existing indebtedness, we may still be able to incur significantly more debt in the future, provided that such indebtedness does not cause us to violate the covenants in our credit facilities agreement entered into in 2012, as amended from time to time (as amended, modified, renewed, refunded, replaced, restated or refinanced from time to time, ***Amended 2012 Credit Agreement***) or other financing arrangements. The Indenture does not limit the amount of unsecured debt we may

incur in the future, and it will not limit the amount of secured debt we may incur, other than ***capital market indebtedness*** (as defined in "*Description of the Notes*"). The covenants limiting our ability to incur unsecured debt contained in our Bonds are currently suspended and will remain so as long as two of the three ratings assigned to these Bonds by Standard & Poor's Credit Market Services Europe Limited (Zweigniederlassung Deutschland) (***S&P***), Moody's Deutschland GmbH (***Moody's***) and Fitch Ratings Limited (***Fitch***) are at least BBB- or Baa3 (as the case may be) or higher, or, in each case, the equivalent in respect of rating categories of any rating agencies substituted for S&P, Moody's or Fitch. See "*The Guarantor's – Credit Ratings*" for more information on the credit ratings of the Company and FMCH. If additional debt is added to our current debt levels, the related risks that we now face could intensify.

Our indebtedness imposes restrictions. If in the case of a breach of such restrictions the indebtedness under the Notes or certain other financing arrangements were to be accelerated, there can be no assurance that our assets would be sufficient to repay in full that indebtedness and our other indebtedness.

Certain of our debt instruments, such as the Amended 2012 Credit Agreement include covenants that require us to maintain a certain financial ratio. Under the Amended 2012 Credit Agreement, we are obligated to maintain a maximum consolidated leverage ratio.

Other covenants in one or more of each of these agreements restrict or have the effect of restricting our ability to, among other things, dispose of assets, incur debt and create liens. All of these covenants are subject to a number of important exceptions and qualifications. However, a breach of any of the covenants or conditions of our financing arrangements could result in a default and acceleration of the debt under the respective arrangement, which could, in turn, lead to additional defaults and acceleration of the debt under our other financing arrangements.***The Notes are structurally subordinated to other creditors of our subsidiaries that do not guarantee the Notes.***

Generally, claims of creditors of a subsidiary, including trade creditors, secured creditors, and creditors holding indebtedness and guarantees issued by the subsidiary, will have priority with respect to the assets and earnings of the subsidiary over the claims of creditors of its parent company (structural subordination). However, Holders will have direct claims against FMCH itself under the Note Guarantee issued by FMCH guaranteeing the Notes on an unsubordinated basis.

Accordingly, the Notes are structurally subordinated to all creditors, including trade creditors, of the Company's subsidiaries (other than FMCH), and the aggregate debt of non-guarantor subsidiaries of the Company. The Notes are effectively *pari passu* with the Bonds of the Company's other financing subsidiaries due to the Company's guarantee of the Bonds. Any right of the Company or FMCH to receive assets of any subsidiary upon the insolvency or liquidation of the subsidiary (and the consequent rights of the Holders to participate in those assets) will be structurally subordinated to the claims of the subsidiary's creditors, except to the extent the Issuer's or FMCH's claims do not result from (i) their respective shareholdings, (ii) shareholder loans (or their economic equivalent) subordinated by law, or (iii) contractually subordinated claims, in which case their claims would still be subordinated with respect to any assets of the subsidiary pledged to secure other indebtedness, and any indebtedness of the subsidiary senior to that held by the Issuer or the Guarantors.

The Notes would be subordinated to any secured debt incurred by the Issuer or the Guarantors in the future to the extent of the value of the assets securing any such debt. Although the Indenture restricts the Issuer's and the Company's and, under certain circumstances, the Company's subsidiaries' ability to provide security for the benefit of capital market indebtedness and requires the Issuer, the Company, and, under certain circumstances, the Company's subsidiaries to secure the Notes equally

if they provide security for the benefit of capital market indebtedness, the requirement to provide equal security to the Notes is subject to a number of significant exceptions and carve-outs, including but not limited to security for up to €100 million of capital market indebtedness. To the extent the Issuer, the Company or FMCH provide security for the benefit of other debt without also securing the Notes, the Notes and the Note Guarantees will be effectively subordinated to such debt to the extent of such assets and would be pari passu with such other debt to the extent the security did not satisfy such indebtedness. As a result of the foregoing, holders of any future secured debt of the Issuer and present or future secured debt of the Company or FMCH may recover disproportionately more on their claims than the Holder in an insolvency, bankruptcy or similar proceeding. The Indenture does not restrict the Issuer's and the Company's and, under certain circumstances, the Company's subsidiaries ability to provide security for indebtedness that is not capital market indebtedness.

We may not be able to make a change of control redemption upon demand.

Upon the occurrence of certain specified change of control events followed by a ratings decline, we will be required to offer to purchase the Notes at a purchase price equal to 101% of their principal amount, plus accrued but unpaid interest. We will also be required to offer to repurchase certain of our other outstanding obligations, including our outstanding Bonds. Our ability to repurchase Notes upon such a change of control event will be limited by our access to funds at the time of the repurchase. The source of funds for these repayments would be the available cash or cash generated from other sources. We cannot assure you that if an event that requires us to offer to repurchase the Notes occurs that we will have or have access to, sufficient funds to pay the required purchase price for all of the Notes tendered to us by the holders. Our failure to purchase tendered Notes or Bonds would constitute a default under the indentures governing the Notes and the Bonds, which, in turn, would constitute a default under our Amended 2012 Credit Agreement. In addition, our Amended 2012 Credit Agreement provides that some changes of control would constitute defaults under our Amended 2012 Credit Agreement.

There are restrictions on your ability to transfer or resell the Notes without registration under applicable U.S. securities laws.

The Notes have been offered and sold pursuant to exemptions from registration under U.S. and applicable state securities laws. Therefore, unless they are registered under such laws, you may transfer or resell the Notes in compliance with U.S. and state securities laws only to persons outside the U.S. in offshore transactions pursuant to Regulation S under the Securities Act or in a transaction exempt from the registration requirements of U.S. and applicable state securities laws, and you may be required to bear the risk of your investment for an indefinite period of time.. We have not agreed to or otherwise undertaken to register the Notes under the Securities Act or state securities laws and we have no intention to do so.

There is presently no active trading market for the Notes.

Although we have applied to admit the Notes to listing on the official list of the Luxembourg Stock Exchange and to admit the Notes to trading on the regulated market of the Luxembourg Stock Exchange, there can be no assurance regarding the future development of a market for the Notes or the ability of Holders to sell their Notes or the price at which such holders may be able to sell their Notes. If such a market were to develop, the Notes could trade at prices that may be higher or lower than the initial offering price depending on many factors, including:

- prevailing interest rates;

- our operating results; and
- the market for similar securities.

Certain of the Initial Purchasers have advised the Issuer that they currently intend to make a market in the Notes as permitted by applicable laws and regulations; however, the Initial Purchasers are not obligated to do so, and any such market-making activities with respect to the Notes may be discontinued at any time without notice. Therefore, there can be no assurance as to the liquidity of any trading market for the Notes or that an active trading market for the Notes will develop.

You may face foreign exchange risks by investing in the Notes.

The Notes are denominated and payable in U.S. Dollars. An investment in the Notes will entail foreign exchange-related risks due to, among other factors, possible significant changes in the value of the U.S. Dollar relative to the Euro because of economic, political and other factors over which we have no control. Depreciation of the U.S. Dollar against the Euro could cause a decrease in the effective yield of the Notes below their stated coupon rates and could result in a loss to you on a Euro basis.

For information regarding historical exchange rates between the Euro and the U.S. Dollar for the preceding five years, for the three months ended March 31, 2019 and the three months preceding the date of the Prospectus, and the exchange rates used in preparing the consolidated financial statements incorporated by reference in the Prospectus, see "*Quantitative and Qualitative Disclosures about Market Risk*" and "*Capitalization—Exchange Rate Information*" in the Prospectus.

The Notes may be redeemed prior to maturity in the case of certain tax events.

The Notes are redeemable at the option of the Issuer, in whole but not in part, at a price equal to 100% of the principal amount thereof, plus accrued and unpaid interest to the date of the redemption, and Additional Amounts, if any, after certain changes in the law of any taxing jurisdiction become effective that would require the payment of Additional Amounts with respect to the Notes. See "*Description of the Notes—Redemption for Changes in Withholding Taxes*" and "*—Additional Amounts*". Holders of Notes that are redeemed under this provision may not be able to reinvest the proceeds thereof in a comparable investment yielding the same or higher return.

Credit ratings may not reflect all risks of an investment in the Notes; they are not recommendations to buy or hold securities, and are subject to revision, suspension, or withdrawal at any time.

One or more independent credit rating agencies may assign credit ratings to the Notes. The ratings may not reflect the potential impact of all risks related to the structure, market, additional risk factors discussed herein, and other factors that may affect the value of the Notes. A credit rating is not a recommendation to buy, sell, or hold securities and may be subject to revision, suspension, or withdrawal by the rating agency at any time. No assurance can be given that a credit rating will remain constant for any given period of time or that a credit rating will not be reduced or withdrawn entirely by the credit rating agency if, in its judgment, circumstances so warrant. Any suspension, reduction, or withdrawal of the credit rating assigned to the Notes by one or more of the credit rating agencies may adversely affect the cost and terms and conditions of our financings and could adversely affect the value and trading of the Notes.

An investment in the Notes inherently involves substantial risks, including the potential for default.

Notes offerings have historically involved substantial risks. Each investor of the Notes should therefore be comfortable that he or she can afford to bear the loss of a substantial portion or all of the investment before deciding to invest in the Notes.

THE ISSUER

The Issuer is a wholly owned subsidiary of Fresenius Medical Care AG & Co. KGaA. The Issuer was incorporated and operates under the General Corporation Law of the State of Delaware, United States, on March 28, 2019, with the identification number 7348430.

The Issuer has an authorized share capital of 1,000 shares, par value $0.01 per share. The Issuer has issued 100 shares of common stock and has received aggregate capital contributions of $25 million. The outstanding shares of the Issuer are fully paid and non-assessable. The Issuer operates under the commercial and legal name Fresenius Medical Care US Finance III, Inc.

Under Article III of the Issuer's certificate of incorporation, the business or purposes to be conducted by it are to "engage in any lawful financing act or activity, and any other acts related thereto or in furtherance thereof, for which corporations may be organized and incorporated under the General Corporation Law of the State of Delaware." Without limiting the generality of the foregoing, each of the following activities, agreements and undertakings specified below is expressly stated to be in furtherance of the purpose of the Issuer:

- incurring, issuing and selling debt securities, including the Notes, Additional Notes and additional debt securities to the extent permitted by the Indenture governing the Notes and other indentures to which it may be a party (see "*Description of the Notes—General—Additional Notes*," "*—Certain Covenants*" and "*—Ownership of the Issuer*");

- advancing the proceeds of the Notes, any additional debt securities that the Issuer may issue and equity contributions received by the Issuer to us and our subsidiaries; and

- engaging in any lawful act or activity and exercising any lawful power necessary, incidental or convenient to enable the Issuer to carry out the foregoing purposes.

As a result of its purpose as described above, the Issuer does not compete in any markets and cannot make a statement regarding its competitive position in any markets. A change of the activities of the Issuer as described in the Prospectus is currently not expected.

The Issuer will advance or distribute the proceeds of the Notes and the Company's capital contribution to the Company and/or its subsidiaries on the issue date of the Notes. Therefore, the only material assets of the Issuer will be the Company's capital contribution to the Issuer and its claim under intercompany receivables that will be created when the Issuer advances or distributes to us and our subsidiaries the proceeds from the Notes and any additional equity contributions it receives, other intercompany receivables created or acquired in connection with any additional indebtedness of the Issuer. The Issuer's ability to make interest and other payments on the Notes and any other obligations it may create or incur is wholly dependent upon us and our subsidiaries making payments on the intercompany obligations that we owe to the Issuer as and when required which is, in turn, subject to the risks and other matters described in the Prospectus.

The Issuer's executive offices are located at 920 Winter Street, Waltham, Massachusetts, 02451-1457, United States, and its telephone number is +1 (781) 699-9000. Its registered office is located c/o The Corporation Trust Company, 1209 Orange Street, Wilmington, County of New Castle, Delaware, 19801.

The current directors of the Issuer are Mr. William Valle and Mr. Peter Gladitsch. The directors can be contacted at the executive offices of the Issuer. Mr. Valle is Chief Executive Officer of Fresenius Medical Care North America. Mr. Gladitsch is Chief Financial Officer of Fresenius Medical Care North

America. There are no conflicts of interest between the private interests of the directors and other duties of the directors and their duties vis-à-vis the Issuer.

The Issuer has appointed KPMG LLP, 60 South Street, Boston, Massachusetts, United States, 02111, as its independent auditors. KPMG LLP is registered with the U.S. Public Company Accounting Oversight Board and is a member of American Institute of Certified Public Accountants. The Issuer does not have an audit committee.

The fiscal year of the Issuer starts on January 1 and ends on December 31 of each year.

The certificate of incorporation and by-laws of the Issuer as well as the complete documentation relating to the Notes referred to in the Prospectus under "*Listing and General Information—Listing and Admission to Trading*" are available and can be obtained free of charge by any interested person at the executive office of the Issuer or at the specified office of the listing agent in Luxembourg during normal business hours.

As there is no general federal corporation law in the United States, the law of the state of incorporation of a corporation establishes the framework for its corporate governance. The Issuer's certificate of incorporation is consistent with the General Corporation Law of the State of Delaware. The shares of the Issuer are not listed or traded on any stock exchange.

The Issuer has not entered into any contracts outside the ordinary course of business which could result in any member of the Fresenius Medical Care group of companies being under an obligation or entitlement that is material to the Issuer's ability to meet its obligations in respect of the Notes.

The annual financial statements of the Issuer will be available when published. The Issuer does not hold any participations in other undertakings and does not publish consolidated financial statements.

Since the day of its incorporation, the Issuer (i) has not conducted any business, (ii) has not held any participations in other undertakings, (iii) has not been involved in any governmental, legal or arbitration proceedings including any such proceedings which are pending or threatened and of which the Issuer is aware, which may have or have had a significant effect on its financial position, and (iv) has not issued any convertible debt securities, exchangeable debt securities or securities with warrants attached. The Issuer does not currently own any interest in real estate.

Financial notices concerning the Issuer and intended for Holders will be published on the website of the Luxembourg Stock Exchange (*www.bourse.lu*).

THE GUARANTORS

Fresenius Medical Care AG & Co. KGaA

Fresenius Medical Care AG & Co. KGaA or the Company is the holding company for the Fresenius Medical Care group. It was incorporated in and organized and existing under the laws of Germany. The Company was originally incorporated on August 5, 1996 as a stock corporation and transformed into a partnership limited by shares upon registration on February 10, 2006. It is registered with the commercial register of the local court (*Amtsgericht*) of Hof an der Saale, Germany, under the registration number HRB 4019. The registered office (*Sitz*) of the Company is Hof an der Saale, Germany. The Company's business address is Else-Kröner-Straße 1, 61352 Bad Homburg, Germany, telephone +49-6172-609-0.

The Company operates under the commercial name Fresenius Medical Care. Under Article 2 of its articles of association, the objects of the Company are:

- The development, production and distribution of as well as the trading in health care products, systems and procedures, including dialysis;
- The projecting, planning, establishment, acquisition and operation of health care businesses, including dialysis centers, also in separate enterprises or through third parties as well as the participation in such dialysis centers;
- The development, production and distribution of other pharmaceutical products and the provision of services in this field;
- The provision of advice in the medical and pharmaceutical areas as well as scientific information and documentation;
- The provision of laboratory services for dialysis and non-dialysis patients and homecare medical services.

The articles of association provide that the Company will operate itself or through subsidiaries at home and abroad. Under Article 2 of its articles of association, the Company shall be entitled to enter into any and all business transactions and take any and all measures which seem to be necessary or useful to achieve the objects of the Company and may, in particular, participate in other enterprises of the same or similar kind, take over the management and/or the representation of such enterprises, transfer company divisions, including essential company divisions, to enterprises in which it holds an interest and establish branches at home and abroad.

The Company unconditionally and irrevocably guarantees, jointly and severally with FMCH, the obligations of the Issuer under the Notes. In addition, the Company is the issuer of outstanding bonds under our €10 billion European debt issuance program and our equity-neutral convertible bonds and is a guarantor of our outstanding Bonds (other than those issued under our European debt issuance program).

The Company's registered share capital (*Grundkapital*) consists solely of shares without par value (*Stückaktien*). These shares are issued in bearer form and are fully paid up. As of May 24, 2019, our registered share capital amounted to approximately €307,878,652.00 divided into 307,878,652 shares without par value. Each share represents a nominal value of €1.00 of the registered share capital.

On February 20, 2019, the Company announced a share repurchase program to be carried out in several tranches with an aggregate volume of up to €1 billion over two years, making use of the authorization granted by the Company's General Meeting on May 12, 2016 to acquire its own shares pursuant to section 71 para. 1 no. 8 of the German Stock Corporation Act (*Aktiengesetz*). On May 10, 2019, the Company completed the first tranche of the share buy-back program under which the Company repurchased 3,770,772 ordinary shares at a total purchase price (excluding ancillary transaction costs) of up to €270 million during the period from March 12, 2019 until and including May 10, 2019. This corresponds to approximately 1.2% of the Company's share capital prior to the buy-back program. The shares repurchased by the Company will be used for the sole purpose of reducing the registered share capital by cancellation of the repurchased ordinary shares. The shares were repurchased on the stock exchange via the XETRA trading system and/or via selected multilateral trading facilities. Pursuant to the conditions of the repurchase authorization granted by the Company's General Meeting on May 12, 2016, the price per share paid by the Company, excluding ancillary transaction costs, must not exceed or fall short of the market price of the Company's shares (determined by the opening auction on the exchange trading day in the XETRA trading system) by more than 10%.

The fiscal year of the Company starts on January 1 and ends on December 31 of each year. The independent auditors of the Company are KPMG AG Wirtschaftsprüfungsgesellschaft, Klingelhöferstraße 18, 10785 Berlin, Germany, a member of the German Chamber of Public Accountants, Berlin, Germany (*Wirtschaftsprüferkammer*). KPMG and its antecessors have been the responsible auditors for the Company since 1996.

Fresenius Medical Care Holdings, Inc.

FMCH is an indirectly wholly owned subsidiary of Fresenius Medical Care AG & Co. KGaA. FMCH was incorporated on March 23, 1988 as W.R. Grace & Co. – New York and is organized and existing under the Business Corporation Law of the State of New York. The State of New York does not issue corporate identification numbers to companies organized under New York law. It subsequently changed its name to W.R. Grace & Co. In September 1996, in connection with the Company's acquisition of all of the outstanding common stock of W.R. Grace & Co., it changed its name to Fresenius National Medical Care Holdings, Inc. (***Merger***) and in June 1997, it changed its name to Fresenius Medical Care Holdings, Inc. It conducts business under the name Fresenius Medical Care North America. At the time it was acquired by the Company in 1996, FMCH was primarily engaged in the packaging and specialty chemicals businesses and, through National Medical Care, Inc. (***NMC***), in the health care business, providing kidney dialysis services, manufacturing products and equipment for dialysis treatment and performing laboratory testing, and home health care services. FMCH spun off its non-health care businesses to its shareholders immediately before the Company acquired FMCH.

FMCH's executive offices are located at 920 Winter Street, Waltham, Massachusetts, 02451-1457, United States, and its telephone number is +1 (781) 699-9000. Pursuant to Article Second of FMCH's restated certificate of incorporation, FMCH's business or purposes to be conducted by it is to engage in any lawful act or activity for which corporations may be formed under the New York Business Corporations Law.

As of December 31, 2018, FMCH had an authorized share capital of 90,000,000 shares of common stock, 5,000,000 shares of Class C Preferred Stock, 2,653,560 shares of Class E Preferred Stock, and 2,100,000 shares of Class F Preferred Stock, each such class having a par value of $1.00 per share. As of December 31, 2018, FMCH had 83,985,000 shares of common stock outstanding and 3,404,500 shares of preferred stock outstanding. All of the outstanding shares of stock of FMCH are indirectly owned by the Company. The outstanding shares of FMCH are fully paid and non-assessable.

FMCH is the U.S. holding company for our North American operations and is engaged, through subsidiaries, in providing dialysis treatment at its own dialysis clinics, manufacturing dialysis products and supplying those products to its clinics and selling dialysis products to other dialysis service providers, and performing clinical laboratory testing, providing inpatient dialysis services and other services under contract to hospitals, and care coordination services. FMCH operates in the North American market. See "*Business of the Group*" and "*Management's Discussion and Analysis of Financial Condition and Results of Operations*" in the Prospectus for further information on FMCH's business, investments, the market it operates in, trend information, legal and arbitration proceedings and material contracts entered into by FMCH. FMCH unconditionally and irrevocably guarantees, jointly and severally with FMC-AG & Co. KGaA, the obligations of the Issuer under the Notes. In addition, FMCH is a guarantor of our outstanding Bonds, our equity-neutral convertible bonds and our Bonds issued under the Company's European debt issuance program.

FMCH has four directors: Rice Powell, Michael Brosnan, Kent Wanzek and William Valle (CEO). All four are also members of the General Partner's Management Board, and Mr. Powell is a member of the management board of the general partner of Fresenius SE. The business address of the directors is at the executive offices of the General Partner. As a privately held company, FMCH is not subject to public corporate governance standards, but as a subsidiary of the Company may be indirectly subject to such standards. FMCH's board does not have an audit committee.

There are no potential conflicts of interest between the duties of each of the directors of FMCH and their private interests or other duties of the directors and their duties vis-à-vis FMCH.

At the date of the Prospectus, there are no loans granted or guarantees provided by FMCH to any director. As there is no general federal corporation law in the United States, the law of the state of incorporation of a corporation establishes the framework for its corporate governance. FMCH's certificate of incorporation is consistent with the Business Corporation Law of the State of New York. FMCH's shares are not listed or traded on any stock exchange.

The fiscal year of FMCH is the calendar year. The Prospectus incorporates by reference the separate financial statements of FMCH for the fiscal years 2018 and 2017. Financial notices concerning FMCH and intended for Holders will be published on the website of the Luxembourg Stock Exchange (*www.bourse.lu*).

KPMG LLP, Two Financial Center, 60 South Street, Boston, Massachusetts 02111, United States ("KPMG LLP"), is the auditor of the consolidated financial statements of FMCH. KPMG LLP audited the consolidated financial statements of FMCH as of and for each of the fiscal years ended December 31, 2018 and 2017, which were prepared in accordance with U.S. GAAP. An unqualified auditor's report (*Bestätigungsvermerk*) was issued in respect of the audited consolidated financial statements of FMCH mentioned above, which have been incorporated in the Prospectus by reference.

Credit Ratings

As of the date of this Prospectus:

- S&P has assigned a long-term credit rating of BBB (outlook stable) to the Company.
- Moody's has assigned a long-term credit rating of Baa3 (outlook stable) to the Company.
- Fitch has assigned a long-term credit rating of BBB- (outlook stable) to the Company.

In addition, FMCH has been assigned a credit rating by Moody's of Baa3 (outlook stable).

A credit rating assesses the creditworthiness of an entity and informs an investor therefore about the probability of the entity being able to redeem invested capital. It is not a recommendation to buy, sell or hold securities and may be revised or withdrawn by the rating agency at any time. A suspension, reduction or withdrawal of the rating assigned to the Issuer may adversely affect the market price of the Notes.

USE OF PROCEEDS

The aggregate net proceeds from the sale of $500 million principal amount of the Notes were $490.1 million, after the deduction of the Initial Purchasers' discount but before estimated expenses of the offering. We intend to use the net proceeds of the sale of the Notes for general corporate purposes including refinancing of our outstanding indebtedness.

CAPITALIZATION

The following table presents the unaudited consolidated capitalization of Fresenius Medical Care AG & Co. KGaA as of March 31, 2019 and as adjusted to reflect the issuance of the Notes.

You should read the following table in conjunction with "*Use of Proceeds*," "*Summarized Historical Consolidated Financial Data and Other Data*," "*Management's Discussion and Analysis of Financial Condition and Results of Operations*" for 2018 and 2017 and "*Management's Discussion and Analysis of Financial Condition and Results of Operations*" for the three months ended March 31, 2019 included in the Prospectus, and our financial statements and related notes thereto incorporated by reference in the Prospectus. Except as noted below, dollar-denominated indebtedness has been translated into euros at the exchange rate of $1.1235 per euro as of March 31, 2019. See "*Exchange Rate Information*" below.

In € millions, except where otherwise specified (unaudited)	**At March 31, 2019**	**As adjusted for the issuance of Notes [1]**
Cash and cash equivalents	959	1.395
Commercial Paper	1,000	1,000
Other short-term borrowings	320	320
Short-term borrowings from related parties	107	107
Total short-term debt	1,427	1,427
2012 Credit Agreement	2,296	2,296
5.75% Bonds 2011/2021	576	576
5.625% Bonds 2012/2019	712	712
5.875% Bonds 2012/2022	621	621
4.125% Bonds 2014/2020	444	444
4.75% Bonds 2014/2024	354	354
Notes listed hereby[2]		436
Dollar-denominated Bonds	2,707	3,143
5.25% Bonds 2011/2021	299	299
5.25% Bonds 2012/2019	250	250
1.500% Bonds 2018/2025	496	496
Euro-denominated Bonds	1,045	1,045
Equity-neutral Convertible Bonds	395	395
A/R Facility	590	590
Lease Liabilities	4,612	4,612
Other debt	160	160
Total debt	13,232	13,669
Total net debt[3]	12,273	12,273
Noncontrolling interests	1,176	1,176
Total FMC shareholders' equity	12,051	12,051
Total capitalization[4]	25,500	25,500

(1) As adjusted for the Proceeds after deducting the Initial Purchasers' discount but before expenses pending the application thereof.
(2) Amounts presented net of debt issuance costs.

(3) Net Debt includes total debt less cash and cash equivalents.
(4) Total capitalization includes cash and cash equivalents, total debt, noncontrolling interest and total FMC-AG & Co. KGaA shareholders' equity.

We intend to continue to access the European capital markets pursuant to our European debt issuance program from time to time as market and other conditions permit and may make one or more additional Euro-denominated offerings of securities outside the United States.

Exchange Rate Information

We conduct our business on a global basis in various currencies with major operations located in the U.S. and Germany. We prepare our consolidated financial statements, from which we derived the summarized financial data above, utilizing the euro as our reporting currency. We have converted the balance sheets of our non-euro denominated operations into euro at the exchange rates prevailing at the balance sheet date. Revenues and expenses are translated at the average exchange rates for the respective period, as shown.

A summary of the spot and average exchange rates for the euro to U.S. dollars for the last three years is set forth below. The European Central Bank (***ECB***) determines such rates (***Reference Rates***) based on the regular daily averaging of rates between central banks within and outside the European banking system. The ECB normally publishes the Reference Rates daily around 4 p.m. (CET).

Exchange rates

	March 31, 2019	**December 31, 2018**	**December 31, 2017**	**March 31, 2019**	**2018**	**2017**	**2016**
	Spot exchange rate in €	spot exchange rate in €	spot exchange rate in €	Average exchange rate in €	average exchange rate in €	average exchange rate in €	average exchange rate in €
1 U.S. dollar	0.89008	0.87336	0.83382	0.88046	0.84678	0.88519	0.90342

OVERVIEW OF HISTORICAL CONSOLIDATED FINANCIAL DATA AND OTHER DATA

The following table summarizes the consolidated financial information for our business for each of the years in the five-year period ended December 31, 2018, and for the three months ended March 31, 2019 and 2018. For each of the years presented, we derived the summarized financial information from our consolidated financial statements. As of January 1, 2017, commencing with our quarterly report for the three months ended March 31, 2017, the consolidated financial statements and other financial information included in our quarterly reports on Form 6-K and our Annual Reports on 20-F are prepared solely in accordance with the IFRS as issued by the IASB, using the euro as our reporting currency, and we have discontinued publishing U.S. GAAP financial information as of the end of 2016. The summarized consolidated financial data as of March 31, 2019 and 2018 and for the three months ended March 31, 2019 and 2018 have been derived from our unaudited consolidated financial statements prepared in accordance with IFRS as issued by the IASB. Our unaudited consolidated financial statements were prepared on a basis substantially consistent with our audited consolidated financial statements. KPMG AG, an independent registered public accounting firm, audited these financial statements. You should regard the summarized financial data below only as an introduction and should base your investment decision on a review of the entire Prospectus, including our financial statements incorporated by reference into the Prospectus. The summarized financial data in the table include Non-IFRS Measures. For additional information regarding these Non-IFRS Measures, including a discussion of why we believe these measures are useful to investors, the purposes for which we use certain Non-IFRS Measures and reconciliations of the various Non-IFRS Measures presented in the Prospectus to the financial measures prepared in accordance with IFRS that we believe are most directly comparable to the Non-IFRS Measures, see "*Management's Discussion and Analysis of Financial Condition and Results of Operations — Performance management system" and "—Non-IFRS measures not utilized as key performance indicators*" in the Prospectus.

	For the three months ended March 31,		For the year ended December 31,				
	2019	2018	2018	2017	2016	2015	2014
			(in millions, except ratios and operating data)[9]				
	(unaudited)		(audited)				
Statement of Operations Data:							
Net revenues	€ 4,133	€ 3,976	€ 16,547	€ 17,784	€ 16,570	€ 15,455	€ 12,145
Cost of revenues	2,867	2,773	11,392	11,765	10,954	10,277	8,155
Gross profit	1,265	1,203	5,155	6,018	5,616	5,178	3,990
Selling, general and administrative	715	679	2,865	3,618	3,133	2,949	2,222
Gain related to Care Coordination activities	0	13	(809)	(26)	(14)	0	0
Research and development	34	32	134	131	147	128	94
Income from equity method investees	(20)	(18)	(73)	(67)	(59)	(28)	(19)
Operating income	537	497	3,038	2,362	2,409	2,129	1,693
Interest expense, net[1]	108	83	301	365	364	353	310
Income before income taxes[1]	429	414	2,737	1,997	2,045	1,776	1,383
Net income attributable to shareholders of FMC-AG & Co. KGaA	€ 271	€ 279	€ 1,982	1,280	€ 1,144	€ 955	€ 781
Other Financial Data:							
EBITDA[2]	€ 899	€ 672	€ 3,763	€ 3,098	€ 3,110	€ 2,777	€ 2,221
Depreciation and amortization	362	175	725	735	702	648	528
Net debt[3]	12,273	6,875	5,400	6,470	7,423	7,438	7,277
Capital expenditures	201	221	1,057	944	931	859	701
Free Cash flow [4],[5]	(123)	(263)	1,059	1,351	1,017	924	662
Ratio of EBITDA to interest expense, net[1],[2]	8.3 x	8.1 x	12.5 x	8.5 x	8.5 x	7.9 x	7.2 x
Ratio of net debt to EBITDA[2][6]	2.5 x	2.3 x	1.4 x	2.1 x	2.4 x	2.7 x	3.3 x
Operating Data:							
No. of treatments	12,561,531	12,154,164	50,027,579	48,269,144	46,529,154	44,596,446	42,744,977
No. of patients	336,716	322,253	333,331	320,960	308,471	294,381	286,312
No. of clinics	3,971	3,790	3,928	3,752	3,624	3,418	3,361
Average revenue/treatment (U.S.)[7]	$ 355	$ 348	$ 354	$ 345[7]	$ 351	$ 346	$ 342

	March 31,		Year Ended December 31,				
	2019	2018	2018	2017	2016	2015	2014
				(in millions)			
	(unaudited)			(audited)[9]			
Balance Sheet Data:							
Working Capital	€ 137	€ 1,415	€ 1,579	€ 1.074	€ 1,585	€ 2,033	€ 2,264
Total long-term debt (excluding current portion)	5,681[7]	5,797	5,046	5,795	6,833	7,214	7,425
Total assets	32,353	24,157	26,242	24,025	25,504	23,246	20,673
Total equity	13,227	10,911	12,902	10,828	11,051	9,806	8,388

(1) The years 2015 and 2014 are shown without effect from restatements associated with IAS 12, Income Taxes and IAS 37, Provisions, contingent liabilities and contingent assets. Please refer to the notes to the consolidated financial statements (audited) incorporated by reference in the Prospectus.

(2) EBITDA, as presented in this table is earnings before interest, taxes, depreciation and amortization. EBITDA is the basis for determining compliance with certain covenants contained in our Amended 2012 Credit Agreement and may be relevant in other major financing arrangements. You should not consider EBITDA to be an alternative to net earnings determined in accordance with IFRS or to cash flow from operations, investing activities or financing activities. In addition, not all funds depicted by EBITDA are available for management's discretionary use. For example, a substantial portion of such funds are subject to contractual restrictions and functional requirements to fund debt service, capital expenditures and other commitments from time to time as described in more detail elsewhere in this Prospectus. EBITDA, adjusted for acquisitions and divestitures made during the year with a purchase price above a €50 million threshold as defined in the Amended 2012 Credit Agreement and non-cash charges, is the basis for determining compliance with certain covenants contained in our Amended 2012 Credit Agreement. EBITDA, as so calculated, may not be comparable to similarly titled measures reported by other companies because our calculation of EBITDA includes these adjustments. For a reconciliation of EBITDA to net cash provided by (used in) operating activities, which we believe to be the most directly comparable IFRS financial measure, see "*Management's Discussion and Analysis of Financial Condition and Results of Operations—Performance management system—Non-IFRS measures not utilized as key performance indicators—EBITDA (Non-IFRS Measure*)."

(3) Net debt includes short-term borrowings, short-term borrowings from related parties and long-term debt (including current portion), less cash and cash equivalents.

(4) Free cash flow is the cash flow provided by (used in) operating activities after capital expenditures for property, plant and equipment but before acquisitions and investments. Free cash flow in percentage of revenue is a key performance indicator used by the Company's management. This represents the percentage of revenue that is available for acquisitions, dividends to shareholders, or the reduction of debt financing. For a reconciliation of free cash flow to net cash provided by (used in) operating activities, which we believe to be the most directly comparable IFRS financial measure, see "*Management's Discussion and Analysis of Financial Condition and Results of Operations—Performance management system—Non-IFRS measures not utilized as key performance indicators—Cash flow measures—Free cash flow (Non-IFRS Measure)*".

(5) The following table provides cash flow data for the 12-month periods ended March 31, 2019 and March 31, 2018. The historical financial information for the twelve months ended March 31, 2019 was derived by adding the Company's consolidated financial data for the three months ended March 31, 2019, to the Company's consolidated financial data for the twelve months ended December 31, 2018, and subtracting the Company's consolidated financial data for the three months ended March 31, 2018. The historical financial information for the twelve months ended March 31, 2018 was derived by adding the Company's consolidated financial data for the three months ended March 31, 2018, to the Company's consolidated financial data for the twelve months ended December 31, 2017, and subtracting the Company's consolidated financial data for the three months ended March 31, 2017.

	For the 12 months ended March 31,	
	2019[1]	2018
	(in € millions) (unaudited)	
Operating cash flow	€2,041	€1,977
in % of revenue	12%	11%
Capital expenditures, net	(€974)	€864
Free cash flow	€1,067	€1,113
in % of revenue	6%	6%

(1) Adjusted to exclude the impact of the implementation of IFRS 16, Leases.

(6) Last 12 months. Adjusted for the implementation of IFRS 16. Excluding the adjustment, the ratio at March 31, 2019 would be 3.2.

(7) Restated for the implementation of IFRS 15, Revenue from Contracts with Customers. See "*Management's Discussion and Analysis of Financial Conditions and Results of Operations—II. Results of Operations, Financial Position, and Net Assets—Year ended December 31, 2018 compared to year ended December 31, 2017*".

(8) Excluding lease liabilities.

(9) Please refer to the notes tot he consolidated financial statements (audited) incorporated by reference in the Prospectus for effects of IAS 12 and IAS 37. Prior to the Company's discontinuation of publishing financial statements prepared in accordance with U.S. GAAP in 2017, the Company prepared its financial information also in accordance with IFRS as adopted by the EU.

OVERVIEW OF FINANCIAL DATA RELATING TO THE ISSUER AND FMCH

Financial Data for the Issuer

The Issuer is a wholly owned subsidiary of the Company. It was incorporated on March 28, 2019 and has conducted no operations other than preparing to issue the Notes. The Issuer's only material assets will be the Company's capital contribution of $25 million to the Issuer and its claims under various intercompany receivables that will be created when the Issuer advances or distributes to us and our subsidiaries the proceeds from the Notes and any additional equity contributions it receives, and other intercompany receivables created or acquired in connection with any additional indebtedness of the Issuer. The Issuer does not presently publish separate financial statements.

Financial Data for FMCH

FMCH prepares its financial statements using U.S. GAAP. For a discussion of certain differences between IFRS and U.S. GAAP, see "*Presentation of Financial Information and Other Data*" above. The following tables summarize the consolidated financial information and certain other information for FMCH's business prepared in accordance with U.S. GAAP as of December 31, 2018 and 2017, and for each of the years ended December 31, 2018 and 2017. The following financial information for the years ended December 31, 2018 and 2017 is derived from FMCH's audited consolidated financial statements as of and for the years ended December 31, 2018 and 2017, prepared in accordance with U.S. GAAP and incorporated by reference in the Prospectus.

Overview of Consolidated Statements of Income Data

	For the year ended December 31,	
	2018	**2017**
	(in $ thousands) (audited)	
Health Care revenues, net	12,626,439	13,006,970
Medical supplies revenue	960,589	912,234
Expenses	11,268,979	12,006,902
Income before income taxes	2,318,049	1,912,302
Net income	1,866,549	1,507,822
Income attributable to noncontrolling interests	268,518	293,359
Net income attributable to FMCH	1,598,031	1,214,463

Overview of Consolidated Balance Sheets Data

	At December 31,	
	2018	**2017**
	(in $ thousands) (audited)	
Working capital	2,299,984	1,618,788
Total assets	20,666,711	19,822,127
Total current liabilities	3,280,491	2,900,783
Total liabilities	8,492,116	9,279,633
Total equity	11,199,503	9,493,824

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

You should read the following discussion and analysis of the results of operations of Fresenius Medical Care AG & Co. KGaA and its subsidiaries in conjunction with our historical consolidated financial statements and related notes contained elsewhere in the Prospectus. Some of the statements contained below, including those concerning future revenue, costs and capital expenditures and possible changes in our industry and competition and financial conditions include forward-looking statements. We made these forward-looking statements based on the expectations and beliefs of the management of our General Partner concerning future events which may affect us, but we cannot assure that such events will occur or that the results will be as anticipated. Because such statements involve risks and uncertainties, actual results may differ materially from the results which the forward-looking statements express or imply. Such statements include the matters and are subject to the uncertainties that we described in the discussion in the Prospectus entitled "*Forward-Looking Statements*" See also "*Risk Factors*".

As permitted by the rules of the SEC with respect to documents filed with the SEC, we have elected to omit the discussion of the fiscal year 2016 from the Management's Discussion and Analysis of Financial Condition and Results of Operations appearing in the Prospectus. You can find a discussion of fiscal year 2016 in Item 5, "*Operating and financial review and prospects*", of our Annual Report on Form 20-F for the year ended December 31, 2017 (our ***2017 Form 20-F***).

Our 2017 Form 20-F is available on our web site at https://www.freseniusmedicalcare.com/fileadmin/data/com/pdf/investors/News___Publications/Financial_Report/2017/20F_2017.PDF, and on the website of the SEC (www.sec.gov). In furnishing our website address in the Prospectus, however, we do not intend to incorporate any information on our website into the Prospectus, and any information on our website should not be considered to be part of the Prospectus, except as specifically set forth under "*Incorporation by Reference*".

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

Our reported financial condition and results of operations are sensitive to accounting methods, assumptions and estimates that are the basis for our financial statements.

For information about our discretionary accounting policies and estimations, see note 2 of the notes to our consolidated financial statements and note 1 of the notes to our consolidated financial statements (unaudited), incorporated by reference into the Prospectus. The critical accounting policies, the judgments made in the creation and application of these policies, and the sensitivities of reported results to changes in accounting policies, assumptions and estimates are factors to be considered along with our financial statements, and the discussion below in "*Results of operations, financial position and net assets—Results of operations*".

Performance management system

The Management Board oversees our Company by setting strategic and operational targets and measuring various financial key performance indicators used for internal management determined in euro based upon IFRS.

The key performance indicators used for internal management are the same in all the individual operating segments.

Each operating segment is evaluated based on target figures that reflect the revenue and expenses they control. The effects of certain transactions and income taxes are not included as we believe these items to be outside the operating segments' control. Financing is a corporate function, which the operating segments do not control. Therefore, we do not include interest expense relating to financing as an operating segment measurement. Similarly, we do not allocate certain costs which relate primarily to certain headquarters' overhead charges, including accounting and finance, global research and development, etc. because we believe that these costs are also not within the control of the individual operating segments.

Certain of the following key performance indicators and other financial information as well as discussions and analyses set out in the Prospectus include Non-IFRS Measures. We believe this information, along with comparable IFRS measurements, is useful to our investors as it provides a basis for assessing our performance, payment obligations related to performance-based compensation as well as our compliance with financial covenants. Non-IFRS Measures should not be viewed or interpreted as a substitute for financial information presented in accordance with IFRS.

Revenue

The management of our operating segments is based on revenue as a key performance indicator. We believe that the key to continue growing our revenue is to attract new patients and increase the number of treatments performed each year. The number of treatments performed each year is therefore an indicator of continued revenue growth. For further information regarding revenue recognition and measurement, refer to note 1 j) of the notes to our consolidated financial statements, "*The Company basis of presentation and significant accounting policies-Significant accounting policies-Revenue recognition*" incorporated by reference into the Prospectus. Revenue is also benchmarked based on movement at constant exchange rates. See the "*—Non-IFRS measures not utilized as key performance indicators—Constant Currency Information (Non-IFRS)*" below.

Operating income

Operating income is the most appropriate measure for evaluating the profitability of the operating segments and therefore is also a key performance indicator. Operating income is also benchmarked based on movement at constant exchange rates. See the "*Constant Currency Information (Non-IFRS)*" below.

Operating income margin

Operating income margin represents the ratio of operating income to revenue. We believe operating income margin shows the profitability of each of our operating segments or our consolidated company.

Delivered EBIT (Non-IFRS Measure)

As a result of the significance 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 FMC-AG & Co. KGaA. As such, we believe that operating income, or EBIT, is the closest comparable IFRS

measure. Delivered EBIT is also benchmarked based on movement at constant exchange rates. See "Constant currency information *(Non-IFRS)*" below.

Below are tables showing the reconciliation of operating income to Delivered EBIT on a consolidated basis and for our reporting segments:

Delivered EBIT reconciliation

In € million, except where otherwise specified (unaudited)	For the year ended December 31,	
	2018	**2017**
Total		
Operating income (EBIT)	3,038	2,362
less noncontrolling interests	(244)	(274)
Delivered EBIT	2,794	2,088
North America		
Operating income (EBIT)	2,665	2,086
less noncontrolling interests	(231)	(263)
Delivered EBIT	2,434	1,823
Dialysis		
Operating income (EBIT)	1,752	1,942
less noncontrolling interests	(212)	(229)
Delivered EBIT	1,540	1,713
Care Coordination		
Operating income (EBIT)	913	144
less noncontrolling interests	(19)	(34)
Delivered EBIT	894	110
EMEA		
Operating income (EBIT)	399	444
less noncontrolling interests	(4)	(4)
Delivered EBIT	395	440
Asia-Pacific		
Operating income (EBIT)	304	313
less noncontrolling interests	(9)	(7)
Delivered EBIT	295	306
Dialysis		
Operating income (EBIT)	270	286
less noncontrolling interests	(7)	(6)
Delivered EBIT	263	280
Care Coordination		
Operating income (EBIT)	34	27
less noncontrolling interests	(2)	(1)
Delivered EBIT	32	26
Latin America		
Operating income (EBIT)	29	58
less noncontrolling interests	0	0
Delivered EBIT	29	58

Delivered EBIT reconciliation

In € million, except where otherwise specified (unaudited)	For the three months ended March 31,	
	2019	**2018**
Total		
Operating income (EBIT)	537	497
less noncontrolling interests	(57)	(51)
Delivered EBIT	480	446
North America		
Operating income (EBIT)	372	362
less noncontrolling interests	(53)	(48)
Delivered EBIT	319	314
Dialysis		
Operating income (EBIT)	332	349
less noncontrolling interests	(47)	(45)
Delivered EBIT	285	304
Care Coordination		
Operating income (EBIT)	40	13
less noncontrolling interests	(6)	(3)
Delivered EBIT	34	10
EMEA		
Operating income (EBIT)	138	109
less noncontrolling interests	(2)	(1)
Delivered EBIT	136	108
Asia-Pacific		
Operating income (EBIT)	95	74
less noncontrolling interests	(2)	(2)
Delivered EBIT	93	72
Dialysis		
Operating income (EBIT)	89	68
less noncontrolling interests	(2)	(2)
Delivered EBIT	87	66
Care Coordination		
Operating income (EBIT)	6	6
less noncontrolling interests	-	0
Delivered EBIT	6	6
Latin America		
Operating income (EBIT)	11	14
less noncontrolling interests	0	0
Delivered EBIT	11	14

Net income growth at constant currency (Non-IFRS Measure)

On a consolidated level, percentage growth in net income (net income attributable to shareholders of FMC-AG & Co. KGaA) at constant currency is an additional key performance indicator used for internal management. Please see "*Constant currency information (Non-IFRS)*" below for more information on the use and calculation of financial measures at constant currency.

Basic earnings per share growth at constant currency (Non-IFRS Measure)

Percentage growth in basic earnings per share at constant currency is a key performance indicator to evaluate our profitability. This indicator helps to manage our overall performance. Basic earnings per share is calculated by dividing net income attributable to shareholders by the weighted-average number of outstanding shares over the course of the year. Please see "*Constant currency information (Non-IFRS)*" below for more information on the use and calculation of financial measures at constant currency.

Capital expenditures

We manage our investments using a detailed coordination and evaluation process. The Management Board sets our complete investment budget as well as the investment targets. Before realizing specific investment projects or acquisitions, our internal Acquisition & Investment Committee examines the individual projects and measures considering the expected return on investment and potential yield. Investment projects are evaluated using common methods such as net present value, internal interest rate methods and payback periods. We utilize this evaluation methodology to ensure that we only make and implement investments and acquisitions that increase shareholder value. Capital expenditures for property, plant and equipment is an indicator used for internal management. It influences the capital invested for replacement and expansion.

Cash flow measures

Net cash provided by (used in) operating activities in % of revenue (Non-IFRS Measure)

Our consolidated statement of cash flows indicates how we generated and used cash and cash equivalents. In conjunction with our other primary financial statements, it provides information that helps us evaluate changes to our net assets and our financial structure (including liquidity and solvency). Net cash provided by (used in) operating activities is applied to assess whether a business can generate the cash required to make the necessary replacement and expansion of investments. This indicator is impacted by the profitability of our business and the development of working capital, mainly receivables. Net cash provided by (used in) operating activities in percent of revenue shows the percentage of our revenue that is available in terms of financial resources. It is an indicator of our operating financial strength.

Free cash flow in % of revenue (Non-IFRS Measure)

Free cash flow (net cash provided by (used in) operating activities after capital expenditures, before acquisitions and investments) refers to the cash flow we have at our disposal. This indicator shows the percentage of revenue available for acquisitions and investments, dividends to shareholders, reducing debt financing or for repurchasing shares.

The following tables show the significant cash flow key performance indicators for 2018 and 2017 and the three-month periods ended March 31, 2019 and 2018, and reconcile free cash flow and free cash flow in percent of revenue to Net cash provided by (used in) operating activities and Net cash provided by (used in) operating activities in percent of revenue, respectively:

Cash flow measures

In € million, except where otherwise specified (unaudited)	For the year ended December 31,	
	2018	**2017**
Revenue	16,547	17,784
Net cash provided by (used in) operating activities	2,062	2,192
Capital expenditures	(1,057)	(944)
Proceeds from sale of property, plant and equipment	54	103
Capital expenditures, net	(1,003)	(841)
Free cash flow	1,059	1,351
Net cash provided by (used in) operating activities in % of revenue	12.5%	12.3%
Free cash flow in % of revenue	6.4%	7.6%

Cash flow measures

In € million, except where otherwise specified (unaudited)

	For the three months ended March 31,	
	2019	**2018**
Revenue	4,133	3,976
Net cash provided by (used in) operating activities	76	(45)
Capital expenditures	(201)	(221)
Proceeds from sale of property, plant and equipment	2	3
Capital expenditures, net	(199)	(218)
Free cash flow	(123)	(263)
Net cash provided by (used in) operating activities in % of revenue	1.8%	(1.1%)
Free cash flow in % of revenue	(3.0%)	(6.6%)

Net leverage ratio (Non-IFRS Measure)

The Net Leverage Ratio is a key performance indicator used for internal management. To determine the Net Leverage Ratio, debt less cash and cash equivalents (net debt) is compared to EBITDA (earnings before interest, taxes, depreciation and amortization) (adjusted for acquisitions and divestitures made during the year with a purchase price above a €50 million threshold as defined in the Amended 2012 Credit Agreement and non-cash charges). The ratio is an indicator of the length of time the Company needs to service the net debt out of its own resources. We believe that the Net Leverage Ratio provides more reliable information about the extent to which we are able to meet our payment obligations rather than considering only the absolute amount of our debt. We have a strong market position in a growing, global and mainly non-cyclical market. Furthermore, most of our customers have a high credit rating as the dialysis industry is characterized by stable and sustained cash flows. We believe this enables us to work with a relatively large share of debt capital compared with companies in other industries. The following tables show the reconciliation of Net Leverage Ratio as of December 31, 2018 and 2017, and as of March 31, 2019 and December 31, 2018.

Reconciliation of net leverage ratio

In € million, except for net leverage ratio (unaudited)

	December 31,	
	2018	**2017**
Debt	7,546	7,448
Cash and cash equivalents	2,146	978
Net debt[(1)]	5,400	6,470
Operating income[(2),(3)]	2,215	2,372
Depreciation and amortization[(2)]	716	731
Non-cash charges	45	51
EBITDA[(2),(3),(4)]	2,976	3,154
Net leverage ratio[(2),(3)]	1.8	2.1

(1) Net debt includes short-term borrowings, short-term borrowings from related parties and long-term debt (including current portion), less cash and cash equivalents.

(2) Including adjustments for acquisitions and divestitures made within the reporting period with a purchase price above a €50 million threshold as defined in the Amended 2012 Credit Agreement.

(3) 2018 excluding the gain related to divestitures of Care Coordination activities (see note 4 c) of the notes to the consolidated financial statements).

(4) EBITDA, as presented in this table is earnings before interest, taxes, depreciation and amortization. EBITDA is the basis for determining compliance with certain covenants contained in our Amended 2012 Credit Agreement and may be relevant in other major financing arrangements. You should not consider EBITDA to be an alternative to net earnings determined in accordance with IFRS or to cash flow from operations, investing activities or financing activities. In addition, not all funds depicted by EBITDA are available for management's discretionary use. For example, a substantial portion of such funds are subject to contractual restrictions and functional requirements to fund debt service, capital expenditures and other commitments from time to time as described in more detail elsewhere in this Prospectus. EBITDA, adjusted for acquisitions and divestitures made during the year with a purchase price above a €50 million threshold as defined in the Amended 2012 Credit Agreement and non-cash charges, is the basis for determining compliance with certain covenants contained in our Amended 2012 Credit Agreement. EBITDA, as so calculated, may not be comparable to similarly titled measures reported by other companies because our calculation of EBITDA includes these adjustments. For a reconciliation of EBITDA to net cash provided by (used in) operating activities, which we believe to be the most directly comparable IFRS financial measure, see "*Management's Discussion and Analysis of Financial Condition and Results of Operations—Performance management system—Non-IFRS measures not utilized as key performance indicators—EBITDA (Non-IFRS Measure*)."

Reconciliation of net leverage ratio

In € million, except where otherwise specified (unaudited)

		Adjusted for IFRS 16	
	March 31, 2019	**March 31, 2019**	**December 31, 2018**
Debt	13,232	8,633	7,546
Cash and cash equivalents	959	959	2,146
Net Debt[(5)]	12,273	7,674	5,400
Operating Income[(1),(2),(3)]	2,898	2,244	2,215
Depreciation and amortization[(1),(2)]	937	770	716
Non-cash charges[(2)]	45	45	45
EBITDA[(1),(2),(3)]	3,880	3,059	2,976
Net leverage ratio[(1),(4)]	3.2	2.5	1.8

(1) Net debt includes short-term borrowings, short-term borrowings from related parties and long-term debt (including current portion), es less cash and cash equivalents.

(2) Including adjustments for acquisitions and divestitures made for the last twelve months with a purchase price above a €50 million threshold as defined in the Amended 2012 Credit Agreement.

(3) Last 12 months.

(4) Excluding the loss related to divestitures of Care Coordination activities (see note 2 b) of the notes to the consolidated financial statements (unaudited) incorporated by reference in the Prospectus) and excluding NxStage related transaction costs.

(5) EBITDA, as presented in this table is earnings before interest, taxes, depreciation and amortization. EBITDA is the basis for determining compliance with certain covenants contained in our Amended 2012 Credit Agreement and may be relevant in other major financing arrangements. You should not consider EBITDA to be an alternative to net earnings determined in accordance with IFRS or to cash flow from operations, investing activities or financing activities. In addition, not all funds depicted by EBITDA are available for management's discretionary use. For example, a substantial portion of such funds are subject to contractual restrictions and functional requirements to fund debt service, capital expenditures and other commitments from time to time as described in more detail elsewhere in the Prospectus. EBITDA, adjusted for acquisitions and divestitures made during the year with a purchase price above a €50 million threshold as defined in the Amended 2012 Credit Agreement and non-cash charges, is the basis for determining compliance with certain covenants contained in our Amended 2012 Credit Agreement. EBITDA, as so calculated, may not be comparable to similarly titled measures reported by other companies because our calculation of EBITDA includes these adjustments. For a reconciliation of EBITDA to net cash provided by (used in) operating activities, which we believe to be the most directly comparable IFRS financial measure, see "*Management's Discussion and Analysis of Financial Condition and Results of Operations—Performance management system—Non-IFRS measures not utilized as key performance indicators—EBITDA (Non-IFRS Measure*)."

*Return on invested capital (**ROIC**) (Non-IFRS Measure)*

ROIC is the ratio of operating income, for the last twelve months after tax (net operating profit after tax or NOPAT) to the average invested capital of the last five quarter closing dates and expresses how efficiently we allocate the capital under our control or how well we employ our capital with regard to a specific investment project. The following tables show the reconciliation of average invested capital to total assets, which we believe to be the most directly comparable IFRS financial measure, and how ROIC is calculated:

Reconciliation of average invested capital and ROIC

In € millions, except where otherwise specified (unaudited)

2018	**December 31, 2018**	**September 30, 2018** [(2)]	**June 30, 2018** [(2)]	**March 31, 2018** [(2)]	**December 31, 2017** [(2)]
Total assets	26,242	25,587	25,045	23,091	22,930
Plus: Cumulative goodwill amortization	413	407	405	385	395
Minus: Cash and cash equivalents	(2,146)	(1,754)	(1,657)	(800)	(931)
Minus: Loans to related parties	(81)	(112)	(118)	(109)	(92)
Minus: Deferred tax assets	(345)	(328)	(334)	(325)	(315)
Minus: Accounts payable	(641)	(611)	(559)	(496)	(577)
Minus: Accounts payable to related parties	(154)	(194)	(183)	(236)	(147)
Minus: Provisions and other current liabilities [(1)]	(2,728)	(2,748)	(2,689)	(2,406)	(2,565)
Minus: Income tax payable	(165)	(209)	(330)	(239)	(150)
Invested capital	20,395	20,038	19,580	18,865	18,504
Average invested capital as of December 31, 2018	19,476				
Operating income [(2)]	3,024				
Income tax expense [(2), (3)]	(617)				
NOPAT	2,407				
ROIC in %	12.4%				

2017	December 31, 2017	September 30, 2017[2]	June 30, 2017[2]	March 31, 2017[2]	December 31, 2016[2]
Total assets	24,025	24,156	24,617	26,016	25,825
Plus: Cumulative goodwill amortization	394	400	413	439	444
Minus: Cash and cash equivalents	(978)	(729)	(721)	(678)	(716)
Minus: Loans to related parties	(92)	(146)	(169)	(220)	(220)
Minus: Deferred tax assets	(315)	(334)	(308)	(311)	(292)
Minus: Accounts payable	(590)	(518)	(484)	(505)	(584)
Minus: Accounts payable to related parties	(147)	(224)	(216)	(271)	(264)
Minus: Provisions and other current liabilities [1]	(2,791)	(2,763)	(2,822)	(2,791)	(2,866)
Minus: Income tax payable	(150)	(251)	(234)	(277)	(242)
Invested capital	19,312	19,591	20,076	21,402	21,085
Average invested capital as of December 31, 2017	20,293				
Operating income [2]	2,372				
Income tax expense[3], [4]	(617)				
NOPAT	1,755				
ROIC in %	8.6%				

(1) Including non-current provisions, non-current labor expenses and variable payments outstanding for acquisitions and excluding pension liabilities and noncontrolling interests subject to put provisions.

(2) Including adjustments for acquisitions and divestitures made within the reporting period with a purchase price above a € 50 million threshold as defined in the Amended 2012 Credit Agreement.

(3) Adjusted for noncontrolling partnership interests.

(4) Includes the remeasurement of deferred tax balances as a result of U.S. tax reform (***U.S. Tax Reform***) of approximately €236 million.

Reconciliation of Average Invested Capital and ROIC

In € millions, except where otherwise specified (unaudited)

2019	March 31, 2019[1]	December 31, 2018[2]	September 30, 2018[2]	June 30, 2018[2]	March 31, 2018[2]
Total assets	28,125	28,193	27,516	26,960	24,903
Plus: Cumulative goodwill amortization	419	413	407	405	385
Minus: Cash and cash equivalents	(959)	(2,187)	(1,795)	(1,698)	(838)
Minus: Loans to related parties	(81)	(80)	(112)	(117)	(109)
Minus: Deferred tax assets	(303)	(346)	(328)	(334)	(325)
Minus: Accounts payable	(708)	(658)	(628)	(576)	(511)
Minus: Accounts payable to related parties	(210)	(154)	(194)	(183)	(236)
Minus: Provisions and other current liabilities [3]	(2,748)	(2,771)	(2,791)	(2,732)	(2,447)
Minus: Income tax payable	(162)	(166)	(209)	(330)	(239)
Invested capital	23,373	22,244	21,866	21,395	20,583
Average invested capital as of March 31, 2019	21,892				
Operating income[1], [2], [4]	2,965				

Income tax expense[1), (2), (4),(5)]	(798)
NOPAT[(4)]	2,167
ROIC in %	9.9%

(1) Adjusted for the impact of the IFRS 16 Implementation.

(2) Including adjustments for acquisitions and divestitures made for the last twelve months with a purchase price above a € 50 million threshold as defined in the Amended 2012 Credit Agreement.

(3) Including non-current provisions, non-current labor expenses and variable payments outstanding for acquisitions and excluding pension liabilities and noncontrolling interests subject to put provisions.

(4) Last 12 months.

(5) Adjusted for noncontrolling partnership interests.

Non-IFRS measures not utilized as key performance indicators

EBITDA (Non-IFRS Measure)

EBITDA means earnings before interest, taxes, depreciation and amortization. EBITDA is the basis for determining compliance with certain covenants contained in our Amended 2012 Credit Agreement and may be relevant in other major financing arrangements. You should not consider EBITDA to be an alternative to net earnings determined in accordance with IFRS or to cash flow from operations, investing activities or financing activities. In addition, not all funds depicted by EBITDA are available for management's discretionary use. For example, a substantial portion of such funds are subject to contractual restrictions and functional requirements to fund debt service, capital expenditures and other commitments from time to time as described in more detail elsewhere in the Prospectus. A reconciliation of EBITDA to net cash provided by (used in) operating activities, which we believe to be the most directly comparable IFRS financial measure, is calculated as in the following tables:

Reconciliation of EBITDA to net cash provided by (used in) operating activities

in € million (unaudited)

	For the year ended December 31,	
	2018	**2017**
Total EBITDA	3,763	3,098
Interest expense (net of interest income)	(301)	(365)
Income tax expense	(511)	(443)
Change in deferred taxes, net	89	(203)
Changes in operating assets and liabilities	(153)	209
Compensation expense related to share-based plans	11	47
(Gain) loss on sale of fixed assets, investments and divestitures	(807)	(94)
Other items, net	(29)	(57)
Net cash provided by (used in) operating activities	2,062	2,192

Reconciliation of EBITDA to net cash provided by (used in) operating activities

in € millions (unaudited)

	For the three months ended March 31,	
	2019	**2018**
Total EBITDA	899	672
Interest expense (net of interest income)	(108)	(83)
Income tax expense	(101)	(84)
Change in deferred taxes, net	54	(8)
Changes in operating assets and liabilities	(682)	(584)
Compensation expense related to share-based plans	1	19

(Gain) loss on sale of fixed assets, investments and divestitures	(9)	2
Other items, net	22	21
Net cash provided by (used in) operating activities	76	(45)

Constant currency information (Non-IFRS)

Some key performance indicators and other financial measures used in the Prospectus such as changes in revenue, operating income and net income attributable to shareholders of FMC-AG & Co. KGaA include the impact of translating local currencies to our reporting currency for financial reporting purposes. We calculate these Non-IFRS financial measures at constant exchange rates in our filings to show changes in our revenue, operating income, net income attributable to shareholders of FMC-AG & Co. KGaA and other items without giving effect to period-to-period currency fluctuations. Under IFRS, amounts received in local (non-euro) currency are translated into euro at the average exchange rate for the period presented. Once we translate the local currency for the constant currency, we then calculate the change, as a percentage, of the current period calculated using the prior period exchange rates versus the prior period. This resulting percentage is a Non-IFRS Measure referring to a change as a percentage at constant currency. These currency-adjusted financial measures are identifiable by the designated terms "*Constant Exchange Rates*" or "*Constant Currency.*"

We believe that the measures at Constant Currency (Non-IFRS Measure) are useful to investors, lenders and other creditors because such information enables them to gauge the impact of currency fluctuations on our revenue, operating income, net income attributable to shareholders of FMC-AG & Co. KGaA and other items from period to period. However, we limit our use of Constant Currency period-over-period changes to a measure for the impact of currency fluctuations on the translation of local currency into euro. We do not evaluate our results and performance without considering both Constant Currency period-over-period changes in Non-IFRS revenue, operating income, net income attributable to shareholders of FMC-AG & Co. KGaA and other items and changes in revenue, operating income, net income attributable to shareholders of FMC-AG & Co. KGaA and other items prepared in accordance with IFRS. We caution the readers of the Prospectus to follow a similar approach by considering data on Constant Currency period-over-period changes only in addition to, and not as a substitute for or superior to, changes in revenue, operating income, net income attributable to shareholders of FMC-AG & Co. KGaA and other items prepared in accordance with IFRS. We present the growth rate derived from IFRS measures next to the growth rate derived from Non-IFRS measures such as revenue, operating income, net income attributable to shareholders of FMC-AG & Co. KGaA and other items. As the reconciliation is inherent in the disclosure, we believe that a separate reconciliation would not provide any additional benefit.

Business metrics for Care Coordination

The measures for the North America Segment and the Asia-Pacific Segment discussed below include prior programs in which we participated and current and future programs that we will be participating in and will be reflected in the discussion of our business. Currently, in our North America Segment, sub-capitation, BPCI (until June 28, 2018 – (see note 4 c) of the notes to the consolidated financial statements and note 2 of the notes to the consolidated financial statements (unaudited) incorporated by reference in the Prospectus), ESCO programs, MA-CSNPs (until December 31, 2018) and other shared savings programs are included within the Member Months and Medical Cost Under Management calculations below. See "*Business of the Group—Our Services, Products and Business Processes—Care Coordination—Health plan services*" below for a discussion of ESCO programs and MA-CSNPs. In the future, other programs may be included in the metrics below. Note that due to the timing required by CMS to review the BPCI and ESCO program data that we provide, estimates have been used to report these metrics in a timely manner. The Asia-Pacific Segment Care Coordination

metric currently used for discussion purposes is patient encounters. These metrics may be developed further in future periods. These metrics are neither IFRS measures nor non-IFRS measures, and are therefore not accompanied by or reconciled to IFRS measures.

Member months under medical cost management

In our North America Segment, member months under medical cost management is calculated by multiplying the number of members included in value-based reimbursement programs, such as Medicare Advantage plans or other value-based programs in the U.S., by the corresponding number of months these members participate in those programs (***Member Months***). In the aforementioned programs, we assume the risk of generating savings. The financial results are recorded in earnings as our performance is determined. The membership offerings within Care Coordination are sub-capitation arrangements, MA-CSNPs (until December 31, 2018), ESCO and BPCI (until June 28, 2018 - see note 4 c) of the notes to the consolidated financial statements and note 2 of the notes to the consolidated financial statements (unaudited) incorporated by reference in the Prospectus) programs as well as other shared savings programs. An increase in patient membership may indicate future earnings or losses as our performance is determined through these managed care programs.

Medical cost under management

In our North America Segment, medical cost under management represents the management of medical costs associated with our patient membership in value-based programs. For ESCO, BPCI (until June 28, 2018 - see note 4 c) of the notes to the consolidated financial statements and note 2 of the notes to the consolidated financial statements (unaudited) incorporated by reference in the Prospectus), and other shared savings programs, this is calculated by multiplying the Member Months in each program by the benchmark of expected medical costs per member per month. The sub-capitation and MA-CSNPs (until December 31, 2018) calculation multiplies the premium per member of the program per month by the number of Member Months associated with the plan, as noted above.

Care Coordination patient encounters

Care Coordination patient encounters represents the total patient encounters and procedures conducted by certain of our Care Coordination activities and, we believe, is an indicator of the revenue generated. Care Coordination patient encounters in the North America Segment is the sum of all encounters and procedures completed during the period by Sound until June 28, 2018 (see note 4 c) of the notes to the consolidated financial statements and note 2 of the notes to the consolidated financial statements (unaudited) incorporated by reference in the Prospectus), MedSpring Urgent Care Centers, Azura Vascular Care (***Azura***), and National Cardiovascular Partners, the trade name of Laurus Healthcare L.P., as well as patients in our Fresenius Medical Care Rx Bone Mineral Metabolism (***Rx BMM***) program. Care Coordination patient encounters in the Asia-Pacific Segment is the sum of all encounters for the following services: ambulant treatment services in day care hospitals, comprehensive and specialized health check-ups, inpatient and outpatient services, vascular access and other chronic treatment services.

Financial condition and results of operations

Overview

We are the world's largest kidney dialysis company, based on publicly reported sales and number of patients treated. We provide dialysis care and related services to persons who suffer from end-stage

renal disease (*ESRD*) as well as other health care services. We develop and manufacture a wide variety of health care products, which includes both dialysis and non-dialysis products. Our dialysis products include dialysis machines, water treatment systems and disposable products while our non-dialysis products include acute cardiopulmonary and apheresis products. We sell our health care products to customers in approximately 150 countries and we also use them in our own health care service operations. Our dialysis business is therefore vertically integrated. We describe certain other health care services that we provide in our North America Segment and our Asia-Pacific segment as "*Care Coordination.*" Care Coordination currently includes, but is not limited to, coordinated delivery of pharmacy services, vascular, cardiovascular and endovascular specialty services as well as ambulatory surgery center services, physician nephrology services, health plan services, urgent care services and ambulant treatment services. Until June 28, 2018, Care Coordination also included the coordinated delivery of emergency, intensivist and hospitalist physician services as well as transitional care which we referred to as "*hospital related physician services*" (see note 2 (b) of the notes to our consolidated financial statements and note 4 c) of the notes to our consolidated financial statements (unaudited) incorporated by reference into the Prospectus) . All of these Care Coordination services together with dialysis care and related services represent our health care services. We estimated the volume of the global dialysis market was approximately €71 billion in 2018 (€70 billion in 2017). Due to the complexity and evolving nature of Care Coordination services, we are currently unable to estimate the global volume of this market. Dialysis patient growth results from factors such as the aging population and increased life expectancies; shortage of donor organs for kidney transplants; increasing incidence of kidney disease and better treatment of and survival of patients with diabetes, hypertension and other illnesses, which frequently lead to the onset of chronic kidney disease; improvements in treatment quality, new pharmaceuticals and product technologies, which prolong patient life; and improving standards of living in developing countries, which make life-saving dialysis treatment available. We are also engaged in different areas of health care research.

As a global company delivering health care services and products, we face the challenge of addressing the needs of a wide variety of stakeholders, such as patients, customers, payors, regulators and legislators in many different economic environments and health care systems. In general, government-funded programs (in some countries in coordination with private insurers) pay for certain health care items and services provided to their citizens. Not all health care systems provide for dialysis treatment. Therefore, the reimbursement systems and ancillary services utilization environment in various countries significantly influence our business.

Company structure

Our operating segments are the North America Segment, the EMEA Segment, the Asia-Pacific Segment and the Latin America Segment. The operating segments are determined based upon how we manage our businesses with geographical responsibilities. All segments are primarily engaged in providing health care services and the distribution of products and equipment for the treatment of ESRD and other extracorporeal therapies. 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 IFRS measures are revenue, operating income and operating income margin. We do not include income taxes as we believe this is outside the segments' control. Financing is a corporate function which our segments do not control. Therefore, we do not include interest expense relating to financing as a segment measurement. Similarly, we do not allocate certain costs which relate primarily to certain headquarters' overhead charges, including accounting and finance, because we believe that these costs are also not within the control of the individual segments. Production of products, production asset management, quality and supply management as well as procurement related to production are centrally managed at

Corporate. Global research and development is also centrally managed at Corporate. These corporate activities do not fulfill the definition of a segment according to IFRS 8. Products are transferred to the segments at cost; therefore, no internal profit is generated. The associated internal revenue for the product transfers and their elimination are recorded as corporate activities (see note 26 of the notes to consolidated financial statements and note 14 of the notes to consolidated financial statements (unaudited) incorporated by reference in the Prospectus). 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 accounted for as Corporate. Accordingly, all of these items are excluded from our analysis of segment results and are discussed below in the discussion of our consolidated results of operations.

Significant U.S. reimbursement developments

The majority of health care services we provide are paid for by governmental institutions. For the year ended December 31, 2018 and the three months ended March 31, 2019, approximately 33% and 34% respectively of our consolidated revenue is attributable to U.S. federally-funded health care benefit programs, such as Medicare and Medicaid reimbursement, under which reimbursement rates are set by CMS. Legislative changes could affect Medicare reimbursement rates for a significant portion of the services we provide. To date, the stability of reimbursement in the U.S. has been affected by (i) the implementation of the ESRD PPS in January 2011, (ii) the U.S. federal government across the board spending cuts in payments to Medicare providers commonly referred to as "*U.S. Sequestration*," (iii) the reduction to the ESRD PPS rate to account for the decline in utilization of certain drugs and biologicals associated with dialysis pursuant to ATRA as subsequently modified under PAMA and (iv) CMS's 2017 final rule on the Physician Fee Schedule, which partially corrected reimbursement for certain procedures that were materially undervalued in 2016. Please see detailed discussions on these and further legislative developments below under "*Business of the Group—Regulatory and Legal Matters—Reimbursement*".

Presently, there is considerable uncertainty regarding possible future changes in health care regulation, including the regulation of reimbursement for dialysis services. As a consequence of the pressure to decrease health care costs, government reimbursement rate increases in the U.S. have historically been limited and are expected to continue in this fashion. However, any significant decreases in Medicare or commercial reimbursement rates or patient access to commercial insurance plans could have material adverse effects on our health care services business and, because the demand for dialysis products is affected by Medicare reimbursement, on our products business. To the extent that increases in operating costs that are affected by inflation, such as labor and supply costs, are not fully reflected in a compensating increase in reimbursement rates, our business and results of operations may be adversely affected. See "*Risk Factors—Risks Relating to Regulatory Matters—We operate in a highly regulated industry such that the potential for legislative reform provides uncertainty and potential threats to our operating models and results*" above.

Participation in new Medicare payment arrangements

We also participate in a number of governmental programs, initiatives and arrangements, each with specific reimbursement models as described below under "*Business of the Group—Our Services, Products and Business Processes - Care Coordination—Health plan services*".

Results of operations, financial position and net assets

The following sections summarize our results of operations, financial position and net assets as well as key performance indicators by reporting segment, as well as Corporate, for the periods indicated. We prepared the information using a management approach, consistent with the manner in which management internally disaggregates financial information to assist in making operating decisions and evaluating management performance.

Results of operations

Segment data (including Corporate)

in € million, except where otherwise specified (unaudited)

	For the year ended December 31,	
	2018	**2017**
Total revenue		
North America	11,570	12,879
EMEA	2,587	2,547
Asia-Pacific	1,689	1,623
Latin America	686	720
Corporate	15	15
Total	16,547	17,784
Operating income		
North America	2,665	2,086
EMEA	399	444
Asia-Pacific	304	313
Latin America	29	58
Corporate	(359)	(539)
Total	3,038	2,362
Interest income	147	51
Interest expense	(448)	(416)
Income tax expense	(511)	(443)
Net Income	2,226	1,554
Less: Net Income attributable to noncontrolling interests	(244)	(274)
Net Income attributable to shareholders of FMC-AG & Co. KGaA	1,982	1,280

Segment data (including Corporate)

in € million, except where otherwise specified (unaudited)

	For the three months ended March 31,	
	2019	**2018**
Total revenue		
North America	2,887	2,774
EMEA	653	636
Asia-Pacific	428	392
Latin America	161	170
Corporate	4	4
Total	4,133	3,976
Operating income		
North America	372	362
EMEA	138	109
Asia-Pacific	95	74

Latin America	11	14
Corporate	(79)	(62)
Total	537	497
Interest income	28	25
Interest expense	(136)	(108)
Income tax expense	(101)	(84)
Net Income	328	330
Net Income attributable to noncontrolling interests	(57)	(51)
Net Income attributable to shareholders of FMC-AG & Co. KGaA	271	279

Revenue and operating income generated in countries outside the eurozone are subject to currency fluctuations. The years ended December 31, 2018 and 2017 were negatively impacted by the development of the euro against the U.S. dollar, while the three months ended March 31, 2019 and 2018 were positively impacted by the development of the euro against the U.S. dollar. In the twelve-month period ended December 31, 2018 approximately 70% of revenue and approximately 88% of operating income were generated in U.S. dollars and for the three-months ended March 31, 2019, approximately 70% of revenue and approximately 69% of operating income were generated in U.S. dollars.

Year ended December 31, 2018 compared to year ended December 31, 2017

Consolidated Financials

Key indicators for consolidated financial statements

in € millions, except where otherwise specified (unaudited)

			Change in %	
	2018	**2017**	**As reported**	**Constant Currency[1]**
Revenue	16,547	17,784	(7)%	(2)%
Health care services	13,264	14,532	(9)%	4%
Health care products	3,283	3,252	1%	5%
Number of dialysis treatments	50,027,579	48,269,144	4%	
Same market treatment growth in %	2.8%	2.7%		
Gross profit as a % of revenue	31.2%	33.8%		
Selling, general and administrative costs as a % of revenue	17.3%	20.3%		
Operating income	3,038	2,362	29%	33%
Operating income margin in %	18.4%	13.3%		
Delivered EBIT[2]	2,794	2,088	34%	38%
Net income attributable to shareholders of FMC-AG & Co. KGaA	1,982	1,280	55%	60%
Basic earnings per share	6.47	4.17	55%	60%

(1) For further information on Constant Exchange Rates, see "*—Performance management system—Non-IFRS measures not utilized as key performance indicators—Constant currency information (Non-IFRS)*" above.

(2) For further information on Delivered EBIT, including a reconciliation of Delivered EBIT to operating income on a consolidated basis and for each of our operating segments, see "*—Performance management system—Delivered EBIT (Non-IFRS Measure)*" above.

Health care services revenue decreased by 9%, including a 5% negative impact from foreign currency translation. At Constant Exchange Rates, health care services revenue decreased by 4% driven by the effect of closed or sold clinics including the effect from divestitures of Care Coordination activities (5%), the inclusion of implicit price concessions related to the implementation of IFRS 15 (***IFRS 15 Implementation***) (3%), and the prior year revenue impact from the recognition of revenue related to the agreement with the United States Departments of Veterans Affairs and Justice for reimbursement for services performed during the period of January 2009 through February 15, 2011 (***VA Agreement***) (1%), partially offset by growth in same market treatments (3%), contributions from acquisitions (1%) and increases in organic revenue per treatment (1%). For further information on the IFRS 15 Implementation, see note 1 x) of the notes to the consolidated financial statements incorporated by reference in the Prospectus.

Dialysis treatments increased by 4% as a result of growth in same market treatments (3%) and contributions from acquisitions (1%).

At December 31, 2018, we owned, operated or managed 3,928 dialysis clinics (excluding those managed but not consolidated in the U.S.) compared to 3,752 dialysis clinics at December 31, 2017. In the year ended December 31, 2018, we acquired 55 dialysis clinics, opened 178 dialysis clinics and combined or closed 57 clinics. The number of patients treated in dialysis clinics that we own, operate or manage (excluding patients of dialysis clinics managed but not consolidated in the U.S.) increased by 4% to 333,331 at December 31, 2018 (December 31, 2017: 320,960).

Health care product revenue increased by 1% including a 4% negative impact from foreign currency translation. At Constant Exchange Rates, health care product revenue increased by 5%. Dialysis product revenue increased by 1%, including a 4% negative impact from foreign currency translation. At Constant Exchange Rates, dialysis product revenues increased by 5% due to higher sales of chronic hemodialysis products, renal pharmaceuticals, products for acute care treatments and peritoneal dialysis products. Non-dialysis product revenue decreased by 7% to €74 million from €79 million, including a 1% negative impact from foreign currency translation. At Constant Exchange Rates, non-dialysis product revenue decreased by 6% largely due to lower sales volumes.

The decrease period over period in the gross profit margin was 2.6 percentage points. Foreign currency translation effects represented a 0.4 percentage point increase in the current period. The decrease primarily reflects decreases in the North America Segment, the EMEA Segment, the Latin America Segment and the Asia-Pacific Segment. The decrease in the North America Segment gross profit margin was primarily due to the IFRS 15 Implementation, the prior year impact of the VA Agreement, prior year impact from the BPCI initiative driven by the initial recognition in the calendar year 2017 of earnings (including earnings from prior periods), lower revenue per treatment from commercial payors, higher implicit price concessions, other small cost increases and lower earnings related to ESCOs, partially offset by favorable pricing for certain pharmaceuticals due to delays for rebasing of reimbursement, lower personnel expense and decreased costs for health care supplies. The decrease in the EMEA Segment was driven by unfavorable foreign currency transaction effects, higher personnel costs in certain countries, an unfavorable impact from acquisitions and an adverse mix effect from higher product sales albeit with lower margins in certain countries, as well as other smaller cost increases. The decrease in the Latin America Segment was largely due to the impact from hyperinflation and various other cost increases. The decrease in the Asia-Pacific Segment was driven by unfavorable foreign currency transaction effects and an adverse mix effect from acquisitions with lower margins, partially offset by a favorable impact from business growth in certain countries within the region.

The decrease period over period in the selling, general and administrative (***SG&A***) expenses as a percentage of revenue was 3.0 percentage points. Foreign currency translation effects represented a 0.1 percentage point negative impact in the current period. The decrease was primarily driven by decreases in the North America Segment and at Corporate, partially offset by unfavorable impacts from the Latin America Segment and the Asia-Pacific Segment as well as an unfavorable impact from the varying margins across our four reporting segments. The decrease in the North America Segment was mainly due to the IFRS 15 Implementation, lower accruals for compensation, the positive impact from income attributable to a consent agreement on certain pharmaceuticals, favorable personnel expense, lower bad debt expense, and the prior year change in fair value of subsidiary share based compensation, partially offset by prior year gains from the sale of fixed assets and investments, the impact from contributions to the opposition to the ballot initiatives in the U.S (***U.S. Ballot Initiatives***) and a discontinuation of a non-IFRS policy with no associated cash flow effect. The favorable impact from Corporate was primarily driven by lower additions to provisions related to FCPA in 2018 (***2018 FCPA Related Charge***). The increase in the Latin America Segment was driven by the impact from hyperinflation in Argentina and unfavorable foreign currency transaction effects. The increase in the Asia-Pacific Segment was largely due to unfavorable foreign currency transaction effects, partially offset by a favorable impact from acquisitions and lower accruals for compensation.

Research and development expenses increased by 2% to €134 million from €131 million. The period over period increase as a percentage of revenue, was 0.1 percentage points driven by an increased project portfolio.

Income from equity method investees increased by 9% to €73 million from €67 million. The increase was driven by higher income from Vifor Fresenius Medical Care Renal Pharma Ltd., an entity in which we have ownership of 45%, mainly due to increased sales of renal pharmaceuticals, partially offset by increased costs to support the launch and development of new projects as well as the initial consolidation from purchasing additional shares of a Care Coordination investment previously consolidated at equity.

The increase period over period in the operating income margin was 5.1 percentage points. Foreign currency translation effects represented a 0.3 percentage point increase in the current period. The increase was largely driven by the gain related to divestitures of Care Coordination activities (see note 4 c) of the notes to the consolidated financial statements incorporated by reference in the Prospectus) (***Gain Related to Divestitures of Care Coordination Activities***) of approximately €809 million, decreases in SG&A, as a percentage of revenue, partially offset by decreased gross profit margin.

Delivered EBIT increased by 34% including a 4% negative impact from foreign currency translation. At Constant Exchange Rates, the increase of 38% was primarily due to increased operating income largely driven by the Gain Related to Divestitures of Care Coordination activities of approximately €809 million coupled with a decrease in noncontrolling interests driven by lower performance in entities in which we have less than 100% ownership in the U.S.

Net interest expense decreased by 17% to €301 million from €365 million including a 3% positive impact resulting from foreign currency translation. At Constant Exchange Rates, net interest expense decreased by 14% largely due to the replacement of interest bearing senior notes repaid in 2017 and 2018 by debt instruments at lower interest rates, a decreased debt level and interest income from investing the proceeds from the divestiture of Sound as well as lower interest on taxes.

Income tax expense increased by 15% to €511 million from €443 million. The effective tax rate decreased to 18.7% from 22.2% for the same period of 2017 largely driven by the Gain Related to Di-

vestitures of Care Coordination activities with a lower tax basis, the effect of U.S. Tax Reform on current tax expense and favorable prior year tax effects. These impacts were partially offset by the prior year effect of the remeasurement of deferred tax balances as a result of U.S. Tax Reform as well as non-tax deductible expenses primarily related to the U.S. Ballot Initiatives.

Net income attributable to noncontrolling interests decreased by 11% to €244 million from €274 million. Foreign currency translation effects represented a 4% positive impact. At Constant Exchange Rates, net income attributable to noncontrolling interests decreased by 7% largely due to lower performance in entities in which we have less than 100% ownership in the U.S.

Net income attributable to shareholders of FMC-AG & Co. KGaA increased by 55% to €1,982 million from €1,280 million, including a 5% negative impact resulting from foreign currency translation. At Constant Exchange Rates, the increase of 60% was driven by the combined effects of the items discussed above.

Basic earnings per share increased by 55%. Foreign currency translation effects represented a 5% negative impact on the increase. At Constant Exchange Rates, basic earnings per share increased by 60%, primarily due to the increase in net income attributable to shareholders of FMC-AG & Co. KGaA described above. The average weighted number of shares outstanding for the period was approximately 306.5 million in 2018 (2017: 306.6 million).

We employed 112,658 people (full-time equivalents) as of December 31, 2018 (December 31, 2017: 114,000). This 1% decrease was primarily due to the divestiture of Sound.

Consolidated operating performance on a comparable basis and adjusted

Management believes that there are certain distinct transactions or events for which the operating results should be adjusted to enhance transparency and comparability. The following results (adjusted to exclude these items) should be analyzed in connection with the results presented above. For the year ended December 31, 2018 and 2017, the following transactions were identified that, when excluded from the results disclosed above, may provide a reader with further useful information in assessing our performance:

- IFRS 15 Implementation
- an adjustment for Sound's revenue, operating income and net income for second half year of 2017 to conform to the Sound business included for 2018 prior to the divestiture on June 28, 2018 (***Sound H2 2017***)
- VA Agreement
- U.S. Ballot Initiatives
- Gain Related to Divestitures of Care Coordination Activities
- 2018 FCPA Related Charge (see note 22 of the notes to the consolidated financial statements incorporated by reference in the Prospectus)
- An accrual of €200 million for an FCPA related charge made in 2017 (***2017 FCPA Related Charge***) (see note 22 of the notes to the consolidated financial statements incorporated by reference in the Prospectus)

- cost effects net of anticipated recoveries from natural disasters (***Natural Disaster Costs***)

- U.S. Tax Reform:

  – the 2017 impact from the remeasurement of deferred tax balances as a result of the tax reform; and

  – the 2018 impact from the lower corporate income tax rate of 21% (as compared to 35%) as a result of the tax reform.

The following table reconciles the key indicators for the consolidated financial statements in accordance with IFRS to the adjusted key indicators as described. Included within the reconciliation are comparable basis line items which provide the effect of exclusions which result in the recasting of the line items for comparability year over year. While we believe these adjustments provide additional clarity to the discussion of our operating results, the following table should only be viewed as a supplement to our results disclosed in accordance with IFRS above.

Operating performance on a comparable basis and adjusted

in € millions, except where otherwise specified (unaudited)			Change in %	
	2018	**2017**	**As reported**	**Constant Currency[1]**
Revenue	**16,547**	**17,784**	(7%)	(2%)
IFRS 15 Implementation	-	(486)		
Sound H2 2017	-	(559)		
Revenue on a comparable basis	**16,547**	**16,739**	(1%)	4%
Health Care Services revenue	**13,264**	**14,532**	(9%)	(4%)
IFRS 15 Implementation	-	(486)		
Sound H2 2017	-	(559)		
Health Care Services revenue on a comparable basis	**13,264**	**13,487**	(2%)	4%
Operating income	**3,038**	**2,362**	29%	33%
(Gain) loss related to divestitures of Care Coordination activities	(809)	-		
Sound H2 2017	-	(84)		
2018 FCPA Related Charge	77	-		
U.S. Ballot Initiatives	40	-		
Operating income on a comparable basis	**2,346**	**2,278**	3%	6%
VA Agreement	-	(87)		
Natural Disaster Costs	-	18		
2017 FCPA Related Charge	-	200		
Operating income adjusted	**2,346**	**2,409**	(3%)	1%
Income tax expense	**(511)**	**(443)**	15%	21%
(Gain) loss related to divestitures of Care Coordination activities	136			
Sound H2 2017		20		
2018 FCPA Related Charge	(49)	-		
Income tax expense on a comparable basis	**(424)**	**(423)**	0%	5%
VA Agreement		34		
Natural Disaster Costs		(7)		
U.S. Tax Reform (excl. Sound H2 2017)	(192)	(240)		
Income tax expense adjusted	**(616)**	**(636)**	(3%)	1%
Net income[2]	**1,982**	**1,280**	55%	60%
(Gain) loss related to divestitures of Care Coordination activities	(673)	-		
Sound H2 2017	-	(38)		
2018 FCPA Related Charge	28			
U.S. Ballot Initiatives	40	-		
Net income on a comparable basis[2]	**1,377**	**1,242**	11%	14%
VA Agreement	-	(51)		
Natural Disaster Costs	-	11		
2017 FCPA Related Charge	-	200		
U.S. Tax Reform (excl. Sound H2 2017)	(192)	(240)		
Net income adjusted[2]	**1,185**	**1,162**	2%	4%
In % of revenue				
Gross profit as a % of revenue	31.2%	33.8%		
Gross profit as a % of revenue - adjusted	**31.2%**	**31.9%**		
SG&A expenses as a % of revenue	17.3%	20.3%		
SG&A expenses as a % of revenue - adjusted	**16.6%**	**17.2%**		
Operating income margin as a % of revenue	18.4%	13.3%		
Operating income margin as a percentage of revenue - adjusted	**14.2%**	**14.5%**		

(1) For further information on Constant Exchange Rates, see "*"—Performance management system—Non-IFRS measures not utilized as key performance indicators—Constant currency information (Non-IFRS)*" above.

(2) Attributable to shareholders of FMC-AG & Co. KGaA.

The following discussions pertain to the North America Segment, the EMEA Segment, the Asia-Pacific Segment and the Latin America Segment and the measures we use to manage these segments.

North America Segment

Key indicators and business metrics for the North America Segment

in € millions, except where otherwise specified (unaudited)

			Change in %[5]	
	2018	2017	As reported	Constant Currency[1]
Total North America Segment				
Revenue	11,570	12,879	(10%)	(6%)
Health care services	10,725	12,036	(11%)	(7%)
Health care products	845	843	0%	5%
Operating income	2,665	2,086	28%	33%
Operating income margin in %	23.0%	16.2%		
Delivered EBIT[2]	2,434	1,823	34%	39%
Dialysis				
Revenue	9,934	10,070	(1%)	3%
Number of dialysis treatments	30,843,876	29,804,196	3%	
Same market treatment growth in %	2.5%	2.5%		
Operating income	1,752	1,942	(10%)	(6%)
Operating income margin in %	17.6%	19.3%		
Delivered EBIT[2]	1,540	1,713	(10%)	(6%)
Care Coordination				
Revenue	1,636	2,809	(42%)	(39%)
Operating income	913	144	n.a	n.a
Operating income margin in %	55.8%	5.1%		
Delivered EBIT[2]	894	110	n.a	n.a
Member Months Under Medical Cost Management[3],[4]	639,329	594,962	7%	
Medical Cost Under Management[3],[4]	4,196	3,905	7%	12%
Care Coordination Patient Encounters[3],[4]	4,407,598	6,934,300	(36%)	

(1) For further information on Constant Exchange Rates, see "*—Performance management system—Non-IFRS measures not utilized as key performance indicators—Constant currency information (Non-IFRS)*" above.

(2) For further information on Delivered EBIT, including a reconciliation of Delivered EBIT to operating income on a consolidated basis and for each of our operating segments, see "*—Performance management system—Delivered EBIT (Non-IFRS Measure)*" above.

(3) For further information on these metrics, please refer to the discussion above of our Care Coordination measures under "*Business metrics for Care Coordination*".

(4) The metrics may be understated due to a physician mapping issue related to the BPCI program within a CMS system which has not yet been resolved. Additionally, data presented for the BPCI and ESCO metrics are subject to finalization by CMS, which may result in changes from previously reported metrics.

(5) Not applicable is presented here and elsewhere as "n.a."

Dialysis

Revenue

Dialysis revenue, which comprises dialysis care revenue and health care product revenue, decreased by 1% including a 4% negative impact resulting from foreign currency translation. At Constant Exchange Rates, dialysis revenue increased by 3%.

Dialysis care revenue decreased by 2% to €9,089 million from €9,227 million. Foreign currency translation represented a 5% negative impact in the current period. At Constant Exchange Rates, dialysis

care revenue increased by 3% mainly due to increases in organic revenue per treatment (3%), growth in same market treatments (3%) and contributions from acquisitions (1%), partially offset by the negative effects of the IFRS 15 Implementation (3%) and the prior year impact from the VA Agreement (1%).

Dialysis treatments increased by 3% primarily due to same market treatment growth (3%) and contributions from acquisitions (1%), partially offset by the effect of closed or sold clinics (1%). At December 31, 2018, 204,107 patients, an increase of 3% (December 31, 2017: 197,356), were treated in the 2,529 dialysis clinics (December 31, 2017: 2,393) that we own or operate in the North America Segment.

In the U.S., the average revenue per treatment, restated for the IFRS 15 Implementation, increased to $354 (€313 at Constant Exchange Rates) from $345 (€306). Excluding the 2017 impact from the VA Agreement, the average revenue per treatment increased to $354 (€313 at Constant Exchange Rates) from $342 (€303). The development was mainly attributable to the implementation of the PAMA oral-only provision, partially offset by lower revenue from commercial payors and higher implicit price concessions.

Cost per treatment in the U.S., restated for the IFRS 15 Implementation and the impact from Natural Disaster Costs, increased to $289 (€256 at Constant Exchange Rates) from $271 (€240). This development was largely a result of the implementation of the PAMA oral-only provision as well as increased property and other occupancy related costs, partially offset by lower costs for health care supplies.

Health care product revenue remained stable including a 5% negative impact from foreign currency translation effects. At Constant Exchange Rates, health care product revenue increased by 5% driven by higher sales of renal pharmaceuticals, peritoneal dialysis products and chronic hemodialysis products.

Operating income margin

The decrease period over period in the dialysis operating income margin was 1.7 percentage points with virtually no foreign currency translation effects in the current period. The decrease was largely driven by the prior year impact of the VA Agreement, the implementation of the PAMA oral-only provision, lower revenue per treatment from commercial payors, higher implicit price concessions, the impact from U.S. Ballot Initiatives, prior year gains from the sale of fixed assets and investments as well as the discontinuation of a non-IFRS policy with no associated cash flow effect, partially offset by decreased personnel expense, the IFRS 15 Implementation and lower accruals for compensation.

Delivered EBIT

Dialysis Delivered EBIT decreased by 10%, including a 4% negative impact resulting from foreign currency translation. At Constant Exchange Rates, dialysis Delivered EBIT decreased by 6% mainly as the result of decreased operating income, partially offset by lower income attributable to noncontrolling interests driven by lower performance in entities in which we have less than 100% ownership.

Care Coordination

Revenue

Care Coordination revenue decreased by 42% including a 3% negative impact from foreign currency translation. At Constant Exchange Rates, Care Coordination revenue decreased by 39% largely driven

by decreases in organic revenue growth due to the implementation of the PAMA oral-only provision which moved certain pharmaceuticals into the bundled rate (22%), decreases attributable to divestitures of Care Coordination activities (13%) and the IFRS 15 Implementation (5%), partially offset by contributions from acquisitions (1%).

Operating income margin

The increase period over period in the Care Coordination operating income margin was 50.7 percentage points. Foreign currency translation effects represented a 0.2 percentage point increase in the current period. The increase was primarily driven by the Gain Related to Divestitures of Care Coordination activities. The increase also relates to a favorable impact from pharmacy services driven by favorable pricing for certain pharmaceuticals due to delays for rebasing of reimbursement, the implementation of the PAMA oral-only provision (as the historical dispensation of calcimimetics through pharmacy services had low margins as a result of higher costs for external services), lower bad debt expense and the prior year change in fair value of subsidiary stock based compensation, partially offset by prior year impact from the BPCI initiative driven by the initial recognition in the calendar year 2017 of earnings (including earnings from prior periods), lower earnings related to ESCOs, an unfavorable mix effect related to the switch to lower margin ambulatory surgery centers for National Cardiovascular Partners and the prior year gain from the sale of Shiel Medical Laboratory (***Shiel***), a company providing comprehensive non-dialysis laboratory services in the New York-New Jersey metropolitan area.

Delivered EBIT

Care Coordination Delivered EBIT increased to €894 million from €110 million mainly a result of increased operating income largely driven by the Gain Related to Divestitures of Care Coordination activities of approximately €809 million coupled with decreased noncontrolling interests attributable to noncontrolling interest holders of National Cardiovascular Partners.

Care Coordination business metrics

The increase in member months under medical cost management was primarily attributable to the expansion of our existing ESCOs through the addition of new physician practice partners and dialysis facilities, partially offset by the divestment of our controlling interest in Sound on June 28, 2018 and, as a result, the conclusion of our participation in BPCI. See note 4 c) of the notes to the consolidated financial statements incorporated by reference into the Prospectus and note 4 to the table "*Key indicators and business metrics for the North America Segment"* above.

Care Coordination's medical cost under management increased by 7%, including a 5% negative impact from foreign currency translation in the current period. At Constant Exchange Rates, Care Coordination's medical cost under management increased by 12% primarily attributable to the expansion of our existing ESCOs through the addition of new physician practice partners and dialysis facilities, partially offset by the divestment of our controlling interest in Sound on June 28, 2018 and, as a result, the conclusion of our participation in BPCI. See note 4 c) of the notes to the consolidated financial statements incorporated by reference into the Prospectus and note 4 to the table "*Key indicators and business metrics for the North America Segment*" above.

The decrease in patient encounters was primarily driven by decreased encounters for hospital related physician services as a result of our divesting our controlling interest in Sound on June 28, 2018. See note 4 c) of the notes to the consolidated financial statements incorporated by reference into

the Prospectus and note 4 to the table "*Key indicators and business metrics for the North America Segment*" above.

The North America Segment operating performance on a comparable basis and adjusted

Management believes that there are certain distinct transactions or events for which the operating results should be adjusted to enhance transparency and comparability. The following results (adjusted to exclude these items) should be analyzed in connection with the results presented above. For the year ended December 31, 2018 and 2017, the following transactions were identified that, when excluded from the results disclosed above, may provide a reader with further useful information in assessing our performance:

- IFRS 15 Implementation
- Sound H2 2017
- VA Agreement
- U.S. Ballot Initiatives
- Gain Related to Divestitures of Care Coordination Activities
- Natural Disaster Costs

The following table reconciles the key indicators for the North America Segment in accordance with IFRS to the adjusted key indicators as described. Included within the reconciliation are comparable basis line items which provide the effect of exclusions which result in the recasting of the line items for comparability year over year. While we believe these adjustments provide additional clarity to the discussion of our operating results, the following table should only be viewed as a supplement to our results disclosed in accordance with IFRS above.

North America operating performance on a comparable basis and adjusted

in € millions, except as otherwise specified (unaudited)

			Change in %	
	2018	2017	As reported	Constant Currency[1]
Revenue	**11,570**	**12,879**	(10%)	(6%)
IFRS 15 Implementation	-	(486)		
Sound H2 2017	-	(559)		
Revenue on a comparable basis	**11,570**	**11,834**	(2%)	2%
Health Care Services revenue	**10,725**	**12,036**	(11%)	(7%)
IFRS 15 Implementation	-	(486)		
Sound H2 2017	-	(559)		
Health Care Services revenue on a comparable basis	**10,725**	**10,991**	(2%)	2%
Dialysis Care Services revenue	**9,089**	**9,227**	(2%)	3%
IFRS 15 Implementation	-	(284)		
Dialysis Care Services revenue on a comparable basis	**9,089**	**8,943**	2%	6%
Care Coordination revenue	**1,636**	**2,809**	(42%)	(39%)
IFRS 15 Implementation	-	(202)		
Sound H2 2017	-	(559)		
Care Coordination revenue on a comparable basis	**1,636**	**2,048**	(20%)	(17%)
Operating income (EBIT)	**2,665**	**2,086**	28%	33%
(Gain) loss related to divestitures of Care Coordination activities	(809)	-		
Sound H2 2017	-	(84)		
U.S. Ballot Initiatives	40	-		
Operating income on a comparable basis	**1,896**	**2,002**	(5%)	(1%)
VA Agreement	-	(94)		
Natural Disaster Costs	-	18		
Operating income adjusted	**1,896**	**1,926**	(2%)	2%
Dialysis operating income	**1,752**	**1,942**	(10%)	(6%)
U.S. Ballot Initiatives	40	-		
Dialysis operating income (EBIT) on a comparable basis	**1,792**	**1,942**	(8%)	(4%)
VA Agreement	**-**	(94)		
Natural Disaster Costs	**-**	17		
Dialysis operating income adjusted	**1,792**	**1,865**	(4%)	0%
Care Coordination operating income	**913**	**144**	n.a	n.a
(Gain) loss related to divestitures of Care Coordination activities	(809)	-		
Sound H2 2017	-	(84)		
Care Coordination operating income (EBIT) on a comparable basis	**104**	**60**	74%	82%
Natural Disaster Costs	-	1		
Care Coordination operating income adjusted	**104**	**61**	72%	79%
In % of revenue				
North America operating income margin as a % of revenue	23.0%	16.2%		
North America operating income margin as a % of revenue - adjusted	**16.4%**	**16.4%**		
Dialysis operating income margin as a % of revenue	17.6%	19.3%		
Dialysis operating income margin as a % of revenue - adjusted	**18.0%**	**19.3%**		
Care Coordination operating income margin as a % of revenue	55.8%	5.1%		
Care Coordination operating income margin as a % of revenue - adjusted	**6.3%**	**2.9%**		

(1) For further information on Constant Exchange Rates, see "*—Performance management system—Non-IFRS measures not utilized as key performance indicators—Constant currency information (Non-IFRS)*" above.

EMEA Segment

Key indicators for the EMEA Segment

in € million, except where otherwise specified (unaudited)

			Change in %	
	2018	2017	As reported	Constant Currency[1]
Revenue	2,587	2,547	2%	4%
Health care services	1,274	1,237	3%	6%
Health care products	1,313	1,310	0%	2%
Number of dialysis treatments	9,731,941	9,350,024	4%	
Same market treatment growth in %	3%	3.5%		
Operating income	399	444	(10%)	(10%)
Operating income margin in %	15.4%	17.4%		
Delivered EBIT[2]	395	440	(10%)	(10%)

(1) For further information on Constant Exchange Rates, see "*—Performance management system—Non-IFRS measures not utilized as key performance indicators—Constant currency information (Non-IFRS)*" above.

(2) For further information on Delivered EBIT, including a reconciliation of Delivered EBIT to operating income on a consolidated basis and for each of our operating segments, see "*—Performance management system—Delivered EBIT (Non-IFRS Measure)*" above.

Revenue

Health care service revenue increased by 3%, including a 3% negative impact resulting from foreign currency translation. At Constant Exchange Rates, health care service revenue increased by 6% as a result of growth in same market treatments (3%) and contributions from acquisitions (3%).

Dialysis treatments increased by 4% mainly due to growth in same market treatments (3%) and contributions from acquisitions (1%). As of December 31, 2018, 65,061 patients, an increase of 4% (December 31, 2017: 62,490) were treated at the 776 dialysis clinics (December 31, 2017: 746) that we own, operate or manage in the EMEA Segment.

Health care product revenue remained stable, including a 2% negative impact resulting from foreign currency translation. At Constant Exchange Rates, health care product revenue increased by 2%. Dialysis product revenue increased by 1%, including a 2% negative impact resulting from foreign currency translation. At Constant Exchange Rates, the increase of 3% in dialysis product revenue was due to higher sales of machines, products for acute care treatments, renal pharmaceuticals, bloodlines, hemodialysis solutions and concentrates as well as peritoneal dialysis products, partially offset by lower sales of dialyzers. Non-Dialysis product revenue decreased by 7% to €74 million from €79 million, including a 1% negative impact from foreign currency translation. At Constant Exchange Rates, non-dialysis product revenue decreased by 6% largely due to lower sales volumes.

Operating income margin

The decrease period over period in the operating income margin was 2.0 percentage points. Foreign currency translation effects represented a 0.2 percentage point increase in the operating income margin. The decrease was mainly driven by an impairment of intangible assets related to Xenios AG (***Xenios***), higher personnel costs in certain countries, the release of accruals as a result of favorable court settlements related to value added tax in 2017, the favorable prior year impact from a legal settlement and unfavorable foreign currency transaction effects, partially offset by the costs related to the change in the Management Board in 2017.

Delivered EBIT

Delivered EBIT decreased by 10% with virtually no impact from foreign currency translation effects. The decrease was primarily due to decreased operating income.

Asia-Pacific Segment

Key indicators for the Asia-Pacific Segment

in € million, except where otherwise specified (unaudited)

			Change in %	
	2018	2017	As reported	Constant Currency[1]
Total Asia-Pacific Segment				
Revenue	1,689	1,623	4%	8%
Health care services	776	744	4%	8%
Health care products	913	879	4%	8%
Operating income	304	313	(3%)	(1%)
Operating income margin in %	18.0%	19.3%		
Delivered EBIT[2]	295	306	(3%)	(2%)
Dialysis				
Revenue	1,481	1,455	2%	6%
Number of dialysis treatments	4,371,742	4,249,878	3%	
Same market treatment growth in %	6.4%	3.3%		
Operating income	270	286	(6%)	(4%)
Operating income margin in %	18.2%	19.7%		
Delivered EBIT[2]	263	280	(6%)	(5%)
Care Coordination				
Revenue	208	168	24%	30%
Operating income	34	27	27%	34%
Operating income margin in %	16.2%	15.8%		
Delivered EBIT[2]	32	26	24%	31%
Care Coordination Patient Encounters[3]	982,169	784,054	25%	

(1) For further information on Constant Exchange Rates, see "*—Performance management system—Non-IFRS measures not utilized as key performance indicators—Constant currency information (Non-IFRS)*" above.

(2) For further information on Delivered EBIT, including a reconciliation of Delivered EBIT to operating income on a consolidated basis and for each of our operating segments, see "*—Performance management system—Delivered EBIT (Non-IFRS Measure)*" above.

(3) For further information on patient encounters, please refer to the discussion above of our Care Coordination measures under "*Business Metrics for Care Coordination*".

Dialysis

Revenue

Dialysis revenue, which comprises dialysis care revenue and health care product revenue, increased by 2% including a 4% negative impact resulting from foreign currency translation. At Constant Exchange Rates, dialysis revenue increased by 6%.

Dialysis care service revenue decreased by 1% to €568 million from €576 million, including a 3% negative impact resulting from foreign currency translation. At Constant Exchange Rates, dialysis care service revenue increased by 2% as a result of growth in same market treatments (6%), partially offset by the effect of closed or sold clinics (4%).

Dialysis treatments increased by 3% mainly due to growth in same market treatments (6%), partially offset by the effect of closed or sold clinics (3%). As of December 31, 2018, 31,476 patients, an increase of 6% (December 31, 2017: 29,739) were treated at the 394 dialysis clinics (December 31, 2017: 381) that we own, operate or manage in the Asia-Pacific Segment.

Health care product revenue increased by 4% including a 4% negative impact resulting from foreign currency translation. At Constant Exchange Rates, health care product revenue increased by 8% as a result of increased sales of chronic hemodialysis products and products for acute care treatments.

Operating income margin

The decrease period over period in the operating income margin was 1.5 percentage points. Foreign currency translation effects represented a 0.4 percentage point increase in the operating income margin. At Constant Exchange Rates, the operating income margin decreased due to unfavorable impacts from foreign currency transaction effects, partially offset by a favorable impact from business growth in certain countries within the region.

Delivered EBIT

Delivered EBIT decreased by 6%, including a 1% negative impact resulting from foreign currency translation. At Constant Exchange Rates, Delivered EBIT decreased by 5% mainly due to decreased operating income.

Care Coordination

Revenue

Care Coordination revenue increased by 24%, including a 6% negative impact resulting from foreign currency translation. At Constant Exchange Rates, Care Coordination revenue increased by 30% driven by contributions from acquisitions (25%) and organic revenue growth (5%).

Operating income margin

The increase period over period in the Care Coordination operating income margin was 0.4 percentage points. Foreign currency translation effects represented a 0.1 percentage point decrease in the operating income margin. The increase was driven by a favorable impact from acquisitions.

Delivered EBIT

Care Coordination Delivered EBIT increased by 24%, including a 7% negative impact resulting from foreign currency translation. At Constant Exchange Rates, Care Coordination Delivered EBIT increased by 31% mainly as the result of increased operating income.

Care Coordination business metrics

The number of patient encounters increased due to increased encounters for comprehensive and specialized health check-ups as well as ambulant treatment services, inpatient and outpatient services, vascular access and other chronic treatment services.

Latin America Segment

Key indicators for the Latin America Segment

in € million, except where otherwise specified (unaudited)

			Change in %	
	2018	2017	As reported	Constant Currency[1]
Revenue	686	720	(5%)	22%
Health care services	489	515	(5%)	27%
Health care products	197	205	(4%)	11%
Number of dialysis treatments	5,080,020	4,865,046	4%	
Same market treatment growth in %	1.3%	1.5%		
Operating income	29	58	(51%)	(65%)
Operating income margin in %	4.2%	8.1%		
Delivered EBIT[2]	29	58	(51%)	(65%)

(1) For further information on Constant Exchange Rates, see "*—Performance management system—Non-IFRS measures not utilized as key performance indicators—Constant currency information (Non-IFRS)*" above.

(2) For further information on Delivered EBIT, including a reconciliation of Delivered EBIT to operating income on a consolidated basis and for each of our operating segments, see "*—Performance management system—Delivered EBIT (Non-IFRS Measure)*" above.

Revenue

Health care service revenue decreased by 5%, including a 32% negative impact resulting from foreign currency translation. At Constant Exchange Rates, health care service revenue increased by 27% as a result of increases in organic revenue per treatment largely driven by hyperinflation in Argentina (24%), contributions from acquisitions (2%), growth in same market treatments (1%).

Dialysis treatments increased by 4% mainly due to contributions from acquisitions (3%) and growth in same market treatments (1%). As of December 31, 2018, 32,687 patients, an increase of 4% (December 31, 2017: 31,375) were treated at the 229 dialysis clinics (December 31, 2017: 232) that we own, operate or manage in the Latin America Segment.

Health care product revenue decreased by 4%, including a 15% negative impact resulting from foreign currency translation. At Constant Exchange Rates, health care product revenue increased by 11%, driven by higher sales of machines, products for acute care treatments and peritoneal dialysis products, partially offset by lower sales of dialyzers.

Operating income margin

The decrease period over period in the operating income margin was 3.9 percentage points, including a positive foreign currency translation effect of 1.8 percentage points in the current period. The decrease was mainly due to the impact from hyperinflation in Argentina and unfavorable foreign currency transaction effects.

Delivered EBIT

Delivered EBIT decreased by 51%, including a 14% positive impact resulting from foreign currency translation. At Constant Exchange Rates, Delivered EBIT decreased by 65% due to decreased operating income.

Three months ended March 31, 2019 compared to three months ended March 31, 2018

Consolidated Financials

Key indicators for the consolidated financial statements

in € million, except where otherwise specified

	For the three months ended March 31		Change in %	
	2019	2018	As reported	Constant Currency[1]
Revenue	4,133	3,976	4%	(1%)
Health care services	3,317	3,209	3%	(2%)
Health care products	816	767	6%	4%
Number of dialysis treatments	12,561,531	12,154,164	3%	
Same market treatment growth in %	3.5%	2.3%		
Gross profit as a % of revenue	30.6%	30.3%		
Selling, general and administrative costs as a % of revenue	17.3%	17.1%		
Operating income	537	497	8%	3%
Operating income margin in %	13.0%	12.5%		
Delivered EBIT[2]	480	446	8%	3%
Net income attributable to shareholders of FMC-AG & Co. KGaA	271	279	(3%)	(6%)
Basic earnings per share	0.88	0.91	(3%)	(7%)

(1) For further information on Constant Exchange Rates, see "*—Performance management system—Non-IFRS measures not utilized as key performance indicators—Constant currency information (Non-IFRS)*" above.

(2) For further information on Delivered EBIT, including a reconciliation of Delivered EBIT to operating income on a consolidated basis and for each of our operating segments, see "*—Performance management system—Delivered EBIT (Non-IFRS Measure)*" above.

Health care services revenue increased by 3% including a 5% positive impact from foreign currency translation effects. At Constant Exchange Rates, health care services revenue decreased by 2% largely due to decreases attributable to prior year revenue associated with the divested Sound activities as well as the effect of closed or sold clinics (8%) and a decrease in dialysis days (1%), partially offset by growth in same market treatments (3%), increases in organic revenue per treatment (3%) and contributions from acquisitions (1%). Dialysis treatments increased by 3% as a result of growth in same market treatments (3%) and contributions from acquisitions (2%), partially offset by a decrease in dialysis days (1%) and the effect of closed or sold clinics (1%).

At March 31, 2019, we owned, operated or managed (excluding those managed but not consolidated in the U.S.) 3,971 dialysis clinics compared to 3,790 dialysis clinics at March 31, 2018. During the three months ended March 31, 2019, we acquired 25 dialysis clinics, opened 29 dialysis clinics and combined or closed 11 clinics. The number of patients treated in dialysis clinics that we own, operate or manage (excluding patients of dialysis clinics managed but not consolidated in the U.S.) increased by 4% to 336,716 at March 31, 2019 from 322,253 at March 31, 2018.

Health care product revenue increased by 6% including a 2% positive impact from foreign currency translation. At Constant Exchange Rates, health care product revenue increased by 4%. Dialysis product revenue increased by 7%, including a 2% positive impact from foreign currency translation. At Constant Exchange Rates, dialysis product revenue increased by 5% driven by higher sales of home hemodialysis products (largely as a result of the acquisition of NxStage Medical Inc. (***NxStage***)), dialyzers, products for acute care treatments, solutions and concentrates, and bloodlines, partially offset by lower sales of machines as a result of changes in the accounting treatment for sale-leaseback transactions due to the IFRS 16 Implementation. Non-dialysis product revenue decreased by 3% to €19 million from €20 million with no foreign currency translation effects. The non-dialysis product revenue decrease was due to slightly lower sales volumes.

The increase period over period in the gross profit margin was 0.3 percentage points with virtually no effect from foreign currency translation. The increase primarily reflects increases in the North America Segment and the Asia-Pacific Segment, partially offset by a decrease in the EMEA Segment. The increase in the North America Segment was mainly attributable to the positive current year effect from the divestiture of Sound which operated at lower margins, a favorable effect from the IFRS 16 Implementation (see note 1 of the notes to the consolidated financial statements (unaudited) incorporated by reference in the Prospectus) and a positive impact from manufacturing, partially offset by higher personnel expense. The increase in the Asia-Pacific Segment was driven by a favorable impact from business growth, partially offset by an unfavorable mix effect from acquisitions with lower margins. The decrease in the EMEA Segment was mainly driven by higher rent expense, unfavorable foreign currency transaction effects, the impact from one less dialysis day, acquisitions with lower margins, and higher personnel expense in certain countries, as well as other smaller cost increases.

The increase period over period in selling, general and administrative (***SG&A***) expenses as a percentage of revenue was 0.2 percentage points. Foreign currency translation effects represented a 0.1 percentage point negative effect in the current period. The increase was primarily driven by increases in the North America Segment and at Corporate as well as an unfavorable impact of varying margins across the four operating segments, partially offset by decreases in the EMEA Segment and the Asia-Pacific Segment. The increase in the North America Segment was due to the integration and operational costs associated with NxStage, higher personnel expense, an unfavorable impact from legal settlements, and higher stock compensation expense, partially offset by the positive impact from income attributable to a consent agreement on certain pharmaceuticals. The increase at Corporate was mainly driven by higher stock compensation expense, unfavorable foreign currency transaction effects and higher project costs. The decrease in the EMEA Segment was due to a reduction of a contingent consideration liability related to Xenios, favorable foreign currency transaction effects, and a positive impact from acquisitions, partially offset by higher bad debt expense. The decrease in the Asia-Pacific Segment was due to favorable foreign currency transaction effects.

Research and development expenses increased by 5% to €34 million from €32 million. Period over period, as a percentage of revenue, research and development expenses remained stable.

Income from equity method investees increased by 12% to €20 million from €18 million. The increase was primarily driven by higher income from Vifor Fresenius Medical Care Renal Pharma Ltd., an entity in which we have ownership of 45%, mainly due to higher sales of renal pharmaceuticals.

The increase period over period in the operating income margin was 0.5 percentage points with virtually no effect from foreign currency translation. The increase in the current period was largely driven by the increase in the gross profit margin as well as the loss related to the divestiture of Care Coordination activities in the first quarter of 2018, partially offset by the increase in SG&A expenses, as discussed above.

Delivered EBIT increased by 8% including a 5% positive impact from foreign currency translation effects. At Constant Exchange Rates, Delivered EBIT increased by 3% largely driven by increased operating income, partially offset by an increase in income attributable to noncontrolling interests.

Net interest expense increased by 30% to €108 million from €83 million, including a 6% negative impact from foreign currency translation effects. At Constant Exchange Rates, net interest expense increased by 24%, primarily due to a higher debt level driven by the IFRS 16 Implementation and the acquisition of NxStage, partially offset by the replacement of high interest bearing senior notes repaid in 2018 by debt instruments at lower interest rates and interest income from the investment of the Sound proceeds.

Income tax expense increased by 20% to €101 million from €84 million. The effective tax rate increased to 23.5% from 20.3% for the same period of 2018 largely driven by the prior year impact in 2018 caused by favorable implications of the U.S. Tax Reform.

Net income attributable to noncontrolling interests increased by 11% to €57 million from €51 million, including an 8% negative impact resulting from foreign currency translation effects. At Constant Exchange Rates, net income attributable to noncontrolling interests increased by 3% driven by higher earnings from Care Coordination in the United States.

Net income attributable to shareholders of FMC-AG & Co. KGaA decreased by 3% to €271 million from €279 million including a 3% positive impact resulting from foreign currency translation. At Constant Exchange Rates, net income attributable to shareholders of FMC-AG & Co. KGaA decreased by 6% due to the combined effects of the items discussed above.

Basic earnings per share decreased by 3%, including a 4% positive impact resulting from foreign currency translation. At Constant Exchange Rates, basic earnings per share decreased by 7%. The average weighted number of shares outstanding for the period was approximately 306.7 million in 2019 (306.5 million in 2018).

We employed 118,308 people (full-time equivalents) as of March 31, 2019 compared to 114,831 as of March 31, 2018, an increase of 3%, primarily due to the NxStage acquisition.

Consolidated operating performance on an adjusted basis

Management believes that there are certain distinct transactions or events for which the operating results should be adjusted to enhance transparency and comparability. We believe the following results (adjusted to exclude these items) should be analyzed in connection with the results presented above. For the three months ended March 31, 2019 and 2018, we have identified the following transactions that, when excluded from the results disclosed above, may provide a reader with further useful information in assessing our performance:

- IFRS 16 Implementation;
- an adjustment to remove the contribution of NxStage during the first quarter of 2019 to conform to the 2018 presentation (***NxStage Operations***);
- the integration costs related to the acquisition of NxStage on February 21, 2019 (***NxStage Costs***);
- costs associated with the sustainable improvement of our cost base (***Cost Optimization Costs***);

- an adjustment to remove the contribution of Sound during the first quarter of 2018 to conform to the 2019 presentation (***Q1 Sound***);

- the gain related to divestitures of Care Coordination activities (see note 2 b) of the notes to the consolidated financial statements (unaudited) incorporated by reference in the Prospectus) (***(Gain) loss related to divestitures of Care Coordination activities***)

The following table reconciles the key indicators for the consolidated financial statements in accordance with IFRS to the key indicators adjusted for the items described above. While we believe these adjustments provide additional clarity to the discussion of our operating results, the following table should only be viewed as a supplement to our results disclosed in accordance with IFRS above.

Consolidated operating performance on an adjusted basis

in € million, except where otherwise specified (unaudited)

							Change in % as adjusted	
	Results 2019	IFRS 16 Implementation	NxStage operations	NxStage costs	Cost optimization costs	**Results 2019 Adjusted**	Current rate	Constant Currency [1]
Three months ended March 31								
Total revenue	4,133	22	(30)	-	-	**4,125**	11%	6%
Health Care Services	3,317	-	(1)	-	-	**3,316**	12%	6%
Health Care Products	816	22	(29)	-	-	**809**	5%	4%
Total operating income (EBIT)	537	(17)	11	16	4	**551**	9%	4%
Operating income (EBIT) Margin	13.0%					**13.4%**		
Interest expense, net	108	(42)	(8)	-	-	**58**	-19%	-23%
Income tax expense	101	7	5	4	1	**118**	37%	31%
Net income attributable to non-controlling interests	57	-	-	-	-	**57**	11%	3%
Net income [2]	271	18	14	12	3	**318**	8%	3%
Basic earnings per share	0.88	0.06	0.05	0.04	0.01	**1.04**	8%	3%

Consolidated operating performance on a comparable basis and adjusted

	Results 2018	Q1 Sound [3]	(Gain) loss related to divestitures of Care Coordination activities	**Results 2018 Adjusted**
Three months ended March 31				
Total revenue	3,976	(251)	-	**3,725**
Health Care Services	3,209	(251)	-	**2,958**
Health Care Products	767	-	-	**767**
Total operating income (EBIT)	497	(4)	13	**506**

Operating income (EBIT) Margin	12.5%			**13.6%**
Interest expense, net	83	(10)	-	**73**
Income tax expense	84	2	-	**86**
Net income attributable to noncontrolling interests	51	-	-	**51**
Net income[2]	279	4	13	**296**
Basic earnings per share	0.91	0.01	0.04	**0.96**

(1) For further information on Constant Exchange Rates, see "*—Performance management system—Non-IFRS measures not utilized as key performance indicators—Constant currency information (Non-IFRS)*" above.

(2) Attributable to shareholders of FMC-AG & Co. KGaA.

(3) Contribution of Sound.

The following discussions pertain to the North America Segment, the EMEA Segment, the Asia-Pacific Segment and the Latin America Segment and the measures we use to manage these segments.

North America Segment

Key indicators and business metrics for the North America Segment

in € million, except where otherwise specified (unaudited)

	For the three months ended March 31,		Change in %	
	2019	2018	As Reported	Constant Currency[1]
Total North America Segment				
Revenue	2,887	2,774	4%	(4%)
Health care services	2,680	2,590	3%	(4%)
Health care products	207	184	12%	4%
Operating income	372	362	3%	(4%)
Operating income margin in %	12.9%	13.1%		
Delivered EBIT[2]	319	314	2%	(4%)
Dialysis				
Revenue	2,579	2,259	14%	5%
Number of dialysis treatments	7,707,848	7,473,764	3%	
Same market treatment growth in %	3.3%	2.3%		
Operating income	332	349	(5%)	(10%)
Operating income margin in %	12.9%	15.4%		
Delivered EBIT[2]	285	304	(6%)	(12%)
Care Coordination				
Revenue	308	515	(40%)	(45%)
Operating income	40	13	203%	180%
Operating income margin in %	13.0%	2.6%		
Delivered EBIT[2]	34	10	253%	226%
Member Months Under Medical Cost Management[3],[4]	170,903	165,797	3%	
Medical Cost Under Management[3],[4]	1,071	1,189	(10%)	(17%)
Care Coordination Patient Encounters[3],[4]	272,353	1,957,694	(86%)	

(1) For further information on Constant Exchange Rates, see "*—Performance management system—Non-IFRS measures not utilized as key performance indicators—Constant currency information (Non-IFRS)*" above.

(2) For further information on Delivered EBIT, including a reconciliation of Delivered EBIT to Operating Income on a consolidated basis and for each of our operating segments, see "*—Performance management system—Delivered EBIT (Non-IFRS Measure)*" above.

(3) For further information on these metrics, please refer to the discussion above of our Care Coordination measures under "*Business metrics for Care Coordination*".

(4) The metrics may be understated due to a physician mapping issue related to the BPCI program within a CMS system which has not yet been resolved. Additionally, data presented for the BPCI and ESCO metrics are subject to finalization by CMS, which may result in changes from previously reported metrics.

Dialysis

Revenue

Dialysis revenue increased by 14% including a 9% positive impact resulting from foreign currency translation. At Constant Exchange Rates, dialysis revenue increased by 5%. Dialysis revenue is comprised of dialysis care revenue and health care product revenue.

Dialysis care revenue increased by 14% to €2,372 million from €2,075 million, including an 8% positive impact resulting from foreign currency translation. At Constant Exchange Rates, dialysis care revenue increased by 6% mainly due to increases in organic revenue per treatment (3%), growth in same market treatments (3%), and contributions from acquisitions (1%), partially offset by a decrease in dialysis days (1%).

Dialysis treatments increased by 3% largely due to growth in same market treatments (3%) and contributions from acquisitions (1%), partially offset by a decrease in dialysis days (1%). At March 31, 2019, 205,775 patients (4% increase from March 31, 2018) were being treated in the 2,559 dialysis clinics that we own or operate in the North America Segment, compared to 197,339 patients treated in 2,419 dialysis clinics at March 31, 2018.

In the U.S., the average revenue per treatment increased to $355 (€289 at Constant Exchange Rates) from $348 (€283). The development was mainly attributable to higher utilization of oral based ancillaries and the impact from an increase in the ESRD PPS base rate, partially offset by lower revenue from commercial payors.

Cost per treatment in the U.S., adjusted for the effects from the IFRS 16 Implementation, increased to $301 (€245 at Constant Exchange Rates) from $289 (€235). This increase was largely driven by higher utilization of oral based ancillaries and higher personnel expense.

Health care product revenue increased by 12% including an 8% positive impact resulting from foreign currency translation. At Constant Exchange Rates, health care product revenue increased by 4% driven by higher sales of home hemodialysis products, products for acute care, and bloodlines, all largely as a result of the NxStage acquisition, partially offset by lower sales of machines as a result of changes in the accounting treatment for sale-leaseback transactions due to the IFRS 16 Implementation.

Operating income margin

The decrease period over period in the dialysis operating income margin was 2.5 percentage points. Foreign currency translation effects represented a 0.2 percentage point decrease in the current period. At Constant Exchange Rates, the decrease was due to higher personnel expense, the integration and operational costs associated with NxStage, an unfavorable impact from legal settlements, and higher stock compensation expense, partially offset by the positive impact from income attributable

to a consent agreement on certain pharmaceuticals, a favorable effect from the IFRS 16 implementation and a favorable impact from manufacturing.

Delivered EBIT

Dialysis Delivered EBIT decreased by 6%, including a 6% positive impact from foreign currency translation effects. At Constant Exchange Rates, dialysis Delivered EBIT decreased by 12% mainly as a result of decreased operating income coupled with an increase in income attributable to noncontrolling interests.

Care Coordination

Revenue

Care Coordination revenue decreased by 40%, including a 5% positive impact resulting from foreign currency translation. At Constant Exchange Rates, Care Coordination revenue decreased by 45% driven by decreases attributable to prior year revenue associated with the divested Sound activities (53%), partially offset by an increase in organic revenue growth (7%) and contributions from acquisitions (1%).

Operating income margin

The increase period over period in the Care Coordination operating income margin was 10.4 percentage points with virtually no effect from foreign currency translation. The increase at Constant Exchange Rates was mainly due to the loss related to divestiture of Care Coordination activities in the first quarter of 2018, increased member months for health plan services, increased volumes for vascular services, and a positive effect from the IFRS 16 Implementation.

Delivered EBIT

Care Coordination Delivered EBIT increased by 253% including a 27% positive impact resulting from foreign currency translation. At Constant Exchange Rates, Care Coordination delivered EBIT increased by 226% mainly as the result of increased operating income, partially offset by an increase in income attributable to noncontrolling interests.

Care Coordination business metrics

Member months under medical cost management remained stable primarily due to the expansion of our existing ESCOs through the addition of new physician practice partners and dialysis facilities, offset by the divestment of our controlling interest in Sound on June 28, 2018 and, as a result, the conclusion of our participation in BPCI. See note 2 b) of the notes to consolidated financial statements (unaudited) incorporated by reference in the Prospectus) and note 4 to the table "*Key indicators and business metrics for the North America Segment*" above.

Care Coordination's medical cost under management decreased by 10%, including a 7% positive impact from foreign currency translation in the current period. At Constant Exchange Rates, Care Coordination's medical cost under management decreased by 17% due to the divestment of our controlling interest in Sound on June 28, 2018 (see note 2 b) of the notes to consolidated financial statements (unaudited) incorporated by reference in the Prospectus) and, as a result, the conclusion of our participation in BPCI. This decrease was partially offset by our expansion of our existing ESCOs through the addition of new physician practice partners and dialysis facilities. See note 4 to the table "*Key indicators and business metrics for the North America Segment*" above.

The decrease in patient encounters was primarily driven by decreased encounters for hospital related physician services as a result of our divesting our controlling interest in Sound on June 28, 2018. See note 2 b) of the notes to consolidated financial statements (unaudited) incorporated by reference in the Prospectus) and note 4 to the table "*Key indicators and business metrics for the North America Segment*" above.

North America Segment operating performance on an adjusted basis

Management believes that there are certain distinct transactions or events for which the operating results should be adjusted to enhance transparency and comparability. We believe the following results (adjusted to exclude these items) should be analyzed in connection with the results presented above. For the three months ended March 31, 2019 and 2018, we have identified the following transactions that, when excluded from the results disclosed above, may provide a reader with further useful information in assessing our performance:

- IFRS 16 implementation
- NxStage Operations
- NxStage Costs
- Cost Optimization Costs
- Q1 Sound
- (Gain) loss related to divestitures of Care Coordination activities

The following table reconciles the key indicators for the North America Segment in accordance with IFRS to the key indicators adjusted for the items described above. While we believe these adjustments provide additional clarity to the discussion of our operating results, the following table should only be viewed as a supplement to our results disclosed in accordance with IFRS above.

North America Segment operating performance on an adjusted basis

in € million, except where otherwise specified (unaudited)

							Change in % as adjusted	
	Results 2019	IFRS 16 Implementation	NxStage operations	NxStage costs	Cost optimization costs	**Results 2019 Adjusted**	Current rate	Constant Currency [1]
Three months ended March 31								
Revenue	2,887	22	(30)	-	-	**2,879**	14%	5%
Health Care Services	2,680	-	(1)	-	-	**2,679**	14%	6%
thereof Dialysis Care	2,372	-	(1)	-	-	**2,371**	14%	6%
thereof Care Coordination	308	-	-	-	-	**308**	17%	8%
Health Care Products	207	22	(29)	-	-	**200**	9%	0%
Operating income (EBIT)	372	(13)	11	16	4	**390**	5%	-1%
Operating income margin (EBIT)	12.9%					**13.6%**		
Dialysis	332	(11)	11	16	4	**352**	1%	-5%
Dialysis operating income margin (EBIT)	12.9%					**13.7%**		
Care Coordination	40	(2)	-	-	-	**38**	72%	59%
Care Coordination operating income margin (EBIT)	13.0%					**12.3%**		

North America Segment operating performance on an adjusted basis

	Results 2018	Q1 Sound [2]	(Gain) loss related to divestitures of Care Coordination activities	**Results 2018 Adjusted**
Three months ended March 31				
Revenue	2,774	(251)	-	**2,523**
Health Care Services	2,590	(251)	-	**2,339**
thereof Dialysis Care	2,075	-	-	**2,075**
thereof Care Coordination	515	(251)	-	**264**
Health Care Products	184	-	-	**184**
Operating income (EBIT)	362	(4)	13	**371**
North America operating income margin (EBIT)	13.1%			**14.7%**
Dialysis	349	-	-	**349**
Dialysis operating income margin (EBIT)	15.4%			**15.4%**
Care Coordination	13	(4)	13	**22**

Care Coordination operating income margin (EBIT)	2.6%	**8.3%**

(1) For further information on Constant Exchange Rates, see "*—Performance management system—Non-IFRS measures not utilized as key performance indicators-Constant currency information (Non-IFRS)*" above.
(2) Contribution of Sound.

EMEA Segment

Key indicators for the EMEA Segment

in € million, except where otherwise specified (unaudited)

	For the three months ended March 31,		Change in %	
	2019	2018	As Reported	Constant Currency[(1)]
Revenue	653	636	3%	4%
Health care services	324	314	3%	5%
Health care products	329	322	2%	3%
Number of dialysis treatments	2,475,702	2,387,160	4%	
Same market treatment growth in %	3.9%	2.4%		
Operating income	138	109	26%	27%
Operating income margin in %	21.1%	17.1%		
Delivered EBIT[(2)]	136	108	26%	27%

(1) For further information on Constant Exchange Rates, see "*—Performance management system—Non-IFRS measures not utilized as key performance indicators—Constant currency information (Non-IFRS)*" above.

(2) For further information on Delivered EBIT, including a reconciliation of Delivered EBIT to operating income on a consolidated basis and for each of our operating segments, see "*—Performance management system—Delivered EBIT (Non-IFRS Measure)*" above.

Revenue

Health care service revenue increased by 3%, including a 2% negative impact resulting from foreign currency translation. At Constant Exchange Rates, health care service revenue increased by 5% as a result of growth in same market treatments (4%), contributions from acquisitions (3%), and increases in organic revenue per treatment (1%), partially offset by a decrease in dialysis days (2%), and the effect of closed or sold clinics (1%).

Dialysis treatments increased by 4% mainly due to growth in same market treatments (4%) and contributions from acquisitions (2%), partially offset by the effect of closed or sold clinics (1%) and a decrease in dialysis days (1%). As of March 31, 2019, we had 65,833 patients (4% increase from March 31, 2018) being treated at the 782 dialysis clinics that we own, operate or manage in the EMEA Segment compared to 63,114 patients treated at 754 clinics at March 31, 2018.

Health care product revenue increased by 2%, including a 1% negative impact resulting from foreign currency translation. At Constant Exchange Rates, health care product revenue increased by 3%. Dialysis product revenue increased by 3% with virtually no effect from foreign currency translation. The increase was due to higher sales of machines, dialyzers, hemodialysis solutions and concentrates, and renal pharmaceuticals, partially offset by lower sales of products for acute care treatments. Non-Dialysis product revenue decreased by 3% to €19 million from €20 million with virtually no impact from foreign currency translation effects. The non-dialysis product revenue decrease was due to slightly lower sales volumes.

Operating income margin

The increase period over period in the operating income margin was 4.0 percentage points. Foreign currency translation effects represented a 0.1 percentage point increase in the operating income margin. At Constant Exchange Rates, operating income margin increased mainly due to a reduction of a contingent consideration liability related to Xenios, partially offset by higher bad debt expense, higher rent expense, and the impact from one less dialysis day.

Delivered EBIT

Delivered EBIT increased by 26%, including a 1% negative impact resulting from foreign currency translation. At Constant Exchange Rates, the Delivered EBIT increased by 27% primarily due to increased operating income, partially offset by an increase in income attributable to noncontrolling interests.

Asia-Pacific Segment

Key indicators for the Asia-Pacific Segment

in € million, except where otherwise specified (unaudited)

	For the three months ended March 31,		Change in %	
	2019	2018	As Reported	Constant Currency[1]
Total Asia-Pacific Segment				
Revenue	428	392	9%	6%
Health care services	199	184	8%	4%
Health care products	229	208	10%	8%
Operating income	95	74	28%	25%
Operating income margin in %	22.1%	19.0%		
Delivered EBIT[2]	93	72	29%	26%
Dialysis				
Revenue	376	346	9%	5%
Number of dialysis treatments	1,099,404	1,060,114	4%	
Same market treatment growth in %	7.1%	4.2%		
Operating income	89	68	31%	27%
Operating income margin in %	23.6%	19.7%		
Delivered EBIT[2]	87	66	31%	28%
Care Coordination				
Revenue	52	46	14%	12%
Operating income	6	6	(6%)	(5%)
Operating income margin in %	11.3%	13.7%		
Delivered EBIT[2]	6	6	(3%)	(2%)
Care Coordination Patient Encounters[3]	216,320	200,138	8%	

(1) For further information on Constant Exchange Rates, see "*—Performance management system—Non-IFRS measures not utilized as key performance indicators—Constant currency information (Non-IFRS)*" above.

(2) For further information on Delivered EBIT, including a reconciliation of Delivered EBIT to operating income on a consolidated basis and for each of our operating segments, see "*—Performance management system—Delivered EBIT (Non-IFRS Measure)*" above.

(3) For further information on patient encounters, please refer to the discussion above of our Care Coordination measures under "*Business Metrics for Care Coordination*".

Dialysis

Revenue

Dialysis revenue increased by 9% including a 4% positive impact resulting from foreign currency translation. At Constant Exchange Rates, dialysis revenue increased by 5%. Dialysis revenue is comprised of dialysis care revenue and health care product revenue.

Dialysis care revenue increased by 7% to €147 million from €138 million including a 6% positive impact resulting from foreign currency translation effects. At Constant Exchange Rates, dialysis care revenue increased by 1% as a result of growth in same market treatments (7%), and contributions from acquisitions (1%), partially offset by the effect of closed or sold clinics (4%), a decrease in organic revenue per treatment (2%) and a decrease in dialysis days (1%).

Dialysis treatments increased by 4% mainly due to growth in same market treatments (7%), and contributions from acquisitions (1%), partially offset by the effect of closed or sold clinics (3%) and a decrease in dialysis days (1%). As of March 31, 2019, we had 31,674 patients (5% increase from March 31, 2018) being treated at the 398 dialysis clinics that we own, operate or manage in the Asia-Pacific Segment compared to 30,194 patients treated at 385 clinics at March 31, 2018.

Health care product revenue increased by 10% including a 2% positive impact resulting from foreign currency translation. At Constant Exchange Rates, health care product revenue increased by 8% as a result of increased sales of dialyzers, machines, hemodialysis solutions and concentrates, and products for acute care treatments.

Operating income margin

The increase period over period in the operating income margin was 3.9 percentage points. Foreign currency translation effects represented a 0.2 percentage point decrease in the operating income margin. At Constant Exchange Rates, the operating income margin increased due to favorable foreign currency transaction effects and a favorable impact from business growth.

Delivered EBIT

Delivered EBIT increased by 31%, including a 3% positive impact resulting from foreign currency translation. At Constant Exchange Rates, Delivered EBIT increased by 28% mainly due to increased operating income.

Care Coordination

Revenue

Care Coordination revenue increased by 14%, including a 2% positive impact resulting from foreign currency translation. At Constant Exchange Rates, Care Coordination revenue increased by 12% driven by contributions from acquisitions (7%) and organic revenue growth (5%).

Operating income margin

The decrease period over period in the Care Coordination operating income margin was 2.4 percentage points. Foreign currency translation effects represented a 0.3 percentage point decrease in the operating income margin. At Constant Exchange Rates, the operating income margin decrease was driven by higher start-up and operating costs.

Delivered EBIT

Care Coordination Delivered EBIT decreased by 3%, including a 1% negative impact resulting from foreign currency translation. At Constant Exchange Rates, Care Coordination Delivered EBIT decreased by 2% mainly as the result of decreased operating income.

Care Coordination business metrics

The number of patient encounters increased due to increased encounters for comprehensive and specialized health check-ups as well as ambulant treatment services, inpatient and outpatient services, vascular access and other chronic treatment services.

Latin America Segment

Key indicators for the Latin America Segment

in € million, except where otherwise specified (unaudited)

	For the three months ended March 31,		Change in %	
			As Reported	Constant Currency[(1)]
	2019	2018		
Revenue	161	170	(5%)	14%
Health care services	114	121	(5%)	20%
Health care products	47	49	(5%)	1%
Number of dialysis treatments	1,278,577	1,233,126	4%	
Same market treatment growth in %	0.7%	1.1%		
Operating income	11	14	(19%)	(24%)
Operating income margin in %	7.1%	8.3%		
Delivered EBIT[(2)]	11	14	(21%)	(26%)

(1) For further information on Constant Exchange Rates, see "*—Performance management system—Non-IFRS measures not utilized as key performance indicators—Constant currency information (Non-IFRS)*" above.

(2) For further information on Delivered EBIT, including a reconciliation of Delivered EBIT to operating income on a consolidated basis and for each of our operating segments, see "*—Performance management system—Delivered EBIT (Non-IFRS Measure)*" above.

Revenue

Health care service revenue decreased by 5%, including a 25% negative impact resulting from foreign currency translation. At Constant Exchange Rates, health care service revenue increased by 20% as a result of increases in organic revenue per treatment (16%), contributions from acquisitions (5%) and growth in same market treatments (1%), partially offset by the effect of closed or sold clinics (1%), and a decrease in dialysis days (1%).

Dialysis treatments increased by 4% mainly due to contributions from acquisitions (5%) and growth in same market treatments (1%), partially offset by the effect of closed or sold clinics (1%) and a decrease in dialysis days (1%). As of March 31, 2019, we had 33,434 patients (a 6% increase from March 31, 2018) being treated at the 232 dialysis clinics that we own, operate or manage in the Latin America Segment compared to 31,606 patients treated at 232 clinics at March 31, 2018.

Health care product revenue decreased by 5%, including a 6% negative impact resulting from foreign currency translation. At Constant Exchange Rates, health care product revenue remained relatively stable with a slight increase of 1%.

Operating income margin

The decrease period over period in the operating income margin was 1.2 percentage points. Foreign currency translation effects represented a 1.6 percentage point increase in the operating income margin. At Constant Exchange Rates, the operating income margin decreased mainly due to the impact from hyperinflation in Argentina, partially offset by favorable foreign currency transaction effects.

Delivered EBIT

Delivered EBIT decreased by 21% including a 5% positive impact resulting from foreign currency translation. At Constant Exchange Rates, Delivered EBIT decreased by 26% mainly due to decreased operating income.

Financial Position

Our investment and financing strategy did not change substantially in the 2018 fiscal year as our business model, which is based on stable and high cash flows, allows for a more consistent and higher level of debt than might be the case in other industries. We still regard our refinancing options as being very stable and flexible. During the fiscal year, the focus of our investing activities was on our health care services business.

Financial management policies and goals

Besides optimizing our financial costs, financial flexibility takes top priority within our financing strategy. We ensure this flexibility by using a wide range of financial instruments and securing a high level of diversification with regard to our investors and banks. Our financing profile is characterized by a wide range of maturities up to 2025.

The main financing instrument is the syndicated credit agreement with revolving credit facilities as well as long-term loans in U.S. dollar and euro. In addition, we use other mid and long-term financing instruments, mainly bonds in U.S. dollar and euro and equity-neutral convertible bonds. Short-term financing needs are covered by issuances under our commercial paper program in euro and the Accounts Receivable Facility. See "*Description of Certain Indebtedness—Accounts Receivable Facility*" for more information on the Accounts Receivable Facility.

In our long-term financial planning, we focus primarily on the Net Leverage Ratio, a non-IFRS measure, see "*—Performance management system—Net Leverage Ratio (Non-IFRS Measure)*" above. At March 31, 2019, December 31, 2018 and December 31, 2017, the Net Leverage Ratio, was 3.2, 1.8 and 2.1, respectively. Adjusted for IFRS 16, the Net Leverage Ratio was 2.5 at March 31, 2019.

The key financial risks we are exposed to include foreign exchange risk and interest rate risk. In order to manage these risks, we enter into various hedging transactions with banks that have been authorized by the Management Board and which generally have ratings in the "A" category or better. We do not use financial instruments for trading or other speculative purposes (for financial risks, see note 23 of the notes to our consolidated financial statements incorporated by reference in the Prospectus).

Fresenius SE, under a service agreement, conducts financial instrument activities for us under the control of a single centralized department. We have established guidelines for risk management procedures and controls including the use of financial instruments. These guidelines include a clear seg-

regation of duties with regard to execution on one side and administration, accounting and controlling on the other.

We also utilize Fresenius SE's cash management system for the settlement of certain intercompany receivables and payables with its subsidiaries and other related parties.

We are rated investment grade by the three leading rating agencies, Moody's, S&P and Fitch. Please see note 18 of the notes to the consolidated financial statements and note 10 of the notes to the consolidated financial statements (unaudited) incorporated by reference in the Prospectus.

Effect of off-balance-sheet financing instruments on our financial position and assets and liabilities

We are not involved in off-balance-sheet transactions that are likely to materially affect our financial position, results of operations, liquidity, capital expenditures, assets or capitalization.

Sources of liquidity

Our primary sources of liquidity are typically cash provided by operating activities, cash provided by short-term debt from third parties and related parties, as well as proceeds from the issuance of long-term debt (including the issuance of bonds under a European debt issuance program) and equity securities as well as divestitures. We require this capital primarily to finance working capital needs, fund acquisitions and clinics in which we have ownership of less than 100%, develop free-standing renal dialysis clinics and other health care facilities, purchase equipment for existing or new renal dialysis clinics and production sites, repay debt, pay dividends and repurchase shares. See "*Net cash provided by (used in) investing activities*" and "*Net cash provided by (used in) financing activities*" below).

At December 31, 2018, we had cash and cash equivalents of €2,146 million (December 31, 2017: €978 million). At March 31, 2019, we had cash and cash equivalents of €959 million.

Free cash flow (Net cash provided by (used in) operating activities, after capital expenditures, before acquisitions and investments) in 2018 and 2017 amounted to €1,059 million and €1,351 million, respectively. Free cash flow amounted to €(123) million and €(263) million for the three months ended March 31, 2019 and March 31, 2018, respectively. Free cash flow is a Non-IFRS Measure and is reconciled to net cash provided by (used in) operating activities, the most directly comparable IFRS measure in "*–Performance management system – Cash flow measures*" above. Free cash flow in percent of revenue in 2018 and 2017 was 6.4% and7.6% respectively. Free cash flow in percent of revenue was (3.0%) and (6.6%) for the three months ended March 31, 2019 and 2018, respectively.

Years ended December 31, 2018 and December 31, 2017

Net cash provided by (used in) operating activities

During 2018 and 2017, we generated net cash provided by operating activities of €2,062 million and €2,192 million, respectively. Net cash provided by operating activities in percent of revenue remained stable at 12% for 2018 and 2017. Cash provided by (used in) operating activities is impacted by the profitability of our business, the development of our working capital, principally inventories, receivables and cash outflows that occur due to a number of specific items as discussed below. The decrease in net cash provided by operating activities was largely driven by the impact from the 2017 payment related to the VA Agreement, increased inventory levels and the impact from a discretionary contribution of €43 million to pension plan assets in the United States, partially offset by lower

income tax payments in the United States driven by the lower U.S. tax rate effective January 1, 2018 as well as payments for 2016 that had been deferred to the beginning of 2017.

The profitability of our business depends significantly on reimbursement rates. Approximately 80% of our revenue is generated by providing health care services, a major portion of which is reimbursed by either public health care organizations or private insurers. In 2018, approximately 33% of our consolidated revenue was attributable to U.S. federal health care benefit programs, such as Medicare and Medicaid reimbursement. Legislative changes could affect Medicare reimbursement rates for a significant portion of the services we provide, as well as the scope of Medicare coverage. A decrease in reimbursement rates or the scope of coverage could have a material adverse effect on our business, financial condition and results of operations and thus on our capacity to generate cash flow. See "*—Financial condition and results of operations—Significant U.S. Reimbursement Developments*" above.

We intend to continue to address our current cash and financing requirements using cash provided by operating activities, our existing and future credit agreements, issuances under the commercial paper program (see note 13 of the notes to the consolidated financial statements incorporated by reference in the Prospectus) as well as the utilization of the Accounts Receivable Facility. In addition, when funds are required for acquisitions or to meet other needs, we expect to successfully complete long-term financing arrangements, such as the issuance of Bonds. We aim to preserve financial resources with a minimum of €500 million of committed and unutilized credit facilities.

Net cash provided by (used in) operating activities depends on the collection of accounts receivable. Commercial customers and governments generally have different payment cycles. Lengthening their payment cycles could have a material adverse effect on our capacity to generate cash flow. In addition, we could face difficulties in enforcing and collecting accounts receivable under some countries' legal systems and due to the economic conditions in some countries. Accounts receivable balances, net of valuation allowances, represented Days Sales Outstanding (***DSO***) of 75 days at both December 31, 2018, and 2017.

DSO by segment is calculated by dividing the segment's accounts and other receivable and contract liabilities, converted to euro using the average exchange rate for the period presented, less any sales or value added tax included in the receivables, by the average daily sales for the last twelve months of that segment, converted to euro using the average exchange rate for the period. Receivables and sales are adjusted for amounts related to acquisitions and divestitures made within the reporting period with a purchase price above a €50 million threshold as defined in the Amended 2012 Credit Agreement. DSO amounts reported in the prior year have been adjusted to conform to the current year's presentation. The development of DSO by reporting segment is shown in the table below:

DSO by reporting segment

	2018	2017
North America Segment	60	59
EMEA Segment	98	102
Asia-Pacific Segment	116	123
Latin America Segment	119	127
FMC-AG & Co. KGaA average days sales outstanding	**75**	**75**

The DSO increase in the North America Segment was largely due to the build-up of annually settled receivables, partially offset by a decrease due to the divestment of Sound which carried a higher than average DSO. The decreases in the DSO for the EMEA Segment and the Latin America Segment primarily relate to the improved collection efforts from health care organizations in the respective regions. The decrease in the Asia-Pacific Segment was driven by an improvement of payment collections in China.

Due to the fact that a large portion of our reimbursement is provided by public health care organizations and private insurers, we expect that most of our accounts receivable will be collectible.

We are subject to ongoing and future tax audits in the U.S., Germany and other jurisdictions. With respect to these potential adjustments and disallowances of tax matters currently under review, we do not anticipate that an unfavorable ruling could have a material impact on our results of operations. We are not currently able to determine the timing of these potential additional tax payments.

Net cash provided by (used in) investing activities

Net cash used in investing activities in 2018 and 2017 was €245 million and €992 million, respectively. The following table shows our capital expenditures for property, plant and equipment, net of proceeds from sales of property, plant and equipment as well as acquisitions, investments and purchases of intangible assets for 2018 and 2017:

Capital expenditures (net), acquisitions, investments and purchases of intangible assets

In € million	Capital expenditures, net		Acquisitions, investments and purchases of intangible assets	
	2018	2017	2018	2017
North America Segment	495	437	768	328
Thereof investments in securities			480	10
EMEA Segment	140	107	77	66
Asia-Pacific Segment	43	38	21	156
Latin America Segment	24	35	36	7
Corporate	301	224	23	9
Total	**1,003**	**841**	**925**	**566**

The majority of our capital expenditures were used for maintaining existing clinics, equipping new clinics, maintaining and expanding production facilities (primarily in the North America Segment, France, Germany and China), capitalization of machines provided to our customers and for Care Coordination as well as capitalization of certain development costs. Capital expenditures were approximately 6% and 5% of total revenue in 2018 and 2017, respectively.

Investments in 2018 were primarily driven by securities and an equity investment in Humacyte, a medical research, discovery and development company, to gain a 19% fully diluted ownership stake as well as a related exclusive global distribution right to Humacyte's bioengineered human acellular vessel HUMACYL®, currently in Phase III clinical trials, within the North America Segment. The remaining investments in the North America Segment, the EMEA Segment and the Latin America Segment were largely in acquisitions of dialysis clinics as well as license agreements and distribution rights in the North America Segment. In 2018, we received €1,683 million from divestitures mainly related to the divestment of Sound on June 28, 2018 (see note 4 c) of the notes to the consolidated financial statements incorporated by reference in the Prospectus), as well as the sale of securities in the amount of €150 million.

Investments in 2017 were mainly driven by acquisitions of clinics in the North America Segment and a Care Coordination acquisition in the Asia-Pacific Segment. In 2017, we also received €415 million from divestitures mainly related to the sale of securities of €256 million and the divestment of our non-dialysis laboratory testing services business in December 2017.

In 2019, we anticipate capital expenditures of €1.0 to €1.2 billion and expect to make acquisitions and investments, excluding investments in securities, of approximately €400 to €600 million.

Net cash provided by (used in) financing activities

In 2018 and 2017, net cash used in financing activities was €682 million and €799 million, respectively.

In 2018, cash was mainly used in the repayments of long-term debt and capital lease obligations including the repayment of Bonds due in September 2018, the payment of dividends, the complete repayment of amounts drawn under the Accounts Receivable facility, distributions to noncontrolling interests and repayments of short-term debt, partially offset by proceeds from short-term debt (including drawings under the commercial paper program), long-term debt and capital lease obligations through an issuance under the European debt issuance program and short-term debt from related parties.

In 2017, cash was mainly used to repay long-term debt and capital lease obligations including the repayment of Bonds due in July 2017 and partial repayment of a USD term loan under the Amended 2012 Credit Agreement, distributions to noncontrolling interests, the payment of dividends as well as the repayment of short-term debt, partially offset by proceeds from long-term debt and capital lease obligations including the issuance of a euro term loan under the Amended 2012 Credit Agreement, proceeds from short-term debt including issuances of commercial paper as well as drawings under the Accounts Receivable Facility.

On May 21, 2019, we paid a dividend of €1.17 per share for 2018 (€1.06 for 2017 paid in 2018; €0.96 for 2016 paid in 2017). The total dividend payment in 2019, 2018, and 2017 was €355 million, €325 million and €294 million, respectively.

The following chart summarizes our significant long-term financing instruments as well as their maturity structure at December 31, 2018:

	2019	2020	2021	2022	2023	2024	2025
Bonds	949	436	868	611		349	500
2012 Credit Agreement	133	533	133	1096			
Convertible Bonds		400					

For a description of our short-term debt including the commercial paper program, see note 13 of the notes to the consolidated financial statements. For a description of our long-term sources of liquidity, including the Amended 2012 Credit Agreement, Bonds, equity-neutral convertible bonds and the Accounts Receivable Facility, see note 14 of the notes to the consolidated financial statements incorporated by reference into the Prospectus.

The following table summarizes our available sources of liquidity at December 31, 2018:

Available sources of liquidity

in € millions

		Expiration per period of			
	Total	Less than 1 year	1-3 years	3-5 years	Over 5 years
Accounts Receivable Facility [1]	763	-	763	-	-
Amended 2012 Credit Agreement [2]	1,385	-	-	1,385	-
Other unused lines of credit	387	387	-	-	-
	2,535	387	763	1,385	-

(1) Subject to availability of sufficient accounts receivable that meet funding criteria. At December 31, 2018, the Company had letters of credit outstanding in the amount of $27 million (€23 million) which reduces the availability under the Accounts Receivable Facility to the amount shown in this table.

(2) At December 31, 2018, the Company had letters of credit outstanding in the amount of $2 million (€1 million) which reduces the availability under the revolving credit facility to the amount shown in this table.

An additional source of liquidity is our commercial paper program under which up to €1,000 million of short-term notes can be issued on a flexible and continuous basis. As of December 31, 2018, we fully utilized the commercial paper program. As of December 31, 2017, €680 million was outstanding under the commercial paper program.

The amount of guarantees and other commercial commitments at December 31, 2018 was not significant.

At December 31, 2018, we had short-term debt (excluding the current portion of long-term debt) and short-term debt from related parties in the total amount of €1,394 million.

The following table summarizes our obligations and commitments to make future payments under our long-term debt and other long-term obligations, and our commitments and obligations under lines of credit and letters of credit as of December 31, 2018:

Contractual obligations and commitments[1]

in € millions		Payments due by period of			
	Total	**Less than 1 year**	**1-3 years**	**3-5 years**	**Over 5 years**
Long-term debt [2]	6,789	1,327	2,710	1,820	932
Capital lease obligations	44	10	16	5	13
Operating leases	5,528	822	1,451	1,097	2,158
Unconditional purchase obligations for inventory	492	263	166	60	3
Other long-term obligations[3]	229	171	58	-	-
Letters of credit	25	13	12	-	-
	13,107	2,606	4,413	2,982	3,106

(1) Our pension liabilities are not included in the table of contractual obligations and commitments. The regular or special funding of our pension plans may adversely affect our liquidity in the future periods. The liability recognized in our consolidated financial statements may fluctuate significantly in future periods due to changes in assumptions, in particular the discount rate, rate of future compensation increases and pension progression. Actual results could differ from assumptions due to changing market, economic and governmental regulatory conditions, thereby resulting in an increase or decrease of the liability. Employer contributions expected to be paid to the defined benefit plans during fiscal year 2019 are €1 million. For additional information regarding our pension plans and expected payments for the next ten years, see note 16 of the notes to the consolidated financial statements. Further unconditional purchase agreements exist with an equity method investee of the Company. For further information on these agreements, see note 5 of the notes to the consolidated financial statements.

(2) Includes expected interest payments which are based upon the principal repayment schedules and fixed interest rates or estimated variable interest rates considering the applicable interest rates (e.g. Libor, Euribor), the applicable margins, and the effects of related interest rate swaps.

(3) Other long-term obligations consist mainly of production asset acquisition commitments.

Our debt instruments, including the Amended 2012 Credit Agreement, outstanding Bonds and the Accounts Receivable Facility contain covenants restricting or limiting our ability to dispose of assets, incur additional debt, create liens or engage in sale and lease backs. However, these are subject to a number of exceptions and qualifications or may be suspended based on a ratings trigger. In addition, under our Amended 2012 Credit Agreement and Accounts Receivable Facility, we are obligated to not exceed a maximum consolidated leverage ratio (ratio of consolidated funded debt less cash and cash equivalents to consolidated EBITDA) as these terms are defined in these financing agreements.

A breach of any of the covenants in any of the instruments or agreements governing our long-term debt could, in turn, create additional defaults under one or more of the other instruments or agreements. In default, the outstanding balance under the Amended 2012 Credit Agreement becomes due at the option of the lenders under that agreement and the “cross default” provisions in our other long-term debt permit the lenders to accelerate the maturity of other debt upon such a default. As of December 31, 2018, we were in compliance with all covenants under the Amended 2012 Credit Agreement and our other financing agreements. For information regarding our Amended 2012 Credit Agreement, Bonds and the Accounts Receivable Facility, see note 14 of the notes to consolidated financial statements incorporated by reference in the Prospectus.

Although current and future economic conditions could adversely affect our business and our profitability, we believe that we are well positioned to continue to grow our business while meeting our financial obligations as they come due. Due to the non-discretionary nature of the health care services we provide, the need for health care products utilized to provide such services and the availability of government reimbursement for a substantial portion of our health care services, our business is generally not cyclical. A substantial portion of our accounts receivable are generated by governmental payors. While payment and collection practices vary significantly between countries and even between agencies within one country, government payors usually represent low to moderate, credit risks. However, limited or expensive access to capital could make it more difficult for our cus-

tomers to do business with us, or to do business generally, which could adversely affect our business by causing our customers to reduce or delay their purchases of our health care products. See "*—Results of Operations, financial position and net assets*" above. If the conditions in the capital markets worsen, they could also increase our financing costs and limit our financial flexibility.

On May 21, 2019, we paid a dividend of €1.17 per share for 2018 (for 2017 paid in 2018: €1.06; for 2016 paid in 2017: €0.96). The total dividend payment was €355 million compared to dividends of €325 million for 2017 paid in 2018 and €294 million for 2016 paid in 2017.

Our 2019 principal financing needs are the payments outstanding for the repayment of bonds in July 2019, the share repurchase program as well as quarterly payments under our Amended 2012 Credit Agreement Term Loans. These payments as well as our dividend payment of €355 million in May 2019, and the anticipated capital expenditures, and further acquisition payments are expected to be covered by our cash flows, using existing credit facilities and, if required, additional debt financing. We currently have sufficient flexibility under our debt covenants to meet our financing needs in the near future. Generally, we believe that we will have sufficient financing to achieve our goals in the future and to continue to promote our growth.

Three months ended March 31, 2019 and March 31, 2018

Net cash provided by (used in) operating activities

In the first three months of 2019, net cash provided by operating activities was €76 million as compared to net cash used in operating activities of €45 million in the first three months of 2018. Net cash provided by (used in) operating activities in percent of revenue increased to 2% for the first three months of 2019 as compared to (1%) for 2018. Cash provided by (used in) operating activities is impacted by the profitability of our business, the development of our working capital, principally inventories, receivables and cash outflows that occur due to a number of specific items as discussed below. The increase in net cash provided by operating activities was largely driven by the IFRS 16 Implementation leading to a reclassification of the repayment portion of rent to financing activities.

The profitability of our business depends significantly on reimbursement rates. Approximately 80% of our revenue is generated by providing health care services, a major portion of which is reimbursed by either public health care organizations or private insurers. For the three months ended March 31, 2019, approximately 34% of our consolidated revenue was attributable to U.S. federal health care benefit programs, such as Medicare and Medicaid reimbursement. Legislative changes could affect Medicare reimbursement rates for a significant portion of the services we provide as well as the scope of Medicare coverage. A decrease in reimbursement rates or the scope of coverage could have a material adverse effect on our business, financial condition and results of operations and thus on our capacity to generate cash flow. See "*Financial Condition and results of operations—Significant U.S. reimbursement developments*" above.

We intend to continue to address our current cash and financing requirements using cash provided by operating activities, our existing and future credit agreements, issuances under the commercial paper program (see note 8 of the notes to the consolidated financial statements (unaudited) incorporated by reference in the Prospectus) as well as the utilization of the Accounts Receivable Facility. In addition, when funds are required for acquisitions or to meet other needs, we expect to successfully complete long-term financing arrangements, such as the issuance of Bonds. We aim to preserve financial resources with a minimum of €500 million of committed and unutilized credit facilities.

Net cash provided by (used in) operating activities depends on the collection of accounts receivable. Commercial customers and governments generally have different payment cycles. Lengthening their payment cycles could have a material adverse effect on our capacity to generate cash flow. In addition, we could face difficulties in enforcing and collecting accounts receivable under some countries' legal systems and due to the economic conditions in some countries. Accounts receivable balances, net of valuation allowances, represented Days Sales Outstanding (***DSO***) of 83 days at March 31, 2019, an increase as compared to 75 days at December 31, 2018.

DSO by segment is calculated by dividing the segment's accounts and other receivable and contract liabilities, converted to euro using the average exchange rate for the period presented, less any sales or value added tax included in the receivables, by the average daily sales for the last twelve months of that segment, converted to euro using the average exchange rate for the period. Receivables and sales are adjusted for amounts related to acquisitions and divestitures made within the reporting period with a purchase price above a €50 million threshold as defined in the Amended 2012 Credit Agreement. The development of DSO by reporting segment is shown in the table below:

DSO by reporting segment

	March 31 2019	December 31, 2018
North America Segment	72	60
EMEA Segment	96	98
Asia-Pacific Segment	117	116
Latin America Segment	120	119
FMC-AG & Co. KGaA average days sales outstanding	**83**	**75**

The DSO increase in the North America Segment was largely due to seasonality in invoicing. The DSO decrease in the EMEA Segment primarily reflects the improved collection efforts from health care organizations. The Asia-Pacific Segment's DSO increase primarily reflects delays in payment collections in China. The increase in the Latin America Segment reflects periodic fluctuations in payment of public health care organizations in certain countries.

Due to the fact that a large portion of our reimbursement is provided by public health care organizations and private insurers, we expect that most of our accounts receivable will be collectible.

Net cash provided by (used in) investing activities

In the first three months of 2019, net cash used in investing activities was €2,016 million as compared to net cash used in investing activities of €400 million in the comparable period of 2018. The following table shows our capital expenditures for property, plant and equipment, net of proceeds from sales of property, plant and equipment as well as acquisitions, investments and purchases of intangible assets for first three months of 2019 and 2018:

Capital expenditures (net), acquisitions, investments and purchases of intangible assets

in € million

	Capital expenditures, net		Acquisitions, investments and purchases of intangible assets	
	For the three months ended March 31			
	2019	2018	2019	2018
North America Segment	95	137	1,782 [(1)]	159
Thereof investments in debt securities	-	-	-	146
EMEA Segment	25	28	19	17
Asia-Pacific Segment	9	9	1	-
Latin America Segment	5	2	20	4
Corporate	65	42	7	1
Total	**199**	**218**	**1,829**	**181**

[(1)] Primarily related to the acquisition of NxStage on February 21, 2019.

The majority of our capital expenditures in the first three months of 2019 was used for maintaining existing clinics, equipping new clinics, maintaining and expanding production facilities (primarily in the North America Segment, France, and Germany), capitalization of machines provided to our customers and for Care Coordination as well as capitalization of certain development costs. Capital expenditures remained stable at approximately 5% of total revenue in the first three months of 2019 as compared to the same period in 2018.

Investments in the first three months of 2018 were primarily driven by debt securities in the North America Segment. The remaining investments in the North America Segment, the EMEA Segment and the Latin America Segment were largely acquisitions of dialysis clinics.

In 2019, we anticipate capital expenditures of €1.0 to €1.2 billion and expect to make acquisitions and investments, excluding investments in securities, of approximately €400 to €600 million in 2019.

Net cash provided by (used in) financing activities

In the first three months of 2019 and 2018, net cash provided by financing activities was €722 million and €338 million, respectively.

In the first three months of 2019, cash was mainly provided by the utilization of the accounts receivable facility, proceeds from long-term debt (including additional drawings under the U.S. dollar and euro revolving credit facility of the Amended 2012 Credit Agreement) and short-term debt, partially offset by repayments of lease liabilities, shares repurchased as part of a share buy-back program, and repayments of short-term debt, including repayments from related parties as well as distributions to noncontrolling interests.

In the first three months of 2018, cash was mainly provided by proceeds from short-term debt including drawings under the commercial paper program as well as proceeds from long-term debt and capital lease obligations including additional drawings under the U.S. dollar revolving credit facility of the Amended 2012 Credit Agreement, partially offset by distributions to noncontrolling interests.

Balance sheet structure

Total assets as of December 31, 2018 increased by 9% to €26.2 billion from €24.0 billion as compared to 2017 including a 2% positive impact resulting from foreign currency translation. At Constant Exchange Rates, total assets increased by 7% to €25.6 billion from €24.0 billion.

Total assets as of March 31, 2019 increased by 23% to €32.4 billion from €26.2 billion as compared to December 31, 2018, including a 2% positive impact resulting from foreign currency translation, largely due to the implementation of IFRS 16 in 2019. At Constant Exchange Rates, total assets increased by 21% to €31.8 billion from €26.2 billion.

Current assets as a percent of total assets increased to 30% at December 31, 2018 as compared to 27% at December 31, 2017. The equity ratio, the ratio of our equity divided by total liabilities and shareholders' equity, increased to 49% at December 31, 2018 as compared to 45% at December 31, 2017. ROIC increased to 12.4% at December 31, 2018 as compared to 8.6% at December 31, 2017.

Current assets as a percent of total assets decreased to 23% at March 31, 2019 as compared to 30% at December 31, 2018. The equity ratio, the ratio of our equity divided by total liabilities and shareholders' equity, decreased to 41% at March 31, 2019 as compared to 49% at December 31, 2018. ROIC decreased to 9.9% at March 31, 2019, adjusted for the implementation of IFRS 16, as compared to 12.4% at December 31, 2018.

For supplementary information on capital management and capital structure see also note 18 of the notes to the consolidated financial statements incorporated by reference in the Prospectus.

BUSINESS OF THE GROUP

OVERVIEW

We are the world's largest kidney dialysis company, based on publicly reported sales and number of patients treated. We provide dialysis treatment and related dialysis care services to patients with ESRD, as well as other health care services (***Care Coordination***). We also develop and manufacture a wide variety of health care products, which includes dialysis and non-dialysis products. Our dialysis products include hemodialysis machines, peritoneal cyclers, dialyzers, peritoneal solutions, hemodialysis concentrates, solutions and granulates, bloodlines, renal pharmaceuticals and systems for water treatment. Our non-dialysis products include acute cardiopulmonary and apheresis products. We supply dialysis clinics we own, operate or manage with a broad range of products and also sell dialysis products to other dialysis service providers.

Care Coordination currently includes, but is not limited to, the coordinated delivery of pharmacy services, vascular, cardiovascular and endovascular specialty services as well as ambulatory surgery center services, physician nephrology services, health plan services, urgent care services and ambulant treatment services. On June 28, 2018, we divested our controlling interest in Sound, which included the coordinated delivery of emergency, intensivist and hospitalist physician services as well as transitional care which we referred to as "*hospital related physician services.*" Our Care Coordination services together with dialysis care and related services represent our health care services.

On February 21, 2019, we completed the acquisition of NxStage, a U.S.-based medical technology and services company that develops, produces and markets an innovative product portfolio of medical devices for use in home dialysis and in the critical care setting. This acquisition enables us to further leverage our manufacturing, supply chain and marketing competencies across the dialysis products, services and care coordination businesses in a less labor- and capital-intensive care setting.

Our Structure

Our operating segments are the North America Segment, the EMEA Segment, the Asia-Pacific Segment and the Latin America Segment. The operating segments are determined based upon how we manage our businesses with geographical responsibilities. All segments are primarily engaged in providing health care services and the distribution of products and equipment for the treatment of ESRD and other extracorporeal therapies.

The following table summarizes revenues as well as growth rates (including rates at non-IFRS Constant Currency) for our North America Segment, EMEA Segment, Asia-Pacific Segment and our Latin America Segment in our major categories of activity, health care services and health care products.

	Q1 2019	Q1 2018	Growth	Growth at Constant Currency	2018	2017	Growth	Growth at Constant Currency
	(in € million) (unaudited)							
Total								
Health care services	3,317	3,209	3%	(2)%	13,264	14,532	(9%)	(4%)
Health care products	816	767	6%	4%	3,283	3,252	1%	5%
	4,133	3,976	4%	(1)%	16,547	17,784	(7%)	(2%)

	Q1 2019	Q1 2018	Growth	Growth at Constant Currency	2018	2017	Growth	Growth at Constant Currency
	(in € million) (unaudited)							
North America Segment								
Health care services	2,680	2,590	3%	(4)%	10,725	12,036	(11%)	(7%)
Health care products	207	184	12%	4%	845	843	0%	5%
	2,887	2,774	4%	(4)%	11,570	12,879	(10%)	(6%)
EMEA Segment								
Health care services	324	314	3%	5%	1,274	1,237	3%	6%
Health care products	329	322	2%	3%	1,313	1,310	0%	2%
	653	636	3%	4%	2,587	2,547	2%	4%
Asia-Pacific Segment								
Health care services	199	184	8%	4%	776	744	4%	8%
Health care products	229	208	10%	8%	913	879	4%	8%
	428	392	9%	6%	1,689	1,623	4%	8%
Latin America Segment								
Health care services	114	121	(5)%	20%	489	515	(5%)	27%
Health care products	47	49	(5)%	1%	197	205	(4%)	11%
	161	170	(5)%	14%	686	720	(5%)	22%

Our services, products and business processes

ESRD is the stage of advanced chronic kidney disease characterized by the irreversible loss of kidney function and requires regular dialysis treatment or kidney transplantation to sustain life. A normally functioning human kidney removes waste products and excess water from the blood, which prevents toxin buildup, water overload and the eventual poisoning of the body. Most patients suffering from ESRD must rely on dialysis, which is the removal of toxic waste products and excess fluids from the body by artificial means. A number of conditions – diabetes, hypertension, glomerulonephritis and inherited diseases – can cause chronic kidney disease. The majority of people with ESRD acquire the disease as a complication of one or more of these primary conditions.

As a leading global healthcare company, we offer health care services and products in approximately 150 countries around the world with a focus on the following areas:

- Hemodialysis – treatment in specialized clinics;
- Peritoneal dialysis – treatments largely administered by patients;
- Home hemodialysis – treatment administered by patients at home;
- Acute dialysis – in case of a sudden loss of renal function, typically in a hospital inpatient setting;
- Dialysis drugs – expanding our product range; and
- Additional services under Care Coordination.

Dialysis Treatment Options for ESRD

There are currently only two methods for treating ESRD: dialysis and kidney transplantation.

At the end of 2018, about 4.1 million patients regularly underwent dialysis treatment or received an organ donation. For dialysis treatment, we distinguish between two types: hemodialysis (***HD***) and peritoneal dialysis (***PD***). In HD, a hemodialysis machine controls the flow of blood from the patient, the blood is cleansed by means of a specially designed filter known as a dialyzer and then pumped back into the body. With PD, the patient introduces a dialysis solution into his or her abdominal cavity and the patient's peritoneum is used as a dialyzing membrane. We provide dialysis services and products for both therapy methods.

For many years now, 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. Due to the scarcity of compatible kidneys for transplant, most patients suffering from ESRD rely on dialysis, as demonstrated in the following table:

Patients with chronic kidney failure

(unaudited)

	December 31, 2018	**% of**
Patients with chronic kidney failure	**4,148,000**	100%
of which patients with transplants	786,000	19%
Of which dialysis patients	**3,362,000**	81%
Hemodialysis	2,993,000	89%
Peritoneal dialysis	369,000	11%

The prevalence of chronic kidney failure varies between regions. There are several reasons for this variance:

- 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 chronic 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 rose by around 6% in 2018. The growth rate was lower in countries such as the U.S., Japan, and Western and Central Europe than in economically weaker regions, where it is generally above 6%.

In 2018, most dialysis patients were treated in one of approximately 43,200 dialysis centers worldwide, with an average of more than 75 patients per center. However, this figure varies considerably from country to country.

Hemodialysis is by far the most common form of therapy for chronic kidney failure. A total of 89% of dialysis patients were treated in this way in 2018, mostly at dialysis centers. Home hemodialysis is an alternative to treatment at a dialysis center. Although adoption has been limited to date, the number of home hemodialysis patients is rising continuously. A total of 1% of all patients are currently treated in this way. In the year under review, 11% of all dialysis patients were treated with peritoneal dialysis, usually at home.

Hemodialysis. Hemodialysis removes toxins and excess fluids from the blood in a process in which the blood flows outside the body through plastic tubes known as bloodlines into a specially designed filter, called a dialyzer. The dialyzer separates waste products and excess water from the blood. Dialysis solution flowing through the dialyzer carries away the waste products and excess water, and supplements the blood with solutes which must be added due to renal failure. The treated blood is returned to the patient. The hemodialysis machine pumps blood, adds anti-coagulants, regulates the purification process and controls the mixing of dialysis solution and the rate of its flow through the system. This machine can also monitor and record the patient's vital signs.

The majority of hemodialysis patients receive treatment at outpatient dialysis clinics, such as ours, where hemodialysis treatments are administered with the assistance of a nurse or dialysis technician under the general supervision of a physician. Hemodialysis patients generally receive treatment three times per week, typically for three to five hours per treatment.

Peritoneal Dialysis. Peritoneal dialysis removes toxins from the blood using the peritoneum, the membrane lining covering the internal organs located in the abdominal area, as a filter. Most peritoneal dialysis patients administer their own treatments in their own homes and workplaces, either by a treatment known as continuous ambulatory peritoneal dialysis (***CAPD***), or by a treatment known as continuous cycling peritoneal dialysis (***CCPD***), also called automated peritoneal dialysis (***APD***). In both of these treatments, a surgically implanted catheter provides access to the peritoneal cavity. Using this catheter, the patient introduces a sterile dialysis solution from a solution bag through a tube into the peritoneal cavity. The peritoneum operates as the filtering membrane and, after a specified dwell time, the solution is drained and disposed. A typical CAPD peritoneal dialysis program involves the introduction and disposal of dialysis solution four times a day. With CCPD, a machine pumps or "*cycles*" solution to and from the patient's peritoneal cavity while the patient sleeps. During the day, one and a half to two liters of dialysis solution remain in the abdominal cavity of the patient. The human peritoneum can be used as a dialyzer only for a limited period of time, ideally only if the kidneys are still functioning to some extent.

Dialysis Services

We provide dialysis treatment and related laboratory and diagnostic services through our global network of 3,928 outpatient dialysis clinics in 2018 (3,752 outpatient dialysis clinics in 2017). At our clinics, we provide hemodialysis treatments at individual stations through the use of dialysis machines and disposable products. In hemodialysis treatment, a nurse connects the patient to the dialysis machine via bloodlines, and monitors the dialysis equipment and the patient's vital signs. The capacity of a clinic is a function of the number of stations and additional factors such as type of treatment, patient requirements, length of time per treatment, and local operating practices and ordinances regulating hours of operation.

As part of the dialysis therapy, we provide a variety of services to ESRD patients at our dialysis clinics in the U.S. These services include administering erythropoietin stimulating agents (***ESAs***), which are synthetic engineered hormones that stimulate the production of red blood cells. ESAs are used to treat anemia, a medical complication that ESRD patients frequently experience. We administer ESAs

to most of our patients in the U.S. ESAs have historically constituted a material portion of our overall costs of treating our ESRD patients.

Our clinics also offer services for home dialysis patients, the majority of whom receive PD dialysis treatment. Moreover, the most recently completed acquisition of NxStage enables us to offer a product portfolio of medical devices for use in home dialysis and in the critical care setting. For these patients, we provide materials, training and patient support services, including clinical monitoring, follow-up assistance and arranging for delivery of the supplies to the patient's residence.

We also provide dialysis services under contract to hospitals in the U.S. on an "as needed" basis for hospitalized ESRD patients and for patients suffering from acute kidney failure. Acute kidney failure can result from trauma, or similar causes, and requires dialysis until the patient's kidneys recover their normal function. We provide services to these patients either at their bedside, using portable dialysis equipment, or at the hospital's dialysis site. Contracts with hospitals provide for payment at negotiated rates that are generally higher than the Medicare reimbursement rates for chronic in-clinic outpatient treatments.

Dialysis Products

Based on internal estimates prepared using our MCS (see "*—Major markets and competitive position*," below), publicly available market data and our data of significant competitors, we are the world's largest manufacturer and distributor of equipment and related products for hemodialysis and the second largest manufacturer and distributer of peritoneal dialysis products, measured by publicly reported revenues. We sell our health care products to customers in approximately 150 countries and we also use them in our own health care service operations. Most of our customers are dialysis clinics. For the year 2018, dialysis products accounted for 20% of our total revenue.

We produce and distribute a wide range of machines and disposables for HD, PD and acute dialysis.

Hemodialysis Products

Our advanced line of hemodialysis machines includes four series: 2008, 4008, 5008 and 6008. We developed the 4008 and 5008 Series for our markets outside of North America and the 2008 Series for the North American market. In 2016, we introduced the 6008 Series with the launch of our 6008 CAREsystem.

In January 2019, we launched the 4008A dialysis machine which was designed to meet the needs of emerging markets. With the launch of the 4008A, we aim to improve the accessibility to life-sustaining dialysis treatment for ESRD patients in these countries. The 4008A dialysis machine incorporates our high-quality therapy standards while minimizing costs for health care systems and has been deployed primarily in India with further access in other countries across the Asia-Pacific region to follow.

Our various models of these machine series utilize our latest research and development efforts to improve the dialysis process in order to gain further time for patient care. Examples of these improvements include the addition of Clinical Data eXchange (***CDX***), which allows the clinician to access Medical Information System (***MIS***) data directly from the dialysis station. In addition, the 2008K@home Wet Alert option provides a wireless wetness detector for the identification of blood leakage during dialysis.

Other features of our range of dialysis machines include:

- Volumetric dialysate balancing and ultrafiltration control system;
- Compatibility with all manufacturers' dialyzers and a variety of bloodlines and dialysis solutions;
- Modular design;
- Sophisticated microprocessor controls, touch screen interfaces, displays and/or readout panels that are adaptable to local language requirements;
- Auto flow and idle mode enable dialysate savings;
- Battery backup which continues operations of the blood circuit and all protective systems up to 20 minutes following a power failure;
- Online clearance monitor with the measurement of dialyzer clearance for quality assurance with on-line clearance monitoring;
- CDX , which eliminates the loss of valuable treatment space allocated to MIS systems and carts;
- bibag - online dry bicarbonate concentrate system, which produces bicarbonate concentrate directly in the machine eliminating the need for liquid bicarbonate jugs or a central bicarbonate system;
- Online data collection capabilities and computer interfacing with our therapy data management system and/or medical information systems;
- Monitoring and assessment of prescribed therapy;
- Capability to connect a large number of hemodialysis machines and peripheral devices, such as patient scales, blood chemistry analyzers and blood pressure monitors, to a computer network;
- Entry of nursing records automatically at bedside;
- Adaptability to new data processing devices and trends;
- Performance of home hemodialysis with remote monitoring by a staff caregiver; and
- Recording and analysis of trends in medical outcome factors in hemodialysis patients.

Dialyzers

Dialyzers are specialized filters that remove waste products, toxins and excess water from the blood during dialysis. We estimate that we are the leading worldwide producer of polysulfone dialyzers. We manufacture our F-Series and premium FX class® series of dialyzers including our Hemoflow and Optiflux® Series, the leading dialyzer brand in the US. Our Fresenius Polysulfone® and Helixone® membranes are produced from highly biocompatible synthetic materials. For example, the Helixone®plus membrane used in our FX CorDiax dialyzer selectively filters out toxins such as phosphates to reduce the risk of cardiovascular diseases.

Home Dialysis Products

We offer a full line of home dialysis therapy, products, services and solutions for CAPD, APD and HHD treatments.

CAPD Therapy: The stay•safe® system has been specifically designed to help patients with their daily self-care CAPD treatment in a safe and convenient way.

Our PD fluid portfolio has a wide range of advantages for patients including:

- *Fewer possibilities for touch contamination.* Our unique PIN and DISC technology simplifies the fluid exchange and minimizes the risk of infection, particularly in the disconnection step in which the *stay•safe*® patient connector is closed automatically without any direct touch intervention.

- *Optimal biocompatibility*. Outside of the North America Segment, our PD *stay•safe*® balance and *stay•safe*® bicaVera® solutions are pH neutral and have ultra-low glucose degradation product contents reducing the advanced glycation end-product (***AGE***) formation and aiming for better preservation of the peritoneal membrane and allowing for the protection of residual renal function of PD patients.

- *Environmentally friendly material:* Outside of the North America Segment, our *stay•safe*® system is made of Biofine®, a material developed by Fresenius, which is PVC free and requires less energy to manufacture, generates less waste and is easy to recycle.

APD therapy: The effectiveness of APD therapy depends on the solution dwell time in the abdomen, the composition of the solution used, the volume of solution and the duration of the treatment, usually 8 – 10 hours. APD using our product line, which includes our *sleep•safe* cycler*, sleep•safe harmony* cycler and Liberty® cycler, offers many benefits to PD patients:

- *Improved quality of life.* The patient is treated at night which can enable a more normal life during the day without fluid exchange every few hours.

- *Improved adequacy of dialysis*. By adjusting the parameters of treatment, it is possible to provide more dialysis to the patient compared to CAPD therapy. This therapy offers important options to physicians such as improving the delivered dose of dialysis for certain patients.

- *Personalized APD*. Adapted APD with the *sleep•safe* cycler and *sleep•safe harmony* cyclers allow patients to be treated using a modified version of APD where short dwell times with small fill volumes are used first to promote ultrafiltration and subsequently longer dwell times and larger fill volumes promote the removal of uremic toxins from the blood. In addition, our newest upgrade to the Liberty cycler, *Liberty Select*, offers many enhancements for a better patient experience, including the ability to customize the therapy to individual patient needs.

- *Patient management software:* We have developed specific patient management software tools to support both CAPD and APD therapies in the different regions of the world. These include: PatientOnLine, IQsystem® and Pack-PD®. In North America, the Liberty® cycler now offers a modem to our clinics, which allows clinicians to review the home patient's treatment daily in their electronic medical record system. These tools can be used by physicians and nurses to design and monitor treatment protocols thus ensuring that therapy is optimized and that patient care is maximized. In addition, a new easy to navigate Prescription Calculator is

now available as an educational tool to assist nephrologists in designing prescriptions for their patients.

- *Home Hemodialysis:* With our acquisition of NxStage, our hemodialysis products now include NxStage's product offerings that target the home hemodialysis market. The principal product is the NxStage System One, a small, portable, easy-to-use hemodialysis system that is used to perform treatments during the day or at night, while sleeping. The System One is the only portable hemodialysis system that is cleared by the FDA for in-center and hospital use, for home hemodialysis, home nocturnal hemodialysis and solo home hemodialysis. Unlike traditional dialysis systems, the System One does not require any special disinfection and its operation does not require specialized electrical or plumbing infrastructure or modifications to the home.

Acute dialysis products

Acute dialysis is aimed to provide a full portfolio of proven blood purification therapies for critically ill patients with Acute Kidney Injury (***AKI***). Our goal is to provide therapies supporting the native dysfunction organ, easy to operate and with a high degree of safety. Our technology and services are based on long experience and know-how gained in providing dialysis products and services to chronic end-stage renal disease patients.

Other Dialysis Products

We manufacture and/or distribute arterial, venous, single needle and pediatric bloodlines. We produce both liquid and dry dialysate concentrates. Liquid dialysate concentrate is mixed with purified water by the hemodialysis machine to produce dialysis solution, which removes the toxins and excess water from the patient's blood during dialysis. Dry concentrate, developed more recently, is less labor-intensive to use, requires less storage space and may be less prone to bacterial growth than liquid solutions. We also produce dialysis solutions in bags, including solutions for priming and rinsing hemodialysis bloodlines, as well as connection systems for central concentrate supplies and devices for mixing dialysis solutions and supplying them to hemodialysis machines. Other products include solutions for disinfecting and decalcifying hemodialysis machines, fistula needles, hemodialysis catheters, and products for acute renal treatment.

Non-Dialysis Products

Therapeutic apheresis: Within our portfolio of therapeutic apheresis products, we offer extracorporeal therapy options for patients who cannot be sufficiently treated through conventional pharmaceutical regimens, including the removal of metabolic products, toxins, autoantibodies and immunocomplexes. This therapy uses selective adsorbers and filters for the cleaning of blood or plasma compartments.

Liver support therapy: With Prometheus®, we offer a combinational system of dialysis modality and plasma apheresis to clean the blood from soluble and non-soluble toxins arising in the context of acute liver failure.

Extracorporeal lung and heart assist therapies: In December 2016, we acquired Xenios, a company which focuses on research and innovation of products and therapies for the indicators of acute respiratory distress syndrome, chronic obstructive pulmonary disease and cardiogenic shock. The products and therapies using extracorporeal gas exchange allow the lung time to rest and heal. This is accomplished through the interventional lung assist, which provides a range of support from partial

CO2 removal to full oxygenation and supports, prevents or replaces the need for mechanical ventilation.

Renal Pharmaceuticals

We continue to develop, acquire and in-license renal pharmaceuticals to improve dialysis treatment for our patients. Below are the primary renal pharmaceuticals we have developed or for which we have obtained licenses for use:

PhosLo®

In November 2006, we acquired PhosLo®, a calcium-based phosphate binder. Phosphate binders keep phosphorus levels in ESRD patients in a healthy range by preventing the body from absorbing phosphorus from foods and assisting the passing of excess phosphorous out of the body. We have received approval of PhosLo® in selected European countries. In October 2008, a competitive generic phosphate binder was introduced in the U.S. market, which reduced our PhosLo® sales in 2009. In October 2009, we launched an authorized generic version of PhosLo® to compete in the generic calcium acetate market. In April 2011, the FDA approved our New Drug Application for Phoslyra®, a liquid formulation of PhosLo®. We continue to commercialize the authorized generic version of calcium acetate as well as Phoslyra® in the U.S. market.

Venofer® and Ferinject®

In 2008, we entered into two separate and independent license and distribution agreements, one for certain countries in Europe and the Middle East (with Vifor Pharma Ltd (formerly known as Galenica AG)) and one for the U.S. (with American Regent, Inc. (formerly Luitpold Pharmaceuticals Inc.)), to market and distribute intravenous iron products, such as Venofer® (iron sucrose) and Ferinject® (ferric carboxymaltose) outside of the U.S.. Both drugs are used to treat iron deficiency anemia experienced by non-dialysis CKD (chronic kidney disease) patients as well as dialysis patients. Venofer® is the leading intravenous iron product worldwide. The first agreement concerns all commercialization activities for these intravenous iron products in the field of dialysis and became effective on January 1, 2009. In North America, a separate license agreement effective November 1, 2008, provides our subsidiary Fresenius USA Manufacturing Inc. (***FUSA***) with exclusive rights to manufacture and distribute Venofer® to freestanding (non-hospital based) U.S. dialysis facilities and, in addition, grants FUSA similar rights for certain new formulations of the drug. The U.S. license agreement has a term of ten years and includes FUSA extension options. The North American agreement with American Regent was renegotiated in 2018 and the new agreement is effective through December 2023. The international agreement which had a term of 20 years was terminated in 2010 as a consequence of the establishment of VFMCRP.

In December 2010, we announced the expansion of our agreements with Vifor Pharma by forming a new renal pharmaceutical company, VFMCRP, with the intention to develop and distribute products to treat iron deficiency anemia and bone mineral metabolism for pre-dialysis and dialysis patients. FMC-AG & Co. KGaA owns 45% of the company, which is headquartered in Switzerland. Vifor Pharma contributed licenses (or the commercial benefit in the U.S.) to its Venofer® and Ferinject® products for use in the dialysis and pre-dialysis market (CKD stages III to V). Vifor Pharma and its existing key affiliates or partners retain the responsibility for commercialization of both products outside the renal field.

Velphoro®

As part of the agreement to create VFMCRP, Vifor Pharma also contributed to the new company the asset (excluding Japan) Velphoro®, a novel iron-based phosphate binder. Fresenius Medical Care North America (***FMCNA***) markets the product on behalf of VFMCRP in the U.S. and commercial sales of Velphoro® commenced in the first quarter of 2014 in the U.S. market. The product for the U.S. market is supplied by an FDA-approved Vifor Pharma manufacturing facility in Switzerland and an FDA-approved contract manufacturer also located in Switzerland. Velphoro® has also been approved in Europe via the central approval process and has been commercially launched in Germany, the United Kingdom, Sweden, Denmark, the Netherlands, Belgium and Switzerland. Velphoro® has also been approved in France, Italy and Spain. The VFMCRP partner Kissei also received approval from the Ministry of Health, Labour and Welfare in Japan during 2015 for the product which is marketed in Japan under the brand name P-TOL.

OsvaRen® and Phosphosorb®

In June 2015, we further developed our joint company, VFMCRP, with Vifor Pharma. In addition to the iron replacement products Ferinject® and Venofer® for use in nephrology indications as well as the phosphate binder Velphoro® in our shared product portfolio, VFMCRP acquired nephrology medicines commercialized by us, including the phosphate binders OsvaRen® and Phosphosorb®. The transfer of the marketing rights was largely completed during the fourth quarter of 2015, allowing the joint company to further develop its sales and marketing in key European markets. For more information on the transfer please see note 5 in the notes to the consolidated financial statements incorporated by reference in the Prospectus.

Care Coordination

Care Coordination activities within the United States include (or, where described below, included until the specified dates), but are not limited to, the following services:

Pharmacy Services

We offer pharmacy services, mainly in the U.S. These services include providing renal medications and supplies to the homes of patients or to their dialysis clinic directly from renal pharmacists who are specially trained in treating and counseling patients living with kidney disease.

Vascular, Cardiovascular and Endovascular Specialty Services as well as Ambulatory Surgery Center Services

We operate vascular access centers, mainly in the U.S., as well as develop, own and manage specialty outpatient surgery centers for vascular care. A patient receiving hemodialysis must have a vascular access site to enable blood to flow to a dialysis machine for cleansing and to return the newly cleaned blood to the body. Our centers create and coordinate the maintenance of these vascular access sites, helping to ensure maturation before use and good flow of blood. Additionally, our vascular access services provide both cardiovascular and endovascular specialty services. Cardiovascular procedures are similar to the setting of care and scope of services for vascular access procedures discussed above with a focus on treatment for heart disease, while endovascular surgical procedures are minimally invasive and designed to access many regions of the body via major and peripheral blood vessels and assist in both the maintenance of hemodialysis accesses and treatment of peripheral artery disease.

Health plan services

We are continuing to expand our activities in value-based health care contracting. Value-based contracting includes shared savings arrangements in which private payors or government programs share the savings from reductions in the overall medical spend of a population under management assuming that certain quality thresholds are also met. Such contracting also includes capitated arrangements in which private payors or government programs pay us a fixed amount per member under management to fund beneficiary medical expenses. Since capitation arrangements often can be recognized as premium revenue and the full medical premium for ESRD beneficiaries generally is very large, capitation programs can drive significant revenue and, when costs are effectively managed, profit opportunities. We currently participate in the following value-based programs:

- Under CMS's Comprehensive ESRD Care Model (***Model***), dialysis providers and physicians can form entities known as ESRD Seamless Care Organizations, or "ESCOs," as part of a new payment and care delivery model that seeks to deliver better health outcomes for Medicare ESRD patients while lowering CMS' costs. Following our initial participation in six ESCOs, we are presently participating in the Model through 24 ESCOs formed at our dialysis facilities. ESCOs that achieve the program's minimum quality thresholds and generate reductions in CMS' cost of care above certain thresholds for the ESRD patients covered by the ESCO will receive a share of the cost savings, which is adjusted based on the ESCO's performance on certain quality metrics. ESCOs that include dialysis chains with more than 200 facilities are required to share in the risk of cost increases and to reimburse CMS a share of any such increases if actual costs rise above set thresholds. The number of patients participating in our ESCOs increased from approximately 41,000 as of January 1, 2018 to approximately 46,000 as of January 1, 2019 and approximately 48,000 as of March 31, 2019.

In November 2017, we announced the results from the first performance year from our ESCOs. The results, which cover the period from October 2015 through December 2016, show improved health outcomes for patients receiving coordinated care through the ESCOs. This success was validated by an independent report, which showed a nearly 9 percent decrease in hospitalization rates for these patients during the same time. As a result, the Company's ESCOs together generated more than $43 million in gross savings, an average 5.47% reduction in expenditures per patient, with all six of its first-year ESCOs exceeding the shared savings benchmark. Final performance year settlement reports have not yet been provided by CMS to finalize ESCO performance results for 2017.

- BPCI is a CMS pilot initiative, extended through September 30, 2018, with bundled payments for the individual services furnished to Medicare beneficiaries during a single episode of illness or course of treatment, including acute inpatient hospital services, physician services, and post-acute services. We commenced participation in several markets under the BPCI in April 2015 through our majority-owned subsidiary, Sound. On June 28, 2018, we divested our controlling interest in Sound. See note 4 c) of the notes to consolidated financial statements incorporated by reference in the Prospectus. Under the BPCI, we had the ability to receive additional payments if we were able to deliver quality care at a cost that was lower than certain established benchmarks, but also had the risk of incurring financial penalties if we were unsuccessful in doing so.

- We provided MA-CSNP products in five states until December 31, 2018. MA-CSNPs are Medicare health plans offered by private companies that contract with Medicare to provide Medicare benefits to special needs individuals with specific severe or disabling chronic conditions such as ESRD, with a focus on improving the coordination of care. As a MA-CSNP, we provided health care services and Part D prescription drug coverage as well as received set payments

from CMS for the complete care of ESRD patients who enrolled in our MA-CSNP. For each MA-CSNP, we managed medical costs through underwriting criteria, product design, negotiation of favorable provider contracts and care management programs. Total medical costs were affected by the number of individual services rendered, the cost of each service and the type of service rendered. Our revenue on Medicare advantage policies was based on CMS' premiums set for ESRD beneficiaries, based on the average cost of similar beneficiaries in the Medicare program. The benefits, and projected medical costs, of these plans were submitted to CMS in June the year before the contract year bid. As of January 1, 2019, we no longer provide any MA-CSNP products.

- We have also entered into sub-capitation and other risk-based and value-based arrangements with certain payors to provide care to commercial and Medicare Advantage ESRD patients. Under these arrangements, a baseline per patient per month amount is established. If we provide complete care for less than the baseline, we retain the difference. If the cost of complete care exceeds the baseline, we may owe the payor the difference.

Urgent care services

We operate walk-in clinics focusing on the delivery of ambulatory care in a dedicated medical facility outside of a traditional emergency room. Urgent care centers serve patients with a variety of injuries and illnesses requiring immediate care, but not serious enough to require an emergency room visit. In addition to injury and illnesses treatment, our urgent care centers also provide physicals, occupational medicine services, pre-operative exams and vaccinations.

Physician nephrology services

We manage and operate nephrology physician practices in the United States.

Care Coordination activities outside the United States

In 2017, we acquired a majority stake in Cura, a leading operator of day hospitals in Australia.

Additionally, we have care coordination activities in other parts of Asia. These services in Asia-Pacific include ambulant treatment services in day care hospitals where we provide treatment infrastructure, comprehensive and specialized health check-ups, inpatient and outpatient services, vascular access and other chronic treatment services.

For additional information regarding Care Coordination, please see "*—Regulatory and legal matters— Reimbursement—U.S.*" below as well as "*Risk Factors—Risks relating our business—If we fail to estimate, price for and manage medical costs in an effective manner, the profitability of our value-based products and services could decline and could materially and adversely affect our results of operations, financial position and cash flows*" above.

Major Markets and Competitive Position

To obtain and manage information on the status and development of global, regional and national markets we have developed our Market & Competitor Survey, or MCS. We use the MCS as a tool to collect, analyze and communicate current and essential information on the dialysis market, developing trends, our market position and those of our competitors. Country-by-country surveys are performed at the end of each calendar year which focus on the total number of patients treated for ESRD, the treatment modality selected, products used, treatment location and the structure of ESRD patient care providers. The survey has been refined since inception to facilitate access to more de-

tailed information and to reflect changes in the development of therapies and products as well as changes to the structure of our competitive environment. The questionnaires are distributed to professionals in the field of dialysis who are in a position to provide ESRD-relevant country specific information themselves or who can coordinate appropriate input from contacts with the relevant know-how in each country. The surveys are then centrally validated and checked for consistency by cross-referencing them with the most recent sources of national ESRD information (e.g. registry data or publications if available) and with the results of surveys performed in previous years. All information received is consolidated at a global and regional level and analyzed and reported together with publicly available information published by our competitors. While we believe the information contained in our surveys and competitor publications to be reliable, we have not independently verified the data or any assumptions from which our MCS is derived or on which the estimates they contain are based, and we do not make any representation as to the accuracy of such information. Except as otherwise specified herein, all patient and market data in the Prospectus have been derived using our MCS.

We estimate that the volume of the global dialysis market was €71 billion in 2018 (€70 billion in 2017) comprising approximately €13 billion of dialysis products and approximately €58 billion of dialysis services (including administration of dialysis drugs). The currency-adjusted growth rate amounted to 4% during the last year.

We are the world's leading provider of dialysis services with a market share of approximately 10% of the global dialysis patient population through treating 333,331 of the approximately 3.4 million dialysis patients worldwide. The segment breakdown according to patients treated as of December 31, 2018 is below:

Patients treated	Fresenius Medical Care	Other providers
Worldwide	**10%**	**90%**
Latin America	11%	89%
Asia-Pacific	2%	98%
EMEA	8%	92%
North America	31%	69%

Dialysis products we made for use in our own dialysis centers or for sale to third-party customers accounted for a market share of 35% in 2018 (2017: 35%). We are also the global market leader for dialysis products. In the case of hemodialysis products, we had a 39% share of the global market (2017: 39%) and are also the leader in this field.

Dialyzers for hemodialysis are the largest product group in the dialysis market with a worldwide sales volume of over 330 million units in 2018. We produced around 150 million (around 45%) of these, giving us by far the biggest market share. Hemodialysis machines constitute another key component of our product business. Here, too, we are the market leader. Of the 97,000 machines installed in 2018, according to estimates, we produced around 50,000 or more than 50% (2017: more than 50%).

Furthermore, we hold a strong position in the market for peritoneal dialysis products: around 17% (2017: around 17%) of all peritoneal dialysis patients use products we made.

We are also the global leader in dialysis care, serving about 10% of all dialysis patients. The market for dialysis care services in the United States is already highly consolidated. We treat around 38% of all dialysis patients in the United States.

Our competitive environment is described below:

- *Health Care Services.* We operate in a competitive, international market environment and are, therefore, subject to certain trends, risks and uncertainties that could cause actual results to differ from our projected results. The major trends affecting the markets in which we operate are: the aging population and increased life expectancies, shortage of donor organs for kidney transplants, and increasing incidence and better treatment of and survival of patients with diabetes and hypertension, which frequently precede the onset of ESRD, all of which contribute to patient growth;

  – improvements in treatment quality, which prolong patient life;

  – stronger demand for innovative products and therapies;

  – advances in medical technology;

  – ongoing cost-containment efforts and ongoing pressure to decrease healthcare costs, resulting in limited reimbursement rate increases; and

  – reimbursement for the majority of treatments by governmental institutions, such as Medicare and Medicaid in the U.S.

  In the emerging markets additional trends are:

  – increasing national incomes and hence higher spending on health care;

  – improving standards of living in developing countries, which make life-saving dialysis treatment available;

  – consolidation of providers (e.g. hospital chains);

  – consolidation of healthcare insurers with pricing pressure on providers; and

  – privatization of healthcare providers.

  Our largest competitors are DaVita, Inc. (***DaVita***) and U.S. Renal Care, Inc. in the North America Segment, Diaverum S.à r.l. and B. Braun Melsungen AG in the EMEA Segment, B. Braun Melsungen AG and Nephrocare Health Services Private Limited (***NephroPlus***) in the Asia-Pacific Segment, and Baxter International Inc., DaVita and Diaverum S.à r.l. in the Latin America Segment. U.S. government programs are the primary source of reimbursement for services to the majority of U.S. patients and, as such, competition for patients in the U.S. is based primarily on quality and accessibility of service and the ability to obtain admissions from physicians with privileges at the facilities. However, the extension of periods during which commercial insurers are primarily responsible for reimbursement and the growth of managed care have placed greater emphasis on service costs for patients insured with private insurance. In most countries other than the U.S., we compete primarily against individual freestanding clinics and hospital-based clinics. In many of these countries, especially the developed countries, governments directly or indirectly regulate prices and the opening of new clinics. Providers compete in all countries primarily on the basis of quality and availability of service and the development and maintenance of relationships with referring physicians.

- *Laboratory Services*: Spectra, our dialysis laboratory subsidiary, competes in the U.S. with large nationwide laboratories, dedicated dialysis laboratories and numerous local and regional laboratories, including hospital laboratories. In the laboratory services market, companies compete on the basis of performance, including quality of laboratory testing, timeliness of reporting test results and cost-effectiveness. We believe that our services are competitive in these areas.

- *Products*: We compete globally in the product market which is largely segmented between hemodialysis and peritoneal dialysis. Our competitors include Baxter International Inc., Asahi Kasei Medical Corporation, Medtronic Plc., B. Braun Melsungen AG, Nipro Corporation, Nikkiso Co., Ltd., Terumo Corporation, Kawasumi Laboratories Incorporated, Fuso Pharmaceuticals Industries Ltd., and Toray Industries, Inc. We have invested significantly in developing proprietary processes, technologies and manufacturing equipment which we believe provide a competitive advantage in manufacturing our products.

Our strategy and competitive strengths

"*Fresenius Medical Care: Creating a future worth living. For patients. Worldwide. Every day*". This vision guides us in our efforts to give our patients around the world a better life by offering them high-quality products and outstanding health care. It is based on our core values: collaborative, proactive, reliable, excellent.

Strategic core competencies

We aim to further consolidate our expertise as the world's largest provider of top-quality dialysis treatments and health care products and to apply them as a basis for sustainable, profitable growth. Moreover, by expanding our range of medical services in the area of Care Coordination, our goal is to provide holistic care and improve outcomes for patients as well as payors while at the same time sustainably increasing our value. Our strategic plan is based on four core competencies that will support us in the years to come:

- *Innovating products.* Developing innovative products to achieve even better outcomes for our patients is an inherent part of our strategy of sustainable, profitable growth and bolsters our technology leadership position in dialysis. In addition, we strive to identify new business opportunities in value-added technologies and approaches on an ongoing basis, for example through our venture capital subsidiary Fresenius Medical Care Ventures GmbH.

- *Standardizing medical procedures.* Our goal is to standardize medical treatments and clinical processes while continuing to ensure high-quality clinical outcomes. We provided over 50 million dialysis treatments worldwide in 2018. Consequently, we have one of the largest renal patient databases in the world. We intend to use this information to standardize medical setups, open new clinics and integrate acquired clinics based on proven and efficient concepts.

- *Coordinating patients efficiently.* In an environment of growing patient numbers and changing health care systems, we see significant potential in providing value-based care. This approach focuses on selling solutions, providing holistic care and receiving outcome-based reimbursement rather than offering single products or services. Depending on the type of health care network in which we participate, we coordinate the care of our patients with other providers including physicians and other health care facilities. We then use the accumulated patient information to create predictive analytics.

- *Operating outpatient facilities.* By leveraging our experience gained in over 3,928 proprietary dialysis clinics in around 50 countries, we have the knowledge to operate and manage stand-alone outpatient clinics efficiently and capture economies of scale. We are continuously optimizing and modernizing our processes and administrative structures.

Delivering on our home strategy

In February of 2019, we completed our acquisition of NxStage. NxStage develops, produces and markets an innovative product portfolio of medical devices for use in home dialysis and critical care. The acquisition will enable us to leverage our manufacturing, supply chain and marketing competencies across the dialysis products, services and Care Coordination businesses in a less labor- and capital-intensive care setting. As of December 31, 2018, home treatments represented approximately 12% of our total treatments in the U.S. a growth of 4% over 2017. Of those home treatments, 78% were peritoneal dialysis treatments, growth from 2017 of 8%, and 22% were home hemodialysis treatments, growth from 2017 of 14%.

Global Efficiency Program

In 2017, we announced the second phase of our Global Efficiency Program. The program's objectives are to identify and realize further efficiency potential and enhance our overall competitiveness. In 2018, we achieved 15% of the targeted sustained cost improvements, which is well ahead of the anticipated contribution of 10% for the year. Therefore, we increased the lower end of the expected range of sustained cost improvements to €150 million and now expect €150 million to €200 million per annum by 2020.

Customers, marketing, distribution and service

We sell most of our products to dialysis clinics, hospitals and specialized treatment clinics. Close interaction between our sales and marketing as well as research and development (***R&D***) personnel enables us to integrate concepts and ideas that originate in the field into product development. We maintain a direct sales force of trained salespersons engaged in the sale of both hemodialysis and peritoneal dialysis products. Sales and Marketing engages in direct promotional efforts, including visits to physicians, clinical specialists, hospitals, clinics and dialysis clinics, and represents us at industry trade shows. Our clinical nurses provide clinical support, training and assistance to customers and assist our sales force. We offer customer service, training and education in the applicable local language, and technical support such as field service, repair shops, maintenance, and warranty regulation for each country in which we sell dialysis products.

In our basic distribution system, we ship products from factories to central warehouses which are frequently located near the factories. From these central warehouses, we distribute our dialysis products to regional warehouses. We also distribute home hemodialysis and peritoneal dialysis products to patients at home or their travel destination, and ship hemodialysis products directly to dialysis clinics and other customers. Additionally, local sales forces, independent distributors, dealers and sales agents sell all our products.

Patient, physician and other relationships

We believe that our success in establishing and maintaining health care centers, both in the U.S. and in other countries, depends significantly on our ability to obtain the acceptance of and referrals from local physicians, hospitals and integrated care organizations. Our ability to provide high-quality dialysis care and to fulfill the requirements of patients and doctors depends significantly on our ability to

enlist nephrologists for our dialysis clinics and receive referrals from nephrologists, hospitals and general practitioners.

Medicare program regulations rely on Conditions for Coverage rules for ESRD facilities which require that each dialysis clinic have a medical director who is responsible for overseeing the delivery of patient care and outcomes at the dialysis clinic. The medical director must be board-certified or board eligible in internal medicine or pediatrics, have completed a board-approved training program in nephrology and have at least twelve months of experience providing care to patients undergoing dialysis. We have engaged physicians or groups of physicians to serve as medical directors for our outpatient dialysis centers, home dialysis programs, and inpatient dialysis service relationships with hospitals. The compensation of our medical directors and other contracted physicians is negotiated individually and depends in general on local factors such as competition, the professional qualification of the physicians, the physicians' experience and tasks as well as the size and the offered services of the clinic. The total annual compensation of the medical directors and the other contracted physicians is stipulated at least one year in advance and the medical directors agree to seek to continue to improve quality, safety and efficiency. We believe that the compensation of our medical directors is consistent with the fair market value of their services.

Almost all contracts we enter into with our medical directors in the United States, as well as the typical contracts which we obtain when acquiring existing clinics, contain non-competition clauses concerning certain activities in defined areas for a defined period of time. These non-compete agreements restrict the physicians from owning or providing medical director services to other outpatient dialysis centers, but these clauses do not restrict the physicians from performing patient services directly at other locations/areas or referring patients to other facilities. We do not require physicians to send patients to us or to specific clinics.

In addition to our dialysis clinics, a number of our other health care centers employ or contract with physicians to provide professional services. We have financial relationships with these physicians in the form of compensation arrangements for the services rendered. These contractual arrangements are designed to comply with federal and state laws applicable to financial relationships with physicians, such as the Stark Law and the Anti-Kickback Statute.

A number of the dialysis clinics and other health care centers we operate are owned, or managed, by joint ventures in which we hold a controlling interest and one or more hospitals, physicians or physician practice groups hold a minority interest. We have granted holders of these minority interests put options under which we could be required to purchase all or part of the minority owners' non-controlling interests. See note 1a) of the notes to our audited consolidated financial statements incorporated by reference in the Prospectus. We also have agreements with physicians to provide management and administrative services at health care centers in which physicians or physician groups hold an ownership interest and agreements with physicians to provide professional services at such health care centers. Our relationships with physicians and other referral sources relating to these joint ventures must comply with the federal Anti-Kickback Statute and Stark Law. There is a safe harbor under the Anti-Kickback Statute for certain investment interests in small entities. Our joint ventures have been designed to comply with the federal Anti-Kickback Statute and Stark Law, but they do not satisfy all of the requirements for safe harbor protection. Failure to comply with a safe harbor does not render an arrangement illegal under the federal Anti-Kickback Statute and, therefore, physician joint ventures that fall outside the safe harbors are not, by definition, prohibited by law.

Acquisitions and investments

We believe our business has grown steadily over the past decades as evidenced by our currency adjusted growth rates in revenue and EBITDA (earnings before interest, taxes, depreciation and amortization) of 8.9% and 9.3%, respectively from 2004 until the end of 2018. A significant factor in this growth has been our ability to acquire healthcare businesses, particularly dialysis clinics, on reasonable terms. In the U.S., doctors might decide to sell their clinics to obtain relief from day-to-day administrative responsibilities and changing governmental regulations, to focus on patient care and to realize a return on their investment. Outside of the U.S., doctors might determine to sell to us and/or enter into joint ventures or other relationships with us to achieve the same goals and to gain a partner with extensive expertise in dialysis products and services. Privatization of health care in Eastern Europe and Asia could present additional acquisition opportunities. We believe we are also viewed as a valuable strategic health care partner outside the dialysis business due to our experience in managing chronic disease for dialysis patients and our record of improving quality and patient satisfaction and reducing the overall cost of care, and our leadership in advancing innovation and improvement in health care.

We anticipate capital expenditures of €1.0 to € 1.2 billion and expect to make acquisitions and investments, excluding investments in securities, of € 400 to € 600 million in 2019. Our aim is that 2019 will be an investment year with focus on

- Resolving identified operational issues;
- Investing approximately €100 million in cost optimization programs;
- Our Global Efficiency Program II;
- Our share repurchase program;
- Capturing growth in developing economies and
- Investing in the growth of U.S. home treatments.

The opportunities we anticipate are (i) a higher contribution from our Global Efficiency Program II, (ii) faster recovery of commercial volumes and (iii) potentially higher contribution from expansion in developing countries. The potential risk we anticipate include (i) lower than expected contributions from de novo clinics and acquisitions, (ii) legislative activities, (see "*Regulatory and Legal Matters - U.S. ballot initiatives and other legislation*"), (iii) unforeseen regulatory changes, and (ii) the factors outlined under "*Forward-looking Statements*" and the risks detailed in the "*Risk Factors*" contained in the Prospectus.

To ensure our continued growth we continually evaluate our long-term financial planning. We primarily focus on the net leverage ratio and were able to decrease our net leverage ratio over the last two decades from 4.6 in 1996 to 1.8 as of December 31, 2018. We continue to target for a Net Debt / EBITDA ratio in a range of 2.5-3.0 – before the impact of IFRS 16 – and following these resulting accounting changes, in a range of 3.0-3.5. Further detail on the Non-IFRS measure net leverage ratio see "*Management's Discussion and Analysis of Financial Condition and Results of Operations—Non-IFRS measures not utilized as key performance indicators*" in the Prospectus.

Procurement and production

We operate state-of-the-art production facilities worldwide to meet the demand for our dialysis products and other health care products. We have invested significantly in developing proprietary processes, technologies and manufacturing equipment which we believe provide a competitive advantage in manufacturing our products. Our strategically located production and distribution centers help to reduce transport costs.

We produce and assemble hemodialysis machines and CCPD cyclers in our Schweinfurt, Germany and our Concord, California facilities. We manufacture and assemble dialyzers and polysulfone membranes in our Ogden, U.S., St. Wendel, Germany, L'Arbresle, France, Vrsac, Serbia, Buzen, Japan and Changshu, China facilities and at production facilities of our joint venture in Japan. We manufacture hemodialysis concentrate at various facilities worldwide, including France, Germany, Great Britain, Spain, Turkey, Serbia, Argentina, Brazil, Colombia, Australia, Malaysia, Canada, Mexico and the U.S.. We manufacture PD products in North America, Europe, Latin America, and Asia, with two of our largest plants for production of PD products in Germany and the U.S. Additionally, we produce bloodlines in Mexico, China, Italy, Turkey and Serbia. Our plant in Reynosa, Mexico is the world's largest (by volume) bloodline manufacturing facility.

The Global Manufacturing, Quality and Supply (***GMQS***) division manages all of Fresenius Medical Care's activities in purchasing of raw materials and semi-finished goods used in manufacturing activities, production including quality management, and distribution in North America. 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; and
- fulfill our commitment to meeting high quality and safety standards.

With a focus on quality, costs and availability, GMQS has introduced a state-of-the-art infrastructure with corresponding efficient processes and systems in the last few years, as well as bundling and optimizing existing structures. All production sites follow the Lean Manufacturing approach, which in North America and our Schweinfurt plant includes the "Lean Six Sigma" management system. The focus of Lean Manufacturing and Six Sigma is continuous improvement of all manufacturing processes to achieve a very low error rate resulting in better quality production while shortening manufacturing time. We have implemented our Integrated Management System (***IMS***), which fulfills ISO 9001:2015 for quality control in combination with ISO norm 14001:2015, in most of our European production sites. We have adopted timely the new ISO 9001:2015 and ISO 13485:2016. (See also "*Regulatory and Legal Matters – Facilities and Operational Regulation*" below). All of our production facilities have undergone annual ISO 13485 Quality Systems inspections, maintaining all certifications, with no major non-conformances affecting our established management system being noted. Our Quality Management System (***QMS***) in the Latin America Segment has been established and implemented based upon local or international regulations. At a minimum, each country must comply with the local regulation which provides the specific certification for production. The QMS of each country is reviewed through periodic management review, internal and corporate audits. In the Asia-Pacific Segment, every plant for medical devices or pharmaceutical products has a local QMS that is either ISO

13485:2016 and/or ISO 9001:2015 certified. Where applicable, each plant also complies with the Medical Device Directive 93/42/EEC. As there are additional requirements on QMSs in most of the countries in the Asia-Pacific Segment for medical device or pharmaceutical manufacturing, additional requirements are based upon target markets and countries of production. All plants have successfully passed the annual ISO 13485/ISO 9001 QMS inspections for maintaining their required certifications.

Our procurement policy combines worldwide sourcing of high-quality materials with the establishment of long-term supplier relationships. Additionally, we carefully assess the reliability of all materials purchased to ensure that they comply with the rigorous quality and safety standards required for our dialysis products. We outsource only if we have confirmed that a supplier can meet or exceed our internal standards. An interactive information system connects all our global procurement activities to ensure standardized processes and constant monitoring of our projects.

We focus on further optimizing procurement logistics and reducing total purchasing costs. Supplemental raw material contracts for all manufacturers of semi-finished goods will enable us to improve purchasing terms for our complete network. We are continuously intensifying, where appropriate, our use of internet-based procurement tools to increase agility and global transparency. Our sophisticated routing software enables us to distribute our supplies to best accommodate customer requests while maintaining operational efficiency. Additionally we have an automated replenishment control in our national warehouses that allows the warehouses to be refilled when their inventory reaches a preset defined minimum level and allows us to continue to improve our operational efficiency.

Quality assurance and quality management in dialysis care

Our clinics work in conformance with the generally accepted quality standards of the industry, particularly the Kidney Disease Outcomes Quality Initiative (***KDOQI***) guidelines from the United States, the European Renal Best Practice standard and increasingly, Kidney Disease: Improving Global Outcomes (***KDIGO***), an industry initiative for global clinical practice guidelines. Clinical data management systems are used to routinely collect certain medical parameters, which we evaluate in anonymized form in compliance with these guidelines.

At each of our North America Segment dialysis clinics, a quality assurance committee is responsible for reviewing quality of care data, choosing local quality improvement projects and monitoring the progress towards achieving the quality targets which are informed by KDOQI, KDIGO and the Quality Agenda established by the FMCNA Medical Office. A rigorous scoring system, Clinical Quality Score or CQS, reports trends in outcomes and performance comparison among all levels of the organization. Visual representation of key performance indicators can be viewed in increasing levels of detail to provide transparency of results. In 2018, we continued to develop and implement programs and tools to assist in achieving our quality goals. These include treatment algorithms based on best medical evidence, outlier management teams, and technology to highlight opportunities for improvement at the dialysis chairside.

The Medicare Improvements for Patients and Providers Act of 2008 (***MIPPA***) created the ESRD quality incentive program under which dialysis facilities in the United States that fail to achieve annual quality standards established by CMS could have base payments reduced in a subsequent year by up to 2%. See "*Regulatory and Legal Matters—Reimbursement—US*". These programs blend the CMS quality standard measures against the industry baselines to attempt the improvement in quality through a pay for performance program that operates as a part of the ESRD PPS.

In our EMEA Segment, our quality management activities are primarily focused on comprehensive development and implementation of a Healthcare Services QMS as part of an IMS. Our goals in this area include meeting quality requirements for our dialysis clinics and environmental concerns. This approach results in an IMS structure that closely reflects existing corporate processes. We are also able to use the IMS to fulfill many legal and normative regulations covering service lines. In addition, the IMS standard offers a highly flexible structure that allows us to adapt to future regulations.

Our IMS fulfills the ISO-Norm 9001:2015 requirements for QMSs and links it with the ISO-Norm 14001:2015 for environmental management systems. Additionally, the IMS conforms to the medical devices requirements of ISO-Norm 13485:2016 and the Medical Device Directive 93/42/EEC. We are continuing to transition to the new Medical Device Regulation (***MDR***). Our conformation with the regulations will be included as part of the audit program for 2019. Currently, dialysis clinics in 17 countries within our EMEA region have QMSs which are certified according to the quality management standard ISO 9001:2015.

Additionally, we have a comprehensive program, NephroCare Excellence, in our EMEA region. NephroCare is our service that provides complete life-saving treatments for renal failure at the point of care using advanced technologies and listening to and understanding our patients' needs to enable the best therapies, ensure a high-quality of care and empower patients.

Our principal focus of our clinical research includes the development of new products, technologies and treatment concepts to optimize treatment quality, safety and efficiency for kidney failure patients. This includes steps and processes for the reduction in the costs of providing care for our patients.

Environmental management

We have integrated environmental protection targets into our operations. To reach these goals, our IMS in the EMEA region has been in use at certain of our production facilities as well as at a number of dialysis clinics. IMS fulfills the requirements of QMSs as well as environmental management. Environmental goals are set, adhered to and monitored during all stages of the lives of our products, from their development to their disposal.

We continually seek to improve our production processes for environmental compatibility, which frequently generates cost savings.

In some of our dialysis facilities, we establish, depending on the particular facility and circumstance, a priority environmental protection target on which our dialysis clinics concentrate for at least one year. Environmental performance in other dialysis facilities is used as the basis for comparisons and targets. Improvements are implemented on a site-by-site basis after evaluation of the site's performance.

In our European clinics, we continue to introduce our environmental management system in dialysis clinics and we continue to monitor and assess the management system performance in clinics where it was previously implemented. Currently, dialysis clinics in 16 countries in our European region are certified according to the revised environmental management standard ISO 14001:2015. We also conduct EHS regulatory audits of our manufacturing, distribution and laboratories annually and as needed. We continued to roll out the integrated software solution e-con 5 for the management of eco-controlling data in over 700 clinics in the EMEA Segment and the Latin America Segment. This software is intended to monitor and reduce consumption of resources and generation of wastes

while increasing the eco-controlling data quality and possibilities for data analysis at the place of origin.

In our North America Segment dialysis clinics, we implemented recycling programs for corrugated materials and hemodialysis machines. Targeted environmental performance criteria in other locations include fresh water consumption and improved separation of waste. We achieved ISO 14001:2015 certification for two dialysis clinics as well as one manufacturing facility in North America as of December 31, 2018.

Patents and licenses

As the owner of patents or licensee under patents throughout the world, we currently hold rights in over 9,100 patents and patent applications in major markets.

Technologies that are the subject of granted patents or pending patent applications and that relate to dialyzers include aspects of our DIASAFE*plus* filters and FX dialyzers.

Other patents and pending patent applications relate to components of our 5008 dialysis equipment series, including, for example, the pump technology, extracorporeal blood pressure measurement and the connector system for our proprietary biBag bicarbonate concentrate container.

Our 6008 therapy system is protected by more than 80 patent families that protect the disposable, the machine or the entire system. A number of applications or issued patents exist for the North American 2008T HD machine including, for example, the CDX system for the display of medical information directly on the 2008T screen, a wireless wetness detector for sensing line disconnect, an improved Crit-Line hematocrit measuring system and a U. S. version of the biBag® filling system.

In the newly launched 4008A dialysis machine providing basic, reliable dialysis treatments more than 10 new inventions protected by patents are realized. The inventions refer for example to optimizing the device design without reduction of safety and quality of the device.

Applications are also pending or were recently issued relating to our next generation peritoneal dialysis cycler which has a number of innovative attributes such as greatly reduced size and an innovative pumping system.

We believe that our success will continue to depend significantly on our technology. As a standard practice, we obtain the legal protections we believe are appropriate for our intellectual property. Nevertheless, we are in a position to successfully market a material number of products for which patent protection has lapsed or where only particular features are patented. We believe that even after the expiration of some of our patents, our proprietary know how for the manufacturing of our products and our continuous efforts in obtaining targeted patent protection for newly developed upgraded products will continue to provide us with a competitive advantage. From time to time our patents may be infringed by third parties and in such case we will assert and enforce our rights. Initially registered patents may also be subject to invalidation or infringement claims made by competitors in formal proceedings (oppositions, trials, re-examinations, etc.) either in part or in whole. In addition, technological developments could suddenly and unexpectedly reduce the value of some of our existing intellectual property.

Trademarks

As the owner of trademarks or licensee under trademarks throughout the world, we currently hold rights in over 2,800 registered trademarks or trademark applications in major markets. Fresenius SE

continues to own the name and mark "Fresenius" and its "F" logo. Fresenius SE and Fresenius Medical Care Deutschland GmbH (***D-GmbH***), one of our German subsidiaries, have entered into agreements containing the following provisions. Fresenius SE has granted to D-GmbH, for our benefit and that of our affiliates, an exclusive, worldwide, royalty-free, perpetual license to use "Fresenius Medical Care" in our names, and to use the Fresenius marks, including some combination marks containing the Fresenius name that were used by the worldwide dialysis business of Fresenius SE, and the "Fresenius Medical Care" name as a trade name, in all aspects of the renal business. D-GmbH, for our benefit and that of our affiliates, has also been granted a worldwide, royalty-free, perpetual license:

- to use the "Fresenius Medical Care" mark in the then current National Medical Care non-renal business if it is used as part of "Fresenius Medical Care" together with one or more descriptive words, such as "Fresenius Medical Care Vascular Care" or "Fresenius Medical Care Physician Services";

- to use the "F" logo mark in the National Medical Care non-renal business, with the consent of Fresenius SE. That consent will not be unreasonably withheld if the mark using the logo includes one or more additional descriptive words or symbols; and

- to use "Fresenius Medical Care" as a trade name in the renal business.

We and our affiliates have the right to use "Fresenius Medical Care" as a trade name in other medical businesses only with the consent of Fresenius SE. Fresenius SE may not unreasonably withhold its consent. In the U.S. and Canada, Fresenius SE will not use "Fresenius" or the "F" logo as a trademark or service mark, except that it is permitted to use "Fresenius" in combination with one or more additional words such as "Pharma Home Care" as a service mark in connection with its home care business and may use the "F" logo as a service mark with the consent of D-GmbH. D-GmbH will not unreasonably withhold its consent if the service mark includes one or more additional descriptive words or symbols. Similarly, in the U.S. and Canada, Fresenius SE has the right to use "Fresenius" as a trade name, but not as a mark, only in connection with its home care and other medical businesses other than the renal business and only in combination with one or more other descriptive words, provided that the name used by Fresenius SE is not confusingly similar to our marks and trade names.

Other intellectual property

Some of the patents, patent applications, inventions, know-how and trade secrets that Fresenius Worldwide Dialysis used prior to our formation were also used by other divisions of Fresenius SE. For Biofine®, the polyvinyl chloride-free packaging material, Fresenius SE has granted to D-GmbH, for our benefit and for the benefit of our affiliates, an exclusive license for the renal business and a non-exclusive license for all other fields except other non-renal medical businesses. D-GmbH and Fresenius SE share equally any royalties from licenses of the Biofine® intellectual property by either D-GmbH or by Fresenius SE to third parties outside the renal business and the other non-renal medical businesses. In addition, Fresenius SE transferred to D-GmbH the other patents, patent applications, inventions, know-how and trade secrets that were used predominantly in Fresenius SE's dialysis business. In certain cases Fresenius Worldwide Dialysis and the other Fresenius SE divisions as a whole each paid a significant part of the development costs for patents, patent applications, inventions, know-how and trade secrets that were used by both prior to the Merger. Where D-GmbH acquired those jointly funded patents, patent applications, inventions, know-how and trade secrets, D-GmbH licensed them back to Fresenius SE exclusively in the other non-renal medical businesses and non-exclusively in all other fields. Where Fresenius SE retained the jointly funded patents, patent applications, inventions, know-how and trade secrets, Fresenius SE licensed them to D-GmbH exclusively in the renal business and non-exclusively in all other fields.

Risk management

We see risk management as the ongoing task of determining, analyzing and evaluating the spectrum of potential and actual risks in the Company and its environment and, where possible, taking preemptive and corrective action. Our risk management system, which is described in more detail below, provides us with a basis for doing so. It enables management to identify at an early stage risks that could jeopardize our growth or going concern, and to take steps to minimize any negative impact. As such, it is an important component of the Company's management and governance.

The design of the internal risk management system is based on the Enterprise Risk Management Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission. The main objective of the risk management system is to identify potential risks as early as possible to assess their impact on business activities and to enable us, where necessary, to take appropriate countermeasures. As internal and external requirements and conditions are continually changing, we are constantly adapting our risk management system.

In the risk management system, risk coordinators within the regions and in selected functions coordinate risk management activities utilizing risk management software. These activities address potential as well as existing short-term as well as mid-term risks. Semiannually, identified risk information is processed by the risk coordinators and discussed in risk committees. Subsequently, the corporate risk management team gathers the risk reports from regions and functions, analyses and discusses them in the corporate risk committee and communicates the compiled results to the Management Board. The main focus lies with material risks above a defined threshold.

Risks classified as high, whether newly identified or already known risks which changed their status to high in the period, are promptly reported to the Management Board and to corporate risk management to ensure an adequate response and mitigation of the risk. The effectiveness of the risk management system is monitored by the Audit and Corporate Governance Committee of the Supervisory Board.

In addition to risk reporting, traditional reporting to management is an important tool for managing and controlling risks, as well as for taking preventive measures in a timely manner. Therefore, the Management Board 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. The organizational structure of our risk management is shown below:

Part of our risk management system is the Global Internal Audit department. The Global Internal Audit department is regularly informed about the results of the risk management system. This department determines risk focus areas and audits a selected number of departments, subsidiaries and information technology applications worldwide each year. The department works according to the internationally accepted standards of the Institute of Internal Auditors, which was confirmed by a quality assessment in 2017. The scope of internal auditing is widespread and involves, among other activities, periodic assessment of the effectiveness of controls (including legal compliance controls) over business processes, information technology security, the reliability of financial reporting and compliance with accounting regulations and internal policies. The Company's locations and units to be audited are determined annually on the basis of a selection model taking various risks into consideration. This annual audit plan is reviewed and approved by the Management Board and the Audit and Corporate Governance Committee of the Supervisory Board. All audit reports with material observations are presented to the Management Board.

The Global Internal Audit department is also responsible for monitoring the implementation of measures documented in the reports. The Management Board is informed about the implementation status on a quarterly basis. The Audit and Corporate Governance Committee of the Supervisory Board is also informed of the audit results. In 2018, a total of 45 audits were carried out.

As a company required to file reports under the U.S. Securities Exchange Act of 1934 (***Exchange Act***), we are subject to the provisions of the Sarbanes-Oxley Act of 2002 and related listing rules of the NYSE applicable to foreign private issuers.

REGULATORY AND LEGAL MATTERS

Regulatory and compliance overview

Our operations are subject to extensive governmental regulation by virtually every country in which we operate including, most notably, in the U.S., at the federal, state and local levels. Although these regulations differ from country to country, in general, non-U.S. regulations are designed to accomplish the same objectives as U.S. regulations governing the operation of health care centers, laboratories and manufacturing facilities, the provision of high quality health care for patients, compliance with labor and employment laws, the maintenance of occupational, health, safety and environmental standards and the provision of accurate reporting and billing for payments and/or reimbursement. In the U.S., some states establish regulatory processes that must be satisfied prior to the establishment of new health care centers. Outside the U.S., each country has its own payment and reimbursement rules and procedures, and some countries prohibit private ownership of healthcare providers or establish other regulatory barriers to direct ownership by foreign companies. In such jurisdictions, we may establish alternative contractual arrangements to provide services to those facilities.

Any of the following matters could have a material adverse effect on our business, financial condition and results of operations:

- failure to receive required licenses, certifications, clearances or other approvals for new or existing services, facilities, or products or significant delays in such receipt;

- complete or partial loss of various certifications, licenses, or other permits required under governmental authority by withdrawal, revocation, suspension, or termination or restrictions of such certificates and licenses by the imposition of additional requirements or conditions, or

the initiation of proceedings possibly leading to such restrictions or the partial or complete loss of the required certificates, licenses or permits;

- recoupment of payments received from government payors and government health care program beneficiaries because of any failures to meet applicable requirements;
- a non-appealable finding of material violations of applicable healthcare or other laws; and
- changes resulting from healthcare reform or other government actions that restrict our operations, reduce reimbursement or reduce or eliminate coverage for particular products or services we provide.

We must comply with all U.S., German and other legal and regulatory requirements under which we operate, including the U.S. federal Medicare and Medicaid Fraud and Abuse Amendments of 1977, as amended, generally referred to as the Anti-Kickback Statute, the federal False Claims Act, the federal restrictions on certain physician referrals, commonly known as the Stark Law, the U.S. Civil Monetary Penalties Law, including the prohibition on inducements to patients to select a particular healthcare provider, U.S. federal rules protecting the privacy and security of patient medical information, as promulgated under the Health Insurance Portability and Accountability Act of 1996 and, as amended by the Health Information Technology for Economic and Clinical Health Act (enacted as part of the American Recovery and Reinvestment Act of 2009), and other fraud and abuse laws and similar state statutes, as well as similar laws in other countries.

As a global healthcare company, we are subject to laws and regulations concerning privacy and data protection. These laws and regulations govern, amongst other elements, the collection, use, disclosure, retention, and transfer of personal data. For example, the EU's General Data Protection Regulation, which became effective in May 2018, imposes substantial new worldwide obligations on the processing of personal data. These laws continue to develop globally and differ from jurisdiction to jurisdiction, which increases the complexity and costs of our global data protection and security compliance programs. Because of varying legal requirements across the world, the FME Global Privacy Foundation establishes a set of requirements to help ensure appropriate use of personal data throughout its life cycle. While the Foundation creates a baseline compliance requirement for all of our subsidiaries and personnel, we also intend to comply with the requirements of all applicable local laws that impose other or stricter standards.

A number of states in which we operate have laws that prohibit business entities, such as the Company and its subsidiaries, from practicing medicine, employing physicians to practice medicine or exercising control over medical decisions by physicians (known collectively as "the corporate practice of medicine prohibition"). These states also prohibit entities from engaging in certain arrangements, such as fee-splitting, with physicians. Additional state and local laws and regulations require us to maintain certain licenses and certifications to operate our facilities and/or manufacture and distribute our products and services.

The Patient Protection and Affordable Care Act (Pub.L. 111-148), as amended by the Health Care and Education Reconciliation Act (Pub.L. 111-152) (collectively, ***ACA***) enacted in the U.S. in 2010 and other recent laws expanded the reach of many of these laws and expanded federal enforcement authority. Moreover, there can be no assurance that applicable laws, or the regulations thereunder, will not be amended, or that enforcement agencies or the courts will not make interpretations inconsistent with our own, any one of which could have a material adverse effect on our business, reputation, financial condition and operating results. Sanctions for violations of these statutes may include criminal or civil penalties, such as imprisonment, fines or forfeitures, denial of payments, and suspension

or exclusion from the Medicare and Medicaid programs. In the U.S., some of these laws have been broadly interpreted by a number of courts, and significant government funds and personnel have been devoted to their enforcement because such enforcement has become a high priority for the federal government and some states. We and the healthcare industry in general, will continue to be subject to extensive federal, state and foreign regulation, the full scope of which cannot be predicted. In addition, the U.S. Congress and federal and state regulatory agencies continue to consider modifications to healthcare laws that may create further restrictions. In particular, the Trump administration has publicly announced its intention to pursue significant changes to existing health care insurance programs and recently announced that it would no longer support the constitutionality of the ACA, see "*—Reimbursement*," below. In addition, proposals to restructure the Medicare program in the direction of a defined-contribution, "premium support" model and to shift Medicaid funding to a block grant or per capita arrangement, with greater flexibility for the states, may also be considered. Changes of this nature could have significant effects on our businesses, but, due to the continued uncertainty about the implementation of the ACA, including existing and potential further legal challenges to or significant modifications to or repeal of that legislation, the outcomes and impact of such changes on our business, financial condition and results of operations are currently impossible to quantify or predict.

We maintain a comprehensive worldwide compliance program under the overall supervision of our chief compliance officer. The program includes a compliance staff, a written code of conduct applicable worldwide, training programs, regulatory compliance policies and procedures including corrective action for failure to follow policies, provisions for anonymous reporting of suspected violations of applicable laws or Company policies, and periodic internal audits of our compliance procedures. We operate many facilities throughout the United States and other countries in which we do business. 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. We rely on our management structure, regulatory and legal resources, and the effective operation of our compliance program to direct, manage and monitor the activities of these employees. If our employees or their agents or subcontractors, deliberately or inadvertently, were to submit inadequate or incorrect billings to any federally-funded healthcare program, or engage in unlawful conduct with physicians or other referral sources or vendors with which we do business, the actions of such persons could subject us and our subsidiaries to liability under the Federal Food, Drug, and Cosmetic Act, Anti-Kickback Statute, the Stark Law, the False Claims Act or the Foreign Corrupt Practices Act, among other laws. See note 22 of the notes to our audited consolidated financial statements, incorporated by reference in the Prospectus.

Product regulation

U.S. pharmaceuticals

In the U.S. numerous regulatory bodies, including the FDA and comparable state regulatory agencies impose requirements on certain of our subsidiaries as a manufacturer, distributor and a seller of drug products under their jurisdiction. Some of the products our subsidiaries manufacture and/or distribute are subject to regulation under the Federal Food, Drug, and Cosmetic Act of 1938, as amended (***FDCA***) and FDA's implementing regulations. They include our peritoneal dialysis and saline solutions, PhosLo® (calcium acetate), Phoslyra® (calcium acetate oral solution), Venofer® (iron sucrose injection, USP), and Velphoro (sucroferric oxyhydroxide). Many of these requirements are similar to those for devices, as described below. We are required to register as an establishment with the FDA, submit listings for drug products in commercial distribution and comply with regulatory requirements governing product approvals, drug manufacturing, labelling, promotion, distribution, post market safety reporting and recordkeeping. We are subject to periodic inspections by the FDA and other au-

thorities for compliance with inspections as well as with federal Centers for Medicare and Medicaid Services average sales price reporting, medical drug rebate program and other requirements. Our pharmaceutical products must be manufactured in accordance with current Good Manufacturing Practices (***cGMP***). We are required to provide information to the FDA whenever we become aware of a report of an adverse drug experience associated with the use of one of our drug products that is both serious and unexpected, as defined in FDA regulations and guidance. We are required to notify the FDA of certain product quality issues. In addition, as with the marketing of our medical devices, in order to obtain marketing approval of our drug products we must satisfy mandatory procedures and safety and efficacy requirements. Furthermore, the FDA prohibits our products division from marketing or promoting our pharmaceutical products in a false or misleading manner and from otherwise misbranding or adulterating them. Finally, if the FDA believes that a company is not in compliance with applicable drug regulations, it has similar enforcement authorities as those discussed below with respect to medical devices, including under the administrative, civil, and criminal penalty provisions of the FDCA. Other state and federal regulatory and enforcement agencies have authority to enforce related fraud, consumer protection, privacy, and other laws. The Trump administration has announced its intention to simplify and accelerate the process for approval of new drugs. We cannot predict whether or when any such changes will be adopted, or what they will accomplish.

Pharmaceuticals outside the U.S.

Some of our products, such as peritoneal dialysis solutions and PhosLo® and Phoslyra®, are considered medicinal products subject to the specific drug law provisions in various countries. The European Union (***EU***) has issued several directives and regulations on medicinal products, including a directive on medicinal products for human use, No. 2001/83/EC (November 6, 2001), as amended. Each member of the EU is responsible for conforming its law to comply with this directive. In Germany, the German Drug Law (*Arzneimittelgesetz* - ***AMG***), which implements several EU requirements, is the primary regulation applicable to medicinal products.

The provisions of the German Drug Law are comparable with the legal standards in all other EU countries. As in many other countries, the AMG provides that a medicinal product may only be placed on the market if it has been granted a corresponding marketing authorization. Such marketing authorization is granted by the licensing authorities only if the quality, efficacy and safety of the medicinal product have been scientifically proven. Medicinal products marketed on the basis of a corresponding marketing authorization are subject to ongoing control by the competent authorities. The marketing authorization may also be subsequently restricted or made subject to specific requirements.

The production of medicinal products requires a corresponding manufacturing license which is granted by the competent authorities of the relevant EU member state (each an ***EU Member State***) for a specific manufacturing facility and for specific medicinal products and forms of medicinal products. The manufacturing license is granted only if the manufacturing facility, production techniques and production processes comply with the national drug law requirements, with the principles and guidelines of EU-Good Manufacturing Practice (***EU-GMP***) as well as the terms of the particular marketing authorization. International guidelines also govern the manufacture of medicinal products and, in many cases, overlap with national requirements. Material regulations concerning manufacture and registration related to medicinal products have been issued by the European Commission and the International Council for Harmonisation of Technical Requirements for Pharmaceuticals for Human Use (***ICH***). The Pharmaceutical Inspection Co-operation Scheme (***PIC/S***), an international informal cooperative arrangement between Regulatory Authorities, aims at harmonizing inspection procedures by developing common standards in the field of GMP and by providing training opportunities to inspectors. Among other things, the European Commission, PIC/S and ICH establish requirements for good manufacturing practices many of which are then adopted at the national level.

Another international standard, which is non-binding for medicinal products, is the ISO9001:2015 system for assuring quality management system requirements. This system has a broader platform than EU-GMP, which is more detailed and is primarily acknowledged outside the field of medicinal products, e.g., with respect to medical devices.

U.S. medical devices

Our subsidiaries engaged in the manufacture of medical devices are required to register with the FDA as device manufacturers and submit listing information for devices in commercial distribution. As a manufacturer of medical devices, we are subject to requirements governing premarket approval and clearance, labelling, promotion, clinical research, medical device adverse event reporting, manufacturing practices, reporting of corrections and removals, and recordkeeping, and we are subject to periodic inspection by the FDA for compliance with these requirements. With respect to manufacturing, we are subject to FDA's Quality System Regulation (21 C.F.R. Part 820) and related FDA guidance, which requires us to manufacture products in accordance with cGMP, including standards governing product design. The medical device reporting regulations and guidance require that we report to the FDA whenever we receive or become aware of information that reasonably suggests that a device may have caused or contributed to a death or serious injury, or that a device has malfunctioned and a device or similar device would be likely to cause or contribute to a death or serious injury if the malfunction were to recur. FDA regulations also may require us to conduct product recalls and take certain other product corrective actions in response to potential quality issues. In addition, the FDA prohibits our products division from promoting our manufactured products for unapproved or uncleared indications or in a false or misleading manner. We are also prohibited from promoting unapproved or uncleared drugs or devices more generally. Finally, as with our pharmaceutical products, states impose additional requirements on our drug and device manufacturing and distribution activities, including requiring additional state licenses. We are subject to periodic inspections by the FDA and other authorities for compliance with these requirements.

Medical devices outside the U.S.

In the EU, the requirements to be satisfied by medical devices are laid down in three European directives to be observed by all member states of the EEA, as well as all future accession states: (1) Directive 90/385/EEC of June 20, 1990 relating to active implantable medical devices, as last amended (***AIMD Directive***), (2) Directive 93/42/EEC of June 14, 1993 relating to medical devices, as last amended (***MD Directive***), and (3) Directive 98/79/EC of October 27, 1998 relating to in vitro diagnostic medical devices, as last amended (***IVD Directive***). In addition, Directive 2001/95/EC of December 3, 2001, as last amended, concerning product safety should be noted. The MD Directive was amended by Directive 2007/47/EC, with the intention to achieve improvements, including in the following areas: clinical assessment by specification of the requirements in more detail; monitoring of the devices after their placing on the market; and decision making by enabling the European Commission to make binding decisions in case of contradictory opinions of states regarding the classification of a product as a medical device. In the future, the industry will face increasing requirements for medical devices under the new Medical Device Regulation (***MDR***), which came into force on May 25, 2017 and includes a transition period of 3 years for most provisions, after which the MDR will repeal the MD Directive and the AIMD Directive. Although the MDR is self-binding in all member states of the EU, numerous acts of the European Commission and of national legislation in each member state are necessary to fully implement the new legal provisions. These new provisions essentially include higher safety standards to be met by medical devices and therefore require a new conformity evaluation and re-certification of all medical devices regardless of whether they have already been placed on the market or not. There can be a prolonged transition phase, based on a valid EC certificate according to the MD Directive, which will allow manufacturers until May 2024, at the latest, to continue to

place their medical devices on the market and to align them with the MDR. The IVD Directive will be repealed by Regulation (EU) 2017/746 on in vitro diagnostic medical devices, which also came into force on May 25, 2017 and provides for a transition period of 5 years.

According to the current EU directives relating to medical devices, the CE mark shall serve as a general product passport for all member states of the EEA. Upon receipt of a CE certificate for a product according to the applicable conformity assessment procedure, e.g. a certified full quality management system for medical devices according to ISO 13485:2016, and the documented declaration and proof of conformity of our products to the harmonized European norms (Declaration of Conformity), we as the legal manufacturer are able to mark products as being in compliance with the EU requirements. If able to do so, the manufacturer must place a "CE" mark on the products. Medical devices that do not bear the "CE" mark cannot be sold or distributed within the EU.

Clinical Research

Our subsidiaries engaged in the manufacture and sale of drugs and devices, when engaged in clinical research involving investigational products, are subject to FDA and other requirements governing the conduct of clinical research, including Good Clinical Practice standards. Similarly, our subsidiaries involved in the provision of clinical development services may also be subject to FDA and other requirements governing the conduct of clinical research depending on the nature of the research involved.

FDA enforcement action

If the FDA believes that a regulated company is not in compliance with applicable laws and regulations, it can pursue various administrative and enforcement actions, including, for example, issuing an untitled or warning letter, initiating a seizure action, or seeking an injunction. Among other things, these actions can result in the assessment of administrative penalties, product recalls, and civil or criminal enforcement. Such actions could also lead to additional enforcement by other state or federal government agencies as well as law suits by patients or shareholders.

On April 6, 2011 the FDA issued to us a warning letter alleging that we marketed certain blood tubing sets without required premarket 510(k) clearance, in response to which we ceased marketing and distributing those blood tubing sets that were the subject of a January 2011 recall. We received 510(k) clearance for the blood tubing set product from the FDA on June 15, 2012 and subsequently recommenced marketing and distribution of these products. In addition, we have completed a comprehensive review of our 510(k) filings and submitted our findings to the FDA, and we continue to work with the FDA regarding effective submission strategies for certain product lines.

On March 29, 2012, we issued an urgent product notification regarding our NaturaLyte® Liquid and Granuflo® acid concentrate products that are used as one component of dialysate. The notification, which was also incorporated into revised product labels, reflected a memorandum issued by the Fresenius Medical Services Chief Medical Office in November 2011 and cautioned clinicians about possible risks for acid-base management in patients associated with inappropriate prescription of these products. The FDA subsequently classified the notification and related labelling revisions as a Class I recall, and issued its own Safety Communication warning to physicians about the need to prescribe all acid concentrate products currently available on the market appropriately. See note 22 of the notes to our consolidated financial statements incorporated by reference in the Prospectus for additional information and for information relating to our NaturaLyte® Liquid and Granuflo® acid concentrate products.

After reconsideration of the November 2011 memorandum, the FDA in May 2014 permitted the Company to withdraw the March 29, 2012 notification and to revise its product labels consistently with that withdrawal. The FDA has not requested any change in the composition of the Company's acid concentrate products, nor has it requested any return or removal of products in connection with the controversy surrounding the November 2011 memorandum. The FDA's Safety Communication directed at all dialysate products remains in effect. Wrongful death, personal injury, and other litigation predicated on the November 2011 memorandum were substantially resolved by settlement consummated in November 2017. See note 22 of the notes to consolidated financial statements incorporated by reference in the Prospectus.

We cannot assure that all necessary regulatory clearances or approvals, including those for new products or product improvements, will be granted on a timely basis, if at all. Delays in or failure to receive clearance or approval or delays in or failures to carry out product recalls may result in liability and reputational harm and may materially adversely affect our operating results. If at any time the FDA believes we are not in compliance with applicable laws and regulations, the FDA could take administrative, civil, or criminal enforcement action, resulting in liability and reputational harm, which could materially affect our operating results.

Sales of dialysis products to Iran

The Company actively employs comprehensive policies, procedures and systems to ensure compliance with applicable controls and economic sanctions laws. The Company has allocated resources to design, implement and maintain a compliance program specific to the Company’s U.S. and non-U.S. activities. At the same time, the Company’s dedication to providing its life-saving dialysis products to patients and sufferers of end-stage renal disease extends worldwide, including conducting humanitarian-related business with distributors in Iran in compliance with applicable law. In particular, the Company's product sales to Iran from Germany are not subject to the EU’s restrictive measures against Iran established by Council Regulation (EU) No. 267/2012 of March 23, 2012, as last amended by Council Implementing Regulation (EU) 2018/827 of June 4, 2018, as the Company’s products sold to Iran do not fall within the scope of the EU sanctions and none of the end users or any other person or organization involved is listed on the relevant EU sanctions lists. Because the Company's sales to Iran were and are made solely by its German subsidiaries, the sales are not subject to the Iranian Transactions and Sanctions Regulations, 31 C.F.R Part 560 (***ITSR***), and are not eligible for licenses from the U.S. Treasury Department's Office of Foreign Assets Control (***OFAC***) pursuant to the Trade Sanctions Reform and Export Enhancement Act of 2000. Also, ITSR § 560.215(a) is not applicable in the present case because the Company does not have a U.S. parent company and is not in any other way owned or controlled by a United States person, as those terms are used in ITSR § 560.215(a), and the Company’s affiliates involved in Iran-related transactions are also not “owned or controlled” by a United States person. That the Company has a U.S. subsidiary does not cause the ITSR to apply to the Company’s Iran-related transactions (because the sales by the Company’s non-U.S. affiliates are outside the scope of ITSR §560.215(a)). In any case, OFAC’s public guidance provides that sales of medical devices to Iran by non-U.S. companies are generally subject to humanitarian exceptions under U.S. sanctions targeting Iran.

During the year ended December 31, 2018, the Company sold approximately €6 million of dialysis products to independent Iranian distributors and other foreign distributors for resale, processing and assembling in Iran. The products included fibre bundles, hemodialysis concentrates, dialysis machines and parts, and related disposable supplies. The sales of these products generated approximately €4 million in operating income. During 2018, we also paid approximately €400 in transportation costs most of which were reimbursed by the distributors. All such sales were made by the Company's German subsidiaries. Based on information available to the Company, the Company believes that

most if not all products were eventually sold to hospitals in Iran through state purchasing organizations affiliated with the Iranian Ministry of Health and were therefore sales to the "Government of Iran" as defined in ITSR § 560.304. The Company's 2018 sales to Iran represent 0.04% of its total revenues. The Company has no subsidiaries, affiliates or offices, nor does it have any direct investment or own any assets, in Iran. In light of the humanitarian nature of its products and the patient communities that benefit from our products, the Company expects to continue selling dialysis products to Iran, provided such sales continue to be permissible under applicable export control and economic sanctions laws and regulations.

Potential changes impacting our private payors

On August 18, 2016, CMS issued a request for information (***RFI***) seeking public comment about providers' alleged steering of patients inappropriately to individual plans offered on the Patient Protection and Affordable Care Act individual health insurance market. FMCH and other dialysis providers, commercial insurers and other industry participants responded to the RFI, and in that response, we reported that we do not engage in such steering. On December 14, 2016, CMS published an Interim Final Rule (***IFR***) titled "Medicare Program; Conditions for Coverage for End-Stage Renal Disease Facilities-Third Party Payment" that would amend the Conditions for Coverage for dialysis providers, like FMCH. The IFR would have effectively enabled insurers to reject premium payments made by patients who received grants for individual market coverage from the American Kidney Fund (***AKF*** or the ***Fund***) and therefore, could have resulted in those patients losing their individual market health insurance coverage. The loss of individual market coverage for these patients would have had a material and adverse impact on our operating results. On January 25, 2017, a federal district court in Texas, responsible for litigation initiated by a patient advocacy group and dialysis providers including FMCH, preliminarily enjoined CMS from implementing the IFR (Dialysis Patient Citizens v. Burwell (E.D. Texas, Sherman Div.)). The preliminary injunction was based on CMS' failure to follow appropriate notice-and-comment procedures in adopting the IFR. The injunction remains in place and the court retains jurisdiction over the dispute. On June 22, 2017, CMS requested a stay of proceedings in the litigation pending further rulemaking concerning the IFR. CMS stated, in support of its request that it expects to publish a Notice of Proposed Rulemaking in the Federal Register and otherwise pursue a notice-and-comment process in the fall of 2017 which they ultimately did not publish. Plaintiffs in the litigation, including FMCH, consented to the stay, which was granted by the court.

Separately, the United States Department of Health and Human Services (***HHS***) announced in its fall 2018 semi-annual review of agency actions, or "unified agenda", that it was considering the publication of a new proposed rule, ostensibly consistent with the Court's order on the IFR, that would establish requirements for third parties that provide financial assistance to patients for premiums to enroll in coverage provided by an individual market plan (RIN 0938-AT11). HHS has submitted its proposed rule, also entitled "Conditions for Coverage for End-Stage Renal Disease Facilities-Third Party Payment" to the federal Office of Management and Budget (***OMB***), and the proposal is on OMB's Spring 2019 Unified Agenda. The proposed rule has not been published for public review and comment.The operation of charitable assistance programs like that of the AKF is also receiving increased attention by state insurance regulators and legislators. The result may be a regulatory framework that differs from state to state. Even in the absence of the IFR or similar administrative actions, insurers are likely to continue efforts to thwart charitable premium assistance to our patients for individual market plans and other insurance coverages. If successful, these efforts would have a material adverse impact on our operating results.

On January 3, 2017, FMCH received a subpoena from the United States Attorney for the District of Massachusetts inquiring into its interactions and relationships with AKF, including its charitable con-

tributions to the Fund and the Fund's financial assistance to patients for insurance premiums. FMCH is cooperating with the investigation.

U.S. ballot initiatives and other legislation

Further federal or state legislation or regulations may be enacted in the future through legislative and public referendum processes that could substantially modify or reduce the amounts paid for services and products offered by us and our subsidiaries and/or mandate new or alternative operating models and payment models that could present more risk to our healthcare service operations. Ballot initiatives that are successfully introduced at the state level in the United States require the vote of state citizens to directly adopt or reject proposed new legislation. These ballot initiatives require a material expenditure of resources by us to participate in public discourse regarding the proposed new legislation underlying the initiatives, which if passed, could further regulate multiple aspects of our operations including, for instance, clinic staffing requirements, state inspection requirements and profit margins on commercial business. Efforts to enact new state laws regarding our operations are continuing. State regulation at this level would introduce an unprecedented level of oversight and additional expense at the clinic level which could have a material adverse effect on our business in the impacted states. It is also possible that statutes may be adopted or regulations may be promulgated in the future that impose additional eligibility requirements for participation in the federal and state healthcare programs. Such new legislation or regulations could, depending upon the detail of the provisions, have positive or adverse effects, possibly material, on our businesses and results of operations.

Environmental regulation

We are subject to a broad range of federal, foreign, state and local laws and regulations relating to pollution and the protection of the environment. These laws regulate, among other things, the discharge of materials into the environment, the handling and disposal of wastes, remediation of contaminated sites and other matters relating to worker, public and consumer health, and safety as well as to the protection of the environment. In addition, the Company uses substances regulated under U.S. and EU environmental laws, primarily in product design as well as manufacturing and sterilization processes. Noncompliance with these regulations can result in significant fines or penalties or limitations on our operations. The applicable environmental, health and safety laws and regulations, and any changes to them or their enforcement, may require us to make material expenditures with respect to ongoing compliance with or remediation under these laws and regulations or require that we modify our products or processes in a manner that increases our costs or reduces revenues.

An Environmental Management System (***EMS***) based on ISO 14001:2015 has been established in our main European production plants and in a high number of dialysis clinics in the European region. Compliance with environmental laws and regulations is a core objective of our EMS. Internal and external audits are organized and performed to verify compliance with EMS requirements and applicable environmental laws and regulations.

Facilities and operational regulation

U.S.

Federal, state and local regulations (implemented by CMS, FDA, the Occupational Safety and Health Administration (***OSHA***), the Drug Enforcement Administration, and state departments or boards of public health, public welfare, medicine, nursing, pharmacy, and medical assistance, among others) require us to meet various standards relating to, among other things, the management, licensing,

safety, security and operation of facilities (including, e.g., laboratories, pharmacies, and clinics), personnel qualifications and licensing, the maintenance of proper records, equipment, and quality assurance programs, and the dispensing, storage, and administration of controlled substances. All of our operations in the U.S. are subject to periodic inspection by federal, state and local agencies to determine if the operations, premises, equipment, personnel and patient care meet applicable standards. To receive Medicare/Medicaid reimbursement, our health care centers, renal diagnostic support business and laboratories must be certified by CMS. While all of our entities that furnish Medicare or Medicaid services maintain and renew the required certifications, material adverse effects on our business, financial condition, and results of operations could potentially occur if certain of those entities lose or are delayed in renewing a certification.

Our operations are subject to various U.S. Department of Transportation, Nuclear Regulatory Commission, Environmental Protection Agency, and OSHA requirements and other federal, state and local hazardous and medical waste disposal laws. As currently in effect, laws governing the disposal of hazardous waste do not classify most of the waste produced in connection with the provision of our health care services as hazardous, although disposal of non-hazardous medical waste is subject to specific state regulation. Our operations are also subject to various air emission and wastewater discharge regulations.

Several states have certificate of need (***CON***) programs regulating the establishment or expansion of healthcare facilities, including dialysis centers. We believe that we have obtained all necessary approvals for the operation of our healthcare facilities in accordance with all applicable CON state laws.

Non-U.S.

We are subject to a broad spectrum of regulation in almost all countries. Our operations must comply with various environmental and transportation regulations in the various countries in which we operate. Our manufacturing facilities and dialysis clinics are also subject to various standards relating to, among other things, facilities, management, personnel qualifications and licensing, maintenance of proper records, equipment, quality assurance programs, the operation of pharmacies, the protection of workers from blood-borne diseases and the dispensing of controlled substances. All of our operations may be subject to periodic inspection by various governmental authorities to determine if the operations, premises, equipment, personnel and patient care meet applicable standards. Our dialysis clinic operations and our related activities generally require licenses, which may be subject to periodic renewal and may be revoked for violation of applicable regulatory requirements.

In addition, many countries impose various investment restrictions on foreign companies. For instance, government approval may be required to enter into a joint venture with a local partner. Some countries do not permit foreign investors to own a majority interest in local companies or require that companies organized under their laws have at least one local shareholder. Investment restrictions therefore affect the corporate structure, operating procedures and other characteristics of our subsidiaries and joint ventures in these and other countries.

We believe our facilities are currently in compliance in all material respects with the applicable national and local requirements in the jurisdictions in which they operate.

Reimbursement

As a global company delivering health care and dialysis products, we are represented in approximately 150 countries worldwide. Consequently, we face the challenge of addressing the needs of a wide

variety of stakeholders, such as patients, customers, payors and legislators in very different economic environments and healthcare systems.

Healthcare systems and reimbursement structures for ESRD treatment vary significantly by country. In general, the government (in some countries in coordination with private insurers) or social insurance programs pay for health care. Funding is achieved through taxes and other sources of government income, from social security contributions, or a combination of those sources. However, not all healthcare systems provide for dialysis treatment. In some developing countries, only limited subsidies from government, social insurances or charitable institutions are available, and typically dialysis patients must personally finance all or a substantial share of the treatment cost. Irrespective of the funding structure, in some countries patients in need of dialysis do not receive treatment on a regular basis but rather when the financial resources allow it.

U.S.

Our dialysis clinics provide outpatient hemodialysis treatment and related services for ESRD patients. In the U.S., Medicare pays as the primary insurer for Medicare-eligible individuals under some circumstances. For Medicare-primary patients, Medicare pays 80 percent of the prospective payment amount for the ESRD PPS items and services. The beneficiary or third-party insurance payors (including employer-sponsored health insurance plans, commercial insurance carriers and the Medicaid program) on behalf of the beneficiary are responsible for paying the beneficiary's cost-sharing obligations (typically an annual deductible and 20 percent co-insurance), subject to the specific coverage policies of such payors. Each third-party payor, including Medicaid, makes payment under contractual or regulatory reimbursement provisions that may or may not cover the full 20 percent co-payment or annual deductible. Where the beneficiary has no third-party insurance or the third-party insurance does not fully cover the co-payment or deductible, the beneficiary is responsible for paying the co-payments or the deductible, which we frequently cannot fully collect despite collection efforts. Medicare Advantage plans are required to pay to their out-of-network providers at least the rate applicable in the traditional Medicare fee-for-service program. As a result, Medicare Advantage plans with which we do not have a contract will pay at least 80 percent of the prospective payment amount for the ESRD PPS items and services we provide their members. We have also entered into network contracts with several Medicare Advantage plans pursuant to which we may be entitled to higher reimbursement than traditional Medicare rates.

Medicare's ESRD Prospective Payment System. Under the ESRD PPS, CMS reimburses dialysis facilities with a single payment for each dialysis treatment, inclusive of (i) all items and services included in the former composite rate, (ii) oral vitamin D analogues, oral levocarnitine, ESAs and other ESRD-related pharmaceuticals (other than vaccines) furnished to ESRD patients that were previously reimbursed separately under Part B of the Medicare program, (iii) most dialysis-related diagnostic laboratory tests and (iv) certain other items and services furnished to individuals for the treatment of ESRD.

Payment rates vary by both patient and facility. CMS subjects a base ESRD PPS payment rate to case-mix adjustments that take into account individual patient characteristics (e.g., age, body surface area, body mass, time on dialysis) and certain co-morbidities. The base payment rate is also adjusted for (i) certain high cost patient outliers reflecting unusual variations in medically necessary care, (ii) disparately high costs incurred by low volume facilities relative to other facilities, (iii) provision of home dialysis training and (iv) wage-related costs in the geographic area in which the provider is located.

The Protecting Access to Medicare Act of 2014 (***PAMA***) provides that rates will be updated by the market basket rate of increase net of multifactor productivity adjustment. PAMA further specified

that reductions of 1.25 percentage points in each of 2016 and 2017 and a 1.0 percentage point reduction in 2018.

On November 1, 2018, CMS issued a final rule for the ESRD PPS rate for 2019. On average, large dialysis organizations will receive a 1.6% increase in payments under this final rule. The base rate per treatment is $235.27 which represents a 1.2% increase from the 2018 base rate including the adjustment for the wage index budget-neutrality factor. The 2019 final rule reflects a market basket increase of 1.3% (2.1% market basket increase that is partially offset by a 0.8% multifactor productivity adjustment as mandated by the ACA) and application of the wage index budget-neutrality adjustment factor of 0.999506. The 2019 ESRD PPS rate contains an increase to the wage index floor of 0.1, for a 2019 wage index floor of 0.5000. CMS updated the AKI payment rate for calendar year (***CY***) 2019 to $235.27, which is the same as the base rate finalized under the ESRD PPS for CY 2019. In the final rule, effective January 1, 2020, CMS also expanded the transitional drug add-on payment adjustment (***TDAPA***) to all new renal dialysis drugs and biological products, not just those in new ESRD PPS functional categories. CMS changed the basis of payment for the TDAPA from pricing methodologies under section 1847A of the Act, which includes ASP+6, to ASP+0.

Sequestration of Medicare payments. On August 2, 2011, the BCA was enacted, raising the U.S. debt ceiling and putting into effect a series of actions for deficit reduction. The BCA, in effect, required automatic across-the-board spending cuts for most government programs over nine fiscal years (2013-2021); these cuts were projected to total $1.2 trillion. The first cuts for Medicare payments to providers and suppliers were implemented on April 1, 2013. The Bipartisan Budget Act of 2013 extended the cuts to mandatory spending programs, including Medicare, for an additional two years. The reduction in Medicare payments to providers and suppliers (***U.S. Sequestration***) is limited to one adjustment of no more than 2 percent in each year through 2022, rising to 2.9 percent for the first half of FY 2023 and dropping to 1.11 percent for the second half of FY 2023. As mandated by PAMA, the reductions pursuant to the U.S. Sequestration for the first six months of 2024 will be 4 percent, and there will be no reductions for the second six months of 2024. The U.S. Sequestration is independent of Medicare's annual inflation update mechanisms, such as the market basket update pursuant to the ESRD PPS. CMS will continue to pay for Sensipar and Parsabiv™ for the remainder of the transition period based on the average sales price plus 6% (4.3%) after giving effect to the U.S. sequestration).

PAMA also included a provision addressing ESRD-related drugs with only an oral form, which are referred to as "oral-only" drugs and which have been paid separately. In the future, these drugs are expected to be reimbursed under the ESRD PPS, and the Secretary of Health and Human Services is expected to adjust the ESRD PPS payment rates to reflect the additional cost to dialysis facilities of providing these medications. Subsequently, the Achieving a Better Life Experience Act of 2014 delayed inclusion of oral-only drugs in the ESRD PPS until January 1, 2025. At present only phosphate binders, including PhosLo®, are considered "oral-only" drugs. As described below, calcimimetics were considered to be oral-only drugs until a non-oral calcimimetic entered the market in 2018.

In a final rule published on November 6, 2015, CMS provided for implementation of the PAMA oral-only provision. CMS clarified that once any non-oral ESRD-related drug in a category previously considered oral only is approved by the FDA, such category of drugs will cease to be considered oral only. However, for at least two years, CMS will pay for both oral and non-oral versions of the drug using a TDAPA. During this transition period, CMS will not pay outlier payments for these drugs, but the agency will collect data reflecting utilization of both the oral and injectable or intravenous forms of the drugs, as well as payment patterns, in order to help determine how to appropriately adjust the ESRD PPS payment rate as these drugs are included in the payment bundle. At the end of this transi-

tion period, CMS will incorporate payment for the oral and non-oral versions of the drug in the ESRD PPS payment rates, utilizing a public rulemaking process.

On February 7, 2017, Amgen Inc. announced that the FDA had approved Parsabiv™, an intravenous calcimimetic for the treatment of secondary hyperparathyroidism in adult patients with chronic kidney disease on dialysis. Effective January 1, 2018, CMS implemented the transitional drug add-on payment adjustment and applied it to calcimimetics. At the end of the transition period, CMS will adjust the ESRD PPS rate to reflect the addition of the calcimimetics to the ESRD PPS payment bundle. Depending on the adequacy of the final adjustment, this development could have a material effect on our business, results of operations, and financial condition.

On November 1, 2018, CMS issued the final rule for the CY 2019 ESRD PPS in which they announced an expansion of the TDAPA policy to all new renal dialysis drugs and biologicals. CMS also announced that the expanded TDAPA policy included changing the basis of payment for the TDAPA from pricing methodologies under section 1847A of the Act, which includes ASP+6, to ASP+0. The revised drug designation policy, including the revised TDAPA payment policy, will not take effect until January 1, 2020. CMS will continue to pay for Sensipar and Parsabiv™ for the remainder of the transition period based on the average sales price plus 6% (4.3% after giving effect to the U.S. sequestration).

The introduction of Parsabiv™ will also result in changes in how some payors, other than Medicare, arrange for the provision of calcimimetics for their patients. While some patients will continue to receive calcimimetics from their pharmacies as a pharmacy benefit, other patients may receive calcimimetics from their dialysis providers, as a medical benefit. While we anticipate receiving additional reimbursement from payors when these drugs are provided by our clinics, this type of transition from an oral-only drug has not occurred previously and the reimbursement landscape for non-Medicare payors is still being developed.

Several generic calcimimetic products have been approved by the FDA. FMCH has been able to purchase certain of these generic calcimimetic products at rates that are lower than the rate paid for the brand name calcimemetic, Sensipar. As a result, FMCH has been able to realize a savings in cost. Amgen, Inc. (***Amgen***), the manufacturer of Sensipar, has taken steps to prevent the continued sale of the generic products through settlement and legal action. If Amgen is successful in preventing the continued sale of generic calcimimetics, FMCH might not be able to purchase a lower priced alternative and continue to realize cost savings, which could have an adverse effect on our business, results of operations and financial condition.

If we are unable to secure and maintain appropriate reimbursement arrangements for calcimimetics when provided by our dialysis clinics, we could experience a material adverse effect on our business, results of operations and financial condition. See "*Risk Factors—Risks Relating to Regulatory Matters—If we are unable to secure appropriate reimbursement arrangements for the pharmaceuticals we provide in our dialysis clinics, our business could be adversely affected.*" above. See also "*Management's Discussion and Analysis of Financial Condition and Results of Operations—Results of operations, financial position and net assets—Year ended December 31, 2018 compared to year ended December 31, 2017*" for information on the impact of the Implementation of PAMA oral-only provision.

Revisions to Medicare's Physician Fee Schedule. MACRA removed the periodic threat of substantial reductions in payment rates under the Physician Fee Schedule (***PFS***) that could have, if they had been permitted to take effect, significantly affected our businesses and those of our affiliated physicians. MACRA permanently removed the "sustainable growth rate" provision and in its place specified modest increases in PFS payment rates for the next several years. MACRA creates an elaborate

scheme of incentive payments and penalty adjustments starting in 2019 based on 2017 physician performance as reflected in various measures of cost, use of health information technology, practice improvement activities, and quality of care and on possible participation in "advanced alternative payment models," such as some accountable care organizations. We cannot predict whether this scheme is likely to have material effects on our revenues and profitability in our nephrology, urgent care, vascular, cardiovascular and endovascular specialty services or in our hospitalist business. Through an annual rule-making cycle, CMS revises PFS payment rates to account for across-the-board updates as well as, from time to time, changes in the evaluation of physician work and practice expenses used to set rates for individual services paid under the PFS. While impacts of large changes are usually spread out over several years, such changes have the potential to affect the rates for specific services that are extensively furnished in our physician businesses and hence to affect materially the revenues of those businesses.

On November 15, 2016, CMS issued the final rule updating the Physician Fee Schedule for CY 2016, in which it substantially reduced the reimbursement rates for certain vascular access services provided in the physician office setting. For the range of procedures provided in a vascular access center, these cuts represent an average reduction of 20.5 percent compared to the prior year. For the most common dialysis access related procedures, the cuts averaged as 32.2 percent compared to the prior year. Azura Vascular Care (previously known as Fresenius Vascular Care) is converting many of its facilities into ambulatory surgery centers. This more regulated model allows Azura Vascular Care to enhance coordination of care and expand services while offering a more specialized and less costly site of service as compared to hospital settings. Converting facilities to ambulatory surgical centers will require capital, take time and be subject to applicable federal and state regulations; certificates of need will be required in some states.

On November 13, 2017, CMS issued the final rule for the Medicare hospital Outpatient Prospective Payment System and the Ambulatory Surgical Center (ASC) Payment System for CY 2018, in which it removed certain dialysis HCPCS codes, applicable to angioplasty, thrombectomy and stenting procedures, from the list of codes that are considered device intensive. Since the payment indicator for device intensive procedures results in higher reimbursement for these procedures, the effect of this change is a reduction (approximately 27%) in reimbursement for these procedures in the ASC setting.

On November 2, 2018, CMS issued the CY 2019 final rule for hospital outpatient and ambulatory surgery center payment systems. CMS did not finalize the proposal to designate certain other dialysis vascular access codes as office based procedures, which would have capped reimbursement for those codes at the Medicare physician fee schedule rate. For CY 2019, those dialysis vascular access codes will continue to be paid at the ASC rate. The final rule updating the ASC Fee Schedule for CY 2019 decreased the reimbursement rates for certain vascular access services. For the range of procedures provided in an ASC, these cuts represent an average decrease of 3.3 percent compared to the prior year. For the most common dialysis access related procedures, the average decrease was also 3.3 percent compared to the prior year. CMS also updated the Physician Fee Schedule for CY 2019. For the range of procedures provided in a physician office, the CY 2019 Physician Fee Schedule represents an average increase of 0.06% percent compared to the prior year and for the most common dialysis access related procedures, an increase of 0.3% compared to the prior year.

ESRD PPS quality incentive program. The ESRD PPS's quality incentive program (***QIP***) affects Medicare payments based on performance of each facility on a set of quality measures. Based on a prior year's performance, dialysis facilities that fail to achieve the established quality standards have payments for a particular year reduced by up to 2 percent. CMS updates the set of quality measures each year, adding, revising or retiring measures. The 2018 QIP payment adjustments are based on each facility's performance in 2016 on a set of measures that focus on anemia management, dialysis adequacy, re-

porting of dialysis events to the Centers for Disease Control and Prevention (***CDC***), administration of patient satisfaction surveys and monthly reporting of mineral metabolism. For payment year 2018, CMS added two new clinical measures (standardized transfusion ratio and pediatric peritoneal dialysis adequacy) and three new reporting measures (pain assessment and follow-up, clinical depression screening and follow-up and influenza vaccination of healthcare personnel).

The ESRD PPS final rule, released on November, 1 2018, also updated the ESRD QIP, for payment years 2021 and 2022, under which payments made to dialysis facilities are subject to reduction based on clinical measures. The final rule includes QIP alignments for the payment year 2021 to the CMS Meaningful Measures Initiatives. Specifically, for PY 2021, the rule finalizes measure removal factors, removes four measures, and makes changes to the measure domain categories including establishment of Patient and Family Engagement/Care Coordination and the Clinical Care as individual domains. The rule also establishes new domain and measure weights. The rule delays reporting of QIP data for new facilities until four months after the CMS certification number becomes effective in an effort to provide facilities with more time to learn how to report the required data. The rule also finalizes proposed increases to the number of facilities selected for National Healthcare Safety Networks (NHSN) data validation study from 35 to 150 as well as making the Consolidated Renal Operations in a Web-Enabled Network data validation study into a permanent program requirement. For PY 2022, the ruling finalizes the adoption of the Percentage of Prevalent Patients Waitlisted Measure (PPPW) within the proposed Care Coordination Measure Domain as well as a proposal to adopt the Medication Reconciliation for Patients Receiving Care at Dialysis Facilities (MedRec) Measure within the Safety Measure Domain.

ACA provides for broad healthcare system reforms, including (i) provisions to facilitate access to private health insurance, (ii) expansion of the Medicaid program, (iii) industry fees on device and pharmaceutical companies based on sales of brand name products to government healthcare programs, (iv) increases in Medicaid prescription drug rebates, (v) commercial insurance market reforms that protect consumers, such as bans on lifetime and annual limits, coverage of pre-existing conditions, and limits on waiting periods, (vi) provisions encouraging integrated care, efficiency and coordination among providers (vii) provisions for reduction of healthcare program waste and fraud and (viii) a 2.3 percent excise tax on manufacturers' medical device sales starting in 2013. However, pursuant to the Consolidated Appropriations Act of 2016, enacted December 18, 2015, the medical device excise tax was suspended for all sales of such devices in 2016 and 2017. On January 22, 2018, Congress passed a continuing resolution that further extended this moratorium for 2018 and 2019. We cannot predict whether Congress will further suspend or repeal this tax in the future. In 2017, Congress considered legislation to "repeal and replace" ACA and may return to these issues in the future, but we cannot predict what provisions will be affected and what changes will result. Further, the Trump administration may take various administrative actions and positions in litigation that could materially affect how ACA provisions are implemented. We cannot predict the nature, extent, or impact of any such actions.

ACA includes a provision referred to as the individual mandate that requires most U.S. citizens and noncitizens to have health insurance that meets certain specified requirements or be subject to a tax penalty. On December 22, 2017, President Trump signed into law sweeping changes to the U.S. Internal Revenue Code of 1986, as amended (***Code***). Among the provisions included in the law was an amendment to this ACA provision that reduced to zero the excise tax penalty imposed on individuals who do not obtain minimum essential health care coverage. The provision became effective starting in 2019. The Congressional Budget Office estimated in November of 2017 that elimination of the mandate has the potential to decrease the number of individuals with health insurance by approximately 4 million in 2019 and premiums are likely to increase because healthier individuals are likely

to opt out of paying for health insurance without the influence of a penalty. On February 26, 2018, the Texas and Wisconsin Attorneys General, leading a 20-state coalition, filed a lawsuit challenging the constitutionality of the ACA in the Northern District of Texas titled Texas and Wisconsin, et al v. United States, et al (N.D. Tex). The plaintiffs argued that because the amendment "renders legally *impossible* the Supreme Court's prior savings construction of the Affordable Care Act's core provision – the individual mandate – the Court should hold that the ACA is unlawful and enjoin its operations." On December 14, 2018, the Court granted a partial summary judgment finding the individual mandate unconstitutional and the remaining provisions of the ACA inseparable, and therefore invalid, and granted the plaintiffs' claim for declaratory relief in Count 1 of the amended complaint. On December 30, 2018, the Court issued a final judgment on Count 1, which enabled the decision to be appealed. On December 31, 2018, the Court entered an order staying the remainder of the case pending resolution of the appeal. While the Trump administration originally took the position that only the individual mandate is unconstitutional, it recently changed its position and supports the Court's finding that the entire ACA is unconstitutional. It is not possible for us to predict the outcome of this lawsuit or what if any impact the elimination of the individual mandate will have on the patients seeking our products and services.

Pharmaceuticals. We participate in the federal Medicaid rebate program established by the Omnibus Budget Reconciliation Act of 1990, as well as several state supplemental rebate programs. We make our pharmaceutical products available to authorized users of the Federal Supply Schedule (***FSS***) of the General Services Administration under an FSS contract negotiated by the Department of Veterans Affairs. Under our license to market and distribute the intravenous Iron medication Venofer® to freestanding dialysis clinics, we also are considered, for statutory price reporting purposes, to be the manufacturer of Venofer® (when sold by us under one of our national drug codes (***NDCs***)), which is reimbursed under Part B of the Medicare program. Our products also are subject to a federal requirement that any company participating in the Medicaid rebate or Medicare program charge prices comparable to the rebates paid to State Medicaid agencies on purchases under the Public Health Services (**PHS**) pharmaceutical pricing program managed by HHS (also known as the "340B program" by virtue of the section of the Public Health Service Act that created the program). The PHS pricing program extends these deep discounts on outpatient drugs to a variety of community health clinics and other entities that receive health services grants from the PHS, certain "look alikes," as well as various other providers. ACA expanded the 340B program to include additional providers.

Under the Medicaid rebate program, we pay a rebate to each state Medicaid program based upon sales of our covered outpatient drugs that are separately reimbursed by those programs. ACA increased the minimum federal Medicare rebate percentages, effective January 1, 2010. Rebate calculations and price reporting rules are complex and, in certain respects, subject to interpretations of law, regulation, or policy guidance by us, government or regulatory agencies and the courts. The Medicaid rebate amount is computed each quarter based on our submission to CMS of our current Average Manufacturer Price and Best Price for our pharmaceutical products. The Veterans Health Care Act imposes a requirement that the prices we charge to certain federal entities under the FSS must be no greater than the Federal Ceiling Price, which is determined by applying a statutory discount to the average price charged to non-federal customers through wholesalers. Because the amount the government pays to reimburse the cost of a drug under Part B of the Medicare program is ordinarily based on the drug's average sales price (***ASP***), additional price calculation and reporting obligations are imposed on the manufacturers of Part B drugs under that program (to the extent these manufacturers participate in the Medicaid rebate program, from which an obligation to report Part B drug prices flows). Since Venofer® is covered under Part B, we are responsible for compiling and utilizing a wide range of sales data elements to determine the ASP of Venofer® marketed under

our NDCs, and reporting it to CMS. The Medicare ESRD PPS system incorporates payment for Venofer® at dialysis facilities.

Government agencies may make changes in program interpretations, requirements or conditions of participation, and retain the right to audit the accuracy of our computations of rebates and pricing, some of which may result in implications (such as recoupment) for amounts previously estimated or paid which may have a material adverse effect on our operating results.

Laboratory tests. Spectra obtains a portion of its revenue from Medicare, which pays for clinical laboratory services provided to dialysis patients in two ways. Payment for most tests is included in the ESRD PPS bundled rate paid to dialysis clinics. The dialysis clinics obtain the laboratory services from laboratories and pay the laboratories for the services. In accordance with industry practice, Spectra usually provides such testing services under capitation agreements with its customers pursuant to which it bills a fixed amount per patient per month to cover the laboratory tests included in the ESRD PPS rate at the frequencies designated in the capitation agreement. Second, the few laboratory tests performed by Spectra for Medicare beneficiaries that are not included in the ESRD PPS bundled rate are billed separately to Medicare. Such tests are paid at 100 percent of the payment amounts on Medicare's Clinical Laboratory Fee Schedule (***CLFS***); these amounts vary across different geographic areas but which cannot exceed national ceilings on payment rates, called national limitation amounts. Medicare updates the payment rates to reflect inflation by the change in consumer price index, subject to certain reductions.

PAMA requires CMS to substantially revise how payment rates are determined under the CLFS. Through regulations, CMS delayed the effective date of the new payment rates from January 1, 2017 (as required by PAMA) to January 1, 2018. The new rates will be determined based on the median of rates paid by private payors for these tests in the period before the new rates take effect. The new rates will be effective for most tests for a three-year period, with no updates during that period for inflation or other factors. PAMA provides that rate declines will be limited to 10 percent in each of the first three years. Final estimates of the effects of the new rate-setting system on CLFS revenues are not yet available, but in general payment rates for most tests paid on the CLFS will decline. These declines are not expected to directly affect Spectra's principal source of revenue, payments from dialysis facilities for laboratory tests included in the ESRD PPS. We cannot predict whether Spectra may witness indirect effects in future years as the laboratory industry and its customers adjust to the new CLFS rates.

Coordination of benefits. Medicare entitlement begins for most patients at least three months after the initiation of chronic dialysis treatment at a dialysis center. During the first three months, considered to be a waiting period, the patient or patient's insurance, Medicaid or a state renal program is generally responsible for payment.

Patients who are covered by Medicare and are also covered by an employer group health plan (***EGHP***) are subject to a 30-month coordination period during which the EGHP is the primary payor and Medicare the secondary payor. During this coordination period the EGHP pays a negotiated rate or in the absence of such a rate, our standard rate or a rate defined by its plan documents. The EGHP payments are generally higher than the Medicare payment. EGHP insurance, when available, will therefore generally cover as the primary payor for a total of 33 months, including the 3-month waiting period plus the 30-month coordination period. Any significant decreases in EGHP reimbursement rates could have material adverse effects on our provider business and, because the demand for our products is affected by provider reimbursement, on our products business.

Participation in new Medicare payment arrangements. For information on our value-based agreements and health insurance products, see "*Business of the Group—Care Coordination —Health plan services*" above.

Possible changes in statutes or regulations. Further federal or state legislation or regulations may be enacted in the future that could substantially modify or reduce the amounts paid for services and products offered by us and our subsidiaries and/or implement new or alternative payment models for dialysis that could present more risk sharing for dialysis clinics. For example, the Dialysis Patient Access to Integrated-care, Empowerment, Nephrologists, Treatment, and Services Demonstration Act of 2016 (a.k.a., the PATIENTS Act, S.3090/H.R.5942) was introduced in the U.S. Congress during the last session. If enacted, the legislation would, among other things, create a new ESRD-specific model of coordinated care not unlike that of the ESRD Seamless Care Organizations that would be mandated to be Advanced Alternate Payment Models as defined by the Medicare Access and CHIP Reauthorization Act, give enrolled patients supplemental benefits beyond what is available under current Medicare plans and establish incentives for providers, physicians and patients enrolled in the model. Other examples include ballot initiatives introduced at the state level which could further regulate clinic staffing requirements, state inspection requirements and commercial reimbursement rates. State regulation at this level would introduce an unprecedented level of oversight and additional expense at the clinic level which could have a material adverse effect on our business in the impacted states. While there is uncertainty regarding the passage and scope of these ballot initiatives, if some form of ballot initiative passes at the state level, such action could have a material adverse impact on our business. It is also possible that statutes may be adopted or regulations may be promulgated in the future that impose additional eligibility requirements for participation in the federal and state healthcare programs. Such new legislation or regulations could, depending upon the detail of the provisions, have positive or adverse effects, possibly material, on our businesses and results of operations. See "*Risk Factors—Risks relating to regulatory matters—We operate in a highly regulated industry such that the potential for legislative reform provides uncertainty and potential threats to our operating models and results"* and "*Changes in reimbursement and/or governmental regulations for health care could materially decrease our revenues and operating profit,"* as well as "*—Healthcare reform*" below.

Non-U.S.

As a global company delivering health care and dialysis products in approximately 150 countries worldwide, we face the challenge of addressing the needs of patients and customers in widely varying economic and healthcare environments. A country's approach to reimbursement and market pricing is markedly influenced by the type of healthcare funding system it employs. Many national insurance systems have been characterized by greater decentralisation and generally a more widespread use of 'fee-for-service' agreements.

In the major European and British Commonwealth countries, healthcare systems are generally based on one of two funding models. The healthcare systems of countries such as Germany, France, Belgium, Austria and the Netherlands are based on the Bismarck-type system, which is based on mandatory employer and employee contributions dedicated to health care financing. Countries such as the United Kingdom, Denmark, Finland, Portugal, Sweden and Italy established their national health services using the Beveridge-type system, which provides a national health care system financed by taxes. However, during the last decade, healthcare financing under many social security systems has also been significantly subsidized with tax money.

In Asia Pacific, countries such as Australia, New Zealand, Hong Kong, Macau, Malaysia, South Korea, Taiwan, and Thailand have a tax-based healthcare funding system which implies universal health

provision coverage, but also renders governments with more direct levers to control expenditures. Japan's and Philippines's healthcare is financed through premiums paid into funds, while Indonesia is working to achieve universal coverage in a comparable system during 2019. Singaporeans contribute to a mandatory medical savings plan that can be used to cover hospital costs and may receive a limited amount of tax-based subsidies to cover catastrophic illnesses. China aims for universal coverage by 2020 by enrolling patients in various mixed social insurance and taxation-based schemes.

In Latin America, health care systems are funded by public payors, private payors or a combination of both. For countries such as Argentina Chile, Colombia, Curaçao, Ecuador and Peru, Universal Health Care (***UHC***) covers ESRD for all citizens, funded by employers as well as individual compulsory contributions. In Peru, UHC is not yet fully implemented. Private insurers complement health care coverage, particularly in Argentina, Brazil and Colombia, and may be preferred by patients for a better quality of treatment or convenience. For those countries in Latin America in which we operate, with the exception of Brazil, Chile, Curaçao, Ecuador and Peru where rates may vary depending upon payors, reimbursement rates are independent of treatment modality. Each payor (public or private) defines its own tariff, generally subject to a yearly revision to restore the value eroded by inflation. In Colombia, competition bids for lower prices without regard to adjusted tariffs and in Brazil, where public payors represent more than 60% of the share, inflation adjustments for dialysis care services are not often received.

Remuneration for ESRD treatments widely differs between countries but there are three broad types of reimbursement modalities: global budget, fee-for-service reimbursement and a bundled payment or capitation rate paid at predetermined periods. In some cases, reimbursement modalities may also vary within the same country depending on the type of healthcare provider (public or private). Budget allocation is a reimbursement modality used mainly for public providers in most of European countries where the funding is based on taxation and in some of the countries where it is based on social security. Fee for service, which used to be the most common reimbursement modality for private providers in European and Asia Pacific countries, is increasingly being replaced by periodic reimbursement bundles. These include different components of the ESRD treatment and level of payment is linked to certain quality parameters.

Generally, in European countries with established dialysis programs, reimbursements range from $100 to more than $400 per treatment. In Asia-Pacific and Latin America, reimbursement rates can be significantly lower. Where treatment is reimbursed on a fee-for-service basis, reimbursement rates are sometimes allocated in accordance with the type of treatment performed. However, because the services and costs that are reimbursed differ widely between countries, calculation of an average global reimbursement amount would likely bear little relation to the actual reimbursement system in any one country. Hence, country comparison will be relevant only if it includes an analysis of the cost components covered, including their individual costs, services rendered and the structure of the dialysis clinic in the countries being compared.

Anti-kickback statutes, False Claims Act, Stark Law and other fraud and abuse laws in the United States

Some of our operations are subject to federal and state statutes and regulations governing financial relationships between healthcare providers and potential referral sources and reimbursement for services and items provided to Medicare and Medicaid patients. Such laws include the Anti-Kickback Statute, the False Claims Act, the Stark Law, and other federal healthcare fraud and abuse laws and similar state laws. The U.S. Government, many individual states and private third-party risk insurers have devoted increasing resources to combat fraud, waste, and abuse in the healthcare sector.

The Office of the Inspector General of HHS (***OIG***), state Medicaid fraud control units, and other enforcement agencies have dedicated substantial resources to their efforts to detect agreements that may violate fraud and abuse laws.

The government's ability to pursue actions against potential violators has been enhanced over the past years, by expanding the government's investigative authority, expanding criminal and administrative penalties, by increasing funding for enforcement and providing the government with expanded opportunities to pursue actions under the federal Anti-Kickback Statute, the False Claims Act, and the Stark Law. For example, ACA narrowed the public disclosure bar under the False Claims Act, allowing increased opportunities for whistleblower litigation. In addition, the legislation modified the intent standard under the federal Anti-Kickback Statute, making it easier for prosecutors to prove that alleged violators had met the requisite knowledge requirement. ACA and implementing regulations also require providers and suppliers to report any Medicare or Medicaid overpayment and return the overpayment on the later of 60 days of identification of the overpayment or the date the cost report is due (if applicable), or all claims associated with the overpayment will become false claims. The ACA also provides that any claim submitted from an arrangement that violates the Anti-Kickback Statute is a false claim.

Healthcare reform

In response to increases in health care costs in recent years, there have been, and continue to be, proposals by the federal government, state governments, regulators and third-party payors to control these costs and reform the U.S. healthcare system. The ACA, enacted in 2010, contained broad healthcare system reforms, including (i) provisions to facilitate access to affordable health insurance for all Americans, (ii) expansion of the Medicaid program, (iii) an industry fee on pharmaceutical companies starting in 2011 based on sales of brand name pharmaceuticals to government healthcare programs, (iv) increases in Medicaid prescription drug rebates effective January 1, 2010, (v) commercial insurance market reforms that protect consumers, such as bans on lifetime and annual limits, coverage of pre-existing conditions, and limits on waiting periods, (vi) provisions encouraging integrated care, efficiency and coordination among providers, (vii) provisions for reduction of healthcare program waste and fraud and (viii) a 2.3% excise tax on manufacturers' medical device sales starting in 2013. However, pursuant to the Consolidated Appropriations Act of 2016, which was signed into law on December 18, 2015, the medical device excise tax was suspended for all sales of such devices in 2016 and 2017. On January 22, 2018, Congress passed a continuing resolution that further extended this moratorium for 2018 and 2019. Throughout the years of the Obama administration, the Republicans in Congress attempted on several occasions to repeal the ACA, recognizing that any such effort would be rejected by a Presidential veto. Similarly, during the 2016 Presidential campaign, Donald Trump called for a repeal and replacement of the ACA. With the election of Mr. Trump as President in 2016 and with both Houses of Congress then retaining a Republican majority, it was widely anticipated that Congress and the President would proceed to repeal and replace the ACA. But despite the fact that Republican leadership in both the House and the Senate has proposed legislation on multiple occasions that would replace the ACA's private insurance market reforms and substantially modify federal funding and other aspects of the Medicaid program, these efforts have been unsuccessful to date. Nevertheless, it is likely that additional attempts, including through litigation, will be made in the future, although the Trump administration announced in April 2019 that it would not propose repeal or replacement of the ACA until after the 2020 elections in the U.S. Thus, the outcome of changes in health care policy and law are difficult to predict, and while there may be changes that are both favorable and unfavorable to us, it is possible that the overall impact of certain changes could be materially adverse to our business.

In National Federation of Independent Business v. Sebelius, the U.S. Supreme Court affirmed the right of individual states to elect whether or not to participate in ACA's Medicaid expansion. As of October 2017, thirty-two states (including the District of Columbia) elected to expand their programs. Because 19 states declined to participate, the number of uninsured individuals will be greater than originally expected when the ACA was passed. We cannot predict whether additional states will agree to participate in the expansion in future years, presuming that there is no change in the current law.

The Trump administration has made changes in the leadership of CMS and the Department of Health and Human Services and this new leadership has initiated revisions to regulations and sub-regulatory guidance relating to implementation of various provisions of ACA, with or without changes legislation. Additional changes may continue to occur, regardless whether the ACA is repealed. Significantly, in October 2017, the Trump administration announced that it would immediately cease paying cost-sharing reduction (CSR) subsidies to insurers. These subsidies reduce deductibles, coinsurance and copayments for individuals and families at or below 250% of the federal poverty level. Under the law insurers are still mandated to provide lower out-of-pocket costs for low-income individuals; as a result, ending CSR payments has caused many insurers to increase premiums in the individual insurance market to offset the loss of the federal support. However, in February 2018, the Trump administration altered course and requested and received authority to fund $1.2 billion to insurance exchanges, including CSR payments, as part of the administration's 2019 budget. A portion of this requested funding is expected to also fund the dismantling of the insurance exchanges. We cannot predict whether the inclusion of this funding in the budget for 2019 will come to pass. If the administration pursues the course indicated in October, then litigation that could stem from the decision to end the payments and likely will create uncertainty for the foreseeable future. Given this uncertainty, some insurers may decide to leave the individual exchanges altogether.

In addition, further regulations may be promulgated in the future that could substantially change the Medicare and Medicaid reimbursement systems, or that could impose additional eligibility requirements for participation in the federal and state healthcare programs. Moreover, such regulations could alter the current responsibilities of third-party insurance payors (including employer-sponsored health insurance plans, commercial insurance carriers and the Medicaid program) including, without limitation, with respect to cost-sharing. Changes of this nature could have significant effects on our businesses, but, due to the continued uncertainty about the implementation of the ACA, including existing and potential further legal challenges to or significant modifications to or repeal of that legislation (see, for example, the discussion above regarding the proceedings in the Northern District of Texas, Texas and Wisconsin, et al v. United States, et al), the outcomes and impact of such changes on our business, financial condition and results of operations are impossible to quantify or predict.

In January 2018, the Trump administration released guidance aimed at allowing states to impose work requirements for Medicaid beneficiaries, a major shift in the design of the health insurance program for the poor and disabled. The Centers for Medicare and Medicaid Services claims that work requirements will help people lead healthier lifestyles. Opponents fear the requirements simply will lead to the poor and disabled losing health benefits. At least nine states have applied for Medicaid waivers that include work requirements. The Kentucky and Indiana programs have been approved by CMS. The other states which have applied for waivers are Arizona, Arkansas, Indiana, Kansas, Maine, New Hampshire, North Carolina, Utah and Wisconsin. It is not currently possible to accurately predict the impact such programs will have over time.

Legal Proceedings

The Company is routinely involved in 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. The Company records its litigation reserves for certain legal proceedings and regulatory matters to the extent that the Company determines an unfavorable outcome is probable and the amount of loss can be reasonably estimated. 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.

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. 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 FMCH 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. Although the United States initially declined to intervene in the case, the government subsequently changed position. On April 3, 2017, the court allowed the government to intervene with respect only to certain hepatitis B surface antigen tests performed prior to 2011, when Medicare reimbursement rules for such tests changed. The court has subsequently rejected government requests to conduct new discovery and to add counts to its complaint-in-intervention that would expand upon the relator's complaint, but has allowed FMCH to take discovery against the government as if the government had intervened at the outset.

Beginning in 2012, FMC-AG & Co. KGaA received certain communications alleging conduct in countries outside the U.S. that might violate the FCPA or other anti-bribery laws. FMC-AG & Co. KGaA conducted investigations with the assistance of outside counsel and, in a continuing dialogue, FMC-AG & Co. KGaA voluntarily advised the SEC and the DOJ (collectively and interchangeably the ***government***) about these investigations. The government also conducted its own investigations, in which FMC-AG & Co. KGaA cooperated.

In the course of this dialogue, FMC-AG & Co. KGaA identified and reported to the government, and took remedial actions including employee disciplinary actions with respect to, conduct that resulted in the government seeking monetary penalties including disgorgement of profits and other remedies. This conduct revolved principally around FMC AG & Co. KGaA's products business in countries outside the United States.

FMC-AG & Co. KGaA recorded charges of €200 million in 2017 and €77.2 million in 2018 encompassing estimates for the government's claims for profit disgorgement, penalties, certain legal expenses, and other related costs or asset impairments believed likely to be necessary for full and final resolution, by litigation or settlement, of the claims and issues arising from the investigation. The increase recorded in 2018 took into consideration preliminary understandings with the government on the financial terms of a potential settlement. Following this increase, which takes into account incurred

and anticipated legal expenses, impairments and other costs, the provision totals €224 million as of December 31, 2018.

On March 29, 2019, FMC-AG & Co. KGaA entered into a non-prosecution agreement with the DOJ and a separate agreement with the SEC intended to resolve fully and finally the government's claims against FMC-AG & Co. KGaA arising from the investigations. FMC-AG & Co. KGaA agreed to pay a combined total in penalties and disgorgement of approximately $231.7 million to the government in connection with these agreements. As part of the settlement, FMC-AG & Co. KGaA further agreed to retain an independent compliance monitor for a period of two years and to an additional year of self-reporting. FMC-AG & Co. KGaA continues to cooperate with government authorities in Germany in their review of the issues resolved in the U.S. settlement.

FMC-AG & Co. KGaA continues to implement enhancements to its anti-corruption compliance program, including internal controls related to compliance with international anti-bribery laws. FMC-AG & Co. KGaA continues to be fully committed to FCPA and other applicable anti-bribery laws.

Personal injury litigation involving FMCH's acid concentrate product, labeled as GranuFlo® or NaturaLyte®, first arose in 2012 and was substantially resolved by settlement agreed in principle in February 2016 and consummated in November 2017. Remaining individual personal injury cases do not present material risk.

FMCH's affected insurers agreed to the settlement of the acid concentrate personal injury litigation and funded $220 million of the settlement fund under a reciprocal reservation of rights encompassing certain coverage issues raised by insurers and FMCH's claims for indemnification of defense costs. FMC-AG & Co. KGaA accrued a net expense of $60 million in connection with the settlement, including legal fees and other anticipated costs. Following entry into the settlement, FMCH's insurers in the AIG group and FMCH each initiated litigation against the other, relating to the AIG group's coverage obligations under applicable policies. In the coverage litigation, the AIG group seeks to be indemnified by FMCH for a portion of its $220 million outlay; FMCH seeks to confirm the AIG group's $220 million funding obligation, to recover defense costs already incurred by FMCH, and to compel the AIG group to honor defense and indemnification obligations required for resolution of cases not participating in the settlement. As a result of decisions on issues of venue, the coverage litigation is proceeding in the New York state trial court for Manhattan. National Union Fire Insurance v. Fresenius Medical Care, 2016 Index No. 653108 (Supreme Court of New York for New York County).

Four institutional plaintiffs 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, but seeking as a remedy the repayment of sums paid to FMCH that are attributable to the GranuFlo®/NaturaLyte® products. These cases implicate different legal standards, theories of liability and forms of potential recovery from those in the personal injury litigation and their claims were not extinguished by the personal injury litigation settlement described above.

The four plaintiffs were the Attorneys General for the States of Kentucky, Louisiana and Mississippi and the commercial insurance company Blue Cross Blue Shield of Louisiana in its private capacity. State of Mississippi ex rel. Hood, v. Fresenius Medical Care Holdings, Inc., No. 14-cv-152 (Chancery Court, DeSoto County); State of Louisiana ex re. Caldwell and Louisiana Health Service & Indemnity Company v. Fresenius Medical Care Airline, 2016 Civ. 11035 (U.S.D.C. D. Mass.); Commonwealth of Kentucky ex rel. Beshear v. Fresenius Medical Care Holdings, Inc. et al., No. 16-CI-00946 (Circuit Court, Franklin County). On February 12, 2019, agreement was reached to settle and resolve Kentucky's claims in *Beshear* in exchange for FMCH´s payment of $10.3 million and the case has been dismissed. On April 1, 2019, agreement was reached to settle and resolve Mississippi's claims in

Hood for $15.7 million and activity has ceased in that case pending the court's expected approval. The Caldwell and Blue Cross Louisiana cases remain unresolved and are proceeding together in federal court in Boston, but are subject to undecided motions for severance and remand. There is no trial date in either case. FMC-AG & Co. KGaA has additionally increased its litigation reserves to account for anticipated settlement of some, but not all, of the remaining payor cases. However, at the present time there are no agreements in principle for resolving the remaining cases and litigation through final adjudication may be required in all of them.

On September 6, 2018, a special-purpose entity organized under Delaware law for the purpose of pursuing litigation filed a Pure Bill of Discovery in a Florida county court seeking discovery from FMCH related to the personal injury settlement, but no other relief. MSP Recovery Claims Series LLC v. Fresenius Medical Care Holdings, No. 2018-030366-CA-01 (11th Judicial Circuit, Dade County, Florida). The Pure Bill was thereafter removed to federal court and transferred into the multidistrict Fresenius Granuflo/Naturalyte Dialysate Products Liability Litigation in Boston. No. 1:13-MD-02428-DPW (D. Mass.2013). On March 12, 2019, plaintiff amended its Pure Bill by filing a complaint claiming rights to recover monetary damages on behalf of various persons and entities who are alleged to have assigned to plaintiff their rights to recover monetary damages arising from their having provided or paid for medical services for dialysis patients receiving treatments using FMCH's acid concentrate product. FMCH is responding to the amended complaint.

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 involving 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 alleging a conspiracy pursuant to which certain Liberty Dialysis subsidiaries of FMCH overbilled 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. Hawaii v. Liberty Dialysis – Hawaii, LLC et al. Case No. 15-1-1357-07 (Hawaii 1st Circuit). The State alleges that Liberty acted unlawfully by relying on incorrect and unauthorized billing guidance provided to Liberty by Xerox State Healthcare LLC, which acted as Hawaii's contracted administrator for its Medicaid program reimbursement operations during the relevant period. The amount of the overpayment claimed by the State is approximately $8 million, but the State seeks civil remedies, interest, fines, and penalties against Liberty and FMCH under the Hawaii False Claims Act substantially in excess of the overpayment. After prevailing on motions by Xerox to preclude it from doing so, FMCH is pursuing third-party claims for contribution and indemnification against Xerox. The State's False Claims Act complaint was filed after Liberty initiated an administrative action challenging the State's recoupment of alleged overpayments from sums currently owed to Liberty. The civil litigation and administrative action are proceeding in parallel. Trial in the civil litigation is scheduled for April 2020.

On August 31, 2015, FMCH received a subpoena under the False Claims Act from the United States Attorney for the District of Colorado (Denver) inquiring into FMCH's participation in and management of dialysis facility joint ventures in which physicians are partners. FMCH continues to cooperate in the Denver United States Attorney´s Office investigation, which has come to focus on purchases and sales of minority interests in ongoing outpatient facilities between FMCH and physician groups.

On November 25, 2015, FMCH received a subpoena under the False Claims Act from the United States Attorney for the Eastern District of New York (Brooklyn) also inquiring into FMCH's involvement in certain dialysis facility joint ventures in New York. On September 26, 2018, the Brooklyn United States Attorney´s Office declined to intervene on the qui tam complaint filed under seal in

2014 that gave rise to this investigation. CKD Project LLC v. Fresenius Medical Care, 2014 Civ. 6646 (E.D.N.Y. November 12, 2014). The court unsealed the complaint, allowing the relator to serve and proceed on its own. The relator, a special-purpose entity formed by law firms to pursue qui tam proceedings, has served its complaint and litigation is proceeding.

Beginning October 6, 2015, the United States Attorney for the Eastern District of New York (Brooklyn) has led an investigation through subpoenas issued under the False Claims Act, utilization and invoicing by FMCH's subsidiary Azura Vascular Care for a period beginning after FMCH's acquisition of American Access Care LLC (***AAC***) in October 2011. FMCH has cooperated in the Brooklyn United States Attorney´s Office investigation, which is continuing. Allegations against AAC arising in districts in Connecticut, Florida and Rhode Island relating to utilization and invoicing were settled in 2015.

On October 22, 2018, the United States Attorney for the Southern District of New York (Manhattan) announced a False Claims Act settlement for up to $18.4 million with Vascular Access Centers LP, a competitor of AAC and Azura. Simultaneously, the 2012 qui tam (whistleblower) complaint that gave rise to the investigation was unsealed. *See*, Levine v. Vascular Access Centers, 2012 Civ. 5103 (S.D.N.Y.). That qui tam complaint names as defendants, among others in the dialysis industry, subsidiaries and employees of FMCH engaged in the vascular access business. The Manhattan United States Attorney´s Office did not intervene against non-settling defendants, allowing the relator to proceed on his own against those defendants. The relator subsequently dismissed with prejudice the defendants related to FMCH.

On June 30, 2016, FMCH received a subpoena from the United States Attorney for the Northern District of Texas (Dallas) seeking information under the False Claims Act about the use and management of pharmaceuticals including Velphoro®. The investigation encompasses DaVita, Amgen, Sanofi, and other pharmaceutical manufacturers and includes inquiries into whether certain compensation transfers between manufacturers and pharmacy vendors constituted unlawful kickbacks. FMCH understands that this investigation is substantively independent of the $63.7 million settlement by DaVita Rx announced on December 14, 2017 in the matter styled United States ex rel. Gallian v. DaVita Rx, 2016 Civ. 0943 (N.D. Tex.). FMCH is cooperating in the investigation.

On November 18, 2016, FMCH received a subpoena under the False Claims Act from the United States Attorney for the Eastern District of New York (Brooklyn) seeking documents and information relating to the operations of Shiel Medical Laboratory, Inc., which FMCH acquired in October 2013. In the course of cooperating in the investigation and preparing to respond to the subpoena, FMCH identified falsifications and misrepresentations in documents submitted by a Shiel salesperson that relate to the integrity of certain invoices submitted by Shiel for laboratory testing for patients in long term care facilities. On February 21, 2017, FMCH terminated the employee and notified the United States Attorney of the termination and its circumstances. The terminated employee's conduct is expected to result in demands for FMCH to refund overpayments and to pay related penalties under applicable laws, but the monetary value of such payment demands cannot yet be reasonably estimated.

The Brooklyn United States Attorney's Office continues to investigate a range of issues involving Shiel, including allegations of improper compensation (kickbacks) to physicians, and has disclosed that multiple sealed qui tam complaints underlie the investigation.

On December 12, 2017, FMCH sold to Quest Diagnostics certain Shiel operations that are the subject of this Brooklyn subpoena, including the misconduct reported to the United States Attorney. Under the sale agreement, FMCH retains responsibility for the Brooklyn investigation and its outcome. FMCH continues to cooperate in the ongoing investigation.

On December 14, 2016, CMS, which administers the federal Medicare program, published an IFR titled "Medicare Program; Conditions for Coverage for End-Stage Renal Disease Facilities-Third Party Payment". The IFR would have amended the Conditions for Coverage for dialysis providers like FMCH and would have effectively enabled insurers to reject premium payments made by or on behalf of patients who received grants for individual market coverage from the AKF. The IFR could thus have resulted in those patients losing individual insurance market coverage. The loss of coverage for these patients would have had a material and adverse impact on the operating results of FMCH.

On January 25, 2017, a federal district court in Texas, responsible for litigation initiated by a patient advocacy group and dialysis providers including FMCH preliminarily enjoined CMS from implementing the IFR. Dialysis Patient Citizens v. Burwell, 2017 Civ. 0016 (E.D. Texas, Sherman Div.). The preliminary injunction was based on CMS' failure to follow appropriate notice-and-comment procedures in adopting the IFR. The injunction remains in place and the court retains jurisdiction over the dispute.

On June 22, 2017, CMS requested a stay of proceedings in the litigation pending further rulemaking concerning the IFR. CMS stated, in support of its request, that it expects to publish a Notice of Proposed Rulemaking in the Federal Register and otherwise pursue a notice-and-comment process. Plaintiffs in the litigation, including FMCH, consented to the stay, which was granted by the court on June 27, 2017. See "*Business of the Group – Regulatory and Legal Matters – Potential changes impacting our private payors*" for information regarding the status of CMS's proposed rulemaking.

On January 3, 2017, FMCH received a subpoena from the United States Attorney for the District of Massachusetts under the False Claims Act inquiring into FMCH's interactions and relationships with the AKF, including FMCH's charitable contributions to the Fund and the Fund's financial assistance to patients for insurance premiums. FMCH is cooperating in the investigation, which is part of a broader investigation into charitable contributions in the medical industry. FMCH believes that the investigation revolves around conduct alleged to be unlawful in United Healthcare v. American Renal Associates, 2018 Civ. 10622 (D. Mass.), but believes that such unlawful conduct was not undertaken by FMCH. On July 2, 2018, American Renal Associates announced that it had reached a settlement in principle of the United Healthcare litigation. FMCH lacks information necessary to assess how the American Renal Associates settlement may impact the United States Attorney's investigation.

On April 8, 2019, United Healthcare served a demand for arbitration against FMCH. The demand asserts that FMCH unlawfully "steered" patients by waiving co-payments and other means away from coverage under government-funded insurance plans including Medicare into United Healthcare's commercial plans, including Affordable Care Act exchange plans. FMCH is contesting United Healthcare's claims and demands.

In early May 2017, the United States Attorney for the Middle District of Tennessee (Nashville) issued identical subpoenas to FMCH and two subsidiaries under the False Claims Act concerning FMCH's retail pharmaceutical business. The investigation is exploring allegations related to improper inducements to dialysis patients to fill oral prescriptions through FMCH's pharmacy service, improper billing for returned pharmacy products and other allegations similar to those underlying the $63.7 million settlement by DaVita Rx in Texas announced on December 14, 2107. *See*, United States ex rel. Gallian, 2016 Civ. 0943 (N.D. Tex.). FMCH is cooperating in the investigation.

On March 12, 2018, Vifor Fresenius Medical Care Renal Pharma Ltd. and Vifor Fresenius Medical Care Renal Pharma France S.A.S. (collectively, ***VFMCRP***) (the joint venture between Galenica (Vifor) and FMC AG & Co. KGaA), filed a complaint for patent infringement against Lupin Atlantis Holding SA and Lupin Pharmaceuticals Inc. (collectively, ***Lupin***), and Teva Pharmaceuticals USA, Inc. (***Teva***) in the U.S. District Court for the District of Delaware (Case 1:18-cv-00390-LPS). The patent infringement action is

in response to Lupin and Teva´s filings of Abbreviated New Drug Applications (ANDA) with the FDA for generic versions of Velphoro®. Velphoro® is protected by patents listed in the FDA´s Approved Drug Products with Therapeutic Equivalence Evaluations, also known as the Orange Book. The complaint was filed within the 45-day period provided for under the Hatch-Waxman legislation, and triggered a stay of FDA approval of the ANDAs for 30 months (2.5 years) (specifically, up to July 29, 2020 for Lupin´s ANDA; and August 6, 2020 for Teva´s ANDA), or a shorter time if a decision in the infringement suit is reached that the patents-at-issue are invalid or not infringed. Recently, in response to another ANDA being filed for a generic Velphoro®, VFMCRP filed a complaint for patent infringement against Annora Pharma Private Ltd., and Hetero Labs Ltd. (collectively, ***Annora***), in the U.S. District Court for the District of Delaware on December 17, 2018. A 30-month stay of FDA approval of Annora´s ANDA will run through to May 30, 2021.

On December 17, 2018, FMCH was served with a subpoena under the False Claims Act from the United States Attorney for the District of Colorado (Denver) as part of an investigation of allegations against DaVita involving transactions between FMCH and DaVita. The subject transactions include sales and purchases of dialysis facilities, dialysis-related products and pharmaceuticals, including dialysis machines and dialyzers, and contracts for certain administrative services. FMCH is cooperating in the investigation.

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 analyses 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 healthcare providers, insurance plans and suppliers, 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, dialysis clinics and other health care facilities, 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 U.S. Food and Drug Administration (***FDA***) and comparable regulatory authorities outside the U.S. These regulatory actions could include warning letters or other enforcement notices from the FDA, and/or comparable foreign regulatory authority which may require the 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 one pending FDA warning letter. 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, the federal Civil Monetary Penalties 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 and handles the Patient Personal Data (***PPD***) of its patients and beneficiaries throughout the United States and other parts of the world, and engages with other business associates to help it carry out its health care activities. 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 and its business associates. On occasion, the Company or its business associates may experience a breach under the Health Insurance Portability and Accountability Act Privacy Rule and Security Rules, the EU's General Data Protection Regulation and/or other similar laws (***Data Protection Laws***) when there has been impermissible use, access, or disclosure of unsecured PD or when the Company or its business associates neglect to implement the required administrative, technical and physical safeguards of its electronic systems and devices, or a data breach that results in impermissible use, access or disclosure of personal identifying information of its employees, patients and beneficiaries. On those occasions, the Company must comply with applicable breach notification requirements.

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 its 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, Data Protection Laws, the Health Information Technology for Economic and Clinical Health Act and the Foreign Corrupt Practices Act, among other laws and comparable state laws or laws of other countries.

Physicians, hospitals and other participants in the healthcare 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.

In Germany, the tax audits for the years 2006 through 2009 have been substantially completed. The German tax authorities have indicated a re-qualification of dividends received in connection with intercompany mandatorily redeemable preferred shares into fully taxable interest payments for these and subsequent years until 2013. The Company has defended its position and will avail itself of ap-

propriate remedies. An adverse determination with respect to fully taxable interest payments related to intercompany mandatorily redeemable preferred shares and the disallowance of certain other tax deductions could have a material adverse effect on the Company's financial condition and results of operations.

The Company is also subject to ongoing and future tax audits in the U.S., Germany and other jurisdictions in the ordinary course of business. Tax authorities routinely pursue adjustments to the Company's tax returns and disallowances of claimed tax deductions. When appropriate, the Company defends these adjustments and disallowances and asserts its own claims. A successful tax related claim against the Company or any of its subsidiaries could have a material adverse effect upon its business, financial condition and results of 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 current estimated amount of the Company's other known individual contingent liabilities is immaterial.

RESEARCH AND DEVELOPMENT

Developing innovative products and continuously improving our dialysis treatments are an inherent part of our growth strategy. Our global R&D activities, which are centrally managed by GRD, 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 research and development activities, this confirms our intention to develop innovative products that are not only of high quality, but are also affordable. Based on our experience in operating our own dialysis clinics, we do not consider these to be incompatible aims.

Our R&D strategy is globally oriented. This enables us to respond even better to the worldwide rise in demand for high-quality yet cost-efficient treatment methods. In doing so, we also take regional market conditions into account and offer a differentiated product range. In future, we intend to deliver innovative, competitive products even more efficiently and strengthen our focus on developing countries.

In addition to R&D activities carried out at our company, we collaborate with external partners with the aim of building a comprehensive innovation and technology network. These include numerous academic institutions, such as research institutes at renowned universities in the U.S. Another partner is 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 relating to dialysis treatment. We are increasingly collaborating with start-ups with the objective of promoting an open culture of innovation and enabling access to the latest technologies.

Innovations in 2018

To be able to continuously improve our patients’ quality of life and the outcomes of their treatment and to ensure our growth in the medium to long-term, we not only work on new products that are close to market launch, but also have an extensive portfolio of innovation projects. These focus on technologies in our core business as well as related areas of strategic interest.

Launch of a new hemodialysis machine

Many dialysis patients in emerging economies still do not have access to adequate treatment. The market potential in these countries is high. We are therefore developing a targeted portfolio specifically for these markets. For example, we launched the 4008A dialysis machine on the Asian market in 2018. It incorporates the most important core functions of a dialysis machine and is adapted to local conditions. Like the rest of our portfolio, the 4008A is also subject to the strict quality and patient safety standards specified by Fresenius Medical Care.

Innovative products for home dialysis

We are also currently developing an entire portfolio of state-of-the-art technologies for peritoneal dialysis in conjunction with our partners. Peritoneal dialysis is the most common form of home treatment for chronic kidney failure. Many of these patients are treated using cyclers. The new cyclers have been optimized to meet our patients' needs as they are small, light and compact, making them ideal for use at home. This new generation of PD cyclers gives dialysis patients a high degree of flexibility. They also consider the specific treatment requirements of children.

Research in the field of regenerative medicine

In 2018, Fresenius Medical Care's subsidiary Unicyte AG reached a pre-clinical milestone in regenerative medicine for chronic kidney disease. In a second pre-clinical model, the company demonstrated that its patented nanoscale extracellular vesicles (***nEVs***) can restore the kidney function of patients with chronic kidney disease. nEVs are particles derived from stem cells that help to transport neurotransmitters between cells. Unicyte will continue to carry out intensive research into the potential of nEVs in the treatment of chronic and acute kidney diseases in the coming years to develop new and improved treatment options for seriously and chronically ill patients.

In 2018, we announced a strategic global partnership and an equity investment for a payment of $150 million with the U.S. medical company Humacyte. Humacyte carries out medical research and development on clinical and pre-clinical investigational products and has developed the human acellular blood vessel HUMACYL®, which is currently in Phase III clinical trials for use as a vascular access for hemodialysis patients and may prove more effective than conventional synthetic grafts and fistulas. Following product approval, we will receive exclusive global rights to commercialize HUMACYL, allowing us to offer patients with chronic kidney disease around the world a safer and more effective vascular access option including shorter catheter contact time.

Ventures

Our venture capital company Fresenius Medical Care Ventures GmbH is increasingly collaborating with start-ups with the aim of promoting an open culture of innovation and gaining access to the latest technologies. In 2018, Fresenius Medical Care Ventures invested in the Israeli medical technology company, Vectorious Medical Technologies, the biotech company Corvidia Therapeutics Inc. and the digital health companies Tridiuum and SafeRide. Vectorious has developed an implantable, microcomputer-based system that optimizes the management of heart failure patients using direct, daily left-atrial pressure (LAP) measurements. Corvidia is pioneering the next generation of cardiovascular and cardiorenal treatments. Tridiuum has developed an engine for behavioral medicine based on predictive analytics, while SafeRide organizes patient transportation, e.g. to ensure that dialysis patients get to dialysis clinics regularly and reliably.

R&D resources

R&D expenditure corresponded to around 4% (2017: 4%) of our health care product revenue. At the end of 2018, our patent portfolio comprised some 9,152 property rights in approximately 1,340 patent families, i.e. groups of patents linked to the same invention. Our R&D work in the fiscal year produced around 126 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 2018, 933 highly qualified employees (full-time equivalents) worked for Fresenius Medical Care in R&D worldwide (2017: 825). They come from various backgrounds: Physicians work side by side with software specialists, business economists and engineers in interdisciplinary teams. Around 590 employees – the majority of our R&D staff – are based in Europe. Most activities are carried out at our facilities in Schweinfurt and Bad Homburg v. d. Höhe (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, 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 in Asia and emerging markets. The global R&D organization coordinates collaboration and technology exchange among the various sites. As part of our innovation culture, we also strive to carry out research and development responsibly.

EMPLOYEES

We employed 118,308 people (full-time equivalents) as of March 31, 2019 compared to 112,658 as of December 31, 2018, 114,831 as of March 31, 2018, and 114,000 as of December 31, 2017. The increase of 3% in the first quarter of 2019 was primarily due to the NxStage acquisition and the 1% decrease during 2018 was primarily due to the divestiture of Sound. At December 31, 2017, we had 114,000 employees (full-time equivalents) as compared to 109,319 at December 31, 2016. The increase in 2017 was mainly due to the overall growth in our business and acquisitions. We are members of the Chemical Industry Employers Association for most sites in Germany and we are bound by union agreements negotiated by the employer's association with the respective union representatives. We generally apply the principles of the association and the related union agreements also for those sites and legal entities where we are not members. These collective bargaining agreements cover all so-called "tariff" employees. We are also party to shop agreements on workplace-related issues, negotiated with works councils at individual facilities that relate to those facilities. In addition, approximately 2% of our U.S. employees are covered by collective bargaining agreements. During the last three fiscal years, we have not suffered any protracted labor-related work disruptions.

INVESTMENTS

Net cash used in investing activities in 2018 and 2017 was €245 million and €992 million, respectively.

The majority of our capital expenditures were used for maintaining existing clinics, equipping new clinics, maintaining and expanding production facilities (primarily in the North America Segment, France, Germany and China), capitalization of machines provided to our customers and for Care Coordination as well as capitalization of certain development costs. Capital expenditures were approximately 6% and 5% of total revenue in 2018 and 2017, respectively.

Investments in 2018 were primarily driven by securities and an equity investment in Humacyte, a medical research, discovery and development company, to gain a 19% fully diluted ownership stake as well as a related exclusive global distribution right to Humacyte's bioengineered human acellular

vessels within the North America Segment. The remaining investments in the North America Segment, the EMEA Segment and the Latin America Segment were largely in acquisitions of dialysis clinics as well as license agreements and distribution rights in the North America Segment. In 2018, we received €1,683 million from divestitures mainly related to the divestment of Sound on June 28, 2018 (see note 4 c) of the notes to the consolidated financial statements incorporated by reference in the Prospectus), as well as the sale of securities in the amount of €150 million.

Investments in 2017 were mainly driven by acquisitions of clinics in the North America Segment and a Care Coordination acquisition in the Asia-Pacific Segment. In 2017, we also received €415 million from divestitures mainly related to the sale of securities of €256 million and the divestment of our non-dialysis laboratory testing services business in December 2017.

Acquisition of NxStage

FMCH successfully completed the acquisition of NxStage following approval by antitrust authorities in the U.S. NxStage develops, produces and markets an innovative product portfolio of medical devices for use in home dialysis and critical care. This acquisition will enable the Company and its subsidiaries to further leverage their manufacturing, supply chain and marketing competencies across the dialysis products, services and care coordination businesses in a less labor- and capital-intensive care setting.

PROPERTIES

The table below describes our principal facilities. We do not own the land and buildings comprising our principal facilities in Germany. Rather, we lease those facilities on a long-term basis from Fresenius SE or one of its affiliates. These leases are described under "*Management—Related party transactions*".

Location	Floor area (approximate square meters)	Currently owned or leased by Fresenius Medical Care	Lease expiration	Use
Ogden, Utah	102,193	owned		Manufacture polysulfone membranes and dialyzers and peritoneal dialysis solutions; research and development
St. Wendel, Germany	101,288	leased	December 2026	Manufacture of polysulfone membranes, dialyzers and peritoneal dialysis solutions; research and development
Suzhou, China (Changshu Plant)	83,808	owned		Manufacture of hemodialysis bloodline sets & AV Fistula set, HD dialyzer and peritoneal dialysis solutions
Biebesheim / Gernsheim, Germany	58,500	leased	December 2023	Central distribution Europe, Asia Pacific and Latin America

L´Arbresle, France	47,674	owned		Manufacture of polysulfone dialyzers, special filters, dry & liquid hemodialysis concentrates, empty pouches, injection molding
Schweinfurt, Germany	38,100	leased	December 2026	Manufacture of hemodialysis machines and peritoneal dialysis cyclers; research and development
Fukuoka, Japan (Buzen Plant)	37,092	owned		Manufacture of peritoneal dialysis bags and dialyzers
Cota, Colombia	37,000	owned		Manufacture of dry and liquid concentrates, CAPD and APD bags, Intravenous solutions, empty Biofine bags.
Enstek, Malaysia	28,778	owned		Manufacture and peritoneal dialysis solutions and hemodialysis concentrate
Waltham, Massachusetts	28,497	leased	April 2029	Corporate headquarters and administration - North America
Fukuoka, Japan (Buzen Plant) - Site Area for future expansion	27,943	owned		Manufacture of peritoneal dialysis bags and dialyzers
Palazzo Pignano, Italy	27,435	owned		Manufacture of bloodlines and tubing, office
Knoxville, Tennessee	25,734	owned		Manufacture peritoneal dialysis solutions
São Paulo, Brazil	24,755	owned		Manufacture of hemodialysis concentrate solutions, dry hemodialysis concentrates, peritoneal dialysis bags, intravenous solutions bags, peritoneal dialysis and blood lines sets and Warehouse
Guadalajara, México	24,234	owned		Manufacture of saline, sodium citrate and liquid acids
Buenos Aires, Argentina	20,000	owned		Manufacture of hemodialysis concentrate solutions, dry hemodialysis concentrates and disinfectants
Rockleigh, New Jersey	19,974	leased	December 2028	Clinical laboratory testing
Concord, California	17,586	leased	July 2028	Manufacture of Hemodialysis machines and peritoneal dialysis cyclers; research and development; warehouse space
Reynosa, Mexico	15,746	leased	November 2027	Manufacture of bloodlines
Vrsac, Serbia	15,365	owned		Administration, production and warehouse building

Bad Homburg, Germany	11,040	leased	December 2026	Corporate headquarters and administration
Bad Homburg (OE), Germany	10,300	leased	December 2026	Manufacture of hemodialysis concentrate solutions / Technical Services / Logistics services

We lease most of our dialysis clinics, manufacturing, laboratory, warehousing and distribution and administrative and sales facilities in the U.S. and other countries on terms which we believe are customary in the industry.

MANAGEMENT

Directors and Senior Management

Management and Supervisory Bodies, Board Practices

General

As a partnership limited by shares (*Kommanditgesellschaft auf Aktien*) under the German Stock Corporation Act (*Aktiengesetz*) with a German stock corporation (*Aktiengesellschaft*) as general partner, the corporate bodies of the Company are the general partner, the Supervisory Board and the general meeting of shareholders.

The Company's sole General Partner is Fresenius Medical Care Management AG (***General Partner***), a wholly-owned subsidiary of Fresenius SE & Co. KGaA (***Fresenius SE***). The General Partner is required to devote itself exclusively to the management of the Company. The General Partner has a supervisory board and a management board. These two boards are separate and no individual may simultaneously be a member of both boards. A person may, however, serve on both the supervisory board of the General Partner and on the Supervisory Board.

Management Board of the General Partner

Each member of the management board of the General Partner (***Management Board***) is appointed by the supervisory board of the General Partner for a maximum term of five years and is eligible for reappointment thereafter. Their terms of office expire in the years listed below.

The table below provides names, positions and terms of office of the current members of the Management Board and their ages at the date of the Prospectus:

Name	Current Age	Position	Year term expires
Mr. Rice Powell	63	Chief Executive Officer and Chairman of the Management Board	2022
Mr. Michael Brosnan	63	Chief Financial Officer	2022
Mr. William Valle	58	Chief Executive Officer for North America	2020
Dr. Olaf Schermeier	46	Chief Executive Officer of Global Research & Development	2021
Mr. Kent Wanzek	59	Chief Executive Officer of Global Manufacturing and Quality	2022
Mr. Harry de Wit	56	Chief Executive Officer for Asia-Pacific	2023
Dr. Katarzyna Mazur-Hofsäß	55	Chief Executive Officer for EMEA	2021

MR. RICE POWELL has been with us since 1997. He became Chairman and Chief Executive Officer of the Management Board effective January 1, 2013. Mr. Powell is also a member of the Management Board of Fresenius Management SE and of the Board of Administration of Vifor Fresenius Medical Care Renal Pharma, Ltd., Switzerland. Mr. Powell was the Chief Executive Officer and director of Fresenius Medical Care North America until December 31, 2012. Mr. Powell has more than 40 years of experience in the healthcare industry, which includes various positions with Baxter International Inc., Biogen Inc., and Ergo Sciences Inc.

MR. MICHAEL BROSNAN has been with us since 1998. Mr. Brosnan is a member of the Management Board and Chief Financial Officer of the General Partner. Mr. Brosnan is also a member of the Supervisory Board of Morphosys AG, Germany, and of the Board of Administration of Vifor Fresenius Medical Care Renal Pharma, Ltd., Switzerland. Mr. Brosnan was a member of the Board of Directors of Fresenius Medical Care North America. Prior to joining us, Mr. Brosnan held senior financial positions at Polaroid Corporation and was an audit partner at KPMG LLP. Since May 2018, Mr. Brosnan is also a member of the supervisory board of MorphoSys AG. On February 20, 2019, the Company announced that Michael Brosnan plans to retire from the Company after his successor has been identified and transitioned into the role.

MR. WILLIAM VALLE was appointed Chief Executive Officer for FMCNA effective January 2017 and a member of the Management Board on February 17, 2017. Prior to that, Mr. William Valle was executive vice president responsible for the dialysis service business and vascular access business of FMCNA from 2014 to 2017. Mr. Valle joined FMCNA in 2009 and has approximately 30 years of experience in the dialysis industry, holding executive positions in sales, marketing and business development at several dialysis companies including Gambro Healthcare, Inc.

DR. OLAF SCHERMEIER was appointed Chief Executive Officer for Global Research and Development on March 1, 2013. Dr. Schermeier serves on the supervisory board of Xenios AG. Prior to joining us, Dr. Schermeier served as President of Global Research and Development for Dräger Medical, Lübeck, Germany. Dr. Schermeier has many years of experience in various areas of the health care industry, among others at Charité-clinic and Biotronik, Germany.

MR. KENT WANZEK has been with us since 2003. Mr. Wanzek has been a member of the Management Board since January 1, 2010, with responsibility for Global Manufacturing and Quality and prior to joining the Management Board was in charge of North American business operations for the Renal Therapies Group at Fresenius Medical Care North America since 2004. Mr. Wanzek held several senior executive positions with companies in the healthcare industry, including Philips Medical Systems, PerkinElmer, Inc. and Baxter Healthcare Corporation.

MR. HARRY DE WIT assumed the role of Chief Executive Officer for the Asia-Pacific Segment on April 1, 2016. Mr. de Wit has worked in the medical device industry for more than 25 years. Mr. de Wit holds a master's degree in Medicine from the VU University of Amsterdam in the Netherlands and a bachelor's of Science in Physiotherapy from the School of Physiotherapy of Den Bosch in the Netherlands. Mr. de Wit has been a non-executive member of the Board of Directors of New Asia Investments Pte Ltd. since March 25, 2014.

DR. KATARZYNA MAZUR-HOFSÄß assumed the role of Chief Executive Officer for the EMEA Segment on September 1, 2018. Before joining the Company, she had been president for EMEA at the medtech company Zimmer Biomet since 2013. She has 25 years of professional experience and held various positions in the medical and pharmaceutical industry from her positions, among others at Abbott Laboratories and Roche.

The business address of all members of the Management Board is Else-Kröner-Straße 1, 61352 Bad Homburg vor der Höhe, Germany.

Supervisory Board of the General Partner

The supervisory board of the General Partner consists of six members who are elected by Fresenius SE (acting through its general partner, Fresenius Management SE), the sole shareholder of the General Partner. Pursuant to the Pooling Agreement (as defined below) for the benefit of the public

holders of our shares, at least one-third (but no fewer than two) of the members of the General Partner's supervisory board are required to be independent directors as defined in such pooling agreement, i.e., persons with no substantial business or professional relationship with us, Fresenius SE, the General Partner, or any affiliate of any of them. For details, see "*Pooling Agreement*" below.

Unless resolved otherwise by Fresenius SE in the general meeting of shareholders of the General Partner, the terms of each of the members of the supervisory board of the General Partner will expire at the end of the general meeting of shareholders held during the fourth fiscal year following the year in which the General Partner's supervisory board member was elected by Fresenius SE, but not counting the fiscal year in which such member's term begins. Fresenius SE, as the sole shareholder of the General Partner, is at any time entitled to re-appoint members of the General Partner's supervisory board. The most recent election of members of the General Partner's supervisory board took place in May 2016. Following Dr. Ulf M. Schneider's resignation in 2016, Ms. Rachel Empey was elected as a sixth member of the General Partner's supervisory board, effective as of September 1, 2017. Members of the General Partner's supervisory board may be removed only by a resolution of Fresenius SE in its capacity as sole shareholder of the General Partner. Neither the shareholders of the Company nor the Supervisory Board have any influence on the appointment of the supervisory board of the General Partner.

The General Partner's supervisory board ordinarily acts by simple majority vote and the Chairman has a tie-breaking vote in case of any deadlock. The principal function of the General Partner's supervisory board is to appoint and to supervise the Management Board in its management of the Company, and to approve mid-term planning, dividend payments and other matters which are not in the ordinary course of business and are of fundamental importance to us.

The table below provides the names of the current members of the supervisory board of the General Partner and their ages. Except for Mr. Sturm and Ms. Empey, each of such persons is also a member of the Supervisory Board.

Name	**Current Age**
Mr. Stephan Sturm, Chairman[(1)]	55
Dr. Dieter Schenk, Vice Chairman[(1),(4)]	66
Dr. Gerd Krick[(1)]	80
Mr. Rolf A. Classon[(1),(2),(3),(4)]	73
Mr. William P. Johnston[(1),(2),(3),(4)]	74
Ms. Rachel Empey	42

(1) Members of the Human Resources Committee of the supervisory board of the General Partner.

(2) Members of the Audit and Corporate Governance Committee of the Company. In addition, Ms. Pascale Witz, a member of the Company's Supervisory Board, is a member of the Audit and Corporate Governance Committee of the Company since February 11, 2019.

(3) Independent director for purposes of the Pooling Agreement (as defined below).

(4) Member of the Regulatory and Reimbursement Assessment Committee of the supervisory board of the General Partner.

MR. STEPHAN STURM has been Chairman of the management board of Fresenius Management SE since July 1, 2016, after serving for over 11 years as Fresenius Management SE's Chief Financial Officer. Prior to joining Fresenius Management SE in 2005, he was a Managing Director of Credit Suisse First Boston (***CSFB***), from 2000 as Head of Investment Banking for Germany and Austria, and also served on CSFB's European Management Committee. During his more than 13 years in investment banking, Stephan Sturm held various executive positions with BHF-Bank, Union Bank of Switzerland and CSFB in Frankfurt and London. Prior to entering investment banking in 1991, he was a management consultant at McKinsey & Co. in Düsseldorf and Frankfurt. Mr. Stephan Sturm holds a degree in

Business from Mannheim University. Additionally, Mr. Sturm is the Chairman of the supervisory board of Fresenius Kabi AG, Vice Chairman of the supervisory board of Vamed AG, Austria as well as a member of the supervisory board of Deutsche Lufthansa AG.

DR. DIETER SCHENK has been Vice Chairman of the supervisory board of the General Partner since 2005 and is also Chairman of the Supervisory Board and Vice Chairman of the supervisory board of Fresenius Management SE. He is an attorney and tax advisor and was a partner in the law firm of Noerr LLP (formerly Nörr Stiefenhofer Lutz) from 1986 until December 31, 2017. Additionally, he also serves as the Chairman of the supervisory board of Gabor Shoes AG, Bank Schilling & Co. AG and TOPTICA Photonics AG. Dr. Schenk is also Chairman of the Foundation Board of Else Kröner-Fresenius-Stiftung, the sole shareholder of Fresenius Management SE, which is the sole general partner of Fresenius SE.

DR. GERD KRICK has been a member of the supervisory board of the General Partner since December 2005 and was Chairman of the Company's Supervisory Board until May 17, 2018. He is the Chairman of the supervisory board of Fresenius Management SE and of Fresenius SE. Additionally, Dr. Krick is Chairman of the supervisory board of Vamed AG, Austria.MR. ROLF A. CLASSON has been a member of the supervisory board of the General Partner since July 7, 2011 and a member of the Supervisory Board since May 12, 2011. Mr. Classon also has served on the Board of Directors of Catalent Inc. since August 2014 and as a member of the Board of Directors of Perrigo Company plc, since May 8, 2017. Mr. Classon was the Chairman of the Board of Directors for Hill-Rom Holdings, Inc. until March 6, 2018 as well as the Chairman of the Board of Directors for Tecan Group Ltd. until April 18, 2018.

MR. WILLIAM P. JOHNSTON has been a member of the supervisory board of the General Partner since May 2006 and also serves on the Supervisory Board. Mr. Johnston has been an Operating Executive of The Carlyle Group since June 2006. He is also Chairman of the Board of The Hartford Mutual Funds, Inc.

MS. RACHEL EMPEY became the Chief Financial Officer of Fresenius Management SE on August 1, 2017 and member of the supervisory board of the General Partner on September 1, 2017. Prior to August 1, 2017, she served as Chief Financial and Strategy Officer of Telefónica Deutschland Holding AG and member of the management board of Telefónica Deutschland, starting in 2011. Previously, Ms. Empey held a number of key international finance and controlling positions in the Telefónica group. She started her career as an audit executive at Ernst & Young and business analyst at Lucent Technologies. Ms. Empey is a chartered accountant and holds an MA (Hons) in Mathematical Sciences from the University of Oxford. Additionally, Ms. Empey has been the Vice Chairman of the supervisory board of Fresenius Kabi AG since October 2017 and has served on the Board of Directors of Inchcape plc since May 2016.

Supervisory Board

Our Supervisory Board consists of six members who are elected by the shareholders of the Company in a general meeting of the shareholders. Generally, the terms of office of the members of the Supervisory Board will expire at the end of the general meeting of the Company, in which the shareholders discharge the Supervisory Board for the fourth fiscal year following the year in which they were elected, but not counting the fiscal year in which such member's term begins. The most recent election of members of the Supervisory Board took place in May 2016. The next regular elections will take place in 2021. Before the expiration of their term, members of the Supervisory Board may be removed only by a court decision or by a resolution of the shareholders of the Company with a majority of three quarters of the votes cast at such general meeting.

Fresenius SE, as the sole shareholder of the General Partner, is barred from voting for election and/or removal of members of the Supervisory Board as well as from voting on discharge of the Supervisory Board, but it nevertheless has and will retain significant influence over the membership of the Supervisory Board in the foreseeable future.

The current Supervisory Board consists of five persons, three of whom – Messrs. Schenk (Chairman), Classon (Vice Chairman) and Johnston – are also members of the supervisory board of our General Partner. For information regarding those members of the supervisory board, see "*—Supervisory Board of the General Partner*" above.

MS. PASCALE WITZ, 52, has been a member of the Supervisory Board since May 12, 2016. Ms. Witz was the Executive Vice President of Global Diabetes and Cardiovascular of Sanofi S.A. as well as on Sanofi's executive committee (equivalent to management board), prior to which she held other executive positions in Sanofi S.A. and with GE Healthcare and Becton Dickinson. Ms. Witz has served on the Board of Directors of Regulus Therapeutics Inc. since June 1, 2017, Horizon Pharma plc since August 3, 2017, PerkinElmer Inc. since October 30, 2017 and Tesaro, Inc. since May 5, 2018. Additionally, Ms. Witz is president of PWH ADVISORS SASU, since November 2016, and the founder of PWH ADVISORS LLC, since May 2018.

PROF. DR. GREGOR ZÜND, 59, has been a member of the Supervisory Board since October 29, 2018. Prof. Dr. Zünd has been Chief Executive Officer of the University Hospital of Zurich since 2016. As Director of Research and Education he has been member of the hospital's executive board since 2008. In parallel, he has been Managing Director of the Center for Clinical Research and Head of the Surgical Research department at University Hospital Zurich. Until 2001, Prof. Dr. Zünd was senior physician at the clinic for cardiovascular surgery at University Hospital Zurich. He spent several years at Texas Medical Center, Houston, and at Harvard Medical School, Boston. Prof. Dr. Zünd is Professor ad personam at the University of Zurich.

DR. DOROTHEA WENZEL, 50, was elected a member of our Supervisory Board at our Annual General Meeting (***AGM***) on May 16, 2019. She is Executive Vice President and Head of the Global Business Unit Surface Solutions at Merck KGaA, Darmstadt, Germany. She holds a doctorate degree in Health Economics (Macroeconomics) and has held various global leadership positions at Merck KGaA, Darmstadt, Germany, and Merck Serono S.A., Geneva, Switzerland, since 2004. Previously, Dr. Wenzel was the Head of Cooperations & Strategy at AXA Krankenversicherung AG, a member of the Staff of the Committee for the Sustainability of the Financing of the Social Security Systems (Rürup Committee) of the Federal Ministry of Health, responsible for health insurance, and the Head of Corporate Finance and Business Development at Medvantis Holding AG. Dr. Wenzel started her career as a consultant and engagement manager at McKinsey & Company.

Prof. Dr. Zünd was judicially appointed as a member of the Supervisory Board as the successor to Dr. Gerd Krick, who was a member and the Chairman of the Supervisory Board until May 17, 2018. In line with the applicable recommendation of the German Corporate Governance Code, Prof. Dr. Zünd's term is limited to the time until the next general meeting of shareholders. Dr. Wenzel was elected to the Supervisory Board at our AGM on May 16, 2019 as successor to Ms. Deborah Doyle McWhinney, who resigned from the Supervisory Board effective November 1, 2018. In order to align the terms of the members of the Supervisory Board, the Supervisory Board limited the respective terms of Prof. Dr. Zünd and Dr. Wenzel for the time until the shareholders will discharge the Supervisory Board for fiscal year 2020, i.e. at our AGM in 2021.

The principal function of the Supervisory Board is to oversee the management of the Company but, in this function, the supervisory board of a partnership limited by shares has less power and scope

for influence than the supervisory board of a stock corporation. The Supervisory Board is not entitled to appoint the General Partner or its executive bodies, nor may it subject the general partner's management measures to its consent or issue rules of procedure for the general partner. Only the supervisory board of the General Partner, elected solely by Fresenius SE, has the authority to appoint or remove members of the General Partner's Management Board. Among other matters, the Supervisory Board will, together with the general partner, determine the agenda for the AGM and make recommendations with respect to the approval of the Company's financial statements and dividend proposals. The Supervisory Board will also propose nominees for election as members of the Supervisory Board. The Audit and Corporate Governance Committee also recommends to the Supervisory Board a candidate as the Company's auditor to audit our German statutory financial statements to be proposed by the Supervisory Board to our shareholders for approval and, as required by the SEC and NYSE audit committee rules, retains the services of our independent auditors to audit our IFRS financial statements.

The business address of all members of the Supervisory Board is Else-Kröner-Straße 1, 61352 Bad Homburg vor der Höhe, Germany.

Conflicts of Interest of the Members of the Corporate Bodies

Some members of the Management Board and other members of the Company's management are also members of the management board and/or members of the management of subsidiaries of the Company. The Chief Executive Officer of the Management Board also serves on the management board of the general partner of Fresenius SE. As discussed above, some members of the supervisory board of the General Partner also serve on the Company's Supervisory Board, and the Chairman of the Supervisory Board of the General Partner is also the Chief Executive Officer of the Management Board of the general partner of Fresenius SE. Dr. Dieter Schenk, the Chairman of our Supervisory Board and Vice Chairman of the Supervisory Board of the General Partner, is Chairman of the foundation board of the Else Kröner-Fresenius-Stiftung, the sole shareholder of Fresenius Management SE as well as a shareholder of Fresenius SE & Co. KGaA and, in addition, a member and chairman of the foundation board's steering committee, which, since the termination of the execution of the estate of Mrs. Else Kröner in June 2018, carries out the tasks previously performed by the executors and which include the administration of the Else Kröner-Fresenius-Stiftung's participation in Fresenius SE & Co. KGaA and the exercise of the voting rights attached thereto.

Although the interests of the Company and its subsidiaries are generally in line with each other, there can be no assurance that conflicts of interests will not arise in certain instances. These potential conflicts of interests could be particularly important in light of the minority ownership of Fresenius SE in the Company and Fresenius SE's ownership of the Company's General Partner. The German Stock Corporation Act and the German Corporate Governance Code contain provisions that aim to protect affected companies from the negative effects of potential conflicts of interest.

Beyond this, there are no potential conflicts of interests between the obligations of the members of the management board and the supervisory board of the General Partner towards the Company and their private interests or other obligations. As far as the Company is aware, there are no other potential conflicts of interests between the obligations of the members of the supervisory board of the Company towards the Company and its private interests.

Board Practices

Determination of the compensation system and of the compensation to be granted to the members of the Management Board is made by the full supervisory board of the General Partner. It is assisted

in these matters, particularly evaluation and assessment of the compensation of the members of the Management Board, by the Human Resources Committee of the General Partner's supervisory board, the members of which are currently Stephan Sturm (Chairman) Rolf A. Classon, William P. Johnston, and Dr. Dieter Schenk.

The Audit and Corporate Governance Committee of the Supervisory Board currently consists of William P. Johnston (Chairman), Rolf A. Classon (Vice Chairman), and Pascale Witz, all of whom are independent directors for purposes of SEC Rule 10A-3 and NYSE Rule 303A.06. The primary function of the Audit and Corporate Governance Committee is to assist the Supervisory Board in fulfilling its oversight responsibilities, primarily through:

- overseeing the Company's accounting and financial reporting processes, the performance of the internal audit function and the effectiveness of the internal control systems;
- overseeing the independence and performance of the Company's outside auditors;
- overseeing the effectiveness of the Company's systems and processes utilized to comply with relevant legal and regulatory standards for global healthcare companies, including adherence to the Code of Business Conduct;
- overseeing the effectiveness of the Company's risk management system;
- overseeing the Company's corporate governance performance according to the German Corporate Governance Code;
- providing an avenue of communication among the outside auditors, management and the Supervisory Board;
- overseeing the Company's relationship with Fresenius SE and its affiliates and reviewing the report of the General Partner on relations with related parties and for reporting to the overall Supervisory Board thereon;
- recommending to the Supervisory Board a candidate as an independent auditor to audit the German statutory financial statements (to be proposed by the Supervisory Board for approval by the shareholders at the Company's AGM) and approval of their fees;
- retaining the services of the Company's independent auditors to audit the Company's financial statements and approval of their fees; and
- pre-approval of all audit and non-audit services performed by the Company's independent auditors.

The Audit and Corporate Governance Committee has also been in charge of conducting the internal investigation described in "*Business of the Group—Regulatory and Legal Matters—Legal Proceedings*" below.

In 2005, we established a joint committee (***Joint Committee***) (*Gemeinsamer Ausschuss*) of the Company consisting of four members, two of whom are members of the supervisory board of the General Partner designated by the General Partner, and two of whom are members of the Supervisory Board elected by the AGM. The two members from the supervisory board of the General Partner are Dr. Gerd Krick and Stephan Sturm. The two members from the Supervisory Board are Rolf A. Classon and

William P. Johnston. The Joint Committee advises and decides on certain extraordinary management measures, including:

- transactions between us and Fresenius SE with a value in excess of 0.25% of the Company's revenue; and

- acquisitions and sales of significant participations and parts of the Company's business, the spin-off of significant parts of the Company's business, initial public offerings of significant subsidiaries and similar matters. A matter is ***significant*** for purposes of this approval requirement if 40% of the Company's consolidated revenues, our consolidated balance sheet total assets or consolidated profits, determined by reference to the arithmetic average of the said amounts shown in the Company's consolidated financial statements for the previous three fiscal years, are affected by the matter.

Furthermore, a nomination committee prepares candidate proposals for the supervisory board and suggests suitable candidates to the supervisory board and for its nomination prospects to the General Meeting. The nomination committee consists of Dr. Dieter Schenk (Vice Chairman) and Rolf A. Classon.

The supervisory board of the General Partner is supported by a Regulatory and Reimbursement Assessment Committee (***RRAC***), whose members are currently Rolf A. Classon (Chairman), William P. Johnston (Vice Chairman) and Dr. Dieter Schenk. The primary function of the RRAC committee is to assist and to represent the supervisory board in fulfilling its responsibilities, primarily through assessing the Company's affairs in the area of its regulatory obligations and reimbursement structures for dialysis services. In the United States, these reimbursement regulations are mandated by HHS and CMS for dialysis services. Similar regulatory agencies exist country by country in the international regions to address the conditions for payment of dialysis treatments. Furthermore, the supervisory board of the General Partner has its own nomination committee, which consists of Stephan Sturm (Chairman), Dr. Gerd Krick and Dr. Dieter Schenk.

We are exempt from the NYSE rule requiring companies listed on that exchange to maintain compensation committees consisting of independent directors.

Pooling Agreement

Prior to the transformation of the legal form of the Company from a German Stock Corporation (*Aktiengesellschaft*) to a partnership limited by shares (*Kommanditgesellschaft auf Aktien*) the Company, Fresenius SE and the independent directors (as defined in the pooling agreement referred to below) of the Company were parties to two pooling agreements for the benefit of the holders of our shares and the holders of our preference shares (other than Fresenius SE and its affiliates). Upon consummation of the transformation in February 2006 and completion of the conversion offer made to holders of our preference shares in connection with the transformation, the Company entered into a pooling agreement (***Pooling Agreement***) that the Company believes provides similar benefits for its shareholders. The following is a summary of the material provisions of the Pooling Agreement which we have entered into with Fresenius SE and the independent directors on the General Partner's supervisory board. The description is qualified in its entirety by the complete text of the pooling agreement, as amended in 2016, a copy of which is on file with the SEC.

The Pooling Agreement has been entered into for the benefit of all persons who, from time to time, beneficially own our ordinary shares and our preference shares, including owners of ADSs evidencing such shares, other than Fresenius SE and its affiliates or their agents and representatives. Beneficial

ownership is determined in accordance with the beneficial ownership rules of the SEC. Upon completion of the mandatory exchange of our remaining outstanding preference shares for ordinary shares in 2013, our share capital consists solely of ordinary shares.

Under the Pooling Agreement, no less than one-third of the supervisory board of the General Partner must be independent directors, and there must be at least two independent directors. Independent directors are persons without a substantial business or professional relationship with us, Fresenius SE, or any affiliate of either, other than as a member of the Supervisory Board or as a member of the supervisory board of the General Partner. The provisions of the Pooling Agreement relating to independent directors are in addition to the requirement of Rule 10A-3 under the Exchange Act that our audit committee be composed solely of independent directors as defined in that rule. We have identified the members of the General Partner's supervisory board who are independent for purposes of the Pooling Agreement in "*Supervisory Board of the General Partner*" above.

Additionally, under the Pooling Agreement, the Company, its affiliates, the General Partner and Fresenius SE, as well as their affiliates, must comply with all provisions of German law regarding: any merger, consolidation, sale of all or substantially all assets, recapitalization, other business combination, liquidation or other similar action not in the ordinary course of our business, any issuance of shares of our voting capital stock representing more than 10% of our total voting capital stock outstanding, and any amendment to the Company's articles of association which adversely affects any holder of Shares.

Lastly, the Company and the General Partner and Fresenius SE have agreed that while the Pooling Agreement is in effect, a majority of the independent directors must approve any transaction or contract, or any series of related transactions or contracts, between Fresenius SE, the General Partner or any of their affiliates (other than the Company or the affiliates controlled by the Company), on the one hand, and the Company or the affiliates controlled by the Company, on the other hand, which involves aggregate payments in any calendar year in excess of €5 million for each individual transaction or contract, or a related series of transactions or contracts, though restrictions apply with regards to agreements included in previously approved business plans.

Listing of American Depositary Shares; SEC Filings

During the term of the Pooling Agreement, Fresenius SE has agreed to use its best efforts to exercise its rights as the direct or indirect holder of the General Partner's interest in the Company to cause the Company to, and the Company has agreed to:

- maintain the effectiveness of the deposit agreement for the shares, or a similar agreement, and to assure that the ADS evidencing the shares are listed on either the New York Stock Exchange (***NYSE***) or the Nasdaq Stock Market (***Nasdaq***);

- file all reports, required by the NYSE or Nasdaq, as applicable, the Securities Act, the Exchange Act and all other applicable laws;

- prepare all financial statements required for any SEC filing in accordance with the U.S. GAAP or, as permitted by amendments made in 2016, IFRS;

- on an annual basis, prepare audited consolidated financial statements, and, on a quarterly basis, prepare and furnish to the SEC, consolidated financial statements in each case prepared in accordance with U.S. GAAP or as permitted by amendments made in 2016, IFRS;

- furnish certain materials to the SEC with respect to annual and special shareholder meetings and make the materials available to the depositary for distribution to holders of ordinary share ADSs; and

- make available to the depositary for distribution to holders of ADSs representing the shares on an annual basis, a copy of any report prepared by the Supervisory Board or the supervisory board of the General Partner and provided to the Company's shareholders generally pursuant to Section 314(2) of the German Stock Corporation Act (*Aktiengesetz*), or any successor provision. These reports concern the results of the Supervisory Board's examination of the Management Board's report on the Company's relation with its affiliated enterprises.

Corporate Governance

The German Corporate Governance Code (*Deutscher Corporate Governance Kodex*) contains recommendations and suggestions for managing and monitoring listed companies in Germany. It is based on internationally and nationally recognized standards for good and responsible corporate governance. The purpose of the German Corporate Governance Code is to make the German corporate governance system transparent for investors. The German Corporate Governance Code was passed by the Government Commission of the German Corporate Governance Code on February 26, 2002 and was last amended on February 7, 2017. There is no legal obligation to comply with the recommendations or suggestions of the German Corporate Governance Code. However, the German Stock Corporation Act (*Aktiengesetz*) requires that the management board and the supervisory board of a German listed company either declare on an annual basis that the recommendations of the German Corporate Governance Code were and will be adhered to or state which recommendations were or will not be followed. This declaration must be available to shareholders on a constant basis. No disclosure is required when companies deviate from the suggestions in the German Corporate Governance Code.

The Supervisory Board and the Management Board have adopted the following declaration of conformity (*Entsprechenserklärung*) in December 2018, and have made it available to shareholders. This declaration, as well as past declarations, is available on the Company's website (www.freseniusmedicalcare.com) under the heading "*Investors/Corporate Governance*":

"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 2017 the recommendations of the "*German Corporate Governance Code Government Commission*" published by the Federal Ministry of Justice and Consumer Protection in the official section of the Federal Gazette (hereafter: ***Code***) in the version of February 7, 2017 since publication thereof in the Federal Gazette have been met and will be met in the future.

Only the following recommendations of the Code in its version of February 7, 2017 have not been met and will not be met to the extent described below:

- *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 (***Variable Bonus***) is capped. As regards stock options, phantom stock and performance shares 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 fiscal year and if appropriate also the expected total compensation for the current fiscal 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 4:*

Specification of concrete objectives regarding the composition of the Supervisory Board, preparation of a profile of competence and their consideration when making election proposals

Pursuant to Code number 5.4.1 paragraph 2 and paragraph 4, the Supervisory Board shall specify concrete objectives regarding its composition and shall prepare a profile of competence for the entire Supervisory Board. Within the company-specific situation the composition of the Supervisory Board shall reflect appropriately the international activities of the company, potential conflicts of interest, the number of independent Supervisory Board members within the meaning of Code number 5.4.2, an age limit and a regular limit to Supervisory Board members' term of office, both to be specified, as well as diversity. Proposals by the Supervisory Board to the General Meeting shall take these targets into account, while simultaneously aiming at fulfilling the profile of competence of the entire Supervisory Board. The status of the implementation shall be published in the Corporate Governance Report. These recommendations are partly 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 election proposals to the General Meeting, 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, while simultaneously aiming at fulfilling the profile of competence of the entire Supervisory Board.

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. Instead, the Supervisory Board shall also consist of members with long-term experience and thus individuals who are generally older in order to ensure a balanced ratio of Supervisory Board members of diverse age and various terms of membership.

Following the necessary detailed preparation, the Supervisory Board has developed the profile of competence for the entire Supervisory Board and resolved upon it on March 14, 2018. Since then, the Supervisory Board takes into consideration such profile of competence when discussing its election proposals to the General Meeting, and the respective recommendations pursuant to Code number 5.4.1 paragraph 2 sentence 1 and paragraph 4 sentence 1 are thus met.

Significant Shareholders

Security ownership of certain beneficial owners of Fresenius Medical Care

Our outstanding share capital consists of shares issued only in bearer form. Accordingly, unless we receive information regarding acquisitions of our shares through a filing with the Securities and Exchange Commission or through the German statutory requirements referred to below, or except as described below with respect to our shares held in American Depositary Receipt (***ADR***) form, we face difficulties precisely determining who our shareholders are at any specified time or how many shares

any particular shareholder owns. Because we are a foreign private issuer under the rules of the Securities and Exchange Commission, our directors and officers are not required to report their ownership of our equity securities or their transactions in our equity securities pursuant to Section 16 of the Securities and Exchange Act. However, persons who become "*beneficial owners*" of more than 5% of our shares are required to report their beneficial ownership pursuant to Section 13(d) of the Securities and Exchange Act.

In addition, under Article 19(1) of the Regulation (EU) No.596/2014 of the European Parliament and of the Council of April 16, 2014 on market abuse (*Market Abuse Regulation*), persons discharging managerial responsibilities within an issuer of shares, as well as persons closely associated with them, are obliged to notify the issuer and the competent authority, i.e. for the Company as issuer, the German Federal Financial Supervisory Authority (*Bundesanstalt für Finanzdienstleistungsaufsicht* – ***BaFin***), of every transaction conducted on their own account relating to the shares or debt instruments of the issuer or to derivatives or other financial instruments linked thereto no later than three business days after the date of the transaction. Persons discharging managerial responsibilities, inter alia, include the members of management as well as supervisory boards. In addition, holders of voting securities of a German company listed on the regulated market (*Regulierter Markt*) of a German stock exchange or a corresponding trading segment of a stock exchange within the EU are, under Sections 33 et seq. of the German Securities Trading Act (*Wertpapierhandelsgesetz* - ***WpHG***), obligated to notify the company of held or attributed holding whenever such holding reaches, exceeds or falls below certain thresholds, which have been set at 3%, 5%, 10%, 15%, 20%, 25%, 30%, 50% and 75% of a company's outstanding voting rights. Such notification obligations will also apply pursuant to Section 38 of the German Securities Trading Act (*Wertpapierhandelsgesetz*) to the direct or indirect holder of instruments granting an unconditional right to acquire voting rights when due or providing discretion as to the acquisition of shares or instruments that have a similar economic effect as well as pursuant to Section 39 of the German Securities Trading Act (*Wertpapierhandelsgesetz*) to the aggregate of held or attributed voting rights and instruments (in each case excluding the 3% threshold). For threshold notifications furnished to us by third parties please see note 17 of the notes to our consolidated financial statements incorporated by reference into the Prospectus.

We have been informed that as of May 11, 2019, Fresenius SE owned 94,380,382 (31.1%) of our shares. As the sole shareholder of our General Partner, Fresenius SE is barred from voting its shares on certain matters. See "*—Directors and Senior Management—Management and Supervisory Bodies, Board Practices—Supervisory Board*" above. Subject to any applicable statutory limitations, all of our outstanding shares have the same voting rights.

According to a Schedule 13G filed by BlackRock, Inc. on February 4, 2019, the various BlackRock entities named in the Schedule 13G are the beneficial owners of a total of 19,847,628 shares, or 6.4% of our shares.

Bank of New York Mellon, our ADR depositary, informed us, that as of December 31, 2018, 21,185,060 ADSs, each representing one half of a share, were held of record by 2,827 U.S. holders.

Security ownership of certain beneficial owners of Fresenius SE

Fresenius SE's share capital consists solely of ordinary shares, issued only in bearer form. Accordingly, Fresenius SE has difficulties precisely determining who its shareholders are at any specified time or how many shares any particular shareholder owns. However, under the German Securities Trading Act (*Wertpapierhandelsgesetz*), holders of voting securities of a German company listed on the regulated market (Regulierter Markt) of a German stock exchange or a corresponding trading segment of

a stock exchange within the EU are obligated to notify a company of certain levels of holdings, as described above.

The Else Kröner-Fresenius Stiftung is the sole shareholder of Fresenius Management SE, the general partner of Fresenius SE, and has sole power to elect the supervisory board of Fresenius Management SE. In addition, based on the most recent information available, Else Kröner-Fresenius Stiftung owns approximately 26.30% of the Fresenius SE ordinary shares.

Related party transactions

In connection with the formation of FMC-AG & Co. KGaA, and the combination of the dialysis businesses of Fresenius SE and W.R. Grace & Co. in 1996, Fresenius SE and its affiliates and FMC-AG & Co. KGaA and its affiliates entered into several agreements for the purpose of giving effect to the Merger and defining our ongoing relationship. Fresenius SE and W.R. Grace & Co. negotiated these agreements. The information below summarizes the material aspects of certain agreements, arrangements and transactions between FMC-AG & Co. KGaA and Fresenius SE, their affiliates and with certain of our equity method investees. For further information, see note 5 of the notes to our consolidated financial statements incorporated by reference in the Prospectus. The following descriptions are not complete and are qualified in their entirety by reference to those agreements, which have been filed with the Securities and Exchange Commission and the NYSE. We believe that the leases, the supply agreements and the service agreements are no less favorable to us and no more favorable to Fresenius SE than would have been obtained in arm's-length bargaining between independent parties. The trademark and other intellectual property agreements summarized below were negotiated by Fresenius SE and W.R. Grace & Co., and, taken independently, are not necessarily indicative of market terms.

In the discussion below regarding our contractual and other relationships with Fresenius SE:

- the term "we (or us) and our affiliates" refers only to FMC-AG & Co. KGaA and its subsidiaries; and

- the term "Fresenius SE and its affiliates" refers only to Fresenius SE and affiliates of Fresenius SE other than FMC-AG & Co. KGaA and its subsidiaries.

Real property leases

For information with respect to our principal properties, see "*Business of the Group.*" For discussion of related party leases, see note 5 of the notes to our consolidated financial statements incorporated by reference in the Prospectus.

Trademarks

Fresenius SE continues to own the name and mark "Fresenius" and its "F" logo. Fresenius SE and D-GmbH, one of our German subsidiaries, have entered into agreements containing the following provisions. Fresenius SE has granted to D-GmbH, for our benefit and that of our affiliates, an exclusive, worldwide, royalty-free, perpetual license to use "Fresenius Medical Care" in our names, and to use the Fresenius marks, including some combination marks containing the Fresenius name that were used by the worldwide dialysis business of Fresenius SE, and the "Fresenius Medical Care" name as a trade name, in all aspects of the renal business. D-GmbH, for our benefit and that of our affiliates, has also been granted a worldwide, royalty-free, perpetual license:

- to use the “Fresenius Medical Care” mark in the then current National Medical Care non-renal business if it is used as part of “Fresenius Medical Care” together with one or more descriptive words, such as “Fresenius Medical Care Vascular Care” or “Fresenius Medical Care Physician Services”;

- to use the “F” logo mark in the National Medical Care non-renal business, with the consent of Fresenius SE. That consent will not be unreasonably withheld if the mark using the logo includes one or more additional descriptive words or symbols; and

- to use “Fresenius Medical Care” as a trade name in the renal business.

We and our affiliates have the right to use “Fresenius Medical Care” as a trade name in other medical businesses only with the consent of Fresenius SE. Fresenius SE may not unreasonably withhold its consent. In the U.S. and Canada, Fresenius SE will not use “Fresenius” or the “F” logo as a trademark or service mark, except that it is permitted to use “Fresenius” in combination with one or more additional words such as “Pharma Home Care” as a service mark in connection with its home care business and may use the “F” logo as a service mark with the consent of D-GmbH. D-GmbH will not unreasonably withhold its consent if the service mark includes one or more additional descriptive words or symbols. Similarly, in the U.S. and Canada, Fresenius SE has the right to use “Fresenius” as a trade name, but not as a mark, only in connection with its home care and other medical businesses other than the renal business and only in combination with one or more other descriptive words, provided that the name used by Fresenius SE is not confusingly similar to our marks and trade names.

Other intellectual property

Some of the patents, patent applications, inventions, know-how and trade secrets that Fresenius Worldwide Dialysis used prior to our formation were also used by other divisions of Fresenius SE. For Biofine®, the polyvinyl chloride-free packaging material, Fresenius SE has granted to D-GmbH, for our benefit and for the benefit of our affiliates, an exclusive license for the renal business and a non-exclusive license for all other fields except other non-renal medical businesses. D-GmbH and Fresenius SE share equally any royalties from licenses of the Biofine® intellectual property by either D-GmbH or by Fresenius SE to third parties outside the renal business and the other non-renal medical businesses. In addition, Fresenius SE transferred to D-GmbH the other patents, patent applications, inventions, know-how and trade secrets that were used predominantly in Fresenius SE’s dialysis business. In certain cases Fresenius Worldwide Dialysis and the other Fresenius SE divisions as a whole each paid a significant part of the development costs for patents, patent applications, inventions, know-how and trade secrets that were used by both prior to the Merger. Where D-GmbH acquired those jointly funded patents, patent applications, inventions, know-how and trade secrets, D-GmbH licensed them back to Fresenius SE exclusively in the other non-renal medical businesses and non-exclusively in all other fields. Where Fresenius SE retained the jointly funded patents, patent applications, inventions, know-how and trade secrets, Fresenius SE licensed them to D-GmbH exclusively in the renal business and non-exclusively in all other fields.

Services agreements and products

For information on our services arrangements and products, please see note 5 of the notes to our consolidated financial statements incorporated by reference in the Prospectus.

Financing

For information on our related party financing arrangements, please see note 5 of the notes to our consolidated financial statements incorporated by reference in the Prospectus.

Key management personnel

For information on our key management personnel, please see note 5 of the notes to our consolidated financial statements incorporated by reference in the Prospectus.

General Partner reimbursement

For information on General Partner reimbursement please see, "—*Corporate Governance*" above as well as note 5 of the notes to our consolidated financial statements incorporated by reference in the Prospectus.

DESCRIPTION OF CERTAIN INDEBTEDNESS

Amended 2012 Credit Agreement

We originally entered into a syndicated credit facility of approximately $3.9 billion and a 5 year tenor (***2012 Credit Agreement***) on October 30, 2012. On November 26, 2014, the 2012 Credit Agreement was amended to increase the total credit facility to approximately $4 billion and the term was extended for an additional two years until October 30, 2019 (Amended 2012 Credit Agreement). On July 11, 2017, we further amended and extended the Amended 2012 Credit Agreement, resulting in a total unsecured credit facility of approximately $3.9 billion.

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 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 to consolidated EBITDA).

The following table shows the available and outstanding amounts under the Amended 2012 Credit Agreement as of March 31, 2019:

Amended 2012 Credit Agreement - Maximum amount available and balance outstanding

in thousands

	Maximum amount available March 31, 2019		Balance outstanding March 31, 2019[1]	
Revolving credit USD 2017 / 2022	$ 900,000	€ 801,068	$ 246,345	€ 219,266
Revolving credit EUR 2017 / 2022	€ 600,000	€ 600,000	€ 200,000	€ 200,000
USD term loan 2017 / 2022	$ 1,320,000	€ 1,174,900	$ 1,320,000	€ 1,174,900
EUR term loan 2017 / 2022	€ 308,000	€ 308,000	€ 308,000	€ 308,000
EUR term loan 2017 / 2020	€ 400,000	€ 400,000	€ 400,000	€ 400,000
		€ 3,283,968		€ 2,302,166

(1) Amounts shown are excluding debt issuance costs.

Outstanding Bonds

The following table sets forth information regarding our outstanding Bonds as of March 31, 2019:

Bonds

in thousands

Issuer/Transaction	Face amount	Maturity
FMC US Finance II, Inc. 2012	$ 800,000	July 31, 2019
FMC Finance VIII S.A. 2012	€ 250,000	July 31, 2019
FMC US Finance II, Inc. 2014	$ 500,000	October 15, 2020
FMC US Finance, Inc. 2011	$ 650,000	February 15, 2021
FMC Finance VII S.A. 2011	€ 300,000	February 15, 2021
FMC US Finance II, Inc. 2012	$ 700,000	January 31, 2022
FMC US Finance II, Inc. 2014	$ 400,000	October 15, 2024
Fresenius Medical Care AG & Co. KGaA, 2018	€ 500,000	July 11, 2025

The Bonds due July 11, 2025 are issued by the Company and guaranteed by FMCH. All other Bonds are guaranteed by the Company and FMCH. The holders have the right to request that the issuers repurchase the Bonds 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 Bonds. The Bonds issued prior to 2018 may be redeemed at the option of the issuers at any time at 100% of principal plus accrued interest and a premium calculated pursuant to the terms of the indenture.

For the Bonds issued prior to 2018, 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. The limit on incurrence of unsecured debt was suspended automatically as the rating of the respective Bonds reached investment grade status.

Equity-neutral Convertible Bonds

On September 19, 2014, the Company issued €400 million principal amount of equity-neutral convertible bonds (***Convertible Bonds***) which have a coupon of 1.125% and are due on January 31, 2020. The Convertible Bonds were issued at par. The current conversion price is €72.7803. Since November 2017, holders of the Convertible Bonds can exercise the conversion rights embedded in the Convertible 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 Convertible Bonds are guaranteed by FMCH.

Accounts Receivable Facility

We have an accounts receivable facility (***Accounts Receivable Facility***) which was most recently refinanced on December 20, 2018 increasing the facility to $900 million and extending it until December 20, 2021. Under the Accounts Receivable Facility, certain receivables are sold to NMC Funding, a wholly owned subsidiary of the Company. 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.

The following table shows the available and outstanding amounts under the Accounts Receivable Facility at March 31, 2019:

Accounts Receivable Facility - Maximum amount available and balance outstanding[1]

in thousands

	Maximum amount available March 31, 2019[(1)]2		Balance outstanding March 31, 2019[(2)]	
Accounts Receivable Facility	$ 900,000	€ 801,068	$ 663,500	€ 590,565

(1) Subject to availability of sufficient accounts receivable meeting funding criteria.

(2) Amounts shown are excluding debt issuance costs.

[1] NTD: Company to update table.

[2] NTD: Company to provide break in horizontal line between the columns within the table.

Commercial paper program

We maintain a commercial paper program under which short-term notes of up to €1 billion can be issued. As of March 31, 2019, the outstanding commercial paper amounted to €1 billion.

Loan Agreement with Fresenius SE

The Company and FMCH are parties to an unsecured loan agreement with Fresenius SE under which the Company or FMCH may request and receive one or more short-term advances up to an aggregate amount of $400 million until maturity on July 31, 2022. As of March 31, 2019, the Company had outstanding borrowings from Fresenius SE under this agreement of €104.4 million on an unsecured basis at an interest rate of 0.825%.

Description of the Company and the Issuer's position within the Company

The Issuer is a directly wholly-owned subsidiary of the Fresenius Medical Care AG & Co. KGaA. FMCH is (indirectly) a wholly-owned subsidiary of Fresenius Medical Care AG & Co. KGaA. FMCH is the U.S. holding company for the operations of the North America Segment. See also "*Overview—Overview of Our Corporate and Finance Structure*" for a diagram depicting, in abbreviated form, our corporate structure and certain debt obligations of the Company as of March 31, 2019 after giving effect to the offering of the Notes.

For additional information regarding the Company's outstanding indebtedness, see note 13, "*Short-term debt and short-term debt from related parties*", and note 14, "*Long-term debt and capital lease obligations*" of the notes to the audited Consolidated Financial Statements of the Company as of and for the years ended December 31, 2018 and December 31, 2017 and note 8, "*Short-term debt and short-term debt from related parties*", and note 9, "*Long-term debt*" of the notes to our consolidated financial statements (unaudited) of the Company as of and for the three months ended March 31, 2019, referred to under "*Incorporation by Reference*" in the Prospectus.

DESCRIPTION OF THE NOTES

The Notes were issued under and are governed by an Indenture dated June 20, 2019 (***Indenture***). The Indenture has been entered into by the Issuer, the Guarantors and U.S. Bank National Association, as Trustee and as Paying Agent. Copies of the form of the Indenture are available upon request to the Issuer.

You will find the definitions of capitalized terms used in this description either in the body of this section or at the end of this section under "— *Certain Definitions.*" For purposes of this description, references to "the Company" refer only to Fresenius Medical Care AG & Co. KGaA and not to its subsidiaries.

We will apply to list the Notes on the official list of the Luxembourg Stock Exchange and for admission for trading on the regulated market of the Luxembourg Stock Exchange.

The Indenture is not qualified under the Trust Indenture Act of 1939, as amended. **General**

The Notes

The Notes:

- are general unsecured, unsubordinated obligations of the Issuer;
- were offered in an aggregate principal amount of $500 million;
- mature on June 15, 2029;
- were issued in denominations of $150,000 and integral multiples of $2,000 in excess thereof;
- are represented by one or more registered Notes in global form, but in certain circumstances may be represented by registered Notes in definitive form. See "*Book-Entry, Delivery, and Form*";
- rank equally in right of payment to any existing and future unsubordinated Indebtedness of the Issuer; and
- will be repaid at par in U.S. Dollars at maturity and not be subject to any sinking fund provision.

Additional Notes

The Issuer in a supplemental indenture relating to additional notes may issue additional notes (**Additional Notes**) from time to time after this offering subject to the provisions of the Indenture described below. The Notes and, if issued, any Additional Notes subsequently issued under the Indenture will be treated as a single class for all purposes under that Indenture, including, without limitation, waivers, amendments, redemptions and offers to purchase (provided that, if any Additional Notes are not fungible with the Notes for U.S. federal income tax purposes (as to which, see "*Taxation Considerations—U.S. Federal Income Tax Considerations—Additional Notes*", such Additional Notes shall have a separate CUSIP number, if any).

Interest

Interest on the Notes will:

- accrue at the rate of 3.750% per annum;
- accrue from the date of issuance or the most recent interest payment date;
- be payable semi-annually on June 15 and December 15 of each year, commencing on December 15, 2019 to the holders of record on June 1 and December 1, respectively, as the case may be, immediately preceding the related interest payment dates; and
- be computed on the basis of a 360-day year comprised of twelve 30-day months.

The yield calculated at issuance of the Notes is 3.938%, as calculated in accordance with the ICMA (***International Capital Market Association***) method, which determines the effective interest rate of notes taking into account accrued interest on a daily basis. Your yield will depend on the price at which you purchase Notes.

Description of the Note Guarantees

The obligations of the Issuer under the Notes, including the repurchase obligation of the Issuer resulting from a Change of Control, are unconditionally and irrevocably guaranteed, on a joint and several basis, by Fresenius Medical Care AG & Co. KGaA and Fresenius Medical Care Holdings, Inc. (***Guarantors***). At a time when a Guarantor (other than Fresenius Medical Care AG & Co. KGaA) is no longer an obligor under the Credit Facility, such Guarantor will no longer be a Guarantor. FMCH's Note Guarantee does not exceed the maximum amount that can be guaranteed by FMCH without rendering its Note Guarantee voidable or unenforceable under applicable laws affecting the rights of creditors generally. In the Prospectus, we refer to the guarantee of each of the Guarantors as a ***Note Guarantee***.

Under the Indenture, a Guarantor may consolidate with, merge with or into, or transfer all or substantially all of its assets to any other Person as described below under "*— Certain Covenants — Limitation on Mergers and Sales of Assets.*" However, if the other Person is not the Issuer or a Guarantor, such Guarantor's obligations under its Note Guarantee must be expressly assumed by such other Person. Upon the sale or other disposition (including by way of consolidation or merger) of a Guarantor, or the sale or disposition of all or substantially all the assets of a Guarantor, such Guarantor will be released and relieved from all its obligations under its Note Guarantee, subject to the conditions below under "*— Certain Covenants — Limitation on Mergers and Sales of Assets.*"

Ranking

The Notes are senior unsecured obligations of the Issuer and the Note Guarantees are senior unsecured obligations of the Guarantors. The payment of the principal of, premium, if any, and interest on the Notes and the obligations of the Guarantors under the Note Guarantees:

- rank pari passu in right of payment with all other Indebtedness of the Issuer and the Guarantors, as applicable, that is not by its terms expressly subordinated to other Indebtedness of the Issuer and the Guarantors, as applicable;

- rank senior in right of payment to all Indebtedness of the Issuer and the Guarantors, as applicable, that is, by its terms, expressly subordinated to the senior Indebtedness of the Issuer and the Guarantors, as applicable; and

- are effectively subordinated to any future indebtedness of the Issuer and the Guarantors that becomes secured by Security Interests on assets, as applicable, to the extent of the value of the collateral securing such Indebtedness, and are structurally subordinated to the indebtedness of the Company's Subsidiaries that are not Guarantors.

Form of Notes

The Notes are represented initially by global notes in registered form. Notes initially offered and sold in reliance on Rule 144A under the Securities Act (**Rule 144A**) are represented by one or more global Notes (**Rule 144A Global Notes**); Notes initially offered and sold in reliance on Regulation S under the Securities Act (**Regulation S**) are represented by one or more additional global Notes (**Regulation S Global Notes**). The combined principal amounts of the Rule 144A Global Notes and the Regulation S Global Notes (together, **Global Notes**) will at all times represent the total outstanding principal amount of the Notes represented thereby.

Holders of beneficial interest in the Notes are entitled to receive definitive Notes in registered form (***Definitive Registered Notes***) in exchange for their holdings of beneficial interest in the Notes only in the limited circumstances set forth in "*Book Entry, Delivery, and Form — Issuance of Definitive Registered Notes*". Title to the Definitive Registered Notes pass upon registration of transfer in accordance with the provisions of the applicable Indenture. In no event will definitive Notes in bearer form be issued. Ownership of registered Notes is established by an entry in the Holders' register maintained under the Indenture.

Payment on the Notes

Principal of, premium, if any, interest and Additional Amounts, if any, on the Global Notes is payable at the office of the Paying Agent for the Notes, and the Global Notes may be exchanged or transferred at the corporate trust office or agency of the Trustee. Payment of principal of, premium, if any, interest and Additional Amounts, if any, on Notes in global form registered in the name of or held by DTC or its nominee will be made in immediately available funds to DTC or its nominee, as the case may be, as the registered holder of the Global Notes, provided, that at the option of the Issuer, payment of interest on the Notes may be made by check mailed to the holders of such Notes as such addresses appear in the Note register. Upon the issuance of Definitive Registered Notes, Holders will be able to receive principal and interest on the Notes at the office of the Paying and transfer agent, subject to the right of the Issuer to mail payments in accordance with the terms of the Indenture. The Issuer will pay interest on the Notes to Persons who are registered holders at the close of business on the record date immediately preceding the interest payment date for such interest. Such holders must surrender the Notes to the Paying Agent to collect principal payments.

Paying Agent and Registrar

The Trustee acts as paying agent (***Paying Agent***) and registrar (***Registrar***) for the Notes. The Issuer may change the Paying Agent or Registrar for the Notes, and the Issuer may act as Registrar for the Notes.

Transfer and Exchange

A holder of Notes may transfer or exchange Notes in accordance with the Indenture. The Registrar and the Trustee for the Notes may require a holder of a Note, among other things, to furnish appropriate endorsements and transfer documents, and the Issuer may require such holder to pay any taxes and fees required by law or permitted by the Indenture. The Issuer is not required to transfer or exchange any Note selected for redemption. Also, the Issuer is not required to transfer or exchange any Note for a period of 15 days before a selection of Notes to be redeemed. The registered holder of a Note will be treated as the owner of it for all purposes. No service charge will be made for any registration of transfer or exchange of Notes, but the Issuer may require payment of a sum sufficient to cover any transfer tax or other similar governmental charge payable in connection therewith.

Optional Redemption

Prior to March 15, 2029 (three months prior to the Stated Maturity of the Notes, hereinafter referred to as the ***Par Call Date***), the Issuer may redeem all or, from time to time, a part of the Notes issued by it, at its option, at redemption prices equal to 100% of the principal amount of such Notes being redeemed plus accrued interest, if any, to the redemption date, plus the excess of:

- as determined by the calculation agent (which shall initially be the Trustee), the sum of the present values of the remaining scheduled payments of principal and interest on the Notes being redeemed that would have been due if the Notes matured on the Par Call Date, excluding accrued and unpaid interest to, but not including, the date of redemption, discounted to the redemption date on a semi-annual basis (assuming a 360-day year consisting of twelve 30-day months) at the Treasury Rate, plus 30 basis points; over

- 100% of the principal amount of the Notes being redeemed.

On or after the Par Call Date, the Notes may be redeemed, in whole or in part, by the Issuer upon not less than 10 nor more than 60 days' prior notice, at a redemption price of 100% of the principal amount thereof, plus accrued and unpaid interest, if any, to the date of redemption.

If the optional redemption date is on or after an interest record date and on or before the related interest payment date, the accrued and unpaid interest, if any, will be paid to the Person in whose name the Note is registered at the close of business on such record date, and no additional interest will be payable to beneficial holders whose Notes will be subject to redemption by the Issuer.

In the case of any partial redemption, the Trustee will select the Notes for redemption in compliance with the requirements of the principal securities exchange, if any, on which the Notes are listed or, if the Notes are not listed, then on a pro rata basis or by lot (and, in the case of notes in global form, in accordance with the applicable procedures of DTC), although no Note of $150,000 in original principal amount or less will be redeemed in part. If any Note is to be redeemed in part only, the notice of redemption relating to that Note will state the portion of the principal amount thereof to be redeemed. A new Note in principal amount equal to the unredeemed portion thereof will be issued and delivered to the Trustee, or in the case of Definitive Registered Notes, issued in the name of the holder thereof upon cancellation of the original Note.

Redemption for Changes in Withholding Taxes

The Issuer is entitled to redeem the Notes at its option, in whole but not in part, upon not less than 10 nor more than 60 days' notice, at 100% of the principal amount of such Notes, plus accrued and

unpaid interest (if any) to the date of redemption (subject to the right of holders of record on the relevant record date to receive interest due on the relevant interest payment date), in the event the Issuer has become or would become obligated to pay, on the next date on which any amount would be payable with respect to such Notes, any Additional Amounts (as defined below) as a result of:

(a) any change in or amendment to the laws, treaties or regulations of any Relevant Taxing Jurisdiction (as defined below); or

(b) any change in or amendment to any official position regarding the application, administration or interpretation of such laws, treaties or regulations (including by virtue of a holding, judgment or order by a court of competent jurisdiction);

which change or amendment to such laws, treaties, regulations or official position is announced and becomes effective after the issuance of the Notes (or, if the applicable Relevant Taxing Jurisdiction did not become a Relevant Taxing Jurisdiction until a later date, after such later date); provided, that the Issuer determines, in its reasonable judgment, that the obligation to pay such Additional Amounts cannot be avoided by the use of reasonable measures available to it; provided, further, that at the time such notice is given, such obligation to pay Additional Amounts remains in effect.

Notice of any such redemption must be given within 270 days of the later of the announcement or effectiveness of any such change.

Before the publication of any such notice, the Issuer shall deliver to the Trustee an Officers' Certificate stating that the Issuer is entitled to effect such redemption and setting forth a statement of facts showing that the conditions precedent to the right of the Issuer so to redeem have occurred, and an opinion of independent legal counsel of recognized standing to the effect that the Issuer has or will become obliged to pay such Additional Amounts as a result of such change or amendment.

Additional Amounts

All payments made under or with respect to the Notes under the Indenture or pursuant to any Note Guarantee must be made free and clear of and without withholding or deduction for or on account of any present or future tax, duty, levy, impost, assessment or other governmental charge (including penalties, interest and other liabilities related thereto) imposed or levied by or on behalf of the (1) the United States, Germany, Luxembourg, the United Kingdom or any political subdivision or governmental authority thereof or therein having the power to tax, (2) any jurisdiction from or through which payment on the Notes or any Note Guarantee is made, or any political subdivision or governmental authority thereof or therein having the power to tax or (3) any other jurisdiction in which the payor is organized or otherwise considered to be a resident or engaged in business for tax purposes, or any political subdivision or governmental authority thereof or therein having the power to tax (each a ***Relevant Taxing Jurisdiction***) (collectively, ***Taxes***), unless the Issuer, relevant Guarantor or other applicable withholding agent is required to withhold or deduct Taxes by law or by the interpretation or administration thereof by the relevant government authority or agency. If the Issuer, a Guarantor or other applicable withholding agent is so required to withhold or deduct any amount for or on account of Taxes from any payment made under or with respect to the Notes or any Note Guarantee, the Issuer or such Guarantor, as the case may be, will be required to pay such amount — ***Additional Amounts*** — as may be necessary so that the net amount (including Additional Amounts) received by each beneficial owner after such withholding or deduction (including any withholding or deduction on such Additional Amounts) will not be less than the amount such beneficial owner would have received if such Taxes had not been withheld or deducted; provided, however, that no Additional Amounts will be payable with respect to payments made to any beneficial owner to the

extent such Taxes are imposed by reason of (i) such beneficial owner being considered to be or to have been connected with a Relevant Taxing Jurisdiction, other than by the acquisition, ownership, holding or disposition of the Notes, the enforcement of rights under the Notes or under any Note Guarantee or the receipt of payments in respect of the Notes or any Note Guarantee, or (ii) such beneficial owner not completing any procedural formalities that it is legally eligible to complete and are necessary for the Issuer, Guarantors or other applicable withholding agent to make or obtain authorization to make payments without such Taxes (including, without limitation, providing prior to the receipt of any payment on or in respect of a Note or any Note Guarantee a complete, correct and executed IRS Form W-8 or W-9 or substitute or successor form, as applicable, with all appropriate attachments or a comparable form required by another Relevant Taxing Jurisdiction). Further, no Additional Amounts shall be payable with respect to (i) any Tax imposed on interest by the United States or any political subdivision or governmental authority thereof or therein by reason of any beneficial owner holding or owning, actually or constructively, 10% or more of the total combined voting power of all classes of stock of the Issuer or any Guarantor entitled to vote, (ii) any Tax imposed on interest by the United States or any political subdivision or governmental authority thereof or therein by reason of any beneficial owner being a controlled foreign corporation that is a related person within the meaning of Section 864(d)(4) of the Code with respect to the Issuer or any Guarantor, (iii) any Tax imposed on interest by the United States or any political subdivision or governmental authority thereof or therein by reason of any beneficial owner being a bank extending credit pursuant to a loan agreement entered into in the ordinary course of its trade or business (iv) any United States federal tax imposed pursuant to (a) sections 1471 to 1474 of the Code, as of the Issue Date (or any amended or successor version that is substantively comparable and not materially more onerous to comply with), or any regulations promulgated thereunder or official interpretations thereof, (b) any agreement entered into pursuant to Section 1471(b) of the Code, as of the Issue Date (or any amended or successor version described above), or (c) any treaty, law or regulation of any other jurisdiction relating to an intergovernmental agreement between the U.S. and such other jurisdiction, in either case implementing any law or regulation referred to in the preceding clause (a) (collectively, ***FATCA***), , (v) with respect to German tax residents any Tax withheld by a German custodian, who is required to deduct the withholding tax from such interest payments, provided that the Notes are held in custody with such German custodian. The Issuer or any Guarantor (as applicable) required to withhold any Taxes will make such withholding or deduction and remit the full amount deducted or withheld to the relevant authority as and when required in accordance with applicable law. The Issuer or any Guarantor (as applicable) will use commercially reasonable efforts to obtain certified copies of tax receipts evidencing the payment by the Issuer or such Guarantor (as applicable) of any Taxes so deducted or withheld from each Relevant Taxing Jurisdiction imposing such Taxes and will provide such certified copies to the Trustee.

Wherever in the Indenture or the Notes or any Note Guarantee there are mentioned, in any context, (1) the payment of principal, (2) purchase prices in connection with a purchase of Notes under the Indenture or the Notes, (3) interest or (4) any other amount payable on or with respect to any of the Notes or any Note Guarantee, such reference shall be deemed to include payment of Additional Amounts as described under this heading to the extent that, in such context, Additional Amounts are, were or would be payable in respect thereof.

At least 30 days prior to each date on which payment of principal, premium, if any, interest or other amounts on the Notes is to be made (unless an obligation to pay Additional Amounts arises shortly before or after the 30th day prior to such date, in which case it shall be promptly thereafter), if the Issuer or a Guarantor will be obligated to pay Additional Amounts with respect to any such payment, the Issuer will promptly furnish the Trustee and the Paying Agent, if other than the Trustee, with an Officers' Certificate stating that such Additional Amounts will be payable and the amounts so paya-

ble, and will set forth such other information necessary to enable the Trustee or the Paying Agent to pay such Additional Amounts to the holders on the payment date. The Issuer or a Guarantor (as applicable) will pay to the Trustee or the Paying Agent such Additional Amounts and, if paid to a Paying Agent other than the Trustee, shall promptly provide the Trustee with documentation evidencing the payment of such Additional Amounts. Copies of such documentation shall be made available to the holders upon request.

The Issuer will pay any stamp, court or documentary taxes, or any other excise, property or similar taxes, charges or levies (including any penalties, interest or other liabilities related thereto) which arise in any Relevant Taxing Jurisdiction from the execution, delivery and registration of Notes upon original issuance and initial resale of the Notes or any other document or instrument referred to therein, or in connection with any payment with respect to, or enforcement of, the Notes or any Note Guarantee or any other document or instrument referred to therein. If at any time the Issuer changes its place of organization to outside of the United States or there is a new issuer organized outside of the United States, the Issuer or new issuer, as applicable, will pay any stamp, court or documentary taxes, or any other excise, property or similar taxes, charges or levies (including any penalties, interest or other liabilities related thereto) which arise in the jurisdiction in which the Issuer or new issuer is organized (or any political subdivision thereof or therein) and are payable by the Holders in respect of the Notes or any Note Guarantee or any other document or instrument referred to therein under any law, rule or regulation in effect at the time of such change or thereafter.

The foregoing obligations in this section ("— *Additional Amounts*") will survive any termination, defeasance or discharge of the Indenture. References in this section ("— *Additional Amounts*") to the Issuer or any Guarantor shall apply to any successor(s) thereto.

Change of Control

Each holder of the Notes, upon the occurrence of a Change of Control Triggering Event, has the right to require that the Issuer of such Notes repurchase such holder's Notes, at a purchase price in cash equal to 101% of the principal amount thereof plus accrued and unpaid interest, if any, to the date of purchase (subject to the right of holders of record on the relevant record date to receive interest due on the relevant interest payment date).

Within 30 days following a Change of Control Triggering Event, the Issuer will mail a notice to each holder of the Notes with a copy to the Trustee stating:

(1) that a Change of Control Triggering Event has occurred and that such holder has the right to require the Issuer to purchase such holder's Notes, at a purchase price in cash equal to 101% of the principal amount thereof plus accrued and unpaid interest, if any, to the date of purchase (subject to the right of holders of record on the relevant record date to receive interest on the relevant interest payment date);

(2) the circumstances and relevant facts regarding such Change of Control Triggering Event;

(3) the repurchase date (which shall be no earlier than 30 days nor later than 60 days from the date such notice is mailed);

(4) that each Note will be subject to repurchase only in integral multiples of $2,000; and

(5) the instructions determined by the Issuer, consistent with the covenant described hereunder, that a holder must follow in order to have its Notes purchased.

The Issuer will comply, to the extent applicable, with the requirements of Section 14(e) of the Exchange Act and any other securities laws or regulations in connection with the repurchase of Notes pursuant to this covenant. To the extent that the provisions of any securities laws or regulations or applicable listing requirements conflict with the provisions of this covenant, the Issuer will comply with the applicable securities laws and regulations and will not be deemed to have breached its obligations under this covenant by virtue thereof.

The Change of Control Triggering Event repurchase feature is a result of negotiations between the Company and the initial purchasers. We have no present intention to engage in a transaction involving a Change of Control, although it is possible that we would decide to do so in the future. Subject to the limitations discussed below, we could, in the future, enter into certain transactions, including acquisitions, refinancings or other recapitalizations, that would not constitute a Change of Control under the Indenture, but that could increase the amount of Indebtedness outstanding at such time or otherwise affect our capital structure or credit ratings. The Indenture will not contain any limitation on our ability to incur additional Indebtedness or other covenants or provisions that may afford Holders protection in the event of a highly leveraged transaction.

The Issuer's ability to repurchase Notes upon a Change of Control Triggering Event may be limited by a number of factors. The occurrence of certain events that constitute a Change of Control could constitute a default under certain other indebtedness of the Company or its Subsidiaries which, in the event of a Change of Control Triggering Event, could make it difficult for the Issuer to repurchase the Notes. Our future indebtedness may contain prohibitions on the occurrence of certain events that would constitute a Change of Control Triggering Event or require such Indebtedness to be repurchased upon a Change of Control Triggering Event. Moreover, the exercise by the holders of their right to require the Issuer to repurchase Notes could cause a default under such indebtedness, even if the Change of Control Triggering Event itself does not, due to the financial effect of such repurchase on us. Finally, the Issuer's ability to pay cash to the holders of Notes following the occurrence of a Change of Control Triggering Event may be limited by our then existing financial resources. We cannot assure you that sufficient funds will be available when necessary to make any required repurchases. The provisions under the Indenture relating to the Issuer's obligation to make an offer to repurchase Notes as a result of a Change of Control Triggering Event may be waived or modified with the written consent of the holders of a majority in principal amount of the Notes issued under the Indenture.

Certain Covenants

Negative Pledge of the Issuer

So long as any of the Notes remain outstanding, but only up to the time all amounts of principal and interest have been deposited with the Paying Agent, the Issuer undertakes not to grant or permit to subsist any Security Interest over any or all of its present or future assets, as security for any present or future Capital Market Indebtedness without at the same time having the holders share equally and ratably in such Security Interest.

This undertaking shall not apply with respect to any Security Interest which (i) is provided by the Issuer over any of the Issuer's claims against the Company any Subsidiary of the Company, as the case may be, or any third party, which claims exist now or arise at any time in the future, as a result of the passing on of the proceeds from the sale by the Issuer of any securities, provided that any such security serves to secure obligations under such securities issued by the Issuer, (ii) is existing on assets at the time of the acquisition thereof by the Issuer or is existing over assets of a newly acquired company which becomes a member of the Fresenius Medical Care Group; provided that such Security In-

terest was not created in contemplation of such acquisition, (iii) is existing on the Issue Date, (iv) secures Capital Market Indebtedness existing at the time of an acquisition that becomes an obligation of the Issuer or of any company within the Fresenius Medical Care Group as a consequence of such acquisition, provided that such Capital Market Indebtedness was not created in contemplation of such acquisition (v) is mandatory pursuant to applicable laws or required as a prerequisite for obtaining any governmental approvals, (vi) is provided in connection with any issuance of asset backed securities by the Issuer, (vii) is provided in respect of any issuance of asset backed securities made by a special purpose vehicle where the Issuer is the originator of the underlying assets, (viii) is provided in connection with the renewal, extension or replacement of any security pursuant to foregoing (i) through (vii) and, (ix) secures Capital Market Indebtedness the principal amount of which (when aggregated with the principal amount of any other Capital Market Indebtedness which has the benefit of a security other than any permitted under the sub-paragraphs (i) to (viii) above) does not exceed €100,000,000 (or its equivalent in other currencies at any time).

Negative Pledge of the Company

So long as any of the Notes remain outstanding, but only up to the time all amounts of principal and interest have deposited with the Paying Agent, the Company undertakes not to grant or permit to subsist any Security Interest over any or all of its present or future assets, as security for any present or future Capital Market Indebtedness and to procure, to the extent legally possible, that none of its Subsidiaries will grant or permit to subsist any Security Interest over any or all of its present or future assets as security for any present or future Capital Market Indebtedness without at the same time having the holders share equally and ratably in such Security Interest.

This undertaking shall not apply with respect to any Security Interest which (i) is provided by the Company or by any of its Subsidiaries over any of the Company's claims or claims of any of its Subsidiaries against the Company, or any Subsidiary, as the case may be, or any third party, which claims exist now or arise at any time in the future, as a result of the passing on of the proceeds from the sale by the issuer of any securities, provided that any such security serves to secure obligations under such securities issued by the Company or any of its Subsidiaries, (ii) is existing on assets at the time of the acquisition thereof by the Company or by any of its Subsidiaries or is existing over assets of a newly acquired company which becomes a member of the Fresenius Medical Care Group; provided that such Security Interest was not created in contemplation of such acquisition,, (iii) is existing on the Issue Date of the Notes, (iv) secures a Capital Market Indebtedness existing at the time of acquisition that becomes an obligation of the Issuer or of any company within the Fresenius Medical Care Group as a consequence of such acquisition, provided that such Capital Market Indebtedness was not created in contemplation of such acquisition, (v) is mandatory pursuant to applicable laws or required as a prerequisite for obtaining any governmental approvals, (vi) is provided in connection with any issuance of asset backed securities by the Company or by any of its Subsidiaries, (vii) is provided in respect of any issuance of asset backed securities made by a special purpose vehicle where the Company or any of its Subsidiaries is the originator of the underlying assets, (viii) is provided in connection with the renewal, extension or replacement of any security pursuant to foregoing (i) through (vii) and, (ix) secures Capital Market Indebtedness the principal amount of which (when aggregated with the principal amount of any other Capital Market Indebtedness which has the benefit of a security other than any permitted under the sub-paragraphs (i) to (viii) above) does not exceed €100,000,000 (or its equivalent in other currencies at any time).

Limitation on Mergers and Sales of Assets

The Indenture provides that the Issuer and the Company may not, and may not permit any Guarantor to consolidate or merge with or into (whether or not the Issuer or such Guarantor is the Surviving

Person), or sell, assign, transfer, lease, convey or otherwise dispose of all or substantially all of its properties and assets in one or more related transactions, to another Person unless:

(1) the Surviving Person is an entity organized and existing under the laws of the United States of America, any State thereof or the District of Columbia, or any other member country of the Organisation for Economic Co-operation and Development (***OECD***) or of the European Union,

(2) the Surviving Person (if other than the Issuer or a Guarantor) shall expressly assume, (A) in a transaction or series of transactions involving the Issuer, by a supplemental indenture in a form satisfactory to the Trustee, all of the obligations of the Issuer under the Indenture, or (B) in a transaction or series of transactions not involving the Issuer, by a Guarantee Agreement, in a form satisfactory to the Trustee, all of the obligations of such Guarantor under its Note Guarantee;

(3) at the time of and immediately after such transaction, no Default or Event of Default shall have occurred and be continuing. and

(4) the Issuer or such Guarantor delivers to the Trustee an Officers' Certificate and an Opinion of Counsel, each stating that such consolidation, merger, transfer, assignment, sale, lease, conveyance or other disposition and such supplemental indenture and Guarantee Agreement, if any, comply with the Indenture.

Reports

For so long as any Notes are outstanding, the Company will provide the Trustee with:

(1) At any time that the Company's shares are listed on a U.S. stock exchange or otherwise registered under the Exchange Act, or the Company is otherwise subject to periodic reporting requirements under Section 13 or Section 15(d) of the Exchange Act:

(a) within 90 days after the end of each fiscal year of the Company, a copy of its Annual Report on Form 20-F (or any successor form) under the Exchange Act as filed with the SEC for such fiscal year, containing its annual financial statements and related notes for the two most recent fiscal years prepared in accordance with IFRS, and including operating segment data, together with an audit report thereon and together with an "Operating and Financial Review and Prospects" required by such form; and

(b) within 45 days after the end of each fiscal quarter (other than the fourth quarter) a copy of each report on Form 6-K (or any successor form) under the Exchange Act filed with or furnished to the SEC containing unaudited quarterly financial statements as of and for the period from the beginning of each fiscal year to the close of each quarterly period (other than the fourth quarter), together with a "Management's Discussion and Analysis" in substantially the form filed or furnished by the Company to the SEC as of the Issue Date and as the same may be revised to comply with the rules of the SEC applicable to such reports as in effect from time to time; or

(2) At any time that the Company's shares are not listed on a U.S. stock exchange or otherwise registered under the Exchange Act, or the Company is not otherwise subject to periodic reporting requirements under Section 13 or Section 15(d) of the Exchange Act, promptly after the posting thereof, an English-language version of its annual report, including or accompa-

nied by annual financial statements, and interim reports that include financial statements, that the Company is then required to post on its web site pursuant to Rule 12g3-2(b) under the Exchange Act, or any successor rule,

provided, that in lieu of providing any such document or information, the Company may notify the Trustee in accordance with the Indenture that such document or information has been filed with or furnished to the SEC and/or posted on the Company's web site, which notice shall include a URL reference to the location of the document or information on the web site of the SEC (www.sec.gov) and/or the web site of the Company.

Available Information

In addition, for so long as any of the Notes remain outstanding and during any period when the Issuer or the Company is not subject to Section 13 or 15(d) of the Exchange Act other than by virtue of the exemption therefrom pursuant to Rule 12g3-2(b), the Company will furnish to any holder or beneficial owner of Notes initially offered and sold in the United States to "qualified institutional buyers" as defined in Rule 144A under the U.S. Securities Act of 1933 pursuant to such rule and any prospective purchaser in the United States designated by such holder or beneficial owner, upon request, any information required to be delivered pursuant to Rule 144A(d)(4) under the U.S. Securities Act of 1933.

Ownership of the Issuer

The Indenture provides that the Company will continue to directly or indirectly maintain 100% ownership of the Capital Stock of the Issuer or any permitted successor of the Issuer; provided, that any permitted successor of the Company under the Indenture may succeed to the Company's ownership of such Capital Stock.

The Company will cause the Issuer or its successor to engage only in those activities that are necessary, convenient or incidental to issuing and selling the Notes and any additional Indebtedness permitted by the Indenture (including any Additional Notes), and advancing or distributing the proceeds thereof to the Company and its Subsidiaries and performing its obligations relating to the Notes and any such additional Indebtedness, pursuant to the terms thereof and of the Indenture and any other applicable indenture and/or engaging in any lawful act or activity and exercising any lawful power necessary, incidental or convenient to enable the Issuer to carry out these purposes stated that may be taken or exercised by corporations organized under the General Corporation Law of the State of Delaware, as amended from time to time.

Substitution of the Issuer

The Company, any other Guarantor or a Finance Subsidiary (***Successor***) may assume the obligations of the Issuer under the Notes by executing and delivering to the Trustee (a) a supplemental indenture which subjects such person to all of the provisions of the Indenture and (b) an Opinion of Counsel to the effect that such supplemental indenture has been duly authorized and executed by such Person, and constitutes the legal, valid, binding and enforceable obligation of such Person, subject to customary exceptions; provided, that (i) the Successor is formed under the laws of the United States of America, or any State thereof or the District of Columbia, or any other member country of the OECD or of the European Union, and (ii) no Additional Amounts would be or become payable with respect to the Notes at the time of such assumption, or as result of any change in the laws of the jurisdiction of formation of such Successor that was reasonably foreseeable at such time. The Successor shall succeed to, and be substituted for, and may exercise every right and power of, the Issuer

under the Indenture with the same effect as if it were the Issuer thereunder, and the former Issuer shall be discharged from all obligations and covenants under the Indenture and the Notes.

Events of Default

The Indenture provides that any one or more of the following described events, which has occurred and is continuing, constitutes an "Event of Default" with respect to the Notes:

(1) failure for 30 days to pay interest on any of the Notes, including any Additional Amounts in respect thereof, when due; or

(2) failure to pay principal of or premium, if any, on any of the Notes when due, whether at maturity, upon redemption, by declaration or otherwise, or of any Guarantor to pay any amount payable under its Note Guarantee when due; or

(3) failure to observe or perform any other material covenant contained in the Indenture for 60 days after notice as provided in the Indenture; or

(4) any Capital Market Indebtedness of the Company, the Issuer, FMCH (unless the Note Guarantee of FMCH has been released) or any Material Subsidiary becomes prematurely repayable as a result of a default in respect of the terms thereof, or the Company, the Issuer, FMCH (unless the Note Guarantee of FMCH has been released) or any Material Subsidiary fails to fulfill any payment obligation in excess of €75,000,000 or the equivalent thereof under any Capital Market Indebtedness or under any guarantees or suretyships given for any Capital Market Indebtedness of others within 30 days from its due date or, in the case of such guarantee or suretyship, within 30 days of such guarantee or suretyship being invoked, unless the Company, the Issuer, FMCH or the relevant Material Subsidiary contests in good faith that such payment obligation exists or is due or that such guarantee or suretyship has been validly invoked or if a security granted therefor is enforced on behalf of or by the creditor(s) entitled thereto; or

(5) any Note Guarantee shall cease to be in full force and effect in accordance with its terms for any reason except pursuant to the terms of the Indenture governing the release of Note Guarantees or the satisfaction in full of all the obligations thereunder or shall be declared invalid or unenforceable other than as contemplated by its terms, or any Guarantor shall repudiate, deny or disaffirm any of its obligations thereunder; or

(6) certain events in bankruptcy, insolvency or reorganization of the Company, the Issuer, FMCH or any of the Company's Material Subsidiaries.

A default under clause (3) of this paragraph will not constitute an Event of Default under the Indenture unless the Trustee or holders of 25% in principal amount of the outstanding Notes under such Indenture notify the Issuer and the Company of such default and such default is not cured within the time specified in clause (3).

The Trustee or the holders of not less than 25% in aggregate outstanding principal amount of the Notes under the Indenture may declare the principal of, premium, if any, and accrued and unpaid interest (including any Additional Amounts) on such Notes due and payable immediately on the occurrence of an Event of Default (other than under clause (6)); provided, however, that, after such acceleration, the holders of a majority in aggregate principal amount of the outstanding Notes may, under certain circumstances, rescind and annul such acceleration if the rescission would not conflict with

any judgment or decree of a court of competent jurisdiction and all Events of Default, other than the nonpayment of accelerated principal, premium, if any and interest have been cured or waived as provided in the Indenture. If an Event of Default described in clause (6) above occurs and is continuing, the principal of, premium, if any, and accrued and unpaid interest on all the Notes will become and be immediately due and payable without any declaration or other act on the part of the Trustee or any holders. For information as to waiver of defaults, see "*—Amendments and Waivers.*"

Subject to the provisions of the Indenture relating to the duties of the Trustee, in case an event of default shall occur and be continuing, the Trustee will be under no obligation to exercise any of its rights or powers under the Indenture at the request or direction of any holders of Notes issued thereunder unless such holders shall have offered to the Trustee indemnity and/or security satisfactory to it. Subject to the provisions for the indemnification of the Trustee and/or such security to the Trustee, the holders of a majority in aggregate principal amount of the Notes issued thereunder then outstanding, will have the right to direct the time, method and place of conducting any proceeding for any remedy available to the Trustee, or exercising any trust or power conferred on the Trustee.

No holder of any Note has any right to institute any proceeding with respect to the Indenture or for any remedy thereunder, unless written notice of a continuing Event of Default shall have previously been given in accordance with the terms of the Indenture and reasonable indemnity and/or security shall have been offered, to the Trustee to institute such proceeding as Trustee, and the Trustee will not have received from the holders of a majority in aggregate principal amount of the outstanding Notes a direction inconsistent with such request and shall have failed to institute such proceeding within 60 days. However, such limitations do not apply to a suit instituted by a holder of a Note for enforcement of payment of the principal of and premium, if any, or interest on such Note on or after the respective due dates expressed in such Note.

The holders of a majority in aggregate outstanding principal amount of the Notes may, on behalf of the holders of all the Notes, waive any existing default, except a default in the payment of principal, premium, if any, or interest or a default in respect of a covenant or provision that cannot be modified or amended without consent of the holder of each Note affected.

Amendments and Waivers

Subject to certain exceptions, the Indenture may be amended or supplemented with the consent of the holders of a majority in principal amount of the Notes then outstanding under the Indenture (including without limitation, consents obtained in connection with a purchase of, or tender offer or exchange offer for, the Notes) and, subject to certain exceptions, any existing default or compliance with any provisions may be waived with the consent of the holders of a majority in principal amount of the Notes then outstanding (including, without limitation, consents obtained in connection with a purchase of, or tender offer or exchange offer for, such Notes). However, without the consent of each holder of an outstanding Note adversely affected, no amendment or waiver may, among other things:

(1) reduce the percentage of principal amount of any Note whose holders must consent to an amendment;

(2) reduce the stated rate of or extend the stated time for payment of interest on any Note;

(3) reduce the principal of or extend the Stated Maturity of any Note;

(4) reduce the premium payable upon the redemption of any such Note or change the time at which any Note may be redeemed as described above under "*Optional Redemption*";

(5) reduce the premium payable upon the repurchase of any Note, change the time at which any Note may be repurchased, or change any of the associated definitions related to the provisions of "*Change of Control*" once the obligation to repurchase the Notes has arisen;

(6) make any Note payable in money other than that stated in the Note;

(7) impair the right of any holder to receive payment of premium, if any, principal of and interest on such holder's Notes on or after the due dates therefor or to institute suit for the enforcement of any payment on or with respect to such holder's Notes;

(8) make any change in the amendment provisions which require each holder's consent or in the waiver provisions; or

(9) release the Company from its Note Guarantee applicable to any Note (other than in accordance with the Indenture).

Without the consent of any holder, the Issuer and the Trustee may amend the Indenture to:

(1) cure any ambiguity, omission, defect or inconsistency;

(2) provide for the assumption by an entity of the obligations of the Issuer under the Indenture or of a Guarantor (other than the Company) under the Note Guarantees;

(3) provide for uncertificated Notes in addition to or in place of certificated Notes;

(4) add Note Guarantees with respect to the Notes;

(5) secure the Notes;

(6) add to the covenants of the Issuer and the Guarantors for the benefit of the holders or surrender any right or power conferred upon the Issuer;

(7) evidence and provide for the acceptance and appointment of a successor trustee;

(8) comply with the rules of any applicable securities depositary;

(9) issue Additional Notes in accordance with the Indenture;

(10) to conform the text of the Indenture or the Notes to any provision of this "*Description of Notes*" to the extent that the Trustee has received an Officers' Certificate stating that such text constitutes an unintended conflict with the description of the corresponding provision or provisions of this "*Description of Notes*"; or

(11) make any change that does not adversely affect the rights of any holder.

The consent of the holders is not necessary under the Indenture to approve the particular form of any proposed amendment or waiver to or under the Indenture. It is sufficient if such consent approves the substance of the proposed amendment or waiver. After an amendment, supplement or waiver under the Indenture becomes effective, the Issuer is required to mail to the Holders a notice briefly describing such amendment, supplement or waiver. However, the failure to give such notice

to all the holders, or any defect in the notice, will not impair or affect the validity of the amendment, supplement or waiver.

Defeasance

The Issuer at any time may terminate all its obligations under the Notes and, in each case, under the Indenture (**legal defeasance**), except for certain obligations, including those respecting the defeasance trust and obligations to register the transfer or exchange of any Notes, to replace mutilated, destroyed, lost or stolen Notes and to maintain a registrar and paying agent in respect of any Notes.

The Issuer at any time may terminate its obligations under the covenants described under "Certain Covenants" (other than the limitations contained in clause (4) under "— *Limitation on Mergers and Sales of Assets*" and the obligation to provide certain reports and information as set forth under "— *Available Information*"(**covenant defeasance**). Covenant defeasance also will not terminate the obligations to pay the principal of, premium, if any, interest and Additional Amounts, if any on the Notes, the obligations to maintain its existence and properties (subject to the provisions of the Indenture relating to permitted mergers and sales of assets), the obligation to pay taxes, the operation of the cross-default upon a payment default and cross-acceleration provisions contained in clause (4) under "*Events of Default*" and the bankruptcy provisions with respect to Subsidiaries.

The Issuer may exercise its legal defeasance option notwithstanding its prior exercise of its covenant defeasance option. If the Issuer exercises its legal defeasance option, payment of the defeased Notes may not be accelerated because of an Event of Default with respect to such Notes. If the Issuer exercises its covenant defeasance option, payment of the defeased Notes may not be accelerated because of an Event of Default specified in clause (4), or (6) under "*Events of Default"* above or because of the failure of the Issuer to comply with clause (4) under *"Certain Covenants — Limitation on Mergers and Sales of Assets"* above.

In order to exercise either defeasance option, the Issuer must irrevocably deposit in trust (**defeasance trust**) with the Trustee for the benefit of the holders U.S. Dollars, U.S. Dollar-denominated Designated Government Obligations or a combination thereof sufficient for the payment of principal, premium, if any, and interest on the Notes to redemption or maturity, as the case may be, and must comply with certain other conditions, including delivery to the Trustee of an Opinion of Counsel (subject to customary exceptions and exclusions) to the effect that holders of such Notes will not recognize income, gain or loss for U.S. federal income tax purposes as a result of such deposit and defeasance and will be subject to U.S. federal income tax on the same amount and in the same manner and at the same times as would have been the case if such deposit and defeasance had not occurred. In the case of legal defeasance only, such Opinion of Counsel must be based on a ruling of the Internal Revenue Service or other change in applicable U.S. Federal income tax law.

No Personal Liability of Directors, Officers, Employees and Stockholders

No member of the Board of Directors, director, officer, employee, incorporator or stockholder of the Issuer, Fresenius SE, the general partner of Fresenius SE, the Company, its General Partner or the Guarantors, as such, shall have any liability for any obligations of the Issuer or any Guarantor under the Notes, the Indenture or the Note Guarantees or for any claim based on, in respect of, or by reason of, such obligations or their creation. Each holder by accepting a Note waives and releases all such liability and agrees not to enforce any claim in respect of the Notes, the Indenture or the Note Guarantees to the extent that it would give rise to such personal liability. The waiver and release are part of the consideration for issuance of the Notes and the Note Guarantees. Such waiver and release may not be effective to waive liabilities under the U.S. federal securities laws and it is the view

of the SEC that such a waiver is against public policy. In addition, such waiver and release may not be effective under the laws of the Federal Republic of Germany.

Consent to Jurisdiction and Service of Process

The Indenture provides that the Issuer and the Company irrevocably agree to accept notice and service of process in any suit, action or proceeding with respect to the Indenture and the Notes, as the case may be, brought in any U.S. federal or state court located in the Borough of Manhattan in the City of New York and that the Issuer and the Company submit to the jurisdiction thereof.

Concerning the Trustee

U.S. Bank National Association is the Trustee under the Indenture and has been appointed by the Issuer as Paying Agent and Registrar (in the case of Definitive Registered Notes) with regard to the Notes. The Trustee is a national banking association organized under the laws of the United States of America. The Trustee's principal office is located at 800 Nicollet Mall, Minneapolis, Minnesota, United States, 55402 and its corporate trust office is at 225 Asylum Street, Hartford, Connecticut, United States, 06103. The Trustee authenticates each Global Note and each Definitive Registered Note and, as Registrar, is responsible for the transfer and registration of Notes exchanged in accordance with the Indenture. Upon the occurrence of an Event of Default as defined under the Indenture, the Trustee must notify the Holders of such default and thereafter the Trustee may pursue various actions and remedies on behalf of the Holders as set out in the Indenture and approved by the Holders. In its capacity as Trustee, the Trustee may sue on its own behalf the Holders. The Trustee in each of its capacities under the Indenture will not be liable for any action it takes or omits to take in good faith which it believes to be authorized under the Indenture. The Trustee is further entitled to require and rely in good faith on an Officers' Certificate, Issuer Order (as applicable) or Opinion of Counsel before taking action. The Trustee is indemnified by the Issuer under the Indenture for any and all loss, damage, claim proceedings, demands, costs, expenses or liability including taxes incurred by the Trustee without negligence or willful misconduct on its part in connection with the acceptance of administration of the trust under the Indenture. The Trustee may resign at any time by notifying the Issuer in writing. The Trustee may be removed by the holders of a majority in principal amount of the Notes, by notifying the Issuer and the Trustee in writing, and such majority holders may appoint a successor trustee with the Issuer's consent. In addition, the Issuer may remove the Trustee upon certain bankruptcy and similar events relating to the Trustee or if the Trustee becomes incapable of acting with respect to its duties under the Indenture.

Validity of Claims

The time of validity for a payment of interest, principal, the redemption price or another amount payable under the Indenture is six years from the date on which such payment is due.

Governing Law

The Indenture, the Notes and the Note Guarantees are governed by, and construed in accordance with, the laws of the State of New York.

Certain Definitions

As used in the Indenture (except as specifically noted below):

Accounting Principles means IFRS or any other accounting standards which are generally acceptable in the jurisdiction of organization of the Company, approved by the relevant regulatory or other ac-

counting bodies in that jurisdiction and internationally generally acceptable and as in effect from time to time.

Affiliate of any specified Person means:

(1) any other Person, directly or indirectly, controlling or controlled by; or

(2) under direct or indirect common control with such specified Person.

For the purposes of this definition, **control** when used with respect to any Person means the power to direct the management and policies of such Person, directly or indirectly, whether through the ownership of voting securities, by contract or otherwise; and the terms "controlling" and "controlled" have meanings correlative to the foregoing.

Board of Directors means, with respect to the Issuer or any Guarantor, as the case may be, the Board of Directors (or other body performing functions similar to any of those performed by a Board of Directors including those performed, in the case of a German stock corporation, by the management board, or in the case of a KGaA, by the General Partner) of such Person or any committee thereof duly authorized to act on behalf of such Board (or other body).

Business Day means any day other than:

(1) a Saturday or Sunday,

(2) a day on which banking institutions in New York City, Frankfurt am Main or the jurisdiction of organization of the Issuer or of the office of a Paying Agent (other than the Trustee) are authorized or required by law or executive order to remain closed, or

(3) a day on which the corporate trust office of the Trustee is closed for business.

Capital Market Indebtedness means any obligation for the payment of borrowed money which is evidenced by a certificate of indebtedness (Schuldscheindarlehen) or which is represented by any bond or debt security with an original maturity of more than one year which is, or is intended to be, or is capable of being listed or traded on a stock exchange or other recognized securities market.

Capital Stock of any Person means any and all shares, interests, rights to purchase, warrants, options, participations or other equivalents of or interests in (however designated) equity of such Person, including any Preferred Stock, but excluding any debt securities convertible into such equity.

Change of Control means the occurrence of one or more of the following events:

(1) so long as the Company is organized as a KGaA, if the General Partner of the Company charged with the management of the Company shall at any time fail to be Fresenius SE or a Subsidiary of Fresenius SE, or if Fresenius SE shall fail at any time to own or control, directly or indirectly, more than 25 % of the capital stock with ordinary voting power in the Company;

(2) if the Company is no longer organized as a KGaA, any event the result of which is that (A) any person or group (a ***Relevant Person or Relevant Persons***) acting in concert (as defined in § 30(2) of the German Securities Acquisition and Takeover Act (*Wertpapiererwerbs- und Übernahmegesetz* - ***WpÜG***)) or any person or group acting on behalf of any such Relevant Person or Relevant Persons, other than a Permitted Holder, is or becomes the direct or indirect legal or beneficial owner of, or of any legal or beneficial entitlement (as defined in § 22

of the German Securities Trading Act (Wertpapierhandelsgesetz)) to, in the aggregate, more than 50% of the voting shares of the Company; or

(3) any sale, lease, exchange or other transfer (in one transaction or a series of related transactions) of all or substantially all of the assets of the Company (held directly or indirectly) to any Relevant Person other than a Permitted Holder, or any person or group acting on behalf of any such Relevant Person or Relevant Persons.

Change of Control Triggering Event means the occurrence of a Change of Control and a Ratings Decline.

Credit Facility means the credit agreement entered into as of October 30, 2012 among, inter alia, the Company and Fresenius Medical Care Holdings, Inc., as borrowers and guarantors, the lenders party thereto, Bank of America, N.A., as administrative agent, and the other agents named therein, as amended, modified, extended, renewed, supplemented, refunded, replaced, restated or refinanced from time to time.

Default means any event that is, or after notice or passage of time or both would be, an Event of Default (as defined in the Indenture).

Designated Government Obligations means direct non-callable and non-redeemable U.S. Dollar-denominated obligations (in each case, with respect to the issuer thereof) issued by any state that is, as of the Issue Date, a member of the European Union, or by the United States of America (including, in each case, any agency or instrumentality thereof), as the case may be, the payment of which is secured by the full faith and credit of the applicable member state or of the United States of America, as the case may be.

EBITDA means operating income plus depreciation and amortization and is derived from the operating income determined in accordance with IFRS for the most recently ended four full fiscal quarters for which internal financial statements are available.

Exchange Act means the U.S. Securities Exchange Act of 1934, as amended.

Finance Subsidiary means any Wholly Owned Subsidiary of the Company created for the purpose of issuing evidences of indebtedness or guaranteeing indebtedness and which is subject to similar restrictions on its activities as the Issuer.

Fitch means Fitch Ratings, Inc. and its subsidiaries and successors.

Fresenius Medical Care Group means the Company and its Subsidiaries on a consolidated basis.

Fresenius SE means Fresenius SE & Co. KGaA, a partnership limited by shares (*Kommanditgesellschaft auf Aktien*).

General Partner means Fresenius Medical Care Management AG, a German stock corporation, including its successors and assigns and other Persons, in each case who serve as the general partner (*persönlich haftender Gesellschafter*) of the Company from time to time.

IFRS means international financial reporting standards and interpretations issued by the International Accounting Standards Board and adopted by the European Union, as in effect from time to time.

Investment Grade means a rating of (i) BBB- or higher by S&P, (ii) Baa3 or higher by Moody's and (iii) BBB- or higher by Fitch, or the equivalent of such ratings by S&P, Moody's or Fitch and the equivalent in respect of rating categories of any Rating Agencies substituted for S&P, Moody's or Fitch.

Issue Date means June 20, 2019.

KGaA means a German partnership limited by shares (*Kommanditgesellschaft auf Aktien*).

Material Subsidiary means any Subsidiary of Fresenius Medical Care AG & Co. KGaA which:

(1) has unconsolidated EBITDA representing 5% or more of the EBITDA of the Fresenius Medical Care Group on a consolidated basis; or

(2) has unconsolidated gross assets representing 5% or more of the gross assets of the Fresenius Medical Group on a consolidated basis,

in each case as determined by reference to the latest audited annual financial statements prepared in accordance with IFRS.

Moody's means Moody's Investors Service, Inc. and its subsidiaries and successors.

Note Guarantee means the Guarantee by a Guarantor of the Issuer's obligations under the Notes.

Officers' Certificate means a certificate signed by two Responsible Officers of the Issuer or of any Guarantor.

Opinion of Counsel means a written opinion from legal counsel who is reasonably acceptable to the Trustee. The counsel may be an employee of or counsel to the Issuer, a Guarantor or the Trustee.

Permitted Holders means Fresenius SE and any of its Affiliates, as long as and to the extent Fresenius SE or the relevant Affiliate(s) is or are not acting in concert with, or on behalf of, a Relevant Person or Relevant Persons.

Person means any individual, corporation, partnership, joint venture, association, joint-stock company, trust, unincorporated organization, government or any agency, instrumentality or political subdivision thereof, or any other entity.

Preferred Stock, as applied to the Capital Stock of any corporation, means Capital Stock of any class or classes (however designated) which is preferred as to the payment of dividends, or as to the distribution of assets upon any voluntary or involuntary liquidation or dissolution of such corporation, over shares of Capital Stock of any other class of such corporation.

Rating Agencies means:

(1) S&P;

(2) Moody's; and

(3) Fitch; or

(4) if S&P, Moody's or Fitch or all three shall not make a rating of the Notes publicly available, despite the Company using its commercially reasonable efforts to obtain such a rating, another reputable securities rating agency or agencies, as the case may be, having equivalent

international standing selected by the Company, which shall be substituted for S&P, Moody's, Fitch or all three, as the case may be.

Rating Category means:

(1) with respect to S&P, any of the following categories: BB, B, CCC, CC, C and D (or equivalent successor categories);

(2) with respect to Moody's, any of the following categories: Ba, B, Caa, Ca, C and D (or equivalent successor categories);

(3) with respect to Fitch, any of the following categories: BB, B, CCC, CC, C and D (or equivalent successor categories); and

(4) the equivalent of any such category of S&P, Moody's or Fitch used by another rating agency. In determining whether the rating of the Notes has decreased by one or more gradations, gradations within rating categories (+ and - for S&P, 1, 2 and 3 for Moody's, + and - for Fitch; or the equivalent gradations for another rating agency) shall be taken into account (e.g., with respect to S&P, a decline in a rating from BB + to BB, as well as from BB - to B +, which constitute a decrease of one gradation).

Ratings Decline means that if (a), at the time of the occurrence of a Change of Control, the Notes (i) have been rated Investment Grade by at least two Rating Agencies and such rating is, within 120 days from such time, either downgraded to a non-investment grade rating or withdrawn by at least two Rating Agencies and is not within such 120-day period subsequently (in the case of a downgrade) upgraded to Investment Grade by two of the three Rating Agencies, or (in the case of withdrawal) replaced by an Investment Grade rating from any other Rating Agency or Rating Agencies; or (ii) rated below Investment Grade and such rating from any Rating Agency is, within 120 days from such time, downgraded by one or more gradations (including gradations within Rating Categories as well as between Rating Categories) and is not within such 120-day period subsequently upgraded to its earlier credit rating or better by such Rating Agency, provided that if at the time of the occurrence of a Change of Control the Notes carry an Investment Grade rating of only one Rating Agency, it shall be sufficient if the requirements under clause (i) are met with respect to such Rating Agency; and (b) in making any of the decisions referred to above, the relevant Rating Agency announces publicly or confirms in writing to the Company that its decision resulted, in whole or in part, from the occurrence of the Change of Control, provided, however, that, no Ratings Decline will occur if at the end of the 120-day period the Notes have been rated by at least two Rating Agencies it has solicited, Investment Grade.

Responsible Officer means the chief executive officer, president, chief financial officer, senior vice president-finance, treasurer, assistant treasurer, managing director, management board member or director of a company (or in the case of the Company, a Responsible Officer of its General Partner, other managing entity or other Person authorized to act on its behalf, and if such Person is also a partnership, limited liability company or similarly organized entity, a Responsible Officer of the entity that may be authorized to act on behalf of such Person).

S&P means S&P Global Ratings and its subsidiaries and successors.

SEC means the U.S. Securities and Exchange Commission.

Security Interest means any mortgage, land charge, lien or any other security right in rem (*dingliches Sicherungsrecht*).

Stated Maturity means, with respect to any security, the date specified in such security as the fixed date on which the final payment of principal of such security is due and payable, including pursuant to any mandatory redemption provision (but excluding any provision providing for the repurchase of such security at the option of the holder thereof upon the happening of any contingency unless such contingency has occurred).

Subsidiary means, with respect to any Person, any corporation, limited liability company, association, partnership or other business entity whose results of operations are consolidated in accordance with the Accounting Principles with those of:

(1) such Person;

(2) such Person and one or more Subsidiaries of such Person; or

(3) one or more Subsidiaries of such Person.

Unless otherwise provided, all references to a Subsidiary shall be a Subsidiary of the Company.

Surviving Person means, with respect to any Person involved in any merger, consolidation or other business combination or the sale, assignment, transfer, lease, conveyance or other disposition of all or substantially all of such Person's assets, the Person formed by or surviving such transaction or the Person to which such disposition is made.

Treasury Rate means, with respect to a Redemption Date, the yield under the heading which represents the average for the immediately preceding week, appearing in the most recently published statistical release designated "H.15" or any successor publication which is published weekly by the Board of Governors of the Federal Reserve System and which establishes yields on actively traded United States Treasury securities adjusted to constant maturity under the caption "Treasury Constant Maturities," at least two Business Days prior to such Redemption Date (or, if such Statistical Release is no longer published, any publicly available source of similar market data)) most nearly equal to the period from such Redemption Date to the Stated Maturity date of the Notes; provided, however, that if the period from the Redemption Date to such date is not equal to the constant maturity of a United States Treasury security for which a weekly average yield is given, the Treasury Rate shall be obtained by linear interpolation (calculated to the nearest one-twelfth of a year) from the weekly average yields of United States Treasury securities for which such yields are given, except that if the period from the Redemption Date to such date is less than one year, the weekly average yield on actually traded United States Treasury securities adjusted to a constant maturity of one year shall be used.

U.S. Dollars means the currency of the United States of America.

Wholly Owned Subsidiary means a Subsidiary all the Capital Stock of which (other than directors' qualifying shares and shares held by other Persons to the extent such shares are required by applicable law to be held by a Person other than its parent or a Subsidiary of its parent) is owned by the Company or by one or more Wholly Owned Subsidiaries, or by the Company and one or more Wholly Owned Subsidiaries.

BOOK-ENTRY, DELIVERY AND FORM

Form of Notes

The Notes sold to persons reasonably believed to be qualified institutional buyers in reliance on Rule 144A (***Rule 144A Notes***) under the Securities Act are represented by one or more global notes in registered form without interest coupons attached (collectively, ***Rule 144A Global Notes***). The Rule 144A Global Notes representing the Notes are deposited with a custodian for the DTC and registered in the name of Cede & Co., as nominee of DTC.

The Notes sold in reliance on Regulation S under the Securities Act are represented by one or more global notes in registered form without interest coupons attached (collectively, ***Regulation S Global Notes*** and, together with the Rule 144A Global Notes, ***Global Notes***). The Regulation S Global Notes representing the Notes are registered in the name of Cede & Co., as nominee of DTC and deposited with a custodian for DTC, for credit to Euroclear and Clearstream.

Ownership of interests in the 144A Global Notes (***Restricted Book-Entry Interests***) and in the Regulation S Global Notes (***Regulation S Book-Entry Interests*** and, together with the Restricted Book-Entry Interests, ***Book-Entry Interests***) are limited to persons that have accounts with DTC, Euroclear and/or Clearstream, or persons that hold interests through such participants. Prior to the 40th day after the later of the commencement of this issue and the date the Notes were originally issued (***Distribution Compliance Period***), interests in the Regulation S Global Notes may only be held through Euroclear or Clearstream. DTC, Euroclear and Clearstream hold interests in the Global Notes on behalf of their participants through customers' securities accounts in their respective names on the books of their respective depositaries. Except under the limited circumstances described below, owners of beneficial interests in the Global Notes are not entitled to receive physical delivery of certificated notes.

Book-Entry Interests are shown on, and transfers thereof are done only through, records maintained in book-entry form by DTC, Euroclear and Clearstream and their participants. The foregoing limitations may impair your ability to own, transfer or pledge Book-Entry Interests. In addition, while the Notes are in global form, holders of Book-Entry Interests are not being considered the owners or ***holders*** of Notes for any purpose.

So long as the Notes are held in global form, DTC (or its nominee), will be considered the sole holders of Global Notes for all purposes under the Indenture. In addition, participants in DTC, Euroclear and/or Clearstream must rely on the procedures of DTC, Euroclear and/or Clearstream, as the case may be, and indirect participants must rely on the procedures of DTC, Euroclear, Clearstream and the participants through which they own Book-Entry Interests, to transfer their interests or to exercise any rights of holders under the Indenture. Neither the Issuer nor the Trustee will have any responsibility or be liable for any aspect of the records relating to the Book-Entry Interests.

None of the Issuer, the Guarantors, the Trustee, the Registrar, the Paying Agent or any other agent have any responsibility or will be liable for any aspect of the records relating to the Book-Entry Interests.

Redemption of the Global Notes

In the event any Global Note (or any portion thereof) is redeemed, DTC, Euroclear and/or Clearstream (or their respective nominees), as applicable, will redeem an equal amount of the Book-Entry Interests in such Global Note from the amount received by it in respect of the redemption of such Global Note. The redemption price payable in connection with the redemption of such Book-Entry

Interests will be equal to the amount received by DTC, Euroclear and Clearstream, as applicable, in connection with the redemption of such Global Note (or any portion thereof). The Issuer understands that, under existing practices of DTC, Euroclear and Clearstream, if fewer than all of the Notes are to be redeemed at any time, DTC, Euroclear and Clearstream will credit their respective participants' accounts on a proportionate basis (with adjustments to prevent fractions) or by lot or on such other basis as they deem fair and appropriate; provided, however, that no Book-Entry Interest of $2,000 principal amount or less may be redeemed in part.

Payments on Global Notes

The Issuer will make payments of any amounts owing in respect of the Global Notes (including principal, premium, if any, interest, Additional Amounts, if any) to DTC or its nominee (in the case of the Global Notes), which will distribute such payments to participants in accordance with their procedures; provided that, at the option of the Issuer, payment of interest may be made by check mailed to the address of the Holders as such address appears in the note register. The Issuer will make payments of all such amounts without deduction or withholding for or on account of any present or future taxes, duties, assessments or governmental charges of whatever nature except as may be required by law. The Issuer expects that standing customer instructions and customary practices will govern payments by participants to owners of Book-Entry Interests held through such participants.

Under the terms of the Indenture, the Issuer and the Trustee will treat the registered holder of the Global Notes (i.e., DTC or its nominee) as the owner thereof for the purpose of receiving payments and for all other purposes. Consequently, none of the Issuer, the Guarantors, the Trustee or any of their respective agents has or will have any responsibility or liability for:

- any aspect of the records of DTC, Euroclear, Clearstream or any participant or indirect participant relating to payments made on account of a Book-Entry Interest or for maintaining, supervising or reviewing the records of DTC, Euroclear, Clearstream or any participant or indirect participant relating to or payments made on account of a Book-Entry Interest; or

- DTC, Euroclear, Clearstream or any participant or indirect participant.

Payments by participants to owners of Book-Entry Interests held through participants are the responsibility of such participants.

Currency of Payment for the Global Notes

Except as may otherwise be agreed between DTC and any holder, the principal of, premium, if any, and interest on, and all other amounts payable in respect of, the Global Notes will be paid to holders of interests in such Notes through DTC in U.S. dollars.

Payments will be subject in all cases to any fiscal or other laws and regulations (including any regulations of the applicable clearing system) applicable thereto. None of the Issuer, the Trustee, the Initial Purchasers or any of their respective agents will be liable to any holder of a Global Note or any other person for any commissions, costs, losses or expenses in relation to or resulting from any currency conversion or rounding effected in connection with any such payment.

Action by Owners of Book-Entry Interests

DTC has advised the Issuer that it will take any action permitted to be taken by a holder of Notes (including the presentation of Notes for exchange as described below) only at the direction of one or more participants to whose account the Book-Entry Interests in the Global Notes are credited and

only in respect of such portion of the aggregate principal amount of Notes as to which such participant or participants has or have given such direction. DTC will not exercise any discretion in the granting of consents, waivers or the taking of any other action in respect of the Global Notes. However, if there is an event of default under the Notes, DTC reserves the right to exchange the Global Notes for Definitive Registered Notes in certificated form, and to distribute Definitive Registered Notes to its participants.

Transfers

Transfers of beneficial interests in the Global Notes will be subject to the applicable rules and procedures of DTC, Euroclear and Clearstream and their respective direct or indirect participants, which rules and procedures may change from time to time.

The Global Notes bear a legend to the effect set forth in "*Notice to Investors.*" Book-Entry Interests in the Global Notes will be subject to the restrictions on transfers as discussed in "*Notice to Investors.*"

During the Distribution Compliance Period, any sale or transfer of ownership of a Regulation S Book-Entry Interest to a U.S. person shall not be permitted unless such resale or transfer is made pursuant to Rule 144A. Subject to the foregoing, a Regulation S Book-Entry Interest may be transferred to a person who takes delivery in the form of a Restricted Book-Entry Interest in a Global Note of the same series only upon delivery by the transferor of a written certification (in the form provided in the Indenture) to the effect that such transfer is being made to a person who the transferor reasonably believes is a "qualified institutional buyer" within the meaning of Rule 144A in a transaction meeting the requirements of Rule 144A or otherwise in accordance with the transfer restrictions described under "*Notice to Investors*," and in accordance with any applicable securities laws of any state of the United States or any other jurisdiction.

Transfers of Restricted Book-Entry Interests to persons wishing to take delivery of Restricted Book-Entry Interests will at all times be subject to the transfer restrictions contained in the legend appearing on the face of the 144A Global Note, as set forth in "*Notice to Investors.*" Restricted Book-Entry Interests may be transferred to a person who takes delivery in the form of a Regulation S Book-Entry Interest in a Global Note of the same series upon delivery by the transferor of a written certification (in the form provided in the Indenture) to the effect that such transfer is being made in accordance with Regulation S and that, if such transfer occurs prior to the expiration of the Distribution Compliance Period, the interest transferred will be held immediately thereafter through Euroclear or Clearstream.

Any Book-Entry Interest in one of the Global Notes that is transferred to a person who takes delivery in the form of a Book-Entry Interest in any other Global Note of the same series will, upon transfer, cease to be a Book-Entry Interest in the first-mentioned Global Note and become a Book- Entry Interest in such other Global Note, and accordingly will thereafter be subject to all transfer restrictions, if any, and other procedures applicable to Book-Entry Interests in such other Global Note for as long as it remains such a Book-Entry Interest. In connection with such transfer, appropriate adjustments will be made to reflect a decrease in the principal amount of the first mentioned Global Note and a corresponding increase in the principal amount of the other Global Note, as applicable.

Issuance of Definitive Registered Notes

Under the terms of the Indenture, owners of the Book-Entry Interests will receive Definitive Registered Notes:

- if DTC notifies the Issuer that it is unwilling or unable to continue as depositary for the Global Note, or DTC ceases to be a clearing agency registered under the Exchange Act and, in either case, a qualified successor depositary is not appointed by the Issuer within 120 days;

- if DTC so requests following an event of default under the Indenture; or

- if the owner of a Book-Entry Interest requests such exchange in writing delivered through DTC following an event of default under the Indenture.

For so long as any of the Notes are listed on the Luxembourg Stock Exchange and its rules so require, if Definitive Registered Notes are issued, the Issuer will provide the Luxembourg Stock Exchange with a notice for publication on the exchange's website. In the case of the issuance of Definitive Registered Notes, the holder of a Definitive Registered Note may transfer such Note by surrendering it at the offices of the transfer agent or the Registrar. In the event of a partial transfer or a partial redemption of a holding of Definitive Registered Notes represented by one Definitive Registered Note, a Definitive Registered Note shall be issued to the transferee in respect of the part transferred, and a new Definitive Registered Note in respect of the balance of the holding not transferred or redeemed shall be issued to the transferor or the holder, as applicable; provided that no Definitive Registered Note in a denomination less than $150,000 shall be issued. The Issuer will bear the cost of preparing, printing, packaging and delivering the Definitive Registered Notes.

The Issuer shall not be required to register the transfer or exchange of Definitive Registered Notes for a period of 15 calendar days preceding (a) the record date for any payment of interest on the Notes, (b) any date fixed for redemption of the Notes or (c) the date fixed for selection of the notes to be redeemed in part. Also, the Issuer is not required to register the transfer or exchange of any Notes selected for redemption or that the registered holder of Notes has tendered (and not withdrawn) for repurchase in connection with a Change of Control. In the event of the transfer of any Definitive Registered Note, the transfer agent may require a holder, among other things, to furnish appropriate endorsements and transfer documents as described in the Indenture. The Issuer may require a holder to pay any taxes and fees required by law or permitted by the Indenture and the Notes.

Upon the issuance of Definitive Registered Notes, and for so long as the Notes are listed on the Luxembourg Stock Exchange and the rules of such stock exchange so require, Holders will be able to receive principal and interest on the Notes at the Luxembourg office of the Paying Agent, subject to the right of the Issuer to mail payments in accordance with the terms of the Indenture. The Issuer will pay interest on the Notes to Persons who are registered holders at the close of business on the record date immediately preceding the interest payment date for such interest. Such holders must surrender the Notes to a Paying Agent to collect principal payments.

If Definitive Registered Notes are issued and a holder thereof claims that such Definitive Registered Notes have been lost, destroyed or wrongfully taken or if such Definitive Registered Notes are mutilated and are surrendered to the Registrar or at the office of a transfer agent, the Issuer shall issue and, upon written direction from the Issuer, the Trustee shall authenticate a replacement Definitive Registered Note if the Trustee's and the Issuer's requirements are met. The Trustee or the Issuer may require a holder requesting replacement of a Definitive Registered Note to furnish an indemnity bond sufficient in the judgment of both the Trustee and the Issuer to protect the Issuer, the Trustee or any Paying Agent appointed pursuant to the Indenture from any loss which any of them may suffer if a Definitive Registered Note is replaced. The Issuer may charge for its expenses in replacing a Definitive Registered Note.

In case any such mutilated, destroyed, lost or stolen Definitive Registered Note has become or is about to become due and payable, or is about to be redeemed or purchased by the Issuer pursuant to the provisions of the applicable Indenture, the Issuer in its discretion may, instead of issuing a new Definitive Registered Note, pay, redeem or purchase such Definitive Registered Note, as the case may be. Definitive Registered Notes may be transferred and exchanged for Book-Entry Interests in a Global Note only in accordance with the Indenture and, if required, only after the transferor first delivers to the transfer agent a written certification (in the form provided in the Indenture) to the effect that such transfer will comply with the transfer restrictions applicable to such Notes and the Issuer may require a holder to pay any taxes and fees required by law or permitted by the Indenture and the Notes.

Information Concerning DTC, Euroclear and Clearstream

The following description of the operations and procedures of DTC, Euroclear and Clearstream are provided solely as a matter of convenience. These operations and procedures are solely within the control of the relevant settlement systems and are subject to changes by them. The Issuer takes no responsibility for these operations and procedures and investors should contact the systems or their participants directly to discuss these matters.

The Issuer understands as follows with respect to DTC, Euroclear and Clearstream:

DTC is:

- a limited purpose trust company organized under the New York Banking Law;
- a ***banking organization*** under New York Banking Law;
- a member of the Federal Reserve System;
- a ***clearing corporation*** within the meaning of the New York Uniform Commercial Code; and
- a ***clearing agency*** registered under Section 17A of the Exchange Act.

DTC was created to hold securities for its participants and to facilitate the clearance and settlement of transactions among its participants. It does this through electronic book-entry changes in the accounts of securities participants, eliminating the need for physical movement of securities certificates. DTC participants include securities brokers and dealers, banks, trust companies, clearing corporations and certain other organizations. DTC's owners are the New York Stock Exchange, Inc., the American Stock Exchange, Inc. and the National Association of Securities Dealers, Inc. and a number of its direct participants. Others, such as banks, brokers, dealers and trust companies that clear through or maintain a custodial relationship with a direct participant also have access to the DTC system and are known as indirect participants.

Because DTC can only act on behalf of participants, who in turn act on behalf of indirect participants and certain banks, the ability of an owner of a beneficial interest to pledge such interest to persons or entities that do not participate in the DTC system, or otherwise take actions in respect of such interest, may be limited by the lack of a definitive certificate for that interest. To the extent that certain persons require delivery in definitive form, the ability to transfer beneficial interests to such persons may be limited. In addition, owners of beneficial interests through the DTC system will receive distributions attributable to the Global Notes only through DTC participants.

Euroclear and Clearstream. Like DTC, Euroclear and Clearstream hold securities for participating organizations. They also facilitate the clearance and settlement of securities transactions between their respective participants through electronic book-entry changes in the accounts of such participants. Euroclear and Clearstream provide various services to their participants, including the safekeeping, administration, clearance, settlement, lending and borrowing of internationally traded securities. Euroclear and Clearstream interface with domestic securities markets. Euroclear and Clearstream participants are financial institutions such as underwriters, securities brokers and dealers, banks, trust companies and certain other organizations. Indirect access to Euroclear or Clearstream is also available to others such as banks, brokers, dealers and trust companies that clear through or maintain a custodial relationship with a Euroclear or Clearstream participant, either directly or indirectly.

Global Clearance and Settlement Under the Book-Entry System

The Notes represented by the Global Notes are expected to be listed on the Luxembourg Stock Exchange. The Notes are expected to trade in DTC's Same-Day Funds Settlement System, and any permitted secondary market trading activity in such Notes will, therefore, be required by DTC to be settled in immediately available funds. The Issuer expects that secondary trading in any certificated Notes will also be settled in immediately available funds. Subject to compliance with the transfer restrictions applicable to the Global Notes, cross-market transfers of Book-Entry Interests in the Notes between the participants in DTC, on the one hand, and Euroclear or Clearstream participants, on the other hand, will be done through DTC in accordance with DTC's rules on behalf of each of Euroclear or Clearstream by its Common Depositary; however, such cross-market transactions will require delivery of instructions to Euroclear or Clearstream by the counterparty in such system in accordance with the rules and procedures and within the established deadlines (Brussels time) of such system. Euroclear or Clearstream will, if the transaction meets its settlement requirements, deliver instructions to the Common Depositary to take action to effect final settlement on its behalf by delivering or receiving interests in the Global Notes in DTC, and making or receiving payment in accordance with normal procedures for same-day funds settlement applicable to DTC. Euroclear and Clearstream participants may not deliver instructions directly to the Common Depositary.

Because of time zone differences, the securities account of a Euroclear or Clearstream participant purchasing an interest in a Global Note from a participant in DTC will be credited, and any such crediting will be reported to the relevant Euroclear or Clearstream participant, during the securities settlement processing day (which must be a business day for Euroclear and Clearstream) immediately following the settlement date of DTC. Cash received in Euroclear and Clearstream as a result of a sale of an interest in a Global Note by or through a Euroclear or Clearstream participant to a participant in DTC will be received with value on the settlement date of DTC but will be available in the relevant Euroclear or Clearstream cash account only as at the business day for Euroclear or Clearstream following DTC's settlement date.

Although DTC, Euroclear and Clearstream are expected to follow the foregoing procedures in order to facilitate transfers of interests in the Global Notes among participants in DTC, Euroclear or Clearstream, as the case may be, they are under no obligation to perform or continue to perform such procedures, and such procedures may be discontinued at any time. None of the Issuer, the Trustee, the Initial Purchasers, the Registrar, any transfer agent or any Paying Agent will have any responsibility for the performance by DTC, Euroclear or Clearstream, or their respective participants or indirect participants, of their respective obligations under the rules and procedures governing their operations.

TAXATION CONSIDERATIONS

GERMAN TAX CONSIDERATIONS

General

The following tax section deals in a general manner with the taxation of interest income and capital gains derived from the Notes and the deduction of withholding tax to be made under German law from the proceeds from the investment in the Notes. This tax section is based on the laws in force on the date of the Prospectus, and it is of general nature only and neither intended as, nor to be understood as, legal or tax advice. Any information given hereafter reflects the opinion of the Issuer. It must not be misunderstood as a representation or guarantee with regard to a specific tax treatment, and courts or other relevant authorities may come to different interpretations of applicable law. Further, this tax section is not intended as the sole basis for an investment in the Notes, and the individual tax position of the investor should always be investigated because the tax consequences depend on the individual facts and circumstances at the level of the investor and may be subject to alteration due to future changes in law, possibly with retroactive effect.

Pursuant to the 2018 coalition agreement between the political parties, which together hold the majority in the German parliament (Bundestag), the flat tax regime as defined below, is supposed to be abolished. Consequently, interest income may be subject to higher taxation in the future.

Prospective investors are recommended to consult their own tax advisors as to the individual tax consequences arising from the investment in the Notes.

Withholding Tax

For German tax residents (e.g., persons whose residence, habitual abode, statutory seat or place of management is located in Germany), interest payments on the Notes are generally subject to withholding tax, provided that the Notes are held in custody with a German custodian, who is required to deduct the withholding tax from such interest payments (***Disbursing Agent***). Disbursing Agents are German resident credit institutions, financial services institutions (including German permanent establishments of foreign institutions but excluding foreign permanent establishments of German resident institutions), securities trading companies or securities trading banks. The applicable withholding tax rate is 25% (plus 5.5% solidarity surcharge thereon and, if applicable, church tax). For individuals subject to church tax the Disbursing Agent has to collect the church tax by way of withholding unless the investor has filed a blocking notice (*Sperrvermerk*) with the German Federal Central Tax Office (*Bundeszentralamt für Steuern*) in which case the investor will have to file a tax return specifying its investment income and will then be assessed the church tax.

The withholding tax regime should also apply to any gains from the sale or redemption of the Notes realized by private investors holding the Notes as private (and not as business) assets in custody with a Disbursing Agent. Subject to exceptions, the amount of capital gains on which the withholding tax charge is applied is generally determined by taking the difference between the proceeds received upon the disposition or redemption of the Notes and (after the deduction of actual expenses directly related thereto) the acquisition costs. Where the Notes are acquired and/or sold in a currency other than Euro, the sales/redemption price and the acquisition costs have to be converted into Euro on the basis of the foreign exchange rates prevailing on the sale or redemption date and the acquisition date respectively. If custody has changed since the acquisition and the acquisition data is not proved or not permitted to be proved to the Disbursing Agent, the tax at a rate of 25% (plus 5.5% solidarity surcharge and, if applicable, church tax) will be imposed on an amount equal to 30% of the proceeds

from the sale or redemption of the Notes. If the Issuer exercises the right to substitute the debtor of the Notes, the substitution might, for German tax purposes, be treated as an exchange of the Notes for new notes issued by the successor and might be subject to similar taxation rules as the Notes. In particular, such a substitution could result in the recognition of a taxable gain or loss for any holder of a Note.

Accrued interest (*Stückzinsen*) received by the investor upon disposal of the Notes between two interest payment dates is considered as part of the sales proceeds thus increasing a capital gain or reducing a capital loss from the Notes. Accrued interest paid by the investor upon an acquisition of the Notes after the issue date qualifies as negative investment income either to be deducted from positive investment income generated in the same assessment period or to be carried forward to future assessment periods.

The withholding tax is not applied to the extent the total investment income of a private investor is not exceeding the lump sum deduction (*Sparer-Pauschbetrag*) of €801 (€1,602 in case of joint assessment of married couples or registered partners) provided the investor has filed a corresponding withholding tax exemption certificate (*Freistellungsauftrag*) with the Disbursing Agent but only to the extent the annual aggregate investment income does not exceed the lump sum deduction amount stated in the withholding tax exemption certificate. Expenses actually incurred are not deductible. Similarly, no withholding tax is deducted if the investor has submitted to the Disbursing Agent a certificate of non-assessment (*Nichtveranlagungs-Bescheinigung*) issued by the competent local tax office of the investor.

German tax resident corporate investors and, upon notification by use of the officially prescribed form of the Disbursing Agent, other German tax resident business investors holding the Notes as assets of a domestic business should in essence not be subject to withholding tax on capital gains from the disposition, sale or redemption of the Notes subject to certain formal requirements (i.e., for these investors only interest payments, but no capital gains from the sale or redemption of the Notes are subject to the withholding tax regime).

The Issuer of the Notes should under German law not be required to deduct withholding tax from the proceeds from the investment in the Notes. The Issuer does not assume any responsibility for the deduction of German withholding tax at the source (including solidarity surcharge and, where applicable, church tax thereon).

Private Investors

For German tax resident private investors the withholding tax is — without prejudice to certain exceptions — definite under a special flat tax regime (*Abgeltungssteuer*). Private investors can apply to have their income from the investment into the Notes assessed in accordance with the general rules on determining an individual's tax bracket if this results in a lower tax burden. Also in this case, expenses actually incurred are not deductible. An assessment is, *inter alia*, mandatory for income from the investment into the Notes where the Notes are held in custody outside of Germany. Losses resulting from the sale or redemption of the Notes can only be offset against other investment income. In the event that a set-off is not possible in the assessment period in which the losses have been realized, such losses can be carried forward into future assessment periods only and can be offset against investment income generated in future assessment periods.

According to a decree issued by the German Federal Ministry of Finance in relation to private investors, a disposal of Notes will be disregarded if the sales proceeds do not exceed the related transaction costs with the consequence that losses resulting from such disposal are treated as non-

deductible for German taxation purposes. The same applies where, based on an agreement with the depositary institution, the transaction costs are calculated on the basis of the sale proceeds taking into account a deductible amount. Further, losses resulting from a bad debt loss (*Forderungsausfall*) in the case of an Issuer default or from a waiver of a receivable (*Forderungsverzicht*) in relation to the Notes are not treated as tax-deductible pursuant to the decree issued by the German Federal Ministry of Finance. However, this view has been rejected for a bad debt loss by the German Federal Fiscal Court (*Bundesfinanzhof*) in a recently published decision dated October 24, 2017 (VIII R 13/15). In this decision, the German Federal Fiscal Court ruled that a bad debt loss is to be treated like a disposal once it has become certain that the principal amount cannot be recovered. Consequently, a loss suffered from such a bad debt loss would be tax deductible to the same extent as a loss suffered from a disposal. So far, it is unclear whether the tax authorities will adopt this view. It is also unclear whether this view will also apply to the waiver of a receivable or to a disposal where the transaction costs exceed the proceeds from the disposal. However, draft legislation indicates that the tax authorities are inclined not to accept these court decisions and as a consequence thereof propose to implement their current view into German tax law.

Business Investors

Interest payments and capital gains from the disposition or redemption of the Notes held as business assets (*Betriebsvermögen*) by German tax resident business investors are generally subject to German income tax or corporate income tax (plus 5.5% solidarity surcharge thereon and, if applicable in the case of an individual holding the Notes as business assets, church tax). Any German withholding tax deducted from interest payments is — subject to certain requirements — creditable. To the extent the amount withheld exceeds the (corporate) income tax liability, the withholding tax is — as a rule — refundable. The interest payments and capital gains are also subject to trade tax if the Notes are attributable to a trade or business. The effective trade tax rate depends on the applicable trade tax factor (*Gewerbesteuer-Hebesatz*) of the relevant municipality where the business is located. If the Notes are held by an individual, either directly or through a partnership, the trade tax may be partially or fully creditable against its personal income tax depending on the applicable trade tax factor and the individual's particular circumstances.

Foreign Tax Residents

Investors not tax resident in Germany should, in essence, not be taxable in Germany with the proceeds from the investment in the Notes, and, in principle, no German withholding tax should be withheld from such income, even if the Notes are held in custody with a German credit (or comparable) institution. Exceptions apply, e.g., where the Notes are held as business assets in a German permanent establishment or by a German permanent representative of the investor.

Inheritance and Gift Tax

A gratuitous transfer of Notes by reason of death or as a gift will be subject to German inheritance or gift tax if the decedent or donor or the heir, donee or other beneficiary is at the time of the transfer a resident or deemed to be a resident of Germany. If neither the holder of Notes nor the recipient is a resident or deemed to be a resident of Germany at the time of the transfer, no German inheritance or gift taxes will be levied unless the Notes are attributable to a German trade or business for which a permanent establishment is maintained or for which a permanent representative has been appointed in Germany. Exceptions from this rule apply to certain German citizens who previously maintained a residence in Germany.

Other Taxes

No stamp, issue, registration or similar taxes or duties will be payable in Germany in connection with the issuance, delivery or execution of the Notes. Currently, net wealth tax (*Vermögenssteuer*) is not levied in Germany.

Implementation of the EU rules on the automatic exchange of information and further information exchange

On November 10, 2015, the former EU directive on taxation of savings income – i.a. providing for an exchange of information on certain interest payments – was repealed generally with effect as of January 1, 2016, in order to prevent an overlap with the EU Council Directive 2011/16/EU on administrative cooperation in the field of taxation (as amended by EU Council Directive 2014/107/EU dated December 9, 2014; such amended directive referred to as the ***Mutual Assistance Directive***). Pursuant to the Mutual Assistance Directive, EU member states had to implement comprehensive measures for an automatic exchange of information on financial accounts generally with effect from January 1, 2016, except for Austria which was required to fully apply the new rules only with effect as from January 1, 2017.

In Germany, the Mutual Assistance Directive has been implemented by the act on the exchange of information on financial accounts (*Finanzkonten-Informationsaustauschgesetz*) of December 21, 2015, providing for an extensive exchange of information on financial accounts, but not providing for a tax at source.

Besides, the decree on the taxation of interest income (*Zinsinformationsverordnung*), which was issued to implement the former EU savings tax directive in Germany, continues to be applicable beyond 2016 with an effect limited to interest payments received from or made to certain non-EU states and dependent or associated territories such as Switzerland, the Principality of Liechtenstein, the Principality of Monaco, Jersey, the Cayman Islands and the Netherlands Antilles. Moreover, Germany provides information to certain non-EU and EU member states on basis of bilateral or multilateral agreements.

THE PROPOSED FINANCIAL TRANSACTIONS TAX

On February 14, 2013, the European Commission published a proposal (***Commission's Proposal***) for a Directive for a common financial transactions tax (***FTT***) in Belgium, Germany, Estonia, Greece, Spain, France, Italy, Austria, Portugal, Slovenia and Slovakia (***participating Member States***). However, Estonia has since stated that it will not participate. The Commission's Proposal is currently under review, and was discussed at a meeting of the Council of the EU (Economic and Financial Affairs) (***ECOFIN***) on December 6, 2016.

Under the Commission's Proposal, the FTT could apply in certain circumstances to persons both within and outside of the participating Member States. Generally, it would apply to certain dealings in the Ordinary Shares where at least one party is a financial institution, and at least one party is established in a participating Member State. A financial institution may be, or be deemed to be, "established" in a participating Member State in a broad range of circumstances, including (a) by transacting with a person established in a participating Member State or (b) where the financial instrument which is subject to the dealings is issued in a participating Member State.

However, the FTT proposal remains subject to negotiation between the participating Member States and the scope of any such tax is uncertain. Additional EU Member States may decide to participate.

Prospective holders of the shares are advised to seek their own professional advice in relation to the FTT.

U.S. FEDERAL INCOME TAX CONSIDERATIONS

The following discussion sets forth certain U.S. federal income tax considerations relating to the purchase, ownership and disposition of the Notes. This discussion is based on the U.S. Internal Revenue Code of 1986, as amended (***Code***), applicable U.S. Treasury regulations, published rulings, administrative pronouncements and court decisions, all as of the date of the Prospectus and all of which are subject to change or differing interpretations at any time, possibly with retroactive effect. We have not and will not seek any rulings from the U.S. Internal Revenue Service (***IRS***) regarding the matters discussed below. There can be no assurance that the IRS will not take positions concerning the tax consequences of the purchase, ownership or disposition of the Notes that are different from those discussed below. The discussion below addresses only investors who purchase the Notes in the original offering at the original offering price and hold the Notes as capital assets. This summary does not discuss all aspects of U.S. federal income taxation that may be relevant to a prospective investor in light of the investor's particular circumstances, or to certain types of investors subject to special treatment under U.S. federal income tax laws, such as financial institutions, tax-exempt entities, insurance companies, regulated investment companies, partnerships or other pass through entities (or investors in such entities), real estate investment trusts, grantor trusts, U.S. expatriates, persons subject to the alternative minimum tax, dealers, persons holding the Notes as part of a straddle, hedge, conversion or other integrated financial transaction, investors whose functional currency (as defined in section 985 of the Code) is not the U.S. dollar, U.S. Holders (as defined below) who are required to include certain items of revenue in income no later than when such item is taken into account in their financial statements, or U.S. Holders who hold their Notes through non-U.S. intermediaries. In addition, this discussion does not consider the effect of any non-U.S. laws or U.S. state or local income tax laws and it does not discuss U.S. federal tax considerations other than income tax considerations (e.g., estate or gift tax considerations).

If an entity or arrangement treated as a partnership for U.S. federal income tax purposes holds the Notes, the tax treatment of a partner in such partnership will generally depend on the status of the partner and the activities of the partnership. Any such partner should consult its own tax advisors about the U.S. federal income tax consequences of the ownership and disposition of the Notes.

The following discussion does not purport to be legal advice to prospective investors generally or to any particular prospective investor. Each prospective investor in the Notes is urged to consult its own tax advisors concerning the application of U.S. federal income tax laws to its particular situation.

Certain debt instruments that provide for one or more contingent payments are subject to Treasury regulations governing contingent payment debt instruments. Payments are not treated as contingent payments under these regulations if, as of the issue date of the debt instrument, the likelihood that such payments will be made (in the aggregate) is remote or such payments (in the aggregate) are incidental. In certain circumstances, we may pay amounts on the Notes that are in excess of the stated interest on or principal of the Notes. We intend to take the position that the possibility that such payments will be made is remote and/or such payments are incidental and therefore the Notes are not subject to the rules governing contingent debt instruments. Our determination that these contingencies are remote and/or incidental is binding on you unless you disclose your contrary position to the IRS in the manner that is required by applicable Treasury regulations. Our determination is not, however, binding on the IRS. It is possible that the IRS might take a different position from that described above, in which case the timing, character and amount of taxable income in respect of the

Notes may differ adversely from that described herein. The remainder of this discussion assumes that the Notes will not be treated as contingent payment debt instruments for U.S. federal income tax purposes.

U.S. Holders

U.S. Holder means a beneficial owner of a Note that is for U.S. federal income tax purposes (i) an individual who is a citizen or resident of the United States, (ii) a corporation created or organized under the laws of the United States, any state thereof or the District of Columbia, (iii) an estate the income of which is subject to U.S. federal income taxation regardless of its source, or (iv) a trust the administration of which is subject to the primary supervision of a U.S. court and with respect to which one or more United States persons (within the meaning of section 7701(a)(30) of the Code) have the authority to control all substantial decisions, or a trust that has a valid election in effect to be treated as a U.S. person under the Code.

Interest

Generally, the amount of any interest payments on a Note (including Additional Amounts, if any, and without reduction for any tax withholding) will be taxable to a U.S. Holder as ordinary income in accordance with the U.S. Holder's regular method of accounting for U.S. federal income tax purposes.

Disposition of Notes

A U.S. Holder generally will recognize gain or loss on a sale, exchange, redemption, retirement or other taxable disposition of a Note in an amount equal to the difference, if any, between the amount realized (less any accrued but unpaid interest, which will be taxable as interest to the extent not previously taxed) and the U.S. Holder's adjusted tax basis in the Note. A U.S. Holder's adjusted tax basis in a Note generally will be the amount paid for the Note. Any such gain or loss generally will be capital gain or loss, and will be long-term capital gain or loss if the U.S. Holder has held the Note for more than one year. Long-term capital gains of noncorporate U.S. Holders are eligible for reduced rates of taxation. The deductibility of capital losses is subject to limitations.

Information Reporting and Backup Withholding

Information reporting generally will apply to interest paid and the amount of tax withheld, if any, with respect to payments on the Notes, unless the U.S. Holder is an exempt recipient. Information reporting may also apply to proceeds from the sale, exchange, redemption, retirement or other taxable disposition of a Note.

Backup withholding of U.S. federal income tax at a rate of 24% may apply to interest payments (including payments of Additional Amounts, if any) on the Notes to U.S. Holders that are not exempt recipients and that fail to provide certain certifications and identifying information (such as certification of the U.S. Holder's taxpayer identification number on IRS Form W-9) in the required manner. Generally, corporations and certain other entities are exempt from backup withholding on interest payments, provided that they may be required to certify their exempt status. In addition, upon a sale, exchange, redemption, retirement or other taxable disposition of a Note to (or through) certain U.S. or U.S.-related brokers, the broker generally must withhold backup withholding tax from the purchase price, unless either (i) the broker determines that the seller is an exempt recipient or (ii) the seller provides, in the required manner, certain certifications and identifying information.

Backup withholding is not an additional tax. Any amounts withheld under the backup withholding rules from a payment to a U.S. Holder would be allowed as a refund or a credit against such holder's U.S. federal income tax liability provided that such holder timely provides the required information to the IRS.

Substitution of the Issuer and Amendments to the Terms of the Notes

If a Successor is substituted for the Issuer, or if certain amendments are made to the terms and conditions of the Notes, the substitution or amendment may, depending on the circumstances, be treated for U.S. federal income tax purposes as an exchange of the Notes for deemed new notes. In such an event, unless a nonrecognition provision applies, a U.S. Holder generally will recognize any gain or loss realized in the deemed exchange in an amount equal to the difference, if any, between (i) the issue price of the new notes (which would be their fair market value assuming the Notes are trading on an established market) and (ii) the U.S. Holder's adjusted tax basis in the Notes. If the stated principal amount of the new notes received in the deemed exchange exceeds their issue price by at least 0.25% multiplied by the number of complete years to maturity, the deemed new notes would be treated as issued with original issue discount (***OID***) for U.S. federal income tax purposes, in an amount equal to such excess. Regardless of its regular method of tax accounting for U.S. federal income tax purposes, a U.S. Holder would be required to accrue any such OID as ordinary income on a constant yield to maturity basis, whether or not it received any cash payments attributable to such OID. U.S. Holders should consult their own advisors regarding the consequences to them of any Successor Issuer or amendment.

Net Investment Income Tax

Certain U.S. Holders that are individuals, estates or trusts are required to pay an additional 3.8% tax on ***net investment income***, which includes, among other things, interest on and gains from the sale, redemption or other disposition of Notes. U.S. Holders should consult their own tax advisors regarding such additional 3.8% tax.

Non-U.S. Holders

As used herein, the term ***non-U.S. Holder*** means a beneficial owner of a Note that, for U.S. federal income tax purposes, is an individual, corporation, estate or trust and is not a U.S. Holder.

Payments of Interest

Subject to the discussions of backup withholding and FATCA below, under the portfolio interest exemption (***Portfolio Interest Exemption***), payments of interest on the Notes that are not effectively connected with a U.S. trade or business of the non-U.S. Holder will not be subject to U.S. federal income or withholding tax, provided that:

- such holder (i) does not own, actually or constructively, 10% or more of the total combined voting power of all classes of the voting stock of the Issuer , (ii) is not a controlled foreign corporation related, directly or indirectly to the Issuer, and (iii) is not a bank receiving interest on an extension of credit made pursuant to a loan agreement entered into in the ordinary course of its trade or business; and

- such holder provides the applicable withholding agent an applicable IRS Form W-8BEN or BEN-E (or applicable successor form) certifying as to such holder's non-U.S. status.

If a non-U.S. Holder cannot satisfy the requirements of the Portfolio Interest Exemption with respect to interest payments made to it that are not effectively connected with its U.S. trade or business, withholding will apply to such payments at the regular 30% U.S. federal withholding tax rate unless an applicable income tax treaty applies to reduce or eliminate such withholding (as certified on an applicable IRS Form W-8BEN, W-8BEN-E or applicable successor form).

If a non-U.S. Holder is engaged in a U.S. trade or business and if interest on the Notes is effectively connected with such trade or business, then the non-U.S. Holder generally will be subject to U.S. federal income tax on such interest on a net basis in the same manner as if it were a U.S. Holder, unless an applicable income tax treaty provides otherwise. If the non-U.S. Holder is a corporation, it may also be subject to a branch profits tax at a rate of 30% on its effectively connected earnings and profits, subject to adjustments, unless reduced or eliminated by an applicable income tax treaty. If you are a corporate non-U.S. Holder, you should consult your own tax advisor regarding the possible application of the branch profits tax. Effectively connected income is not subject to withholding tax if the non-U.S. Holder provides the applicable withholding agent with a properly completed IRS Form W-8ECI (or other applicable form).

Disposition of Notes

Subject to the discussions of backup withholding and FATCA below, generally, no U.S. federal withholding tax will be required with respect to any gain recognized by a non-U.S. Holder upon a sale, exchange, retirement, redemption or other disposition of a Note. A non-U.S. Holder will not be subject to U.S. federal income tax on gain recognized on the sale, exchange, retirement, redemption or other disposition of a Note unless (a) the non-U.S. Holder is an individual who is present in the United States for a period or periods aggregating 183 or more days in the taxable year of the disposition and certain other conditions are met (in which case the non-U.S. Holder generally will be subject to a 30% U.S. federal income tax on any gain recognized, which may be offset by certain U.S. losses), or (b) such gain is effectively connected with the non-U.S. Holder's U.S. trade or business (in which case, unless an applicable income tax treaty provides otherwise, the non-U.S. Holder will be subject to tax in the same manner as discussed above with respect to effectively connected interest).

Information Reporting and Backup Withholding

Information reporting may apply to interest and to proceeds of a sale, exchange, redemption, retirement or other taxable disposition of a Note paid to a non-U.S. Holder. Backup withholding (at a rate of 24%) generally will not apply if the non-U.S. Holder properly certifies its non-U.S. status on an applicable IRS Form W-8BEN or W-8BEN-E (or applicable successor form).

Backup withholding is not an additional tax. Any amounts withheld under the backup withholding rules would be allowed as a refund or a credit against the non-U.S. Holder's U.S. federal income tax liability provided that such holder timely provides the required information to the IRS.

Substitution of the Issuer and Amendments to the Terms of the Notes

As discussed in more detail under "*U.S. Holders—Substitution of the Issuer and Amendments to the Terms of the Notes*", if a Successor is substituted for the Issuer or if certain amendments are made to the terms and conditions of the Notes, the substitution or amendment may, depending on the circumstances, be treated as a potentially taxable exchange of the Notes for deemed new notes. Non-U.S. Holders should consult their own advisors regarding the consequences to them of any Successor Issuer or amendment

Foreign Account Tax Compliance Act

Under the provisions of the Code referred to as FATCA, additional U.S. federal withholding tax may apply to certain types of payments made to ***foreign financial institutions***, as specially defined under such rules, and certain other non-U.S. entities (whether the foreign financial institution or other non-U.S. entity is the beneficial owner or acting as an intermediary). FATCA generally imposes a 30% withholding tax on interest on, or gross proceeds from the sale, exchange, retirement, redemption or other disposition of, Notes paid to a foreign financial institution unless the foreign financial institution enters into an agreement with the U.S. Treasury to provide certain information regarding such institution's account holders and owners of its equity or debt or, in the case of a foreign financial institution in a jurisdiction that has entered into an intergovernmental agreement with the United States, complies with the requirements of such agreement. In addition, the legislation generally imposes a 30% withholding tax on the same types of payments to a non-financial foreign entity (whether such entity is the beneficial owner or acting as an intermediary) unless the entity certifies that it does not have any substantial U.S. owners or furnishes identifying information regarding each substantial U.S. owner. The legislation applies to payments of interest on the Notes. The U.S. Treasury Department recently released proposed regulations under FATCA providing for the elimination of the 30% withholding tax applicable to gross proceeds from a sale or other disposition of Notes. Under these proposed Treasury regulations (which may be relied upon by taxpayers prior to finalization), FATCA withholding will not apply to gross proceeds from the sale or other disposition of Notes. Prospective investors should consult their own tax advisors regarding this legislation.

THE DISCUSSION ABOVE IS A GENERAL SUMMARY. IT DOES NOT COVER ALL TAX MATTERS THAT MAY BE OF IMPORTANCE TO A PARTICULAR INVESTOR. EACH PROSPECTIVE INVESTOR SHOULD CONSULT ITS OWN TAX ADVISOR ABOUT THE TAX CONSEQUENCES OF AN INVESTMENT IN THE NOTES UNDER THE INVESTOR'S OWN CIRCUMSTANCES.

UNDERWRITING AND SALE OF THE NOTES

General

The Notes were sold pursuant to a purchase agreement signed on June 13, 2019.

The Initial Purchasers and certain of their affiliates have provided and may provide in the future certain commercial banking, financial advisory and investment banking services for us, our subsidiaries, the Guarantors and certain of our affiliates, for which they receive, or will receive customary fees and expense reimbursement. Certain of the Initial Purchasers and/or their affiliates have acted as managers and/or arrangers on certain of our offerings of debt securities and have acted and/or currently act as agents and/or lenders under our credit facilities or other lines of credit, including the Amended 2012 Credit Agreement and the Accounts Receivable Facility (***A/R Facility***), where in each case, we have paid customary fees in connection therewith.

Application has been made to the CSSF in its capacity as competent authority under the Luxembourg Prospectus Law, which implements the Prospectus Directive into Luxembourg law, for a separate prospectus to be approved. If approved, that prospectus will be published in electronic form together with all documents incorporated by reference on the website of the Luxembourg Stock Exchange (*www.bourse.lu*).

Interests that are material to the issue

The Notes are subordinated to any of the Issuer's and the Guarantors' debt that becomes secured to the extent of the value of the collateral securing such debt and are structurally subordinated in right of payment to the indebtedness of our subsidiaries that are not Guarantors. Certain of the Initial Purchasers or their affiliates are agents and/or lenders under the Amended 2012 Credit Agreement and certain of the Initial Purchasers or their affiliates are agents and/or investors under our A/R Facility.

Delivery of the Notes

The Notes were delivered in book-entry form to investors on June 20, 2019. The Notes were delivered via book-entry through the clearing systems and their participants against payment of the Issue Price.

SERVICE OF PROCESS AND ENFORCEABILITY OF CIVIL LIABILITIES

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

LEGAL MATTERS

The validity of the Notes and the Note Guarantees and certain matters with respect to the Issuer and Fresenius Medical Care Holdings, Inc. have been passed upon for the Company by Baker & McKenzie LLP, New York, New York, USA, and certain matters with respect to the Company have been passed upon by Noerr LLP, Frankfurt, Germany. Certain matters have been passed upon for the Initial Purchasers by Cahill Gordon & Reindel LLP, New York, New York, USA and Gleiss Lutz PartmbB, Frankfurt, Germany.

INDEPENDENT AUDITORS

The consolidated financial statements of Fresenius Medical Care AG & Co. KGaA prepared in accordance with IFRS as of December 31, 2018 and December 31, 2017, and for the years ended December 31, 2018 and December 31, 2017, have been incorporated by reference into the Prospectus in reliance upon the report of KPMG AG, independent public accountants, incorporated by reference herein, and upon the authority of said firm as experts in accounting and auditing.

The auditors' address is The Squaire, Am Flughafen, 60549 Frankfurt am Main, Germany. KPMG AG is a member of the German Chamber of Public Accountants (*Wirtschaftsprüferkammer*), Berlin, Germany.

The consolidated financial statements of Fresenius Medical Care Holdings, Inc. prepared in accordance with U.S. GAAP as of December 31, 2018 and December 31, 2017, and for the years ended December 31, 2018 and December 31, 2017, have been incorporated by reference into the Prospectus in reliance upon the report of KPMG LLP, an independent registered public accounting firm, incorporated by reference herein, and upon the authority of said firm as experts in accounting and auditing.

The auditors' address is Two Financial Center, 60 South Street, Boston, Massachusetts 02111, United States.

AVAILABLE INFORMATION

We file annual reports on Form 20-F and furnish periodic reports on Form 6-K to the SEC. These reports may be obtained from the website maintained by the SEC at http://www.sec.gov, which contains reports and other information regarding registrants that file electronically with the SEC. The NYSE currently lists American Depositary Shares representing our shares. Our SEC filings are also available to the public from commercial document retrieval services.

As of January 1, 2017, we prepare annual and interim period reports in conformity with IFRS. Our annual reports contain financial statements examined and reported upon, with opinions expressed by, our independent auditors. The consolidated financial statements of Fresenius Medical Care AG & Co. KGaA included in the annual reports that we file with the SEC are prepared in conformity with IFRS. We publish our consolidated annual financial statements, according to IFRS as adopted by the EU on our website and through the Federal Gazette, in accordance with German laws. These annual and quarterly reports to our shareholders are posted on our website at www.freseniusmedicalcare.com. In furnishing our website address in the Prospectus, however, we do not intend to incorporate any information on our website into the Prospectus, and you should not consider any information on our website to be part of the Prospectus, except as specifically set forth under "*Incorporation by Reference*".

INCORPORATION BY REFERENCE

We have elected to "incorporate by reference" certain financial information in the Prospectus. By incorporating by reference, we can disclose important information to you by referring you to other documents we have posted on our website. We incorporate by reference the documents listed and described below:

Financial Statements of Fresenius Medical Care AG & Co. KGaA Prepared in Accordance with IFRS Incorporated by Reference

The specified pages of the financial statements contained in of the following documents, which were prepared in accordance with the IFRS as issued by the IASB and which have previously been published on the Company's website are incorporated by reference into the Prospectus and form part of it.

Fresenius Medical Care AG & Co. KGaA

***The audited consolidated financial statements (IFRS) of the Company as of and for the year ended December 31, 2018 and 2017, included in the English-language* "*Annual Report 2018*"**

- Consolidated Statements of Income (page 148)
- Consolidated Statements of Comprehensive Income (page 149)
- Consolidated Balance Sheets (page 150)
- Consolidated Statements of Cash Flows (page 151)
- Consolidated Statements of Shareholders' Equity (pages 152 to 153)
- Notes to Consolidated Financial Statements (pages 154 to 241)
- Independent Auditor's Report (pages 244 to 250)

***The audited consolidated financial statements (IFRS) of the Company as of and for the year ended December 31, 2017 and 2016, included in the English-language* "*Annual Report 2017*"**

- Consolidated Statements of Income (page 134)
- Consolidated Statements of Comprehensive Income (page 135)
- Consolidated Balance Sheets (page 136)
- Consolidated Statements of Cash Flows (page 137)
- Consolidated Statements of Shareholders' Equity (pages 138 to 139)
- Notes to Consolidated Financial Statements (pages 140 to 214)
- Independent Auditor's Report (pages 217 to 222)

The unaudited consolidated interim financial statements (IFRS) of the Company as of and for the three-month-period ended March 31, 2019, included in the English-language "Quarterly Financial Report Q1 2019"

- Consolidated Statements of Income (page 36)
- Consolidated Statements of Comprehensive Income (page 37)
- Consolidated Balance Sheets (page 38)
- Consolidated Statements of Cash Flows (page 39)
- Consolidated Statements of Shareholders' Equity (page 40)
- Notes to Consolidated Financial Statements (pages 41 to 73)

Fresenius Medical Care Holdings, Inc.

The audited consolidated financial statements (U.S. GAAP) of FMCH as of and for the year ended December 31, 2018 and 2017

- Independent Auditors' Report (page 1)
- Consolidated Balance Sheets as of December 31, 2018 and 2017 (page 2)
- Consolidated Statements of Income for the years ended December 31, 2018 and 2017 (page 3)
- Consolidated Statements of Comprehensive income for the years ended December 31, 2018 and 2017 (page 4)
- Consolidated Statements of Changes in Equity for the years ended December 31, 2018 and 2017 (page 5)
- Consolidated Statements of Cash Flows for the years ended December 31, 2018 and 2017 (pages 6 to 7)
- Notes to Consolidated Financial Statements (pages 8 to 52)

For purposes of the application to list the Notes for trading on the Luxembourg Stock Exchange's regulated market and for listing on the Official List of the Luxembourg Stock Exchange, all information contained in the documents incorporated by reference, but not required to be included in the Prospectus under the Luxembourg Prospectus Law, are incorporated for information purposes only.

Any statement contained in the Prospectus or in a document that is incorporated by reference herein will be deemed to be modified or superseded for purposes of the Prospectus to the extent that a statement contained herein or in any other subsequently filed document that also is incorporated by reference herein modifies or supersedes such statement. The modifying or superseding statement need not state that it has modified or superseded a prior statement or include any other information set forth in the document that it modifies or supersedes. The making of a modifying or superseding statement will not be deemed an admission for any purposes that the modified or superseded statement, when made, constituted a misrepresentation, an untrue statement of a material fact or an omission to state a material fact that is required to be stated or that is necessary to make a

statement not misleading in light of the circumstances in which it was made. Any such statement so modified or superseded will not be deemed, except as so modified or superseded, to constitute a part of the Prospectus.

We will provide without charge to each person to whom a copy of the Prospectus is delivered, including any beneficial owner, upon the written or oral request of such person, a copy of any or all of the documents incorporated by reference herein. Requests should be directed to:

Investor Relations

Worldwide:

Fresenius Medical Care AG & Co. KGaA
Investor Relations and Corporate Communications
61346 Bad Homburg
Germany

Dr. Dominik Heger
Senior Vice President Investor Relations
Tel. +49 (0) 6172 - 609 2601
Fax. +49 (0) 6172 - 609 2301

Robert Adolph
Senior Director & Deputy Head Investor Relations
Tel. +49 (0) 6172 - 609 2477
Fax. +49 (0) 6172 - 609 2301

In the United States
Fresenius Medical Care Holdings, Inc.
Investor Relations
920 Winter Street
Waltham, MA 02451-1457

Philipp Gebhardt, CFA
Senior Manager Investor Relations
Tel. +1 781 699 2142
Fax. +49 (0) 6172 - 609 2301

If at any time we are not subject to the information requirements of Section 13 or 15(d) of the Exchange Act, we will furnish to Holders and prospective purchasers thereof the information required to be delivered pursuant to Rule 144(d)(4) under the Securities Act in order to permit compliance with Rule 144A in connection with the resales.

LISTING AND GENERAL INFORMATION

Listing and Admission to Trading

Application has been made to admit the Notes to listing on the Official List of the Luxembourg Stock Exchange and to trading on the regulated market of the Luxembourg Stock Exchange.

For so long as the Notes are listed on the Official List of the Luxembourg Stock Exchange and admitted to trading on the regulated market of the Luxembourg Stock Exchange and as the rules of that stock exchange require, copies of the following documents may be inspected and obtained free of charge at the specified office of the listing agent in Luxembourg during normal business hours of any business day in Luxembourg:

- the Indenture (including forms of the Note Guarantees);
- the articles of association and/or articles of incorporation of the Issuer and each of the Guarantors;
- the most recent audited consolidated financial statements published by the Company;
- any interim quarterly financial statements published by the Company; and
- the most recent audited unconsolidated financial statements published by the Issuer.

For so long as the Notes are listed on the Official List of the Luxembourg Stock Exchange and admitted to trading on the regulated market and the rules of the Luxembourg Stock Exchange so require, the Issuer will make available the notices to the public on the website of the Luxembourg Stock Exchange (*www.bourse.lu*), or in a leading newspaper having general circulation in Luxembourg (which is expected to be the *Luxemburger Wort*, the *Tageblatt* or the 'Benelux' edition of the *Financial Times*) or in written form at places indicated by announcements to be so published as described before, or by any other means considered equivalent by the Luxembourg Stock Exchange.

As of the date of the Prospectus, our most recent audited financial statements available were as of and for the year ended December 31, 2018. KPMG AG, the Company's auditor, has given and not withdrawn its consent to the incorporation by reference into the Prospectus of their audit reports for the years ended December 31, 2018, 2017 and 2016. The Company's consolidated financial statements are published annually and are audited.

The total expenses relating to the admission of the Notes to trading are expected to amount to €50,000.

Clearing Information

The Regulation S Notes and the Rule 144A Notes represent a new issue of fixed rate, senior-ranking securities and have been accepted for clearance through the facilities of DTC. The CUSIP numbers and international securities identification numbers of the Notes are as follows:

CUSIP:

- Rule 144A: 35805B AA6
- Regulation S: U3149F AA7

ISIN:

- Rule 144A: US35805BAA61
- Regulation S: USU3149FAA76

No Significant Change

There has been no significant change in the financial or trading position of the Issuer since its date of incorporation.

There has been no significant change in the financial or trading position of the Company since March 31, 2019.

There has been no significant change in the financial or trading position of FMCH since December 31, 2018.

Trend Information

There has been no material adverse change in the prospects of the Issuer since the date of incorporation of the Issuer.

There has been no material adverse change in the prospects of the Company since the date of the last published audited financial statements as of December 31, 2018.

There has been no material adverse change in the prospects of FMCH since the date of the last published audited financial statements as of December 31, 2018.

General Information about The Issuer and The Guarantors

For certain information about the Issuer, see "*The Issuer*" and for certain information about the Guarantors, see "*The Guarantors—Fresenius Medical Care AG & Co. KGaA*" and "*The Guarantors—Fresenius Medical Care Holdings, Inc.*"

The Notes have been issued pursuant to a resolution of the Board of Directors of the Issuer passed on May 15, 2019. The Note Guarantees have been authorized by (i) a resolution of the management board (*Vorstand*) of the General Partner dated February 27, 2018, (ii) a resolution of the supervisory board (*Aufsichtsrat*) of the General Partner dated March 14, 2018, and (iii) a resolution of the Board of Directors of FMCH dated May 15, 2019, each relating to issue of the Notes.

Credit Ratings

A credit rating assesses the creditworthiness of an entity and informs an investor therefore about the probability of the entity being able to redeem invested capital. It is not a recommendation to buy, sell or hold securities and may be revised or withdrawn by the rating agency at any time. A suspension, reduction or withdrawal of the rating assigned to the Issuer may adversely affect the market price of the Notes.

As of the date of the Prospectus, the Issuer has not been assigned any credit rating with its cooperation or at its request.

S&P[(1),(2)] has assigned a long-term credit rating of BBB (outlook stable) to the Company.

Moody's[(1),(3)] has assigned a long-term credit rating of Baa3 (outlook stable) to the Company.

Fitch[(1),(4)] has assigned a long-term credit rating of BBB- (outlook stable) to the Company.

In addition, FMCH has been assigned a credit rating by Moody's[(1),(3)] of Baa3 (outlook stable).

(1) The European Securities and Markets Authority (ESMA) publishes on its website (http://www.esma.europa.eu/page/List-registeredand- certified-CRAs) a list of credit rating agencies registered in accordance with the CRA Regulation. That list is updated within five working days following the adoption of a decision under Article 16, 17 or 20 CRA Regulation. The European Commission shall publish that updated list in the Official Journal of the European Union within 30 days following such update.

(2) S&P is established in the European Community and is registered under the CRA Regulation. According to S&P: "An obligor rated 'BBB' has adequate capacity to meet its financial commitments. However, adverse economic conditions or changing circumstances are more likely to lead to a weakened capacity of the obligor to meet its financial commitments. The ratings may be modified by the addition of a plus (+) or minus (-) sign to show relative standing within the major rating categories."

(3) Moody's is established in the European Community and is registered under the CRA Regulation. According to Moody's: "Obligations rated Baa are judged to be medium-grade and subject to moderate credit risk and as such may possess certain speculative characteristics. Moody's appends numerical modifiers 1, 2, and 3 to each generic rating classification […]; and the modifier 3 indicates a ranking in the lower end of that generic rating category."

(4) Fitch is established in the European Community and is registered under the CRA Regulation. According to Fitch: "'BBB' ratings indicate that expectations of default risk are currently low. The capacity for payment of financial commitments is considered adequate but adverse business or economic conditions are more likely to impair this capacity. The modifiers '+' or '-' may be appended to a rating to denote relative status within major rating categories."

NAMES AND ADDRESSES

Office of the Issuer

920 Winter Street,
Waltham, Massachusetts, 02451-1457,
United States

Principal Executive Offices of the Guarantors

Fresenius Medical Care AG & Co. KGaA
Else-Kröner Straße 1
61352 Bad Homburg
Germany

Fresenius Medical Care Holdings, Inc.
Reservoir Woods
920 Winter Street
Waltham, Massachusetts 02451-1457
United States

Legal Advisers to the Company and the Issuer

As to United States and New York Law:
Baker & McKenzie LLP
452 Fifth Avenue
New York, New York 10018
United States

As to German Law:
Noerr LLP
Börsenstraße 1
60313 Frankfurt am Main
Germany

Legal Advisers to the Initial Purchasers

As to United States and New York Law:

Cahill Gordon & Reindel LLP
80 Pine Street
New York, New York 10005
United States

As to German Law:

Gleiss Lutz PartmbB
Taunusanlage 11
60329 Frankfurt
Germany

Auditors

For the Issuer and FMCH:

KPMG LLP
Two Financial Center
60 South Street
Boston, Massachusetts 02111
United States

For the Company:

KPMG AG Wirtschaftsprüfungsgesellschaft
The Squaire, Am Flughafen
60549 Frankfurt am Main
Germany

Trustee, Registrar and Principal Paying Agent for the Notes

U.S. Bank National Association
225 Asylum Street
Hartford, Connecticut 06103
United States

Luxembourg Listing Agent

BNP Paribas Securities Services, Luxembourg Branch
60, avenue J.F. Kennedy
L-1855 Luxembourg City
Luxembourg

$500,000,000

Fresenius Medical Care US Finance III, Inc.

3.750% Senior Notes due 2029

Guaranteed on an unsecured basis by
Fresenius Medical Care AG & Co. KGaA and
Fresenius Medical Care Holdings, Inc.

LISTING PROSPECTUS
June 21, 2019

Joint Lead Managers and Bookrunners

BofA Merrill Lynch

Citigroup

Wells Fargo Securities

Barclays

Deutsche Bank Securities

HSBC

Co-Lead Managers

DNB Markets

RBC Capital Markets

SMBC Nikko

SunTrust Robinson Humphrey

TD Securities