

Annual Report 2001

New Paths
Caring for Health



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Key Data of the Business Segments

<div><div>Fresenius Medical Care</div><div>Dialysis products and dialysis care</div></div>			
in million US\$	2000	2001	Change
Sales	4,201	4,859	16 %
EBIT before			
special charge	621	644	4 %
Net income before			
special charge	212	245	15 %
Operating cash flow	390	424	9 %
Capital expenditure/ acquisitions	516	736	43 %
R&D expenditure	32	35	9 %
Employees (31.12.)	35,370	40,258	14 %

<div><div>Hospital management, planning and construction of hospitals and of pharmaceutical and medical-technical production plants</div></div>			
in million €	2000	2001	Change
Sales	284	452	59 %
EBIT	15	17	13 %
Net income	9	10	11 %
Operating cash flow	30	-1	-
Capital expenditure/ acquisitions	18	262	++ %
Orders received	234	266	14 %
Orders on hand	305	361	18 %
Employees (31.12.)	1,945	7,620	++ %

<div><div>Fresenius Kabi</div><div>Nutrition and infusion therapies, ambulatory care</div></div>			
in million €	2000	2001	Change
Sales	1,122	1,274	14 %
EBIT	88	75	-15 %
Net income	39	24	-38 %
Operating cash flow	40	64	60 %
Capital expenditure/ acquisitions	156	85	-46 %
R&D expenditure	48	47	-2 %
Employees (31.12.)	10,368	10,248	-1 %

<div><div>Fresenius HemoCare</div><div>Transfusion technology, infusion technology, adsorber technology and immune therapy</div></div>			
in million €	2000	2001	Change
Sales	207	223	8 %
EBIT	7	9	29 %
Net income	2	1	-50 %
Operating cash flow	9	5	-44 %
Capital expenditure/ acquisitions	18	64	++ %
R&D expenditure	18	15	-17 %
Employees (31.12.)	2,001	2,189	9 %

Fresenius Group in Figures

in million €	1997	1998	1999	2000	2001
Earnings					
Sales	3,812	4,317	4,952	6,099	7,320
EBIT	377	484	597	756	797
Net income	108	146	203	266	179
Net income before extraordinary result	108	146	203	266	369
Depreciation and amortization	274	296	341	389	472
Cash flow ¹⁾	396	452	559	667	661
Cash flow ratio	10.4 %	10.5 %	11.3 %	10.9 %	9.0 %
Earnings per share after minority interests ²⁾	€ 1.43	€ 2.13	€ 2.68	€ 3.05	€ 2.02
Balance sheet					
Balance sheet total	4,548	4,959	5,714	6,473	7,571
Fixed assets	3,018	3,264	3,563	3,999	4,652
Equity	1,395	1,867	2,013	2,810	3,430
Equity ratio	31 %	38 %	35 %	43 %	45 %
Capital expenditure ³⁾	840	817	444	769	1,213
Profitability					
EBIT margin	9.9 %	11.2 %	12.1 %	12.4 %	10.9 %
Return on equity after taxes (ROE)	7.7 %	7.8 %	10.1 %	9.5 %	5.2 %
Return on operating assets (ROOA)	9.2 %	10.0 %	11.2 %	12.7 %	11.6 %
Return on invested capital (ROIC)	10.2 %	10.1 %	10.5 %	10.9 %	10.3 %
Dividend per ordinary share²⁾					
	0.54	0.64	0.77	0.93	1.03
Dividend per preference share²⁾					
	0.56	0.67	0.80	0.96	1.06
Employees (31.12.)					
	35,543	39,923	43,783	49,974	60,667

¹⁾ net income + depreciation and amortization +/- change in pension provisions
²⁾ in 2001 a capital increase from corporate funds was carried out at a ratio of 1:1; the figures for the previous years have been adjusted accordingly. 2001: proposal
³⁾ investments in tangible and intangible assets, acquisitions

New Paths

It is our aim to continue to secure the future of the company, and increase its value for shareholders and employees. To achieve this, we shall expand and intensify our traditional fields of activity. At the same time we shall strike out on new paths: We are constantly adding services to our product portfolio and are thus gaining access to large growth markets, and we are developing innovative medical technologies and therapies for severely ill patients. These are the core elements of our corporate strategy.

In this Annual Report we should like to show you, with Fresenius ProServe as an example, which path we are taking: The path away from being purely a provider of products, i.e. from realising hospital engineering and construction projects, towards becoming a provider of services in the field of hospital management.

Fresenius is a health care group with products and services for dialysis, the hospital and the medical care of patients at home. More than 60,000 people in around 100 countries are working with great dedication in the service of health.



“We are pursuing a strategy of long-term growth. Whoever hears Fresenius anywhere in the world should associate this name intuitively with products and services for sick people. The one or the other setback will not divert us from this aim.”

Dear Shareholder,

After more than ten successful years with double-digit growth rates in sales and even higher rates in earnings growth we suffered some setbacks in the past financial year. The reasons were the reorganisation of the production facilities of Fresenius Kabi, which was necessary to reduce manufacturing costs, and the operating losses of the company ProReha which was acquired in 2000. In addition, the special charge of Fresenius Medical Care in connection with US legal disputes affected results. As a consequence, we did not achieve our target of increasing net income by a double-digit percentage. Net income was lower than the previous year's figure; however, we achieved a growth in operating profit of 5% to 797 million euros. Sales increased by more than 1.2 billion euros to 7.3 billion euros, a growth of 20%. This shows that our customers are convinced about our products and services.

Through the reorganisation of Fresenius Kabi and the special charge of Fresenius Medical Care, we have created the conditions to return to the growth track. The setbacks at Fresenius Medical Care and Fresenius Kabi were reflected in the share prices. Also, the bad stock exchange climate did not help matters. However, I am convinced that in the last resort share price follows the business development of a company. Therefore I am confident that the Fresenius share prices will also follow our growth in earnings.

For the current financial year, we have set ourselves an ambitious target of double-digit sales and earnings growth rates. Our efforts will mainly concentrate on:

- gaining market shares – especially in the large growth markets of the world
- developing innovative products and therapies and
- further reducing production costs by means of new technologies and the optimisation of production processes.

In our field of activity, health, we have a large variety of opportunities to set out on new paths and thus secure the continued growth of the company in the coming years. At Fresenius Medical Care, we shall utilise our knowledge and experience regarding the extracorporeal treatment of blood not only for dialysis, as up to now, but also to develop new medical processes for the therapy of other syndromes which can be treated extracorporeally. Fresenius HemoCare is increasingly shifting the focus of its activities to the field of immunological treatment of cancer. We are still at the beginning in this field, but are working on several promising projects and expect first results from the clinical trials next year. Fresenius Kabi is concentrating on the development of parenteral and enteral nutrition adapted to the individual patient and is focussing its investments on building up the sales organisation in the Asia-Pacific region, where China in particular offers a large market potential. We expanded our activities decisively in Fresenius ProServe. Our entry into the medical and commercial management of hospitals offers us the opportunity to grow as a result of the increasing privatisation of health care facilities in the coming years.

Fresenius has solid foundations and promising future prospects in all four business segments. The strategic position which we have achieved with respect to products and services, and in our markets all over the world, is excellent. We shall utilise all our efforts to further strengthen this position.

Every day, all over the world our employees put all their efforts into fulfilling the expectations and wishes of our customers. I should like to express my thanks to all our employees for their achievements in this 2001 financial year, which was both a busy one, and also burdened by many difficult changes. I should also like to thank the representatives of the employees' bodies for their positive and constructive support.

I thank you, our shareholders, for being loyal to us in this tough year. We are convinced that with our long-term strategy we shall again achieve double-digit growth rates in sales and earnings and that you, our shareholders, will participate in the increase in the value of Fresenius. We hope that you will continue to bear with us in the coming years.

Yours sincerely



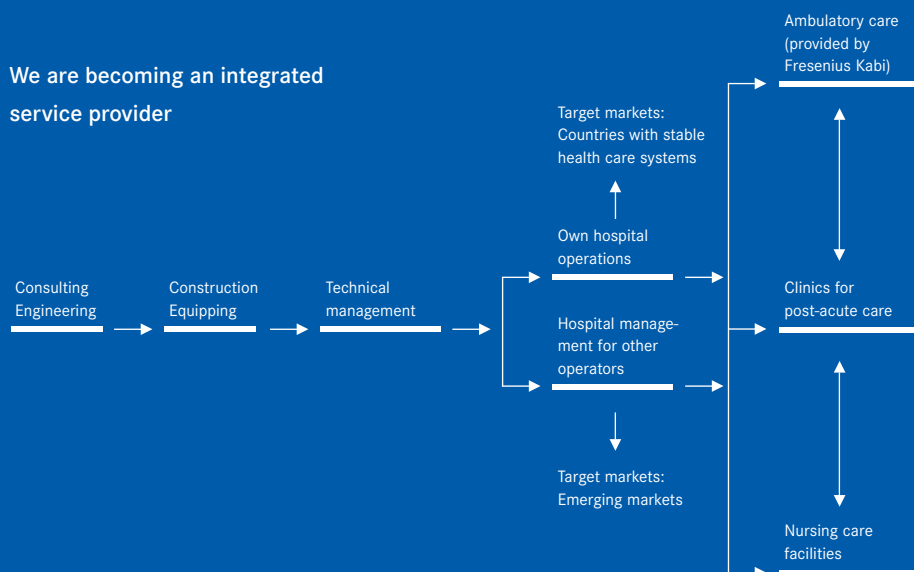
Dr. Gerd Krick
Chairman of the Managing Board

New Paths

Hospital Management

For many years, Fresenius ProServe has been planning and constructing hospitals, and managing the technical installations and medical equipment of health facilities, all around the globe. It has always been our strategic aim to strengthen this business by adding the service factor. Service means the operation and management of hospitals, post-acute care clinics, and nursing care facilities. We want Fresenius ProServe to become a major international hospital organisation. Through the acquisition of Wittgensteiner Kliniken and our hospital management activities in Asia, we have taken a decisive step in this direction.

We are becoming an integrated service provider



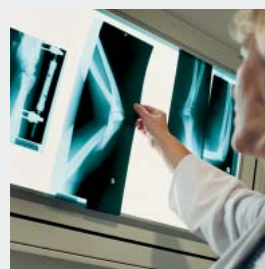
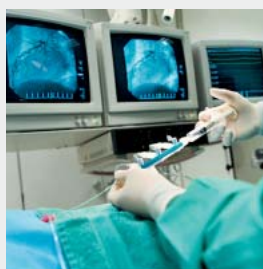


New Paths

Health Care Centres



You will find more information
on Wittgensteiner Kliniken AG
at: www.wka.de



Holistic patient care in health care centres

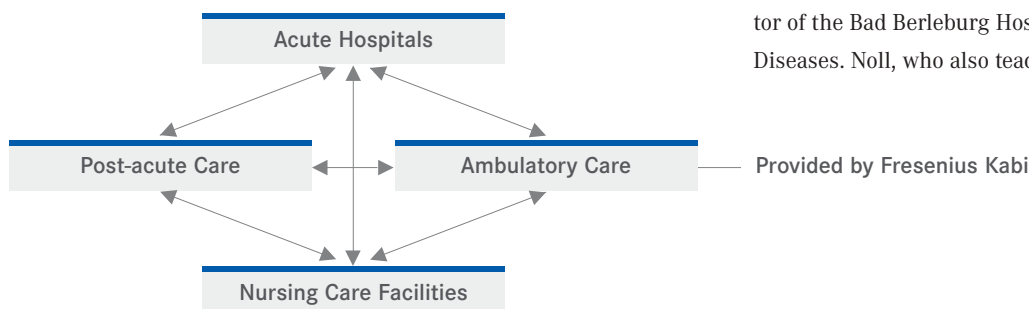
The first diagnosis was fairly routine: Aortic stenosis and coronary heart disease. Gerda Karge*, 76 years old, was given two bypasses by the doctors of a cardiac centre. They also replaced a cardiac valve. But complications set in after the operation, as often happens at this age: A stroke with some paralysis in the left arm and leg, and an intestinal haemorrhage, causing a drop in haemoglobin. In specialist terms, such patients who suffer from many diseases at once are termed “multi-morbid”. Are these hopeless cases? To find the best therapy to cover all the diseases can indeed exceed the capabilities of one single special hospital. The management of Wittgensteiner Kliniken AG (WKA) in Bad Berleburg therefore decided to combine special hospitals which are located not far from one another to create health care centres. In these centres, specialists from all types of hospital join forces to treat patients such as Gerda Karge holistically.

A few days after the operation, Gerda Karge is transferred to the cardiovascular hospital in Bad Berleburg for rehabilitation. She is not in very good shape. She needs help to eat, she can no longer wash and dress by herself. The wound on her leg where the doctors extracted the vein for the bypass is slow to heal. This is a result of diabetes, as is the numbness in her hands and feet. The curvature of her spine has caused her pain for years. She finds it difficult to get used to her new environment, but she does not like to accept the help of people she does not know: One night she tries to get up by herself and falls, injuring her head.

Only a few years ago the most dedicated doctor would have shrugged his shoulders with resignation. Today, complex operations and complex therapies are a matter of routine,

even for elderly people – despite the possible complications. “This is a typical case, one of several hundred,” says Professor Bernd Noll, Medical Director of the Bad Berleburg Hospital for Cardiovascular Diseases. Noll, who also teaches students at the

Fresenius ProServe – Integrated patient care structures



Professor Bernd Noll,
Medical Director of the
Bad Berleburg Cardiovascular Hospital



University of Marburg, is a well-known expert for cardiovascular diseases. But in his special hospital, complications in other medical areas cannot always be treated satisfactorily. “At one time, we had to send a lot of patients back to an acute hospital,” says Noll. The result: patients had to undergo ambulance rides of 50 kilometres and more, which was expensive and put a strain on the patients. Also, the start of rehabilitation treatment was frequently delayed. Especially older people often get into a downhill spiral of sickness and frustration. Because their muscles and strength, and thus their chances of recovery, decline with each day they have to spend in a hospital bed.

One of the aims of the new health care centre is to put an end to this vicious circle.

In Bad Berleburg, specialist physicians from the five WKA hospitals, and practitioners in the surrounding area, support specialists such as Noll. For instance, he asks the surgeon in the acute hospital to have a look at the infected wound on Gerda Karge’s leg. A gastroenterologist takes care of the haemorrhage. A casualty surgeon gives her treatment after her fall out of bed and arranges for a CAT scan to be done of her head. The results of the scan are transmitted online to a group practice of nuclear physicians and radiologists in Siegen, which is about 40 kilometres away, in order to discuss the results. A specialist from the orthopaedic clinic sees to her back pains and the curvature of the spine. Together, the doctors work out a therapy regimen which not only excludes recommendations which contradict each other, but also ensures that no combination of drugs is prescribed which does not harmonise. Also, the patients in the health care centre are spared from undergoing the same examination twice, thus saving costs.

Health care centres are a patient-oriented answer to cost pressure

Advances in medicine result in better and better therapies which however are often costly. At the same time, demand is increasing dramatically because there are more and more elderly patients. If the contributions to the health insurances are to remain more or less stable, the hospitals have to reduce costs in other areas. “The health care centres are one of the answers to cost pressure,” explains Dr. Peter Kilian, one of the managers responsible for equipping the centres. “The larger the unit, the more economically the clinics can work.” Expensive diagnostic apparatus and laboratories for instance can be used more economically if they are shared. Meals, including many special diets, can be prepared more cost-effectively in a central kitchen. And the current five small teams of nurses will be combined to form two larger ones. Thus, the hospital management can better offset fluctuations in staff through holiday or sickness, and reduce the staff reserves without neglecting the needs of the patients.



Specialised doctors work
as a team in the health
care centre

But there is another reason why hospitals have to become better and more efficient: “More and more patients will want to be treated in hospitals with the best reputations,” says Kilian. “Our answer is first-class medicine, for patients of the public health insurance schemes as well.” WKA is planning to initially establish five more centres in Germany which, in addition to basic medical care, will each offer one or two specialist fields. Bad Berleburg for instance will focus in future on cardiovascular diseases and geriatrics.

Where there are outstanding doctors there is first-class medical care

A wide range of further education opportunities is what young doctors want the most, according to a WKA survey. “Younger colleagues find the idea with the health care centres very attractive,” confirms Noll. Since they are no longer tied to a single special hospital when they work in the health care centres, a wider spectrum of training and additional qualifications is open to them without them having to change their employers.

Gerda Karge was able to go home after four weeks in hospital “thoroughly checked through” (Noll) and with a letter for her general practitioner listing the therapy recommendations agreed between the various specialists. Before she was discharged, WKA social worker Ursula Schneider had already prepared the applications to the nursing care insurance, organised an ambulatory nursing service, and discussed the special aspects of Gerda Karge’s case with the nursing staff.

Gerda Karge is also looked after by members of her family who live nearby. If patients can no longer live alone and continue to require round-the-clock care, they should be able to transfer to a nursing care facility associated with the health care centre. There are already seven of these nursing centres which are managed by Fresenius ProServe, but that is another story.

* Name changed

Acute hospital:

This is where life-saving emergency treatment is carried out as well as general and specialist operations, and the basic medical care of the population is ensured.

A photograph of a man with dark hair and glasses, wearing a black sweater over a white collared shirt, sitting at a light-colored wooden desk in a library. He is looking down at an open book. On the desk, there is another open book to his right and a stack of three books to his left. A modern, adjustable desk lamp is positioned in front of him. The background is filled with tall, wooden bookshelves reaching up to the ceiling, densely packed with books. A blue carpeted staircase with a white railing is visible on the left side of the frame. In the background, another person is seen walking on a mezzanine level. The overall lighting is soft and even, creating a quiet, studious atmosphere.

New Paths

We foster careers

MBA Hospital Management

Health care institutions all over the world are suffering from a lack of qualified managers. Therefore, Fresenius has established the international Nations HealthCareer School of Management through its own University Foundation.

Health care experts are in a dilemma: On the one hand all signals point to growth, but on the other hand there is lack of qualified management staff who can ensure high-class health care with less and less funds. However, radical changes in the world's health care systems, which up to now have been mainly state-run, have already started. The influence of private commerce is increasing, competition is becoming fiercer. In future, hospitals can only continue to exist if they can work profitably while maintaining high-quality medical and nursing standards.

Tomorrow's health care managers study in Berlin, Münster, Krems, London, Phoenix and Singapore.

Doctors and health care executives, as well as talented junior managers, can learn how to run health care institutions successfully starting from April 2002 in the newly-established Nations HealthCareer School of Management, Berlin. In partnership with the Centre for Hospital Management of the University of Münster and the Danube University Krems in Austria, the school offers a new MBA post-graduate course "Hospital Management". The emphasis of the course is on market-oriented hospital management based on best-practice models of successful industrial companies. Other key elements are the promotion of international and intercultural skills. Case studies from the health systems of various countries will encourage the students to draw on knowledge and experience from other countries

and specialist fields, and will demonstrate practicable ways of managing the hospitals of the future in an entrepreneurial way.

This international educational project means that Fresenius is making a contribution towards providing further education and qualifications for managers in the health systems. This is of great importance to us.

Do you want to know more?

You can obtain additional information from the Nations HealthCareer School of Management GmbH, Berlin Office, Palisadenstrasse 48, 10243 Berlin, Tel: +49 (0) 30-46 79 36 93, Fax +49 (0) 30-46 79 36 95, info@Nations-HealthCareer.com or www.Nations-HealthCareer.com.



New Paths

A Leap towards Asia

Hospital management in Malaysia



An ambulatory patient's day in the Sabah Medical Center, Malaysia

Morning


- Jamal Rajit Derahim* arrives at the hospital
- Admission, medical examination and documentation, operation
- Is transferred to ward

Midday

- Medical care and monitoring by hospital nurse, lunch

Afternoon

- Wound is checked
- Final examination
- Is discharged after talking to doctor
- Appointment for check-up, drive home



Fresenius ProServe is represented in the international hospital management business by the subsidiary hospitalia activHealth. This company purchased a 30% shareholding in the Sabah Medical Center in Kota Kinabalu effective January 1, 2001 and is responsible for the management of the 350-bed acute hospital.

“We manage our hospitals as we would an industrial company.” What may sound intimidating for many patients in Germany and Europe has been a matter of course for a long time for the health care manager Peter Ng. “The shareholders are satisfied, and our patients are pleased to get good quality and service,” explains the British man of Chinese descent. Before, Ng was a management consultant and brought shaky companies back into the black. Today, he concludes management contracts with Asian hospitals for the Fresenius company hospitalia activHealth. The first project, a 350-bed hospital in Malaysia, where he was born, will probably make a profit for the first time in 2002, the second year of the new management.

Patients as clients

Hospitals with industrial management, doctors as entrepreneurs, patients as clients? More and more sick people in Malaysia are taking the opportunity to compare for themselves the prices and quality of health services. Instead of letting themselves be sent to the next best hospital, they choose their clinic themselves. One of them is Jamal Rajit Derahim*, the owner of a transport company in the Malaysian district capital Kota Kinabalu. Jamal Rajit Derahim's business is doing well, but for the past three months the man in his mid-forties has been suffering from chronic inflammation in his wrist. Despite physiotherapy and a splint, he is tormented by severe pains even when he uses the computer keyboard and mouse. When he leaves his office on Friday afternoon he is determined to get to grips with the problem at the weekend.



Shortly afterwards he moves into his room in the Sabah Medical Center. A few days beforehand he had gone to the hospital for a diagnosis and had discussed the operation and the costs with the doctors. The operation is scheduled for 9 o'clock on Saturday morning. It lasts for 45 minutes under anaesthesia, and one hour later Jamal Rajit Derahim is back in his room. After lunch the surgeon explains to him the subsequent ambulatory therapy. He is discharged in the evening. On Monday, the haulage contractor is back at his desk. In Europe, he would probably have spent more than 4 days in hospital. Hospital stays which are frequently too lengthy not only mean that people are away from work for longer, but also lead to high hospital bills.

Manage hospitals by principles of private commerce

In the Sabah Medical Centre, most of the patients are privately insured. Jamal Rajit Derahim had to pay a surcharge of about 25 % because he chose to have the operation done at the weekend. There is free health care in Malaysia which is financed from public tax funds, but there are also long waiting lists and large, mixed wards with up to 60 beds in one room. In a country which is one of the 20 largest trading nations in the world with nearly 23 million inhabitants, this situation no longer meets the demands of the rapidly-growing middle classes. In order to save money while reforming the health system, the Malaysian government under the prime minister Dr. Mahathir bin Mohamad, who is a doctor himself, intends to co-operate even more closely than before with private hospitals by outsourcing services and equipment.

“The Malaysian hospitals are now working on organising their work processes better and raising the level of quality,” states hospitalia activHealth manager Hans-Peter Hummel who, together with the doctors, made a successful operation out of the Sabah Medical Center in Kota Kinabalu within a year. The Sabah Medical Center was also previously a public hospital and the government still has a small stake in it. “The fear of new things and the mistrust of the doctors regarding the ideas of the management are powerful barriers against changes,” says Hummel.

Sometimes there is simply a lack of technical equipment. “Previously, doctors and staff did not use information technology enough,” says Hummel. This has changed since one of

The Malaysian hospitals are now working on organising their work processes and raising the level of quality.

the first things the manager did was to bring the EDP equipment up to date. A software programme on the basis of SAP, developed by Fresenius, determines the requirements of hospitals run by Fresenius managers all over the world and transmits the data to Germany by means of Intranet. There, a small team of purchasers compares on the world markets the prices of all products required, from bandages to pacemakers, and negotiates the supply conditions with the manufacturers. Thus, the hospitals can purchase more cheaply at bulk prices – the General Manager of hospitalia activHealth, Peter Oberreuther, calls this a “quantum leap”.

Professional hospital management also includes professional controlling which – although this has long been a matter of course for industrial companies – is often lacking in hospitals. The controllers keep an eye on the expenses for materials, equipment and personnel and sound the alarm if drastic changes suddenly occur in certain expenses.

From a medical point of view, the Sabah Medical Center is now working at a high level of competence. The good working conditions in the hospital, which is managed according to profit-oriented principles, attract Malaysian specialists who have often trained in Europe or in the United States. Only the general doctors have employment contracts. The specialists work on their own account, similar to the system in Germany of independently-practising

doctors with hospital privileges. Most of them work exclusively for the Sabah Medical Center, which provides the treatment rooms, equipment and beds. Also, the specialists from the National Cardiac Institute in the capital Kuala Lumpur come to Kota Kinabalu once a month in order to operate on cardiac patients from the region. In this way, operating theatres with modern equipment, apparatus such as computerised axial tomography and magnet resonance scanners, benefit not only private patients.



Nurses of the Sabah
Medical Center

Best environment is in Asia

Will private hospital management be able to put an end to the financial misery of many hospitals? “In most countries, the governments have recognised that we need more market economy in the health systems,” says Peter Ng. “For Fresenius, we believe that the best environment for entrepreneurship currently exists in Asia. We take regional peculiarities into account, and use our international network to offer high-quality medicine at reasonable prices to patients and health insurances.” Fresenius ProServe is well positioned for the expected wave of privatisation. “We have many years of experience in the management of hospitals and have been operating in Asia for decades,” says the manager. “In Asia, an industrial and service company with international experience, which offers a complete range of services, is considered to be the most capable company to run hospitals professionally.”

* Name changed

New Paths

Hospital Management Interview with Dr. Gerd Krick and Rainer Hohmann



We asked Dr. Gerd Krick, Chairman of the Managing Board of Fresenius AG, and Rainer Hohmann, Member of the Managing Board of Fresenius AG and responsible for Fresenius ProServe, about their views on the hospital market and the management of hospitals, and about their objectives.

Fresenius is well known in the medical world as a successful provider of products. Now you have acquired Wittgensteiner Kliniken AG and operate your own hospitals. Has Fresenius changed its strategy?

KRICK: Quite the opposite. As early as 1994 we made the clear management decision to offer services in the health care sector in addition to products. At this time, we already acquired our first dialysis clinics abroad and took over the company hospitalia international which is specialised in the planning and construction of hospitals. Through the acquisition of Wittgensteiner Kliniken we are further building up our position as one of the leading service providers in health care.

How well is Fresenius prepared so that it will be successful in this field, and what will be the future challenges?

KRICK: The employees play a decisive role. Our aim in hospital management is above all to achieve international growth. There is no other company at present which like Fresenius is active in global health care. Which like us has already built and equipped hospitals. And which also assumes responsibility for the technical management, not in a country where German is spoken but, for instance, in Malaysia. Our employees in the respective countries are well acquainted with the health systems there, and have made important contacts during the course of projects which have been successfully realised. None of our competitors has this combination of international know-how in management and medicine under one roof, regardless of whether the competitor comes from Germany or from another country of the world. What is more, doctors all over the globe associate the name Fresenius with competence in medicine. And this is a very great advantage.

HOHMANN: The challenge is the glaring lack of managers who are fit for the competition of the future. This goes for the whole sector. In order to make a productive contribution we have established the Fresenius University Foundation which has founded an international business school for hospital managers.

Furthermore, the problem of finding sufficient qualified doctors and nurses for our hospitals will become more critical, in particular in Germany. Our task here is to offer attractive workplaces for the medical staff, that is for those people who are directly responsible for caring for the patients.

“Doctors all over the world associate the name Fresenius with competence in medicine.” Dr. Gerd Krick

“The challenge is the glaring lack of managers who are fit for the competition of the future.” Rainer Hohmann

An increasing number of local authorities in Germany are selling their hospitals. What is your strategy in your domestic market?

Hohmann: In Germany we shall grow only selectively, and not aim to be present everywhere. We are only interested in hospitals which meet high medical standards or which fit into our regional network.

Contrary to government organisations, you as a company are obliged to make profits. Does this not automatically mean that the quality of medical care suffers?

Krick: I look at it the other way round: Profitability and good quality are not contradictions, but go hand in hand with one another. For instance, if we improve the logistics in a hospital, we at the same time improve the medical treatment. The medical staff does not need to spend so much time on administration if the logistics are good, and has therefore more time for taking care of the patient. And what is more, profitability and good quality also mean for us specialisation.

What importance has specialisation for the future?

Krick: Take a skier who has torn the ligaments in his knee. He would like to know where he can be operated on best. Today he has to rely on knowing somebody who has had a similar accident. In future he will find the right hospital for his knee operation - a special orthopaedic clinic - in the Internet. He will prefer to go to such a specialised hospital rather than a general hospital. In future, people will have access to a greater diversity of information, and this will change the health market in Europe dramatically.

To what extent?

Krick: General hospitals will be indispensable in the future for basic and emergency care. If a patient is admitted with serious abrasions, he will receive good treatment there. For complicated medical operations however there will be more and more specialised hospitals in future.

HOHMANN: Most operations are not acute emergencies, but can be planned. The patient usually has a few days' time before the operation, which is already a normal waiting period nowadays. In future, he can use this time to look for the best hospital for his case. The most decisive factor when he chooses a hospital will not be how near it is to his home, but the quality of the medical treatment.

Can the patient take it for granted in future that he will receive medical care with consistently high quality in all hospitals of the Fresenius Group – both in Germany and abroad?

HOHMANN: Yes, this is definitely the case. If we assume that a major part of the health care market will be private, then this means that in the long term there will be competition in the form of medical quality. The customer will choose to go to the hospital where he can expect the best possible care. It is therefore our aim to offer this high quality at all times, regardless of the country where the hospital is located. By the way, this is the competitive environment which we know and where we feel at home.

“The most decisive factor when he chooses a hospital will not be how near it is to his home, but the quality of the medical treatment.” Rainer Hohmann

“Strictly speaking, Fresenius will develop to become a therapy company.” Dr. Gerd Krick

What is the importance for the Group in the long term of Fresenius entering the field of hospital management?

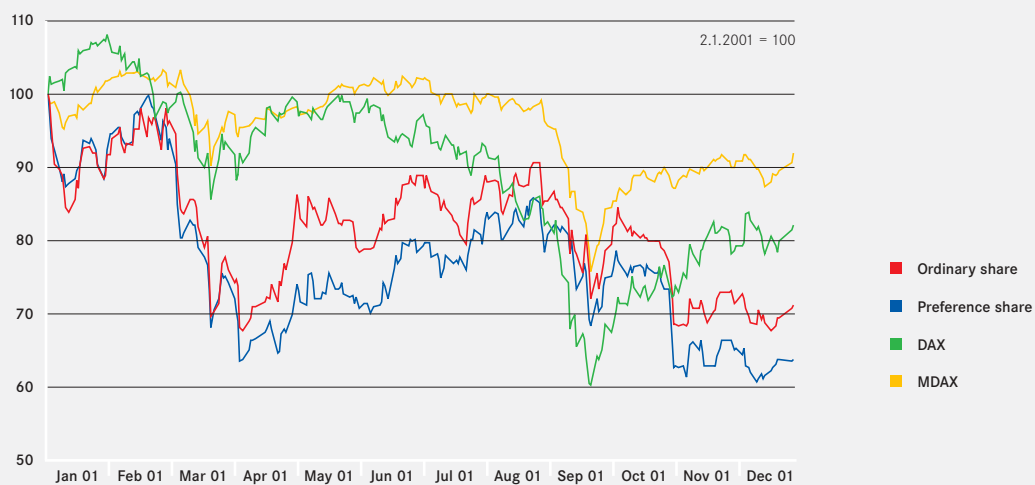
KRICK: I consider the decision to go into hospital management to be at least as important as our decision at the beginning of the 1970s to enter the dialysis market with products, and later with services. Today, Fresenius Medical Care is the world's number one in dialysis.

Only if we can offer the ideal combination of products and services can we provide the best possible therapy. Strictly speaking, Fresenius will develop to become a therapy company. For us, therapy means taking measures to restore the health of a sick person. This starts with our developing and manufacturing products, and continues with caring for the patient in hospital and, if the patient requires medical care when he has been discharged, with caring for him at home. Fresenius already provides all this full range, and we shall continuously extend all this range in future.

The Fresenius Shares

- Fresenius is one of the 50 largest publicly-quoted companies in Germany.
- The Fresenius shares are listed in the MDAX, the CDAX sector index Pharma and Health and in the Dow Jones STOXX index.
- Buy recommendations of the analysts predominate in the assessment of the Fresenius shares.
- 2001 was a difficult year for the Fresenius shares.

Relative development of Fresenius
ordinary and preference shares



In 2001, Fresenius was not able to maintain the good share development of the previous year. The main reasons were the generally unfavourable market conditions, the drop in the earnings of Fresenius Kabi and the effects of the legal disputes in the United States at Fresenius Medical Care.

Difficult year 2001

After the bullish markets in the previous years, development in 2001 was marked by revised growth forecasts, profit warnings and a declining economic development in the second half of the year. The DAX and MDAX slumped from their previous year's peaks of 8,065 and 5,069 points to their provisional low of 5,388 and 4,250 points respectively. The stock markets reached their ultimate annual low on September 21, 2001 as a reaction to the terrorist attacks in the United States. The DAX closed at 3,787 points, the lowest mark since 1997, and the MDAX at 3,569 points. Subsequently, the world's stock markets recovered again and registered minor share gains. But the hope that a turnaround would be reached quickly was not fulfilled. Despite numerous decreases in interest rates, the stock markets were not able to sustain their recovery and yielded again at the year end as a result of the continuing uncertainty regarding the future development of the economy.

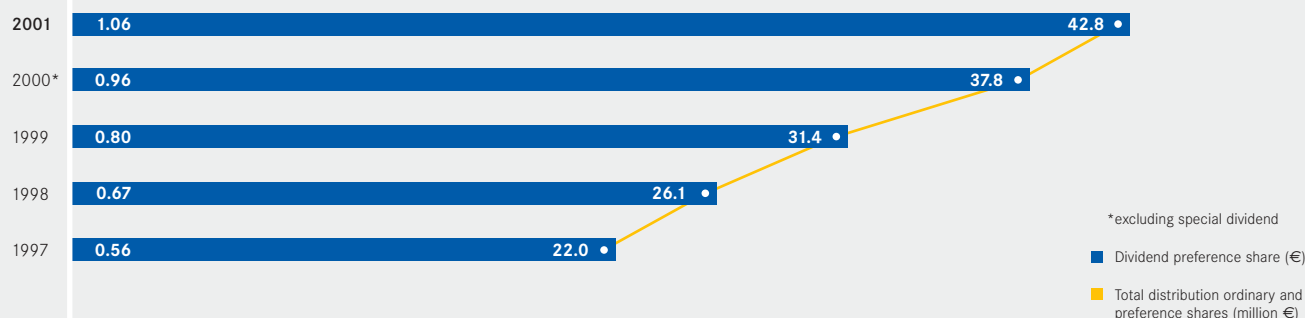
Development of the Fresenius shares

At the beginning of March, the trend of the Fresenius shares, which up to then had been positive, was interrupted by the bad news from the business segment Fresenius Kabi. This trend was intensified by the accelerated decline in the German indices which set in shortly afterwards, and the shares reached an interim low of € 90.80 (preference share) and € 77.00 (ordinary share) at the beginning of April. The shares recovered in the subsequent months. In September the shares then followed the overall negative trend, and in the aftermath of the tragic

events of 11 September fell to € 97.65 (preference share) and € 82.00 (ordinary share). When Fresenius Medical Care announced the impact on earnings due to increased allowances for doubtful accounts in connection with disputes with private health insurances in the United States, and due to legal costs, the shares dropped again substantially at the end of October. Continuing gloomy economic forecasts as well as difficult market conditions are still affecting the course of the Fresenius shares, which slumped to their lowest quotations for the year, € 86.70 (preference share) and € 76.98 (ordinary share), in December.

Number of shares more than doubled

The share capital of Fresenius AG more than doubled in the year under report. This is mainly due to the capital increase from corporate funds through the conversion of capital reserves to subscribed capital which was carried out in May 2001. The share capital, which was previously divided into 10,007,524 bearer ordinary shares and 10,007,524 non-voting bearer preference shares, was increased by the issuance of new ordinary and preference shares in the ratio 1:1. In addition, a further 453,594 bearer ordinary shares and 453,594 bearer non-voting preference shares were issued from a capital increase through contribution in kind in connection with the acquisition of Wittgensteiner Kliniken AG.



Dividend and total distribution

Including the stock options exercised during the course of the year from the stock option plan for managerial staff, the subscribed capital of Fresenius AG amounted to € 104,882,042.88 on 31.12.2001, divided into 20,484,774 bearer ordinary shares and 20,484,774 non-voting bearer preference shares. The Annual General Meeting passed a resolution on 31.5.2001 authorising a new approved capital totalling € 30.9 million. Further information is given in note 18.

Dividend increase: approximately 10%

Although net income was affected by extraordinary expenses, we want our shareholders to profit from the positive operating earnings situation of the Group. We therefore intend to increase the dividend for the 2001 financial year from € 0.93 to € 1.03 per ordinary share and from € 0.96 to € 1.06 per preference share. This is an increase of about 10%. The amount to be distributed totals € 42.8 million.

Earnings per share

Fresenius AG realised an earnings per share after minority interests of € 2.02 in the 2001 financial year (2000: € 3.05, adjusted to the new number of shares according to the capital increase carried out in 2001 from corporate funds). The 34% drop is due on the one hand to a lower net income as a result of the special charge of Fresenius Medical Care, and on the other hand to the fact that

Fresenius AG's share of the total equity of Fresenius Medical Care dropped to an average of 37.0% following the capital increases carried out by Fresenius Medical Care. In the previous year, Fresenius AG's share of the total equity of Fresenius Medical Care averaged 39.7%.

The earnings are calculated as follows:

in million €	2000	2001
Net income	266	179
Minority interests	-144	-97
Earnings after minority interests	122	82
Earnings per share (2000: adjusted)	€ 3.05	€ 2.02

We are stating earnings per share after minority interests in accordance with general international practices and are therefore not calculating profit according to DVFA/SG as is normal in Germany.

Mainly buy recommendations

The opinion of the financial analysts is an important factor for both institutional and private investors when they are making a decision on purchasing shares. According to information from I/B/E/S and our own surveys, the clear majority of assessments of the Fresenius shares are recommendations to buy. Up to the beginning of Febru-

ary 2002 we received 14 recommendations to buy, 5 to hold and 3 to sell. The large number of buy recommendations strongly reflects the trust and positive expectations in the long-term earnings power of the Fresenius Group and the potential of our shares. The following banks reported on Fresenius, and their last assessments of the shares were as follows:

Goldman Sachs	February 2002	Outperform
CAI Cheuvreux	January 2002	Underperform
HSBC Trinkaus & Burkhardt	December 2001	Reduce
Merrill Lynch	December 2001	Buy
BNP Paribas	November 2001	Underperform
Credit Suisse First Boston	November 2001	Buy
WestLB	November 2001	Outperform
Bankgesellschaft Berlin	October 2001	Buy
Bankhaus Metzler	October 2001	Buy
Deutsche Bank	October 2001	Buy
Morgan Stanley	October 2001	Neutral
Schroder Salomon Smith Barney	October 2001	Neutral
Vereins- und Westbank	October 2001	Overweight
SG Cowen	September 2001	Buy
Commerzbank	August 2001	Hold
Dresdner Kleinwort Wasserstein	July 2001	Accumulate
SEB	July 2001	Buy
Berenberg Bank	June 2001	Accumulate
Sal. Oppenheim	June 2001	Outperform
HypoVereinsbank	May 2001	Outperform
DG Bank	March 2001	Accumulate
M.M. Warburg	March 2001	Hold

In dialogue with our shareholders

We are in constant dialogue with our shareholders, for we can only endure on the capital market if we give a realistic and comprehensive picture on the economic potential of our company. An important part of our investor relations work therefore is to equally give private shareholders, institutional investors and financial analysts information comprehensively, openly and punctually in order to create as much transparency about our company as possible. This includes reports on our year-end and quarterly results given as early as possible, as well as comprehensive segment reporting. We also publish numerous reports on current developments in the Fresenius Group.

During the course of 2001 we further extended our information in the Internet. The speech of our Chairman of the Managing Board at the Annual General Meeting was transmitted live. Also, the press conferences which we held when the figures for the year end and the first 9 months were published could be followed on-line. Our Internet-Info-Service which gives interested investors the opportunity to subscribe to company news was used intensively in 2001. Many of you sent queries via e-mail or requested written information. We should like to main-

tain and deepen this dialogue. We are always pleased to receive suggestions about how we can meet your demands for information even better.

Financial analysts again had the opportunity in 2001 to obtain up-to-date information about the development of the Fresenius Group at conferences which take place three times a year. In addition, we offered the opportunity to take part in telephone conferences on each publication day of the quarterly results. The participants were able to follow the presentation of the Managing Board on our web site. Apart from these conferences, another important aspect of our investor relations work is to maintain and constantly intensify our contacts to financial analysts and institutional investors. In the year under report we informed them regularly about the situation and strategy of the Group in numerous individual meetings and company presentations. We made company presentations in France, Great Britain and Switzerland, as well as in Germany.

We won the first prize in the segment MDAX in the competition run by the magazine "Focus" for the best investor relations work, and were awarded the German Investor Relations Prize 2001 for good service for the institutional investors and financial analysts.

Basic information

	Ordinary share	Preference share
Securities identification no.	578 560	578 563
Stock exchange abbreviation	FRE	FRE3
ISIN	DE0005785604	DE0005785638
Bloomberg symbol	FRE GR	FRE3 GR
Reuters symbol	FREG.de	FREG_p.de
Main trading location	Frankfurt/Xetra	Frankfurt/Xetra

Key data of the Fresenius shares

	1997	1998	1999	2000	2001
Number of shares	20,000,000	20,000,000	20,000,000	20,015,048	40,969,548
Ordinary shares	10,000,000	10,000,000	10,000,000	10,007,524	20,484,774
Preference shares	10,000,000	10,000,000	10,000,000	10,007,524	20,484,774
Stock exchange quotation of ordinary share ¹⁾ (€)					
High	99.70	102.00	83.50	125.50	113.75
Low	65.19	53.69	64.50	67.00	76.98
Year-end quotation	77.59	76.69	72.50	109.50	81.00
Stock exchange quotation of preference share ¹⁾ (€)					
High	105.71	111.72	95.75	160.00	143.00
Low	70.30	56.24	73.50	88.50	86.70
Year-end quotation	83.60	89.48	94.00	141.50	91.30
Market capitalisation ²⁾ (million €)	3,224	3,323	3,330	5,024	3,530
Total amount distributed (million €)	22.0	26.1	31.4	43.8 ³⁾	42.8⁴⁾
Per share in €					
Dividend ordinary share ⁵⁾	0.54	0.64	0.77	0.93	1.03⁴⁾
Dividend preference share ⁵⁾	0.56	0.67	0.80	0.96	1.06⁴⁾
Earnings per share after minority interests ⁵⁾	1.43	2.13	2.68	3.05	2.02

¹⁾ Final Xetra quotations on the Frankfurt Stock Exchange; previous years adjusted for the capital increase from corporate funds

²⁾ Total number of ordinary and preference shares multiplied by the respective Xetra year-end quotations on the Frankfurt Stock Exchange

³⁾ Including special dividend of € 0.15 per ordinary and preference share, adjusted for the capital increase from corporate funds

⁴⁾ Proposal

⁵⁾ Previous years adjusted for the capital increase from corporate funds

Business Summary of the Financial Year

The economic development of the Fresenius Group was solid in the 2001 financial year. The strong sales growth of 20% confirms our success in the markets.

However, earnings did not keep pace with this sales growth: Although EBIT rose by 5%, net income was lower than that of the previous year. It was influenced by the special charge of Fresenius Medical Care for expenses in

connection with legal matters in the United States relating to the National Medical Care transaction in 1996.

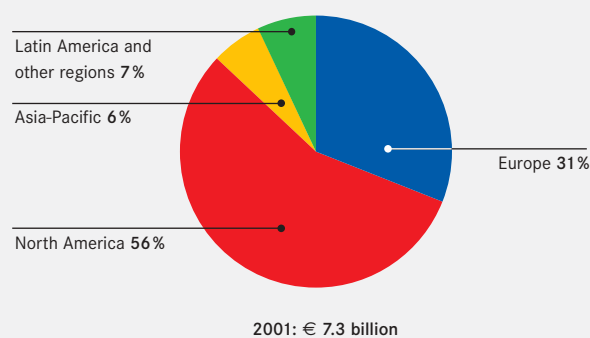
We strengthened our strategic position in our markets through an extremely high volume of capital expenditure. These substantial investments will ensure our future growth.

Sales of the past 5 years

in million €	1997	1998	1999	2000	2001
Sales	3,812	4,317	4,952	6,099	7,320
Growth	1,953	505	635	1,147	1,221
Growth in %	105	13	15	23	20

- We exceeded the high growth of the past years with a sales plus of more than € 1.2 billion.
- Consolidated sales rose by 20% to € 7.3 billion.

Sales by region



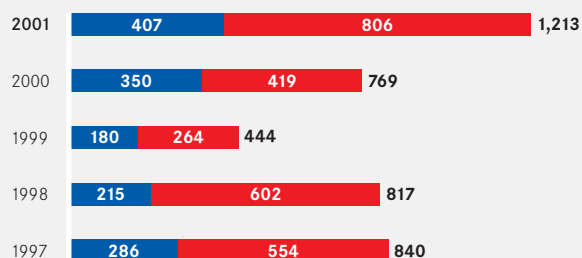
- In our core markets North America and Europe we expanded our business by 20% and 19% respectively.
- Our future markets Asia-Pacific and Latin America generated similarly strong growth rates: 27% and 15% respectively.

Development of earnings

in million €	2000	2001	Change
EBIT	756	797	5 %
Profit on ordinary activities	500	514	3 %
Taxes on income and profit	-234	-145	-38 %
Net income before extraordinary result	266	369	39 %
Extraordinary expenses (after taxes)	0	-190	
Net income	266	179	-33 %

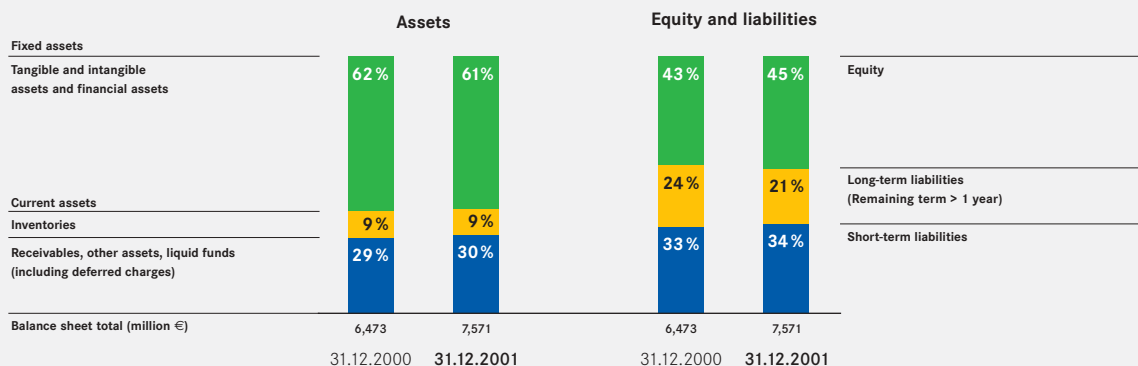
- Growth in the operating business amounted to 5%.
- Net income before the extraordinary result reached € 369 million, a clear plus of 39%.
- Positive impacts result from the fact that allowances for deferred tax assets amounting to € 59 million were able to be reversed, decreasing taxes to € 145 million.
- The special charge of Fresenius Medical Care for legal matters in the United States connected with the NMC transaction in 1996 had an impact of € 190 million after taxes on the consolidated financial statements.
- As a result, net income amounted to € 179 million.

Capital expenditure on tangible and intangible assets and acquisitions



- We invested more than € 1.2 billion; thus, the investment volume was the highest ever.
- 66% of this amount was spent on the acquisition of new companies. The main acquisitions were the dialysis clinic chain Everest Healthcare Services and Wittgensteiner Kliniken AG.

Balance sheet

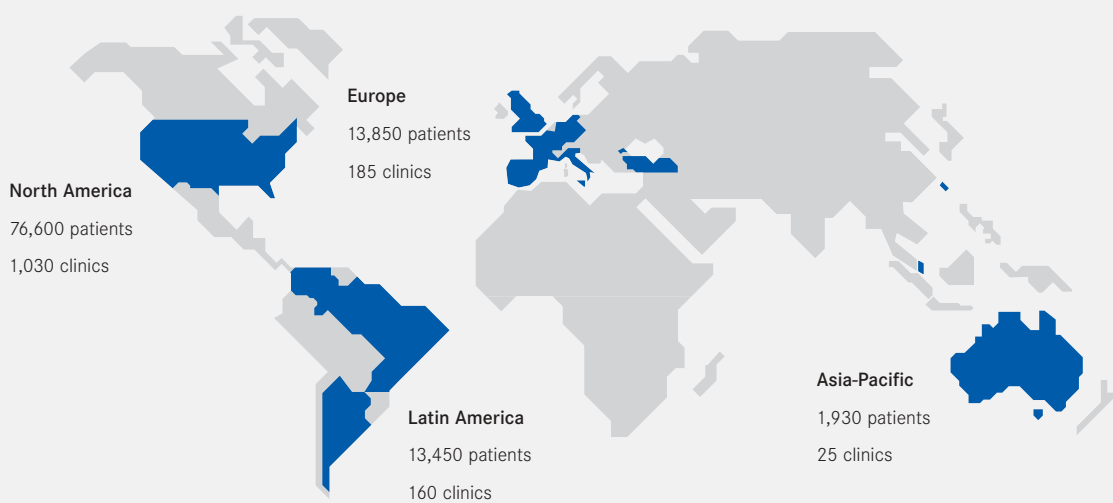


- The balance sheet total rose by € 1,098 million to € 7,571 million. Approx. 75% of this increase derives from acquisitions.
- The balance sheet structure is solid: The equity ratio amounts to 45.3%. Equity covers 73.7% of fixed assets.

Fresenius Medical Care

- Fresenius Medical Care is the largest provider of dialysis products and dialysis care in the world. Fresenius treats about 105,830 patients in 1,400 dialysis clinics.
- By adding other extracorporeal therapies to its business, Fresenius Medical Care is setting out on new paths.
- The best treatment with innovative products and leading-edge therapies – this is our challenge.

Fresenius Medical Care dialysis clinics
and number of patients treated



Figures as at 31.12.2001

In 2001, Fresenius Medical Care further strengthened its international market position – both through acquisitions and through its own efforts. Growth once again outperformed the market as a whole. The addition of extracorporeal therapies, outside dialysis, to its range of services is progressing successfully.

The business development of Fresenius Medical Care developed as follows in 2001: Sales increased by 16% to US\$ 4,859 million (2000: US\$ 4,201 million). Fresenius Medical Care generated 74% of its sales in the United States, 16% in Europe and 10% in the other regions of the world. The decisive growth factor was dialysis care. This business contributed US\$ 3,557 million (2000: US\$ 2,945 million) which represented 73% of sales and an increase of 21%. This growth resulted on the one hand from acquisitions, especially of Everest Healthcare Services Corporation, and on the other hand from the increased number of dialysis treatments: Altogether Fresenius Medical Care performed 15.2 million dialysis treatments in the year under report, 18% more than in the comparable period of the previous year. Sales of dialysis products totalled 27% of Fresenius Medical Care's sales and increased by 4% (currency-adjusted: 7%) to US\$ 1,302 million (2000: US\$ 1,257 million). Including sales of products to our own dialysis clinics, sales amounted to US\$ 1,671 million, a 7% growth (currency-adjusted: 10%). Fresenius Medical Care increased EBIT before the special charge by 4% from US\$ 621 million in the previous year to US\$ 644 million (currency-adjusted: 5%). The special charge is in connection with US legal matters relating to the National Medical Care transaction in 1996.

North America

In the year under report, the dialysis care business of Fresenius Medical Care came nearer to its strategic goal of providing other extracorporeal therapies in addition to treating dialysis patients. Through the acquisition of Everest Healthcare Services and the purchase of a share-

holding in Edwards Lifesciences Cardiovascular Resources, we are now in a position to provide hospitals with services for haemoperfusion, apheresis and autotransfusion. We have advanced to become one of the leading providers in this sector. In 2001, we provided nearly 1,000 hospitals with our services in the fields haematology, oncology, neurology, rheumatology and others.

However, dialysis care continues to be our main field of activity. We were able to create an even closer network through the acquisition and establishment of 110 dialysis clinics. Today, Fresenius Medical Care cares for 76,600 dialysis patients in 1,030 clinics in the United States. Our market share amounts to about 27%, following 24% in 2000. We care for more than twice the number of patients than our largest competitor. Likewise, the number of treatments rose substantially: by 16% to 9.6 million in 2001.

In 2001 we continued a number of initiatives aimed at improving the quality of treatment and thus the quality of life for sick people; here are three of many examples:

- A further new field of activity is to inform pre-dialysis patients, i.e. patients at the stage preceding end-stage kidney failure, in good time about the various treatment methods. Our Comprehensive Chronic Kidney Disease Services help to identify risk patients early on. This also means that better

treatment results can be achieved. With the help of this programme we give practitioners and patients the necessary clinical support, e.g. in the form of training, before the patient requires dialysis treatment.

- Currently there is a shift from the traditional fee-for-service reimbursement of dialysis treatment to Disease State Management, i.e. fully-capitated risk-sharing arrangements. The aim of this system is to reduce the hospitalisation of patients as much as possible by optimising the quality of treatment, with the aim of saving costs overall. At present we are treating over 4,500 patients in pilot projects, 50% more than in 2000, largely through our joint ventures Optimal Renal Care and Renaissance Health Care.
- The vascular access, which is mainly in the lower arm, and which is connected to the blood circuit of the patient on the dialysis machine, frequently causes serious problems so that patients often have to go to hospital. It is therefore of extreme importance to improve the care of the vascular access through new diagnostic measures and more effective treatment methods. In Dallas, we run a specialised surgical centre where patients can be treated on an ambulatory basis: The services provided include the placement, monitoring and maintenance of the vascular access. We are planning to open further centres in the medium and long term.

Laboratory services are a fundamental element in the care of dialysis patients, since it is necessary to carry out regular blood tests in order to assess their health status. The company Spectra Renal Management performed more than 34 million laboratory

tests for over 100,000 patients and 1,590 clinics in 2001. It is the market leader in the field of laboratory services for dialysis patients in the United States with a share of around 40%.

Superior dialysis treatment – the name UltraCare™ is synonymous with this. It embodies our claim to offer the best possible dialysis treatment. UltraCare™ represents processes, guidelines and resources of our service network – from the patient hand book via compliance regulations and clinical quality programmes up to travel services for our patients. UltraCare™ Online is at the core of this initiative: We can achieve superior outcomes by combining innovative technologies with our Online Clearance Monitor features to measure the dialysis performance during the treatment. We plan to extend our UltraCare™ Online concept to our whole network of clinics over the next couple of years.

In the product business, sales of our Optiflux™ single-use dialysers developed well; demand was substantial and underlines the trend in the United States towards increasing the single use of dialysers instead of re-using them, as was common up to now. Already 20% of our dialysers sold in 2001 in the United States are from this series. Accordingly, we have adapted our production capacities in the Ogden/Utah facility to meet the increasing demand. Other products from our haemodialysis and peritoneal dialysis range achieved good growth rates in the year under report, including the 2008K dialysis machine, the Online Clearance Monitor, an optional module for haemodialysis machines to ensure the quality of the dialysis treatment, and the Premier™ Plus Double Bag for peritoneal dialysis patients.

Europe

Fresenius Medical Care's business in Central Europe was again determined to a large extent by the product business. Thanks to high-quality products, we were able to expand and strengthen our position, although the market was characterised by continued price pressure, delayed investments and cost savings. We quickly established new, innovative products on the market: We should like to make special mention of our technologically-leading FX-class dialyser with increased clearance and excellent biocompatibility, and of our Online Clearance Monitor. In the peritoneal dialysis (PD) market we were able to expand our market position with our *stay•safe*[®] system and the pH-neutral PD solution *stay•safe*[®] balance, as well as with the *sleep•safe*[®] system. In order to meet the increasing demands of our customers for online communication, we have developed a virtual business centre which was successfully launched during the course of the financial year. Other countries will follow.

The focus in Western Europe was on steadily building up the dialysis care business to augment our product business. The reimbursement rates for dialysis treatment remained unchanged to a large degree because of the stable environment. One exception was France, where a slight increase of 2 % was registered.

In Spain, we treated around 3,800 patients in our dialysis clinics as at 31.12.2001 and thus we care for approx. 50% of the patients in private clinics. At the end of the year we cared for 2,840 patients in Portugal, which represents an 8% growth. An important factor for the further development of our business in Spain and Portugal was the switch to FX-class dialysers in our clinics: In Spain, around 50% and in Portugal around 80% of treat-

ments were performed with FX-class dialysers. We also succeeded in increasing the number of patients treated by us in other west European countries, such as in France and Italy.

The main focus of the product business continued to be on opening up new markets, in particular for the FX-class dialysers. In the year under report, these dialysers already made a contribution to the positive business development of the region. Further market penetration was achieved in the PD field with the *stay•safe*[®] system. The product business in Western Europe will continue to be marked by price pressure and a low investment level.

In most countries of Central and Eastern Europe we were also able to consolidate our leading position. New products such as the Online Clearance Monitor and the FX-class dialysers were the main reasons for this positive development. We expect the privatisation of the health systems to increase because of budget restrictions in the financing of public health services. This will offer us considerable potential to expand our dialysis care business.

Asia Pacific

In the Asia Pacific region we continued to concentrate our activities on developing our business in the fields of product sales, clinical training and dialysis care. We achieved good results in the four regions – Japan, China, Central Asia-Pacific and South Asia-Pacific – and succeeded in increasing market shares in almost all segments. In particular we focused on the expansion of our dialysis care business under the umbrella of NephroCare Asia Pacific (www.nephrocareasia.com).

In Japan – the largest dialysis market in the world – we market products of both haemodialysis and peritoneal dialysis. The Fresenius Polysulfone® dialyser has become one of the most frequently-used dialysers in Japan with a market share of about 15%. The 4008™ dialysis machine completed our range of products for haemodialysis treatment, and since its launch in 2000 it has achieved a growth rate which is considerably higher than the market. The Fresenius Medical Care production facility in South Japan (Buzen) went into operation. This factory produces PD solutions for the Asia-Pacific area and will further strengthen our peritoneal dialysis operations.

The product business dominates our activities in China, Taiwan and Hong Kong at present. We have continued to grow in these countries and further expanded

our market shares. In the year under report, our growth rates were almost twice as high as those of the market as a whole. The Taiwan branch of NephroCare Ltd., which started operations one year ago, offers management services for clinics treating approx. 650 patients. We are aiming to expand our product business in this region and at the same time establish dialysis care.

In South Korea, Thailand and the Philippines, which are our major markets in the region Central Asia-Pacific, our growth was again double that of the average market growth. We now supply more than 1,000 patients in South Korea with our PD products. Fresenius Medical Care Philippines was founded in the third quarter of 2001. This company will work on building up sales of PD products, especially of the new A.N.D.Y.® • disc system, as well as continuing to expand the already established haemodialysis product business.

In Australia and Singapore in the region South Asia-Pacific the number of clinics owned or managed by Fresenius Medical Care further increased. In the traditional haemodialysis product business we succeeded in expanding our activities, particularly in New Zealand, Malaysia and Indonesia. We were very successful with the peritoneal dialysis business in the markets Malaysia, Singapore and Australia and further increased the number of patients we treat. We strengthened our position through the introduction of the A.N.D.Y.® • disc PD system. In co-operation with the Australian and Indonesian Associations of Nephrologists we established the “Cross Regional Education and Exchange in Dialysis” programme. This programme is aimed at promoting the construction of dialysis clinics and the training of doctors, nurses and technicians.

In the region Asia-Pacific our aim continues to be to further strengthen the product business, and also to

expand the number of clinics, both Fresenius Medical Care-owned and clinics managed by us. Furthermore, we shall also keep a close eye on the legal environment and operate our own dialysis clinics through our NephroCare organisation, where this is allowed by law. In the meantime, we shall continue to conclude management contracts and aim at forming local alliances to manage dialysis clinics.

Latin America

In Latin America, Fresenius treated a total of 13,400 patients, about 12 % more than in the previous year. The successful integration of the dialysis clinics acquired from Da Vita, Inc., in 2000 meant that our business in Argentina practically doubled. As at 31.12.2001 Fresenius Medical Care cared for around 6,000 patients and thus holds 35 % of the Argentinian market. The number of patients treated in Brazil increased by 31 % and in Colombia by 30 %. In Brazil, we sold more than 1,000 dialysis machines in the year under report and thus consolidated our market share in the product business. We are planning to augment our product business by introducing dialysis care in 2002. In Mexico, where we meet 50 % of the constantly-growing demand for haemodialysis products, we were able to maintain our strong position. In addition, we have started to operate and manage dialysis clinics in Mexico.

Even if we cannot exclude the possibility of political changes in Latin America, the perspectives nevertheless continue to be promising. The dialysis market, which still has a relatively low average number of patients for whom dialysis care is reimbursed, continues to register good growth rates. Especially due to our recognised products and services we expect another above-average

growth rate for 2002. Our strategy will be additionally supported by external growth from the acquisition of further clinics.

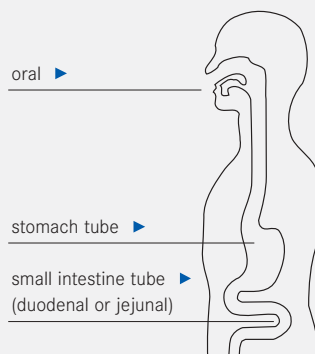
If you wish to know more, please request the annual report of Fresenius Medical Care: www.fmc-ag.com or tel. +49 (0) 6172/609-2525.

Fresenius Kabi

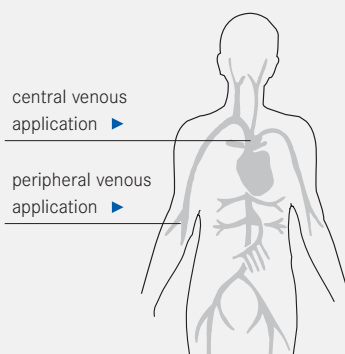
- We further strengthened our leading market position in Europe.
- We are expanding substantially in Asia and Latin America.
- Caring for patients at home is a major focus of our work.
- We have implemented a comprehensive restructuring programme to ensure future profit growth.

Enteral therapies for patients who cannot eat sufficiently,
do not want to or are not allowed to

Enteral nutrition
uses the gastro-intestinal tract



Parenteral nutrition
avoids the gastro-intestinal tract



Fresenius Kabi has strengthened its leading market position in the field of infusion and nutrition therapy in Europe in 2001 and created the basis for future earnings growth by carrying out a comprehensive restructuring programme.

Fresenius Kabi is Europe's leading company in the field of infusion and nutrition therapies for seriously-ill patients. The product portfolio in the field of infusion therapy comprises intravenous solutions, active ingredients and medical-technical products. It includes products for fluid and blood volume replacement and anaesthetic agents for general anaesthesia. Infusion therapy products are essential medications which are mainly used in surgery, and in intensive and emergency medicine.

In the field of nutrition therapy, we provide patients with parenteral and enteral nutrition including the medical-technical products which are required during a stay in hospital, and in the after-care of patients at home. Parenteral nutrition is administered intravenously, and enteral nutrition products are administered in the form of sip and tube feeds using the gastro-intestinal tract. Both serve to help patients who cannot eat any, or sufficient, normal food. This is especially the case for patients in intensive care units, for patients who are seriously ill and with malnutrition. When the patient leaves the hospital our ambulatory services can care for the patient and provide him with the necessary products.

All over the world, people are living longer than before. The older people become, the greater is the demand for medical care. Fresenius Kabi offers products and services in line with this development and helps people in acute stages of their illness, as well as when they require long-term therapies, both in hospital and at home. This range of products and services will be the platform for our future business operations.

Especially in view of the increasing cost savings in the European health systems, ambulatory health care will become increasingly important. Considerable growth potential exists here for Fresenius Kabi in this field.

The development of the health systems in growth regions such as Asia means that there is an increasing demand for infusion and nutrition therapy products. Due to our strong international expansion in the last years, we shall be able to make a major contribution to medical care in these fields of therapy in the future.

Sales and profit development

In the year under report sales increased by 14% to € 1,274 million. The sales split between the hospital and ambulatory care businesses in 2001 is as follows:

The ambulatory care business achieved a sales growth of 26% to € 319 million, which corresponds to a 25% share of total sales. The hospital business grew by 10% to € 955 million and achieved 75% of total sales.

Organic growth amounted to 7% which represents good growth in an environment of strong price pressure caused by increasing competition and by cost savings in the health systems. The acquisition effect amounted to 8 percentage points, and the change in currency exchange rates had a negative influence of 1 percentage point.

EBIT of Fresenius Kabi amounting to € 75 million in the reporting year was lower than the previous year (2000: € 88 million). EBIT was mainly affected by the following factors: the loss made by the company ProReha, acquired in 2000, in the Ambulatory Care Division, as well as expenses for restructuring measures, in particular the start-up costs for the single and three-chamber bag production lines in the new plant in Uppsala, and the additional expenses associated with these measures in the Stockholm and Limoges factories. The status of our measures in the various European plants is as follows: The production facility in Stockholm, Sweden, was closed as planned at the end of 2001. The factory in Limoges, France, was sold. The manufacturing plant in Potenza, Italy, was sold and production transferred to the factory in Isola della Scala. In the Uppsala, Sweden, facility, the volumes of the production lines which went into operation in 2000 were increased. The restructuring measures in this plant will continue in 2002. We have optimised the manufacturing technology in the plant in Friedberg, Germany, and increased the production volumes of infusion solutions in PVC-free bags. The integration of ProReha and the necessary organisational changes were completed in the 2001 reporting year. On the basis of these restructuring measures we expect that EBIT of Fresenius Kabi will rise again in 2002.

Nutrition therapy

Fresenius Kabi is one of the few companies in the world which provide patients in hospital and at home with parenteral and enteral nutrition therapies.

Although the market for parenteral nutrition in Europe stagnated, we succeeded in strengthening our market leadership in this field. One of the reasons for this is the successful product launches in various countries. Here are some examples: We successfully introduced Structolipid®, originally launched in 2000, and which is an innovative fat emulsion for parenteral nutrition, to further countries in the year under report. Structolipid® provides seriously-ill people with rapidly-available energy by means of medium-chain triglycerides (MCT) and essential fatty acids by means of long-chain triglycerides (LCT). Thanks to a special process we have succeeded in producing triglycerides which contain both medium and long-chain fatty acids. This product links up well with the lipid technology of our Intralipid®, the world's most frequently-used fat emulsion for parenteral nutrition.

Our product Kabiven® was launched in additional countries and positively received by the customers. Kabiven® is a three-chamber bag for parenteral nutrition which covers the whole nutritional requirements of the patient, i.e. amino acids, carbohydrates, fat and electrolytes, for one day from one bag.

We continued to grow in the field of enteral nutrition and anticipate further good expansion opportunities for the future. The medical benefits of enteral nutrition are recognised internationally; in particular the demand for disease-specific nutrition is increasing.

In the year under report, the focus of our activities was on the launch of new products and on the introduction of traditional products in various countries. Examples of new products were new sip varieties of Diaben Drink, our special nutrition for patients with glucose intolerance and diabetes mellitus, and additions to the product ranges of ProvideXtra®, a fat-free sip feed with hydrolysed protein, which we have developed especially

for patients with malnutrition, malabsorption of fat, and malassimilation (impaired digestion). We have added further tube feeds, rich in energy and fibre, to our Frebini® range, a nutrition therapy adapted to the requirements of sick children.

In the year under report we optimised our whole nutrition programme and adapted it to the latest scientific findings. In doing so, we took into account the demands of the European guidelines “Food for Special Medical Purposes”.

In the field of enteral medical technology, where Fresenius Kabi is the European market leader, we have set new standards in application and safety with the introduction of our innovative nutrition pump APPLIX® Smart.

The European health systems are characterised by increasing efforts to save costs. The length of patients' stays in hospital is being constantly reduced, and as a result the demand for ambulatory care is growing – also for severely-ill patients to an increasing extent. The market for ambulatory care in England and Germany grew over the past years at constant double-digit rates. In the field of enteral nutrition, we offer all the main therapy fields for the care of patients in need of intensive nursing. These are patients with diseases in the areas of oncology, gastro-enterology, geriatrics, paediatrics and neurology. We use qualified nursing staff who help the patients to learn to handle our nutrition therapy products and the necessary application technology. We therefore enable these patients to be cared for adequately at home.

We registered positive development in the year under report in the field of ambulatory care of patients with enteral nutrition, and we looked after a significantly larger number of patients at home than in the previous year. In Germany, the largest European market for ambulatory enteral care, we succeeded in further expanding our market leadership and achieved good sales growth.

In the field of parenteral and oncological ambulatory therapy services, our subsidiary Caremark again achieved a double-digit growth rate in sales and thus expanded its market leadership in Germany. Caremark produces parenteral nutrition specially prepared for the individual health situation of the patient and offers medication for ambulatory and home therapies, as well as the training and care of the patients. The “Nursing Standards” established by Caremark, which describes the handling and individual steps to be learned by the patient and his relatives, sets standards for the care of patients with infusion therapies. This was confirmed by an independent expert opinion.

Infusion therapy

In the field of infusion therapy, Fresenius Kabi maintained its market leadership in Europe in the year under report. We concentrated on penetrating the markets quickly with our main products.

In the product segment blood volume replacement, the product Voluven® was launched onto further European markets; it is therefore now established in almost all key markets. The infusion solution Voluven® is used for the prevention and therapy of loss of blood volume and shock, as well as donor blood substitution in surgical operations. The product which was launched in 1999 is already one of the reference products of this therapy field in important European markets such as Germany, Austria and Switzerland.

Products for blood volume replacement therapy developed particularly successfully in the Asian market. Here, the sales volume of our conventional blood volume product HES exceeded more than one million units for the first time.

HyperHaes®, which was introduced in Germany at the end of 2000, also developed positively in the year under report. HyperHaes® is used in emergency medicine and serves to compensate large blood losses quickly and effectively without using donor blood.

In the product segment anaesthetic agents, the introduction of Propofol 2% was continued. After Propofol 2% was initially established in the German market in 2000, the product was introduced in countries such as Austria and Switzerland in the year under report.

We considerably expanded our business with standard infusion solutions in PVC-free bags. In future we shall concentrate on primary packaging in bags in addition to glass bottles. Their flexible handling, such as in emergency situations where pressure infusions have to be given, is an additional benefit for the user.

Growth regions

In the region Asia-Pacific, Fresenius Kabi successfully concluded the reporting year with a sales plus of 41%. Growth was achieved mainly in China, Korea and India. In these countries, Fresenius Kabi was able to further expand its market leadership in the field of parenteral nutrition. In China, we also introduced enteral nutrition products which enjoyed good acceptance. Thanks to the international expansion activities of the past years, we now have production plants in China, India and Korea from where we can supply these important growth markets quickly and directly. In the Asia-Pacific area, the demand for special medical care is constantly growing.

In view of this development, the member of the Managing Board responsible for this region relocated to the Fresenius Kabi offices in Hong Kong.

In South Africa, Fresenius Kabi achieved a sales plus of 79%. The company Intramed which was acquired in 2000 was successfully integrated in the year under report. This acquisition means that we have become one of the leading providers of standard infusion solutions with a local manufacturing plant in South Africa.

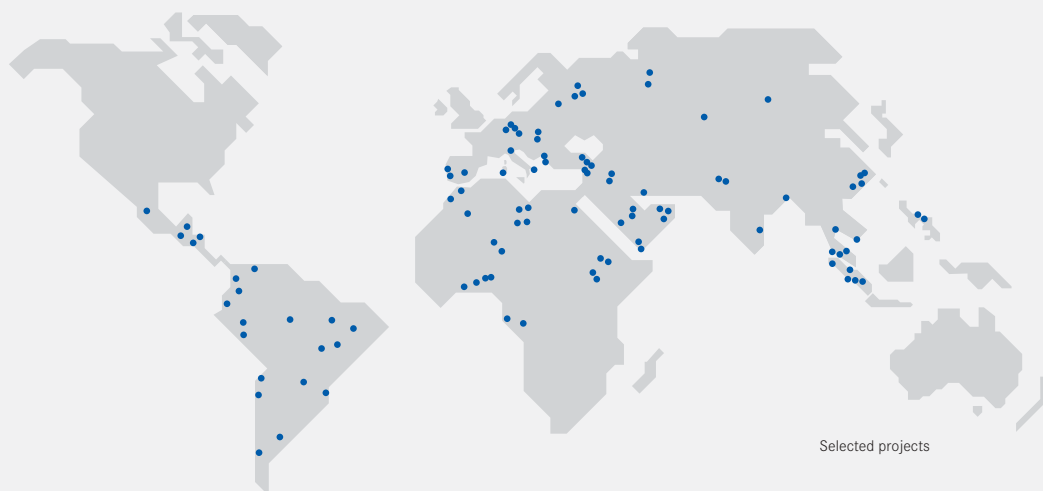
In the central and east European countries, we also continued to substantially expand our business with infusion therapy products. In particular our business with HES developed extremely positively. We established a branch of Fresenius Kabi in Bulgaria in the year under report, and also a new office in Slovakia, in order to gain better access to the countries of south-east Europe.

In Latin America, we are particularly active in Mexico, Brazil and Argentina, where we succeeded in expanding our market positions in the infusion and nutrition therapy business despite a difficult economic environment. We successfully integrated the company Biotecnología Y Nutrición acquired in Mexico in 2000 and are number two in the market for enteral nutrition.

Fresenius ProServe

- Fresenius ProServe offers a unique chain of services: from project development right up to the management of health care facilities.
- Over 35 years' experience from around 600 hospital projects in 70 countries are a valuable reservoir for our future international expansion.
- Our aim is to make Fresenius ProServe a global hospital operation and management organisation.

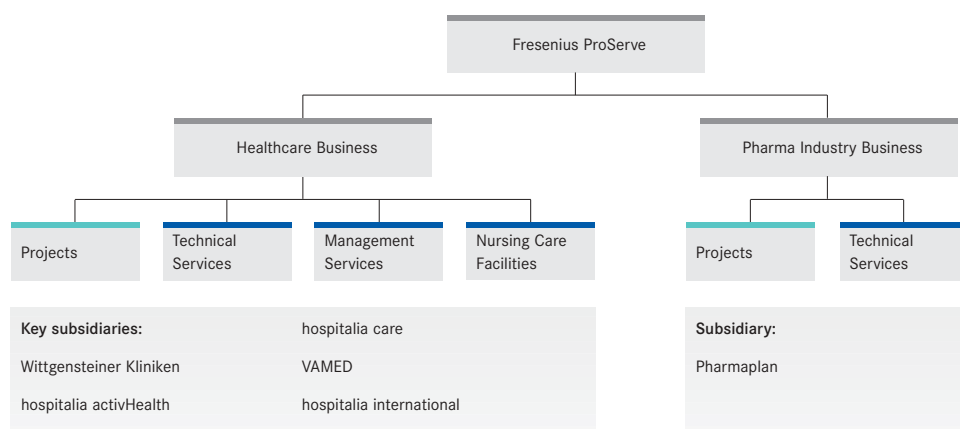
600 hospital projects in around 70 countries



2001 was a turbulent year for Fresenius ProServe: The launch into the business of managing hospitals was our main focus. We have made considerable headway. At the same time we have made progress in our international project business: The good orders received figures are proof of this.

Fresenius ProServe is an international provider of products and services in connection with the hospital and the pharmaceutical industry. The business segment is split into the Healthcare business and the Pharma Industry business, as you can see in the chart below. In both segments we have project business operations (the green boxes) and offer services associated with this (the blue boxes).

The many years of co-operation with international clients and the experience gained from projects which have been successfully completed are of substantial benefit in achieving this aim. In Germany, Fresenius ProServe will concentrate in the coming years on providing an integrated system of acute care, post-acute care and nursing services in the form of health care centres.



The range of services offered by the Healthcare business ranges from the consulting, planning, realisation and equipping of health care facilities, via technical management up to the operation and management of hospitals, post-acute care clinics and nursing care facilities. The Pharma Industry business comprises the planning, construction and technical management of pharmaceutical and medical-technical production plants.

Fresenius ProServe is therefore in a position to offer an integrated range of services, from project development up to the management of health care facilities. Our target is to offer this whole service chain internationally.

Fresenius ProServe, the specialist for the hospital, thus occupies a unique market position in the global health sector.

Our employees are pressing forward with this expansion: 7,620 people were working for Fresenius ProServe at the end of 2001. They increased sales by 59% to € 452 million (2000: € 284 million) in the 2001 financial year. The Healthcare business generated 83% and the Pharma Industry Business 17% of Fresenius ProServe's total sales. Compared to the previous year, sales in the Healthcare business rose by 73% to € 373 million. The acquisition of Wittgensteiner Kliniken AG made a major contri-

bution to this growth. However: If this acquisition is not included, growth still amounted to 11 %. The Pharma Industry business increased sales by 14 % to € 79 million. EBIT of Fresenius ProServe grew from € 15 million in 2000 to € 17 million in 2001: a plus of 13 %. Only the Healthcare business made a positive contribution to EBIT. The Pharma Industry business achieved a negative result due to losses from two large projects in Brazil and the cancellation of orders in the United States.

As far as those key figures are concerned which are of major importance for the project business – orders received and orders on hand – Fresenius ProServe achieved new records: Orders received amounted to € 266 million on 31.12.2001 (2000: € 234 million). Orders on hand of Fresenius ProServe totalled € 361 million (2000: € 305 million).

Healthcare business

The long-term strategic focus of Fresenius ProServe is aimed at expanding to become a leading international provider in the field of operation and management of health care facilities. The most important step to date in this direction was the acquisition of the renowned Wittgensteiner Kliniken AG (WKA) in June 2001, one of the largest private hospital operator companies in Germany. This acquisition means that we are now one of the leading domestic operators of acute and post-acute hospitals. Through WKA, at the end of 2001 we operated and managed a total of 21 post-acute hospitals and nine acute hospitals in Germany and the Czech Republic with altogether more than 5,700 beds.

The main focus of our activities in Germany was the systematic expansion of the business sector acute hospitals. WKA took over the operation of the district hospitals of the Rheingau-Taunus District in Bad Schwalbach (141 beds) and Idstein (80 beds) at the beginning of the financial year, after it had been responsible for the management for six months. In addition, the Reichenbach Hospital in Vogtland (221 beds), which has belonged to Fresenius ProServe since the beginning of 2001, has become part of the WKA management pool. In December 2001, WKA signed an agreement to take over the Siegburg Hospital (350 beds) and the cardiac centre (49 beds) which belongs to it, and for which there has been a management contract since November 2000. The necessary ministerial approvals have not yet been given. Since November 2001, WKA has had a management contract for the 112 acute beds of the Neurological Hospital in Bad Homburg v.d.H. In the sector post-acute clinics, WKA added the field of oncologic rehabilitation to the indication spectrum when it took over the Bergisch-Land Hospital in Wuppertal (160 beds). The hospital will start operations shortly.

WKA has substantially expanded its international operations by acquiring a holding in the Czech company Mediterra, and by gaining a management contract for an acute hospital with 120 beds in Mariánské Lázně. As from January 1, 2002 another 120-bed hospital in Sedlčany, south of Prague, will be managed via Mediterra.

Fresenius ProServe is involved in international hospital management through its subsidiary hospitalia activHealth, and operates in countries with stable social insurance systems and/or a quickly-growing private hospital market. These markets include South-East Asia – Malaysia and the Philippines – countries of the Middle East and central and eastern Europe. Of special importance in the 2001 financial year were projects in Gabon and Malaysia. In Gabon, we concluded management contracts for two general hospitals which were planned,

built and equipped by our company VAMED. Fresenius ProServe's strategy of offering the complete value chain for a hospital – from the planning up to the management – was able to be implemented in this project. This demonstrates the strategic and operational advantages of this integrated approach. In Malaysia, hospitalia activHealth will become active as a hospital operator for the first time. The two acute hospitals involved, in Batu Pahat and Seremban, will be private clinics which are being constructed by local investors according to the specifications of hospitalia activHealth. The Batu Pahat hospital is expected to start operations at the end of 2002, and the one in Seremban at the end of 2003. We are planning to further expand this business in our key markets in 2002.

As well as the operation and management of hospitals, the operation of nursing care facilities is also part of the Healthcare business. The provision of nursing services will become increasingly important in the future due to the rising average age of the population and the growing cost awareness in the health systems. There is still a considerable demand for nursing services over the whole of Germany. Our company hospitalia care plans and operates private nursing care facilities in Germany, and also takes over the management and operations for third parties. hospitalia care sets exacting standards with regard to both nursing and quality. In its facilities, the company concentrates on offering nursing services which bridge the gap between acute care in the hospital and home care. In the year under report, five new nursing facilities went into operation. Thus, the number of beds operated by hospitalia care increased to 1,086. Another eight homes with around 700 beds are at the planning or building permission stages. Of these, three will be completed by the end of 2002. Our aim is to construct more facilities in the coming years in alliance with investment and leasing companies and with private investors.

The business operations of Wittgensteiner Kliniken AG, hospitalia activHealth and hospitalia care represent the strategic core of Fresenius ProServe to create an international hospital organisation. In this connection, please read our article on the topic of hospital management on pages 4 ff.

The companies VAMED and hospitalia international, which are both involved in the Healthcare project business, are specialists for hospital projects, i.e. planning, construction and providing the complete fittings and equipment. The two companies have different target markets. In the 2001 financial year VAMED concentrated on its domestic market Austria and the neighbouring countries, the Middle East, South-East Asia and Africa, while hospitalia international focused on the markets Greece, Egypt, South Africa and Central Asia.

VAMED was able to continue its good development of the past years: In addition to the current major construction projects in Austria – including the Provincial Wagner-Jauregg Psychiatric Hospital, the Provincial Hospital Vöcklabruck, the Maternity Centre in Linz and the Provincial Hospital Steyr – VAMED obtained the order to construct and subsequently take over the management of the thermal centre Laa/Thaya and for the turn-key construction of the Diakonissen Hospital in Schladming. VAMED performed the medical-technical planning and master planning work, and also provided project management services, for a number of projects. Abroad, the very positive business development in the Middle East continued: The company succeeded in entering the market in Saudi Arabia by obtaining an order for the project management and equipping of a hospital in Al Ahsa. VAMED was award-

ed a further order in Ghana, and its third order in Gabon for the turn-key construction of a hospital. In South-East Asia, which has been one VAMED's most important markets for many years, project work on the current major orders in Indonesia, Malaysia, Vietnam and the Philippines continued successfully. Three orders were obtained for medical-technical packages in China, i.e. the planning, supply, assembly and start-up of medical-technical equipment for 20 hospitals. We anticipate that we will further penetrate the markets in South-East Asia in 2002. We are also working intensively on opening up the sub-Saharan region of Africa.

VAMED is one of the leading European providers in the field of technical management of health care facilities. In the 2001 financial year, further orders were acquired and existing ones extended. Additional orders were obtained in Germany, including an order for the Siegburg hospital, in addition to the existing contracts in Berlin (Charité Campus Virchow Clinical Complex) and Münster (St. Franziskus Hospital). The order volume increased in Austria as well. In Malaysia, the scope of the consulting and support services in connection with the technical management of 71 hospitals in Malaysia with a total of approx. 19,000 beds was further extended. In Gabon, VAMED was awarded the technical management of the two hospitals it has constructed.

The main focus of the activities of hospitalia international was on the systematic expansion of the regional structures in order to be in a position to act quickly within changing international health markets. For instance, a new company was founded in Cairo which will be responsible for opening up business in the neighbouring countries. In Cairo itself, hospitalia international received two orders in the year under report to construct hospitals.

Pharma Industry business

Pharmaplan represents the Pharma Industry business within Fresenius ProServe. This business comprises the planning, construction and supervision of pharmaceutical and medical-technical production plants. The focus of its activities in the year under report was on the expansion of engineering services for manufacturing plants for chemical and biotechnological products as well as for blood plasma products.

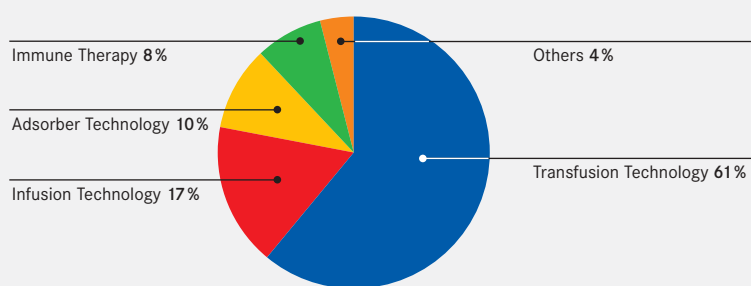
In Germany, Pharmaplan completed important production projects for ASTA Medica and for AstraZeneca. Pharmaplan succeeded in obtaining its first orders in Italy, and orders received in Germany nearly doubled. The service business also expanded in 2001. As well as the existing master agreement with Novartis, further service agreements were concluded with Aventis Behring in Germany, Eli Lilly in France and Aventis Pasteur in the United States and France which comprise all the engineering and validation work involved.

Pharmatec, a Pharmaplan subsidiary, constructs purified water and process systems for the pharmaceutical industry. In order to expand its product range, a majority shareholding in the Austrian company Schoeller-Bleckmann Medizintechnik GmbH was acquired, which will make Pharmatec one of the leading manufacturers of sterilisation systems for the pharmaceutical industry. Pharmatec will also offer process systems on the United States market, following the successful introduction of purified water systems.

Fresenius HemoCare

- In transfusion technology we offer a complete range of products for the production of life-saving blood products.
- Effective infusion and data management are the most important elements for the future of infusion technology.
- We are performing clinical studies with the adsorber system MATISSE® for the treatment of severe sepsis.
- The development of immune and cell therapies for the treatment of cancer is a main focus of our work.

Sales of Fresenius HemoCare by division



2001: € 223 million

An important focus of the past financial year was on developing new products and therapy processes and proving their compatibility and effectiveness in clinical trials. At the same time, we increased our international market presence and were able to close 2001 with a sales and profit increase.

Fresenius HemoCare is active in the fields of blood treatment and infusion technology. The products are used in blood transfusion and cell separation, as well as in the infusion of solutions and pharmaceutical agents. Other core competences are innovative processes of immune therapy and adsorber therapy.

In the Adsorber Technology and Immune Therapy Divisions, we are setting out on new paths in the development of therapy processes. We are concentrating our energy on research and development. We have promising projects in our development portfolio. The Transfusion Technology and Infusion Technology Divisions, which generate about 78 % of the sales of Fresenius HemoCare, offer a recognized product range and have achieved leading market positions in Europe. We are meeting the demands of our customers for advanced medicine, safety and user-friendliness by continuously optimising our products. This strategic focus also enables us to successfully extend our business into new markets, mainly in Europe, Asia and the United States. We are thus securing further growth.

Sales of Fresenius HemoCare increased by 8 % in the 2001 financial year to € 223 million (2000: € 207 million). This increase was achieved through organic growth which amounted to 2 % and also by acquisitions. EBIT of the business segment rose in the period under report by 29 % from € 7 million in the previous year to € 9 million. The EBIT margin increased to 4.0 % (2000: 3.4 %).

We should like to inform you about the development of the divisions:

Transfusion Technology

The Transfusion Technology Division offers a full range of products for the production and processing of blood products. Blood products are blood components such as erythrocytes, platelets and plasma which are obtained autologously, i.e. from the patient's own blood, or homologously (i.e. from donor blood). They are normally used for blood transfusion during surgery in order to replace certain blood constituents. The complete product portfolio which we offer to our customers, mainly blood banks and blood donation services, ranges from disposable articles via data management systems for blood component manufacture up to computer-controlled cell separators to obtain highly-pure stem cell preparations.

The Transfusion Technology Division generates the largest sales share, 61 %, of all the Fresenius HemoCare divisions. Although the overall market for blood donation is stagnating, we succeeded in generating a double-digit sales growth in 2001. We achieved this by changing our product mix: In Europe we continued with the introduction of the in-line filter blood bag systems – systems with an integrated leukocyte filter – into important markets. In-line filtration during the production of blood products, instead of just before they are given to patients, became mandatory in Germany as of 1.10.2001; it was already a requirement in some other European countries. We were also able to strengthen our market position with this product in Italy, France and Portugal. Outside Europe we secured additional market shares with our standard blood bag systems and achieved a substantial sales increase. We were also able to expand our market position with our cell separator COM.TEC.

We strengthened our European business through the acquisition of a majority holding in Gerätezentrale für Bluttransfusion des Österreichischen Roten Kreuzes GmbH. The company supplies Austrian blood donation services and hospitals with transfusion technology products. Through this acquisition, Fresenius has gained the market leadership in transfusion technology in Austria and at the same time positioned itself to gain access to new markets in Central and Eastern Europe. Gerätezentrale completes the manufacturing pool with our plants in the Netherlands and Brazil. Currently we are constructing a new production plant for filter systems at our subsidiary in Italy in order to meet the increasing demand. This plant is expected to start operations in the current financial year.

Fresenius HemoCare is the second leading company in Europe in the transfusion technology business. As well as this, our classic, market we are also expanding our good position in South America: In the year under report we acquired a local manufacturer for transfusion devices in Brazil. At the same time we are active in Asia. In this region we enjoyed very good customer acceptance of our products and enlarged our market shares. The expansion of our international business will continue to be one of the focuses of our work in the years to come.

Infusion Technology

The Infusion Technology Division offers leading-edge products for infusion technology and infusion management which are mainly used in intensive care and during surgery. Fresenius HemoCare is one of the leading European specialists in this field.

Although the European market is saturated and characterised by price pressure and delayed investments of hospitals, we were able to increase sales and profits once again. In our largest markets Germany and France, where we have subsidiaries, we maintained our positions and achieved a slight sales gain. We obtained new customers in other European countries through our intensive export activities, and were also able to expand our business in Africa and Asia, where we achieved double-digit sales growth. We concentrated on sales of our volumetric infusion pumps and increased our market shares in this field, thanks to our infusion workstation Orchestra®.

We are steadily transforming our business from being purely a provider of infusion pumps to becoming a provider of systems in order to ensure effective infusion management for the patient and optimum work processes in the hospital. The patient data management system MONICA (Monitoring@Intensive Care), which was developed in co-operation with the University of Bremen, was introduced at MEDICA in November 2001 and received great interest from our customers. This system makes it possible to manage and document, paper-free, patient data on the intensive care ward. We are therefore firmly pursuing our strategy of expanding our leading position in infusion technology with new products including state-of-the-art communications electronics.

Adsorber Technology

The Adsorber Technology Division offers innovative systems for extracorporeal blood treatment. With this treatment method, blood is continuously removed from the vein of the arm of the patient and conducted to an adsorber through a bloodline. The adsorber contains a material which selectively removes undesirable and

pathogenic substances from the blood. The purified blood is returned to the patient through a vein in the other arm. Different substances can be removed depending on the type of material, so that a variety of diseases can be treated. This extracorporeal blood circulation is maintained and monitored by means of a special device – similar to that which is used in haemodialysis for patients with chronic kidney failure.

Today we are already able to treat different syndromes. These include a number of immunological and infectious diseases. We have reached a leading position in the field of adsorber technology and are represented in all the important markets of the world. In the year under report we increased sales in our classic markets. The sales increase with our DALI® adsorber system which is used for patients with familial hypercholesterolemia, a disturbance of the lipid metabolism, made a major contribution to this achievement. In the United States however our high expectations with Prosorba® – a process to treat rheumatoid arthritis – were dampened. This was largely due to the unfavourable market conditions: chiefly the simultaneous registration of new drugs by competitors. As from April 1, 2002 there will be improved reimbursement with a joint classification covering payment for both the adsorber and the treatment (APD code – Ambulatory Payment Classification). As well as less administrative work, this joint classification ensures the complete reimbursement of costs for this therapy, i.e. for product and treatment. Furthermore, we have initiated various marketing and sales measures in order to achieve a sales increase in the current financial year.

In Germany, the Federal Committee of Physicians and Health Insurances is currently reviewing the various adsorber technology methods. A decision is to be made for various diseases as to whether the state health insurances should pay for the use of existing apheresis processes if they are carried out on an out-patient basis or by practitioners in hospital. Included in this review is the

Prosorba® system which we are planning to launch initially in Germany and later in other European countries. In view of the impressive clinical data, we expect a positive result of the review. The result should be available in 2002 and will be the prerequisite for reimbursement of treatment costs. We were able to prove the efficacy of the Prosorba® therapy in clinical trials in the United States: The therapy was so successful for some patients with severe and very advanced rheumatoid arthritis that they did not need any basic pharmaceuticals at all for an average of 37 weeks, and in a few cases for at least 84 weeks. This gives new hope to people with this severe and very painful disease.

Another important new product, which will probably be launched in 2002, is the MATISSE® endotoxin adsorber for the therapy of sepsis. Sepsis is a serious bacterial blood infection. Every year, tens of thousands of people in Germany alone die from sepsis and the resulting multiple organ failure. You can read more about this in our chapter Research and Development in the Management Report on pages 64 and 65.

Immune Therapy

The Immune Therapy Division has continuously extended its original field of activity – immune suppression in organ transplantation – into the field of bone marrow and stem cell transplantation. Thus we are in a position today to be active in the development of new products and processes for the immune therapy of cancer and important infectious diseases.

In the year under report, we considerably strengthened our co-operation with innovative start-up companies and research groups. We are working on new biological approaches in patient-specific cell therapies. A common factor of these processes and therapies is that each pa-

tient is treated individually. This leads to the next step, gene-therapeutic processes which we are developing in co-operation with renowned researchers. We strengthened our activities in this field through the acquisition of the majority shareholding in the European transplantation research and development company EUFETS (Europäisches Institut für Forschung und Entwicklung von Transplantationsstrategien AG), Idar-Oberstein, Germany. Its main field of activity is the research, development and manufacture of products in the field of somatic gene therapy. A clinical trial for leukaemia has commenced, and the first patients have been included. With our involvement in research into methods of regenerative therapy we are opening up the major fields of degenerative and traumatic diseases, and diseases caused by disorders of the metabolism.

Legal stipulations require all research groups and physicians involved in cell therapy to equip their laboratories and cell production plants in accordance with the so-called GMP standards (Good Manufacturing Practice). Considerable investments are needed for this. Even large hospitals as individual institutions are often confronted with a problem which they cannot solve without the help of others. Fresenius HemoCare with its GMP laboratories is available as a partner. Our aim is to be in a position to offer all the cells necessary for bone marrow and stem cell transplantation, and in addition all immunocompetent cells for adoptive immune therapy in cancer, as well as all components of therapy with adult stem cells. Current and potential customers are hospitals, research la-

boratories and industrial companies which are involved in cell and gene therapy. A good example is our alliance with the University of Göttingen; together we are developing cell therapies for cancer.

In the field of cancer treatment with bispecific trifunctional antibodies, our joint project with the biotechnological company Trion Pharma has taken a decisive step forward with the start of clinical trials.

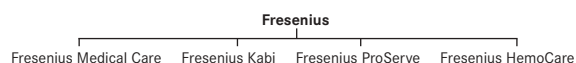
The demand for the main product of the Immune Therapy Division, the immunosuppressive agent ATG-Fresenius, was unabated in the year under report, so that we achieved another sales increase. Although the number of organ transplantations is declining, the number of bone marrow transplantations is steadily increasing: In Germany alone around 6,400 patients received donor bone marrow transplants in connection with cancer treatment last year. ATG-Fresenius prevents the body rejecting the life-saving organs and cells. We anticipate further growth potential in the coming years.

You can find more information on the subject of immune therapy in the chapter Research and Development in the Management Report on page 65.

Management Report

The economic development of the Fresenius Group was solid in the 2001 financial year. We succeeded in closing the year with a strong sales growth of 20%. However, earnings were not able to keep pace with this sales growth: While EBIT rose by 5%, net income dropped compared to the previous year. Extraordinary expenses of Fresenius Medical Care influenced consolidated profits by € 190 million. This special charge is in connection with legal matters in the United States concerning the National Medical Care transaction in 1996, in particular the Chapter 11 proceedings of W.R. Grace and possible tax claims associated with these proceedings, as well as disputes with Aetna, Inc., and other private United States health insurances.

The Fresenius Group consists of four business segments:



These are legally-independent units which are guided by Fresenius AG as its operating parent company. Due to its strong international focus, the Fresenius Group is organised on a regional and decentralised basis with respect to all its four business segments. The management principle of the “Entrepreneur in the enterprise” ensures clear responsibilities.

The business development of the Fresenius Group in 2001 was substantially influenced by the acquisition of dialysis clinics, in particular of the American dialysis clinic chain Everest Healthcare Services, by the acquisition of Wittgensteiner Kliniken AG in Germany as well as various acquisitions by Fresenius Kabi completed during

the course of 2000. Everest was included in the entities to be consolidated in the Group as from 1 January and Wittgensteiner Kliniken AG from 1 June.

Economic environment and trends in the health care industry

After years of sustained growth, in 2001 there was a clear change in direction in the global economy, with the downward trend in all leading industrial countries accelerated by the attacks of 11 September. The increase in global output amounting to merely 2.0% was reflected in the individual industrial regions by differing degrees.

■ Europe

The countries of the European Union were not able to escape the declining world economic trends and registered growth of only 1.7% compared to 3.3% in the previous year. There are striking differences between the growth rates of some of the regions in the European economic area. While Germany contributed merely 0.6% to European growth, other countries achieved a substantially better result, such as France (2.0%), Great Britain (2.3%) and Spain (2.7%). The main factors influencing the economic development in Europe were the sustained weak exchange rate of the euro, the high level of oil prices, declining export revenues and a continuing low demand for industrial goods. The favourable monetary conditions following repeated cuts in key lending rates, numerous tax relief measures and the favourable exchange rates, all helped to prevent a classic recession in 2001. A turnaround can scarcely be expected before the middle of 2002.

■ United States

The downswing in the economy of the United States had first made itself felt towards the end of 2000; during the course of 2001 the trend was very pronounced. The cooling down of the stock exchange climate – in particular brought about by the sharp fall in technology shares – and the events of 11 September resulted in a sharp drop in domestic demand, which is an important indicator in the United States. In 2001, GDP growth in the United States amounted to merely 0.9% compared to 4.2% in 2000. Even though the key lending rates in the United States were cut to the lowest level since the 1960s by the Federal Reserve Bank, a further downward drift of the economy at the end of 2001 could not be averted. The economy is not expected to recover before the middle of 2002 despite a fairly balanced national budget, lower tax rates and further possible interest rate changes.

■ Asia

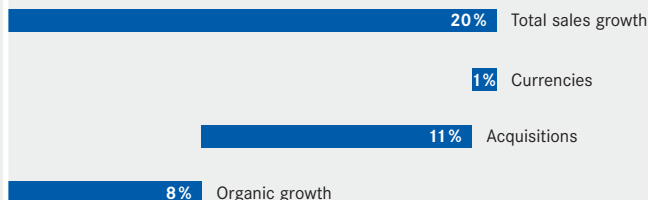
The economic development in the countries of Asia was weaker in 2001 than in the year before, but overall was better than the global average. This is largely due to the growth of the large economies, China (7.3%) and India (4.4%). In Japan, the downward trend was not able to be stopped, which resulted in a further decline in GDP to -0.4%. As well as Japan, Hong Kong (-0.3%), Singapore (-2.9%) and Taiwan (-2.2%) also registered downturns in economic growth. Up to now there have been initial indications at most that the pace of the downward trend is slackening, but signals pointing to a new upswing are not yet in evidence.

■ Latin America

The economic climate in Latin America was affected to a large extent by the events in Argentina. The economic situation of the country, which has increasingly deteriorated over the past years, a new record level of foreign debt and unstable government conditions led Argentina to a serious crisis towards the end of 2001. The temporary stop on foreign debt repayments, the approx. 30% depreciation of the Argentinian peso and the floating of the hitherto fixed exchange rate to the US dollar, further exacerbated the situation. A solution to the problems of Argentina is not in sight, and it is not possible at present to make a precise forecast whether the crisis will have an effect on other South-American countries. Latin America needs to be observed very closely.

The weakening of the economy and restrained demand also left its marks on the health sector. However, experience shows that Fresenius' important markets for medical products and health care services are far less dependent on economic trends than other sectors such as consumer and industrial goods. The development regarding both medical products and services varied according to the respective regional market.

The European market continues to be marked by a tendency towards stagnation. Sustained cost pressure in the health systems in Germany is causing difficult market conditions and a slight downward trend in sales. The wave of privatisation in the hospital sector, which has already been set in motion, will continue due to the strained financial situation of the public authorities. The strongly-growing market for hospital management offers us enormous long-term opportunities in this field.



Impacts on sales

The increased cost consciousness in the German hospitals will also inevitably result in reductions in the lengths of time that patients need to spend in hospital. Accordingly, increasing importance will be placed on treating patients at home. The market for ambulatory care is growing by more than 10% per annum. Furthermore, medical treatment will be transferred at an earlier stage from the acute hospital to, for example, special hospitals for post-acute care and to nursing care facilities. This will also mean that patients will stay in acute hospitals for a shorter length of time, resulting in cost savings.

The market for dialysis care and dialysis products is still growing very substantially: The reason for this is that the number of people who are suffering from chronic kidney failure is increasing by 6 - 7% per year. It is anticipated that this development will continue because of the generally higher expectation of life and improved treatment methods. In addition, more and more people can be dialysed in emerging countries in line with growing GDPs and higher expenditure on health care.

Changed exchange rates have positive effect

The change in exchange rates, especially of the US dollar to the euro, had a positive effect for Fresenius in the 2001 financial year. This is due to the fact that the major part of our business operations is in North America. The 3% revaluation of the US dollar over the euro compared to the average exchange rate of 2000 had the effect of increasing the sales figures in the currency translation. The same is true for net income, although at the end of the year the US dollar had risen by only 5% compared with 2000.

Sales

We increased consolidated sales in 2001 to € 7,320 million. The strong 20% growth was driven by three factors: 8 percentage points of growth derived from organic growth and 11 percentage points were achieved by acquisitions. The changes in currency exchange rates, in particular of the US dollar to the euro, contributed 1 percentage point. The chart clearly shows these influences on the sales growth of the Fresenius Group.

The regions of the Group with the strongest sales continued to be North America with 56% and Europe with 31% of total sales, followed by the region Asia-Pacific with 6%. Domestic business contributed 11% to total consolidated sales.

We succeeded in considerably increasing sales in all regions of the world, as the following table shows. We achieved particularly high growth rates in Asia-Pacific, where we registered a sharply-increasing demand for our health services.

in million €	2000	2001	Growth
Europe	1,901	2,254	19%
North America	3,428	4,117	20%
Asia-Pacific	372	472	27%
Latin America	317	366	15%
Africa	81	111	37%
Total	6,099	7,320	20%

All business segments contributed to the sales growth of 2001. Therefore the sales split by business segment has changed only slightly compared to the previous year:

	2000	2001
Fresenius Medical Care	74%	74%
Fresenius Kabi	18%	17%
Fresenius ProServe	5%	6%
Fresenius HemoCare	3%	3%

The sales development of the business segments is as follows:

- Fresenius Medical Care continued on its growth path. Sales were 19% higher than the previous year and reached € 5,433 million (2000: € 4,549 million). 9 percentage points of this increase resulted from organic growth, 8 percentage points from acquisitions and 2 percentage points from currency translation effects.
- Fresenius Kabi presented a 14% upswing in sales growth: with sales of € 1,274 million (2000: € 1,122 million), Fresenius Kabi is the second largest business segment in the Group. Organically, Fresenius Kabi increased sales by 7%. Acquisitions contributed 8 percentage points; currency effects reduced growth by 1 percentage point.
- Fresenius ProServe achieved sales of € 452 million (2000: € 284 million). This corresponds to a growth of 59% over the previous year. Wittgensteiner Kliniken AG contributed € 134 million to the sales figure.

Orders received and orders on hand achieved new records: Orders received in the project business rose

by 14% to € 266 million (2000: € 234 million); orders on hand amounted to € 361 million (2000: € 305 million), a rise of 18%.

- Fresenius HemoCare generated sales of € 223 million in the year under report (2000: € 207 million). The 8% increase is largely explained by acquisition activities; organically the business segment grew by 2%.

Earnings

EBITDA exceeded the previous year's figure by 11% and amounted to € 1,269 million. The higher rate of increase in depreciation and amortization – by 21% to € 472 million – meant that we registered a lower growth in EBIT of 5% to € 797 million.

The development of EBIT by business segment was as follows:

- Fresenius Medical Care realised an EBIT growth of 7% to € 719 million. The strength of the US dollar had a positive effect in the currency translation of the dollar to the euro.
- The earnings of Fresenius Kabi were significantly affected in the year under report by start-up costs for the production lines for single and three-chamber bags in Uppsala and the associated additional expenses in the Stockholm and Limoges plants, as well as by expenses for restructuring measures in Germany. As expected, EBIT amounting to € 75 million was therefore 15% lower than the previous year's figure of € 88 million.
- Fresenius ProServe increased its EBIT, which amounted to € 17 million in the reporting year, by 13% (2000: € 15 million). This rise is due to the consolidation for the first time of Wittgensteiner Kliniken AG.
- At Fresenius HemoCare, EBIT was € 9 million or 29% higher than the previous year's figure of € 7 million.

The balance of interest including interest for trust preferred securities deteriorated in the financial year from € -256 million to € -283 million. The reason for this is the increased financing activities for acquisitions. Even so, the balance of interest as a proportion of consolidated sales dropped slightly – from 4.2% in 2000 to 3.9% in 2001. A negative effect came from the conversion of interest expenses from US dollars into euros, as a high percentage of bank loans are in the dollar area. Through measures to raise equity, carried out by both Fresenius AG and Fresenius Medical Care AG, we avoided additional bank loans. In the case of Fresenius AG, 453,594 each of ordinary and preference shares were issued to the share-

holders of Wittgensteiner Kliniken AG to finance this acquisition (equity increase of € 34 million). In the case of Fresenius Medical Care AG, 2.25 million preference shares were issued in order to partially finance Everest Healthcare Services (equity increase of € 6 million).

Net income before extraordinary result rose by 39% to € 369 million (2000: € 266 million). This is due firstly to the release of allowances on deferred tax assets amounting to € 59 million and a corresponding decrease in tax expenditure. Secondly, tax optimisation measures meant that the tax ratio, adjusted for the aforementioned effect, was able to be reduced to 39.7% (2000: 46.8%).

Statement of income (summary)

in million €	2000	2001	Change
Sales	6,099	7,320	20 %
Operating expenses/income	-4,954	-6,051	22 %
EBITDA	1,145	1,269	11 %
Depreciation and amortization	-389	-472	21 %
EBIT	756	797	5 %
Balance of interest	-256	-283	11 %
Profit on ordinary activities	500	514	3 %
Taxes on income and profit	-234	-145	-38 %
Net income before extraordinary result	266	369	39 %
Extraordinary expenses (after taxes)	0	-190	-
Net income	266	179	-33 %

Fresenius Medical Care accrued a special charge of US\$ 258 million before taxes in the 4th quarter of 2001 (US\$ 177 million after taxes) for expenses in connection with legal matters in the United States. This special charge resulted in extraordinary expenses of € 190 million after taxes in the consolidated financial statements, leading to a net income amounting to € 179 million compared to € 266 million in 2000.

The changes in exchange rates had a positive influence on the results of the Group in the year under report: At constant exchange rates, i.e. calculated at the exchange rates of the previous year, the increase in EBIT amounted to 2% and the increase in net income before the extraordinary result was 33%.

Profitability dropped compared to 2000 as a result of the influences mentioned: The EBIT margin amounted to 10.9% compared to the previous year's figure of 12.4%. The sales return on ordinary activities amounted to 7.0% (2000: 8.2%). The return on sales after taxes and before the extraordinary result however rose to 5.0% due to the tax effects described above (2000: 4.4%).

The profit after minority interests amounted to € 82 million (2000: € 122 million). The drop mainly resulted from the reduced net income, and in addition from the fact that Fresenius AG's share in the total equity of Fresenius Medical Care AG dropped from an average of 39.7% in 2000 to 37.0% in 2001, due to capital increases carried out by Fresenius Medical Care.

Higher value added

The value added of the Fresenius Group amounted to € 2,993 million in the 2001 financial year (2000: € 2,656 million). It is therefore 13% higher than the previous year's figure and reflects the solid development of the Group.

The employees received the largest share of the value added, 77% or € 2,304 million. Next come the lenders with 10% or € 310 million, and then governments with 7% or € 200 million. The shareholders received € 43

million, the minority shareholders € 97 million. The company retained € 39 million of the value added for reinvestment.

Increase in dividend proposed

The Managing Board and Supervisory Board propose to increase the dividend. A dividend is to be paid of € 1.03 per ordinary share entitled to dividend (2000 adjusted to the new number of shares in accordance with the capital increase from corporate funds: € 0.93) and of € 1.06 per preference share entitled to dividend (2000 adjusted: € 0.96) from the retained earnings of Fresenius AG. The distribution totals € 42.8 million.

Capital expenditure at record high

We invested € 1,213 million in the Fresenius Group in 2001; of this amount, € 407 million (34%) was invested in intangible and tangible assets and € 806 million (66%) on acquisitions. Altogether, capital expenditure was 58% higher than the previous year's figure of € 769 million.

The main acquisition projects included:

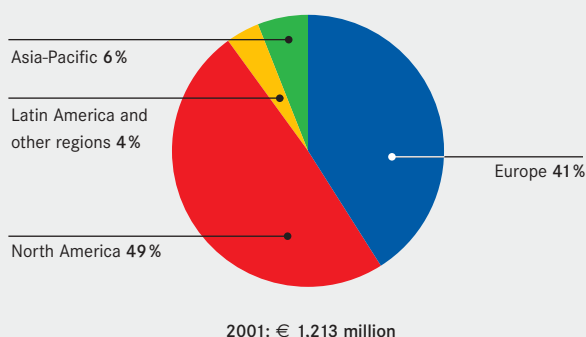
- the acquisition of dialysis clinics by Fresenius Medical Care. Of particular importance is the acquisition of Everest Healthcare Services which cares for around 6,800 dialysis patients in the United States, as well as a 45% shareholding in Edwards Lifesciences Cardiovascular Resources. Edwards is the leading provider of medical services in the fields of haemoperfusion and autotransfusion in the United States.
- Wittgensteiner Kliniken AG, one of the largest private hospital operators in Germany.

Major investments in tangible assets were:

- the founding and equipping of dialysis clinics, predominantly in the United States, and the expansion and modernising of existing clinics. € 139 million was spent on this.
- the building of a production facility for peritoneal dialysis products in Japan as well as the expansion of production capacities, especially for dialysers, in our factories in the United States and Germany.
- at Fresenius Kabi the further expansion and optimisation of production plants for infusion solutions in Sweden and Germany.

Value added statement

in million €	2000	%	2001	%
Creation				
Sales	6,099	96	7,320	96
+ Changes in finished goods and work in process	32	1	64	1
Output	6,131	96	7,384	97
+ Other operating income	227	4	257	3
Company output	6,358	100	7,641	100
- Materials and services purchased	3,336	52	4,017	53
+ Other income and expenses	23	0	31	0
Gross value added	3,045	48	3,655	47
- Depreciation and amortization	389	6	472	6
Net value added before extraordinary expenses	2,656	42	3,183	41
Extraordinary expenses	0		190	2
Net value added after extraordinary expenses	2,656	42	2,993	39
Distribution				
Employees	1,834	69	2,304	77
Governments	280	11	200	7
Lenders	276	10	310	10
Shareholders	44	2	43	1
Earnings retention and minority interest holders	222	8	136	5
Net value added	2,656	100	2,993	100



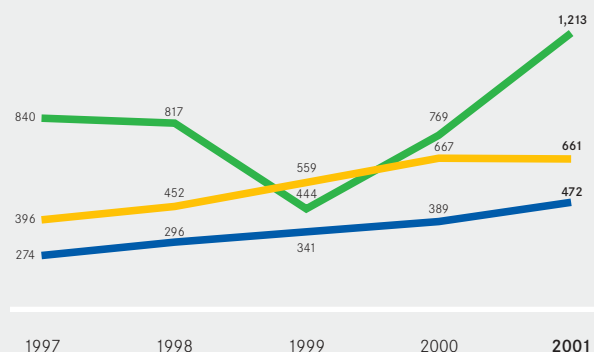
Capital expenditure by region

The breakdown of investments by business segment shows that 65 % of total capital expenditure was made by Fresenius Medical Care, followed by Fresenius ProServe with 22 %.

If we look at the distribution of capital expenditure by region, the largest volume, 49 %, was spent by North America, followed by Europe with 41 %. The acquisitions of Everest in the United States and Wittgensteiner Kliniken AG in Germany were the decisive factors for this allocation.

Cash flow

The cash flow of the Group amounted to € 661 million in 2001 (2000: € 667 million) and was therefore at approximately the same level as the previous year. The influence of the lower net income was mainly offset by increased depreciation and amortization. The financing requirements from the changes in working capital decreased compared to the previous year to € -149 million (2000: € -204 million). This results from the non cash-effective changes in provisions for taxes and other provisions,



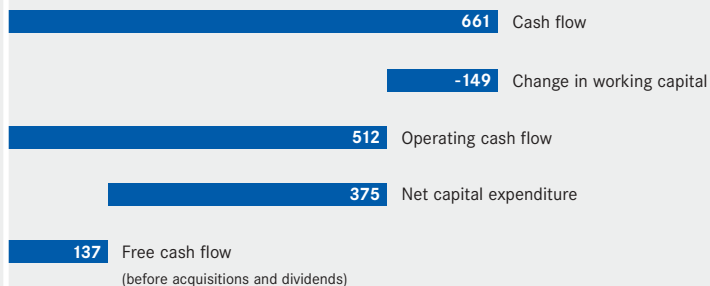
Capital expenditure [—] Cash flow [—] Depreciation and amortization [—]
in million €

mainly caused by the special charge taken by Fresenius Medical Care in connection with legal matters in the United States and from the reversal of allowances on deferred tax assets. However, this effect was partly offset by the significant rise in accounts receivable.

Cash provided from operating activities amounted to € 512 million in 2001 (2000: € 463 million). This operating cash flow fully covered financing requirements from investment activities before acquisitions; the payments for Group capital expenditure amounted to € 407 million and cash received from disposals of items of fixed assets amounted to € 32 million. The free cash flow before acquisitions and dividends amounted to € 137 million and was 13 % lower than the previous year's figure. 42 % of the acquisitions of 2001 were able to be financed from the free cash flow. 58 % of the financing requirements for acquisitions were covered by bank loans and by capital increases of Fresenius AG and Fresenius Medical Care AG. Compared to the previous year, liquid assets dropped by € 1 million to € 179 million.

Capital expenditure by business segment

in million €	2000	2001	Change in %	Share of total volume in %
Fresenius Medical Care	556	784	41	65
Fresenius Kabi	156	85	-46	7
Fresenius ProServe	18	262	++	22
Fresenius HemoCare	18	64	++	5
Corporate/Other	21	18	-14	1
Total	769	1,213	58	100



Cash flow in million €

Currency and interest rate risk management

The use of derivative financing instruments is one of the ways in which the Fresenius Group reduces or eliminates foreign currency risks and interest exposures arising from its international operations. These derivative instruments are restricted to marketable instruments traded outside the stock exchange which are only used to hedge underlying transactions, but not for trading or speculation purposes.

The Fresenius Group uses currency risk management and interest rate risk management on the basis of a strategy approved by the Managing Board that clearly defines the targets, organisation and handling of the risk man-

agement processes. In particular, the responsibilities for the determination of risks, for closing hedging transactions and for regular reporting on risk management are clearly defined. These responsibilities are co-ordinated with the decision structures in the other business processes of the company. Transactions with derivative financing instruments are made solely in the Corporate Treasury Department of the Fresenius Group apart from a few exceptions due to currency regulations, and are subject to stringent internal controls. This ensures that the Managing Board is always informed in detail about all major risks and about the hedging transactions executed.

Cash flow statement (summary)

in million €	2000	2001
Cash flow	667	661
Change in working capital	-204	-149
Operating cash flow	463	512
Capital expenditure	-354	-407
Disposal of assets	49	32
Free cash flow before acquisitions and dividends	158	137
Cash used for acquisitions	-458	-329
Cash provided from financing activities	363	191
Currency-adjusted change in liquid assets	2	0
Change in liquid assets	65	-1

The detailed cash flow statement is shown in the consolidated financial statements.

The nominal value of all foreign currency hedging contracts amounted to € 1,387 million on the balance sheet date. These contracts had a market value of € -26 million. Accordingly, the nominal value of the interest hedging contracts amounted to € 1,227 million and its market value to € -77 million. To determine market value, the price on the balance sheet date at which one party would take over the rights and/or obligations of the respective contract from the other party is applied. Contrary value developments from underlying business to be hedged are not taken into account when determining market value.

Asset and equity structure

The balance sheet total of the Group rose by € 1,098 million (17 %) to € 7,571 million compared to 31.12.2000. Of this increase, around 13 percentage points came from acquisitions, 1 percentage point from currency effects and 3 percentage points from the expansion of current business activities.

Fixed assets increased by 16 % to € 4,652 million (2000: € 3,999 million). Investment additions amounting to € 1,197 million and currency effects of € 28 million were partly offset by depreciation and amortization in the amount of € 472 million as well as disposals and other effects totalling € 100 million. At the exchange rates on 31.12.2000, the increase would have amounted to 15%.

Current assets likewise rose by 16 % to € 2,631 million (2000: € 2,269 million). Currency effects contributed 1 percentage point, acquisitions 11 percentage points and the ongoing expansion of business 4 percentage points. If we look at the individual items of current assets, it is clear that the main increase was in inventories and accounts receivable. The main determining factors for these increases were the acquisitions. Nevertheless, the inventory ratio of 9.3% in 2000 decreased to 8.8% in 2001. The accounts receivable ratio increased from 18.3% to 18.7%.

On the liabilities side of the balance sheet, the most significant change is the increase in equity of 22%, rising to € 3,430 million (2000: € 2,810 million). This increase was the result of the capital increases by contribution in kind carried out by Fresenius AG and Fresenius Medical Care AG as well as the issuance of trust preferred securities by Fresenius Medical Care AG amounting to US\$ 225 million and € 300 million. Thus, the equity ratio of 43.4% as of 31.12.2000 increased to 45.3% at the end of the year under report.

The equity of the Group covers fixed assets by 73.7% (2000: 70.3%). Equity and long-term liabilities cover the whole of fixed assets and in addition 57.0% of inventories (2000: 64.6% of inventories).

Long-term liabilities amounting to € 1,591 million were approximately the same as last year (2000: € 1,554 million). Short-term liabilities amounted to € 2,550 million and exceeded the figure for 2000 (€ 2,109 million) by € 441 million.

The return on equity before taxes, 15.0%, was lower than the previous year's figure of 17.8%. The reason was the increase in equity in connection with the capital increases carried out by Fresenius AG and Fresenius Medical Care AG, and the issue of trust preferred securities by Fresenius Medical Care AG. The return on equity after taxes decreased accordingly: from 9.5% in 2000 to 5.2% in the year under report. The extraordinary expenses also reduced this figure significantly. The return on total equity after taxes amounted to 2.4% in the year under report (2000: 4.1%).

Other key figures of the asset and equity structure developed as follows compared to 31.12.2000:

	31.12.2000	31.12.2001
Debt/EBITDA ratio		
including trust preferred securities	2.5	2.9
Net debt/EBITDA ratio		
including trust preferred securities	2.4	2.8
EBITDA/interest ratio	4.5	4.5

These key figures which are of importance to Fresenius, and by which we determine and control the degree of debt of the Group in relation to its financial strength, have deteriorated due to the strong acquisition activities and the associated financing, but on the other hand we have made investments for long-term profitable growth of the Group.

Bank liabilities and liabilities from Eurobonds and commercial papers amounted to € 2,041 million on 31.12.2001; this corresponds to an increase of € 193 million compared to the previous year's figure of € 1,848 million. This rise is largely due to the financing of acquisitions. Liabilities with a remaining term of less than one year amounted to € 688 million (31.12.2000: € 483 million); the amount for maturities between one and five years and over five years was € 1,353 million (31.12.2000: € 1,365 million).

Furthermore, Fresenius Medical Care issued trust preferred securities in the amount of US\$ 480 million in the year under report. Thus, trust preferred securities increased from € 1,024 million in 2000 to € 1,628 million in 2001. The trust preferred securities are shown as equity in the balance sheet of the Fresenius Group.

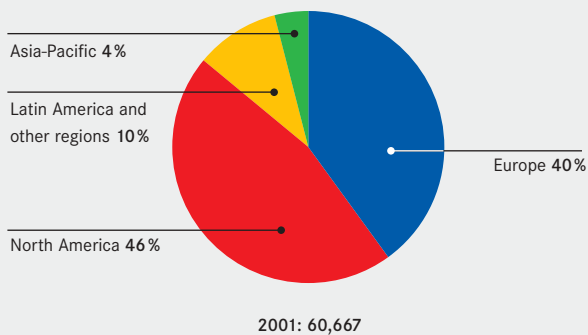
Employees

The Fresenius Group had 60,667 employees at the end of 2001, which is 21 % or 10,693 more than at the end of 2000 (49,974). Approximately 8,000 new employees alone came to Fresenius as a result of the acquisition of new companies. Of these, about 5,000 work for Wittgensteiner Kliniken AG in Germany.

The growth in the workforce can be assigned to the business segments as follows:

Employees	31.12.2000	31.12.2001	Change
Fresenius Medical Care	35,370	40,258	14 %
Fresenius Kabi	10,368	10,248	-1 %
Fresenius ProServe	1,945	7,620	292 %
Fresenius HemoCare	2,001	2,189	9 %
Corporate/Services	290	352	21 %
Total	49,974	60,667	21 %

Fresenius is an international company: 46 % of the workforce is in North America, 4 % in Asia and 9 % in Latin America. The proportion of employees in Europe rose to 40 % compared to the previous year (35 %). This can be mainly explained by the consolidation of Wittgensteiner Kliniken AG which is part of Fresenius ProServe; therefore the German share of total employees rose from 11 % on 31.12.2000 to 18 % at the end of the year under report.



Employees by region

Personnel expenses in the Fresenius Group amounted to € 2,304 million, an increase of 26 % compared to the 2000 financial year (€ 1,834 million). The reason for this growth is the rise in the number of employees, as already explained, and also exchange rate effects, especially from the translation of the US dollar to the euro, which make up 2 percentage points.

Number of apprentices further increased

Great importance has been placed by Fresenius for many years on the qualified training of the technical and commercial apprentices. The number of apprentices, 348, more than doubled in the year under report (2000: 166 apprentices). This is largely due to the fact that the apprentices of Wittgensteiner Kliniken have been included for the first time. In the field of commercial training, on-the-job degree courses were offered for the first time at the vocational academy (Berufsakademie) in Hesse. The three-year course in business administration (to graduate as "Betriebswirt") is associated with the international degree course "Business Administration" at the Bad Homburger Akademie. As well as the diploma "Betriebswirt (BA)" the students can also gain the Bachelor of International Business Administration degree which is equivalent to a British university degree.

Fostering talents throughout the group

To recognise and support motivated, highly-qualified and talented employees and retain them in the company in the long term is one of the decisive tasks of our human

resources. Special executive programmes and leadership seminars are a firm part of our management training. The seminars are run in co-operation with well-known management schools. In the year under report, our management staff again attended intensive management seminars of the French business academy INSEAD, Fontainebleau, and USW (Universitätsseminar der Wirtschaft), Erftstadt.

At the same time, in 2001 we continued the Fresenius Graduate Development Program which offers further education to enable graduates to gain additional qualifications. Over a period of several months, the participants work in all departments relevant to their later work and therefore get fully acquainted with the most important business processes in the company. A large number of employees took advantage of internal further education courses. Thus, we are qualifying our employees continuously in all relevant fields.

Human resources marketing secures the future

The search for talents was one of the main focuses of our activities in the year under report. We organised information events at universities and helped to sponsor selected training courses and recruiting events. In addition, we granted internships and gave thesis topics to a large number of students. This gives us the opportunity to discover talented new employees early on and encourage them to come to Fresenius.

The “Careers” page of our web site – www.fresenius-ag.com – was extremely popular in 2001. We added even more information during the year under report so that potential applicants can now find comprehensive information about the Fresenius Group and its business segments.

Teleworking extended

Following the positive reaction to the pilot project in the Information Technology department, we extended teleworking to other business segments in the year under report. Offering more tele workplaces results in a larger number of employees gaining a higher degree of independence in the organisation of their work. They can also harmonise their individual lifestyle with their jobs to an optimum extent. As a consequence, the results of their work improve and they gain more job satisfaction.

Profit-sharing scheme and stock option plan

Our philosophy “Entrepreneur in the enterprise” stands for taking responsibility oneself for entrepreneurial thinking and actions. Our remuneration systems reflect this earnings and performance-oriented principle. This is valid both for managerial and non-managerial employees.

As a result of the successful development of our company in 2000, for the fourth consecutive year the non-managerial employees received a DM 1,700 share in the profits of the company. Of this amount, two thirds was paid as preference shares of Fresenius AG or Fresenius Medical Care AG. The employees could choose either to have the remaining third paid out in cash or to use it to finance additional preference shares. More than 60 per cent of the employees entitled to a share of the profits chose to purchase additional shares. Especially in view of the critical conditions on the stock exchanges in the year under report, this readiness to buy our shares confirms the high degree of confidence of the employees in the future of their company.

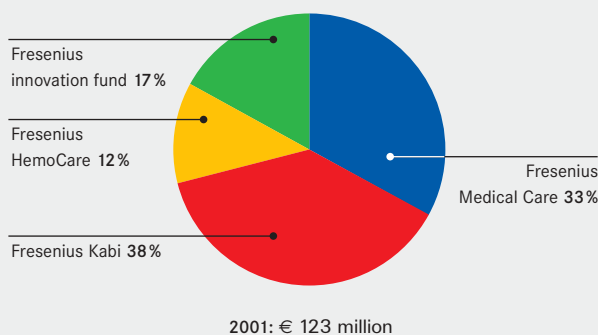
326,388 stock options of Fresenius AG were granted to managerial staff in the Group and to the Managing Board in July 2001 within the scope of the stock option plan. Before the first options can be exercised, EBIT of the Group must have risen by 20% within the two years’ waiting period after the options were granted. Fresenius Medical Care, following a resolution of the Annual General Meeting, introduced a new, international stock incentive plan in the year under report for the Managing Board and employees of Fresenius Medical Care by issuing convertible bonds.

Research and development

Innovation to us means maintaining life. Innovations are the prerequisite to be able to help sick people effectively. We develop innovative products and therapies based on our knowledge about extracorporeal blood treatment and the immune system. This results in the optimum care of the patients, better treatment and an improved quality of life. For Fresenius, innovations are the corner stones of our corporate strategy – the foundations of economic success. We therefore place paramount importance on our research and development activities.

Research and development in the Group concentrate on the core competences of the respective business segments. These are

- Dialysis and other extracorporeal therapies
- Nutrition and infusion therapies
- Transfusion technology, adsorber technology and immune therapy, as well as
- Infusion technology.



Expenditure on research and development by business segment

We do not only develop products; our work focuses to a high degree on optimised or completely new types of therapies, treatment methods and services. In the year under report, we successfully carried on with many projects. Development work on numerous products was completed so that they were ready for the market.

We again increased expenditure on research and development in the 2001 financial year to € 123 million. The previous year's figure of € 114 million was therefore exceeded by 8%. Looking at the individual fields of activity, expenditure on research and development in dialysis at Fresenius Medical Care amounted to € 40 million. We invested € 47 million in infusion and nutrition therapy, and we spent € 15 million on development work on blood treatment, on immune therapy and on infusion technology in the business segment Fresenius HemoCare. We contributed € 21 million from an innovation fund sponsored by Fresenius to support promising, long-term projects of Fresenius Kabi and Fresenius HemoCare.

747 employees were involved in research and development work in the Group at the end of the 2001 financial year: 60 more than in the year before. Of these, 261 people worked for Fresenius Medical Care, 318 for the business segment Fresenius Kabi and 168 for Fresenius HemoCare. The main research locations are in Europe; production-related development work also takes place in the United States.

In the year under report, Fresenius Medical Care continued work on research and development projects in the fields of haemodialysis and peritoneal dialysis.

A process was developed to determine the individual dry weight of dialysis patients. The new system will make a substantial contribution towards preventing chronic hypervolaemia. The most important aim of the dialysis treatment, apart from eliminating uraemic toxins, is to achieve a physiological balance of the fluid status by determining the optimum target or dry weight of the patient. As the fluid balance of the patient is considerably disturbed, it often results in over-hydration which is one of the main causes of hypertension and serious cardiovascular diseases. The new process, which is based on a bio-impedance measuring device, enables the intra and extra-cellular fluid volume to be determined precisely. As well as the current fluid status, it also supplies clinical data on the nutrition status of the patient.

The development of products and systems for acute dialysis was another focus of our development work: **multiFiltrate**, an acute therapy system which has already been introduced in Germany, offers all therapy modes for acute dialysis. The design and handling concept have been specially adapted to conditions in the intensive care unit. A bicarbonate buffered substitution solution for haemofiltration which can be administered to patients with acute kidney failure and in particular to patients with multiple organ failure, and a special dialyser for high-volume haemofiltration therapy, will complement our product range in this field in the future.

We successfully completed a series of clinical trials on our FX-class dialysers which demonstrate the physiological benefits for the patients, in particular with respect to the immune system, the lipid metabolism and other metabolic disturbances caused by uraemia. The new FX-class dialysers have excellent biocompatibility and achieve significant improvements in clearance – the blood cleansing performance. This is due to the Heli-xone® polysulfone membrane which is based on Nano Controlled Spinning Technology and has substantially improved physical characteristics. The optimisation of our membrane and dialyser technology will continue to be a focal point of our research and development work, not only for dialysis, but even more so for related indications such as liver therapy.

Our research and development work in dialysis is aimed at offering individual, optimum therapeutic processes for the patient, based on the principles of reliability, efficiency and user-friendliness.

The development of organ-support extracorporeal therapies – outside dialysis – is a field of activity which we have been preparing for a long time, and which we shall strategically expand. In co-operation with renowned scientists we are pursuing a dual approach in the development of a liver assist therapy: the use of a detoxification system for organ failure in combination with a bioreactor. This approach is based on our know-how in the field of extracorporeal blood cleansing process used in dialysis: If the blood filters, control devices and sensors are modified accordingly, this knowledge can also be applied to liver-assist therapy. Acute liver failure is extremely life-threatening for the human organism. Many thousands of patients die each year from an intoxicated liver which is no longer capable of functioning.

Our detoxification system *Prometheus*® which has been developed in co-operation with the university in Krems, Austria, is now undergoing tests. This system

utilises the characteristics of a highly-permeable membrane which we have developed based upon our expertise with dialyser membranes, as well as a specially-developed adsorber to remove liver toxins. Currently, pilot clinical trials are being performed in Vienna and at various German universities. We expect to receive CE certification of this system in spring 2002. *Prometheus*® is supplemented by a second hybrid system which contains both membranes and biological cells. Instead of the failing liver, these human hepatic cells provide the synthetic function of important proteins, hormones and coagulation factors. This bioreactor can be used in the extracorporeal blood circuit on its own or in combination with the *Prometheus*® system. The clinical trials of both systems are expected to be completed in the next few years so that a standardised therapy system for patients with liver failure will be available.

The research and development activities of Fresenius Kabi concentrated in the year under report on the optimisation of infusion solutions with pharmaceutical ingredients, the technology to manufacture lipid emulsions and, in the field of biotechnology, on continuing with the development project transgenic human serum albumin.

One of the projects in the field of infusion solutions was the further development of Vitamin E emulsions. Vitamin E is found abundantly in the body, but when a person is sick the body sometimes needs increased quantities. This vitamin protects cells by intercepting aggressive free radicals which can cause irreparable cell damage. Taking Vitamin E orally does not provide sufficient protection. This is the advantage of our formula for the emulsion which is applied intravenously. Due to the promising results of the clinical trials with Vitamin E emulsions, we are planning to start phase III clinical trials in 2002.

In lipid technology, the LEAD² technology (Lipid Emulsions Applied to Drug Delivery) of Fresenius Kabi makes it possible to formulate substances which are not soluble in water, so that they can be administered intravenously. Thus, patients can be given fat-soluble drugs in the form of infusion solutions. The scientists of the LEAD² technology group co-operate closely with biotechnology and pharmaceutical companies with the aim of developing new drugs using the LEAD² technology. In the year under report, the existing projects were successfully continued and several new ones initiated.

The main focus of the biotechnology research and development activities was on the transgenic human serum albumin project being conducted in close collaboration with the American company Genzyme Transgenics. Albumin is the most common protein in human blood. It maintains blood volume and oncotic pressure in the human body and regulates the transport of proteins, fatty acids, hormones and drugs in the blood. Albumin is used as a protein and blood substitute in emergency medicine and in the operating theatre. In the year under report we succeeded for the first time in obtaining human serum albumin from the milk of transgenic cows. This was processed in the laboratory to achieve the necessary degree of purity for therapeutic use. As a result of this success, we have exercised the option for the exclusive marketing rights for human serum albumin in North America and Asia. We already own these rights for Europe.

In future, we shall intensify the development of new products in the fields of infusion and nutrition therapy. To this purpose, as part of a strategic reorganisation we concentrated the various development departments and locations, and established a central innovation management organisation. Our aim is to reduce development times and increase our power of innovation.

The research and development activities of Fresenius HemoCare in transfusion technology are aimed at improving cell separation – the fractionation of whole blood into its different components – and at optimising blood bag systems. We developed a new generation of cell separators, the multi-component apheresis system Compas. This system makes it possible to extract from the donor either single blood components (e.g. thrombocytes, erythrocytes, plasma) or, simultaneously, blood components in combination as well. We were able to prove its efficiency by means of initial clinical tests; the market launch is planned to take place in spring 2002. With regard to blood bag systems, prototypes for a new blood filter with a flexible housing were tested successfully. At the same time, we are developing a new, innovative connection system for blood bags. Furthermore, we are exploring new methods of reducing the pathogen load in blood products with the objective of increasing the quality and safety of blood components. This is an important step in transfusion technology.

In infusion technology, we are concentrating our activities on developing products which ensure more effective management of fluid and drug administration. These products need to be very easy to handle and require high standards of safety. Data communication and data management are essential components of these systems.

In adsorber technology, the main focus of development activities was on the clinical trial on the endotoxin adsorber MATISSE®. This trial is intended to prove the effectiveness of the elimination of endotoxins by MATISSE® in patients with sepsis. This controlled trial will be concluded in the first quarter of 2002. The excellent toleration of the treatment and the effective removal of endotoxins had already been demonstrated in the preceding pre-clinical and clinical trials. We expect the current clinical trial to demonstrate that the MATISSE® therapy is effective for patients who have developed sepsis as a result of peritonitis. Simultaneously, in November 2001

we filed an application for the product to be registered as a medical device and expect to receive this authorisation in the second half of 2002. In addition, we are transferring production to a larger manufacturing line.

We are planning to launch our DALI® adsorber system – a treatment mode for familial hypercholesterolemia, a disorder of the lipid metabolism – in Japan, the second largest market for this process after Germany. The first clinical trial has been successfully completed, and a second trial, which is essential for the registration of the process, commenced in the first half of 2001. We intend to file the registration with the Japanese authorities during 2002.

New perspectives of treating hitherto incurable diseases are opening up in the field of immune therapy. Immune therapy will therefore increasingly gain an important place in medicine next to established standard therapies. But research is only at its initial stages. Patient-specific therapies will be developed where one single substance does not need to be suitable for millions of completely different patients. This is true for infectious diseases as well as for degenerative diseases, disorders associated with metabolism and for cancer. We want to contribute to this development with our research and development work.

Our project in collaboration with our partner Trion Pharma regarding the treatment of epithelial tumours with bispecific trifunctional monoclonal antibodies has taken a decisive step forward: In the year under report we started the first two clinical trials for the registration of the treatment for lung cancer and ovarian cancer. We are planning further studies on breast cancer and cancer of the head and neck in 2002.

Our work on the development of new cell therapies continued in collaboration with the Department of Human Medicine of the University of Göttingen. Together with these partners we are developing new patient-specific immune therapies for the treatment of renal cell cancer, and preparing them for clinical use. Several of our researchers are working in Göttingen, and will launch a prospective study together with our clinical partners.

Environmental and quality management

Our commitment to the health of people is not only the objective of our company; it is also reflected in our philosophy “Caring for Health”. Our thinking and acting is directed at the well-being of people. The products and services of Fresenius serve to maintain and improve their quality of life. This responsibility means that it is a matter of course for us to protect nature as the basis of life for the present generations and those to come, and be conscientious and careful in our dealings with it.

As a member of the Association of the Chemical Industry, we follow their guidelines titled “Responsible Care” to which the international chemical industry has committed itself. Within the scope of these guidelines, we have committed ourselves to constantly improving our activities in the fields of environmental protection, as well as occupational, health and technical safety, product responsibility and logistics, regardless of legal requirements. We co-operate closely with authorities and customers in matters of environmental protection, and provide openly all the information which they require. We consider it to be our task and obligation to constantly reduce the dangers and risks involved in the manufacture, storage, transport, utilisation and disposal of our products.

We have firmly integrated environmental protection targets into our operations; the environmental targets are adhered to during all stages of our products, from their development to their disposal. This is also documented by the certifications carried out in accordance with ISO14001 and the eco audit of the EU at various plants of the Fresenius Group.

We continue to be convinced that a company can only fulfil its obligation regarding environmental protection if it ensures that ecological awareness is integrated at an early stage into its innovation potential, and this is

implemented in economic success. By developing innovative, environmentally-friendly products we want to contribute to dealing with nature in a responsible way. We regularly checked and assessed the raw materials for the manufacture of our products in the year under report with regard to savings in costs and resources. We were able to significantly reduce the costs of the production processes by careful planning of resources in various plants.

In our Friedberg plant we were able to achieve another increase in the ratio of recycled waste in the 2001 financial year, although the figure was already very high in 2000: from 90% to 95%. This waste was mainly paper and plastic materials. We work together only with certified waste disposal companies in order to develop more and more efficient methods of waste disposal. Today, about half of all waste is converted into biogas by an external recycling company. In 2000 it was only one third. The production volume of PVC-free infusion solution bags increased in the year under report. In our production plant for parenteral nutrition solutions in Uppsala, Sweden, all product packaging is made from recyclable, PVC-free materials. As well as using such environmentally-friendly packaging material, one of our major tasks is to reduce the packaging volume and thus the quantities to be disposed of later.

At Fresenius Medical Care, we combined and integrated the requirements of ISO 9001:2000 for quality management with that of the environmental management system according to ISO 14001:1996 into the business processes in our European facilities. We can therefore identify and utilise potential for improvement even more efficiently and reduce the documentation of the systems. For the first time, a dialysis clinic was included as a pilot project and successfully audited on the basis of ISO 14001. We have established an "eco ranking" in all our dialysis clinics in Europe which is aimed at lowering the costs per treatment, for instance with regard to energy and water consumption. At the same time, as a first

step we were able to save costs of around € 255,000 over the previous year in our European dialysis clinics thanks to our eco controlling system: through optimising quantities and prices of energy, water, waste water and solid waste. In addition to the economic benefits, we are therefore making a valuable contribution to caring for the environment.

Further environmental projects in the reporting year involved the avoidance and minimisation of waste and the reduction of emissions. A good example is our St. Wendel plant: By recycling and reusing the cardboard boxes in which extruded parts are delivered, we are able to save 150 tons of cardboard p.a. In addition, 26 fewer lorry transports were necessary. 50 tons of plastic waste were saved in the manufacture of Biofine® foil by optimising the production process. And finally we reduced transport by 37,000 kilometres, which meant considerably less air pollution from carbon dioxide, by arranging for our German suppliers to deliver directly to our foreign subsidiaries. Altogether we saved around € 250,000 in 2001 through these measures.

Great importance is placed, especially in Germany, on returning and reusing packaging material from dialysis clinics. For instance, we promote the use of reusable packing for disposable goods such as dialysers and blood lines. We have also implemented a return and collection system for packaging material and empty plastic containers. These materials are then recycled or used for thermal recovery.

In order to prevent incidents causing pollution, we paid special attention in the year under report to improving the corresponding workflows. At the same time we implemented an alarm system to initiate the necessary measures if such events should occur.

Fresenius as a manufacturer of medical devices and drugs is obliged by law to maintain a quality management system. As part of this system, various Fresenius locations were audited in 2001. These audits are carried out on the basis of the international standards ISO 9001 and EN 46001, and the requirements described in the European guideline 93/42/EEC. All quality audits, which help to check the effectiveness of the measures to secure quality, were completed successfully. Thus, our certification according to ISO 9001/EN 46001 continues to be valid and confirms that our company has a well-functioning and effective quality management system. In connection with quality management, new quality objectives were defined in 2001 which will further increase the benefits to the patients and customer satisfaction.

Risk management

We consider the management of risks to be a continuous task. To determine, analyse and manage risks has been an important management element for the Fresenius Group for many years

The Fresenius risk management system is an integral part of the corporate strategy and is based on its regulations for handling risks. We are therefore sure that, together with our internal monitoring system, risk controlling and an early-warning system, we can identify and avoid at an early stage those developments which could endanger the continued existence of the company. We have identified the actual and potential risks in the individual business segments of the Group and defined the responsibilities for the procedures and monitoring:

- The risk situation is determined on a regular basis according to standards, and compared with the existing requirements. This means that countermeasures can be initiated at an early stage in order to counteract negative developments.
- The responsible managers are obliged to inform the Managing Board without delay about any relevant changes in the risk profile.
- By continuously observing the markets and by maintaining close contacts to our customers, suppliers and other institutions, we can recognise and react swiftly to changes in our business environment.

The risk management measures are supported both at a corporate level and in the business segments by our risk controlling and a management information system. Deviations in the earnings and asset situation compared to budgeted figures are identified and analysed in detailed monthly reports. As well as risk management, a monitoring system has been established comprising organisational safety measures as well as internal controls and audits.

The functionality and effectiveness of the risk management system is included in the annual audit of the financial statements. The conclusions are taken into consideration in the continuous development of our risk management system.

Our risk management is subject to active change so that we can react quickly to the demands of the markets; the existing system has proved its worth over the past years.

Risk areas and risks of future development

Due to its constant expansion, in particular in international markets, and the increasing complexity and dynamics of our business, the Fresenius Group is exposed to all sorts of risks as a matter of course. These risks are immediately linked to entrepreneurial activities. It is only possible to seize opportunities presented if managers are willing to take risks.

The main risk areas for the business activities of the Fresenius Group are as follows:

■ Risks due to the economic environment

The risk situation for the individual business segments depends on the economic development of the relevant main markets. For this reason, the political, legal and financial environments are also carefully observed and assessed, as well as the development of the world's economy. Furthermore, the advancing internationalisation of the markets of the Fresenius Group makes it essential for us to keep a close eye on risks related to specific countries, such as the development in Argentina.

■ Risks related to the global economy

From today's point of view, there is no substantial danger for the Fresenius Group with regard to the development of the global economy. For the coming financial year, we anticipate stagnating economies in some fields, although there are currently no signs of a general recession in the economy as a whole. We expect a positive development in demand for health services especially in the markets of the Asia-Pacific region.

■ Risks in the health care sector

Risks related to changes in market conditions in the health care sector are of major importance for the Fresenius Group. The main risks are the development of new products and therapies by competitors, the financing of the health systems and reimbursement in the health care sector. Due to the large proportion of sales generated in the United States, this is especially valid for this region, where, for instance, changes in the reimbursement system could have a significant impact on our business. Therefore we not only constantly observe legislative activities, but we also collaborate closely on our own initiative with governmental health care institutions. In addition, our cooperation with doctors and scientists means that we are in a position to seize on and promote important new technological innovations. These collaborations also mean that we are always up to date regarding new developments of alternative treatment methods, on the basis of which we can assess and adapt our business strategy.

■ Risks of operations

Production, products and services:

We counteract possible risks in the services and product businesses by the following measures: The production companies of the Fresenius Group manufacture in accordance with the international Good Manufacturing Practice (GMP) guidelines. Our "Quality Management and Compliance Program" is the basis for the treatment of patients and the invoicing of services in our dialysis clinics. This programme ensures that both our high ethical standards and the official regulations are adhered to.

Furthermore, measures relating to quality management are documented precisely in company guidelines such as quality manuals and procedure regulations. They are essential to obtain certification in

accordance with international standards, which is obligatory for medical products, and are regularly checked by our quality management offices. The legal compliance and efficiency of our business processes and the effectiveness of our internal control systems are regularly checked by means of internal and external audits. We counteract possible risks connected with the start-up of new production plants, such as the factory in Uppsala, by careful project planning and by regular analysis and monitoring of the progress of the project.

Research and development:

We counteract any risks from research and development projects by regularly analysing and assessing development trends and examining the progress of research projects. We also ensure strict compliance with legal regulations regarding clinical and chemical-pharmaceutical research and development.

Other risks:

Other types of risks such as those relating to our information technology systems or in personnel marketing due to the intense competition in the recruiting of specialist and managerial staff, are not considered to be significant. Nevertheless, it will be a great challenge in the future to find suitable employees and retain them in the company in the long term.

■ Financial risks

Possible risks exist in the financial area in the form of interest and currency risks which we counteract by appropriate risk management. This is based on the hedging of foreign currency and interest risks with derivative financing instruments. These instruments are solely used in connection with an existing

underlying transaction, i.e. transactions for the purpose of trading or speculation are not concluded. Possible risks which could occur as a result of acquisitions and investments are considered carefully in advance through careful and detailed investigations into the respective projects. We are sometimes supported in this by external consultants.

■ Legal and tax risks

Contingent liabilities of W.R. Grace & Co.:

Indemnification claims on W.R. Grace & Co.-
Connecticut and Grace Holdings, Inc.

In connection with the merger of National Medical Care (NMC) and the Fresenius dialysis business to create Fresenius Medical Care in 1996 (the “merger”), W.R. Grace & Co.-Connecticut (“Grace Chemicals”) and Grace Holdings, Inc., now Sealed Air Corporation, have agreed to indemnify Fresenius Medical Care and NMC for all liabilities which relate to the events before or after the merger, including tax liabilities of Grace Chemicals from the period before the merger. The only exceptions are claims related to National Medical Care’s own dialysis business operations. If Grace Chemicals’ indemnity obligation were to be terminated or limited as a result of the on-going Chapter 11 proceedings of Grace Chemicals, and Fresenius Medical Care were to be held liable for the obligations of Grace Chemicals from the period preceding the merger, this could have a material adverse effect on the assets and liabilities, financial position and results of operations of Fresenius Medical Care. However, Fresenius Medical Care is of the opinion that Sealed Air Corporation, which took over the main activities of W.R. Grace in 1998, is obliged to indemnify Fresenius Medical Care for any existing contingent liabilities. Sealed Air is disputing this le-

gal position of Fresenius Medical Care, and filed a declaratory judgement action against Fresenius Medical Care on 24.1.2002.

Tax exemption:

If any events should occur which would violate the tax-free nature of the merger of 1996, Fresenius Medical Care would be obliged to pay the resulting tax liabilities. According to representations provided by Grace Chemicals to Fresenius Medical Care and Fresenius AG, Grace Chemicals had agreed to indemnify and hold harmless Fresenius Medical Care for such tax liabilities. In the event that (i) it should be determined that the merger was not of a tax-free nature, and (ii) Fresenius Medical Care would not be able to enforce the hold harmless provision of Grace Chemicals, the tax liability could have a material adverse effect on the assets and liabilities, financial position and results of operations of Fresenius Medical Care.

Fraudulent conveyance class actions suits:

In September 2000, and in the following year 2001, a total of three class action suits were filed against Grace Chemicals, certain US subsidiaries of Fresenius Medical Care and other defendants. Creditors of the current asbestos law suit against Grace Chemicals allege that the merger was a fraudulent transfer of assets which discriminated the creditors of Grace Chemicals (so-called fraudulent conveyance). Fresenius Medical Care is convinced that these class action suits are completely unfounded and therefore

are not likely to be successful. Furthermore, Fresenius Medical Care has requested indemnification from claims for damages and reimbursement of legal defence costs from Grace Chemicals and Sealed Air.

If it should be determined nevertheless that (i) the merger constituted a fraudulent transfer of assets to the detriment of the creditors of Grace Chemicals, and (ii) the plaintiffs could prove substantial indemnification claims, and (iii) Fresenius Medical Care would not succeed in enforcing indemnification from claims for damages against Grace Chemicals and/or Sealed Air, the asset and liabilities, financial position and results of operations of Fresenius Medical Care would be substantially affected.

Proceedings against private US health insurers:

In 1997, Fresenius Medical Care was served with a civil complaint filed by the private US health insurance company Aetna Life Insurance Company ("Aetna"). The lawsuit alleges inappropriate invoicing practices for nutritional therapy, diagnostic and clinical laboratory tests, and other misrepresentations. In April 1999 Aetna amended its complaint to include claims for damages and costs in an unspecified amount.

In January 2002 an agreement in principle was reached with Aetna to establish a process for resolving its disputes out of court, which Fresenius Medical Care expects to have an impact on the other law suit.

In February 2000, Fresenius Medical Care was served with a similar complaint by Connecticut General Life Insurance Company, Equitable Life Insurance Society of the United States, Cigna Employer Benefit Services, Inc, and Guardian Life Insurance Company of America, Inc. However, Fresenius Medical Care believes that there are substantial defences to the claim asserted, and intends to defend this lawsuit as well with all legal means, if an agreement can also not be reached in this case. Other private insurance companies have contacted Fresenius Medical Care Holdings and may assert that NMC received excess payments. They may similarly file their own lawsuits and claim reimbursement and damages from NMC.

Furthermore, the Fresenius Group is involved in various legal issues which result from our operations. Although it is not possible to forecast the outcome of this litigation, we do not expect any major negative effects on the assets and liabilities, financial position and results of operations.

■ Overall risk

At the present time there are no recognisable risks regarding the future development which could lead to lasting and significant damage to the assets and liabilities, financial position and results of operations of the Fresenius Group.

Events after the close of the financial year

In this section we report on important activities which took place after the close of the 2001 financial year:

In February 2002, Fresenius Medical Care redeemed its 9% trust preferred securities amounting to US\$ 360 million due in 2006. Refinancing will be carried out using existing credit lines.

We shall change our accounting methods starting in the 2002 financial year and prepare the accounts for the Fresenius Group for the first time according to US GAAP. Accounts prepared according to US GAAP rules are more strongly oriented to shareholders than are German accounting rules according to the Commercial Law (HGB), which are aimed at the protection of creditors. Since we are an international company, and in view of the fact that our largest subsidiary Fresenius Medical Care AG reports according to US GAAP, we should like to make the economic position of the Fresenius Group easier to compare and more transparent for our investors.

Outlook

General economic outlook

The global economic climate in 2002 is generally considered to be not very promising and continues to be marked by great uncertainty. Despite the first indications that the bottom had been reached at beginning of the year, it is not expected that a recovery will set in before the third quarter.

The main prerequisite for a recovery of the global economy is the economic development in the United States and Europe. While the important factor influencing economic recovery in the United States is consumer confidence and increased consumer spending, in Europe the main factors are the production of investment goods and the export business.

In Asia, the economic development depends above all on the general global economic climate. China and India appear to be relatively stable due to strong domestic

demand. The sustained decline in Japan's economy over the past few years continued. As yet there are no signs of a recovery, as a result of structural problems.

In Latin America, Argentina commands the most attention. It is still uncertain whether the situation will improve during the course of the year, even if the planned reforms are implemented, and the debt crisis is overcome. To what extent the crisis in Argentina will affect its neighbours also remains to be seen. Positive signals are expected from Brazil and, depending on the economic development in the United States, also from Mexico.

Development of our markets

The health systems of the western countries will continue to be characterised by cost savings measures. The demographic development and the increasing demand for highest-quality medical care and advanced therapies will accelerate these processes. In future, it will be essential to have efficient organisations which enable companies to operate on a profit-oriented basis while taking into account the needs of the patients.

The health systems of the countries of the Asia-Pacific regions and also of Latin America will be further expanded, and a steadily-increasing demand for health care services will develop. We therefore anticipate that the markets where we are active will continue to grow at double-digit growth rates.

Despite these prospects, there still remains the question about how health care is to be paid for. Many indicators point to the fact that costs will have to be saved on an even larger scale than previously. We are constantly confronted with decreasing prices, stronger purchasing management and lower investment activities of the hospitals, more regulations with respect to the provision of health care and in many cases no reimbursement for innovative therapies.

Even if the overall global economy is feeble, we nevertheless expect that demand for medical products and services will increase.

Outlook for the company: Increases in sales and earnings

Both the position we have achieved in our markets and our recognised products and therapies form a good basis for future growth. New products and processes will accelerate this growth even more. We expect a sales increase of around 10% for the Fresenius Group in the current financial year, at the exchange rates prevailing in 2001. Since we know that those markets in which we are active are growing at a significantly slower rate on the whole, this is an ambitious target.

We intend to increase our earnings at a higher rate than sales and can achieve this by further optimising our business processes and reducing our production costs.

We plan to improve the operating cash flow of the Group in the current financial year. Our targets as far as margins are concerned continue to be valid: In the medium term we anticipate achieving an EBIT margin of around 15% and a return on operating assets (ROOA) in the same amount.

Regional expansion

Driven by the development described above, we shall grow at a considerably higher rate in the region Asia-Pacific and also in Latin America than in our traditional markets North America and Europe. However, the latter two markets made up 87% of our sales in 2001 and therefore represent a high absolute sales volume. So a stronger

sales rise in the growth markets will not have any significant effect on the regional sales split in the foreseeable future. This can only happen slowly. Nevertheless, our aim is to expand the sales shares of Asia-Pacific to 10%. We have created the conditions to achieve this by building up the necessary infrastructure via subsidiaries and joint ventures.

Dividend

Fresenius has been pursuing an earnings-linked dividend policy for many years. As a result of the good business development of the company it was possible to increase the dividend over nine consecutive financial years. We shall remain faithful to this philosophy and want to propose another earnings-linked payment to our shareholders in this financial year.

Capital expenditure

Investments in intangible and tangible assets and in acquisitions were at a record level in 2001. We shall therefore reduce these funds to a moderate level in the current financial year. Capital expenditure on intangible and tangible assets is planned to total more than € 350 million. This is the volume which we also anticipate for the subsequent years. In particular, we are planning to construct and equip dialysis clinics, expand our production capacities and optimise our production processes. Around half of these funds will be invested in Europe, about 30% in the United States and 20% in the regions Asia-Pacific and Latin America. We are also earmarking investment funds for acquisitions which will be mainly used for the purchase of dialysis clinics.

Legal company structure and organisation

The Fresenius Group is structured into four business segments, each of which is legally independent. Furthermore, the business segments have regional and decentralised organisations so that they can meet the demands of their markets with the greatest possible flexibility. The principle of “Entrepreneur in the Enterprise” with clearly-defined responsibilities has been in place successfully for many years. We shall abide by this principle.

Research and development

We are planning to expand our research and development activities in our business segments and increase our expenditure for this. We shall pay special attention to the development of patient-specific therapies in dialysis, to the development of new therapies by means of extracorporeal blood treatment, and to novel immune therapies.

Key Figures of Affiliated Companies

Company	Held by Fresenius in %	Sales 2001 million US\$	Profit/Loss ¹⁾ 31.12.2001 million US\$	Equity 31.12.2001 million US\$	Employees 31.12.2001
Affiliated company Germany					
1 Fresenius Medical Care AG Hof an der Saale (sub-group/US GAAP)	37.00 share of equity 50.76 share of votes	4,859.3	63.4	2,616.7	40,258

Company	Held by Fresenius in %	Sales 2001 million €	Profit/Loss ¹⁾ 31.12.2001 million €	Equity 31.12.2001 million €	Employees 31.12.2001
Affiliated companies Germany					
2 Pharmaplan Group Bad Homburg v. d. H.	100	78.4	-7.3	-6.5	516
3 hospitalia international gmbh Bad Homburg v. d. H. (with profit transfer agreement)	100	21.8	-	3.0	51
4 MC Medizintechnik GmbH Alzenau	100	11.8	0	1.2	56
5 Caremark Deutschland GmbH Neufahrn (with profit transfer agreement)	100	56.4	-	0.3	232
6 ProReha Handelsges. mbH & Co. KG Lindlar	100	39.6	-20.8	-22.0	410
7 Fresenius Kabi Deutschland GmbH Frankfurt a. M. (with profit transfer agreement)	100	388.8	-	38.7	1,137
8 Fresenius HemoCare Deutschland GmbH Bad Homburg v. d. H. (with profit transfer agreement)	100	32.8	-	9.2	216
9 Wittgensteiner Kliniken AG Group ²⁾ Bad Berleburg	93	133.7	4.1	40.6	5,069

Company	Held by Fresenius in %	Sales 2001 million €	Profit/Loss ¹⁾ 31.12.2001 million €	Equity 31.12.2001 million €	Employees 31.12.2001
Affiliated foreign companies					
10 Fresenius Kabi France S.A. Sèvres, France	100	133.0	0	21.4	646
11 Fresenius Vial S.A. Brézins, France	100	28.9	2.6	17.4	163
12 Fresenius HemoCare France S.A. L'Arbresle, France	100	14.5	0.7	1.9	28
13 Biofil S.r.l. Medolla/Modena, Italy	100	26.5	1.0	5.9	144
14 Fresenius Kabi Italia S.p.A. Verona, Italy	100	59.1	1.0	23.8	318
15 Fresenius Kabi España S.A. Vilassar de Dalt, Spain	100	36.7	1.3	12.9	190
16 Fresenius Kabi Ltd. Basingstoke/Hampshire, Great Britain	100	90.6	7.2	17.7	238

Key Figures of Affiliated Companies

Company	Held by Fresenius in %	Sales 2001 million €	Profit/Loss ¹⁾ 31.12.2001 million €	Equity 31.12.2001 million €	Employees 31.12.2001
Affiliated foreign companies					
17 Fresenius Kabi Austria GmbH Graz, Austria	100	112.2	14.6	53.6	494
18 Gerätezentrale für Bluttransfusion des österreichischen Roten Kreuzes Salzburg, Austria	95	14.3	-2.0	-1.1	119
19 VAMED Gruppe Vienna, Austria	77	201.5	7.9	61.6	1,627
20 Fresenius Kabi (Schweiz) AG Stans, Switzerland	100	15.6	0.3	2.3	37
21 Fresenius Kabi B.V. 's-Hertogenbosch, Netherlands	100	12.1	1.9	2.3	19
22 NPBI International B.V. Emmen, Netherlands	100	103.9	1.7	24.5	1,180
23 Fresenius Kabi N.V. Antwerp, Belgium	100	23.1	0.1	1.2	34
24 Fresenius Kabi Norge A.S. Oslo, Norway	100	37.8	1.3	11.0	328
25 Fresenius Kabi AB Stockholm, Sweden	100	149.7	-23.9	200.0	1,045
26 Fresenius Kabi Polzka Sp.z.o.o. Warsaw, Poland	100	18.5	1.1	13.1	262
27 Fresenius HemoCare Inc. Wilmington, Delaware, USA	100	8.6	-2.9	0.7	55
28 Fresenius Kabi Clayton L.P. Wilmington, Delaware, USA	100	28.1	-4.6	2.3	139
29 Calea Ltd. Ontario, Canada	100	36.3	-0.4	3.6	198
30 Grupo Fresenius México S.A. de C.V. Guadalajara, Mexico	100	47.1	4.2	49.0	813
31 Fresenius Kabi Brasil Ltda. Campinas/São Paulo, Brazil	100	16.7	0.4	11.3	551
32 Sino-Swede Pharmaceutical Corporation Ltd. Wuxi, China	51	56.8	3.2	58.5	732
33 Beijing Fresenius Pharmaceutical Co. Ltd. Beijing, China	65	24.2	1.1	21.1	207
34 Fresenius Kabi Green Cross Ltd. Yongin, Korea	80	12.1	0.5	8.4	94
35 Fresenius Kabi India Private Ltd. Puna, India	100	14.2	-1.8	9.8	546
36 Fresenius Kabi South Africa (Pty) Ltd. Midrand, South Africa	100	30.4	2.4	10.2	493

¹⁾ net income/loss

²⁾ from 1.6.2001

The complete list of investment holdings will be submitted to the Commercial Register of the District of Bad Homburg v. d. H.

Consolidated balance sheet as at 31.12.2001

Assets

in million €	Note	31.12.2000	31.12.2001
Intangible assets		2,355	2,655
Tangible assets		1,495	1,852
Financial assets		149	145
Fixed assets	8	3,999	4,652
Inventories	9	565	644
Trade accounts receivable	10	1,116	1,367
Other accounts receivable and other assets	11	402	425
Marketable securities	12	6	16
Liquid assets	13	180	179
Current assets		2,269	2,631
Deferred charges	14	205	288
		6,473	7,571

Equity and liabilities

in million €	Note	31.12.2000	31.12.2001
Subscribed capital (conditional capital: ordinary shares € 2 million)			
(conditional capital: preference shares € 2 million)	16	51	105
Capital reserve	19	379	369
Other reserves	15	211	131
Retained earnings	20	44	43
Trust preferred securities (maturity: 15.6.2011 at the latest)	21	1,024	1,628
Minority interests	22	1,101	1,154
Equity		2,810	3,430
Special account for investment allowances and investment grants on fixed assets	23	4	32
Provisions for pensions and similar obligations		161	177
Provisions for taxes		264	287
Other provisions		481	745
Provisions	24	906	1,209
Commercial papers	25	30	16
Eurobonds	25	600	600
Bank loans	25	1,218	1,425
Trade accounts payable	25	339	345
Other liabilities	25	560	507
Liabilities		2,747	2,893
Deferred income		6	7
		6,473	7,571

Consolidated statement of income

in million €	Note	2000	2001
Sales	29	6,099	7,320
Changes in finished goods inventories and work in process, own work capitalised	30	32	64
Other operating income	31	227	257
Cost of materials	32	-2,128	-2,535
Personnel expenses	33	-1,834	-2,304
Depreciation and amortization of intangible and tangible fixed assets	34	-389	-472
Other operating expenses	35	-1,254	-1,537
Income from participations	36	1	3
Other financial results	37	2	1
Earnings before interest, interest for trust preferred securities, and taxes on income and profit (EBIT)	38	756	797
Net interest and interest for trust preferred securities	39	-256	-283
Profit on ordinary activities		500	514
Income and profit taxes on profit on ordinary activities	40	-234	-145
Net income before extraordinary result	41	266	369
Extraordinary expenses (after taxes)	42	0	-190
Net income		266	179
Profit carried forward from the previous year		0	0
Allocation to other reserves		-78	-39
Share of profits allocated to minority interest holders	43	-144	-97
Retained earnings		44	43

Consolidated cash flow statement

in million €	Note	2000	2001
Consolidated net income		266	179
Depreciation and amortization on intangible and tangible fixed assets	34	389	472
Change in pension provisions		12	10
Cash flow	46	667	661
Gain/loss from sale of fixed assets, investments and tangible assets		-2	-4
Change in inventories		-39	-55
Change in trade accounts receivable		-138	-182
Change in provisions for taxes and other provisions		5	202
Change in trade accounts payable		-15	-65
Change in other operating assets and liabilities		-15	-45
Change in working capital		-204	-149
Operating cash flow (cash provided by operating activities)		463	512
Intangible and tangible fixed assets	47	-354	-407
Acquisitions	48	-468	-342
Other changes	49	59	45
Cash used for investing activities		-763	-704
Proceeds from exercising stock options		3	10
Proceeds from the issuance of trust preferred securities	3	607	0
Proceeds from trust preferred securities	21	0	540
Payments due to OIG agreement	4	-416	-97
Dividend payments		-63	-98
Proceeds from receivables securitisation programme	10	120	-4
Change in financial liabilities	50	152	-158
Payments from foreign exchange forward contracts to hedge intercompany loans in foreign currency	51	-40	-2
Cash provided from financing activities		363	191
Change in cash flows from operating, investing and financing activities		63	-1
Effect of exchange rate changes on liquid assets	52	2	0
Liquid assets at beginning of year		115	180
Liquid assets at end of year	13	180	179

Notes to the Consolidated Financial Statements

1 Corporate structure

The Fresenius Group comprises four legally-independent business segments:

■ Fresenius Medical Care ■ Fresenius Kabi ■ Fresenius HemoCare ■ Fresenius ProServe

Fresenius AG acts in the capacity of an operating holding.

As a result of the flotation of preference shares by Fresenius Medical Care during the 2001 financial year – as described in note 3 capital increases – Fresenius AG's share of the total subscribed capital of Fresenius Medical Care AG (ordinary and preference shares) changed from 37.89% on December 31, 2000 to 37.0% on December 31, 2001.

Fresenius AG's share of the ordinary voting shares of Fresenius Medical Care AG remains unchanged at 50.76%.

The participations in the management companies of the business segments Fresenius Kabi (Fresenius Kabi AG), Fresenius HemoCare (Fresenius HemoCare GmbH) and Fresenius ProServe (Fresenius ProServe GmbH) remained unchanged at 100% on 31.12.2001.

The reporting currency in the Fresenius Group is the euro. In order to make the presentation clearer, the amounts are given in million euros. Amounts which are lower than one million euros after they have been rounded off are marked with “-”.

2 Entities to be consolidated

The consolidated financial statements of the year 2001 include, besides Fresenius AG, 50 German and 571 foreign companies; these are all under the control of Fresenius AG.

Change in entities to be consolidated

	Germany	Abroad	Total
31.12.2000	38	465	503
Additions	12	111	123
Disposals	0	5	5
31.12.2001	50	571	621

123 companies have been consolidated for the first time. Of these, eight companies were newly founded and 89 companies were acquired. One company was created as a result of the spin-off of business units from already existing companies.

In the year under report, the Fresenius Group made acquisitions in the total amount of € 806 million.

The largest acquisition made by Fresenius Medical Care was the purchase of Everest Healthcare Services Corporation, USA, in the amount of US\$ 365 million. To settle the purchase price, US\$ 131 million was paid in cash, shares amounting to US\$ 100 were given and debts amounting to US\$ 134 assumed. In addition, further dialysis clinics were purchased.

The major acquisitions of Fresenius Kabi were the purchase of Medical Agencies, S.A., Argentina, assets and liabilities of Coopers S.A., Greece (asset deal) and other payments for Novamédical S.A. France, and Green Cross Ltd., Korea, which are subject to certain conditions being fulfilled.

The largest acquisition by Fresenius ProServe was the purchase of Wittgensteiner Kliniken AG, Bad Berleburg, in the amount of € 221 million. The shares in Wittgensteiner Kliniken AG which were previously held by Fresenius AG were contributed to Fresenius ProServe GmbH effective 31.12.2001.

The main acquisitions of Fresenius HemoCare were the purchase of EUFETS AG, Idar-Oberstein, Gerätezentrale für Bluttransfusion des Österreichischen Roten Kreuzes GmbH, Austria, and the purchase of the remaining shares in NPBI International BV, Netherlands.

Three companies are no longer included in the consolidated entities. Two companies have been merged with other companies which are included in the consolidated financial statements.

The acquisitions made in the 2001 financial year, and/or those which were included for the first full financial year, contributed to the sales and earnings development of the Fresenius Group compared to the previous year as follows:

Sales	€ 667 million
EBIT	€ 45 million
Net income	€ 9 million

The acquisitions increased the balance sheet total of the Fresenius Group by € 864 million.

66 companies were not included in the consolidated financial statements due to their negligible importance regarding the assets and liabilities, financial positions and results of operations.

Four companies were valued in accordance with the regulations for associated companies.

37 companies were not valued in accordance with the equity method due to their negligible importance regarding their assets and liabilities, financial positions and results of operations in the Group.

Four related companies are not associated companies due to the lack of controlling influence.

The important domestic and foreign affiliated and related companies are listed separately in the Annual Report. The complete list of the investment holdings of Fresenius AG will be submitted to the Commercial Register of the District Court of Bad Homburg v.d.H. under the number HR B 2617.

3 Capital increases

Fresenius AG increased the subscribed capital by € 51.2 million to € 102.4 million by converting capital reserves.

The subscribed capital of Fresenius AG increased by € 33.5 million through the issuance of 453,594 new bearer ordinary shares and 453,594 new bearer preference shares for the purchase of 93 % of the shares of Wittgensteiner Kliniken AG (WKA).

The equity of Fresenius Medical Care AG increased during the 2001 financial year by € 5.76 million through the issuance of 2,250,000 non-voting bearer preference shares in connection with the Everest transaction in January.

161,415 options were exercised within the scope of the American and European stock option plan, and the capital reserves were increased as a result of stock options of the American roll-over plan being exercised, thus increasing the equity of Fresenius Medical Care by € 7.13 million.

Of the total amount of € 13 million, € 6 million was allocated to subscribed capital and € 7 million to capital reserves of Fresenius Medical Care AG.

4 “OIG Agreement”

Since 1995, various US federal authorities and offices (OIG: Office of the Inspector General) had conducted investigations into National Medical Care, Inc., Delaware (USA), a subsidiary of Fresenius Medical Care Holdings, Inc., New York (USA). These investigations concerned the period before inclusion in the Fresenius Group. The investigations mainly concerned contracts and remuneration of medical directors of dialysis clinics, the laboratory business of the business unit LifeChem™, over-payments from the Medicare programme and the administration of intradialytic parenteral nutrition (IDPN).

In order to settle these investigations, a definitive agreement was reached on January 18, 2000 between Fresenius Medical Care Holdings, Inc., National Medical Care, Inc., and other companies of the Group and the Office of the Inspector General. Of the amount of US\$ 486 million agreed to be paid to the US government to settle civil claims and fines, the outstanding amount of € 97 million (US\$ 86 million) was paid in the financial year. Of the IDPN claims amounting to US\$ 59 million outstanding on December 31, 1999 which are recognised by the US Government, the remaining € 6 million (US\$ 5 million) was paid in the 2001 financial year.

All the effects from the agreement were included in the 1999 financial statements with effect on profit.

5 Principles of consolidation

Capital consolidation is carried out according to the book value method by setting off purchasing costs including incidental acquisition costs of the shares in the affiliates against the net book value which these shares represent as part of the equity at the time they were founded or purchased. For historical purchases, of which the purchase price exceeded the book value of the equity acquired, the difference on 31.12.2001 was € 2,452 million (previous year: € 2,261 million). This difference is allocated to the assets and liabilities to the extent that the fair market value differs from the book value. Any remaining difference was always deducted as goodwill from other reserves or capital reserves up to 1998; one exception was the goodwill which arose in 1996 of Fresenius Medical Care Holdings, Inc., New York (USA), in the amount of € 1,700 million. This amount was capitalized and amortized over 20 years. For those historical purchases of which the book value of equity acquired exceeded the purchase price, the difference on 31.12.2001 was € 10 million (previous year: € 10 million).

This amount is recorded in reserves in accordance with its equity nature.

As from the 1999 financial year, all new goodwill arising is capitalized and normally amortized over 20 years.

As at 31.12.2001, goodwill amounting to € 398 million was set off against Group equity. The book value of all capitalized goodwill in the fixed assets amounts to € 2,496 million, of which the main portion concerns the goodwill of Fresenius Medical Care Holdings, Inc., New York (USA), in the amount of € 1,235 million.

The basis for calculating the minority interest holders' shares of Group equity described in note 22 is the consolidated equity of the respective business segment.

The same procedure is used for the profit allocated to minority shareholders shown in note 43.

Receivables and liabilities, expenses and income, profit and loss transfers between the consolidated companies and inter-company provisions are eliminated.

Differences arising from the consolidation of inter-company liabilities due to currency differences, and differences from inter-company provisions, are always balanced out with effect on profit. Differences arising from the conversion of hedged foreign currency items on the other hand are balanced out with no effect on profit.

The values of fixed assets and inventories are adjusted in the consolidated financial statements to eliminate unrealised results of the inter-company transactions and are thus valued at Group purchasing or Group production costs.

Tax deferrals are made on the consolidated procedures affecting profit in accordance with § 306 Commercial Code (HGB) if these deferrals are likely to reverse in later financial years. Deferred tax assets are set off against deferred tax liabilities.

The changes in items to be consolidated which do not affect profit as well as the profits or losses made by the affiliates after the date of the first consolidation are shown in the reserves and/or set off against them. The retained earnings of the Group correspond with those of Fresenius AG after allocation of € 39 million to reserves from consolidated net income.

6 Accounting principles and standards of valuation

The annual financial statements of the Group companies included in the consolidated financial statements are in accordance with uniform accounting principles and standards of valuation.

Valuations which are only admissible according to tax laws have not been included in the consolidated financial statements. This concerns mainly the depreciation and amortization made in the domestic companies of the Group in accordance with § 254 Commercial Code (HGB).

The result of the Group for 2001 is thus not affected by the depreciation carried out in accordance with § 254 Commercial Code (HGB), or by the creation of special items with an equity portion according to § 273 Commercial Code (HGB); likewise, no charges due to these measures will therefore occur in future.

Deferred taxes derive from timing differences between results under commercial and under tax regulations. Because the deferred taxes are capitalized, the tax charge is shown in the statement of income in the amount which would arise if the commercial results were used as a basis for tax assessment. For the calculation, the profit tax rate of the respective country is taken as a basis; the tax deferral for consolidation measures is assessed at the average German tax rate. Tax assets are always set off against tax liabilities both in the financial statement of the country and in the consolidated financial statements and shown separately in note 14 "Deferred charges".

Acquired intangible assets are valued at purchase cost and depreciated according to plan. The useful life is normally between two and 15 years. For personal computer auxiliary programmes the useful life is one year, and for know-how up to 15 years. The probable useful life of the goodwill is between five and 20 years.

Tangible assets are valued at Group purchase or Group production costs. Group production costs include individual costs and appropriate portions of the respective overheads. Investment grants and allowances received do not reduce the purchase costs, but are shown as a special account for fixed assets on the liabilities side.

Scheduled depreciation is carried out in the consolidated financial statements by the straight-line method.

To determine depreciation, the relevant useful life periods are mainly as follows:

Office and factory buildings	10 – 50 years
Technical equipment and machinery	5 – 15 years
Other fixtures and fittings, tools and equipment	3 – 10 years

Fixed assets of low value are fully written off in the year of their purchase.

Extraordinary depreciation is carried out, provided that a lower value has to be assigned to the assets on the balance sheet date.

If the reasons for the extraordinary depreciation no longer apply, they are cancelled by appropriate value adjustments.

Financial assets are valued at purchase price or the lower assigned value.

As far as inventories are concerned, raw materials and supplies as well as purchased parts are valued at average acquisition costs or the lower replacement price on the balance sheet date. Warehousing risks are taken into account by appropriate depreciation.

Work in process and finished goods are valued at Group production cost. These include material costs plus material overheads and manufacturing wages plus indirect production costs. Not included are cost of sales, administrative costs, costs of research and development, and financing costs. Deductions for inventory risks which result from reduced usability, and for market price risks, are made in sufficient scope.

Receivables and other assets are valued at the nominal amount reduced by individual allowances where necessary.

The general credit risk is taken into account by means of global allowances.

A discount on loans is capitalised and written off by the straight-line method according to the maturity of the loan.

Pension provisions have been determined in accordance with the normal actuarial regulations and calculation principles in each country.

Other provisions have been set up to cover all recognisable risks and uncertain liabilities.

Provisions for employees' anniversaries have been valued in accordance with the normal actuarial principles and calculation methods of each country; for the domestic companies the actuarially computed part value is applied taking into account an interest rate of 5.5% p.a.

Provisions are made for repairs and maintenance expenses not incurred in the financial year but within the first three months of the following financial year.

Liabilities are valued at the repayment amount.

7 Foreign currency translation

Foreign currency items are translated at the exchange rate at the time of origin, or in the case of receivables at the lower buying rate, and in the case of payables at the higher selling rate on the balance sheet date or the rate of the currency exchange contract.

The balance sheets of foreign Group companies are converted at the mean rate on the balance sheet date. Differences to translations of the previous year are allocated to reserves without any effect on profit.

Adjustments for inflation were made in the individual financial statements of Grupo Fresenius México S.A. de C.V., Guadalajara (Mexico), and its subsidiaries, Fresenius Medical Care de México S.A. de C.V., Guadalajara (Mexico), Fresenius Kabi Ilaç Sanayi ve Ticaret Limited Sirketi, Istanbul (Turkey), and Fresenius Medical Care Colombia Ltda., Santafé de Bogotá (Colombia), and its subsidiaries.

The statements of income of the foreign subsidiaries are converted as follows:

Depreciation and amortization of intangible and tangible fixed assets, financial assets and receivables as well as changes in inventories of work in process and finished goods, are converted at the mean rate on the balance sheet date; other charges and income at the average rate for the year; the result for the year at the mean rate on the balance sheet date.

The exchange rate differences resulting from using varying exchange rates in the statement of income are shown in other operating income.

The exchange rates of important currencies for the Fresenius Group outside the European Currency Union developed as follows:

	Exchange rate* on balance sheet date 31.12.2000	Exchange rate* on balance sheet date 31.12.2001	2000 Average exchange rate	2001 Average exchange rate
1 US dollar	1.0747	1.1347	1.0827	1.1166
100 Swedish kronas	11.3234	10.7513	11.8411	10.8050
1 Pound sterling	1.6023	1.6434	1.6407	1.6081
100 Brazilian reals	55.1511	48.9309	59.3190	47.5240
100 Mexican pesos	11.2199	12.4533	11.4652	11.9700
1 Argentinian peso**	1.0771	0.6675	1.0833	1.1166
100 Yen	0.9353	0.8671	1.0053	0.9201

* Mean rate on balance sheet date

** The rate of the Argentinian peso on 31.12.2001 corresponds to the rate on 11.1.2002.

Balance sheet notes

8 Fixed assets

The breakdown of the combined positions of the fixed assets and their development is found in the following tables:

Purchasing and manufacturing costs

in million €	As at 1.1.2001	Exchange rate differences	Changes in entities to be con- solidated	Additions	Book transfers +/-	Disposals	As at 31.12.2001
Intangible assets							
Concessions, industrial and similar rights and assets, licences	242	-3	5	25	3	7	265
Goodwill	2,725	38	30	417	0	5	3,205
Payments on account	4	0	0	3	-1	1	5
	2,971	35	35	445	2	13	3,475
Tangible assets							
Land, leasehold and buildings including buildings on third party property	664	-6	181	37	22	14	884
Plant and machinery	821	-12	24	89	38	54	906
Other fixtures and fittings, tools and equipment	865	28	133	162	26	85	1,129
Payments on account and tangible assets in course of construction	153	-4	9	96	-87	3	164
	2,503	6	347	384	-1	156	3,083
Financial assets							
Shares in affiliated companies	62	0	-48	4	0	0	18
Loans to affiliated companies	11	0	-1	2	-1	3	8
Participations	12	0	0	41	-1	1	51
Shares in associated companies	4	1	1	2	1	2	7
Loans to related companies	13	0	0	0	0	0	13
Long-term investments	36	-1	0	4	0	6	33
Other loans	17	0	2	4	0	1	22
	156	0	-47	57	-1	13	152
Fixed assets	5,630	41	335	886	0	182	6,710

Depreciation and amortization

in million €	Depre- ciation (accumu- lated) as at 1.1.2001	Exchange rate differ- ences	Changes in entities to be con- solidated	Additions	Book transfers +/-	Disposals	Depre- ciation (accumu- lated) as at 31.12.2001	Book values as at 31.12.2001	Book values as at 31.12.2000
Intangible assets									
Concessions, industrial and similar rights and assets, licences	88	1	2	25	0	5	111	154	154
Goodwill	528	7	0	177	0	3	709	2,496	2,197
Payments on account	0	0	0	0	0	0	0	5	4
	616	8	2	202	0	8	820	2,655	2,355
Tangible assets									
Land, leasehold and buildings including buildings on third party property	183	0	2	32	-4	6	207	677	481
Plant and machinery	432	-3	12	81	1	35	488	418	389
Other fixtures and fittings, tools and equipment	393	8	9	153	3	30	536	593	472
Payments on account and tangible assets in course of construction	0	0	0	0	0	0	0	164	153
	1,008	5	23	266	0	71	1,231	1,852	1,495
Financial assets									
Shares in affiliated companies	5	0	-1	0	0	0	4	14	57
Loans to affiliated companies	0	0	0	0	0	0	0	8	11
Participations	1	0	0	0	0	0	1	51	11
Shares in associated companies	0	0	0	4	0	2	2	5	4
Loans to related companies	0	0	0	0	0	0	0	13	13
Long-term investments	1	0	0	0	0	0	1	32	35
Other loans	0	0	0	0	0	0	0	22	17
	7	0	-1	4	0	3	7	145	149
Fixed assets	1,631	13	24	472	0	82	2,058	4,652	3,999

The analysis of the depreciation and amortization is explained in note 34 “Depreciation and amortization of intangible and tangible fixed assets”, and its breakdown by business segment and region in note 45 “Segment reporting”.

Intangible assets: Of the additions in the 2001 financial year amounting to € 445 million, the amount of € 417 million is due to the goodwill arising in connection with acquisitions. The largest addition in the amount of € 246 million relates to the acquisition of Everest Healthcare Services Corporation, USA.

Tangible assets: The investments of the year under report were mainly made in the construction and extension of production facilities, the equipping of new dialysis clinics, and the extension of dialysis clinics.

Financial assets: The additions in financial assets mainly concern shares in related companies not consolidated in the year under report, shareholdings and other loans.

9 Inventories

in million €	2000	2001
Raw materials and supplies	120	131
Work in process	64	73
Finished goods	270	315
Goods for sale	106	114
Payments on account	5	11
minus payments received on account	-	-
	565	644

10 Trade accounts receivable

in million €	2000	2001
Trade accounts receivable	1,116	1,367
(amount with a remaining term of more than 1 year)	(11)	(8)

Fresenius Medical Care in North America has an accounts receivable securitisation programme, the volume of which decreased by US\$ 3 million in 2001 to US\$ 442 million. In addition, receivables of the Fresenius Medical Care subsidiary located in Portugal in the amount of € 4 million were sold.

The receivables sold are not included in the amount of receivables shown.

11 Other accounts receivable and other assets

in million €	2000	2001
Accounts receivable from affiliated companies	27	10
Accounts receivable from related companies	6	12
Other assets	369	403
(amount with a remaining term of more than 1 year)	(4)	(36)
	402	425

Other assets include mainly accounts receivable from tax rebates and deposits, as well as advance payments.

12 Marketable securities

Securities mainly consist of fixed-interest bearing securities.

13 Liquid assets

Liquid assets comprise cheques, cash on hand and cash at banks.

14 Deferred charges

The breakdown of deferred charges is as follows:

in million €	2000	2001
Deferred taxes	146	210
Discount on loans	–	–
Other deferred charges	59	78
	205	288

Deferred taxes of € 210 million from consolidation measures include the setting off of deferred taxes in accordance with § 306 Commercial Code (HGB) of € 14 million (previous year: € 27 million).

15 Statements of changes in shareholders' equity

The reconciliation is as follows:

in million €	Subscribed capital	Capital reserve	Other reserves	Retained earnings	Trust preferred securities	Minority interests	Total
As at 1.1.2000	51	376	246	32	960	348	2,013
Dividend payment for previous year	0	0	0	-32	0	0	-32
Cash provided from exercising stock options	0	3	0	0	0	0	3
Allocation to reserves	0	0	78	0	0	0	78
Differences from currency conversion	0	0	-107	0	64	0	-43
Share of profits allocated to minority interest holders	0	0	0	0	0	144	144
Increase in minority interests from capital increase	0	0	0	0	0	607	607
Other changes	0	0	-6	0	0	2	-4
Proposed dividend for the financial year	0	0	0	44	0	0	44
As at 31.12.2000	51	379	211	44	1,024	1,101	2,810
As at 1.1.2001	51	379	211	44	1,024	1,101	2,810
Dividend payment for previous year	0	0	0	-44	0	0	-44
Capital increase from corporate funds and/or the issuance of new shares	54	-20	0	0	0	0	34
Cash provided by exercising stock options	0	10	0	0	0	0	10
Allocation to reserves	0	0	39	0	0	0	39
Differences from currency conversion	0	0	-115	0	49	0	-66
Issuance of trust preferred securities	0	0	0	0	555	0	555
Share of profits allocated to minority interest holders	0	0	0	0	0	97	97
Increase in minority interests from capital increase	0	0	0	0	0	6	6
Other changes	0	0	-4	0	0	-50	-54
Proposed dividend for the financial year	0	0	0	43	0	0	43
As at 31.12.2001	105	369	131	43	1,628	1,154	3,430

16 Subscribed capital

According to a resolution of the Annual General Meeting of May 31, 2001, the subscribed capital of Fresenius AG was increased by € 51.2 million to € 102.4 million through the issuance of 10,007,604 new bearer ordinary shares and by 10,007,604 non-voting bearer preference shares respectively through the conversion of capital reserves. Each holder of an old bearer ordinary share was entitled to an additional new bearer ordinary share, and each holder of an old bearer preference share was entitled to an additional new bearer preference share.

According to the resolution of the same Annual General Meeting and with the approval of the Separate Meeting of preference shareholders on the same day, the subscribed capital was increased by an additional € 2.3 million for the purchase of shares in Wittgensteiner Kliniken Aktiengesellschaft, Bad Berleburg. 453,594 new bearer ordinary shares and 453,594 new non-voting bearer preference shares were exchanged for shares of Wittgensteiner Kliniken Aktiengesellschaft, Bad Berleburg.

The subscribed capital increased in the 2001 financial year by € 82,186 through the exercising of 8,066 options on ordinary shares, granted in 1998 and 1999, and of 8,066 options on preference shares granted in 1998 and 1999.

The subscribed capital of Fresenius AG is now divided into 20,484,774 bearer ordinary shares and 20,484,774 non-voting bearer preference shares. The shares are issued as non-par value shares.

in € '000	2001
Carried forward to 1.1.2001	51,239
Capital increase from corporate funds at a ratio of 1:1	51,239
Issuance of shares for the purchase of Wittgensteiner Kliniken	2,322
Increase through the exercising of options	82
As at 31.12.2001	104,882

In a letter dated August 21, 1992 the Else Kröner-Fresenius Foundation informed us that it continues to own more than a quarter of the total shares of Fresenius AG and a majority of the ordinary share capital, both without attribution according to § 20 Section 2 Stock Corporation Law (AktG).

17 Approved capital

The Annual General Meeting of May 31, 2001 revoked the authorization given by the resolution of the Annual General Meetings of June 12, 1997 and of June 10, 1999 to increase the subscribed capital by a maximum nominal amount of € 10,225,837.67 (approved capital I) and by a maximum nominal amount of € 5,112,918.81 (approved capital II).

Following a resolution of the same Annual General Meeting, the Managing Board of Fresenius AG was authorized, with the approval of the Supervisory Board, to increase by May 30, 2006

- the subscribed capital of Fresenius AG by a maximum nominal value of € 20,480,000.00 by issuing new bearer ordinary shares and/or non-voting bearer preference shares for cash (approved capital I),
- the subscribed capital of Fresenius AG by a maximum nominal amount of € 10,240,000.00 by issuing new bearer ordinary shares and/or non-voting bearer preference shares for cash or through contribution in kind (approved capital II).

The Managing Board is authorised to preclude the subscription rights of the shareholders as a whole (§§ 203 Section 2, 186 Section 3 phrase 4 Stock Corporation Law [AktG]).

- the subscribed capital of Fresenius AG by a maximum nominal amount of € 138,608.64 through the single or multiple issuance of new bearer ordinary shares and/or non-voting bearer preference shares through contribution in kind, while precluding the subscription rights of the shareholders, for the purpose of purchasing shares of Wittgensteiner Kliniken Aktiengesellschaft (WKA), Bad Berleburg (approved capital III). The respective shareholders of WKA are entitled to subscribe to these shares. They have to contribute 37 shares of WKA for two Fresenius ordinary and two Fresenius preference shares.

18 Conditional capital

Through resolutions of the Annual General Meetings of June 18, 1998 and June 10, 1999, a conditional capital of € 1,152,000 was created through the issuance of 450,000 bearer ordinary shares, and of € 1,152,000 through the issuance of 450,000 non-voting bearer preference shares. This conditional capital increase will only be carried out to the extent that, in accordance with the stock option plan resolved by the Annual General Meeting on June 18, 1998, subscription rights for bearer ordinary shares and/or bearer preference shares are issued and the holders of these subscription rights exercise them.

It was possible to exercise stock options for the first time in the 2000 financial year. The conditional capital developed as follows in the financial year:

in €	Ordinary shares	Preference shares
Carried over to 1.1.	1,132,739	1,132,739
Decrease through the exercising of options up to 31.5.2001	-205	-205
Capital increase from corporate funds at the ratio 1:1	1,132,534	1,132,534
Decrease through the exercising of options from 1.6.2001 to 31.12.2001	-40,888	-40,888
As at 31.12.	2,224,180	2,224,180

Stock option plan

The stock option plan resolved by the Annual General Meeting of June 18, 1998, authorises the Managing Board of Fresenius AG, with the approval of the Supervisory Board, to issue subscription rights to members of the Managing Board and/or managerial staff of Fresenius AG and its affiliated companies (with the exception of Fresenius Medical Care AG and companies affiliated with it other than through the company) once or several times during a period of five years. Altogether, these subscription rights entitle their holders to purchase up to 450,000 bearer ordinary shares and up to 450,000 bearer preference shares. The entitlement to exercise the rights in one group of shares excludes the entitlement to exercise the rights in another group of shares.

The options may only be exercised under the following conditions:

An option has a duration of 10 years from the date it was granted (duration).

One third of the options can be exercised at the earliest two years after the date they were granted, another third at the earliest three years and the last third of the options at the earliest four years after the date they were granted (vesting period).

Within the two-year vesting period, EBIT must have increased by at least 15% (hurdle rate). The Managing Board has availed itself of its entitlement to increase this percentage to 30% for the stock options granted in 1998, and to 20% for the stock options granted in 1999, 2000 and 2001.

The person entitled to options must be in an unterminated employment or service relationship on the date he/she exercises the options (employment relationship).

The options can only be exercised within a maximum period of fifteen working days after the results of the respective past quarter have been announced (exercise period).

Within the scope of the stock option plan, 326,388 options were granted in the 2001 financial year.

The total amount of stock options developed as follows:

	Ordinary shares	Preference shares
Number as at 31.12.2000	199,216	199,216
minus reversion of stock options granted in previous years	-12,253	-12,253
plus new issue	163,194	163,194
minus reversion of stock options granted in 2001	-942	-942
minus options exercised	-8,066	-8,066
Number as at 31.12.2001	341,149	341,149

One third of the options granted in 1998 were eligible to be exercised in the 2000 financial year since the hurdle rate fixed in the plan for the stock options granted in 1998 was achieved in the 1999 financial year, because EBIT increased by 58% in comparison to 1997. The second third could be exercised in the 2001 financial year, and the third third may be exercised in the 2002 financial year.

Since the hurdle rate for exercising the stock options granted in 1999 was achieved in the 2000 financial year because EBIT of the Group rose by 56% compared to 1998, one third of the options granted in 1999 was entitled to be exercised in the 2001 financial year. The second third can be exercised in the 2002 financial year.

Since the hurdle rate for exercising the stock options granted in 2000 was reached in the 2001 financial year because EBIT of the Group rose by 33% compared to 1999, one third of the options granted in 2000 may be exercised in the 2002 financial year.

A stock option plan of Fresenius Medical Care AG which corresponded to the stock option plan of Fresenius AG, and the separate stock option plans for employees of Fresenius Medical Care in the USA, were replaced in the financial year by a uniform International Stock Incentive Plan for the business segment Fresenius Medical Care on the basis of convertible bonds.

Repurchase of own shares

In connection with the profit-sharing scheme of the employees of Fresenius AG and its affiliated German companies (with the exception of the employees of Fresenius Medical Care AG and its German subsidiaries) for the 2000 financial year, the following transactions were carried out in 2001 relating to the preference shares of Fresenius AG:

Transaction	Date	Number	Price (€) per share
Purchase	5.1.2001	1,500	259.07
Purchase	31.1.2001	1,500	252.40
Purchase	11.10.2001	5,476*	109.62*
Carried over from 2000		8	
Committed to employees	1.6.2001	11,442*	99.25*
Sale	18.12.2001	50*	88.60*

* after the capital increase from corporate funds at a ratio 1:1

The shares purchased with a nominal value of € 29,378.56 represented 0.280% (after the capital increase from corporate funds at the ratio 1:1), and the shares committed to employees with a nominal value of € 29,291.52 represented 0.279% of the subscribed capital (after the capital increase from corporate funds at the ratio of 1:1).

19 Capital reserve

In connection with the capital increase from corporate funds in accordance with the resolution of May 31, 2001 the capital reserve decreased by € 51.2 million.

In accordance with the resolution of the Annual General Meeting of May 31, 2001 regarding the purchase of shares in Wittgensteiner Kliniken AG, Bad Berleburg, the capital reserve increased by € 31.2 million.

20 Retained earnings

The retained earnings include profit amounting to € 0.5 million carried forward from the previous year.

21 Trust preferred securities

As in the previous year, these comprise the trust preferred securities issued by the companies Fresenius Medical Care Capital Trust, Delaware (USA), in the nominal amount of US\$ 360 million, Fresenius Medical Care Capital Trust II, Delaware (USA), in the nominal amount of US\$ 450 million, and Fresenius Medical Care Capital Trust III, Delaware (USA), in the nominal amount of DM 300 million.

The remaining term of these securities amounts to six years. The owners of these securities are entitled to an interest of between $7\frac{3}{8}\%$ and 9% p.a. and to repayment after expiration of the maturity term in the amount of the nominal value of these securities.

In June 2001, Fresenius Medical Care AG issued further trust preferred securities via Fresenius Medical Care Trust IV (Trust IV) and Fresenius Medical Care Trust V (Trust V), both of which are trusts according to the law of the State of Delaware, USA, in the amount of US\$ 225 million with an interest rate of $7\frac{7}{8}\%$ p.a. (Trust IV) and in the amount of € 300 million with an interest rate of $7\frac{3}{8}\%$ (Trust V). The Trust IV and Trust V securities will be redeemed not later than June 15, 2011.

	million €	Nominal value	Interest in %	Remaining term in years
Fresenius Medical Care Capital Trust, Delaware (USA)	408	US\$ 360 million	9	0 – 5
Fresenius Medical Care Capital Trust II, Delaware (USA)	511	US\$ 450 million	$7\frac{7}{8}$	6
Fresenius Medical Care Capital Trust III, Delaware (USA)	154	DM 300 million	$7\frac{3}{8}$	6
Fresenius Medical Care Capital Trust IV, Delaware (USA)	255	US\$ 225 million	$7\frac{7}{8}$	10
Fresenius Medical Care Capital Trust V, Delaware (USA)	300	€ 300 million	$7\frac{3}{8}$	10
	1,628			

22 Minority interests

The minority interests increased in the 2001 financial year by € 53 million to € 1,154 million, mainly from the share in profits amounting to € 97 million and the capital increase of Fresenius Medical Care AG amounting to € 6 million, minus the proportional dividend payment.

23 Special account for investment allowances and investment grants on fixed assets

The special account comprises mainly investment allowances and investment grants to fixed assets, mainly granted to domestic companies, in accordance with §§ 1, 4 and 4b Investment Allowance Law (InvZulG). These grants are reversed with effect on profit over the useful life of the fixed assets receiving the grants. In the statement of income, this reversal is shown in the item “Other operating income”.

24 Provisions

Pension provisions are shown on the basis of the normal actuarial regulations and calculation principles in each country at their actuarially computed part value.

The pension provisions in Germany, which constitute 51 % (€ 91 million) of total provisions amounting to € 177 million, are calculated according to the 1998 mortality tables of Dr. Klaus Heubeck, taking into account an interest rate of 6%.

Provisions for taxes include anticipated amounts from outstanding tax assessments for the 2001 financial year and preceding years.

Other provisions relate mainly to provisions for personnel expenses – in particular provisions for holiday pay, overtime, employees’ anniversaries and other personnel costs –, provisions for outstanding invoices, provisions for insurance premiums due but not yet paid, as well as other provisions such as provisions for guarantee commitments, sales discounts, bonus and commission claims and indemnity claims.

25 Liabilities

in million €	2000		2001			
	Total	With a remaining term of up to 1 year	Total	With a remaining term of up to 1 year	With a remaining term of 1 to 5 years	With a remaining term of over 5 years
Commercial papers	30	30	16	16	0	0
Eurobonds	600	0	600	200	400	0
Bank loans	1,218	453	1,425	472	852	101
(amount secured)	(839)		(1,016)			
Trade accounts payable	339	338	345	344	1	0
(amount secured)	560	537	507	479	15	13
	2,747	1,358	2,893	1,511	1,268	114
(amount secured)	(839)		(1,016)			

Commercial papers

The commercial papers are euro multi-currency commercial papers issued by Fresenius AG. The basis of this issue is an agreement made on March 19, 2001 with Dresdner Bank, which is the arranging bank of the commercial paper programme, regarding a total volume of € 250 million. The programme replaces the programme concerning DM 200 million in place since 1992.

Eurobonds

On 27.4.1999 Fresenius Finance B.V., 's-Hertogenbosch (Netherlands), a 100% subsidiary of Fresenius AG, issued Eurobonds for a total of € 600 million in two tranches, in order to repay short-term bank loans which were mainly used for the acquisition of the international infusion business of Pharmacia & Upjohn AB, Stockholm (Sweden).

The fixed interest tranche in a total nominal amount of € 400 million is divided into 400,000 certificates denominated at € 1,000 each, which have an annual interest rate of 4.5%. The total maturity of the fixed-interest tranche amounts to five years; repayment will be made on 18.5.2004 at the nominal value.

The tranche with a variable interest rate with a total nominal value of € 200 million comprises 200,000 certificates denominated at € 1,000 each, on which interest is paid quarterly at the prevailing EURIBOR rate for three months plus 0.90% p.a. The total maturity of the tranche amounts to three years; repayment will be made on 18.5.2002 at the nominal value.

	million €	Number	Value in euros	Interest in % p.a.	Maturity in years
Fixed interest tranche	400	400,000	1,000	4.5	2.4
Variable tranche	200	200,000	1,000	EURIBOR rate +0.90%	0.4
	600				

Bank loans

Bank loans taken up by the business segment Fresenius Medical Care amount to € 1,089 million. Of this amount, € 511 million is secured by pledging the shares of affiliates of Fresenius Medical Care AG, Hof an der Saale (Germany).

Bank loans taken up by the business segments Fresenius Kabi, Fresenius ProServe and Fresenius HemoCare amount to € 212 million.

Collateral was given by mortgage liens in the business segments Fresenius Medical Care and Fresenius Kabi.

Other liabilities

in million €	2000		2001			
	Total	With a remaining term of up to 1 year	Total	With a remaining term of up to 1 year	With a remaining term of 1 to 5 years	With a remaining term of over 5 years
Payments received on account of orders	31	21	41	36	5	0
Notes accepted and payable	6	6	3	3	0	0
Accounts payable to affiliated companies	18	15	6	5	1	0
Accounts payable to related companies	1	1	1	1	0	0
Remaining other liabilities	504	494	456	434	9	13
Other liabilities	560	537	507	479	15	13

Payments received on account of orders

Payments received on account of orders include payments received on inventories amounting to € 5 million.

Remaining other liabilities

The remaining other liabilities concern mainly tax liabilities, liabilities regarding social security, interest and leasing liabilities, and liabilities regarding wages and salaries.

The remaining liabilities at the end of 2000 amounting to US\$ 86 million from the “OIG agreement” described in note 4 were repaid in full in 2001.

Tax liabilities amount to € 34 million (previous year: € 35 million). Liabilities relating to social security amount to € 30 million (previous year: € 24 million).

26 Contingent liabilities

in million €	2000	2001
Contingencies from guarantees	2	2
Contingencies from indemnity agreements	23	74
Contingencies from providing collateral for third party liabilities	2	4

Fresenius AG has undertaken to exempt on certain preconditions various members of the managing boards of foreign affiliates from claims, in case such claims should be made due to their function as members of the managing board of the affiliate concerned, and these claims are based on the law of the respective country. One of these persons is also a member of the Managing Board of Fresenius AG.

The companies Endomed Laboratório Farmacêutico Ltda., Aquiraz/Ceará (Brazil), and Fresenius Kabi Brasil Ltda. (formerly Fresenius Laboratórios Ltda.), Campinas/São Paulo (Brazil), have undertaken similar commitments regarding their managing boards.

Fresenius AG has undertaken to exempt the members of the Managing Board of Fresenius AG from claims, should claims be made due to their work for Fresenius Medical Care AG, Hof an der Saale (Germany), in particular in their capacity as members of the Managing Board or Supervisory Board of Fresenius Medical Care AG, and should these claims be based on the law of the country concerned, exceed their responsibilities according to German law and not be covered by insurance.

Fresenius Medical Care AG, Hof an der Saale (Germany), has undertaken to exempt the members of the Managing Board and the Supervisory Board of Fresenius Medical Care AG, Hof an der Saale (Germany), from risks of claims outside the scope of the German stock corporation law under certain conditions.

27 Other financial commitments

in million €	2000	2001
Commitments from building leases, rental and leasing commitments		
due within one year	153	184
due in one to five years	420	529
due after five years	134	316
	707	1,029
Commitments from ongoing investments	19	13
Other commitments	294	376
	1,020	1,418

Other commitments concern mainly commitments from orders.

28 Derivative financing instruments

In its ordinary course of business, the Fresenius Group is exposed to market risks from changes in foreign currency exchange rates and changes in interest rates. In order to reduce or eliminate those risks, we enter into various types of derivative instruments including foreign exchange forward contracts, interest rate swaps, cross-currency swaps and common option contracts. All of these derivatives are OTC-traded instruments backed by sufficiently liquid market conditions. These financial instruments are solely in order to hedge commercial exposures derived from existing assets and liabilities as well as from firm commitments on future sales and purchases of goods and services and financing activities.

Combining commercial exposures with derivative instruments is the basis for efficient risk management, because changes in the fair value of the derivatives are balanced by opposite changes in the fair value of the hedged items. In case this high correlation does not exist, negative fair values of derivative contracts are recognized as expenses even if the loss will occur in a future period, whereas positive fair values are not recognized unless they are realized.

The table below presents the nominal amounts, the fair values, and the credit risk of derivative instruments contracted as at the balance sheet date:

in million €	Nominal amounts		Fair values		Credit risk	
	31.12.2000	31.12.2001	31.12.2000	31.12.2001	31.12.2000	31.12.2001
Foreign exchange forward contracts	1,089	1,382	38	-26	46	10
Foreign exchange option contracts	7	5	0	0	0	0
Interest rate swaps	1,321	1,215	-30	-76	0	0
Cross-currency swaps	183	12	-5	-1	0	0
Forward rate agreements	34	-	0	-	0	-
	2,634	2,614	3	-103	46	10

The nominal amounts represent the unbalanced total of all contracted amounts.

The fair value of derivatives reflects the estimated amounts that the Fresenius Group would receive or pay to terminate the contracts on the reporting date, thereby taking into account the current unrealized gains or losses of open contracts. Offsetting changes in the fair value of the underlying assets and liabilities are not considered. The valuation is performed on the basis of dealer quotes. A negative fair value means that we would have to pay an amount equal to the fair value in order to terminate the respective contract on the reporting date.

The credit risk represents the cost to the Fresenius Group that would arise from replacing an existing contract because of non-performance by the counterparty. Only those contracts with a positive fair value involve a credit risk. When determining the credit risk, we do not consider any potential for offsetting contracts with a positive fair value against others with a negative fair value, which are concluded with the same counterparty.

Irrespective of the credit risk calculated as described above, management does not expect any material losses as a result of default by counterparties in derivative contracts, because we enter into those hedging transactions with investment grade financial institutions only, based on specific counterparty limits as authorized by the Managing Board.

All foreign exchange forward contracts expire within 24 months after the reporting date. The increase in the nominal amount compared to the previous year is caused by the international expansion of the Group and the growing importance of inter-company loan financings. Exchanges of the US dollar against the euro make up almost 80% of the total nominal amount of contracts, as in the previous year.

The main purpose of the derivative interest rate hedging contracts is to protect the variable-rate bank loans of National Medical Care, Inc., Delaware (USA). US\$ 600 million of interest rate swaps mature in 2003, US\$ 250 million in 2004, and US\$ 200 million in 2007.

The increase in negative fair values is mainly due to the drop in the exchange rates of the euro and to declining dollar interest rates. As in the previous year, negative fair values of the derivative contracts are offset by positive changes in the value of the underlying hedged items.

Notes on the Statement of Income

29 Sales

in million €	2000	2001
	6,099	7,320

Please see “Segment reporting” in note 45 for the breakdown of sales by business segment and by region.

30 Changes in finished goods inventories and work in process, own work capitalized

in million €	2000	2001
Change in finished goods inventories and work in process	25	60
Other own work capitalized	7	4
	32	64

31 Other operating income

Other operating income includes mainly income from exchange rate profits, and income from the release of special accounts for investment grants and investment allowances on fixed assets amounting to € 5 million (previous year: € 1 million), as well as income not relating to the period under report amounting to € 63 million (previous year: € 93 million), which largely derives from the release of provisions, income from the release of individual and global value adjustments and income from the sale of items of fixed assets.

32 Cost of materials

in million €	2000	2001
Cost of raw materials and supplies, and purchased goods	1,776	2,129
Cost of purchased services	352	406
	2,128	2,535

33 Personnel expenses

in million €	2000	2001
Wages and salaries	1,532	1,913
Social security and costs of retirement pensions and social assistance	302	391
(amount for retirement pensions)	(13)	(13)
	1,834	2,304

Average number of employees (average full-time equivalent)

by group	2000	2001
Wage earners	25,821	29,901
Salaried employees	21,975	27,206
Apprentices	139	279
	47,935	57,386

34 Depreciation and amortization of intangible and tangible fixed assets

in million €	2000	2001
Scheduled depreciation	388	468
Extraordinary depreciation pursuant to § 253 Section 2 Phrase 3 Commercial Law (HGB)	1	4
	389	472

Please see “Segment reporting” in note 45 for the breakdown of depreciation and amortization by business segment and region.

35 Other operating expenses

Other remaining operating expenses comprise other general and administrative expenses as well as other taxes amounting to € 55 million (previous year: € 46 million).

The breakdown of expenses for research and development is shown and explained in “Segment reporting” in note 45.

36 Income from participations

in million €	2000	2001
Income derived from profit transfer agreements	0	–
Income derived from participations	1	2
(amount derived from affiliated companies)	(1)	(1)
Income derived from associated companies	0	1
Expenses incurred from loss transfer agreements	–	–
	1	3

37 Other financial results

in million €	2000	2001
Income derived from other long-term investments and loans included in the financial assets	2	1
(amount derived from affiliated companies)	(0)	(0)
	2	1

38 Earnings before interest, interest for trust preferred securities, and taxes on income and profit (EBIT)

in million €	2000	2001
	756	797

EBIT improved over the previous year by € 41 million to € 797 million, and the EBIT margin decreased from 12.4% to 10.9%.

Please see “Segment reporting” in note 45 for the breakdown of EBIT by business segment and by region.

39 Net interest and interest for trust preferred securities

in million €	2000	2001
Other interest and similar income	20	27
(amount derived from affiliated companies)	(-)	(-)
Interest and similar expenses	-191	-200
(amount paid to affiliated companies)	(1)	(-)
Interest for trust preferred securities	-85	-110
	-256	-283

Please see “Segment reporting” in note 45 for the breakdown of net interest and interest for trust preferred securities by business segment.

40 Income and profit taxes on profit on ordinary activities

Taxes on income and profit contain corporation and trade income tax for the domestic companies, comparable foreign taxes based on profit, and deferred taxes.

The total amount of taxes on the profit on ordinary activities is divided up as follows:

in million €	2000	2001
Current taxes on income and profit	147	154
Deferred taxes	87	-9
	234	145

In deferred taxes, the reversal of allowances in the amount of € 59 million is taken into account in the year under report.

41 Net income before extraordinary result

in million €	2000	2001
	266	369

Net income before extraordinary result improved by 39% over the previous year to € 369 million.

Please see “Segment reporting” in note 45 regarding the breakdown of net income by business segments.

42 Extraordinary expenses (after taxes)

Extraordinary expenses concern expenses in connection with US legal matters relating to the National Medical Care transaction in 1996.

These matters concern

- contingent liabilities in connection with the Chapter 11 proceedings against W.R. Grace, especially Grace tax obligations from the period before 1996 and costs of defending our own legal position,
- expected expenses for settling the disputes with private American health insurances,
- other expenses which could arise in connection with various claims.

The extraordinary expenses amounting to € 190 million result from the amount of € 274 million for these items set off against the expected future tax relief in the amount of € 84 million.

43 Share of profits allocated to minority interest holders

The profits allocated to minority interest holders are as follows:

in million €	2000	2001
Share of profits allocated to minority interest holders	147	97
Share of losses allocated to minority interest holders	-3	-
	144	97

44 Remuneration of the Managing Board and Supervisory Board as well as advances and loans granted to the Managing Board

The total remuneration of the Managing Board for carrying out their duties in Fresenius AG and in the affiliates amounts to € 3,513,000.

In 2001, 58,050 stock options were granted to the members of the Managing Board.

€ 1,661,000 was paid to former members of the Managing Board. The pension provision for former members of the Managing Board amounts to € 1,048,000.

The total remuneration of the Supervisory Board of Fresenius AG amounts to € 641,000. One subsidiary paid € 21,000 to the surviving dependants of a former Supervisory Board member. The pension provisions of the subsidiary for this purpose amount to € 69,000.

45 Segment reporting

The segment reporting in the Fresenius Group with the business segments Fresenius Medical Care, Fresenius Kabi, Fresenius HemoCare and Fresenius ProServe corresponds to the internal organisational and reporting structures (management approach).

In addition, regional segmentation of major key figures is included.

Segment split

The split into business segments was determined in accordance with the legal structure and the company's internal management:

Fresenius Medical Care is the world's leading provider of dialysis products and dialysis care for the life-saving treatment of patients with chronic renal failure. Fresenius Medical Care treats about 106,000 patients in its own dialysis clinics. In the United States, the range of services includes apheresis and haemoperfusion services for hospitals.

Fresenius Kabi is one of Europe's leading companies in the field of infusion and nutrition therapies and offers products and services worldwide for the hospital and the patient at home. The range of products and services comprises solutions for fluid and blood volume substitution, products and services for parenteral and enteral nutrition, and medical services and service concepts for ambulatory health care.

Fresenius ProServe is an international provider of products and services in connection with the hospital and the pharmaceutical industry. The services range from the consulting, planning, construction and equipping of hospitals up to technical management and the management and operation of health care facilities all over the world. Furthermore, ProServe offers services related to the planning, construction, service and technical management of medical and pharmaceutical production plants.

Fresenius HemoCare is one of Europe's leading providers in the field of blood treatment and infusion technology. The products are used in blood transfusion and cell separation, as well as for the infusion of solutions and pharmaceuticals. Further core competences are innovative processes of immune therapy and adsorber processes for extracorporeal blood treatment.

The segment Corporate/Other mainly comprises the holding functions of Fresenius AG and Fresenius Netcare GmbH, which was founded in connection with the spin-off of the information technology department, and which provides services in the field of information technology in co-operation with Network Department GmbH. In addition, the segment includes the consolidation measures to be carried out between the segments.

Information on products and services of the business segments is given in the Annual Report.

The regional segmentation takes into account not only the geographical partition, but also the homogeneity of the markets regarding opportunities and risks. The regional allocation to the individual segments depends on the domicile of the customers.

Notes on the business segments

Starting from the 2001 financial year, net income will be shown for the individual segments in addition to the segment information given up to now. The comparative figures for the previous year will also be shown for these additional segment figures.

The key data which are presented in the segment reporting correspond to the key data of the internal reporting system in the Fresenius Group. Internal and external reporting and corporate accounting correspond to each other; the same key data and definitions are used.

Sales and proceeds between the segments are always transacted at prices which would be agreed with third parties. Administrative services are settled by means of service agreements.

EBITDA is defined as earnings before interest, interest for trust preferred securities, taxes on income and profit, and depreciation and amortization.

Depreciation and amortization always refer to the intangible and tangible fixed assets of the respective business segment. Thus, the amounts also include the depreciation and amortization on the goodwill resulting from acquisitions.

EBIT refers to earnings before interest, interest for trust preferred securities, and taxes on income and profit.

Taxes on income and profit include domestic corporation and trade tax, the corresponding/similar foreign taxes relating to profit, and deferred taxes.

Net income is defined as earnings after taxes and extraordinary result.

The balance of interest comprises interest for trust preferred securities as well as interest and other expenses/income.

The operating cash flow is calculated from the cash flow minus or plus change in working capital.

Financial liabilities comprise bank loans, bonds and commercial papers as well as inter-company liabilities.

Capital expenditure includes additions from intangible and tangible assets.

Acquisitions refer to both the purchase of shares in legally-independent companies, and the purchase of business divisions. The key figures shown here are the contractual purchase prices which are made up of amounts paid in cash, assumed liabilities and the issuance of shares, while only the parts of the purchase prices paid in cash are included in the cash flow statement.

The EBITDA margin is calculated from EBITDA (earnings before interest, taxes, depreciation and amortization) as a ratio of sales.

The EBIT margin is calculated from EBIT (earnings before interest and taxes) divided by sales.

The return on operating assets (ROOA) is defined as a ratio from EBIT and operating assets (Fresenius Medical Care: in accordance with US GAAP).

Report on the business segments

in million €	Fresenius Medical Care			Fresenius Kabi			
	2000	2001	Change	2000	2001	Change	
Sales	4,549	5,433	19%	1,122	1,274	14%	
of which contribution to consolidated sales	4,527	5,406	19%	1,108	1,262	14%	
of which internal sales	22	27	23%	14	12	-14%	
contribution to consolidated sales	74%	74%		18%	17%		
EBITDA	957	1,062	11%	171	162	-5%	
Depreciation and amortization	285	343	20%	83	87	5%	
EBIT	672	719	7%	88	75	-15%	
Balance of interest	-230	-246	-7%	-25	-28	-12%	
Net income	232	138 ¹⁾	-41%	39	24	-38%	
Operating cash flow	424	473	12%	40	64	60%	
Financial liabilities ¹⁾	1,269	1,109	-13%	631	703	11%	
Balance sheet total	4,625	5,348	16%	1,346	1,339	-1%	
Capital expenditure	246	289	17%	78	61	-22%	
Acquisitions	310	495	60%	78	24	-69%	
Research and development expenses	35	40	14%	48	47	-2%	
Employees (per capita on balance sheet date)	35,370	40,258	14%	10,368	10,248	-1%	
Key figures							
EBITDA margin	21.0%	19.5%		15.2%	12.7%		
EBIT margin	14.8%	13.3%		7.8%	5.9%		
ROOA	11.6%	11.2%		7.2%	5.8%		

¹⁾ includes extraordinary result of € -190 million

In 2001, Fresenius Medical Care generated approx. 39% (previous year: 37%) of its sales within the scope of governmental health care programmes in the United States (Medicare), which corresponds to 29% of total sales of the Fresenius Group in the 2001 financial year. In the other business segments, due to the large number of customers and the diverse business activities, there are no customers with such a large business volume.

[illegible]

Report on the segments by region

in million €	Europe			North America			
	2000	2001	Change	2000	2001	Change	
Sales	1,901	2,254	19%	3,428	4,117	20%	
in % of total sales	32%	31%		56%	56%		
EBIT	203	206	1%	460	491	7%	
Depreciation and amortization	139	169	22%	225	269	20%	
Balance sheet total	2,263	2,781	23%	3,385	3,857	14%	
Capital expenditure	153	179	17%	123	143	16%	
Acquisitions	134	316	136%	125	450	260%	
Employees (per capita on balance sheet date)	17,548	24,247	38%	24,860	28,027	13%	

Notes on the cash flow statement

46 Cash flow

The cash flow derives from the sum of consolidated net income, depreciation and amortization and the change in pension provisions.

47 Intangible and tangible fixed assets

The intangible and tangible fixed assets include those additions to fixed assets in the 2001 financial year which do not result from acquisitions.

48 Acquisitions

The term acquisition comprises both the purchase of legally independent companies (share deals) and of company divisions (asset deals). In comparison to the additions to fixed assets, the acquisitions shown in the cash flow statement represent the actual cash outflow in the financial year.

49 Other changes

The other changes comprise mainly the additions to liquid assets as a result of acquisitions in the amount of € 13 million (previous year: € 10 million), and the proceeds from the sale of fixed assets, participations and business units amounting to € 32 million (previous year: € 49 million).

50 Change in financial liabilities

The financial liabilities comprise bank loans and commercial papers.

Latin America			Asia-Pacific			Africa			Total		
2000	2001	Change	2000	2001	Change	2000	2001	Change	2000	2001	Change
317	366	15%	372	472	27%	81	111	37%	6,099	7,320	20%
5%	5%		6%	6%		1%	2%		100%	100%	
39	32	-18%	46	53	15%	8	15	88%	756	797	5%
11	14	27%	13	18	38%	1	2	100%	389	472	21%
453	443	-2%	329	440	34%	43	50	16%	6,473	7,571	17%
30	32	7%	43	52	21%	1	1	0%	350	407	16%
109	14	-87%	27	23	-15%	24	3	-88%	419	806	92%
5,011	5,204	4%	2,099	2,661	27%	456	528	16%	49,974	60,667	21%

51 Payments from foreign exchange forward contracts to hedge intercompany loans in foreign currency

The amount shown derives from the hedging of foreign currency for intercompany loans which Fresenius AG has granted to subsidiaries of the sub-group.

52 Changes due to foreign exchange rates

The changes due to foreign exchange rates comprise the change in liquid funds through a change in the exchange rates.

53 Free cash flow before acquisitions and dividends

The free cash flow before acquisitions and dividends is a major controlling instrument in the Group. It is calculated as follows:

in million €	2000	2001
Cash flow	667	661
Change in working capital	-204	-149
Operating cash flow	463	512
Capital expenditure on intangible and tangible fixed assets	-354	-407
Cash provided by sale of fixed assets	49	32
Free cash flow before acquisitions and dividends	158	137

54 Proposal for the distribution of retained earnings

The Managing Board of Fresenius AG proposes to the Annual General Meeting that the earnings for 2001 be distributed as follows:

Payment of a dividend of € 1.03 per bearer ordinary share on the ordinary subscribed capital of € 52,441,021.44 entitled to dividend	€ 21,099,317.22
Payment of a dividend of € 1.06 per bearer preference share on the preference subscribed capital of € 52,441,021.44 entitled to dividend	€ 21,713,860.44
Balance to be carried forward	€ 391,792.56
	€ 43,204,970.22

Bad Homburg v.d.H., February 28, 2002



Dr. G. Krick



R. Baule



R. Hohmann



W.-P. Graeser



U. Werlé

Audit opinion

We have audited the consolidated financial statements and the management report of the Group prepared for Fresenius AG for the financial year January 1 to December 31, 2001. The preparation of the consolidated financial statements and the management report of the Group in accordance with German commercial law are the responsibility of the company's Managing Board. Our responsibility is to express an opinion on the consolidated financial statements and the management report of the Group based on our audit.

We conducted our audit of the consolidated financial statements in accordance with § 317 Commercial Code (HGB) and the standards generally accepted in Germany for the audit of financial statements promulgated by the Institut der Wirtschaftsprüfer (IDW). These standards require that we plan and perform the audit such that misstatements materially affecting the presentation of the net assets, financial position and results of operations in the consolidated financial statements in accordance with German principles of proper accounting and in the management report of the Group are detected with reasonable assurance. Knowledge of the business activities and the economic and legal environment of the Group and evaluations of possible misstatements are taken into account in the determination of audit procedures. The effectiveness of the internal control system related to the accounting system and the evidence supporting the disclosures in the consolidated financial statements and the management report of the Group are examined primarily on a test basis within the framework of the audit. The audit includes the assessment of the annual financial statements of the companies and the consolidated financial statements of the subgroups included in the consolidation, the determination of the companies included in the consolidated statements, the accounting and consolidation principles used and significant estimates made by management, as well as the evaluation of the overall presentation of the consolidated financial statements and the management report of the Group. We believe that our audit provides a reasonable basis for our opinion.

Our audit has not led to any reservations.

In our opinion, the consolidated financial statements give a true and fair view of the net assets, financial position and results of operations of the Fresenius Group in accordance with German principles of proper accounting. On the whole, the management report of the Group provides a suitable understanding of the Group's position and suitably presents the risks of future development.

Frankfurt am Main, February 28, 2002

KPMG Deutsche Treuhand-Gesellschaft
Aktiengesellschaft
Wirtschaftsprüfungsgesellschaft



Dr. Böttcher
German Public Auditor



Walter
German Public Auditor



Report of the Supervisory Board

In the year under report, the Managing Board informed the Supervisory Board regularly both in writing and orally about the progress and planning of business, the situation of the company and important business transactions. The Supervisory Board dealt in detail with the development of business and the business strategy on the basis of these reports in six joint meetings with the Managing Board. The main subjects of the meetings were the development of the operating business, and the discussion of transactions requiring approval which were reviewed and discussed in detail with the Managing Board. In addition, the Supervisory Board discussed the strategy of the business segments in detail with the Managing Board and sanctioned this strategy.

The main topics of the work of the Supervisory Board regarding Fresenius Kabi were the reorganisation of this business segment and the future strategy for its product and service businesses. The Supervisory Board was thoroughly informed about the steps taken to increase productivity in the Friedberg and Uppsala plants. Furthermore, the Supervisory Board was kept up to date about the progress of the restructuring of the company ProReha.

In the business segment Fresenius HemoCare, information and discussion about the acquisition of the majority shareholding in the company Europäisches Institut für Forschung und Entwicklung von Transplantationsstrategien AG in Idar-Oberstein, and the Austrian company Gerätezentrale für Bluttransfusion des Österreichischen Roten Kreuzes GmbH were the focus of the Supervisory Board's activities. Furthermore, the Supervisory Board was informed about the progress of the research and development work in the Immune Therapy Division and about the collaboration projects with universities.

The Supervisory Board was thoroughly informed about the integration of the acquired company Wittgensteiner Kliniken AG into the business segment Fresenius ProServe. It discussed the acquisition of further hospital operators in Germany and gave its approval. The Supervisory Board was in agreement with Fresenius' plans to manage two hospitals in Malaysia in future.

With regard to Fresenius Medical Care AG, the Supervisory Board dealt mainly with the acquisition of a shareholding in Edwards Cardiovascular Resources, Inc., San Diego, and the associated equity measures, and approved these. Also, the Supervisory Board approved a new stock incentive plan for the Managing Board and employees of Fresenius Medical Care AG.

The Supervisory Board was regularly informed about the risk management of the Fresenius Group.

Finally, the Supervisory Board approved the medium-term planning of the Fresenius Group after detailed examination and intensive discussion with the Managing Board.

The committee stipulated by § 27 Section 3 of the Co-determination Law did not meet in the year under report. The decision-making personnel committee held three meetings in 2001.

The audit carried out by KPMG Deutsche Treuhand-Gesellschaft Aktiengesellschaft Wirtschaftsprüfungsgesellschaft, Frankfurt am Main, has confirmed that the accounting records, the financial statements, the consolidated financial statements and the management reports for the Fresenius Group and Fresenius AG for the 2001 financial year comply with German law and the company's statutes. The financial statements, consolidated financial statements and the management reports as well as the auditor's reports were submitted to the Supervisory Board. The Supervisory Board noted the auditor's findings with approval. The Supervisory Board's own examination also confirmed that there were no objections to the financial statements of Fresenius AG and the Fresenius Group. The auditor attended all the Supervisory Board Meetings.

In its meeting of March 8, 2002 the Supervisory Board approved the financial statements of Fresenius AG for 2001, as submitted by the Managing Board, which thereby became final. The auditor of the company reported during the meeting on the main results of the audit. The Supervisory Board concurs with the proposal of the Managing Board for the appropriation of the retained earnings for the 2001 financial year.

The Supervisory Board expresses its thanks to the Managing Board and all employees for their achievements and dedication in the 2001 financial year.

Bad Homburg v.d.H., March 8, 2002



The Supervisory Board
Dr. Karl Schneider
Chairman

Supervisory Board

Dr. h.c. Hans Kröner

Honorary Chairman
of the Supervisory Board
Bad Homburg v. d. H.

Dr. Karl Schneider

Former Spokesman
of the Managing Board
of Südzucker AG
Chairman
Mannheim

Gerd Holtgrefe

Secretary of the trade union
IG Bergbau, Chemie, Energie
Deputy Chairman
Hanover

Offices

Supervisory Board
AstraZeneca Holding GmbH
Enka GmbH & Co. KG

Arnold Danneck

Chairman of the
General Works Council
Chairman of the Works Council
St. Wendel plant
Tholey

Dr. Gabriele Kröner

Doctor
Munich

Friedrich Meyer

Executive Vice President
Intravenous Therapy
Region Europe 1
Wehrheim

Christel Neumann

Chairlady of the
European Works Council
Member of the
General Works Council and of the
Works Council Schweinfurt plant
Schweinfurt

Ilona Oesterle

Deputy Chairlady of the Works
Council Bad Homburg v. d. H.
Waldsolms

Gerhard Roggemann

Member of the Managing Board
Westdeutsche Landesbank Girozen-
trale Düsseldorf/Münster
Hanover

Offices

Supervisory Board
AXA Lebensversicherung AG
AXA Investment Managers Deutschland GmbH
Börse Düsseldorf AG (Deputy Chairman)
Deutsche Börse AG
Hapag Lloyd AG
Solvay Deutschland GmbH
Veba Oel AG
WestLB Research GmbH (Chairman)
WestLB Asset Management Kapitalanlagegesellschaft mbH
(Deputy Chairman)
West Pensionsfonds AG (Deputy Chairman)
West Pensionskasse AG (Deputy Chairman)
WPS WertpapierService Bank AG
Board of Governors
International University Bremen GmbH
Administrative Board
Banca del Gottardo, Lugano
WestLB International S.A., Luxembourg (Chairman)

Dr. Manfred Schaudwet

Lawyer
Frankfurt am Main

Offices

Supervisory Board
Aachener und Münchener Lebensversicherung AG
dresdnerbank investment management Kapitalanlagegesell-
schaft mbH
Deutsche Vermögensberatung AG
Ergo Hestia Insurance S.A., Zopot, Poland

Dr. Dieter Schenk

Lawyer and tax consultant
Munich

Offices

Supervisory Board
Deutsche BA Luftfahrtgesellschaft mbH
Fresenius Medical Care AG (Deputy Chairman)
Gabor Shoes AG
Greiffenberger AG (Deputy Chairman)
TOPTICA Photonics AG (Deputy Chairman)

Volker Weber

Full-time secretary of the trade union
IG Bergbau, Chemie, Energie
Leun

Dr. Bernhard Wunderlin

Managing Director
Harald Quandt Holding GmbH
Bad Homburg v. d. H.

Offices

Supervisory Board
Equita Beteiligungen KGaA (Chairman)
FERI AG (Chairman)
Board of Directors
AUDA Management Inc., New York, USA
Managing Board
Gemeinnützige Hertie-Stiftung

Managing Board

Dr. Gerd Krick

Königstein

Chairman

External Offices

Supervisory Board

Vereinte Krankenversicherung AG

Advisory Board

HDI Haftpflichtverband der deutschen Industrie V.a.G.

Board of Directors

Adelphi Capital Europe Fund, Grand Cayman, Cayman Islands

Board of Trustees

Donau-Universität Krems, Austria

Administrative Board

Dresdner Bank Luxembourg S.A., Luxembourg

Corporate Offices

Supervisory Board

Fresenius Kabi AG (Chairman)

Fresenius Kabi Austria GmbH, Graz, Austria

Fresenius Medical Care AG (Chairman)

VAMED AG, Vienna, Austria (Chairman)

Rainer Baule

Ettlingen

Business segment Fresenius

HemoCare (until May 6, 2001)

Business segment Fresenius

Kabi (since May 7, 2001)

Corporate Offices

Supervisory Board

Fresenius Kabi Austria GmbH, Graz, Austria (Chairman)

NPBI International B.V., Emmen, Netherlands (Chairman)

EUFETS AG (Chairman)

Wolf-Peter Graeser

Bad Homburg v.d.H.

Business segment Fresenius

HemoCare

Deputy member of the Managing Board

(since May 21, 2001)

Corporate Offices

Supervisory Board

ASEM-NPBI Produtos Hospitalares Ltda., São Paulo, Brazil

NPBI International B.V., Emmen, Netherlands

Board of Directors

Fresenius HemoCare Inc., Wilmington, Delaware, USA

Rainer Hohmann

Bochum

Business segment Fresenius

ProServe

Corporate Offices

Supervisory Board

VAMED AG, Vienna, Austria

Wittgensteiner Kliniken AG (Chairman)

Management Board

COMEF S.r.l., Carpi, Italy

Dr. Matthias Schmidt

Königstein

Business segment Fresenius

Kabi (until May 6, 2001)

Glossary

Health care terms

Adult cells

Immature cells obtained from adult humans, from which various forms of cells can be developed.

Aortic stenosis

Inborn or acquired obstruction of the left ventricular outflow tract.

Apheresis

Process of obtaining blood from a donor or patient by which certain components (thrombocytes, plasma) are separated and removed and then the remainder is re-infused.

Autotransfusion

Process used for surgical operations where large quantities of blood are shed. The blood of the patient is cleansed and then returned to the patient.

Bispecific antibodies

Whole, not fragmented, antibodies which bind different types of cell.

Blood component preparation

Procedure by which one or several of the following blood components are obtained: erythrocytes, thrombocytes, plasma, stem cells.

Blood volume substitution

Infusion solution to compensate blood loss.

Cell separator

A device to obtain blood components. Blood is donated by means of tube pumps and transported to a centrifuge. In the centrifuge, the desired components (e.g. red blood cells, plasma, thrombocytes) are enriched and collected. The components which are not required are returned to the donor.

Clearance

A quantitative parameter to describe the dialyser performance in terms of uraemic toxin removal.

Dialyser

Special filter used in haemodialysis for removing toxic substances and excess water from the blood.

Dialysis

A type of renal replacement therapy where a semi-permeable membrane - in peritoneal dialysis the peritoneum of the patient, and in haemodialysis the membrane of the dialyser - is used for solute transport.

Dialysis machine

The haemodialysis process is controlled by a dialysis machine which pumps blood, adds anti-coagulants, regulates the cleansing process, and controls the mixture of dialysate and its flow rate through the system.

Dry weight

The target weight of a patient to be achieved by fluid removal during dialysis treatment. This target weight is characterized by a physiologically adequate quantity of fluid in the body. In a healthy person with the same body structure as the patient, the body would adjust this fluid quantity automatically.

Endotoxins

Bacterial toxins which are released when the bacteria are decomposed.

Enteral nutrition

Application of liquid nutrition as tube or sip feed via the gastro-intestinal tract.

Extracorporeal

Taking place outside the body.

Erythrocytes

Red blood cells.

Haematology

A special medical field which deals with blood and its diseases.

Haemodialysis

A treatment method for dialysis patients where the blood of the patient is cleansed by a dialyser. The solute exchange between blood and dialysate is dominated by diffusive processes.

Haemoperfusion

Extracorporeal blood cleansing process to remove toxic substances from the blood using adsorbants.

Hydroxyethyl starch solution

Infusion solution with the active ingredient hydroxyethyl starch. Fields of application: Treatment and prevention of blood volume deficiency and shock in connection with operations, injuries, infections, burns; therapeutic blood dilution; reducing the use of donor blood in surgery.

Hypervolaemia

Increased plasma volume.

Immunocompetent cells

Cells which can take over the specific functions of the immune system (e.g. lymphocytes and killer cells).

Leukocyte filtration

Removal of white blood cells by means of filtration.

Oncology

Special medical field which deals with the treatment and therapy of tumours and diseases caused by tumours.

Oncotic

Relating to an increase in volume (e.g. oncotic pressure).

Parenteral nutrition

Application of nutrients directly into the bloodstream of the patient (intravenously).

Peritoneal dialysis

Dialysis treatment method using the patient's peritoneum as a "filter" to cleanse his blood.

Peritoneal dialysis solution

Solution introduced into the abdominal cavity of the patient to adsorb toxins and excess water.

Sepsis

Blood poisoning through bacteria, fungi or viruses.

Somatic gene therapy

Method by which the genetic information of somatic cells (body cells) are deliberately changed. Possible fields of application which are currently being examined are the therapy of hereditary diseases, cancer, AIDS or other infectious diseases.

Stem cell preparation

Blood product containing high concentrations of vital white blood cells with

the unique property of developing into all possible subtypes of blood cells. These features are used to build up a new immune system in cancer patients after high dose chemotherapy and to ensure the survival of the patient.

Thrombocytes

Blood platelets.

Financial terms

Commercial paper programme

Programme to issue short-term bearer debentures with a normal maturity of one to six months.

EBIT

Earnings before interest, interest for trust preferred securities, and taxes on income and profit.

EBITDA

Earnings before interest, interest for trust preferred securities, taxes on income and profit, and depreciation and amortization.

I/B/E/S

Institutional Broker Estimate System.

ROOA (Return On Operating Assets)

Calculated by:

$\text{EBIT} \times 100 : \text{operating assets (average)}$

Uraemia

A complex of symptoms accompanying kidney failure characterised by highly-increased blood levels of urea and other substances.

Vascular access

Mode of connecting the patient's blood circulation to the dialyser. The vascular access must allow sufficient blood flows and connections as often as necessary, normally three times weekly.

Operating assets = balance sheet total + goodwill set off against equity – deferred tax assets – trade accounts payable – payments received on account.

ROIC (Return On Invested Capital)

Calculated by:

$(\text{EBIT} - \text{taxes} + \text{depreciation of goodwill}) : \text{Invested capital}$

Invested capital = balance sheet total + goodwill set off against equity + depreciation and amortization of goodwill (accumulated) – liquid funds – trade accounts payable – provisions (without pension provisions) – other liabilities not bearing interest.

US GAAP

United States Generally Accepted Accounting Principles.

Working capital

Current assets (including deferred assets) – provisions – trade accounts payable – other liabilities – deferred charges.

Products and services

A.N.D.Y.* disc system

This is a PD double bag system (solution and drainage bag). The dialysate is a lactate-buffered conventional PD solution. The disc guarantees easy and safe handling of the system by the patient.

ATG-Fresenius (anti T-lymphocyte globulin)

Protein which suppresses T-lymphocytes.

FX-class dialyser

A new generation of dialysers with increased performance and outstanding biocompatibility. Helixone® capillaries with their special three-dimensional structure are built in high capillary density into a specifically-designed housing which, for instance, leads to an optimised flow distribution within the dialyser.

Infusion workstation Orchestra

Integrated infusion management system for the intensive care unit. Syringe pumps, volumetric pumps and a data management system can be combined. The composition of the workstation can be adjusted to the daily therapy needs by freely selecting the number and position of the modules.

In-line filter blood bag system

Blood bag system with integrated filter for leukocyte filtration.

Online Clearance Monitor

Optional component of a haemodialysis machine to measure online the effective in-vivo dialyser clearance for quality assurance purposes.

Optiflux™ dialyser

A new series of Fresenius Polysulfone dialysers with substantially higher performance measurements to remove toxic substances and excess water from the blood.

Propofol 2 % Fresenius

Anaesthetic for injection and infusion.

Prosorba®

Adsorber for the extracorporeal blood treatment of patients with rheumatoid arthritis.

sleep • safe®

Automated peritoneal dialysis (APD) system offering the full range of peritoneal dialysis options and a maximum of safety and comfort for the patient, physician and nurse.

stay • safe® balance

Lactate-buffered peritoneal dialysis solution in a two-compartment bag offered in the *stay • safe®* system. By mixing the two solutions, the patient obtains a neutral fluid with a lower proportion of glucose degradation products.

stay • safe® system

Biocompatible, safe and non-polluting system for peritoneal dialysis.

Voluven®

A new generation of hydroxyethyl starch for blood volume replacement.

Financial calendar

Press release 1 st quarter 2002	April 30, 2002
Annual General Meeting	May 29, 2002
Payment of dividend	May 30, 2002
Interim report on the first six months 2002	July 30, 2002
Press release 1 st – 3 rd quarters 2002	October 29, 2002

The German version of this annual report is legally binding.

On request, we shall be delighted to send to you the financial statements of Fresenius AG.

You will find further information and current news about our company on our website at:
<http://www.fresenius-ag.com>

Forward-looking statements:

This Annual Report contains forward-looking statements. These statements represent assessments which we have made on the basis of the information available to us at the time. Should the assumptions on which the statements are based not occur, or if risks should arise – as mentioned in the risk management report – the actual results could differ materially from the results currently expected.



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e-mail: pr-fre@fresenius.de



Technical management of hospitals

We operate, reengineer and modernise machinery, technical fittings and installations and medical equipment in the hospital – from the air conditioning via the emergency power supply right up to advanced medical devices.

Products and Services
of our Business Segments

Fresenius Medical Care

Haemodialysis

Machines for

- Haemodialysis
- Haemodiafiltration
- Haemofiltration
- Acute dialysis
- Plasmafiltration

Low-Flux dialysers (Fresenius Polysulfone®)

High-Flux dialysers (Fresenius Polysulfone®)

Haemofilters for acute and chronic renal replacement therapy

Plasmafilters

Dialysis fluid filters

Blood lines

Dialysis cannulae

Dialysis fluids

Dialysis concentrates (liquid, dry)

Haemofiltration solutions

Irrigation solutions

Disinfectants

Water treatment systems

Analysis devices

Data management systems

Peritoneal dialysis

Machines and tubing systems for Automated

Peritoneal Dialysis (APD)

Peritoneal dialysis solutions

CAPD systems

CAPD double bag systems

Peritoneal dialysis catheters

Accessories

Dialysis care

Dialysis clinics for chronic haemodialysis treatment

Acute in-patient dialysis treatment

Training (haemodialysis and peritoneal dialysis)

Spectra Renal Management

Laboratory and diagnostic dialysis-related services

Data management

Managed care services for dialysis patients

Fresenius Kabi

Infusion therapy

- Basic solutions
- Solutions for osmotic therapy
- Irrigation solutions/urology
- Solutions for blood volume substitution and haemodilution therapy
- I.V. anaesthetics
- I.V. anti-infective drugs and disinfectants
- I.V. catecholamines
- Innovative I.V. packaging systems
- Clinical medical products
 - Application technology
 - Technical equipment for irrigation systems
- Suprapubic drainage systems
- Infusion devices and accessories
- In-dwelling venous cannulae
- Central venous catheters
- Wound drainage systems
- Implantable port systems
- Portable drug pumps

Nutrition therapy

Parenteral nutrition

Industrial All-In-One mixtures (2 and 3 chamber bags, All-In-One bags)

Standard and special amino acid solutions

Lipid emulsions

Products for immunonutrition

Additives

Devices and support tools for mixing and administering parenteral nutrition

Training and education

Enteral nutrition

Sip and tube feeds

- Standard diets
- Disease-specific diets
- Nutritional supplements

Application technology

- Transnasal tubes
- Percutaneous tubes
- Giving sets
- Feeding pumps

Accessories and dressing packs

Scientific support and information; training and education

Ambulatory care

Management and provision of ambulatory therapies:

- Antiviral, antimyotic, antibiotic and cytostatic infusion therapies
- Enteral and parenteral nutrition therapies
- Respiratory therapies
- Ostomy care
- Wound care
- Incontinence care
- Patient monitoring
- Medical rehabilitation
- Technical service

Fresenius ProServe

hospitalia activHealth

Operation and management of hospitals abroad

Wittgensteiner Kliniken

Operation and management of hospitals in Germany

hospitalia care

Project development and operation of private nursing care facilities; management for other operators

hospitalia international

Worldwide services and consultancy on all aspects of the hospital, turn-key realisation and modernisation of health facilities

- Feasibility studies
- Consultancy
- Project development, management and control
- Design
- Turn-key projects
- Complete medical and technical equipment for hospitals
- Installation
- Staff training
- Maintenance services

VAMED

Worldwide projects and services for health facilities

- Feasibility studies
- Operational and organisational planning
- IT systems planning
- Architectural planning
- Planning of medical-technical equipment and packages
- Medical-technical maintenance
- Buildings technology planning
- Facility management
- Project development and management
- Turn-key projects
- Financial engineering
- General and technical management of health facilities

Pharmaplan

Worldwide engineering and plant design for the pharmaceutical and medical device industry

- Feasibility studies
- Consulting and engineering
- Turn-key projects
- Validation, qualification, quality management
- Logistics and warehousing
- Operations, support and maintenance services for pharmaceutical production
- GMP compliance services
- Training
- Start-up and maintenance management for pharmaceutical companies
- Supply, installation and maintenance of water systems/preparation systems for the pharma industry (Pharmatec)

Fresenius HemoCare

Infusion technology

Infusion and clinical fluid data management systems

Syringe pumps

I.V. anaesthesia and analgesia systems

Volumetric infusion pumps

Enteral feeding systems

Dedicated disposables and accessories

Patient data management system “PDMS”

Transfusion technology

Blood cell separators

Autotransfusion – C.A.T.S®

Automatic blood component processing systems

Leukocyte filters

Blood bag systems with integrated leukocyte filters

Blood bags

Transfer bags

Stem cell bags

Mixing devices

Sterile docking devices

Sealing devices

Donor couches

Cryopreservation bags

Cooling and transport systems

Processing solutions

Thrombocyte storage bags

Immune therapy

Immunosuppressive agent ATG Fresenius

Fluids and disposables for organ perfusion and preservation

Cell products for research and clinical application

Vector production for gene therapy

Adsorber technology

LDL apheresis:

- DALI® system

Immunoadsorption:

- Prosorba® system
- Immunosorba® system



Hospital management

Control and optimise processes. Use equipment more efficiently and maintain their value. These are our tasks, dedicated to the well-being of the patient and in line with economic principles.